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LEBANON

Government sets offshore drilling tender in motion

By Nafez Qawas

BEIRUT: The Cabinet Thursday set the first tender for oil and gas exploration for Feb. 1 as Lebanon tries to capitalize on the hidden wealth to wipe out the public debt, stimulate the economy and create more jobs.

The Cabinet also set March 21 to publish the list of qualified firms and May 2 to receive formal applications.

British-based company Spectrum, which conducted a 3-D seismic survey off the Lebanese coast, told The Daily Star that the size of the gas off the southern coast of the country is estimated at 32 trillion cubic feet, adding that there is more gas in the northern parts of the country as well.

Some experts estimate the value of gas in Lebanon to ranges between \$300 billion to \$600 billion, not to mention the prospects of oil onshore.

Cabinet also decided to lower the proposed monthly pay from LL35 million to LL25 million for members of the Petroleum Administration after many ministers and political groups blasted the hefty package suggested by Energy Minister Gebran Bassil.

The Cabinet agreed each member of the oil committee will receive a monthly salary of LL22 million and LL3 million for housing allowance.

Many politicians and civil servants warned that this action by Bassil could prompt other public institutions and government agencies to demand similar salaries in the future.

Future parliamentary bloc member Ghazi Youssef slammed the hefty salaries and benefits of the Petroleum Administration, adding that this action could further strain the budget deficit.

"Why should the members of the committee receive salaries more than the head of the Telecom Regulatory Authority who receives an income of \$10,000 a month," Youssef asked.

He also questioned the qualifications and experience of most of the oil committee members and asked the Cabinet to reject Bassil's proposals.

Youssef believes that the members of the committee can only ask for higher wages once Lebanon starts extracting oil and gas.

But Bassil refused this criticism of the committee, arguing that these members will negotiate billions of dollars of contracts with major oil companies.

"These allocations are still below the criteria in other countries in oil sector," Bassil said, adding that some candidates for these posts have turned down the offers to work with the government because the salaries are below their expectations.

The minister said that some government agencies receive higher salaries than the members of the Petroleum Administration.

"I can assure that the new members will generate more revenues to the treasury once Lebanon strikes oil and gas," he added.

But experts say that it will take between five to seven years until Lebanon truly enjoys the gas wealth off the coast. They added that the process of selecting qualified oil companies and starting actual drilling is quite long and for this reason it would be wrong to start counting the money.

The other challenge facing Lebanon is the debate over the disputed maritime zone with Israel, an issue that is not expected to be resolved soon.

But Western diplomats, according to some news media, are keen to resolve this issue to prevent an open confrontation between Lebanon and Israel.

The Cabinet has also decided to postpone discussions on the controversial salary scale until after New Year and promised to secure sufficient funds for this bill.

President Michel Sleiman told the ministers that the salary scale should not be rushed because it could cause a financial burden to the treasury if funds were not secured.

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