

# **Ecopetrol S.A. (EC) Q2 2024 Earnings Call Transcript**

Seeking Alpha - Earnings Call Transcripts

August 17, 2024 Saturday

Copyright 2024 Seeking Alpha Provided by Syndigate Media Inc. All Rights Reserved

**Length:** 11171 words

**Byline:** SA Transcripts

**Body**

Ecopetrol S.A. (EC)

Q2 2024 Earnings Conference Call

August 14, 2024 10:00 AM ET

Company Participants

Ricardo Roa - Chief Executive Officer

Rafael Guzman - Acting Executive Vice President, Hydrocarbons

David Riano - Executive Vice President, Transition Energy

Javier Cardenas - Acting Chief Financial Officer

Nicolas Azcuenaga - Vice President, Strategies

Walter Canova - Vice President, Refining and Industrial Processes

Alexander Cadena Motezuma - President, Cenit

Felipe Trujillo Lopez - Commercial and Marketing Vice President

Conference Call Participants

Katherine Ortiz - Corredores Davivienda

Daniel Guardiola - BTG Pactual

Alejandra Andrade - JPMorgan

Stefania Moskia - CrediCorp Capital.

Ricardo Sandoval - Bancolombia

Luiz Carvalho - UBS

Rodrigo Almeida - Banco Santander

Presentation

Operator

Good morning. My name is Natalia, and I will be your operator today. Welcome to Ecopetrol's Earnings Conference Call in which we will discuss the main financial and operational results for the first-half of 2024. There will be a questions-and-answers session at the end of the presentation.

Before we begin, it is important to mention that the comments in this call by Ecopetrol senior management include projections of the company's future performance. These projections do not constitute any commitment as to future results nor do they take into account risks or uncertainties that could materialize. As a result, Ecopetrol assumes no responsibility in the event that future results are different from the projections shared on this conference call.

The call will be led by Mr. Ricardo Roa, CEO of Ecopetrol; Rafael Guzman, Acting Executive Vice President of Hydrocarbons; Javier Cardenas, Acting CFO; and David Riano, Executive Vice President of Transition Energy. Thank you for your attention. Mr. Roa, you may begin your conference.

Ricardo Roa

Good morning, everyone. Welcome to Ecopetrol Group's Operational and Financial Results Call for the period ending June 2024. Thank you for your continued interest in participation in this space. This has been a period where operational metrics have continued their upward trend across all segments. We closed the first-half of 2024 with a production of 750,000 barrels of oil equivalent per day, a figure not seen in eight years, transported volume of 1,135,000 barrels per day and refining loads at a historic high of 426,000 barrels per day.

I would like to highlight that in the Uchuva-2 well, whose drilling began this quarter, the extension of the gas discovery made in 2022 with the drilling of the Uchuva uno well was confirmed. This well provides significant information for the development on this new frontier of natural gas production in the Colombia and Caribbean and reaffirms the expected potential in the region. Also on production front, we highlight the contribution of the Permian, which achieved a monthly production record of 100,000 barrels of oil equivalent per day.

In the Transportation segment, we achieved a cumulative national equation by pipelines 831,000 barrels per day, the highest semiannual average in the last five years in the pipeline system. In refining, we maintained loads at historical highs along with an operational availability of 96%.

Let's move to the next slide, please. Despite consistent operational performance, our financial results were challenged by external factors such as the exchange rate and inflation. We closed the semester with revenues of COP63.9 trillion, an EBITDA of COP28.3 million and a net profit of COP7.4 trillion. Our EBITDA margin of 44% surpass the industry average showing a strong ability to maintain our profitability even amid highest pressure to exogenous variables.

Excluding externalities, we would have had a ROACE of 13% and net profit of COP10.7 trillion, an increase of near 10%, compared to the first-half of 2023. In addition to external effects, net profit was affected by the increase in the estimated tax surcharge, which rose from 10% to 15%, due to the ROACE in the price of oil in dollars per barrel. Therefore, our strategy continues to focus on excellent operational performance with an emphasis on efficiencies and cost optimization to face the market factors to which we are exposed.

This semester, we achieved efficiencies of COP1.9 trillion materializing our optimization and competitiveness strategy with efforts across the entire production and commercialization chain. In June, we paid the second and final dividend installment to our minority shareholders fulfilling our pillar of competitive returns for our investors.

Finally, the account receivable from the fuel price stabilization point, FEPC closed with a balance 61% lower than the same period last year. The balance in June 2023 was COP30.9 trillion versus the closing of June 2024 with COP12.1 trillion.

Subscribe to Seeking Alpha for more content like this

It is also worth noting the lower monthly accrual, which in the January to Jan 2023 period was COP12.9 trillion compared to COP4.5 trillion in the first-half of 2024. This allows us relief in cash flow and better condition for investment execution.

Let's move on the next slide now. I would like to highlight significant progress we have made in TSG in the field of science, technology and innovation, the launch of the Colombian Institute of Petroleum and Transition Energy stand out with a project investment of COP816 million until 2030. This institute positions Ecopetrol as the main actor of Colombia's energy future.

The materialization of this initiative is carried out through high-impact projects such as biomass energy, hydrogen and CO2 capture, circular economy and renewable diesel production. These projects have the potential to transfer the region by developing cutting-edge skills and strengthening the country's scientific capacity, in line with this investment in this area capture benefits of COP778 billion, improving EBITDA, ROACE and cash flow.

On the environmental front, we achieved a reduction of over 136,000 tons of CO2 equivalent in Scope 1 and 2 and we exceeded our annual energy efficiency target, achieving an optimization of 1.21 petajoules, accumulating 12.07 petajoules, which is equivalent to the annual energy consumption of the department of the Bolivar in Colombia.

In the social component, we connected 9,645 households to gas networks in the country in the first-half of the year. Additionally, Hocol and the community of Canutal consolidate the first comprehensive Energy Committee in the country in the Department of Sucre, certified by the Ministry of Mines and Energy.

On the governance front, we have been adjusting the organizational structure to enable a differentiated management in each of the three business lines and accelerate the achievement of the objectives of our 2040 strategy by aligning process and implementing a more agile and efficient group focused structure in decision-making, execution capacity and multidisciplinary team work with experts at the helm of the various Vice Presidents. All this enabled us to maintain the value proposition to investors and meet the expectations of the stakeholders, while driving prosperity in the country.

To conclude, we highlight that for the first time, the return of investment in TSG is being measured. For 2023, this contributed positively to the group's net income and in COP1.25 trillion to the regional GDP, demonstrating the financial value of sustainability for the company and society.

I now hand it over to Rafael Guzman, who will speak about the Hydrocarbon segment.

