Esso Exploration & Production Chad Inc.

Village Impact Quarterly Report

Land Use Mitigation Action Plan

Third Quarter 2014

Prepared by the EMP Department
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Annex 1: OFDA Village Map

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List of Acronyms & Terms Used in this Report

BBS	Basic Business Skills Training
CRCP	Chad Resettlement and Compensation Plan
CdM	Household Chief (Chef de Ménage)
EEPCI	Esso Exploration & Production Chad Inc (the Project)
Eligible	Generic term to designate an individual that may be eligible to the EMP Resettlement Program.
EMP	Environmental Management Plan
EMP-IS	EMP Information System: manages Land Acquisition, Socioeconomic and Land return data.
ECMG	External Compliance Monitoring Group
HH	Household
HHH	Head of Household
HHM	Household Member. Include the CdM and all it dependents, regardless their age.
IFC	International Finance Corporation
IAT	Improved Agriculture Training
LCC	Local Community Contact
MARP	Participatory Rural Assessment process
NGO	Non-Governmental Organization
Potential Eligible	Individual that may be eligible to the EMP Resettlement Program. Analysis must be completed.
Project Footprint	Total area occupied by the project at a given time (e.g. Compensated but not returned land)
True Eligible	Individual eligible to the EMP Resettlement Program.
VLUS	Village Land Use Survey previously called Cadastral survey. Refer to the measurement of every field, fallow & house of households.
WBG	World Bank Group
EFC	Eligibility Factor Class

Executive Summary

The Quarterly Village Report provides information to Esso Exploration & Production Chad Inc (EEPCI) management and its partners on the progress made in calculating, analyzing and reducing the Project's land use impact on villages and households.

Tracking and analysis of land use impact is the purpose of Village Impact Classification and the "Watch List". The classification follows the movement of a village from one category to another in order to judge the effectiveness of Environmental Management Plan (EMP) Chad Resettlement and Compensation Plan's (CRCP) implementing procedures (e.g. the Land Management Manual) and the system improvements made through the Land Use Mitigation Action Plan (LUMAP) or to signal when ongoing Project land take requires the Project to review the situation and adjust plans as per the Environmental Management Plan (EMP) principles.

The village impact classification (high, approaching high, moderate and low) is also used to:

- Improve the targeting of mitigation activities by more clearly defining an OFDA village's specific problems.
- Determine eligibility (actual versus estimated land acquisition) for Supplemental Community Compensation.

The Third Quarter 2014 (3Q14) Village Impact summary:

- 3 High impact villages (Danmadja, Poutouguem &Madjo)
- 6 Approaching high villages
- 9 Moderate impact villages
- 14 Low impact villages

While no village actually changed category during the Third Quarter 2014 Danmadja moved in front of Poutouguem becoming the most impacted village (high Impact Category) and Mbanga slid down under Benguirakol (Moderate impact category).

During the third quarter of 2014, six (6) villages saw an increase in the Project's footprint while six (6) saw a reduction and seventeen (17) remained unchanged (Table 2 below). The village which saw the biggest net increase in 3Q14 was Bero with an increase of 9.1 ha. During this quarter the village of Mbanga saw a reduction of the project's footprint of 7 ha.

The primary accomplishments of third quarter 2014 (3Q14) are:

General

- Implemented strategies to promote synergy between various EEPCI departments managing socio-economic activities in communities of the OFDA.
- Participated in a series of mediation meeting with a group of local NGO's under the guise of the CAO.
- Launched Community Engagement Program at Kome Sub-prefecture.

EMP and EMP-IS

- Progressed follow up of households impacted by the project, using the improved impact survey process. Focus efforts on at risk households. 254 surveys completed during quarter.
- Completed Q2-2014 Village Impact report and Posted onto ESSO-CHAD website.
- Integration of community compensation data into EMP-IS data base.
- Advanced preparation of revised SSP's for the villages of Madjo and Begada.

Resettlement Program

- 21 eligibles (2013 promotion) advancing in the post training portion of the Improved Agriculture Training program.
- Monitoring surveys completed with 43 still at risk individuals from previous promotions. This process will make it possible to identify potential recipients for reinforcement in 2015.
- IAT ongoing with 32 individuals making up the 2014 promotion and rainy season equipment distributed.

Community Compensation and Supplemental Community Compensation Program

- Drilling of the two water wells selected by the population of Bemira completed and wells turned over to the communities.
- Retrofitting of flour mills in order to incorporate various guards to improve safety level for users completed in villages of Benguirakol and Moundouli.

Grievance management

- Grievances initiated during Q3-2014: **179**
- Grievances paid during Q3-2014: **156**
- Grievances closed during Q3-2014: **237**
- Backlog as of September 30th, 2014 : **46**

Community consultation and awareness campaign

- **96** meetings
- **6768** participants
- Main topics:
    - Grievance procedures and notification of non-valid claims to plaintiffs;
    - Risks of electrical shocks during the rainy season;
    - Risks of taking batch in borrow pits or other well pads basins;
    - Hand washing hygiene
    - Malaria, security and opportunity of business with CIS.

Work Plan for Fourth Quarter 2014(4Q14)

- Ongoing Post training Portion of the Improved Agricultural Training program for 21 eligibles from 2013 promotion.
- Ongoing Improved Agricultural Training program for 32 eligibles from 2014 promotion.
- Complete Q3-2014 Village Impact report and Post onto ESSO-CHAD website.
- Advance a review of the SSPs for village of Madjo and Danmadja.
- Complete integration of Community Compensation Documentation into EMP-IS database
- Continue Land Return Campaign.
- Complete retrofitting of flour mills in order to incorporate various guards to improve safety level for users, for 8 remaining villages.
- Implement intervention strategy for theft and vandalism mitigation in local communities.
- Finalize list of reinforcement eligible individuals for 2015
- Finalize list of resettlement eligible individuals for 2015 promotion.

1.0 Village Classification

The village classification is calculated using land use (area of temporary and permanent take) and two socioeconomic criteria (see annex 2 for details). Each criterion classifies a village into one of four categories: High, Approaching High, Moderate and Low. It should be noted that the socio-economic criterion made possible by investigation using the Village Land Use Survey (VLUS) methodology provides a more direct measure of impact, and that this information is continuously upgraded using the data collected through the Impact and Land return Surveys. This process measures land holdings per capita and the number of currently non-viable individuals among the total population of the village. For villages where the survey is not completed or is not being implemented, we have had to rely on declarative data collected during land compensation in past years; therefore the criterion becomes individuals made non-viable by Project compared to the population of the village.

