

Local Employment

The Project's direct workforce has now climbed to 10,800 individuals, more than 50% higher than the peak number of 7,000 originally predicted. Wages paid to Chadian and Cameroonian workers in the first quarter of 2002 exceeded 6.0 billion FCFA (\$9.2 million), up about 30% from the previous quarter.

- Total wage payments to Cameroonian workers were just over 3.5 billion FCFA (over \$5 million).
- Total wage payments to Chadian workers were 2.6 billion FCFA (close to \$4 million).
- Almost two-thirds of the Project's Chadian and Cameroonian workers work in skilled or semi-skilled job categories. An additional 6% hold supervisory positions.



Project hiring accelerated in Chad this quarter in order to build up the workforce required to construct the permanent oilfield facilities. This team of workers was pouring the concrete foundations for the turbines that will generate electricity for the crude oil processing equipment, the Operations Center, and the electric pumps in the oil wells.



Hiring continued this quarter for permanent employees who will work for the Project when construction has been completed and operations begin. Groups of candidates like this one attended sessions in N'Djaména, shown here receiving a morning briefing from a member of the selection team before going into one-on-one interviews.

Work Stoppages Several work stoppages took place early in the first quarter of 2002 in connection with concerns about local hiring, pay levels, and labor contract issues. The stoppages were brief in duration and all issues that precipitated the walkouts have been resolved.

- Villagers blockaded the gate of the road contractor's camp at Bam, Chad, stopping work for one morning. The villagers wanted more people from Bam village to be hired. The hiring coordinator for the contractor gave the villagers data related to the number of unskilled workers hired from all the villages in the area, verifying that Bam village had provided its fair share of workers. This proof of the equitable distribution of hiring convinced the villagers to stop the demonstration.
- The road contractor in Cameroon demobilized some equipment from completed construction work areas in Cameroon and dispatched it for use at worksites in Chad. Cameroonian truckers transported the equipment to Chad. When the equipment arrived at Komé Base Camp, rumors circulated that the Cameroonian truckers were going to be put to work in Chad, taking jobs away from Chadians. Responding to these untrue rumors, a group of 150 Chadian drivers showed up at the camp gate to protest and

demand jobs. It was explained to the protestors that the Cameroonian drivers were not going to be working in Chad. The protestors were therefore calmed and the Project provided them with transportation back to their home villages.

- Noting that work has been nearly completed on the road upgrade project in Cameroon, the workers for the road contractor held work stoppages demanding end-of-work bonuses. Negotiations were held with worker representatives and a settlement was reached, including a raise for the workers and an end-of-work bonus that exceeds the payment provided for in the Cameroonian labor law.
- At the road contractor camp near Gbengboy, Cameroon, villagers blockaded the gates protesting that, in their opinion, too many people from the south of the country were getting jobs. The local Prefect assisted in the resolution of this dispute and information was provided to the protestors demonstrating that local inhabitants had been hired to fill all unskilled positions. In accordance with the Project's published hiring policies, unskilled labor needs are fulfilled locally but skilled and semi-skilled workers are hired through central employment offices where applicants submit their resumé.
- Strikers at the Project's main storage yard in Douala, Cameroon, demanded the adoption of a single, unified labor contract for the entire Project. A core issue of the work stoppage related to demands that the Project's road construction and logistics contractors pay wages comparable to those paid to the workers employed in Cameroon's oil industry. The various Project contractors had been operating under agreements that apply to the specific work of each contractor, such as public works or logistics. The protest was resolved through each contractor's negotiations with labor representatives of their trade union(s) to improve the already existing contractor-by-contractor labor agreements.

The Cameroonian Ministry of Labor facilitated discussions and participated in the resolution of all the work stoppages in Cameroon. In late March, a meeting with all interested parties was held, chaired by the Minister of Labor, and it was acknowledged that all issues had been addressed and the company agreements would foster a better relationship between the Project and its workers.

- Another work stoppage took place at Komé, Chad, when rumors spread that the single-contract demand described above had been met in Cameroon. Workers in Chad therefore demanded parity with Cameroonian Project workers. However, the walk-out ended when it was made clear that the rumors were not true. To help prevent future problems resulting from misinformation, an agreement was reached to hold meetings each quarter between representatives of the workers and the Project.

