

# LNG Expansion And Domestic Gas Exploration Are Urgent

**B**angladesh's energy crisis is no longer a distant policy concern. It is a daily reality for industries, power plants, and households alike. As the new government prepares to take office, it inherits a widening gas supply gap that cannot be closed overnight. Domestic production is declining, drilling efforts are yielding limited results, and import infrastructure remains constrained after key LNG contracts were canceled during the interim period.

Former BAPEX Managing Director Mortuza Ahmad Faruque believes the country must confront this reality with urgency and realism. In a candid conversation with Energy and Power Editor Mollah Amzad Hossain, he argues that without rapid expansion of LNG capacity and a coordinated strategy for domestic exploration, Bangladesh's energy shortfall will deepen, putting industrial recovery and economic stability at risk.

**After winning the election, the BNP alliance is set to form the government, with Party Chairman Tarique Rahman expected to assume office as Prime Minister. What challenges will the new administration face in the energy sector at the outset, and what preparations are necessary to address them?**

Energy, particularly natural gas, is currently the most pressing challenge. Demand continues to rise, while domestic production is steadily declining. At the same time, imports cannot be significantly increased due to infrastructure constraints.

Gas demand will climb further during Ramadan, the irrigation season, and the summer months, driven by higher industrial consumption and increased

power generation needs. Domestic production now stands at about 1,700 MMCFD, while average LNG imports range between 900 and 1,000 MMCFD. As a result, total supply cannot exceed 2,700 MMCFD, compared with the demand of roughly 4,000 MMCFD. Under these circumstances, the crisis cannot be resolved quickly.

There is also no assurance that the ongoing drilling programs will deliver rapid results or even maintain domestic production at its current level.

Meanwhile, there is no alternative to ensuring a secure energy supply if the government hopes to revive stagnant industrial output and restore economic momentum. To that end, expanding LNG import infrastructure must become a priority.

At the same time, oil and gas exploration under domestic investment must be accelerated. The draft Production Sharing Contract (PSC) should be finalized on an urgent basis, and tenders should be invited promptly for both onshore and offshore blocks.

Resolving the accumulated challenges in the gas sector will not be easy. The new government must approach this crisis with a sense of urgency comparable to wartime mobilization.

**Primary energy – particularly gas, coal, and LPG – has become Bangladesh's most pressing crisis. The shortfall in piped gas supply now stands at about 1,300 MMCFD. All coal used for coal-fired power generation is fully dependent on imports. Even with LNG imports, total gas demand still cannot be met. To ease the crisis, what steps should the government prioritize in its first year?**



**Mortuza Ahmad Faruque**

**The true picture of year-round gas demand and supply was not properly reflected in the 2017 Gas Sector Master Plan or the 2023 Energy and Power Master Plan. Therefore, the new government should ensure long-term gas demand and supply issues through stakeholder consultations. Based on that, if work is done with 2-year, 3-year, and 5-year plans, success can be achieved more quickly.**

## **To reduce the average cost of electricity, the government should also explore opportunities to import power at competitive prices from neighboring countries.**

System loss in the gas sector has been rising since 2020. As a result, nearly 150 MMCFD of gas is being wasted. Without delay, the government must reduce system loss to internationally acceptable levels. Doing so could increase effective supply by at least 100 MMCFD.

In my view, achieving this would deliver the quickest results and should therefore be the government's top priority.

In the medium term, oil and gas exploration must receive renewed emphasis. While ongoing efforts under domestic investment should continue, foreign investment must also be secured for exploration in offshore areas, the Chittagong Hill Tracts, and other onshore regions. During the interim government's tenure, investor confidence weakened, limiting progress.

To reduce the average cost of electricity, the government should also explore opportunities to import power at competitive prices from neighboring countries.

Bangladesh currently operates around 7,000 MW of coal-fired power capacity, all fueled by imported coal. A policy decision is needed on how and how quickly domestic coal production can reduce this import dependence.

LPG is another critical energy source. However, due to the failure to establish bulk import infrastructure, consumer prices remain high. Rapid initiatives

are needed—whether in the public or private sector—to develop this infrastructure.

A new project has also been undertaken to expand refinery capacity. It must be ensured that this expansion supports increased LPG supply, thereby reducing import dependence.

Finally, to achieve universal clean cooking by 2030, the LPG sector must have access to low-cost financing. The government should also explore opportunities to mobilize green funds to support investment in this sector.

**In the combined power and energy sector, import dependence currently stands at 56%. Last year, total spending on imports and debt servicing exceeded \$20 billion. This year, it could rise to \$24 billion. What do you expect from the new government to prevent import dependence from increasing further?**

Reducing import dependence is an extremely difficult task. The current situation is the result of nearly two decades of limited progress in domestic gas and coal exploration, along with insufficient expansion of renewable energy.

As things stand, the country's energy demand cannot be met without imports. At the same time, a reliable energy supply must be ensured to sustain export growth and strengthen remittance inflows, so that energy and power imports are not disrupted by

foreign currency shortages.

