

Chad Export Project Report #9

4th Quarter 2002 Annual Summary 2002

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 ninth in the series of Quarterly Reports for the Chad Export Project (also referred to as the Chad/Cameroon Development Project) covers the period from October 2002 through December 2002. The Annual Project Summary for 2002 has been combined with this report in the form of topic-by-topic summaries and data tables.

This report reflects the work of the Project operating company and its 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 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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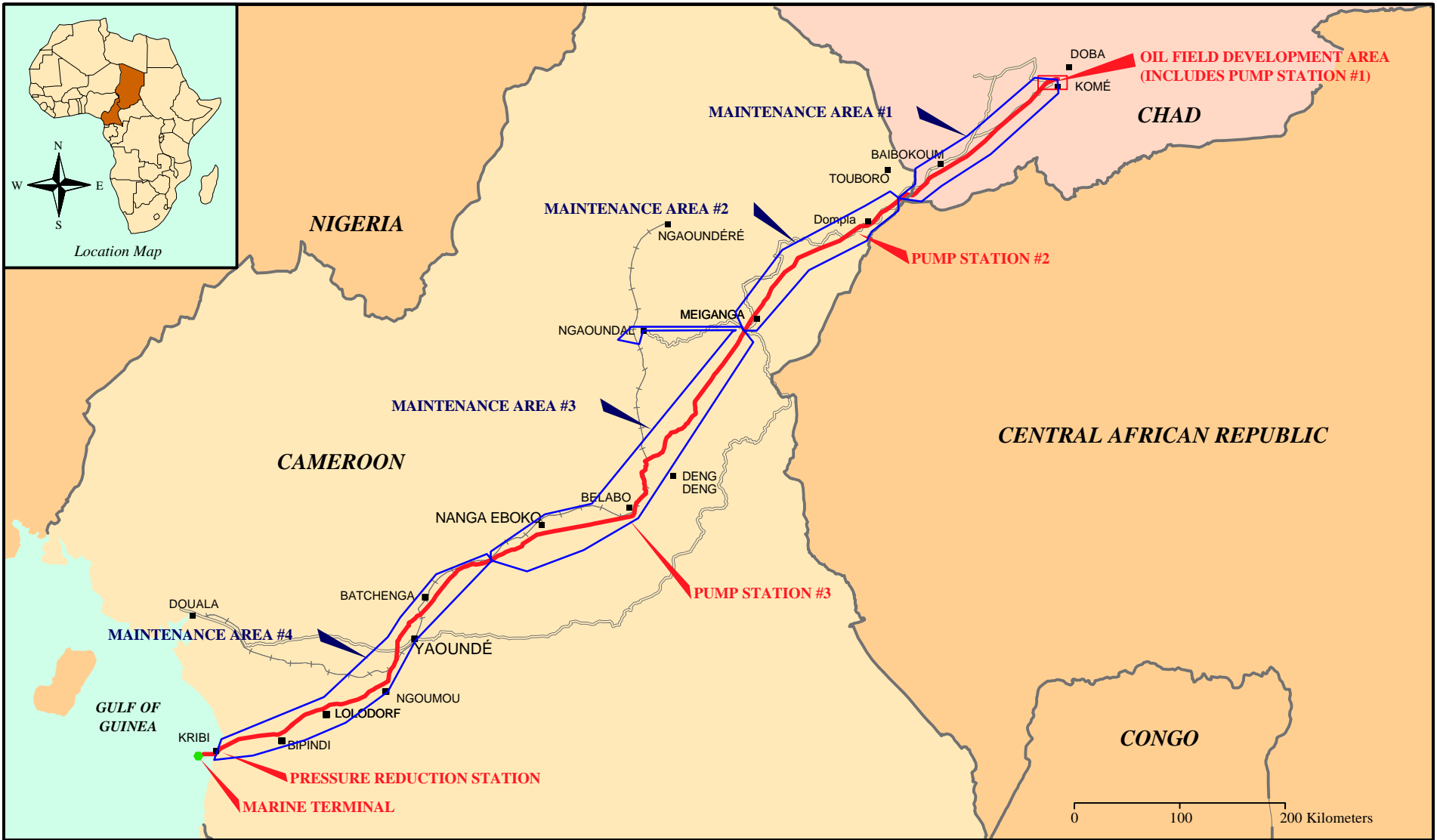
Snapshot Summary of the Quarter

