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## **SHEBERGHAN GAS GENERATION ACTIVITY (SGGA)**

Contract No. EPP-I-00-03-00004-00, USAID Task Order No. AID-306-TO-12-00002

### **SGGA Monthly Report**

Period: December 1 – December 31, 2013

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## Acronyms and Abbreviations

APA	Afghan Petroleum Authority
ARDS	Afghanistan Reconstruction and Development Services
COR	Contracting Officer's Representative
DABS	Da Afghanistan Breshna Sherkat
DG	Director General
IL	Implementation Letter
M/F	Male/Female
MEW	Ministry of Energy and Water
MoMP	Ministry of Mines and Petroleum
NEPA	National Environmental Protection Agency
OFM	Office of Financial Management (USAID)
PMP	Performance Monitoring Plan
R&R	Rest and Recuperation
SGDP	Sheberghan Gas Development Project
SGGA	Sheberghan Gas Generation Activity
SPMT	Sheberghan Project Management Team
TFBSO	Task Force for Business and Stability Operations
TPAO	Türkiye Petrolleri Anonim Ortaklığı (Turkish National Petroleum Corporation)
UAE	United Arab Emirates
USAID	United States Agency for International Development

# 1 GAS WORKSTREAM (MoMP LIAISON, DRILLING, ENVIRONMENTAL)

## 1.1 Achievements / Activities

- Drilling contract between the Ministry of Mines and Petroleum (MoMP) and Turkish National Petroleum Corporation (TPAO) signed on 14 Dec 13, culminating nearly two years of support from Sheberghan Gas Generation Activity (SGGA).
- Provided advice to MoMP's new gas corporatization team.
- As follow up to discussions with Zabih Sarwari from Afghanistan Petroleum Authority (APA) concerning tax-exempt status of TPAO, provided a briefing book with the Strategic Objective Grant Agreement and Implementation Letter (IL) requirements regarding tax exemptions under the 1951 Afghan-United States assistance treaty. Briefing book includes legal memorandum on tax exempt status of United States Agency for International Development (USAID)-funded projects that was delivered to and discussed with MoMP chief counsel in Jan 13.
- Provided a draft "model" gas sales agreement to Zabih Sarwari and the Task Force for Business and Stability Operations (TFBSO) for comparison with draft prepared by TFBSO counsel. TFBSO is preparing a draft model gas sales agreement for general APA/MoMP use, including possibly for the Compressed Natural Gas concession currently being tendered. "Model" provided was a substantially revised version of the draft gas sales agreement for sales to the proposed Sheberghan 200 Megawatt plant previously prepared as SGGA Deliverable 2-1, which in turn was based on a 2011 deliverable.
- Reviewed translations of letters to be submitted by APA requesting presidential decrees confirming TPAO tax and customs exempt status. The letters were originally provided to MoMP in Aug 12 on the recommendation of APA Director General (DG) Jalil Jumriany.

## 1.2 Meetings

- 1 Dec 13, Met with MoMP:
  - With DG Jumriany re changes in project personnel, project status, capacity building plans, future meeting with Minister Barekzai.
  - With Zabih Sarwari concerning Abu Dhabi drilling and re-entry operations training for MoMP staff, execution requirements for TPAO contract.
- 7 Dec 13, Attended regular meeting with USAID covering project status including drilling and engineering contracts, schedule reporting, capacity building (Abu Dhabi training for MoMP), scheduling environmental training for MoMP, Da Afghanistan Breshna Sherkat (DABS), Ministry of Energy and Water (MEW), National Environmental Protection Agency (NEPA) staffs, TPAO contract signing plans.
- 14 Dec 13, Attended pre-performance conference related to operations schedule and performance and materials delivery between MoMP and TPAO to support MoMP.
- 15 Dec 13, met with TFBSO and discussed the possibility of conforming two current gas sales agreement drafts to a single model contract for MoMP.
- 21 Dec 13, Met with USAID on the status of all aspects of the project, notably gas processing, United Arab Emirates (UAE) petroleum operations training, and provided USAID copies of the drilling contract (Contracting Officer's Representative (COR) and Office of Financial Management (OFM) copies).
- 29 Dec 13, Met with APA's Zabih Sarwari and provided a comprehensive post-award checklist to use in tying up all drilling operations loose ends in January. TPAO, tax exemption, NEPA.