Table 1 : Village Classification Last Quarter

Categories	Villages – 3Q14	Villages – 2Q14
High	• **Danmadja** • **Poutouguem** • **Madjo**	• **Poutouguem** • **Danmadja** • **Madjo**
Approaching High (Watch List)	• **Bero** • **Dildo-Bayande** • **Dokaidilti** • **Ngalaba** • **Mouarom** • **Moundouli**	• **Béro** • **Dildo-Bayande** • **Dokaidilti** • **Ngalaba** • **Mouarom** • **Moundouli**
Moderate	• **Missimadji** • **Bela** • **Ndoheuri** • **Begada** • **Maïkéri** • **Benguirakol** • **Mbanga** • Maïnani • **Bemira**	• **Missimadji** • **Bela** • **Ndoheuri** • **Begada** • **Maïkéri** • **Mbanga** • **Benguirakol** • Maïnani • **Bemira**
Low	• Maikiro • Kome-Ndolobe • Madana Nadpeur • Maïmbaye • Meurmeouel • Miandoum • Morkete • Kaïrati • Naïkam • Bendo • Koutou Nya	• Maikiro • Kome-Ndolobe • Madana Nadpeur • Maïmbaye • Meurmeouel • Miandoum • Morkete • Kaïrati • **Naïkam** • Bendo • Koutou Nya
Low (Declared low through other processes)	• Bedara • Bekia 2 • Bekia 3	• Bedara • Bekia 2 • Bekia 3

Villages in bold print have had a Site Specific Plan (SSP) performed.

Villages added to the list may have received Community Compensation but may not have lost land to the Project. When the resident of a village is impacted by the Project even if impacted field is located in another village the village of residence is automatically classified as being in the low impact category and receives the corresponding Community Compensation.

While no village actually changed category during the Third Quarter 2014 Danmadja moved in front of Poutouguem becoming the most impacted village (high Impact Category) and Mbanga slid down under Benguirakol (Moderate impact category). These changes the relative position of certain villages are the consequences of the following factors:

- Danmadja has 17,6 %of Non-viable HH in the community on the basis of impact and land return survey, and significant Project footprint (8,6%).
- Mbanga moved down in this 3Q2014 because of the intensive land return activities which took place during the third quarter.

Since the onset of 2014, the Quarterly Village Impact reports incorporates all facilities associated to the Project. This more inclusive definition of the Project intervention area has given a clearer perspective on the activities of the project in Southern Chad. This change resulted in the incorporation of four new villages in the list of monitored villages (see table 1, page 6), being: Moundouli, Benguirakol, Bemira and Maikiro.

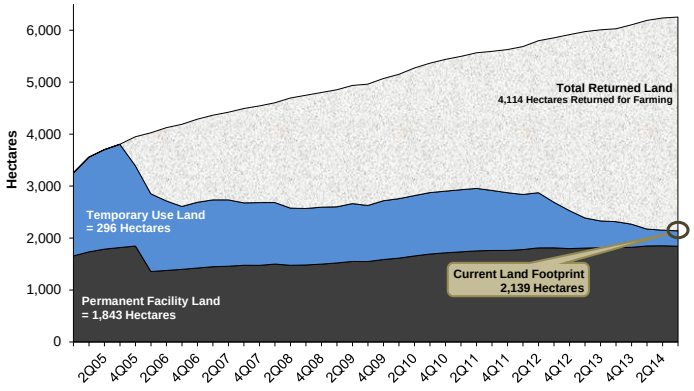
As per the LUMAP, the Site Specific Plan (SSP) was developed to monitor the state of the most impacted villages (18 villages). Villages for which a SSP was prepared are presented in bold in Table 1 (page 6). In all villages where SSPs were completed and fully implemented (18/18 villages), only low residual impacts are believed to remain.

Implementation of the last pending SSP was finalized during the third quarter. It concerns the water wells of Bemira. A review of the SSPs of recently impacted communities, with SSPs older than four years, has started during the third quarter, with the villages of Madjo and Danmadja, in order to establish whether the land take which recently took place in these communities would warrant new support strategies.

1.1 Land Use Criteria and Trends

From a land use perspective the criterion is the area of the village affected by the project, note that some villages can pass from High to Moderate or Moderate to Low as temporary land is returned, or move up as land is acquired.

Figure 1: LAND USE FOOTPRINT FOR THE OVERALL PROJECT



As shown in figure 1, the footprint of permanently and still temporarily occupied land (in the six fields of the OFDA) was **reduced** by 13 ha, or slightly less than 1 %, during the Q3-2014. The footprint as it stood on September 30th 2014 (2139ha) was the lowest it has been since data is published on the matter.

The land returned is not the only factor that counterbalances the new land take. We must also consider the fact that many of the new facilities being established are in areas previously occupied by the project. An area already compensated for an initial facility is simply reused for the new well, if it has not yet been returned, without requiring much additional land acquisition. Using the fault block approach in reclaiming land

i.e. postponing reclamation until the work in the fault block has been completed, reduces the risk of wasting top soil by re-acquiring newly reclaimed and returned land. Top soil in certain parts of the OFDA and elsewhere in southern Chad is a scarce resource.

The calculation of additional land acquired is not straightforward as new facilities are now overlapping old facilities. Simple addition or subtraction would compute the same area twice, resulting in an overestimation of how much land has been acquired or returned (delta column) compared to the previous quarter.

