



Nehemiah Construction Ministries U.K.

Registered Charity No. 1129983

www.nehemiahconstruction.org.uk

Email: info@nehemiahconstruction.org.uk

NCM Registered Office : 4 Gladstone Street, Bourne, Lincolnshire, PE10 9AX

Tele 01778 423002 Text 07805 033 792

Sarah Barter
Zurich Community Trust (UK) Ltd
PO BOX 1288
Swindon
Wilts
SN1 1FL

25th May 2019

Dear Sarah

Re Zurich Community Trust Overseas Grant – ref ZCT/SBV ZCT-651707

I refer to your very exciting letter of 2nd September 2018 and have great pleasure in enclosing copies of the Interim Report in connection with the above. We hope this will assist you and the Trustees to gain a good picture of the task facing NCM in Kenya and the environment of the work. We believe that our endeavours are exactly what the Trust wants to empower and matches the concerns and energies of its purpose.

Even at this stage of the process, we want to thank the Trustees for their generosity and vision towards us and trust that this report will encourage them as donors as it has us, as very grateful recipients of this grant. We are confident that the final report at the end of the year, will further applaud their original decision to enable and to support us in this way.

Please do not hesitate to contact me for our comments, suggestions and concerns arising from this Interim report.

With many thanks and best wishes

Richard Morrison
Trustee

Enclosed : Interim Report and Financial Update
Annual Report 2018



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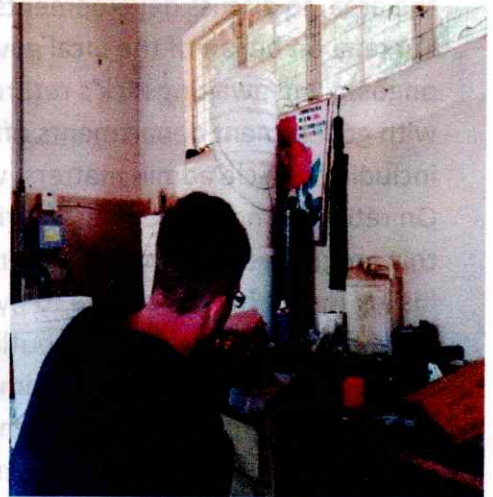
Nehemiah Construction Ministries

INTERIM REPORT FOR ZURICH COMMUNITY TRUST – MAY 2019

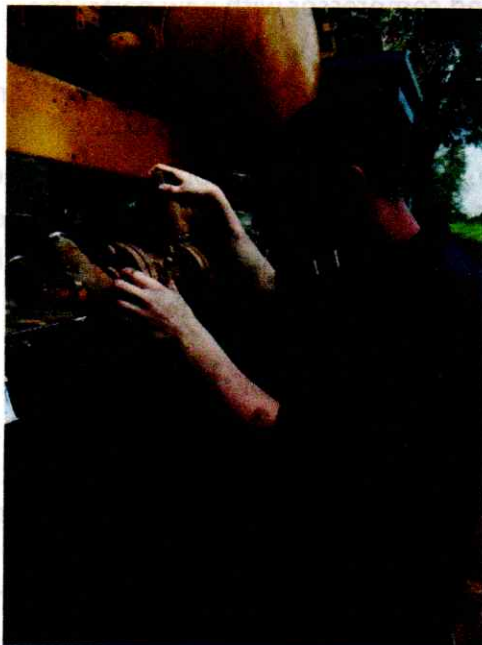
Introduction.

The last 2 trips which Trustee Les Saunders has undertaken in Oct/ Nov 2018 and March / April 2019 each of which lasted 6 weeks, have focussed on 2 main areas of development of the work of the Charity – the drilling operations and making more positive partnerships locally and nationally. This report notes the significance of both these visits in terms of these development ie the second is built on the first, the context of which is important to note.

The drilling machinery had been necessarily mothballed and hidden for some months, in a more remote location in NW Kenya for its security, in the disturbing activities during the changes in the political scene. When it was all returned to the Kitale compound in Oct 2018, it was carefully examined and it became evident that some major work would be required to bring it up to working requirements. This was due to abuse through previous poor local repairs, tampering and the weather during this mothballing. Les was joined by his son David for a week which started inauspiciously – there was no electricity to power the welding machinery! However, once available, David really got stuck into the necessary and serious work, involving major repairs to the drilling rig lorry and support lorry.



