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Gaza Marine Gas Field, A History Part 1

Submitted by Peter Garcia-Webb on Wed, 2014-01-29 10:13

The first of two articles, this article covers a history of the Gaza Marine gas fields from 1999 to early 2008. During that time the gas was discovered and its commercial viability assessed and confirmed, but the field was not developed. The reason lay in Israel's continued attempts to gain control over the gas and to return as little as possible in the way of profit to the Palestinian Authority.

Gaza Jericho Agreement 9 April 1994

This agreement was the outcome of a peace process supported by both the US and Russia that started in Madrid in October 1991. It delineated the area now known as the Gaza Strip or Gaza and transferred authority for its management to the Palestine Authority. In particular, the agreement described three Maritime Activity Zones covering the sea off the coast. These zones extended 20 nautical miles (37.04 Km) into the Mediterranean Sea. Zones K and M were narrow and lay at the north and south ends of the Gaza. Zone L lay between them.

Of note was that K and M were closed zones, navigation being restricted to the Israel Navy. Fishing and economic activities were to be allowed in Zone L. However foreign vessels were not to be allowed within 12 nautical miles of the coast. The agreement allowed for future discussion of a Gaza Port

Initial discovery of Gaza Marine

The Gas Light and Coke Company was established in England in 1812. It became the British Gas

Corporation in 1972 and was privatised by Margaret Thatcher in 1986. In 1997 it became the BG Group. In the mid 1990's it started developing its own LNG supplies.

In 1999 the BG Group was granted preliminary exploration permits to deep sea blocks that included the Tamar field off the coast of Haifa. It was also granted a concession to explore waters off the Gaza Coast. On 8 November, 1999 Yassar Arafat signed a 25 year deal on behalf of the Palestine Authority. Rights to the Gaza Marine gas field were split among three entities. The BG Group had 60%, 30% went to Consolidated Contractors Company (owned by two Lebanese families) and 10% to the Palestinian Authority's Palestine Investment Fund that had been set up by Salam Fayyad. The original agreement included field development and the construction of a gas pipeline. Of note was that the gas would be brought to shore in Israel, not in Gaza and Israel would in effect sell the gas back to Gaza. In passing, this arrangement meant that Israel could turn off the gas supply any time it wanted. Gas surplus to Gaza's needs would be supplied to Israel. The price being talked about at that time was not internationally competitive.

The BG Group drilled two wells, Gaza Marine-1 and Gaza Marine-2. Based on these two wells, a technical review in 2001 established the feasibility of exploiting the field. At that time the reserves were said to be 1.4 trillion cubic feet with a market value of around \$4 b.

Israel started to impose a naval enforced fishing limit on Gaza fishermen in 2000, bypassing the provisions of the Gaza Jericho agreement. This naval siege against fishing continues to the present day, and the Gaza fishing industry is all but destroyed. It seems likely that it was initially imposed to affect the way BG Group could develop the gas fields.

Camp David

The Camp David peace talks were held in late 2000. As part of those talks, Israel PM Ehud Barak was prepared to offer the entire Gaza strip to the Palestinian Authority, and as a part of that, conceded ownership of the Gaza Marine gas field to the Palestinians. This arrangement did not sit well with the then leader of the opposition, Ariel Sharon. On 28 September Sharon visited the Temple Mount and thereby deliberately precipitated the Second Intifada. An election was held in Israel on 6 February with Sharon winning 62% to Barak's 38% of the votes.

Sharon immediately tried to get the Gaza Marine back under Israel's control. Palestine's sovereignty over the field was challenged in the Israeli Supreme Court. Sharon stated that "Israel would never buy gas from Palestine". In 2003 he vetoed a deal that would have allowed BG Group to supply Israel with natural gas from the Gaza Marine.

Egypt and the Middle East Quartet

One outcome of the Second Intifada was the formation in 2002 of the Middle East Quartet. The four components were the United Nations, the United States, The European Union and Russia.

The BG Group responded to Sharon's attempt to take control by entering into negotiations with Egypt to supply gas from the Gaza Marine to that country instead of to Israel. British PM Tony Blair, as strongly pro-Israel then as he is today, intervened on the part of Israel. He managed to persuade the British BG Group to deal with Israel. Some had claimed that Tony Blair did not go totally unrewarded by Israel as a result of this,

but no substantial evidence exists to prove he benefited personally.

Hamas and Ehud Olmert

Yassar Arafat died in Clamart, France on 11 November 2004. The question of whether he was assassinated by Israel will never be answered. One consequence of his death was an increase in the conflict between his political party Fatah and Hamas. Hamas was founded in 1987 as an offshoot of the Egyptian Muslim Brotherhood. Hamas won the election for the Palestinian Legislative Council on 25 January 2006. This did not suit all the Middle East Quartet. The US and the EU classified Hamas as a terrorist organisation, though Russia did not.

On 4 January 2006 Sharon suffered a severe stroke, from which he was never to recover. Ehud Olmert took over as a functional PM and was confirmed as Israel's PM on 14 April 2006 when it was realised that there was no chance that Sharon would recover.

In May 2007, the Israel Cabinet approved a proposal put forward by Olmert to enter into a deal on the Gaza Marine with the Palestinian Authority. This new proposal had a commercial value of around \$4 b. About half of the expected profit, around \$1 b was to go to the PA, the rest would go to Israel.

However, there was no way the Israel Cabinet was going to approve the transfer of funds to Gaza when there was a chance that the funds would end up under Hamas control. The deal called for the Palestinian Authority share of the profit to be paid as goods and services. The overall effect of this proposal was to nullify the original deal made with Yassar Arafat. The deal was very much in Israel's favour.

The upshot was that the BG Group withdrew from negotiations with Israel and in January 2008 closed their Israel office.

Worse was yet to come, as will be discussed in part 2.

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The Author

Hi! My name is Peter. Last year I decided I would like to try my hand as an author. I've written a novel called Aeron, some poems and a short story. You can read more about me in the Menu heading About. Enjoy.



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