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SHEBERGHAN GAS GENERATION ACTIVITY (SGGA)

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SGGA Monthly Report

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Prepared by:

Advanced Engineering Associates International, Inc. (AEAI)/SGGA Project Team
1707 L Street, NW, Suite 1030, Washington, DC (USA) 20036
Telephone: 1-202-263-0601

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Acronyms and Abbreviations

AGE	Afghan Gas Enterprise
AGS	Afghan Geological Survey
APA	Afghan Petroleum Authority
CEO	Chief Executive Officer
DABS	Da Afghanistan Breshna Sherkat
DG	Director General
GIS	Geographic Information System
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Agency for International Cooperation)
IL	Implementation Letter
IPP	Independent Power Plan
IT	Information Technology
M/F	Male/Female
MEW	Ministry of Energy and Water
MoF	Ministry of Finance
MoMP	Ministry of Mines and Petroleum
NEPA	National Environmental Protection Agency
OGS	Oil and Gas Survey
PMP	Performance Monitoring Plan
RFP	Request for Proposal
SGDP	Sheberghan Gas Development Project
SGGA	Sheberghan Gas Generation Activity
SoW	Scope of Work
SPMT	Sheberghan Project Management Team
TFBSO	Task Force for Business and Stability Operations
TPAO	Türkiye Petrolleri Anonim Ortaklığı (Turkish National Petroleum Corporation)
USAID	United States Agency for International Development

1 GAS WORKSTREAM (MoMP LIAISON, DRILLING, ENVIRONMENTAL)

1.1 Achievements / Activities

Drilling Contract Management Technical Support

- Reviewed Turkish National Petroleum Corporation (TPAO) responses to Afghanistan Petroleum Authority (APA) requests for explanations and actions regarding drilling contract delays and provided comments and suggestions to Zabih Sarwari, APA's Sheberghan Gas Development Project (SGDP) program manager.
- Reviewed TPAO work schedule for Juma/Bashikurd, researched and drafted alternatives for accelerating the drilling schedule.
- Informed Zabih Sarwari that United States Agency for International Development (USAID) funding for hiring on-location engineering support for APA operations management is unlikely to be provided.
- Provided assistance to APA to prepare for meeting with TPAO on schedule delays for Juma-Bashikurd drilling contract, including analysis of possible areas for acceleration of schedule, establishing a reporting structure, registration with Afghanistan Investment Support Agency and customs issues.

Environmental

- Sent a letter to Zabih Sarwari regarding the need to update membership and activate the Ministry of Mines and Petroleum's (MoMP) Monitoring, Evaluation and Reporting committee called for in Implementation Letter (IL) No. 45-01 and the environmental management plan submitted to National Environmental Protection Agency (NEPA).
- Zabih Sarwari reported that MoMP's legal department approved, on 11 February, the amended application to NEPA for a certificate of environmental compliance for Juma-Bashikurd drilling/re-entry operations.
- Assisted MoMP to do clerical work to revise the amended the application for NEPA certificate of environmental compliance for Juma-Bashikurd operations.

Legal

- Requested an update from Zabih Sarwari on re-constitution of APA management, evaluation, and reporting committee required by IL No. 45-01, and explained again the requirement for the committee.
- Cooperated with the Task Force for Business and Stability Operations (TFBSO) on drafting standard gas sales agreements for APA/Afghan Gas Enterprise (AGE).

Strategic-level SGDP Support

- As requested by USAID, prepared and delivered summary notes on the requirements for future gas-driven energy development in northwest Afghanistan.
- Provided reports to Jules Jordy, USAID, regarding the status of TPAO's schedule and outcomes from the MoMP-TPAO meetings.
- Requested input from Overseas Private Investment Corporation and the Sheberghan Independent Power Plant (IPP) investor group regarding requirements for the Juma-Bashikurd gas reserves report and possibly interested petroleum engineering firms to perform the reserve study.
- Provided requested project update to Matt Scanlon, counsel for Sheberghan IPP investor group.

