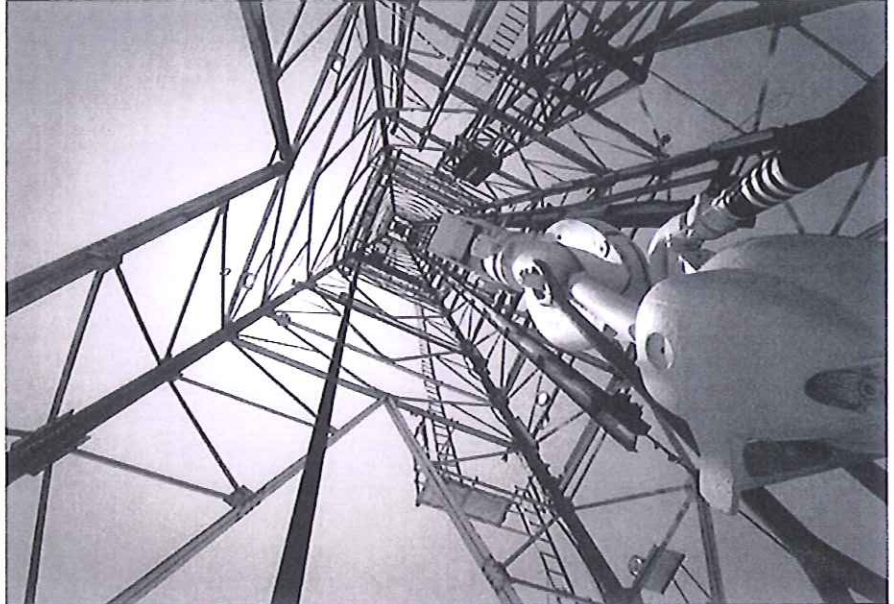


Decoupling politics from hydrocarbon activities in Cyprus



If energy experts or academics with a profound understanding of energy matters were asked who should participate in the process of crafting the national energy policy of a country, their answer would definitely entail the strong participation in the decision-making process of people with a deep understanding of the technical aspects of energy.

But then again if politicians were asked the same question their response would be more inclined towards people with skills grounded in the geopolitics of energy both at the local and regional level and, probably, in the economics of energy. Given the complexity of energy decisions both of them are right.

Others would argue that getting into grips with the politics of energy is easier than deepening one's knowledge on the technical side of things.

And this because the technical domain requires rigorous training and probably academic or vocational qualifications in energy be it petroleum engineering, physics, chemical engineering, renewable energy, engineering, or on more exotic subjects such as nuclear science.

When a nation needs to make strategic decisions on energy then a national committee of experts including engineers, economists, politicians, lawyers, environmentalists, and chemists, to name but a few specialists, is formed. In the case of Cyprus this does not entirely hold true. In September 2011, Texas based Noble Energy commenced offshore drilling operations in Cyprus.

Behind the scenes a small team of technocrats from the Energy Service of Cyprus, who initiated the whole hydrocarbon process, monitored on behalf of the Cyprus government the drilling process.

Given the specialised nature of these engineering operations few people in Cyprus have the expertise

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to oversee the first ultra deep well ever drilled in Cyprus.

Understanding the physics of drilling, geological considerations, the technical and environmental aspects, the inherent risks, wireline logging, are only a few of the plethora of issues that a team needs to bear in mind. In the meantime the general public and the international community, especially energy companies, are closely monitoring the situation impatiently waiting for the preliminary results of the exploratory well.

To everyone's amazement, few weeks after the new Minister of Commerce, Praxoulla Antoniadou, an economist by training, assumed responsibilities deprived from the director of the Energy Service Solon Kassinis associated with the drilling procedure.

Strikingly enough, the political wrangle, which happened in the middle of the drilling operation, cast doubts over the successful completion of the subsea well. Prior to that Kassinis was barred from informing the general public about the drilling operation. Even if the Cyprus Government has total control over the operation by having formed a "secret" committee of experts to handle the matter, a number of serious questions remain unanswered. Subsequently we pose some of those:

1. Offshore drilling is a niche area which requires dedicated skills and training often under the most adverse environmental conditions. Does the government have the expertise to oversee the operation?

2. Why did the government not make good use of the expertise that the Energy Service has developed over the years regarding hydrocarbon prospecting, exploration, and exploitation?

3. Is there adequate supervision and monitoring of the drilling operations on behalf of the government?

4. How do we know that Noble Energy (and the government) honours the commitments of the production sharing contract?

5. In the event that a "think-tank" was formed to provide expert opinion to the government about the exploratory drilling how much do the Cyprus's taxpayers incur for these services?

6. Who does this level of secrecy on behalf of the government serve?

7. Cyprus's citizens retain the right to be informed, on a regular basis, about the drilling operations. Why are they left in the dark?

8. Why would energy companies interested in the second licensing round for hydrocarbon exploration trust a government who does not trust its own technocrats?

9. In the absence of transparency it will be nearly impossible for the government to convince its citizens that the right decisions were taken. How can public trust be restored?

10. Arbitrary government decisions will discourage energy companies from bidding on other offshore blocks. How can this be avoided?

11. Do you think that energy decisions should be decoupled from politics and handled by an independent national advisory committee of experts?

12. On what grounds should the government appoint a team of experts? Perhaps through a transparent process based on the merits of individuals or hire a consultancy firm?

13. Recycling senior figures from government posts into other key positions does not bring a new perspective on energy matters. Why not put to good use the young accomplished Cypriots professionals who have great potential to open up new possibilities?

Constantinos Hadjistassou is a researcher at the University of Cyprus specialising on conventional and low-carbon energy. More material can be found at Energy Sequel (www.energysequel.com).



By Constantinos Hadjistassou, D.Phil*

LIMASSOL: Inesaloniakis Street, Nicolaou Pentadromos Center, Shop 1
Tel. 25372244Fax. 25359565
PAPHOS: 26 Nikos Antoniadou St.
Tel. 26953408/09/10Fax. 26953406
Separations / Printing / Packing:
Proteas Press Ltd
2571 Nisou, P.O. Box 21098, 1501 Nicosia
Tel. 22479000Fax. 22479200