The support truck had failed to start, requiring a replacement starter relay / solenoid. In addition, the 25hp diesel motor for the welder was found to be running at about 50% required power

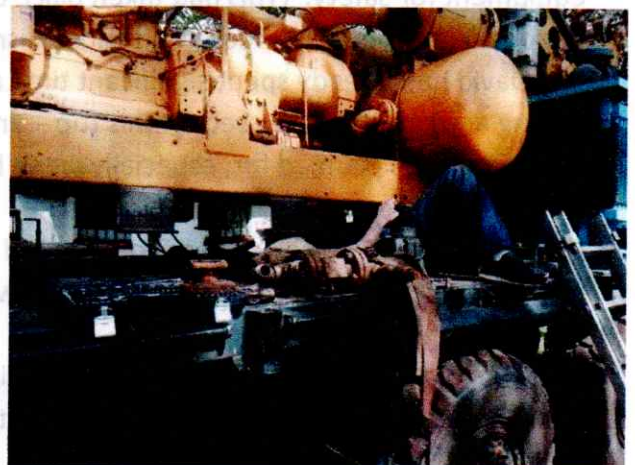


which also explained the struggles for the crane and mini compressor to function

efficiently. After servicing the injectors and replacing the leaking primer pump, it was still smoking badly and requires new piston rings from the UK. On the main rig vehicle, the mud pump was stripped, serviced and refitted. With the hydraulics awaiting repair, this delayed moving the rig (with its mast still raised could have damaged power lines!) as a failed valve on the parking brake was jammed on and thus immobilised. The hydraulic system was subsequently refilled and fitted with a new hose. Partway through stripping the rotary head and swivel, all the seals were found to be failed or failing and have had to be ordered for later refitting, along with some brake

parts for both trucks.

The main compressor was disconnected from the rig and all 5.5 tonnes of it lifted from the truck. The tachometer was removed and the cable dismantled, the corrosion cleaned out and refitted correctly. Once the cover plate on the governor had been removed, only half a gasket was found, fitted with two incorrect bolts. They and the



gasket were replaced by Les' handcrafted replacement gasket, complete with refitted injector pipes, pressure regulating valve, two-way valves and the like. In future, all servicing and repairs will be carried out under Les' direct supervision.

All of this work was carried out by Les, David and Wahungu, a local mechanic recommended by Rick Strickland. Wahungu turned out to be a conscientious and hard worker; he now has a good working knowledge of compressors and mud pump, rotary head workings and will be a real asset to the team in the future.

Les has also been dealing with the future lease of the secure compound at Kitale which, on behalf of NCM, he has been leasing for a number of years. This property has been sold on and the new owner offered a new contract at double the previous rent. This has been renewed for an initial 6 months and Les is now considering with the owner's agents, some aspects of necessary repairs and other renovations under the terms of the new contract. The location, facilities and size of this compound continues to be invaluable for NCM.

There will be a new drilling team, although we are still very much in touch with Zeddys Sampson who has been the foreman of the team in the past. Les is confident that he will be able to recruit and with Zeddys, train up new suitable team members on his next visit - once he has obtained the necessary parts.

Les took the opportunity to meet with a long-standing friend Rick Strickland, who is our chief local contact in the area, to discuss developments of possible arrangements for NCM future well drilling in the Pokot / Turkana on behalf of the local governor and Members of the County Authority (MPs). This matter is still ongoing and awaiting Rick's return. To facilitate this in advance, on his way back through Nairobi, Les met with government departments officials regarding the necessary updated paperwork for future work including vehicle admin matters, work and tax registration, permits and similar official matters.

On returning home, Les was debriefed and a newsletter was sent out to supporters updating them about this progress. Sadly, the planned next trip in the early new year had to be postponed as a suspected DVT in his leg meant he was unable to fly. At the Trustees' meeting in February 2019, the Board was updated as to progress and his future plans outlined.