1.2 Meetings

- 11-12 Feb 14, attended meeting between MoMP and TPAO regarding scheduling and operations. Significant outcomes of the meeting included:

- Agreement that TPAO will provide weekly activity reports to MoMP until physical mobilization begins, at which time daily reports will be provided.
- Drilling location for the Juma #2A well was determined after technical discussions. Sheberghan Gas Generation Activity (SGGA) recommended that the basis for the decision be recorded in a technical memorandum.
- Discussions began regarding possible assignment of TPAO's rights and obligations under the contract to a wholly owned subsidiary of TPAO to facilitate registration and business activity in Afghanistan. A parent company guarantee was offered by TPAO. Assignment would require written consent of MoMP.
- Technical explanations were requested by SGGA from TPAO as to why re-entry work on Bashikurd #3 or #9 could not be conducted prior to drilling Juma #2A in order to obtain well data sooner in the schedule. TPAO has committed to providing the explanations.
- TPAO was advised by SGGA that the United States Embassy in Kabul is questioning the schedule delays and was considering contacting the Turkish ambassador to express concern.
- 17 Feb 14, Met with Jules Jordy, John Stich, Sam Ngwere, and Stephen Wheeler regarding results of the MoMP-TPAO meeting, prospects for TPAO to accelerate its drilling schedule, and gas processing planning.
- 22 Feb 14, "Three Party" meeting with Director General (DG) Jumriany, Zabih Sarwari from APA, Jules Jordy, John Stich, and David Kraus from USAID regarding TPAO contract issues, gas treatment plant, status of the presidential decree on tax and customs; assignment of TPAO contract, speeding of TPAO performance.
- 24 Feb 14, Met with Jules Jordy, John Stich, and David Kraus from USAID and David Lindley from EXIM Group LLC regarding gas processing plant prospects, gas to Angot/Kashkari Fields for refining, and possible gas to liquids at Gerquduq; noted that DG Jumriany requested a meeting with Lindley.
- 25 Feb 14, Met with Joe Seegers, German Agency for International Cooperation (GIZ), to discuss cooperation and information on data collection and organization for MoMP/APA.

1.3 Challenges

- USAID representatives could not attend the three-party meeting originally scheduled for 10 February due to security restrictions on movement.
- As evidenced by APA's project management request for help on a slight clerical modification to the NEPA amended application, APA project staff continue to show excessive dependence on SGGA for even small and simple matters, reflecting a lack of initiative and willingness to assume responsibility for conducting the on-budget portion of the SGDP.

1.4 Plans for Next Month

- Complete and deliver recommendations for accelerating TPAO operations schedule to Zabih Sarwari.

2 ENERGY AND POWER WORKSTREAM (DABS and MEW)

2.1 Achievements / Activities

Analysis of Gas Turbine Utilization for Sheberghan

- Drafted a Scope of Work (SoW) for a feasibility study for conversion of one or more turbines located at the Tarakhil power plant fuel source from diesel to natural gas.
- Finished the SoW for a feasibility study to evaluate using the single-cycle gas turbines located in Kabul's Northwest Substation for Sheberghan-based generation.

- Visited Kabul's Northwest Substation to collect turbine manuals for scanning and analysis.

DABS Technical Support

- Developed and delivered a presentation for Da Afghanistan Breshna Sherkat (DABS) Chief Executive Officer (CEO) Mr. Samadi to deliver to the Fourth Asia Energy Security Summit. The presentation is entitled: "Opportunities and Challenges for Transmission of Electricity through Afghanistan from Tajikistan to Pakistan". The summit took place from 26-28 February 2014, in Bangkok, Thailand.
- Assisted DABS CEO, Mr. Samadi, in preparing the DABS regional interconnection objectives and strategies for the Fifth Regional Economic Cooperation Conference on Afghanistan, scheduled for 1 March 2014.

Economic Modeling

- Revised and introduced an Internal Rate of Return sensitivity analysis into SGGA's SGDP economic model.

