



EXPLORATION OPPORTUNITIES IN JAMAICA

Dr. Gavin C. Gunter

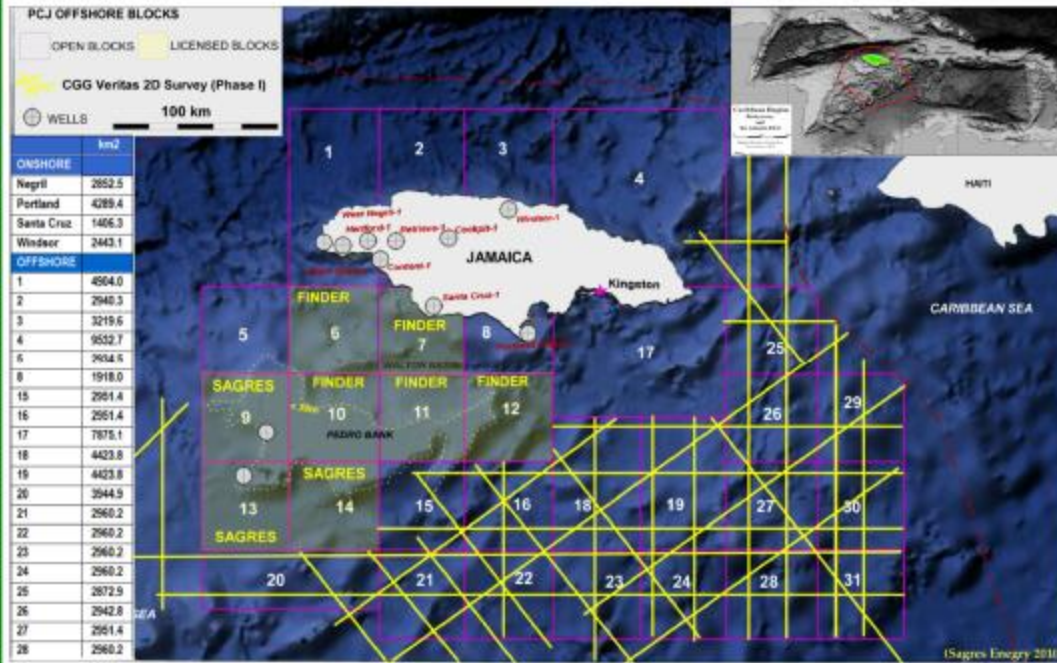
Petroleum Corporation of Jamaica

February 22, 2012





EXPLORATION OPPORTUNITIES



There are 4 blocks onshore and 31 offshore blocks:

- 8 offshore blocks are under license to 2 companies: Sagres Energy Inc. (Canada) and Finder Exploration (Australia)
- Remaining 23 offshore blocks and 4 onshore blocks are available for exploration licenses.

EXPLORATION HISTORY

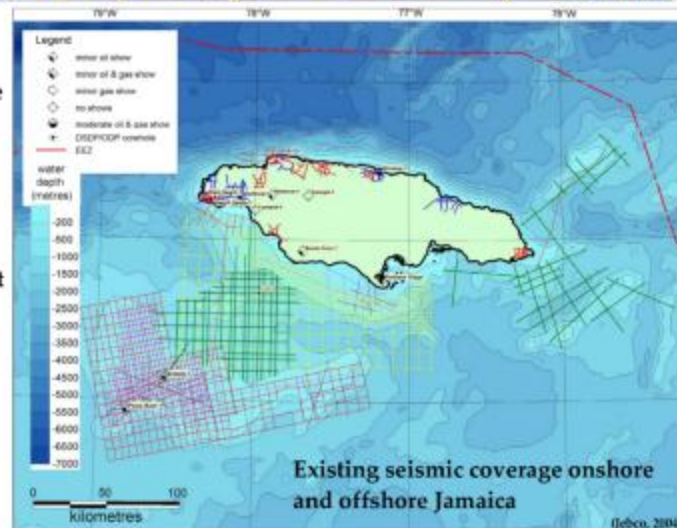
Year	Block	Company	Total Depth (ft)
1955	Negril Spots	drilled by Canadian Base Metals	6,314
1956	Santa Cruz	drilled by Pan Jamaican	8,732
1957	West Negril	drilled by Pan Jamaican	9,244
1957	Cockpit	drilled by Pan Jamaican	5,525
1971	Portland Ridge	drilled by Oxy-Signal	7,420
1972	Content	drilled by Kirby-Weaver	7,608
1981	Herford	drilled by PCJ	9,956
1982	Windsor	drilled by PCJ	12,820
1982	Retrieve	drilled by PCJ	11,310
Offshore			
1970	Pedro bank	drilled by Oxy/Signal	6,492
1982	Arawak	drilled by Union Texas/AGIP/PCJ	15,053

