

# Israel Trades Future Gas for Drilling and Possible Security Today

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*Israel and Lebanon have agreed to a U.S.-mediated deal that demarcates the majority of their maritime border, granting Lebanon almost all of the territory it had originally laid claim to except for a critical, 5-kilometer-long security area near the coast. Lebanese President Michel Aoun, who leaves office on October 31, has approved the agreement. The Israeli government gave its initial approval and is set to have a final approval vote in the coming days, without submitting the deal to the Knesset for a vote. Israel's security establishment has expressed unanimous support for the deal.*

*The most important benefit of the deal for Israel is the ability to begin pumping natural gas as quickly as possible from the offshore Karish natural gas field free (at least in the immediate future) from the shadow of Hezbollah's repeated threats to attack its offshore rigs. Other benefits include: an agreement with a country that does not have diplomatic relations with Israel that establishes limited recognition for Israel's border and security buffer; potentially contributing to solving Lebanon's economic woes and rebuilding its political stability; alleviating U.S. pressure for a breakthrough; and claiming a diplomatic victory ahead of the November 1 elections.*

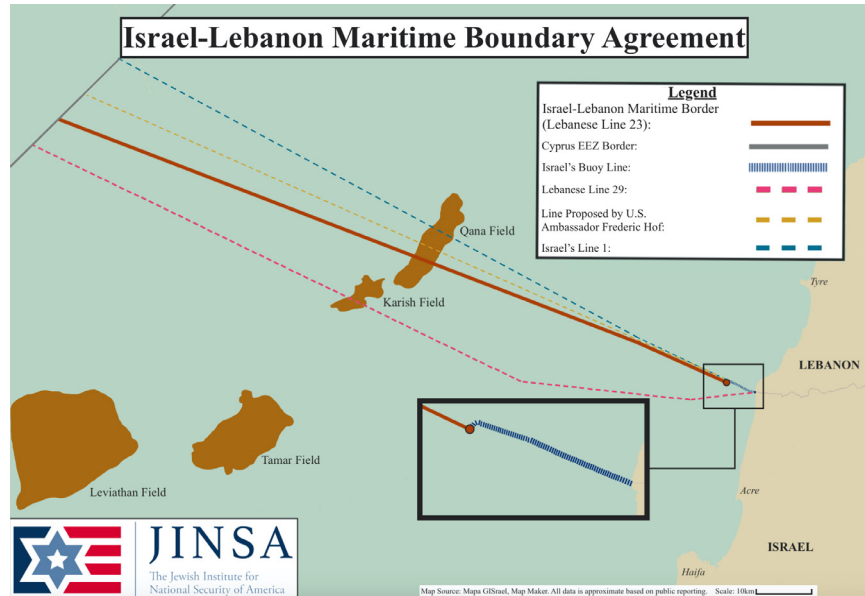
*The biggest risk for Israel is that, since it granted almost all of Lebanon's demands, Hezbollah could view Israel as capitulating under pressure due to undue aversion to conflict. This would weaken Israeli deterrence and could even lead Hezbollah to miscalculate by escalating along the land border. Time will tell. Further, without settling the status of the entire maritime boundary, let alone the land border, and establishing a clear mechanism for ensuring any proceeds from Lebanese gas extraction go to the people, not Hezbollah, the long-term implications of this deal remain uncertain.*

*Given this uncertainty and Hezbollah's previous threats to attack Israel, the Biden administration should ensure, both through its statements and its actions, that Israel has the full backing of the United States as well as the necessary military capabilities to quickly prevail in the event Hezbollah provokes conflict along its northern border.*

## What Happened?

- After Biden administration Senior Advisor for Energy Security Amos Hochstein [presented](#) on October 1 what was believed to be his final proposal for resolving the maritime border dispute between Israel and Lebanon, Beirut requested several changes on October 4 that Israel rejected on October 6.