Local
Employment
Tabulation

◀ End of Quarter Workforce Tally

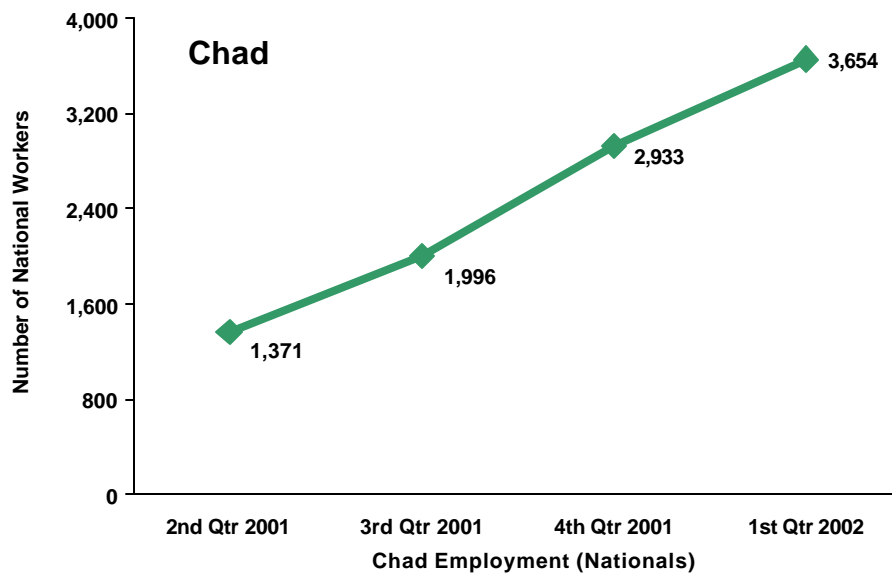
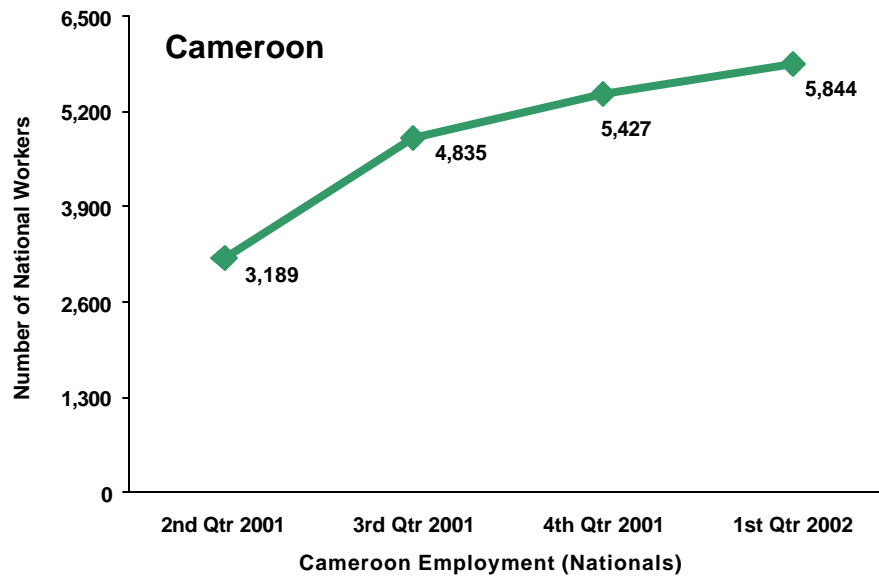
| | <i>2nd Quarter 2001</i> | <i>3rd Quarter 2001</i> | <i>4th Quarter 2001</i> | <i>1st Quarter 2002</i> |
|-----------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Chad | | | | |
| Nationals | 1,371 | 1,996 | 2,933 | 3,654 |
| Expatriates | 203 | 367 | 781 | 617 |
| Total Chad | 1,574 | 2,363 | 3,714 | 4,271 |
| Cameroon | | | | |
| Nationals | 3,189 | 4,835 | 5,427 | 5,844 |
| Expatriates | 324 | 361 | 647 | 690 |
| Total Cameroon | 3,513 | 5,196 | 6,074 | 6,534 |
| Project Total | 5,087 | 7,559 | 9,788 | 10,805 |

As of the end of the first quarter of 2002, approximately 88% of the Project's workers were citizens of the host countries, up slightly from the end of the previous quarter.

