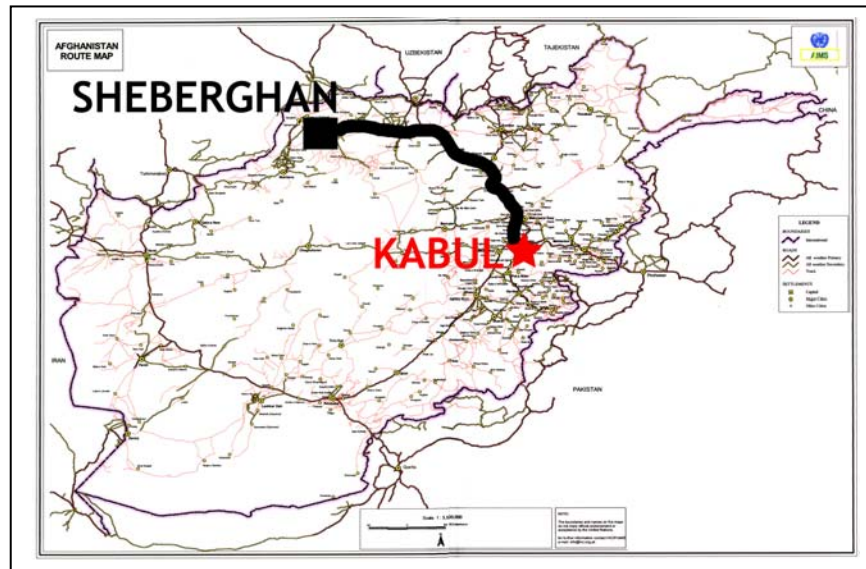


## Sheberghan to Kabul Gas Pipeline and Generating Plant

### Project Summary

<b>Subsector</b>	Oil and Gas
<b>Location</b>	Sherberghan and Kabul
<b>Project Cost</b>	\$333.0 Million
<b>Project Type</b>	Gas Pipeline and Generating Plant
<b>Project Executing Firm/Agency</b>	Ministry of Mines and Industries
<b>Funding Agency</b>	World Bank (partially)



## Project Outline

The Ministry of Mines and Industries (MMI) would like to expand the supply of power to the city of Kabul with new generating capacity based on domestic natural gas reserves. This would require the construction of a new generating facility located either at the gas fields near Sheberghan in the north, or in Kabul. If the new generating facility were to be located in Kabul, it would be necessary to construct a 300-mile gas pipeline between Sheberghan and Kabul. Through the World Bank Emergency Infrastructure Reconstruction Program, there are funds approved to develop the oil and gas sector.

## Technical Description

The U.S. Trade and Development Agency (TDA) is funding a feasibility study to look at constructing a power generating station either at Sherberghan or Kabul. If the station is built in Sherberghan, then transmission lines to Kabul will be necessary. If the second option is found to be more feasible, then the station will be built in Kabul along with a

gas pipeline originating from Sherberghan. The study will determine the gas demand for the various options, what natural gas production facilities additions and modifications will be needed to satisfy new demand, and the potential routing options and cost for the pipeline to Kabul, as well as define the potential natural gas demand requirements both in Kabul and the immediate pipeline route areas. The objective of the feasibility study will be to prepare a bankable document that will allow MMI to approach potential investors for funding of one of these options.

## **Project Site**

The project sites will be Sherberghan and Kabul.

## **Project Status/Timeline**

The feasibility study is expected to take place in the second quarter of 2003. Funding for the project will need to be pursued once the study is completed.

## **Equipment and Services**

Equipment and services needed for this project would be:

- Pipe and freight
- Coatings and materials
- Compressors
- Controls and SCADA
- Generators
- Transmission lines
- Construction equipment

## **U.S. Competitiveness**

While currently there is a reluctance for many firms to become involved in the development of the oil and gas sector in Afghanistan, this can be expected to change when stability and security is reestablished. The firms can then be expected to show an interest illustrated by the makeup of the CentGas consortium, which planned to build the pipeline across Afghanistan. This consisted of Unocal (U.S.), Gazprom (Russia), Delta Oil Company (Saudi Arabia), INPEX and ITOCHU Exploration (Japan), Hyundai Engineering and Construction (Korea), the Crescent Group (Pakistan), and the Government of Turkmenistan.

## Project Financing

The World Bank has recently approved a \$33.0 million grant for the Emergency Infrastructure Reconstruction Project for Afghanistan, including an oil and gas component. Through the grant, the World Bank plans to fund policy-related technical assistance in this sector directed at developing an institutional framework conducive to private sector development. Although the World Bank has earmarked some grant money toward the oil and gas sector in Afghanistan, it is not sufficient to complete this project. Therefore the Ministry of Mines and Industries will need to attract additional money from other means to see this project to fruition.

## Conclusion

This project fits with the Afghan Government's policy of strengthening the infrastructure of the country. The execution of these projects will have beneficial economic and social implications for the nation as well as for the specific regions, and will foster inter-regional cooperation between the northern and central regions of the country.

## Key Decision Makers

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