Available vintage seismic

Seismic reflection work has been previously undertaken both onshore and offshore Jamaica.

The available seismic data set includes:

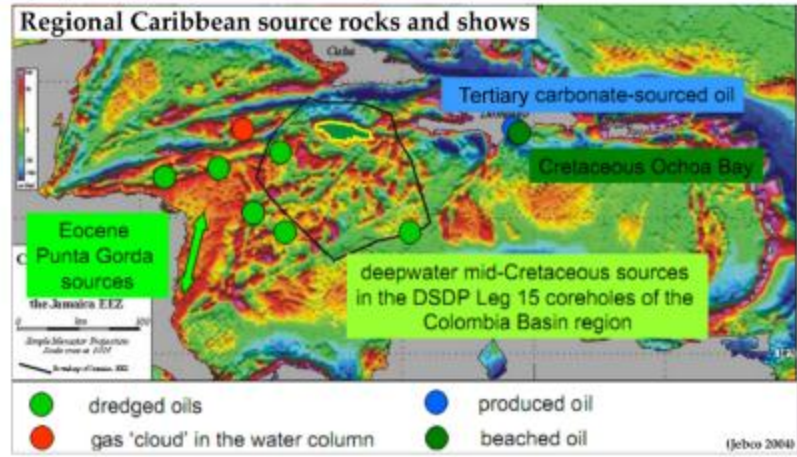
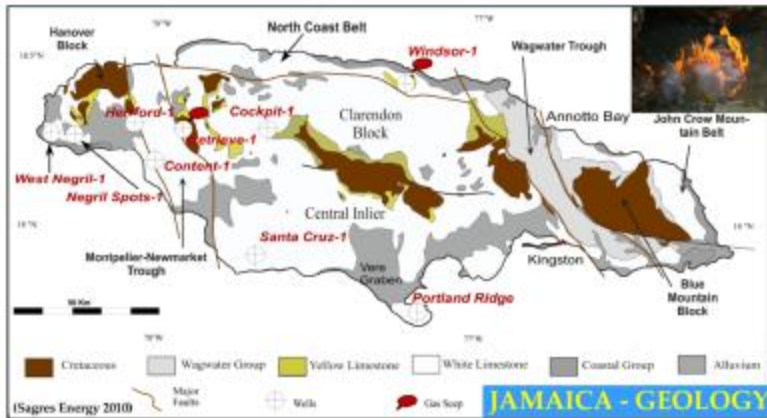
- Most recent CGG 2009 Multiclient Survey
- Pre-1978 'Vintage' surveys
- The 1978 and post-1978 offshore surveys



