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COMMITTEE ON THE PEACEFUL USES  
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BEYOND THE LIMITS OF NATIONAL JURISDICTION

Dual distribution

DRAFT UNITED NATIONS CONVENTION

ON

THE INTERNATIONAL SEABED AREA

Working Paper

The attached draft of a United Nations Convention on the International Seabed Area is submitted by the United States Government as a working paper for discussion purposes.

The draft Convention and its Appendices raise a number of questions with respect to which further detailed study is clearly necessary and do not necessarily represent the definitive views of the United States Government. The Appendices in particular are included solely by way of example.

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UNITED NATIONS CONVENTION ON THE  
INTERNATIONAL SEABED AREA

CHAPTER I  
BASIC PRINCIPLES

ARTICLE 1

1. The International Seabed Area shall be the common heritage of all mankind.
2. The International Seabed Area shall comprise all areas of the seabed and subsoil of the high seas\* seaward of the 200 meter isobath adjacent to the coast of continents and islands.
3. Each Contracting Party shall permanently delineate the precise boundary of the International Seabed Area off its coast by straight lines not exceeding 60 nautical miles in length, following the general direction of the limit specified in paragraph 2. Such lines shall connect fixed points at the limit specified in paragraph 2, defined permanently by co-ordinates of latitude and longitude. Areas between or landward of such points may be deeper than 200 meters. Where a trench or trough deeper than 200 meters transects an area less than 200 meters in depth, a straight boundary line more than 60 nautical miles in length, but not exceeding the lesser of one fourth of the length of that part of trench or trough transecting the area 200 meters in depth or 120 nautical miles, may be drawn across the trench or trough.
4. Each Contracting Party shall submit the description of the boundary to the International Seabed Boundary Review Commission within five years of the entry into force of this Convention for such Contracting Party. Boundaries not accepted by the Commission and not resolved by negotiation between the Commission and the Contracting Party within one year shall be submitted by the Commission to the Tribunal in accordance with Section E of Chapter IV.
5. Nothing in this Article shall affect any agreement or prejudice the position of any Contracting Party with respect to the delimitation of boundaries between opposite or adjacent States in seabed areas landward of the International Seabed Area, or with respect to any delimitation pursuant to Article 30.

ARTICLE 2

1. No State may claim or exercise sovereignty or sovereign rights over any part of the International Seabed Area or its resources. Each Contracting Party agrees not to recognize any such claim or exercise of sovereignty or sovereign rights.

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\*NOTE: The United States has simultaneously proposed an international Convention which would, inter alia, fix the boundary between the territorial sea and the high seas at a maximum distance of 12 nautical miles from the coast.

2. No State has, nor may it acquire, any right, title, or interest in the International Seabed Area or its resources except as provided in this Convention.

(NOTE: The preceding Article is not intended to imply that States do not currently have rights under, or consistent with, the 1958 Geneva Convention on the Continental Shelf.)

#### ARTICLE 3

The International Seabed Area shall be open to use by all States, without discrimination, except as otherwise provided in this Convention.

#### ARTICLE 4

The International Seabed Area shall be reserved exclusively for peaceful purposes.

#### ARTICLE 5

1. The International Seabed Resource Authority shall use revenues it derives from the exploration and exploitation of the mineral resources of the International Seabed Area for the benefit of all mankind, particularly to promote the economic advancement of developing States Parties to this Convention, irrespective of their geographic location. Payments to the Authority shall be established at levels designed to ensure that they make a continuing and substantial contribution to such economic advancement, bearing in mind the need to encourage investment in exploration and exploitation and to foster efficient development of mineral resources.

2. A portion of these revenues shall be used, through or in co-operation with other international or regional organizations, to promote efficient, safe and economic exploitation of mineral resources of the seabed; to promote research on means to protect the marine environment; to advance other international efforts designed to promote safe and efficient use of the marine environment; to promote development of knowledge of the International Seabed Area; and to provide technical assistance to Contracting Parties or their nationals for these purposes, without discrimination.

#### ARTICLE 6

Neither this Convention nor any rights granted or exercised pursuant thereto shall affect the legal status of the superjacent waters as high seas, or that of the air space above those waters.

#### ARTICLE 7

All activities in the marine environment shall be conducted with reasonable regard for exploration and exploitation of the natural resources of the International Seabed Area.

ARTICLE 8

Exploration and exploitation of the natural resources of the International Seabed Area must not result in any unjustifiable interference with other activities in the marine environment.

ARTICLE 9

All activities in the International Seabed Area shall be conducted with strict and adequate safeguards for the protection of human life and safety and of the marine environment.

ARTICLE 10

All exploration and exploitation activities in the International Seabed Area shall be conducted by a Contracting Party or group of Contracting Parties or natural or juridical persons under its or their authority or sponsorship.

ARTICLE 11

1. Each Contracting Party shall take appropriate measures to ensure that those conducting activities under its authority or sponsorship comply with this Convention.
2. Each Contracting Party shall make it an offence for those conducting activities under its authority or sponsorship in the International Seabed Area to violate the provisions of this Convention. Such offences shall be punishable in accordance with administrative or judicial procedures established by the Authorizing or Sponsoring Party.
3. Each Contracting Party shall be responsible for maintaining public order on manned installations and equipment operated by those authorized or sponsored by it.
4. Each Contracting Party shall be responsible for damages caused by activities which it authorizes or sponsors to any other Contracting Party or its nationals.
5. A group of States acting together, pursuant to agreement among them or through an international organization, shall be jointly and severally responsible under this Convention.

ARTICLE 12

All disputes arising out of the interpretation or application of this Convention shall be settled in accordance with provisions of Section E of Chapter IV.

CHAPTER II

GENERAL RULES

A. Mineral Resources

ARTICLE 13

1. All exploration and exploitation of the mineral deposits of the International Seabed Area shall be licensed by the International Seabed Resource Authority or the appropriate Trustee Party. All licenses shall be subject to the provisions of this Convention.

2. Detailed rules to implement this Chapter are contained in Appendices A, B and C.

ARTICLE 14

1. There shall be fees for licenses for mineral exploration and exploitation.

2. The fees referred to in paragraph 1 shall be reasonable and be designed to defray the administrative expenses of the International Seabed Resource Authority and of the Contracting Parties in discharging their responsibilities in the International Seabed Area.

ARTICLE 15

1. An exploitation license shall specify the minerals or categories of minerals and the precise area to which it applies. The categories established shall be those which will best promote simultaneous and efficient exploitation of different minerals.

2. Two or more licensees to whom licenses have been issued for different materials in the same or overlapping areas shall not unjustifiably interfere with each other's activities.

ARTICLE 16

The size of the area to which an exploitation license shall apply and the duration of the license shall not exceed the limits provided for in this Convention.

ARTICLE 17

Licensees must meet work requirements specified in this Convention as a condition of retaining an exploitation license prior to and after commercial production is achieved.

ARTICLE 18

Licensees shall submit work plans and production plans, as well as reports and technical data acquired under an exploitation license, to the Trustee Party or the Sponsoring Party, as appropriate, and, to the extent specified by this Convention, to the International Seabed Resource Authority.

ARTICLE 19

1. Each Contracting Party shall be responsible for inspecting, at regular intervals, the activities of licensees authorized or sponsored by it. Inspection reports shall be submitted to the International Seabed Resource Authority.

2. The International Seabed Resource Authority, on its own initiative or at the request of any interested Contracting Party, may inspect any licensed activity in co-operation with the Trustee Party or Sponsoring Party, as appropriate, in order to ascertain that the licensed operation is being conducted in accordance with this Convention. In the event the International Seabed Resource Authority believes that a violation of this Convention has occurred, it shall inform the Trustee Party or Sponsoring Party, as appropriate, and request that suitable action be taken. If, after a reasonable period of time, the alleged violation continues, the International Seabed Resource Authority may bring the matter before the Tribunal in accordance with Section E of Chapter IV.

ARTICLE 20

1. Licenses issued pursuant to this Convention may be revoked only for cause in accordance with the provisions of this Convention.

2. Expropriation of investments made, or unjustifiable interference with operations conducted, pursuant to a license is prohibited.

ARTICLE 21

1. Due notice must be given, by Notices to Mariners or other recognized means of notification, of the construction or deployment of any installations or devices for the exploration or exploitation of mineral deposits, and permanent means for giving warning of their presence must be maintained. Any installations or devices extending into the superjacent waters which are abandoned or disused must be entirely removed.

2. Such installations and devices shall not possess the status of islands and shall have no territorial sea of their own.

3. Installations or devices may not be established where interference with the use of recognized sea lanes or airways is likely to occur.

