

Existing Offshore Data Must Be Better Leveraged

Bangladesh does not yet have sufficient geological evidence to conclusively classify its offshore territory in the Bay of Bengal as a hydrocarbon-rich province by global standards. However, the geological and geophysical data already available should be systematically analyzed, reprocessed, and packaged to present a compelling investment case to international oil companies (IOCs). At the same time, policymakers must recognize that offshore oil and gas exploration is a capital-intensive, high-risk undertaking that requires advanced technology, specialized expertise, and substantial financial resources. As a result, there is no realistic alternative to attracting foreign investment and international expertise if Bangladesh hopes to unlock the hydrocarbon potential of its offshore areas.

In an interview with Mollah Amzad Hossain, Editor of Energy & Power, Professor Dr. Md. Anwar Hossain Bhuiyan, Department of Geology at the University of Dhaka, shared his views on Bangladesh's Offshore Bidding Round 2026.

Bangladesh has formally launched the Offshore Bidding Round 2026 following the finalization of the Offshore Model PSC 2026. How do you assess the country's preparations to attract investment for offshore oil and gas exploration?

There is no alternative to exploring, developing, and utilizing domestic energy resources if Bangladesh is to ensure long-term energy security. From that perspective, the launch of the Offshore Bidding Round 2026 is a welcome initiative. However, Bangladesh has fallen significantly behind in offshore exploration.

A bidding round was previously announced in 2024 under a model PSC developed with the support of international consultants. Although

seven IOCs purchased bid documents, none submitted bids due largely to the changed political environment at the time.

The Ministry of Power, Energy, and Mineral Resources subsequently reviewed the reasons behind the lack of participation. Based on those findings, Petrobangla updated the Offshore Model PSC 2026. From both financial and technical perspectives, the revised PSC is attractive for investors.

However, IOCs do not make high-risk, multi-billion-dollar offshore investments based solely on contractual terms. A stable economic, social, and political environment is equally important. In my view, the current government is committed to creating such an environment.

Are the changes introduced in the Offshore Model PSC 2026 sufficient to attract IOCs?

The revised PSC is certainly more attractive from both commercial and technical standpoints. Gas pricing has been linked to Brent crude oil prices, while a floor and ceiling mechanism has been introduced to provide greater price certainty.

The PSC also allows investors to recover pipeline infrastructure costs and earn wheeling charges after a gas discovery. Furthermore, the WPPF rate has been reduced from 5 percent to 1.5 percent.

Despite these improvements, there remains a significant challenge. Major IOCs typically invest in offshore regions where geological evidence suggests the possibility of discovering reserves in the range of 30 to 50 trillion cubic feet (TCF). At present, there is insufficient data to indicate that Bangladesh's offshore areas contain reserves of that magnitude.

Moreover, successful discoveries



Dr. Md. Anwar Hossain Bhuiyan

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tend to attract additional investment. Bangladesh lacks such a landmark offshore success story. Therefore, investment risks in the country's offshore sector remain comparatively high.

Petrobangla possesses substantial offshore data, while third-party companies have also conducted 2D seismic surveys and developed data packages. What more should be done to present Bangladesh's offshore potential effectively?

Compared to onshore areas, offshore data may be limited, but it is certainly not insignificant.

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Since independence, Petrobangla has accumulated approximately 66,000 line-kilometers of vintage seismic data, a limited amount of 3D seismic data, drilling information from exploration wells, and around 12,000 line-kilometers of recently acquired multi-client seismic survey data.

However, what is urgently needed is the reprocessing of these datasets and the development of a comprehensive hydrocarbon prospectivity model. This is not something Petrobangla can accomplish alone.

A more effective approach would be to engage internationally recognized firms for advanced data interpretation and jointly prepare a modern, integrated data package. Although this would require additional investment, it could significantly enhance the attractiveness of Bangladesh's offshore acreage and improve investor confidence.

Bangladesh's greatest exploration success came from the 1993 bidding round. Although many companies showed interest in the 1997 round, the country failed to capitalize on that momentum. How do you evaluate Bangladesh's PSC process over the years?

That observation is correct. However, I would prefer to focus specifically on offshore exploration.

The reality is that Bangladesh has not yet been able to convincingly demonstrate the offshore resource potential of the Bay of Bengal to prospective investors. Offshore success remains largely limited to the Sangu gas field, which has already been depleted and abandoned. The Kutubdia discovery has also not reached commercial production.

As a result, despite repeated efforts by successive governments to attract investment, offshore exploration activity has remained limited.

Several internationally renowned companies, including Totalgaz and ConocoPhillips, conducted exploration under PSCs and achieved some technical success. However, they ultimately withdrew because the projects failed to meet their commercial expectations.



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The companies sought adjustments in gas pricing terms that could have improved project economics and facilitated the conversion of contingent resources into commercially viable reserves. Those proposals were not accepted, leading to their departure.

Another challenge is the shortage of petroleum economists in Bangladesh. While the country has capable geologists and petroleum engineers, it lacks sufficient expertise in petroleum economics and commercial negotiations. Consequently, some of the concerns raised by international companies may not have been adequately evaluated.

This has contributed to Bangladesh's slow progress in offshore exploration.

What should Bangladesh do to ensure a successful outcome from the Offshore Bidding Round 2026?

Success will depend on adopting the right strategy. Bangladesh must make the best possible use of its existing geological and geophysical data, reprocess and reinterpret those datasets using modern technologies, and present offshore prospects in a compelling and scientifically credible manner.

At the same time, maintaining policy stability, ensuring transparency, and providing a predictable investment environment will be essential.