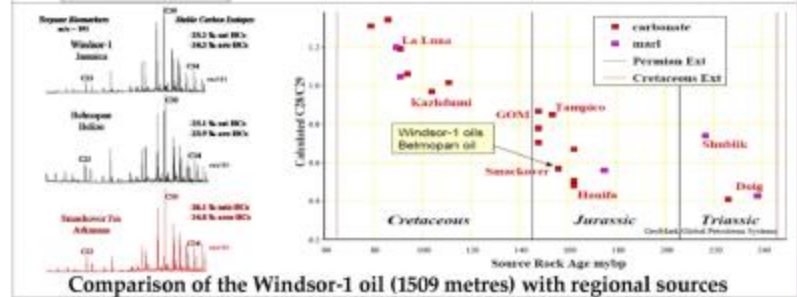
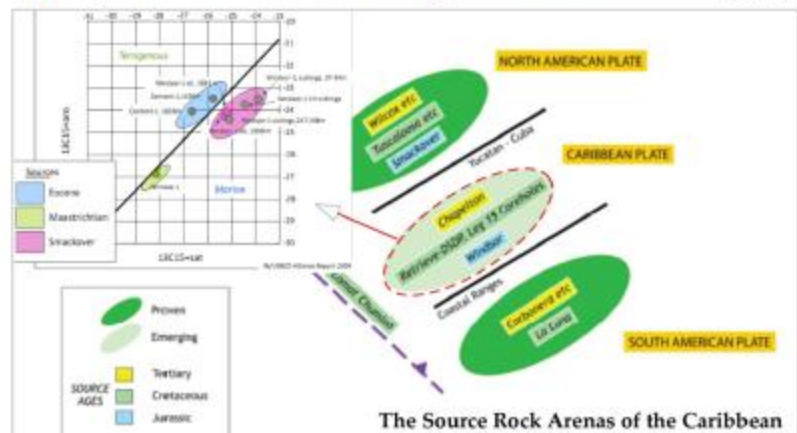
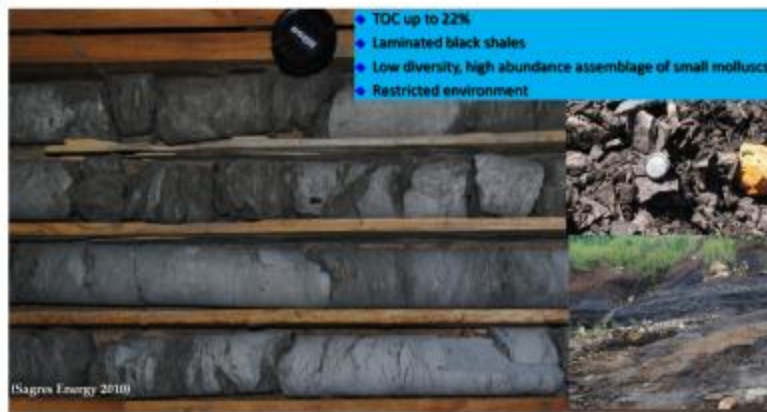
Date	Company	Location	Amount (km)
1955	Exploration Seismic for Base Metals	Negril, Ramble, Montego Bay, Falmouth (East and West), Alexandria and Blowfire Hill	124
1956	Western Geophysical for Stanolind	Black River and Duckenfield	100
1978	Horizon for PCJ	Savanna - i-a-Mer, Montego Bay, St. Ann's Bay and Annotto Bay	417
Total			641
OFFSHORE			
1967	Delta Exploration for Signal	Pedro Bank / South Coast shelf (Prefixed S)	900
1968	Delta Exploration for Signal	Pedro Bank / Island Shelf (Prefixed S)	900
1968	Mobil	South Coast (Prefixed 68)	900
1969	GSI for Signal	Pedro Bank / Island Shelf (Prefixed 69)	500
1969	Seismic Engineering for Occidental	Pedro Bank (Prefixed J)	700
1976	Western Geophysical for Exxon (3 lines)	Morant Bank / Pedro Bank (Prefixed CC76)	256
1978	Prakla Seismos / GECD for PCJ	Formigas Bank / Pedro Bank / Negril / Montego Bay (Prefixed G78)	4,065
1980	CGG for Union Texas / Agip	Pedro Bank (Prefixed UTJ80)	1,100
1982	GSI (speculative)	South Coast regional ca. 10 x 10 km (Prefixed JAB2)	4,165
1983	Sefel for Petro-Canada International Assistance Corp. (PCIA) / PCJ	Walton Basin / Morant Basin - Formigas Bank (Prefixed 90)	2,940
Total			16,126

