

LEBANON: INTERVIEW WITH LEBANESE CARETAKER MINISTER OF ENERGY & WATER GEBRAN BASSIL

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Natural Gas Europe was pleased to have the opportunity to conduct an interview with H.E. Eng. Gebran Bassil, Lebanese Minister of Energy & Water.

NGE: Have investors lost confidence because of delays in launching [Lebanon's first offshore licensing round](#)?

GB: Despite the various delays in the licensing round, investors should not lose confidence. The process will commence and a tender will happen. There is a new date to look forward to as the licensing round is now set to be opened on 10 January 2014. If substantial interest is shown by international oil and gas companies, then we will move ahead with the process to award contracts and begin exploration activities.

NGE: Should investors be fearing [further delays](#) in the bidding round?

GB: The previous delays were caused by political discords. If further delays should occur, this time they would be technical instead.

NGE: What was causing the previous [delays](#)?

GB: The delays were caused by a lack of decision by the council of minister in issuing two crucial decrees, one delimitating offshore blocks and their coordinates and the second approving the model exploration and production agreement. Obstacles are normal in a country's path towards energy production and we are confident that Lebanon will overcome them. Once the companies are awarded contracts, there is no further cause for concern.

NGE: When it comes to its energy potential, would you consider Lebanon in an advantageous position in comparison to its Eastern Mediterranean neighbours?

GB: Lebanon has majors advantages compared to its neighbours. Its strategic geographic location is one of them: Lebanon is neither an island nor an isolated country and can hence easily access export markets. The transportation of its natural gas will

prove to be a relatively simple endeavour given the already existent infrastructure and Lebanon's ability to export to various markets, locally and further.

NGE: Will Lebanon succeed in taking advantage of the tight window of opportunity offered by the constantly changing LNG market?

GB: I believe that we are entering a 'golden era' for natural gas that will last for the next decade. Lebanon's efforts have already commenced and will continue until the country reaches production phase.

NGE: When will Lebanon reach export phase?

GB: It all depends on the pace on which Lebanon is moving ahead and on the luck in the discoveries. The fact that our surveys are advanced will allow exploration phase to be relatively brief.

NGE: What are the most recent [estimates](#) for Lebanon's hydrocarbon wealth?

GB: 45 % of our waters have been surveyed. Results indicate that there is a 50% probability that 96 Tcf of natural gas could be found under our seabed and 850 millions barrels of oil onshore. It is important to note that the rest of our sea has yet to be surveyed and we are confident that we will encounter additional indicators that more hydrocarbon wealth could be found.

NGE: Will you be opening all the blocks for bidding at once or progressively?

GB: The blocks will be opened progressively. To open them all at once would be a major mistake that we cannot tolerate. The approach needs to be balanced between conservatism and aggressivity. A progressive awarding of the blocks will allow the process to be more manageable and Lebanon to embrace the new learning curve. Our capabilities, knowhow and workforce will also adapt accordingly.

NGE: Will Lebanon be taking measures to mitigate the possible [negative effects](#) of an eventual energy boom?

GB: Of course. Our petroleum law has anticipated this risk by stipulating a model to distribute the tax and the revenues in an effective and transparent manner.

NGE: Can an American involvement help solve the [maritime border dispute](#) between Israel and Lebanon?

GB: The recent American initiative to this effect revealed positive signs that the United States could be indeed part of a success story. It is in America's interest that the region achieves peace and stability and we will welcome such a contribution as long as it is fair and unbiased.

NGE: Will Lebanon be using [Cyprus'](#) LNG terminal to process and transfer its gas?

GB: We don't see why Cyprus wouldn't use Lebanon's services instead. We have strong indications that Lebanon may contain bigger reservoirs than Cyprus.

NGE: What was the outcome of the recent meeting between yourself and the Cypriot minister of energy?

GB: We discussed drafting the unitization agreement that sets out the principles for splitting common reservoirs.

NGE: Do you believe that the new hydrocarbon wealth in the region will be a source of conflict or cooperation?

GB: There is no doubt that cooperation will be the outcome. Energy projects require new dynamics of productivity and positivity.