

HAARETZ.com

Search site

Back to Homepage

Print Edition | Diplomacy | Defense | Opinion | National | Arts & Leisure | Anglo File | Sports | Q&A
 Magazine | Week's End | Travel | Business | Underground | Jewish World | Real Estate | **Shopping** | **Singles**



Tovia Luskin at the Meged 4 oil field outside Kfar Sava:
 "There is crude oil in Israel, and lots of it. But you have to know where to look for it and how to extract it." (Miki Kratsman)

Last update - 18:40 02/06/2004

You know the drill

By [Vered Levy-Barzilai](#)

Following the recent announcement of a vast deposit of crude oil in Israel's central region, investors rushed to buy stocks. Will they be disappointed yet again?

"Move back," Amram Suzana tells us as he places his large palm on the faucet. He grasps the knob tightly and turns it. A jet of black liquid spurts out. Suzana directs the flow into a small plastic container. The expression on his face is one of pure delight. "Yes," he admits, "each time is like the first time." He corks the bottle, carefully, wipes it with a wet cloth, comes down off the "grasshopper" - the oil pump - and presents it to me, his eyes twinkling. "For you - fresh, warm crude oil, just brought up from a depth of 1.6 kilometers. This is Heletz Well No. 29. I drilled it myself 15 years ago. Here, take it with you for a souvenir."

Advertisement

Shavuot eve: a tour of the Heletz (Huliqat) oil field near Ashdod, north of Sderot, with drilling manager Amram Suzana, machine manager Asher Ben-Sheetrit and operations manager Rami Matmon. Heletz is a place where once upon a time, shortly after the founding of the state, something exciting happened: Oil erupted from the ground. Today, almost 50 years later, it's hard to believe that the rusty old grasshoppers are still working, still extracting crude oil from the earth. Granted, the quantities are small - only a few barrels a day - but still, it's happening.

Suzana, 53, from Sderot, is a tall, muscular man who has worked at Heletz since he was 17. He was born in Morocco and at work is known by the nickname "Fisherman" - thanks to his expertise in repairing problems with drills deep in the ground. He developed a method for "fishing" a troublesome section of pipe out of the drill in order to fix it. His reputation has spread far and wide, and he is sometimes summoned to various parts of the world where he once worked, in order to fish out a pipe from several kilometers down and get a drill functioning again.

Suzana takes us to Heletz Well No. 1. As the name implies, this was the very first well at the site. While his affection for the other well he showed us was plain, here the sentiment is outright awe. He strokes the rusty metal. "They drilled it in 1955. The first gusher came out of it, then it was kept dormant for a little while, and later put back to work. It's been in continuous operation since

Today Online

Only Hamas can make a stable peace

Responses: 53

Wave of democracy pits Israel against 'Arab street'

Responses: 54

Iran accuses Israel of 'exploiting' past Jewish suffering

Responses: 28

Give the Palestinians the money

Responses: 30

Rosner's Domain

* The new mission: Educating Hamas

* Updated: The Iran Time-Saver

* A Holocaust memorial day in search of a date

HAARETZ NEWS
VIA SMS



Click here to sign up



Print



Send response

Subscribe to
Haaretz Print Edition

More Headlines

15:28 High Court rejects petition against Amona evacuation

15:35 Olmert: World accepts our stand on talks with Hamas-led government

14:12 Youth sentenced to 20 years for stabbing man over NIS 100

Special Offers

Advertisement

Israeli Movies ONLY \$11.99
israel-catalog.com

Free Bottle of Wine

Special offer from KoshersWine.com. Click for details.

Jdate.com

Find your love online right here!

ENJOY ISRAEL

The best way to enjoy Israel - Crowne Plaza and

Holiday Inn Israel

Israel Military Products

Israel Army Surplus and Online Store

1959."

