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# **THE MARITIME BOUNDARIES AND NATURAL RESOURCES OF THE REPUBLIC OF LEBANON**

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Challenges and Opportunities

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Version of December 2014

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# Introduction

## Background

In 2007, Lebanon signed an agreement with Cyprus on the delimitation of their Exclusive Economic Zones (EEZ). As stipulated by the Law of the Sea, the two southernmost and northern most points of the Lebanese EEZ were left for further negotiations with neighboring countries namely Israel<sup>1</sup> and Syria. The agreement was never ratified by the Lebanese government. On the other hand, Israel marked the northern point of its EEZ on the western point of Lebanon's proposed border with Cyprus (known as point one) thus pushing its EEZ boundaries with Lebanon 17 km north and creating a sliver of at least 860 square kilometers in dispute. Israel's announcement of gas discoveries in the Tamar, Leviathan and Tanin fields has also spurred reactions from Lebanese officials claiming that the gas fields fall within Lebanon's EEZ.

The discourse on over EEZ boundaries and natural resources raised various interpretations of international maritime law, by which countries draw their borders at sea, and created a need to clarify the legal context of maritime boundary conflicts and the practical difficulties that branch out of it.

### Maritime Borders Claims



Lebanese Government submits Maritime Borders Map to the UN in July 2010  
**Southern Border: Based on line 23**

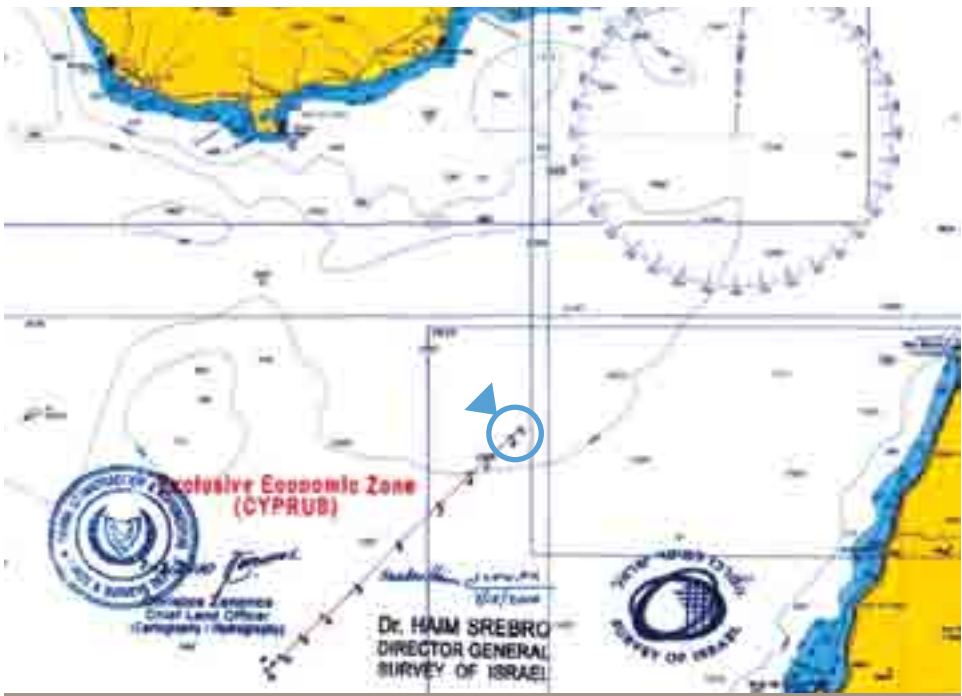
The EEZ has been drawn according to International Law. Lebanon's maritime borders might also extend further south of point 23.

Map Conflicts with the line agreed upon with Cyprus and conflicts with the line Lebanon itself agreed on with Cyprus where point 1 was used as the southern extremity.

**Suleiman:** Lebanon is determined to defend its territory and rights by all available and legitimate means

1. In accordance with Lebanese law and practice, the term 'Israel' quoted in this document from media and other resources refers to territorially to 'Occupied Palestine' and politically to the 'Zionist Entity'.

Maritime Borders Claims



Israel Council of Minister signs Maritime Border Map in July 2010  
**Southern Border: Based on line 1**

Israel's claim: The EEZ has been drawn according to International Law and will be submitted to the UN for review.

Lebanon's claim: Demarcation has infringed on Lebanon's Economic rights and contradicts International Law.

**Natanyahu:** We will not give up any part that is rightfully ours. The only option is through direct negotiation with Lebanon as part of a comprehensive peace deal.



There is no 'right way'. Lebanon's map conforms with the standards set forth by International Law and map-making. There is a need to review Israel Map and take the appropriate measures to avoid conflict in the region.



The UN will support technically Lebanon in marking its maritime boundary and ensure its right to its offshore resources.



Cyprus is committed to cooperate on all unresolved issues.

Purpose

The maritime boundaries and natural resources is a multifaceted matter of national priority to all Lebanese stakeholders. The Common Space Initiative (CSI) aims to address conflict related issues ensuing from this portfolio in support of national short term and long term strategies that ensure Lebanon's complete jurisdiction over its maritime areas.

This legal resource package on 'The Maritime Boundaries and Resources of The Republic of Lebanon' focuses on legal constituents of a potential maritime conflict and aims at:

- Compiling diverse and scattered data in one package;
- Keeping abreast of latest updates concerning Lebanon's maritime boundaries;
- Clarifying general legal maritime principles and processes;
- Identifying conflict areas and generate feasible options for peaceful settlement of disputes;
- Drawing on comparative experiences through case law.

Methodology and Composition

The legal resource package is based on desk research that relies, to the extent possible, on raw data (primary sources) openly accessible to the public, in order to support multiple perspectives and create a neutral basis for interaction. Legal concepts and pertinent legal questions arising from the delimitation of Lebanon's EEZ are framed in a question/answer style that aims at making specialized legal information accessible to a broader public.

The research was further developed through various consultations with stakeholders in the oil and gas portfolio in Lebanon and passed through a review process by national and international legal experts.

The Resource package consists of six parts. Part I is a glossary for the clarification of technical maritime terms utilized in the maritime field. Part II indicates the international laws and statutes that regulate maritime borders and limits, whereas Part III is a description of the general legal process for delimiting maritime borders and limits. Part IV is an account of the basic facts that shape the legal issues concerning the delimitation of Lebanon's maritime borders, and of the neighboring countries' various claims and positions vis a vis contiguous maritime boundaries. Part V lays out the peaceful mechanisms for conflict prevention and resolution with a brief synopsis on the merits of each mechanism based on case law. Part VI addresses the role of oil and gas companies in a maritime conflict, in addition to the legal consequences of exploration and exploitation activities in a disputed area.

This Resource Package is understood to be a live document, growing with the present developments. Comments on the Legal Resource Package, including suggestions for future packages, are always welcomed. To request copies of the package, provide comments, or make suggestions for new topics, *please email the CSI to:*

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Disclaimer

The depiction and use of maps, boundaries, geographic names and related data are not warranted to be free of error, nor do they necessarily imply official endorsement by CSI.

In accordance with Lebanese law and practice, the term 'Israel' quoted in this document from media and other resources refers to territorially to 'Occupied Palestine' and politically to the 'Zionist Entity'.

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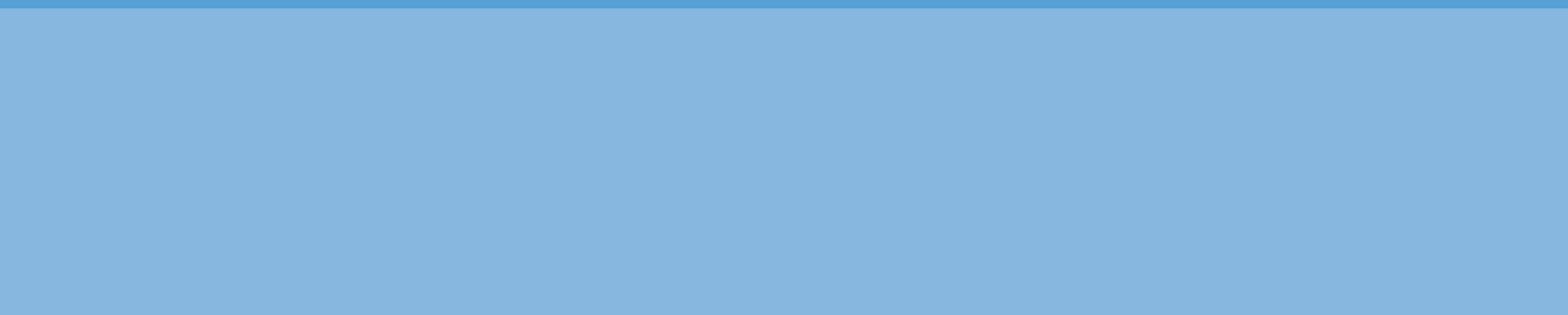
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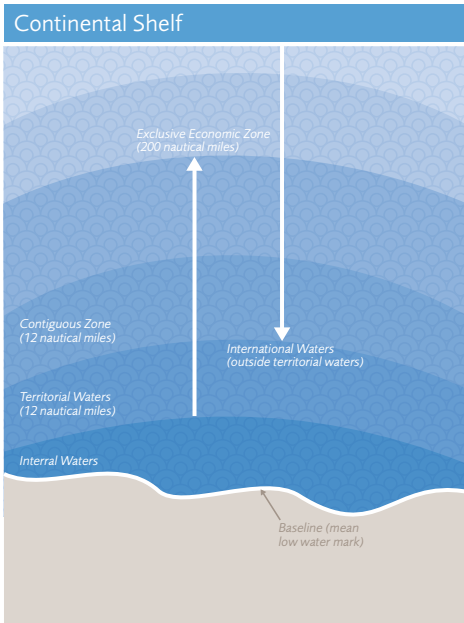
Key Terms



The following is a general overview of key terms used in maritime law. It aims at clarifying the terminology used in the resource package. The definitions provided below are derived from the 1982 United Nations Convention on the Law of the Sea, hereafter referred to as UNCLOS.

• Baseline/Coastal Baseline

The normal baseline for measuring the breadth of the territorial sea is the low-water line along the coast as marked on large-scale charts officially recognized by the coastal State (UNCLOS, art. 5).



Naturally formed areas of land which are surrounded by and above water at low tide but submerged at high tide, may be used as baselines when situated wholly or partly at a distance not exceeding the breadth of the territorial sea from the

mainland or an island. (UNCLOS, art. 13) If the coastline is deeply indented or cut, or if there are some islands along the coast, a straight line may be drawn across the bays and/or river mouths and islands to form the baseline. (UNCLOS, art. 7, 9, 10)

• Nautical Mile

A nautical mile (nm) is a unit of length used in sea and air navigation. It was defined in the First International Extraordinary Hydrographic Conference that was held in Monaco in 1929. Nautical miles are measured using the latitude/longitude scale whereby each nautical mile is equivalent to 1,852 km (approximately 6,076 feet).

