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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: April 1 – April 30, 2015

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This Monthly Report is made possible by support from the American People sponsored by United States Agency for International Development (USAID). The contents of this monthly report were prepared by Advanced Engineering Associates International, Inc. and are the sole responsibility of Advanced Engineering Associates International, Inc. and do not necessarily reflect the views of USAID or the United States Government.

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## Acronyms and Abbreviations

AGE	Afghan Gas Enterprise
APA	Afghanistan Petroleum Authority
MoMP	Ministry of Mines and Petroleum
OGS	Oil and Gas Survey
PR	Public Relations
SGDP	Sheberghan Gas Development Project
SGGA	Sheberghan Gas Generation Activity
TPAO	Turkish National Petroleum Corporation
USAID	United States Agency for International Development

# 1 DRILLING CONTRACT MANAGEMENT SUPPORT

## 1.1 Achievements / Activities

### On-site Technical Assistance

- Completed drilling contract orientation for the four MoMP on-site drilling engineers charged with monitoring TPAO's work and certifying progress for payment purposes.

### Contract Amendment Support

- Reviewed drafts of the TPAO contract amendment extending performance period and recommended revisions, including language clarifying terms of the Juma-Bashikurd reservoir study to be funded by TPAO.
- Provided MoMP with information on the TPAO claim that it should be paid for extra costs associated with drilling through salt/anhydrite zones, even though this information was available to TPAO prior to submission of its bid. MoMP had apparently done no research or preparation on this claim by TPAO.
- Verified and recorded the commencement of drilling operations at the Juma #2A well site on 18 Apr 15.

### Kabul-based Technical Assistance

- Advised MoMP to assemble information on receipt and processing of customs documents in response to TPAO's claim for additional performance time due to customs delays. MoMP apparently did not accept the advice for response to TPAO.
- Provided points to MoMP to use in responding to a letter from the Turkish Energy Minister.
- Completed a draft letter for the Afghanistan Petroleum Authority's (APA's) Z. Sarwari to send to TPAO announcing all four of the on-site engineers, explaining their authority representing Z. Sarwari, and asking for cooperation and unhindered site access.
- Developed a letter for APA's Z. Sarwari to send to TPAO requesting an updated drilling schedule and extended performance security.
- Reviewed TPAO's submission on perforation charges and radioactive isotopes, advised APA's Z. Sarwari on previous MoMP procedures and suggested that he request additional information from TPAO to satisfy senior management on quantities.
- At the request of APA's Z. Sarwari, developed a delay penalty clause and cover letter language for MoMP to use in TPAO's contract time for completion period extension.
- Reviewed TPAO's new revised schedule (#9 thus far) which proposed extending the time for completion period out to 31 Dec 15 and recommended that APA reject it.
- Prepared the April Drilling Operations Progress Report.
- Prepared a draft report template and advised APA on how to begin reporting to USAID on SGDP progress, as required under the SGDP IL.

### Advsory to USAID

- Provided recommendations to USAID for a new IL legalizing the amendment to the TPAO contract, the terms of which went beyond MoMP's authorized authority under the grant.
- Prepared a short slideshow of pictures and bullets to explain the beginning of SGDP drilling operations to USAID.

## 1.2 Meetings

- 14 Apr 15, Met with the new Director General of APA, Dr. Outbuddin, and discussed TPAO's performance and his concerns about the poor quality of its work on the ADB project.

- 15 Apr 15, Met with Minister Saba to discuss the project's status and plans and the status of the Totimaidan production sharing tender.
- 25 Apr 15, Met with APA's Z. Sawari at his request to assist in development of a delay penalty clause for their contract extension as well as providing language for a cover letter.

### 1.3 Challenges

- Engaging MoMP to fulfill its responsibilities of monitoring the drilling work on-site has been a long-term struggle. SGGA has continued to offer more and more support due to the lack of MoMP action. On 13 Apr 15, SGGA sent an e-mail to Z. Sarwari telling him that by taking the initiative to arrange work location access, informing TPAO of its obligations to provide access and cooperation, and in providing support to MoMP's field representatives, SGGA was performing the work that, under the USAID grant agreement, is the responsibility of MoMP. The email also encouraged Mr. Sarwari to be responsible for seeing that MoMP meets its responsibilities.
- In negotiating the extension amendment to the TPAO contract, MoMP yielded to TPAO on two significant points: (1) agreeing to give TPAO credit for a claimed 25 days of customs delays and (2) to pay for any costs incurred by TPAO in drilling through salt/anhydrite zones in the Juma #2A. As noted above, MoMP did not appear to have developed the counter arguments to these claims during the negotiations, although SGGA provided, in the first instance, recommendations on how to prepare; and on the second, specific facts making it clear that TPAO knew or should have known of the presence of these zones in the Juma #2A at either the original or new locations prior to submitting its bid for the contract. This failure to defend itself against these claims may be attributable either to the seeming inability of the MoMP project manager to organize and present information, or to MoMP's yielding to political/diplomatic pressure from the Turkish government. It is clear from correspondence from the Turkish Minister of Energy to Minister Saba that the senior levels of the Turkish Ministry, and probably of TPAO itself, have not been given accurate information by their project managers about the delays and other problems with the project.
- Providing quality technical assistance to MoMP on contractual matters, despite the Ministry's propensity to execute final agreements without SGGA review.
- MoMP's general administrative sloppiness in using inappropriate letterhead for senior leadership and not dating documents or using signature blocks. Additionally, not copying SGGA in important communications with TPAO.