Rafael Guzman

Thank you, Ricardo. On the exploration front, I would like to highlight the results achieved in the offshore gas projects in Colombia, where we made positive announcements regarding the Uchuva-2 appraisal well. This well is located in Tayrona block with a 55.6% Ecopetrol participation and operated by Petrobras. The well confirmed the extension of the gas discovery made in 2022 with the drilling of the Uchuva-1 well.

This result reduces the uncertainty and allow us to progress on the project plan. We estimate first commercial gas by year 2029. We are also planning to drill two additional prospects with the Buena Suerte-1 well located in the Tayrona block and the Komodo-1 well in the ultra-thick water [Indiscernible] COL-1 block. The Orca Norte-1 well remains under evaluation. Once the results are incorporated with information from the two new reservoirs, a new development plan will be designed and its commercial viability will be determined.

Subscribe to Seeking Alpha for more content like this

Regarding onshore exploration activity, we highlight the drilling of the Arantes-1 well operated by Parex and Florena N18 well operated by Ecopetrol in the Piedemonte Llanero region, both targeting gas and condensate. We maintain our target of drilling 15 exploratory wells in 2024. As of end of June, we invested $195 million in the exploration campaign with four wells drilled and six more wells that started drilling.

Let's move to the next slide, please. In the first-half of 2024, the Ecopetrol Group reached a production of 750,000 barrels of oil equivalent per day, an increase of 26,000 barrels of oil equivalent per day, as compared to the same period last year. As seen in the left figure, these results were obtained, thanks to the growth in production in the subsidiaries, mainly in Permian. The incremental investments in fields such as Cano Sur, Rubiales and CPO9 and the contribution of recovery technologies that largely mitigate the natural decline of the fields. These recovery techniques now account for 41% of Ecopetrol Group's total production.

For example, the figure on the right shows the performance of the Chichimene field and the effect of the implementation of these technologies, which has allowed the recovery factor to increase from 9% to 17%. If the expansion of our tertiary recovery is successful as shown by the current results on the pilots, the recovery factor could reach up to 43% with the potential to incorporate between 300 and 1,200 million barrels addition.

On the other hand, we are progressing with the drilling plan, with 240 development wells drilled and completed with an average of 23 active drill rigs. EBITDA per barrel increased by 15%, reaching $30.6 per barrel, mainly explained by higher production levels, better prices in our crude basket and cost efficiencies.

Let's move to the next slide, please. Regarding our activities in the Permian Basin, if the new wells were put on production during the semester for a total of 370 wells since 2019 and achieving a net production before royalties for Ecopetrol of 91,400 barrels of oil equivalent per day, representing 12% of Ecopetrol Group's total production. We also highlighted strong financial results of Ecopetrol Permian.

At the end of the first-half of the year, we generated an EBITDA of $511 million, an 81% EBITDA margin. By year-end, we estimate an average production between 84,000 and 86,000 barrels of oil equivalent per day before royalties and the drilling of more than 110 wells.

Finally, the development of Ecopetrol's assets in the Permian Basin is carried out under two different associations with Oxy as operate. We have one joint venture and one joint operating agreement. The joint venture began in 2019 for the assets located in the Midland area and the joint operating agreement starting in 2022 in the Delaware area. The JV for the Midland area could end during the first quarter of 2025 by unilateral decisions of one of the partners. In that case, future development activities would continue, not under the current JV, but through a new joint operating agreement in which Oxy would remain as operator, and Ecopetrol would retain its 49% interest, over production and areas. We are currently having discussions with Oxy to define the future of the JV for the Midland area.

Please move to the next slide. In the transportation segment, volumes increased by approximately 41,400 barrels per day, mainly driven by the increase in crude oil production in the Llanos region, higher crude deliveries to the Barrancabermeja refinery and the normalization of transport operations in the Cano Limon Covenas pipeline as shown in the top left figure.

The segment managed to maintain solid financial results, achieving the second best historical results for the first-half of the year, generating an EBITDA of COP5.5 trillion, representing a contribution of 20% of the total EBITDA for the Ecopetrol Group. The EBITDA reduction, compared to the first-half of 2023, is mainly explained by external effects such as exchange rate and inflation, partially offset by higher revenues and cost efficiencies, as shown in the bottom right figure.

Let's move to the next slide. In the first-half of 2024, the refineries achieved historic throughputs of 426,000 barrels per day. As shown in the top left figure, thanks to an operational availability of more than 96%, the timely execution of scheduled maintenance activities and the maximization of domestic crude loads and an outstanding performance in HSE. The gross refining margin stood at $12 per barrel, impacted by the weakening of global diesel, jet and gasoline spreads, the strengthening of the Brent differential and the decrease in domestic gasoline demand.

Subscribe to Seeking Alpha for more content like this

Given the above, EBITDA stood at COP1.9 trillion in the first-half of 2024, 59% less than the same period of the previous year mainly affected by the aforementioned external variables. In line with the energy transition strategy, we heightened the approval of Phase I of the dedicated plant project for the production of sustainable aviation fuels at the Barrancabermeja refinery.

Let's go to the next slide. During the first-half of 2024, we remain focused on materializing our comprehensive efficiencies and competitiveness strategy, allowing us to leverage operating performance and partially offsetting the external effects of inflationary pressures, exchange rate revaluations, cost increases and energy tariffs.

As of June of 2024, the Ecopetrol Group incorporated efficiencies of COP1.9 trillion in our CapEx, OpEx and revenue levers with an increase of 19%, compared to the efficiencies obtained during the first-half of the previous year. Cost efficiencies were focused on reducing electricity consumption, reliability and surface maintenances to reduce lifting costs, optimizing gas transportation tariff and capturing refining margins, which mitigated the increases in cost in refining.

Finally, the lift in transportation and refining cash costs were impacted by exogenous factors related to exchange rate, inflation, gas price and El Nino phenomenon. However, when normalizing these effects in each of the indicators, cost levels are similar to those obtained in the first-half of 2023.

Now I will turn it over to David who will discuss the main milestones of the energies for the transition business line.

David Riano

Thank you, Rafael. From the Ecopetrol Group, we reaffirm our commitment to the country's energy security, in line with the projected deficit of national gas to meet the demand from the second-half of 2025 to 2029, ranging between 120 million and 530 million cubic feet per day. We are focused on executing our 2024-2034 gas road map. This involves maximizing domestic onshore and offshore production in the Caribbean, as well as exploring various alternatives related to regasification and energy imports.

Among the alternatives under evaluation is the utilization of Colombia's natural gas regasification terminal SPEC LNG with a capacity of up to 530 million cubic feet per day. Other reclassification options with capacities of up to 1,030 million cubic feet per day are being considered in projects located in various areas from Buenaventura to [Indiscernible].

