

PIPELINES & TRANSPORTATION PIPELINES

Canacol hires SETCO to build Colombian natural gas pipeline

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[Christopher E. Smith](#)

Oct. 25, 2022



Canacol Energy Ltd. has hired Shanghai Engineering and Technology Corp. (SETCO) to build a 289-km, 22-in. OD natural gas pipeline from Canacol's 300-MMscfd Jobo gas processing plant to Medellin, Colombia. The pipeline will have an initial capacity of 100 MMscfd and is scheduled to enter service in December 2024.

SETCO will pay 100% of the cost of building the pipeline and will own, operate, and maintain it. Canacol will pay a fixed fee to transport gas on the line.

Canacol has already executed two 12-year take-or-pay gas sales contracts to ship a total of 75 MMscfd to Medellin through the pipeline and is currently negotiating additional long term take or pay gas sales contracts with customers in the interior to ensure that the new pipeline is filled to initial capacity.

The company can produce 250 MMscfd of gas from the Cienaga de Oro and Porquero reservoirs and anticipates increasing production capacity to more than 300 MMscfd via additional drilling before the pipeline begins operating.

"Construction of this pipeline will allow Canacol to ship its gas to the interior market of Colombia and will lift our gas sales above 300 MMscfd in 2025," said Canacol president and chief executive officer Charle Gamba. "The project will also provide energy security to customers in the interior of Colombia as **Ecopetrol**'s gas fields there start declining in 2024."

2024."

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