• Territorial Sea

The Territorial Sea, also known as Territorial Waters, is 12 nm measured from the coastal baseline. (UNCLOS, art. 3)

• Contiguous Zone

The Contiguous Zone is adjacent to the territorial sea and extends up to 24 nm from the coastal baseline. A coast state exercises law enforcement control over this zone to prevent and punish violations of its laws. (UNCLOS, art. 33)

• Continental Shelf

The continental shelf comprises the seabed and subsoil of the submarine areas that extend beyond its territorial sea throughout the natural prolongation of its land territory to the outer edge of the continental margin,

or to a distance of 200 nm from the baselines from which the breadth of the territorial sea is measured where the outer edge of the continental margin does not extend up to that distance. (UNCLOS, art. 76)

• Exclusive Economic Zone (EEZ)

The exclusive economic zone is an area beyond and adjacent to the territorial sea but may not extend beyond 200 nm from the territorial sea baselines. (UNCLOS, art. 57). In the EEZ, a State has sovereign rights to explore, exploit, conserve and manage the natural resources of the waters superjacent to the seabed and of the

seabed and its subsoil; sovereign rights with regard to other activities for the economic exploitation and exploration of the zone, such as the production of energy from the water, currents and winds; and jurisdiction over artificial islands, installations and structures. (UNCLOS art. 56)

• Maritime Boundary

A Maritime Boundary divides the maritime zones of one state from those of another adjacent or opposite state(s). A bilateral or multilateral agreement among these states is needed to demarcate the boundary.

• Maritime Limit

The Maritime Limit defines the space over which a state can exercise its jurisdiction (see the description of the different maritime zones mentioned above) and is thus established unilaterally by the state. A Maritime Boundary differs from a Maritime Limit as follows:

Maritime Boundary	Maritime Limit
Division in relation to maritime zones of another state	Limit of space over which state can exercise jurisdiction
Bilateral or multilateral in nature	State can establish its own limits relating to territorial sea and EEZ
	Unilateral nature

• Delimitation

The process of setting the limits of a particular area by means of a treaty, or another written source such as a map, or a chart.

• Demarcation

The means by which the described alignment is marked, or evidenced, on the ground by means of cairns of stones, concrete pillars, technical beacons of various kinds, cleared roads, and so on.

• Seismic Survey

Seismic surveys use reflected a sound wave to produce a scan of the Earth's subsurface. Seismic surveys can help locate ground water, are used to investigate locations for landfills, and characterize how an area will shake during an earthquake, but they are primarily used for oil and gas exploration.

• High Seas

All parts of the sea that are not included in the territorial waters or internal waters of a state (1958 Convention on the High Seas, art. 1)





# 2.

Applicable Conventions  
and Protocols

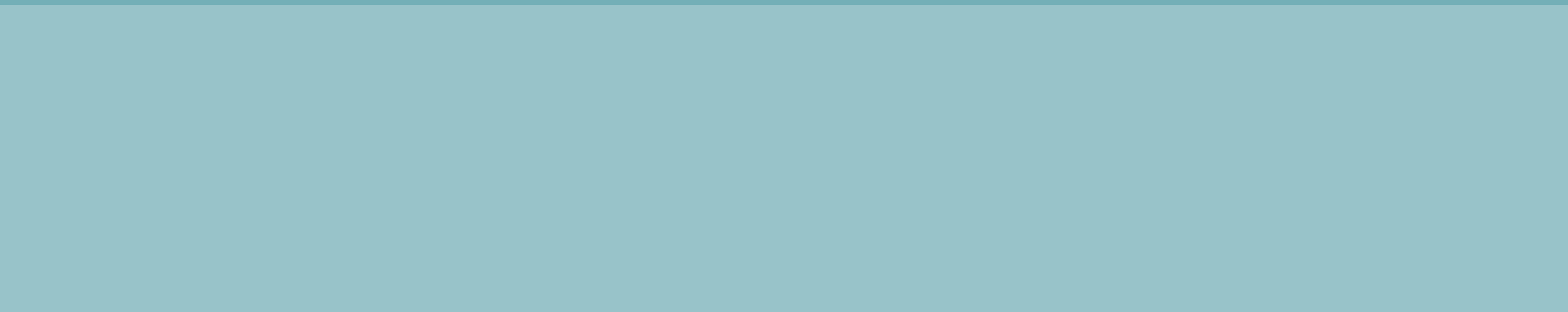
### Main International Instruments that Govern Maritime Issues

- The 1958 Conventions on the Law of the Sea that include:
  1. Convention on the Territorial Sea and Contiguous Zone
  2. Convention on the High Seas
  3. Convention on the Continental Shelf
  4. Convention in Fishing and Conservation of Living Resources of the High Seas
  5. Optional Protocol of Signature concerning Settlement of disputes
- United Nations Convention on the Law on the Seas (UNCLOS), concluded in 1982 and entered into force in 1994 to replace the 1958 conventions

### Existing National Maritime Legislation

- Legislative Decree No 138 concerning territorial waters and sea areas (September 1983)
- Offshore Petroleum Resources Law No 132 (August 2010)
- Law No 163 on the Delimitation and Declaration of the Maritime Limits of the Lebanese Republic (August 2011)





# 3.

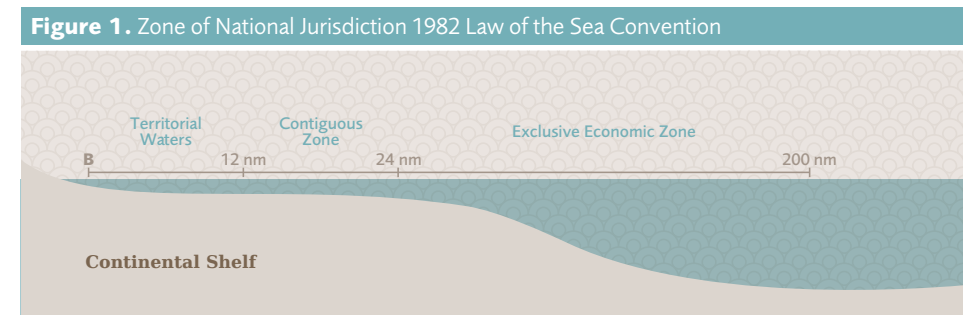
General Legal Process  
of Delimiting Maritime  
Borders and Limits

## 1. How is a baseline determined?

### 1.1 Normal Baseline

The normal baseline for measuring the breadth of the territorial sea is the low-water line along the coast as marked on large-scale charts officially recognized by the coastal State (UNCLOS, art. 5).

See figure 1, point B.



### 1.2 Straight Baseline

If the coastline is deeply indented or cut, or if there are some islands along the coast, a straight line may be drawn across the bays and/or river mouths and islands to form the baseline (UNCLOS, art. 7, 9, 10).

See red line in figure 2.

**Figure 2. Coastal Waters: Moreton Bay and Marine Park**

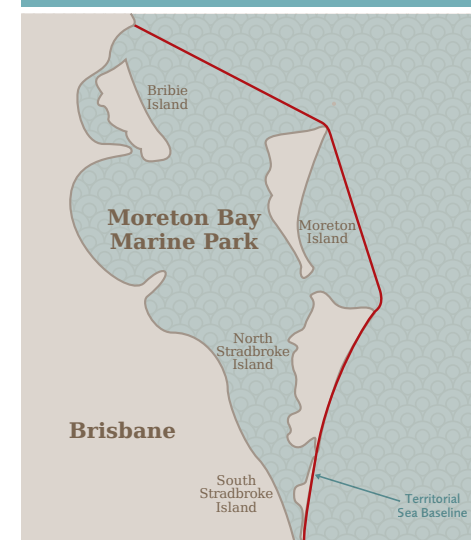


Illustration based on: <http://www.derm.qld.gov.au/register/p02224aa.pdf>

### 1.3 Low-Tide Elevations

Naturally formed areas of land which are surrounded by and above water at low tide but submerged at high tide, may be used as baselines when situated wholly or partly at a distance not exceeding the breadth of the territorial sea from the mainland or an island. (UNCLOS, art. 13)

**Figure 3. Coastal Waters: Moreton Bay and Marine Park**

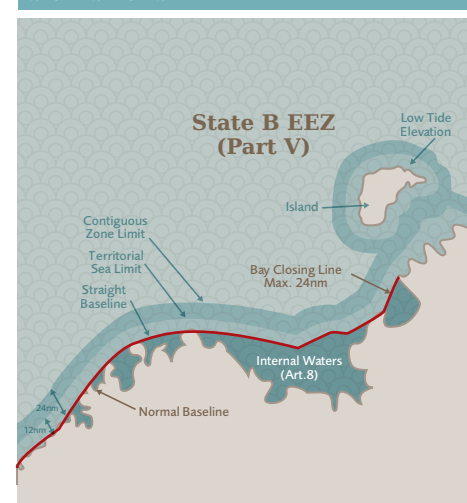


Illustration based on: <http://prawo.uni.wroc.pl/pliki/2566>

## 2. What are the methods used for the delimitation of maritime borders and limits?

There exist two distinct delimitation methods; the equidistant line method, and the equitable principles method. Tensions developed between these two principles leading to a mixed application of the two methods known as the equitable solution principle.

### 2.1 Equidistance Line Method

An Equidistance line is one for which every point on the line is equidistant from the nearest points on the baselines being used. According to this method, a state's maritime boundaries should conform to a median line equidistant from the shores of the opposite state.

**Figure 1. Example of equidistance between opposite states**

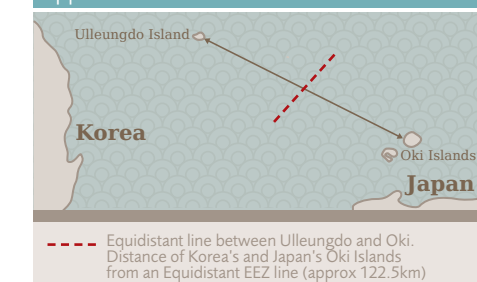
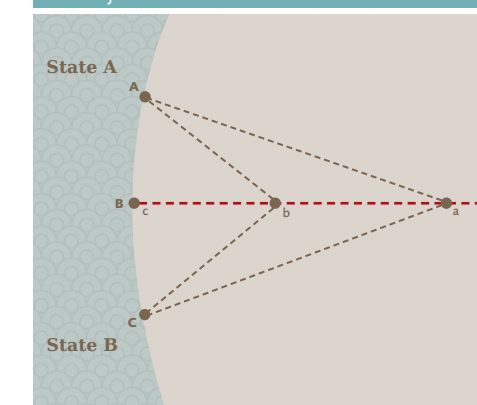


Illustration based on: [www.dokdo-takeshima.com/why-japan-cant-have-dokdo-i.html](http://www.dokdo-takeshima.com/why-japan-cant-have-dokdo-i.html)

**Figure 2. Example of equidistant line between two adjacent states**



After drawing a provisional equidistant line, historical considerations and other special circumstances, such as the presence of small islands, may warrant adjusting the equidistant line accordingly. For example, in the case of Bahrain against Qatar, the International Court of Justice (ICJ) did not give any effect in the delimitation of borders between the two states to the Bahraini island of Qit'at Jaradah, a small island of 12 by 4 meters. Since the island was uninhabited, devoid of vegetation, and located midway between the mainland of Qatar and that of Bahrain, the ICJ decided that this island constituted a special circumstance and therefore adjusted the provisional equidistance line in such a manner that the line passed immediately to the east of the island. By contrast, Qatar's slightly larger island of Janan, located only 2.9 miles from the Qatar coast, was not considered to be a special circumstance and was given full effect<sup>1</sup>.

