# Salient Features of Bangladesh Offshore MPSC 2026

| CONTRACT FEATURES | DESCRIPTION |
|---|---|
| 1. Exploration Period | Total Exploration Period-9 Years:<br>Initial Exploration Period- 6 Years<br>[4 (Geology+ Seismic) + 2 (Drilling)]<br>Subsequent Period-3 Years |
| 2. Mandatory Work Program | Seismic only |
| 3. Biddable Work Program | 2D/3D Seismic, Drilling etc. |
| 4. Bank Guarantee | a) For Geological and Geophysical survey (4 years)- US$ 3,000,000<br>b) For Drilling (2 years)- US$ 20,000,000<br>c) For Subsequent Exploration period (3 years)- US$ 20,000,000 |
| 5. Cost Recovery | 100% cost recovery with a yearly cap of 75% for both Shallow and Deep Sea blocks. |
| 6. Profit Sharing (Govt. Share) | a) R-factor (Sliding Scale) based.<br>b) R-factor = $\frac{\text{Cumulative Net Revenue}}{\text{Cumulative Costs}}$<br>c) Shallow Sea (**SS**) Blocks: **40% to 65%** (Biddable upper & lower limits).<br>d) Deep Sea (**DS**) Blocks: **35% to 60%** (Biddable upper & lower limits). |
| 7. Carried Interest | 10% for BAPEX (Shallow Sea blocks) |
| 8. Import Duty on Equipment | No duty for equipment and machinery imported for petroleum operations during exploration, production and development phases. |

| CONTRACT FEATURES | DESCRIPTION |
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| 9. Corporate Income Tax | Contractor’s Corporate Income Tax liability will be borne by Petrobangla. |
| 10. Gas Price | Gas price linked with international benchmark Brent crude at **10.5% for Shallow Sea (SS) Blocks** and **11% for Deep Sea (DS) Blocks**, with Floor–Ceiling based on the lowest and highest average Brent prices of the preceding five years. |
| 11. Oil Price | Oil price will be determined on the basis of the fair market value prevailing in South and South East Asia. |
| 12. Third Party Gas Sales | Contractor has the option to sell Contractor's share of Natural Gas produced from offshore blocks, in the domestic market to a third party, at a negotiated price, subject to Petrobangla's right of first refusal. |
| 13. Gas Export | Contractor shall have the right to export any marketable Natural Gas subject to Petrobangla's right of first refusal and non-availability of a domestic buyer. |
| 14. Pipeline Tariff | Mutually agreed pipeline tariff provision introduced for both Shallow and Deep Sea Blocks, payable by the buyer, considering distance, water depth, and gas volume to support pipeline investment. |
| 15. Expropriation and Stabilization | Protection of investment through stabilization and expropriation provisions. |
| 16. Fees and Bonus | • Commercial Discovery -US$ 3,000,000<br>• Production (Gas) -US$500,000 to US$ 6,000,000 on the basis of Production level<br>• Production (Oil)- US$500,000 to US$ 4,000,000 on the basis of Production level<br>• Research & Development -US cents 10 per bbl of profit Oil/NGL/Condensate and US cent 0.4 per MCF of Profit Natural Gas<br>• Contract Service Fee -US$ 200,000 during exploration and development period on each anniversary of the Effective Date and US$ 300,000 during production period on each Calendar Year |
| 17. Training Grant | US$ 150,000 during exploration and development period and US$ 200,000 during production period on each Contract Year. |
| 18. Extension of Production Period | Production Period is 25 years for gas field and 20 years for oil field. If commercial production continues then provision for additional 10 years of extension. |