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**Belgium, Denmark, France, Germany (Federal Republic of), Italy, Luxembourg,  
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paper**

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the Sea, Volume III (Documents of the Conference, First and Second Sessions)*

5. The Authority may, if it considers it appropriate, enter into contracts relating to one or more stages of operations with any person, natural or juridical. These stages of operations may include the following: scientific research, general survey, exploration, evaluation, feasibility study and construction of facilities, exploitation, processing, transportation and marketing.

6. (a) The Authority shall establish appropriate procedures and prescribe qualifications on the basis of which persons natural or juridical may apply to the Authority for entering into contracts relating to one or more stages of operations.

(b) The selection from among applicants shall be made by the Authority on a competitive basis, taking into special account the need for the widest possible direct participation of developing countries, particularly the land-locked among them. The decision of the Authority in that regard shall be final and definitive.

7. Subject to the provisions of paragraph 6, a contractor who has fulfilled his contract regarding one or more stages of operations, as the case may be, to the satisfaction of the Authority shall have priority in the award of a contract for a further stage or stages of operations.

8. The rights and obligations arising out of a contract with the Authority shall not be transferred except with the consent of the Authority and in accordance with the rules and regulations laid down by it.

9. The Authority may, if it considers it appropriate, enter into a joint venture or any other such form of association with any person, natural or juridical, to undertake one or more stages of operations, provided, however, that the Authority shall have financial control through majority share and administrative control in such joint venture or other form of association.

10. The Authority shall ensure security of tenure to a contractor within the terms of the contract provided he does not violate the provisions of the Convention and the rules and regulations laid down by the Authority.

11. In case of a radical change in circumstances or *force majeure*, the Authority may take appropriate measures, including revision, suspension or termination of the contract.

12. Any person, natural or juridical, entering into a contract, joint venture or any other such form of association with the Authority may be required to provide the funds, materials, equipment, skill and know-how necessary for the conduct of operations at any stage or stages, and to deposit a guarantee.

13. Any responsibility, liability or risk arising out of the conduct of operations shall lie only with the person, natural or juridical, entering into a contract with the Authority.

14. The share of the Authority in a contract, joint venture or any other such form of association may be, *inter alia*, in the form of the production or the proceeds from the resources.

15. (a) The Authority shall ensure that any person, natural or juridical, who enters into a contract, joint venture or any other such form of association with it undertakes to transfer to the Authority, on a continuous basis, technology, know-how and data relevant to the stage or stages of operations involved, during the life of such a contract, joint venture or any other such form of association.

(b) The Authority and any person, natural or juridical, who is a party to a contract, joint venture or any other such form of association, shall draw up a programme for the training of the personnel of the Authority.

(c) The Authority shall further ensure that any person, natural or juridical, who enters into a contract, joint venture or any other such form of association with it, undertakes to provide at all levels training for personnel from developing countries, particularly the land-locked among them, and employment, to the maximum extent possible, to qualified personnel from such countries.

16. The Authority shall have the right to take at any time the necessary measures in order to apply the provisions contained in this Convention, particularly those relating to regulation of production.

17. The applicable law shall be solely the provisions of this Convention, the rules and regulations laid down by the Authority, and the terms and conditions of the relevant contracts, joint ventures and any other such form of association entered into by the Authority.

## DOCUMENT A/CONF.62/C.1/L.8

**Belgium, Denmark, France, Germany (Federal Republic of), Italy, Luxembourg, Netherlands, United Kingdom of Great Britain and Northern Ireland: working paper \***

[Original: English and French]  
[16 August 1974]

### ANNEX TO THE LAW OF THE SEA CONVENTION: CONDITIONS OF EXPLORATION AND EXPLOITATION

In the view of the delegations sponsoring this working paper it is essential for conditions of exploration and exploitation to be included in any law of the sea convention.

While this paper does not necessarily represent the final views of its co-sponsors, either as to substance or as to placement of the conditions, it is an illustration of the kind of conditions that would need to be included in the convention. It is not a comprehensive and detailed set of conditions and is merely intended as an aid to the Committee's work on this subject.

#### I. Definition of activities

1. Prospecting, evaluation and exploitation in the International Sea-bed Area of the resources referred to in article VI shall be subject to the conditions set out in this annex.

2. Prospecting means a general survey of a large area with a view to collecting data on the basis of which a determination

can be made as to specific areas meriting evaluation. Prospecting may include all work involving geophysical and geochemical surveys and sea-bed sampling, excluding drilling deeper than 50 metres.

3. Evaluation means work, following prospecting, involving the use of considerable technical and financial means in order to confirm the existence, to evaluate the consistency and to demonstrate the exploitability of the resources of a specific area.

