



USAID | AFGHANISTAN

FROM THE AMERICAN PEOPLE

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: November 1 – November 30, 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	2
3.1	Achievements / Activities	2
2.1	Meetings	3
2.2	Challenges.....	3
2.3	Plans for Next Month	3
4	MONTHLY EXPENDITURES.....	4
5	PROJECT SCHEDULE.....	5

Acronyms and Abbreviations

ADB	Asiam Development Bank
AGE	Afghan Gas Enterprise
AGS	Afghan Geological Survey
APA	Afghanistan Petroleum Authority
FY	Fiscal Year
MoMP	Ministry of Mines and Petroleum
NEPA	National Environmental Protection Agency
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

- Developed and provided a drilling contract closeout checklist for APA's Zabi Sarwari on 3 Nov 2015. The checklist covers contract, operational, and environmental compliance matters. As of the date of this report, Sarwari has provided no update on the status of progress on the issues listed.
- Also on 3 Nov 2015, sent Dari and English e-mail to Dr. Q. Qaeym, head of APA about concerns about lack of response on report from Oil and Gas Survey on cancellation of Bashikurd No. 9 well, and possible additional costs caused by delays.
- Prepared a summary of TPAO's various performance schedules and provided to APA's Zabi Sarwari. Provided and discussed with Sarwari a critical items checklist for SGDP matters. This checklist includes the following key issues:
 - Procedures for requesting distribution of USAID grant funds to pay for drilling contract invoices, including the requirements for MoMP to obtain a supplemental appropriation for FY1394 in order to be able to use the USAID grant funds. A supplemental appropriation was obtained, but only with USAID assistance and only in an amount that will leave budget authorization some \$9 million short of the amount required.
 - Completing the necessary contract change order necessary to remove Bashikurd No. 9 well from the scope of work of the drilling contract after USAID declined to provide funding.
 - Tender for Juma-Bashikurd TPAO-funded reserve study.
 - Requirements for MoMP's monthly reports to USAID and NEPA
- Sent a letter on the order of utilization of funding for TPAO's drilling contract to MoMP.
- Trained Zabi Jaihoon and Mustafa Noori of APA on the drilling contract payment process.

1.2 Meetings

- 1 Nov 15, met with Zabi Sarwari and discussed the project closeout checklist and SGDP priorities.
- 9 Nov15, met with Zabi Sarwari, discussed MoMP's reporting manual to USAID and NEPA.
- 14 Nov15, met with Zabi Sarwari, Zabi Jaihoon and Mustafa Noori, discussed TPAO's payment process.
- 17 Nov 15, met with Md. Daoud Azizi (senior advisor for finance to Min. Saba), Peter Jezek (advisor to Min. Saba), SGGA to discuss 1395 budget, focusing on failure to include proposal for budget item for USAID grant funds, failure to obtain full supplemental appropriation in 1394 to allow use of USAID grant funds, and failure to make budget analysis regarding Ministry plans to go forward with Bashikurd Well No. 3, as examples of budget preparation and compliance issues.

1.3 Challenges

- MoMP continues to demonstrate a lack of ability and willingness to make commercial decisions relating to petroleum operations. During this report period, the handling of the decision to cancel the re-entry and workover of the Bashikurd No. 9 well was delayed by the appointment of a second study committee by the deputy minister in charge of technical operations, despite the earlier, same assignment to the Oil and Gas Survey by the APA director. In neither instance was a formal report ever produced. The duplicative studies were made despite the fact that both the APA and deputy minister knew that USAID would not participate in the

funding of the well and that the Ministry had no funds available for the work. Only the intervention of the special advisor to the minister stopped the “consideration,” which took more than a month and waited until TPAO was near completion of work on the Bashikurd No. 3 well and was preparing to move to the No. 9. A similar previous delay was encountered in the decision to abandon the “Juma” No. 2A as non-commercial. These delays far exceed the decision times that are expected in the international petroleum industry, and would justify the imposition of stand-by charges by service contractors.

1.4 Plans for Next Month

- Continue to track payment of TPAO invoices by MoMP and MoF.
- Continue to push MoMP to complete the closeout checklist provided to them early in November, including the items in the NEPA environmental management plan that require investigation prior to the completion of operations.

2 SGDP NATURAL GAS DEVELOPMENT SUPPORT

2.1 Achievements / Activities

- On 19 Nov 15, issued request for proposals to short-listed petroleum engineering firms with response request on 3 Dec 15.

2.2 Meetings

- 15 Nov 15, met with representatives of Fichtner GmbH Co. KG, Peter Jezek (Advisor to Min. Daud Saba, MoMP, to discuss Fichtner Draft Master Gas Plan (ADB-funded).
- 19 Nov 15, met with USAID (J. Jordy, K. Ludin, J. Stitch), (SGGA, R. Bruton, N. Kohsar, S. Kelley) regarding schedule for seven field data evaluation and gas reserve estimates.

2.3 Challenges

- No significant challenges during this reporting period.

2.4 Plans for Next Month

- Evaluate proposals for data evaluation and reserve estimates, conclude contract, and give notice to proceed.

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 is approximately 56 percent complete.
 - Market Leader Elementary Business English classes with OGS and AGE personnel in Sheberghan are 51 percent complete.
- Kabul
 - Translation of the material for the OSHA distance learning training for the engineers at OGS and AGE in Sheberghan and is approximately 66 percent complete. The remaining translation has been contracted out to Ayubzai Bros. Consulting to be completed in full on 03 Dec 2015.

- Mentoring the development of a legal library for the MoMP Legal Department is pending the Legal Library Development Team's completion of assigned project work.

2.1 Meetings

- 15 Nov 2015, met with the MoMP Human Resources Director Humayoon Nawabi, MoMP Capacity Development Director Mr. Zamani and Special Advisor to the MoMP Minister Pete Jezek in regard to a comprehensive data base listing donor organizations engaging with the MoMP. Mr. Zamani and Mr. Humayoon Nawabi stated that the database started by a MIDAS employee and was abandoned after her departure as she did not train anyone to use it in her absence. They included that there were only eight organizations added to the database as despite an official letter requesting information and cooperation the donor agencies contacted refused to cooperate and provide the necessary data as well as issues with tashkiras and the data collection process itself. Mr. Zamani and Mr. Humayoon Nawabi added that they have conducted an assessment and would share the results.

2.2 Challenges

- Five individuals have discontinued the OSHA Academy Safety and Health distance learning training due to either personal reason or failing final exams.

2.3 Plans for Next Month

- OSHA distance learning course for safety and health management for AGE and OGS personnel continues.
- Translation of the OSHA distance learning training material continues.

4 MONTHLY EXPENDITURES

Accrual Report Reference: EPP-I-00-03-00004-00 Task Order: AID-306-TO-12-00002 Reporting Period November, 2015		
A. Contract Ceiling:	30,440,957	
B. Total Obligated toward ceiling	30,440,957	
C. Ceiling remaining	-	
D. Total disbursed	23,761,711	
E. Accruals	886,201	
F. Combined totals	<u>24,647,912</u>	81.0% of obligation
G. Pipeline balance	<u><u>5,793,045</u></u>	
Accruals:		
October billed, not yet paid	<u>\$ 416,730</u>	
November estimate	<u><u>469,472</u></u>	
	<u><u>886,201</u></u>	

5 PROJECT SCHEDULE