There was an eight point increase in the national employment percentage for Chad during the first quarter of 2002, up to 86% versus 78% for the previous quarter. This shift reflects the changing nature of the Project construction in Chad.

- Work on the central oilfield facility has been intensifying, and as a result requirements for various types of workers have been rising.
- At the same time, drilling activities are approaching their required levels. Therefore hiring has plateaued for the skilled and experienced expatriate oil workers required to help train National workers and kick start the development drilling program.

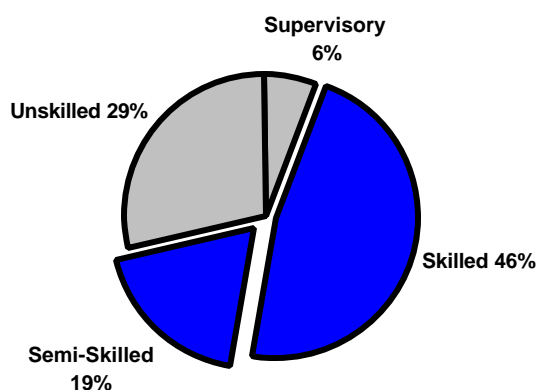
◀ National Employment Level Trends by Country



Project hiring of citizens of both Chad and Cameroon continued to climb this quarter. The Project-wide end-of-quarter employment total of 10,805 is more than 50% higher than the originally anticipated total of 7,000 workers.

◀ End of Quarter Employment Level Categories
(National Workers Only)

| | <i>Supervisory</i> | <i>Skilled</i> | <i>Semi-Skilled</i> | <i>Unskilled</i> |
|----------------------|--------------------|----------------|---------------------|------------------|
| Chad | 225 | 2,123 | 574 | 732 |
| Cameroon | 325 | 2,310 | 1,204 | 2,005 |
| Project Total | 550 | 4,433 | 1,778 | 2,737 |



The majority of Chadians and Cameroonians hired by the Project are working in skilled or semi-skilled jobs. Skilled jobs include archaeological aides, two-way radio repair technicians, and welders. Semi-skilled jobs include food service assistants and janitorial staff for example. Together, these two categories amount to roughly two thirds of the National workforce assembled for the Project.

Local Business Development

Project expenditures during the first quarter of 2002 with Chadian and Cameroonian suppliers of goods and services totaled 51.6 billion FCFA (\$79.3 million), an increase of 43% over the previous quarter.

- In Chad, Project spending with local businesses jumped sharply in the first quarter of 2002 versus the previous quarter, increasing 74% to 24.6 billion FCFA (\$37.8 million) due largely to the post-rainy season increase in the pace of construction of the central oilfield facility.
- In Cameroon, Project spending with local businesses in the first quarter of 2002 rose 23% versus the previous quarter to 27.0 billion FCFA (\$41.5 million). The increase was driven by full force pipeline construction on two fronts and intensified construction activities at Pump Stations #2 and #3.

Local
Business
Development:
Chad



Warehouse supervisors for the Project's drilling contractor inspect a shipment of steel-toed safety boots purchased from Moundou hardware supply store Quincaillerie Corde Solide (left). The warehouse shelves are filled with boots and helmets (right), most of them purchased locally from various safety equipment suppliers.



Managers for the Project's oil well services contractor and its logistics subcontractor inspect a new arc welding machine purchased from the Moundou-based Distribution & Service company.



Distribution & Service manager Omar Abdul Kassim in his company's Moundou warehouse shows a range of the goods he sells to the Project, including welding machines, dollies, tires, and construction supplies.



The Chadian company Copguard has grown to become a primary provider of safety and security personnel to the Project's work and camp sites in the south of the country. Here, a trained Copguard worker directs morning traffic at the main gate of Komé Base Camp (left) and the company's day shift starts the morning with a briefing (right). Copguard provides flagmen to control traffic on local roads, escorts for worker buses, and watchmen at Project worksites and construction camps. Each worker receives a 6 week course in basic English, fire watch and firefighting basics, first aid, and procedures for the proper use of a two-way radio.