The grasshopper's head goes up and down, and with it the pipe that's inserted in the drill hole. The movement is mechanical, endless, hypnotic. What kind of output does an old well like this produce? "In the past few years, it's been doing 25 barrels a day," says Matmon, the operations manager. Suzana hastens to apologize on the well's behalf: "But it hardly has any problems. It's going 24 hours a day, with minimum maintenance. Overall, it works very well."

There are currently seven grasshoppers in operation at the Heletz oil field, which produce several dozen barrels of oil per day - a minuscule amount that is practically meaningless to the country. But this is the only place in Israel that actually produces oil. There are a number of other sites, but so far, they have produced nothing but talk about the chances of extracting oil in the future - if at all. And there has been a good deal of such talk lately. In the beginning of May, for example, the newspapers reported on "a major oil discovery near Kfar Sava." Several months earlier, Givot Olam Oil Exploration Limited Partnership announced that "oil has been found in the Rosh Ha'ayin area." Before that, in

October 2003, there was a report that the Lapidot company (which owns Heletz) was about to resume drilling there. That same week, businessman Michael Federman announced that he was going to invest in a search for crude oil and natural gas in the Rishon Letzion area. After hundreds of failed drilling attempts, is there still a reasonable chance of tapping into a significant source of oil here?

A sucker born every minute

Tovia Luskin, a geophysicist and one of the founders of Givot Olam, says yes. "There is crude oil in Israel, and lots of it. But you have to know where to look for it and how to extract it." On May 5, Givot Olam announced that "\$6 billion worth of crude oil has been found by the Meged 4 rig in a reservoir located between Kfar Sava and Rosh Ha'ayin." The company noted that the reservoir was four times bigger than indicated in its earlier reports and that it extended over an area of about 200 square kilometers (making it four times bigger than the Heletz field as well). The company also estimated that the total amount of oil at the site was approximately 980 million barrels.

Following the standard calculation - that the extractable amount equals about 20 percent of the total quantity - the company figured on producing about 200 million barrels; at \$30 a barrel, that amounts to about \$6 billion worth of the stuff. In these calculations, the company used a relatively low market price. Lately, the price of crude oil has climbed to \$40 a barrel in the international markets.

As it has done many times in the past, this time, too, the stock market reacted ecstatically to word of the major oil discovery. Shares of Givot Olam (partnership units, to be more exact) jumped 55 percent, to 6.2 agorot per share. Givot Olam announced that it planned to carry out several horizontal explorations at Meged 4, with an investment of about \$8 million, which it intends to raise soon via a public offering on the stock market. The sharp jump in the price of oil shares caught the notice of economic reporters and analysts. As they see it, it's a simple story with the usual cast of characters: clever, manipulative company owners and naive, inexperienced investors.

The company owners know very well that there is nowhere near that much oil here, say the analysts. But there are dreams of oil, there's a stock market, and there's also money - and plenty of it. The oil companies issue a press release saying that they've discovered oil and now they need a few million shekels to do a more comprehensive search and study. They raise this money from naive investors who are tempted into believing that Israel is about to become an oil superpower. It isn't long before the big hopes evaporate, the stock prices go down and the investors scatter. Until the next discovery comes along.

The owners operate according to two premises: The first is that someone who

13:39 Funeral of revered mystic, Rabbi Kedouri, underway in Jerusalem

15:37 Netanyahu: Olmert's rerouting of W. Bank fence threatens security

11:45 Abbas demands loyalty from PA security chiefs

13:16 Hamas demands to meet German chancellor arriving in Israel

12:26 Police: Big drop in number of foreign women working as prostitutes

12:50 Saddam Hussein and his lawyers storm out of court in protest

[Previous Editions](#)

fantasizes about a major oil discovery is already a gambler by nature and therefore willing to take a risk. The second is that the supply of suckers out there is never depleted; it is always being replenished.