### 2.2 Equitable Principle

Delimitation based on equidistance may result in inequities particularly in the case of adjacent and opposite states. The equitable principle attempts to remedy this inequity by using other geometrical approaches to delimitation that produce an equal division of areas. For example, in the case of Nicaragua versus Honduras, the ICJ maintained that while equidistance remains the general rule in delimiting the territorial sea, it formed the opinion that it would not be sufficient simply to adjust the provisional equidistance line but that special circumstances required the use of a different method of delimitation known as

1. Territorial and Maritime Dispute between Nicaragua and Honduras in the Caribbean Sea (Nicaragua v. Honduras), Judgment of 8 October 2007, para. 277, p. 170. <http://www.icj-cij.org/docket/files/120/14075.pdf>

2. Delimitation of the Maritime Boundary in the Gulf of Maine Area (Canada/United States of America), Judgment of 12 October 1984, para 157, p. 137. <http://www.icj-cij.org/docket/files/67/6369.pdf>

3. Maritime Delimitation and Territorial Questions between Qatar and Bahrain, Merits, Judgment, ICJ reports, 2001, para. 173, 191-222, p. 113.

the bisector method (i.e., the line formed by bisecting the angle created by a linear approximation of coastlines)<sup>1</sup>. Hence the equitable principle does not give any primacy for the equidistance principle as a method of delimitation.

### 2.3 Combined Method (International Standard)

There are no systematic criteria which should be used to determine an equitable delimitation. As such, the equitable principle remains a rather ambiguous and imprecise rule. This is corroborated by the ICJ that noted in the case of the Gulf of Maine between Canada and the USA that: *"There has been no systematic definition of the equitable criteria that may be taken into consideration for an international maritime delimitation, and this would in any event, be difficult a*

*priori, because of their highly variable adaptability to different concrete situations. Codification efforts have left this field untouched.*"<sup>2</sup>

Under customary international law and according to UNCLOS, the delimitation approach applied in delimitation is a combination of these two methods. This is corroborated by the jurisprudence of the ICJ in the case of the Gulf of Maine and reiterated in the Qatar versus Bahrain case: *"In the case of coincident jurisdictional zones, the determination of a single boundary for the different objects of delimitation 'can only be carried out by the application of a criterion, or combination of criteria, which does not give preferential treatment to one of these... objects to the detriment of the other, and at the same time is such as to be equally suitable to the division of either of them'."*<sup>3</sup>

## 3. How is the territorial sea delimited?

The delimitation of the territorial sea is governed by article 15 of the UNCLOS which is identical to the text of the 1958 convention on the Territorial Sea and Contiguous Zone. Both conventions provide that unless the states agree otherwise or there are historical titles or special circumstances, states may not extend their territorial sea beyond the median line every point of which is equidistant from the nearest points on the baselines from which the breadth of the territorial seas of each of the two States is measured: *"Where the coasts of two States are opposite or adjacent to each other, neither of the two States is entitled, failing agreement between them to the contrary, to extend its territorial sea beyond the median line every point of which is equidistant from the nearest points on the baselines from which the breadth of the territorial seas of each of the two States is measured. The above provision does not apply, however, where it is necessary by reason of historic title or other special circumstances to delimit the territorial seas of the two States in a way which is at variance therewith."*

## 4. How is the EEZ delimited?

A state with an EEZ that does not intersect with another state's EEZ proclaims its EEZ following certain procedures (refer to point 5).

States with opposite or adjacent coasts and an EEZ area that intersects among them should reach a bilateral/multilateral agreement on the delimitation of their respective EEZ as per article art. 74 (1) of the UNCLOS that stipulates: *"The delimitation of the exclusive economic zone between States with opposite or adjacent coasts shall be effected by agreement on the basis of international law, as referred to in Article 38 of the Statute of the International Court of Justice, in order to achieve an equitable solution."*

## 5. What is the procedure that a country undergoes to proclaim its EEZ?

1. Libya v. Malta, ICJ Reports, 1985, para 13, p. 33.

An EEZ cannot legally come into existence until proclaimed by a state<sup>1</sup>. The proclamation of the EEZ takes place through:

- Depositing charts and lists of geographical coordinates as designated by cartographers defining the limits of the EEZ at the office of the UN Secretary General- if the state is party to UNCLOS. This data is then published in the UNCLOS Bulletin that is accessible online.

- Provisioning the relevant national legislation.

- With respect to opposite or adjacent states, an agreement between the neighboring states can be concluded at any stage.

## 6. What principles apply should states with opposite or adjacent coasts fail to reach a bilateral agreement

If a bilateral agreement on the EEZ limits cannot be reached, a State can relate to international standard of international law.

The provisions in the treaties that govern maritime delimitation, and the principles and standards that they incorporate, are ambiguous and only provide general guidelines, thus allowing for different interpretations.

Nevertheless, there are certain principles that are set by jurisprudence and are applicable by the ICJ should the states fail to reach a bilateral agreement. These principles state that:

- Delimitation between opposite coasts is characterized as having two end points. With respect to end points, the predominant practice of the Court is to delimit the single maritime boundary, EEZ or continental shelf up to 200 nm or until it reaches a point where the rights of third States may be affected.
- With respect to the point where the rights of third States may be affected, two different approaches are apparent in the jurisprudence of the Court. The first approach is to leave the terminal point of the delimitation open and simply indicate the direction in which the line is to extend until it reaches the point where a third State's rights are affected. The benefit of this approach is that it ensures that when an agreement is reached with the third State, there will be a completed delimitation in the area and the rights of the third State are not prejudged by the Court.

The second approach is to cut off the line at the limit of claims put forward by third States. A shortcoming of this approach is that it may lead to a situation where the determination of the Court's jurisdiction is placed in the hands of a third State and depends on that State's claims.

## 7. How is the continental shelf delimited?

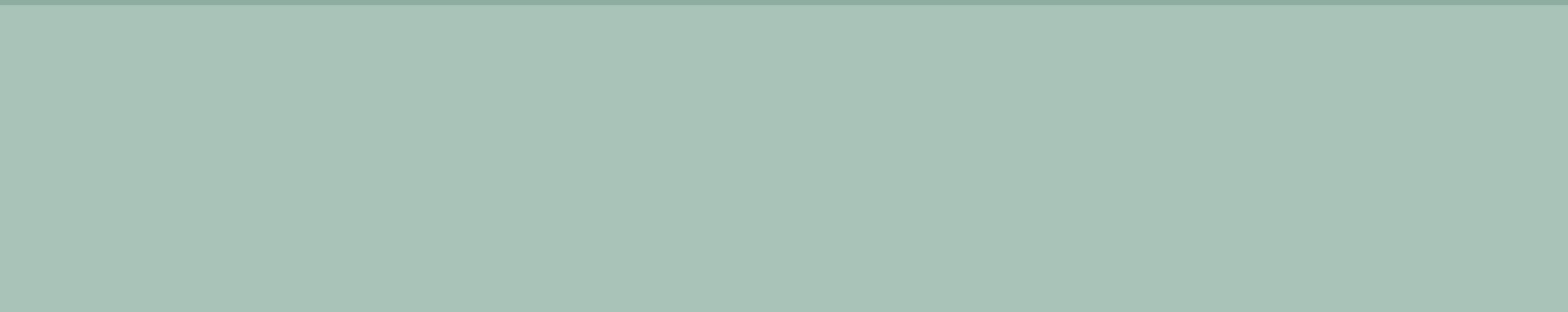
Article 83 (1) of UNCLOS stipulates:

"The delimitation of the continental shelf between States with opposite or adjacent coasts shall be effected by agreement on the basis of international law, as referred to in Article 38 of the Statute of the International Court of Justice, in order to achieve an equitable solution."

Article 6 of the 1958 Convention on the Continental Shelf stipulates:

*"Where the same continental shelf is adjacent to the territories of two or more States whose coasts are opposite each other, the boundary of the continental shelf appertaining to such States shall be determined by agreement between them. In the absence of agreement, and unless another boundary line is justified by special circumstances, the boundary is the median line, every point of which is equidistant from the nearest points of the baselines from which the breadth of the territorial sea of each State is measured."*

Therefore, in both conventions, adjacent or opposite states are obliged to reach an agreement on the EEZ and continental shelf limit. Nevertheless, whereas the 1958 Convention incorporates the equidistant-special circumstances principle, the UNCLOS clearly states that the EEZ and continental shelf are delimited based on the equitable principle.



# 4.

Legal Issues Concerning  
Lebanon's EEZ



## 1. Statement of Facts

1. Available at [http://www.un.org/Depts/los/LEGISLATIONANDTREATIES/PDFFILES/LBN\\_1983\\_Decree.pdf](http://www.un.org/Depts/los/LEGISLATIONANDTREATIES/PDFFILES/LBN_1983_Decree.pdf)

Geophysical surveys and explorations for oil and gas started long before the Lebanese civil war and indicated the presence of considerable hydrocarbon resource bases both onshore and offshore. National legislation to regulate maritime borders and resources, however, were limited to Legislative Decree no 138 concerning Territorial Waters and Sea Areas<sup>1</sup> that was passed on 7 September 1983.

In 1999, a number of oil and gas discoveries were made in what is known as the Levantine basin located beneath the territorial waters of Lebanon, Israel, Cyprus and Syria.

These discoveries were followed by a series of maritime measures by Lebanon and Israel. The following chronological account of actions taken by both States provides a more meaningful view of these maritime measures that may seem isolated.

### Chronology

- As part of the regional speculative survey conducted over the east Mediterranean region in the year 2000, various 2D and 3D seismic surveys of Lebanon's Exclusive Economic Zone, hereafter EEZ, were conducted by Spectrum Company. **From 2000 to 2007**, further seismic surveys were carried out by other companies as well. All seismic data indicate the presence of a considerable hydrocarbon resource offshore Lebanon.

- In 2001**, Southampton Oceanographic Center was tasked with delimiting Lebanon's EEZ<sup>2</sup>.