2.2 Meetings

- 8 Feb 14, Met with DABS Sheberghan Project Management Team (SPMT) Director, Mr. Khwaja Masood, to draft Mr. Samadi's presentation for the 4th Asia Energy Security Summit.
- 9 Feb 14, Met with DABS CEO, Mr. Samadi, to collect his feedback on the first draft of the presentation for the 4th Asia Energy Security Summit.
- 11 Feb 14, Met with DABS Generation Specialist, Eng. Khalid, to go through Kabul's Northwest Substation's gas turbines modes of operation and the documents available about turbines.
- 16 Feb 14, Met with Zabih Sarwari and Niaz Shinwari, to present SGGA's SGDP economic model to assist APA's gas pricing policy development.
- 23 Feb 14, Met with DABS generation specialist, Eng. Khalid, about Kabul's Northwest Substation's gas turbine maintenance and supplier.

2.3 Challenges

- No significant challenges reported during this period.

2.4 Plans for Next Month

- Meet with Jules Jordy from USAID to go through SGGA's SGDP economic model.
- Continue research pertaining to the gas turbines installed in the Kabul's Northwest Substation. Research includes converting the single cycle turbines to natural gas fuel and relocating the turbines to the Sheberghan area.

3 CAPACITY BUILDING (MoMP)

3.1 Achievements / Activities

English Language Training

- Commenced English language instruction for 42 APA staff at beginner, intermediate, and advanced levels through administering an assessment test.
- Purchased and distributed workbooks and dictionaries for English language instruction.
- Visited AGE and Oil and Gas Survey (OGS) in Sheberghan to introduce the English language training program. 49 (15 female) students from OGS and 96 (15 female) students from AGE signed up for English language training. SGGA provided assessment tests for each organization. Based on the results, SGGA divided the students into basic, beginner courses.
- Established the English training schedule for OGS and AGE in in coordination with the organizations' directors. The agreed-upon schedule includes a minimum of 6 hours of classroom instruction per organization per week.

- Commenced Sheberghan-based instruction, providing six classes to both AGE and OGS.
- Provided seven English classes to APA's beginner and intermediate level students and four classes to APA's advanced students.
- Obtained consent from Afghanistan Geological Survey (AGS) to offer English training and received 183 student participant list.
- Fostered an agreement between AGS staff and APA staff to allow APA to use AGS's classroom for instruction.

2014 Capacity Development Planning and Implementation

- Interviewed the AGE and OGS directors about their capacity development needs. Each organization requested additional technical trainings to help them manage and operate SGDP and other projects.
- Submitted an Request for Proposal (RFP) to local training providers for the following courses:
 1. Study skills and test-taking skills workshop
 2. Peer-to-Peer teaching methods workshop
 3. English language (for university-level instruction)
 4. Business Plan writing workshop
 5. Proposal writing workshop
 6. Project Management (which would include monitoring and evaluation, and instruction on how to use Microsoft Project and Microsoft Visio)
 7. Management (including at a minimum, but not limited to: strategic planning, communications, employee relations, negotiation techniques, problem solving)
 8. Leadership seminar
 9. Contract finance in accordance with Government of Islamic Republic of Afghanistan's Ministry of Finance (MoF) financial procedures
 10. Database creation and management, including networking and cloud computing.
- Clarified a question from the local training provider RFP after consulting with the APA Information Technology (IT) Department. Completed an amendment to the RFP and circulated it to bidders. The new submission deadline is 8 March 2014.

Petroleum Engineering Training

- Hired and oriented SGGA's new on-site petroleum engineering instructor, Jamal Yassien.
- Prepared lecture notes on drill bit types, including steel-tooth, polycrystalline, diamond compact, and three cones and classified them for use in different geological formations, such as soft, hard, sandstone, and carbonite.
- Prepared lecture notes on different types and sizes of Christmas trees.

