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SHEBERGHAN GAS GENERATION ACTIVITY (SGGA)

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Monthly Report

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Prepared by:

Advanced Engineering Associates International, Inc. (AEAI)/SGGA Project Team
1707 L Street, NW, Suite 1030, Washington, DC (USA) 20036
Telephone: 1-202-263-0601

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Acronyms and Abbreviations

ADB	Asian Development Bank
AEAI	Advanced Engineering Associates International Inc.
AGE	Afghan Gas Enterprise
APPF	Afghan Public Protection Force
ARDS	Afghanistan Reconstruction and Development Service
CNG	Compressed Natural Gas
COO	Chief Operating Officer
COR/ACOR	Contracting Officers Representative/Acting Contracting Officers Representative
CV	Curriculum Vitae
DABS	Da Afghanistan Breshna Sherkat
DG	Director General
GPS	Global Positioning System
HR	Human Resource
IL	Implementation Letter
IPP	Independent Power Plant
ITP	Initial Training Program
MEW	Ministry of Energy and Water
MoMP	Ministry of Mines and Petroleum
MW	Megawatt
NEPA	National Environmental Protection Agency
NEPS	North East Power System
NHU	Northern Hydrocarbon Unit
NW	North West
PMP	Performance Monitoring Plan
SGDP	Sheberghan Gas Development Project
SGGA	Sheberghan Gas Generation Activity
TFBSO	Task Force for Business and Stability Operation
TPAO	Türkiye Petrolleri Anonim Ortaklığı (Turkish Petroleum)
USAID	United States Agency for International Development

1 GAS WORKSTREAM (MoMP LIAISON, DRILLING, ENVIRONMENTAL)

1.1 Achievements / Activities

- Completed final updates to draft application for NEPA certificate of environmental compliance (consisting of application letter and form, environmental screening study, environmental management plan) and sent to SGGA translation section for Dari translation. On completion, the draft application will be provided to Ministry, which is responsible for obtaining the Certificate prior to commencement of operations.
- Prepared draft response for MoMP, based on Procurement Law and tender terms, to "letter of discontent" from Jaguar Oil and Gas. Jaguar was complaining of rejection of bids for drilling tender. The Ministry adopted the recommended draft for its reply to Jaguar. As of the end of the reporting period, no further communication has been received from Jaguar.
- Assisted in briefing USAID during Mid-Contract Period review; assisted drafting presentation summary paper.
- Provided complete project location GPS data to USAID as requested.
- Requested permission directly from TPAO and through MoMP to allow Ministry personnel being trained on well drilling, testing, and completion operations to observe TPAO operations being conducted under the Asia Development Bank-funded work-over operations in the Yatimtaq and Gerquduq Fields. As described below in "Challenges," Ministry official managing the ADB contract was uncooperative and plan to observe TPAO operations has been shelved.

1.2 Meetings

- 6 Apr 13, Met with USAID for weekly meeting. Primarily focused upon re-tendering plans, status of Minister of Mines with Parliament, and recent flurry of submitted Quarterly, Monthly, and Weekly Reports.
- 7 Apr 13, Met with DG Jalil Jumriany, Khosti, Eng. Zamir, MoMP re: issues on re-issue of Bashikurd-Juma drilling tender.
- 20 Apr 13, Met with USAID to provide Mid-Contract Period review presentation to the COR/ACOR and other officials.
- 20 Apr 13, Met with ARDS to review how to respond to "Letter of Discontent" from Jaguar Oil & Gas in response to their bid rejection.

1.3 Challenges

- Learned the TFBSO is working to develop an IPP power plant, possibly the same investor as SGDP.
- Received "letter of discontent" from unsuccessful bidder for drilling/re-entry tender (all bids were rejected for various reasons) inquiring as to reasons for rejection.
- Ministry's manager of ADB-funded re-entry program being carried out by TPAO persisted in blocking SGGA access to TPAO to gain permission to observe operations in connection with planned training for SGDP Afghan Gas and Northern Hydrocarbon personnel. Manager continues to tell SGGA that he will "order" TPAO to allow access, but will neither allow TPAO to respond to questions pertaining to express permission for on-location observation, liability and safety issues, and schedule. Following almost one month of non-responsiveness, including even after manager in question was instructed by Ministry superior to obtain answers from TPAO, SGGA has determined that continued pursuit of the matter will be futile, and is preparing training course work without rig visits. On-location observation for Ministry personnel will be provided during SGDP operations under contract terms with service company that require rig and operations access for training purposes.