- » Afterward, IDF Defense Minister Benny Gantz [reportedly](#) ordered the IDF to increase offensive and defensive preparedness for a possible escalation by Hezbollah along its northern border.
- On October 11, Israel and Lebanon agreed to a [final maritime boundary deal](#) that Hochstein proposed, what appears to be a slight modification from the previously reported but undisclosed drafts. [Reuters](#) has reported that Hezbollah approved the terms of the deal as well.



## Why Is It Important?

- In agreeing to a deal that largely grants Lebanese demands, Israel has traded some of its rights to offshore energy prospects so that it can begin drilling in a natural gas field near the new border as quickly as possible by reducing the immediate likelihood of a Hezbollah attack at sea. Israel also achieved recognition, albeit limited, for a maritime security buffer zone near the two countries' land border. While Hezbollah will not want to stand in the way of Lebanon—and itself—benefiting from the potentially lucrative deal by attacking Israel at sea, in the near- and medium-term, Hezbollah may interpret Israel's accession to Lebanese demands as weakness and choose to exploit it by threatening Israel along the land border instead. In the longer term, Hezbollah could still profit from this deal by misappropriating revenues from Lebanese natural gas drilling to fill its own coffers.
- According to the deal's text, Israel and Lebanon agree that it “establishes a permanent and equitable resolution of their maritime dispute” over a potentially natural gas-rich 860-square-kilometer area in the Eastern Mediterranean that will enable additional offshore natural gas exploration and development in the disputed waters.
  - » Israel and Lebanon have no formal relations and lack a settled land border. The current land border is the “Blue Line” that the United Nations drew after Israel withdrew its forces from southern Lebanon in 2000.
  - » The parties' original claims—Israel's Line One and Lebanon's official Line 23 boundary line—are based on different interpretations of the position and trajectory that the maritime border should extend into the Mediterranean Sea from various points in the sea near the Blue Line at the shore.

- Lebanon [started](#) its Line 23 thirty meters from the coast, while Israel drew its Line 1 claim sixty meters from the land.
- » In later negotiations, Lebanon amended its position from claiming Line 23 to demanding a boundary extending even further southward, Line 29.
- » At stake is the determination of whose territory two major natural gas fields—Karish and Qana—would lie in and, therefore, which country would profit from them.
  - Karish is estimated to contain [1.41 trillion cubic feet \(tcf\)](#) of gas. Although all other proposed boundary lines left Karish in Israeli territory, Lebanon’s maximalist Line 29 demand would have put at least part of the field in Lebanon’s EEZ.
  - Qana is still a prospective field, so there are no proven acquirable reserves, but the [largest estimate](#) puts it at 16 tcf, which would yield Lebanon roughly \$6.5 billion over fifteen years. Best estimates suggest that under the most optimistic scenarios, the Qana field will not generate significant revenues for at least five years.
  - The director of Israel’s Energy Ministry [reportedly told](#) ministers at a Cabinet meeting on October 7 the natural gas in Qana would only yield \$3 billion in potential revenues, but “it is also possible that [Qana] is completely dry.” The claim may have been an effort to push for the Israeli Cabinet to accept the deal, but if true, it would provide further rationale for Israel’s decision to forgo rights to drill in Qana.
  - The difference between Line 1 and Line 23 would have significantly affected the division of this field between Israel and Lebanon. Line 29 would have put this field entirely in Lebanon’s EEZ.

