## Private pressure and political overkill in the gas sector

NURUDDIN MAHMUD KAMAL AND S.K.M. ABDULLAH

ISE people say that it is a folly to allow the development of energy resources --the mainspring of modern civilization --to be determined by choices and conflicts rooted in the profit motives of a few. People also assume that with favourable public sentiment nothing can fail. Without it, nothing can succeed. But to ask an oilman if he or his company is involved in politics is equivalent to asking a businessman if his practices are unethical or his associations are dubious. The reaction will be immediate and indignant. Nevertheless, it has been observed that oil company executives are generally smart enough not to make themselves vulnerable by such statements that they cannot substantiate later. Unfortunately, it is not entirely correct in Bangladesh. particularly when one considers the activities of Unocal top bosses in Dhaka. In response to our recent articles published in the Daily Star (on 5-6 November and 4 December 2001) Unocal spokesman presented some points of view that we would like to contest. We would like to share our thoughts on some of them for greater benefit of the

First, there are good reasons to believe that the pipeline development plan (October 2001) being promoted by Unocal for transporting a substantial amount of gas to India has confused a section of the government. To enlist local support they have gathered around them some lobbyists, both within and outside the government, to support the project.

Second, the Unocal's proposal dated 29th October, 2001 state that the government would earn about US\$ 3.7 billion equivalent to Taka 20,000 crores in 20 years by exporting 500 million cubic feet of gas everyday (MMCFD) to India through a 30-inch diameter pipeline is a questionable statement on at least two counts: one, the real income would be much less than the stated amount and two, the actual requirement of gas will be about 45 per cent higher than what has been stated in their proposal. This has remained a fallacy. For instance an economist of repute in the country has calculated the Net Present Value (NPV) of Tk. 20,000 crores at only 4,000 crores, which is, essentially a peanut compared to the asset lost in terms of inadequate (11.24TCF) reserves of gas in Bangladesh.

Third, in the mean time, contrary to all their previous presentations, Unocal has put forward a new natural gas resource base of Bangladesh at 61 Tcf. And based on their own calculation Unocal claimed that the country has about 170 years of gas supplies (?) At least five gas lobbyists would be very encouraged with this piece of information since they were already toying with the idea of 80 to 100 Tcf gas reserves in Bangladesh!

It must be noted that Bibiyana gas field has (in 2000) been certified as per gas field practice by an internationally recognized independent company De Golver and Mac Naughton (D&M) at 2.4 Tcf, with proven reserve of only 1.2 Tcf (rest is probable). The sum total of "reserves" of the 22 gas fields including Bibiyana has been estimated by Petrobangla/Government in mid 2001 at 11.24 Tcf. How could Unocal make a comparison of Bibivana's "reserve" with an unsubstantiated "resource" figure and state that it is only 4 per cent of the Bangladesh's currently estimated resource base of 61 Tcf. In our opinion no professional would ever

attempt to compare a reserve figure with a resource number.

Fourth while the estimation of gas demand forecast of Bangladesh was never assigned to Unocal, they seemed to have taken the responsi bility on their own and stated to have made a market study through a company of their own choice. According to the study, Bangladesh gas market is oversupplied for the next five years. And it will be more than eight years before the country can absorb any volume of gas from Bibiyana and more than fifteen years before the country can utilize Bibiyana's maximum production. It may be noted that as per instruction of the government, Petrobangla, in consultation with the two major consumers of gas in the country (consuming over 78%), did carry out a thorough study on future domestic uses of natural gas. This study clearly stipulates that in the short term i.e. up to 2005 the country's demand for gas would increase by about 500 million cubic feet per day (MMCFD) from the existing 1100 MMCFD mainly on account of new