Regarding gas imports, Ecopetrol Group continues to support [Indiscernible] Colombia branch within the framework of the contract signed in 2007 in the activities necessary to tied Antonio Ricardo gas pipeline. With the goal of importing gas in 2025, provided we have the approval of the U.S. government through OFAC. The use of any of the alternatives present various challenges, including licensing, environmental permits, prior consultations, implementation time lines, competitiveness of alternatives, regulatory flexibility for the commercialization of imported gas and transportation infrastructure, to name a few.

As part of our efforts, we closed the first-half of 2024, with a gas and LPG production of 173,000 barrels of oil equivalent per day, representing 23% of the group's total production and 68% market share in Colombia and an EBITDA of close to COP1.5 trillion.

On the energy transition front, we highlight significant advancements in energy efficiency by the end of the first half of 2024. As of June 2024, we achieved an accumulated energy optimization of 1.2 petajoules with an impact of over 104,000 tons of CO2 equivalent and savings of nearly COP73 billion in Ecopetrol Group's operations, exceeding the annual internal target of 1.1 petajoules, thanks to significant contributions from coal and the optimization projects of the gas injection system in Cusiana among other initiatives.

Subscribe to Seeking Alpha for more content like this

The energy efficiency program has accumulated 12.07 petajoules since the beginning of measurement in 2018, equivalent to the annual energy consumption of the Department of Bolivar in Colombia.

On the social front, we continue working on the sustainable development of the communities where we operate. To-date, our social gas program has managed to connect more than 45,000 low-income households to the natural gas network in 12 departments of Colombia with various strategic partners. By the end of 2024, we will complete 70,000 connections and sign 10 new projects in La Guajira, Bolivar, Atlantico, Arauca, Huila, Santander, Norte de Santander and Nariño.

I now turn the word over to Javier, who will discuss our Transmission and Roads business line and the main financial milestones.

Javier Cardenas

Thank you, David. Now let's continue with the results of the Transmission, Roads and Telecommunication business line. In the first-half of the year, the Transmission and Roads business had gained a solid financial performance, despite the impact of the Colombian peso revaluation against currencies such as the U.S. dollar, Chilean Peso and Brazilian Real.

EBITDA decreased by approximately 12% compared to the first half of 2023, reaching COP4.5 trillion. However, normalizing the exchange rate conversion effect, the result surplus those obtained in 2023, in line with our strategic diversification of the Transmission and Road's business maintained its participation in Ecopetrol Group's results, reaching 15.9% of the group's total EBITDA for the first-half of 2024.

Among the most relevant milestone for the second quarter of 2024 are: first, in Brazil ISA CTEEP was awarded 24 transmission and grid reforms, which together will do up to a CapEx of COP542 billion; second, in Colombia is assigned to private contracts. The first one for the execution of the Atlantico photovoltaic connection project, which aims to connect a bay at the Sabanalarga substation in the department of Atlantico. The second to be developed through Transelca, consists of connecting the Valledupar 1, 2 and 3 solar projects in the department of Cesar. The awarded projects add up to our reference CapEx of COP84 billion.

Here, the entry into operation of the following projects: One in Chile, the Ruta del Loa concession and two in Brazil [indiscernible] ISA CTEEP network. ISA continues to advance in the construction of Piedmont energy transmission projects. In the country square, it has a presence. Once operational, they would have more than 5,380 kilometers of circuit to the network and generate approximate revenues of COP1.3 trillion between 2024 and 2030.

Let's move on the next slide to detail the group's financial performance. The net income for the first-half of 2024 increased by approximately COP2.3 trillion compared to the first-half of 2023. However, when normalizing the effect associated with external factors by COP3.3 trillion, we would have an increase by 10% leverage by the operating results of all our business lines. The main external factors that affected net income were the lower average exchange rate and higher inflation net of the positive effect of a higher Brent price impacted EBITDA generation by COP5.3 trillion.

Likewise, the net positive effect between the lower valuation of dollar-denominated debt and taxes contributed by COP2 trillion. It is important to note that during the second quarter of 2024, the additional income tax rate was adjusted from 10% to 15%, with an effect for the entire first-half of the year.

On the other hand, at the end of the first-half of 2024, Ecopetrol Group's liquidity position was COP16 trillion, operating cash flow generation of COP23.1 trillion stands out where we collected the receivable from the fuel price stabilization fund for approximately COP13 trillion. Likewise, the most significant cost outflows were due to CapEx of COP8.5 trillion, and net dividend payments of COP12.2 trillion, including payments from Ecopetrol SA with Nation and minorities, as well as payment from ISA, midstream subsidiaries and Invercolsa to their noncontrolling shareholders.

Subscribe to Seeking Alpha for more content like this

During the first-half of 2024, the total payment of dividends to minority shareholders of approximately 1.5 trillion was made and COP9.1 trillion were credited to the payment of dividends to the nation, leaving off a balance to be paid in the second-half of the year of COP2.2 trillion. Cash flow has had a positive impact of its working capital mainly due to two factors: higher collection from the FEPC and the continued decrease in its accumulation due mainly to the increase in the price of gasoline of the accumulated balance in 2023, COP7.6 trillion are still to be collected, which are expected to be collected on a quarterly basis for the rest of the 2024.

With these collections and maintaining an average monthly accumulation of less than COP1 trillion. We maintain our estimate of closing the year with a balance of the FEPC between COP8 trillion and COP10 trillion, subject mainly to fluctuations in the international market price of crude oil and the exchange rate.

Regarding the Decree on large diesel consumers, which came into effect on August 3, we estimate that it will have a positive impact of cash of approximately COP230 billion for the remainder of 2024. Likewise, on any additional increase in the price of diesel directed to other consumers could contribute to further reducing the gap.

Let's move to the next slide. In terms of EBITDA, the Exploration, Production, Transportation and Refining business line stood out for maintaining the largest share of the total at 85%. It is also noteworthy that 36% of our EBITDA provides stability to the group's revenues and operating cash flow through our midstream and transmission and Road business.

Regarding the management of debt maturities, we maintain a proactive dynamic in anticipating refinancing needs through debt management operation carry out in the first-half of the year. The main maturities of 2024 and 2025 were successfully managed. Likewise, in July alone of COP1 trillion was disposed, and in August, we initiated a refinancing of the 2026 maturities with the announcement of the prepayment of $250 million of the bond with this operation, which would be effective on September 5, we will reduce the maturity tower to around $2,100 million and we continue to monitor the market to manage the remaining 2026 maturities.

For 2024, no increase in debt levels of Ecopetrol SA is expected associated with the organic activities of the portfolio given the current level of available liquidity. On its part, the gross debt-to-EBITDA ratio closed in June at 2 times. This level remains in line with our long-term guideline where we seek to maintain a level below 2.5 times.

Regarding investments, dynamic of execution in line with the annual financial plan maintain, reaching $2,660 million for the first semester. Investment were made primarily in Colombia with a participation of 59%, the United States with 20%. And in Brazil and other countries, the remaining 21% was executed.

