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LEBANON

Announcement for oil bids before 2013: Bassil

By Osama Habib

BEIRUT: Energy and Water Minister Gebran Bassil said Thursday he expects companies to be invited to start bidding for oil and gas excavation licenses before the end of this year, should everything go according to plan.

"The executive decrees concerning oil and gas exploration are supposed to be issued soon. We should have done this work before, but as they say 'it's better late than never,'" Bassil told The Daily Star over the telephone.

Bassil added that it is imperative for the Energy Ministry to accompany the work of the Petroleum Administration in the first stage until licenses and permits for companies have been issued.

He added that once the tenders have been issued, the Petroleum Administration can work independently even if there is a caretaker Cabinet.

The minister declined to speculate about the estimated size of gas and oil in Lebanon.

"All that I can say is that Lebanon will be the most important player in the region in terms of oil and gas. We have sufficient gas not only for local consumption, but for export as well," Bassil stressed.

However, he added that the size of gas off the Lebanese coast exceeds earlier estimates.

"Already 26 international oil companies have purchased the data from the Energy Ministry," he said.

The formation of the oil committee was hailed by the British-based Spectrum Co. that is conducting a 2-D and 3-D survey off the Lebanese coast under contract with the government.

"This was the last hurdle removed before oil and gas exploration in Lebanon. I have been talking to some oil companies and they were all very pleased with the news," David Rowlands, CEO of Spectrum, told The Daily Star.

Rowlands revealed that a team from the company will start oil and gas surveys in Lebanon next week. The surveys will take 33 days to complete.

"The next step is for the minister to announce which of the offshore [areas] Lebanon is going to be open for international bidding, what the terms of the bidding process are, and when can they submit their bids," Rowlands said.

He added that by the middle of 2013 oil companies will know what areas and zones they expect to drill for gas off the Lebanese coast.

Rowlands believes that the extraction of gas off the Lebanese coast will take between three to five years.

Most oil experts say that exploiting oil and gas wealth will change the political and economic landscape of the country and may make Lebanon one of the elite members of OPEC provided that the newly formed Petroleum Administrations speed up the issuance of permits for international oil companies.

The announcement of the committee's formation has been seen a glimmer of hope for Lebanon, which has been reeling under enormous economic and political problems since the Syrian crisis broken out 20 months ago.

Spectrum estimated that the 3,000 kilometers of Lebanese territorial waters that was surveyed contained close to 25 trillion cubic feet of gas.

The company believes that these initial results indicate that Lebanon possesses more gas and oil than many countries in the region.

But some newspapers and political parties claimed that the six members of the Petroleum Administration were chosen for their political affiliation and not for their professional background.

Experts say that the creation of this committee will encourage international companies to make investments in Lebanon in the future.

Among the duties of the committee are preparing the first round of licensing, rehabilitating the companies to work in the oil field, assessing the licensing applications, making recommendations to ministers, and negotiating with the oil companies with the approval of the minister that have submitted applications.

It also assesses the results of the negotiations and submits its recommendations to the minister.

Lebanon has yet to demarcate the territorial economic zone with Cyprus and Israel.

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