

[UAE](#)[WORLD](#)[BUSINESS](#)[OPINION](#)[ARTS&CULTURE](#)[LIFESTYLE](#)[SPORT](#)

[HOME](#) > [World](#) > [MENA](#)

## Gas finds in Eastern Mediterranean a test for Levant nations

Lebanon, Israel, Syria and Cyprus vie for new natural gas reserves that are already causing political realignments in the region, as the Israelis get closer to Greece.



Don Duncan

January 23, 2011

Updated: January 23, 2011 04:00 AM



BEIRUT // The ground under the sea floor of the eastern Mediterranean is filled with trillions of cubic feet of natural gas, offering the prospect that regional rivals might all benefit from an energy bonanza.

**EDITOR'S PICKS** \_\_\_\_\_



The promise of hydrocarbon riches off the coast of the Levant is shaping new alliances and stoking old conflicts.

But it is possible the discoveries could yield some peace rather than more acrimony.

Cyprus's energy chief, Solon Kassinis, believes mutual self-interest may prevail. "It's time that energy is used as a catalyst to bridge the differences between nations in this troubled region," he said.

There are many obstacles to overcome, however. Israel and Lebanon are feuding over a maritime border and exchanging hawkish warnings about protecting their resources - by force if necessary.

Under international law, countries have the exclusive right to explore for resources out to 200 nautical miles off their coasts in what is called an "economic exclusion zone".

In cases where zones overlap, a median line must be agreed upon. Cyprus's zone overlaps with those of many countries, including Israel, Lebanon and Syria.

Cyprus signed a maritime border agreement with Israel in December. It has done the same with Egypt and Lebanon and is negotiating with Syria.

It is trickier between Lebanon and Israel, which remain officially in a state of war that has existed since 1948 when Lebanon joined other Arab nations against the newly formed Jewish state. Recently, Lebanon's prime minister urged the United Nations to increase pressure on Israel to end what Lebanon claims are Israel's violations of its borders, and to help prevent it from exploiting



*THE AMERICAS*

**American Al Qaeda suspect**



*EUROPE*

**World's richest woman**



*LIFESTYLE*

**Your guide to seafood in the UAE**



*MONEY*

**Money & Me: 'I invested my student loans**



*FASHION*



Lebanese oil and gas.

Lebanon contends that Israel has illegally taken part of its maritime territory, an allegation Israel denies. And Lebanese officials warn that Israel might steal its gas through "horizontal drilling", a technique that enables a driller to extract far from the original spot where a drill entered a well containing gas or oil.

Even though Lebanon has not established maritime borders with Israel, it is nonetheless working feverishly to make sure it wastes no more time in the regional resource race.

Egypt was the first country in the eastern Mediterranean to develop its energy resources, back in 1910, when it was under British rule. More recently, in 2000, Palestinians discovered a gas field off the coast of the Gaza Strip, but Israel has prevented them from bringing the gas ashore.

Israel itself has made some of the biggest finds of all. In 2009, companies exploring in Israeli waters found the Tamar field, 130 kilometres offshore from Haifa and containing some 8.4 trillion cubic feet of gas.

Last month the same companies drilling in the nearby Leviathan field announced a massive find. Drilling 135km offshore, the US oil company Noble Energy confirmed the field contains 16 trillion cubic feet of gas, the largest deep-water find in a decade.

The discoveries stand to profoundly change dynamics in the region. Israel, subject to trade embargoes from many Arab fuel exporters, has had to look far afield for its fuel - and pay a



**Dubai's  
Comptoir 102  
launches jewe**



*THE  
AMERICAS*

**World in focus  
- best photos  
for September**

## **MOST READ**

**New document sheds light  
on the changing nature of**

**Saudi Arabia unblocks  
internet calling apps such as**

**Etihad scheme allows  
customers to pay for flights**

**Al Hijri New Year holiday for  
UAE public and private**

## **FOLLOW US**



premium for it. In 2009 dirty and costly coal accounted for 65 per cent of the fuel used in Israel's power plants to generate electricity.

Now its gas finds can put an end to the expensive and tenuous supply chain, making Israel significantly less vulnerable. In addition, the gas can transform Israel from an energy importer into a key exporter, which could provide financial and political dividends.

For example, relations between Greece and Israel have suddenly warmed. Israeli military aircraft, no longer welcome in Turkish skies, are training with the Greek air force. The prime ministers, Benjamin Netanyahu and George Papandreou, have had cosy visits. Israelis who once visited Turkey are switching to Greece.

Israel sees Greece and Cyprus as possible European hubs from which Israeli gas could be sold and transferred on - a role Turkey would like to play.

