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LEBANON

Political risks keep Lebanon behind in terms of energy exploration: BMI

BEIRUT: Lebanon will continue to lag behind its regional peers in oil and gas exploration and production due to persistent political risks, Business Monitor International said.

Disputes within the government coalition are also impeding oil and gas exploration, BMI added, as reported by Lebanon This Week, the economic publication of Byblos Bank.

The ongoing crisis in Syria is eroding Lebanon's security and is likely to delay both the licensing round and to efforts to establish the country's oil and gas industry, the report said.

It added that the disputed maritime border with Israel further complicates the industry's outlook and constitutes a serious challenge to the long-term growth of the sector, even though the early licensing rounds are not expected to include blocks within the ambiguous border area.

Oil and gas discoveries near Cyprus have substantially improved the potential for the region's offshore growth, Business Monitor International's report noted.

It added that Israel has moved quickly toward commercializing resources, as it is expecting to start extracting gas from the offshore Tamar field by 2013 and hopes to become a net exporter of natural gas by 2017.

By contrast, Lebanon's government failed to launch the initial offshore licensing round in 2011, citing ongoing political problems in the country.

These delays in developing Lebanon's natural resources are likely to result in a greater reliance on foreign energy imports, the report argued.

However, the Lebanese government plans to shift energy consumption from gas oil to natural gas, hoping that this will reduce the reliance on international energy imports.

Business Monitor International's report said that the upside potential could be substantial if Lebanon is able to utilize its offshore oil and gas resources properly.

Yet, the report stressed that the sluggish development of the offshore industry will leave Lebanon reliant on foreign energy for some time.

A three-dimensional offshore seismic survey will be carried out by geosciences data providers Dolphin Geophysical and Spectrum Energy & Information Technology in the coming weeks.

It will provide additional information on prospective oil and gas presence off Lebanon's coast.

It is expected the survey will be completed by September and data will be available for analysis by the end of the year.

The United States Geological Survey has estimated that the Levant Basin Province has a mean of 1.7 billion barrels of recoverable oil and a mean of 122 trillion cubic feet of recoverable gas.

The Levant Basin Province encompasses approximately 83,000 square kilometers of the eastern Mediterranean area off the coasts of Lebanon, Syria, Cyprus and Israel.

The USGS said that their estimates represent technically recoverable oil and gas, but the estimates do not cover the economic viability of the resources.

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