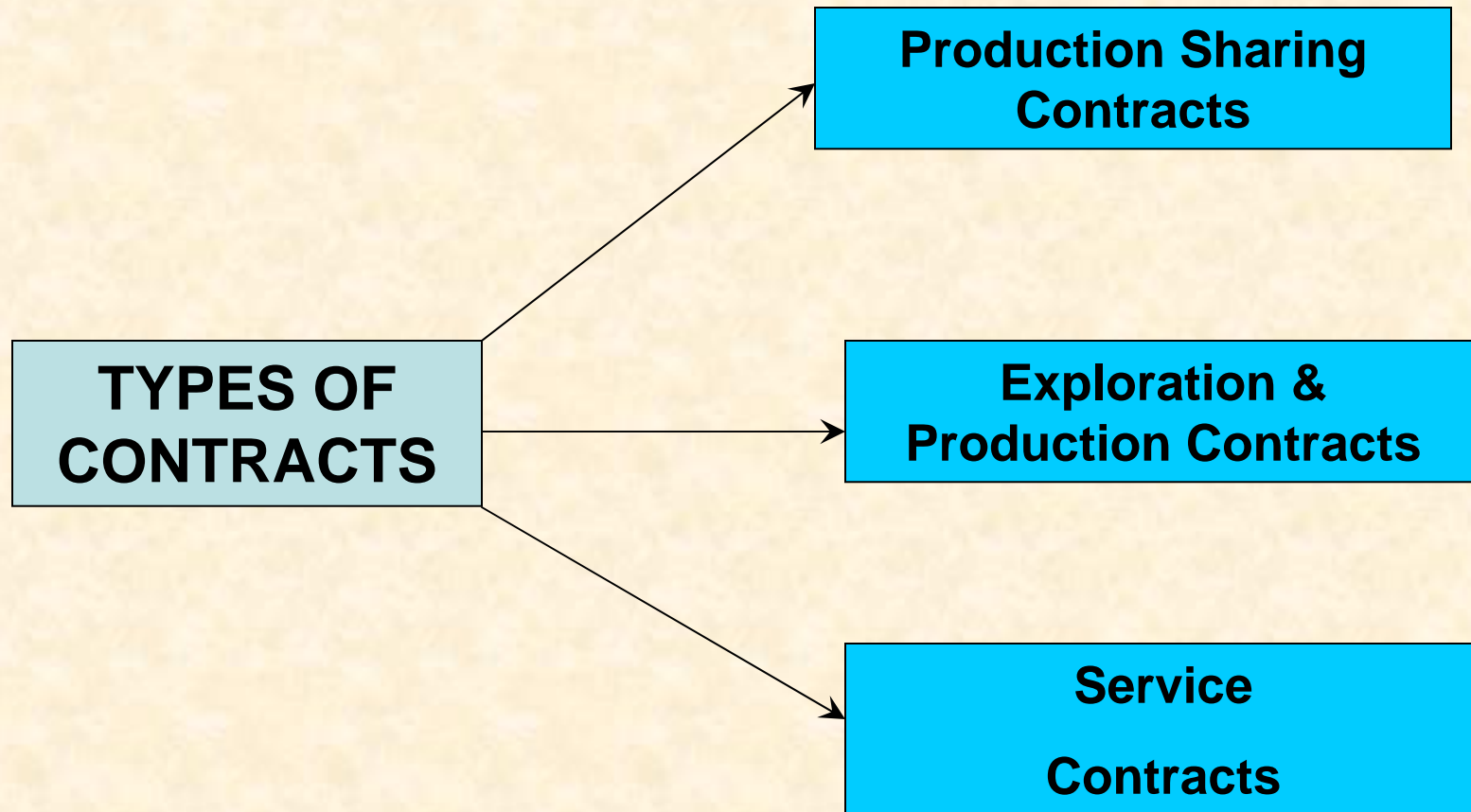


Overview of the Petroleum Sector of Belize

How is the Exploration and Production of Petroleum carried out?