much has already been objected to by Petrobangla audit is not mentioned in the clarification. We understand that Petrobangla has disallowed about 40 per cent or around US\$ 140 million of the expenditure in accordance with the PSC procedures (Mr. Scott A. Barbar's disclosure in the fortnightly financial magazine "Arthakantha" dated 16-30 November, 2001). Moreover, what happened to the insurance claim of the Magurchara blowout? Unocal have not shared that with the government/Petrobangla for damage compensation of 400 billion cubic feet of natural gas (that Occidental/Unocal have destroyed in Magurchara). The government's Investigation Committee Report was lost for a few years but under pressure from the Parliamentary Committee it was ultimately found but apparently no action has been initiated for 4500 crore taka claim of Petrobangla. The responsibility for the accident was clearly fixed on the contractor. But for some unknown reason the present government is

cannot be considered in any "business proposal" and is not acceptable under the PSC: (iv) Unocal has made contradictory statements about the total volume of gas likely to be exported. Is it 2.4 Tcf or 3.65 Tcf over a period of 20 years? Moreover, Mr. Gritters, Vice President and Director External Affairs, Unocal made an interesting statement in his clarification (DS 14 December 2001). He said that "Unocal proposed that Bibivana's 2.4 Tcf proven and probable reserves can sustain 500 MMCFD for more than 10 years from the start-up of the pipeline. The potential \$3.7 billion (200 billion Taka) is based on export of 2.4 Tcf". In the proposal submitted to the government/Petrobangla Unocal said that it is a 20-year project. If so, how long is the startup period? We assume from the interview of Mr. Barbar in the "Arthakantha" mentioned above that it is four years. He said, "once the pipeline project is approved, the Government of Bangladesh could expect to begin receiving estimated revenue and tax receipts of US\$ 3.7

State Minister for Petroleum and Minerals on the other hand, echoes the Unocal's version of gas development plan including a pessimistic scenario that there is no market for gas in Bangladesh. Assuming (against our conviction) that there is no domestic market for gas in the near future, it is his responsibility to find one. Instead, it is alarming to find that a State Minister's and the Oil Company's thought process converges on the export of gas by pipeline violating the provisions of the PSC signed about six years ago.

long term the country will need about 4.84 Tcf of gas for the period 2001-2010 and 8.86 Tcf for the period 2011-2020 (i.e., 13.7 Tcf up to 2020), considering a relatively conservative consumption growth rate of 5.9% and 5.1 per cent respectively, compared to 6 per cent growth rate during 1990-2000. It has also been estimated that from the beginning of 2001 to the end of 2050 about 62.9Tcf gas will be required to feed the system considering 3.4 per cent, 1.6 per cent and 0.8 per cent growth rate in the 20's, 30's and the 40's against the present reserve (proven plus probable) of only 11.24 Tcf. The much played up field arowth theory of Unocal and the computer generated statistical nean of undiscovered resource (estimated by USGS) maybe viewed as an asset that rest in the mind of the experts yet to be proved or discovered. We do not know of any instance anywhere in the world that a National Plan has ever considered anything but the proven reserve. The undiscovered hydrocarbon potential and the oil companies may use them for the planning of their future exploration budgets only.

The energy growth rate is dependent on the overall economic growth rate i.e. the GDP growth rate. We would like to urge the government to inform the citizens of Bangladesh weather it can afford a lesser average GDP growth rate than that of 1990-2000. In any case the country would welcome a Vision Statement from the government including the methodologies to be adopted for economic development and the expected economic growth rate that they plan to achieve by 2006

Fifth, we are intrigued to find that Unocal claimed that they have invested about US\$ 350 million for exploration and development in Bangladesh. But how much of that amount is contentious and how

edly, a *supplementary agreement* was signed after the blow out, that certain types of expenditures will not be cost recoverable but Unocal has claimed cost recovery in violation of that agreement.

