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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 Quarterly Report

(Mod 2, Section F, Paragraph B (3) and Mod 6, Section F.5)

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Acronyms and Abbreviations

AEAI	Advanced Engineering Associates International
AGE	Afghan Gas Enterprise
AGS	Afghanistan Geological Survey
APA	Afghanistan Petroleum Authority
DM	Deputy Minister
DABS	Da Afghanistan Breshna Sherkat
IL	Implementation Letter
MERC	Monitoring Evaluation and Reporting Committee
MoMP	Ministry of Mines and Petroleum
OGS	Oil and Gas Survey
SGDP	Sheberghan Gas Development Project
SGGA	Sheberghan Gas Generation Activity
TPAO	Turkish Petroleum Corporation
USAID	United States Agency for International Development

1 MoMP Procurement Technical Assistance (Objective 2)

Progress of Major Activity	Problems Encountered	Remedial Steps Taken/Recommended
<p>Drilling Contractor Schedule / Performance.</p> <p>1) Provided geological, engineering, and budget reports to MoMP and USAID analyzing options for further Juma/Bashikurd field re-entry operations following first indications that Juma 2A probably was not commercial</p> <p>2) Intra-field move from Juma No.2A to Bashikurd No.3 completed in sixteen days.</p> <p>3) Bashikurd No. 3 re-entry operations begun on Oct 23</p> <p>4) TPAO reached at the agreed depth of 3442 meters in Bashikurd #3, ran casing and tubing.</p> <p>5) The re-entry operation for Bashikurd #9 was cancelled.</p> <p>6) TPAO has started demobilization and partially completed the demobilization process. As end of this reporting period, TPAO is waiting for trucks in the field to load its equipment</p>	<p>1) Lack of MoMP's attention and responsiveness to the documents, reports, advice and analysis provided.</p> <p>2) No problems encountered during the rig up and move to Bashikurd #3.</p> <p>3) Collapsed old casing encountered, but was successfully milled out and operations continued.</p> <p>4) Casing and tubing collapsed from pressure from a shifting salt formation.</p> <p>5) Concern over low permeability in the Kugitan Formation.</p> <p>6) MoMP is being very slow to complete steps necessary to close out contract and to deal with TPAO on close out specifics.</p>	<p>1) Discussed with senior management in MoMP.</p> <p>2) Prepared and sent to MoMP and USAID report on alternative re-entry operations in the event Bashikurd #3 had to be abandoned.</p> <p>3) Standard operational methods used.</p> <p>4) Milling out collapsed casing and re-casing with heavier pipe was not economical and sidetracking around obstruction could not be done because none of the firms capable of doing so will operate in Afghanistan. The No.3 well was plugged and permanently abandoned.</p> <p>5) Following review of logging and well test data obtained from Juma 2A and analysis of core samples from Bashikurd Well No. 9, it was determined that the proposed work for Bashikurd #9 would not provide useful information about Bashikurd gas field, therefore the re-entry</p>

Progress of Major Activity	Problems Encountered	Remedial Steps Taken/Recommended
<p>for re-export to Turkey.</p>		<p>operation was cancelled. 6) SGGA provided a complete description of close out requirements and procedures, but MoMP does not appear to have followed. Repeated reminders given.</p>
<p>Performance of APA and MoMP</p> <p>1) Provided several reminders through emails, phone calls, meetings and through formal letters to Zabi Sarwari, SGDP project of the requirements for cleanup and restoration of work sites set out in Environmental Management Plan approved by NEPA</p> <p>2) Monitored MoMP's actions to obtain an adjustment to the Ministry's appropriation to allow expenditure of USAID grant funds contract payment.</p>	<p>1) Lack of attention to following, NEPA, contractual, and grant requirements for final inspection and closeout process. No apparent sense of urgency although TPAO is rapidly demobilizing.</p> <p>2) This item had been inexplicably left out of the FY 2015 budget , preventing the use of the grant funds</p>	<p>1) Continuously discussed with senior management in MoMP and USAID</p> <p>2) Informed USAID and Minister Saba's advisor Daud Aziz.</p>
<p>MoMP support for assistance projects including field data evaluation and reserve estimates</p> <p>1) Provided the draft Juma-Bashikurd TPAO funded reservoir study tender.</p>	<p>1) Slow follow up by SGDP project manager with relevant procurement entities inside GoIRA</p>	<p>1) After providing draft procurement documents, SGGA has only limited ability to influence this internal Afghan government process.</p>