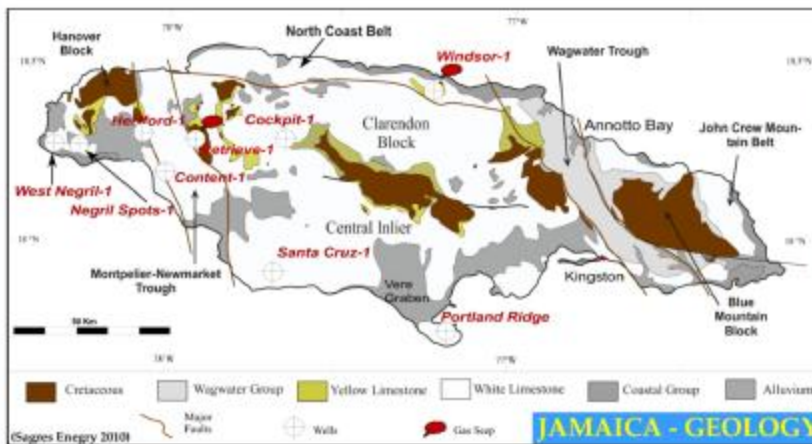


SOURCE ROCKS



Well	Company	Summary wells with oil/gas shows
Negril Spots-1		Moderate shows, logs indicate residual oil and gas
Santa Cruz-1		Oil and Gas Shows in Tertiary dolomites and grainstones White Limestone Group
Windsor-1		Oil and Gas Shows in Cretaceous Sands and Limestones
West Negril-1		Gilsonite reported at several intervals
Pedro Bank-1		Asphaltic inclusions in junk basket granodiorites
Portland Ridge-1		Gilsonite reported in the White and Yellow Lst. Groups
Content-1		Traces of gas in the Yellow Limestone Group
Hertford-1		Minor oil shows in Cretaceous limestones
Arawak-1		Solvent cut from dark shales



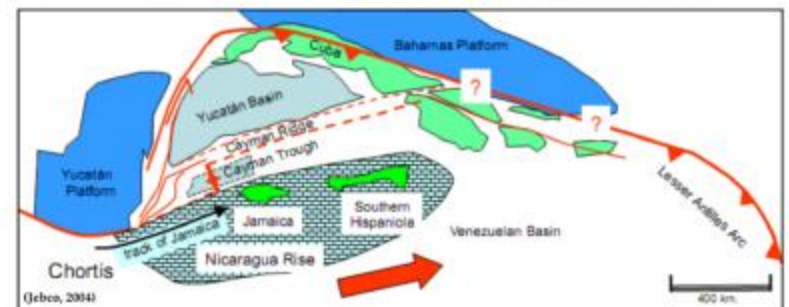
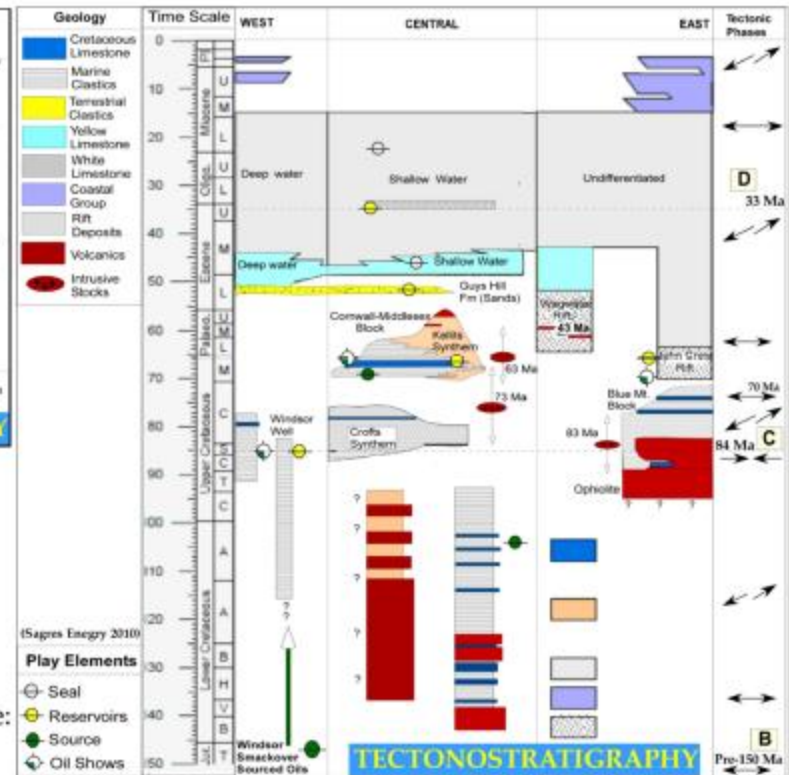


