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Tap that gas

Matt Nash



Lebanon plans to license offshore oil and gas exploration within three months, but production is still several years away. (AFP/Jody Amiet)

Parliament Speaker Nabih Berri said he will discuss Lebanon's maritime borders with UN Secretary General Ban Ki-moon, who will begin a three-day visit to the country on Friday. Lebanon and Israel, both keen to extract oil and gas resources from beneath the Mediterranean Sea, are at odds over where the boundary between them lies.

However, there is little Ban can do to resolve this dispute. The UN treaty that governs a state's rights to offshore resources (known as UNCLOS) stipulates that any disagreements between states have to be worked out by the parties themselves—a difficulty in this case as Lebanon and Israel are technically still at war and have no diplomatic relations.

Indeed, given the lack of relations, former UN Special Coordinator for Lebanon Michael Williams in July 2011 said, "It's difficult for the UN to find a way forward here." Williams was speaking to the Associated Press at the UN and indicated Israel wants to link resolving the boundary issue to discussing "maritime security issues."

Lebanon, according to Cesar Abou Khalil, an advisor to the Minister of Energy, maintains there is not even a dispute, arguing the Israelis are absolutely wrong. The boundary problem started with an agreement Lebanon signed, but never ratified, in 2007 with Cyprus.

That deal set the southern limit of Lebanon's maritime border north of where officials in Beirut argue it should be, the result of a mistake Lebanese authorities told NOW Lebanon in previous interviews. Israel, in December 2010, inked a deal with Nicosia based on the northern point.

In a letter to the UN dated September 3, 2011, Lebanon's Foreign Minister Adnan Mansour wrote that the conflicting points put an area of "some 860 square kilometers" in limbo.

That said, several seismic studies indicate there are many oil and gas reserves off Lebanon's coast in indisputably Lebanese waters, which the country is on its way to tapping. Last week cabinet approved decrees that pave the way for exploration and, eventually, production to begin "within three months," Energy Minister Gebran Bassil told AFP on Sunday.

Abou Khalil, one of Bassil's advisors, told NOW Lebanon that the decrees created a Petroleum Administration (PA), which will oversee the oil and gas sector, and set in law a series of rules (known as the Petroleum Activities Regulations) that will govern the PA and the sector as a whole.

However, it will still take several years before Lebanon begins pumping oil and/or gas for either domestic use or export, Abou Khalil said. Firstly, the cabinet now has to name the six-member PA board, which "the government said [it will do] within one month," he said. Secondly, there are still more decrees—such as dividing Lebanon's offshore waters into blocks—cabinet has to approve before any licensing can begin.

Also, an oil and gas law passed in August 2010 says licensing cannot begin before a strategic environmental assessment is complete. Abou Khalil said a British company was awarded a contract to conduct the assessment, which should be finished "at the end of February or at the latest in March."

Once Lebanon prepares licenses, companies will have six months to bid. Under the 2010 law, individual companies cannot bid alone. Three experienced, international oil companies must form a joint venture to bid, according to the law—a stipulation designed to prevent corruption, MP Mohammad Kabbani [told NOW Lebanon](#) in an earlier interview.

When licensing does begin, companies will be able to initially choose between reconnaissance and exploration licenses, Abou Khalil said. The waters offshore Lebanon have been repeatedly studied, so potential license winners might "start [exploratory] drilling with the [available] data on hand," or they could "extend the exploration phase and do their own interpretation and studies," he added.

Energy analyst Roudi Baroudi, head of the Lebanon member committee at the [World Energy Council](#), told NOW Lebanon that exploratory drilling could take "three to six months, if not a little longer."

After exploratory drilling identifies oil or gas reserves to be tapped, companies have to write detailed development and production plans, which must be approved by the PA, the Minister of Energy and the cabinet, according to the 2010 law.

"I think in six to seven years we should have first production," Abou Khalil said, stressing that he was offering only his own best estimate.



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