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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 on Data Collection Progress

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Acronyms and Abbreviations

AEAI	Advanced Engineering Associates International, Inc.
MoMP	Ministry of Mines and Petroleum
PRMS	Petroleum Resources Management System
RFP	Request for Proposals
SGGA	Sheberghan Gas Generation Activity
SPE	Society of Petroleum Engineers
USAID	United States Agency for International Development

1 INTRODUCTION

- This Monthly Data Collection Progress Report of the USAID-funded Sheberghan Gas Generation Activities (SGGA) program, of which Advanced Engineering Associates International, Inc. (AEAI) is the prime contractor, covers the period December 1, 2015 through December 31, 2015. The report is submitted as a Project Deliverable under Section F.5, Deliverable 13 of Modification 6 to Task Order AID-306-TO-12-00002 of Contract Number AID-EPP-I-00-03-00004.

2 BACKGROUND

- USAID, through AEAI, intends to fund preparation of reserve estimates based on existing data for up to seven natural gas fields in the Sheberghan area of northern Afghanistan. The seven fields, all of which are located in Jawzjan Province in the Amu Darya Basin, are set forth below:
 - Gerquduq
 - Khoja Gogerdak
 - Yatimtaq
 - Jangl-e-Kalan
 - Shakarak
 - Chekh Che
 - Khoja Bolan

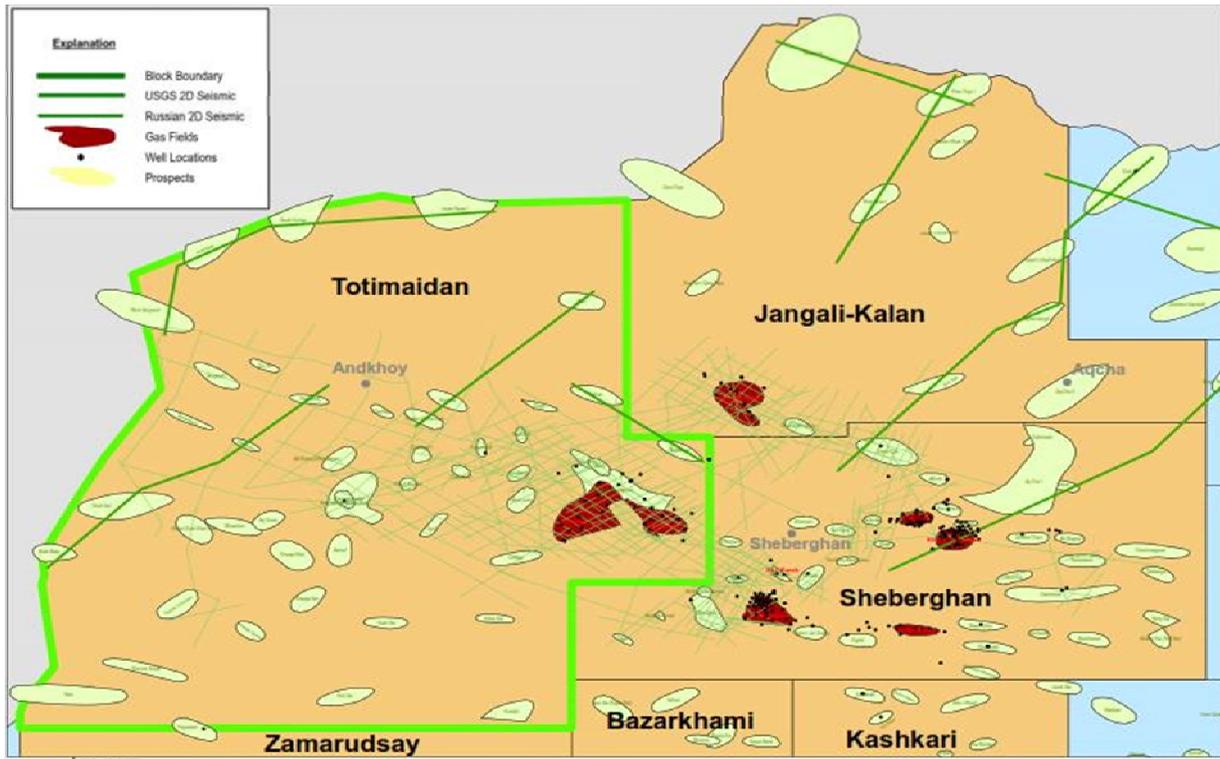
The fields are State-owned and controlled by the Ministry of Mines and Petroleum (MoMP). The general field locations are shown on the area map in Figure 1.

