



EXXONMOBIL PNG LIMITED



Papua New Guinea LNG Project

HIDES QUARRY 1-3 RAP ADDENDUM No.6:

**Hides Spine line Permanent Exclusion
Zone – Landslip**

PGHU-EH-SPZZZ-410010

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ACRONYMS

ACRONYM	Definition
CAA	Clan Agency Agreement
CCA	Clan Caretaking Agreement
EMPNG	ExxonMobil PNG Ltd
FRV	Full Replacement Value
HGCP	Hides Gas Conditioning Plant
HSEZ	Hides Spine line Exclusion Zone
HQR	Hides Quarry Road
IESC	Independent Environmental & Social Consultants
IPCA	In Principle Clan Agreements
KP	Kilometer Point
LNG	Liquefied Natural Gas
PNG	Papua New Guinea
RAP	Resettlement Action Plan
ROW	Right of Way

1.0 Introduction

EMPNG conducts routine safety inspections along the pipeline Right-of-Way (ROW). During recent inspections it was concluded that there is a potential for landslips at certain locations along the Hides Spine line section of the pipeline ROW where fill materials were deposited during the construction phase of the PNG LNG project. While no immediate safety risks were identified, were a landslip to occur, the consequences could impact nearby communities in areas they use or occupy. To mitigate this risk, EMPNG intends to designate these areas as exclusion zones, prohibiting communities from occupying or entering these areas for the life of the project, beginning February 2021.

The proposed Hides Spine line Exclusion Zone (HSEZ) comprises five areas; four are mainly outside the current EMPNG lease boundary and are used for gardens and other purposes, while one is within the current lease boundary and comprises household structures, gardens and fishponds.

This document has been prepared as Addendum 6 to Hides Quarry 1-3 RAP, document No. PGHU-EH-SPZZZ-490011, approved by the IESC, and describes the characteristics of the proposed exclusion zone areas and how physical and economic displacement of the occupants and users of these areas will be managed. The scope and format of the Addendum is consistent with previous Addendums, and conforms to the requirements of the Land Access, Resettlement and Livelihood Management Plan - Production, document number PGGP-EH-OPZZZ-000004-006, as approved by the IESC. Details of the legal framework and the social/cultural/economic context of the area are given in the Hides Quarry 1-3 RAP which is available on the project website (www.pnglng.com).

2.0 Proposed Activities

The main activities required under the proposal to establish the HSEZ are:

- Clearly demarcate the land to be encompassed by the HSEZ and the relationship between these areas and existing EMPNG leases
- Identify land-owning clans and respective clan leaders
- Engagement with relevant clans and clan leaders
- Consultation with affected households
- Review existing In Principle Compensation Agreements (IPCAs) and update as necessary
- Review existing Clan Agency Agreements (CAAs) and update as necessary
- Review existing Clan Caretaker Agreements (CCAs)¹ and update as necessary
- Develop new CAAs as necessary
- Formalize the signing of new and revised CAAs to signify the beginning of the new terms of Land lease agreement between the landowners and EMPNG.

The proposal is for the areas that comprise the HSEZ be leased by EMPNG for the life of the project, beginning February 2021.

There will be no construction activities *per se*.

¹ CCAs are non-statutory, non-stewardable agreements between communities and EMPNG and describe arrangements relating to grass-cutting and other maintenance activities undertaken by communities along the pipeline ROW on behalf of EMPNG

3.0 Description of Affected areas

EMPNG already holds leases over a number of areas along the Spine line (Figure 1). The newly identified areas that are at risk and their relationship with existing leases are also shown in Figure 1.

Table 1 summarizes the details and status of each of these areas with respect to the existing leases and community agreements.

Table 1: HSEZ locations, total area impacted and status of community agreements

Section of Hides Spine line	Area (m ²)	Relationship with existing leases	Existing CAA (Yes/No) ²	Existing IPCA (Yes/No) ³	Related Facility
KP1.24	315.87	Outside	Yes	Yes	Spoil dump 2
KP2.15/2.16	3832.18	Mainly outside	Yes	Yes	Spoil dump 1/ Pipeline ROW
KP2.17	10478.29	Mainly outside	Yes	Yes	Hides Quarry Road (WPAR)
KP2.60	7813.74	Mainly outside	Yes	Yes	Hides Quarry Road (Well Pad Access Rd)
KP2.65	26598.30	Within	Yes	Yes	Spoil dump 5

Except for KP2.65 that has an existing CAA Land lease agreement, the new land take areas for the 4 other proposed exclusion zones will be added to the existing land lease program and amendments made to the IPCA and CAA to cater for the additional area.