3.2 Meetings

- 2 Feb 14, Met with Zabih Sarwari and Zabi Jaihoon to discuss the local training provider RFP and the APA classroom for SGGA's training courses.
- 3 Feb 14, Teleconference with Peter Stuart-Thompson to discuss employment with SGGA as a petroleum engineering instructor.
- 4 Feb 14, Met with Zabih Sarwari and Zabi Jaihoon to discuss classroom preparation.
- 9 Feb 13, Met with the Director of OGS, Dr. Outbuddin Qaeyem, to introduce SGGA's English instructor, discuss scheduling, and OGS's capacity development needs. Dr. Outbuddin requested assistance with how to use computers, data management, Geographic Information System (GIS) program training, reservoir engineering, logging, seismic, and contract management.
- 9-10 Feb 13, Met with the President of AGE, Eng. Sali Mohammad Fazil, to introduce SGGA's English instructor, discuss scheduling, and AGE's capacity development needs. Eng. Fazil noted needs for technical trainings in gas processing, petroleum engineering, accounting,

contract management to assist the organization's transition from an enterprise to a corporation. Eng. Fazil noted concern that TFBSO's project plan does not include a sufficient allotment of training for the organization to sustainably operate the amine plant at Yatimtaq, or the planned compressor stations and asked for support from SGGA to fill this gap.

- 12 Feb 13, Met with Zabi Jaihoon, Enayat Momand, and Zabih Sarwari to discuss the findings from the trip to Sheberghan, English class scheduling, room planning, and the status of petroleum-related trainings.
- 16 Feb 14, Met with Zabih Sarwari and Niaz Shinwari, MoMP's new business advisor, to discuss gas pricing policy.
- 17 Feb 14, Met with AGS DG Engineer Mohammad Tahir Rezae, and Engineer Nooria to discuss SGGA's English courses for AGS and classroom sharing with APA.
- 18 Feb 14, Met with DG Rezae again to confirm the GIS and English training approvals and classroom access.
- 25 Feb 14, Met with Joe Seegers, team leader from GIZ International Services. Discussed GIS training program and collaboration on database management for various map resources located in Kabul and Sheberghan.
- 26 Feb 14, Met with APA's IT Department to clarify the technical specifications of the database creation and management course.
- 26 Feb 14, Met with Zabih Sarwari to discuss an amendment to the local course providers' RFP.

3.3 Challenges

- AGS staffs have demanded that SGGA obtain senior staff approval for several letters in order to allow SGGA to commence instruction and have access to classrooms. APA lacks classroom space and depends on AGS's cooperation to conduct training, which required much effort from SGGA to obtain.

3.4 Plans for Next Month

- Commence petroleum engineering trainings to AGE and OGS in Sheberghan.
- Continue providing English classes to APA, AGE, and OGS.
- Review proposal submissions from the local training RFP.
- Coordinate with GIZ and Mining for Industrial Development of Afghanistan Sustainability to commence GIS training for AGS personnel.
- Review gas processing trainer Curriculum Vitae and interview candidates to provide processing operations and safety education in Sheberghan.

4 PROCUREMENT WORKSTREAM

4.1 Achievements / Activities

Contract Development Support

- Refined petroleum engineering consultancy services alternative strategy for APA to sell to USAID in an effort to revive funding.

Administrative Support

- Developed summary of Special Inspector General for Afghanistan Reconstruction 14-32 report for SGGA and SGDP stakeholder counterparts.
- Updated master SGDP schedule to accommodate a possible change to increase gas processing and power generation activities.
- Delivered copy of MoMP-TPAO drilling/re-entry contract to MoF on behalf of MoMP. MoF's legal department had requested in connection with their review of the MoMP's request for Presidential decrees on TPAO customs duty and tax exemptions.

- Provided a starter template for developing an implementation letter for an alternative petroleum engineering consultancy services strategy.
- Updated and delivered APA's NEPA application to MoMP.
- Produced maps and duplicated well designs for APA.

Contract Finance Support

- Provided invoice processing and payment training to APA's Enayat Momand and Hamid Baraywal (APA Admin and Finance Officer).

4.2 Meetings

- 2 Feb 14, Attended the weekly USAID meeting and discussed possible increases in SGDP gas processing and power generation, as well as status of TPAO mobilization.
- 3 Feb 14, Met with Zabih Sarwari and discussed the need for more aggressive coordination with TPAO on schedule and contract requirements, as well as the urgent need to move environmental submission from MoMP to NEPA.
- 4 Feb 14, Met with Enayat Momand and Hamid Baraywal to provide SGDP invoice process training.
- 22 Feb 14, Attended the three-party meeting with representatives from APA and USAID.
- 23 Feb 14, Met with David Drake and Peter Cameron of Unicon to provide historical well selection data to assist their gas corporatization work.
- 26 Feb 14, Attended the bi-annual USAID Implementing Partners meeting.