### 1.3 Challenges

- As evidenced by the fact that the MoMP's project manager was not aware of the tax-exempt status of the drilling contract, accurate communication among MoMP departments continues to be inadequate. This has especially proven true during several transitions from manager to manager and the transfer of the entire program to the APA. The lack of established reporting and approval links within the MoMP has resulted in the project manager receiving incorrect information from "the grapevine" and from other staff who are not familiar with the requirements of USAID programs, especially on-budget programs. In at least two known instances, the project manager has been advised by others in APA to follow procedures that have been followed in the Asian Development Bank -funded drilling program although these procedures are not applicable, or in some cases, not compliant with Afghan law, for the Sheberghan Gas Development Project (SGDP) program.
- APA has not yet designated field engineers and inspectors to monitor TPAO field preparations and to obtain daily activity reports from TPAO, and to perform pre-construction baseline inspections for civil works such as roads and well locations.

### 1.4 Plans for Next Month

- Assist APA to complete amended environmental compliance applications and submit to NEPA.
- Continue to encourage APA promptly to name field representatives and inspectors to monitor and report on TPAO activity and to perform pre-construction baseline reports.

## 2 ENERGY AND POWER WORKSTREAM (DABS and MEW)

### 2.1 Achievements / Activities

- DABS
  - Prepared a report, "Other Project Efforts," detailing DABS's other projects related to SGGA's scope of work to be able to coordinate efforts.
  - Collected technical documents from Faryab Province's substations.
  - Conducted review of advisability of possible purchase of Power System Simulator for DABS, including training for economic dispatch and system planning modeling.

### 2.2 Meetings

- 4 Dec 13, Met with Fichtner's representative Gerrie Vermeulen to learn about Fichtner's scope of work regarding power system expansion in the northwest province under a KfW contract.
- 7 Dec 13, Met with Erick Pulliam from USAID-Office of Economic Growth and Infrastructure about the DABS Electricity Commercialization Program.
- 7 Dec 13, Met with Gene Lin, USAID Power Transmission Expansion and Connectivity Program Manager, to discuss Tetra Tech's scope of work for power system studies.
- 10 Dec 13, Met with Mr. Samadi and Engineer Shekeeb (DABS) to inform them about SGGA's recent management changes discuss the recent power purchase agreement with Uzbekistan.
- 10 Dec 13, Met with DABS Sheberghan Project Management Team (SPMT) Director, Khwaja Masood, to discuss possible SGGA assistance to DABS in developing forecasting procedures for power purchases from neighboring countries.
- Workstream lead on Rest and Recuperation (R&R) through the end of the month.

### 2.3 Challenges

- None.

## 2.4 Plans for Next Month

- Development of power sector capacity development program.

## 3 CAPACITY BUILDING (MoMP)

### 3.1 Achievements / Activities

- Drilling Oversight Training
  - Training for fourteen MoMP staff in the fundamentals of gas and oil field development, drilling procedures, hydrogen sulfide awareness and other health and safety, rig components, rig-site operations, and completing drilling monitoring reports was held in Abu Dhabi.
  - SGGA arranged all visas and travel for trainees, and translated 750 PowerPoint slides from English to Dari for the training sessions.
  - Travel insurance, including health and accident coverage, was purchased for MoMP trainees as required by USAID regulations.
  - Assessed the trainees on comprehension of drilling concepts, and reporting methods.
- Research and Planning
  - Conducted survey interviews with Kabul-based Afghanistan Petroleum Authority staff members to identify critical training course topics.
  - Surveyed 23 APA personnel to ascertain levels of interest in eighteen specified course options, and “collected write-in” responses to identify other areas of need.
  - Drafted a revised capacity building curriculum for 2014 based on survey and interviews. Reported findings and proposed curriculum to Zabi Sarwari.
  - Coordinated with Adam Smith International and TFBSO to avoid duplication of effort and leverage each organization’s resources to deliver trainings to MoMP.

