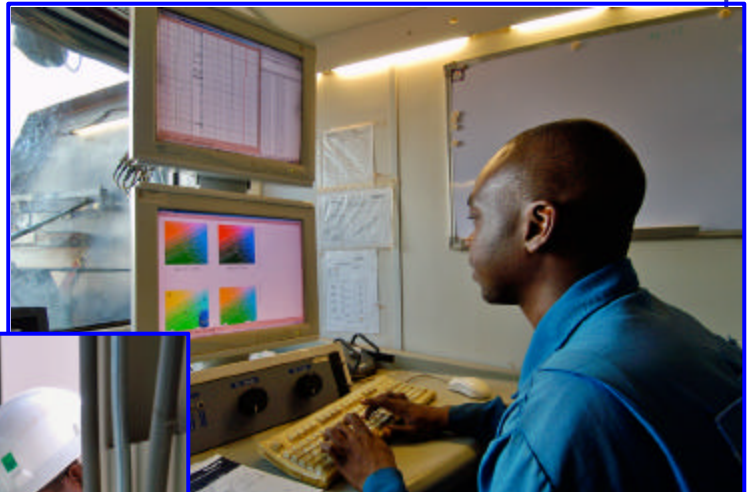
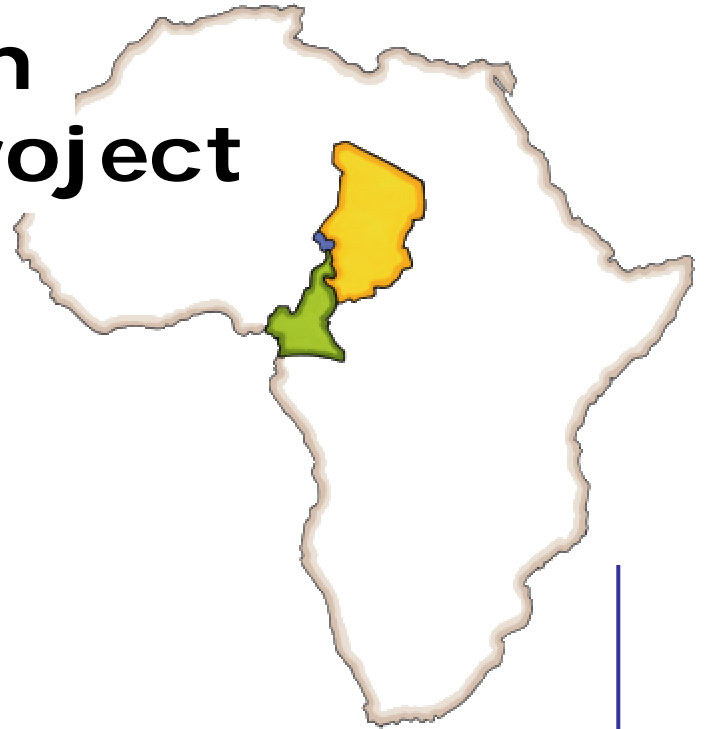


Chad/Cameroon Development Project



**Report No. 16
Third Quarter 2004**

Chad Export Project Report #16

3rd Quarter 2004

This report has been prepared by Esso Exploration and Production Chad Inc., in its capacity as Operator of the Consortium and as Project Management Company on behalf of the Tchad Oil Transportation Company S.A. (TOTCO) and the Cameroon Oil Transportation Company S.A. (COTCO).

Preface

This sixteenth in the series of Quarterly Reports for the Chad Export Project (also referred to as the Chad/Cameroon Development Project) covers the period from July 2004 through September 2004.

This report reflects the activities of the Project operating company and its prime contractors, with a particular focus on compliance with the Environmental Management Plan. Several entities share responsibility for implementing the Project.

- Oilfield development in Chad is conducted by Esso Exploration and Production Chad Inc. (EEPCI) on behalf of the Consortium (Esso, Petronas, ChevronTexaco).
- Pipeline activities in Chad are conducted by the Tchad Oil Transportation Company S.A. (TOTCO).
- Pipeline activities in Cameroon are conducted by the Cameroon Oil Transportation Company S.A. (COTCO).
- During construction, EEPCI is providing project management services to TOTCO and COTCO.

Quarterly Reports are submitted through, and subject to verification by, the World Bank and Lender Group as a reporting requirement of the Project's partnership with the Bank and the two host countries. Annual Project Summaries are also published early in each year.

This report also represents a commitment to transparency by Esso and its co-venture partners. By publishing this information, the Project wishes to make it possible for the World Bank and Lender Group, the citizens of the host countries, interested non-governmental organizations (NGOs), and others to stay well informed about the Project as it unfolds.