- Under Contracts issued to Petroleum Companies:- Company take on 100% Risk and spends own Money

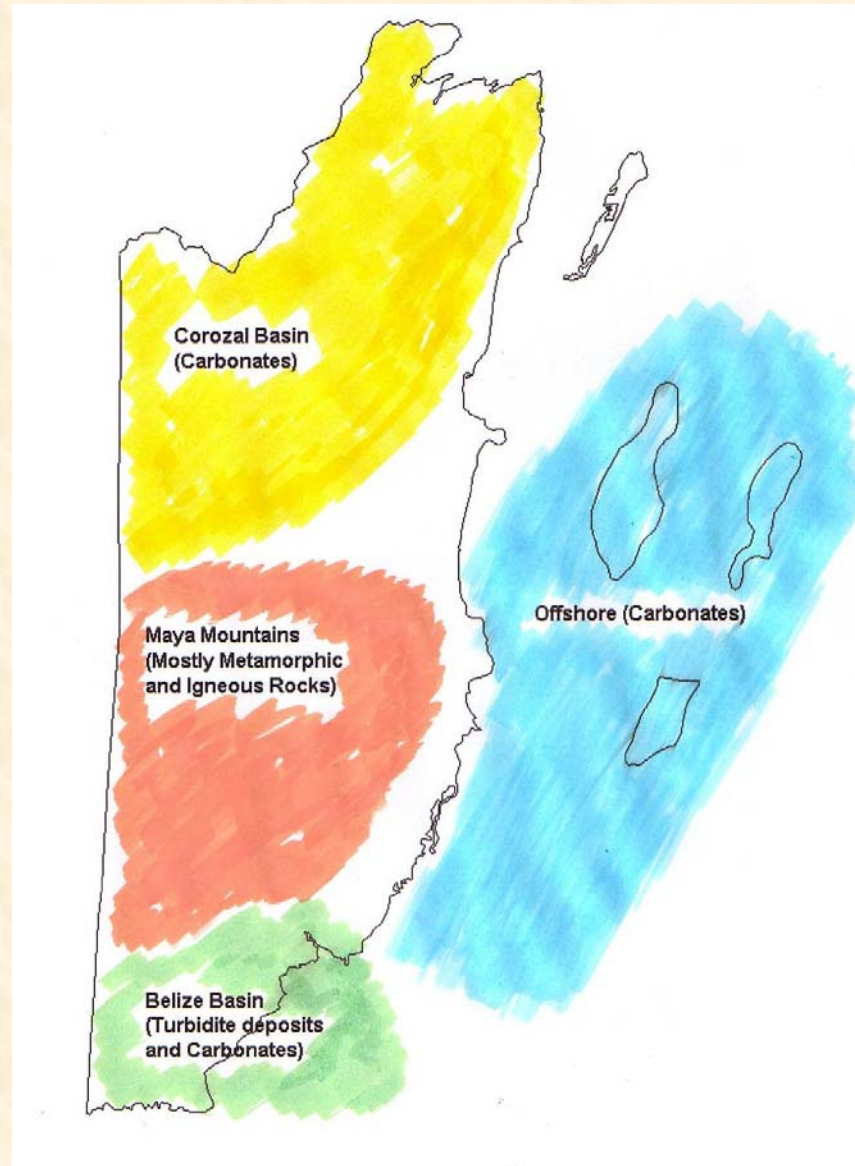
WORLD WIDE PETROLEUM CONTRACTS



Phases of Operations

- Exploration
