

Crude Facts

Measurement of Crude Oil Produced & Sold

It is important to know that the measurement and handling of Belizean oil is carried out by Belize Natural Energy on a daily basis utilizing internationally accepted procedures. In addition the storage tanks at Iguana Creek and the export depot in Big Creek are independently calibrated by Caleb Brett Intertek, an experienced and respected firm specializing in such work.

Every day the amount of oil in each tank is measured. When a tank is measured, the volume on the bottom of the tank is recorded before daily production begins. When the tank is filled to capacity the volume of oil is measured a second time. The difference is then calculated to inform all parties what was produced.

Oil storage and loading bay at Iguana Creek



BNE sells crude oil by the barrel and one barrel is equivalent to 42 US gallons. Temperature affects the oil as it comes out the well: the warmer the oil the more volume it occupies, and the colder the oil the less volume it occupies. As such, the oil industry, including BNE, accounts for oil using a standard international 60 Degrees Fahrenheit to calculate all measurement of barrels. (Baker 1983)

The Belize Department of Geology and Petroleum is present every day to inspect and verify that the barrels of oil accounted for are correct. In fact, GOB and BNE have agreed on an industry accepted procedure for the measurement and reporting of Belize Light Crude. This verification exists for both the amount in the tanks as well as the amount sold. In Belize, the transfer of ownership of oil does not take place without proper verifications by all appropriate parties.

Belizean oil is measured several times and the measurement is verified several times; these include:

1. At the Iguana Creek Storage Facility
2. In the tank Farm at Big Creek
3. As it is loaded on the barge at Big Creek
4. As it is offloaded at the point of destiny

Storage Tanks:



Big Creek



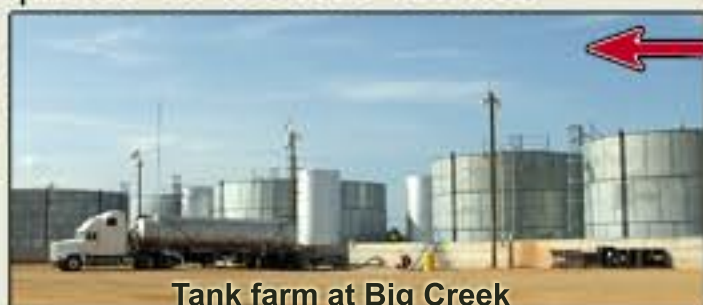
Iguana Creek

As in other countries, the measurement of oil is responsive to the guidelines of all transacting parties to ensure that exportation follows strict industry accepted standards.

As in many countries, a third party provider is employed by both the seller and buyer to provide independent measurement of oil as it is exported. This ensures that BNE, the Government of Belize and the purchasers of oil receive adequate and independently verified information.

Oil Facts

It is in everyone's interest to have strict controls over the amount of oil that leaves the well. The company needs such controls to inform long term well management and engineering decisions. The government needs to have tight controls for revenue calculation, and the buyer needs to know exactly how much oil is being received. All of BNE's storage tanks have been inspected for accurate volumes and have received the seal of approval of an American Petroleum Institute certified company.



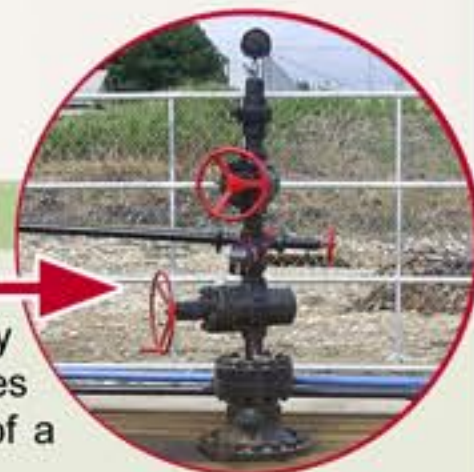
Tank farm at Big Creek

Oil Language 101

Christmas Tree

A Christmas tree is an assembly of valves, spools, pressure gauges and chokes fitted to the wellhead of a completed well to control production.

Christmas trees are available in a wide range of sizes and configurations, such as low- or high-pressure capacity and single- or multiple-completion capacity.



Tank Farm/Battery

A tank Farm is a group of tanks that are connected to receive crude oil production from a well. In the tank farm, the volume of oil is measured and tested before pumping the oil into the pipeline system or to the transporting trucks.