



## Libya: the new great hope? (Hah)

Posted by [Yankee](#) on June 9, 2005 - 1:12pm

There was an [interesting story](#) on NPR's Morning Edition yesterday. Now that the Bush administration has finally lifted sanctions on Libya after 18 years, American oil companies are seeing lots of black gold for the taking. The story starts with an anecdote about [Occidental Petroleum](#), headed by an Arabic speaking CEO, which recently claimed drilling rights to 9 of 15 blocks on bid. They got these rights in exchange for a \$100 million signing bonus and an agreement to only take ~10% of the yield of any future finds.

People are hoping that Libya's reserves are second only to Saudi Arabia. According to [the DOE](#), Libya has proven reserves of 39 billion barrels, but "Libya remains 'highly unexplored' according to *Wood Mackenzie Consultants*, and has 'excellent' potential for more oil discoveries." Currently, Libya is pumping 1.4 mbd, and hopes to get to 2 mbd by 2010. Furthermore, most of their reserves are sweet crude.

Since Libya has essentially been on hold for 18 years, they're desperate for American know-how and they're hoping American oil companies will be lured in by the promise of riches. Right now, they have infrastructure dating back to the 80s, and no money, anyway (they need \$30 billion to ramp up to the production levels they're hoping for). However, Libya isn't the idyllic petroleum haven that they'd all like it to be. Qaddafi is known to be unpredictable and despotic, and while he's receptive now, you never know how he might feel in a couple of years. There are other legal problems, like the fact that Libya requires all companies doing business in the country to sign an agreement that they'll boycott Israel. Unfortunately, these kinds of agreements are illegal in the US (though Libya may be willing to turn a blind eye).

So here's a little number crunching. The US alone uses 19.7 mbd of oil. If all of Libya's proven reserves went to the US, we'd only have another 5.4 years of oil. Unfortunately, we're not the only consumers of oil, so unless they really find a lot more than they already know about, it's not going to help all that much.

[Go to the postings for today](#)

Technorati Tags: [peak oil](#), [oil](#)



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).