

Dhaka strikes oil exploration deals with Chevron, Cairn

US oil and gas multinationals Chevron and Cairn have signed a new agreement for oil exploration with Bangladesh's state-run Petrobangla, hoping to enhance their presence in the Bay of Bengal basin.

The contract signed Monday renews their commitment in what is earmarked as Block-7 in the basin for an extra seismic and drilling programme in southwestern Bangladesh. The new deal is in addition to the earlier Production Sharing Contract (PSC) with Petrobangla.

Under this deal, Chevron Bangladesh Block Seven Ltd is expected to start the seismic and drilling programme around the coastal districts of Barisal, Patuakhali, Jhalakathi and Pirojpur in December, after the monsoon and cyclone season, The Daily Star reported Tuesday.

'Our vision of success is finding sufficient resource in and around Block-7 to be able to justify the investment in the infrastructure necessary to develop the South-West Gas hub, supplying Khulna and other neighbouring parts of the energy-starved southwest,' Chevron Bangladesh President Steve Wilson said in a statement Monday.

Chevron is currently producing over a third of the total gas production of the country from its three fields - Jalalabad, Moulavibazar and Bibiyana. All three fields have been maintaining high-safety standards and records of over 99.9 percent online efficiency.

In Block-7, Chevron Bangladesh Block Seven Ltd has 45 percent of the stake, Cairn Energy (Bangladesh) Ltd owns 45 percent and the remaining 10 percent is owned by Bapex, a Bangladeshi enterprise.

Chevron (previously Unocal) signed the PSC in 2001 with a five-year moratorium that gave the company the privilege to Block-7 without any exploration work. Normally, the PSC demands that the oil firm conduct certain amount of seismic survey and drill an exploratory well in the first three years.

Successful fulfilment of these tasks allows the company to enter the next phase of four years.

In 2006, Chevron conducted a 1,000-km line seismic survey in the region and found at least three potential hydro-carbon zones.

For better understanding, Chevron wanted further survey instead of following the PSC rules. After negotiations with Petrobangla, the programme was accommodated through the additional agreement.

Under the new programme, Chevron will conduct a 450-km two-dimensional seismic survey and drill in the block.

Wilson said: 'The seismic programme in Block-7 aims to identify new reserves to help increase the energy supply to the nation. Chevron is committed to continuing to expand its efforts to ensure future energy security of the country. We look forward to working closely with our partners with a view to developing the energy sector safely and in an environmentally responsible manner.'

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