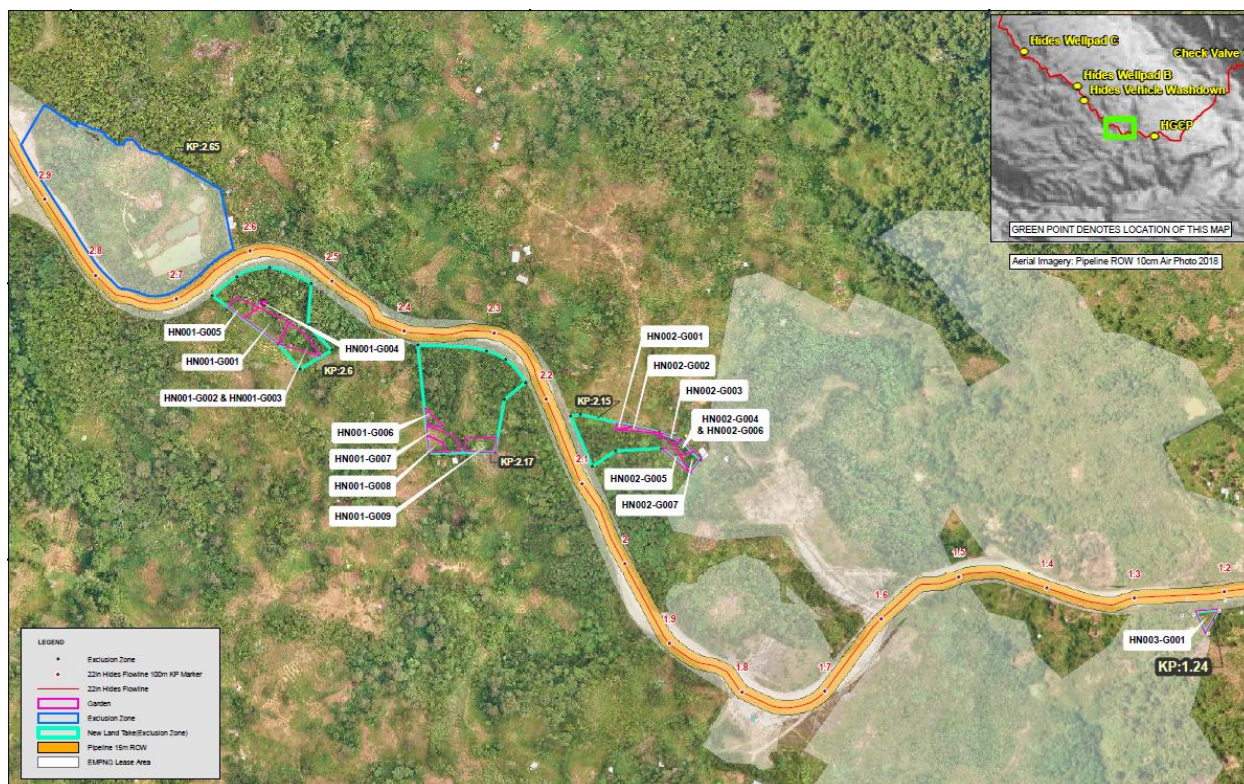
Table 2 summarizes key owner, user and use aspects of each area.

² Relevant document numbers are: KP1.24: PGHU-EH-SAZZZ-001118-A02; KP2.15/2.16: PGHU-EH-SAZZZ-001126-A02 / PGHU-EH-SAZZZ-001112-A03c; KP2.17: PGHU-EH-SAZZZ-001112-A02a; KP2.60: PGHU-EH-SAZZZ-001112-A03e; KP2.65: PGHU-EH-SAZZZ-001121-A03

³ Relevant document numbers are: KP1.24: PGHU-EH-SAZZZ-001118; KP2.15/2.16 PGHU-EH-SAZZZ-001126; KP2.17: PGHU-EH-SAZZZ-001112; KP2.60: PGHU-EH-SAZZZ-001112; KP2.65: PGHU-EH-SAZZZ-001121

