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Cyprus – Finally, energy security for the EU in the pipeline?



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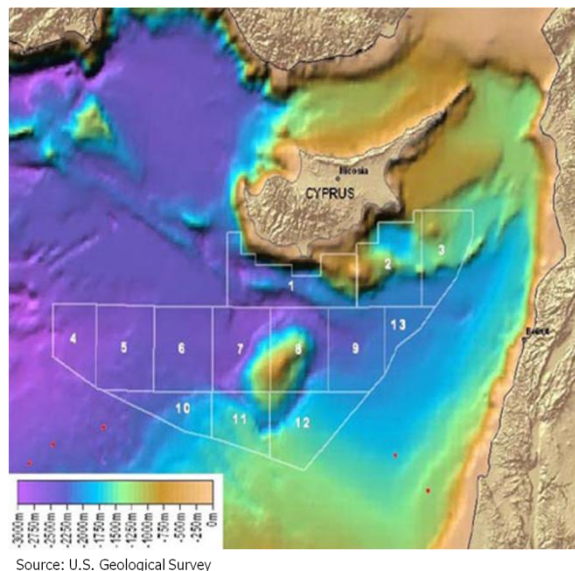




Natural Gas consumption is projected to double worldwide by 2030 due to expected growth in energy demand. Many European countries rely on a limited number of energy supply sources and such reliance creates serious issues of security of supply. **The vulnerability of the EU to energy supply risks is a fact but this can be no more. If the most conservative data is taken into account in regard to the natural gas reserves discovered in the exclusive economic zone (EEZ) of Cyprus (and the Levantin Basin), for the first time ever in European energy history, the EU is guaranteed an uninterrupted supply of a traditional energy source.**

Estimates of reserves in the two primary fields in the Levantin Basin are believed to be in the region of 24.5 trillion cubic feet (Leviathan 16tcf and Tamar 8.5tcf; seismic evidence of the Cypriot block Aphrodite (parcel 12) currently being drilled by Houston's Noble Energy, is estimated to be about 50% richer than Israel's Leviathan field.

If the finding confirms the estimates, including those of Israel in the Leviathan region, will rank among the largest in the world in the last 10 years. The amount of gas estimated from these two parcels alone is equal to half of the known reserves of those the United States; a country with a population of 310 million, whereas the total population of the Cyprus, Israel and Lebanon claiming ownership rights to the two main parcels in the Levantin Basin is less than 13 million. **It is important to note that the U.S. Geological Survey estimates that the Levantine Basin holds an estimated 1.7 billion barrels of oil and a mean of 122 trillion cubic feet of recoverable natural gas reserves** – the worldwide proven reserves of conventional gas alone total 187.49 trillion m³ with a reserve production ratio of more than 60 years.



The Cyprus government, Noble Energy as well, seems to be oriented towards the construction of an onshore natural gas liquefaction plant, intended to process and export LNG instead of a pipeline. According to Noble Energy, the LNG plant is more flexible in terms of selling natural gas to the highest price bidder than being stuck to a single or few buyers at the end of the pipeline.

Complex challenges lie ahead: **Is the installation of the pipeline from Cyprus to mainland Europe feasible, or the water depth and the underwater terrain forbid such a task? If a pipeline is a no go, does this mean that the transportation of gas will have to employ conversion into liquid natural gas (LNG) and, in early time, perhaps compressed natural gas (CNG) transportation? Does Cyprus pipe the gas or stores it for export? Isn't a liquefaction plant too expensive an option? Is Cyprus able to undertake such an expensive task, especially if the LNG route is followed? Will the countries in the Levant Basin, such as Israel and Lebanon, manage to put aside their differences and cooperate for the real benefit of their people or would this be the cause of more tension? Is a pipeline running from Cyprus gas fields to onto Turkey and then to the proposed Nabucco conveyor a wise decision? Is giving Russia gas concessions for Cyprus and the EU a wise decision?**

The natural gas discovered in Cyprus is not just a Cyprus issue; it is an issue of primary importance for the whole of the European Union that should be tackled jointly by both Cyprus and the EU. **For the first time ever the EU is given the opportunity to avoid dependence of energy supply on politically and economically volatile countries and regions such as Ukraine, Turkey, Eurasia and the Middle East!**

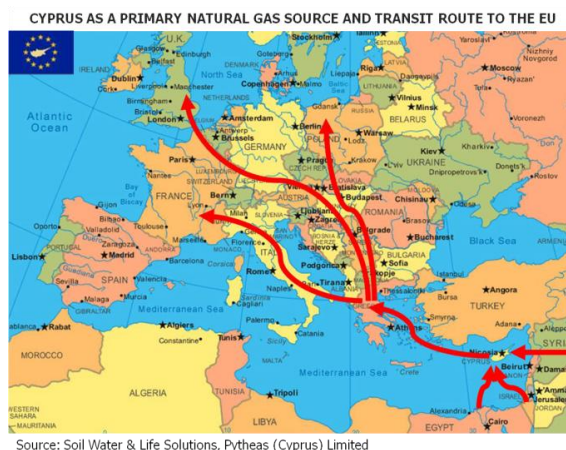
Cyprus, Israel and the EU (with the lead coordination of the EU and Cyprus) but also Lebanon, Syria and Egypt should jointly work together to ensure that an appropriate framework and



solid plan are in place in order to complete exploration drilling and commence exploitation as quickly as possible. The U.S. as well, world history has proven that stable EU means stable U.S. What is more, the EU and the U.S. must make Turkey understand that it has to conform to international law (See relevant article by the same author: [Turkey unveiled and the dawn of a new energy opportunity for the EU](#)).

What if a JV is structured with the EU? What if Cyprus and the EU set up a company together for the exploitation of the hydrocarbons in the Levantin Basin along with the participation of Israel, Lebanon, Egypt and Syria?

Such a venture will minimize both sovereign and financial risks for all parties involved. It will secure both the source and the transit route that should be no other but to avoid Turkey, with a pipeline to mainland Greece and then to the rest of Europe – this is the only way for an uninterrupted and guaranteed energy source supply for the EU.



The damaged pipeline between Syria and Iraq when reinstated and the political environment allows, can become an additional source enhancer; Qatar and Saudi Arabia could also connect to the Syria-Iraq pipeline...

The Government of Cyprus may have to pause and consider this option! The EU has to look at the whole issue with a different eye. And presently, whether the next parcel will be allocated by a tendering process or directly is secondary, to the "nationality" of the company that will be granted the next parcel or to the contents of the agreement between Cyprus and the successful grantee.

Cyprus can become a guaranteed primary natural gas source and transit route to the EU, of the EU but also a hub of reconciliation and regional stability!

Sources (Alphabetically)

- ▶ EKEM European Energy Policy Observatory – Iraq’s alternative routes for reaching the European gas markets
- ▶ Eurogas – The role of natural gas in a sustainable energy market
- ▶ International Gas Union – Changing market dynamics, challenges and opportunities
- ▶ King & Spalding – LNG in Europe, an overview of European import terminals
- ▶ Natural Gas Europe – How to move Cyprus’ (prospective) gaz bonanza
- ▶ The Wall Street Journal – Iraq, Iran, Syria sign \$10 bn gas-pipeline deal
- ▶ U.S. Geological Survey – Assessment of undiscovered oil and gas resources of the Levantin Basin province, Eastern Mediterranean
- ▶ Wikipedia – Arab Gas Pipeline

See also other related publications by Pytheas:

- ▶ [Turkey unveiled and the dawn of a new energy opportunity for the EU](#)
- ▶ [Investing in Cyprus, an EU bridge to the world of business](#)

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