The general merchandise store 3A in Moundou has been providing basic supplies to many of the Project's contractors in southern Chad. Manager Abbou Ramat (on ladder) stocks his shelves with cleaning supplies, office supplies, and a range of other general housekeeping items.



Komé resident Delphine Topinanty serves a construction worker at her traditional-style restaurant. Project contractor Sogea-Satom helped to set her up in business at the construction site to provide workers with low cost meals.

Local Business Development: Cameroon



Technicians from the Cameroonian company Hydrac perform a radiographic test on a weld in the pipeline under construction in northern Cameroon. Hydrac, a Douala-based laboratory and non-destructive testing firm, has contracts for this and other types of testing with several of the Project's contractors.



A Bélabo extermination business, Centre de Promotion de Lutte Anti-Vectorelle S.A.R.L., has greatly expanded, building on a subcontract it was awarded to assist in clearing the site for construction of Pump Station 3. Owner Francis Mpeck is shown here with his expanded staff in front of his new headquarters. He reports that he has 6 children and with the growth of his business, due in large part to the Project, he can afford treatment when they are sick. The family now eats three meals a day instead of one.



The Cameroonian catering company Agridev has contracts to provide meals at a number of the camps located at the Project's logistics contractor storage yards. Chef Jacques Gueinsting heads the kitchen and serving team at the Ngaoundal camp.



Cameroonian trucking companies under hire by the Project's logistics contractor moved almost 1,500 loads of construction materials, equipment, and pipe in the first quarter of 2002, an average of 125 trucks per week. Truckers here are checking their vehicles as they form up in the morning to assemble a convoy out of the Ngaoundal railhead.



The B elabo hardware store Quincaillerie Tracy-Dong has doubled its business through Project-related purchases. The owner, shown here, is Jean Gaston Sontsa and he reports that he has been able to build a home in B elabo as a result of the increased business he has had in the last year.



These two partners, Ali Salim and Ould N'Bene, opened their new grocery store, Super Alimentation Elfateh, a little over a year ago, thanks in part to spending by Bélabo-based Project workers.



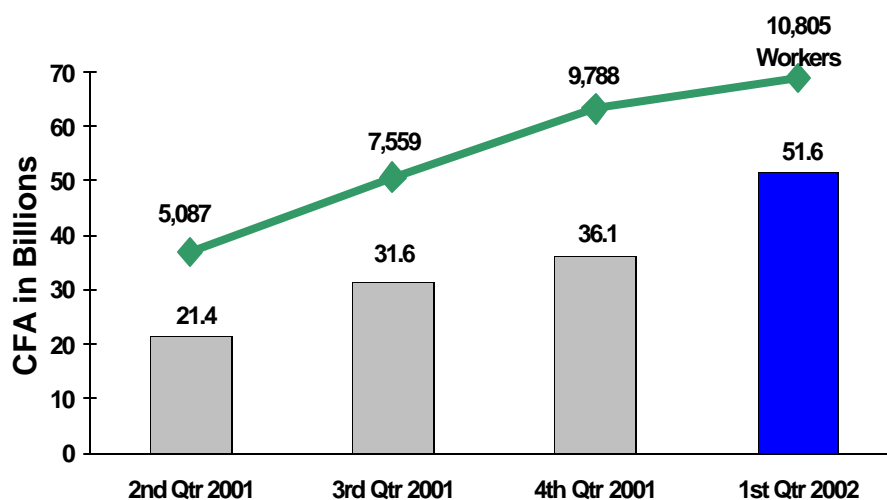
The owner of Boyo Atelier, a welding shop, has been building up his business based on an on-call arrangement with the contractor preparing the site for Pump Station 3 near Bélabo. Pascal Endong Bolomiqui is shown here supervising one of his workers at the job site, and in front of a new vehicle he has bought so he can take his new welding unit to job sites. He reports that he had to improve his welding technique in order to get the work and as a result of working with the Project's contractors he has learned how to follow drawings when fabricating items.

