



USAID
FROM THE AMERICAN PEOPLE

AFGHANISTAN

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: October 1 – October 31, 2015

Prepared by:

Advanced Engineering Associates International, Afghanistan
House # 4, Afghana Street, Shash Darak, District 9
Kabul – Afghanistan
Telephone: + 93 (0) 796 101 933

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.

Table of Contents

1	DRILLING CONTRACT MANAGEMENT SUPPORT	1
1.1	Achievements / Activities	1
1.2	Meetings	1
1.3	Challenges.....	1
1.4	Plans for Next Month	2
2	SGDP NATURAL GAS DEVELOPMENT SUPPORT	2
2.1	Achievements / Activities	2
2.2	Meetings	2
2.3	Challenges.....	2
2.4	Plans for Next Month	2
3	CAPACITY DEVELOPMENT	3
3.1	Achievements / Activities	3
3.2	Meetings	3
3.3	Challenges.....	3
3.4	Plans for Next Month	4
4	MONTHLY EXPENDITURES.....	5
5	PROJECT SCHEDULE.....	6

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

- Provided geological, engineering, and budget reports to MoMP and USAID analyzing options for further Juma/Bashikurd Field re-entry operations following determination that Juma No. 2A was not commercial.
- In response to drilling reports that Bashikurd No. 3 well, currently being re-entered, had collapsed casing, prepared and sent to MoMP and USAID report on alternate re-entry operations in the event No. 3 had to be abandoned. However, TPAO was able to drill through the obstruction and continue with the re-entry and deepening.
- Following USAID's decision not to participate in the funding of the re-entry of the Bashikurd No. 9 well, prepared a contract change order ("Variation Notice") for MoMP removing that operation from the TPAO contract scope of work.
- Provided a reminder to Z. Sarwari of the requirements for cleanup and restoration of work sites set out in the Environmental Management Plan approved by NEPA. Among these requirements is the toxicity testing of residual materials from operations pits, which testing should be done as part of the cleanup planning.
- Monitored MoMP's actions to obtain an adjustment to the Ministry's appropriation to allow expenditure of USAID grant funds contract payments. This item had been inexplicably left out of the current year MoMP budget, preventing the use of the grant funds.
- Continued to advise Z. Sarwari on actions to obtain approval of payment by Ministry of Finance of TPAO \$1.4 million mobilization invoice, and provided documents to Sarwari for preparation of submission to National Procurement Authority for after the fact approval of the extension of the TPAO drilling contract as required by Ministry of Finance. Also provided Sarwari with explanatory letter for National Procurement Authority summarizing the history of the contract delays and efforts by MoMP to enforce the contract.

1.2 Meetings

- 4 Oct 15 – Met with USAID Mission Director and senior staff to discuss SGGA project status, plans, and timing.
- 18 Oct 15 -- Met with MoMP's Eng. Sediq to discuss TPAO contract options and anticipated change in scope of work.
- 25 Oct 15 -- Met with USAID project and section staff to discuss TPAO drilling contract payment, data evaluation and reserve estimates.

1.3 Challenges

- The insistence of the Ministry of Finance (MoF) on obtaining National Procurement Authority after the fact approval for the extension of the TPAO drilling contract has substantially slowed the payment of the TPAO invoice for mobilization, 91 days past due as of the date of this report, reflects what SGGA believes was the lack of full discussions by MoMP with the MoF prior to submission of the invoice for payment that would have uncovered the Ministry of Finance concerns. Even after learning of the staff level MoF requirement, the MoMP project manager ignored, or was unable to follow up on, SGGA recommendations that higher level discussions between MoMP and MoF to have the requirement, which both MoMP and SGGA believe is not supported by law, removed. Instead, an application for retroactive approval was filed with the National Procurement Authority, and only toward the end of the month did the MoMP project manager and the MoMP energy advisor decide to move forward with ministry-to-ministry discussion on this requirement. Finally, on the date of this report, SGGA received information that high level discussions had finally taken place (on 3 November) and the MoF Treasury Department

has withdrawn the requirement for National Procurement Authority approval. Having the discussion at a higher level when first recommended would have save a great deal of effort, and finance charges due to TPAO.

- In tracking the efforts to secure payment of the outstanding TPAO invoice, it has become apparent to SGGA that accurate information about the status of the TPAO contract work had not been transmitted to senior officials with responsibility for oversight of the project. The lack of clear channels for reporting and responsibility are a recurring problem within the Ministry.
- Even after receiving the technical reports and recommendations to remove Bashikurd No. 9 from the scope of work, and after receiving from USAID on 4 October a letter directly stating that USAID would not provide any funding for Bashikurd No. 9 operations, and having been provided the draft documents necessary to make the change in the contract, took no action for over a month. The only action then taken was to refer the matter to the Oil and Gas Survey for a technical opinion, despite the knowledge that the Ministry does not have the funds to pay for the work and that USAID will not contribute any funding.