The Quarterly and Annual Reports are posted on the Project's website (www.essochad.com). A limited quantity of printed reports is also distributed to stakeholders in fulfillment of reporting requirements and to make information more readily available to the citizens of Chad and Cameroon, where very few people have access to the Internet. This Quarterly Report is also available in French.

Please note that October 2000 has been designated as the official start date of the Project for the purposes of data compilation. For consistency, monetary unit conversions have been based on a rate of 650 FCFA to one U.S. dollar.

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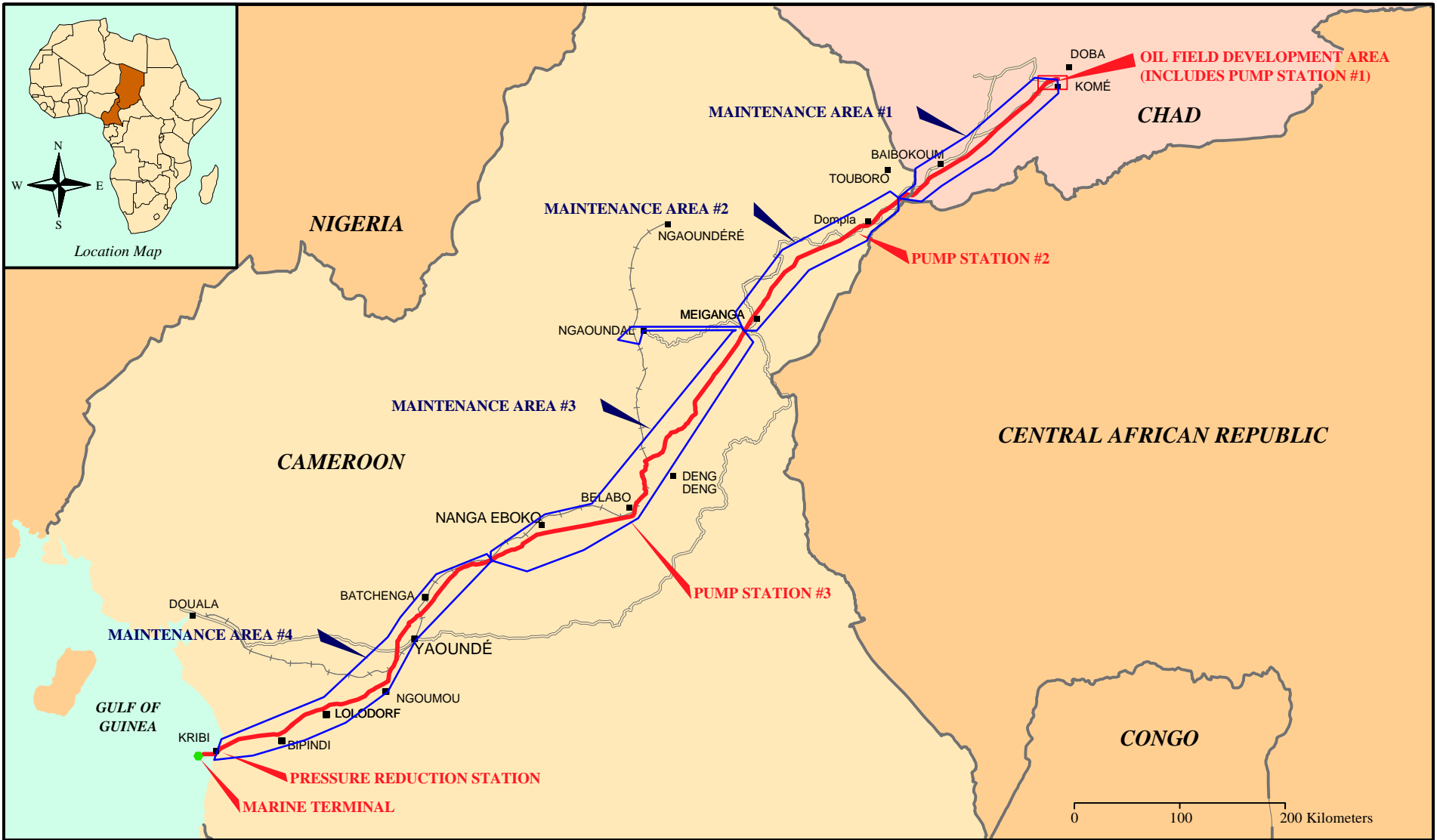
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Snapshot Summary of the Quarter