The allocation of CapEx, the hydrocarbon business line maintains the largest contribution to execution, representing 68% of the gross total investment for exploration and production activities of the hydrocarbon line, 81 of the resources were allocated mainly in the Rubiales, Castilla, Cano Sur, and CPO09 fields and international impairment.

In the refining segment, 11% of the total hydrocarbon CapEx was allocated to guarantee the continuous operation of the refineries. The transmission business, the remaining 8% was executed in maintaining our repair activities.

In the energy for transition line, approximately 12% of the group's total investments were allocated. Of this percentage, resources were used primarily for the growth of the gas chain with an 85% share, the Tayrona Block located off Colombian Caribbean offshore, the Casanare department and Permian. In the same business line, 15% of CapEx was allocated to energy efficiency and renewable energy products.

Subscribe to Seeking Alpha for more content like this

Finally, in the Transmission and Roads line investment equivalent to 20% of the gross total investments were made. Most of the investments were focused on the energy transmission business with an 83% share, Brazil, Peru and Chile and Colombia, followed by the ROACE business with 15%. And finally, telecommunication with 2%.

And I'll turn the word over to Ricardo for the closing remarks.

Ricardo Roa

Thank you, Javier. I would like to close this results call by highlighting that despite the challenges, external factors at present our results reflect the commitment to executing the business plan. Production and transportation figures are above the set target while the drilled and drilling wells and refinery loads remained within the expected range.

Regarding financial targets, we highlight CapEx with a 47% achievement of the annual target, and we present an EBITDA margin, ROACE and efficiency figures that exceed what was announced in the plan.

The second-half of the year will be intensive investment on our exploration activity. We will continue to advance in the development of offshore gas, the management of the gas deficit for 2025, 2026 and the acceleration of energy transition projects such as the completion of the solar project in La Cira in two projects associated with energy justice with social impact for 1,800 people.

All this with a focus on cost control and maximization of efficiencies seeking to maintain sustainable financial management over time. Finally, I thank all our employees for their high contribution to the results and you for your participation in this results call.

With this, we now open the Q&A session.

Question-and-Answer Session

Operator

Thank you. Now we will begin the Q&A session. We will begin firstly with the questions in Spanish and then we'll have a space for those in English. [Operator Instructions] Katherine Ortiz, Corredores Davivienda is on line with the question. The floor is yours.

Katherine Ortiz

Good morning everyone. Can you hear me?

Unidentified Company Representative

Yes, we do.

Katherine Ortiz

Perfect. Thank you for your presentation. I have a question that relates to gas. We've heard a lot about the deficit of gas that being evidenced in Colombia. And one of the strategies that has been mentioned by Ecopetrol is to decrease the consumption of this fuel in the refineries to generate a surplus of gas in the system. I would like to know in that sense more details about this. I mean, how much are we talking about? How many -- what's the amount for how long? What's the effect of that measure on the margins that you may have in the segment, [Indiscernible] and Ecopetrol. And when you adopt this measure, would it really mean as to a benefit for the company? That's my question.

David Riano

Good morning. Thank you for your question. I'm the VP of Transition Energies. Indeed, one of the possibilities that the group has been working on is to identify the opportunities to optimize gas consumption. Now we found that we can seek an efficiency of 24 cubic meter gigabytes. And this has been done now. So for the future, we can reach 14 in addition. How do we do this? Throughout the chain, downstream, as you've mentioned, but also in other stages, we can reach it through -- by substituting with other energy fuels, for instance, in some cases, taking more electric energy from the network. Undoubtedly, the decision to optimize energy consumption goes through the capital management because it has to be feasible, economically for the group.

Operator

The next question is from Daniel Guardiola, BTG Pactual. Mr. Guardiola, the floor is yours.

Daniel Guardiola

Hello. Good morning, everyone. I have a couple of questions about the operation of Ecopetrol Permian. The first question, can you share with us, why did Ecopetrol disregard the business of buying Crown Rock? And can you also provide details of the merits that the company saw in that transaction, and which were the pushbacks that one, when you disregarded this business with Crown Rock? That's my first question.

Subscribe to Seeking Alpha for more content like this

Second question is also related to this business. I understand that you are dealing with Oxy since March. And this is the result that you have a JV with [Indiscernible], which gave you the option to enter entity agreement, that Oxy had in Midland. So my question is that the -- if you disregarded this, why don't you go through that call option to defend it in the market and go through that option?

And my third question the current operations that you have in Delaware, is it something that the company sees something strategic on a long-term basis? Or eventually, do you think after the JV ends in the first quarter of '25, you start to dismantling this operation in the state. These are my three questions.

Ricardo Barragan

Thank you, Daniel. I am the CEO of Grupo Ecopetrol. Firstly, I'd like to highlight that one of the reasons why after we went through all of the proceedings of analyzing and evaluating internally with our corporate governance, we have to keep in mind that Ecopetrol is one of the companies that has a very high level of debt. By the end of July, $27.7 billion, and that's about COP115 trillion and this high level of debt is setting us in a ratio of the EBITDA debt that's high, and the idea and our policy is not to exceed an indicator of debt that's above 2.5. So with this transaction, now $3.6 billion for '25, '26, we are exceeding this matrix. Keeping also in mind that there is a lower price of oil that could even impact us more this indicator.

Second, from the result of the evaluation of the business we had with Oxy to close this transaction, an element took place that's less relevant, and it's -- we had to redevelop the ending of this because we needed the approval from the Ministry of Treasury to look at this public debt, which was 100% that we had to leverage financially for this eventual transaction. And with the survey that we've made with the government with this entity, we were told that it was unfeasible to have an approval of this level of debt. And that could be happening right in the middle of the announcement of closing the deal.

And with that also, we would be exposed to have to pay a sanction that's established at $270 million, and that's why we made the decision to not take this asset as part of the assets, inorganic assets that we have that we're constantly evaluating. This was a window of opportunity that took place maybe next year with the announcement made by Oxy to acquire 100% of the assets of CrownRock. So those are the reasons why we made the decision to not advance to close this deal.

As to your second question, I think, I answered the first and second. We've never denied the great figures of the business in terms of technical, economic, environmental that was made by the entire Board of Directors and the internal evaluation committees of the company. So that was very interesting with figures in all those fronts. But we also have to keep in mind that for no one, it was a surprise that the current policy of the government exploration and exploitation of non-conventional resources is no longer a priority.

So right now, we are focusing on the exploration, exploitation of resources offshore in the country. And it's a priority also here to seek more production and incorporation of reserves from our owned wells and fields. And it's also of interest to develop projects related to energy transition, decarbonization, efficiency, energy efficiency, clean energies, renewable energies. These are projects that are part of our investment plan in 2024.

