

Frontera Completes Settlement Agreement with Cenit and Bicentenario

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TRANSPORTATION DISPUTES FULLY RESOLVED

LARGE LEGACY CONTINGENT LIABILITY ELIMINATED

FRONTERA MOVES FORWARD WITH SMALL TRANSPORTATION AGREEMENTS, PAYMENT NOT REQUIRED WHEN SERVICE IS SUSPENDED

CALGARY, Nov. 11, 2021 - [Frontera Energy Corp.](#) (TSX: FEC) ("Frontera" or the "Company"), Cenit Transporte y Logística de Hidrocarburos S.A.S. ("CENIT") and Oleoducto Bicentenario de Colombia S.A.S. ("Bicentenario") separately announced today that the Administrative Tribunal of Cundinamarca approved the conciliation agreement (the "Conciliation Agreement") between Frontera, CENIT, and Bicentenario and that they have concluded the final formalities of the settlement arrangement. The settlement arrangement is now finalized and in full force.

Gabriel de Alba, Chairman of the Board of Directors, commented:

"This completed settlement represents the final step in resolving all the disputes between the parties related to the Bicentenario Pipeline and the Caño Limón - Coveñas Pipeline. This eliminates a large contingent liability and is an incredibly important milestone for Frontera, its shareholders and partners in Colombia. This is an example of Frontera's ability to work with local partners to lay the groundwork to advance and develop material infrastructure assets for Colombia."

Orlando Cabrales, Chief Executive Officer (CEO), Frontera, commented:

"Today, we achieved a critical milestone in advancing the Company's strategy to fully resolve the key legacy issue with the approval and completion of the conciliation agreement. I would like to express my appreciation to all those that have been involved in the process. The agreement is a testament to the good faith efforts by all parties to advance a positive commercial relationship and we look forward to continuing to explore opportunities to further strengthen these partnerships and create value for our stakeholders."

On November 16, 2020, Frontera, CENIT and Bicentenario announced that they had reached an agreement for the joint filing of a petition for approval of the Conciliation Agreement which, upon completion and approval by the competent Colombian court, would resolve all the disputes between the parties related to the Bicentenario Pipeline (the "BIC Pipeline") and the Caño Limón - Coveñas Pipeline (the "CLC Pipeline"), and would terminate all the pending arbitration proceedings related to such disputes. All of the Frontera subsidiaries involved in those proceedings are also parties to the Conciliation Agreement, and references to Frontera include such subsidiaries.

The settlement arrangement mandates for a full and final mutual release upon closing of all present and future amounts claimed by all parties in respect of the terminated transportation contracts for both the CLC Pipeline and the BIC Pipeline, and also in respect to certain related contracts. For further information about those claims, refer to Note 28 of the Company's 2020 Annual Consolidated Financial Statements.

Under the previous BIC Pipeline and the CLC Pipeline Transportation Agreements, Frontera committed to ship or pay the cost of an equivalent of 47,333 barrels of oil per day until up to 2024 in the BIC Pipeline and BIC storage facilities and 2028 in CLC Pipeline as well as ancillary services. The pipeline was frequently disrupted and inaccessible due to actions from illegal groups during the period of the contract, impacting Frontera directly.

The terms of the Conciliation Agreement remain the same as previously announced by the Company on November 17, 2020, subject to the following adjustments:

- The new CLC and BIC Pipeline contracts will be approximately 2,770 bbls/day for a term of up to five years for use of the CLC Pipeline and BIC Pipeline (and certain related facilities), becoming effective within a six-month period from November 11, 2021 (closing of the agreement).

- The previously disclosed volume was estimated at ~3,900 bbls/day. The amount was reduced due to increased value of the BIC Pipeline line fill as a result of increased Brent prices.
- The Oleoducto de los Llanos Orientales S.A. ("ODL") Pipeline contract is now expected to begin by January 2022 and Frontera will not be required to make payments under the new transportation contract for oil that is required to be shipped on alternative pipelines.

With finalization of the agreement, the Company will recognize a non-cash loss of approximately \$105.3 million relating to the reclassification of currency translation adjustment ("CTA") from other equity reserves to Statements of (Loss) Income. The CTA loss is primarily related to historical functional currency COP to U.S. dollar presentation currency translation differences on Bicentenario, as an investment in associates.

The Company does not expect the new BIC Pipeline, CLC Pipeline and ODL Pipeline Transportation Agreements to materially impact its transportation costs in the future. Frontera will not begin shipping under the new Transportation Agreements until 2022 and, as a result, the Company's 2021 transportation cost guidance will not be affected.

About Frontera:

[Frontera Energy Corp.](#) is a Canadian public company involved in the exploration, development, production, transportation, storage and sale of oil and natural gas in South America, including related investments in both upstream and midstream facilities. The Company has a diversified portfolio of assets with interests in 39 exploration and production blocks in Colombia, Ecuador and Guyana, and pipeline and port facilities in Colombia. Frontera is committed to conducting business safely and in a socially, environmentally and ethically responsible manner.

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Advisories:

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This news release contains forward-looking statements. All statements, other than statements of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding advancement of local partnerships, acceleration of regional exploration projects, development of material infrastructure assets and transportation costs) are forward-looking statements. These forward-looking statements reflect the current expectations or beliefs of the Company based on information currently available to the Company. Forward-looking statements are subject to a number of risks and uncertainties that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements, and even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, the Company. Factors that could cause actual results or events to differ materially from current expectations include, among other things: volatility in market prices for oil and natural gas (including as a result of a sustained low oil price environment due to the COVID-19 pandemic and the actions of OPEC and non-OPEC countries and the restrictions imposed by governments in response thereto); the duration and spread of the COVID-19 pandemic and its severity; the success of the Company's program to manage COVID-19; uncertainties associated with estimating and establishing oil and natural gas reserves and resources; liabilities inherent with the exploration, development, exploitation and reclamation of oil and natural gas; the Company's ability to access additional financing; the ability of the Company to: meet its financial obligations and minimum commitments, fund capital expenditures and comply with covenants contained in the agreements that govern indebtedness; political developments in the countries where the Company operates; the uncertainties involved in interpreting drilling results and other geological data; geological, technical, drilling and processing problems and the other risks disclosed under the heading "Risk Factors" and elsewhere in the Company's annual information form dated March 3, 2021 filed on SEDAR at www.sedar.com. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although the Company believes that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and accordingly undue

reliance should not be put on such statements due to the inherent uncertainty therein.

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Contact

Brent Anderson, Director, Investor Relations, 1 403 705 8827, ir@fronteraenergy.ca, www.fronteraenergy.ca

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