Tovia Luskin disdainfully rejects this portrayal. Luskin is one of the three founders of Givot Olam, which has been searching for oil in Israel for the past 10 years. His two partners are businessman and jewelry manufacturer Nogah Ben-David and attorney Samuel Becker. Givot Olam is the only company currently drilling on land in Israel. Since 1994, Luskin, 53, has searched for oil and drilled again and again in the area he dubbed "Meged" - between Kfar Sava and Rosh Ha'ayin. Now a Jerusalemite who is married and the father of six, Luskin was born in Australia and grew up in Minsk. He has a master's degree in geophysics from the University of Moscow.

Luskin is a tall man with a long white beard. His unusual life history suits the common romantic-adventurer profile of those who search for oil. From the moment he finished his studies, he set off in search of oil in various places around the world. The search led him from job to job and country to country. At age 24, he was hired by Shell and located a natural gas reservoir in Alberta, in western Canada. A few years later, he was employed by a Canadian company, Asamera Oil, in Indonesia, where he was able to take credit for discovering two large oil fields. Afterward, he went to work in Australia. And then his life took a major turn: In 1984, he became religiously observant and a devotee of the Lubavicher Rebbe, and came to Israel.

Six kilometers down

Luskin shattered several of the prevailing professional paradigms in Israel. Before him, hardly anyone ever tried to drill outside the low-lying southern region and the Ein Gedi-Dead Sea region. Relying on his own geological analyses and ignoring the loud chorus of skeptics that greeted him, Luskin tenaciously pursued his innovative theory. In 1994, he drilled for the first time - at Meged 2 - in the Rosh Ha'ayin area. What wasn't said about him then - that he was an outsider, a dreamer, someone who didn't know the first thing about oil, a walking joke.

That fact that Luskin was also a religious penitent and a Chabadnik to boot only raised the level of skepticism. He once said in a newspaper interview that he had received the Rebbe's blessing for his drilling and that the names he had chosen for the drilling site - Meged - and the company - Givot Olam - were inspired by a verse in the Book of Deuteronomy. That did it. No one took him seriously after that.

Word is that he endured a lot of ridicule at the ministries of energy and infrastructure. But he put his trust in God, swallowed the insults and persisted in his quest, he says. And God rewarded him. In 1998, Luskin discovered oil in Meged. In 2000, Givot Olam started drilling at a second site, Meged 3 (five kilometers west of the first site) and proved once again that there was good quality oil to be found in the region. In 2002, drilling began at Meged 4 (five kilometers northwest of Meged 2) and produced results that exceeded expectations: The company demonstrated to the satisfaction of the Infrastructure Ministry's oil commissioner that this was a serious reservoir containing oil determined by experts to be of the highest quality. Moreover, the company was able to demonstrate the potential for commercial production.

Luskin drilled into a particularly deep layer of the earth, about six kilometers down, and he also aims to be the first in Israel to carry out a complex horizontal drilling. The state officially recognized Meged 4 as a commercial discovery and in early 2004, granted Givot Olam a production lease for the territory - i.e., exclusive rights to drill on the site for the next 30 years, with an option for 20 more years. The company's announcement that the site contains about \$6 billion worth of oil may sound somewhat fantastical, but it certainly didn't hurt when it came to obtaining official permits to work the site.

Ready for risk

Dr. Yaakov Mimran, the new oil commissioner in the Infrastructure Ministry who assumed his post about a month ago, clearly asserted that the data are correct: "Givot Olam did not mislead and is not misleading the public in its reports." Geologist Dr. Yehezkel (Charlie) Druckman, Mimran's predecessor as oil commissioner - who held the job for the past 10 years and recently retired - agrees: "Luskin found oil. That's a fact. Personally, I believed back in the 1980s that there was oil in that area, but I was skeptical about their ability to produce a commercial quantity. After they did further drillings at our request, they proved that they met the criteria of a 'discovery.' The oil is from a new source, and of excellent quality. And it is also spread out over a large area."

