

# THE DAILY STAR

LEBANON

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## Energy giants among 46 firms to prequalify for gas licenses

By Lysandra Ohrstrom

BEIRUT: Chevron, Exxon Mobil, Shell and Total are among the 46 international oil companies to prequalify to bid for offshore gas exploration contracts in Lebanon, caretaker Energy and Water Minister Gibran Bassil announced Thursday.

Though two decrees demarcating the 10 maritime exploration blocks to be auctioned off and establishing a revenue-sharing model must be passed by the Cabinet before contracts can be awarded, Bassil vowed to launch the tender on May 2, whether or not a new government has been formed.

"Negotiations with the winning companies need the approval of the Cabinet, but that will not stop us from continuing our work," Bassil told reporters at the Petroleum Administration headquarters. "We have completed all the maritime survey work and the book of conditions [to govern] contracts. The exploration strategy was also completed. The next step is for the government to issue the remaining decrees that will allow companies to continue their work."

Bassil also promised to forge ahead with extracting offshore gas within the borders delineated by the government, despite the dispute with Israel over 330 sq km of Lebanon's territorial waters.

"The issue of the borders with Israel will not have an impact as long as we are alert. ... There are many cases around the world of disagreement over borders, where oil is extracted without one side harming the other."

Neither the border dispute or the caretaker status of the government have deterred investors, according to the Petroleum Administration. In fact, the level of interest from global energy giants for both operator and nonoperator rights holder licenses exceeded early expectations. "We were expecting less but it turned out to be more, which is good for Lebanon – especially when you look at the type of companies [who applied], not only the number," a member of the administration told the Daily Star. "If you see the profile of these companies, how big they are, their technical experience, their financial assets – we attracted the best of the best. The six super majors are here with all the other big companies. Even the nonoperators are really big – all the Japanese, the Koreans, the Russians, the Europeans. We really attracted a big number."

In addition to the aforementioned quartet, Repsol, Maersk, Statoil, Anadarko, Eni, Inpex, Petronas and Petrobras all qualified to submit bids as operators in the upcoming licensing round, meaning the winners would be responsible for managing day-to-day field operations on behalf of rights' holders, building wells, and designing and executing the exploration program. Four

applications were rejected, Bassil said, because one company did not meet any of the eligibility criteria; two did not have assets of more than \$10 billion; and the fourth did not demonstrate development experience at depths exceeding 500 meters.

Meanwhile, 34 of the 38 companies that submitted prequalification applications as nonoperators rights holders are eligible to bid for a license. Bassil said the other four applications were rejected because the companies did not have assets valued more than \$500 million or a sufficient development track record.

If all goes according to plan, as Bassil assured it would, the ministry will announce the details of the model-contract and the tender protocol at the Phoenicia Hotel on April 30, open bidding on May 2 and close it in November.

Though the minister said all the technical documents had been drafted and endorsed by the Petroleum Administration, he would not offer any details about their content. By February 2014, exploration and production licenses for the 10 plots ranging in size from 1,259 to 2,374 sq km will be awarded, Bassil said.

The only long-term question mark on Lebanon's horizon that the minister would acknowledge at Thursday's news conference was which of the plots would prove most popular to perspective bidders: "I prefer to leave it to the companies. Right now we have 10 blocks as is well known and we see prospectivity is very high in all of them."

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