

BREAKING NEWS: Cameron to visit Port Talbot on Tuesday to talk to Tata management, unions on future of steel plant

Business Markets World UK Tech Money Opinion Breakingviews Sport Life

Santos and Kris Energy tie up to explore oil and gas off Bangladesh

* Firms to initially invest \$15 mln, rising to up to \$32 mln

* Bangladesh faces a shortfall in gas supplies

* Dependent on onshore production since October

By Serajul Quadir

DHAKA, March 12 Australian oil and gas company Santos and Singapore-based Kris Energy signed a production-sharing contract (PSC) on Wednesday to explore oil and gas in Bangladeshi waters.

State-run Bangladesh Oil, Gas and Mineral Corporation, known as Petrobangla, awarded shallow water blocks SS-11 in the Bay of Bengal to the two foreign energy firms.

Santos, which in October shut down operation of Bangladesh's only offshore gas field, saying it was not commercially viable, will be the operator of the new project and Kris Energy will join as a co-partner.

"It (gas exploration) is a continuous process to make Bangladesh a middle-income country by 2021 and also to become a developed country by 2041," Finance Minister Abul Maal Abdul Muhith told reporters at the signing ceremony.

Bangladesh had raised its natural gas production by 33 percent over the past few years to around 2,300 million cubic feet (mmcf) per day to meet demand which is rising by up to 10 percent a year, he said.

Bangladesh currently faces a daily shortfall in gas supplies of 500 million cubic feet (mmcf) on demand of more than 2,700 mmcf per day.

"Our national economy is propelled by natural gas and the PSC will be able to cater to the rising demand," he said.

Under the PSC, the firms will initially spend \$15 million which will rise to up to \$32 million, a senior energy official told Reuters.

The firms will also conduct an in-depth seismological survey of the block during a five-year initial exploration period which will be followed by a three-year exploration period, according to a document distributed to reporters during the signing event.

The contractors will be allowed to operate and sell oil and gas for 20 years from an oil field and for 25 years from a gas field.

They must offer to sell the gas first to Petrobangla but will be able to sell it on the

PHOTOS



Editor's choice

Our top photos from the last 24 hours.



TRENDING ON REUTERS

- 1 [BP eyes more spending cuts after 80 percent profit drop](#)
- 2 [EU regulators to block Telefonica's sale of O2 UK to Hutchison: sources](#)
- 3 [Standard Chartered profit rebound lifts shares as CEO flags progress](#)
- 4 [UK support for EU membership eases despite Obama's backing - poll](#)
- 5 [Mitsubishi Motors says it used non-compliant mileage data for 25 years](#)

Bangladesh market if Petrobangla does not buy it, according to the document.

Since Santos shut the Sangu offshore field permanently in October, Bangladesh has been dependent on onshore fields for natural gas output.

Last year Kris Energy bought some of Tullow Oil's Bangladesh oil fields. (Reporting By Serajul Quadir; Editing by Susan Fenton)

From The Web

Sponsored Links by Taboola



Image du jour : L'enfant dans la neige

Parismatch



That's How You Find Super Cheap Flights!

Save70



The 10 Most Popular European Cars in the U.S. - Carophile

Carophile



The Ultimate Way to Get Cheap Hotel Rooms

Hotel Bargains



Watch Cheddar TV: The CNBC for Millennials

Facebook | Cheddar



Lead a Powerful Army and Defeat your Enemy. Play now for Free!

Forge Of Empires - Free Online Game

Sponsored Financial Content

(?)

[Sign up for personalised news updates to help you trade successfully](#) *News.Markets*

[Expert financial and political views on Latin America](#) *MarketViews*

[Weekly update on the financial markets](#) *MarketViews*

[Get the latest Market Views from the experts](#) *MarketViews*

[Top 10 reasons to invest in income](#) *MarketViews*

RECOMMENDED VIDEO

[George Clooney calls denial of Armenia genocide 'ridiculous'](#)

More From Reuters

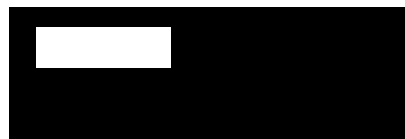
- [Russia warns U.S. over naval incident as NATO tensions laid bare](#) | 21 Apr
- [Polish minister says Russia preparing aggression against NATO: report](#) | 19 Apr
- [A tale of two Nordic EU referendums: A lesson for Brexit?](#) | 22 Apr
- [Commentary: Why Vladimir Putin should rein in his 'Top Guns'](#) | 21 Apr
- ['A storm is brewing' - Germans worry about return of euro crisis](#) | 14 Apr
- [Islam not compatible with German constitution, says AfD party](#) | 17 Apr
- [54 percent of Britons would vote to stay in EU, 46 percent to leave - ICM poll](#) | 19 Apr
- [France warns UK post-Brexit trade deal would mean paying to EU budget](#) | 15 Apr
- [China angered by Britain's comments on South China Sea](#) | 20 Apr

Sponsored Financial Content

(?)

- [Sign up for personalised news updates to help you trade successfully](#) *News.Markets*
- [Weekly update on the financial markets](#) *MarketViews*
- [Expert financial and political views on Latin America](#) *MarketViews*
- [Get the latest Market Views from the experts](#) *MarketViews*
- [Top 10 reasons to invest in income](#) *MarketViews*

[Wind energy converter inspired by ancient boats](#)



[Watch your top stories](#)

Chernobyl 30 years on:
Inside the danger zone

ALSO | [StanChart Q1 sets tone for gri...](#)

Today's top stories in five minutes

For more visit Reuters.tv

- 'Out' ahead by 3 points in Britain's EU referendum campaign | 12 Apr



Follow Reuters

More from Reuters [Newsletters](#) | [Apps](#)

News and Media Division of [Thomson Reuters](#)

Thomson Reuters is the world's largest international multimedia news agency, providing investing news, world news, business news, technology news, headline news, small business news, news alerts, personal finance, stock market, and mutual funds information available on Reuters.com, video, mobile, and interactive television platforms. Thomson Reuters journalists are subject to an [Editorial Handbook](#) which requires fair presentation and disclosure of relevant interests.

NYSE and AMEX quotes delayed by at least 20 minutes. Nasdaq delayed by at least 15 minutes. For a complete list of exchanges and delays, please [click here](#).

© 2016 Reuters All Rights Reserved

[Site Feedback](#) | [Corrections](#) | [Advertise With Us](#) | [Advertising Guidelines](#) | [AdChoices](#) | [Terms of Use](#) | [Privacy Policy](#) | [Copyright](#)