Table 2: Land Use by Village in OFDA

Village	Total village area (ha)	Maximum land use (ha)	Land use Q2 2014		Land use Q3 2014		Delta
			%	(ha)	%	(ha)	(ha)
Dildo-Bayande	1890	203	**9.9%**	187.1	**9.9%**	187.1	0
Béro	5772	664.6	**8.9%**	511.4	**9.0%**	520.5	9.1
Danmadja	480	69.6	**7.2%**	34.6	**8.6%**	41.2	6.6
Dokaïdilti	690	157	**8.1%**	55.8	**8.1%**	55.9	0.1
Mouarom	1359	159	**7.3%**	99.7	**7.5%**	101.9	2.2
Ngalaba	2122	330	**7.2%**	152.4	**7.2%**	152.1	-0.3
Poutouguem	562	62	**7.1%**	39.8	**7.0%**	39.3	-0.5
Béla	2200	225	**6.0%**	132.4	**6.1%**	133.8	1.4
Bégada	3282	348	**5.4%**	175.6	**5.4%**	176.3	0.7
Madjo	2139	148.8	**5.3%**	114.3	**5.1%**	109.4	-4.9
Missimadji	181	60	**4.9%**	8.9	**4.9%**	8.9	0
Maïkéri	1245	112.8	**4.8%**	59.8	**4.7%**	58.8	-1
Maïnani	1413	90	**4.8%**	67.2	**4.5%**	64	-3.2
Benguirakol	1068	80.5	**4.3%**	45.6	**4.3%**	45.6	0
Mbanga	3059	253	**4.4%**	134.8	**4.2%**	127.8	-7
Moundouli	1151	82	**3.8%**	43.2	**3.8%**	43.2	0
Ndoheuri	811	50.6	**3.0%**	24.4	**3.0%**	24.4	0
Maïkiro	145	5.4	**2.3%**	3.4	**2.3%**	3.4	0
Bémira	651	21.8	**2.0%**	13.1	**2.0%**	13.1	0
Madana Nadpeur	295	17.3	**1.4%**	4.1	**1.4%**	4.1	0
Bendo	761	17	**1.2%**	9.5	**1.2%**	9.5	0
Naïkam	1450	28	**1.0%**	14.4	**1.0%**	14.4	0
Mainbaye	420	4.1	**0.9%**	3.8	**0.9%**	3.8	0
Meurmeouel	1128	22	**0.8%**	9.4	**0.8%**	9.4	0
Miandoum	4028	62	**0.8%**	32.9	**0.8%**	32.9	0
Kaïrati	187	6	**0.7%**	1.4	**0.7%**	1.4	0
Komé Ndolobe	2448	81	**0.7%**	17.4	**0.7%**	17.4	0
Koutou Nya	1819	9.4	**0.3%**	5.2	**0.3%**	5.2	0
Morkété	440	7	**0.2%**	0.7	**0.2%**	0.7	0
Total	43196	3376.9	**4.6%**	2002.3	**4.6%**	2005.5	3.2

* Land use = permanent + temporary not returned

When we consider the information presented in Table 2, above, we can easily note that the actual reduction in the area occupied by the Project is not only limited to the case of villages located in the three original fields (Kome, Bolobo and Miandoum) but is also a reflection of the situation of villages located in the newer development areas of the OFDA (Maikeri, Timbre and Nya oil fields).

During the third quarter of 2014, six (6) villages saw an increase in the Project's footprint while six (6) saw a reduction and seventeen (17) remained unchanged (Table 2 above). The village which saw

the biggest net increase in 3Q14 was Bero with an increase of 9.1 ha. During this quarter the village of Mbanga saw a reduction of the project's footprint of 7 ha.

As the Impact and Land-Return Survey processes became fully operational, identification of the impacted land users can be calculated when or shortly after the impact has taken place (real time). Since January 2012, the Impact Survey (both land take and land return) data has been fully integrated into the system, the Project is thus able to make full use of this information at present.

If we consider the maximum land use of the Project, all villages on which such data is presented in table 2, above, have known a reduction of their footprint in relation to their land use peak.

As the integration of impact survey data was completed, all impacted individuals who are deemed to have been made non-viable by the Project or who were already non-viable before being impacted by the Project, before November 1st 2013 (32 individuals in total), have been integrated into the roster of the 2014 Resettlement Promotion. They have completed the literacy training program (BBS) and are presently going through improved agriculture training (IAT) program.

1.2 Compensated and Returned Land by Land Use Type

This section presents the compensated and returned areas. Table 3 shows the current portion of each Land Use Type out of the total Compensated Land. The "Returned" column shows the number of hectares returned (on the left) and the percentage of returned area out of the total compensated area (on the right), for each land use type. It should be noted that this data covers all of the land requirements of the Project in Chad.

As was presented in Table 2 (page 8) the data presented above (Table 3 on page 10) confirms that returned land more than compensated for new land take with a net footprint reduction over the quarter. During this quarter 19.5 ha of land were compensated for, by the Project, while 32.5 ha were returned to the communities. Overall, this resulted in 13.0 ha of net land return during this period.

Table 3: Compensated and Returned Land by Land Use and Facility Type

	Total area (hectares)			3Q2014 (hectares)	
Land use type	Compensated	Returned		Compensated	Returned
Sub-Total - Permanent with public access-	1484.2	630.5	42%	5.2	17.8
Sub-Total – Permanent with no Public access	1140.3	151	13%	5.0	1.5
Sub-Total Permanent	**2624.5**	**781.5**	**30%**	**10.2**	**19.3**
Borrow Pit	656.6	508.4	77%	0.0	0.0
Others	45.4	33.4	74%	0	1.3
Sub-Total – Temporary returned without restriction	**701.9**	**541.8**	**77%**	**0**	**1.3**
Underground facility	1769.7	1710.1	97%	5.0	4.5
OHL	481.7	464.2	96%	-0.7	-0.7
Well Pad	675.5	616.4	91%	4.9	8.1
Sub-Total – Temporary returned with restriction	**2926.9**	**2790.7**	**95%**	**9.3**	**11.9**
Sub-Total Temporary	**3628.8**	**3332.5**	**92%**	**9.3**	**13.2**
Grand Total	**6253.3**	**4114.0**	**66%**	**19.5**	**32.5**

- The column "total areas in hectares: compensated" shows the total area compensated since the project started up to the end of the quarter covered in this report.
- "Total areas in hectares: returned" shows the total area returned since the project started up to the end of the quarter covered in this report.
- "3Q2014: Compensated" shows the total hectares compensated during the quarter covered in this report.
- "3Q2014: Returned" shows the total hectares returned during the quarter covered in this report.
- Incorporates all of the activities of the project (all oil fields, roads, facilities, the pipeline and associated infrastructure).

A significant portion (48%) of the land compensated during the third quarter was for temporary use and has already started to be returned. It must be noted that land returned in the temporary category (13.2 ha) exceeded new temporary land take (9.3). The Project had a net reduction in its temporary land use of 3.9 ha during the quarter.

1.3 Socio-economic Criteria

Village level impact depends both on absolute amounts of land taken or returned and the way in which land resources are allocated within the village. In some villages, people depend mainly on farming for their livelihood. In others, a portion of the inhabitants depend on fishing as well as farming; fishing families in these villages often have (and need) less farmland than in inland villages and may already be below the general threshold of agricultural viability (2/3 cordes per HHM). Others are recently established households who will progressively gain access to land from their family land trust. These households may appear to be non-viable or marginal while in reality they are simply in a transitional phase.

Attributing all non-viable household to Project land acquisition in these villages would overstate the Project's impact.

To distinguish between these two types of situations, the social criteria using compensation database information were initially set according to:

1. The number of people already non-viable before they were impacted by the project and
2. Those that were made non-viable when they lost land to the project.

