

THE DAILY STAR

LEBANON

Lebanon oil, gas prospects onshore high

By Mohamad El Amin

BEIRUT: Prospects of substantial gas and oil reserves offshore, onshore and near the coast in Lebanon are quite high, said experts speaking at the Lebanon International Oil and Gas Summit 2012 as ongoing seismic surveys reveal even more promising geological structures.

Neil Hodgson, new ventures manager at Spectrum, a British company which in October completed a first phase survey of 2,320 square kilometers to the south of Lebanon's Exclusive Economic Zone, said analysis of seismic data is increasingly showing high prospects.

He said geological structures in Lebanon's EEZ to the north of the gas field Tamar, discovered off the coast of Israel, are up to three times wider than reservoirs in Israel's field, which is estimated at 274 billion cubic meters.

Last week, Spectrum announced the start of phase 2 of their "Multi-Client 3-D survey" in the Levantine Basin. The new survey will comprise 1,200 square kilometers of "long offset" seismic data offshore of Lebanon (see map).

"The results of initial processing confirm our expectations; this is truly a very exciting area for hydrocarbon exploration with a number of different prospects," he told a panel at the conference, which concludes Tuesday.

Onshore prospects are also promising, Hodgson said, adding that seismic surveys by Spectrum would soon commence in the Bekaa Valley.

The second phase of Spectrum's offshore survey is scheduled to be completed in December, and an initial product is planned to be available for hydrocarbon companies by the end January 2013. A final product will be available to international oil companies by mid April 2013.

Speaking to The Daily Star on the sidelines of the conference, Per Helge Semb, Middle East regional manager for Petroleum Ge-Services, another leading surveyor of Lebanon's potential gas and oil wealth, echoed Hodgson's highly optimistic view of prospects.

"It is an exciting time for Lebanon now and I can really see the change from no interest at all to today, when the entire major [international energy firms] are highly interested.

"What we are seeing from the data we acquired is a lot of interesting geological features, similar to what we see in Tamar and Aphrodite [natural gas fields in Israel and Cyprus]," he said. "The potential is great."

Not only are natural gas prospects high for Lebanon, petroleum, Semb added, was likely to be found in reservoirs close to the coast.

PGS, he said, is launching late Monday or early Tuesday a new survey focusing on locating oil reservoirs near the coast of Lebanon to be completed between April and May 2013.

"We are now focusing close to the shore, where we believe potential to find oil is high," he said. "But we cannot tell before the survey is concluded and drilling starts," he added.

Semb said near-shore oil reserves could also be more important than those buried in the deeper seabed, which could be geologically unrecoverable.

"When you are dealing with oil, if reserves are buried too deep and temperatures are too high, then it is deemed 'overcooked,' and you have a destroyed potential," he said.

"So it is important that oil systems should not be overcooked and that's why we believe the [coastal] margin is very important [for oil prospectively]," Semb added

Rabih Ouajian, senior investment analyst at Consolidated Contractors International, a Lebanese-owned London-based firm, told The Daily Star that the company had already partnered with several international oil firms including India's Carin Energy.

Oujajian shared other experts' highly optimistic prospects for Lebanon's oil sector, expecting revenues to be in the hundreds of billions of dollars over the next decades, following an exploration phase of five to seven years.

But contrary to extremely high interest by international firms outlined by many experts, Ouajian said only the strongest companies would actually be able to bid for a license, given the deep location of most natural gas reserves.

Waleed Khaddury, adviser at Middle East Economic Survey, outlined geopolitical challenges to the development of the sector.

He said a persistent conflict between Turkey and Cyprus, on one side, and Israel and Lebanon, on the other, could threaten prospects, particularly given that final demarcation of maritime borders would now have to follow hydrocarbon discoveries in the Levantine basin.

Bashir Bassatne, who represented Hypco and B.B. Management, told The Daily Star local downstream firms were partnering with international upstream companies to apply for the first exploration licensing bid early 2013.

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04/12/2012