Now let's give the floor to Nicolas, who can answer your fourth and fifth questions.

Nicolas Azcuenaga

Daniel, good morning. I'm Nicolas, VP of the Strategies and New Businesses. And thank you for your questions. With regards to the question, if we are dealing with Oxy since March and the option and to monetize that option, I'd like to give two comments. One, we sat down with Oxy since December when they announced. So I think it's worth to precise that to the market and that we were with Oxy since December talking.

And second, the agreement that we have with Oxy in which we appoint an area of mutual interest and which is any of the parties that would bring a new deal to that area had the obligation to provide it to the other party, the spirit of that agreement is between Oxy and Ecopetrol. It's not that -- that through that option to bring third parties to the table.

Subscribe to Seeking Alpha for more content like this

So honoring the spirit of the agreement, the intention always was to -- for us to exercise that option if we determine to do so. So going to the other question, this -- our long-term strategy and how we see the operation in '25. Remember, we still have -- 2 areas of activities right now in premium with Oxy, Midland and Delaware, the joint venture that we have with Midland ends in 2025, but it's important to remember, 1 thing that we have the joint venture, the other is that we're still independent of the ownership that we have over the land and the assets and the existing production.

So when it comes to the option to extend the joint venture, we're having active discussions about that with Oxy, and as I said, we have the ownership of those lands. So we have an option in any case. And I think with that, we answer your 2 other questions.

Operator

We also have with us Alejandra Andrade from JPMorgan. Mr. Andrade?

Alejandra Andrade

Hello, my question is also related to Oxy. And you're talking about the debt, but making the calculations and adding the debt, it represented with that investment. I only see an increase of debt of 0.2 times. And that's even without giving the benefit of the EBITDA to those operations. So I'd like to understand if you calculate because you wanted to see if the other operations fell with the EBITDA or how did you reach that calculation that you talked about of surpassing the 2.5 times? Thank you.

Unidentified Company Representative

Hello, Alejandra. Good morning. Thank you for your question. Our projections that we saw align with our plans approved and how we could incorporate the COP3.7 billion estimated of additional debt led us to increases of the indicator by '25 and '26, slightly above 2.5. Here, it's important to keep in mind that these projections are at prices relatively close to what we're seeing today in the market and incorporated a big pressure on us if there was a drop or a change of the prices in the market. So in our calculations and projections when we incorporated this in the models, we did exceed slightly in '25, '26. Our goal to not exceed 2.5 times the debt EBITDA indicator.

Alejandra Andrade

Perfect. Thank you for your answer.

Operator

Stefania Moskia from CrediCorp Capital. Has a question for us. The floor is yours.

Stefania Moskia

Thank you for your presentation. I'd like to ask more on the medium-term basis. Do you have any update? Or do you plan to make an update on your CapEx plan and production plan?

Operator

Stefania. Please place your audio in Spanish, so we can hear you. Can you hear me? Now we Can. Please repeat your question.

Stefania Moskia

Yes, my question is more focused on a medium term basis. I'd like to ask, are you making and are you going to have an update of CapEx and production?

Ricardo Barragan

Thank you, Stefania. I am the CEO. For now, we do not have any changes among what we've announced from the first quarter call that we made in production. And in terms of CapEx, we're still going to be making investments up to $6 million at the top that we have as referenced with a good development as of June. And in production, we have what we have, we've done what we've announced with a goal of 730 million barrels a day. If the conditions allow us especially in terms of prices and production that we've been recording in these months to keep -- the idea is to keep with that path for production, but we're still committed to what we have announced in the first quarter.

Stefania Moskia

Perfect. Thank you for your answer.

Operator

Next question from Andres Duarte from Corficolombiana. Mr. Duarte, the question is your -- the floor is yours. Mr. Duarte, please choose Spanish on your interpretation icon.

Subscribe to Seeking Alpha for more content like this

Also, we have Ricardo Sandoval from Bancolombia. Mr. Sandoval, the floor is yours.

Ricardo Sandoval

Good morning and thank you for this call. I'd like to ask you about Reficar. We've read in the press that this refinery could go through a major overhaul maintenance. And I would like to know what we can expect in the second-half of the year when it comes to the burdens there, could there be an additional need to import products. Could you talk about the margins if this -- this overhaul takes place?

Second, a follow-up question really. Could you please tell us more what it would mean to end? Or what are the consequences of ending the joint venture with Oxy and to see Ecopetrol with its -- keeping the ownership. Could you give us more information about the consequences of ending this if it takes place. Thank you.

Walter Canova

Ricardo, good morning. This is Walter Canova, VP of Refinery and Industrial Processes. I would like to talk about your first question. Indeed, as we've said, we had a first-half of the year with high refinery burdens with record levels and an operational availability above 96%. As you've heard in the media, in the month of July, basically a part of August, we are programming not only in the refinery of Barrancabermeja, where we intervened one of the plants of oil. And that overhaul, it will take 40 days and it's -- we've already finished this, and Barranca already at its high production levels. As we think it will remain at those levels and for the rest of the year.

When it comes to Reficar, we had foreseen to make the overhaul of hydrocracker, which is one of the units that's most important of this refinery. This overhaul is foreseen to be made in 50 days, and we're in day 30 now. It's underway. So we're doing very well with that and we foresee to end it on time. At hydrocracker Cartagena, there's been no impact on the oil, the refinery remains, and it's a capacity of 200,000 barrels a day. And we believe that it will stay like that thanks to the thanks of the gas oils that we make.

Undoubtedly, for Cartagena, there will be an impact on the margin because since the plant stopped, we lose conversion levels, what we see is that by the end of the year, we will end with a margin of $10 to $12 per barrel consolidated by both refineries, and we will have average loads in the range that we already stated of 420,000, 430,000 barrels day by the end of the year, after stopping Barrancabermeja, as I mentioned, which we already did, and advancing very well with Reficar and Cartagena. So I hope that this answers your questions.

Nicolas Azcuenaga

Ricardo, good morning. Nicolas Azcuenaga, VP of Strategy and New Businesses. So let me discuss your second question. With regards to what happens in 2025 with the end of the joint venture with Oxy. And basically, there are four alternatives here. The first, and we're working on it, is to expand the joint venture. The second option is to continue operations with Oxy, but through a joint development agreement. And we can -- I could talk about these differences. The third option is that Ecopetrol will assume the role as an operator and its part and next is to sell our part there. Those are the four options.

And to make a comment about the difference between the joint venture and the joint development agreement. The joint venture has many things, but one is that we have development plans and capital investment plans with a horizon that's longer. And that under the other agreement, joint agreement would take place. But remember, that is a common practice for the development of that basin. So these are the 4 alternatives that we have. And I think that with that, I answer your questions.

