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**IDENTIFICATION AND PROCUREMENT OF SELECTED
MATERIALS FOR COUNTERPART ORGANIZATIONS IN
TURKMENISTAN**

**NIS Institutional Based Services Under the
Energy Efficiency and Market Reform Project
Contract No CCN-Q-00-93-00152-00**

Delivery Order 17

**Central Asian Republics
Regional Energy Sector Initiative**

Prepared for

U S Agency for International Development
Bureau for Europe and NIS
Office of Environment, Energy and Urban Development
Oil and Gas Division

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EXECUTIVE SUMMARY

This report describes identification and procurement of selected reference materials (books, periodicals, equipment, etc) for counterpart organizations in the Government of Turkmenistan as a part of Hagler Bailly's Institutional Development task outlined in the Statement of Work (SOW) for the CAR Oil and Gas Sector Reform Program, Delivery Order 17. The reference materials (see Attachment A) are intended to strengthen the capabilities of respective organizations to introduce and reinforce international standards and practices in the areas of oil and gas regulations including environmental regulations, accounting and reporting for oil operations, petroleum economics and management, and strategic planning.

Hagler Bailly's direct counterpart in the Government of Turkmenistan is the Competent Body for the Exploitation of Hydrocarbon Resources, an agency of the Government with broad responsibility for managing the oil and gas sector. In the process of providing technical assistance to various Permanent Expert Groups (PEG) Hagler Bailly's Resident Advisors and Short-Term Consultants have worked closely with high level Government personnel in the Ministry of Oil and Gas Industry and Mineral Resources, Major State Inspection, Turkmenneft, Turkmengas, and Turkmenneftegas State Concerns, and Institute of Oil and Gas. While these are bright individuals, and some have extensive training and experience in oil and gas industry (of the Soviet era), they are unaware of concepts, technologies and management practices employed by the western international oil companies and regulatory agencies. Even when they are aware of the deficiencies, it is difficult for them to learn, compare, justify, and promote the changes that need to occur so that they can become more efficient and manage the nation's resources better. Hagler Bailly has attempted to introduce western concepts and practices through its work on various PEG's, periodic advisory services to the Competent Body, and workshops and training programs. The reference materials listed in Attachment A is intended to be a valuable source of information and ideas that can serve to further reinforce those concepts and practices.

COUNTERPART ORGANIZATIONS & RESOURCE NEEDS

As mentioned above, USAID/Hagler Bailly's direct counterpart in the Government of Turkmenistan is the Competent Body for the Exploitation of Hydrocarbon Resources, an agency of the Government with broad responsibility for managing the oil and gas sector. The primary function of the Competent Body is to issue licenses, negotiate and execute exploration and production contracts, and control their implementation. During the past year, the Competent Body has been very active in (a) overseeing the work of active foreign oil companies (i.e., Larmag, Monument, and Petronas), (b) negotiating contract for new exploration and production areas, and (c) the Caspian Sea tender offer. In early 1998, the Competent Body organized several Permanent Expert Groups (PEG) consisting of Government officials from various oil and gas sector agencies and State Concerns to facilitate the implementation of the new Petroleum Law. The PEG's were charged with developing and recommending plans, strategies, and international standard regulations primarily for the upstream oil and gas sector. The projects included the development of (I) The National Strategy for the Development of Hydrocarbon Resources, (ii) Uniform Rules for the Development of Oil and Gas Deposits, (iii) The Strategy for Licensing and Reorganization of the State Oil and Gas Concerns and Corporations, (iv) Uniform Principles and Methods of Accounting for Oil Operations, (v) Uniform Principles (Forms) for Reporting for Oil Operations, and (vi) the 1998 Plans for Tendering, Direct Negotiations, and Licensing of Oil Operations. The

groups were given from one to seven months to complete these tasks. A Hagler Bailly expert was nominated to serve on the PEG on Uniform Rules. In addition, Hagler Bailly has assisted the respective PEG's in the development of the National Strategy and Uniform Principles of Accounting and Reporting for Oil Operations. At the writing of this report, the work was continuing on the above projects.

