

Libya's NOC, Central Bank woo oil majors in London in struggle for contracts



An offshore oil platform is seen at the Bouri Oil Field off the coast of Libya August 3, 2015. REUTERS/Darrin Zammit Lupi

By Libby George

LONDON (Reuters) – Libya's National Oil Company and Central Bank chairmen engaged in another round of blitz meetings with oil majors in London in a renewed effort to stop its rival wooing its clients.

The head of the Tripoli-based NOC, Mustafa Sanallah, said he and Tripoli-based Central Bank Chairman Saddek El-Kaber held meetings with 26 oil firms over the course of three days in London, including Britain's BP and U.S. major ExxonMobil, as well as OMV, Motor Oil Hellas, Hellenic Petroleum and Vitol.

"We got the response from the oil sector that they are committed to all contractual terms" with us, Sanallah said. Rival NOC and central bank leaders appointed by internationally-recognised premier Abdullah al-Thinni, seeking to gain control over Libya's oil sales, hope to discuss contracts with oil majors at a conference in Dubai next month.

"We don't expect (our partners) will go there," said Sanallah. "They are committed to working with the NOC" in Tripoli.

The internationally-recognised eastern government said in March it wanted oil buyers to pay through a new Dubai-based bank account, replacing a decades-old payment system via NOC Tripoli. Oil customers have thus far eschewed such discussions due to legal concerns.

Libya, which relies on oil revenue for nearly all of its income, has been battered by the oil price drop of around 60 percent over the past year, coupled with production losses from fighting and protests from various local factions since a group called Libya Dawn seized control of the capital last year.

The fighting has depleted oil revenue to just over \$5 billion in the first six months of the year, compared with some \$50 billion in total during peak production and higher oil prices in 2012. Current production of 360,000 barrels per day (bpd) is less than a quarter of the peak.

This has also raised questions about the solvency of the central bank and its access to foreign currency.

Sanallah said the NOC is working to switch the country's power grid in the coming months from gasoil, which it is currently forced to import, to natural gas it produces itself.

He added that Kaber has more than 30 other "austerity" measures aimed at stemming the loss of currency reserves.

Sanallah is also working to reopen certain fields, such as El Sharara, which is currently closed as a result of protests from local community leaders.

The field accounts for nearly 20 percent of Libya's production, and has been open for just four months in the past year; the lost revenue during that time has approached \$10 billion.

"We're trying to open the valves and keep the dialogue going," Sanallah said.

While the NOC and central bank have fastidiously avoided politics to keep the country's oil lifeline flowing to the Libyan people, Sanallah said successful talks between the two factions could provide a salve to the beleaguered oil industry.

"If they reach a conclusion, I think immediately we could go back to full production," Sanallah said, adding the "atmosphere itself" would change.

(Reporting by Libby George; Editing by Ruth Pitchford)

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