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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: August 1 – August 31, 2015

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## Acronyms and Abbreviations

|       |   |
|-------|---|
| AGE   | Afghan Gas Enterprise                                       |
| AGS   | Afghan Geological Survey                                    |
| APA   | Afghanistan Petroleum Authority                             |
| MoMP  | Ministry of Mines and Petroleum                             |
| OGS   | Oil and Gas Survey  |
| OSHA  | United States Occupational Health and Safety Administration |
| 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

- Submitted SGGA's due diligence report to USAID assessing and certifying the work performed by TPAO in connection with TPAO's first invoice under the USAID-funded SGDP on-budget contract for "Procurement of Works for Development of Bashikurd/Juma Gas Field."
- Reminded MoMP three more times during the month of the urgent need to complete the processing of TPAO's first invoice. Copies of the reminders were sent to USAID. As of the date of this report, the invoice was still pending payment at the Ministry of Finance, and was 38 days past due. It had been previously reported, inaccurately, by MoMP that the invoice had been processed by MoF.
- Logging isotopes and perforation charges were delivered to Mazar-e-Sherif on 14 Aug 2015. TPAO moved them to the field on 15 Aug.
- Drilling resumed on the Juma #2A on 10 Aug 2015 and reached 3481 meters subsurface on 19 Aug. The projected total depth for this well at its original location near the Juma #2 well (on the Juma sector side of the fault separating the Juma and Bashikurd sectors of the Juma-Bashikurd Field) was approximately 3500 meters. After TPAO advised that drilling was approaching the gas/water contact, drilling was stopped at an agreed depth of approximately 3481 meters.
- TPAO conducted open hole logging of the Juma #2A well and upon conclusion of the logging and testing sent the data to Turkey for interpretation. Based on the interpretation, TPAO reported that the Kugitan formation in the Juma #2A has low porosity (around 5%) and that gas flows are "about half" of what was expected. However, the Ministry was not provided with a complete suite of logs, details of the means of determining gas volumes, or specific volumes or pressures.
- Both Ministry engineers examined the log section and the interpretation provided and requested additional information from Turkish Petroleum, most of which was not immediately provided. SGGA engineers are gathering information from other wells in the Bashikurd sector for comparison to the Juma #2A initial results and providing this information to the Ministry as it is collected from the Oil and Gas Survey and Afghan Gas.
- After review, the Ministry instructed TPAO to install 5.5 inch corrosion resistant casing, perforate, and test the Juma #2A. This instruction was delivered to TPAO on the date of this report, 6 September 2015. TPAO was further instructed to conduct a cement bond log, other standard tests, and gas flow and gas composition tests, and to deliver the results to the Ministry.

## 1.2 Meetings

- On 26 Aug 15, attended presentation and discussion on the new Extractives Industries Development Framework (EIDF) that is being recommended for adoption by MoMP. The meeting was sponsored by DFID.

## 1.3 Challenges

- The delay in the payment of TPAO's first invoice by Ministry presents a significant challenge. Although MoMP was repeatedly advised by SGGA to meet with the appropriate Ministry of Finance staff to insure that the invoice would be processed on time, this "pre-

clearance was apparently either not done or done only superficially, resulting in the Ministry of Finance's raising a number of irrelevant questions and objections to payment. SGGA will continue to advise MoMP on how to avoid these sorts of delays in the future.

- The TPAO drilling contract performance period will end on 25 September 2015 (extension to 31 August plus 25 days for customs delays). It will be impossible for the contract work to be completed by 25 September. SGGA will work with MoMP to make necessary adjustments or to begin imposition of contractual delay penalties on TPAO.

#### 1.4 Plans for Next Month

- Monitor further testing performed by TPAO on the Juma #2A and review reported test results.
- Continue to gather data, particularly on target horizon porosity, on other wells in the Bashikurd sector of the field.
- Review all available data and present possible options, including options for altering the existing drilling program with TPAO.
- Continue to track the payment of TPAO's first invoice.

## 2 SGDP NATURAL GAS DEVELOPMENT SUPPORT

### 2.1 Achievements / Activities

- Continued to collect and copy geological, geophysical and well data on the seven fields for the reserve estimate from various MoMP departments and employees in Kabul. Specific activities included:
  - Initiating scanning documents held in MoMP's main library at AGS.
  - SGGA Kabul staff collecting data from OGS and AGE files in Sheberghan.
  - Sheberghan data copied in Mazar-e-Sherif at only print house in area capable of making high quality scans of oversize, fragile documents.
  - Data on three fields brought to Kabul to expedite scanning.

### 2.2 Meetings

- Met with team leader of UNICON to discuss the conclusion of the AGE corporatization project. UNICON provided copies of their project reports and supporting data.
- Numerous meetings were held with the librarian and other staff of MoMP's main library during the collection and scanning of available data on the seven gas fields selected data review and reserves estimates.