### 3.2 Meetings

- 3, 4, and 8 Dec 13, Met with Zabi Sarwari regarding MoMP trainee travel.
- 3 Dec 13, Met with APA management staff on possible management training and priorities.
- 8 Dec 13, Met with Zabi Sarwari to discuss drilling oversight training logistics
- 8 Dec 13, Met with Dawood Shah Niazi, General Manager of APA’s Amu Darya Project, to discuss the project’s capacity development needs.
- 8 Dec 13. Interviewed Engineers Farhad, Rahimi, and Mahdi about most relevant training courses their job requirements and professional development.
- 9 Dec 13, Met with Zabiullah Jaihoon and Enayat Momand to discuss capacity building priorities for MoMP’s Gas Development Office
- 9 Dec 13, Met with Zabi Sarwari to discuss plans for TPAO contract signing and explain the APA assessment survey.
- 9 Dec 13, Met with Greg Murray, Abdullilah Qadir, and Patrick Cullin from TFBSO to show them SGGA’s capacity development survey and discuss potential collaboration.
- 10 Dec 13, Met with various contacts at APA to collect capacity development surveys
- 10 Dec 13, Met with Zabi Sarwari about signing requirements for TPAO contract.
- 11 Dec 13, Met with Peter Morgan and Evelyn Parra, advisors to MoMP, to discuss capacity development collaboration over 2014.
- 11 Dec 13, Teleconference with Eric Dahlbom, to discuss APA’s capacity building needs and priorities.
- 12 Dec 13, Held pre-trip orientation meeting with all drilling oversight group members.
- 13 Dec 13, Met with Dr. Salah and Gary Reid to introduce them to the drilling oversight trainees, and clarify the course schedule, logistics and procedures.

- 17 Dec 13, Met with Engineer Nooria to discuss trainings specifically pertinent for MoMP's female staff; identified geographic information system familiarization and mapping training as a priority area.
- 24 Dec 13, Trainee graduation ceremony for MoMP trainees in Abu Dhabi.
- Workstream lead on R&R through the end of the month.

### 3.3 Challenges

- The UAE Embassy did not deliver visas to three of the drilling oversight trainees in an appropriate timeline, causing them to miss the first five days of the training.
- The Afghan Immigration Department did not recognize one of the trainee's visas that had been issued from the UAE, and forbade him from traveling out of country.

### 3.4 Plans for Next Month

- Complete planning for February course on environmental assessment and NEPA requirements for petroleum and power sector operations and infrastructure. Invitees will include MoMP, DABS, MEW, and NEPA staff.
- Begin English language for business training at MoMP.
- Prepare materials for planned contract management training.

## 4 PROCUREMENT WORKSTREAM

### 4.1 Achievements / Activities

- Supported the MoMP proposal evaluation committee in a financial proposal opening at Afghanistan Reconstruction and Development Services (ARDS) for the petroleum engineering services requirement.
- Developed milestone checklist for APA to utilize in completing remaining petroleum engineers financial evaluation, clarifications, reviews, etc.
- Developed proposal evaluation report and cover letter for APA to submit cancelling the petroleum engineering services tender due to pricing four times the government estimate.
- Researched SGGA contract, IL 45-01, and the collaboration agreement to identify several major schedule adjustments that reflect in the overall program schedule documents, include updating the master Gantt chart.
- Prepared for and executed the drilling contract Pre-Performance Conference, including support from agenda through to meeting minutes.
- Completed and submitted SGGA contract deliverable, Report on Receipt and Evaluation of Bids and Award of Drilling Contract (Mod 2 deliverable 2-3 and/or Mod 3 deliverable 7).

