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LEBANON

Beirut, Nicosia plan coordination in bid to expedite gas exploration

BEIRUT: Lebanon and Cyprus will closely work together to speed up the demarcation of the maritime borders and gas explorations, the presidents of the two countries said Thursday.

President Michel Sleiman, who received his Cypriot counterpart Demetris Christofias at Baabda Presidential palace, said both sides have focused on oil and gas that are available in the sea and have agreed to coordinate efforts that would allow both Lebanon and Cyprus to benefit from this wealth.

Observers and oil experts say Cyprus is keen to reach a quick agreement with Lebanon on the demarcation of the economic free zone in order to avoid any future conflict.

Cyprus has made important headway in gas exploration after completing the necessary 3D seismic survey off its coast.

The gas reserves in Cyprus are estimated at 12 trillion cubic feet while in Lebanon the projections are much higher, according to British based company Spectrum which conducted a survey of 3,000 square meters off the southern coast of the country.

The company believes that the gas reserves in the southern part of the country are estimated at more than 25 trillion cubic feet.

Lebanon has asked the United Nations to supervise the demarcation operation to ensure that each county gets its rightful share from the gas and oil.

But the biggest challenge facing Lebanon is the demarcation of an 850 kilometer zone which it shares with Israel in the south.

But energy experts and oil companies urge Lebanon to award the contracts for gas exploration within its territorial waters and not to wait for the outcome of the demarcation of the free economic zone with Cyprus and Israel.

"We have decided to increase the frequency of coordination and cooperation to reach an agreement about the principles and mechanisms which will allow both our countries to extract this wealth," Sleiman told reporters.

He said the two countries share a "border in the exclusive economic zone" where "new oil resources were recently discovered."

Christofias said the new “discovery of hydrocarbons naturally creates great expectations for our peoples.

“We will continue our efforts and actions while fully exercising our sovereign rights. We reject tactics and approaches which recourse to threats and intimidation,” he added. Christofias referred in his remarks to Turkish reservations on Cyprus’ claims to the resources, and to Lebanon’s own dispute with Israel over maritime demarcations.

The secretary-general of the World Energy Council – Lebanon chapter Roudi Baroudi hailed the visit of Cypriot president to Lebanon as a step in the right direction. He recommended common economic grounds for joint resources development between Lebanon and Cyprus.

He pointed out that the United Nations law of the sea UNCLOS articles 74 (3) and 83 (3) tackles joint resources developments.

Baroudi also recommended that once Lebanon starts with the exploration exercises, “especially once we start production; Lebanon may well benefit from the Cypriot exploration contractors (IOC’S) basically who are covering Cypriot blocks 9, 13 and 3 which are adjacent to Lebanon maritime boundaries.”

“Possible joint production licenses, using [the] Cypriot export pipeline to Europe could be a golden opportunity for Lebanon. Lebanon could also utilize LNG station in Cyprus to liquefy some portion of our gas,” Baroudi said.

He also invited political leaders to ease political tensions and to invite all concerned stakeholders to cooperate to fight poverty.

The oil expert underlined the importance of using a chunk of the gas wealth in Lebanon to write off the public debt and improve the balance of payments.

He also stressed that Europe is the most important partner to all of the East Mediterranean countries and the U.S. could assist further in implementing regional agreement so it can be fair and equitable to all parties.

Lebanon will in theory officially invite companies to make the first round of bidding on Feb. 1 of this year.

More than 40 international companies have expressed interest in taking part in the gas tender in Lebanon.

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