Completed village land surveys have demonstrated that the declarative data used to calculate non-viability often overstated the number of people dependent on the household's land and understated the amount of land available. Therefore the number of non-viable households found through a village survey presents a more accurate picture of Project impact.

Such data was not available when the Land Use Impact list was first calculated but now, as measured data has become available for most villages, the pre-Project non-viability criterion has been dropped. When the survey is completed and the village is open to reclassification only the current but accurate criterion of currently non-viable HH (compensated and not compensated) has been used.

While no better tool than the declarative surveys is available for the villages presented in Table 4, it must be noted that excessive reliance on this data could lead the reader to some interpretation errors. Please note that the villages in this table are those where no Village Land Use Survey (VLUS) has been performed.

The number of non-viable households below 2/3 cordes of land per HHM is much more reliable in villages with complete VLUS data given the higher level of accuracy and the fact that the whole village is surveyed versus only Project affected households.

Table 4: Percentage of Individuals Made Non-viable by Project Land Take According to the Declarative Database

Total non-viable individuals today	Value Now	Made non-viable by project	Value Now
Kaïrati	22.6	Maïmbaye	2.4
Madana Nadpeur	17.3	Madana Nadpeur	1.4
Koutou Nya	12.4	Miandoum	0.4
Miandoum	6.9	Merméouel	0.1
Bendo	2.6	Kaïrati	0.0
Maïmbaye	2.4	Koutou Nya	0.0
Merméouel	1.8	Bendo	0.0
Morkété	N/A	Morkété	N/A

Table 5 presents the data originating from the VLUS and now incorporates the information from the impact and land return surveys. Generally we can conclude that only changes of limited consequences have taken place when these results are compares to those of the previous quarterly report.

Bela saw an increase by (1.6%) and Dokaidilti a reduction of (-0.3%) which is a result from an interaction between the Project and one or a limited number households made non-viable through land take or made viable through the return of some land.

This reflects the ability of the Project to monitor the status of project affected household in the OFDA in real time.

It must also be noted that while returned land is removed from the Project's footprint immediately upon signing of the Quitus, it is only added to a household's land basket during the following production season. This ensures that the land has effectively been put back into production and who has taken advantage of the land return. As Land Return Surveys can only be performed during the ensuing cropping season, a village may remain in a higher risk category for 1, 2 or even 3 quarters after land has been returned to its population. It is only after the completion and integration of the Land Return surveys that the full impact of the returned land on the community will be reflected on its classification.

Table 5: Percentage of Individuals Made Non-viable by Project Land Take According to the VLUS and Impact Databases

Village	% Non-viable project affected individuals	Delta previous Qreport
Poutouguem	23.2%	0.0%
Danmadja	17.6%	0.1%
Madjo	17.4%	0.0%
Béro	12.3%	0.7%
Moundouli	12.3%	0.0%
Ngalaba	10.4%	0.0%
Missimadji	9.7%	0.0%
Dildo-Bayande	8.7%	0.0%
Bémira	8.4%	0.0%
Benguirakol	8.3%	0.0%
Dokaïdilti	6.9%	-0.3%
Ndoheuri	6.6%	0.0%
Béla	5.7%	1.6%
Mouarom	3.9%	0.0%
Mbanga	3.8%	0.0%
Komé Ndolobe	3.7%	0.1%
Maïkéri	3.5%	0.0%
Maïnani	3.4%	0.0%
Bégada	1.6%	0.0%
Naïkam	0.0%	0.0%

2. Socioeconomic monitoring

2.1. Village Surveys

Table 6: Total Number of HH Survey by Village

Total Number of HH survey by village									
Village	Cadastral Survey Completed	Impact Survey Completed		Land Return Survey Completed		AtRisk Survey Completed		Monitoring Survey Completed	Total HH Survey Completed
		Q3-2014	Total	Q3-2014	Total	Q3-2014	Total		
Bégada	**262**	1	**214**	0	**246**	0	**8**	21	**743**
Béla	**145**	0	**141**	0	**46**	0	**10**	8	**340**
Bémira	**145**	0	**0**	0	**0**	0	**0**	10	**155**
Benguirakol	**106**	0	**0**	0	**0**	0	**0**	7	**113**
Béro	**600**	21	**400**	0	**280**	1	**91**	91	**1371**
Danmadja	**102**	0	**85**	0	**58**	0	**22**	30	**275**
Dildo-Bayande	**276**	3	**48**	0	**29**	0	**17**	30	**383**
Dokaïdilti	**85**	5	**16**	0	**1**	0	**19**	21	**123**
Komé	**200**	3	**30**	0	**0**	1	**2**	3	**233**
Madjo	**130**	0	**145**	0	**141**	0	**20**	33	**449**
Maïkeri	**141**	0	**89**	0	**36**	0	**11**	5	**271**
Maïnani	**111**	0	**66**	0	**17**	0	**4**	8	**202**
Mbanga	**269**	20	**245**	18	**150**	0	**14**	29	**693**
Missimadji	**24**	0	**4**	0	**1**	0	**3**	7	**36**
Mouarom	**85**	0	**45**	0	**31**	0	**5**	3	**164**
Moundouli	**178**	0	**0**	0	**0**	0	**3**	18	**196**
Naïkam	**54**	0	**6**	0	**1**	0	**0**	0	**61**
Ndoheuri	**95**	0	**75**	0	**15**	0	**4**	10	**195**
Ngalaba	**251**	0	**178**	0	**106**	0	**16**	41	**576**
Poutouguem	**61**	0	**60**	0	**38**	0	**6**	11	**170**
Other villages	**18**	0	**26**	0	**4**	0	**35**	156	**204**
Total	**3338**	53	**1873**	18	**1200**	2	**290**	542	**6953**

The objective is to use the data generated by these various surveys and investigations to track each community and household over time. Ensuring that the specific impact, whether they be a land take or a land return, are accounted for and that the Resettlement option selected achieves its livelihood restoration goal. Integrating all of this information will allow tracking the communities over time ensuring that each community and individual HHH receives the kind of support which is best suited to his/her situation as well as process and performance indicators regarding the effectiveness of the Chad Resettlement and Compensation Plan (CRCP) implementing procedures.

Impact surveys: The Project is now surveying impacted HHs and integrating this information into the EMP IS on a real time basis. Fifty three (53) new impact surveys were completed and integrated during this quarter. Most of these surveys (77%) were related to the villages of Bero and Mbanga. As mentioned above, these two villages have experienced in this quarter an intensive land take and return activities (Bero with an increase of 9.1 ha and Mbanga with 7 ha of footprint reduction).