1.4 Plans for Next Month

- Assist MoMP, as requested to take the necessary steps to assure payment of the drilling contract invoices.
- Continue monitoring drilling contract operations.
- Continue efforts to have the Bashikurd No. 9 operations removed from the scope of work.
- Assist MoMP to complete all steps necessary to close out the TPAO drilling contract.

2 SGDP NATURAL GAS DEVELOPMENT SUPPORT

2.1 Achievements / Activities

- Completed data collection and digitization of records for seven gas fields to be evaluated for reserve estimates.
- Organization of collected data on seven fields begun.
- Original data returned to MoMP and copies of digital format data given to MoMP.
- Continued to monitor and report to USAID on status of negotiations between MoMP and the TPAO consortium regarding the Totimaidan production sharing contract, focusing on negotiations over the reimbursement to MoMP of payments made to TPAO under the drilling and re-entry contract.

2.2 Meetings

- 21 Oct 15 -- Met with Eng. F. Ahmadi, APA technical director and discussed the data collection and reserve estimate project.
- 25 Oct 15 -- Met with USAID project and section staff to discuss data evaluation and reserve estimate study status and schedule.

2.3 Challenges

- Organizing, describing, and indexing the Russian language data on the fields has taken a significant amount of the reporting period due to the departure on an SIV of the one staff member with Russian to English language skills.

2.4 Plans for Next Month

- Place the organized field data and brief descriptions of the available documents on a secure internet site accessible to the short listed firms receiving the RFP.
- Issue request for proposals for data evaluation and reserve estimate subcontract.

3 CAPACITY DEVELOPMENT

3.1 Achievements / Activities

- Sheberghan
 - United States Occupational Safety & Health Administration (OSHA) 192 Hour Oil & Gas Safety & Health Manager distance learning training for Oil and Gas Survey (OGS) and Afghan Gas Enterprise (AGE) personnel and is approximately 22 percent complete.
 - The translation of the materials for the OSHA distance learning training for the engineers at OGS and AGE is approximately 37 percent complete.
 - Market Leader Elementary Business English classes with OGS and AGE personnel is approximately fifty percent complete.
 - Basic well drilling course was completed.
 - Completed mentoring AGE employees with the procurement of service and training for the gas chromatograph in Sheberghan.

- Kabul
 - Continued mentoring MoMP's Department of Public Relations & Communications, including translation of website material into English, use of social media, public relations and press releases.
 - Completed Market Leader Elementary Business English with the Public Relations & Communications Department at the MoMP approximately 25% and resumed after a brief hiatus for work on a translation project.
 - Discontinued mentoring MoMP's Department of Public Relations & Communications due to the director's unwillingness to embrace sustainable capacity development practices.
 - Discontinued Market Leader Elementary Business English with the Public Relations & Communications Department at the MoMP due to the director's unwillingness to embrace sustainable capacity development practices.

3.2 Meetings

- 12 Oct 15, met with Hasif Hafiz, MoMP's Public Relations Director, to discuss restarting the mentoring program for the Public Relations Department. Mentoring will be provided in the areas of web site management, translation, and the use of social media to communicate MoMP activities to the general public.
- 18 Oct 15, met again with Hafiz to further discuss mentoring.
- 12 Oct 15, met with MoMP's Public Relations Director, H. Hafiz, to discuss his request for increased translation assistance and development of a national billboard campaign to promote that will promote MoMP.

3.3 Challenges

- The high rate of SGGA translation staff departures on SIVs has slowed the translation of course materials for the OSHA distance learning health and safety management course for AGE and OGS personnel. Quotes are being obtained for using commercial translation services for these translations.
- The MoMP Public Relations Director continues to assert his preference for having SGGA staff perform the work of the department rather than to emphasize sustainable capacity building. He has been told again that SGGA cannot simply provide staff and that SGGA's scope of work is to develop sustainable capacity in GIROA personnel.

3.4 Plans for Next Month

- Continue OSHA distance learning course for safety and health management for AGE and OGS personnel, including translation of course material.
- Continue Market Leader Business English classes for AGE and OGS staff in Sheberghan.
- Mentoring the PR & Communications Department will continue, including English classes.
- Begin working on human interest stories for basic well drilling and safety and health training.

4 MONTHLY EXPENDITURES

Accrual Report Reference: EPP-I-00-03-00004-00 Task Order: AID-306-TO-12-00002 Reporting Period October, 2015		
A. Contract Ceiling:	30,440,957	
B. Total Obligated toward ceiling	30,440,957	
C. Ceiling remaining	-	
D. Total disbursed	23,178,610	
E. Accruals	839,818	
F. Combined totals	24,018,428	78.9% of obligation
G. Pipeline balance	6,422,529	
Accruals:		
September Estimate	\$ 447,680	
October Estimate	392,138	
	839,818	

5 PROJECT SCHEDULE

