

Israel Offshore Gas Finds Trigger Dispute With Lebanon, Cyprus Questions Boundaries

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Natural gas discoveries off Israel have sparked a debate with Lebanon over potential resources in the eastern Mediterranean and prompted Cyprus to seek clarification on maritime boundaries.

[Noble Energy Inc.](#) and Israeli companies controlled by billionaire [Isaac Tshuva](#) have announced two finds in the past 18 months that may hold 24 trillion cubic feet of gas, more than twice the U.K.'s gas reserves. Cyprus is seeking clarification on water borders as Lebanon officials have said the gas may extend into its waters and urged its own prospecting.

"We're engaged in an ongoing dialogue with Cyprus in order to reach an agreement based on international practice and good neighborly relations," said [Yigal Palmor](#), a spokesman at Israel's Foreign Ministry. "As for Lebanon, they don't even acknowledge that they should talk directly with us, so their claims are not based on good faith."

The dispute adds to tension for the nation, already criticized for its raid on a ship carrying aid to the Gaza strip. Israel and Lebanon are technically at war and have no diplomatic relations. Israel, which is seeking to wean itself off oil and coal imports from as far away as Mexico and Norway and has bought gas from Egypt in the past decade, has said the finds may allow it to start exporting gas.

'Immediate Action'

"We will not allow Israel or any company working for Israeli interests to take any amount of our gas that is falling in our zone," Lebanon Energy Minister [Gebran Bassil](#) said by telephone on June 17, adding that it warned Noble not to work close to its economic zone. "It's the responsibility on the one hand of the Israeli government and on the other hand of Noble."

Bassil said the government and lawmakers "should move quickly on starting the exploration of offshore gas."

"We're in touch with Israel regarding the demarcation of the exclusive economic zone," a Cyprus Foreign Ministry official, who declined to be named citing government policy, said by telephone. "There has been no agreement so far as there is no appropriate legal framework in Israel."

The finds, [Leviathan and Tamar](#), lie about 130 kilometers (81 miles) and 90 kilometers, respectively, off Israel, according to Israel's National Infrastructure Ministry. [Delek Drilling-](#)

[LP](#), one of the fields' partners, said on June 15, in response to reports, that the licenses are in waters where Israel has authority.

Shares Fall

[Delek Drilling](#) fell 7 percent this week on concern over the territorial disputes and as the government said it may increase taxes on gas revenue. [Avner Oil & Gas Ltd.](#), another partner in Tamar and Leviathan, fell 4 percent while Ratio Oil Exploration 1992 LP rose 2 percent. Noble is up 3 percent this week.

The Leviathan prospect is owned 39.7 percent by Noble, 15 percent by Ratio Oil Exploration 1992 LP, 22.7 percent by Delek Drilling-LP and 22.7 percent by Avner Oil & Gas Ltd.

A coastal state is entitled to explore for oil and gas in its economic zone, which extends 200 nautical miles (370 kilometers), according to the [United Nations Convention on the Law of the Sea](#). A halfway point is used when the distance between countries is less than 400 nautical miles. Haifa, in northern Israel, is about 148 nautical miles from Cyprus, which is located north of Leviathan.

Complex Claim

Lebanon's claim may be complex because its border with Israel is indented, making it harder to establish where Israel's sea boundary ends and Lebanese waters begin, said [Robbie Sable](#), a professor of international law at Jerusalem's Hebrew University. Cyprus is "a more straightforward case" since the licenses are closer to Israel, there's very "little to dispute" between the two countries, he said.

Legal disputes between states over the maritime zones where gas is located usually begin with negotiations, said Norman Martinez, a lecturer at the [International Maritime Law Institute](#). When negotiations fail, the parties may agree to other means of settlement such as arbitration, he said. Most end up in the international court of justice, he said.

Israel has a signed agreement with Jordan on the border in the Gulf of Eilat, and has unwritten agreements with Egypt and the Palestinian Authority. There's no such agreement with Lebanon. In cases of dispute, it is usual practice to hand the decision to arbitrators, which are listed by the UN Convention on the Law of the Sea of 1982. Israel isn't a signatory to the convention because it's concerned over biased arbitrators.

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