Druckman's complaints are directed at the Israel Securities Authority. "The demand that Authority chairman Moshe Tari makes of people like Tovia Luskin and other company owners is that they immediately report any occurrence at the sites to the stock exchange, without ever having defined just what sort of occurrence needs to be reported." In his opinion, this is the source of the problem. The company owners were caught in a trap. If they don't report immediately, they'll be accused of concealing information. And when they do report "on every inconsequential thing," they're accused of being manipulative and misleading the public and potential investors.

The office of Securities Authority chairman Moshe Tari gave this response: "There are no [separate] rules regulating the manner of reporting by oil companies. It is definitely wrong for a company to publish announcements in the newspaper to the effect that 'oil has been discovered' if they could in any way mislead the public. When there are indeed findings that indicate the discovery of oil, the foremost obligation is to submit an immediate report to the Authority and to the stock exchange, and to explain the significance of the findings."

As for the occasional suggestions that oil company owners are driving up share prices and making profits in non-kosher ways, the Securities Authority responded: "The Authority has sophisticated systems that conduct ongoing supervision of trade in real time. These systems enable us to identify irregularities in the trade, which are indicated by, among other things, fluctuations in stock prices that don't appear to make sense - especially considering the existing public information regarding that stock."

Saul Bronfeld, managing director of the Tel Aviv stock exchange, believes that it's mainly due to his nature that the Israeli investor continues to invest in oil despite the disappointments and the high risks. "The Israeli investor is prepared to get into a very risky field, but he likes to be on top of things, to understand what's what without needing advanced academic training - like in high-tech, for example. He likes to feel comfortably knowledgeable about the field in which he's investing. If only the readiness to take a chance on high-tech would match the readiness to take a chance on oil investments," he says.

According to Bronfeld, 2002 was the big turnaround year here in terms of energy-related investments, following the discovery of large natural gas reservoirs off the coasts of Ashdod and Ashkelon. This discovery refuted the popular argument that the discovery of the Heletz oil field was a one-time occurrence. But Bronfeld still gives some credence to suggestions of dubious conduct by some in the local oil industry.

"I don't think that the economic commentators and analysts mean that the company owners are secretly selling their shares," he says. "Because if they did that, they'd be caught right away, and anyway, that just doesn't happen. The real claim is that they disseminate rumors about oil discoveries and keep the investing public in a state of suspense that leads it to keep on acquiring partnership units. And indeed, reality shows that even in years when there is no oil, one can live quite well from oil entrepreneurship. Since these are limited partnerships in which the founders put up just a small percentage of the capital and most of the money is raised from the public, the cynicism attributed to

company owners is compounded."

But, says Bronfeld, "We have to ask ourselves how we want to think of the investing public - as an immature, naive public that is gullible and doesn't know how to make decisions, or as a smart public that is also adventurous, willing to gamble, perhaps even masochistic - a public that is ready to take risks and therefore attracted to investment in oil. I prefer the second option."

Regarding the discovery at Meged, Luskin himself acknowledges: "The type of layer in which we drilled and the way that the oil is contained there preclude the usual production methods. We'll have to do a vertical drilling five kilometers down, create a gradually softened angle and do a horizontal drilling from there, and that way, God willing, it will be possible to produce oil at Meged." This method has been used at thousands of drilling sites around the world, but has never been attempted in Israel.

To do it, experts will have to be brought in from abroad and expensive and sophisticated equipment will have to be imported. This makes it easier to understand the relative skepticism and caution being shown this time, even by investors who are usually more adventurous. As evidence: Givot Olam is currently being traded according to an estimated company value of \$6.5 million - a relatively modest amount. In 1999, when Luskin drilled and discovered the first well, the stock price soared; at the peak, stocks sold for 64 agorot per share, 10 times more than the price to which they climbed following the announcement to the stock exchange in May 2004.

