

Bhola Gas Resource Development Without Assured Market Not To Be Viable

Greater Bhola is a gas-studded region but, I think, the prospect is not that much or as prolific as the Surma basin. However, it is a region full of natural gas presence. Geophysical prospecting and exploration-well drilling there must continue under long-term planning. Initiative for the development of gas resources may not be justified without developing a market for the consumption of the produced gas. Instead, it will adversely affect the financial viability of BAPEX.

Mortuza Ahmad Faruque, former Managing Director of BAPEX, observed in an exclusive interview with *Mollah Amzad Hossain*, Editor of Energy & Power.

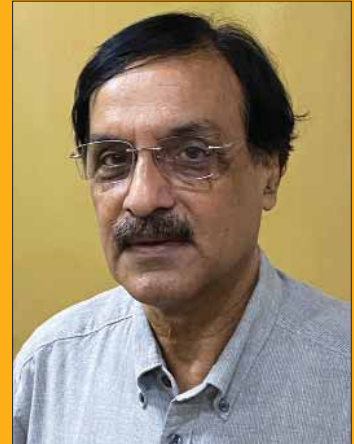
What are your views on the gas prospect of the greater Bhola region? Is BAPEX on the right track for converting the resource into reserve?

Bhola is a prospective region. Seismic surveys and other activities must continue there to tap the potential. Exploration wells must also be drilled based on the findings in a planned manner. There is no other way to prove the presence of gas resources without exploration well drilling and carrying out required testing. There is no logic in questioning BAPEX's capability or

actions for developing Bhola's prospects. BAPEX alone cannot make decisions. Unless Petrobangla and EMRD make any decision, BAPEX cannot do anything. However, it can be said that Petrobangla and EMRD could not provide the required directives to BAPEX for developing the Bhola gas prospect over a long time. EMRD must make the right decision for developing and exploiting Bhola gas resources.

Many experts believe that Surma Basin has the largest proven gas reserves in the Bengal Delta. They also believe the Hatiya trap may prove to have larger reserves than the Surma basin if the right decision is made to explore and develop. What are your views?

Hatiya trap though not as prolific as the Surma basin is believed to have a significantly large gas presence. The exploration campaign must continue there to convert resources to proven reserve. In the meantime, 2 wells at Muladi and one at Kazla have been drilled and found dry. There is no reason to consider the Hatiya and Bhola regions as big or prolific regions as the Surma basin. But that does not mean that we should sit with our fingers crossed. Surveys and mapping of resources must continue under a proper plan. Based on this, exploration wells must be drilled to turn resources into reserves.



Mortuza Ahmad Faruque

A pipeline project will take four years to complete even if the decision is taken now. The project for further expansion of Bhola gas resources must be taken complementing the project for evacuation of gas to the national gas grid to Khulna. The exploration campaign for finding new gas resources must be continued there.

Nine wells have so far been drilled at Bhola including four at Shabazpur. 80 MMCFD gas is now being produced using one gas process plant. BAPEX has started working to set up another process plant at Bhola North. How logical do you think the decision is?

Please note that the production of any commodity depends on the market for it. There exists no market at Bhola to consume the gas produced at present capacity. Consequently, there is no logic in extending production capacity without a firm plan for setting up

fertilizer plants or gas-guzzling industries at Bhola or constructing a gas transmission pipeline to connect Bhola to the national gas grid in the Southern region. That will be a bad investment and will hurt BAPEX financially.

In 1996, US company UNOCOL submitted an integrated project WRIP for comprehensive development of Shabazpur gas resources. Under the Western Region Integrated Project, UNOCOL proposed to develop Bhola gas resources, construct a gas transmission pipeline from Shabazpur, Bhola to Digholia, Khulna via Barishal, and set up gas-based power plants at Barishal and Khulna. There is a popular belief that not approving WRIP was an opportunity lost. What are your views?

I find no reason to consider the project not being approved by the then government was a mistake. BAPEX or Petrobangla did not have enough data and information about the potential gas resources at Bhola at that time. The government took the right decision as there were risks in approving the WRIP at that time based on resource information with one gas well only. Based on the information available now, there is no scope to consider the decision made at that time was a mistake.

It is being told now that the proven gas reserves of gas fields at Bhola is more than 1.4 Tcf. Do you think that such proven reserves will justify constructing a gas pipeline to Khulna?

Please note that if there is any risk, constructing a 62 KM pipeline to Barishal will not be justified. Barishal region has no gas market at this moment. Rather a 190 KM pipeline to Khulna and connecting Bhola with the national gas grid will be far more justified. Without wasting any time initiative must be launched for constructing the pipeline after

carrying out a feasibility study. Right actions taken now may witness the evacuation of gas from Bhola to the national grid by 2028.

The discovery of Shabazpur Gas field in 1995 was a milestone success for BAPEX. But later the works of further exploration and development were awarded to GAZPROM. The previous government under Speedy Electricity and Gas Supply Special Act 2010 finalized the engagement of GAZPROM for drilling another 5 gas wells at Bhola. The interim government has scrapped that initiative. What are your views?

Foreign company is not required for developing Bhola gas resources. It is not at all a priority. No ready market is there at this moment. BAPEX is more than capable of developing the resources matching with the development of the gas market in the region. There is no justification for engaging GAZPROM for expensive drilling operations. I believe the decision of the present government to scrap the award of 5 wells drilling contract to GAZPROM under the special act is more than justified.

An initiative has been launched for drilling 14 gas wells at Hatiya and Bhola including 3D seismic surveys by 2028. Many suggested utilizing BAPEX exclusively for this work. That will significantly reduce costs. What is your opinion?

BAPEX alone cannot conduct the required 3D surveys. For 3D surveys at onshore and offshore regions, a competent foreign company may be engaged through competitive bidding. As far as I know, BAPEX is going alone with that plan. The location for drilling exploration wells will be finalized based on the findings of 3D surveys. BAPEX should explore onshore areas while foreign contractors may be engaged

through competitive bidding for offshore regions.

GTCL has carried out feasibility studies including route surveys for a gas pipeline to Barishal. But gas is required to be transported to Khulna. What should Petrobangla do?

Only a gas pipeline to Barishal would not help improve the present gas supply crisis. Barishal region has no market now for utilizing the gas. Extending the pipeline to Khulna and connecting it to the existing gas grid will be the right option. As far as I know, Petrobangla was negotiating for supplying RLNG through the pipeline from a deep offshore LNG infrastructure off the coast of Kuakata. That may be further advanced. RLNG and Bhola gas together can be a great source for the industrial development of Khulna and Barishal regions. The planned gas pipeline must be extended up to Khulna.

River crossings are key challenges for the pipeline construction in the region. Rivers are very wide, tidal, and subject to deep scouring. A feasibility study for the Bhola-Barishal bridge has been completed. The risks of constructing the gas pipeline will be greatly minimized if a section of the gas pipeline can be constructed along the bridge.

How justified it is to think about major investment projects for further expanding Bhola gas resources without a firm decision to evacuate the gas to the Khulna region?

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