**The plan to drill a total of 150 wells—including 60 exploration wells—by 2028 through domestic initiatives and investment is now being implemented. So far, however, only 20 wells have been drilled, and this has not significantly improved the gas supply situation. How should this be evaluated?**

The ongoing program to drill 50 wells initially and eventually 100 wells through domestic investment is scheduled for completion by 2028. In my view, however, the full program—including 54 exploration wells—is unlikely to be completed within the stipulated timeframe. Relying solely on BAPEX and contractors appointed by national companies may not deliver the expected results. Consequently, the target of adding 1,400 MMCFD of gas supply from this initiative is unlikely to be achieved, and domestic gas production capacity may continue to decline.

The new government's energy minister should conduct both a technical and managerial review of the program and adopt an integrated approach to ensure that the entire initiative can realistically be completed by 2028.

What kind of initiatives would you advise the government to take in order to conduct large-scale domestic gas exploration—both onshore and offshore?

The interim government wasted time in this sector. Although Petrobangla finalized the draft for bidding in oil and gas exploration, both offshore and onshore, the government did not approve it. In my view, the new government should finalize it within the first month, and based on that, should invite international tenders. For this, it must finalize which onshore blocks, including those in the Chittagong Hill Tracts, will be opened for foreign investment.

Again, in the Bay of Bengal, in the changed global context, IOC companies cannot be attracted only through bidding. Instead, PSCs should be signed through negotiations with companies like ExxonMobil, Statoil, and others that have shown interest. However, it must be remembered that no company will

invest if only one or two deep offshore blocks are offered. They must be given a larger number of blocks.

The legal dispute with Niko has now been resolved. Therefore, without wasting any time, the 3D seismic survey work in the Chhatak field must be completed, and exploration should proceed based on that. This is a promising field. Many believe there is potential for more than 1 TCF of gas here. If work can start within the next two months, success could come within a year, making a major contribution to addressing the current shortage.

Bhola Island and the surrounding region are also highly promising. The reserve there is around 2.5–3 TCF. Therefore,

been developed in that planned way. As a result, I do not think that trying to rapidly increase production from domestic reserves will necessarily succeed.

**What decision should the current government take regarding domestic coal exploration and use? In the changed global context, attracting investment for coal extraction is a major challenge. What do you say?**

Look, there is no alternative to developing and extracting domestic coal in order to reduce pressure from imports. This is because domestic gas reserves are declining rapidly. In that situation, coal will make a major contribution to ensuring energy security. The Scheme of Development

**Bangladesh to overcome the gas crisis without rapidly expanding LNG import infrastructure. The interim government cancelled the contract for installing an FSRU and suspended negotiations. Negotiations for importing LNG from India have also been cancelled. Do you think the new government should review the entire matter?**

There is no alternative to expanding LNG import infrastructure to deal with the gas crisis. Therefore, the cancelled contracts and negotiations should be reviewed by the new government's energy division. That would allow LNG import capacity to increase in the shortest possible time, faster than launching new initiatives. Currently, the capacity is 1,100 MMCFD. If it cannot be increased to 2,000 MMCFD by 2028, the crisis will become even more severe.

At the same time, to ensure the rapid establishment of a land-based LNG terminal, the project sponsor should be finalized within this year, because construction will take 5 to 7 years.

**What advice would you give the new government to improve management in the gas sector?**

For a long time, board members and managers have been appointed based on political considerations. The interim government, in the name of reforms, has created even more new crises. Therefore, the new government should appoint management positions based on competence and restructure the boards with experts from this sector. Of course, there should be representation from the energy division—but not as excessively as it is now.

**What do you think about finalizing the Energy and Gas Supply Master Plan?**

Look, the true picture of year-round gas demand and supply was not properly reflected in the 2017 Gas Sector Master Plan or the 2023 Energy and Power Master Plan. Therefore, the new government should ensure long-term gas demand and supply issues through stakeholder consultations. Based on that, if work is done with 2-year, 3-year, and 5-year plans, success can be achieved more quickly. 

## The Scheme of Development for the Phulbari coal mine is already in the government's hands. First, the government must take a political decision to proceed with coal development and extraction.

before production from the country's largest gas field, Bibiyana, declines further, Bhola must be connected to the national gas grid. If this project is linked with the Bhola–Barishal bridge, both risk and cost will be reduced.

**What initiatives do you think are urgently necessary to rapidly increase production capacity from domestic gas fields?**

The opportunities to increase production from domestic fields have already been utilized, and further work is ongoing. But IOCs develop their fields in one go and then move into production, which is why their per-well production capacity is much higher. Domestic fields have not

for the Phulbari coal mine is already in the government's hands. First, the government must take a political decision to proceed with coal development and extraction. Then, this Scheme of Development should be reviewed by an internationally neutral consulting firm. If a quick decision is taken, it will be possible to extract and use Phulbari coal within three years. After Phulbari, attention should gradually shift to other reserves.

Coal investment is challenging in the changed global context. However, many countries around the world are still interested in investing in coal mining.

**It is being said that there is no way for**