### 4.2 Meetings

- 1 Dec 13, Met with ARDS' Abdullah Khalid and Tanka Prasad and provided evidence of TPAO's performance security validity and queried for next critical steps for finalizing the petroleum engineering evaluation and contract award.
- 1 Dec 13, Met with Zabih Sarwari to explain that TPAO's performance security validity and also to discuss next required coordination with TPAO to prepare for the signing ceremony.
- 2 Dec 13, Met with Zabih Sarwari and provided an update on upcoming procurement actions for drilling contract award and final evaluation of the petroleum engineers proposal; also closely reviewed the forthcoming pre-performance conference agenda.
- 3 Dec 13, Visited bookbinders for market research on what capabilities exist to bind the official contract files for MoMP and TPAO.

- 7 Dec 13, Met with USAID and discussed status of drilling award, petroleum engineers financial opening, revising of project schedule and other topics.
- 7 Dec 13, Attended Troya Engineering financial proposal opening at ARDS.
- 8 Dec 13, Met with Zabih Sarwari to and discuss alternatives to Troya due to their proposal price being far outside of the government estimate.
- 9 Dec 13, Met with Abdullah Khalid of ARDS to obtain final advice on preparation of TPAO contract and obtained copies of bid committee initialed documents.
- 14 Dec 13, Attended contract signing ceremony at MoMP, including TPAO and the Turkish Ambassador.
- 14 Dec 13, Assisted MoMP at the pre-performance conference with TPAO.
- 15 Dec 13, Met with new MoMP contractors for Afghan Gas corporatization and commercialization to provide background and relevant documents from SGGA files.
- 21 Dec 13, Met with USAID on the status of all aspects of the project, notably gas processing, status of trainees in UAE, and provided USAID copies of the drilling contract (COR and OFM copies).
- 22 Dec 13, Met with ARDS to review the draft proposal evaluation report cancelling the petroleum engineering services tender; made updates and provided to Zabih Sarwari.
- 22 Dec 13, Met with Zabih Sarwari and reviewed a list of post-award drilling contract related actions necessary immediately after the new year.
- 23 Dec 13, Delivered professionally bound contract copies to Zabih Sarwari for ARDS, APA Technical Office, Ministry of Finance Budget Office, and APA SGDP Project Manager.
- 24 Dec 13, Traveled to UAE to accompany MoMP trainees back to Kabul on 25 Dec 13.
- 29 Dec 13, Met with APA's Zabih Sarwari along discussed an updated list of action items planned for January.
- 30 Dec 13, Met with APA's Zabih Sarwari to discuss his need for assistance on supporting an MoMP presentation at American University on 19 Jan 14.

### 4.3 Challenges

- Troya's proposal price was four times the government estimate with no possibility of being found fair and reasonable in cost; continuing to research options and plan to discuss them with DG Jalil Jumriany and USAID for coordination of a viable alternative to Troya for petroleum engineering services.

### 4.4 Plans for Next Month

- Work with MoMP to take prompt action on required contract post-award actions such as obtaining new TPAO work schedule, processing of presidential decree, etc.

## 5 SPMT WORKSTREAM

### 5.1 Achievements / Activities

- Drilling Oversight Training:
  - Facilitated document collection and logistics arrangements required for drilling oversight training.
  - Assisted in translating the drilling oversight training slides.
  - Provided on-site technical facilitation and translation during the training.
- Provided translations in support of bid signing ceremony.

### 5.2 Meetings

- 12 Dec 13, Met with drilling oversight trainees for the drilling oversight pre-trip orientation session.