- In January 2007**, a bilateral agreement was signed between Lebanon and Cyprus in which the edges of the zones were marked by six coordinates judged to be equidistant<sup>4</sup> between the two countries. Point 1 marked the southern extent between Lebanon and Cyprus and Point 6 marked the northern. Included in the agreement

was a clause that left open the possibility of amending Point 1 and 6 in light of future delimitation of the EEZ with other concerned neighboring states, meaning Israel to the south and Syria to the north. The agreement was ratified by Cyprus in 2009 but not by Lebanon in order to maintain diplomatic relations with Turkey who disproves any agreement that does not include the Turkish-Cypriot part of the island.

- In October 2007**, the Lebanese Council of Ministers passed national legislation concerning the petroleum policy for offshore exploration<sup>5</sup> that was drafted with the assistance of the Norwegian Agency for Development, hereafter NORAD. The legislation was endorsed by the Parliament in August 2010.

- In April 2009**, Lebanese army geographers established the limits of the EEZ along the lines of two points that are shared with Cyprus and Syria; point 1 in

1. The official letters of Lebanon mention Palestine and not Israel as Lebanon does not acknowledge the statehood of Israel.

2. Letter of the Permanent Mission of Lebanon to the Secretary General of the United Nations. Ref: 1506/10 Available at [http://www.un.org/Depts/los/LEGISLATION-ANDTREATIES/PDFFILES/DEPOSIT/lbn\\_mzn79\\_2010.pdf](http://www.un.org/Depts/los/LEGISLATION-ANDTREATIES/PDFFILES/DEPOSIT/lbn_mzn79_2010.pdf)

3. Letter of the Permanent Mission of Lebanon to the Secretary General of the United Nations. Ref: 2399/10 Available at [http://www.un.org/Depts/los/LEGISLATION-ANDTREATIES/PDFFILES/DEPOSIT/lbn\\_mzn79add1\\_2010.pdf](http://www.un.org/Depts/los/LEGISLATION-ANDTREATIES/PDFFILES/DEPOSIT/lbn_mzn79add1_2010.pdf)

4. Article 1 (e) of the Agreement between the state of Israel and the republic of Cyprus on the delimitation of the EEZ: "Taking into consideration the principles of customary international law relating to the delimitation of the EEZ between States, the geographical coordinates of points 1 or 12 could be reviewed and/or modified as necessary in light of a future agreement regarding the delimitation of the EEZ to be reached by the three States concerned with respect to each of the said points."

5. Letter of the Lebanese Foreign Minister to the UN Secretary General. Available at: [http://www.un.org/Depts/los/LEGISLATION-ANDTREATIES/PDFFILES/com-munications/lbn\\_re\\_cyp\\_isr\\_agreement2010.pdf](http://www.un.org/Depts/los/LEGISLATION-ANDTREATIES/PDFFILES/com-munications/lbn_re_cyp_isr_agreement2010.pdf)

6. Letter of the Permanent Mission of Israel to the Secretary General of the United Nations. Available at [http://www.un.org/Depts/los/LEGISLATIONANDTREATIES/PDFFILES/isr\\_eez\\_northernlimit2011.pdf](http://www.un.org/Depts/los/LEGISLATIONANDTREATIES/PDFFILES/isr_eez_northernlimit2011.pdf)

7. Nizar Abdel-Kader, Potential Conflict between Lebanon and Israel over Oil and Gas Resources - A Lebanese Perspective, Defense magazine, <http://www.lebarmy.gov.lb/article.asp?ln=en&id=29445>

8. Dana Khraiche, Lebanon Asks UN to Protect Peace over Maritime Borders, The Daily Star, 22 August 2011. <http://www.dailystar.com.lb/News/Politics/2011/Aug-22/Lebanon-asks-UN-to-protect-peace-over-maritime-borders.ashx#axzz1wpG4r7UH>

the south (shared with Cyprus) and point 6 in the North (shared with Syria). Nevertheless, technically speaking, Lebanon's outermost EEZ extends beyond these 2 points to include points 23 in the south and point 7 in the North, as claimed by the Lebanese Government.

- In May 2009**, The Council of Ministers endorsed the army's findings and deposited the geographical coordinates defining the Southern limit of Lebanon's EEZ (bordering Palestine<sup>1</sup>) at office of the UN Secretary General on 15 July, 2010.<sup>2</sup>

- On 20 October 2010**, Lebanon deposited the Southern part of the western median line of its EEZ<sup>3</sup> - that is the point bordering Cyprus, in addition to the Southern coordinates that it had deposited earlier and that borders Palestine.

- Two months later, on 17 December 2010**, Israel signed an agreement with Cyprus delimiting their EEZ zone. The agreement consisted of 12 geographical points defining the edges of the EEZ with the first boundary marker placed surprisingly at the same coordinates of point 1 defined by the Cyprus-Lebanon EEZ agreement (33-38' Lat and 33-53'-40 Long). The Israel-Cyprus agreement contained the same clause regarding amending the first and last markers depending on future border agreements with other states.<sup>4</sup>

- On 20 June 2011**, the Lebanese Minister of Foreign Affairs and Emigrants addressed a letter to the UN Secretary General clarifying that Lebanon's EEZ boundary begins at Ras Naqoura which

marks the land border between Lebanon and Israel, as per the 1949 Israeli-Lebanese General Armistice Agreement table of coordinates, and terminates at Point 23 which lies 133 kilometers from the coast at an average angle of 291 degrees.

The letter ascertained that Point 1 does not represent the southern end of the median line that separates the EEZ of each country and thus it should not be taken as a starting point between Cyprus and Israel.<sup>5</sup> It also requested the UN to take the needed measures to resolve the problem and ensure Lebanon's right.

- On 12 July 2011**, Israel ignored Lebanon's protests to the UN and deposited the geographical coordinates of its northern territorial waters and EEZ designating point 1 as the limit that separates its EEZ from that of Cyprus and Lebanon, and point 31 as the northern limit that separates its territorial sea and EEZ from that of Lebanon.<sup>6</sup>

- Following the letter that Lebanon sent **in June 2011**, Israel stated that it would demarcate maritime border with direct negotiation with Lebanon and as part of a comprehensive peace agreement.

- On Aug. 4, 2011**, the Lebanese Parliament endorsed a law on the delimitation of Lebanon's EEZ. The relevant decrees are expected to be drafted at a later stage.<sup>7</sup>

- Since August 2011**, Israel has deployed unmanned aerial vehicles to monitor its maritime resources, intensifying the tension.<sup>8</sup>

3. Presentation on Hydrocarbon Exploration Offshore Lebanon: Current Status and Way Forward, University of Cyprus, June 23 2011. <http://www.thegulfintelligence.com/uploads/Oil%20and%20gas%20presentation%20Lebanon.pdf>

4. The designation of equidistant coordinates is an application of the median line principle stipulated in the UNCLOS.

5. Offshore Petroleum Resources Law. Available at [http://lebanon-exploration.com/Downloads/LR\\_Docs\\_Eng/Hydrocarbon\\_Law\\_Eng\\_V14Apr11.pdf](http://lebanon-exploration.com/Downloads/LR_Docs_Eng/Hydrocarbon_Law_Eng_V14Apr11.pdf)

1. Letter of the Lebanese Foreign Minister to the UN Secretary General. Available at: [http://www.un.org/Depts/los/LEGISLATIONANDTREATIES/PDF-FILES/communications/lbn\\_re\\_isr\\_listofcoordinates\\_e.pdf](http://www.un.org/Depts/los/LEGISLATIONANDTREATIES/PDF-FILES/communications/lbn_re_isr_listofcoordinates_e.pdf)

2. The Paulet-Newcombe agreement was signed between the French and the British in Paris on 3 February 1922 and entered into force on 10 March 1923. The agreement delimits the southern border of Lebanon from Ra's Naqurah at point 1 B, the coordinates of which were officially confirmed on the 1949 map detailing the borders of Lebanon, Syria and Palestine further to the armistice agreements between the concerned parties.

3. Assafir newspaper, Issue:11993, 22 September 2011.

4. مارلين خليفة، هل يعتمد مجلس النواب الى نفض الاتفاقية اللبنانية-القيصرية، السفير، 23/3/2012. <http://assafir.com/Article.aspx?EditionID=2108&ChannelID=50271&ArticleID=2375>

5. Stefanos Evripidou, Lebanon will Ratify EEZ Deal when Issues resolved with Israel, Cyprus Mail, 1 March 2012. Available at: <http://www.cyprus-mail.com/cyprus/lebanon-will-ratify-eez-deal-when-issues-resolved-israel/20120301>

6. Safadi Stresses Bilateral Ties with Cyprus, Lebanon's Right to Defend its Maritime Border, Naharnet, 8 march 2012. Available at: <http://www.naharnet.com/stories/32632-safadi-stresses-bilateral-ties-with-cyprus-lebanon-s-right-to-defend-its-maritime-border>

7. Lebanon welcomes US mediation in resolving Maritime Dispute, Daily Star, 24 March 2012

8. هيثم زعيتو، لبنان يبدأ مسيرة الألف ميل في الاستحواذ على النفط والغاز، جريدة اللواء، 25/4/2012. [http://www.halasour.com/full\\_articles\\_news.php?articles\\_id=7011221](http://www.halasour.com/full_articles_news.php?articles_id=7011221)

• **On 3 September 2011**, the Lebanese Foreign Minister addressed another letter<sup>1</sup> to the UN Secretary General objecting to the agreement signed between Israel and Cyprus and ascertaining that the points that Israel adopted- that is, points 1 and 23 are in violation of Lebanese sovereignty. The letter stated that:

- Point 1 is not the equidistant point between Lebanon, Cyprus and Israel

- Point 31 falls north of Lebanon's internationally recognized borders as per the Paulet-Newcombe agreement.<sup>2</sup>

• **On 21 September 2011**, the Lebanese Minister of Foreign Affairs stated that he will be meeting with the Cypriot Minister of Foreign Affairs to discuss the Cypriot-Turkish conflict and the revisiting of the Cypriot-Lebanese Agreement.<sup>3</sup>

• **In March 2012**, Cyprus informed, Parliament Speaker Berri that the flaws that Lebanon claim in the EEZ agreements are of no concern to Cyprus. The Cypriot Minister of Foreign Affairs reiterated that amending the existing treaty with Lebanon will only happen in light of an agreement between the three countries; Cyprus, Lebanon and Israel.<sup>4</sup>

• **In March 2012**, following his official visit to Cyprus, Parliament Speaker, Berri remarked the Lebanese Parliament is ready to ratify an agreement on the exclusive economic zones (EEZ) between Cyprus and Lebanon within a fortnight from the moment the EEZ dispute between Lebanon and Israel is settled.<sup>5</sup>

• **On 8 March 2012**, Finance Minister, Safadi, said: "Now we are counting on the United Nations to find a solution concerning the line with Israel."<sup>6</sup> His statement was made in Cyprus where the Lebanese and Cypriots decided to form a joint committee to exchange information and expertise in the financial sector as the two countries are trying to start offshore oil and gas exploration.

