

# WHAT LEBANON'S DELAYED ENTRY IN THE ENERGY GAME ACTUALLY MEANS

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[Lebanon](#)'s repeated postponement of its first licensing round is cause for concern. The bidding round was set to be launched in August 2014, after three previous missed dates, and it is no surprise that it will be delayed - again. The failure of the country's decision-makers to agree on crucial issues is threatening Lebanon's gas ambitions. Two decrees remain to be issued, one delimitating the blocks that will be open for bidding and the second laying out a model sharing exploration and production sharing agreement.

Lebanon had started well: an ambitious schedule, precise dates and deadlines, and the interest of major oil and gas companies to participate in the country's search for offshore hydrocarbon. But investors are losing patience. The neighbouring countries have moved ahead, with problems of their own, but progress is ongoing. ENI and Total will be drilling offshore [Cyprus](#) and the feasibility of the island's planned LNG facility will largely depend on their results. [Israel](#), after a long debate around exports and exports quotas has taken in June 2013 the political decision to export gas. Israel is now in the stage of finalising its export strategy.

[Egypt](#) is once again an attractive place for Israel, this time not as a source of natural gas, but as an export route. The partners in Israel's largest offshore fields Tamar and Leviathan have signed letter of intents with companies operating in Egypt to use Egypt's unused LNG export facilities and reach export markets. Asia is a target, with lucrative prices, higher than anywhere else in the world. Using Egypt's LNG facilities means that Israel will not have to invest in its own terminal. Such a deal would allow Israel a fast, easy and relatively cheap access to the LNG market. Israel will also be on the side supplying small quantities of gas to its immediate neighbours via pipeline.

Europe is an attractive place for the Eastern Mediterranean. Diversifying natural gas sources and routes is the EU's strategic goal. While the Eastern Mediterranean gas will not allow the EU to achieve complete independence from Russian gas, it will at least contribute in the diversification of the EU's natural gas portfolio.

Will Lebanon make it in time to participate in the Eastern Mediterranean's region energy story? Lebanon must first agree on the regulatory framework around its oil and gas sector. Secondly, the country must stick to deadlines to avoid deterring oil and gas majors from exploring its waters and participating in its energy industry. By the time

natural gas is eventually encountered in Lebanese waters, the access to the LNG market will be more tricky than it is today. The entry of new players will tremendously affect LNG prices. Then again, it will all depend on how much gas Lebanon will find, whether the 95 Tcf estimates advanced by politicians is a reality or a fantasy and whether Lebanon will ever launch its exploration phase.