We would like to remind our readers that at least around 2500 MMCFD of gas

will be needed to produce the planned 15,000 MW of electricity by 2020. The

Sixth. let us take a second-look into our previous article titled "The fallacy in Unocal's gas export proposal" published in the Daily Star on 4 December 2001 as well as the clarification by Unocal (The Daily Star 14 December 2001). It will reveal that: (i) The contractor indicated that they had retained Jalalabad and Moulavi Bazar gas fields in blocks under 13 and 14 and would continue as PSC holders of these two blocks. Technically, they are perhaps correct but their statement is not a correct representation of facts. The total area of blocks 13 and 14 amounts to 4,983 sq. kilometers (Km<sup>2)</sup> and after relinquishing about 94.1 per cent they now hold only 297.8 km2 or around 5.9 per cent of the two blocks; (ii) We said earlier, in the past five years out of five exploratory drilling programmes by Unocal, three turned out to be dry claim a 23 years old story about Kutubdia (discovered n 1976 and abandoned in 1978) but very carefully has forgotten Magurchara, the only well about which most Bangladeshis are aware of because of the headline treatment in print and electronic media. By reminding us of the well JB-5. Mr. Greg Gritters has done us a great favour. Now, it is clear that they have made only two successes out of six instead of the two in five as we mentioned earlier. The world knows that Unocal failed to discover anything at Kapna, Ratna, JB-5 and Magurchara; (iii) Unocal's public announcement for Bibiyana reserve for almost two vears (1999-2000) was around 6 Tcf. which after D&M certification turned out to be 2.4 Tcf (only 40 per cent of their earlier claim). As an escape route, Unocal have now coined the term "possible reserve" which is anybody's guess and billion (approximately 20,000 crore Taka) within four years." Is this the truth? Mr. Gritters claimed 2.4 Tcf (proven plus probable) reserve could sustain 500 MMCFD for more than 10 years from the start-up of the pipeline (DS 14 December 2001). From the proposed export project, any one can calculate that with a daily supply of 500 MMCF in 20 years, the total volume of gas required for the project would be 3.65 Tcf (500 MMCFD x 365 days x 20 years) and not 2.4 Tcf. This we thought was a misstatement. Unocal is silent on this vital issue strange isn't it?

Seventh. Mr. Grittters has said in the clarification that their study (?) showed that export, as LNG is not feasible. So, they evaluated other options and found that pipeline export produced the highest value to Bangladesh. But does Unocal realize that they have pre-empted the export proposal in violation of the Clause 14.6 of PSC? The clause mentions that the price formula under which Petrobangla and the contractor shall be paid for Natural prior to any commitments to an LNG plant (i.e. for export proposal) and the contractor, in coordination with Petrobangla, shall be responsible for carrying out such sales in accordance with such contracts. This clearly shows that the price obtained from export will not be shared in the same way as described in the "Production Sharing" clause and a new formula will have to be negotiated. But it appears that Unocal has dedicated their as well as Petrobangla's share of natural gas in their pipeline export proposal -- what to speak of a contract regarding sharing of export price -- they even did not bother to discuss the matter with Petrobangla. We feel this is a material breach of the contract.

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Eighth, Unocal claimed in their clarification that their proposal included a detailed feasibility study, which recommends, "directional

drilling" for crossing the Jamuna River. We understand that somewhere in the two volumes of appendices, the river crossing proposals are as follows: (i) Meghna (1.6 miles) by open cut, (ii) Sitalakhaya (0.24 miles) by directional drilling, and (iii) Jamuna (3.6 miles) by open cut. We already mentioned earlier (DS 4 December 2001) that the consultant, 'Rendall, Palmer and Triton' has ruled out open cut crossing of the Jamuna in 1983. If Mr. Grittes is giving the clarification in response to our article, why he is shy about telling, who did the feasibility for crossing the Jamuna by "Directional Drilling"? We have checked around and found that nowhere in the world such a wide river crossing by directional drilling for a 30 inch diameter pipeline was undertaken. We are afraid that if against the will of the people of Bangladesh such a pipeline project is approved by the government, Unocal after reaching the east bank of the Jamuna will start lobbying for use of the pipeline attached to the Jamuna bridge. We would ask the people of north and southern Bangladesh to demand for release of such a feasibility study, if there is any regarding Jamuna River crossing. We are wondering whether Mr. Grittes is talking about some other proposal than the one submitted to Petrobangla/government, which we are also discussing. We are really getting suspicious about the wisdom of Unocal executives. Are they playing games with a sovereign