All this activity has not gone unnoticed in Lebanon. Lebanon is confident it has gas, and perhaps oil, off its coast. It began looking for it in 2000 but the project was delayed by domestic and regional conflicts. The recent discoveries by Israel have reinvigorated energy efforts in the country.

Wissam Zahabi, who advises Lebanon's Council of Ministers on energy matters, said: "This discovery has boosted the interest of oil companies for the East Med. So Lebanon is keen on going forward with this."

But the January 12 collapse of the government has derailed the country's intentions and cooled the

## FOLLOW US



## READ THE PAPER

[View the paper as it appeared in print](#)

[Download the iPad e-reader](#)







oil companies' interest. A round of licensing planned for this year has been delayed and a company that does seismic mapping has put its plans on hold, Mr Zahabi acknowledged.



Nonetheless, Lebanon has a compelling reason to kick-start exploration: electricity for its citizens.



Today, Lebanon provides only 60 per cent of the total demand, according to the Ministry of Energy and Water.



Also, a gas or oil find off Lebanon's coast could solve another deficit, in its accounts. Analysts say that if Lebanon finds gas fields even close in size to those found by Israel, it could do much more than solve the country's energy shortage. It could greatly reduce the country's suffocating public debt, now at just under US\$50 billion (Dh183bn).

Walid Khadduri, a consultant with the Middle East Economic Survey, said "Lebanon is not very far from Europe. They could start building pipelines to Europe."

The challenges of actually drilling in geopolitically sensitive territory are considerable.

In Lebanon's case, political dysfunction threatens its energy projects. The country has lurched from one crisis to another almost continually since the late 1960s. And this month, Hizbollah forced the collapse of Prime Minister Saad Hariri's government in a dispute over a United Nations investigation into the assassination of Mr Hariri's father, Rafiq, when he was prime minister.

Government officials acknowledge that a stable and effective government would be an enormous help for companies looking for energy. But analysts say the current crisis will not dissuade oil



companies from coming.

"It's always a risky investment, but then the reward is enormous if they find it," Mr Khadduri said. "In Iraq, companies took the risk and it's much more dangerous than the situation in Lebanon. That's what oil companies do."

Beyond chronic political drama, Lebanon's hydrocarbon hopes depend on regional geopolitics. As adversaries, Lebanon and Israel have not agreed on maritime borders. Lebanon has unilaterally defined its maritime border with Israel by submitting it to the United Nations.

In contrast, Israel made no effort to stake a claim with the United Nations and has run a string of buoys along what it contends is its sea border with Lebanon. Of course, Lebanon claims the line is in its territory and has complained to the UN.

Martin Nesirky, a UN spokesman, said the Lebanese request is "being studied" by the Division for Ocean Affairs and the Law of the Sea (Doalos) and other UN agencies. He also said the secretary general, Ban Ki-moon, has yet to decide on a course of action.

"There are experts, including them [Doalos] and others, who have been looking at this with the aim of being as helpful as possible so Lebanon can make sure, if it wishes to stake a claim, to make its claim clear, that it can do so in the right way and the right context," Mr Nesirky said last week.

In any case, Israel contends that its new fields are well south of any border Lebanon could claim.

"Some of the fields are going to be close to the Israeli waters and vice versa," Mr Khadduri said. "I



think we'll have problems on that score. You can't separate the Arab-Israeli conflict from this."

Geopolitics are likely to play an even larger role in the gas bonanza when full-scale drilling starts in the fields. For now, most countries of the eastern Mediterranean are in the early stages of exploration.

But already, Lebanese and Israeli officials have suggested how far they are willing to go to guard what they deem a vital interest, thus threatening to expand offshore the kind of tensions that currently afflict the two countries' dealings over their land border.

In June, the Lebanese parliament speaker and Hizbollah ally, Nabih Berri, said unequivocally that the gas reserves discovered by Israel extend into Lebanese territory.

Gebran Bassil, the Lebanese energy minister, said: "All we are asking for is to respect our borders, our rights and our resources. A natural resource can be a reason for war."

Israel ratcheted up its rhetoric, too. "We will not hesitate to use our force and strength to protect [our resources]," declared Uzi Landau, Israel's minister of national infrastructure.

There is a precedent between the two countries for such sabre-rattling over a key natural resource.

In 2002, the then-Israeli Prime Minister Ariel Sharon said any attempt by Lebanon to siphon more water from a river that runs through the territory of both nations was grounds for war.

Before the UN and Washington stepped in to calm tempers, Hizbollah replied with a threat to "cut off Israel's hands" if it used military force.