Summary Geology of Jamaica

The geological history of Jamaica can be divided into four main depositional phases separated by changes in tectonic stress regimes.

Major events recognized in onshore and offshore data sets include:

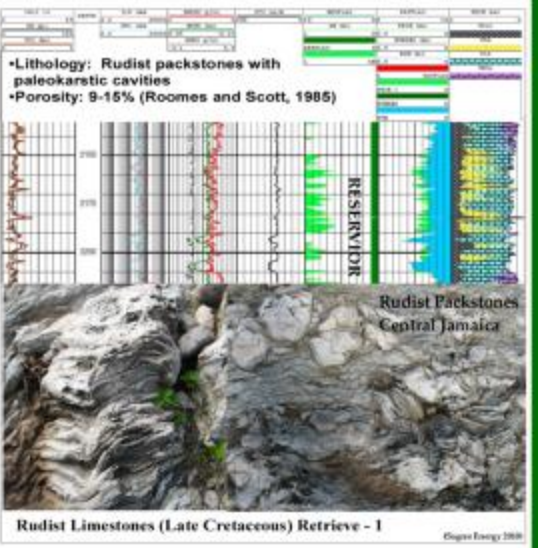
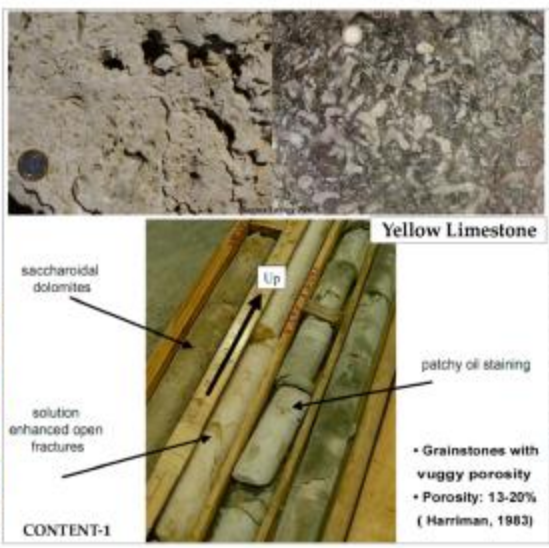
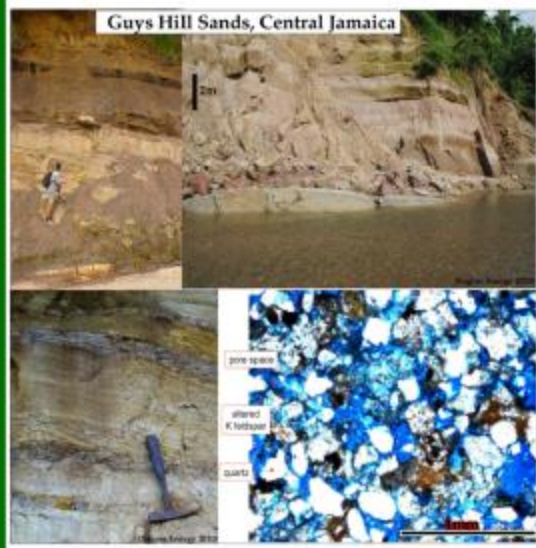
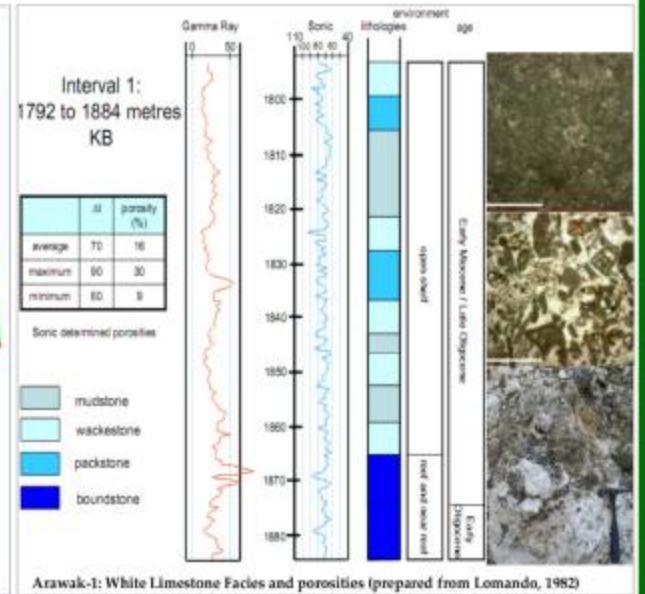
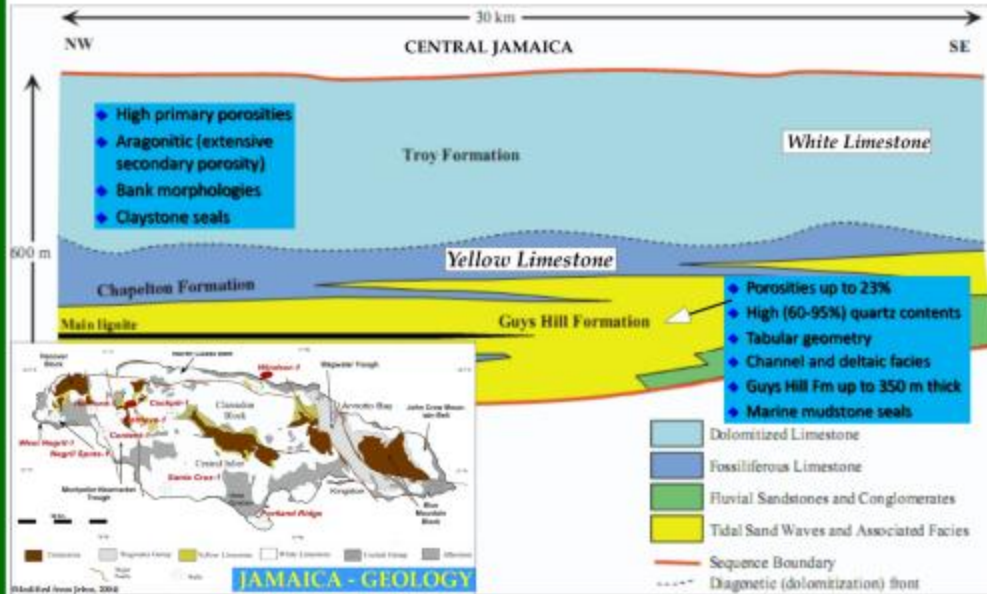
1. Late Jurassic/Early Cretaceous rifting and arc volcanism associated with the northward migration of Yucatan/Nicaraguan rise.
2. Late Cretaceous transpression and rifting
3. Palaeogene rifting and rotation separates the Nicaraguan Rise and the Yucatan
4. Late Paleogene to Neogene episodic extension and transpression with long periods of tectonic quiescence.



Paleocene to early Eocene tectonics (modified from Burke, 1988, North America is held fixed).