Table 2: Key owner, user and use aspects of proposed HSEZ

Section of Hides Spine line	Land owner Clan	Land user Clan	Land use and social assets	Occupancy/use status	Resettlement assistance
KP1.24	Kela	Kela	<ul style="list-style-type: none"> House garden 	<ul style="list-style-type: none"> Owner of household displaced from HGCP as member of FN106 Permanent occupancy, Settlement outside lease boundary 	<ul style="list-style-type: none"> 1 household economically displaced for 1 person Economic Garden Compensation
KP2.15/2.16	Kela	Hagu	<ul style="list-style-type: none"> Gardens (mainly house gardens and fallow gardens) 	<ul style="list-style-type: none"> Current occupants only have User rights 	<ul style="list-style-type: none"> 1 household economically displaced for 7 persons Economic Garden Compensation
KP2.17	Hagu	Hagu	<ul style="list-style-type: none"> Fallow gardens and new garden 	<ul style="list-style-type: none"> Legitimate occupancy and user rights 	<ul style="list-style-type: none"> 1 household economically displaced 4 persons Economic Garden Compensation
KP2.60	Hagu	Hagu	<ul style="list-style-type: none"> Non-standard structures Fallow gardens, trees and unsustainable sweet potato garden 	<ul style="list-style-type: none"> Legitimate occupancy and user rights Recently settled outside the boundary (have other permanent locations) 	<ul style="list-style-type: none"> Same household as KP2.17, economically displaced 5 persons Economic Garden Compensation
KP2.65	Hagu Polia	Kayumba	<ul style="list-style-type: none"> Structures, fish ponds and food gardens 1 bush material structure and 1 permanent material structure just outside HSEZ boundary 	<ul style="list-style-type: none"> Illegally occupying and using leased area Permanent occupancy 	<ul style="list-style-type: none"> No compensation obligations

Figure 1: Currently leased areas in the Hides Spine line vs Exclusion Zone

All cultural, spirit and oral sites in the spine line exclusion zone area were identified during the construction phase and were actioned. All required activities associated for the sites have been completed, (Hides Quarry Sites 1, 2 and 3 Resettlement Action Plan PGHU-EH-SPZZZ-410002; HQ1-3 RAP Addendum Number 1 - document PGHU-EH-SPZZZ-410004 and Addendum Number 5 PGHU-EH-SPZZZ- 410009).

4.0 Impacts

There will be no physical displacement of any permanently occupied structures in any of the locations that are currently legally occupied. A household structure observed just outside the boundary of the KP2.60 has been assessed by EMPNG engineers as being outside potential landslip pathways. Two non-standard structures belonging to this household are within the exclusion zone and it has been determined that it is not safe for them to be used. They will therefore be removed and the owners compensated.

The area designated as KP2.65 has one well established household and land use includes residential structures, gardens and sustainable fish farming project. The occupant originated from a non-project impact area following the Huli eight-generational lineage and was allowed to settle here by the clan, notwithstanding that this occupation is illegal under the terms of the EMPNG lease conditions. This area was originally the Spoil Dump 5 area and acquired by EMPNG with all other Spoil Dumps as an exclusion zone soon after the original construction activities. The land is currently under the CAA Land Lease agreement and impacted clan receives annual deprivation payments for the area (see Table 1 and Figure 2). Community Affairs has met with the occupant on several occasions, most recently in November 2020, to explain that the land was leased by EMPNG so that people could be excluded for safety reasons and that the current occupancy was illegal.

As tabulated in Table 2, creation of the HSEZ will deny community access to a small number of gardens and potentially other resources and therefore result in economic displacement for 4 households. Most gardens are fallow gardens or newly planted gardens and split between both immediate and extended family members. An active garden surveyed in KP2.60 is one of a number that collectively generate a surplus for the relevant household; hence, taking this particular garden out of production will not affect the household's ability to source sufficient quantities and varieties of food.

5.0 Eligibility and Entitlements

Tables 3 and 4 summarize the eligibility and entitlements that will apply to affected communities.