- Production Testing
- Appraisal
- Development and Production

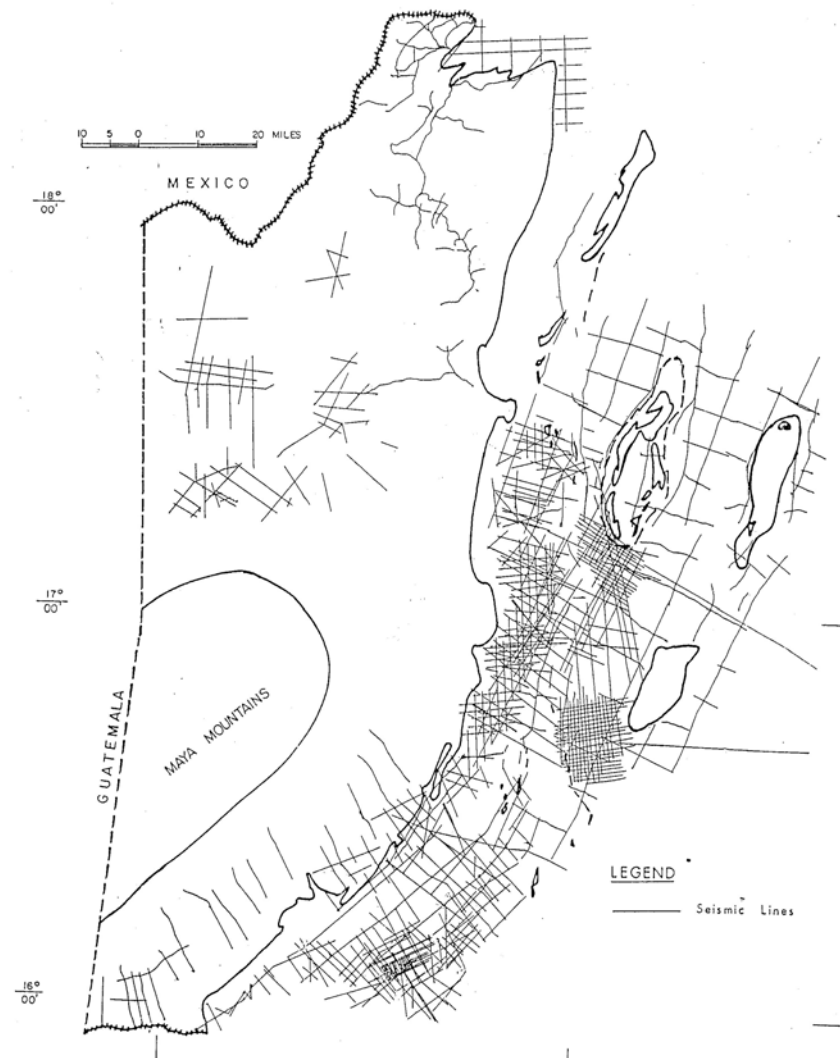
Sedimentary Basins of Belize



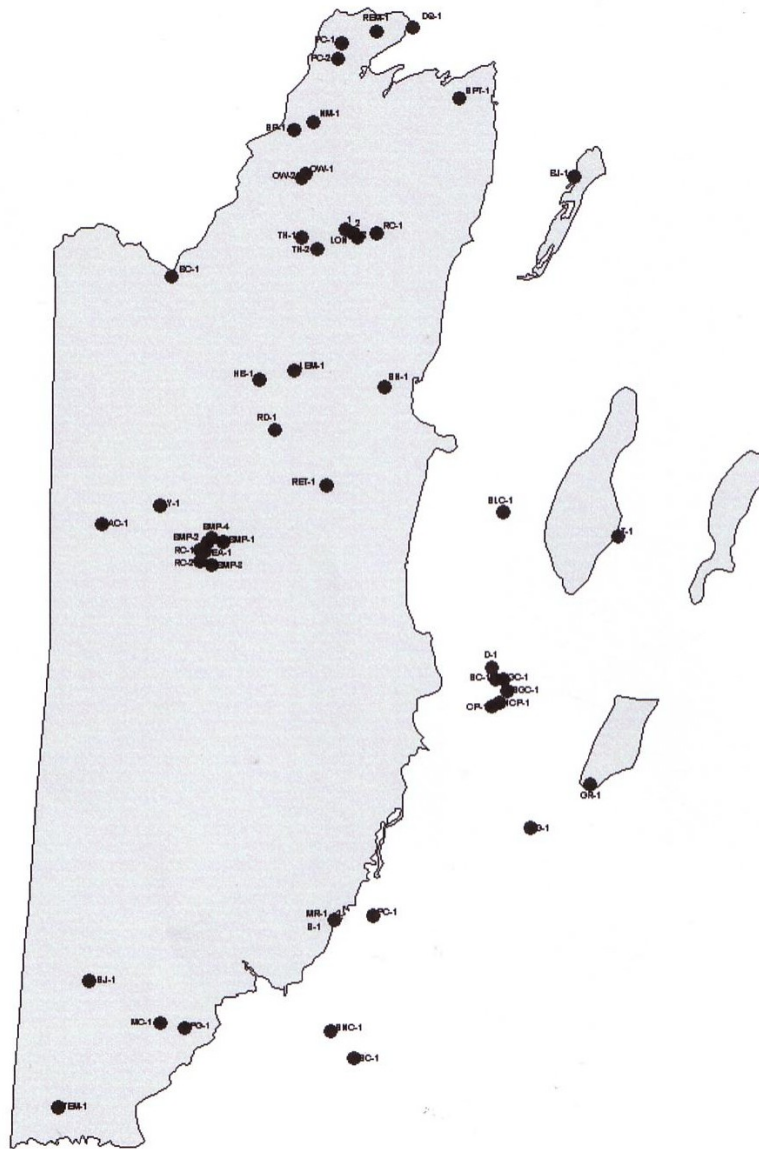
Exploration Work carried out before 2004