Ricardo Sandoval

Thank you, clearly. Thank you so much for your answer.

Operator

Let's continue with the session in English. We recommend to all of the analysts to choose an interpretation, the language in which you will be answering. We have Luiz Carvalho from UBS. Mr. Carvalho ask your questions, please.

Luiz Carvalho

Yes, can you hear me well? Okay, so thanks for taking the questions. So I have two here. So you made some comments about why you gave up about CrownRock transaction because of the year to the debt level. So just trying to actually think on the opposite way, I mean would the company consider, for example, divesting some of the non-core assets in order to actually to increase [Indiscernible] upstream, I would say, part of the business in order to fulfill the country needs and from both reserves and production growth ahead. So that's the first one.

Subscribe to Seeking Alpha for more content like this

The second one is mostly with regards to the -- let's say, the challenges that the company has in terms of increasing reserves and also the country in terms of the natural gas demand, so how the management is seeing investing more in renewables or cognizant about the decline on the production and taking the risk of having to import more, so what's the balance here between, let's say, within the capital allocation strategy? And lastly, if you can provide a bit more details on the setback this quarter, we saw somehow decrease, but what is the expectation towards, let's say, the second half of the year?

Ricardo Barragan

Good morning. Ricardo Roa and thank you for your several questions. I'm going to try to answer your questions. Firstly, the window of opportunity that we had between the acquisition of inorganic assets in Permian with Oxy was not incorporated in our investments plan for 2024 or in the tri-annul plan, '24, '26 that we announced at the end of the year to the market, close to $20 billion. So with this window of opportunity, we went through the entire evaluation, keeping in mind that within our investment portfolio that was approved by the Board of Directors for this year, there are many projects underway.

First, to what we've been doing to increase significantly our production of oil and gas. Second, as a result of that higher production, we have more volumes transported by our assets. And third, there is a big burden in our -- everything has to do with our refineries. So what's the target of our investments plan that was at $5,600 million to $6,600 million, which was our expectation for this year.

It's focused on increasing production and incorporating results of $600 million are destined with our allies to develop exploratory activities in different perforations that we'll be doing this year. There are major resources there and also they're focused and incorporating within our matrix projects of energy efficiency that we are signing now to redo to be using green nitrogen and refineries and to incorporate clean energy projects, wind and solar in La Guajira. So these projects are underway. They're incorporated in this year's plan, and that's where we plan to sustain the operational technical achievements for the first-half of the year.

And in terms of the gas, logically, Colombia has -- since 2017, Colombia has been demanding a lot of gas. And to make an import of liquefied gas in a market that's open and free, 21% of the LNG market was made by the U.S., which is the highest of all the suppliers of gas under this condition of liquefied natural gas. And that's why through an infrastructure that we made in Cartagena, we have been importing amounts -- significant amounts of this liquefied.

So in past months, also we've been having these infrastructures. And this is what we have already immediately when we decide to import the liquefied natural gas with the deficit that we've announced. I don't know if this answers your entire question. If there's something else that you need, we can clarify it for you.

Luiz Carvalho

No that was very clear. Thank you very much.

Operator

Next question is from Carlos [Indiscernible] from Morgan Stanley. Mr. [Indiscernible], the floor is yours.

Unidentified Analyst

Hi, everyone. Thanks for taking my questions. I have two. The first, can you comment on the outlook for lifting cost, is it still reasonable to expect a convergence down to $10 per barrel? And the second, can you comment on what role production to stand above the top end of the range presented in the operational review?

Rafael Guzman

Good morning, Carlos. I'm Rafael Guzman, VP of Hydrocarbons. Thank you for your questions. As to cost valuation, there are two answers. First, indeed, we've seen an increase since the first semester of last year to this year, up $2.7 per barrel, which sets us today at $12.1 per barrel. This 12.7% increase is mainly from external factors, such as the exchange rate with the dollar and pesos, inflation and factors also because of the El Nino weather phenomenon. And these increased 12.4% of the 12.7% observed.

We also had increases in operations that were compensated mainly in efficiencies and more production. And there's where we have our focus to have more efficiencies and to produce more with the same wells that we have today. So with this, as we said before, we will have our elevation costs from $12 to $13 this year. And shortly, they will be closer than to $12 than $13. This in terms of the elevation costs.

Subscribe to Seeking Alpha for more content like this

When it comes to Permian, we also have a lot of -- we already provided many details today. We have good investments, but also very good results. We've reached a production close to 90,000 barrels per day. And for the year, we expect 84,000 to 86,000, because the most activity of the investment is made at the beginning of the year and production will be shown also at the end of the year. Thank you for your questions.

Operator

We also have Rodrigo Almeida from Banco Santander. Mr. Almeida?

Rodrigo Almeida

Hi, can you hear me? Yes, okay. So I have a couple of questions here. First one, it's regarding capital structure. So I think it would be nice if you could give us a number of more or less what I know that's not in the strategic plan that you released, but what's your minimum cash position? I think the reasoning behind my question here is that today, you have around $4 billion in cash. And then if we adjust that to the expectation of reducing the CapEx fund. This could potentially go up to around $7 billion, which would be a cash position similar to your bigger peers in the region, so if you could please give us some color on what's your running rate for cash position through the plan would be nice.

My second question here is going back to the gross debt calculation regarding the CrownRock analysis. So could you just confirm to us that if you're looking at going above 2.5 times gross debt and we maintain the current gross debt, you're using a COP40 trillion EBITDA. Is that it? And also, if you could help us understand if you include in the calculation of your gross debt to EBITDA, the debt that you repaid in July also?

And then finally here, just from a strategic standpoint, when you're analyzing these sort of decisions, are they always driven by gross debt to EBITDA? Or do you use any other metrics such as interest coverage ratios and other things because when we look at, for example, your capacity to cover interest, it seems very okay to us. So I wanted to understand if you incorporate other metrics as well when analyze the sort of M&As. Thank you.

Ricardo Barragan

[Ricardo] (ph), good morning and thank you for your questions. Indeed, we are in June in a position of cash flow of COP6 billion. And I think it's worth telling you where the $16 billion is -- so you can get more color of this. Close to COP5 billion are in Ecopetrol SA, COP7 billion are at ISA. And I think that it's important to mention this because not all of that flow cash is in Colombia. We also have in Chile, Brazil and Peru. And that cash flow is what ISA needs to operate and meet its projects assigned. So when you look at that cash available for hydrocarbons, you have to keep in mind that -- the rest is in the midstream and in some company -- corporate companies. So it's good to give you that color.

With regards to the possibility to increase the goal of 2.5 times debt EBITDA. This is the goal that we have incorporated in our strategy, and when we look at the balance and the possible fluctuations of prices in other times, and the levels of diversification of the company. For now, we have not thought about incorporating a new goal above 2.5 times. Now with regards to the base or the elements used when we decide to enter an investment.