RESERVOIRS AND SEAL

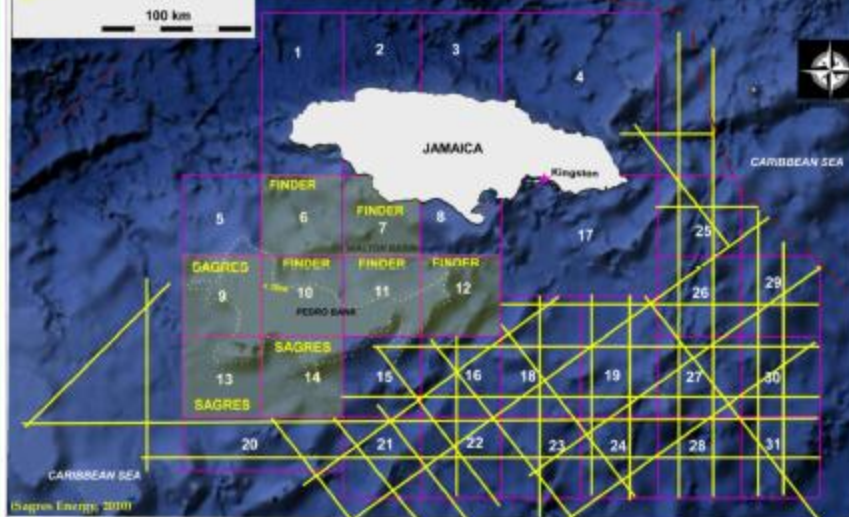




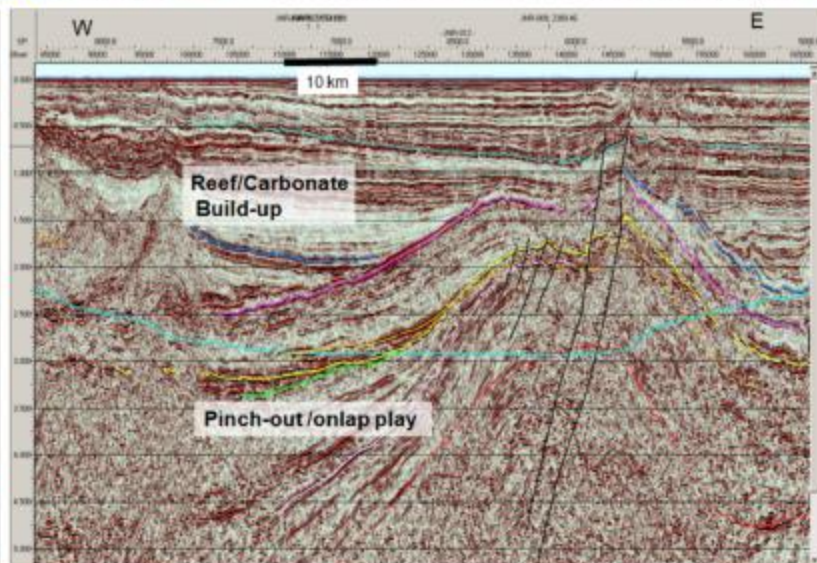
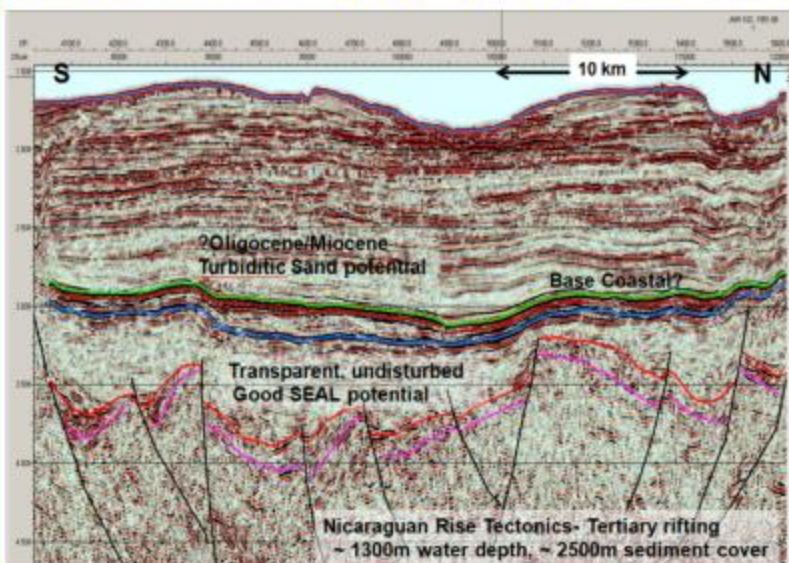
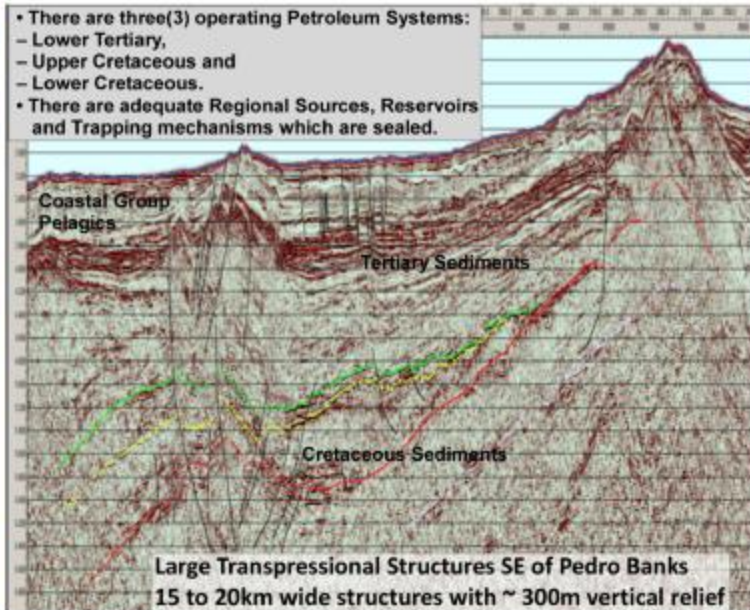
DEEP WATER PROSPECTIVITY

