

**ENERGY CO-OPERATION AGREEMENT PETROCARIBE
BETWEEN THE GOVERNMENT OF
THE BOLIVARIAN REPUBLIC OF VENEZUELA
AND THE GOVERNMENT OF JAMAICA**

The Government of the Bolivarian Republic of Venezuela and the Government of Jamaica,

CONSIDERING the creation of PETROCARIBE, 29th June 2005, as a body aimed at facilitating the development of energy policies and plans for the integration of the nations of the Caribbean through the sovereign use of natural energy resources to directly benefit their citizens;

REAFFIRMING the close ties of friendship and co-operation that have traditionally existed between the Government of the Bolivarian Republic of Venezuela and the Government of Jamaica;

BEARING IN MIND that the solidarity and co-operation between the Bolivarian Republic of Venezuela and the Government of Jamaica is essential to achieve their goals of economic and social progress in a free and peaceful environment;

AWARE of the need to adapt to changing conditions in the hydrocarbons and financial markets;

AGREE to implement the PetroCaribe Energy Cooperation Agreement which reads as follows:

ARTICLE I

The Government of the Bolivarian Republic of Venezuela shall supply, directly, crude oil, refined products and LPG or its energy equivalents to the Government of Jamaica in the amount of twenty one thousand barrels per day (21,000 Bbl/day). The mentioned supply will be subject to assessment and adjustment according to the evolution of the Government of Jamaica purchases, availability of the Government of the Bolivarian Republic of Venezuela and decisions made within the Organization of Petroleum Exporting Countries (OPEC), and any other circumstance that will oblige the Government of the Bolivarian Republic of Venezuela to change the assigned quotas in accordance with this Agreement.

The sum of the volumes established in the present Agreement, will be applied instead of the volumes regulated in the previous Agreements that in energy matters are effective between the Bolivarian Republic of Venezuela and Jamaica.

ARTICLE II

This Agreement shall be exclusively enforced by the public entities supported by the Government of the Bolivarian Republic of Venezuela. The Government of Jamaica shall be able to use designated private companies that have been duly reported to the Bolivarian Republic of Venezuela, to execute only the necessary logistics to physically move the volumes of hydrocarbons purchased hereunder for internal consumption.

ARTICLE III

The supplies granted by the Government of the Bolivarian Republic of Venezuela to public entities designated by the Government of

Jamaica according to this Agreement will be ruled by the policies and commercial practices of Petróleos de Venezuela S. A., (PDVSA), which shall oversee the deliveries in accordance with the quotas established by the Government of the Bolivarian Republic of Venezuela. Petróleos De Venezuela S.A, (PDVSA), according to the National Executive's request shall manage the requirements based upon the quotas hereunder.

ARTICLE IV

The Government of the Bolivarian Republic of Venezuela, in accordance with quotas of supply established in this Agreement shall grant financing schemes under the following conditions: A period of grace of up to two (2) years for capital payments and an annual interest rate of two (2) percent. The amount of the applicable financing resources and the applicable period shall be determined according to the following scale:

CURRENT PURCHASE PRICES (FOB-VZLA) PER BARREL (USD)	DETERMINING FACTOR OF FINANCIAL RESOURCES (%)	FINANCING PERIOD (YEARS)
≥15	5	15
≥20	10	15
≥22	15	15
≥24	20	15
≥30	25	15
≥40	30	23
≥50	40	23
≥100	50	23

Bills of purchases made by public entities designated by the Government of Jamaica shall be based on referential prices of the international market.

The cash portion should be paid within ninety (90) days of the Bill of Lading date. No interest shall be applicable on the first 30 days. An interest rate of 2% per annum shall be applied to the remaining 60 days. In any case the government of the Bolivarian Republic of Venezuela reserves the right to deliver the cargo to the destination port (C+F). The financing will cover only the product FOB-Venezuela value. The freight should be paid immediately after the cargo has been discharged.

When the price of the barrel exceeds 40 US dollars, the payment period shall be extended to 23 years plus a 2-year grace period for a total of 25 years specified at 1% interest. With regard to deferred payments, Venezuela shall be able to accept that the partial payments be done with products, goods and/or services, previously agreed by the parties, based on preferential rates proposed by the Government of Jamaica.

The Products that the Bolivarian Republic of Venezuela may purchase at preferential rates may include goods and services to be determined, that are believed to be affected by the trade policies of rich countries.

ARTICLE V

Interest payments and capital amortization of the debt incurred by Jamaica could be carried out through mechanisms of commercial

compensation, when so requested by the Government of the Bolivarian Republic of Venezuela.

ARTICLE VI

For the purpose of this Agreement, the sales volume financed by the Government of the Bolivarian Republic of Venezuela will be for Jamaica's internal consumption. Such volumes will be ratified, each time, by the Government of the Bolivarian Republic of Venezuela.

ARTICLE VII

It is expressly understood by the signatory Parties to this Agreement that, just for financing purposes and if applicable, the sum of assigned volumes both for the Programme of Energy Co-operation for the Countries of Central America and the Caribbean (San José Agreement), and this energy Co-operation Agreement, shall not exceed the internal consumption for the Government of Jamaica.

ARTICLE VIII

Considering that these are mechanisms with different co-operation schemes, the volumes to be purchased within the framework of this Agreement, if applicable, shall not have any relation with the financing mechanisms established under the Programme of Energy Co-operation for the countries of Central America and the Caribbean (San Jose Agreement). In this sense, the Government of Jamaica shall notify Petróleos de Venezuela S.A., (PDVSA), the volumes to be purchased under the terms of this Agreement.

ARTICLE IX

The Government of the Bolivarian Republic of Venezuela, through the Ministry of Energy and Petroleum and Petróleos de Venezuela S.A.,

(PDVSA), will be the responsible and executing entities as well as the ones in charge of establishing the mechanisms and procedures to implement this Agreement.

ARTICLE X

This Agreement will be in force from June 29th 2005 and will have a term of one (1) year, and will be automatically renewable for equal and successive periods.

This Agreement may be modified or denounced when the interest of the Government of the Bolivarian Republic of Venezuela so requires, in that case the Government of Jamaica will be notified in writing and through diplomatic channels, thirty (30) days in advance.

Any doubt or controversy that can arise from the interpretation or execution of the present Agreement will be solved through direct negotiations between the Parties, through diplomatic channels.

ARTICLE XI

The provisions contained in the Articles, ONE and FOUR of this Agreement substitute Articles, ONE and FOUR of the Caracas Energy Cooperation Agreement signed between the Government of the Bolivarian Republic of Venezuela and the Government of Jamaica, in Porlamar, Margarita Island, Venezuela, on the 12th of December of the year 2001.

This Agreement is signed in two originals, in the English and Spanish languages, both texts being equally authentic, in the City of Montego Bay, on 23rd August, 2005

For the Government of Jamaica

For the Government of the
Bolivarian Republic of Venezuela

Percival James Patterson
Prime Minister

Hugo Chávez Frias
President