• **In March 2012**, the US offered to mediate the maritime dispute between Lebanon and Israel. Cyprus has also offered to resolve the disagreement since Lebanon is delaying ratification of the EEZ agreement with Cyprus until the resolution of the dispute with Israel.<sup>7</sup>

• **On 25 April 2012**, Lebanese military sources maintained that during the tripartite meetings in Naqoura, the Israeli military had requested enforcing security measures along the Lebanese maritime borders. The Lebanese military, though, refused to take any such measures before pushing the demarcation line to its correct position (200 to 800 meters further south).<sup>8</sup>

• **In December 2012**, Fredrick Hof gave Lebanon and Israel a map that proposed a compromise for dividing natural gas resources between them. The US map acknowledged 500Km<sup>2</sup> of the dispute area as Lebanese maritime territory and suggests Lebanon starts exploiting this area with guarantees that the US will employ diplomacy to resolve dispute over the remaining area. Neither Lebanon nor Israel replied to this proposal. In 2014,

1. Presentation by Ali Berro at the 'International Conference on Arbitration and ADR in Oil and Gas' held on 8-9 May 2014 in Beirut, Lebanon.

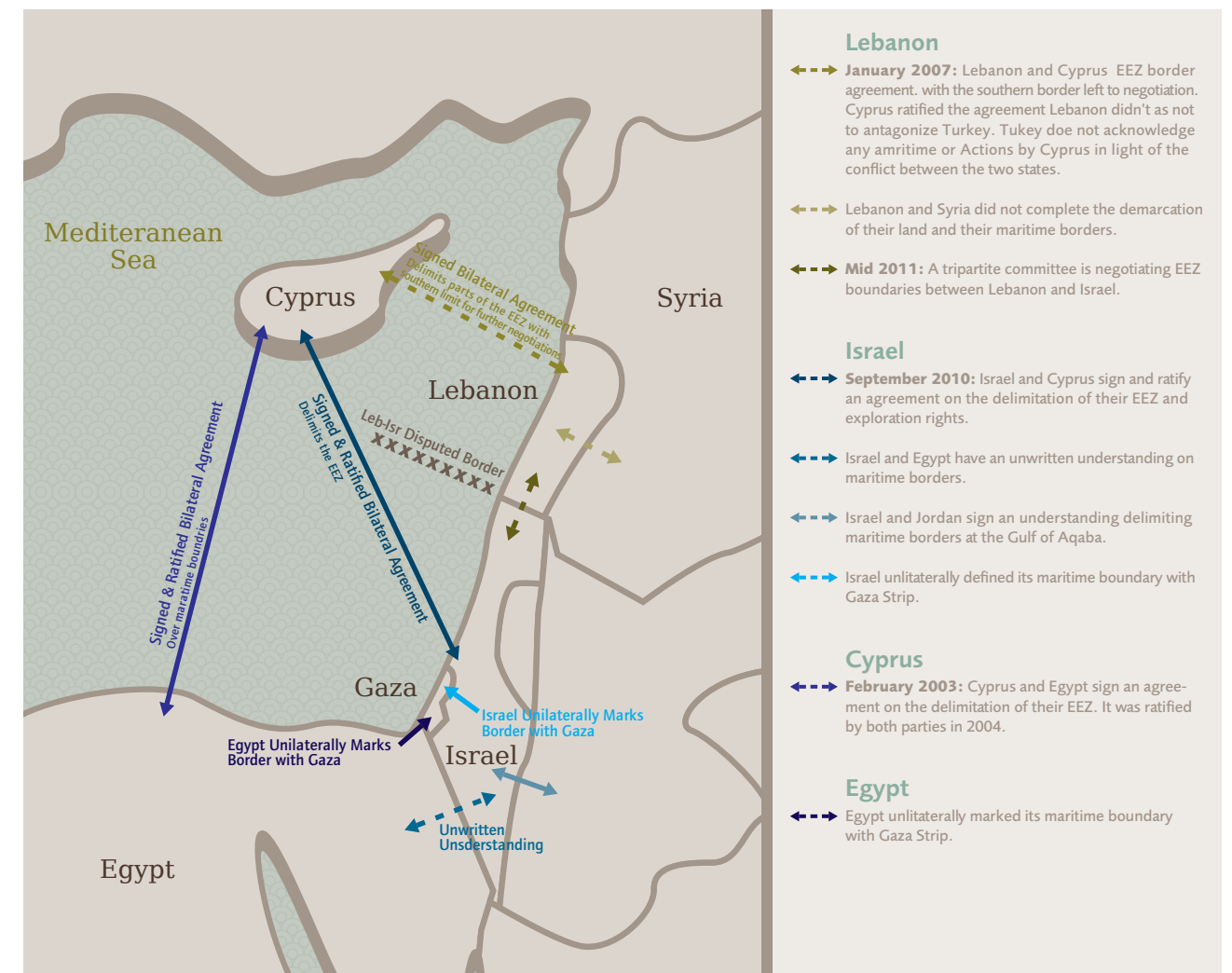
2. U.S. sees progress on Lebanon-Israel gas row, The Daily Star, 28 April 2014.

the US mediation proposal aimed at creating a so called 'Maritime Separation Line' (MSL) which is very similar to the blue line demarcated with Israel on land. The proposal envisaged a buffer zone adjacent to the MSL where no petroleum activities would be allowed without the consent of the other party. It also aimed at reaching a unitization framework

agreement for future right holder companies to enter into joint explorations of maritime blocks.<sup>1</sup>

On 24 April, 2014 Israel announced the end of US mediation. US deputy assistant secretary for energy diplomacy, Amos Hochstein, denied this claiming that discussions are actually progressing.<sup>2</sup>

#### Maritime Borders Agreements



Ministry of Petroleum and Mineral Resources of Syria

2. Delimitation of Lebanon’s EEZ

1. Official Letter submitted by the Minister of Foreign Affairs, Adnan Mansour, to the UN Secretary General on June 20, 2011. [http://www.un.org/Depts/los/LEGISLATIONANDTREATIES/PDFFILES/communications/lbn\\_re\\_cyp\\_isr\\_agreement2010.pdf](http://www.un.org/Depts/los/LEGISLATIONANDTREATIES/PDFFILES/communications/lbn_re_cyp_isr_agreement2010.pdf)

2. For more information on historical and legal issues concerning Lebanon's territorial borders, refer to Tareq Majzoub, "Towards a New Reading of the Journey of Looking for Lebanon's Southern Borders: Preliminary Legal Remarks" in Arabic, National Defense Magazine, Issue 316, 1 October 2011.

3. قانون رقم 163 حول تحديد وإعلان المناطق البحرية للجمهورية اللبنانية. المادة 6: "حدد المنطقة الاقتصادية الخالصة للجمهورية اللبنانية، وتقاس من خط الأساس وتمتد إلى أقصى الحدود المتاحة على أن لا تتعدى مسافة 200 ميل بحري وفقا لأحكام اتفاقية الأمم المتحدة لقانون البحار وللسائر قواعد القانون الدولي ذات الصلة، وتمتد غربا لتكون حدودها الدنيا في البحر: أ- من الناحية الشمالية الغربية: النقطة الواقعة على المسافة ذاتها من أقرب النقاط على ساحل كل من الجمهورية اللبنانية والجمهورية العربية السورية وجمهورية قبرص ب- من الناحية الجنوبية الغربية: النقطة الواقعة على المسافة ذاتها من أقرب النقاط على ساحل كل من الجمهورية اللبنانية وجمهورية قبرص وفلسطين المحتلة."

4. Energy and Geopolitical Risk, Middle East Economic Survey, Vol 2, No. 7-8, July August 2011. [http://www.mees.com/system/assets/000/001/201/original\\_Geopolitical\\_Risk\\_JULY-AUGUST\\_2011-3.pdf](http://www.mees.com/system/assets/000/001/201/original_Geopolitical_Risk_JULY-AUGUST_2011-3.pdf)

5. For more information on historical and legal issues concerning Lebanon's territorial borders, refer to Tareq Majzoub, "Towards a New Reading of the Journey of Looking for Lebanon's Southern Borders: Preliminary Legal Remarks" in Arabic, National Defense Magazine, Issue 316, 1 October 2011.

6. Meeting of the Public Works and Energy Parliamentary Commission, 27 September 2011.

As a party to UNCLOS, Lebanon adopted its principles & methods that have been explained in section III.

2.1 What are Lebanon’s Maritime boundaries and limits?

The EEZ northern boundary begins at from point 7 that falls north of Al-Arida river and extends southwards to include point 23 which lies 133 kilometers from the southern coastal area of Ras Naqoura, which marks the land border between Lebanon and Israel, at an average angle of 291 degrees.

As the Minister of Foreign Affairs, Adnan Mansour, stated in his official letter submitted to the UN Secretary General on June 20, 2011: *"The southern maritime border extends from point B1 on the shore at Ra’s Naqurah, the first point on the 1949 Israeli-Lebanese General Armistice Agreement table of coordinates, to point 23, that is equidistant between the three countries concerned, and on the coordinates of which all must agree."*<sup>1</sup>

Thus, the charts and list of geographical coordinates that Lebanon submitted to the UN are based on the internationally recognized borders of Lebanon as per the Paulet-Newcombe Agreement of 1922 that was reestablished in the Armistice Agreement signed between Lebanon and Israel in 1949. This is a clear indication that Lebanon still has reservations on the so called blue line that infringes on the Lebanese villages of Sheba'a, Rmeish, and Odaisah- Mutillah.<sup>2</sup>

The 2011 law on the delimitation of Lebanon's EEZ however, stipulates that the equidistant point between the three countries is Lebanon's lowest possible boundary.<sup>3</sup> This implies the possibility of extending Lebanon's southwest boundary to a point further south to point 23.

2.2 How did Lebanon demarcate its EEZ?

The delimitation process was conducted by the Lebanese Army cartographers and assessed in September 2011 by the United Kingdom Hydrographic Office (UKHO) that confirmed the geographic coordinates and charts as drawn by the army<sup>4</sup>. The process included several geographic and legal phases as follows:

**Phase 1: Determining the coastline:** since it is the reference point for measuring all maritime limits. The coastline includes the mainland and any islands over which the state has sovereignty. This phase has a geographical as well as a legal component whereby bilateral border agreements between neighboring countries are taken into consideration.