4. Exploitation means the extraction of resources for commercial and industrial purposes from a specific area.

#### II. Prospecting

1. Prospecting shall be open in the International Sea-bed Area, other than in areas in respect of which contracts have been awarded in accordance with article III, subject to a de-

\* *Idem.*

tailed declaration being made to the Authority by the entity wishing to carry out prospecting.

2. The declaration shall indicate the area in which it is planned to carry out prospecting. The declaration shall be effective for two years and may be renewed. It shall not give any exclusive right in respect of the area.

3. The declaration shall cease to be effective as regards any part of the prospecting area concerned which becomes an area in respect of which a contract has been awarded.

4. The entity shall inform the Authority of the results of the prospecting undertaken. The results shall be held confidential by the Authority.

### III. *Award of contracts*

1. The Authority shall award contracts, in accordance with the procedure set out in paragraph 3 below, giving an entity or group of entities the exclusive right to undertake the evaluation and exploitation (as defined in article I) of resources in a specific area.

2. In the case of a group of entities, they shall designate one of them who will represent them with respect to the Authority and who will exercise powers and accept responsibility on behalf of the group.

3. The Authority<sup>33</sup> shall award contracts pursuant to the procedure set out below.

An application for a contract in respect of the evaluation and exploitation of a category, or categories, of resources in a specific area may be submitted to the Authority, except as regards an area in respect of which a contract has already been awarded with respect to the category, or categories, of resources referred to in the application.

The application shall include all relevant data, including results of prospecting for the resources in question in the particular area carried out by or on behalf of the applicant.

Such data contained in the application received by the Authority shall be held confidential. On receipt of the application the Authority shall award a contract provisionally to the applicant, provided the limitation specified in article IV is not exceeded. The award of such a contract shall be publicized immediately after it has been made. Provided that no competing application is received within one month after such publication the award of the contract shall become definitive.

In the event that competing applications are received, the Authority shall reconcile such applications on the basis of the following objective criteria (to be determined).<sup>34</sup>

### IV. *Maximum number of contracts*

An applicant may not hold more than six contracts at any one time in respect of each category of resources.

### V. *Assignment of contracts*

In the case of an assignment the terms and conditions of the contract of the assignor shall continue to apply to the assignee.

### VI. *Categories of resources*

Contracts shall be awarded for one or both of the two following categories of resources:

1. Liquid and gaseous hydrocarbons, helium, carbon dioxide and geothermal energy;

2. Any mineral substance, in particular polymetallic and phosphate nodules.

### VII. *Size of areas*

Areas, delimited by meridians and parallels according to a grid system drawn up by the Authority, shall, before the relinquishment referred to in article IX, have a maximum surface of:

1. 9,000 sq. kms. in the case of the resources referred to in article VI, paragraph 1, and,

2. 60,000 sq. kms. in the case of the resources referred to in article VI paragraph 2, above.

### VIII. *Duration*

1. Contracts shall have a duration of 30 years. They shall thereafter be renewed every 10 years if the contractor so requests, for a maximum period of 50 years.

2. An area in respect of which a contract has been awarded shall be freed of any exclusive right:

(i) At the end of the contract period or of a renewal period, if no further renewal period is requested in accordance with paragraph 1;

(ii) In the event of renouncement of the whole of the area.

3. Parts of an area relinquished or renounced shall likewise be freed of any exclusive right.

### IX. *Relinquishment and renunciation*

1. The contractor shall relinquish one third of the area in respect of which it has been awarded a contract before beginning any exploitation.

2. The contractor may at any time renounce the whole or part of the area in respect of which it has been awarded a contract.

3. Relinquishment or renunciation shall be carried out on the basis of the grid system referred to in article VII.

4. The Authority, within a period of three months after relinquishment or renunciation, shall publicize the areas, or parts of areas, which have been relinquished or renounced.

### X. *Work requirement*

1. The applicant shall undertake:

—To spend . . . each year prior to exploitation (levels of expenditure, on a graduated scale, to be worked out);

—To begin exploitation within a period not longer than 10 years after the award of the contract; and

—Not to interrupt exploitation for more than 3 years, except in the case of *force majeure*, proof of which shall be submitted to the Authority.

2. In the event of an infringement of the obligations provided for in paragraph 1, the Authority shall give written notice to the contractor specifying the infringement and giving the contractor a reasonable period, in any case not less than six months, to remedy the infringement. If the infringement is not remedied within the period specified then the Authority shall terminate the contract on giving six months written notice to the contractor. If the contractor challenges the ground of termination, termination shall only take place in accordance with a decision given by the tribunal established under article . . . of the Convention.

