

# THE DAILY STAR

LEBANON

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## Bassil: One gas well provides 99 years electricity

By Elias Sakr

ABOARD MV POLAR DUKE: One of several offshore fields located in the southwest corner of Lebanon's Exclusive Economic Zone could contain 12 trillion cubic feet of gas, Energy Minister Gibran Bassil said Monday.

Lebanon has nearly completed a three-dimensional seismic survey of half of its 22,000-square-meter offshore EEZ, Bassil told journalists aboard a vessel heading some 110km southwest of Beirut's coast.

The MV Polar Duke was heading to the area of operations of British-based oil and gas services provider Spectrum, which is surveying a 3,000 square kilometer area near the disputed 854 square kilometer maritime zone with Israel.

The Lebanese government is expected to appoint the Petroleum Administration board next month, paving the way for the launch of a licensing round for offshore oil and gas exploration, Bassil told The Daily Star.

Bassil said the initial survey by Spectrum suggested that one of several blocks in the area contains a potential 12 trillion cubic feet of gas that could meet Lebanon's electricity production needs for 99 years.

David Rowlands, chief executive of Spectrum, had told The Daily Star last week that an initial assessment of the 3,000 square kilometers indicates there may be 25 trillion cubic feet of gas in the entire zone.

Spectrum's initial survey of the area will be available for oil firms in November, the company said in a statement handed to journalists on board the ship. The final product will be completed in early 2013.

Another offshore acquisition slightly to the south of the surveyed area is scheduled to start in October and end by November, Jevon Hilder, business development manager at Spectrum told The Daily Star.

Before reaching the production phase, oil and gas operations go through four stages starting with reconnaissance, exploration (three to five years), appraisal, (one to two years) and development (two to three years).

"Rather than wasting time, we are now past the reconnaissance phase and already in the exploration phase since we have half of Lebanon's offshore area surveyed and available for oil

companies ... thus saving a year or two of exploration time," Bassil said.

So far, 26 international companies – including some of the top five U.S. oil firms – have bought surveys of Lebanon's offshore area for a total of \$90 million that will be shared between Spectrum and the Lebanese state, Bassil added.

The interest shown so far by international oil firms proves, according to Bassil, that Lebanon's offshore area is promising in terms of investments in the oil and gas industry.

A basin modeling of Lebanon's Exclusive Economic Zone showed the potential existence of both oil and gas, according to the energy minister.

While the government could launch the licensing round for oil and gas exploration as early as next month, the Cabinet has yet to agree on the appointment of the six-member board of the Petroleum Administration, which has been delayed due to ongoing political bickering.

Once licenses are granted to international firms, experts say that Lebanon would need no less than five to seven years to reach the production phase.

Under the production phase, Lebanon would earn revenue from oil firms under three forms in accordance with the Petroleum law, Bassil said, adding that oil companies must pay royalty fees, share oilfield profits and pay taxes on earnings.

Revenue from royalty fees and the state's share of the profits will be poured into a sovereign fund while taxes will be transferred to the state treasury.

Lebanon has still to ratify a law on an oil sovereign fund and to issue the executive decrees pertaining to oil and gas regulations.

Spectrum will also finalize the program for onshore oil and gas exploration Tuesday before it kicks off execution in early 2013.

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