B. Living Resources of the Seabed

ARTICLE 22

Subject to the provisions of Chapter III, each Contracting Party may explore and exploit the seabed living resources of the International Seabed Area in accordance with such conservation measures as are necessary to protect the living resources of the International Seabed Area and to maximize their growth and utilization.

C. Protection of the Marine Environment, Life and Property

ARTICLE 23

1. In the International Seabed Area, the International Seabed Resource Authority shall prescribe Rules and Recommended Practices, in accordance with Chapter V of this Convention, to ensure:

a. The protection of the marine environment against pollution arising from exploration and exploitation activities such as drilling, dredging, excavation, disposal of waste, construction and operation or maintenance of installations and pipelines and other devices;

b. The prevention of injury to persons, property and marine resources arising from the aforementioned activities;

c. The prevention of any unjustifiable interference with other activities in the marine environment arising from the aforementioned activities.

2. Deep drilling in the International Seabed Area shall be undertaken only in accordance with the provisions of this Convention.

D. Scientific Research

ARTICLE 24

1. Each Contracting Party agrees to encourage, and to obviate interference with, scientific research.

2. The Contracting Parties shall promote international co-operation in scientific research concerning the International Seabed Area:

a. By participating in international programmes and by encouraging co-operation in scientific research by personnel of different countries;

b. Through effective publication of research programmes and the results of research through international channels;

c. By co-operation in measures to strengthen the research capabilities of developing countries, including the participation of their nationals in research programmes

E. International Marine Parks and Preserves

ARTICLE 25

In consultation with the appropriate international organizations or agencies, the International Seabed Resource Authority may designate as international marine parks and preserves specific portions of the International Seabed Area that have unusual educational, scientific or recreational value. The establishment of such a park or preserve in the International Trusteeship Area shall require the approval of the appropriate Trustee Party.



CHAPTER III

THE INTERNATIONAL TRUSTEESHIP

ARTICLE 26

1. The International Trusteeship Area is that part of the International Seabed Area comprising the continental or island margin between the boundary described in Article 1 and a line, beyond the base of the continental slope, or beyond the base of the slope of an island situated beyond the continental slope, where the downward inclination of the surface of the seabed declines to a gradient of 1:\_\_\_\_.\*
2. Each Trustee Party shall permanently delineate the precise seaward boundary of the International Trusteeship Area off its coast by straight lines not exceeding 60 nautical miles in length, following the general direction of the limits specified in paragraph 1. Such lines shall connect fixed points at the limit specified in paragraph 1, defined permanently by coordinates of latitude and longitude. Areas between or landward of such points may have a surface gradient of less than 1:\_\_\_\_.\* Where an elongate basin or plain having a surface gradient of less than 1:\_\_\_\_\* transects an area having a gradient of more than 1:\_\_\_\_\*, a straight boundary line more than 60 nautical miles in length, but not exceeding the lesser of one-fourth of the length of that part of the basin transecting the area having a gradient of more than 1:\_\_\_\_\* or 120 nautical miles, may be drawn across the basin or plain.
3. Each Trustee Party shall submit the description of its boundary to the International Seabed Boundary Review Commission within five years of the entry into force of this Convention for that Party. Boundaries not accepted by that Commission and not resolved by negotiation between the Commission and the Trustee Party within one year shall be submitted by the Commission to the Tribunal for adjudication in accordance with Section E of Chapter IV.

(NOTE: Additional consideration will be given to problems raised by enclosed and semi-enclosed seas)

ARTICLE 27

1. Except as specifically provided for in this Chapter, the coastal State shall have no greater rights in the International Trusteeship Area off its coast than any other Contracting Party.

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\* The precise gradient should be determined by technical experts, taking into account, among other factors, ease of determination, the need to avoid dual administration of single mineral deposits, and the avoidance of including excessively large areas in the International Trusteeship Area.

2. With respect to exploration and exploitation of the natural resources of that part of the International Trusteeship Area in which it acts as trustee for the international community, each coastal State, subject to the provisions of this Convention, shall be responsible for:

- a. Issuing, suspending and revoking mineral exploration and exploitation licenses;
- b. Establishing work requirements, provided that such requirements shall not be less than those specified in Appendix A;
- c. Ensuring that its licensees comply with this Convention, and, if it deems it necessary, applying standards to its licensees higher than or in addition to those required under this Convention, provided such standards are promptly communicated to the International Seabed Resource Authority;
- d. Supervising its licensees and their activities;
- e. Exercise civil and criminal jurisdiction over its licensees, and persons acting on their behalf, while engaged in exploration or exploitation;
- f. Filing reports with the International Seabed Resource Authority;
- g. Collecting and transferring to the International Seabed Resource Authority all payments required by this Convention;
- h. Determining the allowable catch of the living resources of the seabed and prescribing other conservation measures regarding them;
- i. Enacting such laws and regulations as are necessary to perform the above functions.

3. Detailed rules to implement this Chapter are contained in Appendix C.

#### ARTICLE 28

In performing the functions referred to in Article 27, the Trustee Party may, in its discretion:

- a. Establish the procedures for issuing licenses;
- b. Decide whether a license shall be issued;
- c. Decide to whom a license shall be issued, without regard to the provisions of Article 3;
- d. Retain (a figure between 33-1/3% and 50% will be inserted here) of all fees and payments required by this Convention;

e. Collect and retain additional license and rental fees to defray its administrative expenses, and collect, and retain (a figure between 33-1/3% and 50% will be inserted here) of, other additional fees and payments related to the issuance or retention of a license, with annual notification to the International Seabed Resource Authority of the total amount collected;

f. Decide whether and by whom the living resources of the seabed shall be exploited, without regard to the provisions of Article 3.

#### ARTICLE 29

The Trustee Party may enter into an agreement with the International Seabed Resource Authority under which the International Seabed Resource Authority will perform some or all of the trusteeship supervisory and administrative functions provided for in this Chapter in return for an appropriate part of the Trustee Party's share of international fees and royalties.

#### ARTICLE 30

Where a part of the International Trusteeship Area is off the coast of two or more Contracting Parties, such Parties shall, by agreement, precisely delimit the boundary separating the areas in which they shall respectively perform their trusteeship functions and inform the International Seabed Boundary Review Commission of such delimitation. If agreement is not reached within three years after negotiations have commenced, the International Seabed Boundary Review Commission shall be requested to make recommendations to the Contracting Parties concerned regarding such delimitation. If agreement is not reached within one year after such recommendations are made, the delimitation recommended by the Commission shall take effect unless either Party, within 90 days thereafter, brings the matter before the Tribunal in accordance with Section E of Chapter IV.

CHAPTER IV  
THE INTERNATIONAL SEABED RESOURCE AUTHORITY

A. General

ARTICLE 31

1. The International Seabed Resource Authority is hereby established.
2. The principal organs of the Authority shall be the Assembly, the Council, and the Tribunal.

ARTICLE 32

The permanent seat of the Authority shall be at \_\_\_\_\_.

ARTICLE 33

Each Contracting Party shall recognize the juridical personality of the Authority. The legal capacity, privileges and immunities of the Authority shall be the same as those defined in the Convention on the Privileges and Immunities of the Specialized Agencies of the United Nations.

B. The Assembly

ARTICLE 34

1. The Assembly shall be composed of all Contracting Parties.
  2. The first session of the Assembly shall be convened \_\_\_\_\_.
- The Assembly shall thereafter be convened by the Council at least once every three years at a suitable time and place. Extraordinary sessions of the Assembly shall be convened at any time on the call of the Council, or the Secretary-General of the Authority at the request of one-fifth of the Contracting Parties.
3. At meetings of the Assembly a majority of the Contracting Parties is required to constitute a quorum.
  4. In the Assembly each Contracting Party shall exercise one vote.
  5. Decisions of the Assembly shall be taken by a majority of the members present and voting, except as otherwise provided in this Convention.

ARTICLE 35

The powers and duties of the Assembly shall be to:

- a. Elect its President and other officers;
- b. Elect the members of the Council in accordance with Article 36;
- c. Determine its rules of procedure and constitute such subsidiary organs as it considers necessary or desirable;
- d. Require the submission of reports from the Council;
- e. Take action on any matter referred to it by the Council;

- f. Approve proposed budgets for the Authority, or return them to the Council for reconsideration and resubmission;
- g. Approve proposals by the Council for changes in the allocation of the net income of the Authority within the limits prescribed in Appendix D, or return them to the Council for reconsideration and resubmission;
- h. Consider any matter within the scope of this Convention and make recommendations to the Council or Contracting Parties as appropriate;
- i. Delegate such of its powers as it deems necessary or desirable to the Council and revoke or modify such delegation at any time;
- j. Consider proposals for amendments of this Convention in accordance with Article 76.