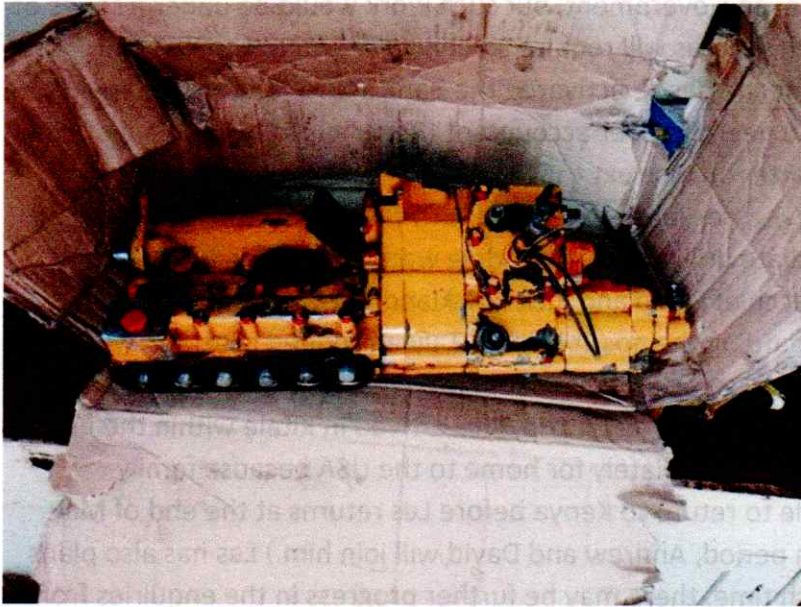
These included anticipated minimal mechanical work on the rigs and compressor with new parts; the recruitment of other drilling team members under Zeddys as a self-employed supervisor and Wahungu as mechanic (only the latter to be on a permanent salary); all the preparatory work and drilling at Pokot and Ol Kalou; renewing contact and formalising a business relationship (MOU) with Rick Strickland concerning drilling boreholes with Taiwanese / local Government funding; continuing to develop contact with the Chief Philip (a recognised leader in the Pokot community) and also the Governor of Pokot; following up the letter the Immigration Authorities about a permanent work permit, the reactivation of the Bank account locally, and obtaining necessary certificates and authorisations for vehicles and waterhole boring.

Les' latest trip to Kenya 1st March – 11th April has all the hallmarks of a series of small but significant skirmishes of efforts to stop or at least slow down the progress of the work of NCM. Before the end of 2018, we sensed that we were on our way to restarting drilling operations after the necessary mothballing of the equipment for safety. (This had taken place earlier in the preceding time, during the elongated period of national elections which featured serious disruption to the life of the country). In October / November, Les and David had already spent significant time and effort in dealing with serious damage and preparing the drilling equipment to be used on this trip – and so it seemed good that this latest trip would produce the positive results planned for, especially when both vehicles immediately started up in the first days of his arrival.

However, as one of the Trustees commented after the first notification a couple of days later that the compressor was not producing sufficient power or volume, "Aaah, the little foxes: I was wondering when they would appear."

There followed several days of further investigation of the whole plant, including hiring a specialist who drove up from Nairobi (with a speeding ticket!), who diagnosed a small but vital corrosion which required

further dismantling and cleaning for new small parts, re-assembling and re-testing which yielded some more but still insufficient improvement – and yet more time in investigation which ultimately pointed to a fuel starvation failure by the injector pump for the compressor. More time was spent in finding the suitable and available parts which resulted in Les delivering the governor / pump to the Nairobi agents, who ordered the parts from Dubai which arrived and were discovered to be the wrong ones and had to be returned and re-ordered - with more days of waiting – and then installed and finally returned to Kitale.



Les and Wahungu refitted the equipment and retested the rebuilt pump and governor – great but still insufficient improvement in the compressor. So at the end of the final week of his trip, it was decided to strip and replace the piston rings, valve guides and stems and to reseat the valves to improve the compression of this engine. The work started and was left with Wahungu to complete. A couple of days later, after his return Les heard that the engine (now virtually completely rebuilt!) was idling well and was to be tested under load. Sadly, although the pressure was up by 20%, this was still insufficient for a continuous load-use and so Wahungu (with Les' phone calls) was back to more

investigations in 2 areas – the need for possibly new fuel filters and the turbo on the compressor engine to be sent to the Nairobi agents to be renewed / replaced.