If Bangladesh can effectively package its offshore potential and communicate it to investors, the likelihood of attracting quality international oil companies will increase substantially. The current bidding round represents an important opportunity, but success will require both technical preparation and strategic engagement with the global petroleum industry.

The 1993 bidding round could be described as a hybrid approach, where roadshows were followed by negotiations with selected companies before contracts were signed under the Model PSC. This time, Bangladesh is seeking bids directly through a formal bidding process. How attractive do you think this will be for IOCs?

The answer is not straightforward. The 1993 PSC round led to significant successes both onshore and offshore. While offshore production from the Sangu gas field has already been depleted, three onshore fields developed under PSC arrangements currently contribute nearly 60 percent of Bangladesh's domestic gas supply.

The key issue is that Bangladesh needs offshore investment to strengthen its long-term energy security. Therefore, while safeguarding national interests and considering geopolitical realities, the government should keep all possible avenues open to attract investment under the Offshore Model PSC framework. From that perspective, I see no reason why some of the

strategies used in the 1993 bidding round could not be considered again if they help secure investment.

The Energy Division has indicated that a series of international roadshows will be organized to promote the Offshore Bidding Round 2026. What preparations should Bangladesh undertake to make these roadshows effective?

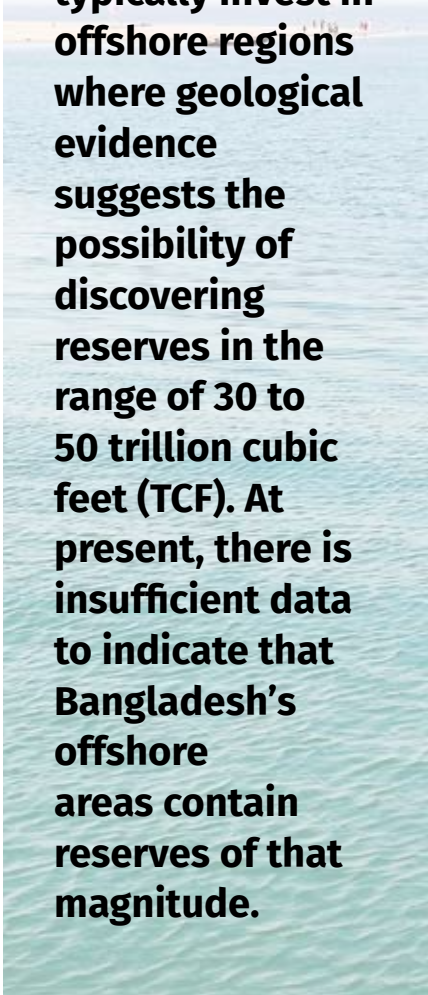
The primary objective of any roadshow is to attract investors. We should recognize that Bangladesh has developed considerable capabilities for onshore oil and gas exploration. However, when it comes to offshore exploration, the country lacks the necessary investment capacity, advanced technology, and specialized manpower required for such high-risk ventures.

Therefore, the sole purpose of these roadshows should be to attract IOCs. Many international consulting and advisory firms specialize in investor outreach and promotion. Bangladesh can engage such firms to help bring investors to the table and create a favorable environment. However, the responsibility for convincing investors ultimately rests with Bangladesh itself.

Petrobangla should prepare and present a comprehensive and attractive data package based on the geological and geophysical information already available for Bangladesh's offshore areas in the Bay of Bengal. At the same time, investors must be provided with clear information regarding the investment climate, political stability, regulatory framework, and legal protections.

The government may also consider involving academics, civil society representatives, and media professionals alongside its own officials in promoting Bangladesh's offshore potential. A coordinated strategy that builds investor confidence and trust will be essential if Bangladesh hopes to attract the large-scale and high-risk investments required for offshore exploration.

India and Myanmar have achieved several significant discoveries in



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the Bay of Bengal. Based on the available data, how would you assess Bangladesh's hydrocarbon prospects?

One important point needs to be understood. Bangladesh's offshore geology is not directly comparable to India's east coast. The geological setting and hydrocarbon systems are fundamentally different.

Although Bangladesh shares some geological similarities with Myanmar, there are also substantial differences. Therefore, discoveries in India or Myanmar do not automatically imply that similar resources exist in Bangladesh's offshore territory.

One of Bangladesh's biggest weaknesses is the lack of detailed geological and

geophysical studies. Moreover, the data that we do possess has not yet been presented effectively to potential investors. We have some additional information from exploration activities conducted in five or six offshore blocks, but much of the offshore area remains largely unexplored.

IOCs are fully aware of these limitations. Consequently, they understand that any investment in Bangladesh's offshore sector will require them to undertake detailed surveys using their own capital, technology, and expertise.

Global offshore exploration statistics indicate that in deepwater areas, only about one out of every ten exploration wells results in a commercial discovery. However, when discoveries are made, the reserves are often very large. In Bangladesh's case, the probability of finding giant reserves appears comparatively lower.

Given these uncertainties, what should Bangladesh's strategy be?

Bangladesh should keep every possible option open for attracting offshore investment.

Some experts believe the Bay of Bengal may contain between 20 and 30 trillion cubic feet (TCF) of gas resources. However, until comprehensive data acquisition, interpretation, and drilling activities are completed, no one can make definitive claims.

That is why there is no alternative to attracting investment for offshore exploration.

It is important to remember that in petroleum exploration, even a negative result can be valuable. As the saying goes, "No finding is good finding." Even if commercially viable reserves are not discovered, the information gained will help Bangladesh make informed decisions regarding its future energy security strategy.

At the same time, policymakers should recognize that even if investment is secured today, it may take 10 to 15 years before Bangladesh can fully determine the hydrocarbon potential of its offshore areas. **EP**