C. The Council

ARTICLE 36

- 1. The Council shall be composed of twenty-four Contracting Parties and shall meet as often as necessary.
- 2. Members of the Council shall be designated or elected in the following categories:
  - a. The six most industrially advanced Contracting Parties shall be designated in accordance with Appendix E;
  - b. Eighteen additional Contracting Parties, of which at least twelve shall be developing countries, shall be elected by the Assembly, taking into account the need for equitable geographical distribution.
- 3. At least two of the twenty-four members of the Council shall be landlocked or shelf-locked countries.
- 4. Elected members of the Council shall hold office for three years following the last day of the Assembly at which they are elected and thereafter until their successors are designated or elected. Designated members of the Council shall hold office until replaced in accordance with Appendix E.
- 5. Representatives on the Council shall not be employees of the Authority.

ARTICLE 37

- 1. The Council shall elect its President for a term of three years.
- 2. The President of the Council may be a national of any Contracting Party, but may not serve during his term of office as its representative in the Assembly or on the Council.
- 3. The President shall have no vote.

4. The President shall:

- a. Convene and conduct meetings of the Council.
- b. Carry out the functions assigned to him by the Council.

ARTICLE 38

Decisions by the Council shall require approval by a majority of all its members, including a majority of members in each of the two categories referred to in paragraph 2 of Article 36.

ARTICLE 39

Any Contracting Party not represented on the Council may participate, without a vote, in the consideration by the Council or any of the subsidiary organs, of any question which is of particular interest to it.

ARTICLE 40

The powers and duties of the Council shall be to:

- a. Submit annual reports to the Contracting Parties;
- b. Carry out the duties specified in this Convention and any duties delegated to it by the Assembly;
- c. Determine its rules of procedure;
- d. Appoint and supervise the Commissions provided for in this Chapter, establish procedures for the co-ordination of their activities, and determine the terms of office of their members;
- e. Establish other subsidiary organs, as may be necessary or desirable, and define their duties;
- f. Appoint the Secretary-General of the Authority and establish general guidelines for the appointment of such other personnel as may be necessary;
- g. Submit proposed budgets to the Assembly for its approval, and supervise their execution;
- h. Submit proposals to the Assembly for changes in the allocation of the net income of the Authority within the limits prescribed in Appendix D;
- i. Adopt and amend Rules and Recommended Practices in accordance with Chapter V, upon the recommendation of the Rules and Recommended Practices Commission;
- j. Issue emergency orders, at the request of any Contracting Party, to prevent serious harm to the marine environment arising out of any exploration or exploitation activity and communicate them immediately to licensees, and authorizing or sponsoring Parties, as appropriate;

k. Establish a fund to provide emergency relief and assistance in the event of a disaster to the marine environment resulting from exploration or exploitation activities;

l. Establish procedures for co-ordination between the International Seabed Resource Authority, and the United Nations, its specialized agencies and other international or regional organizations concerned with the marine environment;

m. Establish or support such international or regional centres, through or in co-operation with other international and regional organizations, as may be appropriate to promote study and research of the natural resources of the seabed and to train nationals of any Contracting Party in related science and the technology of the exploration and exploitation, taking into account the special needs of developing States Parties to this Convention;

n. Authorize and approve agreements with a Trustee Party, pursuant to Article 29, under which the International Seabed Resource Authority will perform some or all of the Trustee Party's functions.

#### ARTICLE 41

In furtherance of Article 5, paragraph 2, of this Convention, the Council may, at the request of any Contracting Party and taking into account the special needs of developing States Parties to this Convention:

a. Provide technical assistance to any Contracting Party to further the objectives of this Convention;

b. Provide technical assistance to any Contracting Party to help it to meet its responsibilities and obligations under this Convention;

c. Assist any Contracting Party to augment its capability to derive maximum benefit from the efficient administration of the International Trusteeship Area.

#### D. The Commissions

#### ARTICLE 42

1. There shall be a Rules and Recommended Practices Commission, an Operations Commission, and an International Seabed Boundary Review Commission.

2. Each Commission shall be composed of five to nine members appointed by the Council from among persons nominated by Contracting Parties. The Council shall invite all Contracting Parties to submit nominations.

3. No two members of a Commission may be nationals of the same State.

4. A member of each Commission shall be elected its President by a majority of the members of the Commission.

5. Each Commission shall perform the functions specified in this Convention and such other functions as the Council may specify from time to time.

#### ARTICLE 43

1. Members of the Rules and Recommended Practices Commission shall have suitable qualifications and experience in seabed resources management, ocean sciences, maritime safety, ocean and marine engineering, and mining and mineral technology and practices. They shall not be full-time employees of the Authority.

2. The Rules and Recommended Practices Commission shall:

- a. Consider, and recommend to the Council for adoption, Annexes to this Convention in accordance with Chapter V;
- b. Collect from and communicate to Contracting Parties information which the Commission considers necessary and useful in carrying out its functions.

#### ARTICLE 44

1. Members of the Operations Commission shall have suitable qualifications and experience in the management of seabed resources, and operation of marine installations, equipment and devices.

2. The Operations Commission shall:

- a. Issue licences for seabed mineral exploration and exploitation, except in the International Trusteeship Area;
- b. Supervise the operations of licensees in co-operation with the Trustee or Sponsoring Party, as appropriate, but shall not itself engage in exploration or exploitation;
- c. Perform such functions with respect to disputes between Contracting Parties as are specified in Section E of this Chapter;
- d. Initiate proceedings pursuant to Section E of this Chapter for alleged violations of this Convention, including but not limited to proceedings for revocation or suspension of licences;
- e. Arrange for and review the collection of international fees and other forms of payment;
- f. Arrange for the collection and dissemination of information relating to licensed operations;
- g. Supervise the performance of the functions of the Authority pursuant to any agreement between a Trustee Party and the Authority under Article 29;
- h. Issue deep drilling permits.



## ARTICLE 45

1. Members of the International Seabed Boundary Review Commission shall have suitable qualifications and experience in marine hydrography, bathymetry, geodesy and geology. They shall not be full-time employees of the Authority.

2. The International Seabed Boundary Review Commission shall:

a. Review the delineation of boundaries submitted by Contracting Parties in accordance with Articles 1 and 26 to see that they conform to the provisions of this Convention, negotiate any differences with Contracting Parties, and if these differences are not resolved initiate proceedings before the Tribunal in accordance with Section E of this Chapter;

b. Make recommendations to the Contracting Parties in accordance with Article 30;

c. At the request of any Contracting Party, render advice on any boundary question arising under this Convention.

E. The Tribunal

## ARTICLE 46

1. The Tribunal shall decide all disputes and advise on all questions relating to the interpretation and application of this Convention which have been submitted to it in accordance with the provisions of this Convention. In its decisions and advisory opinions the Tribunal shall also apply relevant principles of international law.

2. Subject to an authorization under Article 96 of the Charter of the United Nations, the Tribunal may request the International Court of Justice to give an advisory opinion on any question of international law.

## ARTICLE 47

1. The Tribunal shall be composed of five, seven, or nine independent judges, who shall possess the qualifications required in their respective countries for appointment to the highest judicial offices, or shall be lawyers especially competent in matters within the scope of this Convention. In the Tribunal as a whole the representation of the principal legal systems of the world shall be assured.

2. No two of the members of the Tribunal may be nationals of the same State.

## ARTICLE 48

1. Each Contracting Party shall be entitled to nominate candidates for membership on the Tribunal. The Council shall elect the Tribunal from a list of these nominations.

2. The members of the Tribunal shall be elected for nine years and may be re-elected, provided however, that the Council may establish procedures for staggered terms. Should such procedures be established, the judges whose terms are to expire in less than nine years shall be chosen by lots drawn by the Secretary-General.

3. The members of the Tribunal shall continue to discharge their duties until their places have been filled. Though replaced, they shall finish any cases which they may have begun.

4. A member of the Tribunal unable to perform his duties may be dismissed by the Council on the unanimous recommendation of the other members of the Tribunal.

5. In case of a vacancy, the Council shall elect a successor who shall hold office for the remainder of his predecessor's term.

#### ARTICLE 49

The Tribunal shall establish its rules of procedure; elect its President; appoint its Registrar and determine his duties and terms of service; and adopt regulations for the appointment of the remainder of its staff.

#### ARTICLE 50

1. Any Contracting Party which considers that another Contracting Party has failed to fulfil any of its obligations under this Convention may bring its complaint before the Tribunal.

2. Before a Contracting Party institutes such proceedings before the Tribunal it shall bring the matter before the Operations Commission.

3. The Operations Commission shall deliver a reasoned opinion in writing after the Contracting Parties concerned have been given the opportunity both to submit their own cases and to reply to each other's case.