Accordingly, Lebanon's coastline begins at Al Arida north and extends towards Ra's Naqoura in the south as per the Paulet-Newcombe Agreement of 1922 that was reestablished in the Armistice Agreement signed between Lebanon and Israel in 1949.<sup>5</sup>

**Phase 2: Determining the baseline:** The Lebanese army adhered to the normal baseline method, in addition to the straight baseline method in areas such as the bay of Jounieh and the islands facing the northern coast of Lebanon.<sup>6</sup>

1. Law of the Sea Bulletin, Cyprus geographical coordinates, <http://www.un.org/Depts/los/LEGISLATIONANDTREATIES/STATEFILES/CYP.htm>

2. Refer to the Lebanese-Cypriot Agreement.

3. ترسيم الحدود البحرية جنوب لبنان انطلاقاً من خط هضنة 1949 وليس من الخط الأزرق النهر، 6/6/2010. <http://old.naharnet.com/domino/tn/ArabicNewsDesk.nsf/story/11DB65736DF3B331C225775800227B37?OpenDocument>

4. Refer to pages 8-10.

5. مشروع وساطة أميركية بين بيروت ولارنكا وتل أبيب في ملف النفط فهل يعهد مجلس النواب الى نقض لاتفاقية اللبنانية-القبرصية، السفير، 23/3/2012. <http://www.assafr.com/Article.aspx?ArticleId=2375&EditionId=2108&ChannelId=50271>

Phase 3: Applying the equidistant method.

When drawing the median line between Lebanon and Cyprus according to the equidistant method (refer to section 2.1), it is not clear whether the Lebanese army relied on the straight baseline of Cyprus to calculate the mid area between Lebanon and Cyprus, or on the base points that Cyprus has declared to the UN according to the UNCLOS bulletin<sup>1</sup>. This information has not been made available to the public and is thus beyond the scope of this research.

Phase 4: Reaching agreements with opposite and adjacent states.

In January 2007, a bilateral agreement was signed between Lebanon and Cyprus. Though it was never ratified by Lebanon, it was ratified by Cyprus in 2009 (refer to section 3.3). No direct negotiations over a maritime boundary agreement took place between Lebanon and Israel given the state of enmity. Lebanon had sent several letters to Syrian counterparts, but no formal negotiations followed.

2.3 Is the maritime agreement between Lebanon and Cyprus valid?

In January 2007, a bilateral agreement was signed between Lebanon and Cyprus - never ratified by Lebanon but ratified by Cyprus in 2009 - in which the edges of the zones were marked by six coordinates judged to be equidistant between the two countries<sup>2</sup>.

Point 1 marked the southernmost extent of the boundary and Point 6 the northern limit.

Included in the agreement was a clause that left open the possibility of amending Point 1 and 6 in light of future delimitation of the EEZ with other concerned neighboring states, meaning Israel to the south and Syria to the north.

The agreement was not ratified by Lebanon in order to maintain diplomatic relation with Turkey, who disproves any agreement that does not include the Turkish-Cypriot part of the island<sup>3</sup>. By signing the agreement, Lebanon has demonstrated its intention of examining it domestically. Nevertheless, the fact that Lebanon did not ratify the agreement entails that it is not legally binding to Lebanon.

2.4 What are the legal flaws in the Lebanese - Cypriot agreement of 2007?

Legal experts maintain that by following the equidistance method or median line method, Lebanon has lost some of its EEZ areas in the North and South, and that a combination of the Equidistance and Equitable principle<sup>4</sup> would have been more in line with international jurisprudence.<sup>5</sup>

Also, when designating the EEZ borders with Cyprus, Lebanon mentioned point 1 as its initial west southern border point with Cyprus. In fact, point 1 is around 10 miles away from point 23. This retreat happened with the view that the adjacent area that includes point 23 is the equidistant point between Lebanon, Cyprus and Israel, and thus should be subject to agreements with the relevant parties as per article 74 (1)



of the UNCLOS . Nevertheless, the provisions of the agreement did not ascertain that these 10 miles - that is point 23 in the south and 7 in the North - are Lebanese (See maritime boundary map in introduction).

On July 11, 2011, Cyprus' Ambassador handed an official memorandum to the Lebanese Minister of Foreign Affairs that assures the cooperation of Cyprus with Lebanon to conclude all the unresolved issues and guarantee Lebanon's rights<sup>1</sup>.

Nevertheless, in March 2012, the Cypriot Minister of Foreign Affairs declared that Cyprus is bound by both the Lebanese and the Israeli agreements and that it is not responsible for the correction of any mistake that was committed by the Lebanese. Cyprus reiterated that it will not amend the EEZ agreement except following a tripartite agreement that includes Israel.<sup>2</sup>

Lebanese Parliament Speaker, Berri, had visited Cyprus earlier in March 2012 and assured that Lebanon can ratify the EEZ agreement with Cyprus shortly once the dispute with Israel over the southern maritime border of Lebanon is resolved.

## 2.5 How does an agreement between Cyprus and Israel impact the maritime boundaries of Lebanon?

Israel claims that the EEZ boundary begins from Ra's Naqoura (albeit 35 meters north of Lebanon's starting point) and stretches 127 kilometers at 298 degrees to terminate at Point 1, which lies 17 kilometers north east of Lebanon's Point 23<sup>3</sup>.

In December 2010, two months after Lebanon submitted its southern maritime boundary proposal to the UN, Israel signed an agreement with Cyprus on their own EEZ<sup>4</sup>. The agreement consisted of 12 geographical points defining the edges of their EEZ. The first boundary marker in the agreement was placed in exactly the same location as point 1 in the Lebanon - Cyprus EEZ agreement.

As such, Israel's EEZ delimitation has infringed on at least 854 square kilometers of Lebanon's EEZ, that is the area stretching between Lebanon's point 23 and point 1.

Even though the agreement between Israel and Cyprus is not binding towards Lebanon, it defies the object and purpose of Cyprus's prior agreement with Lebanon before its entry into force. This is a violation of article 18 of the Vienna Convention on the Law of Treaties concerning the obligation not to defeat the object and purpose of a treaty prior to its entry into force.

Nevertheless, article 1 (e) of the agreement between Cyprus and Israel stipulates: *"Taking into consideration the principles of customary international law relating to the delimitation of the Exclusive Economic Zone between States, the geographical coordinates of points 1 or 12 could be reviewed and/or modified as necessary in light of a future agreement regarding the delimitation of the Exclusive Economic Zone to be reached by the three States concerned with respect to each of the said points."* The Cypriot-Israeli agreement may as such be amended to reflect the correct maritime boundaries of Lebanon.

## 2.6 Is it relevant that Israel did not sign UNCLOS?

Israel is party to the 1958 conventions on the law of the sea and is bound by its provisions. The 1958 Conventions did not put forward the concept of the EEZ, but provided that coastal states were entitled to special rights in coastal areas such as the continental shelf. (refer to section III - point 7. How is the continental shelf delimited.)

Israel is not party to the UNCLOS and as such is not bound by its provisions. However, maritime issues depend on a variety of sources of international law which includes customary international law. Certain aspects of the UNCLOS have become accepted as customary international law since there has been a consensus on their applicability.

This has been the position of the ICJ in the case concerning the continental shelf between Libya and Malta, whereby the full bench of the ICJ took careful account of certain aspects of the UNCLOS as evidence of customary international law<sup>1</sup>. Also, in the same case, the ICJ held that: *"it is incontestable that...the EEZ is shown by the practice of States to have become part of customary law."*<sup>2</sup>

The court had thus found that the rules that govern the EEZ are rooted in state practice and customary international law in 1985 - that is, even before the UNCLOS entered into force in 1994.

Based on the above, Israel is bound by maritime customary international law that is influenced by certain provisions of the UNCLOS.

## 2.7 What is the extension of Lebanon's continental shelf?

According to geologists, Lebanon's continental shelf is very narrow with a width of 10 km that drops down abruptly to water depths of 1500m.<sup>3</sup>

Lebanon's right over its continental shelf is ipso jure- that is, Lebanon has an inherent right over its continental shelf that does not need to be proclaimed in order to come into existence. This is stipulated in article 77 (3) of the UNCLOS: *"The rights of the coastal State over the continental shelf do not depend on occupation, effective or notional, or any express proclamation."*

Also, in the North Sea Continental Shelf case, the ICJ held that: *"the rights of the coastal state in respect of the area of continental shelf that constitutes a natural prolongation of its land territory into and under the sea exist ipso facto and ab initio, by virtue of its sovereignty over the land, and as an extension of it in an exercise of sovereign rights for the purpose of exploring the seabed and exploiting its natural resources. In short, it is an inherent right."*<sup>4</sup>

The Lebanese law number 163 concerning the delimitation and proclamation of the Lebanese republic maritime Areas states in article 8 that the Lebanese continental shelf includes the immersed seabed and its interior that naturally extends beyond the territorial sea and up to a distance of 200 nautical miles as per provisions of international law.

1. اسرائيل تنتهك الحدود والحقوق البحرية . اللبنانية، جريدة السفير . 11/6/2011. <http://www.ministryinfo.gov.lb/News/Politics/Details/11-07-11>

2. هل يعهد مجلس النواب الى نقض الاتفاقية . اللبنانية-القيصرية، السفير . 23/3/2012. <http://mtv.com.lb/News/75893>

3. Nicholas Blanford, Diplomacy is key to Maritime Border Dispute, The Daily Star, 27 July 2011. <http://www.dailystar.com.lb/ArticlePrint.aspx?id=144722&mode=print>

4. Israel- Cyprus agreement at [http://www.un.org/Depts/los/LEGISLATIONANDTREATIES/PDFFILES/TREATIES/cyp\\_isr\\_eez\\_2010.pdf](http://www.un.org/Depts/los/LEGISLATIONANDTREATIES/PDFFILES/TREATIES/cyp_isr_eez_2010.pdf)

1. Ian Brownlie, Principles of Public International law, Ed. 6, Oxford University Press, 2003, p. 208.

2. ICJ, Continental Shelf case (Libyan Arab Jamahiriya v. Malta), Judgment of 3 June 1985, ICJ Reports 1985, p. 33.

3. C.D Walley, The Geology of Lebanon: A summary, AUB, 23 May 2003.

4. ICJ North Sea Continental Shelf cases, Judgment of 20 February 1969, paras. 18-20

### 3. Conflicting Claims

1. Nizar Abdel-Kader, Potential Conflict in the Mediterranean, Real Clear World, 16 March 2012. [http://www.real-clearworld.com/articles/2012/03/16/potential\\_gas\\_conflict\\_in\\_the\\_mediterranean\\_99965-2.html](http://www.real-clearworld.com/articles/2012/03/16/potential_gas_conflict_in_the_mediterranean_99965-2.html)

2. Official Letter submitted by the Minister of Foreign Affairs, Adnan Mansour, to the UN Secretary General on June 20, 2011.

