

Tackling our gas crisis

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LNG from the international market will land at USD 8 per unit for now and its price is likely to go up to USD 14 per unit or even higher depending on the upward moving oil price in future. It is perhaps reasonable to introduce limited LNG to make up for the present gas deficit for an immediate solution to the gas crisis. But introduction of large volumes of costly LNG for long periods of time into the Bangladesh gas grid will have a price shock by raising the cost of electricity, industrial products or household gas use. How the purchasing power of the people will play against the LNG induced raised gas price is a question economists will have to answer.

Tackling the gas crisis

The most logical way of tackling the gas crisis is to go for rigorous gas exploration. Bureaucratic bottlenecks often make exploration planning harder to implement. One example in this respect is the snail's speed with which multi-client survey programmes appear to move. Petrobangla justifiably took up a plan to make multi-client surveys for the whole area of Bangladesh's offshore in the hope that this would allow Bangladesh to negotiate with foreign companies with better terms because of the knowledge base the multi-client surveys would provide. A qualified international service company was selected after open tendering and scrutinising the bids by an expert committee. Unfortunately, the whole process entered a dark tunnel. It was not clear why the whole process was held back, the very last thing Bangladesh needs for its offshore gas exploration.

There has been some good news

in terms of onshore. After a long period of time the government made it a point that a large scale exploration drilling would be launched by national oil company Bapex in the land areas. The plan envisages drilling 53 exploration

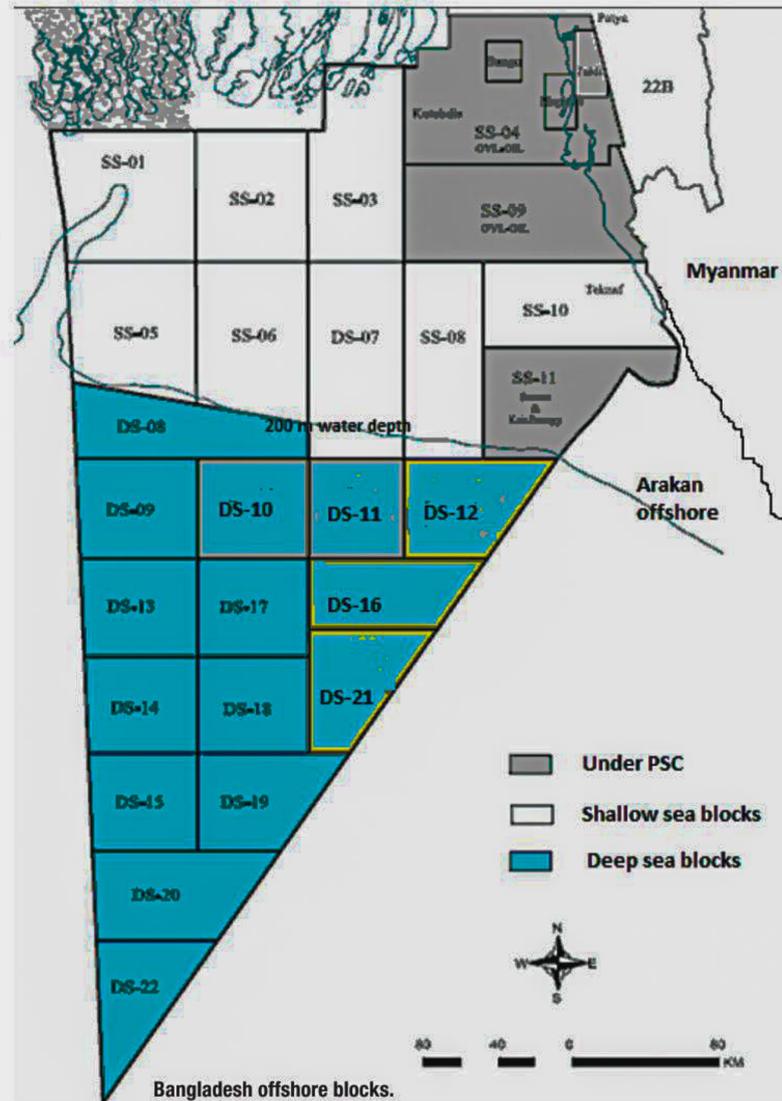
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wells in five years meaning an average of about 10 exploratory wells per year. While ideally this is a spirited programme there are some serious practical difficulties in implementing the plan. Bapex has manpower and logistics to drill

three exploratory wells per year and the remaining seven may be drilled by hired service companies. But to find out 10 drilling points each year is a matter which cannot be taken easily. Finding the right drilling point needs extensive seismic and geological database as well as careful interpretation; otherwise, you end up with a dry hole. The amount of time required for the above to perform reasonably is beyond the scope of the timeframe of the programme. That is why this programme is considered over-ambitious, hasty and impractical. It would make much sense to slow it down a bit thus making a plan of three to four exploratory wells per year.

In addition to exploration within the country, Bangladesh should look for pipeline gas import from outside to meet demand. Bangladesh missed an opportunity of having a reliable supply of cross-border pipeline gas when it rejected the India-Bangladesh-Myanmar tri-nation gas pipeline proposal in 2005. If Bangladesh had entered into a negotiation it could have availed part of the offshore gas from Myanmar going to India via pipelines through its territory. The much talked about TAPI (Turkmenistan-Afghanistan-Pakistan-India) or IPI (Iran-Pakistan-India) transnational gas pipeline projects are yet to take off and their implementation is intricately linked to political and military strategy. Bangladesh should join the club of TAPI or IPI projects for long-term gas security if and when these projects are materialised.

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Bangladesh offshore blocks.



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