

## Underwater oil could secure energy future'

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### Adira Energy plans to start exploring untapped Mediterranean oil resources in 2013 in effort to boost energy security.



Photo: Courtesy Adira Energy

Although the energy world has had its eyes on the enormous natural gas reservoirs off Israel's shores, untapped oil resources below the Mediterranean's floor may have equal potential to boost the country's energy security, an industry veteran and his team have determined.

Jeffrey Walter, CEO of Canada-based Adira Energy, will be leading his company's oil exploration off the coast of Tel Aviv next year, beginning with the first of three blocks licensed to the company. The first, Gabriela, has a total of approximately 110.1 million barrels of contingent oil reserves as well as about 55 billion cubic meters of natural gas, according to surveys commissioned by the company. Meanwhile, the second and third sites just north and south of Gabriela respectively, called Yitzhak and Samuel, contain about 79.1 million barrels and 65.8 million barrels of prospective oil.

Oil reserves that are termed "contingent" feature a higher level of confidence than those labeled "prospective."

Exploratory drilling is slated to begin at Gabriela at the end of the first quarter or beginning of

the second quarter of 2013, Walter told The Jerusalem Post on Wednesday.

Adira is in the process of acquiring all necessary permits and will be publicizing a report of its permit application next week, he said.

Prior to becoming CEO of Adira in February, Walter worked for 27 years at Noble Energy, where most recently he served as vice president of the business unit and director of various corporate subsidiaries – focusing on the eastern Mediterranean and presiding over Nobel’s natural gas exploration in the Tamar reservoir.

Tamar is estimated to have about 250 billion cubic meters worth of natural gas, while the adjacent Leviathan site has approximately 450 billion cubic meters – Noble Energy’s most successful gas exploration in history.

Located about 80 kilometers west of Haifa’s coast, Tamar’s gas is due to come online in Israel around April 2013.

As far as oil goes, however, Walter stressed that he is certain of the substance’s sizable presence under the Mediterranean shores. Within Adira’s own licensed Gabriela site, the company Iramco had drilled back in 1994 and discovered oil, but drilling practices were not up to par with those of today and oil prices were much lower, Walter explained.

“We’ve shot 3-D, high-resolution surveys,” Walter said. “We applied technology that has never been applied before in Israel to show fractures in the Jurassic carbonate.”

With such detailed information at clear resolutions, as well as an engineering team from international giant Haliburton, Walter said he is confident that Adira will be able to perform an effective extraction.

Asked why Noble Energy did not snap up these oil-rich blocks, Walter explained that each company in the region can only occupy a total of 12 blocks – a number Noble has already fulfilled. During Noble’s initial surveys of the entire Levant Basin, however, the company did recognize the potential for oil in its own blocks and throughout the area, estimating a grand total of between 210 million and 1.4 billion barrels of oil in the region, according to Walter.

As Israel consumes about 238,000 barrels of oil per day, Walter said that the discovery and employment of its own oil resources would be a gamechanger for the country.

From Gabriela alone, Adira estimates that it could produce oil for about 10 years, producing 50,000 barrels daily during its three peak production years.

Coinciding with Gabriela’s operation, the company would also be able to bring the 80 million barrels of oil from Yitzhak online through a subordinate platform from Gabriela.

“If you look at the two combined we will be producing for more than 10 years and we will be producing a lot more oil,” Walter said.

With the oil from both reserves coming in through one, shared platform, the infrastructure will be much less expensive and Israel's citizens will be able to benefit from higher royalties, he explained.

Meanwhile, the three Adira blocks are located quite close to the shore, as opposed to many of the other reservoirs, so transporting the oil to land will be much less expensive.

While the amounts of oil flowing can potentially be generous, Walter said he doubted there would be enough for export, unlike the country's natural gas situation.

"We think that [with] Gabriela coming out at 50,000 barrels per day, the market can easily absorb the amount that Gabriela produces," Walter said.

Adira's ventures, along with those of many other companies in the Levant Basin, will help secure Israel's energy independence in the not-so-distant future, the CEO stressed.

Although Israel's natural gas industry will soon be booming, Walter said he felt that there would still be a stable need for oil in the foreseeable future.

Power plants may be turning to natural gas, but airplanes, cars and other transportation modes are still heavily reliant on liquid petroleum, he explained. Therefore, continuing to explore conventional oil resources as well as natural gas and nonconventional sources like oil shale will be beneficial to Israel's future, according to Walter.

"If I were an Israeli citizen I would want both [conventional and oil shale] because you are dependent on other countries for security of supply," he said. "I think it will be good for the State of Israel to advance these programs. Israel has great natural resources that should be utilized."

As far as environmental concerns go, such as spills akin to that of the 2010 Gulf of Mexico disaster, Walter stressed that "drilling occurs all over the world without major spills.

"We're also complying with all the governmental regulations for emergency spill response and all of the relevant processes and permits required for drilling," he said, noting that Adira has its own independent emergency response plan as well.

Ultimately, he said, 238,000 barrels of oil daily "have to come from somewhere," and these barrels currently sit on oil tankers along the coasts of Ashdod and Haifa – equally ripe for spills.

Sea life will experience little disturbance from the drilling, according to Walter, who said that the explorations actually "have the exact opposite effect, believe it or not."

The rigs become a permanent place for coral and algae growth, ushering in fish to feed in the new ecosystems, he explained.

"When platforms are abandoned in the North Sea or the Gulf of Mexico, they become artificial

reefs,” he said. “When I go fishing in the Gulf of Mexico I always go nearer to the platforms because we know that’s where fish will be found.”

Looking at Israel’s energy development as a whole, Walter said he was impressed by the country’s quick advancement in the natural gas sector in recent years and hoped that Israel would find a strong oil partner in Adira.

“We’ve seen a tremendous amount of support from the State of Israel to advance the exploration of natural resources,” he said.