3. Hussein Dakroub, Nasrallah: Hands off our waters, Daily Star, 27 July 2011. <http://www.dailystar.com.lb/News/Lebanon-News/2011/Jul-27/144724-nasrallah-hands-off-our-waters.ashx#ixzz32X8OX2oi> (The Daily Star :: Lebanon News :: <http://www.dailystar.com.lb>)

4. Lebanese-Cypriot discussions in Nicosia to correct borders and Introduce Apportionment, Annahar Newspaper, 11 November 2011. <http://www.annahar.com/content.php?table=mahaly&type=mahaly&priority=8&day=Fri>

5. Lebanon can ratify EEZ agreement when Differences with Israel Settled, Famagusta Gazette, 1 March 2012. <http://famagusta-gazette.com/lebanon-can-ratify-eez-agreement-when-differences-with-israel-settled-p14651-69.htm>

6. Stefanos Evripidou, Lebanon will ratify EEZ deal when Issues resolved with Israel, 1 March 2012. <http://www.cyprus-mail.com/cyprus/lebanon-will-ratify-eez-deal-when-issues-resolved-israel/20120301>

7. Lebanese Press Round Up: 11 July 2011, Now Lebanon, 11 July 2011. <http://www.nowlebanon.com/NewsArchiveDetails.aspx?ID=290185>

A US survey that was published in 2009 indicated the presence of around 1.22 trillion cubic feet of gas and 1.7 billion cubic meters of oil in an area off the coasts of Israel, Gaza, Lebanon, Cyprus and Syria known as the Levantine basin<sup>1</sup>. The Israelis were quick to announce its gas discoveries stirring a series of reactions from Lebanon and other neighboring countries. The tension is already high on oil and gas fields with a potential for future conflict. This section maps the positions of countries involved to portray potential conflict indicators.

#### 3.1 Position Mapping of Countries Claiming Maritime Rights

##### 3.1.1 Positions on Lebanon's South and Southern West Borders

*Lebanon:*

• **Minister of Foreign Affairs, Mansour, in a letter to the UN (14/7/2011):** "Lebanon objects to the agreement between Cyprus and Israel in which they delimited their respective EEZ because it affects points falling north of the line constituting the southern border of the EEZ of Lebanon. Lebanon requests that the Secretary-general of the UN take all measures that he deems appropriate, with a view to avoiding conflict and safeguarding international peace and security"<sup>2</sup>.

Hezbollah Leader Seyed Hassan Nasrallah (July 2011):  
*"We warn Israel against extending its hands to this area and steal Lebanon's resources from Lebanese waters,"*

*"Until Lebanon decides to exploit this area, Israel must be warned against extending its hands to it."*

*"Whoever harms our future oil facilities in Lebanese territorial waters, its own facilities will be targeted,"*<sup>3</sup>

• **Lebanese Diplomatic Sources (11/11/2011)** state that ongoing negotiations with Cyprus are complex as Cyprus insists that Lebanon ratifies the agreement of February 2007 before correcting the geographical coordinates of Lebanon's EEZ as stipulated in the agreement.<sup>4</sup>

• **Parliament Speaker, Berri (29/2/2012)** pointed out that the problem was not between Cyprus and Lebanon but between Lebanon and Israel, with Tel Aviv trying to exploit the sensitivities in the area and relations with Turkey, in order to benefit from an area of 850 square km.<sup>5</sup>

Berri assured that the Lebanese Parliament can ratify the EEZ agreement with Cyprus within 15 days of settling the boundary conflict with Israel.<sup>6</sup>

*Cyprus:*

• **Cyprus Ambassador hands an official memorandum (11/7/2011)** to Lebanon Minister of Foreign Affairs that assures the cooperation of Cyprus with Lebanon to conclude all the unresolved issues and guarantee Lebanon's rights.<sup>7</sup>

President of Cyprus Demetris Christofias (04/11/2011):  
*"Together with President Peres we have decided to establish a joint committee on our Mediterranean vision for peace and*

1. Cyprus and Israel to set up committee on Mediterranean peace vision, Famagusta Gazette, 04 November 2011

2. Stelios Orphanides, Cyprus, Lebanon on Talks on Oil and Gas Ties, Bloomberg News, 25 November 2011. <http://www.bloomberg.com/news/2011-11-25/cyprus-lebanon-in-talks-on-oil-and-gas-ties-minister-says.html>

3. رضوان عقيل، بري وصف لـ"النهار" الاجتماع النفطي بـ"الثمر" كريستوفياس يتعهد حماية مصلحة لبنان، النهار، 1/3/2012 <http://www.annahar.com/article.php?t=mahaly&p=11&d=24663>

4. مارلين خليفة، هل يعمد مجلس النواب الى نقض الاتفاقية اللبنانية - القبرصية، السفير، 23/3/2012.

5. Elad Benari, Israel and Cyprus to Hold Joint Military Exercise, Arutz Sheva, 10 April 2013. <http://www.israelnationalnews.com/News/News.aspx/166956#.U4L5q3YJ5eF>

6. Barak Ravid, Netanyahu: Maritime Borders Proposed by Lebanon Encroach upon Israel Territory, Haaretz, 10 July 2011. <http://www.haaretz.com/news/diplomacy-defense/netanyahu-maritime-borders-proposed-by-lebanon-encroach-upon-israel-territory-1.372467>

7. Israel Official: Hizbullah Exploiting Maritime Border Issue to Wage War against Israel, Naharnet, 26 July 2011. <http://www.naharnet.com/stories/en/11226-israeli-official-hizbullah-exploiting-maritime-border-issue-to-wage-war-against-israel>

8. هيثم زعيتر، لبنان يبدأ مسيرة الألف ميل في قضية الاستحواد على النفط والغاز اللواء، 25/4/2012.

9. Israeli navy to get 2 German frigates to shield natural gas fields, UPI, 17 December 2013. [http://www.upi.com/Business\\_News/Security-Industry/2013/12/17/Israeli-navy-to-get-2-German-frigates-to-shield-natural-gas-fields/UPI-40851387306062/#ixzz32o6NNaio](http://www.upi.com/Business_News/Security-Industry/2013/12/17/Israeli-navy-to-get-2-German-frigates-to-shield-natural-gas-fields/UPI-40851387306062/#ixzz32o6NNaio)

10. Turkey: Oil Deals Signed by Cyprus with Lebanon, Egypt Invalid, Lebanon News, 31 January 2007. <http://www.lebanonews.net/mainra.asp?raid=7833>

11. Turkey criticizes Israel-Cyprus Maritime Border Accord, The Associated Press, 21 December 2012.

*for the relations between the European Union and all the states in the region."*<sup>1</sup>

• **Cypriot foreign minister (25/11/2011):** "We are committed to intensify our work in order to extend our cooperation in every area."<sup>2</sup>

• **Cypriot President, Christofias (29/ 02/2012)** tells Lebanese Parliament Speaker that Cyprus does not mind revisiting its EEZ agreement with Israel and assures him that Cyprus's good relations with Israel will not be at Lebanon's expense.<sup>3</sup>

• **Cypriot Minister of Foreign Affairs (March 2012)** declares that her country is not responsible for the flaws in the EEZ agreements and that it will not amend these agreements except based on a tripartite agreement among Lebanon Cyprus and Israel.<sup>4</sup>

Cypriot Defense Minister (April 2013) confirms that Israel is set to send warships to the eastern Mediterranean for a joint military exercise with Cyprus that will focus on the security of the eastern Mediterranean region and that of gas companies.<sup>5</sup>

*Israel:*

• **Prime Minister, Netanyahu, states (7/7/2011)** that the maritime borders declared by Lebanon are further south than those determined in previous deals and encroach upon Israel territory.<sup>5</sup>

• Following the letter that Lebanon sent in **June 2011, Israel states** it would demarcate maritime border with direct

negotiation with Lebanon and as part of a comprehensive peace agreement.<sup>6</sup>

• The Israeli military requested Lebanon to enforce security measures along its southern maritime border, however, the Lebanese military refused to take any such measures before a proper demarcation that starts off from Naqoura. UNIFIL assumed bilateral negotiations with both sides to demarcate Lebanon's southern maritime border.<sup>7</sup>

• **May 2011**  
The Israeli military started increasing its naval patrols to protect its offshore gas facilities.

• **In 2012 and 2013**, Israel continued to boost its military capacity to secure offshore facilities.<sup>8</sup>

*Turkey:*

• **In January 2007**, Turkey called on Lebanon and Egypt to put on hold agreements with Cyprus, saying the agreement infringed on the rights of the breakaway Turkish Cypriot state on the divided island.<sup>9</sup>

• **In December 2010**, Turkey objected the agreement between Israel and Cyprus on the basis that it disregards the rights and jurisdiction of Turkish Cypriots on the island.<sup>10</sup>

Turkish Prime Minister Recep Tayyip Erdogan (15/9/2011):  
*"Israel cannot do whatever it wants in the eastern Mediterranean. They will see what our decisions will be on this subject."*

1. Erdogan warns Israel: Turkey can send warships to east Mediterranean at any time, Haaretz, 15 September 2011. <http://www.haaretz.com/news/diplomacy-defense/erdogan-warns-israel-turkey-can-send-warships-to-east-mediterranean-at-any-time-1.384657>

2. Turkey to Maintain Static in the Mediterranean, Unal: We will object to any unilateral agreement between Lebanon and Cyprus, Assafir Newspaper, 23 September 2011. <http://www.assafir.com/article.aspx?Editid=1956&ChannelId=46202&ArticleId=2512>

3. Patrick Galey, U.N. refuses to act on Foreign Ministry request for action to stop Israel exploiting fossil fuels, Daily Star, 6 January 2011.

4. Berri meets Williams; Warns of Dangers if Lebanon's Oil Resources are exploited, The Daily Middle East Reporter, 10 January 2011.