PCJ OFFSHORE BLOCKS
 OPEN BLOCKS LICENSED BLOCKS
 CCG Veritas 2D Survey (Phase I)
 100 km

Deep-water survey is 1st seismic data south of Jamaica (yellow) and reveals a huge sedimentary basin with large structures and significant potential



- There are three(3) operating Petroleum Systems:
 - Lower Tertiary,
 - Upper Cretaceous and
 - Lower Cretaceous.
- There are adequate Regional Sources, Reservoirs and Trapping mechanisms which are sealed.



KEY CONTRACT ELEMENTS – subject to total negotiated package

- **PCJ Commercial Participation $\geq 10\%$ (carried through exploration)**
- **100% Cost Recovery**
- **Sliding Scale Production Split**
 - a) **Production Splits Indexed to Risk**
 - b) **Crude Oil and Natural Gas Treated Separately**
- **25 Year Duration**
 - a) **5 Year Primary Exploration Period**
 - i. **2 Years in Period I**
 - ii. **3 Years in Period II**
 - b) **20 Year Production Period**
- **Natural Gas is valued by Btu sold**
- **Transferable/Assignable**
- **Domestic Obligation**
- **Free Expatriation of Capital, Earnings, Excess Production**

KEY INCENTIVES – subject to total negotiated package

- **No Signature nor Production Bonuses**
- **100% Cost Recovery**
 - a) **Cost Recovery Rate is Negotiable (Recognizes Water Depth Risk)**
 - b) **Accelerated Cost Recovery Offered for Commitment wells**
- **Tax Holidays (Concession Periods)**
 - a) **Income Taxes**
 - b) **Dividend and Distribution Taxes**
- **Tax Exemptions**
 - a) **Customs Duties**
 - b) **Consumption Taxes (VAT)**
- **Tax Stabilization Warranted (from Production Split)**
- **Water Depth Indexing**
 - a) **Royalties**
 - b) **Natural Gas vs. Crude Oil**
 - c) **CapEx Uplift for Drilling in Extreme Water Depths**
- **Gas Pricing, Negotiated Discount by Btu against HFO180**

Thank You for Listening!



Visit our Booth in the International Pavilion



Booth Number 713