- The Project anticipates that it will begin producing oil from one of the three oilfields in southern Chad in mid-2003. At the close of 2002, the Project - including engineering, procurement, and construction - was well over 75% complete.
 - Almost all of the export pipeline had been welded and buried in its trench.
 - Thirty-eight production oil wells have been drilled and tests of these first wells have been meeting expectations.
 - Refurbishment of the Floating Storage and Offloading vessel and fabrication of its mooring was nearing completion in Asia.
 - Facilities construction in the Oilfield Development Area accelerated in December after resolution of a multi-week job action by truckers, which made it possible to clear a backlog of freight essential to the construction effort.
- Field monitors recorded 25 Project-reportable Environmental Management Plan non-compliance situations this quarter, the second lowest quarterly level in two years.
 - One minor Project reportable spill took place on land this quarter. There were no spills into water or wetland areas.
 - No critical (Level III) non-compliance situations have been recorded by the Project to date.
- No Project-recordable lost time incidents occurred in the fourth quarter of 2002 and the overall worker safety record at Project work sites continues to be very good.
 - The traffic accident injury rate for the Project is 59 per 100 million miles driven, compared to the North American rate of 116 per 100 million miles driven.
 - Workers for facilities construction contractor TCC have topped the 21 million hour mark without a lost time incident.
 - The oil well drilling operation, including contractors Pride Forasol and Schlumberger, was nearing five million worker hours without a lost time incident.
- Public consultation increased in the fourth quarter to 680 sessions, reaching more than 23,000 people.

- Support for pipeline construction activities in southern Chad contributed to the rise in consultation levels.
- The Project consulted with fishermen in the Kribi area in preparation for the start of offshore construction in the first quarter of 2003.
- Consultation meetings on the Project's Area Specific Oil Spill Response Plans began in November in Chad. Similar meetings will occur in Cameroon in January 2003.
- The Project launched an improved dust control program in Chad.
 - A fleet of 28 road watering trucks was assigned to dust control duty in southern Chad along the Project-upgraded road and in the Oilfield Development Area.
 - Several sections of road in the Oilfield Development Area will be treated with DBST, a type of paving material. Other dust control measures will also be evaluated.
- The Project paid nearly 519 million FCFA (\$798 thousand) in cash and in-kind compensation to individual land users in the fourth quarter of 2002.
 - In Chad, individual compensation distributed in the fourth quarter totaled 215 million FCFA (\$330 thousand).
 - In Cameroon, individual compensation paid in the fourth quarter was nearly 304 million FCFA (\$467 thousand).
 - Since the compensation program began, approximately 6.75 billion FCFA (\$10.4 million) in cash and in-kind payments has been distributed to individual land users.
- The Project's regional and community compensation programs made good progress in the fourth quarter.
 - In Cameroon, implementation of the program began after a nearly year-long consultation effort to help communities choose their micro-development projects.
 - In Chad, consultations are well along in all of the communities eligible for the program and nearly all of them have submitted proposals for projects.
- In December, a cooking fire spread out of control and destroyed much of the Komé Atan settlement, located across the road from the Komé Base Camp.
 - Project fire fighters responded to the fire and rendered assistance. The fire caused no serious injuries, although one burn victim was treated at a Project camp clinic.
 - The Project supported the government's relief efforts through donations of wood and clothing, and by laying out new streets, among other measures.
 - The fire struck as the Project was completing a set of action steps to improve certain conditions in the settlement.