- Seismic Surveys
- Drilling

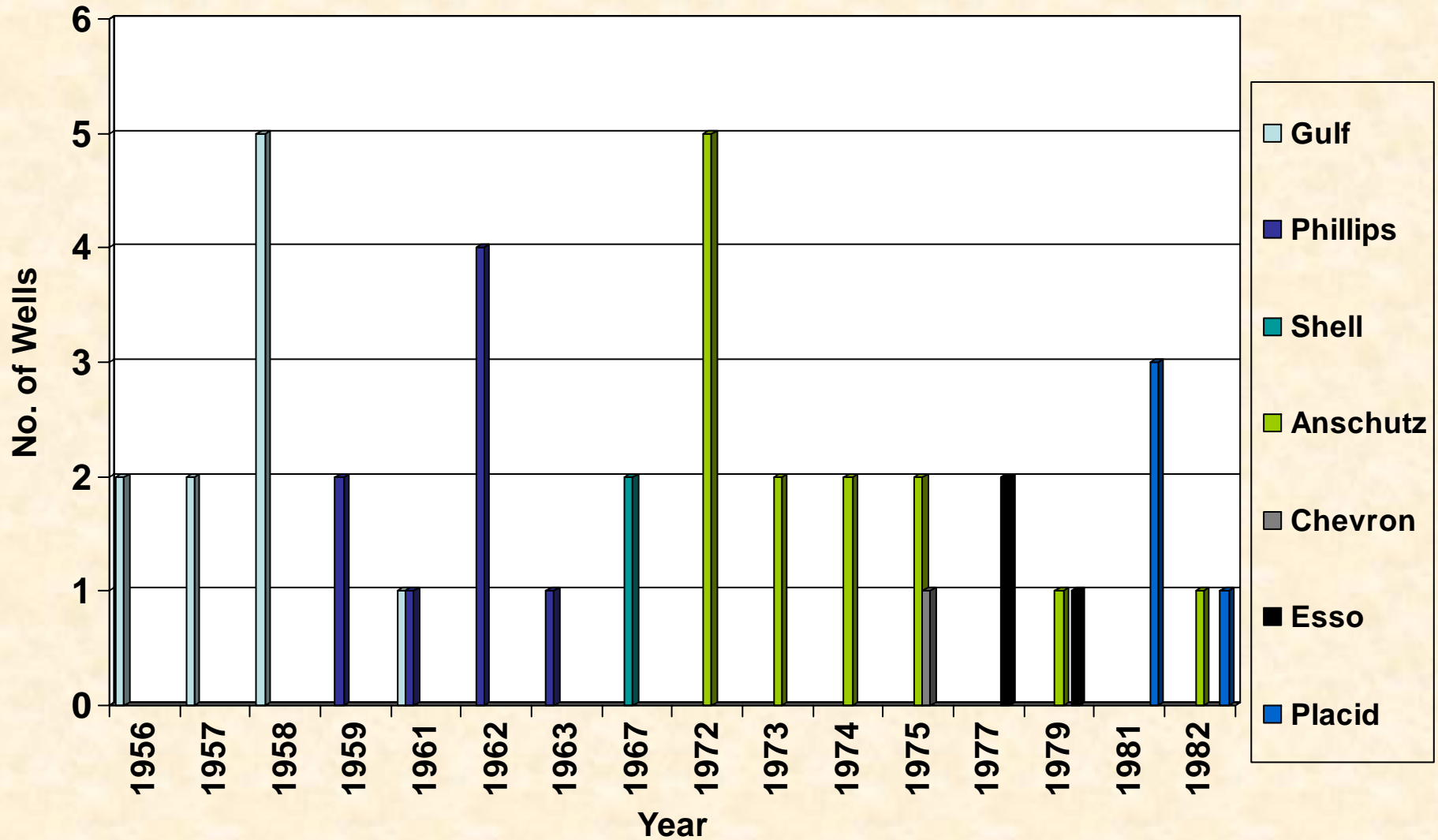
Seismic Surveys



