



*Philippe Blanchard  
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### ***Gutpela dei lo Yupela Olgeta.***

First of all, I would like to thank your representatives who participated in the inaugural PRL-15 Lidas Kibung at Wabo Station on 31<sup>st</sup> May 2018. The Community Relations team provided me with a full report on your meeting. I learnt that a total of 44 participants consisting of clan, women, youth and church representatives of the PRL-15 communities attended along with the Ward Councilors. I was also pleased to hear that representatives of the Kaura clans joined us for the first time in this meeting.

Thank you for the many kind words of appreciation that were expressed by all of you, supporting the initiative to invite Mr. Ray Weber. We felt strongly that it was important for all of us to have a middle person, that we all trust, to act as a facilitator and to ensure that an effective dialogue was held. I would like to utilize this newsletter to make some announcements and also make reference to some of the points raised during the Lidas Kibung.

### **Project Milestones**

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Since TEP PNG took over operatorship of PRL-15, we have started the Pre-FEED phase which consists of assessing the feasibility of the Project, its locations and the constraints, etc. We have made significant progress, but the timeline is still subject to on-going negotiations with the State of PNG.

### **Quiet Period forthcoming in PRL-15**

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**In PRL-15, you will see a significant decrease in our field activities in the coming months.** Not many workers will be employed during this time. The only remaining big activities are the geotechnical survey and the completion of the seismic work performed by Oil Search, which should be all completed by the end of 2018.

This lull period is due to the need for the project engineers to analyze the data, develop and design final project plans. At the same time **the Company will proceed with the necessary steps to submit an Application for a Petroleum Development License (PDL)** in compliance with the Oil & Gas Act.

### **State Negotiating Team (SNT)**

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The Government of Papua New Guinea recently announced **the appointment of the State Negotiating Team (SNT)**, to negotiate the Gas Agreement between the State and the owners of Papua LNG Project, **a major step on the path towards Project development.** The members of the SNT are Heads of relevant departments & entities : they include the Chief Secretary of Government, DPE, Treasury, the State Solicitor, Kumul Petroleum Holdings, MRDC and Gas Project Coordination Office (GPCO).

### **Identification of landowner beneficiaries by the State**

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The power and authority to recognize Project Area landowners beneficiaries lies solely with the Minister for Petroleum and Energy as governed by Section 169 of the Oil and Gas Act. **TEP PNG is bound by the “Ministerial Determination” and does not have the authority to recognize landowners until this is completed.**

The Oil and Gas Act and other relevant processes are designed as a safeguard for the legitimate landowners of PRL-15. As you may be aware there are many outside individuals, groups and entities which are presenting submissions claiming to be the ‘rightful landowners’.

## Social Mapping & Landowner Identification Studies (SMLI)

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**We have completed the SMLI and are undertaking the Land Investigation Study (LIS).**

I wish to take the opportunity to thank you for your efforts and cooperation in this process so important for you all, the communities of PRL-15. The next steps to come are:

- Submission of the final SMLI for PRL-15 and Pipeline Export Route to DPE (August 2018);
- Analysis of the SMLI Reports by the DPE and Landowner Beneficiaries Identification (LOBID) process to be undertaken;
- “Ministerial Determination” of the project area landowners by the Minister of Petroleum and Energy ;
- Invitation from the Minister of the identified landowner representatives to attend the Development Forum;
- State’s presentation of agreement to landowners during the Development Forum; and
- Signing of the Development Agreement, between the State and Project Area Landowners, Local Level Governments and the Provincial Government.

### Project Area Communities preparation

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While TEP PNG does not have the authority to recognize landowners, our Company wishes to ensure that the Project Area communities are fully informed and are well prepared. **TEP PNG will engage a team of experienced consultants, experts and legal advisers to develop your understanding on :**

- **Development Forum process;**
- **Legal aspects:** a law firm will be contracted to answer and provide you with general information regarding the Oil and Gas Act, Land Act and any other relevant legislation.

It is important to clarify that TEP PNG is only aiming to develop your knowledge and make sure that you are prepared for the steps to come.

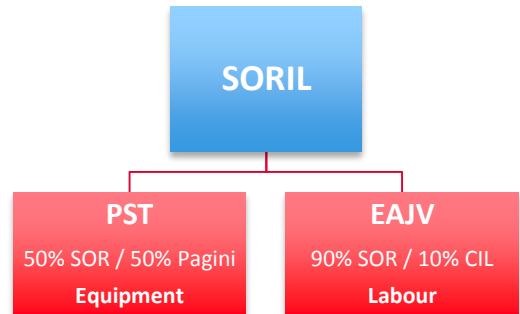
### Local companies

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TEP PNG has held a number of discussions with your leaders and directors about Sakura Osura Resource Investment Limited (SORIL) current shareholding and representation.