4.3 Challenges

- APA's lack of understanding about their "on-budget" responsibilities continues to lead to requests of SGGA that either disregard conditions of the on-budget grant agreements or place SGGA in a position that APA considers non-supportive.
- Motivating APA to engage with TPAO more aggressively on schedule performance.

4.4 Plans for Next Month

- Conduct round three of invoice payment training for APA staff.
- Prepare a list of forthcoming IL requirements for APA.
- Draft a SoW for a reservoir study that will be acceptable for banking instructions for the Juma/Bashikurd, Yatimtaq, and Gerquduq gas fields.

5 SPMT WORKSTREAM

5.1 Achievements / Activities

Security Update:

- The security situation in Sheberghan has been very quiet over the past month. No significant threat directly to our project or employees. Static and Private Security Detail guards are still on high alert to prevent any incident as we are getting closer to elections, when incidents are more common to occur. Police, National Directorate of Security, and other Afghan forces are also increasing security operations within Sheberghan District and in Jowzjan Province. Sheberghan-based forces are working in conjunction with Balkh Forces, with regard to operations spanning from Sheberghan to Mazar-i-Sharif.

Translations

- At the request of DG Jumriany, translated Afghanistan's draft gas pricing policy and three letters.
- At the request of Zabih Sarwari, translated four letters from Dari to English, two document pages regarding gas commercialization, and a notice from MoMP to the CEO of Chines National

Petroleum Corporation-International Watan Energy Afghanistan regarding procurement issues with MoMP's Amu Darya project.

Field Data Support

- Collected well production test reports for six wells that have been rehabilitated by TPAO.
- Collected well test analysis reports for Yatemtaq well numbers 38, 45, and 47.
- Mapped distances between the TFBSO-funded amine plant in Yatemtaq and Khoja Gerquduq's substation and gas field.
- Collected Global Positioning System coordinate data for the Yatemtaq and Khwaja Gogerdak gas fields.
- Collected data on the transmission route from the Gerquduq Substation to the Khwaja Gogerdak Substation.
- Collected information on the 35 Kilovolt distribution line from the Kwaja Gogerdak Substation to determine whether the line's insulation is sufficient for compatibility with the turbines being considered for relocation to Sheberghan.
- Offered support to APA for scanning large documents such as well logs.
- Collected information about the diesel generator in Khwaja Gogerdak, the aircraft steam turbine in Gerquduq, and the concrete power poles positioned between Mazar-i-Sharif and Sheberghan.

Capacity Development Facilitation

- Facilitated the Capacity Development Team's visit to Sheberghan by providing translations during meetings and introducing the team members to key officials at OGS and AGE.

5.2 Meetings

- 9 Feb 13, Met with the Director of OGS, Dr. Outbuddin Qaeyem, to facilitate the Capacity Development Team's meeting.
- 9 Feb 13, Met with the Director of DABS Jawzjan, Engineer Gholam Sakhi, to discuss transmission and distribution information.
- 9-10 Feb 13, Met with the President of AGE, Eng. Sali Mohammad Fazil, facilitate the Capacity Development Team's meeting.
- 22 Feb 14, Met with Dr. Outbuddin, head of the OGS to receive the list of trainees who seek to receive petroleum engineering instruction from SGGA.