Bottom of the barrel (2 of 2)

Optimists and pessimists

Another optimistic oil-seeker is Yaakov (Luxy) Luxembourg, owner of the Lapidot oil and drilling company. He is dismissive of those who cast doubt on the existence of oil in Israel. Does he think that there are significant amounts of oil to be found in Israel? "I don't think, I know," Luxembourg replies. He finds the fact that, since Heletz, no oil has been discovered and produced of trivial concern. He points out that his company is "sitting on an oil field (Heletz) that over the years has produced \$500 million dollars' worth of oil." Today, with output at Heletz relatively low, at approximately 3,200 barrels a month, it still gives its owners an income of several hundred thousand dollars a year. Luxembourg believes that only a small portion of Heletz's potential has yet to be tapped. Luxembourg bought Lapidot in 2000 from Swiss businessman Bruce Rappaport, and he is full of plans and enthusiasm.

"We commissioned seismic surveys by the most up-to-date methods, and the show that the wells at Heletz could produce much more oil, if the necessary investment is put in and it is handled correctly," he says. Perhaps some of Luxembourg's optimism and eagerness stems from the fact that the 50-year lease that Lapidot was given in 1956 is due to expire in just two years. It's quite possible that he is interested in

attracting investors to finance the development projects he is planning. Luxembourg and **Luskin** have an ongoing working relationship: Lapidot does the drilling for Givot Olam and supplies it with technical and logistical services.

Like the company owners, many geologists agree that Israel's oil potential is far from exhausted. The fact that in most cases, all that has been found are "signs of oil" or "traces of oil" or "the smell of gas" does not dissuade them. They argue, and some have been saying so in writing for years, that it is highly likely that large oil deposits exist here that have not yet been discovered. They contend that the fact that the deposits have not yet been found doesn't mean that they don't exist. Rather, it attests to failures in the way the searches have been conducted: confining the searches to a more or less set area; focusing on a single geological layer while ignoring the lower, deeper part of the geological stratum; and using outdated and inefficient seismic maps and equipment compared to what is currently available. And they point out that no searches at all were done for many years.

Another argument is that, until the 1980s - when privatization of the oil industry began - the searches were carried out by the government with typical bureaucratic clumsiness. "Israel is an integral part of the geological structures of its neighbors, and there is no reason to assume that Israel is the only place in the Mediterranean basin without oil reservoirs," says one geologist who prefers to remain anonymous, for professional and personal reasons. The geologists who were interviewed for this article side with the oil optimists. But many have working ties with the drilling firms or the companies searching for oil. And those who don't are connected (or were connected) with the government authorities in the context of oil exploration.

Of course, there are some in the profession who argue the opposite. They recommend that one not play down the absence of any truly impressive discoveries in the past 50 years, Heletz (1955) and the offshore natural gas field (2000) excepted, and say that we ought to accept that Israel is a country without oil; that it's a shame to waste energy and resources, and investors' money, in pursuit of it. That the time has come to give up this dream and go in search of other sources of income.

But Shmuel Klepner, director of the Israel Petroleum and Energy Institute, says: "Anyone who says that Israel is a country without oil, is mistaken and giving a misleading impression. When you search the right way, you find. For years, people said there was nothing here. And then in 2000 they discovered natural gas fields that could serve Israel for 10 years."

Back to Heletz, 1955

Oil was discovered at Heletz in 1955. It was here, near

23:46 PM: Hamas ceasefire offer irrelevant to IDF mission in Gaza

22:43 ILA cancels tender for leasing Karmiel land to Jews only

22:06 Palestinian gov't holds emergency meeting in Ramallah

22:54 Histadrut: Municipalities cutting workforce, contrary to ruling

20:33 IDF prevents terrorist attack, kills 4 armed Palestinians

This Day in **Haaretz**

Today's Papers

Map of Israel

Useful Numbers

In-depth

About **Haaretz**

Tech Support

Paper in PDF format

Headline Newsbox

the abandoned Arab village of Huliqat, that the great hope was born amid much celebration. Here, next to the cabins of the old drilling camp (which haven't changed since then), they jumped for joy and hugged and danced as a black gusher sprayed everywhere and stained their clothes. In keeping with the custom of the time and place, they composed a song in one happy spontaneous burst: "Huliqat, Huliqat, Huliqat. Oil is flowing in Huliqat ..." It was here in this spot that Israel was first called a land flowing with milk and honey - and oil.