Competent Body

The Competent Body is a thinly staffed organization of less than 15 personnel. Many are young professionals untrained in any technical oil and gas disciplines. They also do not appear to have significant oil and gas work experience. Their immediate assignment in negotiations with the international oil and gas industry majors requires a good knowledge and understanding of the Law, contracts, economics, negotiations, and comparative international practice. In monitoring and control of foreign oil companies and State Concerns, the staff needs to be generally familiar with oil field operations, budgets, and plans. It should be noted that the Competent Body does receive, when needed, technical assistance from other Government ministries, State Concerns, and specialized institutes in carrying out their duties. All resource materials listed in Attachment I are relevant to the activities of the Competent Body.

Ministry of Oil and Gas Industry and Mineral Resources and PEG on National Strategy

After the July 1996 restructuring of the Government, the Ministry of Oil and Gas has essentially become an analysis and planning body. The Deputy Minister for Oil and Gas heads the PEG on National Strategy, a multi-disciplinary working group. The ministry personnel are well experienced in the oil and gas sector. However, ready access to western concepts, technologies, and management practices, including planning and analysis, would be very beneficial. The resource materials listed in Attachment A under Strategic Planning, Petroleum Economics and Management, Accounting and Finance, and Software will be particularly useful to them.

PEG on Rules and Regulations

First Deputy Head of Major State Inspection, an agency with broad regulatory powers, manages this multi-disciplinary group of individuals from various Government ministries, state concerns, and institutes. The PEG is charged with developing rules and regulations that meet international standards to implement the new Petroleum Law. The Major State Inspection is a member of International Standards Organization (ISO) and is aware of the activities of the American Petroleum Institute (API) and other standards organizations. At the headquarters level, it appears to have been staffed with highly qualified experienced personnel. However, the first draft of the new regulations recommended by the Major State Inspection was essentially reiteration of old Soviet style prescriptive regulation. To serve as a model for Turkmenistan's new international standard oil and gas regulations, Hagler Bailly has compiled a library of rules and regulations, including environmental regulations from a large number of countries. This resource material listed in Attachment A under Environmental Protection and Oil and Gas Regulations will continue to be useful in PEG's further deliberations.

PEG on Accounting and Reporting

This multi-disciplinary group is working on developing accounting standards for Turkmenistan's oil and gas sector that conform to international standards. Current accounting practices are derived from the old Soviet system and are mainly geared towards cost-based pricing and taxation. Hagler Bailly has collected up-to-date U.S. and international accounting standards for the use of the working group. These are listed in the attachment under Accounting and Finance.

SUMMARY

The resource material collected by Hagler Bailly during the implementation of the CAR Oil and Gas Sector Reform Program, Delivery Order 17, will be highly useful to various Government personnel engaged in oil and gas sector. The resource materials will be centrally located and made available to all interested parties. Unfortunately, all of the resource material is in English and not many have a working knowledge of the language to fully benefit from them. Further Hagler Bailly assistance will be required to make full use of these resources.

ATTACHMENT A

**LIST OF BOOKS AND OTHER SOURCE MATERIALS FOR COUNTERPART
ORGANIZATIONS IN TURKMENISTAN**

Attachment A 1
 USAID NIS ENERGY SECTOR INSTITUTIONAL REFORM PROJECT
 CAR Oil and Gas Sector Reform Program
 Delivery Order No 17
 List of Books and Other Resource Material
 For Counterpart Organizations In Turkmenistan

