

Kabalan & Associates

مكتب المحامي نورالدين قبلان

Lebanon Legal Update

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Lebanon approves Oil & Gas Decrees

Approval of Oil & Gas Decrees:

On the 4th of January 2017, the Lebanese Council of Ministers approved the long-awaited oil & gas decrees required to launch the first offshore licensing round.

These decrees are expected to be published in a forthcoming issue of the Official Gazette.

The oil & gas decrees are required to progress the first offshore licensing round which has been stalled since its initial launch.

- The first decree delineates the offshore blocks within the Lebanese EEZ.
- The second decree specifies the conditions and terms of the licensing round on the basis of a model Exploration & Production Agreement and Tender Protocol which sets out the requirements and procedures for the licensing round.

The MOEW / LPA Action Plan:

The Ministry of Energy and Water ("MOEW") and the Lebanese Petroleum Administration ("LPA") are currently preparing the action plan to be submitted to the Council of Ministers which is expected to cover the following actions:

- To contact the pre-qualified Oil and Gas companies that are still interested in the offshore licensing round. The Lebanese Government shall decide thereafter if there will be a new pre-qualification round.

Further advice should be taken before relying on the contents of this note

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- To determine the submission date of the companies' offers regarding bidding blocks.
- To evaluate these offers.
- To sign agreements with Oil and Gas companies
- To amend the Tax Procedure law accordingly
- The MOEW and LPA are also working on Sovereign Treasury Law

The Bidding Blocks:

The Lebanese Government and the Petroleum Administration intend to offer 5 blocks for bidding out of the currently delineated 10 blocks in a gradual process.

Bidders will have quality data available to them covering approximately 90% of the EEZ. International companies such as Spectrum conducted 3-D seismic surveys of most of the Lebanese coast to determine the potential size of hydrocarbon deposits.

Furthermore, the Former Energy Minister Gebran Bassil commented that the Lebanese Republic holds a gas reserve much bigger than the one related to neighboring countries which could potentially exceed 96 trillion cubic feet.

Licensing Round:

The approval of both decrees is the main step toward progressing the first licensing round for offshore oil and gas exploration in Lebanon's Exclusive Economic Zone. 46 companies had previously been given the green light to participate in the first round of bidding that was stalled until now.

Ministerial Committee:

The Ministerial Committee chaired by Prime Minister Saad Hariri and including Ministers of State Planning, Minister of Finance and Minister of Energy and Water, which is in charge of the Offshore Petroleum Resources Law and Petroleum Activities Regulations is currently working hard to achieve its goals through amending and updating these laws.

The Lebanese Government noted its determination to move forward in developing the oil and gas sector.

Please contact us should you require any further information.

Written by Nouredine Kabalan and Marwan Khatib.