Table 3: Loss of Auxiliary Structures

Eligibility	Affected Category		Agreement	Assistance / Compensation	Considerations for Implementation
Recognized owner(s) of the assets and structures (as identified in the pre-construction surveys undertaken with structure owner Nov-Dec 2020)	Type Y structures (garden houses, chicken houses, cook houses, incomplete structures)		Resettlement Agreement between EMPNG and the owner of the asset (Non-standard or auxiliary structure ⁴)	500 kina	Clearly communicate potential safety risk and that displacement is part of a Community Safety Mitigation Clearly communicate that the landslip risk is not expected to impact EMPNG assets and that the activities are solely for the safety of the householders
Recognized owner(s) of the assets and structures (as identified in the pre-construction surveys undertaken)	Type Z structures (pit latrines)		Resettlement Agreement between EMPNG and the owner of the asset (Non-standard or auxiliary structure)	50 kina	Clearly explain these structures are categorized as auxiliary

⁴ Non-standard or auxiliary structures and are non-residential structures; these are structures such as garden houses, livestock pan, cook houses, house wind, pit latrines.

with structure owner Nov-Dec 2020)					structures and items like chicken houses, cooking structures, partially constructed structures, toilets, Haus wins (meeting structures) and garden houses fall into this category. One-off payments are made for these structures. Emphasis that the structures must be dismantled as they are within exclusion zone which is considered as not safe.
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Table 4: Economic displacement

Eligibility	Agreement	Assistance Compensation /	Considerations for Implementation
Recognized owner(s) of the assets and structures (as identified in the surveys undertaken with community and structure owners Nov 2020)	Economic Displacement Agreement between EMPNG and the owner of the economic asset. Compensation will be based on the 2014 Valuer General Rates with CPI increases for 2015 through to 2020	Full Replacement Value (FRV) for crops and trees planted by individuals which are within the HSEZ	One off cash compensation at FRV to individuals or household owners directly Due to safety risks, EMPNG will now permanently lease this area and compensate clans through the normal IPCA and CAA agreements. In return communities will not access these areas for any purpose.

All compensation payments under the displacement agreements will be executed in the field or at a location which best suits the landowner, provided it can be safely accessed by EMPNG. There are banking facilities near these areas so EMPNG will provide the opportunity for payments to be made through bank accounts.

6.0 Livelihood Restoration

The displacement schedule will not allow for food crops associated with economic plants to be harvested due to the safety risk of households re-entering the area. However, all gardens in the HSEZ that were surveyed are either fallow gardens and, if active, only provide surplus produce for the households connected to these gardens, with the gardens located in clan areas outside the proclaimed HSEZ providing sufficient quantities of food to meet the household's needs. Therefore no specific Livelihood Restoration Program is to be offered.

7.0 Entitlement Cut Off Date

EMPNG undertook video and photo documentation of the land being included within the HSEZ and complemented this with pre-construction surveys between the 28th and 29th of November 2020. The completion date of the pre-construction survey represents the cut-off date for physical assets and improvements that will be compensated under the Resettlement Program and was communicated accordingly within the affected communities, as described below.

8.0 Consultation & Disclosure

On 26th November 2020, households identified as being located within the landslide risk areas, land owning clan members of land along the Hides Quarry Road (HQR) and the community at large were advised that there were areas along the HQR that were at potential risk of landslide and that those living or gardening

within the areas needed to move away immediately for their own safety. The community was also advised that this exercise would result in a new land-take and implementation of the EMPNG trespass policy which dealt with occupants illegally living on land currently being leased by EMPNG through the CAA program.

The communities were advised that, for the new land-take, gardens and structures would be identified, recorded and compensated through EMPNG's Resettlement Compensation process. It was explained that those living and gardening on already leased areas would not be included in the resettlement program, and therefore not compensated or resettled.

Following these initial announcements, a series of gardens and auxiliary structures were identified and recorded. Counts of economic assets were made and approved by household representatives. The household representatives also signed the Compensation Claim form advising that their relatives and they are no longer allowed to use the area.

Two main messages disclosed to the communities related to the need for the HSEZ resettlement activities for safety reasons, and illegal occupation of EMPNG-leased areas. Public disclosures for both messages were presented to all affected communities, and reinforced during the course of the pre-construction surveys of the new areas to be included in the HSEZ, and those that were illegally occupied. Details of the messages delivered to each group are presented in Table 5 and a breakdown of the consultation activities is given in Table 6.