### XI. *Participation of nationals of countries without sea-bed exploration and exploitation capability*

The applicant shall indicate in his application the steps to be taken in order to ensure the participation in the activities envisaged of nationals of countries without sea-bed exploration and exploitation capability, with a view to ensuring the training of such nationals.

### XII. *Non-interference with other activities*

1. The work undertaken and safety zones established round installations and devices pursuant to article XV, paragraph 2, and in general activities exercised within the framework of this annex, shall not impede in an unjustifiable way the exercise of other lawful activities.

<sup>33</sup>Or an organ of the Authority to be agreed upon.

<sup>34</sup>Proposals on this subject will be submitted by the co-sponsors in due course.

2. If areas relating to different categories of resources totally or partially overlap, each contractor shall exercise its respective activity in such way as not to impede in an unjustifiable way the activity of any other contractor.

### XIII. *Regulatory arrangements*

1. The necessary measures shall be taken to:

(a) Protect the installations and devices referred to in article XV, paragraph 1;

(b) Enforce technical rules, particularly with a view to the maximum exploitation of resources, compliance with security measures, and protection of the environment.

2. The Authority shall be notified of the measures taken in implementation of paragraph 1

3. (Questions of private law.)

4. The contracts awarded by the Authority shall contain provisions relating to the safety of human life, the protection of the environment and non-interference with legitimate uses of the sea.

### XIV. *Inspection and supervision information to be supplied to the Authority*

1. The Authority shall be entitled to carry out inspection and supervisory measures, in accordance with the terms of the contract, in order to ensure that work is undertaken in conformity with this Convention and its annexes.

2. The contractor shall place at the disposal of the Authority any information concerning resources it has collected during work carried out in an area.

### XV. *Installations and devices and safety zones*

1. For the purpose of this annex "installations and devices" means:

(a) Platforms and other fixed devices, as well as their attachments;

(b) Ships, marine installations and floating devices and;

(c) Underwater habitats and vehicles, either floating, standing on, or moving over, the sea-bed which are used for the purposes of evaluation or exploitation.

2. A "safety zone" shall be established around the installations and devices referred to in paragraph 1 (a), up to a distance of 1,000 metres measured horizontally from each point of the external limit of such installations and devices.

### XVI. *Marking of installations and devices and publicity to be given to nautical information*

1. Marine marketing of installations and devices and safety zones shall be established and maintained, in conformity with international rules.

2. Appropriate publicity shall be given to nautical information relating to evaluation and exploitation.

### *Financial arrangements*

To be determined.

### *Settlement of disputes*

To be determined.

## DOCUMENT A/CONF.62/C.1/L.9

### *Japan: working paper on conditions of exploration and exploitation*

[Original: English]  
[19 August 1974]

This working paper is intended to outline the preliminary position of the Japanese delegation on a number of essential points concerning conditions of exploration and exploitation which, in our view, should be included as an integral part in this Convention as an appendix or other appropriate form.

The Japanese delegation is aware of certain difficulties involved in drafting, in the Law of the Sea Conference, a complete set of rules for conditions of exploration and exploitation. The conditions contained herein are therefore not exhaustive.

### BASIC RULES AND REGULATIONS REGARDING THE CONDITIONS OF EXPLORATION AND EXPLOITATION

#### *1. Activities to be regulated*

All activities of exploration and exploitation shall be carried out through either registration or contracts with the Authority in conformity with the provisions of this Convention and the rules and regulations contained herein (hereinafter referred to as the "Rules"). Such activities shall be divided into three phases:

1. General survey;
2. Development activities;
- (a) Evaluation;
- (b) Exploitation.

#### *II. Eligible entities*

Only the following entities may register or conclude contracts with the Authority for the purpose of conducting general survey, evaluation and exploitation:

- (a) Contracting Parties;
- (b) Group of Contracting Parties; and,
- [(c) Natural or juridical persons of such a Party or Parties.]

### *III. Registration for general survey*

#### *1. Definition of general survey*

General survey is an activity carried out prior to evaluation for the purpose of locating and identifying potential mineral deposits. Such activities include bottom sampling by means of dredging and drilling up to the depth of . . . <sup>35</sup> metres from the surface.

#### *2. Procedure for registration*

An eligible entity desiring to conduct general survey shall submit to the Authority a written statement which shall specify *inter alia*:

- (a) Mineral or minerals which are the object of general survey;
- (b) The approximate location of the area in which the general survey is to be conducted;
- (c) General description of the activities; and
- (d) Expected duration of the work.

3. Registration shall give the registering entity non-exclusive right to conduct general survey for a period of two years from the date of registration. The right shall be renewed

<sup>35</sup>The exact depth to be determined by the Authority on the basis of expert opinions and taking into account the need of protecting the marine environment.