

# FURTHER DELAYS THREATEN LEBANON'S GAS PLANS

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A caretaker government that fails to vote on the two essential decrees that will launch the licensing round by approving the model exploration and production sharing agreement and endorsing the demarcation of the 10 offshore blocks in [Lebanon's](#) 22,730 square kilometer exclusive economic zone (EEZ); a new government that is yet to be formed; an upcoming Western intervention in [Syria](#) that threatens to spill over into Lebanese territory at any time; divisions amongst political groups unable to agree on putting oil and gas explorations on the top of Lebanon's priority list; a general feeling of instability that scares off investors and puts a question mark on Lebanon's hydrocarbon plans; a bidding round postponed from November 4 to December 10 decreasing the government's credibility to stick to a plan: that is currently the situation in Lebanon.

Earlier this year, all hopes were up. From 52 companies who participated in the pre-qualification round, 46 were selected (12 as operators and 34 as non-operators). Amongst the companies that prequalified to bid for oil and gas explorations offshore Lebanon were Total, Chevron, Exxon Mobil and Eni. Estimates were very optimistic and promised to lift Lebanon out of its burdening debt of USD 57.75 billion (as at Q1 2013 according to the Lebanese ministry of finance). The stakes are high, the potential is substantial... but the efforts are limited. The risk involved with stalling, wasting time, delaying and postponing is not to be neglected: investors are attracted by Lebanon's oil and gas potential but they will not hang on forever.

A small 264 km from Lebanon's shores is the Republic of Cyprus. The island promised investors substantial amounts of gas in its waters. It also has the motivation to make something out of its riches. Cyprus was hit by a financial crisis that threatened its very existence and is not likely to lose such an opportunity. Production tests at the Aphrodite field in Block 12 are currently being carried out. Aphrodite is estimated to contain a gross mean average of around 8 trillion cubic feet of gas. Simultaneously, significant efforts were invested in developing the island LNG terminal in Vassilikos. Originally planned to be made of 3 production lines, Cypriot officials did not dismiss the possibility of expanding the terminal to up to 8 trains to accommodate gas from neighboring countries and reach out to East-Asian and European markets.

Neighboring Israel is also very advanced in its gas plans. Although it is still debating possible routes and ways to export its gas, the country was blessed with many discoveries, the most important being the Leviathan field 130 km west of Haifa with a gross mean resources of 18 Tcf of natural gas and representing the largest exploration

success in Noble Energy's history. Israel has enough gas to satisfy domestic demand for decades and fill its coffers with billions of Shekels.

Investors have options and they will choose what fits them best. Lebanon should get its act together. The window of opportunity is tight with a constantly changing LNG market and new players emerging into it. The only hope for Lebanon is for the oil and gas industry to escape monopolistic ambitions, for Lebanon to free itself from foreign dependency and most importantly for the country to stay away from the conflict next door. There is still time to get things right. A cabinet can be formed, the awaited pieces of legislation can still be issued, and Lebanon can still turn its fate around. If it wants to.