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# Lebanon Ready to Take the Plunge in Eastern Mediterranean Gas Bonanza

After months of studies and uncertainty, Lebanon appear ready to join their neighbors in the hunt for the Eastern Mediterranean's natural gas bonanza, with government officials hinting at a licensing round as early as the end of this year.



A seismic vessel is pictured off the coast of Lebanon on September 24, 2012. Seismic surveys of Mediterranean waters off Lebanon's southern coast suggest they contain 12 trillion cubic feet of natural gas, Energy and Water Minister Gebran Bassil said. (Image credit: AFP/Getty Images via @daylife)

Explaining away criticism about Lebanon's delays in launching exploration efforts with a simple, "better late than never", Energy and Water Minister Gebran Bassil told the Lebanon Daily Star that Beirut had laid the logistical framework to [allow production bids by the end of 2012](#). The government efforts include the formation of a Petroleum Administration to oversee the bidding and licensing process.

He added that studies commissioned by the government had not only proved the country's offshore potential, but offered larger reserves than previously thought, offering about 25 trillion cubic feet of gas, spread across about 3,000km of Lebanese waters.

Lebanon will join a number of countries in the region set on exploiting the Eastern Mediterranean's enormous natural gas potential, which has become a game-changing political and economic factor over the last four years.

According to a United States Geological Survey, the Levant Basin, shared by Lebanon, Israel and Cyprus, offers up about [122 trillion cubic feet in recoverable gas](#) and an estimated 1.7 billion barrels of oil. With such fortunes within reach, the region has jumped at the chance for possible energy independence and massive new revenue, with Israel and Cyprus leading the way. Like both countries, Lebanon is currently heavily dependent on foreign sources for their energy needs, with roughly 15 percent of GDP going towards hydrocarbon imports each year.

Although Minister Bassil has offered estimates of up to six years for real hydrocarbon revenues, the promise of easing costly dependence and establishing Lebanon as an energy hub in the region is cause enough for excitement. However, getting there will take far more than just serving up some long-delayed organization and political will.

### **Political Landmines**

Despite such potential and political will, Lebanon will likely face a number of hurdles before attracting the kind of lasting foreign investment interest, at least in terms of those from the United States or other nations currently at odds with the Hezbollah party presence in Beirut.

According to an Oxford Business Review report, it is not yet clear whether the pro-Iranian Hezbollah and its allies, which make up the largest legislative bloc in the government, will support the inclusion of Western firms and in exploration and production efforts. This potential resistance from the country's most influential political force is made all the more concerning to international firms thanks to a general unease about the country's political landscape in the eyes of both EU and US officials.

Additionally, there is concern that the ongoing violence in Syria could and will spill over into neighboring nations, straining an already volatile political environment. Regional observers were most recently reminded of the country's political unease on October 8<sup>th</sup> when a car bomb ripped through a Beirtu neighborhood, killing eight and wounding 80.

While the current government has avoided talking about expanding efforts into contested waters, Lebanon's ongoing debate about maritime borders could also complicate matters for the new energy push.

### **Rough Waters Ahead**

Political and security questions aside, Lebanon's largest obstacle to reaching and exploiting their offshore oil and gas claims could come from a lack of direct experience in deepwater excavation and, more importantly, an absence of adequate infrastructure.

The challenge of reaching the region's offshore reserves could be overcome with the right partnership and there is no shortage of eager partners. According to the country's Energy Ministry, 26 international firms have sought out and purchased the government's seismic studies of the region, so far. However, once extracted, Lebanon's hydrocarbons do not currently have many places to go thanks to a dearth of refining capacity and pipeline systems.

While Israel and Cyprus have both moved forward with projects aimed at absorbing the weight of new energy reserves for both domestic and export needs, including Liquefied Natural Gas facilities and possible transport lines to the European market in the pipeline, Lebanon's pace have left them under-prepared.

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