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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: May 1 – May 31, 2015

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Acronyms and Abbreviations

AGE	Afghan Gas Enterprise
APA	Afghanistan Petroleum Authority
CBAGS II	Geological Consultancy and Capacity Building Services Project
DG	Director General
DM	Deputy Minister
IL	Implementation Letter
MoMP	Ministry of Mines and Petroleum
OGS	Oil and Gas Survey
PMU	Program Management Unit
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

- Provided a draft letter to the Ministry of Mines and Petroleum (MoMP) for requesting Turkish National Petroleum (TPAO) to clarify import logistics for radioactive isotopes and perforation charges. The draft also insisted, again, that TPAO submit all subcontracts to MoMP for approval. MoMP issued the letter to TPAO as recommended.
- Provided transport for Dr. Outbuddin, Director General of the Afghanistan Petroleum Authority (DG of APA), to inspect the Juma #2A drillsite.
- SGGA's Sheberghan office distributed daily drilling and geological reports to SGGA's main office, and provided special reports on the delivery of corrosive resistant alloy production casing and tubing to the Juma #2A location. SGGA's Kabul staff reviewed reports as received and provided to USAID with comments added as needed.
- Provided links to online references for materials on American Petroleum Institute's tubing and casing standards to Z. Sarwari for use by MoMP field staff.
- Reviewed TPAO's proposed casing program for Juma #2A and provided comments to MoMP on TPAO's recommendation to case upper well segments and run a cased hole log.
- Reviewed TPAO's performance security extension to 31 December 2015.
- Assisted MoMP to develop and prepare its first two monthly progress reports for USAID in accordance with the SGDP implementation letter.

1.2 Meetings

- 3 May 15, met with Z. Sarwari to discuss contract requirements for TPAO to provide customs documents 72 hours prior to scheduled departures of cargos from Turkey, and Implementation Letter (IL) No. 45-01's requirement that MoMP send monthly reports on SGDP activity to USAID.
- 10 May 15, met with Z. Sarwari and reviewed a checklist of all open items, including the MoMP's timely facilitation for TPAO's import of radioactive isotopes and perforation charges to avoid delays.
- 10 May 15, met with Z. Sarwari and expedited his review and submission of MoMP's first SGDP monthly report (covering April) to USAID.
- 19 May 15, met with USAID's M. Capobianco, J. Cardenas, and the contract officer representative's staff and discussed a proposed IL amendment to protect USAID's interests following MoMP's contract extension amendment that included provisions not previously approved by USAID. USAID decided to take no action on the proposed IL amendment at present.
- 30 May 15, met with Z. Sarwari and reviewed a checklist of open items, primarily focusing on TPAO's importation of radioactive isotopes and perforation charges as well as DM Hamidi's progress reviewing SGGA's letter requesting assistance supporting reservoir studies and a proposed confidentiality agreement.

1.3 Challenges

- Although MoMP has somewhat improved its reporting of project status to SGGA, SGGA continues to obtain most information directly from SGGA's own staff in Sheberghan. Information provided to MoMP relating to the drilling contract is typically not shared with SGGA unless MoMP wants advice or assistance.

- SGGA provided MoMP with one of SGGA's senior local staff to assist MoMP in preparation of its first monthly report to USAID, but from conversations with the loaned staff member, it appears that the loaned staff member was asked by MoMP to prepare the report rather than to assist MoMP to learn how to do so. SGGA is supporting a second month of reporting and it appears that MoMP staff are learning how to prepare them more independently into the future.
- After learning that TPAO had provided an environmental management plan to the National Environmental Protection Agency (NEPA), queried Z. Sarwari on the reason why TPAO submitted a plan, when (1) the Ministry had already submitted a plan and obtained NEPA approval and (2) all reporting to NEPA is required to be done by MoMP, not TPAO. In any event, NEPA returned the report with a reply stating that NEPA did not have time, staff, or expertise to review it. As of the date of this report, Sarwari has not replied.

1.4 Plans for Next Month

- Continue to monitor TPAO's work progress and final mobilization logistics closely, and provide recommendations to MoMP on contract management actions.

2 SGDP NATURAL GAS DEVELOPMENT SUPPORT

2.1 Achievements / Activities

- Assisted APA's Z. Sarwari to prepare a presentation about the Sheberghan Gas Development Project (SGDP) for the Interministerial Commission on Energy. The presentation was later provided to Deputy Minister (DM) Sadat, who made the presentation rather than Sarwari.
- As described above, provided training and assistance to MoMP on preparing required monthly SGDP reports to USAID.
- As requested by USAID, provided SGDP bullet points for briefing Ambassador McKinley.

2.2 Meetings

- 2 May 15, met with DG Dr. Outbuddin to discuss the status of the proposed data evaluation and reserve estimates in light of reported internal discussions with DM Hamidi on the issue during April. There was no apparent progress on either the review of the data access, use, and confidentiality agreement proposed by SGGA. Dr. Outbuddin was asked to arrange a meeting with DM Hamidi and SGGA on the topic, but did not achieve any further development on this issue.
- 10 May 15, met with Orest Grynyk of Unicon to discuss Unicon's success in obtaining gas field technical data and locations of data, in order to facilitate SGGA's reservoir study initiative. Also sought his insight into the location of various raw and processed data supposedly provided to MoMP associated with certain reports prepared by Gustavson Associates.
- 23 May 15, met with J. Maqsoodi, Deputy Team Leader and A. Akbari, Geologist, both of the GIZ-funded Geological Consultancy and Capacity Building Services Project (CBAGS II), and with R. Grayson, Team Leader for GIZ Artisanal and Small-scale Mining Project, who possesses institutional knowledge of natural gas data, to discuss the progress of the CBAGS II Project in identifying, locating, and indexing Afghan natural gas data.
- 23 May 15, met with S. Mohammad "Sultani" and A. Kahbir "Ghani," Chief Financial Officer and Senior Translator, respectively, with the World Bank's Sustainable Development of Natural Resources Project Program Management Unit (PMU). The World Bank PMU

purportedly houses extensive data and reports on Afghan mining and hydrocarbons. A meeting is planned with Director of the PMU, H. Naim in the near future.