Local Business Expenditure Tabulations ◀ Project Spending with Local Businesses

| | 2nd Qtr 2001 | 3rd Qtr 2001 | 4th Qtr 2001 | 1st Qtr 2002 | % Change Qtrs 4 th to 1 st | Project To Date |
|----------------------|--|--|--|--|--|--|
| Chad | 6.6 billion CFA (\$10.1 million) | 11.0 billion CFA (\$17.0 million) | 14.1 billion CFA (\$21.7 million) | 24.6 billion CFA (\$37.8 million) | 74% | 63.1 billion CFA (\$97.1 million) |
| Cameroon | 14.8 billion CFA (\$22.8 million) | 20.6 billion CFA (\$31.6 million) | 22.0 billion CFA (\$33.7 million) | 27.0 billion CFA (\$41.5 million) | 23% | 96.8 billion CFA (\$148.9 million) |
| Project Total | 21.4 billion CFA (\$32.9 million) | 31.6 billion CFA (\$48.6 million) | 36.1 billion CFA (\$55.4 million) | 51.6 billion CFA (\$79.3 million) | 43% | 159.9 billion CFA (\$246.0 million) |

This table was prepared using the latest available data. Data for previous quarters has been updated to include late reported data.

◀ Trend of Total Project Spending with Local Businesses Compared to Project Activity (Indicated by Total Project Workers on the Job)



The commencement of the development drilling program and an intensification in the construction of the central oilfield facility in southern Chad were the primary reasons behind a 45% increase in total Project spending with local business in the first quarter of 2002. This large increase took place even though the Project's workforce went up by only 9% in the same period.

Training

Nearly 1,300 training sessions were held during the first quarter of 2002, covering an array of categories including new worker safety, health, environment, and orientation sessions, classes in construction trade crafts, and high level skills training for trades such as welding. It should be noted that much valuable skills training takes place in the field in on-the-job mentoring situations, outside the classroom sessions, and are thus not recorded by the Project's data reporting systems.



Skills training has been ongoing in the field since Project mobilization in October 2000. Here, a National worker gets a lesson from an experienced expatriate in making a power connection for a cabin in a construction camp.



These three Chadians have been hired by a Project subcontractor who is assisting with surveying in support of the land compensation in southern Chad. Supervisor Albert Aazouz, of the Canadian firm Focus International, is giving a lesson in the use of a backpack satellite-based surveying instrument which uses Global Position System technology. The Chadians are Amon Dingamyo (wearing instrument), Maigande Philemon, and Martin Nadjiteingar.



As the Project's drilling rigs come on line, the rig crews receive more and more specialized training. Here, a Chadian worker is being trained on how to sample drilling mud for testing. Mud is a mixture of materials injected into the wellbore to wash away rock cuttings and to lubricate the drill bit as it bores deep into the earth.



Chadian worker Manasse Ombaye gets training here on working high up on the derrick of a drilling rig. Rick Short, an experienced drilling hand for the Project's drilling contractor, is mentoring him on the proper way to assist the deck crew in moving pipe. Short also provides instruction in safety requirements, including the proper use of the safety harnesses that both are wearing.



This Chadian worker gets a moment of coaching from an expatriate drilling supervisor on the deck of Rig 291. The training session was taking place the day before the rig was put into operation.

Training Tabulation All new construction workers who will be on the job for more than two weeks receive ten hours of training on safety, health, and the environment, and they are also informed about the Project’s policies regarding alcohol, drugs, firearms, hunting, poaching, and bush meat. In addition, many workers receive additional craft and skills training suitable to their assignments.

◀ Contractor Training Levels for 1st Quarter 2002

| | New Hire SHE & Orientation | Basic Craft | High Skills |
|---------------------------|---|------------------------|------------------------|
| Cameroon | | | |
| Sessions | 412 | 84 | 221 |
| Persons | 3,172 | 786 | 1,313 |
| Chad | | | |
| Sessions | 196 | 166 | 218 |
| Persons | 1,317 | 948 | 1,334 |
| Sessions Total | 608 | 250 | 439 |
| Persons Total | 4,489 | 1,734 | 2,647 |

This table was prepared using the latest available data. Some contractor figures had not yet been submitted as this report was being prepared.



These new workers have just arrived for work at a construction camp and are getting their first orientation, the beginning of a ten hour course on safety, health, the environment, and Project policies.