A subsequent, update seeking series of calls to Kenya on 100519 has provided the good news that the equipment had been purchased and the turbo refurbished, refitted – and was now working well. 3 days later, after a series of trial drillings – the video was mesmerising - Les received a further call that for both men, Wahungu and Zeddys, the pressure readings were appearing inconsistent. This could be explained by a fault developing in the pressure gauge or that the governor / injection fuel delivery pump is at fault and both are now under investigation. Initial trials suggest this latest purchase and refitting are now yielding very positive readings and final tests will be satisfactorily completed before Les returns early next month.

Reading this – and being aware of the tight timeframes available, one might now begin to understand some of the frustrations and despair which Les and the other Trustees have experienced. Progress certainly doesn't come easy in such an environment and especially whenever there is a breakdown or failure in the smaller details. There may be observers who will want to point to some perceived 'rational' explanations, whilst others may also consider some other 'extra-ordinary' suggestions. It is in the DNA of NCM to combine both in an attitude of a continuous mixture of experiential learning, resilient faith and persevering hope, which brings its own benefits and rewards, for which NCM, as an organisation is most grateful.

However, Les had made the most of this last visit – whilst waiting for parts to be delivered, people to arrive and examination, testing and diagnosis of new parts to finish. Communication has developed internationally, nationally and locally – with good relationships started, maintained and developed – through personal visits, many phone conversations and paperwork completed and delivered. These include the following:

- a) Drilling – the appointment of Wahungu as Crew leader / Mechanic of the Drilling Team(s). Wahungu has been taken on ie monthly salary + bonus, because of his expertise as mechanic, to be in charge of the equipment. Mike Kallista will be taken back on the drilling team on a hole-by-hole basis and Les may try to contact Mohammed whom he has previously employed. The existing compound security team (Jacob and Cleophas) will continue to be on site, with Ruth also coming in to clean the premises. The relationship with Zeddys continues to be strong and he has agreed to be our driller and to be paid in a

hole-by-hole basis. (He is also doing other pump installations, earning a good income and enjoying not having the pressure that he had in the past).

- b) Work Permit and Government contracts: Following a visit and discussions with the contact at the Government Invest in Kenya Service with whom Les made on his previous trip and with the help of a /our (?) lawyer in Nairobi, Les is now awaiting their correct form CR12. This is a permanent work permit as a non-profit entrepreneur / investor of a non-profit making organisation. Because of this status, NCM is unable to have contractual work with the Kenyan Government, but such work would be under a series of appropriate MOUs. He also discovered that this status will require an annual return to the Kenyan version of Companies House. At the same time, he has re-activated the Bank account locally and paid off the current accountant with a view to hiring a new, cheaper accountant (Roger) used by the Canadian operators in Kenya. Les will complete this matter on his next trip.
- c) Future trips: The development of contacts is vital for future work and with the final mechanical work on the equipment, is as significant as the immediate drilling of outstanding waterholes. The two relationships of this priority are with the local chief Philip and Rick Strickland, for whom Les had prepared and wanted to present an MOU regarding the possible large Taiwan-funded contract, which Rick, a long-established businessman and recognised church leader in the area, would be 'overseeing' on behalf of the local Government. Unfortunately, on this latest trip, Rick arrived in Kitale within the final 24 hours of Les' preparations and had to return immediately for home to the USA because family circumstances. It may be that Rick will be able to return to Kenya before Les returns at the end of May 2019 for a further 6 weeks trip (during which period, Andrew and David will join him.) Les has also plans to return to Kitale in mid-September by which time, there may be further progress in the enquiries from and relationships with the Ukraine and Taiwanese agencies c/o Zeddys and Rick respectively. In the UK, we are currently investigating a possible connection with an established American 'Charity Water' through family connections in USA, www.charitywater.org.
- d) Drilling future borehole: Les is very keen to get all the machinery working properly and to start boring up to 4 holes on his next trip. A good test would be a first hole for the neighbour opposite the compound, possibly taking a week. Les has quoted) for a 5.5" bit probably drilling and casing to approx. 150m deep. The real priority is the second hole, at Ol Kolau (2 days drive away on the back 'roads' to avoid a weight restricted main road bridge and without the need for such a highways permit!!) The necessary survey has already been carried out and he reckons that it requires a 4" bit to a depth of about 80m. A third possibility would be two school/ childrens' homes at Baringo (east of Ol Kolau and one in Bondo (near Kisumu-by Nairobi (on the return journey to Kitale?) which is making enquiries. Thereafter, there are enquiries for boreholes around Kitale which Zeddys is to follow up and also at Bungoma (50 miles away). At the time of this report, there is no further news of the Taiwanese funded holes in Turkana which Rick Strickland could / would deal with on our behalf.
- g) Finances: Once all the machinery is fully restored, a future drilling plan budget be actioned which would raise income in Kenya and would also deal with the current procedure of repaying LS in arrears for use of his personal account, by making better use of the facilities of DT Bank in Kenya. LS advised he was still using his iPad to record his in-the-field accounts and had not purchased Quickbooks. RM is keeping an update of the use of the Zurich Grant monies according to the twin purposes of the grant, viz drilling operations development (DOD) and positive partnerships development (PPD) for interim report purposes according to the details supplied by LS. RM has looked through the expenditure details of Les' two trips to sort them for the interim report to the Zurich Community Trust regarding its grant of £8000 given to us at the end of October 2018 for the year commencing 01/11/18 – and a separate financial report is attached.

