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SHEBERGHAN GAS GENERATION ACTIVITY (SGGA)

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SGGA Monthly Report

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Acronyms and Abbreviations

ADB	Asian Development Bank
AEAI	Advanced Engineering Associates International
AGE	Afghan Gas Enterprise
AGS	Afghan Geological Survey
CCC	Credible Construction Company
GOA	Government of the Islamic Republic of Afghanistan
MCM	Thousand Cubic Meters
MoMP	Ministry of Mines and Petroleum
OGS	Oil and Gas Survey
OSHA	United States Occupational Health and Safety Administration
PPP	Public-Private Partnership
RFP	Request for Proposal
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

- Continued to advise MoMP's Zabih Sarwari on efforts to close out TPAO drilling contract, including:
 - Use of draft closing memorandum prepared by SGGA as a guide for concluding remaining open items.
 - As requested by Sarwari, drafted a response to TPAO letter of 31 March claiming offset to delay damages for MoMP delays, most of which had been previously dealt with in correspondence. Letter prepared and provided to Z. Sarwari on 7 April, not sent by Sarwari until 28 April.
- In response to MoMP's request for disburse of USAID grant funds for payment of TPAO mobilization fee, delivered required certification letter to USAID.

1.2 Meetings

- On 3 April, SGGA staff met with Z. Sarwari of MoMP and reviewed latest status of contract closeout progress with TPAO. Little progress had been made.
- On 17 April, SGGA staff met with Z. Sarwari of MoMP and reviewed progress of contract closeout with TPAO. Again, little progress had been made, with TPAO still not having provided responses to MoMP's repeated requests for information required by contract to authorize final contract payment.
- On 23 April, SGGA visited Z. Sarwari and collected the Acting Minister's directive authorizing SGGA access to Juma-Bashikurd gas data, needed to provide data to McDaniel Associates for preparation of quote for reservoir study of Juma-Bashikurd Field.

1.3 Challenges

- The resignations in late March of both Minister Daud Saba and APA Director General Outbuddin Qaeym will very likely cause delays in doing business with the Ministry, although Outbuddin was quickly replaced by Eng. Nooria Stanekzai. On 14 April H. E. Mrs. Ghazaal Habibyar-Safi, Deputy Minister of MoMP Admin and Finance, was appointed Acting Minister. On the same day, SGGA delivered by email a summary of current SGGA activities and status to her, together with supporting documents.
- MoMP's Sarwari continues to fail in prioritizing and taking the necessary steps to conclude the TPAO drilling contract. It took 21 days for Z. Sarwari to send a letter written by SGGA on his behalf, without any changes which covers important contract information which could soon be disputed. Further, the letter was dated 18 days before it was sent.

1.4 Plans for Next Month

- Continue to try to encourage and support Sarwari in concluding the TPAO drilling contract, while making clear that the closeout is the responsibility of the Ministry and that SGGA will not certify completion of work for disbursement of USAID grant funds until all contract requirements are fully completed.

2 SGDP NATURAL GAS DEVELOPMENT SUPPORT

2.1 Achievements / Activities.

- Gas Field Data Evaluation and Resource Estimates:
 - McDaniel submitted draft contingent resources reports for the Khoja Gogerdak and Yatimtaq fields. Another draft report, integrating Yatimtaq, Gerquduq and Khoja Gogerdak fields, including economics, was also submitted.

- SGGA continued to provide additional information and data in request to requests from McDaniel.
- SGGA learned that the MoMP units intentionally or unintentionally withheld well field production data from SGGA despite Ministers' Directives to provide all data (specifically including production data). SGGA staff in Sheberghan persisted in their search for production data and began to collect such data. The additional data was provided to McDaniel as received.
- Juma/Bashikurd Reservoir Study. SGGA began efforts to collect data on the Juma-Bashikurd Field to submit to McDaniel to obtain a quote for preparing the reservoir study to be funded by TPAO under Amendment 1 to the TPAO drilling contract. Steps taken included:
 - Obtaining the MoMP Acting Minister's signature on both an amendment to the current Confidentiality Agreement on gas field data and a directive ordering MoMP staff to provide copies of all Juma-Bahikurd data to SGGA.
- SGGA completed organization and cataloging of the core samples held by the Oil and Gas Survey in Shebergah and began work on the OGS core sample kept in its Mazar-e-Sherif warehouse.
- Public-Private Partnership for Gas Gathering and Processing Construction and Operation of a Sheberghan Gas Processing Plant. Subcontract was awarded to Baker Botts LLP, and Baker Botts began work.
- Proposed USID Gas-to-Power Symposium was cancelled by by USAID on 11 April.
- At the request of USAID, prepared several versions in different formats (Word, Excel, PowerPoint, MS Project) initial Sheberghan roadmap documents for internal USAID reviews, planned Afghan-US Energy Working Group in May, and post-SGGA work. Documents included an executive summary, matrix of actions/responsibilities, hybrid flow chart timeline, information on current gas production, recent gas supply setbacks, and a project schedule.