## Major Israeli and Lebanese Gas Fields



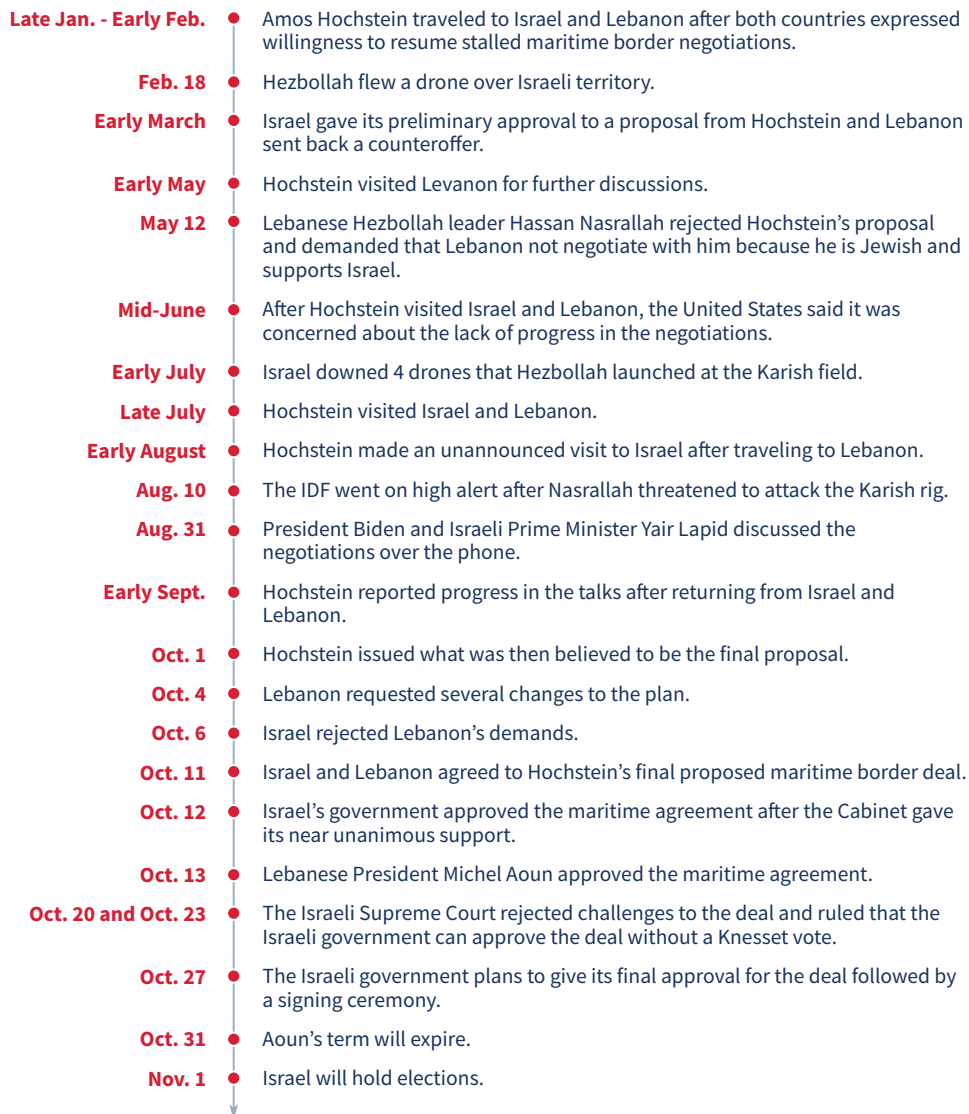
FIELD NAME	SIZE (TRILLION CUBIC FEET)
Karish (Israel)	1.41
Qana (Lebanon)	Maximum 16
Leviathan (Israel)	35
Tamar (Israel)	7.1

- The agreed-on deal grants Lebanon almost all of the territory it had originally demanded, mostly drawing the maritime border along Line 23. The exception is a 5-kilometer-long slice of territory near the shoreline, demarcated by a buoy line, which Israel already claimed control over for security reasons. The deal paves the way for establishing most of Line 23 as the official border between the two countries but stops short of recognizing the buoy line as the final border, referring to it merely as the “status quo.”
  - » The deal largely follows Lebanon’s official boundary claim, called Line 23, not Israel’s claimed Line 1. This puts the Karish gas field entirely within Israeli control and most of the Qana field in Lebanese territory.
    - Israel and Lebanon agree that the coordinates in the deal, which establishes a border starting at 5 kilometers from the shore along much of Line 23, will “supersede” their previous submissions to the United Nations and that “neither Party shall make a future submission of charts or coordinates to the United Nations that is inconsistent with this Agreement.”

