



Bangladesh approves allocation of \$135 million from gas fund for projects

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Bangladesh's energy ministry has approved allocation of Taka 11 billion (\$135 million) from the gas development fund for various development and exploration projects, a senior official said Tuesday.

This the first time the ministry will be accessing the fund since it was set up following an order from the country's energy regulator in August 2009.

The energy ministry allocated the fund Sunday for drilling 10 exploration and development wells in different state-owned gas fields, installing a gas processing plant at Shabazpur gas field and developing the Sunetra gas field, the official said.

Bangladesh's sole oil and gas exploration company, Bapex, will implement all the projects, said the energy ministry official.

Bapex will receive Taka 10.14 billion to carry out drilling in 10 exploration and development wells, Taka 450 million to install a processing plant at Shabazpur gas field and Taka 510 million to develop the Sunetra gas field, the official added.

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The Bangladesh Energy Regulatory Commission, or BERC, had ordered the gas development fund to be set up when it hiked natural gas tariffs by around 11% in 2009, with the condition that the additional revenue generated following the hike would be transferred to the fund.

But no money had been allocated from the fund in the past three years as there was too much red tape, said the official. So the original policy on the fund prepared by the BERC had to be amended.

Under the amended policy, the energy ministry will decide on allocation of money from the fund instead of state-owned Petrobangla.

A six-member project selection committee, headed by a state-owned Petrobangla Director, will scrutinize the projects on a priority basis.

The fund would be utilized to carry out gas exploration, drilling of exploratory, development and work-over wells, conducting seismic programs, constructing gas transmission pipelines and installing process plants to augment gas supplies.

Experts said creation of the gas development fund was necessary to improve the country's ailing energy sector and strengthen state-owned gas firms as they could not carry out significant gas exploration and development work over the past decade only due to lack of enough funds.

Bangladesh's overall annual gas output almost doubled in the past one decade from 370 Bcf in 2001 to 719 Bcf in 2011.

While international oil companies' share in the country's overall gas production increased five-folds in the last 10 years, from an average 214,000 Mcf/day in 2001 to 1.45 Bcf/d as on April 17, 2012.

Whereas the state-run gas entities increased gas production by only 22.60% during the past one decade from 814,000 Mcf/d in 2001 to 998,000

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Mcf/d as on April 17, 2012.

Country's overall gas output is now hovering around 2.04 Bcf/d against the demand for over 2.50 Bcf/d.

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