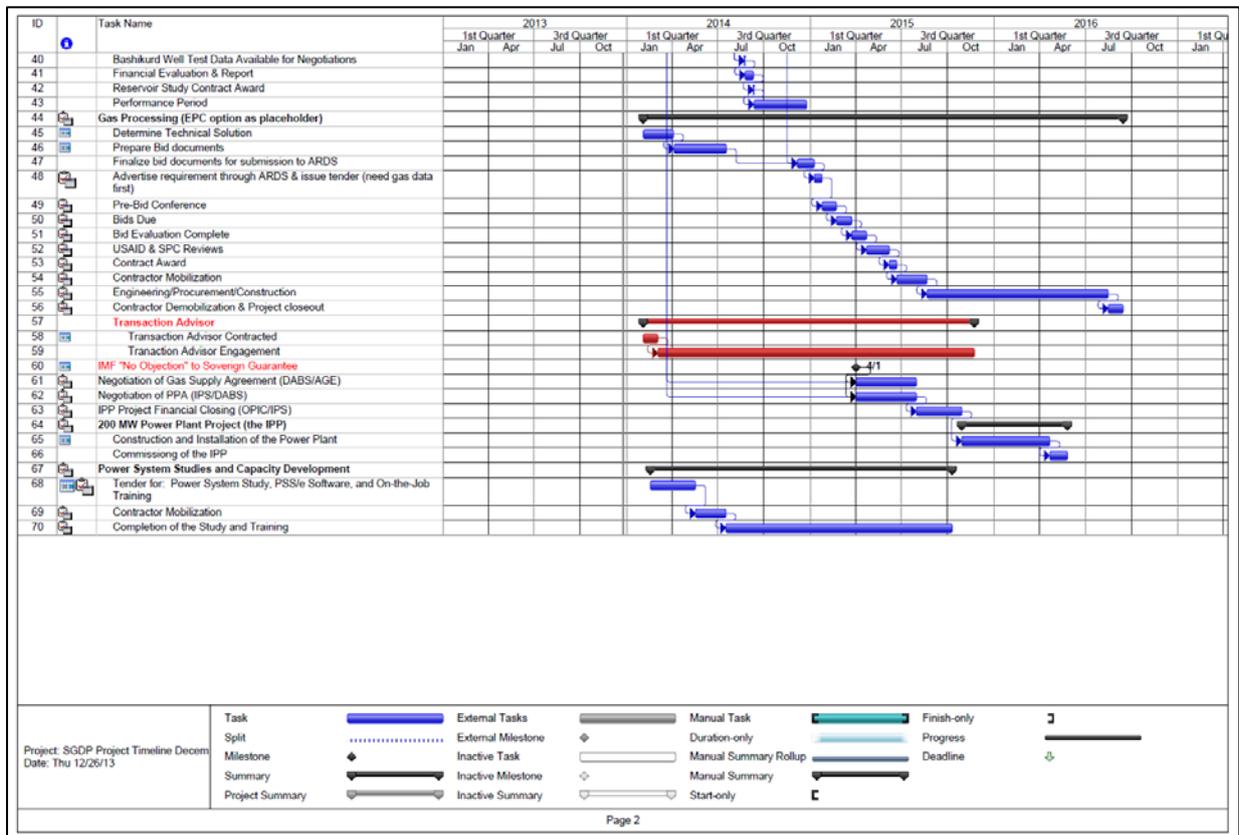
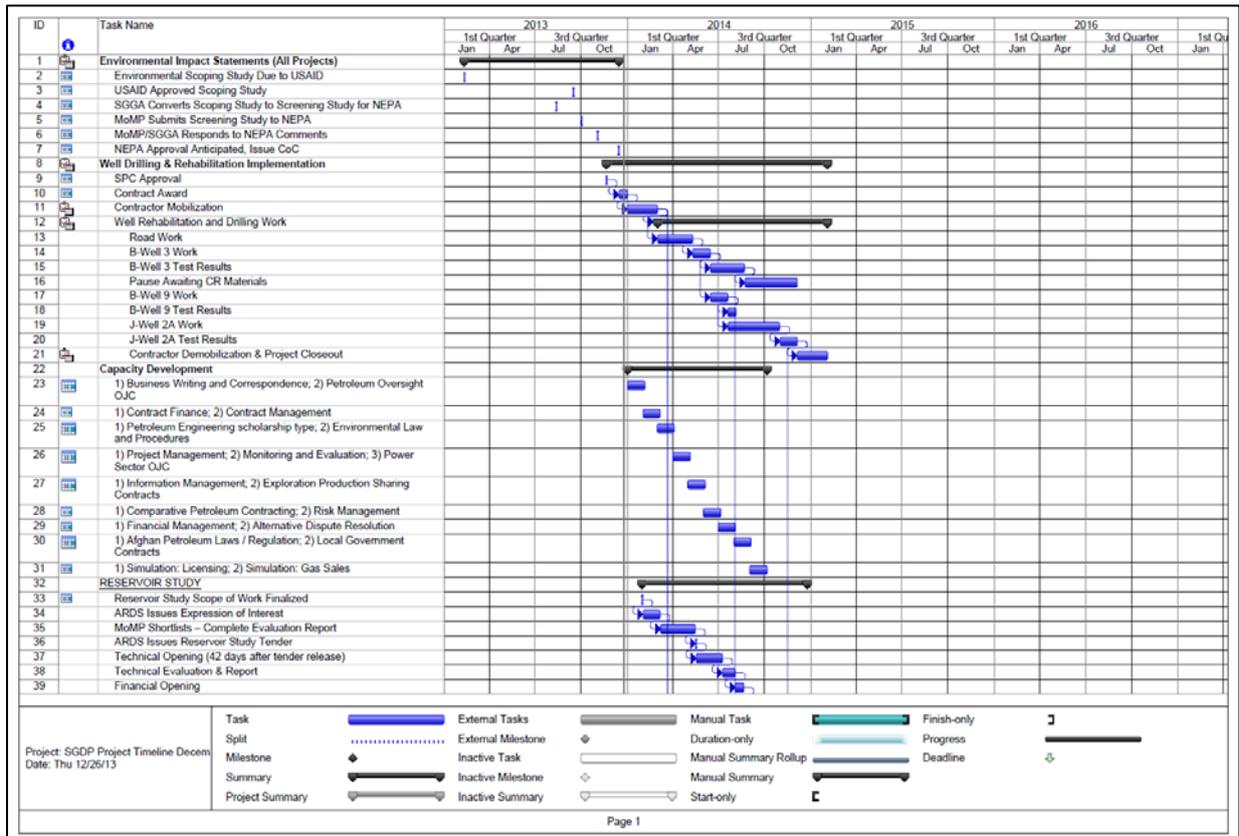
### 5.3 Challenges