In the case of Mbanga the fairly large number of surveys completed (20) may not reflect the fact that the project's footprint did not increase but decreased by 7.0 ha. Such discrepancies, which are not uncommon, arise because of the following phenomenon:

- The infill drilling process tends to have concentrated impacts in relatively small areas. It can occur that few families get impacted in a significant fashion mainly if they have significant land assets. This would result in a limited number of new Impact surveys even if significant amounts of new land have been taken up by the Project.
- Although the Project is now operating in real time, surveying impacted individuals shortly after the land take, there may still be situations were up to three weeks may elapse between the land take and the survey.
- Furthermore the land return process presently being implemented results in the quantities of land being returned simply exceeding the amount of land taken. In this way a village facing a significant reduction or a limited increase of the Project's footprint may still have a significant number of new Impact (land take) surveys.

Monitoring: Twenty (20) monitoring surveys were completed during the third quarter. The interview process makes it possible to identify an individualized reinforcement strategy best suited to the needs of the target households. Monitoring surveys to be conducted in part of 2014 will cover still at risk associated with the promotion of 2008. As this is the last monitoring survey mandated for this group of eligible, we opted to wait later in the year in order to get a perspective of the potential impact of the upcoming cropping season.

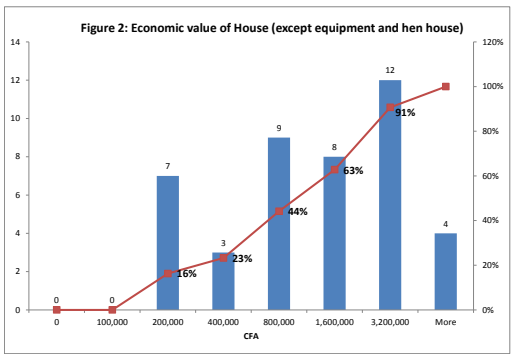
Land Return: The 2013 Land Return Survey campaign started during the fourth quarter. During this process, at-risk households who have received land as per the land return process in 2012 and early 2013 will be surveyed in order to measure the extent to which this has helped them recover. Eighteen (18) Land Return surveys were completed during the third quarter. During this process at-risk households were visited in the village of Mbanga.

2.2 Monitoring process of 2014.

Over the first three quarters of 2014, 43 previously trained resettlement eligible candidates were surveyed. The objective of this process was to determine the extent to which the resettlement training option they chose was successful in helping them restore their livelihood to pre-impact level. Two main groups of individuals were targeted for this survey:

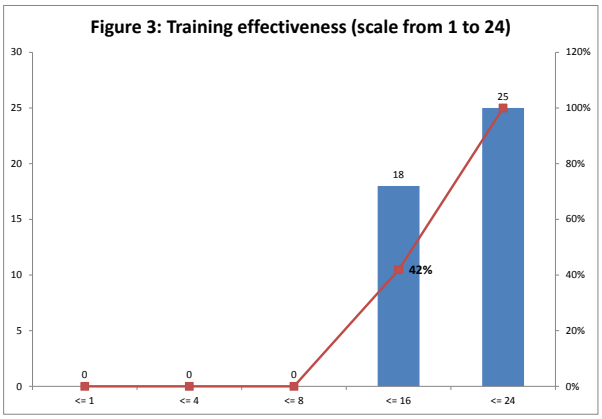
1. The first group is made up of impacted land users who had been deemed eligible on the basis of the declarative survey previously used. As their communities were not incorporated into the VLUS process it was impossible to validate or invalidate their status. Therefore, it was decided to monitor them.
2. The second group is made up of trained individuals who were covered by the VLUS process and identified as being non-viable or at-risk from a land agriculture point of view.

The evaluation of their level of restoration was based on their economic situation (value of the buildings owned by the HH used as a proxy), the efficiency of the training and a number of key failure factors. In general we can conclude from this work that:



- Housing value (primary asset) among graduates is relatively high, usually higher than 800,000 XAF. Ten (10) households (23%) appear to be in a more difficult position as they have not been able to accumulate a significant amount of wealth in the form of buildings and assets. This is indicative that they either generate little surplus after meeting basic needs or that their priorities are elsewhere.

- Training was generally effective in that all of the graduates declared having at least used some of the knowledge and skills.
- All monitored eligibles triggered only one failure indicator, none triggering two or more indicators, indicating that they are facing a challenge.
- A review of the data indicates that it is usually the same individuals who are underperforming in a number of indicators.



Over the next few months we will:

- Through a more open ended surveying process, identify those (out of the 10, previously identified) who could benefit from further support and customized solutions which present the best likelihood of enhancing their livelihood.
- Identify key success factors/indicators to be brought forth in order for the proposed individualized solutions to have the required impact.
- Evaluate performance of selected customized solutions on the basis of indicators, and adjust the strategy as needed.

3.0 Milestones of Q3-2014

3.1. Wells of Bemira

Nadjilengar Benguiramian, Miladi Canton Chief

As reported in the Q1-2014 Village Impact Quarterly Report the population of the village of Bemira opted for a water-well as a Supplemental Compensation item at the end of a public participative process known as the MARP. This choice was confirmed by Mr. François Djimadji, Bemira Village Chief, who reiterated the importance of clean water for this community.

A review of this request and of the perceived need of this community by EEPCI resulted in the decision to allocate not one but two wells to this community.

Following the establishment of these two wells a ceremony was held on September 2nd. During this ceremony these two water supply systems were respectively handed over to the chiefs of Bemira 1 and 2.

During his speech Nadjilengar Benguiramian (Miladi Canton Chief) emphasized the importance of selecting honest and prosperous individuals owning various assets (beef, carts….) in order to make up a representative and efficient management committee. In his view the accumulation of wealth by these individuals gives a clear indication that they have proven management skills. These assets could also serve as a form of warranty in case of mismanagement of fraud by members of the committee.

He also expressed the wish that all become involved in keeping the infrastructure and the surrounding area as clean as possible, emphasizing that a routine involving daily washing of the concrete slab must be established in addition to strict rules regarding waste management in the immediate area.

The chiefs of Bemira 1 and 2 jointly expressed their gratitude to EEPCI and all those that have contributed to making this request a reality in a timely and efficient manner. They acknowledged that many diseases were caused by the use of contaminated water from the river and poorly built and maintained surface water wells. It is for this reason that the community selected a water supply system as a Supplemental Compensation option.

« Thanks to EEPCI, today our dream has become a reality», expressed one of the chiefs.