- If the deal receives recognition in both countries, the annexes to the agreement include letters that they will send to the United Nations submitting their interpretation of the maritime boundary in accordance with the agreement’s terms and effectively setting Line 23 as the official international border between the two countries.
- » As for the section from the coastline extending out 5 kilometers to the start of Line 23, Israel achieved limited Lebanese recognition for its pre-existing buoy line that sits north of where Line 23 would be.
  - The buoy line, which Israel put in place after its withdrawal from Lebanon in 2000, marks an area in which Israel already exercised unilateral control. Its recognition was Jerusalem’s top demand in the negotiations for security reasons.
  - However, recognition of the buoy line—extending only five kilometers from shore—does not impact ownership of any offshore energy reserves, which sit further away.
- » Israel reportedly received a separate pledge by the United States to support Israel’s economic and security rights.
  - As part of the latest agreement, the United States [sent a letter to Israel](#) promising to support its economic and security rights, including the buoy line, should Hezbollah or another group challenge the agreement. This letter does not have legal weight and it is not clear what support the United States would provide beyond public condemnation of the violation.
- » The agreement enables further offshore natural gas development in both Israel and Lebanon since energy companies would have been discouraged from investing in disputed areas that could have changed control as part of an agreement or been subject to attack by Hezbollah or another terrorist group.
  - Lebanon will receive economic benefits north of the boundary, including from development of the Qana gas field should significant deposits be discovered. It will take several years to find and begin extracting offshore gas, but in the long-term, an agreement could offer Lebanon a much-needed economic lifeline and perhaps even a reason to curtail the influence of the Iran-backed terrorist group Hezbollah.
  - Israel also agreed to the deal because it ensures it will receive a proportional share of the revenue from Lebanon’s drilling in the Qana field.
  - The agreement notes that Israel and Total Energy, the French company with the license to develop the Qana gas field, will require a separate financial arrangement for Total to compensate Israel for giving up its rights to 17% of the field that lies in its territory. The deal specifies that Lebanon will not be responsible for this obligation. Israel will not drill or delay Total’s drilling in the Qana field. Total will ask Israel to drill in Qana south of the border if necessary.
  - Both sides agreed to U.S. mediation if there is a discovery of new offshore natural gas prospects that cross the boundary.
  - The gas that Israel extracts from Karish will soon be [flowing to Europe](#) as it looks for alternatives to reliance on Russian sources. Increasing Israeli offshore production will enable Europe to recover some of the gas it no longer receives from Russia.

- Israel's primary reasoning behind agreeing to this deal appears to be its ability to drill safely for natural gas in the Karish field near the new border by defusing Hezbollah's threat to attack the rig there and gaining limited recognition of its near-shore security buffer.
  - » The deal's recognition of Israel's buoy line ensures that it has a tactically important buffer security zone between Lebanon's side of the maritime border and the Israeli mainland. This additional maritime territory prevents line of sight from the Lebanese side onto Israeli land and gives Israeli forces tactical depth to view incoming projectiles and/or naval vessels, providing enough time to respond in the event of an attack.
    - The [entire Israeli security establishment](#) supported the deal because it maintains the buffer zone that the buoy line provides. Head of the Israeli Mossad David Barnea also [reportedly argued](#) that Nasrallah wants the deal because he does not want a war at this time. Barnea separately [noted](#) that "Nasrallah is in a bind because in all the years he did not want Lebanon to sign any agreements with Israel because they would grant it legitimacy. But once he realized the Lebanese public supports the agreement and views it as something that will improve its difficult situation, he decided to piggyback on it."
  - » The agreement decreases the immediate threat that Hezbollah will attack the Karish rig as it has previously threatened to do. Israel had [delayed](#) drilling due to reported technical issues at its Karish rig, which lies in territory that Lebanon had claimed as part of its maximalist demand (Line 29) but not its official boundary claim (Line 23).
    - In July, Israel [downed four UAVs](#) that Hezbollah launched at Israel's Karish gas field. Though Hezbollah claimed this was an unarmed reconnaissance mission, the Lebanese government [condemned](#) Hezbollah's drone operations. In a speech after the first three UAVs were downed, [Nasrallah claimed](#) "we will reach Karish and everything beyond Karish and everything beyond that... If you want to prevent Lebanon from exercising its right to save itself by extracting oil and gas, no one will be able to extract oil and gas."
    - On August 10, Hezbollah leader Hassan Nasrallah [threatened](#) that "whether a nuclear deal with Iran is signed or not, if the U.S. mediator does not give Lebanon what it asked for in terms of its rights, we are heading towards an escalation—we are heading towards a problem." Afterward, the Israeli Defense Forces (IDF) [went on high alert](#), and Israeli Defense Minister Benny Gantz [warned](#) on August 22 that a Hezbollah attack on an Israeli gas field "could trigger a reaction, leading to several days of fighting and to a military campaign."
  - » Even though Hezbollah was not an official party to the agreement its repeated threats made it a relevant player in the discussions. In the end, it allowed the deal to go through [unopposed](#).
    - On May 12, Nasrallah issued his clear opposition to Lebanon negotiating specifically with Hochstein because he is Jewish and supports Israel. In an antisemitic speech, Nasrallah made clear that he is "saying to the Lebanese state: If you want to continue negotiating, go ahead, but not in Naqoura, and not with Hochstein, Frankenstein, or any other Stein coming to Lebanon.... The path of negotiations, and especially via the conspiring, collaborating, and dishonest American broker who supports Israel, will not lead us to any results."