Curiously, the State Ministers in the Energy Ministry are perhaps operating on two opposite poles The State Minister for power is rightly pursuing a forward looking development plan consistent with the Power System Master Plan (PSMP, 1995) and Power Sector Policy Statement, 2000 which consists of a five-fold increase in electricity generation to around 15,000 megawatt (MW) by 2020. We would like to remind our readers that at least around 2500 MMCFD of gas will be needed to produce the planned 15,000 MW of electricity by 2020. The State Minister for Petroleum and Minerals on the other hand, echoes the Unocal's version of gas development plan including a pessimistic scenario that there is no market for gas in Bangladesh. Assuming (against our conviction) that there is no domestic market for gas in the near future, it is his responsibility to find one. Instead, it is alarming to find that a State Minister's and the Oil Company's thought process converges on the export of gas by pipeline violating the provisions of

government?

the PSC signed about six years ago. Many Bangladeshis are flabbergasted by his last week's interviews with UNB and BBC (The Daily Star, comment that, it is the country's responsibility to sell the gas discovered by the US Company? (DS 20 December 2001). We had the privilege of participating in at least two seminars on the gas issue where the State Minister for Petroleum was the chief guest. In both of them the "Reserve" and "Resource" definitions were discussed in detail. How can be be still confused about these two terminologies? We humbly urge the government not to succumb to pressure in dealing with the gas sector of Bangladesh, and move in the directions that serves national interest.

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## Asiatic Society of Bangladesh Celebrating golden jubilee



Asiatic Society of Bangladesh: Estd.1952.

DR T HOSSAIN

UR generation became field workers of 1937 election with the slogan of Dal-Bhat of Krishak Proja Party Later, it accepted the self-determination Resolution of Muslim League in March, 1940. We fought for it until 1947. In 1948 we realized that the decoloniazation of the empire had betrayed the Indian people. Of course, a people gets the kind of government it deserves. The election exploited the sentiment of the people instead of serving its interest. The old British policy of 'Divide and Rule' legalised by the 1935 India Act finally divided the empire confronting very terrible blood birth. Bengal was divided. It was not visualised in Lahore resolution which wanted separate States. East Bengal was colonised by Pakistan the name of which means the provinces of north-west region.

The freedom fighters of Bengal were dismayed. Attempted unity of Bengal failed. A group of the freedom fighters reviewed the situation in study camps. It was realized that without cultural revolution, political and economic freedom cannot be attained. From 1948, under the regimented administration, we had to dedicate ourselves in guise to conduct the cultural revolution.

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We formed a number of camouflaged associations like the Friend
Center, Jana-Shunar Ashar, Milan
Shangha, Humanist Association
and the like. The idea was to spread
the message of Renaissance. We
had good many teachers of Dhaka
University and Dhaka College some
of whom opted for East Bengal from
the service of undivided Bengal in
the teaching department. It was
during this time, 50 years ago, a
teacher of History Department was
setting up the Asiatic Society of
Dhaka. We knew him through

It was during 1957, when I was Resident Surgeon of Dhaka Medical College Hospital residing in one of the hospital gate houses with my wife, Parveen Hossain whose voice in reading the English News of Swadhin Bangla Betar Kendra consoled the incarcerated population of captivated Bangladesh. She had passed her BA with distinction in 1950 as a refugee student from the Lady Braborne College of Calcutta.

Dhaka Medical College gate and the then Dhaka University gate were both former University gates. As we were residing in the Hospital gate, my wife wanted to take the advantage of completing her MA. She had chosen History, I took her to the then Professor of History, Dr Ahmad Hasan Dani in his residence which is now replaced by the buildings of the Asiatic Society of Bangladesh.

We knew Dr Dani was laying the foundation of the Asiatic Society and we were already acquainted. My wife became his student. We used to hear a lot about the dedication of

Dr Dani. One day, my wife revealed that he was taking the students of her class to India and Pakistan to see the archeological objects located in those two countries. Prof Meherunnessa and my wife were the two lady students who joined that trip for about a month and I heard its elaborate description on her return.