No	Title	Author	Year	ISBN
<u>Environmental Protection</u>				
1	Environmentally Safe Drilling Practices	Armando Navarro	1995	0 87814-437 4
2	Oil and Gas Field Waste Regulations Handbook	Michelle McFaddin	1996	0 87814-461 7
3	Environmental Law Simplified A Practical Guide for Oil and Gas Operations	Butler & Binion	1993	0 87814 387 4
4	Hazardous Waste Laws Regulations and Taxes for the U S Petroleum Refining Industry An Overview	David E Fenster	1990	0 87814 351 3
5	Glossary of Environmental and Regulatory Terms and Phrases	Dick James & W J James	1993	0 87814 409 9
6	U S Petroleum Strategies in the Decade of the Environment	Bob Williams	1991	0 87814 365 3
7	Oil Spill Prevention and Response How to Comply with OPA and OSPRA	Leslie Ray	1994	0 87814 389 0
8	Environmental & Safety Regulatory Compliance for the Oil and Gas industry	George H Holliday	1995	0 87814 452 8
<u>Oil and Gas Regulations</u>				
9	Short extracts from different laaws of different countries			
10	International Offshore Safety Regulations UK Norway Austalia and Canada			
11	Act Rrelating to Petroleum Activities Norway			
12	Ammendments to and Corrections in Norwegian Petroleum Directorate s Regulations 1997 Annual Update			
13	Safety and Working Environment in the Offshore Petroleum Industry A Guide to the Understanding of the Safety Regime Norway			
14	Regulations of Drilling and Well Activities and Geological Data Collection in the Petroleum Activites - Norway			
15	Petroleum (Submerged Lands) Management of Safety on Offshore Facilities			
16	Petroleum (Submerged Lands) Act1967 Schedule 7 Commonwealth Consolidated Acts			
17	Australia Offshore Minerals Act 1994			
18	Hibernia Management Development Co Ltd HSE Guide			
19	Canada Oil and Gas Operations Act			
20	Canada Petroleum Resources Act			
21	Canada Newfoundland and Atlantic Accord Implementation Act			
22	Canada Newfoundland Offshore Petroleum Board Annual Report 1996 97			
23	Canada Nova Scotia Offshore Petroleum Board / CNSOPB Consolidated Regulatory Package (Federal Version) 1996			
24	Angola 1997 / Environmental Law and Policy Service	Petroconsultants		
25	Taylor Energy Co / Safe Drilling and Workover Practices Mannual	Paragon Engineering Services		
26	Government Regulations of Republic of Indonesia No 51/1993 Regarding Environmental Impact Assessment Pages 41 73			

Attachment A 2
 USAID NIS ENERGY SECTOR INSTITUTIONAL REFORM PROJECT
 CAR Oil and Gas Sector Reform Program
 Delivery Order No 17
 List of Books and Other Resource Material
 For Counterpart Organizations In Turkmenistan

No	Title	Author	Year	ISBN
<u>Oil and Gas Regulations (Continued From Previous Page)</u>				
27	Government Regulations of Republic of Indonesia No 20/1990 Concerning the Control of Water Pollution Pages 89 126			
28	Decree of the Minister of State for Environment of Republic of Indonesia No KEP 11/MENLH/Concerning the Type of Business or Activities Required to Prepare Environmental Impact Assessment Pages 185 195			
29	Decree of the Minister of State for Environment of Republic of Indonesia No KEP 12/MENLH/Concerning General Guidelines for Environmental Management and Monitoring Procedures Pages 197 204			
30	Decree of the Minister of State for Environment of Republic of Indonesia No KEP 056/1994 Concerning Guidelines for Determination of Significant Impacts Pages 265 272			
31	Regulatory Guidance Document / Offshore Environmental	Kelly Environmental Engineering		
32	Regulatory Guidance Document / Offshore Design	Kelly Environmental Engineering		
33	Environmental Guidance Document Waste Management in Exploration and Production Operations API E5 1997			
34	Suggested Procedure for Development of Spill Prevention Control and Countermeasure Plans API Bulletin D16 1989			
35	ISO 13819 1/Petroleum and Natural Gas Industries Offshore Structures Part 1 General Requirements			
36	Peru / Code of the Environment and the Natural Resources			
37	UK / Health and Safety 1995 No 738 743 2885 913 825			
38	Mexican Laws and Regulations Governing Occupational Safety & Health A Selection of Principal Documents			
39	RRC of Texas Statewide Rules for Oil Gas and Geothermal Operations			
40	Colorado O&G Conservation Commission Rules and Regulations Rules of Practice and Procedure and O&G Conservation Act			
41	Marine Geophysical Operations Safety Manual IAGO			
42	Italian Offshore Safety Rules			
43	Peru Extract from Code of the Environment and Natural Resources			
44	IOGCC Environmental Guidelines for State O&G Regulatory Program			
45	OSHA Technical Manual US Dept of Labor			
46	Barrows World Petroleum Reviews			
47	ISO Standards ISO/DIS 13702 ISO 13819 1 ISO 10418			
48	Shell Internal Safety Manual			