Morris Carmel, now 72, was the lucky 23-year-old driller who was standing on the drilling tower when the first gusher erupted. Does he remember the moment? "Like everyone else," he says. "I was the first assistant to Mister Douglas, a driller from Texas who was in charge of our shift. We'd inserted the 'Johnston Tester' together, and then we waited and waited. Only gases came out. An hour passed, an hour and a half. Everyone gave up and went to have coffee, and Douglas told me to stay there and keep watch.

"I was holding a tube in my hand that kept spewing sharp gas odors. I felt like it was making me a little drunk, that it was putting me to sleep. So I put my hand behind my back and tried not to breathe it in. Suddenly I felt something warm and oily on my hand and back. I quickly brought my hand back in front of me and saw that it was black. It was oil. I started screaming, 'Oil, oil!' They could have heard me in Ashkelon. Everyone started running toward me, including our CEO, Yisrael Barnea, and also Kuty (Yekutiel) Federman, the father of Michael, who was one of the company's stockholders, and all the bigwigs who were there. And like a crazy man, I sprayed them all with the tube, all over their white shirts. But they didn't care. They hugged and cried and laughed and danced. They were thrilled."

But the Heletz story did not repeat itself. Hundreds of exploratory drillings since then never produced another gusher like that. To be more precise, 450 oil drillings have produced just a single active oil field - Heletz. The two large natural gas fields (Noa 1 and Or 1) discovered in 2000 are estimated to contain several billion dollars worth of gas. Over the years, Heletz has produced 18 million barrels of oil worth only about \$450 million in total. Experts like to point out that oil-rich Saudi Arabia produces the same amount in about 48 hours. Even in local terms, the output at Heletz is very modest - about a hundred barrels a day. Daily oil consumption in Israel is estimated at about 300,000 barrels.

We'll hit the jackpot

Economic analysts are dismayed to see that the Israeli public, with a kind of childlike innocence, is again investing in shares of companies that are producing neither oil nor money. The oil industry in Israel is

definitely a strange bird. An outside observer would have a hard time understanding what propels it, what keeps on breathing life into it over and over again. The investors have already had a serious share of disappointments - and are prepared to admit it. But it seems that nothing can deter the oil-seekers. And the numbers speak for themselves: Since the establishment of the state, private oil-seekers have invested about \$500 million in Israel.

As ever, oil-seekers are a special breed of romantics and profit-hungry gamblers. But they also are determined true believers, tenacious and persistent in their cause, and patient. Each generation in turn takes the torch from its predecessor and carries on with the hunt. There were years when the state did this. Then the industry passed into the hands of private interests. Even after hundreds of disappointing exploration attempts, they are not giving up.

As the tour of Heletz comes to an end, Amram Suzana and Asher Ben-Sheetrit offer this advice - Don't take what the experts say too seriously. "The geologist knows what's below just like the priest knows what's above," says Ben-Sheetrit. Then he swears: "By the time I retire (in 15 years), Amram and I are going to make a discovery. It's absolutely going to happen." And who says that in another 15 years they'll still be working at Heletz?

"So where else would we be?," Ben-Sheetrit wonders. And Suzana adds: "From here, they'll only take me out on a stretcher." Amram is betting on Tovia **Luskin**. "This is a serious guy, a professional. He knows the work. I know that people looked at him funny, but that's out of jealousy. He'll bring in a specialist in horizontal drilling. And I'll work with the specialist. And we'll get that son-of-a-bitch [oil] out of the ground." And Ben-Sheetrit says: "We'll hit the jackpot. With Tovia, with Luxy, or with someone else, it doesn't matter to us. It has to happen. After so many years that we've been dreaming about it, it just has to come. I can feel it in my fingertips. We'll find an oil field in Israel."

