

For Immediate Release



## **Energy Minister Gebran Bassil from AUB: If Lebanon moves to natural gas, it will reap in billions of dollars in savings**

Beirut, Lebanon- 27/04/2012 - Moving to natural gas will net the country about \$1 billion in savings to the energy sector while protecting the environment and enhancing security of energy supply, said Energy and Water Minister Gebran Bassil at an international workshop on natural gas at the American University of Beirut on April 27, 2012.

Organized by AUB's Munib and Angela Masri Institute of Energy and Natural Resources, under the patronage and with the participation of Energy Minister Bassil, the one-day workshop addressed the topic, "The Role of Natural Gas in Lebanon's Future Energy Mix." It also included Arab and international energy experts who discussed how to prepare for the "hydrocarbon era."

Nesreen Ghaddar, chair of the steering committee of the institute and AUB's associate provost, welcomed participants, highlighting the goals of the institute and the importance of the workshop.

AUB President Peter Dorman congratulated the institute for organizing the workshop, noting, "The caliber of participants is a testament to the importance of this topic to the nation, the region, and the world."

Dorman also highlighted the importance of interdisciplinary research and energy studies in AUB's strategic academic goals. "We are all impacted by energy issues," he said. "By working together, utilizing the research acumen of academics, the hands-on experience of professionals, and the will of the government, we can reach our goals."

Trustee Emeritus Munib Masri, after whom the institute was named, said that the institute was created to ensure that energy projects will be developed with sustainability, excellence, and innovation, in mind. "AUB, with its ideal geographical location and as a regional knowledge center is best equipped to ensure the success of our mission," he added.

Energy Minister Bassil underscored the importance of devising an energy policy that ensures both economic and environmental sustainability for the nation.

By relying on gasoline, gas oil and diesel oil, the country is losing \$6 billion annually, or 15 percent of the national GDP, Bassil told a full house at the Charles Hostler Auditorium in AUB. “We should gradually move to natural gas, at much lower production costs, so we can move from a services economy that promotes clientelism to one that is self-reliant and productive,” said Bassil.

Switching to natural gas would ensure security of energy supply as it will help diversify the energy mix, he added. Moreover, natural gas is more environmentally friendly and much cheaper than fuel oil. A switch would produce more than \$1 billion in savings, Bassil said.

The minister also overviewed the results of the latest offshore surveys which indicate a high presence of hydrocarbons, especially natural gas. He noted that the country is ready for the next phase of attracting construction companies, and has already pre-qualified 19 international companies in this sector. The government has already prepared a “flexible and protective” law for investors and the nation, and is ready with quality surveys and studies as well as terms of reference, he added.

“The use of natural gas may be the cornerstone for our energy strategy for the country,” he concluded. “AUB would be the best place to promote and fight for the new Lebanon.”

Farouk Al-Kassem, president of Petroleum a.s. and a former advisor to the Norwegian Industry Ministry who was instrumental in developing the Norwegian Petroleum Directorate, spoke of the challenges ahead for the petroleum sector worldwide and in Lebanon. “The good news is that Lebanon has made an excellent start and has a historic chance to develop its energy sector,” he said, noting that the country’s petroleum policy legislation and model contract constitute a good basis for the governance of natural gas exploration.

Al-Kassem, who has more than 54 years of experience in the petroleum sector under his belt, also urged the Lebanese government to learn from other countries. Some of the pieces of advice he gave included:

- the need to devise an accurate tax collection system and price calculation procedures, based on production outputs
- the need to carry on operations at a slow pace to mitigate damage to other sectors
- the need to manage the public’s expectations and for the government to be transparent in its assessment of prospects

Al-Kassem also warned that field development in deep water is technologically demanding and therefore “only giant discoveries are likely to be of commercial interest.”

Al-Kassem proposed that maintenance operations should be conducted by specially trained local personnel. He also suggested that a sovereign investment fund be created to collect proceeds arising from petroleum activities in order to help future generations.

Following the morning opening session, a number of international and local experts shared knowledge and best practices on the topic. The latest 3-D and mega surveys of the Lebanese offshore were also overviewed.

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## Note to Editors

### About AUB

Founded in 1866, the American University of Beirut bases its educational philosophy, standards, and practices on the American liberal arts model of higher education. A teaching-centered research university, AUB has more than 600 full-time faculty members and a student body of about 8,000 students. AUB currently offers more than 100 programs leading to the bachelor's, master's, MD, and PhD degrees. It provides medical education and training to students from throughout the region at its Medical Center that includes a full service 420-bed hospital.

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