

'This is a game-changer'

Vail resident's company to drill for gas in Israeli territorial waters

By Scott N. Miller
SMILLER@VAILDAILY.COM

VAIL — Howard Cooper has spent most of his life looking for the Next Big Play in the oil and gas business. He thinks he's found the latest bonanza off the coast of Israel.

Cooper lives in Vail, but for the past 2½ years, he's spent countless hours in the skies between Denver and Israel, working to tap part of a giant natural-gas basin deep under the Levant Basin in the Mediterranean Sea in Israeli territorial waters.

Current estimates show there may be 130 trillion cubic feet of gas available in the basin. To put that number in perspective, 6.5 trillion cubic feet contains the energy of roughly 1 billion barrels of oil. The United States used about 19.1 million barrels of oil per day in 2010. Israel, a tiny nation, used fewer than 250,000 barrels per day in the same period.

Cooper said if the Levant Basin gas fields produce as expected, Israel could not only become energy independent but could become a gas exporter. European markets are particularly interested in the Levant Basin, Cooper said.

"It's a game-changer for the Middle East," Cooper said.

In Europe, access to Israeli exports will break the current natural-gas monopoly held by Russia's Gazprom energy company. It will also create jobs in Israel, Lebanon and Palestine, he said.

Getting the drilling rig on site is the beginning of a process that will soon result in under-sea pipelines pumping gas about 25 miles to Israel. But the



SPECIAL TO THE DAILY

Vail resident Howard Cooper at a meeting in Tel Aviv, Israel. Cooper is one of the founders of IPC Oil and Gas Holdings, a company that's ready to start offshore drilling for natural gas in Israeli territorial waters. The drilling area is believed to be the largest natural-gas find in the world in the past decade.

By the numbers

- 2 — Offshore drilling leases held by IPC Oil & Gas Holdings.
- 1 — Giant drilling rig will be used on both sites.
- 5,200 meters — Estimated depth below sea level of gas deposits in the Levant Basin.
- 6.5 trillion cubic feet — Natural gas equivalent of 1 billion barrels of oil.
- 238,000 — Barrels of oil used in Israel per day in 2010 (Source: U.S. Central Intelligence Agency).



NOBLE CORPORATION | Special to the Daily

The Noble Homer Ferrington, in a floating drilling rig owned by the Noble Corp., will anchor next month in a drilling lease area in the Levant Basin in Israeli territorial waters. That lease is currently held by IPC Oil and Gas Holdings, the president of which is Vail resident Howard Cooper. Cooper and other company officials have spent more than two years getting ready to drill. If the lease areas produce as expected, the wells could ultimately produce more than 6 trillion cubic feet of natural gas.

process of getting ready to drill has taken more than two years, starting with leasing a place to park the rig.

The Israeli government has carved out several lease areas in the Levant Basin, some of which are being tapped by Noble Energy. Cooper's company, IPC, has acquired two leases between the ones Noble is working and expects to start drilling this spring.

The drilling itself will be an ambitious project — the gas is more than three miles under the ocean's surface. But, Cooper said, just getting ready to start has taken more than two years and will cost about \$100 million per well by the time any gas is delivered.

Cooper has spent nearly 30 years in the oil and gas business, negotiating leases for groups from ranchers in Colorado to governments in Russia and elsewhere. The contacts he'd made over the years were crucial in putting together IPC. Cooper brought in other industry veterans from this country and then went looking for financial partners in Israel.

"We got three of the wealthiest families in Israel as investors, and we brought them in for specific reasons," Cooper said.

Those investors ended up owning more than 85 percent of the project.

IPC also last year went public on the Tel Aviv stock exchange — the ticker symbol is IPC — the better to draw investment from people closer to the company's product. The public company, of which Cooper is president, ultimately owns 6.8 percent of the project. But if the wells produce the estimated 6 trillion cubic feet of gas, that's still a significant holding.

Beyond finding local investors, Cooper and IPC's other executives used their industry experience to secure services most companies have to pay for in advance. The biggest was a seismic survey, performed by a company based in Malta.

With all that overseas activity, though, Cooper said IPC is creating plenty of jobs in this country, too. The company's buying U.S. pipe and is hiring American administrative and technical staff, too.

All of which has Cooper and IPC feeling pretty good right now.

"This is the largest gas discovery in the world in the last 10 years," Cooper said. "Usually, the major companies get these (leases), but we got in."

Business Editor Scott N. Miller can be reached at 970-748-2930 or smiller@vaildaily.com.

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Founded by Jim Pavelich & Jon Van Housen

Publisher
Don Rogers 970-748-2920

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