4. If the Contracting Party accused of a violation does not comply with the terms of such opinion within the period laid down by the Commission, the other Party concerned may bring the matter before the Tribunal.

5. If the Commission has not given an opinion within a period of three months from the date when the matter was brought before it, either Party concerned may bring the matter before the Tribunal without waiting further for the opinion of the Commission.

#### ARTICLE 51

1. Whenever the Operations Commission, acting on its own initiative or at the request of any licensee, considers that a Contracting Party or a licensee has failed to fulfil any of its obligations under this Convention, it shall issue a reasoned opinion in writing on the matter after giving such party the opportunity to submit its comments.

2. If the party concerned does not comply with the terms of such opinion within the period laid down by the Commission, the latter may bring a complaint before the Tribunal.

#### ARTICLE 52

1. If the Tribunal finds that a Contracting Party or a licensee has failed to fulfil any of its obligations under this Convention, such party shall take the measures required for the implementation of the judgment of the Tribunal.

2. When appropriate, the Tribunal may decide that the Contracting Party or the licensee who has failed to fulfil its obligations under this Convention shall pay to the Authority a fine of not more than \$1,000 for each day of the offence, or shall pay damages to the other party concerned, or both.

3. In the event the Tribunal determines that a licensee has committed a gross and persistent violation of the provisions of this Convention and has not within a reasonable time brought his operations into compliance, the Council may, as appropriate, either revoke his licence or request that the Trustee Party revoke it. The licensee shall not, however, be deprived of his licence if his actions were directed by a Trustee or Sponsoring Party.

#### ARTICLE 53

If disputes under Articles 1, 26 and 30 have not been resolved by the time and methods specified in those Articles, the International Seabed Boundary Review Commission shall bring the matter before the Tribunal.

#### ARTICLE 54

1. Any Contracting Party which questions the legality of measures taken by the Council, the Rules and Practice Commission, the Operations Commission, or the Seabed Boundary Review Commission on the grounds of a violation of this Convention, lack of jurisdiction, infringement of important procedural rules, unreasonableness, or misuse of powers, may bring the matter before the Tribunal.

2. Any person may, subject to the same conditions, bring a complaint to the Tribunal with regard to a decision directed to that person, or a decision which, although in the form of a rule or a decision directed to another person, is of direct concern to the complainant.

3. The proceedings provided for in this Article shall be instituted within a period of two months, dating, as the case may be, either from the publication of the measure concerned or from its notification to the complainant, or, in default thereof, from the day on which the latter learned of it.

4. If the Tribunal considers the appeal well-founded, it should declare the measure concerned to be null and void, and shall decide to what extent the annulment shall have retroactive application.

#### ARTICLE 55

1. The organ responsible for a measure declared null and void by the Tribunal shall be required to take the necessary steps to comply with the Tribunal's judgment.

2. When appropriate, the Tribunal may require that the Authority repair or pay for any damage caused by its organs or by its officials in the performance of their duties.

#### ARTICLE 56

When a case pending before a court or tribunal of one of the Contracting Parties raises a question of the interpretation of this Convention or of the validity or interpretation of measures taken by an organ of the Authority, the court or tribunal concerned may request the Tribunal to give its advice thereon.

#### ARTICLE 57

The Tribunal shall also be competent to decide any dispute connected with the subject matter of this Convention submitted to it pursuant to an agreement, licence, or contract.

#### ARTICLE 58

If a Contracting Party fails to perform the obligations incumbent upon it under a judgment rendered by the Tribunal, the other Party to the case may have recourse to the Council, which shall decide upon measures to be taken to give effect to the judgment. When appropriate, the Council may decide to suspend temporarily, in whole or in part, the rights under this Convention of the Party failing to perform its obligations, without impairing the rights of licensees who have not contributed to the failure to perform such obligations. The extent of such a suspension should be related to the extent and seriousness of the violation.

#### ARTICLE 59

In any case in which the Council issues an order in emergency circumstances to prevent serious harm to the marine environment, any directly affected Contracting Party may request immediate review by the Tribunal, which shall promptly either confirm or suspend the application of the emergency order pending the decision of the case.

#### ARTICLE 60

Any organ of the International Seabed Resource Authority may request the Tribunal to give an advisory opinion on any legal question connected with the subject matter of this Convention.

F. The Secretariat

## ARTICLE 61

The Secretariat shall comprise a Secretary-General and such staff as the International Seabed Resource Authority may require. The Secretary-General shall be appointed by the Council from among persons nominated by Contracting Parties. He shall serve for a term of six years, and may be reappointed.

## ARTICLE 62

The Secretary-General shall:

- a. Be the chief administrative officer of the International Seabed Resource Authority, and act in that capacity in all meetings of the Assembly and the Council;
- b. Report to the Assembly and the Council on the work of the International Seabed Resource Authority;
- c. Collect, publish and disseminate information which will contribute to mankind's knowledge of the seabed and its resources;
- d. Perform such other functions as are entrusted to him by the Assembly or the Council.

## ARTICLE 63

1. In the performance of their duties the Secretary-General and the staff shall not seek or receive instructions from any government or from any other external authority. They shall refrain from any action which might reflect on their position as international officials responsible only to the International Seabed Resource Authority.

2. Each Contracting Party shall respect the exclusively international character of the responsibilities of the Secretary-General and the staff and shall not seek to influence them in the discharge of their responsibilities.

## ARTICLE 64

1. The staff of the International Seabed Resource Authority shall be appointed by the Secretary-General under the general guidelines established by the Council.

2. Appropriate staffs shall be assigned to the various organs of the Authority as required.

3. The paramount consideration in the employment of the staff and in the determination of the conditions of service shall be the necessity of securing the highest standards of efficiency, competence, and integrity. Due regard shall be paid to the importance of recruiting the staff on as wide a geographical basis as possible.

G. Conflicts of Interest

ARTICLE 65

No representative to the Assembly or the Council nor any member of the Tribunal, Commissions, subsidiary organs (other than advisory bodies or consultants), or the Secretariat, shall, while serving as such a representative or member, be actively associated with or financially interested in any of the operations of any enterprise concerned with exploration or exploitation of the natural resources of the International Seabed Area.

CHAPTER VRULES AND RECOMMENDED PRACTICES

## ARTICLE 66

1. Rules and Recommended Practices are contained in Annexes to this Convention.
2. Annexes shall be consistent with this Convention, its Appendices, and any amendments thereto. Any Contracting Party may challenge an Annex, an amendment to an Annex, or any of their provisions, on the grounds that it is unnecessary, unreasonable or constitutes a misuse of powers, by bringing the matter before the Tribunal in accordance with Article 54.
3. Annexes shall be adopted and amended in accordance with Article 67. Those Annexes adopted along with this Convention, if any, may be amended in accordance with Article 67.

## ARTICLE 67

The Annexes to this Convention and amendments to such Annexes shall be adopted in accordance with the following procedure:

- a. They shall be prepared by the Rules and Recommended Practices Commission and submitted to the Contracting Parties for comments;
- b. After receiving the comments, the Commission shall prepare a revised text of the Annex or amendments thereto;
- c. The text shall then be submitted to the Council which shall adopt it or return it to the Commission for further study;
- d. If the Council adopts the text, it shall submit it to the Contracting Parties;
- e. The Annex or an amendment thereto shall become effective within three months after its submission to the Contracting Parties, or at the end of such longer period of time as the Council may prescribe, unless in the meantime more than one-third of the Contracting Parties register their disapproval with the Authority;
- f. The Secretary-General shall immediately notify all Contracting States of the coming into force of any Annex or amendment thereto.

## ARTICLE 68

1. Annexes shall be limited to the Rules and Recommended Practices necessary to:
  - a. Fix the level, basis, and accounting procedures for determining international fees and other forms of payment, within the ranges specified in Appendix A;

- b. Establish work requirements within the ranges specified in Appendixes A and B;
  - c. Establish criteria for defining technical and financial competence of applicants for licenses;
  - d. Assure that all exploration and exploitation activities, and all deep drilling, are conducted with strict and adequate safeguards for the protection of human life and safety and of the marine environment;
  - e. Protect living marine organisms from damage arising from exploration and exploitation activities;
  - f. Prevent or reduce to acceptable limits interference arising from exploration and exploitation activities with other uses and users of the marine environment;
  - g. Assure safe design and construction of fixed exploration and exploitation installations and equipment;
  - h. Facilitate search and rescue services, including assistance to aquanauts, and the reporting of accidents;
  - i. Prevent unnecessary waste in the extraction of minerals from the seabed;
  - j. Standardize the measurement of water depth and the definition of other natural features pertinent to the determination of the precise location of International Seabed Area boundaries;
  - k. Prescribe the form in which Contracting Parties shall describe their boundaries and the kinds of information to be submitted in support of them;
  - l. Encourage uniformity in seabed mapping and charting;
  - n. Facilitate the management of a part of the international trusteeship area pursuant to any agreement between a Trustee Party and the Authority under Article 29;
  - n. Establish and prescribe conditions for the use of international marine parks and preserves;
2. Application of any Rule or Recommended Practice may be limited as to duration or geographic area, but without discrimination against any Contracting Party or licensee.