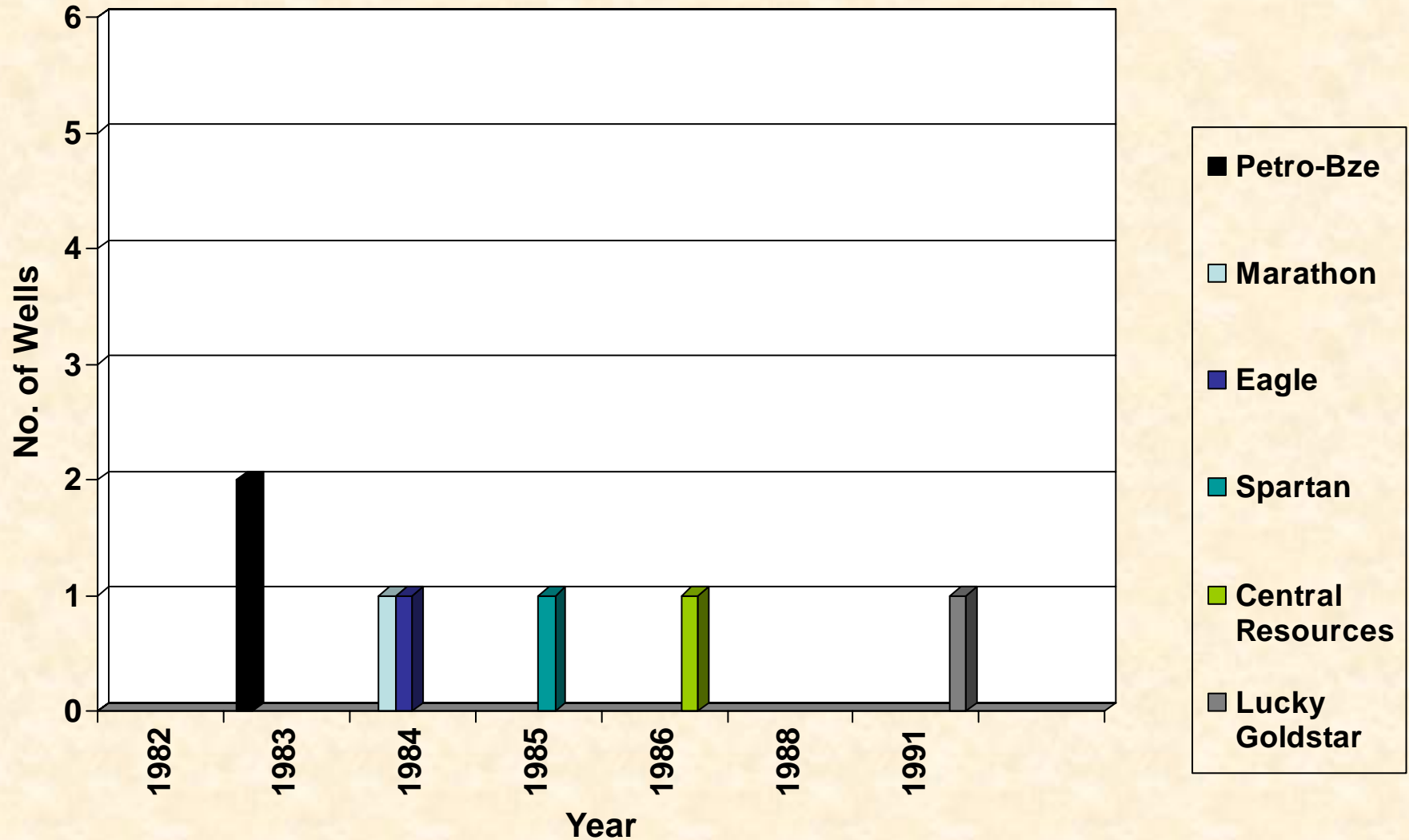
Exploration Wells drilled in Belize



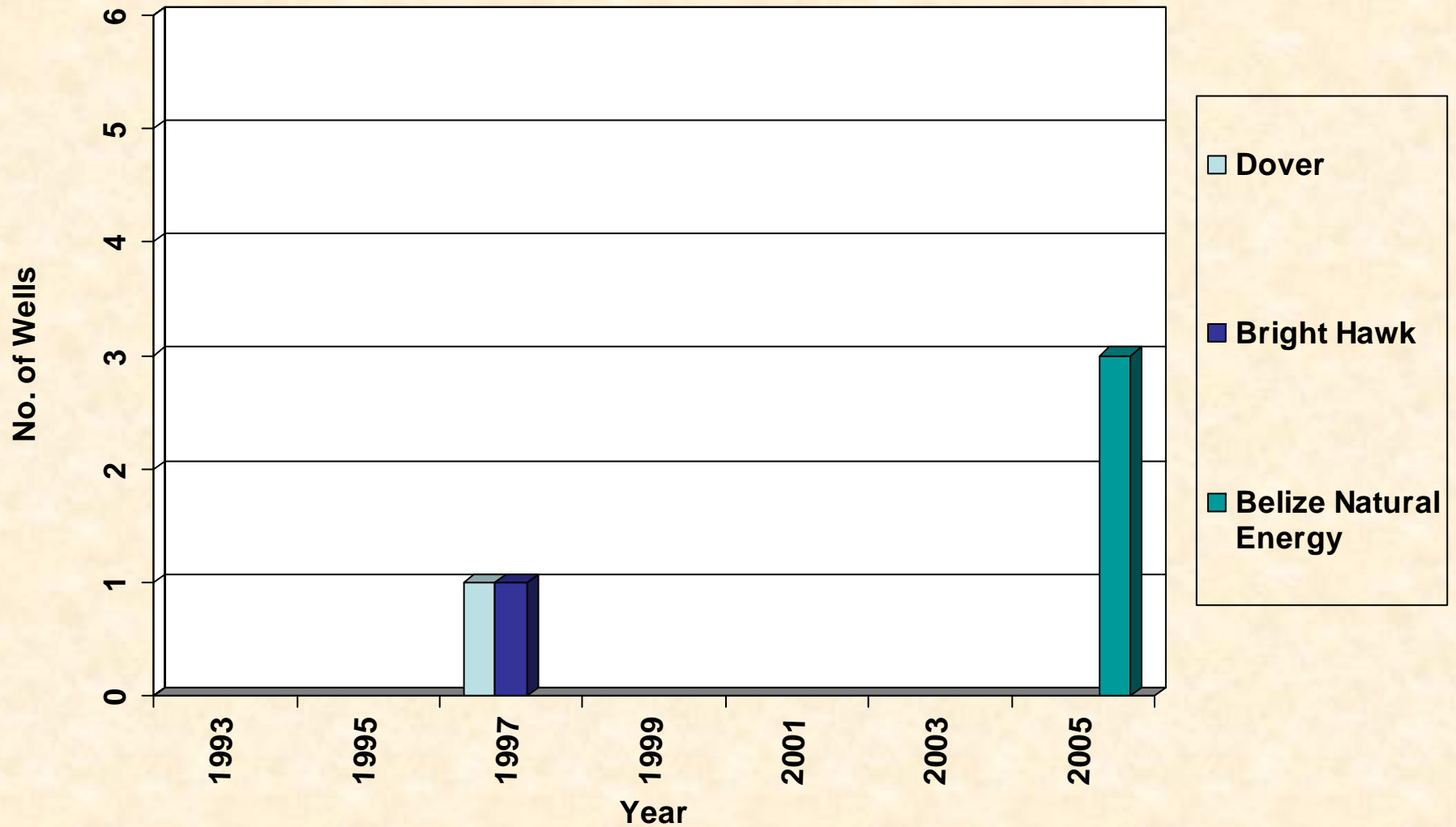
OIL COMPANIES IN BELIZE 1956- 1982 (MAJORS)



OIL COMPANIES IN BELIZE 1983- 1992 (INTERMEDIATES)