Progress of Major Activity	Problems Encountered	Remedial Steps Taken/Recommended
<p>2) After collecting, organizing and scanning data on seven natural gas fields in the Amu Darya Basin of Northern Afghanistan, AEAI prepared lists and brief descriptions of the documents, consisting of over 25,000 pages.</p>	<p>2) The scattered sources within the MoMP that maintained natural gas data (i.e., MoMP, Afghan Gas Enterprise, Afghan Geological Survey, Afghanistan Petroleum Authority, and the Oil and Gas Survey), and volume of data made preparation of the lists and identification of documents for description while minimizing duplication, difficult and time-consuming.</p>	<p>2) Persistent efforts proved successful.</p>
<p>3) In November AEAI issued the Request for Proposals (RFP) to the four shortlisted firms that had earlier expressed an interest in participating.</p>	<p>3) Proposal clarifications were required to be obtain from prospective bidders and further analysis of bids made.</p>	<p>3) Proceeding with bid analysis and ranking.</p>
<p>4) Requests for information from potential bidders responded to after original proposals submitted on 3 December. All revised submissions were received by 23 December deadline. 2015. All now being evaluated.</p>	<p>4) No significant problems encountered.</p> <p>5) Although initially expressing interest, one shortlisted firm did not respond, and told SGGA that since it does not typically do business with the USG, its legal department would not permit submission of a proposal because the firm does not have resources available to assure compliance with voluminous USG acquisition regulations. Unfortunately, this firm is one of the oldest and most highly regarded in the industry.</p>	<p>5) No solution possible.</p>

2 Power Sector Technical Assistance (Objective 1)

Progress of Major Activity	Problems Encountered	Remedial Steps Taken/Recommended
All scheduled activity has been completed.		

3 Capacity Development (Objectives 1 & 5)

Progress of Major Activity	Problems Encountered	Remedial Steps Taken/Recommended
<p>Business English Training</p> <p>Sheberghan Market Leader Elementary Business English classes with Afghan Gas Enterprise (AGE) and Oil and Gas Survey (OGS) personnel in Sheberghan are approximately 75% complete and are continuing.</p> <p>Kabul Market Leader Elementary Business English class with MoMP Public Relations & Communications Department was cancelled due to the Director's unwillingness to embrace sustainable capacity development practices.</p>	<p>No significant problems encountered.</p> <p>Market Leader Elementary Business English with the Public Relations & Communications Department at the MoMP in Kabul has been discontinued due to the director's unwillingness to embrace sustainable capacity development practices.</p>	<p>Repeated efforts were made to encourage the MoMP Public Relations & Communications Department Director to embrace sustainable capacity development practices. Instead Director insisted that SGGA staff perform the Department's functions rather than teaching Department staff how to do so.</p>
<p>Basic Well Drilling Training</p> <p>The Basic Well Drilling Course with OGS and AGE has been completed by the end of October, 2015.</p>	<p>Program successfully completed. No significant problems encountered</p>	

