

January 2, 2013

Information Summary for the Public

Host Country:	Colombia
Name of Borrower:	Joshi Technologies International, Inc.
Project Description:	Expansion of oil production in the Palagua Field
Proposed OPIC Loan:	\$14.5 million (4.75 years)
Total Project Costs:	\$50 million
U.S. Sponsors:	Joshi Technologies International, Inc. (an Oklahoma company) and Parko Services S.A. (a Panama company majority-owned by U.S. citizens)
Foreign Sponsor:	Ismocol de Colombia S.A. (a Colombia company)
Policy Review	
U.S. Economic Impact:	Because this project involves the extraction and local sale of oil and gas products, there is no potential for adverse impact on the U.S. economy. The project is expected to have a positive impact on U.S. employment and is expected to have a positive impact on the U.S. balance of payments over the first five years.
Developmental Effects:	This project is the fourth OPIC-supported investment in the Palagua oil field. This project will have a positive developmental impact on Colombia and on the country's energy infrastructure. Although Colombia is self-sufficient in energy, a lack of investment prior to 2005 led to a decline in proven oil reserves. Joshi Technologies International and Parko Services use innovative extraction technologies in the Palagua field for the production and processing of crude oil. The project will have a positive impact on human capacity, with training provided for a portion of project employees. Joshi Technologies International helps to provide employee benefits and maintains a park for the local community.
Environment:	<i>Screening:</i> The project has been reviewed against OPIC's categorical prohibitions and determined to be categorically eligible. The project is screened as Category A because it involves expansion of enhanced oil recovery operations that includes the drilling of up to 32 additional wells. <i>Applicable Standards:</i> OPIC's environmental and social due

	<p>diligence indicates that the project will have impacts that must be managed in a manner consistent with the following Performance Standards (“PS”):</p> <p>PS 1: Assessment and Management of Environmental and Social Risks and Impacts. PS 2: Labor and Working Conditions. PS 3: Resource Efficiency and Pollution Prevention. PS 4: Community Health, Safety and Security PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources</p> <p>The project involves an expansion of oil production operations within its existing facility boundary and does not involve physical or economic displacement, impacts on indigenous people or any cultural sites. Therefore, IFC Performance Standards 5, 7, and 8 are not triggered at this time.</p> <p>Consistent with the requirements of PS 3 (Resource Efficiency and Pollution Prevention) the project is required to meet applicable provisions of the IFC General Environmental Health and Safety Guidelines and the Environmental Health and Safety (“EHS”) Guidelines for On-shore Oil and Gas Development.</p> <p>Additionally, the American Petroleum Institute (“API”) has developed a guidance document, “Design, Construction, Operation, Maintenance, and Inspection of Terminal & Tank Facilities” (API Standard 2610) that provides a comprehensive framework for the operation of oil storage and handling facilities and provides references to the applicable National Fire Protection Association’s (“NFPA”) Codes and that will apply to this project. It also provides a description of Good Industrial Practices (“GIP”) regarding pollution prevention, waste management, safe operation of tanks, and fire protection. The project is subject to the provisions of this guidance document as well.</p> <p><i>Environmental and Social Risks:</i> The major environmental and social issues associated with this project include the potential adverse impacts on air quality; potential to emit large quantities of greenhouse gases; potential adverse impacts on surface water, groundwater and soils as a result of oil spills; potential adverse impacts resulting from the disposal of sludges and drilling muds; potential fire and explosion; and occupational health and safety risks.</p>
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	<p>The project will be developed from existing well pads and there will be no expansion of production facilities or need to construct additional access roads, so, land use impacts are minimal. Groundwater is abstracted to meet the project's water requirements from an on-site well which has adequate capacity for the expansion project. Electricity is produced by generators that are fueled by gas (that is associated with the extraction of oil) or diesel. Ambient air quality in the area is well within regulatory levels. Due to exhaust from the drilling rig, greenhouse gas emissions from the project will increase temporarily. Once drilling is completed, greenhouse gas emissions are estimated to be reduced to about 49,000 short tons.</p> <p>Small quantities of sewage will be treated in an on-site wastewater treatment unit. The wastewaters generated from the project's oil production process are treated to acceptable levels. Solid wastes are treated to reduce the toxicity of contaminants present and disposed in a manner so as to prevent environmental releases. Drilling muds are also disposed of in a manner to prevent environmental releases of any contaminants that may be present. The project follows acceptable safety provisions.</p> <p>Past waste disposal practices (prior to current ownership) resulted in contamination of onsite soil, creeks, and sediments. Remediation has been ongoing on the site and monitoring reports document significant improvement.</p> <p><i>Risk Mitigation:</i> The project will be required to submit Annual Reports on its performance, update its Social and Environmental Management and Monitoring Plan and implement its Spill Prevention and Control Countermeasures Plan, Occupational Health and Safety Plan, and Fire Prevention and Control Plan. Additionally, the project will be required to prepare a grievance mechanism and hold public consultations at least once a year. Minutes of these meeting and actions to address complaints must also be submitted as part of the annual report. Finally, an independent audit of the project's environmental and social performance must be performed within three years of the project's operation.</p> <p><i>Public Disclosure:</i> The Social and Environmental Impact Assessment was posted on OPIC's web site for a 60-day public comment period, from August 6 to October 5, 2012. No comments were received.</p>
Workers Rights:	OPIC's statutorily required standard worker rights language will

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	<p>be supplemented with provisions concerning the right of association, organization and collective bargaining, minimum age for employment, hours of work, and hazardous working situations. Standard and supplemental contract language will be applied to all workers of the project. The project will be required to operate in a manner consistent with the requirements of the International Finance Corporation's Performance Standard 2 on Labor and Working Conditions.</p>
Human Rights:	<p>OPIC issued a Human Rights Clearance for this project on November 22, 2011.</p>