Attachment A 3
 USAID NIS ENERGY SECTOR INSTITUTIONAL REFORM PROJECT
 CAR Oil and Gas Sector Reform Program
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 List of Books and Other Resource Material
 For Counterpart Organizations In Turkmenistan

No	Title	Author	Year	ISBN	
<u>Strategic Planning</u>					
49	Long Range Exploration Planning	Robert McGill	1985	0 87814 286 X	
50	A Guide To Strategic Thnking Building Your Planning Foundation	George L Morrisey	1996	0 7879 0168-7	
51	A Guide To Long Range Planning Creating Your Strategic Journey	George L Morrisey	1996	0 7879 0169 5	
52	A Guide To Tactical Planning Producing Your Short Term Results	George L Morrisey	1996	0 7879 0170 9	
53	The Executive Guide To Strategic Planning	Patrick J Below George L Morrise & Betty L Acomb	1987	1 55542 032 X	
54	Strategic Planning For Public and Non Profit Organizations	John M Bryson			
<u>Petroleum Economics & Management</u>					
55	Oil Markets and Prices The Brent Markets and the Foundation of World Oil Prices	Paul Horsnell & Robert Mabro	1997	0 19-730013 8	
56	Where is the Shortage? A Non Technical Guide to Petroleum Economics	Bob Tippee	1993	0 87814 397 1	
57	Oil and Gas Taxation in Nontechnical Language	Frank Burke Jr & Mark L Starcher	1993	0 87814 397 1	
58	International Petroleum Fiscal Systems and Production Sharing Contracts	Daniel Johnston	1994	0 87814 426 9	
59	Creating the High Performance International Petroleum Company	John Elting Treat	1994	0 87814 429 3	
60	Financing Energy Projects in Emerging Economies	Hossein Razavi	1996	0 87814 469 2	
61	The Management of International Oil Operations	Richard Barry	1993	0 87814 400 5	
62	Oil and Gas Pipeline Fundamentals	John L Kennedy	1993	0 87814 390 4	
63	Practical Well Planning and Drilling Mannual	Steve Devereux	1998	0 87814 696 2	
64	The Paradox of Plenty Oil Booms and Petro States	Terry Lynn Karl	1997	0 520 07168 9	
65	Indonesia The Political Economy of Energy	Phillip Barnes	1995	0 19 730016 2	
66	Oil Company Financial Management in Non Technical Language	Daniel Johnson & James Bush	1998	0 87814 597 4	O
67	Oil Developments in Venezuela During 20th Century	Jorge Salazar Carrillo & Robert Cruz			
68	An Introduction to the Regulations of the Petroleum Industy	Bernard Taverne			O
<u>Accounting & Finance</u>					
69	Fundamentals of Oil and Gas Accounting	Rebecca A Gallum et Al	1993	0 87814 404 8	
70	Interpretation and Application of Inetrnational Accounting Standards 1998	Berry Epstein & Abbas Mirza	1998		
71	Interpretation and Application of GAAP 1997	Richard Delaney et Al	1997		
72	FASB Current Text General Standards as of June 1 1997 1997/98 Edition		1997		
73	FASB Current Text Industry Standards as of June 1 1997 1997/98 Edition		1997		
74	GAAP Guide Restatement and Analysis of Current Promulgated GAAP	Jan R Williams			
75	International Accounting Standards 1998	IAS Committee	1998		

Attachment A-4
USAID NIS ENERGY SECTOR INSTITUTIONAL REFORM PROJECT
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List of Books and Other Resource Material
For Counterpart Organizations In Turkmenistan

No	Title	Author	Year	ISBN
<u>Software</u>				
76	Financial Analysts Tool Kit - A Spreadsheet Add In for Analyzing Oil Company Financials			
77	International PSC Cashflow Analysis Program			
78	English Russian English Translation Software			
<u>Suggested Periodicals (Not Ordered Potentially Free Subscriptions)</u>				
79	Oil and Gas Journal			
80	Petroleum Engineering International			
81	Offshore			
0	Ordered But Not Received			

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