- None.

### 5.4 Plans for Next Month

- Continue facilitating administrative needs and translations for SGGA activities at Afghanistan Geologic Survey.
- Provide support services as requested by APA's Zabih Sarwari and DG Jalil Jumriany.

## 6 PROJECT SCHEDULE AS OF DECEMBER 31, 2013



## 7 PMP DATA

SGGA Performance Monitoring Plan (PMP) Indicators			
<b>Milestones</b>			
<b>Capacity Building – MoMP, DABS, MEW</b>	<b>Prior</b>	<b>Current</b>	
Capacity Assessments	2	1	
Training Courses	10	1	
Evaluations	1	1	
<b>Tenders</b>	<b>Prior</b>	<b>Current</b>	
1. Advertising	1	0	
2. Award	0	1	
3. Mobilization	0	1	
4. Activity work	0	0	
5. Completion	0	0	
<b>Indicators</b>			
<b>Capacity Building - MoMP, DABS, MEW</b>	<b>Prior M/F</b>	<b>Current M/F</b>	<b>Indicator Code</b>
# of Assessed people	204/10	21/1	I1/I2
# of Afghan prof. trained – "F" indicator	139/56	14/1	I3/I4
# of Afghan prof. evaluated	0	22/2	I5/I6
<i>M = Male F = Female</i>			
<b>Tenders</b>	<b>Prior</b>	<b>Current</b>	
# of Rehab. & Drilled Wells	0	0	I7
# of Gas Plants constructed	0	0	I8
Prof. Engineers for Drilling hired	0	0	I9
Prof. Engineer Proc. Plant hired	0	0	I10

## 8 MONTHLY EXPENDITURES

Financial information omitted.