

LEBANON: BIDDING ROUND SET TO OPEN ON 10 APRIL 2014

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Delayed for the third time already, [Lebanon](#)'s first offshore bidding round is now set to be opened on April 10, 2014. The various delays and postponements are threatening to deter investors from participating in the development of Lebanon's believed to be vast deposits of natural gas. Local and regional political instabilities have prevented the country from forming a [government](#) that would have the power to issue two essential decrees necessary for the launching of Lebanon's first licensing round (one delimitating the offshore blocks and the second approving the model sharing agreement).

Current caretaker minister of water and energy Gebran Bassil repeatedly urged the caretaker government to hold an extraordinary session to issue the crucial pending pieces of legislation. However, a special session was not endorsed by the President and the caretaker Prime Minister. Moving forward without the decrees would increase investors' uncertainty and is unlikely to be well perceived. With the ongoing conflict next-door in Syria and aggravated security threats in Beirut, further [delays](#) are not to be dismissed.

Yet, major oil and gas investors seem to be holding on to the promise of tapping into Lebanon's substantial gas riches. Optimistic estimates suggest that up to [96 Tcf of natural gas](#) could be lying under Lebanon's seabed. For how long oil and gas majors will be interested is yet to be seen. Lebanon has three months to form a government before it can sign contracts, which seems to be too short of a delay given the facts on the ground. The [political situation](#) is not improving, and without an environment of progress and stability, large funds are unlikely to be injected into Lebanon's hesitant aspiring energy industry.

Next-door in [Cyprus](#) and [Israel](#), big plans seem to be kept on track with [Cyprus' LNG](#) project in Vassilikos and Israel's continuous development of its giant Leviathan still ongoing. Israel has opted for regional exports - to the [PA](#), Egypt and [Jordan](#) - while Cyprus is relying on further gas finds in its EEZ to afford its multi-billion project. An LNG offers flexibility and would allow gas exports given that exports to further destinations via pipeline are complicated by geopolitical considerations. The latter could have inspired Israel's current strategy to start by exports to immediate neighbours. An LNG terminal in Cyprus remains hypothetical at this stage with Cyprus' confirmed quantities of natural gas not yet sufficient to justify the commercial viability of the plan although Cypriot officials are keen to see it happen.

The existence of [considerable natural gas deposits](#) in the Levant basin is becoming less and less contested. What remains problematic is the Eastern Mediterranean's never ending political battles, hostility and unresolved conflicts. Collaboration and joint planning would make the Eastern Mediterranean a powerful energy producer if efforts were put in the same direction. Attempts to resolve the [Lebanese-Israeli](#) maritime border via the interference of intermediaries have all failed thus far, and that is only one of the obstacles that the region will have to face in its transition towards energy production. The potential is definitely there and deserves persistence and hard work to bring it to fruition. The outcome will certainly depend on the Eastern Mediterranean's ability to overcome geopolitical difficulties, and that's no easy matter.