

# LEBANON'S OIL & GAS: A REALITY CHECK

It is easy to notice the hype over oil and gas that has engulfed Lebanon in the past couple of years. The oil and gas industry is prone to conspiracy theories, and in Lebanon, this is inevitable. We take this opportunity to dot the i's and set the record straight on some of the widely held beliefs in Lebanon, that may not always be accurate.

## **Size of the 'reserves':**

A former Lebanese minister recently claimed that Lebanon's gas resources exceed those of Qatar. Other Lebanese officials also often speak of huge oil and gas reserves in Lebanon. Lebanon has not made any discovery yet. It is impossible to estimate the size of potential resources off the Lebanese coasts before drilling. However, we can already confirm that we do not have more gas than Qatar. According to the U.S. Geological Survey, an estimated 122 trillion cubic feet (tcf) of undiscovered, technically recoverable natural gas is thought to be contained in the Levant Basin, an offshore and onshore area underlying parts of Lebanon, Israel, and the occupied Palestinian territories and extends to Cyprus' exclusive economic zone. On the other hand, Qatar, as of January 2014, has 885 tcf of proven natural gas reserves, according to the Oil & Gas Journal.

## **Just like in the past, "they" will not let us exploit our huge oil and gas reserves:**

Unlike the widely held belief, we did not discover any oil or gas reserves in the past. Some of the wells we drilled onshore showed traces of hydrocarbon, but not enough to make the exploitation of these resources economically justifiable with the technologies available back then. It was not an international conspiracy that prevented Lebanon from exploiting its resources, it was basic economics.

## **Neighboring countries stealing our gas:**

Although former Energy Minister Gebran Bassil said on several occasions that Israel is not stealing our gas, the idea is still widely held. Bassil held a press conference in July 2013 during which he said that the discovery of Karish, a modest gas field a few kilometers away from the Lebanese borders, made it technically possible for Israel to syphon off Lebanese gas, using advanced drilling techniques, but repeated several times that Israel is not stealing Lebanese gas yet.

Israel has not yet developed the fields that are close to the border with Lebanon. In fact, the development of Karish is on hold. If in doubt, take a look: Currently, there is not a single platform producing oil or gas from a field near the borders. Such fears remain common in Lebanon, supported by previous experiences with Israel diverting water resources along the borders inland.

Other, more modest suspicions concern other neighboring countries. A unitization agreement is being negotiated with Cyprus (and has reportedly reached an advanced stage), while Syria, which awarded an exploration and production license to Russian company Soyuzneftgaz back in December 2013, is years away from producing offshore gas.

## **Value of our resources:**

A report published in February 2014 by a leading Lebanese bank claimed that proceeds from gas extraction could easily exceed \$600 billion. This number has been on everybody's lips since then. It cannot be stressed enough: before drilling, we won't know whether or not we have oil and gas resources in commercial quantities. This makes it even harder to put a value on something we are not sure if we have in the first place, and if we do, in which quantities... Let alone project how much we assume it might be worth several years down the road.