Table 5: Key Messages for Affected Community Groups

Key Messages for Affected Community Groups
Spine-line Exclusion Zone: Relocation of Community and gardens
<ul style="list-style-type: none"> • EMPNG Engineers have been conducting aerial assessments for pipeline route from the Hides Well pads all the way to Omati landfall at Kikori. During these aerial assessments, it was noticed that there were changes to the land surface at various locations in the Hides spine line area which indicates that there is a potential for landslip to occur in these areas. • A landslip could pose a risk to you and your families and potentially impact your structures and gardens. • For the safety of you and your family, we are urging people living in the potential impact zone to leave their houses and relocate immediately. • It may be unsafe to stay in the area. This includes entering the area to tend your gardens or harvest your crops and entering the area to hunt or gather flora and fauna. Your life and the lives of your family could be in danger. • The hillside could come down and bury the structures and gardens at any time • EMPNG will compensate people for their structures and gardens in the potential impact zone. • Deprivation payments will be paid for the impacted land for the life of the project and compensation will be paid for your crops. An economic compensation package will be provided to only those presently located in the impacted area. Newcomers who arrive after today (the cut-off date) will not be eligible for any compensation • EMPNG will conduct various disclosures with relevant clans/landowners • If you have any issues during this period, as in the past, register your issues or grievances with our Community Affairs team and VLOs and your grievances will be attended to, following the Company's grievances process. • An Independent Advocate is present to ensure legal counsel is available to you if needed
Spoil Dump and Wellpad Access Road Trespassing
<ul style="list-style-type: none"> • EMPNG Engineers have been conducting aerial assessments for pipeline route from the Hides Well pads all the way to Omati landfall at Kikori. During these aerial assessments, it was noticed that there were changes to the land surface at various locations at the Hides spine line area which indicates that there is a potential for landslip to occur within these areas. • A landslips could pose a risk to you and your families and potentially impact your structures and gardens.

- For the safety of you and your family, we are urging people living in the potential impact zone to leave their houses and relocate immediately.
- It may be unsafe to stay in the area. This includes entering the area to tend your gardens or harvest your crops and entering the area to hunt or gather flora and fauna. Your life and the lives of your family could be in danger.
- The hillside could come down and bury the structures and gardens at any time
- EMPNG has noted that some people living in these areas of concern should not be doing so as they are already leased by EMPNG.
- These people are called trespassers
- Trespassing is any unauthorized entry into an area that is restricted by law or is the private property of an individual or company.
- Trespassing on land under an existing petroleum license held by EMPNG includes any encroachment (temporary or permanent) on facilities, including but not limited to gas plants, LNG plants, well pads, airports, valve stations, access roads, bridges, laydowns, waste management facilities, spoil sites and any other similar facilities that are temporary or permanent, or any land associated with these facilities within the license area that support hydrocarbon production and transportation.
- EMPNG complies with PNG law for accessing land by paying deprivation payment to customary landowners under the Oil & Gas Act and lease payments to the PNG Government for State leases.
- Trespassing may include (but is not limited to) the following:
 - Building houses (or any form of physical structures)
 - Making gardens along the pipeline right of way (ROW) or near EMPNG associated facilities
 - Building fences
 - Building pig or other animal enclosures
 - Burning materials on or near EMPNG facilities or land
- To ensure the continued safe and reliable operation of our pipeline and other facilities, and for public safety, members of the communities should not conduct any activities on land under an existing petroleum license held by EMPNG and within the relevant buffer zone.
- Preventing encroachment or trespassing along the ROW is also one of the responsibilities of clans who have signed the clan agency agreement. Clans are therefore accountable to ensure members of the community do not encroach or trespass on these areas.
- The unauthorized entry, occupation or interference with the land or facilities of a petroleum license holder is considered an offence under the Oil & Gas Act and deemed to be a trespass under PNG law.
- No compensation for resettlement will be paid to people who are trespassing.
- The PNG Government has given EMPNG the license to operate in these areas therefore any activities, rules and restrictions that EMPNG has in these areas is essential for the safe operations of the company and most importantly for public safety.
- We encourage you to communicate to other community members not to participate in trespassing activities.
- The Independent Advocate is present to ensure legal counsel is available to you if needed.

