

Sinai oil — the issue slowly catching fire

WHILE the Egypt-Israel talks see-saw this way and that is America, there is one issue that has barely come to light but which could provide as much a sticking point as any of the greater issues such as justice for the Palestinians and the future of Jerusalem.

The issue is Sinai's oil.

Recently in New York a group of American investors who are seeking to protect a \$100 million (SR325 million) investment in Sinai oil ventures publicly urged Israel not to cede the Alma oil field to Egypt.

William J. Levitte, millionaire home builder who heads a general partnership called Levitt Overseas Exploration Inc. told a news conference that if Israel were to give

up the Sinai oil fields it would "be committing economic and military suicide."

A spokesman for the Israeli embassy in Washington admitted that by making the dispute public the investors were "attempting to pressure" Israeli Premier Menachem Begin.

But then he added, "the subject of the oil field will be dealt with after the signing of the peace," apparently revealing Israel's hope that the Egyptians will let Israel off this hook for the time being.

But speculation in Washington is that it might be ill-advised for Egypt to do this since they will clearly have more leverage to get return of the fields now while the peace treaty is being negotiated than after peace has been concluded.

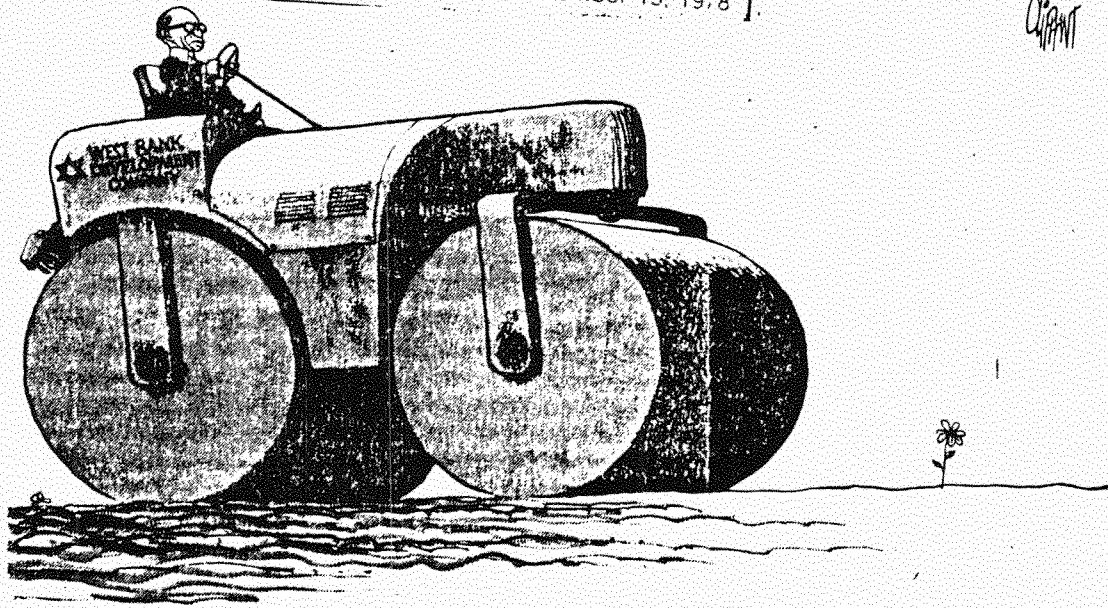
The investment group operates five wells in southern Sinai under concessions granted by the Israeli government. Two Texas investors alone stand to lose over \$40 million (SR13 million) in unrecovered exploration and development costs.

Production from the five wells only began in July at about 22,000 barrels per day — as production is expected to rise to about 100,000 barrels per day by 1980.

That would make each day's production in 1980 worth about \$1.2 million (SR3.9 million) and reserves are estimated at 150 million barrels.

The Levitt Group is attempting to convince Israel to hold out for special grantee rights when the Sinai territory itself is returned to Egypt.

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