- Ministry's manager of ADB-funded re-entry program invited SGGA personnel to attend the USGS Hydrocarbons Orientation Training which covers entire Hydrocarbons value chain on 4 - 8 May 2013. After inquiry, TFBSO is the sponsor and SGGA emails to TFBSO requested coordination with the Ministry, especially on the gas sector. Challenge is to have TFBSO become transparent, disclose and share with USAID/SGGA their scope of activities and then coordinate with USAID/SGGA.

1.4 Plans for Next Month

- Following completion of Dari translation, deliver draft NEPA application to MoMP and hold discussions with MoMP senior legal and contract management staff on application proceedings.
- Provide assistance for Bashikurd/Juma drilling contract re-tender.

2 ENERGY AND POWER WORKSTREAM (DABS and MEW)

2.1 Achievements / Activities

- SGGA Initial Training Program (ITP) for DABS was approved by COO Eng. Shekeeb, who has appointed the participants. Coordination with DABS Human Resources Department started as well as with the Head of Planning and Engineering Department. From DABS side, Eng. Wali Oria is coordinating this effort.
- Assisted Breshna Sheberghan in designing a distribution network database.
- Established the relationship with DABS Human Resources Director for the exchanging of information related to SGGA training in DABS. This information includes the trainee's CVs to the first course- NEPS Current Operation Status and Expansion. From DABS side, Eng. Wali Oria is coordinating this effort.
- Continued the review of Siemens proposal for study of interconnection and operation of Sheberghan 200 MW power plant.
- Developed guidelines and recommendations aimed at improving the network situation and work procedures in Balkh Breshna.
- Finalized the revised scope of work for the Siemens proposal to study the interconnection and operation of Sheberghan 200 MW power plant.
- Compiled training materials for some basic course contents of the proposed capacity building trainings for the DABS personnel.
- Drafted the initial version of a presentation on the outcome of SGGA Power Team's assessment of Balkh Breshna for the DABS management.
- Developed forms for a small survey to identify the average electricity consumption per capita and find the substantial number of residential customers having access to electricity in Balkh province.
- Performed analysis on the average price of imported energy and sold energy during 2012 in Balkh province.

2.2 Meetings

- With DABS Project Implementation Unit, Eng. Wali Oria for the coordination of SGGA-ITP.
- With DABS COO Eng. Shakeeb for SGGA –ITP presentation, his approval and appointing the participants; update about the status of SGGA; DABS plans for the rehabilitation of the transmission line between Sheberghan and Mazar-e-Sharif Substations; SGGA coordination with Breshna Mazar in the system data collection.
- With DABS Human Resources Manager Mr. Halid Ashhar as an introduction meeting for the coordination of SGGA-ITP.

- With DABS Head of Planning & Engineering Department Eng. Nangilai Miakhail also for the coordination of SGGA-ITP.
- 6 Apr 13, Met with DABS Project Implementation Unit, Eng. Wali Oria for the coordination of SGGA-ITP.
- 7 Apr 13, Met with DABS Human Resource Director Mir. M. Hadi Alami to obtain from him the CVs of the personnel who will attend the first of the SGGA courses and the coordination of the schedule and local.
- 9 Apr 13, Met with USAID Dr. Mohammad Saleh Keshawarz to coordinate efforts for MEW and DABS Capacity Building.
- 10 Apr 13, Attended Fichtner presentation of the Power Sector Master Plan Final Version.
- 16 Apr 13, Held weekly SGGA Power Team meeting to discuss the schedule of the capacity building trainings for DABS, trips for conducting assessments in Jowzjan Breshna and Sar-e-Pul Breshna.
- 17 Apr 13, Attended a two day seminar about the working procedure of DABS' central and regional Dispatch centers.
- 23 Apr 13, Held weekly SGGA Power Team meeting to discuss the accomplishment of a minor survey aimed at identifying the average electricity consumption per capita and finding the substantial number of residential customers having access to electricity in Balkh province.
- 23 Apr 13, Met with DABS operation department staff to get input on revising the capacity building training schedule considering a possible expansion.

2.3 Challenges

- SGGA is making an assessment with DABS Kabul and NW District management to define the Project Management Team composition from DABS. After definition, DABS will be better able to understand the level of their personnel to support to the Sheberghan Project Management Team. Subsequently DABS can determine level of commitment until program completion.