Progress of Major Activity	Problems Encountered	Remedial Steps Taken/Recommended
<p>MoMP Public Relations and Communications Coaching Project</p> <p>SGGA mentoring of MoMP's Department of Public Relations & Communications has resulted in; the creation of up to date job descriptions for the thirty two personnel within the department, the adoption of new media outlets, including Facebook and Twitter, the translation of the MoMP website from English into Dari and Pashtun, and effective public communications, including preparation of press releases and feature stories. Capacity development efforts ceased due to the MoMP Public Relations & Communication Director's unwillingness to embrace sustainable capacity development practices.</p>	<p>SGGA mentoring of MoMP's Department of Public Relations & Communications has been discontinued due to the Director's unwillingness to embrace sustainable capacity development practices.</p>	<p>Repeated efforts were made to encourage the MoMP Public Relations & Communications Department Director to embrace sustainable capacity development practices. Instead Director insisted that SGGA staff perform the Department's functions rather than teaching Department staff how to do so.</p>
<p>MoMP Legal Library Coaching Project</p> <p>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.</p>	<p>MoMP Legal Library Development Team has expressed a continued desire to facilitate the development of a legal library within the MoMP Legal Department though their involvement continues to be minimal due to their limited amount of time and effort to dedicate to the process.</p>	<p>The unwillingness of the MoMP Legal Department staff to devote their time to learning how to and actually creating their own library caused the project to be discontinued in October.</p>

Progress of Major Activity	Problems Encountered	Remedial Steps Taken/Recommended
<p>AGE/AGS Safety and Health Coaching/Training Project</p> <p>1) 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 72% percent complete.</p> <p>2) Translation of the material for the OSHA distance learning training was completed this quarter.</p>	<p>1) Both the AGE and OGS facilities lacked computers and internet access.</p> <p>2) In order to present the course effectively, translation of the materials into Dari was required.</p>	<p>1) SGGA has provided a laptop, a projector and internet USB dongles for the completion of online exams.</p> <p>2) While SGGA staff was able to translate a substantial amount of the course materials, in order to assure on time completion, an outside translation firm was hired.</p>

4 Policy Support (Objectives 3 & 4)

Progress of Major Activity	Problems Encountered	Remedial Steps Taken/Recommended
<p>Afghanistan Gas Market Master Plan</p> <p>1) With WB funding, Fichtner AG is preparing a new gas master plan. SGGA has provided cooperation as requested.</p>	<p>No problems encountered.</p>	

5 Infrastructure Activities (Objective 2)

Progress of Major Activity	Problems Encountered	Remedial Steps Taken/Recommended
See 2 and 3, above.		

6 Deliverables Submitted This Period (Section F of Mods 2, 3, 5, and 6)

Task 1: Technical Assistance, Training, and Capacity Enhancement		
No.	Description	Date Submitted
Mod 3, Task 1, Del 6 & Mod 6 Pg. 4	Monthly Performance Report. Note: This report is submitted as part of the monthly report submitted under F.5.B.1.	5 November 2015 6 December 2015 6 January 2016
Task 2: Provide Procurement Support to MoMP to Implement the SGDP		
No.	Description	Date Submitted
Mod 6, Task 2, Del 13	Monthly Report on progress and Quality Assurance/Quality Control of drilling operations, data collection, contract completion of the gas wells	Monthly Drilling Reports submitted: 5 November 2015 6 December 2015 6 January 2016 Data Collection (for reserve estimates) Reports submitted: 5 November 2015 13 December 2015 4 January 2016
C.6: Performance Monitoring Plan		
No	Description	Date Submitted
Mod 2 SOW C.6	Semi-Annual Performance Monitoring Plan Report SGGA Annual Report	2 January 2016 2 January 2016

7 Quarterly Financials

FINANCIAL DATA FOR ACCRUALS

Name of Contractor / Grantee:	Advanced Engineering Associates International, Inc.
Grant / Contract Number:	EPP-I-00-03-00004-00, Order No. AID-306-TO-12-00002
Grant / Contract Amount: \$	\$30,440,956.92

Amount - US\$

A - Cumulative Expenditures reported to and paid by USAID (as per latest SF269 report)

24,178,440.00

B- Expenditures not yet reported to USAID

Months

Amount

November, 2015

\$ 418,713.92

December, 2015

\$ 421,322.39

\$840,036.31

C- Total Estimated Expenditures as of 12/31/15 (A+B)

\$25,018,476.31