

# THE DAILY STAR

LEBANON

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## Bassil: Lebanon will drill for gas in 2015

By Osama Habib

BEIRUT: Lebanon officially kicked off Friday the prequalification process for oil companies to bid on offshore gas exploration, with Energy Minister Gebran Bassil promising to start the drilling in 2015.

Bassil, who was speaking at a news conference at the Energy and Water Ministry along with the members of the Petroleum Administration, said that interested firms can apply for the prequalification round through March 28.

"This is the moment we were waiting for. This is the opportunity which we have always missed. This dream has become a reality," Bassil said in his opening remarks before the members of the Petroleum Administration who briefed the oil companies about the conditions for prequalifications.

The minister advised the oil companies to send their applications immediately to the Petroleum Administration because the Cabinet has no intention to extend the deadline.

The hall was packed with ambassadors from Europe and the United States, as well as representatives of major international companies. Among the participants was lawyer Jamal Abu Ali, who represented international consultant firm Cleary Gottlieb Steen & Hamilton.

"We were able in three years to accomplish a modern oil law and we have prepared lectures and round tables to prepare for the necessary decrees on the oil and gas exploration in Lebanon," the minister explained.

After March 28, the Petroleum Administration and the Energy Ministry will decide on the list of qualified companies within three weeks.

According to Bassil, the contracts should be signed in February 2014.

"The entire process will take 18 months starting from February 2014. This means that Lebanon will start drilling for the first gas off the coast at the end of 2015 and the development will start in 2016. From there the full production stage will start," he said.

He acknowledged that many people would be skeptical about these deadlines and said they would consider the ministry overoptimistic.

"We ask those skeptics, who would have ever believed that we would have reached this moment?" Bassil asked.

The minister refused to disclose the number of wells off the coast which will be tendered, adding that this information will become available after the Petroleum Administration announces the names of the winning candidates.

He added that 29 U.S. companies have purchased geophysical data covering the exploration area in the eastern Mediterranean, making the nation “the first-ranked country by far,” Bassil said. “Around 25 percent of the data bought is by U.S. companies,” he said, declining to identify any of those firms.

An initial survey estimated the gas reserves in the area at more than 25 trillion cubic feet, more than the gas discovery in Cyprus and Syria combined.

Experts gave different estimates about the value of gas reserves off the coast, but there is a consensus that the value is not less than \$120 billion.

Some companies say the actual gas exploration will start no sooner than 2017, and Lebanon can enjoy the massive oil and gas wealth in 2020 if everything goes according to plan.

Bassil is expected to make another announcement about onshore oil and gas discoveries next week.

A leading oil expert said earlier that Lebanon’s government needed to take a host of measures in order to ensure that the Lebanese people derive maximum benefit from their nascent oil and gas industry.

Doha-based energy expert Roudi Baroudi warned that the right of the general population to benefit from the proceeds could only be upheld by the formation of an intelligently designed sovereign wealth fund.

“Two things are important here,” he said. “First, the SWF has to be modeled on responsible examples like those of Norway and others rather than the nest of corruption and nepotism seen in countries like Nigeria, Angola and others. Second, to prevent bickering among Lebanon’s various political interests, until the SWF is up and running, the revenues should be managed by the Central Bank.”

Baroudi said the top priority should be a national master plan to develop the sector from top to bottom:

“The master plan should have two components: a five-year plan that runs from 2013-2018 and a seven-year on for 2018-2025. This would enable Lebanon to better control the shape and pace of its hydrocarbon wealth by creating and enforcing an oil and gas road map that would cover a broad range of activities, including the scheduling of proposed exploration and production programs.”

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