2.4 Plans for Next Month

- Continue development planning in NW District and review of Siemens NW grid evaluation detailed proposal.

3 CAPACITY BUILDING (DABS & MoMP, ECONOMICS, TRAINING)

3.1 Achievements / Activities

- Worked to complete the organizing and planning for upstream training to occur in Sheberghan; detailed training outline provided to Sheberghan team.
- Continued exploring options for technical and non-technical capacity building classes by specialized third parties for MoMP and DABS to develop a detailed schedule and budget.
- Completed the second part of the training in Economic Modeling for 8 students at MoMP.
- Developed more detailed plans for near and long term capacity building for MoMP and DABS.
- Completed the training material for future economic training in Sheberghan.
- Explored options for technical and non-technical capacity building classes by specialized third parties for MoMP and DABS to develop a detailed schedule and budget.

3.2 Meetings

- Met with MoMP HR Director Faizi regarding training expectations and coordination of SGGA and MoMP training plans.

- 9 Apr 13, Met with Dr. Mohammad Saleh Keshawarz, of the Office of Economic Growth and Infrastructure of USAID, to coordinate the capacity development that both institutions, USAID and SGGA, are planning for DABS and MEW.
- 13 Apr 13, Met with Mahmuda Rahman Khan, Gender Advisor for USAID, to explain the Capacity Building Gender training accomplished in previous months. Both teams, USAID and SGGA, agreed to coordinate future training.
- 27 Apr 13, Met with Mahmuda Rahman Khan, Gender Advisor for USAID, to discuss the Capacity Building Gender training for the future.

3.3 Challenges

- The Ministry is in the process of reorganizing and dedicating a new organization answering directly to the Minister, a Petroleum Directorate, so it is difficult to identify the staff and continue the capacity building.
- Obtaining firm commitments for training session times with MoMP staff to plan the next training events in Capacity Building Program.

3.4 Plans for Next Month

- Coordinate with MoMP, Mahmuda Rahman Khan, Gender Advisor for USAID, and SGGA team to develop a gender training in MoMP.
- Prepare for travel to Sheberghan, schedule for June 2013, to give to the people of AGE and NHU a basic training in natural gas markets economy.
- Solicit and review proposals by technical and non-technical capacity building classes by specialized third parties for the MoMP and DABS/MEW staff.
- Follow-up with the Dept. of Commerce on possible coordinated capacity building.

4 RISK MANAGEMENT AND TRANSACTION ADVISOR WORKSTREAM

4.1 Achievements Activities

- Prepared an analysis of the proposals for local legal assistance.
- Completed an updating of the Gantt chart of the SGGA work plan, revised to include retendering schedule.
- Completed an analysis of the proposals for local legal assistance.
- Confirmed the approach for R-factors, Government Take, Prevalent Petroleum Industry Discount Factors and other relevant topics for the revisions to the economic model to reflect MoMP requested modifications.
- Assisted in briefing USAID during Mid-Contract Period review; assisted drafting presentation summary paper.

4.2 Meetings

- None.

4.3 Challenges

- None.

4.4 Plans for Next Month

- Complete contract deliverable.

5 PROCUREMENT WORKSTREAM

5.1 Achievements / Activities

- Completed analysis paper outlining the various portions of the drilling requirement that could be negotiated for cost savings with TPAO in the event of a sole source tender; also completed a paper on and the pros and cons of re-tendering through four different options ranging from fixed-price to daily rate.
- Reviewed well ranking report to determine if contained any tangible technical information to assist us in determining which well would be best to keep in the drilling requirement (Bashikurd 2A or Juma 2A). Pending further analysis, we tentatively dropped Bashikurd 2A in order to stake claim to the Juma field and obtain reservoir gas testing data from that side of the Bashikurd/Juma fault.
- Submitted shortlist package to MoMP Petroleum Engineering Services Shortlisting Committee for MoMP action.
- Analyzed Da Afghanistan Bank memo on bid securities and determined that they conflict with the standard language of ARDS tender documents.
- Completed tender document refresh following comments from MoMP. Delivered copy to ARDS and prepared copies for Eng. Zamir and several for internal SGGA use.
- Coordinated between USAID and MoMP for a sequence of letters to satisfy the Minister and ARDS on the requirement change from four to three wells; followed up with a new letter for MoMP to provide to the Minister for signature initiating re-bidding.
- Ensured tender re-advertised on 16 Apr 13.
- Reviewed draft scope of work for Sheberghan power plant interconnection and operations; requested proposal from Siemens.
- Completed final tender pre-bid conference arrangements, produced handouts, designed event layout and documented flash drive distribution; executed pre-bid conference on 30 April 13.
- Developed Sheberghan travel forecast to sync with forthcoming contract milestones such as drilling payment milestones and the gas processing plant pre-bid conference.
- Finished research and first draft of on budget committee concerns about HR manual.
- Developed mid-contract review slideshow presentation for USAID; assisted in briefing USAID during Mid-Contract Period review; assisted drafting presentation summary paper.
- Completed 4 Weekly Reports.
- Completed Monthly Report.