- For the first time since construction began, the size of the Project's direct workforce has started to fall.
 - The Project's overall peak workforce was reached in November with a total of 13,156 workers but then fell back to the previous quarter's level in December.
 - Chadians and Cameroonians make up about three-fourths of the Project's workforce, and about 60% of them hold skilled or semi-skilled jobs.
- Wages paid to Chadian and Cameroonian workers in the fourth quarter of 2002 totaled almost 7.8 billion FCFA (\$12 million).
 - Wage payments to Chadian workers approached 4.1 billion FCFA (\$6.3 million).
 - Wage payments to Cameroonian workers were 3.7 billion FCFA (\$5.7 million).
- Figures show that Project construction has driven the pace of economic growth in Chad sharply upward (as measured by Gross Domestic Product).
 - From 1999 to 2002, annual Gross Domestic Product growth has gone from only 1% to almost 11%.
 - This rise tracks closely with the Project's purchasing of goods and services in Chad, which has gone from \$10 million in 2000 to \$173 million over the same time period.
 - Since construction began, the Project has purchased over 151 billion FCFA (\$232 million) of local goods and services from Chadian businesses.
- The Project spent 59 billion FCFA (\$90 million) buying goods and services from Chadian and Cameroonian suppliers during the fourth quarter.
- Training of Chadian and Cameroonian workers during the fourth quarter totaled 1800 sessions, with class attendance of over 12,000.
- Archaeological investigations in Chad and Cameroon began to shift from the field to the laboratory this quarter as excavation at Project work sites neared completion.
 - The Cameroon team moved its collected samples into a new laboratory facility in Douala.
 - In Chad, the Project signed a contract with the University of N'Djaména to create a new archaeology laboratory. This building is under construction.
- Project clinics provided 23,410 worker medical consultations during the fourth quarter of 2002.
 - The control of malaria continued as the major focus of the Project's worker health program.
 - A major dining hall upgrade was completed at the Project's Komé Base Camp, adding a new restaurant to enhance capacity and food safety.

- A new larger Project worker clinic was opened at the central oilfield facility to serve the construction workforce.
- The initial phase of the Roll Back Malaria program in Chad has been completed. In 2002, the two NGOs contracted by the Project to implement much of the program distributed 37,000 bed nets in 141 Project-area villages, and provided malaria prevention education to 122,000 people.
- A year long, multi-village STDs/HIV/AIDS prevention and education program was completed in Cameroon.
- The Project reduced its hazardous waste backlog by approximately half this quarter, primarily due to the success of a recycling program for used motor oil in Cameroon. Over 40% of the Project's non-hazardous waste was recycled to villages or sent to approved recycling facilities.
 - The permanent waste storage facilities at the two Cameroon pump stations and the Pressure Reducing Station were completed.
 - Construction began on the permanent Komé waste management facility, which will include hazardous and non-hazardous solid waste landfills, a hazardous waste-capable incinerator, two domestic waste incinerators, and a waste storage building.
 - The hazardous solid waste landfill at Pump Station 3 near Bélabo has been excavated and the liner installed. The landfill will go into operation in 2003.
- Data from two years of Project water monitoring shows that the water resources used by the local population in the immediate vicinities of Project work sites and water withdrawal points have not been adversely affected.
- The Management Board of the Foundation for Environment and Development in Cameroon (FEDEC) met in December. After reviewing progress to date, the Board adopted a future action plan and strategic vision.
- As construction moved towards the first oil production milestone in mid-2003, work continued to build the Project's operations phase organization.
 - A total of 177 Chadians and Cameroonians have been hired so far as permanent Project technical, managerial and professional staff.
 - Over 70 of the nearly 100 new technicians are working in Canada, the United States and other countries to gain job experience.
 - A training program was been developed to prepare the expatriate staff who will mobilize to Chad and Cameroon beginning in March 2003.




