

Natural Gas Reserves – War in Gaza

In our recent article, [Middle East Investment – War in Gaza](#), we mentioned the Israeli defense industry as an investment possibility. An additional investment opportunity lies beneath the Mediterranean Sea off the shores of the Sinai Peninsula, Gaza, Israel and Lebanon. It is the Leviathan basin and some contend that the war in Gaza has more to do with natural gas reserves than specifically with Hamas and rocket attacks.

Who Controls the Sources of Energy and What Do They Do with the Profits?

The Leviathan is a large natural gas field located in the Mediterranean Sea. It lays eighty miles from the coast of Israel directly west of Haifa in waters almost a mile deep. Current estimates are that the basin contains more than 25 trillion cubic feet of natural gas as well as 600 million barrels of oil. This enough to make Israel an energy exporter while taking care of its own energy needs. It also could lead to closer relations with both Egypt and Turkey which could become buyers from Israel. Another lesser known natural gas field is Noa which lies in territorial waters off the coast of Gaza. This fact has led many to believe that the war in Gaza is really about natural gas reserves! *Le Monde* published an article entitled [Israel's War for Gaza's Gas](#).

Le Monde quotes Deputy Prime Minister Moshe Ya'alon as advocating previous military action against Hamas saying that Hamas participation in profits from gas production of the Noa field would threaten Israel national security as long as Hamas remains in power and would be tantamount to Israel's bankrolling terror against itself. Ya'alon said that without an overall military operation to uproot Hamas control of Gaza, no drilling work can take place without the consent of the radical Islamic movement.

From the Israeli viewpoint, letting their enemy have a share of natural gas profits is a bad idea. Because Hamas has lost the favor of Egypt there may be little help from that quarter. And because of the advances of an extremist group on Turkey's flank in Syria and Iraq there may be little from Turkey as well for Hamas and Gaza. In the end it will probably be Israel that develops the gas fields and Egypt and Turkey who benefit from a nearby source of energy for their economies. The result of the war in Gaza may simply be a better business relationship featuring Israel, Egypt and Turkey.

The Scope of Eastern Mediterranean Natural Gas and Exploiting It

According to *Sea NG*, natural gas reserves in the Eastern Mediterranean may run to as much as 200 Trillion cubic feet with Israel in control of 50 Trillion. The issue is one of [monetizing offshore natural gas](#) by Israel.

Israel's offshore reserves will surpass 50 Tcf, comparable to the proven natural gas reserves of Libya and Egypt, and will rank Israel among the top 25 nations in reserves. Yet to be determined is how, and if, Israel will be able to monetize these vast reserves.

Considering that Israel is likely to retain control of the gas reserves off its shore this may a good investment option. However, the issue is always how to make money from oil and natural gas still in the ground, especially when other folks with guns want a share.

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