

ExxonMobil makes biggest natural gas discovery in two years off the coast of Cyprus



- ExxonMobil announced on Thursday that it has made the world's third biggest natural gas discovery in two years off the coast of Cyprus in the Eastern Mediterranean.
- Based on preliminary interpretation of the well data, the discovery could represent a natural gas resource of approximately 5 trillion to 8 trillion cubic feet.
- The EU is considering developing a gas hub in the Mediterranean key to diversifying its energy sources and reducing its dependence on Russia.

ATHENS- Exxon Mobil announced on Thursday that it has made the world's third-biggest natural gas discovery in two years off the coast of Cyprus in the Eastern Mediterranean at the Glaucus-1 well. The region is already know for some of the world's largest such discoveries. It wants to become an alternative energy source for Europe.

Based on preliminary interpretation of the well data, the discovery could represent a natural gas resource of

approximately 5 trillion to 8 trillion cubic feet (142 billion to 227 billion cubic meters). Further analysis in the coming months will be required to better determine the resource potential.

“These are encouraging results in a frontier exploration area,” said Steve Greenlee, president of Exxon MobilExploration Co. “The potential for this newly discovered resource to serve as an energy source for regional and global markets will be evaluated further.”

Glaucus-1 was the second of a two-well drilling program in Block 10. The well was safely drilled to 13,780 feet (4,200 meters) depth in 6,769 feet (2,063 meters) of water. The first well, Delphyne-1, did not encounter commercial quantities of hydrocarbons.

Block 10 is 635,554 acres (2,572 square kilometers). In 2017, Exxon Mobil and state-owned Qatar Petroleum won the rights to explore for oil and gas in offshore areas south of Cyprus. The east Mediterranean island is located in the Levant basin, where both Israel and Egypt have found some of the largest reserves of natural gas in the past decade.

In 2017, Exxon Mobil and state-owned Qatar Petroleum won the rights to explore for oil and gas in offshore areas south of Cyprus. Exxon Mobil owns a 60 percent stake in the block, while Qatar Petroleum holds the rest.

At a press conference in Nicosia, CyprusEnergy Minister George Lakkotropis said he is excited about the findings. “It is an amazing development for all of Cyprus. This is the greatest discovery within our Exclusive Economic Zone (EEZ). In the coming months, the amount of natural gas will be more accurately estimated,” he said.

Tristan Aspray, vice president of exploration for Europe, Russia, and the Caspian, at Exxon Mobil told reporters Thursday that the next few months will be devoted to data

analysis. "We need to see multiple factors such as the quality," he stated. He also noted that Exxon Mobil will carry out additional drilling most likely next year.

The Turkish factor

The gas finding now has energy analysts wondering how thorny it will be working with Cyprus – a divided country, between Greece and Turkey – and its split maritime zones.

Perched on the maritime edge of two massive gas finds in the Levant Basin – Leviathan off Israel and Zohr off Egypt, Cyprus, lies in a region of overlapping rivalries and geopolitical risk. Cyprus is ethnically divided, and Turkey, which supports a breakaway Turkish Cypriot state in north Cyprus, says Greek Cypriots have no jurisdiction to explore for natural gas. Greek Cypriots say it is their sovereign right.

Greek Cypriots, who run Cyprus' internationally recognized government, have licensed several offshore blocks to multinational energy companies for exploration on Cyprus' Exclusive Economic Zone. Last year the Italian company Eni and its partner France's Total announced a breakthrough gas discovery at the Calypso block off the island's coast that looked geologically similar to the mammoth Zohr field off Egypt. Zohr holds an estimated 30 trillion cubic feet of gas, the largest ever discovered in the Mediterranean. Calypso in Cyprus's waters is an estimated 80 km away. But just days after the discovery the ENI drill ship was stopped by Turkish military vessels on its way to the its drilling site.

There are worries now that the ExxonMobil gas discovery could worsen preexisting tensions in the area despite the fact that Cyprus has the support of the European Union to explore and exploit its natural resources.

The EU is considering developing a gas hub in the

Mediterranean key to diversifying its energy sources and reducing its dependence on Russia, which supplies roughly one-third of the bloc's gas. Ideas on how to accomplish this goal are three-fold according to Sohbet Karbuz, director of the hydrocarbons division, Mediterranean Energy Observatory: 1) to build a massive EastMed pipeline to ship natural gas from Israel and Cyprus to the EU through Greece and Italy; 2) develop an LNG plant to liquefy the gas and then ship it to Europe, or 3) a combination of both.

"The dream was that the discovery of gas in the Eastern Mediterranean would bring cooperation and peace in the region. The reality is that it may trigger more disputes," Euthymius Petrou, former advisor to the Greek Ministry of Defense and expert on Turkish affairs told CNBC.

So far no international energy company has expressed interest in investing and supporting the EastMed gas pipeline project. Politicians and industry analysts in Greece and Cyprus hope ExxonMobil will take on this role. ExxonMobil would not comment on that prospect.