#### ARTICLE 69

The Contracting Parties agree to collaborate with each other and the appropriate Commission in securing the highest practicable degree of uniformity in regulations, standards, procedures and organizations in relation to the matters covered by Article 68 in order to facilitate and improve seabed resources exploration and exploitation.



#### ARTICLE 70

Annexes and amendments thereto shall take into account existing international agreements and, where appropriate, shall be prepared in collaboration with other competent international organizations. In particular, existing international agreements and regulations relating to safety of life at sea shall be respected.

#### ARTICLE 71

1. Except as otherwise provided in this Convention, the Annexes and amendments thereto adopted by the Council shall be binding on all Contracting Parties.
2. Recommended Practices shall have no binding effect.

#### ARTICLE 72

Any Contracting Party believing that a provision of an Annex or an amendment thereto cannot be reasonably applied because of special circumstances may seek a waiver from the Operations Commission and if such waiver is not granted within three months, it may appeal to the Tribunal within an additional period of two months.

CHAPTER VI

TRANSITION

ARTICLE 73

1. There shall be due protection for the integrity of investments made in the International Seabed Area prior to the coming into force of this Convention.

2. All authorizations by a Contracting Party to exploit the mineral resources of the International Seabed Area granted prior to July 1, 1970, shall be continued without change after the coming into force of this Convention provided that:

a. Activities pursuant to such authorizations shall, to the extent possible, be conducted in accordance with the provisions of this Convention;

b. New activities under such previous authorization which are begun after the coming into force of this Convention shall be subject to the regulatory provisions of this Convention regarding the protection of human life and safety and of the marine environment and the avoidance of unjustifiable interference with other uses of the marine environment;

c. Upon the expiration or relinquishment of such authorizations, or upon their revocation by the authorizing Party, the provisions of this Convention shall become fully applicable to any exploration or exploitation of resources remaining in the areas included in such authorizations;

d. Contracting Parties shall pay to the International Seabed Resource Authority, with respect to such authorizations, production payments provided for under this Convention.

3. A Contracting Party which has authorized exploitation of the mineral resources of the International Seabed Area on or after July 1, 1970, shall be bound, at the request of the person so authorized, either to issue new licenses under this Convention in its capacity as a Trustee Party, or to sponsor the application of the person so authorized to receive new licenses from the International Seabed Resource Authority. Such new license issued by a Trustee Party shall include the same terms and conditions as its previous authorization, provided that such license shall not be inconsistent with this Convention, and provided further that the Trustee Party shall itself be responsible for complying with increased obligations resulting from the application of this Convention, including fees and other payments required by this Convention.

4. The provisions of paragraph 3 shall apply within one year after this Convention enters into force for the Contracting Party concerned, but in no event more than five years after the entry into force of this Convention.

5. Until converted into new licenses under paragraph 3, all authorizations issued on or after July 1, 1970, to exploit the mineral resources of the International Seabed Area shall have the same status as authorizations under paragraph 2. Five years after the entry into force of this Convention all such authorizations not converted into new licenses under paragraph 3 shall be null and void.

6. Any Contracting Party that has authorized activities within the International Seabed Area after July 1, 1970, but before this Convention has entered into force for such Party, shall compensate the licensee for any investment losses resulting from the application of this Convention.

#### ARTICLE 74

1. The membership of the Tribunal, the Commissions, and the Secretariat shall be maintained at a level commensurate with the tasks being performed.

2. In the period before the International Seabed Resource Authority acquires income sufficient for the payment of its administrative expenses the Authority may borrow funds for the payment of those expenses. The Contracting Parties agree to give sympathetic consideration to requests by the Authority for such loans.

CHAPTER VII

DEFINITIONS

ARTICLE 75

Unless another meaning results from the context of a particular provision, the following definitions shall apply:

1. "Convention" refers to all provisions of and amendments to this Convention, its Appendices, and its Annexes.
2. "Trustee Party" refers to the Contracting Party exercising trusteeship functions in that part of the International Trusteeship Area off its coast in accordance with Chapter III.
3. "Sponsoring Party" refers to a Contracting Party which sponsors an application for a license or permit before the International Seabed Resource Authority. The term "sponsor" is used in this context.
4. "Authorizing Party" refers to a Contracting Party authorizing any activity in the International Seabed Area, including a Trustee Party issuing exploration or exploitation licenses. The term "authorize" is used in this context. In the case of a vessel, the term "Authorizing Party" shall be deemed to refer to the State of its nationality.
5. "Operating Party" refers to a Contracting Party which itself explores or exploits the natural resources of the International Seabed Area.
6. "Licensee" refers to a State, group of States, or natural or juridical person holding a license for exploration or exploitation of the natural resources of the International Seabed Area.
7. "Exploration" refers to any operation in the International Seabed Area which has as its principal or ultimate purpose the discovery and appraisal, or exploitation, of mineral deposits, and does not refer to scientific research. The term does not refer to similar activities when undertaken pursuant to an exploitation license.
8. "Deep drilling" refers to any form of drilling or excavation in the International Seabed Area deeper than 300 metres below the surface of the seabed.
9. "Landlocked or shelf-locked country" refers to a Contracting Party which is not a Trustee Party.

CHAPTER VIII

AMENDEMENT AND WITHDRAWAL

ARTICLE 76

Any proposed amendment to this Convention or the appendices thereto which has been approved by the Council and a two-thirds vote of the Assembly shall be submitted by the Secretary-General to the Contracting Parties for ratification in accordance with their respective constitutional processes. It shall come into force when ratified by two-thirds of the Contracting Parties, including each of the six States designated pursuant to sub-paragraph 2(a) of Article 36 at the time the Council approved the amendments. Amendments shall not apply retroactively.

ARTICLE 77

1. Any Contracting Party may withdraw from this Convention by a written notification addressed to the Secretary-General. The Secretary-General shall promptly inform the other Contracting Parties of any such withdrawal.

2. The withdrawal shall take effect one year from the date of the receipt by the Secretary-General of the notification.

CHAPTER IX

FINAL CLAUSES

ARTICLE 78

APPENDIX A  
TERMS AND PROCEDURES  
APPLYING TO  
ALL LICENSES IN THE INTERNATIONAL SEABED AREA

1. Activities Requiring a License or a Permit

1.1. Pursuant to Article 13 of this Convention, all exploration and exploitation operations in the International Seabed Area which have as their principal or ultimate purpose the discovery or appraisal, and exploitation, of mineral deposits shall be licensed.

1.2. There shall be two categories of licenses:

(a) A non-exclusive exploration license shall authorize geophysical and geochemical measurements, and bottom sampling, for the purposes of exploration. This license shall not be restricted as to area and shall grant no exclusive right to exploration nor any preferential right in applying for an exploitation license. It shall be valid for two years following the date of its issuance and shall be renewable for successive two-year periods.

(b) An exploitation license shall authorize exploration and exploitation of one of the groups of minerals described in section 5 in a specified area. The exploitation license shall include the exclusive right to undertake deep drilling and other forms of subsurface entry for the purpose of exploration and exploitation of minerals described in paragraphs 5.1(a) and 5.1(c). The license shall be for a limited period and shall expire at the end of fifteen years if no commercial production is achieved.

1.3. The right to undertake deep drilling for exploration or exploitation shall be granted only under an exploitation license.

1.4. Deep drilling for purposes other than exploration or exploitation of seabed minerals shall be authorized under a deep-drilling permit issued at no charge by the International Seabed Resource Authority, provided that:

(a) The application is accompanied by a statement from the Sponsoring Party certifying as to the applicant's technical competence and accepting liability for any damage that may result from such drilling;

(b) The application for such a permit is accompanied by a description of the location proposed for such holes, by seismograms and other pertinent information on the geology in the vicinity of the proposed drilling sites, and by a description of the equipment and procedures to be utilized;

(c) The proposed drilling, including the methods and equipment to be utilized, complies with the requirements of this Convention and is judged by the Authority not to pose an uncontrollable hazard to human safety, property, and the environment;

(d) The proposed drilling is either not within an area already under an exploitation license or is not objected to by the holder of such a license;

(e) The applicant agrees to make available promptly the geologic information obtained from such drilling to the Authority and the public.