In addition, to the cash flow and the levels of debt-to-EBITDA, we keep in mind the strategic lines, the risk profiles, returns, potential generation of cash flow and another important element is to recognize the decarbonization needs. And all this is framed within the capital discipline that the company has. So the debt is very important to take care of the position of cash flow also. But there are other elements like those that I mentioned.

Rodrigo Almeida

Okay. So I have a couple of follow-ups here. So when we look -- sort of going back to the first question, what is the number that we could use in our models for a minimum cash position for Ecopetrol Group as a whole? If you could help us, I think that would be helpful. Thank you.

Ricardo Barragan

Especially at Ecopetrol, we seek to be within a range between COP2 billion and COP2.5 billion of cash flow. We believe that the COP16 billion, and if you look at it historically, they compare very well. But it's not a position of cash flow that allows us. And I don't know if that's really your question. To incorporate acquisitions, entirely with our own cash flow in any case and looking at the levels of the possible transaction that we're reviewing. It wasn't possible to make the mix significantly. So that's why we always reviewed the need of debt.

Rodrigo Almeida

Perfect. That's very, very helpful. Thank you very much.

Operator

We also have with us [Indiscernible] from Goldman Sachs. Mr. Martins?

Unidentified Analyst

Hi, thanks for taking my questions. I have two quick ones from my side. The first one on production outlook. You mentioned that you are not planning to update your guidance for the year. So all in all that implies a sequential decline in average output for the second half of the year. We are trying to understand what will be the reasons behind this implying sequential decline?

Subscribe to Seeking Alpha for more content like this

And secondly, on CapEx, we are wondering if you could provide more details on what is the company for seeing for the balance for the end of the year? Any guidance on schedule for future receipts on the government? Or what is the company foreseeing for future accumulation from now within another year would be really helpful. Thank you.

Rafael Guzman

Good morning. Thank you for your questions, I'm Rafael Guzman. Yes, we are aware that the current production level is way above the range of 730, 735. We have to keep in mind, however, two things. The production of Permian has been high in the first-half of the year because of the large activity and the plans we had. But in the second-half of the year, it will decline, as I've mentioned, currently to an average above 90, but for the second half of the year, it will be 80,000 barrels per day.

In Colombia, we also have uncertainties for the second semester. We have several entrants of new productions that could be delayed and uncertainty also in actions in Colombia, as we've seen early in the year, because of third parties that limit the production of several fields. So that's why we keep our range that I've described before despite the production levels. But to end, I'd like to mention that undoubtedly, we worked hard to maximize the production of all of our fields, and that's the result that we've had to-date.

Javier Cardenas

Good morning, Javier Cardenas. With regards to [Indiscernible] let me say several things. We're ending the semester with an accounts receivable of COP12.4 billion. The collection, in these first six months, is close to COP13 billion, exactly COP12.6 million. So we have to charge in the third and fourth quarter of 2023, which is COP12.4 billion, and we expect to collect this in September and December of this year.

And with regards to the projection, we project a range of accounts receivable at the end of the year of COP8 billion to COP10 billion. This assumes and will be subject to the exchange rate levels and international prices, but the projection does not incorporate any additional increase in DC. So if there is an increase, the figure would be lower than what I'm saying.

Unidentified Analyst

Thank you so much.

Operator

Thank you. For now, we have no other questions. Now we're going to live. Now we're going to read those that arrived in writing. Could you please tell us about the increased share of Cenit and ODC, when it comes to strategic fit and the value of the EBITDA.

Alexander Cadena Motezuma

Good morning, Alexander. Cadena, President of Cenit. As you mentioned in June, we mentioned that Cenit purchased 100% of the Colombia, which stacks up 7.14 of the oil lines of Colombia. We have to say that this acquisition was made because we had the resources, and that is a transaction that has good medium and long-term returns. The terms of the transaction, however, are confidential. But when it comes to census issuance of bonds, these were presented to the rating firms which perceive that the transaction was positive.

Operator

Alejandro Sanchez from [Alianza] (ph) asked two questions. One, why we have the refination margins degraded? Do you expect to have higher levels in the next quarter?

Walter Canova

Good morning, Alejandro. Walter Canova, VP of Refinery and Industrial Processes speaking. Yes, undoubtedly, when you look at 2024, we have a first quarter in which the refined -- refination margins were $15 per barrel stronger than what we foresaw in our budget plan. But in the second quarter, as you indicated, there was a fall to $9 per barrel. So on average, -- the first semester is practically at $12 per barrel which is aligned with what we foresee for 2024, which we considered was that going to be as strong as 2022 and '23, which were historically high years for refinery.

The fall in the second quarter is related to the fall of diesel that dropped $11 per barrel and gasoline. So the most relevant products that we have and produce obviously had a substantial drop and that hit directly the gross margin in the second quarter. And in the third and fourth quarter, we see margins more normal, below two-digits between $10 and $12 per barrel. And that's where we think that we will end the year 2024 with the projections that we have today.

Subscribe to Seeking Alpha for more content like this

Operator

Next question from Alejandro Sanchez from Alianza is, in past quarters, we've seen more loads and delivery updates, why do you -- why is this taking place? Because it's much more expensive than other options. Will we see more of these types of deliveries? Thank you.

Felipe Trujillo Lopez

Good morning and thank you for your question. This is Felipe Trujillo, VP of Commerce and Marketing. The sales made in the Colombian ports and those that we're talking about that you're asking about is because it's done through the subsidiaries that we have in Singapore and the U.S. When we make debt sales, we're talking about capturing $0.50 to $0.80 per barrel more. So the question is, yes, why we find more value with sales debt, we will capture those opportunities, because the freight and logistics is very important to capture value within the commercial strategy of Ecopetrol.

Operator

Hernan Goicochea from LatinFinance says, when it comes to the financing plans, what does Ecopetrol plan for the rest of the year, we've seen the company made an issuance of bonds and making loans. Does Ecopetrol plan to issue more bonds internationally or take out more loans?

Javier Cardenas

Herna, good morning, it's Javier Cardenas. With regards to our financing plans for the rest of the year, I have several things to say: first, we have no increased debt plan in our investments plan; second, we are focused on reducing the risk of refinancing. Remember, we have an important [Tower] (ph) in 2026. Therefore, we've announced the anticipated payment of $250 million of the bond with that maturity.

With regards to possible issuances, Ecopetrol constantly reviews its options in the local and international market. And we're always monitoring the market and seeking the best conditions. It's important to mention that we are anticipating -- and again, looking to refinance the Tower 2026, seeking the best conditions and the best moments to make them.

Operator

[Indiscernible] asks, Ecopetrol is really -- does have the financial position to think about inorganic growth?