## Timeline of Recent Israel-Lebanon Maritime Border Negotiations



- However, Israel faced political pressure to reach a deal both from the United States and its own looming elections on November 1.
  - » Sensing that the deal may not go through if Israeli opposition leader Benjamin Netanyahu wins the Israeli elections in November, a [White House readout of a call](#) between President Biden and Lapid on August 31 indicated “the President also emphasized the importance of concluding the maritime boundary negotiations between Israel and Lebanon in the coming weeks.” With Biden then sending Hochstein to the region to negotiate, such a statement signaled that the president expected the two sides to quickly reach a deal.
  - » The agreement is shaping up to be among the [most divisive issues](#) in the upcoming Israeli election. The Israeli Cabinet's near unanimous acceptance is a political achievement for the Lapid, who has [framed](#) the deal as “historic.” On the other hand, Netanyahu [called](#) it a “historic surrender” to Hezbollah.

- Despite potential short-term gains for Israel, the long-term implications of the deal are uncertain. On the one hand, Lebanon now has an incentive to ensure that there is quiet in the Mediterranean, since conflict would disrupt its own energy development. On the other hand, the Lebanese government has little, if any, ability to control Hezbollah. Indeed, with no clear mechanism for reducing either corruption in the Lebanese state or Hezbollah's power, the terrorist group could be enriched by any eventual revenues from natural gas extraction made possible by the deal and emboldened by a perception that its threats drove Israel to concede to Lebanese demands—raising the potential for miscalculation and conflict.
  - » There are significant risks that Lebanon's lack of a sovereign wealth fund and rampant corruption in the country will prevent the revenues that it will generate from offshore natural gas deposits from reaching the Lebanese public. Hezbollah and its primary backer, Iran, will attempt to benefit financially from any Lebanese drilling, and it remains unclear how to stop this from happening.
    - By diverting funds from energy development, Hezbollah could bolster its arsenal and expand its corrupt patronage network.
    - Israel seems unlikely to allow a pipeline to cross into its territory in the near-term without further negotiations with Lebanon, so the gas Lebanon extracts will stay within its territory or to Syria, enriching another Iranian-backed adversary of Israel.
  - » While the agreement decreases the likelihood that Hezbollah attacks Israel in the near-term, it does not remove the threat of Hezbollah later choosing to escalate. While Israel reportedly delayed the Karish rig for technical reasons, it did so amid Hezbollah provocations to strike if it became active. Hezbollah may draw the conclusion that its threats deterred Israel from drilling at Karish and that Israel gave Beirut everything it wanted because Jerusalem desired a de-escalation of tensions.
    - On September 19, Nasrallah [argued](#) that Israel had claimed “the extraction from Karish will take place in September, but they postponed it. The important thing is that there is no extraction from the Karish field before Lebanon obtains its rightful demands.
    - Hezbollah maintains an arsenal of 130,000 rockets and missiles, including precision-guided munitions. Its use of UAVs to harass the Karish rig and other repeated incursions into Israeli airspace demonstrates its willingness and ability to target Israel despite the possibility of its actions triggering a broader war.
  - » The agreement neither removes the possibility of Hezbollah targeting Israeli natural gas platform nor increases the likelihood of reaching a deal over the Israel-Lebanon land border known as the Blue Line, which the United Nations Interim Force Lebanon (UNIFIL) currently monitors.
    - Resolving the land border poses significantly greater operational and strategic concerns for Israel given the persistent threat from Hezbollah. Unlike the maritime line, any settlement of the boundary could further expand the terrorist group's presence along Israel's northern border. Israel would also likely want to account for the fact that it may need to launch a ground operation if Hezbollah provokes a larger war. Furthermore, the economic benefits driving the maritime border would not apply in negotiations over the land border, and there is no pressure from Washington for Israel or Lebanon to reach such an agreement.
- Lebanese President Michel Aoun [approved](#) the deal before his term expires on October 31, but it still faces formal approval in Israel, where the Israeli government, not the Knesset, will vote on the deal. Israeli politics and the upcoming election in November have also served as a backdrop to the maritime border talks, with Likud leader Benjamin Netanyahu coming out strongly against the reported agreement.