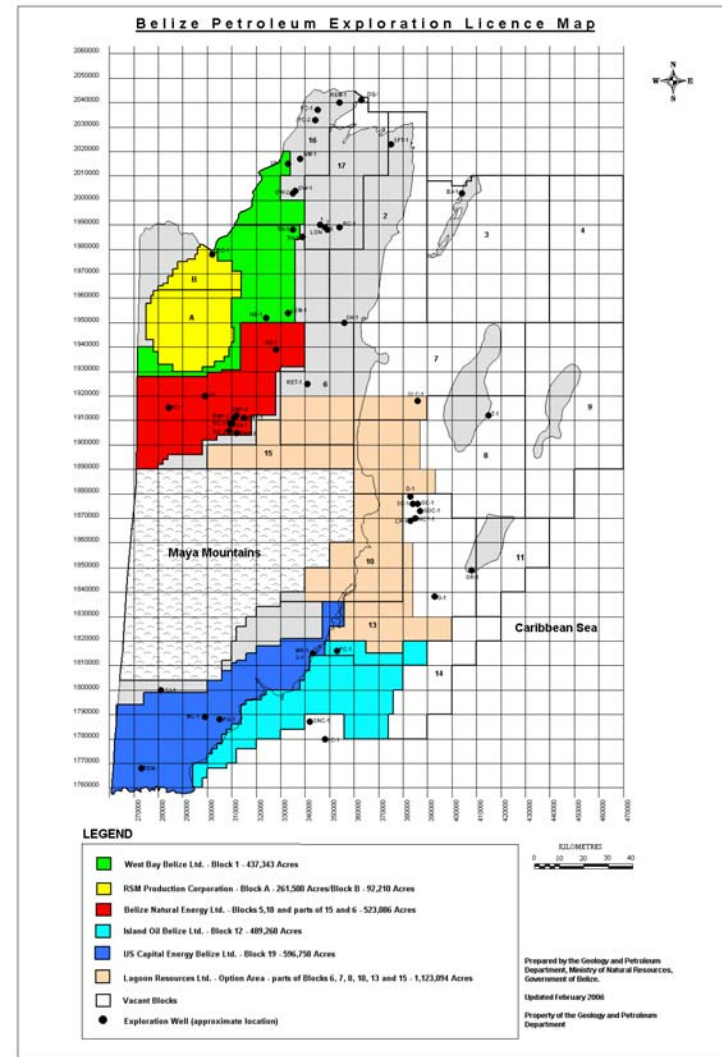


OIL COMPANIES IN BELIZE 1993- 2005 (INDEPENDENTS)



Exploration License Map

Current Operating Companies



Status of Companies

- **West Bay** – shot 200Km of Seismic in 2004/2005 and is preparing to shoot additional Seismic
- **RSM Production Corporation** – currently conducting Geochemical Survey and preparing to conduct Seismic Survey
- **Island Oil** – preparing to drill 2 Offshore Wells
- **US Capital Energy** – preparing to conduct Seismic Survey
- **Lagoon Resources (Seismic Option)** – acquiring old Seismic Data for Reprocessing and Interpretation

- **Belize Natural Energy Ltd.** – completed Production Tests, conducting Appraisal and preparing to submit Work Program and Budget for Development and Production; preparing to conduct 3 Dimensional Seismic Survey

Why was Belize Natural Energy successful in finding Oil?

- The company shot good quality Seismic
- Determination – the partners in the company have always believed in the potential of Belize

Other Prospects

- West Bay – has found structures from Seismic
- Island Oil – Has reprocessed old Seismic Data and has identified two drillable structures
- US Capital Energy – has reprocessed old Seismic Data and has identified a number of drillable structures

TERMS OF PSA

- **Exploration Period – 8 Years:** 4 periods of two years each.
- **Production Period:** 25 years (for each field).
- **Financial Obligations:** payable to the Government.

Government Revenues

- License Fees
- Royalty
- Production Share
- Government Participation
- Tax
- Training/Scholarships

Royalty

- Paid on gross production
- Crude Oil: not less than 7 ½%
- Natural Gas: not less than 5%

Production Sharing – paid on Net Petroleum

- **Net Petroleum:**

[Value of Petroleum Produced] – [Royalty] – [Petroleum Expenditures (capital and operational expenditures)]

- **Production Sharing Example:**

<u>Barrels/Day</u>	<u>GOB Prod. Share %</u>	<u>Company Share%</u>
0 – 50,000	5%	95%
50,001 – 100,000	10%	90%
100,001 – 150,000	15%	85%
> 150,000	20%	80%

Government Participation

Section 10 of the Petroleum Act allows State Participation:

- Prior approval of Cabinet needed.
- Option - 10 % working interest for GOB or it's designee in a field.
- GOB/ designee to re-imburse 10% of cost of all exploration expenses prior to declaration of commerciality.
- GOB may require the Contractor to lend x % of the cost to purchase it's participation interest.

ADMIN. FEES & SURFACE RENTALS

SCHEDULE (Regs. 29 & 30)

US \$

- Application Fee 100.00
- Annual Admin. Fee 10,000.00
- Annual Surface Rental/ acre
 - Year 1 & 2 0.10
 - Year 3 & 4 0.15
 - Year 5 & 6 0.20
 - Year 7 & 8 0.40
- Annual Surface Rental for Oil Field/ acre 5.00

OTHER FEES

- Training & Employment
- Scholarships (for higher studies including Administrative, Technical & Executive Management positions)

Where are all the old Data and new Data?

