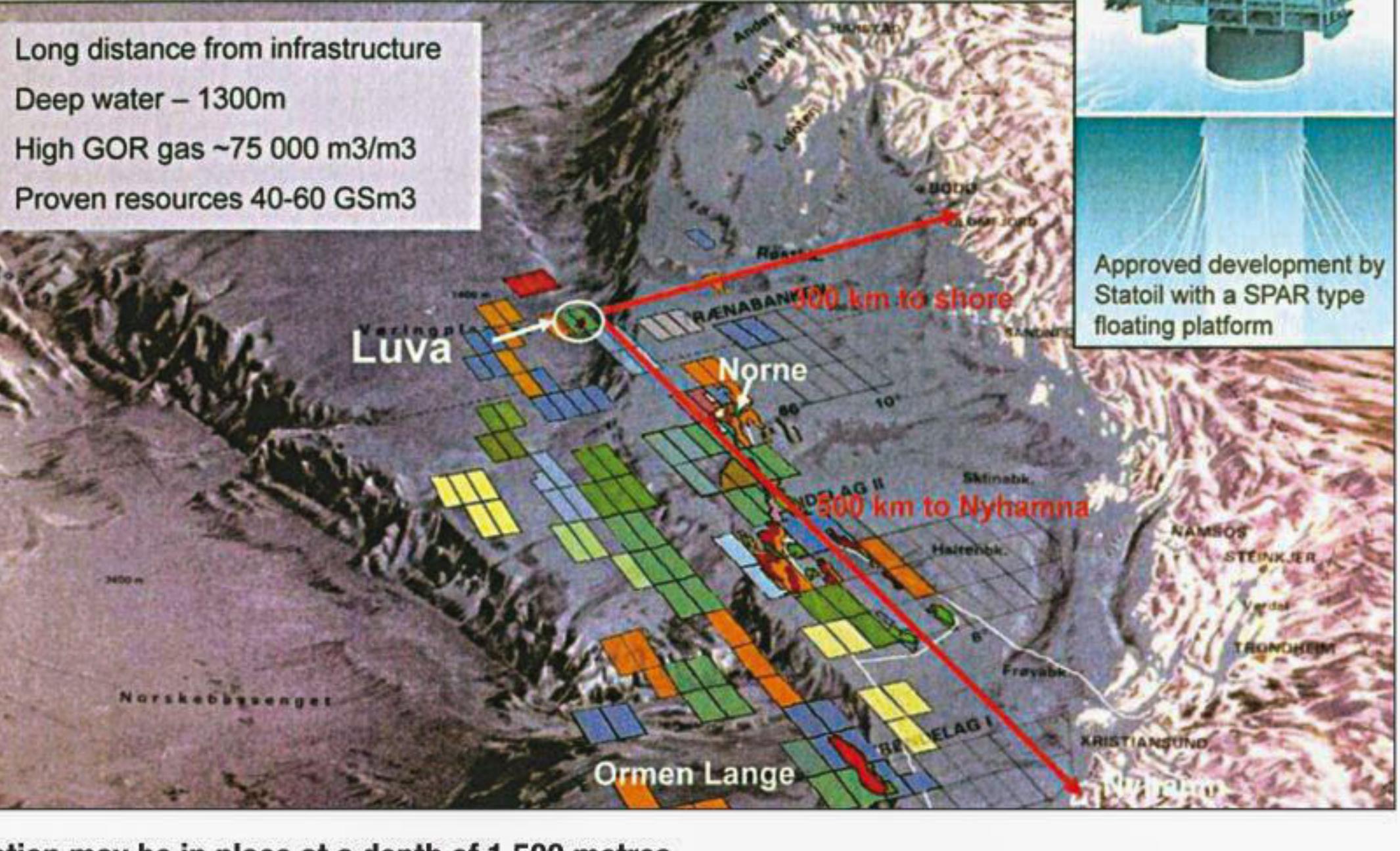


An example of deep-sea gas-field operation in the North Sea near Norway. In case of Bangladesh, when gas is discovered, a similar operation may be in place at a depth of 1,500 metres.

## Statoil Norway, Luva Field A frontier development



# Higher gas prices key to woo IOCs

FROM PAGE 1  
over the years. Whereas in 2000 the country consumed 370 billion cubic feet (bcf) gas, it is set to consume 900 bcf gas this year.