He stated that they must now take ownership of these wells and ensure their management so as to sustain them for the good of their community. A management made up of capable and honest villagers will be established shortly, with the support from EEPCI, in order to manage this essential community asset.

Chiefs of Bemira 1 and 2 and village elder

Flour mill assembly prior to installation of safety equipment

3.2 Safety in flower mills: a concern for all

Over the last 6 years, 10 flour mills have been provided as Community Compensation to communities of the Oil Field Development Area of Chad as per the Environmental Management Plan (EMP). The EMP is a set of guiding principles underlining the development of oil production in southern Chad.

These mills have been fairly effective in supporting the economic development of these communities and have made it possible to reduce the daily burden put on women, who traditionally grind grain by hand in order to prepare the daily meal of their respective families.

While this is in general considered to be a successful initiative a recent review of the operation of these mills, by a visiting senior manager from Exxon Mobil, raised concerns regarding the safety aspect associated with the presence of accessible straps and other moving parts. A decision was made to design a series of guards and barriers that would safeguard users and visitors while not hindering the operation and regular maintenance activities of these facilities.

Two mills were selected for a pilot initiative and were equipped with the necessary safety equipment. With the successful conclusion of this pilot initiative, all mills, previously granted to local communities by the Project, will be equipped with these safety devices. Going forward, the design of the mills will be modified in order to ensure that all such structures built and provided by the Project in the future will incorporate these safety devices.

Flour mill assembly with safety equipment

3.3 Theft mitigation through community engagement.

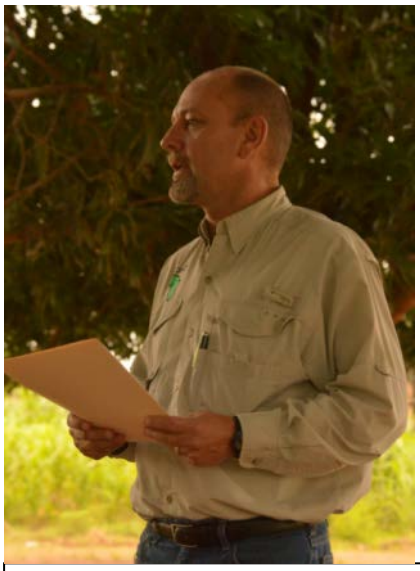
Over the years, theft and vandalism has grown to become a significant concern for EEPCI, reducing production and affecting the income of the corporation and of the Government of Chad. Despite public awareness campaigns carried out by EEPCI's socioeconomic team such events have continued to take place.

Aside from the economic and financial implications resulting from this issue manipulation of this equipment is a risky activity, such as:

- Cutting and stealing electrical cables can lead to electrical shock and death;
- Removal of well pad bolts can cause oil spill;
- Stealing and hence manipulating transformers oil without appropriate protective equipment can cause injury to the person.

A significant concern also exists as the use which is made of some of the stolen materials. For example transformer oil is not a substitute for cooking or motor oil. An inappropriate use could result in major health concerns or damage to privately owned equipment.

While EEPCI has attempted to manage this issue through internal means with, we must admit, limited success, a decision was made to seek the support of local communities. On the 7th of September the first of a series of community engagement meetings was held involving EEPCI's local management team, local authorities and respected elders of target Canton's. During this meeting, EEPCI expressed its concerns and requested ideas and potential solutions as to how to mitigate theft and vandalism of project equipment and assets in the OFDA area.



Terry Schroh (Operation Superintendent)

Terry Schroh, EEPCI Operation Superintendent, described the situation and asked for the support of community leaders. As these leaders are honored and respected members of their respective communities, EEPCI requested that they make use of this influence to help us in mitigating this issue.

Traditional authorities and local NGO representatives shared ideas and agreed to take the action required to mitigate these social concerns. Operation Superintendent promised to maintain the cooperation between EEPCI and communities and encourage those who would help in these initiatives.

As a conclusion all expressed the wish that this would only be the first of a long series of such meetings.

Some of the 15 leaders and elders of local communities who attended the meeting.

3.4 Women Empowerment

Rokoulet Nekian Brigitte is the president of Mbailassem, a group founded in December 1, 2010 by 17 enterprising women of Bebedja, who wished to improve the income generated by their respective cassava crop. Each made the commitment of contributing 250 XAF per week to achieve their objective.

Brigitte Nekian Rokoulet, president of Mbailassem

Taking note of their effort ExxonMobil (EM) foundation through its partner Africare selected this group as one of the recipients of financial support and training offered the Women Empowerment Program. This support made it possible for them to open a restaurant and thus create a new market for their cassava. The financing provided to this association made it possible for them to obtain restaurant equipment and furniture's like a fridge, tables, chairs, plates, spoons, pots, etc.. As part of this program they also received training in cooking, hygiene, finance, management and product transformation technics.

Well donated to Mbailassem womens groups through Africare.

As hygiene and access to clean water is a key success factor of the restaurant business, EM foundation gave them further support by drilling a well and installing a pump in the restaurant's premises.

In 2013 EEPCI put in place an inventory surplus distribution program. This program which is managed through World Vision and AfriCare makes it possible to allocate these surplus goods to various organizations which could put them to good use. Mbaillassem once again received support in the form of cooking equipment further enhancing their ability to meet their growing market's needs.

Today it is the best restaurant in the city with a large and ever growing client base. The restaurant has been able to create 4 full time jobs, in addition to the members who work there part time.

The profit generated allows the members of the women association to buy food, clothes, drugs, assisting other family members and pays for school tuition. For example Brigitte is a widow with 4 children, her husband passed away 10 years ago. "Without the opportunity that was offered to us, I would not be able to support and educate my children". While in her mid forties she has nonetheless decided to complete her high school degree. A clear indication that she wants to have all of the tools needed to support her family and be a successful and self-reliant family head.

3.5 Improved Agriculture Training has visible impacts: Nasson's case

A native of Poutouguem, Mr. Nodjitoloum Nasson is one of the 90 eligibles of the 2011 promotion, who opted to receive training in improved agriculture. He is 40 years old, married and father of 12 children.

Mr. Nodjitoloum Nasson, farmer from Poutouguem

Getting the equipment which the Project provided to him has had a number of advantages for him, they are:

- For many years he hired the equipment and oxen needed to plow his field. ".. Not only is this an expensive proposition, 10,000 XAF for the preparation of a field, but the work is never executed at the right time (always late) and in the way he would have expected. Now he does it faster, at less cost and has complete control over his work calendar.
- Working for others he was able to generate an additional 40,000 XAF's that he has put to good use. Investing in more livestock. In his yard we counted: six sheep, six goats, 4 oxen, one cow and a flock of hens wandering around us.
- Harvest period is favorable for the transport and the cart starts to bring money where agricultural products are transported from one village to another. He expects that this become another interesting source of income.

