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## ENERGY BRIEF

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### **LEBANON, ISRAEL CONTEST MARITIME BOUNDARY CLAIMS IN EAST MEDITERRANEAN**

Potential conflict appears to be brewing in the eastern Mediterranean Sea between Lebanon and Israel because of overlapping offshore exclusive economic zones (EEZs) claimed by both countries. As Lebanon and Israel continue to be technically in a state of war with one another, it will be up to the United Nations to resolve the issue as quickly as possible in order to prevent a clash that would jeopardize the development of the possibly huge offshore hydrocarbon reserves expected to exist in the East Mediterranean.

Responding to a letter sent to the UN by Lebanon a year ago, in which Beirut identified the offshore coordinates of its EEZ, Israel's cabinet last week endorsed the coordinates of its own maritime territory with the intention of registering them with the world body.

Israel has in the past two years announced the discovery of two large offshore fields – Tamar with 8.4 trillion cubic feet (tcf) and Leviathan with 16. It was recently announced that two other blocks offshore Israel – Myra and Sarah – may hold as much as 6.5 tcf. Since its creation in 1948, Israel has been dependent on energy imports. Now with reserves that are estimated at more than 700 billion cubic meters, the country will soon be capable of meeting its entire gas demand for decades to come and stands prepared to become an energy exporter through a proposed LNG plant to be based in Cyprus.

Israeli Prime Minister Benjamin Netanyahu on July 10 announced that a draft of the northern maritime border of Israel had been approved by his government saying that the “line demarcates the area of the state’s economic rights, including the exploitation of natural resources.”

Israel is to submit its version of the maritime border to the UN in order to go on record as not accepting the delimitation line made by Lebanon. Israel is not a signatory of the International Law of the Sea, while Lebanon has signed the treaty.

Mr. Netanyahu said Lebanon’s interpretation of the offshore boundary was significantly farther south than the one it had been proposed. The Israeli line runs out to sea at a northwest angle from the UN-demarcated land border. Lebanon’s runs more in and east to west direction. At the farthest point, there is around 15 kilometers of overlap. Mr. Netanyahu said Lebanon’s map “also

conflicts with the line that we have agreed upon with Cyprus and, what is more significant in my eyes, its conflicts with the line that Lebanon itself agreed upon with Cyprus in 2007.”

Cyprus, which is considered as having offshore hydrocarbon reserves of its own, has signed delimitation agreements with Egypt, Israel and Lebanon to determine its own EEZ. The accords have been fully ratified with Egypt and Israel, but the Lebanese parliament has yet to endorse the Cyprus line.

Speaking in Beirut last week, British Ambassador to Lebanon Ms. Frances Guy said Lebanon’s maritime borders must be demarcated under the supervision of the UN because Lebanon and Israel do not recognize each other. “We ask the Lebanese authorities to be patient,” she said. “The United Nations and European Union will work on demarcating Lebanon’s borders with Cyprus because Cyprus belongs to the European Union.”

With Israel under pressure to bring the Tamar gas field on-stream in 2013 in order to cope with uncertain future gas supplies from Egypt and reduce its dependence on coal for power generation, Lebanon is keen to get its own hydrocarbon sector in operation. But it is also keen to prevent Israel from encroaching on reserves that may exist in the territory that it claims as its own.

Lebanon’s Foreign Minister Adnan Mansour, who last month criticized the delimitation accord between Israel and Cyprus, on July 10 said Beirut would complain to the UN over Israel’s filing of maritime coordinates that overlapped its proposed southern offshore border. “This is an aggression on our gas and oil rights and we will not remain silent,” Mr. Mansour was quoted by Lebanon’s *Daily Star* newspaper as saying. “This is a *de facto* policy that will not bring peace for Israel. Israel is creating a new area of tension.”

Lebanon’s domestic political problems are prone not only to exacerbate the differences with Israel over the maritime boundary but also create differences within the government, which is now dominated by the pro-Iranian Hezbollah organization. For Lebanon to move ahead with establishing a hydrocarbon industry, a Petroleum Administration must be formed by the government. But there are questions within Lebanon itself about whether that body will be able to work without the political interference of the country’s political groups.

Lebanon has commissioned offshore seismic survey work to be carried out in its offshore territory and plans to hold its first bidding round in early 2012, provided the government manages to form the relevant administrative offices.

It goes without saying that the sooner the UN could delimit the eastern Mediterranean, the smoother the future of hydrocarbon exploration and development in the region will proceed.

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