5.2 Meetings

- 3 Apr 13, Met with MoMP, Eng. Zamir to provide him the refreshed drilling tender and answer his questions on the issues involved in re-tendering.
- 6 Apr 13, Met with USAID for weekly meeting. Primarily focused upon re-tendering plans, status of Minister of Mines with Parliament, and recent flurry of submitted Quarterly, Monthly, and Weekly Reports.
- 7 Apr 13, Met with DG Jumriany of MoMP for him to clarify last remaining open issues on re-tendering. He approved a second pre-bid conference and asked that the evaluation criteria remain unchanged.
- 9 Apr 13, Met with ARDS and provided the new tender in preparations for re-advertising. Discussed Central Bank bid security policy and their need for two Minister's letters in order to re-advertise.
- 13 Apr 13, Met with USAID for weekly meeting. Discussed tender re-bid status (primarily forthcoming USAID letter to the Minister clarifying wells to tender) and revised project schedule.

- 16 Apr 13, Met with HR Director to discuss questions received from USAID after initial review of the MoMP HR Manual submission (part of Implementation Letter).
- 20 Apr 13, Met with USAID to provide Mid-Contract Period review presentation to the COR/ACOR and other officials.
- 20 Apr 13, Met with ARDS to review how to respond to Letter of Discontent from Jaguar Oil & Gas in response to their bid rejection.
- 22 Apr 13, Visited AGS and mapped out the museum and auditorium layout for use during the upcoming tender pre-bid conference.
- 29 Apr 13, Visited AGS for final pre-bid conference site setup and logistics.
- 30 Apr 13, Assisted MoMP hosting the second drilling tender pre-bid conference at AGS.

5.3 Challenges

- Motivate MoMP to aggressively push forward on petroleum engineering services shortlisting and once complete, staff new consulting services tender through ARDS.

5.4 Plans for Next Month

- Polish off drilling tender pre-bid conference with meeting minutes and answer industry questions for ARDS posting to the tender website.
- Complete shortlisting and tender for petroleum engineering services and staff them through MoMP and ARDS.
- Begin request for consent to subcontract package on Siemens.
- Execute drilling tender bid opening on 29 May 13.

6 GAS MARKET WORKSTREAM

6.1 Achievements / Activities

- Continued analysis of the economic data gathering work in the Northern Provinces.
- Verified the structural approach and economic perspective of the final Feasibility Report.
- Drafted sections of the final Feasibility Report on Natural Gas.
- Verified the structural approach and economic perspective of the final Feasibility Report.
- Reviewed the initial economic perspective of the final Feasibility Report including parameters such as consumption levels and coal prices for industrial customers and CNG pricing that establish natural gas price ceilings.
- Drafted sections of the final Feasibility Report on Natural Gas.

6.2 Meetings

- None.

6.3 Challenges

- Collecting accurate and complete data for energy market in Afghanistan.
- The accuracy and consistency of the official energy information is questionable.

