

Lebanon onshore oil and gas 'promising'

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BEIRUT: The analysis of Lebanon's onshore oil and gas survey data revealed promising results, the CEO of the U.S.-based company tasked with the survey said Monday during a conference held at ESA business school in Beirut.

Jim Hollis, CEO of NEOS, told participants at the "Oil and Gas: Governance and Integration" forum that the company would be revealing the complete survey findings during a news conference set to be held Wednesday.

The survey, which covers 6,000 square kilometers, including the onshore northern half of the country and the transition zone along the Mediterranean coastline, integrates 2-D seismic data with airborne geophysical datasets to determine prospective oil and gas resources, Hollis said.

A number of energy experts have argued recently that keeping the immediate focus on onshore oil and gas exploration could help Lebanon become an energy producer earlier than most observers expect.

Lebanon's government has yet to approve a draft bill on onshore petroleum resources before referring it Parliament for ratification.

The law governing onshore petroleum resources will complement the Offshore Petroleum Resources Law that was ratified in 2010.

While five years have passed since the ratification of the

Offshore Petroleum Resources Law, the government has yet to issue two decrees that would pave the way for the first licensing round for offshore gas exploration in Lebanon's exclusive economic zone.

The first licensing round was postponed last August for the fifth time due to political disagreements over the decrees pertaining to the designation of blocks that would be open for bidding and the terms of a draft on the Exploration and Production Agreement.

Gabi Daaboul, head of the legal department at the Lebanese Petroleum Administration, said during the conference that Lebanon should proceed with the gradual licensing of the 10 blocks that form Lebanon's EEZ.

The gradual licensing of blocks would enable the Lebanese government to secure better terms in future licensing rounds, experts argued.

Roudi Baroudi, CEO of Energy and Environment Holding, an independent consulting firm based in Qatar, told The Daily Star on the sidelines of the conference that political bickering and instability was denting the confidence of international oil companies in Lebanon.

"Only by acting in unison could the political establishment regain the confidence of major industry partners," Baroudi said.

Industry sources have warned that some international companies that prequalified for the first licensing round were re-evaluating the situation in light of the repeated delays as a result of the government's failure to issue the two decrees.

Energy and Water Minister Arthur Nazarian warned during the conference that due to political bickering Lebanon could be squandering significant economic benefits, and urged the government to swiftly launch the first oil and gas licensing

rounds.

Guillaume Leenhardt, global head of business development at Geneva-based Mercuria Energy Group, told participants that it would take almost five years to start production once the exploration phase kicks off.

Last month, Nazarian told The Daily Star that there was no indication yet on whether the Cabinet would hold a meeting in the near future to discuss and approve the two decrees concerning the number of blocks that would be auctioned and the revenue sharing agreement.

Lebanon's potential offshore natural gas reserves are estimated at 25 trillion cubic feet, according to initial estimates carried out in the country's exclusive economic zone.

Baroudi urged the government to arrange for the drilling of a few exploratory wells – both onshore and off – to prove the potential indicated by geological studies.

“Regional experience gives us reason to put the odds of success at between 65 percent and 85 percent, and the rewards in terms of increased interest by international oil companies and higher auction revenues could be huge,” he added.