### 1.4 Plans for Next Month

- Encourage and assist APA to prepare and process its first SGDP progress report internally and submit it to USAID as required under the SGDP IL.
- Continue to closely track and document TPAO's drilling operations progress and arrival of final trucks and materials.

## 2 SGDP NATURAL GAS DEVELOPMENT SUPPORT

### 2.1 Achievements / Activities

- Responded to a request from Z. Sarwari for information and materials for him to use for briefing Minister Saba on SGDP. The planned briefing was eventually cancelled.
- Provided full information to Minister Saba and DG Qaeym on access to MoMP's data to support the planned data evaluation and reserve estimate work, including all previous correspondence with MoMP.
- Learned from Unicon and reported to USAID that corporatization planning for Afghan Gas is again under consideration after having been dropped earlier.
- At USAID's request, SGGA's power specialist returned to Kabul and provided short-term assistance regarding planning for the Salang Pass transformer station and planning for conversion of Afghan National Army and/or Afghan National Security Force bases to grid power from diesel generation.
- Updated the reservoir study request for proposal along with an improved bidding schedule.
- Developed ideas on the draft confidentiality agreement.
- Provided a source list of shortlisted reservoir study engineering firms to DM Hameedi for review, per his request.

### 2.2 Meetings

- 14 Apr 15, Met with the new DG of APA, Dr. Outbuddin and discussed the need for MoMP's cooperation in providing access to gas field data for seven fields in order for SGGA to tender for important reservoir services. Dr. Outbuddin offered his cooperation in reaching an agreement on data access and confidentiality for the reserve estimate project.
- 15 Apr 15, Met with MoMP Minister Saba and provided an SGDP overview prior to his trip to Washington.

### 2.3 Challenges

- Advancing the reservoir study initiative through APA and MoMP. Thus far, Ministry officials have either not comprehended, or have alternative motives/plans regarding the necessity of obtaining independent gas reserve estimates from a reputable firm. The estimates are absolutely necessary in order to attract a gas processing plant investor. This is complicated by the loss of the bulk of APA's staff due to funding problems a few months ago and long running rumors that the Asian Development Bank will eventually fund construction of a gas processing plant.

### 2.4 Plans for Next Month

- Meet with APA's DG, Dr. Outbuddin and press him to proceed on reservoir studies and pursue MoMP's legal review and approval of SGGA's draft confidentiality agreement.

## 3 CAPACITY DEVELOPMENT

### 3.1 Achievements / Activities

Course Implementation:

- English Language: Continued instruction throughout the MoMP in Kabul and Sheberghan.
- Petroleum Engineering: Completed well testing subject matter instruction and continued theoretical trainings in drilling engineering for Afghan Gas Enterprise and Oil and Gas Survey personnel in Sheberghan.
- Began coaching APA staff on reporting procedures for the TPAO contract.
- Taught APA staff how to add data from TPAO's daily reports to its monthly drilling progress report. The participants have learned how to analyze reports from MoMP's onsite engineers and add it to their monthly progress report.