Table 6: Community Consultation Summary

Community Relocation Safety Awareness Disclosure Consultation							
Item #	Location	Date	Awareness Team	Number of Attendees			
				Male	Female	Children	Total
1	Spoil Dump 1	28-Nov-2020	<ul style="list-style-type: none"> • Land Access & Resettlement • Community Affairs • Lands • Independent Advocate 	75	23	20	118

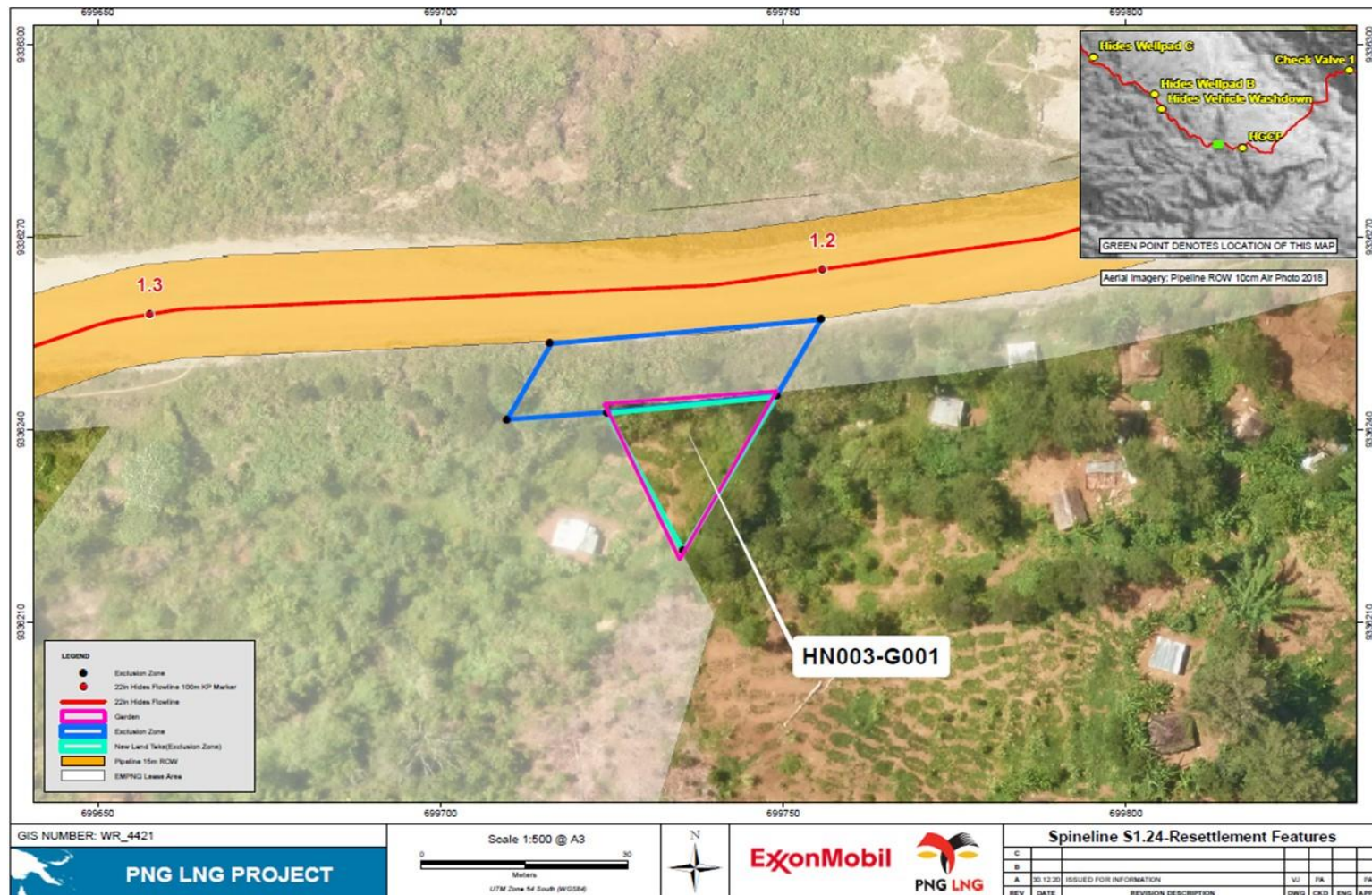
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12.0 Resettlement Budget