## 2. General License Procedures

2.1. An Authorizing or Sponsoring Party shall certify the operator's financial and technical competence and shall require the operator to conform to the rules, provisions and procedures specified under the terms of the license.

2.2. Each Authorizing or Sponsoring Party shall formulate procedures to ensure that applications for licenses are handled expeditiously and fairly.

2.3. Any Authorizing or Sponsoring Party which considers that it is unable to exercise appropriate supervision over operators authorized or sponsored by it in accordance with this Convention shall be permitted to authorize or sponsor operators only if their operations are supervised by the International Seabed Resource Authority pursuant to an agreement between the Authorizing or Sponsoring Party and the International Seabed Resource Authority. In such event fees and rentals normally payable to the International Seabed Resource Authority will be increased appropriately to offset its supervisory costs.

## 3. Exploration Licenses -- Procedures

3.1. All applications for exploration licenses and for their renewal shall be accompanied by a fee of from \$500 to \$1,500 as specified in an Annex and a description of the location of the general area to be investigated and the kinds of activities to be undertaken. A portion of a figure between 50% and 66-2/3% will be inserted here of the fee shall be forwarded by the Authorizing or Sponsoring Party to the Authority together with a copy of the application.

3.2. The Authorizing or Sponsoring Party shall transmit to the Authority the description referred to in paragraph 3.1 and its assurance that the activities will not be harmful to the marine environment.

3.3. The Authorizing or Sponsoring Party may require the operator to pay and may retain, an additional license fee not to exceed \$3,000, to help cover the administrative expenses of that Party.



3.4. Exploration licenses shall not be renewed in the event the operator has failed to conform his activities under the prior license to the provisions of this Convention or to the conditions of the license.

4. Exploitation Licenses -- Procedures

4.1. All applications for exploitation licenses shall be accompanied by a fee of from \$5,000 to \$15,000, per block, as specified in an Annex. A portion [a figure between 50% and 66-2/3% will be inserted here] of the fee shall be forwarded by the Authorizing or Sponsoring Party to the Authority together with a copy of the application.

4.2. Pursuant to section 5 below, applications shall identify the category of minerals in the specific area for which a license is sought.

4.3. When a license is granted to an applicant for more than one block at the same time, only a single certificate need be issued.

4.4. The Authorizing or Sponsoring Party may require the operator to pay, and may retain, an additional license fee not to exceed \$30,000, to help cover the administrative expenses of that Party.

4.5. The license fee described in paragraph 4.1 shall satisfy the first two years' rental fee.

5. Exploitation Rights -- Categories and Size of Blocks

5.1. Licenses to exploit shall be limited to one of the following categories of minerals:

(a) Fluids or minerals extracted in a fluid state, such as oil, gas, helium, nitrogen, carbon dioxide, water, geothermal energy, sulfur and saline minerals.

(b) Manganese-oxide nodules and other minerals at the surface of the seabed.

(c) Other minerals, including category (b) minerals that occur beneath the surface of the seabed and metalliferous muds.

5.2. An exploitation license shall be issued for a specific area of the seabed and subsoil vertically below it, hereinafter referred to as a "block". The methods for defining the boundaries of blocks, and of portions thereof, shall be specified in an Annex.

5.3. In the category described in paragraph 5.1(a) the block shall be approximately 500 square kilometres, which shall be reduced to a quarter of a block when production begins. Each exploitation license shall apply to not more than one

block, but exploitation licenses to a rectangle containing as many as 16 contiguous blocks may be taken out under a single certificate and reduced by three quarters to a number of blocks, a single block, or a portion of a single block when production begins. The relinquishment requirement shall not apply to licenses issued for areas of one quarter of a block or less.

5.4. In the category described in paragraph 5.1(b) the block shall be approximately 40,000 square kilometers, which shall be reduced to a quarter of a block when production begins. Each exploitation license shall apply to not more than one block, but exploitation licenses to a rectangle containing as many as four contiguous blocks may be taken out under a single certificate and reduced to a single block, or to a portion of a single block comprising one-fourth their total area, when production begins. The relinquishment requirement shall not apply to licenses issued for areas of one quarter of a block or less.

5.5. In the category described in paragraph 5.1(c) the block shall be approximately 500 square kilometers, which shall be reduced to one eighth of a block when production begins. Each license shall apply to not more than one block, but exploitation licenses to as many as 8 contiguous blocks may be taken out under a single certificate and reduced to a single block, or to a portion of a single block comprising one eighth their total area, when production begins. The relinquishment shall not apply to licenses issued for one eighth of a block or less.

5.6. Applications for exploitation licenses may be for areas smaller than the maximum stated above.

5.7. Operators may at any time relinquish rights to all or part of the licensed area.

5.8. Commercial production shall be deemed to have commenced or to be maintained when the value at the site of minerals exploited is not less than \$100,000 per annum. The required minimum and the method of ascertaining this value shall be determined by the Authority.

5.9. If the commercial production is not maintained, the exploitation license shall expire within five years of its cessation, but when production is interrupted or suspended for reasons beyond the operator's control, the duration of the license shall be extended by a time equal to the period in which production has been suspended for reasons beyond the operator's control.

6. Rental Fees and Work Requirements

Rental Fees

6.1. Prior to attaining commercial production the following annual rental fees shall be paid beginning in the third year after the license has been issued:

(a) \$2 - \$10 per square kilometer, as specified in an appropriate Annex, for the category of minerals described in paragraph 5.1(a); \$2 - \$10 per 100 square kilometers for the category of minerals described in paragraph 5.1(b) of Appendix A; \$2 - \$10 per square kilometer for the category of minerals described in paragraph 5.1(c).

6.2. The rates in paragraph 6.1 shall increase at the rate of 10% per annum, calculated on the original base rental fee, for the first ten years after the third year, and shall increase 20% per annum for the following two years, calculated on the original base rental fee.

6.3. After commercial production begins, the annual rental fee shall be \$5,000-\$25,000 per block, regardless of block size.

6.4. The rental fee shall be payable annually in advance to the Authorizing or Sponsoring Party which shall forward a portion  $\frac{1}{n}$  a figure between 50% and 66-2/3% will be inserted here of the fees to the Authority. The Authorizing or Sponsoring Party may require the operator to pay, and may retain, an additional rental fee, not to exceed an amount equal to the amount paid pursuant to paragraphs 6.1 - 6.3, to help cover the administration expenses of that Party.

Work Requirements

6.5. Prior to attaining commercial production, the operator shall deposit a work requirement fee or post a sufficient bond for that amount, for each license at the beginning of each year.

6.6. The minimum annual work requirement fee for each block shall increase in accordance with the following schedule:

Para. 5.1(a) and (c) minerals

<u>Years</u>	<u>Amount per annum</u>
1-5	\$ 20,000
6-10	180,000
11-15	200,000
	<u>\$ 2,000,000</u>

Para.5.1(b) minerals

<u>Years</u>	<u>Amounts per annum</u>
1-2	\$ 20,000
3-10	120,000
11-15	200,000
	<u>\$ 2,000,000</u>

The minimum annual work requirement for a portion of a block shall be an appropriate fraction of the above, to be specified in an Annex.

6.7. The work requirement fee shall be refunded to the operator upon receipt of proof by the Authorizing Party or Sponsoring Party that the amount equivalent to the fee has been expended in actual operations. Expenditures for on-land design or process research and equipment purchase or off-site construction cost directly related to the licensed block or group of blocks shall be considered to apply toward work requirements up to 75% of the amount required.

6.8. Expenditures in excess of the required amount for any given year shall be credited to the requirement for the subsequent year or years.

6.9. In the absence of satisfactory proof that the required expenditure has been made in accordance with the foregoing provisions of this section, the deposit will be forfeited.

6.10. If cumulative work requirement expenditures are not met at the end of the initial five-year period, the exploitation license shall be forfeited.

6.11. After commercial production begins the operator shall make an annual deposit of at least \$100,000 at the beginning of each year; or shall post a sufficient bond for that amount, which shall be refunded in an amount equivalent to expenditures on or related to the block and the value of production at the site.

6.12. If production is suspended or delayed for reasons beyond the operator's control, the operator shall not be required to make the deposit or post the bond required in subparagraph 6.11.

7. Submission of Work Plans and Data Under Exploitation Licenses  
Prior to Commencement of Commercial Production

7.1. Exploitation license applications shall be accompanied by a general description of the work to be done and the equipment and methods to be used. The licensee shall submit subsequent changes in his work plan to the Sponsoring or Authorizing Party for review.

7.2. The licensee shall furnish reports at specified intervals to the Authorizing or Sponsoring Party supplying proof that he has fulfilled the specified work requirements. Copies of such reports shall be forwarded to the Authority.

