

A slippery second step

And as if from nowhere, there was a breakthrough.

Ten months after the Council of Ministers, Lebanon's cabinet, demanded the establishment of a Petroleum Administration (PA), and nine months after the Energy Minister [promised to do so](#), on Wednesday the six-member body was finally established. Many of those watching from the sidelines were beginning to abandon hope that a deal would ever be struck.

As the year has gone on, Lebanon's inability to form the crucial committee — which will negotiate with international oil companies and eventually issue licenses for drilling — has allowed its neighbors Israel and Cyprus to pull further ahead in the rush to explore offshore oil and gas. Now, finally, the country can take the next steps in its bid to tap the huge potential wealth off its coast.

Pulling the wool over everyone's eyes

Yet while having a committee is undoubtedly better than not, there are many questions to be asked about the one that emerged, foremost among which is the speed at which the decision was made. Wednesday's cabinet meeting focused on the current standoff with unions over wages, but with a few minutes remaining the PA was brought up. Reports allege that it was confirmed with little debate.

Member of Parliament Ghazi Youssef, an energy expert from the opposition Future Movement, said the eventual decision was pushed through too fast for proper regulation, and even charged that Prime Minister Najib Mikati was not given time to scrutinize the six-member list.

"I think the process is flawed, the minister (of Energy Gebran Bassil) wanted to push it through without any oversight," he said. "I have heard that even the prime minister was not given the list of nominees before having to make the decision."

The appointments are for six years, during which time Lebanon could begin to reap the benefits of its offshore resources. The body will play a crucial role in getting the best deal for Lebanon for its offshore gas, which Roudi Baroudi, an independent energy consultant and Secretary General of the World Energy Council's (WEC) Lebanon Member Committee, has estimated could be worth up to \$100 million per day.

And yet there are already concerns whether the six men selected are up to the job. Baroudi said that while he welcomed the PA he was concerned that the members were too inexperienced in the field. "You can see that of the people on the list, not all of them have anything to do with oil and gas. I have heard the names and some of them are very young," he said.

Wissam Zahabi, head of Economic and Financial Affairs on the committee, is well respected but, in his early forties, has relatively little experience in the kind of deal making that will be required in the coming year, while other members have less than a decade in the industry.

"Members of a committee of this nature have to have 25 years experience or more to be able to negotiate with the heads of International Oil Companies (IOCs) like Shell and get a good deal," Baroudi added.

Sectarianism strikes again

Part of the issue is Lebanon's sectarian system, which demands that senior positions are shared out on the basis of religious affiliation. Of the six members, there are three Christians (Greek Catholic, Maronite, and Greek Orthodox) and three Muslims (Sunni, Shiite and Druze).

Then there is the inevitable political wrangling as politicians seek influence over the multi-billion dollar industry. Parliamentary speaker Nabih Berri is alleged to have orchestrated the deal that finally broke the stalemate, but all major political groupings will seek influence over the related deals.

This process, as Dany Haddad from the Lebanese Transparency Association points out, can lead to the square pegs being jammed into round holes.

“I don’t believe that there was an opening online for them to submit their CV and then be judged on their merits. It is not selected on merit, it is selected on denomination,” he said. “The entire procedure should be changed — there must be an authority that elects those people, they should be selected by experts, not politicians.”

Others are less concerned. Mohammed Qabbani, head of parliament's Public Works, Transport, Energy and Water Committee, said the decision was to be welcomed.

“I think it is a positive step towards taking the executive path concerning oil and gas exploration,” he said. “Until now we have been talking about laws and degrees on paper, now this is the first executive step which will lead to the start of giving licenses.”

Qabbani denied that there had not been sufficient scrutiny of the process, saying each member had been selected from a three-person shortlist. “The names have been known for some time; there are no surprises in there.”

Whatever the merits of the committee, they will have to hit the ground running, as the next year will be pivotal. If the proposed schedule is kept in the next two to three months, the PA will finalize the decrees to be issued by the government. After that IOCs will be given six months to prepare and present their cases. This will be followed by four months of negotiation, culminating, theoretically, in agreements in around a year’s time.

In this period, the potential for infighting between Lebanon’s notoriously bickering politicians is huge. Indeed, international energy giants seeking to negotiate a better deal may find it in their interests to play rival political groupings off against each other.

Baroudi stressed that the two main political groupings — the opposition March 14 and the ruling March 8 — must seek unity or else the country would end up negotiating a bad deal. “The most important thing is a complete understanding between March 14 and 8 and then the second most important thing is the rule of law,” he said. “I hope this is not a political football because this could help all Lebanese across the country.”

Who’s on the Petroleum Administration?

Executive Magazine asked the Ministry of Energy for full CVs of the members, but as of time of publication had not received any such documents.

Wissam Chbat

Born: 1973

Religion: Maronite

Years of experience: 15

Role: Head of Geology and Geophysics

Previous employer: Petroleum Adviser to the Minister of Energy.

Bio: *Been heavily involved in the bidding process after being appointed an advisor by Energy Minister Gebran Bassil. Well-known and respected in the field, though close to the minister.*

Gaby Daaboul

Born: 1968

Religion: Greek Orthodox

Years of experience: 18

Role: Head of Strategic Planning

Previous employer: Legal advisor at Safadi Foundation

Bio: *Closely linked to the Minister of Finance Mohammed Safadi, he has been heavily involved with the development of Lebanon's offshore oil and gas. Has received training in Norway on the project.*

Nasser Hoteit

Born: 1959

Religion: Shiite

Years of experience: 29

Role: Head of Technical and Engineering

Previous employer: Total oil company

Bio: *Previously a well-respected expert with the global energy giant Total, Hoteit is not believed to have been heavily involved in the search for offshore resources until now.*

Asim Abu Ibrahim

Born: 1976

Religion: Druze

Years of experience: 13

Role: Head of quality control, health, safety and the environment

Previous employer: Abou Ibrahim Riad Trading Est.

Bio: *Ibrahim is less well-known in energy circles and, having completed his studies in 2001, is younger than other members of the board. He previously work for Bureau Veritas - which produces diversified solutions for major oil companies.*

Walid Nasser

Religion: Greek Catholic

Role: Head of Strategic Planning section

Previous employer: UNDP

Bio: Like other board members, Nasser is under the age of 40 but is well-respected due to his experience with the United Nations.

Wissam al-Zahabi

Born: 1970

Religion: Sunni

Years of experience: 17

Role: Head of Economic and Financial Affairs

Previous employer: Policy Specialist at UNDP and energy adviser at the presidency of the Council of Ministers.

Bio: Like Wissam Chbat, Zahabi is well-known in the Lebanese energy sector. He advised the previous Prime Minister Saad Hariri and was kept on by his successor Najib Mikati.