It is obvious that this grant has been a significant and timely gift, which is being well used, necessarily in conjunction with other unrestricted existing funds. As Trustees of NCM, we are most grateful for the generous and enabling support of Zurich Community Trust UK.

R. M. Lawton
25/05/19

	A	B	C	D	E	F	G	H	I	J
1	ACTIVITY				NOV 2018 TOTAL	DOD NOV 2018	PPD NOV 2018	MAR/APR 2019 TOTAL	DOD MAR/APR 2019	PPD MAR/APR 2019
2										
3	ADMIN				0	0	0	400.12	0	400.12
4	TRAVEL (INT)				193.54	0	193.54	269.58	0	269.58
5	COMMUNICATION				0	0	0	81.43	0	81.43
6	WAGES				0	0	0	590.64	590.64	0
7	HOUSE				434.13	434.13	0	2768.96	2768.96	0
8	RIG+SUPPORT				124.32	124.32	0	1350.91	1350.91	0
9					751.99	558.45	193.54	5461.64	4710.51	751.13
10	TOTALS									
11	BREAKDOWN BY PERIODS									
12	18 FEB-07 MARCH									
13	ADMIN	16.13	DOD*	PPD*						
14	TRAVEL (INT)	35.89	0	16.13						
15	COMMUNICATION	36.28	0	35.89						
16	WAGES	185.39	185.39	0						
17	HOUSE	20.86	20.86	0				6213.63		
18	RIG+SUPPORT	50.14	50.14	0						
19	TOTAL	344.69	256.39	88.3						
20										
21	07 - 13 MAR	SHEETDATE								
22	ADMIN	8.06	0	8.06						
23	TRAVEL (INT)	24.19	0	24.19				6213.63		
24	COMMUNICATION	0	0	0						
25	WAGES	72.58	72.58	0						
26	HOUSE	1203	1203	0						
27	RIG+SUPPORT	298.62	298.62	0						
28	TOTAL	1606.45	1574.2	32.25						
29										
30	13- 30 MAR	SHEETDATE								
31	ADMIN	44.88	0	44.88						
32	TRAVEL (INT)	113.96	0	113.96						
33	COMMUNICATION	8.06	0	8.06						
34	WAGES	147.58	147.58	0						
35	HOUSE	31.66	31.66	0						
36	RIG+SUPPORT	25.8	25.8	0						
37	TOTAL	371.94	205.04	166.9						
38										
39	01 - 10 APR	SHEETDATE								
40	ADMIN	331.05	0	331.05						
41	TRAVEL (INT)	95.54	0	95.54						
42	COMMUNICATION	37.09	0	37.09						
43	WAGES	185.09	185.09	0						
44	HOUSE	1513.44	1513.44	0						
45	RIG+SUPPORT	976.35	976.35	0						
46	TOTAL	3138.56	2674.88	463.68						
47										
48	TOTALS	5461.64	4710.51	751.13						
49										
50										

* DOD - Drilling Operation Development

* PPD - Potential Partner Development

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