Nasson's wife is also a very enterprising person. She buys peanuts in bulk and retails them at Bekya's market making a small but interesting profit. We saw her at work preparing gumbo to be sold on the market.

Having benefited from EEPCI's reinforcement program they obtained a small grinder that she has also put to good use, grinding nuts and other produces for neighbors, generating here again some additional income (50 XAF per coro, a volume measure used in Chad.

IAT equipment distribution, Sept 2014

In 2014, 32 new eligible received training in improved agriculture and have each received a rainy season equipment complement comprised of an ox cart, a plow, a peanut huller, a pair of oxen, and a cultivator. Let us hope that they will put them to good use and follow in the track of Nasson and so many others who have completed Improved Agricultural Training Program Successfully.

Conclusion

The third quarter saw the completion and delivery of Bemira's Supplemental Compensation, and the launch of the new Community Engagement initiative in addition to a number of ongoing activities. While these activities have had significant positive impacts, on villagers and their communities, only time will allow us to measure their level of performance.

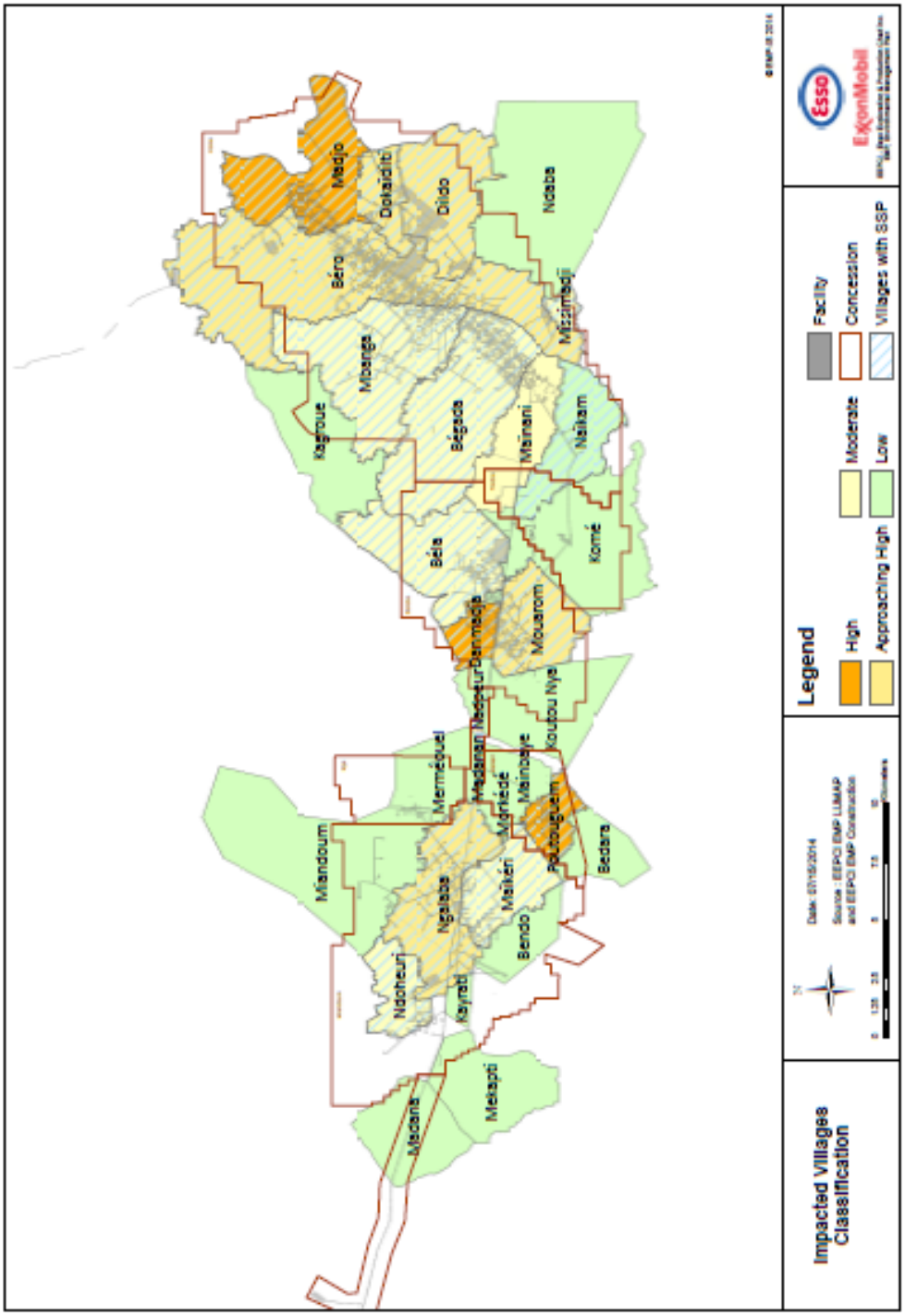
From this report we can make the following conclusions:

