

Transition to Oil Production Phase

With construction progress on schedule for initial crude oil production to commence at mid-year, work intensified this quarter on building the organization that will operate the Project over its anticipated 25- to 30-year life.

Training & Hiring

- Training has been completed for most of the expatriate staff assigned to operations organization jobs in Chad and Cameroon.
 - Six week training courses were provided to the expatriates that included cultural awareness sessions, in addition to extensive instruction on specific technical aspects of the Project and its operations.
 - Over 70 expatriates had begun their work in the two host countries, with over 45 of them on site in the oilfield area in southern Chad by the end of the quarter.
- Preparations have been completed to launch a new wave of recruiting for additional permanent Chadian and Cameroonian operations organization staff during the second quarter of 2003. So far, a total of 177 Chadians and Cameroonians have been employed as permanent staff in technical, managerial and professional positions in the operations organization.
- Many of the Chadian and Cameroonian technicians that have already been assigned to the operations organization continue their Project-funded training outside their home countries. The majority of the trainees remain in their on-the-job training assignments in Canada, the United States and other countries where they are gaining valuable job experience before coming back to their designated positions in Chad and Cameroon.

- Start Up Steps**
- As the quarter came to a close, the operations organization was about to take control of its first facility, the Pressure Reducing Station near Kribi, Cameroon. The process of transitioning facilities from the construction organization to the operations organization will intensify as other Project components are completed and the date of initial oil production draws nearer.
 - The contract for logistics services has been signed, the first of the major contracts that will be put in place to support operations activities. Other required contracts are now being negotiated, such as contracts for the maintenance of facilities and for the supply of oil field consumables and equipment.
 - Work continued during the quarter on finalizing the assortment of operations manuals and start up procedures. Some of this documentation has been completed and turned over to operations staff for their use.