2.2 Meetings

- On 3 April, SGGA staff met separately with MoMP's Z. Sarwari (Director of GDO/PMO and A. Farhad Ahmadi (Technical Director) and discussed at length Afghanistan's current gas production in Sheberghan. While exact figures differed a bit due to neither of them having good information from AGE, it was clear that current production is less than 500 MCM/day, which is much lower than previously thought, by even government officials.
- On 7 April, SGGA staff met with P. Jezek to discuss current MoMP operations and plans.
- On 12 April, SGGA staff met with USAID's J. Stich and discussed USAID's desire for an updated package of Sheberghan roadmap documents to be presented at the end of May Energy Working Group.
- On 17 April, SGGA staff met with Sarwari and discussed Sheberghan gas production figures and status of pipeline construction and amine plant operations; Z. Sarwari was unusually candid about the situation, learning through great difficulties himself, that current capacity is approximately 460 MCM per day.
- On 17 April, SGGA staff met with Eng. Rashid Ahmad "Fazil" of the Afghan Geological Survey to discuss new information revealed to SGGA that AGS had not provided all available gas data information and then demonstrated to him the location of the data on his system. However he declined to provide SGGA the information because AEAI's data access authorization letter was signed by the recently departed Minister and was thus, according to him, no longer valid.
- On 23 April, SGGA staff met with USAID's J. Stich and J. Carew to discuss and revise Sheberghan roadmap documents. J. Carew asked for the data to be placed into a hybrid document containing flow chart mechanisms, a timeline, and graphics as applicable.

- On 30 April, SGGA staff met USAID's J. Stich, J. Jordy, and J. Carew and primarily discussed ADB's recent meeting with USAID/Afghanistan senior officials in which ADB claimed significant amounts of immediately available gas in the Yatimtaq and Gerquduq fields had resulted from ADB-funded workovers in 2013. ADB reportedly declared that 1,200 MCM per day of gas is available in both Yatimtaq and Gerquduq. When USAID inquired concerning the sustainability of that deliverability they were advised by ADB it would last for 15 years. SGGA had only received partial data from ADB's well work. SGGA recommended that USAID request all data supporting ADB's conclusion and provide it to SGGA so that McDaniel can incorporate it into its resources reports if McDaniel, in its professional opinion, felt ADB's conclusion was justified by the data.

2.3 Challenges

- According to the Petroleum Resource Management System, the international standard for resource classification, to assign reserves the hydrocarbon resources must be "discovered, recoverable, commercial, and remaining." Currently more plant cost, pricing, technical and economic data is needed before reserves can be assigned. McDaniel is estimating the contingent resources in the fields, being those quantities of petroleum estimated to be potentially recoverable, but the project(s) are not yet considered mature enough to assign commercial reserves.
- MoMP, including AGS, Afghan Gas, and Oil & Gas Survey, continue to be only marginally cooperative with SGGA in gathering data for the seven field review and the Juma-Bashikurd reservoir study, although the work is being done in the first case for the benefit of the Ministry and in the second, for the Ministry. SGGA believe that this is because of ingrained bureaucracy and the lack of any tradition public access to government information and the lack of clear lines of authority within the Ministry.
 - The refusal, described above, of an AGS staff member to provide data previously requested until supplied with a new directive signed by the Acting Minister.
- A demand by the Afghan Gas Acting Director that Dr. Outbuddin provide a direct order before releasing any documents or data to AEAI, despite the directive from the Acting Minister allowing AEAI access and directing cooperation with AEAI.
- Dr. Outbuddin initially approved release of only limited data to AEAI, without informing AEAI, on the grounds he "knew what we needed." Under pressure from MoMP in Kabul, Dr. Outbuddin agreed that AEAI should have access to all Juma/Bashikurd data.
- SGGA is reviewing the ADB data requested by USAID as it is received and providing it to McDaniel in an effort to reconcile or explain the apparently contradictory conclusions being reached by ADB and McDaniel regarding the sustainable productive capacity of the Gerquduq and Yatimtaq fields.

2.4 Plans for Next Month

- Continue to provide data to McDaniel for contingent resources estimates, as data can be obtained.
- Obtain necessary agreements and data for McDaniel to prepare a quote for the Juma-Bashikurd reservoir study.
- Support USAID's requests for gas information papers and other documents for the Energy Working Group.

3 CAPACITY DEVELOPMENT

3.1 Achievements / Activities

- Sheberghan:
 - Eng. Habib's basic Well Drilling Health and Safety course for AGE and OGS personnel continues: 59 males and 19 females are attending class, which is about 35% complete.
 - Market Leader Pre-Intermediate Business English classes for OGS and AGE personnel continues: 17 males and 4 females are attending class, which is about 35% complete.
- Kabul:
 - Basic English class with SGGA staff continues: 16 males and 1 female are attending class, which is about 50% complete.

3.2 Meetings

- 4 April, SGGA staff met with the Safety and Health Manager, Eng. Abdul Hakim of AGE to discuss a Safety and Health training for AGE engineers. However, participants of the OSHA training expressed that their workload would not allow them to volunteer to instruct such training.

3.3 Challenges

- The proposed GIS course in Sheberghan requested by members of AGE and OGS remains in limbo due to the Minister's resignation.

3.4 Plans for Next Month

- Continue Market Leader Pre-Intermediate Business English class in Sheberghan for AGE and OGS personnel.
- Well Drilling Safety and Health course will continue in Sheberghan for AGE and OGS staff.
- English classes in both Kabul and Sheberghan will continue.

4 MONTHLY EXPENDITURES

Accrual Report Reference: EPP-I-00-03-00004-00 Task Order: AID-306-TO-12-00002 Reporting Period April, 2016		
A. Contract Ceiling:	30,440,957	
B. Total Obligated toward ceiling	30,440,957	
C. Ceiling remaining	-	
D. Total disbursed	<u>25,646,571</u>	
E. Accruals	<u><u>731,169</u></u>	
F. Combined totals	<u>26,377,740</u>	86.7% of obligation
G. Pipeline balance	<u><u>4,063,217</u></u>	
Accruals:		
March Estimate	\$ 345,287	
April Estimate	\$ 385,882	
	<u><u>731,169</u></u>	

5 PROJECT SCHEDULE

