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Petrobangla re-invites IOCs for six sea blocks

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16 companies buy tender documents

Petrobangla logo

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Petrobangla yesterday re-invited international oil companies (IOCs) to bid for six shallow blocks for oil and gas exploration in the Bay of Bengal.

The deadline for submitting bids is June 27, said Petrobangla Chairman Hossain Monsur.

All biding documents, including model production-sharing contract (PSC), were available for purchase at the Petrobangla office from yesterday.

Petrobangla first invited for international tenders on December 17 last year for exploration in 12 blocks.

Nine of the 12 blocks are in shallow sea and others in deep sea. A total of 16 companies bought tender documents.

Only two firms dropped bidding documents for three of the nine shallow sea blocks on April 2. US-based ConocoPhillips submitted tender for block 7 and India's state-owned ONGC Videsh Ltd for blocks 4 and 9.

Petrobangla is now ready to sign agreements with the two IOCs to explore three shallow sea blocks. The Petrobangla chairman said: "It is expected that the whole documentation process will be completed by June."

The government will award the three blocks once all necessary procedures are completed and after amending the PSC 2012.

ConocoPhillips was awarded two blocks in 2011 but ONGC Videsh Ltd is going to operate in Bangladesh for the first time. Australian company Santos is operating at block 16.

Any company is eligible to participate in the bidding process if it has experience of daily production of 15,000 barrels of oil or 150 million cubic feet gas per day (mmcfd).

The Model PSC 2012, which will be applicable for the new bidding, has made it mandatory for the IOCs to pay 37.5% corporate tax. Earlier, they enjoyed exemption of corporate tax. It was Petrobangla who had to pay the corporate tax on behalf of the IOCs.

The cost recovery portion of gas is set at maximum 55%, which means no IOC can take more than 55% of total gas produced in any field as its cost-recovery in a calendar year.

In the new PSC, there is no scope to export oil and gas, but gas can be sold to a third party inside Bangladesh.

ConocoPhillips in its bidding proposed exploring block 7, conduct 2D seismic survey in 2,347 line kilometres and 3D seismic survey on 500 square kilometres, and drill one exploration well, spending $40m.

Earlier, international bidding was called under the PSC in 1993, 1997 and 2008.

The number of total offshore blocks was 28 but it changed to 23 after the verdict of Itlos. Bangladesh now has 46 onshore and offshore blocks.

Apart from ConocoPhillips, three other IOCs – Chevron, Santos and Tallow – are working in Bangladesh.