TEP PNG through its In-Country Value Department has respectfully suggested a restructure of SORIL shareholding to represent the PRL-15 clans only. This is an on-going process.

This however has not prevented TEP PNG from engaging directly or indirectly with SORIL. **In the last 12 months, for example, more than 200 jobs have been contracted through EAJV, a Joint Venture operating subsidiary of SORIL and Chesterfield Investments Limited (CIL), 90% owned by SORIL.**



### Our Lida Kibung

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I am pleased that community leaders representing all PRL-15 communities both Pawaians and Kaura’s, women, youths, church and ward representatives engaged in frank and positive discussions during Liba Kibung. It is therefore important that I acknowledge and provide information on some of the points raised:

- TEP PNG’s actions after obtaining PDL
  - Law and order issues
  - Community support
- **TEP PNG’s presence after obtaining the PDL**

Your concern that TEP PNG may forget to help the community once we obtain the PDL: I want to reaffirm that this will not be the case.

**You are not only the communities of PRL-15 but you are also our neighbors for the next 35 to 40 years.** As neighbors, we shall continue our dialogue and consult you on TEP PNG activities that may impact your way of life. We want to act as one of your partners together with government. This remains an important focus of our CLOs, your point of contact with the Company.



The appointment of **Village Liaison Officers** will improve our interaction. In addition, TEP PNG will soon develop and disseminate communication materials to ensure that you are fully briefed on the Project.

The **Grievance Mechanism** is in place and we encourage you to utilize this process to raise any concern you may have relating to the company's activities.

#### ▪ **Law and order issues**

Many of you expressed significant concerns. We have listened to your concerns and this is why we invited Police Assistant Commissioner Mr. Allan Kundi, responsible for Southern Region to the Lidas Kibung. Together with the Gulf Province Police Provincial Commander PPC Mr. Silva Sika and the TEP PNG Security Manager, they are working to develop the **Wabo Community Safety Initiative**. The intent is to encourage and support the Gulf Provincial Administration, the Department of National Planning and International Aid programs to develop a project to provide an office and accommodation complex for government services at Wabo station. These facilities should enable Government presence for provincial administration, Magistrates & Village courts and regular Police.

#### ▪ **Community Support**

We listened carefully to your concerns expressed by the Wabo women's representative Mrs. Ruth Koaru, Ms. Elisha John and Ms. Anna Jomu, women's representatives from Poroi and Suarido, Mr. Tom Hove, Poroi community representative, Mr. Tony Waura, Peiho clan representative, Mr. Max Pero of Jaoho clan and Mr. Francis Horepa of Lai-hue #2 clan.

**TEP PNG Community Investment Strategy** - our Community Investment team is now working on responding to these requests.



We are currently developing a TEP PNG Community Investment Strategy, and we will foster and encourage consultations with the community entities to ensure your input and feedback are captured in this process especially in line with community agriculture initiatives, adult literacy programs etc.

**The Digicel network at Wabo** - this came back on during the Lidas Kibung and has been operational. TEP PNG is in dialogue with Digicel Company and we are looking at options on how best the tower can be maintained. It will also require a significant input for the local community of Wabo and Ura as well, so we must work as partners. Unfortunately, the upkeep of the service is an issue because of the vandalizing of the 8 solar panels from the tower by unknown individuals.

**Transportation request** is one of the main concerns and request expressed by the communities. I take this opportunity to reiterate an important Company Policy. Company transportation which includes the Twin Otter, helicopters and barges are solely to support company operations. As you are aware, we do make exceptions specifically for medivacs and movements of community workers. This includes assisting the community by providing zoom. These decisions will always remain the prerogative of TEP PNG.

**Various solutions** - Some of your requests and concerns fall outside of the responsibility of TEP PNG. We will however engage with Gulf District & Provincial administration, your MP and Governor and other stakeholders, including state agencies and development partners, to find solutions.

## **Conclusion**

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I wish to highlight that TEP PNG is committed to keeping you, our communities and neighbors, informed about our activities, processes and updates. Where necessary, we will bring relevant Government agencies like DPE, Lands, CEPA, Commerce and Provincial Government to speak to you directly about State laws, regulations and processes.

Please, be very mindful while listening to so called 'information from social media and various external entities' claiming to represent TEP PNG or the government. Our CLO's are my mouthpiece as well as my eyes and ears to the community. I ask that you rely on our CLO's for official information.

We understand the Local Level Government elections will be coming up in August this year and wish you all the best in this process. We are looking forward to meeting the newly elected ward councilors in our next Lidas Kibung scheduled in September 2018.

**Philippe Blanchard**  
**Managing Director**  
**Total E&P PNG Limited**  
**9<sup>th</sup> July 2018**