7.3. The licensee shall maintain records of drill logs, geophysical data and other data acquired in the area to which his license refers, and shall provide access to them to the Authorizing or Sponsoring Party on request.

7.4. At intervals of five years, or when he relinquishes his rights to all or part of the area or when he submits a production plan as described in Section 8, the operator shall transmit to the Authorizing or Sponsoring Party such maps, seismic

sections, logs, assays, or reports as are specified in an Annex to this Convention. The Authorizing or Sponsoring Party shall hold such data in confidence for ten years after receipt, but shall make the data available on request to the Authority for its confidential use in the inspection of operations.

7.5. The data referred to in paragraph 7.4 shall be transmitted to the Authority ten years after receipt by the Authorizing or Sponsoring Party, and made available by the Authority for public inspection. Such data shall be transmitted to the Authority immediately upon revocation of a license.

8. Production Plan and Producing Operations

8.1. Prior to beginning commercial production the licensee shall submit a production plan to the Authorizing or Sponsoring Party and through such Party to the Authority.

8.2. The Authorizing or Sponsoring Party and the Authority shall require such modifications in the plan as may be necessary for it to meet the requirements of this Convention.

8.3. Any change in the licensee's production plan shall be submitted to the Authorizing or Sponsoring Party and through such Party to the Authority for their review and approval.

8.4. Not later than three months after the end of each year from the issuance of the license the licensee shall transmit to the Authorizing or Sponsoring Party for forwarding to the Authority production reports and such other data as may be specified in an Annex to this Convention.

8.5. The operator shall maintain geologic, geophysical and engineering records and shall provide access to them to the Authorizing or Sponsoring Party on its request. In addition, the operator shall submit annually such maps, sections, and summary reports as are specified in Annexes to this Convention.

8.6. The Sponsoring or Authorizing Party shall hold such maps and reports in confidence for ten years from the time received but shall make them available on request to the Authority for its confidential use in the inspection of operations.

8.7. Such maps and reports shall be transmitted to the Authority and shall be made available by it for public inspection not later than ten years after receipt by the Sponsoring or Authorizing Party.

9. Unit Operations

9.1. Accumulations of fluids and other minerals that can be made to migrate from one block to another and that would be most rationally mined by an operation

under the control of a single operator but that lie astride the boundary of adjacent blocks licensed to different operators shall be brought into unit management and production.

9.2. With respect to deposits lying astride the seaward boundary of the International Trusteeship Area, the Operations Commission shall assure unit management and production, giving the Trustee and Sponsoring Parties and their licensees a reasonable time to reach agreement on an operation plan.

#### 10. Payments on Production

10.1. When commercial production begins under an exploitation license, the operator shall pay a cash production bonus of \$500,000 to \$2,000,000 per block, as specified in an Annex to this Convention, to the Authorizing or Sponsoring Party.

10.2. Thereafter, the operator shall make payments to the Authorizing or Sponsoring Party which are proportional to production, in the nature of total payments ordinarily made to governments under similar conditions. Such payments shall be equivalent to 5 to 40 per cent of the gross value at the site of oil and gas, and 2 to 20 per cent of the gross value at the site of other minerals, as specified in an Annex to this Convention. The total annual payment shall not be less than the annual rental fee under paragraph 6.3.

10.3. The Sponsoring Party shall forward all payments under this section to the Authority. The Authorizing Party shall forward a portion  $\frac{1}{a}$  figure between 50% and 66-2/3% will be inserted here of such payments to the Authority.

#### 11. Graduation of Payments According to Environment and Other Factors

11.1. The levels of payments and work requirements, as well as the rates at which such payments and work requirements escalate over time, may be graduated to take account of probable risk and cost to the investor, including such factors as water depth, climate, volume of production, proximity to existing production, or other factors affecting the economic rent that can reasonably be anticipated from mineral production in a given area.

11.2. Any graduated levels and rates shall be described and categorized in an Annex in such a way as to affect all licensees in each category equally and not to discriminate against or favor individual Parties or groups of Parties, or their nationals.

11.3. Any increases in such levels of payments or requirements shall apply only to new licenses or renewals and not to those already in force.

12. Liability

12.1. The operator and his Authorizing or Sponsoring Party, as appropriate, shall be liable for damage to other users of the marine environment and for clean-up and restoration costs of damage to the land environment.

12.2. The Authorizing or Sponsoring Party, as appropriate, shall require operators to subscribe to an insurance plan or provide other means of guaranteeing responsibility, adequate to cover the liability described in paragraph \_\_\_\_.

(Note: More detailed provisions on liability should be included.)

13. Revocation

13.1. In the event of revocation pursuant to Article 52 of this Convention, there shall be no reimbursement for any expense incurred by the licensee prior to the revocation. The licensee shall, however, have the right to recover installations or equipment within six months of the date of the revocation of his license. Any installations or devices not removed by that time shall be removed and disposed of by the Authority, or the Authorizing or Sponsoring Party, at the expense of the licensee.

14. International Fees and Payments

14.1. The Authority shall specify the intervals at which fees and other payments collected by an Authorizing or Sponsoring Party shall be transmitted.

14.2. No Contracting Party shall impose or collect any tax, direct or indirect, on fees and other payments to the Authority.

14.3. All fees and payments required under this Convention shall be those in force at the time a license was issued or renewed.

14.4. All fees and payments to the Authority shall be transmitted in convertible currency.

APPENDIX B

TERMS AND PROCEDURES APPLYING TO  
LICENSES IN THE INTERNATIONAL SEABED AREA BEYOND  
THE INTERNATIONAL TRUSTEESHIP AREA

1. Entities Entitled to Obtain Licenses

1.1. Contracting Parties or a group of Contracting Parties, one of which shall act as the operating or sponsoring Party for purposes of fixing operational or supervisory responsibility, are authorized to apply for and obtain exploration and exploitation licenses. Any Contracting Party or group of Contracting Parties, which applies for a license to engage directly in exploration or exploitation, shall designate a specific agency to act as operator on its behalf for the purposes of this Convention.

1.2. Natural or juridical persons are authorized to apply for and obtain exploration and exploitation licenses from the International Seabed Resource Authority if they are sponsored by a Contracting Party.

2. Exploration Licenses - Procedures

2.1. Licenses shall be issued promptly by the Authority through the Sponsoring Party to applicants meeting the requirements specified in Appendix A.

3. Exploitation Licenses - Procedures

3.1. The Sponsoring Party shall certify as to the technical and financial competence of the operator, and shall transmit the operator's work plan.

3.2. An application for an exploitation license shall be preceded by a notice of intent to apply for a license submitted by the operator to the Authority and the prospective Sponsoring Party. Such a notice of intent, when accompanied by evidence of the deposit of the license fee referred to in paragraph 4.1 of Appendix A, shall reserve the block for one hundred and eighty days. Notices of intent may not be renewed.

3.3. Notices of intent shall be submitted sealed to the Authority and opened at monthly intervals at previously announced times.

3.4. Subject to the compliance with these procedures, if only one notice of intent has been received for a particular block, the applicant shall be granted a license, except as provided in paragraphs 3.6. - 3.8.

3.5. If more than one notice of intent to apply for a license for the same block or portion thereof is received at the same opening, the Authority shall notify the applicants and their Sponsoring Parties that the exploitation license to the block or portion thereof will be sold to the highest bidder at a sale to be held one hundred and eighty days later, under the following terms:



- (a) The bidding shall be on a cash bonus basis and the minimum bid shall be twice the license fee;
- (b) Bids shall be sealed;
- (c) The bidding shall be limited to such of the original applicants whose applications have been received in the interim from their sponsoring Parties;
- (d) Bids shall be announced publicly by the Authority when they are opened. In the event of a tie, the tie bidders shall submit a second sealed bid to be opened 28 days later;
- (e) The final award shall be announced publicly by the Authority within seven days after the bids have been opened.

3.6. In the event of the termination, forfeiture, or revocation of an exploitation license to a block, or relinquishment of a part of a block, the block or portion thereof will be offered for sale by sealed competitive bidding on a cash bonus basis in addition to the current license fee. The following provisions shall apply to such a sale:

- (a) The availability of such a block, or portion thereof, for bidding shall be publicly announced by the Authority as soon as possible after it becomes available, and a sale following the above procedures shall be held within one hundred and eighty days after a request for an exploitation license on the block has been received;
- (b) The bidding shall be open to all sponsored operators, including, except in the case of revocation, the operator who previously held the exploitation license to the block or to the available portion thereof;
- (c) If the winning bid is submitted by an operator who previously held the exploitation right to the same block, or to the same portion thereof, the work requirement will begin at the level that would have applied if the operator had continuously held the block.