Javier Cardenas

[Indiscernible] Good morning, Javier Cardenas again. Ecopetrol is ending the semester with a cash flow position that's robust of COP16 billion. So that's first. Second, Ecopetrol constantly is looking at alternatives within its portfolio to have an organic growth and seeking different alternatives in its portfolio, organic as well. There are spaces for financing, undoubtedly now for the transaction with Oxy, the levels were substantially high and within the size and the strategic reserve and the projections keeping in mind risks and returns, we're still evaluating everything and we continue reviewing and when there's something attractive and that's where we would have the option.

Operator

Simone Diaz from [Indiscernible] asks two things: first, could you provide us an update of the wells that are being analyzed to be closed and to continue?

Rafael Guzman

Yes, Rafael Guzman, Simone to your question. At the end of the semester, we had a perforation of four wells, exploratory wells, [Indiscernible], Moyote, [Indiscernible] Norte and [Indiscernible]. Three of these wells will be closed, [Indiscernible] is being evaluated, and these are results as of the first quarter of the year.

Operator

Second question from Simone Diaz from [Indiscernible] is, could you provide an update of the processes with [SIC] (ph) and the potential class actions made by international investors.

Subscribe to Seeking Alpha for more content like this

Ricardo Roa

Simone, I am the CEO of Ecopetrol. Indeed, we have been talking with the superintendence of trade, technical halls or teams looking at these processes with this control entity, especially approaching the process of hiring air transportation for the company's work we've offered a program guarantees to ensure the competition and equal conditions for the availability of helicopters that can provide the service and to handle the timetable of the process.

We would have a space for another participant today, we are evaluating the offers we've received. We invited 11 participants, national and international, we see -- we're evaluating them all, and we're monitoring the process constantly along with a preventive monitoring made by the Procuraduría, which we practically have included in every phase of the process. This is why we are waiting for the results of the SIC on the guarantees program that we presented to guarantee an open process that's competitive for this process. That with regards to the class action, so far, we have been notified by any control body of any class actions.

Operator

[Indiscernible] asked three questions from Santander. Do you internally -- you already have the 2.5 times of EBITDA, so -- but when it comes to the lower productions that you have -- if Oxy is involved?

Ricardo Roa

Thank you, [Indiscernible], for your question. As I've mentioned initially, in our investments plan, we are working on exploratory activities and an alliance that we announced with Parex to have more [exploitation] (ph) and a higher incorporation of organic reserves of the country of oil and gas. And we continue working hard and constantly to be able to have this exploratory phase -- to be able to ensure, again, in the future, the provision of both resources. We haven't of stopping exploratory activities, no.

And instead, we already have technical teams with the Director of Hydrocarbons here and that of the Ministry to evaluate the contracts that were suspended. We've advanced that with NH and we've identified what Dave mentioned, several assets that have been abandoned or closed for some reason and that we should have a presence or we need significant reserves to reactivate these wells and develop their more assurance to meet the goal because every three years, we have to ensure 100% of the reserves that are needed, understanding that more production makes us exceed what's planned, but still, we look for opportunities and to make mergers and acquisitions, that's constantly part of our plan, and we have a map that includes also some disinvestments, but also we seek to consolidate the chance to acquire projects as we've announced or to have a share with some allies that are also interested in making evaluations.

That's a goal that Ecopetrol has to seek a business opportunity that may take place. How can we finance this? By issuing bonds, seeking resources on a short-term basis with banks and also keeping it ahead an expectation with a good level of liquidity and cash flow to leverage surely with the investment plan that we have established all these investments that we keep in mind.

Operator

Andres Duarte from Corficolombiana asks three questions. First, could you please tell us if there are facilities of liquefication and Permian to bring cash from there? How does -- how much does it cost to bring gas to Colombia.

David Riano

Thank you. This is David Riano, the Executive VP of Energy's for Transition. The first thing that we have to underscore here and as was mentioned by our CEO, in the world, there are 20 markets of LNG exploitation, the largest in 2023 was that of the U.S.A. with a share of 21%, meaning in that market, we have the chance to access to amounts that the country may need.

Secondly, for -- to look at that molecule, and for the transportation of that in Colombia, we have to access to regasification facilities, but Colombia -- and Columbia currently has some in Cartagena through the SPEC plant that has a capacity now to use that service. There, the conditions to access will determine -- will be determined by those that have the right to re-gas -- for the regasification. So in short, as a country, we do have access to LNG. The largest market in the world is close to Colombia in the U.S., and the country has a facility to gasify it -- re-gasify it.

Operator

The second question from Andres Duarte is, could you please clarify what is your expectation of EBITDA for '25 and '26, keeping in mind that the -- it's that if you continue with Orca, it would have been higher?

Subscribe to Seeking Alpha for more content like this

Javier Cardenas

Andres, good morning. Javier Cardenas. Usually, we do not provide expectations so far ahead. But we do see levels of prices, breadth especially that are lower than those that we saw -- we've seen in 2024. And it's a consequence of the levels of the supply oil that are projected and levels of liberation or increased production and over offers in countries worldwide. So the expectation of EBITDA is related to CEE prices lower. I cannot provide you the data as you can understand, but it is that trend in that path.

Operator

Lastly, Andres Duarte asks, could you please update us on your expectations for the production exportation cost of kilogram in years of implementation for the production of hydrogen.

David Riano

Thank you again, David Riano, VP of Energy's for the transition. When it comes to hydrogen, we have advanced to develop a strategy in the group to begin to produce low emission of hydrogen and in that line, we're developing now a project to produce green hydrogen industrially in Cartagena. And we expect this to be in operation in the year 2026.

In addition, we are evaluating the visibility of an additional project at Barrancabermeja. With regards to the chance of exporting with the analysis that we made within the company, we see that in the market, especially in Europe, there could be a decade of 30, and there, the cost of any offer, including Colombia, could be $4.50 per kilogram of green hydrogen placed in Europe. And we believe with the figures analyzed that Colombia does have the potential of a competitive renewable energy to reach those price levels and therefore, to be relevant player in that market when it develops.

Operator

Thank you. There are no further questions. Now let's listen to the closing remarks of the CEO.

Ricardo Roa

We would like to thank you for joining us. I'd like to congratulate our great team, our executives and our thousands of workers who constantly work hard so that we can have these excellent results in every segment of our traditional activities and the operations, again, we are committed at Grupo Ecopetrol to be firm to protect our traditional business, and to execute our investment plans, and we bet on meeting the goals and to create wealth that we've shown in recent years for the country, for our shareholders.

And of course, so that Ecopetrol can still be a great energy assets that Colombia requires to leverage its projects for energy transition. Thank you very much for joining us today.

Operator

Thank you all. With this, we end our call of the results of the first-half of 2024. Now you can hang up.

**Load-Date:** August 17, 2024

**End of Document**