6.4 Plans for Next Month

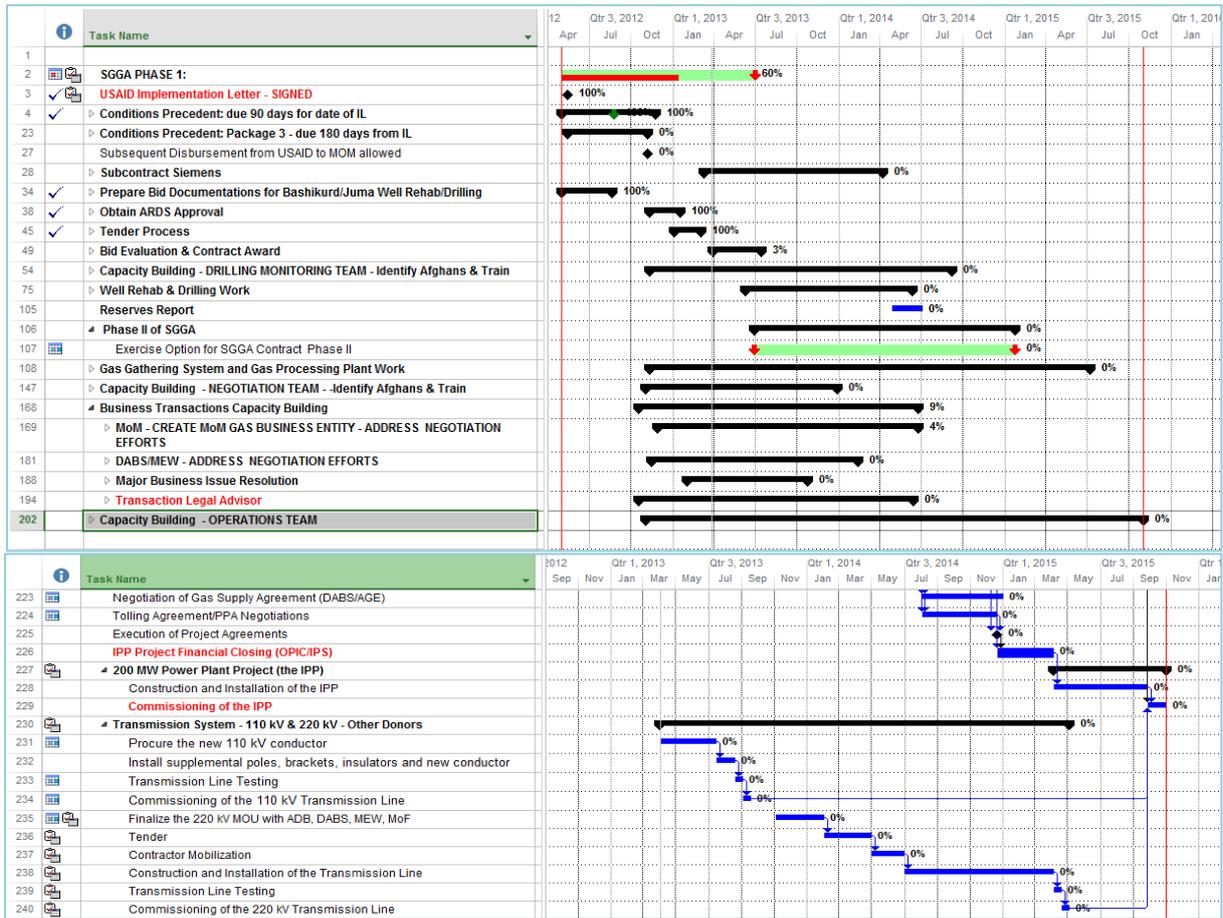
- Submit the feasibility report deliverable by May 14th.

7 SECURITY

- APPF Contract was signed on April 30, 2013. Contract will be submitted for vetting as well as USAID approval.
- Additional APPF mobile security officers will be recruited under the new contract to provide security in Balkh and Jowzjan Provinces and accommodate the additional field missions envisaged during the next year. To ensure these new recruits are from Balkh and Jowzjan Provinces AEAI Security department will work closely with the APPF during the recruitment and evaluation phase.

8 PROJECT SCHEDULE AS OF MARCH 28, 2013

Note: Revised on March 20, 2013



9 PMP Data

SGGA Performance Monitoring Plan Indicators			
Milestones			
Capacity Building - MoMP, DABS, MEW	Prior	Current	
Capacity Assessments	0	0	
Training Courses	0	0	
Evaluations	0	0	
Tenders	Prior	Current	
1. Advertising	3	4	
2. Award	0	0	
3. Mobilization	0	0	
4. Activity work	0	0	
5. Completion	0	0	
Indicators			
Capacity Building - MoMP, DABS, MEW	Prior M/F	Current M/F	Indicator Code
# of Assessed people	200/10	200/10	11/12
# of Afghan prof. trained – "F" indicator	0/0	56/13	13/14
# of Afghan prof. evaluated	0/0	0/0	15/16
<i>M = Male F = Female</i>			
Tenders	Prior	Current	
# of Rehab. & Drilled Wells	0	0	17
# of Gas Plants constructed	0	0	18
Prof. Engineers for Drilling hired	0	0	19
Prof. Engineer Proc. Plant hired	0	0	110