With 6 percent economic growth rate, the consumption rate is not going down soon. But unaddressed energy shortage would ultimately hurt the growth rate.

Currently only one American company -- ConocoPhillips -- is working in deep sea blocks 10 and 11, where it found a 5 to 7 tcf gas prospect on the basis of seismic survey. But the company is asking the government to revise its PSC and make a separate deal for gas pipeline so that it could get around \$9 per million cubic feet of gas a day (mmcf/d) instead of just \$4.5 outlined in its 2008 PSC.

Old PSCs with Chevron puts the

highest gas price at \$3 per mmcf/d.

The prospect is 350 km away from Chittagong's shore and all drillings would have to take place using remote control at a water depth of 1,500 metres. The company will need to invest between \$3 billion to \$5 billion.

The 350 km pipeline needs to endure high water pressure, climb up the continental shelf before reaching Chittagong. This pipeline alone demands 30 percent of the total investment to confirm and develop the gas prospect.

"Shall we benefit from buying our deep sea gas, say \$9 per mmcf/d? Let us take the example of Japan, Korea or China which are buying primary energy at any price and making strides in development. China is buying Myanmar gas for \$10," the expert said.

Bangladesh floated two rounds of offshore block bidding with 28 blocks -- eight of which fall in shallow waters. The first bid floated in 2008 resulted in just one PSC with ConocoPhillips for deep sea blocks 10 and 11 while the second bid resulted in two PSCs signed with Indian ONGC and Oil India (shallow water blocks 4 and 9) and Australian Santos and Kris Energy for shallow block 11. Both these companies intend to conduct seismic survey in next January.

During the 2012 block bids, 16 oil companies expressed initial interest. But they did not submit bids saying that the financial incentives offered were way lower than those offered in Myanmar. Petrobangla argued that it was exempting corporate tax -- which Myanmar was not offering, while oil companies said Myanmar was offering

flexible gas price -- which was way above Bangladesh's tariff, plus freedom for exporting gas.

"Myanmar has a very little gas market. It has a demand of 450 mmcf/d whereas Bangladesh supplies close to 2,300 mmcf/d against a demand of around 2,800 mmcf/d," said an expert of an international oil company having operation in Myanmar.

"We have a local market and there is no need for exports. But we still need to consider the high level of investment and risk in deep sea operation and design our gas price for deep seas accordingly," said a Petrobangla official.

To address Bangladesh's gas deficit, the government opted for importing Liquefied Natural Gas (LNG) from the Middle East -- each mmcf/d

costing between \$14 and \$18. Upon mixing this costly LNG with local gas, the average cost of per mmcf/d gas will go up to \$4 from the present rate of \$1.30.

"If we buy our deep sea gas landed in Chittagong for \$9, we can assume that the oil companies would enjoy a longer time for cost recovery. But at the same time, the PSC would guarantee 25 percent of that gas as free share. This will put down the net price of that gas to \$7. This is at least half of the price of the LNG," he said.

"If we can bring 500 mmcf/d gas from offshore, it will give us huge savings compared to imported LNG. Plus this gas is free from any political or international price fluctuations because it is all ours," the official said.

"The deep sea operations involve 1,000 metres and beyond underwater

installations, which are very expensive and which demand high safety measures. All possible discoveries are 300 to 350 km from shore. All pipelines will have to deal with a depth of around 1,500 metres and it is a major additional cost which we don't need for onshore gas fields," he noted.

No company would tap or develop a small gas field in the deep sea. "This is why the government needs to take a decision coming out of all reservations and cultural resistance against anything big. We have to compete with our neighbours by separating gas sales and pipeline transmission of gas from the PSC," he pointed out.

According to him, even the package for shallow blocks in the western part needs redesigning because of the distance of the shore from these blocks.

# PM hints at DCC polls

FROM PAGE 20  
necessary preparations to that end.

The directive came at the meeting of the AL Central Working Committee, the highest decision-making body of the party, at Gono Bhaban on Monday, the sources add.

The erstwhile DCC was split into two -- Dhaka South City Corporation and Dhaka North City Corporation -- in November 2011.

