

On Structuring Offshore Hydrocarbon Production Sharing Contracts: Lebanon's Case

Ali Yassine, Bacer Maddah, Najat Younes
American University of Beirut
Engineering Management Program, Beirut, Lebanon

The interest in Lebanese offshore hydrocarbon potentials is increasing, especially after the discoveries in neighboring countries that share the same geological underwater basin with Lebanon. In this paper, we present a framework for structuring (i.e. defining parameters) and analyzing offshore hydrocarbon contracts in Lebanon and similar countries. Our research is based on an extensive benchmark study of offshore production sharing contracts PSCs using country profiling and statistics collected from each contract. We also build a simple financial model for PSCs to perform a sensitivity analysis to identify critical contract parameters that has the highest effect on the government share. Based on this database and on country profiling, we propose plausible ranges for the parameters of potential Lebanese production-sharing contracts. In addition to this, our paper studies the factors of significant influence in the oil and gas industry, and therefore, on the parameters of hydrocarbon PSCs. Our objective is to assist any government in formulating and managing the contracting process for hydrocarbon assets.

Submitted to the Energy Journal