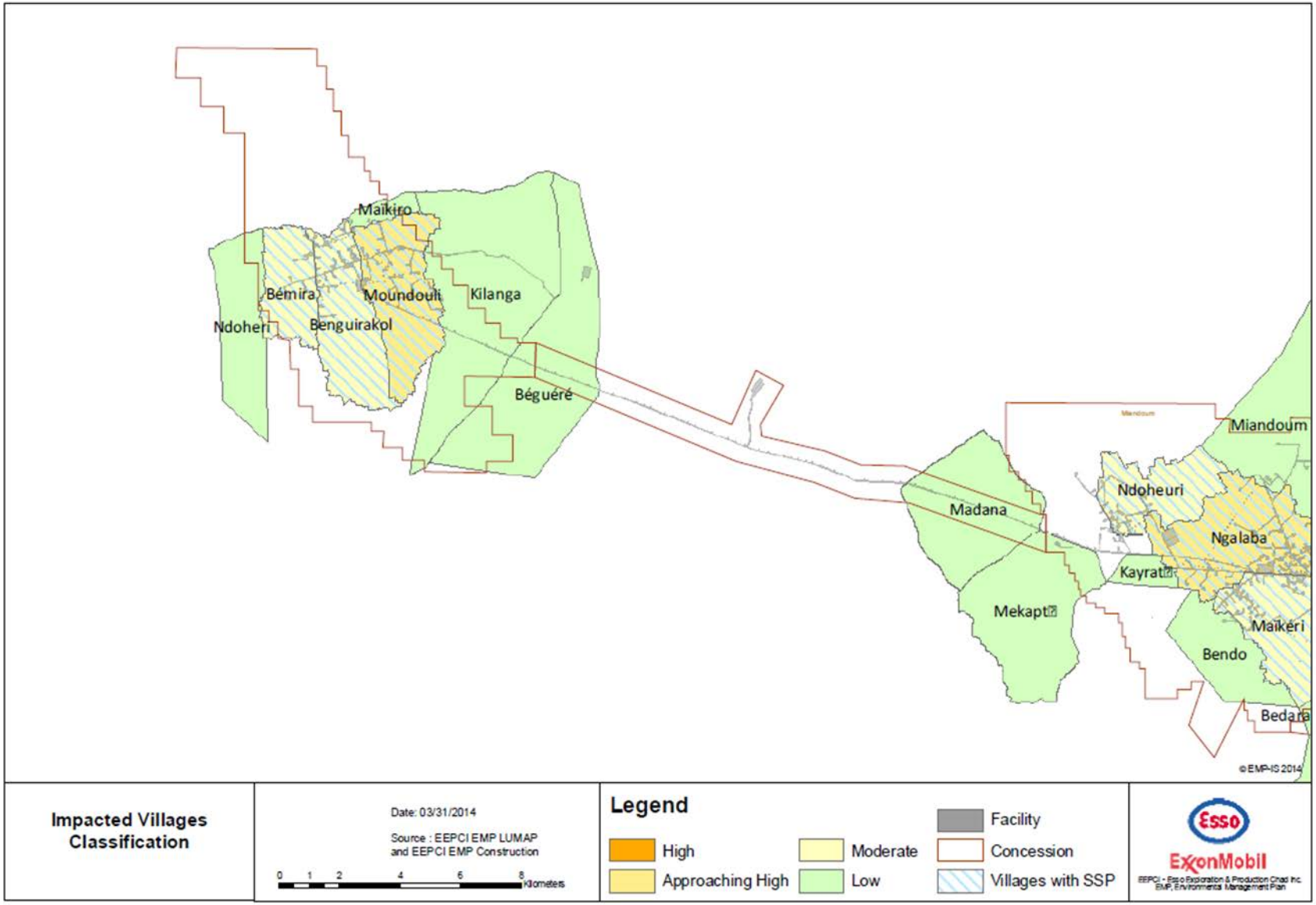
1. Project's footprint reduced by 13 ha.
2. 21 eligibles (2013 promotion) are continuing the post training portion of the Improved Agriculture Training program.
3. Monitoring surveys completed with 43 still at risk individuals from previous promotions. This process will make it possible to identify potential recipients for reinforcement in 2015.
4. 32 eligibles making up the 2014 promotion are fully involved in the rainy season portion of the Improved Agricultural Training Program.
5. Drilling of the two water wells selected by the population of Bemira has been is completed. Wells have been handed over to communities.
6. Completed the installation of various safety equipment's in 2 flour mills of the OFDA.
7. Launched Community Engagement Process for theft and vandalism mitigation.

The project continues to have important positive effects on communities and many individuals whether they are Project affected and eligible for resettlement or not.

Annex 1

OFDA Village Impact Maps




Maikiro
Bémira
Moundouli
Kilanga
Ndoheri
Benguirakol
Béguéré
Miandoum
Ndoheuri
Madana
Ngalaba
Kayrati
Mekapti
Maikéri
Bendo
Bedaria
© EMP-IS 2014
Impacted Villages Classification
Date: 03/31/2014
Source : EEPCI EMP LUMAP and EEPCI EMP Construction
0 1 2 4 6 8 Kilometers
Legend
High
Approaching High
Moderate
Low
Facility
Concession
Villages with SSP
Esso
ExxonMobil
EEPCI - Esso Exploration & Production Chad Inc.
EMP, Environmental Management Plan

Annex 2: Village Classification Criteria's

Land Use Criteria

The criteria concerning Land Use impact represents the percentage of village area used by the project within each village. The boundaries of the village used to set the village area are not official and are computed based on a global survey of the village limits. The thresholds between levels of impact represent "natural breaks" or large numerical gaps in between villages.

Calculation of Land Use Impact

The final percentage used to classify the village's level of impact is computed by adding the "temporary" land not yet returned to the land permanently used by the project:

$$\frac{\sum \text{Permanent Not Returned} + \text{Temporary Not Returned}}{\sum \text{Village Area}}$$

Thresholds	
High	≥11%
Approaching High	7% - 10.9%
Moderate	3% - 6.9%
Low	0% - 2.9%

Initial Classification with Compensation Data

Criterion 1: % all non-viable individuals/all individuals in the village

Description: Percentage of all project-affected individuals in the village currently below the resettlement factor of 2/3.

Rule:

$$\frac{\sum (\text{All individuals below 2/3 cordes after land take})}{\text{Village Population}}$$

Threshold:

Threshold Criteria 1		
	Min	**Max**
High	50.1%	100%
Approaching High	30.1%	50%
Moderate	20.1%	30%
Low	0%	20%

This criterion includes people who were already non-viable before the Project.

Criterion 2: % individuals in the village made non-viable by project land take / all individuals in village

Description: Percentage of the number of individuals that were economically viable before surrendering land/feeling any project impact (the resettlement factor > 2/3) but who became agriculturally non-viable upon surrendering land/ after project impact (the resettlement factor < 2/3 cordes).

Rule:

$$\frac{\sum \text{(All individuals that were not eligible } \textbf{before} \text{ land take \& are eligible } \textbf{after} \text{ Land take)}}{\text{Village Population}}$$

Threshold:

Threshold Criteria 2		
High	20.1%	100.00%
Approaching High	15.1%	20.00%
Moderate	9.1%	15.00%
Low	0%	9%

This criterion cannot be calculated with village land survey results and is no longer applied when a change in village impact classification is calculated.

Criterion 3: Reclassification with Village Survey data

Description: When a village reclassification is calculated and village survey data is available, a single criterion is used. This criterion represents all the members of the non-viable compensated households compared to the population of the village:

Rule:

$$\frac{\sum \text{All members of non-viable compensated Households}}{\text{Village Population}}$$

*This statistic excludes non-viable households with resettlement options

Threshold:

Threshold Criteria 3		
High	**15.1%**	**100.00%**
Approaching High	**10.1%**	**15.0%**
Moderate	**5.1%**	**10.0%**
Low	**0%**	**5.0%**