### 2.3 Challenges

- Despite specific instructions from the Minister of Mines and Petroleum, lower level MoMP staff in the Afghan Geological Survey in Kabul, and, to some extent, OGS and AGE staff in Sheberghan have resisted providing needed documents and providing support for scanning documents. SGGA was able to resolve these issues for the most part through the quick support of MoMP senior management.
- Since SGGA's scanners are not capable of handling the oversize, and often fragile, documents in the MoMP files and do not have the volume capacity for the amount of scanning required, SGGA has had to turn to commercial service companies for these tasks. Although mostly resolved in a relatively time, locating capable service companies and meeting procurement requirements has resulted in some delay in assembling the

documents. In order to assure that work by the selected petroleum engineering firm can begin as soon as possible after award, it is necessary that the bulk of the data be available prior to issuing the engineering RFP.

## 2.4 Plans for Next Month

- Continue to scan data from the seven fields in MoMP's main library in Kabul.
- Complete scanning the data brought from Mazar-e-Sherif and Sheberghan to Kabul and return to OGS office in Sheberghan.
- Sort and index the data collected and scanned.
- Issue the Sheberghan Reserve Estimate RFP.
- Issue RFP for public-private partnership structure for gas gathering and processing.

# 3 CAPACITY DEVELOPMENT

## 3.1 Achievements / Activities

### Sheberghan

- Gained support of OGS & AGE directors to implement the first distance learning courses to be used by MoMP. The courses selected are two United States Occupational Safety & Health Administration (OSHA) - the OSHA 192 Hour Oil & Gas Safety & Health Manager training and the OSHA 70 Hour Oil & Gas Safety & Health Train-the-Trainer course.
- Began translation of the 192 Hour OSHA course materials into Dari.
- Commenced both OSHA courses at Sheberghan. The first course segment was completed on 31 August.
- Continued support to AGE engineers for procuring calibration and installation service and training for the gas chromatograph donated to AGE without these services.
- Continued Market Leader Business English program in Sheberghan for OGS and AGE staff. Thirteen individuals have been added to the OGS at the request of OGS Acting Director Eng. Habibullah.

### Kabul

- Began mentoring at the MoMP Public Relations and Communications Department, focusing to enhance of staff professional and English language skills and department organization.
- Began support for creation of resource library for the MoMP Public Relations & Communications Department.
- Continued support to the MoMP Legal Department for the creation of a legal library.

## 3.2 Meetings

- 01 Aug 15, met with MoMP Capacity Development Manager M.S. Zamani on his continued support for introducing the OSHA distance learning courses.
- 01 Aug 15, met with MoMP Public Relations & Communication Director, H. Hasif to discuss progress of SGGA mentoring efforts with his department. Hasif stated that he was pleased with his staff's improved performance.

- 08 Aug 15, met with MoMP Senior Legal Adviser E. Alamyar to discuss progress from SGGA coaching for development of the legal library. Alamyar requested that SGGA provide a short workshop on legal research and access to legal resource materials.
- 12 August 15, met with AGE Director Eng. A. Qaeym, his Technical Deputy Eng. A. Hamid and AGE Planning Manager Eng. A. Rahim regarding designation of AGE participants for the OSHAcademy Safety & Health distance learning training and provision of space for training.
- 12 August 15, met with OGS Acting Director Eng. Habibullah to finalize plans for the start of the OSHA distance learning courses.
- 17 Aug 15, met with SGGA's Eng. Habibullah and the participants in the Basic Well Drilling class. They requested that the class should be continued beyond the planned end date in September and that observation of current drilling operations be arranged.
- 18 Aug 15, met with AGE's Eng. Ayub about the likelihood of obtaining training and installation support for the gas chromatograph from Ukrainian engineers working in Sheberghan. These engineers have agreed to provide assistance.
- 24 August 15, met with AGE's Eng. Ayub regarding assistance in obtaining ultrasonic testing and leak detection equipment for the new pipeline being built by AGE from the Khoja Gogerdak gas terminus to Mazar-e-Sherif. Eng. Ayub was informed that SGGA does not have a budget for this equipment, but that SGGA would try to assist with any required training.

### 3.3 Challenges

- No significant challenges during this reporting period.

### 3.4 Plans for Next Month

- Continue facilitation of the OSHA distance learning courses, including translation of course materials into Dari.
- Continue mentoring MoMP's Public Relations and Communication Department staff.
- Continue Basic Well Drilling course in Sheberghan.
- Continue Market Leader Business English classes for AGE and OGS staff in Sheberghan.
- Continue to assist AGE with obtaining service and training for their gas chromatograph.

## 4 MONTHLY EXPENDITURES

| Accrual Report<br>Reference: EPP-I-00-03-00004-00<br>Task Order: AID-306-TO-12-00002<br><br>Reporting Period<br>August, 2015 |            |                     |
|--|------------|---------------------|
| A. Contract Ceiling:   | 30,440,957 |                     |
| B. Total Obligated toward ceiling  | 30,440,957 |                     |
| C. Ceiling remaining   | -          |                     |
| D. Total disbursed   | 22,719,861 |                     |
| E. Accruals  | 1,195,269  |                     |
| F. Combined totals   | 23,915,130 | 78.6% of obligation |
| G. Pipeline balance  | 6,525,827  |                     |
| Accruals:  |            |                     |
| July billed, not yet paid  | \$ 458,748 |                     |
| August estimate  | 736,520    |                     |
|  | 1,195,269  |                     |

# 5 PROJECT SCHEDULE

Figure 1 - SGGA Schedule Gantt Chart

