

Field of dreams: Israel's natural gas

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After decades of importing every drop of fuel, Israel has struck it rich, uncovering vast reserves of natural gas in the Mediterranean

The black and yellow helicopter heads north from Tel Aviv, passing over empty beaches, a yacht harbour and a string of sprawling seafront residences that house some of Israel's wealthiest families. After a few minutes the pilot makes a sharp turn to the left and steers his ageing Bell 412 towards the open sea.

For more than half an hour, all there is to see is the blue waters of the Mediterranean. Then suddenly a hulking mass of brightly painted steel rises from the midday haze. Towering more than 100m above the water, this is the Sedco Express, a drilling rig that has been operating in this stretch of ocean for almost three years. As the helicopter touches down on the landing pad, we see a small blue and white Star of David flag fluttering in the wind. It is the only sign that the Sedco Express sits atop one of the greatest treasures that Israel has ever found. Far below, connected to the rig by a slender steel pipe that runs through 1,700m of ocean and another 4,500m of rock and sand, lies a vast reservoir of natural gas known as the Tamar field.

The men on board the Sedco Express are busy testing the field's multiple wells in preparation for the long-awaited day next April, when a US-Israeli consortium will start pumping the gas onshore. With reserves of almost 10 trillion cubic feet of natural gas, the Tamar field is a hugely valuable asset for the Israeli economy. Discovered in January 2009, it was the biggest gas find in the world that year, and by far the biggest ever made in Israeli waters. But the record held for barely two years. In December 2010, Tamar was dwarfed by the discovery of the Leviathan gasfield some 20 miles farther east – the largest deepwater gas reservoir found anywhere in the world over the past decade. The two fields, together with a string of smaller discoveries, will cover Israel's domestic demand for gas for at least the next 25 years, and still leave hundreds of billions of cubic feet for sale abroad. The government take from the gasfields alone is forecast to reach at least \$140bn over the next three decades – a staggering sum for a relatively small economy such as Israel's.

Experts are convinced that Tamar and Leviathan will not be the last big Israeli discoveries. They point to the US Geological Survey, which estimates that the subsea area that runs from Egypt all the way north to Turkey, also known as the Levantine Basin, contains more than 120 trillion cubic feet of natural gas. Israeli waters account for some 40 per cent of the total. Should these estimates be confirmed through discoveries in the years ahead, Israel's natural gas reserves would count among the 25 largest in the world, on a par with the proven reserves of Libya and ahead of those of India and The Netherlands. For decades a barren energy island, forced to import every drop of fuel, Israel today stands on the cusp of an economic revolution, fuelled by the vast riches that lie below its waters.

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