

Afghanis Pin Energy Hopes on Local Gas

BY NATHAN HODGE

SHEBERGHAN, Afghanistan—Taxi driver Abdul Wahed took a small step for Afghanistan's energy independence when he converted his well-traveled Toyota Corolla last month to run on compressed natural gas.

While his car can still run on gasoline, he can also now fuel up at a recently opened filling station that sells locally sourced CNG to a fleet of taxi cabs in this northern Afghanistan city.

"I'm very excited," Mr. Wahed said. "Gasoline is expensive, and natural gas is cheaper. I expect to save money."

The Pentagon's Task Force for Business and Stability Operations, an organization that scouts Afghanistan with the hope of attracting private investment, put up the \$2.9 million for the filling station here, seeing a project that, while relatively small, could be attractive to an investor who sees potential profit in selling CNG.

"The thought process was that we have to anchor and develop an industry that would bring revenue...from utilizing the natural resources that Afghanistan has—and that was gas," said Alec Shapiro, an energy consultant for the task force.

Natural gas could also provide an alternative energy source as the cash dries up for U.S.-funded projects and the American military withdraws.

In Afghanistan, a liter of gasoline sells for around 55 afghanis (\$1.10, or \$4.16 a gallon), says Mohammad Ayoub Naivand, a government engineer who is helping oversee the project with assistance from the U.S. military. The liter equivalent of CNG, by contrast, costs just 34 afghanis.

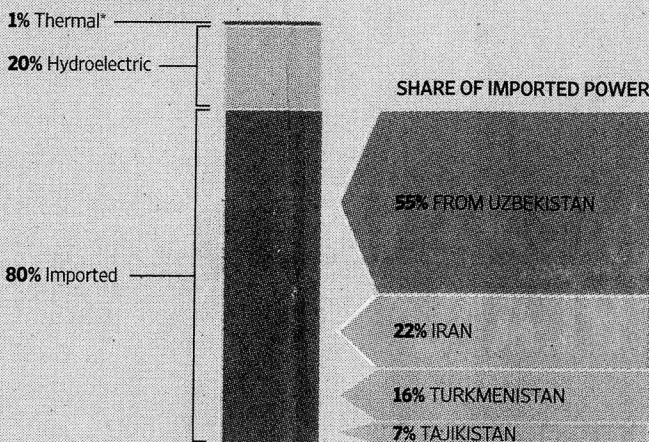
More important, natural gas comes from the ground here in Sheberghan, in northern Afghanistan, and doesn't have to be trucked from abroad on perilous roads. To date, 100 cars here have been converted to run on CNG here, and 200 more kits are on order from Pakistan.

The project's backers are paying for those conversions, which

Power Struggle

Afghanistan is aiming for greater energy independence.

SOURCES OF ELECTRICAL POWER



*Includes coal-fired, gas and waste-incineration plants. Note: Numbers don't add to 100% due to rounding. Sources: Afghan Energy Information Center; TFBSO The Wall Street Journal

typically can cost \$700 or \$800 per car; the local taxi association created a waiting list of Corolla drivers.

If all goes to the task force's plan, the project in Sheberghan could lay the groundwork for a domestic fuel industry that U.S. and Afghan officials hope will boost government revenue and jump-start natural-gas production, which has been dormant for decades.

As a next step, the Afghan Ministry of Mines plans to offer the rights to a private operator of the CNG filling station in Sheberghan. Bidding is open to Afghan citizens; the winning bidder, who is supposed to oversee the conversion of hundreds of more vehicles as the first private operator of the facility, is expected to be announced early next year, said Benjamin Freedman, an energy-development specialist with the task force.

Afghanistan runs largely on imported power. It gets much of its electricity from neighbors such as Iran and Uzbekistan. It has almost no domestic refining capacity, and imports its gasoline, diesel and other petroleum products.

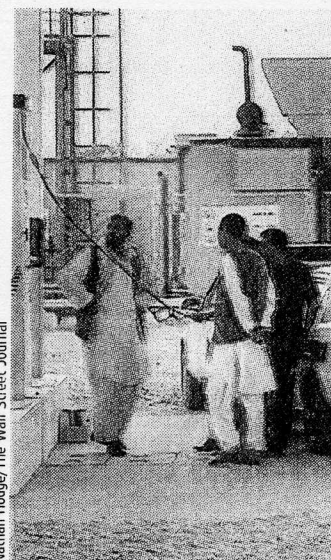
The country's domestically produced natural gas is unsuit-

able for converting into the liquefied petroleum gas that is commonly used as heating fuel. Compressing natural gas into car fuel, however, is relatively simple, and the technology is widely used in countries such as Pakistan, Thailand or China. Here in Sheberghan, a local pipeline carries natural gas to the filling station, where it is compressed and stored.

Soviet petroleum engineers explored and developed natural-gas fields in northern Afghanistan during the Cold War. In the 1970s and 1980s, natural-gas fields in Sheberghan sent exports to the Soviet Union and supported the Northern Fertilizer and Power Plant near Mazar-e Sharif, the country's largest industrial customer of natural gas.

But three decades of war stunted the growth of the country's natural-gas sector. Afghan Gas, a state-run enterprise, currently distributes gas through a small network of pipelines in Jowzjan province, where Sheberghan is the capital.

Sali Mohammad Fazil, the president of Afghan Gas, said only 15 of the 39 drilled wells south of Sheberghan were in operation, producing around 140,000 cubic meters of natural



Nathan Hodge/The Wall Street Journal

Afghanistan's first compressed natural-gas filling station

gas per day. The company's annual revenue is 290 million afghanis (\$5.8 million) per year.

With the filling station in Sheberghan already operational, the next phase of the U.S.-funded project is to convert two generators at a nearby Afghan Ministry of Interior base to run on CNG.

The U.S. and its allies now foot the bill for the diesel that fuels generators on Afghan military bases, and it is unclear how the cash-strapped Afghan state will be able to sustain all of them. CNG could be an alternative, the project's backers hope.

Col. Sayed Aga Amdarabi, the commander of a customs-police unit at the Sheberghan base, said when he requested diesel for the generators on his base, the ministry told him to get power from the city. "And when we go to the city, and tell them we don't have any electricity, they tell us, 'We can't just give you power from the city grid,'" he said.

Jowzjan Gov. Mohammad Al-eem Saaie said he hoped that natural-gas exploitation would help attract other investment to the province, one of the country's safest, say Afghan and coalition officials. Mr. Saaie noted its proximity for trade with its Central Asian neighbors.