- The first 50 million barrels of Chadian crude oil have now been shipped to world markets through the marine terminal at Kribi, Cameroon.
 - All three of the Project's oilfields have now been brought online. Oil from the Bolobo field began flowing into the system five months ahead of schedule.
 - By the end of the quarter, the Project had drilled a total of 175 wells, about 70% of the planned total of 250. A total of 150 of the wells had been completed and were in production.
 - With the new field online, production was boosted to a daily average of 205,000 barrels and a new single day record of 220,000 barrels was achieved.
- As a result of these shipments, a total of approximately \$109 million had been paid into Chadian escrow accounts in London by the end of the third quarter. The payments are deposited in escrow in accordance with Chad's Revenue Management Plan.
- Project environmental monitors recorded a total of seven Environmental Management Plan non-compliance situations in the third quarter of 2004. Three of the seven situations were categorized as Level II non-compliances and the rest were classified as Level I situations, the lowest level of non-compliance. One minor spill was also recorded.
- The Project maintained its generally good workplace safety trends during the quarter.
 - There were no serious recordable on-the-job injuries and the trend for minor injuries and first aid cases was downward from previous quarters. A contributing factor to these downward trends was the continued demobilization of the Project's total work force as the major construction phase nears a conclusion.
 - The total number of traffic accidents also declined, largely due to the system-wide driver safety initiative launched at mid-year.
- Public consultation sessions reached over 6,800 people this quarter through a total of nearly 190 public consultation sessions. Areas of focus included the Project's Area Specific Oil Spill Response Plans and consultation with residents who live in areas being considered for potential new oilfield development in southern Chad.
- Total individual land use compensation paid by the Project in Chad and Cameroon has reached over 8.4 billion FCFA (\$12.9 million) in cash and in-kind payments. Over 160 million FCFA (\$246 thousand) was added to the total in the third quarter of 2004.

- In Chad, individual compensation distributed in the quarter totaled nearly 143 million FCFA (\$220 thousand).
- In Cameroon, individual compensation paid in the quarter was over 17 million FCFA (\$27 thousand).
- Progress continued on the community compensation programs in both Chad and Cameroon.
 - In Chad, about two-thirds of the planned community compensation micro-development projects have been completed. All but eight of the 88 planned projects are either under construction or completed.
 - In Cameroon, community compensation has almost been completed. The program encompasses a total of 650 distinct micro-development projects for the benefit of 266 villages. The Project has allocated over 1.84 billion FCFA (\$2.8 million) for community compensation in Cameroon.
- Project efforts to preserve cultural sites and artifacts moved ahead on two fronts this quarter.
 - Work has nearly been completed on the new Project-funded archaeological curation facility in Yaoundé, Cameroon. The renovated building will house artifacts and field reports from the Cameroon portion of the Project's construction phase archaeological program.
 - An advance team of cultural experts and surveyors has been working to identify cultural sites in an area listed for potential new development in Southern Chad. The team has marked for protection a list of sacred plants and ceremonial sites in addition to grave sites.
- Employment levels began dropping sharply in Chad during the third quarter as work neared completion on the original three oilfields Project. Overall Project employment fell by over 14%.
 - The total number of Project workers at the end of the third quarter fell below 3,700 people, the lowest level since early 2001 when construction began.
 - Total employment in Chad fell by over 560 workers to just over 2,800 people.
 - Employment in Cameroon fell slightly to just about 850 people, roughly at the stable level reached at the beginning of the year.
 - Wages paid to Chadian and Cameroonian workers in the third quarter totaled over 3.7 billion FCFA (\$5.7 million), a slight increase despite the smaller workforce.
 - Nearly four-fifths of the Chadians and Cameroonians working for the Project held skilled or semi-skilled positions at the end of the third quarter.
- Overall Project spending for the purchase of goods and services from local suppliers has been generally stable for a full year, generally hovering around 30 billion FCFA (\$47 million) per quarter.
 - Project spending with Cameroonian businesses was up 36% in the third quarter to 11.6 billion FCFA (\$17.8 million).
 - In Chad, the Project's local business spending fell slightly to 19.2 billion FCFA (\$29.5 million).

- The project has achieved a dramatic reduction in malaria rates for the third year in a row based on statistics as the rainy season began drawing to a close at the end of the third quarter. Project clinics provided over 11,600 worker medical consultations during the quarter.
- To aid the community of N'Djaména, Chad, in response to a severe cholera epidemic, the Project funded an additional treatment and isolation camp. Over 2,200 people had been treated at the two existing camps and 109 people had died as a result of the epidemic.
- Planning has started for a major new series of Community Health Outreach Program contributions in both Chad and Cameroon. Contemplated projects range from cholera prevention to clinic upgrades and HIV/AIDS initiatives.
- An analysis of marketing efforts for bringing Chad's crude oil to world markets shows that total revenue for Chad has been higher than anticipated by revenue estimates developed during the Project's planning phase.
 - The unexpectedly high revenue has been achieved even though the fundamental quality of the "Doba Blend" oil from Chad brings a lower price in the market compared to competing oils such as the widely reported North Sea Brent crude oil.
 - The increased revenue has been achieved as a result of record high world crude oil prices that began climbing just as Chad's oil was first going to market about one year ago. The high revenue was gained even though the Project has not yet reached full production.