- 24 May 15, met with MoMP Acting Minister Mr. Hamidi and obtained his verbal commitment to support the data evaluation and reserve estimate work, including prompt conclusion of a data access, use, and confidentiality agreement.
- 25 May 15, hand-delivered a follow up letter to Acting Minister Hamidi outlining steps requested from MoMP in support of data evaluation and the reserve estimate project. Enclosed with the letter were draft documents for data access and use and a confidentiality agreement.
- 31 May 15, met with Asian Development Bank and Fichtner Consulting representatives for informal discussions on projects of mutual interest, including reserve estimates and gas gathering and processing.

2.3 Challenges

- While at the end of the month a breakthrough was apparently achieved in obtaining MoMP support for the data evaluation and reserve estimate project after seven months of lack of cooperation, the necessary agreement remains to be negotiated and signed. Following signing, the ability to obtain actual cooperation for data access and compiling data remains to be tested.

2.4 Plans for Next Month

- Pursue obtaining the necessary agreement with MoMP for access to data needed for data evaluation and reserve estimates. When an appropriate agreement is reached, the request for proposals for petroleum engineering services for the project will be issued.

3 CAPACITY DEVELOPMENT

3.1 Achievements / Activities

- Began teaching health and safety policies and procedures to Afghan Gas Enterprise (AGE) and Oil and Gas Survey (OGS) staff in Sheberghan.
- Continued to support AGE engineers on procuring services, including training on calibration and use of its gas chromatograph donated by the Task Force for Business and Stability Operations (TFBSO).
- Continued drilling training in Sheberghan.
- Continued English classes in Sheberghan and Kabul.
- Completed coaching APA's SGDP staff on TPAO report procedures in Kabul.
- Began a mentoring program for MoMP's Department of Public Relations & Communications to support development of effective public information strategies and practices.
- Began coaching MoMP's Legal Department on developing a legal library.

3.2 Meetings

- 3 May 15, met with MoMP Public Relations & Communications Director, H. Hasif and agreed plans on provision of mentoring for the Public Relations and Communications Department.
- 13 May 15, met with MoMP Legal Director S. Hashemi regarding the development of a legal library.

- 17 May 15, met with Kardan University Diploma Program Director Mr. Beenish, and discussed about writing and singing of the termination letter.
- 24 May 15, met with Technical Deputy Director, A. Hamid, Health & Safety Manager, Eng. A. Hakim, AGE's Planning Director, Eng. A. Rahim. The meeting counterparts discussed desire to improve health and safety training in Sheberghan.
- 24 May 15, met with MoMP's Sheberghan HR Manager, Mr. Naqibullah and Planning Manager, Eng. A. Rahim to discuss training coordination. Mr. Naqibullah requested additional information technology training.
- 24 May 15, met with Eng. Ayub and MoMP's delegation to oversee TPAO's contract. Eng. Ayub noted his coordination with TPAO to receive training on the chromatograph, his team's responsibility for the \$24 million, 94.5 km pipeline from Khoja Gogerdak to the National Fertilizer and Power Plant, and that he is seeking to hire gas processing from Uzbekistan to bring the TFBSO-funded amine plant online.
- 26 May 15, met with Workover Head Engineer, R. Sadid, who stated that a significant need exists for advanced training in well drilling for AGE and OGS engineers.
- 27 May 15, met with OGS HR Manager, M.Rafi, who stated his continued interest in collaborating with current and future training.
- 31 May 15, met with MoMP legal staff to follow up on legal library planning. Legal department had not completed the needs survey requested from them, and legal staff indicated that they expected SGGA, rather than they, to do the work needed to plan and create the library.

3.3 Challenges

- No significant challenges during this period.

3.4 Plans for Next Month

- Continue drilling operations training in Sheberghan, including making arrangements with TPAO to observe drilling operations in the Juma-Bashikurd Field.
- Continue to supporting the MoMP Legal Department's staff on developing a legal library.
- Continue assisting AGE to obtain service, calibration, and training for its chromatograph.
- Continue mentoring MoMP's Public Relations and Communication Department.
- Continue English classes in Kabul and Sheberghan.
- Continue collaboration with appropriate AGE and OGS Health & Safety staff to develop sustainable Health & Safety training and procedures in Sheberghan.

4 MONTHLY EXPENDITURES

Accrual Report
 Reference: EPP-I-00-03-00004-
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 Task Order: AID-306-TO-12-
 00002

Reporting Period
 May, 2015

A. Contract Ceiling:	30,440,957	
B. Total Obligated toward ceiling	30,440,957	
C. Ceiling remaining		-
D. Total disbursed	21,209,869	
E. Accruals	1,178,190	
F. Combined totals	<u>22,388,059</u>	73.5%
G. Pipeline balance	<u>8,052,898</u>	
Accruals:		
April estimate	487,070	
May estimate	<u>691,120</u>	
	<u>1,178,190</u>	

5 SGGA PROJECT SCHEDULE