Where are our Rockefellers?

The history of oil exploration in Israel began well before the founding of the state. Bezalel Lavie, an oil expert who worked for many years in the Israeli energy field, documented it in his book, "Hazahav Hashahor Be'erezt Yisrael" ("Black Gold in the Land of Israel"), which was published several years ago by Carmel Press. In the early years of the 20th century, a German geologist named Max Blankenhorn searched for oil in the area of the Dead Sea and the Jordan Rift Valley. In 1909, the first organized group for oil exploration was established, headed by another researcher, Gottlieb Schumacher, from the Templar community in Haifa. The first drilling for oil was done in February 1914 - and failed.

That same year, the big American oil company Standard Oil New York started to search for oil in Israel. An American ship was heading here, loaded with drilling equipment and a crew of drillers. But on the way, the First World War broke out and the Americans decided to divert the ship to the port of Alexandria.

During the days of Turkish and then British rule, the Zionist movement concentrated on agriculture and settling the land, not on searching for oil. In 1933, the British, with the aid of seismic studies, located the Heletz (Huliqat) oil field. An Iraqi oil company, IPC, which was a subsidiary of British Petroleum, received the concession for exploration and drilling here. IPC began drilling in Heletz, but ran into problems, and the work there stopped in 1947. During the War of Independence, there was no oil exploration activity in the area. The village of Huliqat was conquered and abandoned by its inhabitants. In 1952, four years after the establishment of the state, the Oil Law was enacted, transferring all the British concessions to the state.

Ben-Gurion wasn't very enthusiastic about oil exploration. He let it continue, but laid down a clear principle: The money for exploration would come from abroad and not from the state budget. "Where are our Rockefellers?" he used to say when asked about it. The government-owned Lapidot company continued drilling at Heletz, and on September 25, 1955, struck oil, and that one gusher ignited the public's imagination.

Many people tended to think: We found it once, we'll surely find it again. Awareness of the supreme importance of finding a local source of petroleum, combined with hope and faith, created a powerful engine to propel local oil exploration. In the driver's seat of this enterprise sat Pinhas Sapir, with Levi Eshkol alongside him. In the 1960s and '70s, the state did its utmost to encourage entrepreneurs, granting benefits and tax breaks to attract more investors. But the anticipated success never came.

After the Six-Day War, the Israeli oil market enjoyed a brief heyday: Following its seizure of the Sinai, for some years Israel produced oil from the wells at Abu Rhodeis. But this adventure was short-lived and also exacted a price from the country. When Israel returned the Sinai to Egypt, it was compelled to pay compensation for the oil that it had extracted from the wells at Abu Rhodeis.

From the 1950s to the 1980s, the state-owned National Oil Company (known by the Hebrew acronym Hanal), invested huge amounts of money in exploration and drilling - about \$600 million, in Bezalel Lavie's estimation. Private investors lost hundreds of millions of dollars seeking oil.

In the late '80s, Hanal was privatized and the government decided to get out of the oil-exploration business. In 1994, the year of the stock exchange tumble, the Israeli oil market took part in the overall shadow dance - led by Yosef (Joe) Almaliach. Between 1992 and 1994, his company, the JOEL-Passport oil exploration group, raised about NIS 200 million from the public. In a series of circular business deals (which sullied the stock exchange's reputation along with Almaliach's), he raked in \$18 million without ever producing a drop of oil, and then absconded to the United States. (V. L.-B.)n

Gas is another story

[Home](#) | [News](#) | [Business](#) | [Editorial & Op-Ed](#) | [Features](#) | [Sports](#) | [Books](#) | [Cartoon](#) | [Site rules](#) |

© Copyright **Haaretz**. All rights reserved