- » Netanyahu claimed credit for Lapid initially rejecting Lebanon’s demands of the previous deal, [tweeting](#) “only intense pressure from myself and my friends has caused him to back away from this surrender agreement, for now.”
- » In September, Israel’s Attorney General Gali Baharav-Miara [decided](#) that a 2014 referendum law on territorial concessions does not cover water, and therefore, does not apply to the maritime boundary deal. That law requires either a majority of Israelis and the Knesset or a supermajority of the Knesset to approve any territorial concessions. Baharav-Miara’s decision means that the interim Israeli government is allowed to approve the agreement without a majority of Israelis or the Knesset voting for it.
  - At the same time, Baharav-Miara also said that she [prefers](#) the agreement receive a vote in the Knesset.
- » The Israeli Supreme Court [ruled](#) on October 20 that the deal does not fall within the scope of a 2014 referendum law on territorial concessions that would have required the Knesset to vote on the deal. The court [rejected](#) all challenges to the deal on October 23, allowing the Israeli government to vote on the agreement without a Knesset vote, which it plans to do on October 27.
- With the exception of the Israel-Lebanon maritime border dispute, the United States has largely adopted a hands-off approach to the Eastern Mediterranean, including by dropping support for the [EastMed Pipeline](#) to Europe. U.S. partners Israel, Cyprus, Greece, and Egypt have [expanded cooperation](#) but would benefit from more [direct U.S. engagement](#) to back energy development projects and resolve disputes like those between Turkey on one hand and Greece and Cyprus on the other

## What Should the United States Do Next?

- The Biden administration should work closely with Lebanese and Israeli officials, as well as other partners and international institutions with leverage over Lebanon’s economic future, to ensure that Hezbollah is not able to corruptly divert the financial benefits of offshore natural gas production to its own coffers.
- U.S. officials should make public the reported U.S. pledge to support Israel’s security and economic rights and clarify that this includes providing it with any needed defense articles as well as deploying U.S. naval assets to the Mediterranean if necessary to ensure regional stability and security.
- The Biden administration should ensure Israel is prepared for a possible escalation from Hezbollah by expediting the delivery of:
  - » Precision-guided munitions and
  - » Sufficient Iron Dome, David’s Sling, and Arrow air defense batteries and interceptors.
- The Biden administration should work through existing venues like the East Mediterranean Gas Forum and the Israel-Greece-Cyprus diplomatic, energy, and defense “trilateral” (as well as the Egypt-Greece-Cyprus trilateral) to promote the development and transfer of offshore energy to partners in Europe.

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