### 3.2 Meetings

- 6 Apr 15, Met with F. McKinley and A. Shepard from the USAID's Development Outreach and Communication Office and R. Sediqi, Spokesperson for MoMP. Discussed MoMP's Communication's Office's needs and ways that USAID/SGGA might be able to address them. Below are detailed notes from the meeting:
  - Mr. Sediqi noted that MoMP currently has approximately 20-25 staff members working on communications. He noted that they are all underqualified for their roles and incapable of independently writing professional reports. He noted that his staff comes from educational backgrounds in political science, economics, and geology instead of degrees in journalism. He added that MoMP is unable to find qualified Afghans with both knowledge of journalism and English skills willing to work for government pay rates. Therefore, MoMP hires a lot of people with limited skills, apparently hoping that donors will train them to do the job they are hired for, even though they lack capabilities or background.
  - SGGA pointed out to USAID that this represents an endemic unsolvable problem with capacity development related to the Afghan Government's pay structure for its employees. Accordingly, since pay rates are so low, it is impossible for the Government to recruit capable talents to fulfill its needs; therefore, it continually relies upon donor support for training and/or advisory assistance to complete functions. Additionally, if the employees are trained, most of them may then leave working for the government for higher paying jobs either with internationally-funded projects, or private companies. The bottom-line conclusion is that unless the government's pay structure changes, a cycle in which the government has to repeatedly hire under-qualified staff and remain dependent upon donor assistance will continue indefinitely.
  - Mr. Sediqi divided his offices' reporting tasks into three areas: 1) press releases providing general information to the Afghan public 2) responses to accusations of corruption or wrongdoing and 3) press releases specifically for Facebook and Twitter.
  - Mr. Sediqi requested long-term trainings for his staff stating that short-term workshops such as those that the USAID project Mining Investment and Development for Afghanistan has provided have not generated the long-term effects needed.
  - SGGA responded that it can provide one of its staff members, who is an experienced journalist with strong English skills to assist and advise his office as a mentor/coach. SGGA also offered copy editing of press releases with

explanations for grammatical changes in track changes for MoMP to learn from. SGGA is awaiting a response from Mr. Sediqi, to determine if this offer will be accepted.

- 6 April 2015, Met with Mr. Zamani, Human Resource Director for MoMP to discuss areas of collaboration. He stated that the contracts held by current APA employees will be completed in three months. After that time, APA staff will have to re-apply for the positions through the government hiring process.
- 8 April 2015, Met with M. Nahzat, Kardan Vice Chancellor and G. Beenish, Program Director to discuss the termination of training activities that Kardan would perform for SGGA due to funding constraints and MoMP's reorganization.
- 13 Apr 15, Met with S. Quraishi, MoMP's GIS Department Manager. Mr. Quraishi requested assistance in several technical areas. SGGA informed him that it would no longer continue providing GIS instruction due to budget limitations and that other activities aligned more closely to SGGA's project objectives.
- 18 Apr 15, Met with MoMP Public Relations (PR) & Communications Director, H. Hasif. Detailed meeting notes are blow:
  - Mr. Hasif stated that currently there are approximately 30 individuals working in the PR & Communications Department at MoMP. He added that thought they have a Facebook and Twitter accounts, no one within the department is familiar enough with social media to make these resources effective or useful.
  - Mr. Hasif stated that most of the members in the department know what they are supposed to be doing, but they just do not know how to go about doing it. He added there are three translators in the PR & Communications Department that do not know how to speak, read or write English
  - Mr. Hasif stated that they have a zero budget within his department and would very much like assistance acquiring a printer, a scanner and a television.
  - In response, SGGA reiterated that it can provide a professional journalist/translator to provide mentoring and support for its PR/Communications Department, which SGGA plans to provide commencing the first week of May.
- 26 Apr 15, Met with MoMP Human Resources Director, Zamani who requested to be more informed of SGGA's capacity development activities in Sheberghan. SGGA will collaborate with him for health and safety trainings in Sheberghan.
- 26 Apr 15, Met with AGE Labor Protection, Environmental and Safe Techniques Director Eng. Abdul Hakim, who requested health and safety training.

### 3.3 Challenges

- Due to the significant limitations on the capacity development program budget as well as a refined, more objective focused training plan, the contract with Kardan University to provide additional training will be cancelled.
- Meeting potential capacity development needs of MoMP will be hampered by the lack of funds available for additional training opportunities.
- Mr. Hasif, MoMP PR & Communications Director, stated that within MoMP, there are authority problems coming from the upper echelons of the Ministry that make it difficult to get any work accomplished, especially regarding publications.

- The zero budget within the PR & Communications Department reported by Mr. Hasif makes it challenging for them to purchase needed equipment and publish the newsletter.
- To locate someone in Afghanistan with the necessary qualifications to teach health & safety is challenging.
- One of the challenges of having an local national trainer is that the other engineers may not attend the training because of their egos and a sense of internal competition among the engineers.

### 3.4 Plans for Next Month

- Begin coaching MoMP's PR and Communication Department.
- Continue English classes in Kabul and Sheberghan.
- Continue well drilling training in Sheberghan.
- Continue coaching APA on TPAO reporting procedures.
- Begin collaboration with appropriate AGE and OGS health & safety staff to develop a sustainable health & safety program in Sheberghan including training.

## 4 MONTHLY EXPENDITURES

## 5 PROJECT SCHEDULE