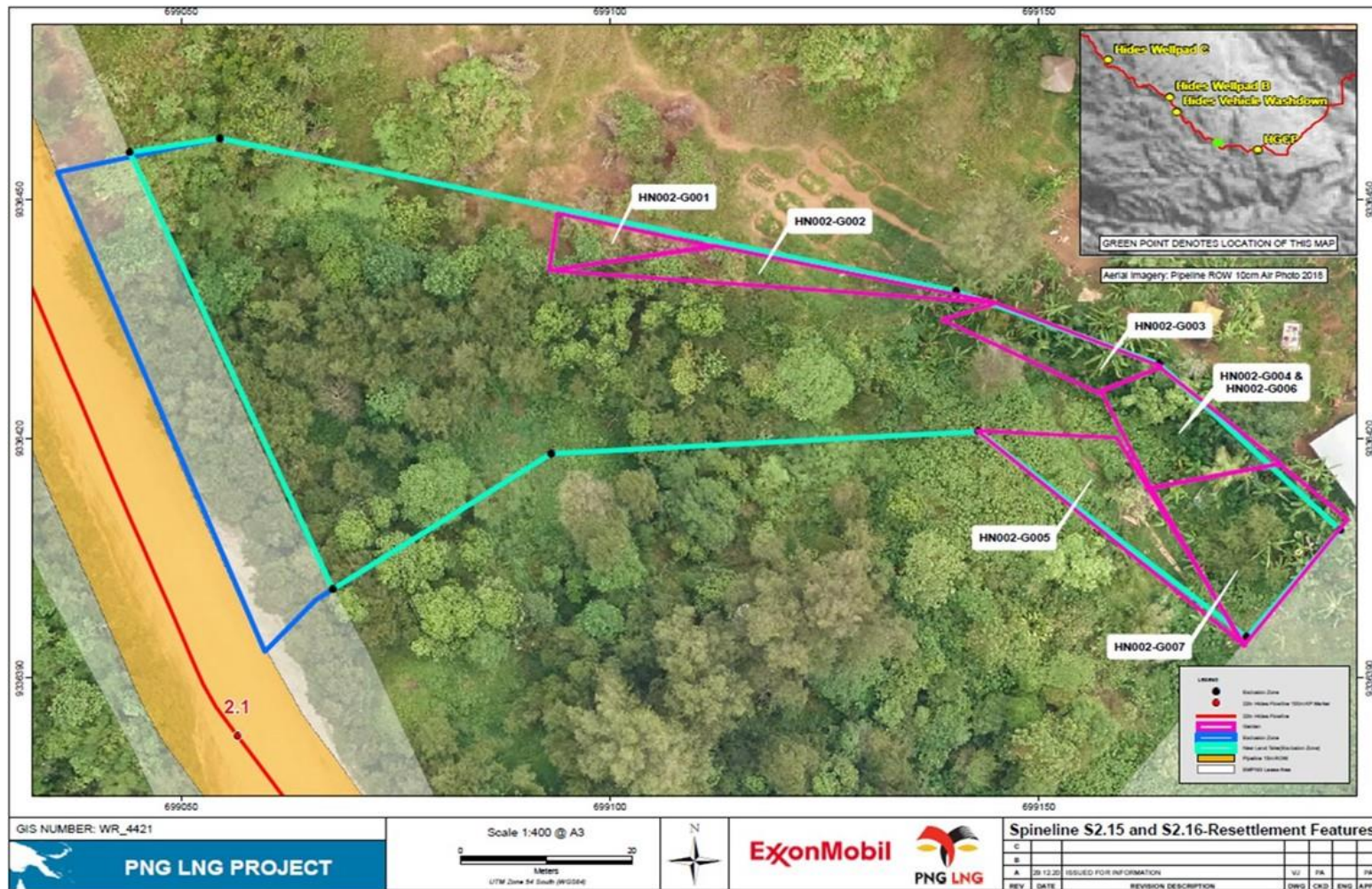
Costs for implementing the HSEZ program are estimated at approximately US\$15k, including all resettlement-related costs such as ongoing evaluation and stakeholder engagements associated with the activities. Man power costs are already incorporated into Production budgets.