The last DCC polls were held on April 25, 2002, when the BNP-Jamaat alliance was in power. Sadeque Hossain Khoka, then a minister of the BNP-led government, became mayor in that election boycotted by the then main opposition party AL.

At the meeting, Hasina also urged the world conscience and the Muslim Ummah to be vocal and stand up against the Israeli aggression on Gaza and the killings of the Palestinians.

She questioned the silence of several organisations of the country about the Israeli killings, saying those bodies were normally vocal against alleged human rights violation in Bangladesh.

BNP Chairperson Khaleda Zia the same day also wrote to Palestinian President Mahmoud Abbas offering her sympathy over deaths of innocent civilians in Israeli attacks on Gaza.

The BNP chief handed over the letter to Palestine Ambassador in Dhaka Shaher Mohammad when she went to the Palestine mission. She also handed over a cheque of Tk 500,000

## POST-EID MOVEMENT AL shrugs off BNP's threat

STAFF CORRESPONDENT

The ruling Awami League seems least bothered about the BNP's threat of a tougher movement for a fresh parliamentary election under a non-party caretaker administration.

AL stalwart and Commerce Minister Tofail Ahmed yesterday questioned how a party that failed to stop the January 5 elections even after "burning down" people and "resorting to violence" would wage movement against an elected government.

Echoing Tofail's view, AL General Secretary Syed Ashraful Islam said the government was not worried about the BNP's agitations. "We hope the BNP would hold its demonstrations peacefully."

Both the leaders were talking with journalists at their secretariat offices.

Earlier, exchanging Eid greetings with diplomats and distinguished personalities on Tuesday, BNP Chairperson Khaleda Zia said her party-led alliance would launch a "peaceful and democratic" movement to realise its demand for a fresh election to be overseen by a caretaker administration.

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# 4 killed in 'shootouts'

FROM PAGE 1

Riyad, another accomplice of Ulka, was arrested from the "gunfight" spot and sent to jail later. Two foreign-made pistols with 11 bullets were recovered from the spot, the Tangail OC said.

On July 26, police raided the residence of Ulka, chief of Ulka Bahini believed to be involved in criminal activities in the town, at Purbo Adalat Para of the town. He fired shots at the policemen and escaped with his associates. ASI Nurul Islam, 30, sustained bullets in his chest and hand. He died at the DMCH the following day. A case was filed in this connection against 12 people, including Ulka.

Police said Ulka was accused in six criminal cases, including two for murder.

The families of the deceased, however, described the "shootouts" as "cold-blooded murders".

"They [police] killed my innocent son. They fired four bullets into my son," wailed Shahed's mother as his body was taken to their Purbo Adalatpara residence around 6:00pm yesterday.

"Why did they [police] deprive me of justice? Why didn't they give me the opportunity to save my son through trial?" said the bereaved mother.

Claiming that Shahed had no case filed against him, his father Jahirul Islam said, "My son died without treatment ... Police barred doctors

from treating my son."

Superintendent Mohammed Tanvir of Tangail police, however, denied the allegations.

"If the police wanted to kill him, why would they bear the treatment costs? Why would they send him to Dhaka Medical College Hospital for better treatment, hiring a microbus during the Eid holidays?" he argued.

Ulka's family too accused police of "murdering" him when his body was taken to their house in the same area in the evening.

"They [Ulka and his associates] were sleeping when the cops sprayed bullets on them," alleged Ulka's mother Rabeya Khatun.

"Police told my son-in-laws at Kumudidni Hospital that 'Your brother-in-law [Ulka] shot thrice on a police officer and so we've sprayed five bullets into him in revenge for that,'" Rabeya continued. "I want trial of my son's extra-judicial killing."

Beside her, Ulka's widow Naima Khan was wailing with her four-year-old daughter in her arms.

"My daughter is continuously asking for her father. Now what do I say to her? What about our future?" Naima said.

Meanwhile, Monirul Islam, 35, was killed in a similar "gunfight" incident in Jhenidah's Shailkupa on Monday.

Iqbal Bahar Chowdhury, OC of Shailkupa Police Station, said they got a tip-off that a gang of criminals

had gathered at Kanapukuria village. When they raided the village around 3:00am, the "criminals" started firing bullets at the law enforcers, triggering a gunfight.

After the gunfight was over, police recovered Monirul's body along with a shutter gun, a bullet and a sword from the scene, he added.