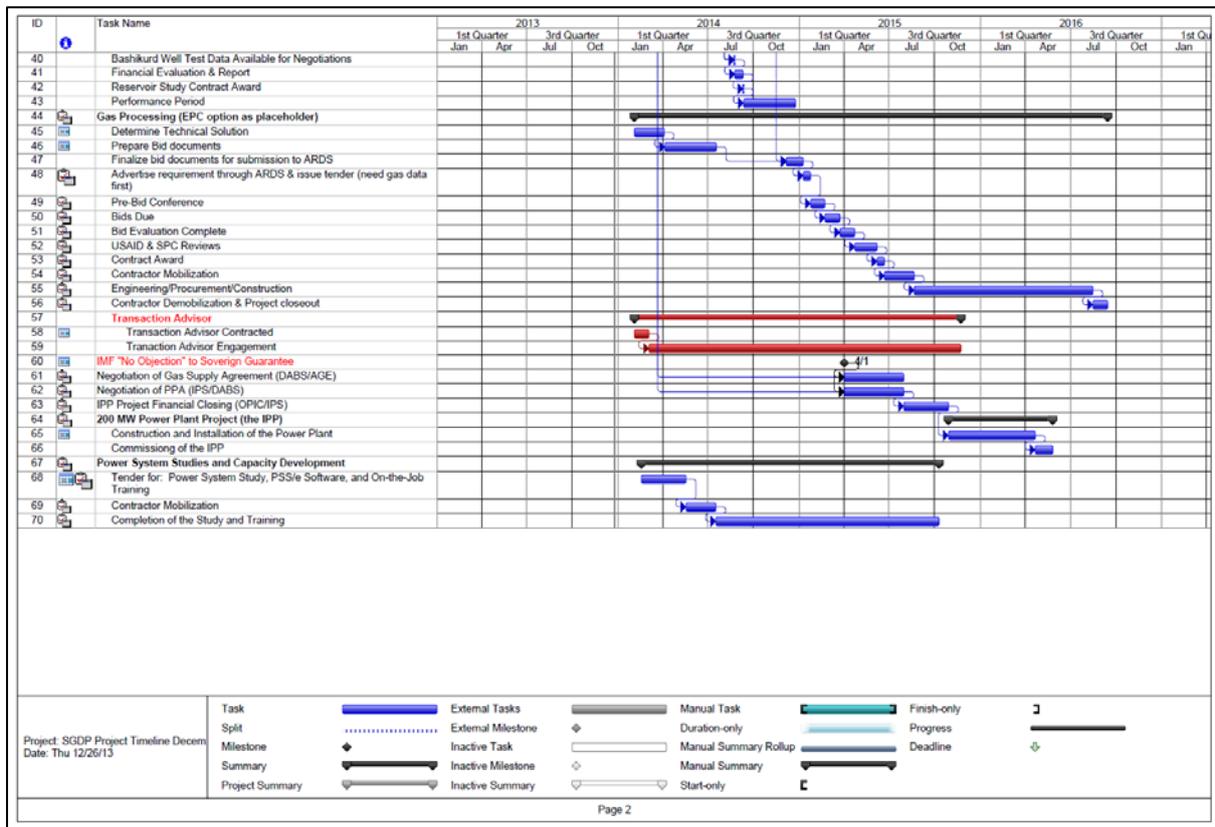
5.3 Challenges

- No significant challenges reported during this period.

5.4 Plans for Next Month

- Provide on-site support to MoMP personnel as requested.
- Assist in implementing petroleum engineering trainings in Sheberghan.

6 PROJECT SCHEDULE AS OF DECEMBER 31, 2013



7 PMP DATA

SGGA Performance Monitoring Plan (PMP) Indicators			
Milestones			
Capacity Building – MoMP, DABS, MEW	Prior	Current	
Capacity Assessments	2	0	
Training Courses	11	0	
Evaluations	2	0	
Tenders	Prior	Current	
1. Advertising	1	0	
2. Award	1	0	
3. Mobilization	1	0	
4. Activity work	1	0	
5. Completion	1	0	
Indicators			
Capacity Building - MoMP, DABS, MEW	Prior M/F	Current M/F	Indicator Code
# of Assessed people	218/11	0/0	11/12
# of Afghan prof. trained – "F" indicator	152/57	0/0	13/14
# of Afghan prof. evaluated	39/3	0/0	15/16
<i>M = Male F = Female</i>			
Tenders	Prior	Current	
# of Rehab. & Drilled Wells	1	0	17
# of Gas Plants constructed	0	0	18
Prof. Engineers for Drilling hired	0	0	19
Prof. Engineer Proc. Plant hired	0	0	110

8 MONTHLY EXPENDITURES

Financial information omitted.