3.7. Blocks, or portions thereof, contiguous to a block on which production has begun shall also be sold by sealed competitive bidding under the terms specified in paragraph 3.6.

3.8. Blocks, or separate portions thereof, from which hydrocarbons or other fluids are being drained, or are believed to be drained, by production from another block shall be offered for sale by sealed competitive bidding under the terms specified in paragraph 3.7. at the initiative of the Authority.

3.9. Geologic and other data concerning blocks or portions thereof open for bidding pursuant to paragraphs 3.6. - 3.8. which are no longer confidential shall be made available to the public prior to the bidding date. Data on blocks, or separate portions thereof, for which the license has been revoked for violations shall be made available to the public within 30 days after revocation.

3.10. Exploitation licenses shall only be transferable with the approval of the Sponsoring Party and the Authority, provided that the transferee meets the requirements of this Convention, is sponsored by a Contracting Party, and a transfer fee is paid to the Authority in the amount of \$250,000. This fee shall not apply in transfers between parts of the same operating enterprise.

4. Duration of Exploitation Licenses

4.1. If commercial production has been achieved within fifteen years after the license has been issued, the exploitation license shall be extended automatically for twenty additional years from the date commercial production has commenced.

4.2. At the completion of the twenty-year production period referred to in paragraph 4.1, the operator with the approval of the Sponsoring Party shall have the option to renew his license for another twenty years at the rental fees and payment rates in effect at the time of renewal.

4.3. At the end of the forty-year term, or earlier if the license is voluntarily relinquished or expires, pursuant to paragraph 5.9 of Appendix A, the block or blocks, or separate portions of blocks, to which the license applied shall be offered for sale by competitive bidding on a cash bonus basis. The previous licensee shall have no preferential right to such block, or separate portion thereof.

5. Work Requirements

5.1. The annual work requirement fee per block shall be specified in an Annex in accordance with the following schedule:

Paragraph 5.1(a) and (c) minerals

<u>Years</u>	<u>Amount per annum</u>
1-5	\$ 20,000 - 60,000
6-10	180,000 540,000
11-15	200,000 600,000
	\$2,000,000 6,000,000 Total

Paragraph 5.1(b) minerals

<u>Years</u>	<u>Amount per annum</u>
1-2	\$ 20,000 - 60,000
3-10	120,000 360,000
11-15	200,000 600,000
	\$2,000,000 6,000,000 Total

The minimum annual work requirement for a portion of a block shall be an appropriate fraction of the above, to be specified in an Annex.

5.2. Work expenditures with respect to one or more blocks may be considered as meeting the aggregate work requirements on a group of blocks originally licensed in the same year, to the same operator, in the same category, provided that the number of such blocks shall not exceed sixteen in the case of category 5.1(a) of Appendix A, four in the case of category 5.1(b) and eight in the case of category 5.1(c).

5.3. Should the aggregate work requirement expenditure of \$2,000,000 to \$6,000,000 be spent prior to the end of the thirteenth year, an additional work requirement of \$25,000 - \$50,000 as specified in an Annex, shall be met until commercial production begins or until the expiration of the fifteen-year period.

5.4. After commercial production begins the operator shall at the beginning of each year, deposit \$100,000 to \$200,000 as specified in an Annex, or with the Sponsoring Party post a bond for that amount. Such deposit or bond shall be returned in an amount equivalent to expenditures on or related to the block and the value of production at the site. A portion [a figure between 50% and 66-2/3% will be inserted here] of any funds not returned shall be transmitted to the Authority.

#### 6. Unit Management

The Operations Commission shall assure unit management and production pursuant to Section 9 of Appendix A, giving the licensees and their Sponsoring Parties a reasonable time to reach agreement on a plan for unit operation.

APPENDIX C

TERMS AND PROCEDURES FOR LICENSES IN  
THE INTERNATIONAL TRUSTEESHIP AREA

1. General

1.1. Unless otherwise specified in this Convention, all provisions of this Convention except those in Appendix B shall apply to the International Trusteeship Area.

2. Entities Entitled to Obtain Licenses

2.1. The Trustee Party, pursuant to Chapter III, shall have the exclusive right, in its discretion, to approve or disapprove applications for exploration and exploitation licenses.

3. Exploration and Exploitation Licenses

3.1. The Trustee Party may use any system for issuing and allocating exploration and exploitation licenses.

3.2. Copies of licenses issued shall be forwarded to the Authority.

4. Categories and Size of Blocks

4.1. The Trustee Party may license separately one or more related minerals of the categories listed in paragraph 5.1 of Appendix A.

4.2. The Trustee Party may establish the size of the block for which exploitation licenses are issued within the maximum limits specified in Appendix A.

5. Duration of Exploitation Licenses

5.1. The Trustee Party may establish the term of the exploitation license and the conditions if any, under which it may be renewed, provided that its continuance after the first 15 years is contingent upon the achievement of commercial production.

6. Work Requirements

6.1. The Trustee Party may set the work requirements at or above those specified in Appendix A and put these in terms of work to be done rather than funds to be expended.

7. Unit Management

7.1. When a deposit most rationally extracted under unit management lies wholly within the International Trusteeship Area, or astride its landward boundary, the Trustee Party concerned shall assure unit management and production pursuant to Section 9.1 of Appendix A, and shall submit the plan for unit operation to the Operations Commission.

7.2. With respect to deposits lying astride a boundary between two Trustee Parties in the International Trusteeship Area, such Parties shall agree on a plan to assure unit management and production, and shall submit the operation plan to the Operations Commission.

8. Proration

8.1. The Trustee Party may establish proration, to the extent permitted by its domestic law.

9. Payments

9.1. Pursuant to sub-paragraph (e) of Article 28, the Trustee Party may collect fees and payments related to the issuance or retention of a license in addition to those specified in this Convention, including but not limited to payments on production higher than those required by this Convention.

9.2. The Trustee Party shall transfer to the Authority a portion (a figure between 50% and 66-2/3% will be inserted here) of the fees and payments referred to in paragraph 9.1 except as otherwise provided in paragraphs 3.3, 4.4 and 6.4 of Appendix A.

(NOTE: Further study is required on the means to assure equitable application of the principle contained in paragraph 9.2 to socialist and non-socialist parties and their operations.)

10. Standards

10.1. The Trustee Party may impose higher operating, conservation, pollution and safety standards than those established by the Authority, and may impose additional sanctions in case of violations of applicable standards.

11. Revocation

11.1. The Trustee Party may suspend or revoke licenses for violation of this Convention, or of the rules it has established pursuant thereto, or in accordance with the terms of the license.

APPENDIX D  
DIVISION OF REVENUE

1. Disbursements

1.1. All disbursements shall be made out of the net income of the Authority, except as otherwise provided in paragraph 2 of Article 74.

2. Administrative Expenses of the International Seabed Resource Authority

2.1. The Council, in submitting the proposed budget to the Assembly shall specify what proportion of the revenues of the Authority shall be used for the payment of the administrative expenses of the Authority.

2.2. Upon approval of the budget by the Assembly, the Secretary-General is authorized to use the sums allotted in the budget for the expenses specified therein.

3. Distribution of the Net Income of the Authority

3.1. The net income, after administrative expenses, of the Authority shall be used to promote the economic advancement of developing States Parties to this Convention and for the purposes specified in paragraph 2 of Article 5, and in other Articles of this Convention.

3.2. The portion to be devoted to economic advancement of developing States Parties to this Convention shall be divided among the following international development organizations as follows:

(NOTE: A list of international and regional development organizations should be included here, indicating percentages assigned to each organization.)

3.3. The Council shall submit to the Assembly proposals for the allocation of the income of the Authority within the limits prescribed by this Appendix.

3.4. Upon approval of the allocation by the Assembly, the Secretary-General is authorized to distribute the funds.

APPENDIX E

DESIGNATED MEMBERS OF THE COUNCIL

1. Those six Contracting Parties which are both developed States and have the highest gross national product shall be considered as the six most industrially advanced Contracting Parties.

2. The six most industrially advanced Contracting Parties at the time of the entry into force of this Convention shall be deemed to be: \_\_\_\_\_

\_\_\_\_\_. They shall hold office until replaced in accordance with this Appendix.

3. The Council, prior to every regular session of the Assembly, shall decide which are the six most industrially advanced Contracting Parties. It shall make rules to ensure that all questions relating to the determination of such Contracting Parties are considered by an impartial committee before being decided by the Council.

4. The Council shall report its decision to the Assembly, together with the recommendations of the impartial committee.

5. Any replacements of the designed members of the Council shall take effect on the day following the last day of the Assembly to which such a report is made.