In the Geology and Petroleum Department

- all Data pre-2004 are Paper Copies
- all Data post-2004 are Paper Copies and Electronic

Geology and Petroleum Department

Mission Statement

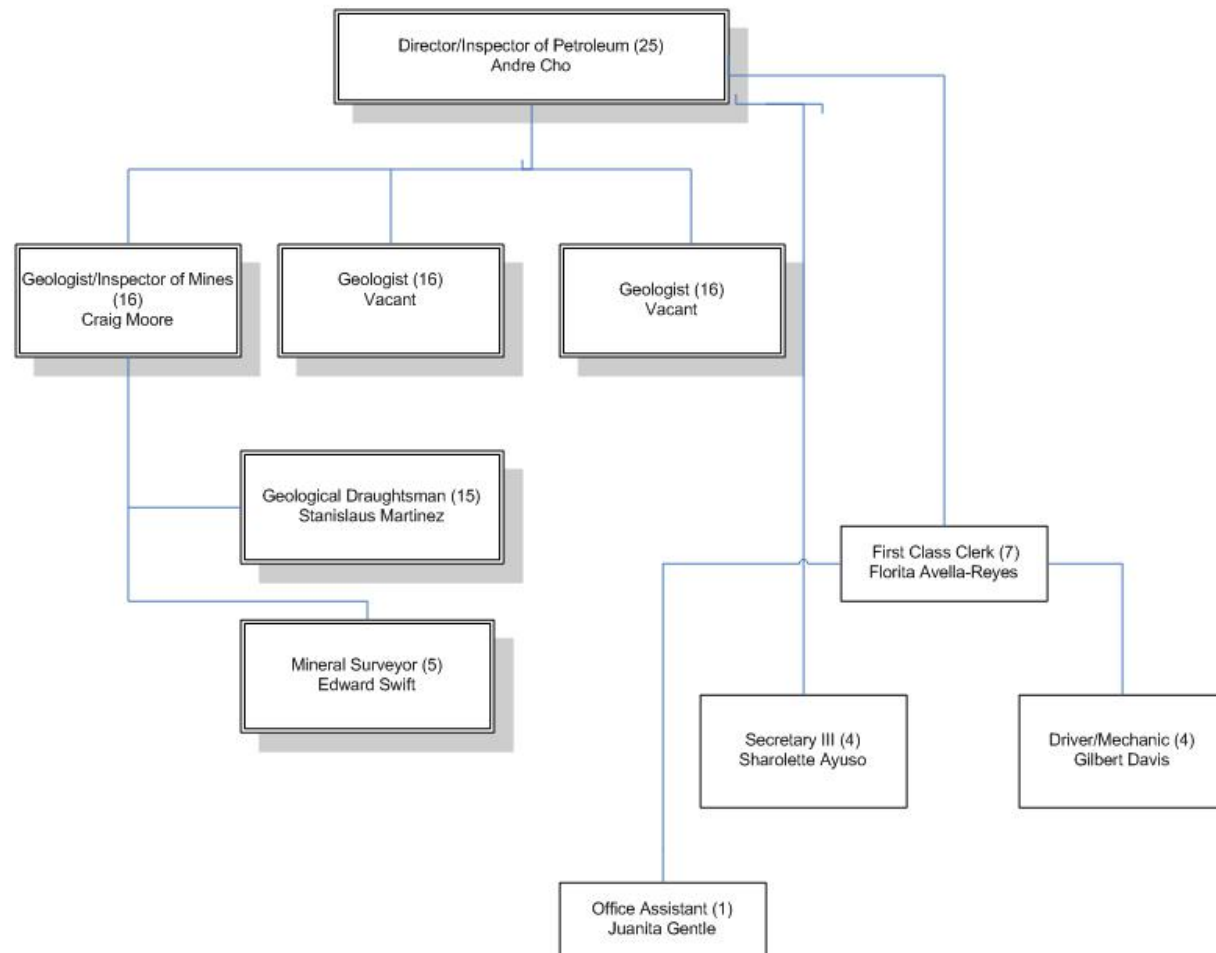
To accelerate the Development of Belize's Non-renewable Resources through the creation of vibrant Mineral and Petroleum Sectors, with the assistance of both private National and International Investors, cognizant of Environmental Costs, thereby improving the welfare of Belizeans into the 21st Century

Mandate

- Administer all Petroleum Operations in the Country under the Petroleum Act and Regulation
- Administer all Mining Operations in the Country under the Mines and Minerals Act and Regulations

Organizational Chart

Organizational Chart
Geology and Petroleum Department



THANK YOU