



PetroMed⁴

FEB 2009 | NATURAL GAS SUPPLIERS

BG

- The Israeli press has reported this month that despite the Tamar discovery, IEC managers went to London to re-start negotiations with BG. The meeting in London took place following the government's decision to allow IEC to buy all the gas from the GM field.

Egypt Gas, EMG

- Egypt's Higher Administrative Court ruled that Egypt can continue exporting natural gas to Israel. The court referred the government's challenge to the original ruling to a panel of legal experts for a review of the whole case. The next session will be on March 16. The ruling effectively voids a ruling by a lower court, which had accepted a petition by Egyptian opposition groups against the gas exports to Israel on the grounds that the constitution gave parliament the right to decide on sales of natural resources, a condition which was not met

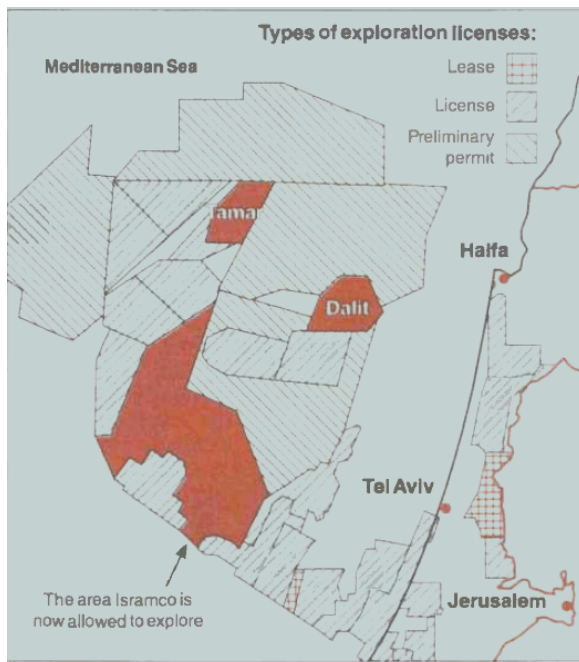
Yam Tethys, Delek, Tshuva, Noble

- Noble announced successful flow tests at Tamar, with updated potential of 5 tcf of gas. Tamar has the potential to be even larger than the 142 bcm stated and could potentially be closer to 7 tcf. Further data will be gathered and analyzed by the JV after the conclusion of the Tamar 2 drilling
- Delek's value has increased by 150% since the beginning of 2009 and is presently valued at 3.6 billion shekels. The company can re-enter the TASE 25 after being "expelled" from the list of the 25 largest a couple of months ago.
- At an Energy conference in Eilat, MNI Minister said that Tamar was a gift from the heavens but that more gas is still needed and that by 2015 the ministry believes that the country will consume already 12 bcm per year. He said it was necessary to buy gas from other suppliers as well.
- Dalit drilling started on 24th February with a 40% chance of success with estimates of about 19 bcm.
- Since the beginning of the year, Isramco's shares has become the fifth most traded share on the Israeli stock exchange, with trading of dozens of millions of shekels a day.

- The Israeli partners in Tamar are hoping to raise funds together in the hope that this will make funding easier and reduce financial costs. Noble is expected to raise its funds separately from the Israeli partners.
- The partners in the Tamar project were invited to meetings with a wide variety of decision makers in Israel from the President, to the Prime Minister and including the Minister of National Infrastructure and Minister of Finance. They were congratulated in all their meetings for their investment in the country and their success to date.
- Noble have completed an underwritten public offering of \$1,000,000,000 aggregate principal amount of 8.25% senior notes due March 1, 2019. The Notes are unsecured obligations of the Company. Substantially all of the net proceeds from the offering will be used to repay outstanding indebtedness under the Company's revolving credit facility maturing 2012.

Isramco and IOC

- Yossi Levy the CEO of Isramco also stated that the government should reconsider coal station D and that if it is established it would be at the expense of IPPs all of which are to generate on natural gas. It is widely believed that the new MNI minister will have a dilemma as to how to proceed regarding the coal station, with the Tamar JV lobbying for its delay by a decade to help the penetration of natural gas into the market.
- Isramco's company value has increased 8 fold since the beginning of the year and is currently worth 2.1 billion shekels and is surpassing some of the country's large corporations, possibly placing it in TASE25, surpassing Africa Israel and Dankner's IDB.



LNG

- In light of the Tamar discovery, the MNI will debate once again the issue of the LNG tender.

Zion Oil and Gas

- Zion Oil announced that it has filed a registration statement with the Securities and Exchange Commission with respect to a proposed rights offering to its common stockholders of up to 4.2 million shares of common stock. Each whole subscription right will entitle the holder to purchase one share of common stock for \$5.00.

Oil and Gas Exploration

- The Petroleum Commissioner has recommended 20 new offshore licenses for drilling offshore Israel out of which Noble, Delek and Avner have received 12. Six are in the Ruth prospect operated by Noble; six in the Alon prospect also operated by a consortium headed by Noble Energy. Pelagic is to receive 5 drilling licenses in a block which is in a channel between Israel and Cyprus. About 2/3 of Israel's waters have now been licensed out for exploration purposes.