- The seven fields in question were discovered by Soviet state companies in the 1960's and '70's. Most of the available geological, geophysical and other data for the fields and their wells date from before 1989, the end of the Soviet occupation, and are in Russian with limited information in Dari. However, there are more recent well test reports in English for four wells in the Yatimtaq field and four wells in the Gerquduq field as a result of a 2013 re-entry program.
- Natural gas from the fields is sour (containing high concentrations of H₂S and CO₂) requiring processing beyond the capacity of the small uncommissioned amine plant in the area to render it fuel/pipeline quality.
- Reserve estimates are needed for the fields to attract private investment for the development of central gas gathering and gas processing facilities and for the development of a proposed 200 MW gas-fired electrical generation facility near the city of Sheberghan. Additionally, a 50 MW gas-fired power plant is to be constructed at Mazar-e-Sharif and supplied from the fields.
- The threshold question for foreign investors and financial institutions in considering a large investment in gas gathering lines, a gas processing plant or gas-fueled power infrastructure will be whether there are sufficient economically recoverable reserves to supply gas to the gas processing plant and its anticipated principal customer(s), the power plant(s), for 25 years. They must be convinced that there are adequate gas reserves and so will expect detailed reserve estimates that comply with internationally accepted petroleum engineering

and evaluation principles and that conform to the concepts, definitions and standards of the Society of Petroleum Engineers (SPE) Petroleum Resources Management System (PRMS), as well as the related Guidelines for Application of the PRMS.

- The ability of the selected engineering firm to develop reserve estimates and the accuracy of those estimates will depend in large measure on the completeness of the data provided to the firm. In order for AEAI to collect all available data, it needed the MoMP to agree in writing to allow AEAI full access to all geological, geophysical and well data related to the fields and to provide AEAI the authority to review and copy all data. Beginning in October 2014, AEAI worked to persuade the Ministry to provide AEAI such access and authority, including supplying the MoMP a draft authorization letter and a confidentiality agreement.
- AEAI received the Agreement for Access to and Use of Data, and Confidentiality of Data (Confidentiality Agreement) signed by the Minister of Mines and Petroleum under date of June 28, 2015, and the directive to MoMP divisions to cooperate with and assist AEAI in gas field technical data access and collection signed by the Minister under date of July 12, 2015. The receipt of those documents represented the culmination for nine long months of efforts by AEAI, reinforced by USAID, to obtain the cooperation of MoMP in data collection needed for reserve estimates for the seven fields.
- AEAI worked with the MoMP, Afghan Gas Enterprise, Afghan Geological Survey, Afghanistan Petroleum Authority, and the Oil and Gas Survey to collect the available data and documents on the fields and to have the data scanned. More than 25,000 pages of data and documents from multiple sources were collected, organized and scanned and will be made available to the firm awarded the Subcontract.
- In November 2015, AEAI issued a Request for Proposal (RFP) to the four shortlisted firms that had earlier expressed an interest in participating in a competitive tender to enlist the services of a qualified engineering firm (i) to evaluate the existing geological, geophysical and well data for the fields and (ii) to prepare the reserve estimates using the existing data to meet the internationally accepted concepts and standards, if the available data is sufficient.
- AEAI also prepared lists and brief descriptions of the over 25,000 pages of documents on the seven fields that it had collected, organized and scanned. The lists were made available to the short-listed international engineering firms to which the RFP was sent, since according to the confidentiality agreement with the MoMP, the actual data itself could only be provided to the firm ultimately selected.

Figure 1 - Sheberghan Areas Blocks - Known Fields, Structures, and Seismic



3 ACHIEVEMENTS/ACTIVITIES

- The RFP provided that proposals had to be received not later than 5 P.M. Kabul time (UTC + 4:30), on December 3, 2015. As the deadline approached AEAI received various questions from the firms receiving the RFP. The questions were immediately rephrased as they were received to render them anonymous and then AEAI sent its answers to the questions to all of the firms.
- Three of the shortlisted firms submitted proposals on or before December 3. AEAI received an e-mail from the fourth firm, one of the most respected petroleum engineering firms in the industry, saying it would submit a proposal by December 3, only to receive a second message a few hours later informing AEAI that the firm had just heard from its legal department and based on their advice it would have to decline to submit a proposal. It concluded that it did not have the staff or resources to validate and document compliance with all the regulations outlined in the Federal Acquisition Regulations since it did not normally do business with the U.S. Government.
- The proposals were circulated to the members of the AEAI evaluation committee for review. Upon review of the proposals, AEAI found some conditional, ambiguous or incomplete responses. As a result, on December 16, 2015, AEAI sent out a Request for Clarifications to each of the three firms submitting proposals, suggesting a December 18 schedule to discuss by telephone with each individual firm the clarifications requested, and providing that any revised final proposal in response to the Request for Clarifications

should be submitted not later than 5 P.M. Kabul time (UTC + 4:30), on or before December 23, 2015.

- All three firms submitted a revised final proposal addressing the requested clarifications by December 23.
- The AEAI evaluation committee is evaluating the final revised proposals.

4 MEETINGS AND PROGRESS

- No meetings other than internal meetings by telephone among individual members of the evaluation committee.

5 CHALLENGES

- Evaluation and selection of the firm to be awarded the Subcontract from among three strong candidates.
- Negotiation of certain provisions of the Subcontract with the first choice firm.

6 PLANS FOR NEXT MONTH

- Evaluate the final revised proposals and make a preliminary decision on the award, undertake any negotiation of Subcontract terms that may be needed, revise the Subcontract based on the negotiations, seek consent to Subcontract from USAID, formally award the Subcontract and sign same.