

# Barclays Capital bullish on Israeli natgas

Published: Aug. 31, 2012 at 12:40 PM

RISHON LEZION, Israel, Aug. 31 (UPI) -- RISHON LEZION, Israel, Aug. 31 (UPI) -- Israel has long been a major importer of energy supplies, including oil and natural gas, but recent discoveries have drawn positive outlook for the Israeli energy sector.

Barclays Capital has given a "positive" outlook on Israel's energy exploration and production, citing the scheduled start of commercial production from the eastern Mediterranean Tamar gas field by mid-2013.

Barclays also noted the finalizing of supply contracts with Israel Electric Corp., which has been able to secure financing for the field's development.

In its analysis Barclay Capital noted despite the natural gas fields being in contested areas, "Leviathan is one of the largest natural gas discoveries globally in the past decade and commercializing the resource will require the introduction of strategic partners," Israel's Globes business newspaper reported.

U.S. company Noble Energy Inc. said on its second quarter 2012 earnings call in May that it was pleased with the interest shown in its Leviathan marketing effort and continues to move toward a new partner announcement by year-end, Barclays Capital said.

The U.S. Energy Information Administration said that in 2011 Israel consumed 129 billion cubic feet of natural gas but produced only produced only 55 bcf.

Until the "Arab Spring" began, toppling Egyptian President Hosni Mubarak last year, Egypt supplied Israel with more than 40 percent of its natural gas used to generate electricity but supplies are now effectively shuttered. Accordingly, Israel is working to develop its offshore resources.

Israel also imports all of its oil and coal, leaving the government deeply interested in developing indigenous alternatives.

Israel's first potential Mediterranean offshore natural field, Tamar, was discovered in 2009 and Leviathan was discovered the following year. In June 2011 an Israeli company further announced the discovery of two new natural gas fields, Sarah and Mira, about 45 miles off the city of Hadera.

Noble Energy announced that drilling in the 125 square-mile Israeli Leviathan-1 offshore Mediterranean natural gas field had "the potential to position Israel as a natural gas exporting nation."

Initial Israeli prospecting estimates of the Tamar and Leviathan fields off Haifa, concluded that the sites between them could hold as much as 688 billion cubic meters of recoverable natural gas

In March 2010 a U.S. Geological Survey assessment of the Levant Basin, the Israeli, Lebanese and Republic of Cyprus offshore Mediterranean region concluded that there was a 95 percent chance at least 50,000 billion cubic feet of natural gas could yet be discovered and that in total the Levant Basin could contain as many as 227,430 billion cubic feet of natural gas and 483 million barrels of oil.

But, not surprisingly, the offshore assets have provoked wrangles between the countries involved. These include a series of claims between Israel and Lebanon, Turkey and the Republic of Cyprus, with Syria yet to be heard from.

"It is a great advantage for Israel. The new findings not only shift the geostrategic balance in the region, but also send a major strategic blow to Iran," East Tennessee State University political science Professor Dilshod Achilov said.

"In the bigger context, this may instigate a large-scale regional competition to search for oil and gas in the Eastern Mediterranean as Lebanon, Cyprus, Syria and Turkey may launch their own search missions. Iran's proxy in Lebanon, Hezbollah, will probably act fast within the Lebanese government to push hard to seek its share of the pie."

© 2012 United Press International, Inc. All Rights Reserved.