LEGEND

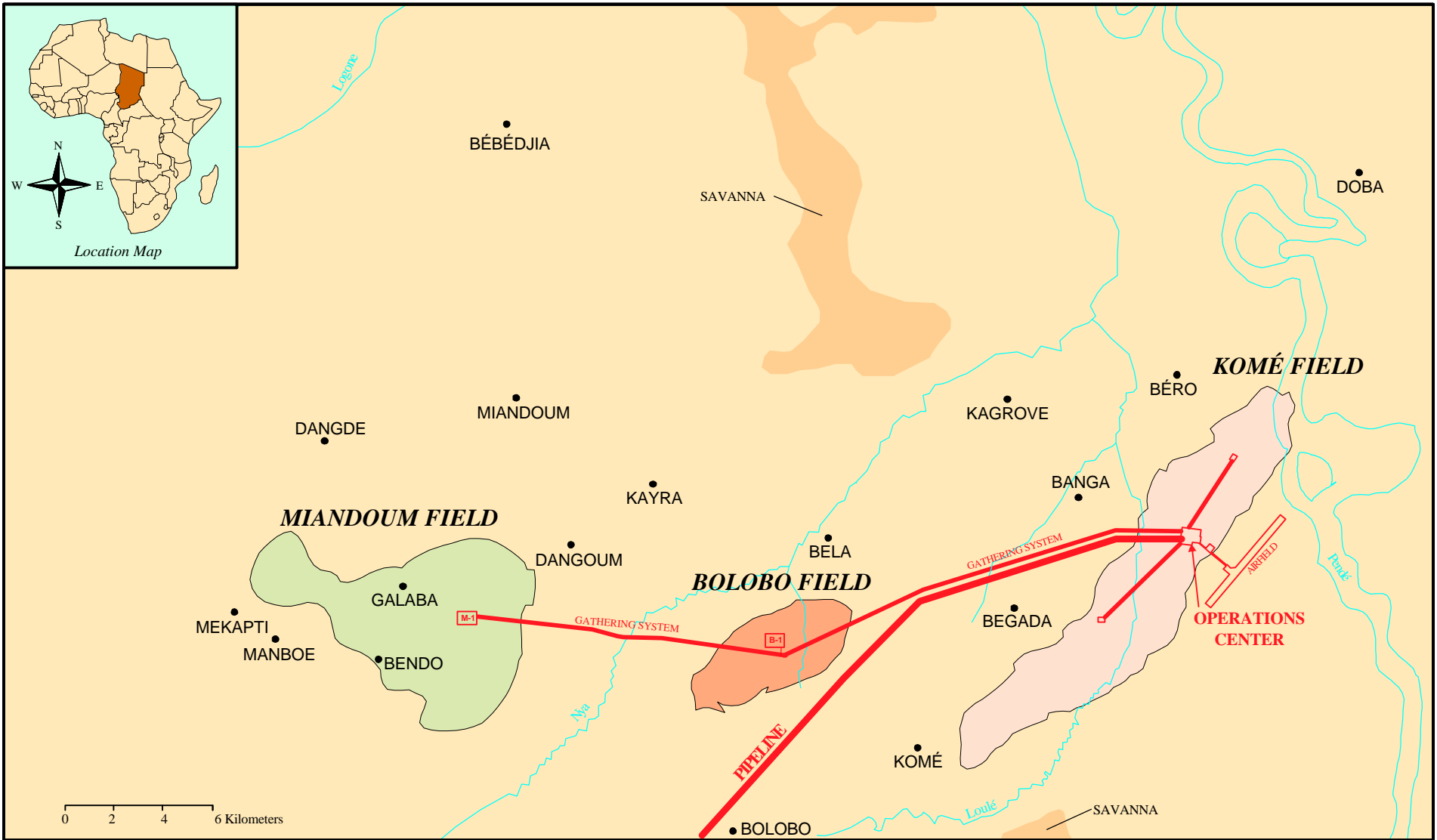
Oil Field Development Area	Major Roads (In Study Area)
Pipeline	Railroad
International Boundaries	Marine Terminal (FSO)
Maintenance Area Boundaries	

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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