

Libya Oil and Gas Opportunities Vol. 3



Introduction

This third volume of Oil & Gas Opportunities in Libya updates the previous edition published in 2001. This was at a time when Libya, two years after the suspension (but not lifting) of United Nations sanctions, was starting to emerge from its political isolation and offering the international energy community large acreage for exploration and production of oil and gas.

While Libya undoubtedly offers attractive reserves, comparatively low production costs and easy access to the major consuming markets in of Europe, there are still significant difficulties attached to doing business in the country. Most projects require patience as well as good deal of flexibility.

However, this all changed in December 2003 with the surprise announcement that Libya was to give up its weapons of mass destruction. Now, many US sanctions have been lifted – the UN's went in September 2003 – and finally the country appears to be about to normalize its relations with the outside world.

“Now is the era of economy, consumption, markets and nationalities” said Colonel Ghadaffi in a speech in early 2004. It appears that the old way of doing things in Libya may be about to change.

For the energy sector, the new hydrocarbon law is said to be imminent and along with it a modern, exploration and production-sharing agreement. It is to be accompanied by the offer of new acreage – for the first time not as part of a package but individual concessions – awarded in a transparent, open bidding process and with the promise of speedy negotiations to permit foreign companies quick access to their new acreage.

And now, for the first time in 20 years, it's not just European oil companies that are being wooed. Many of the US firms who abandoned their assets in the 1980s are already negotiating a return and several others have expressed an interest

The first chapter in this third edition provides an update on new exploration work and field development in the oil sector as well as looking at some of the reforms that have been carried out within the National Oil Corporation. Chapter 2 looks at the success Libya has had with its gas development plans, the major West Libya



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Gas project, future opportunities including the development of a liquefied natural gas industry and power and petrochemical schemes.

Chapter 3 presents the current opportunities for investment in oil and gas as well as the means of investing, including the new hydrocarbon law and production sharing terms and conditions. Chapter 4 examines the implications of the lifting of sanctions and what this means for the investor, while Chapter 5 provides economic and political analysis.

Finally, Chapter 6 looks at some of the foreign oil companies already involved in Libya's energy sector and looks at who might be entering next, including the returning Americans.

The appendices provide more details on the economy, investment legislation, a background to the sanctions era as well as details on those embargoes still in place. Finally, there is a section on useful resources and contact details that could be of interest to the prospective investor.

Published October 2004 Available for \$1195 USD Acrobat version, \$895 USD in print

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