

# Key oil and gas decrees amended: insider

Osama Habib | The Daily Star  
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BEIRUT: The Petroleum Administration has made some changes to the two key decrees awaiting Cabinet approval before the first round of licensing for oil and gas exploration in Lebanon, an insider said Thursday.

“Members of the Petroleum Administration have made some of these amendments after receiving input from the Cabinet committee that was established to discuss the two decrees,” the source told The Daily Star.

He said the Petroleum Administration would submit the amended decrees to

the Cabinet committee.

Energy Minister Arthur Nazarian has postponed the offshore gas auction until Aug. 10 over the delay by the Cabinet in approving decrees to set out the blocks up for auction and the revenue sharing model.

The endorsement of the two decrees is essential to launch the auction and draw investors.

Sources said all ministers were in favor of starting gas exploration off of Lebanon's coast but some of them preferred to auction more than two or three blocks.

Former Energy Minister Gebran Bassil has argued that it is more advisable to auction only one or two of the 10 blocks.

However, other ministers have fought to offer all 10 blocks in the first licensing round.

The insider said the patience of international oil companies was wearing thin over the constant delays in the auction.

"The companies are not going to wait forever. They [oil companies] need to see some action before allocating money for the gas exploration," he added. The insider, however, said international oil firms seemed confident that the Lebanese coast had abundant quantities of natural gas.

He also revealed that the Petroleum Administration was about to finish the draft law on onshore oil and gas exploration and would send it to the Cabinet soon.

"This draft law is very important, and once we finish, the Energy Ministry will set a date for onshore exploration," the insider said.

He said that a U.S. firm would begin an airborne onshore survey in Lebanon

next month.

“The Lebanese will see some planes equipped with advanced scanners flying over some Lebanese regions,” the insider said.

He was very hopeful that the survey results onshore would be as positive as those offshore.

“The geological structure off the coast and land may be very similar. The presence of gas near the coast could mean that there is an abundant quantity of this substance onshore,” the insider explained.

The head of the Petroleum Administration, Nasser Hoteit, told participants in a workshop on gas and oil Thursday that oil exploration could begin next year if the contracts were signed now.

“If the contracts were signed today, then we could commission the oil companies to work in December 2014 and [start] the actual drilling in autumn 2015,” Hoteit said.

But Hoteit warned that time was slipping from Lebanon’s hands.

“The natural regional market for our oil is slipping away from us due to the delay in the investments,” he cautioned, adding that Jordan, Egypt and Palestine were already negotiating with the Israelis to supply them with energy.

“For this reason, our natural regional market is slipping away from us.” Hoteit reiterated that the presence of international oil companies in Lebanon would create jobs.

“The opportunities created by this industry in Lebanon are enormous,” he said. “The oil companies will invest billions of dollars to develop the wells in the sea. These companies will invest between \$2 to \$3 billion in the first three

years and this will create between 1,000 to 2,000 jobs and half of this money will go to small- and medium-size Lebanese companies.”