ATTACHMENTS: LOCATIONS ELIGIBLE FOR ECONOMIC DISPLACEMENT COMPENSATION

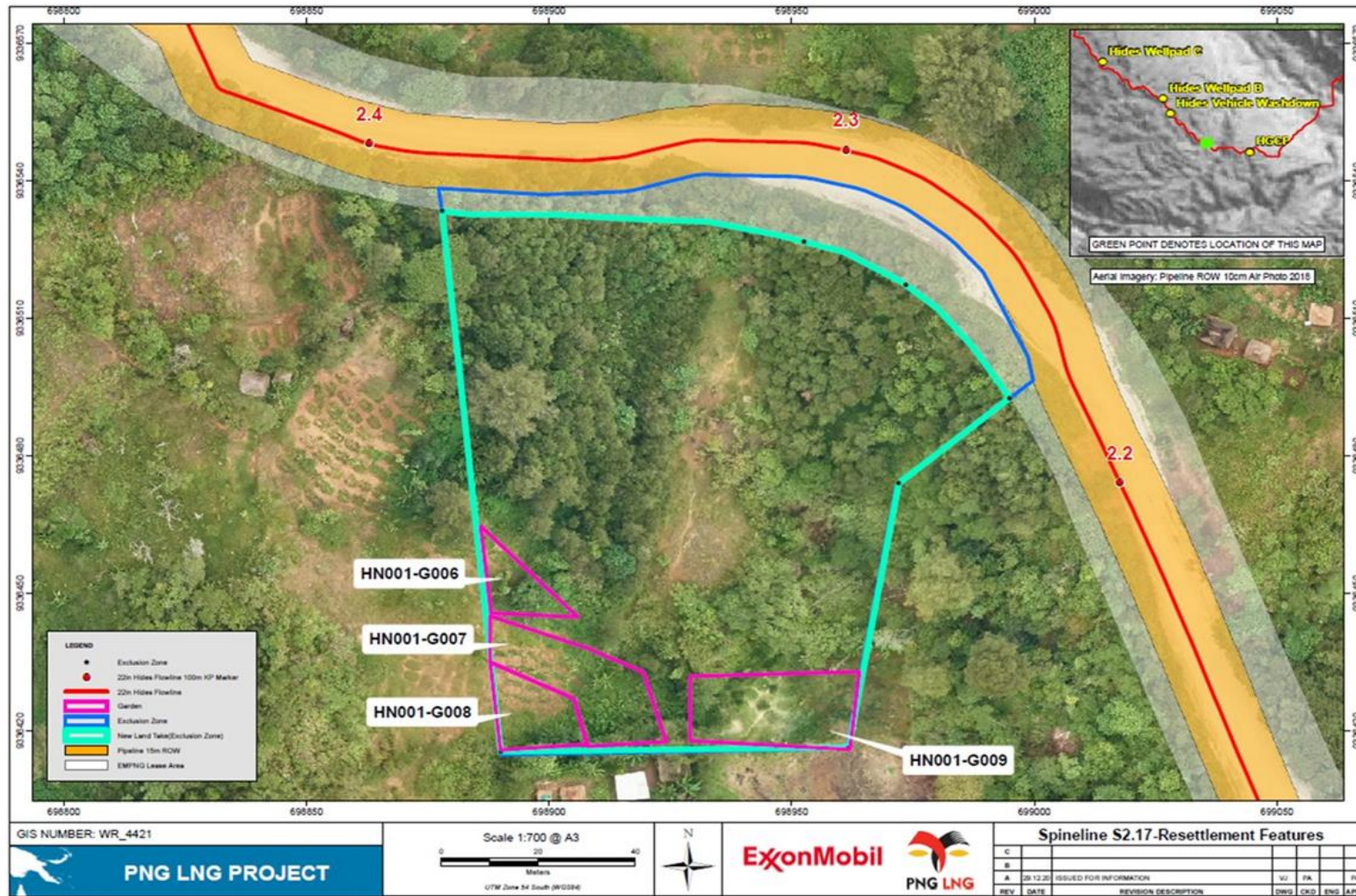
Attachment 1: KP1.24 Distribution of Gardens



Attachment 2: KP2.15/KP2.16 Distribution of Gardens



Attachment 3: KP2.17 Distribution of Gardens



Attachment 4: KP2.60 Distribution of Gardens

