

Note to Media

Government of Sri Lanka signing an Agreement for Geophysical Exploration Services with Eastern Echo DMCC

On behalf of the Government of Sri Lanka, Hon. Arjuna Ranatunga, Minister of Petroleum Resources Development, signed an agreement with Eastern Echo DMCC, subsidiary of a major oilfield services company Schlumberger, on the 30th of May 2018 to collect, market and license of petroleum data on “multi-client” basis, enabling several data acquisition projects, including 2D and 3D seismic, in selected offshore areas around Sri Lanka at no cost to the Government. This Agreement acts as an Umbrella for the execution of several multi-client based Service Agreements to carry out seismic data acquisition surveys, advance data processing/interpretation work or modeling of Petroleum systems as the case may depend on the country’s requirement and pre-commitments to be secured by the contractor.

The main objective of entering into this agreement is to acquire more petroleum data using modern acquisition and processing techniques, and thereby reduce the technical and financial risk of prospective investors in deep water exploration in Sri Lanka and encourage increased level of investor participation in oil and gas exploration activities. The total investment under this agreement is a minimum of USD 50 million which will be purely borne by Eastern Eco DMCC, who will recover it from sales proceeds to multiple investors.

This entire project provides an array of socio-economic benefits to Sri Lanka as follows:

- The provision of training on petroleum systems modeling & interpretation of the new data, and further integration with, and update of, the existing geotechnical database in this agreement will enhance Sri Lanka’s interpretation and basin modeling capabilities, thereby increasing our understanding of the sub-surface. The specialist training, and newly acquired and petroleum data is an essential precursor to future licensing rounds.
- This will accelerate the licensing process and speed up maturation of discovered assets.
- This investment will enable and foster knowledge transfer to local geo-scientists, access to leading edge technology and build in-country expertise in technical, financial and economic modeling areas.
- In addition, the Government will also receive a share of future data sales revenue either in cash or structured competency development programs/software from schlumberger as preferred.
- Opportunities for promotion and marketing of Sri Lanka’s data as well as hydrocarbon potential globally through a comprehensive global network of oil and gas companies.