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## UPDATE 1-Cyprus seeks gas supplies until 2018

Thu, Sep 27 2012

(Adds detail)

NICOSIA, Sept 27 (Reuters) - The public natural gas company of Cyprus, Defa, said it had approved tender documents for the supply of natural gas to the island until September 2018, when its own reserves were expected to come on stream.

"The process will move very fast, with the objective of reaching a decision by the end of 2012," Defa said in a statement on Thursday.

Cyprus relies on heavy fuel oil to fire its power stations. It reported a significant natural gas find offshore in late 2011 of between 5 to 8 trillion cubic feet (tcf) of gas.

The cost of electricity has become almost prohibitively high since an accidental blast virtually levelled the largest generation facility at Vassilikos in July 2011, coupled with elevated prices of fuel.

Defa said the supply of gas from third parties was an interim solution, and said it was not an end in itself. It added that it would only proceed with the supply option if the prices would guarantee a significant reduction in the cost of generating electricity.

In its announcement, the company did not specify the amounts Cyprus may require, though past estimates have put the island's needs as up to 1 bcm per year.

No technology would be excluded, Defa said. "Interested parties can propose any means of supply and transport of natural gas; liquefied, compressed or other," it said.

Significant natural gas discoveries have been reported over the past three years in the eastern Mediterranean basin. Neighbouring Israel has reported two major finds offshore, and Lebanon on Monday reported up to 12 tcf of gas lie off its southern coast.

Surveys have suggested over 100 tcf of reserves could lie untapped throughout the region, a potential that has sparked investor interest but also revived decades-old border disputes. (Reporting by Michele Kambas; Editing by William Hardy)

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