Monirul was accused in three cases for murder, robbery and extortion, police said.

In Rangpur, an alleged robber was killed in a "gunfight" with police on Dhaka-Rangpur highway at Phulbari of Mithapukur upazila on Wednesday night.

Alamgir Hossain, 40, was a ring-leader of Alamgir Bahini and son of Javed Ali of Khamarpura Phulchouk village in the upazila.

Acting on secret information that a gang of criminals were preparing to commit robbery in Bhalur Bridge area of the village, a team of police went to the spot around 11:00pm, said Rabiu Alam, officer-in-charge of Mithapukur Police Station.

Seeing the law enforcers, the "robbers" opened fire, prompting police to retaliate. Alamgir was caught in the line of fire and died on the spot, according to police. Two were arrested following the "gunfight" while the others managed to flee.

Alamgir was wanted in several cases, including that of robbery and mug-ging, said the OC.

# BB directives

FROM PAGE 1  
Though private deposits at the branch didn't increase, it disbursed loans the same way it did previously depending mostly on fixed deposit receipts (FDR) by state enterprises, said the report.

The BB first conducted a probe at BASIC Bank's Gulshan branch in 2012, and found evidence of serious anomalies in approving and disbursing loans.

It found that borrowers withdrew the sanctioned amount soon after the approval, and there had been no transactions following the withdrawal. Most of the companies that took loans from the Gulshan branch were fake and existed only on paper.

Following the findings, the central bank several times asked the BASIC Bank board and management to check irregularities and take action.

But when the BB ran another probe at the bank branch this year, it found that the state-run bank not only defied its instructions, but also grossly violated the rules in approving and disbursing loans, said the latest BB report.

As of November 2013, the Gulshan branch disbursed loans of Tk 2,771 crore, which was Tk 415 crore till December 2010, meaning loan disbursement at the branch went up 567 percent in less than three years.

The branch made the disbursements though its deposits stood at only Tk 1,244 crore, most of which was deposited by government institutions as FDR.

Bangladesh Telecommunication

Regulatory Commission had an FDR of Tk 682.50 crore, the Civil Aviation Authority Tk 55.53 crore, Dhaka Stock Exchange Tk 40.10 crore, Gas Transmission Company Tk 42.32 crore, Jamuna Oil Company Tk 38.56 crore and National Housing Authority Tk 31.52 crore.

The BASIC bank board approved and disbursed Tk 108 crore to Delta Systems, a company in default, despite the bank's Gulshan branch's objection to approving the loan.

Not only that, BASIC Bank kept on feeding the central bank false information about the company's loan classification.

Delta Systems first received Tk 50 crore in loans in 2012. Though the company showed it had goods worth Tk 65.32 crore, the BB found the goods were worth only Tk 2.50 to 3 crore.

The BB then directed BASIC Bank to classify the loan and take action against the bank officials responsible.

In response, the bank's then managing director informed the BB that the loan had been classified and action was taken against the officials involved.

But in its second investigation, the BB found that BASIC Bank didn't classify the loan. Moreover, the bank's board approved the company another Tk 30 crore loans in June 2013.

Surprisingly, Delta Systems withdrew Tk 58 crore, not 30 crore, from the Gulshan branch by December 2013, meaning Tk 28 crore was disbursed

without any approval.

And there have been no transactions in the company's account after the withdrawal.

The client identified himself as an exporter, importer, indoror and computer supplier. But he never made any transactions with the branch or submit any documents and collateral, said the latest BB report.

The central bank also found that the BASIC bank board approved loans of Tk 40 crore in favour of another borrower, West Coast Ship Building Industries, in May 2013 despite objections from the bank's Gulshan branch.

The branch had informed the board that the documents submitted by the firm were fake and fabricated.

It said the bank would be in trouble if it approved the proposal against the documents.

Even a letter to the firm from the bank branch bounced back, as the company didn't have any office at the location mentioned in the loan proposal.

But the board finally approved the proposal and the company withdrew the entire amount from the branch through pay orders within January this year.

The BB said the bank's branch resorted to tricks to hide the actual beneficiaries.

The central bank sent the latest report to the Anti-Corruption Commission on July 15.

The anti-graft body has engaged an officer to investigate the matter.

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