During those days, I developed friendship with Dr Dani and often went to his place in the evening to enter into dialogue about our cultural heritage. By then, we knew, 'the more we know our past, the more we know our future' as said in one of the War Volumes by Sir Winston Churchill. We also read his History of the English-speaking World.

I entered Medical Profession under the forces of circumstances. Basically, my conscious life was political. But as a political activist, I learnt from M N Roy that politics was a science and a branch of bigger science sociology. My inference was: medical science was also a branch of social sciences.

In his Outline of History, H G Wells, opined about the 'Tree of Knowledge' and in his 'Science of life', he taught about the 'Tree of Life'. These lessons were learnt at the Imperial Library of Calcutta. In this way, some competence was acquired during student life in Calcutta to enter into a dialogue with Dr Dani and we were always welcome guests at his residence to talk about the Asiatic Society with the organization of which he was very deeply committed.

Before leaving Calcutta, in June, 1948 we had a Study Camp at Dehradun on the Crisis of Our Time. We discussed about two crisis: One created by cold war and danger of nuclear war and the other was the post partition Indian crisis.

On 30th January, 1948, when Poet Sudhin Dutta was reading a paper 'On Morality in Political Practice' in a meeting chaired by M Roy, the news of Mahatma Gandhi's assassination came and the meeting was dissolved. In June, 1948, on my arrival at Dhaka, we had a study camp on Cultural Crisis following partition of Bengal and I went to Rajshahi Bogra, Mymensingh, Sylhet, Comilla and Chittagong to see the devastation following the exit of the richer community members.

Those were some of the subjects of our dialogue with Dr Dani. The urge was the cultural regeneration of the social segment in which we were living, as an integral part of human culture generated in us. Asia foundation had a meaning in that sense that it could be the seat of culturing the oriental heritage of the modern civilization.

Life moves on. Man is essentially a nomad. Global surface is his home. I had my nomadic life from 1958 to '98. I had no more contact with Dr Dani or Asiatic Society. During past two years, my associa-

tion with the Asiatic Society was renewed and I did attend some of its meetings and remembered the good old days with Dr Dani and developed an attitude of having more intimate contact with the Society through personal friends who were working with close attention there.

It was gratifying to note that the Society did open one workshop to compile an Encyclopaedia. One Iranian gentleman came to deliver a lecture in the Society and donate the volumes of Iranian Encyclopaedia written in Persian. Circumstances compelled me to serve in Iran for 15 years from 1976 as a surgical specialist particularly during the eight years of Iraq-Iran war as a war surgeon in a border military hospital under bombs and missiles and still being alive. Death is no problem in my concept and attitude. I am immune from its fear. For me birth is the first sign of death. So, when all surgeons fled away I stayed in the field hospital.

But that was not my interest. Persia is the land of Omar Khaium, Firdousi, Sheikh Sadi, Hafiz Jalaluddin Rumi, of eternal rest of Ibn Sina, birth place of Jamaluddin Afgani, who was born at Asadabad near Hamadan, and a land of ancient civilization of Darius, Xeres, birth place of Zorastranism, the land of conquest by Alexander the great. Their foot prints are there in the sands of history. So we appreciated the donation of Iranian Encyclopaedia to Asian Society of Bangladesh and felt that our writers would display similar acumen in publishing our Banglapaedia!

I had the occasion of reading the biography of the French Encyclopaedist like Diderot besides that of Voltaire. It so happened that I had been the regular subscriber of each edition of Encyclopaedia Britannica since its 1963 edition. I consider an Encyclopaedia as an enlarged, elaborate but concise dictionary for necessary references. As such, its value cannot be overestimated. And it is a pride to share the success of publication of Banglapaedia by our Asiatic Society.

To my pleasant surprise, even I was requested to contribute two articles on M N Roy and Bagha Jatin, as a writer of their revolutionary history in Bengali. Finally, I have become its life member and decided to donate my personal library, on completion of my works, to the Society.