LEGEND

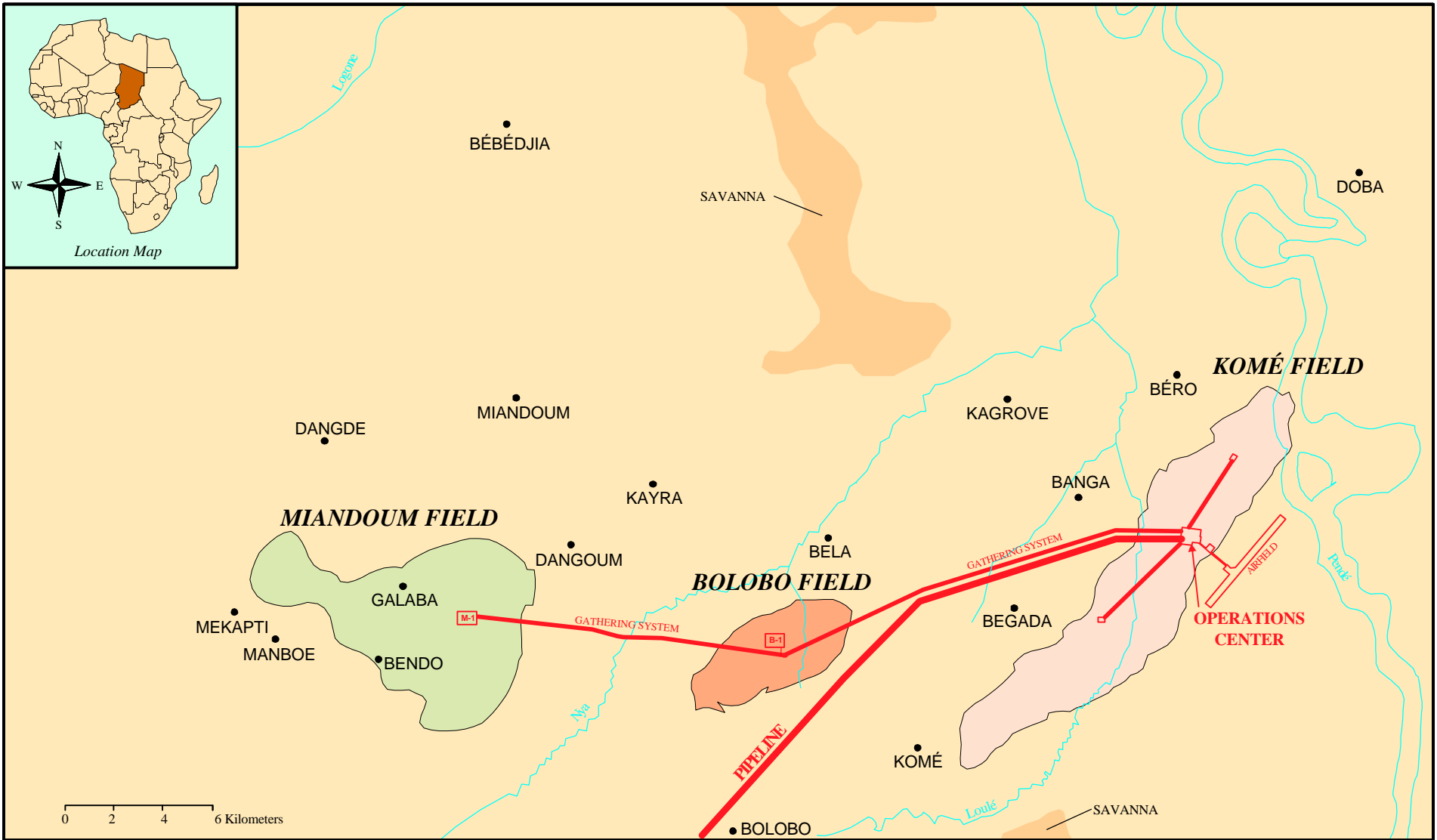
Oil Field Development Area	Major Roads (In Study Area)
Pipeline	Railroad
International Boundaries	Marine Terminal (FSO)
Maintenance Area Boundaries	

Chad Export Project

OVERVIEW OF PIPELINE TRANSPORTATION SYSTEM



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LEGEND

Komé Field	Villages / Towns
Miandoum Field	Gathering Stations
Bolobo Field	Rivers

Chad Export Project

**OVERVIEW OF THE
OIL FIELD PROJECT AREA
(from Chad EA)**


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