It was a great pleasure to know that Dr Dani is alive and well, still at his desk at Islamabad, Pakistan and would be coming to inaugurate the golden jubilee ceremony of the Asiatic Society of which he did sow the seed and which is now grown into a green plant to be developed into a big Banyan tree.

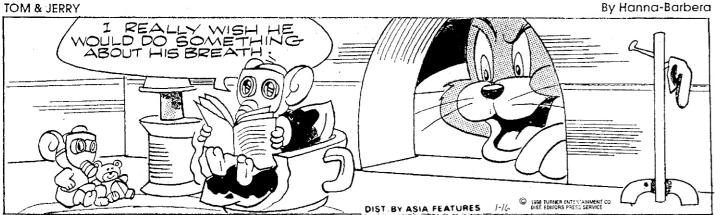
Dr T Hossain, physician, is a former Secretary to Govt. of Bangladesh.

## Garfield ®









## Towards a reading society

MOHIUDDIN AHMED

HE Eighth Dhaka Book Fair (DBF) heralded the new year 2002 for Bangladesh. We know of no other auspicious note which could project a positive image of the country than to start a new year with the slogan "Books for a Healthy Society". A reading society is a mentally healthy society and Bangladesh is a long way behind in achieving a reading

Bangladesh's publishing sector is perhaps second only to India in the South Asian region, but in terms of readership ratio to population, Bangladesh fathoms no significant mark. If we were to strengthen the institutions which build a democracy we need to build a broader base for our democratic institutions. This can only be achieved through informed decision making at all levels of governance. Informed decisions are reached by a public only when there is wider readership among the people taking those decisions.

If anything, the book lovers and the reading public in Bangladesh would wish to see that a successful Dhaka Book Fair bring new promises for the book publishing industry in the country, for after all, books represent the cultural index of any nation. On the occasion of the Dhaka Book Fair we wish to share some thoughts with the reading public of the country. It is a matter of regret that though initially intended, the Dhaka Book Fair could not graduate into an international book event or even a regional book fair on its 8th year. Dhaka needs to go on the International Calendar of Book Events. The National Book Centre and the Ministry of Cultural Affairs should take immediate steps to make this an international event

The Dhaka Book Fair would then attract regional and multinational publishers which in turn would provide an opportunity to readers in Bangladesh to have a glimpse of the developments that have taken place in world literature, art and creative products of the mind. The book lovers in Bangladesh shall look forward to such a day.

The Dhaka Book Fair is a major event organised by the National Book Centre under the Ministry of Cultural Affairs of the Government of Bangladesh. The writers, poets, artists and illustrators, publishers and book sellers, ibrarians and readers, all have a stake in the successful

implementation of the National Book Policy.

The National Book Policy is a covenant which has articulated measures to be taken by the national institutions towards a healthy growth of the book industry in Bangladesh. A well round book development effort by all relevant sectors of the country should help the nation achieve the desired goal of a reading society.

desired goal of a reading society.

The 8th Dhaka Book Fair has a high profile inaugural moment with the Prime Minister Begum Khaleda Zia declaring a year-long programme for book promotion in the country. We expect the Prime Minister's speech to be directive for all concerned national agencies to draw up elaborate programmes to help sustain the book development efforts of different organisations in Bangladesh. We see special roles to be played by the Ministries of Education, Information, Local Government and above all the

During the Book Year 2002 the national newspapers and magazines, through their literary supplements, should carry news and book reviews on good and informative books to the prospective readers. The local government ministry can set up public libraries to provide access to books. The ministry should mobilize the divisional and district authorities to help set up private libraries with access for the reading public. The education ministry should consider creating new libraries and strengthening existing libraries in schools, colleges and other educational institutions all over the country. The cultural ministry must strengthen its book development programme by implementing the National Book Policy and the National Libraries Policy. In this regard the Prime Minister's directive should provide the political will for the government to embark on a campaign towards building a reading society in Bangladesh. Finally, it goes without saying that the publishers in Bangladesh would do well to scout for good manuscripts and publish readable books which are likely to as

We would hope that the ministry of cultural affairs receives all the support and cooperation in working towards the goal of a healthy reading society in Bangladesh.

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