5. Brooke Anderson, U.N. looking into helping Lebanon draw maritime security line, Daily Star, 21 July 2011. <http://www.dailystar.com.lb/News/Middle-East/2011/Jul-21/144244-un-looking-into-helping-lebanon-draw-maritime-security-line.ashx#axzz32oH6wU3r>

Read more: <http://www.dailystar.com.lb/News/Middle-East/2011/Jul-21/144244-un-looking-into-helping-lebanon-draw-maritime-security-line.ashx#ixzz32oH6wU3r> (The Daily Star :: Lebanon News :: <http://www.dailystar.com.lb>)

6. U.N. Looking Into Helping Lebanon Draw Maritime Security Line, Daily Star, 21 July 2011. <http://www.dailystar.com.lb/News/Middle-East/2011/Jul-21/UN-to-assist-Lebanon-draw-maritime-security-line.ashx#ixzz1a1GbrjmV>

7. Daniel Dhaher, Lebanon Adamant about Claiming its Maritime Rights in Arabic, AlHayat, 28 October 2011. <http://international.daralhayat.com/print/323109>

8. Presidents al-Assad and Suleiman: Necessity to Pursue Bilateral Relations Bolstering, JP News, 16 June 2010. <http://jpsyria.net/en/news.php?id=1123>

*Our navy attack ships can be there at any moment.*"<sup>1</sup>

• **Turkish Ministry of Foreign Affairs spokesman Selçuk Ünal (23/9/2011):** "We will oppose any unilateral agreement between Cyprus and Lebanon."<sup>2</sup>

*United Nations:*

• In its reply to the request of Lebanon's Foreign Minister to exert every possible effort to deter Israel, **U.N. spokesperson Martin Nesirky said (4/1/2011):** "The mandate [of U.N. Security Council Resolution 1701] is very specific on what UNIFIL does including its maritime component, and it is also fairly specific that it does not include delineating lines - maritime lines".<sup>3</sup>

Nevertheless, the **UN Special coordinator for Lebanon Michael Williams (10/1/2011)** stated that the country was entitled to benefit from its national energy resources, and that the UN would help the country mark its maritime border with Israel.<sup>4</sup>

UNIFIL Force Commander Major General Alberto Asarta Cuevas (July 2011) stated that UNIFIL will look into acting "as a mediator between Israel and Lebanon in an effort to demarcate the maritime security line, even though it's outside the scope of its mission."<sup>5</sup>

• **July 2011:** UNIFIL proposed to act as a mediator between Lebanon and Israel in demarcating the maritime boundary and creating a maritime security zone.<sup>6</sup>

*3.1.2 Positions on Lebanon’s North and Northern West Borders*

*Lebanon:*

• **In October 2011**, MP Mohammed Qabani announces that negotiations with Syria on maritime boundaries will begin soon.<sup>7</sup>

*Syria:*

• **In June 2010, President Assad and President Suleiman** discuss joint land and sea borderlines and agree to direct committees to complete the gathering of information and data by every side in prelude for initiating the process of defining and demarcation of these borders as soon as possible.<sup>8</sup>

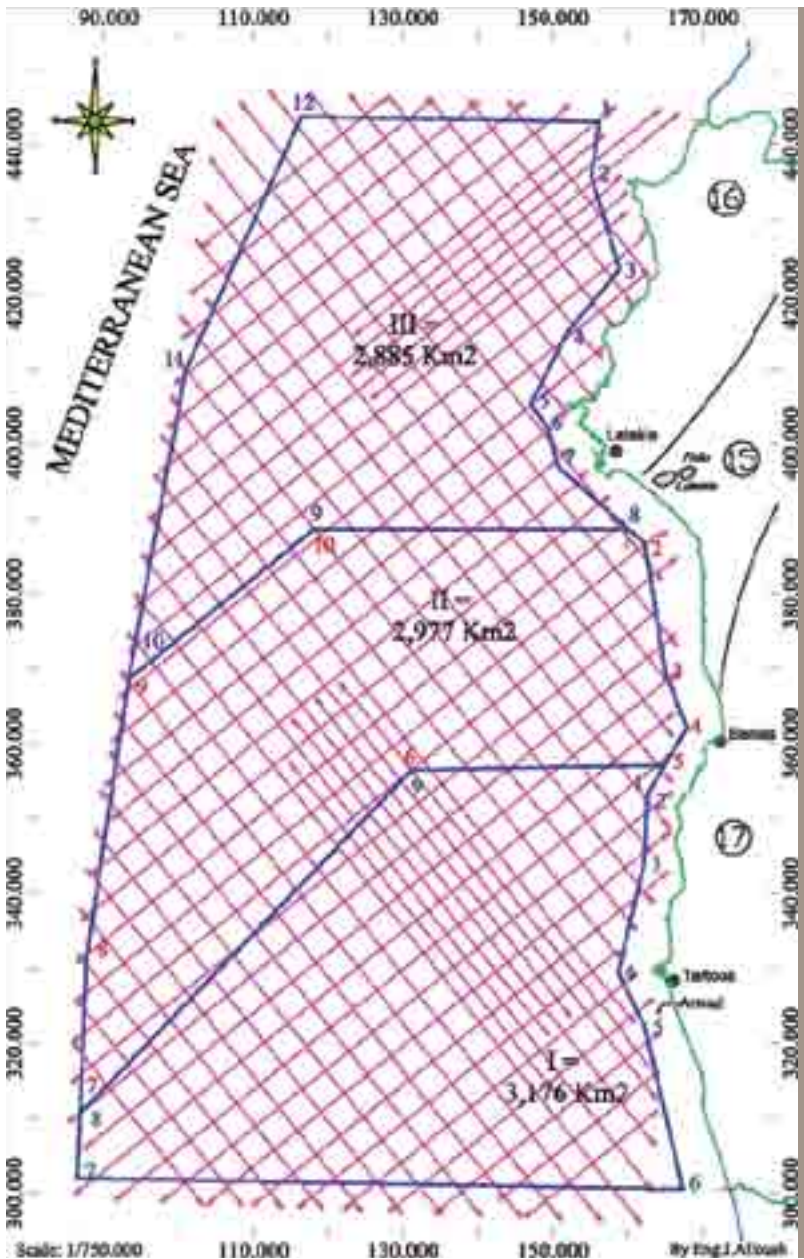
• No progress has been noted since the outbreak of violence in Syria.

4. Progress of Exploration and Production in the East Mediterranean

Tracking the Process			
Lebanon	Israel	Cyprus	Syria
<b>1960s-mid 1970's:</b> Lebanon begins exploration of oil resources. Exploration stopped with the break of the Civil War in 1975.	<b>1999:</b> Discovery of a field named Noa. Production from Noa started in July 2011.		
<b>2000:</b> Spectrum oil data company conducts offshore 2D & 3D seismic surveys of Lebanon's EEZ as part of a regional speculative survey on the East Mediterranean region.	<b>2000:</b> Discovery of a field named Mary B. Production started in 2004.		
<b>2000-2007:</b> further seismic surveys conducted by other companies. Data indicates the presence of considerable hydrocarbon resources.	<b>2000:</b> Discovery of a field located offshore Ashkelon. Commercial production started in 2004. As of 2012, this field is nearly exhausted - earlier than expected to due increased pumping to compensate for the loss of Egyptian gas.		
<b>2001:</b> Southampton Oceanographic Center tasked with delimiting Lebanon's EEZ		<b>2003:</b> Cyprus signed EEZ delimitation agreement with Egypt. The agreement entered into force in 2004.	<b>November 2003:</b> Syria issues law in the boundaries of its territorial sea.
		<b>2004:</b> Cyprus issued a law to provide for the proclamation of its EEZ boundaries.	
<b>2005:</b> First petroleum law drafted.			
<b>2006-2007:</b> Petroleum Geo Services (PGS) oil data company conducts geological seismic surveys that confirm oil deposits in Lebanese waters.			
<b>January 2007:</b> Lebanon signed EEZ boundary agreement with Cyprus. Agreement has not been ratified yet.		<b>Feb-Aug 2007:</b> Cyprus offered 11 blocks in its first licensing round.	<b>Mid-2007:</b> Syria held first offshore licensing round, offering four blocks covering a total area of 5000 square kilometres. Only one bid was received (by a consortium led by British firm Dove Energy). No awards were made.
<b>October 2007:</b> Lebanese Council of Ministers passed the Offshore Petroleum Resources Law.			
		<b>Oct. 2008:</b> Exploration and Production Sharing Contract awarded to Noble Energy.	
<b>April 2009:</b> Lebanese Army drew EEZ boundary as per UNCLOS provisions.	<b>2009:</b> Discovery of Tamar and Dalit fields. Production expected to commence in 2013.	<b>2009-2011:</b> Continuation of seismic surveys.	
<b>May 2009:</b> Council of Ministers endorse Lebanese Army map.		<b>2009:</b> Cyprus ratified EEZ delimitation agreement with Lebanon.	
<b>July 2010:</b> Lebanon deposits geographical coordinates that define the Southern limit of Lebanon's EEZ (bordering Occupied Palestine) at the office of the UN Secretary General.	<b>2010:</b> Discovery of Leviathan field. Production expected to commence in 2017.	<b>December 2010:</b> Cyprus signed EEZ delimitation agreement with Israel.	<b>June 2010:</b> President Assad and President Suleiman discussed joint land and Sea borderlines and agree to direct committees to complete necessary data gathering to initiate demarcation process.
<b>August 2010:</b> Parliament endorsed the Offshore Petroleum Resources Law.	<b>December 2010:</b> Israel and Cyprus sign EEZ delimitation agreement.		
<b>October 2010:</b> Lebanon deposited Southern part of the Western median line of its EEZ (bordering Cyprus), in addition to Southern coordinates that it had deposited earlier, at the office of the UN Secretary General.			
<b>January 2011:</b> A commission composed of specialists from Lebanon's army, Foreign Ministry and the National Council of Scientific Research was commissioned to delimit maritime boundaries with Israel.	<b>2011:</b> Discovery of Dolphin field.		<b>March 2011:</b> Syria opened a second offshore licensing round. It was originally scheduled for closure by October 2011, but was then re-scheduled twice. As of early 2012, there was no new date for completion of the bid round.
<b>June 2011:</b> Lebanon addresses letter to UN Secretary General ascertaining that point 1 does not represent the southern end of the median line that separates the EEZ boundary with neighboring countries, & claiming that the Lebanese EEZ terminates at point 23.	<b>July 2011:</b> Israel deposited geographical coordinates of its northern territorial waters and EEZ at the office of the UN Secretary General.		
<b>August 2011:</b> Parliament endorsed law on the delimitation of Lebanon's EEZ.		<b>Oct 2011:</b> Cyprus renews exploration license.	
<b>September 2011:</b> Lebanon sends letter to the office of the UN Secretary General objecting to the EEZ agreement that was signed between Cyprus and Israel in December 2010.		<b>Dec 2011:</b> Noble energy announces gas discoveries in block 12.	
<b>September 2011:</b> UKHO endorses mapping of EEZ by the Lebanese Army.		<b>Feb 2012:</b> Cyprus announced second licensing round for blocks 1-11 and 13.	
<b>February 2013:</b> Lebanon expected to commence licensing and bidding rounds.	<b>2012:</b> Discovery of Tanin field. Production expected to commence in 2013.		
		<b>2015:</b> Interim solution to meet domestic demand in Cyprus by transporting natural gas from Israel is currently under evaluation.	
<b>2017:</b> Gas extraction expected to begin.		<b>2017-2018:</b> Expected gas supply from block 12 via pipeline.	
		<b>2019:</b> Construction of a Liquefaction Plant.	



Syria Petroleum Rights and Offshore Hydrocarbon Field



Ministry of Petroleum and Mineral Resources of Syria

Seismic Surveys

In 2005, and in cooperation with the Ministry of Petroleum and Mineral Resources, CGGVeritas acquired, processed and interpreted regional 2D seismic survey over offshore Syria.

1<sup>st</sup> Licensing Round 2007

- One Bid was submitted
- No Blocks were awarded

2<sup>nd</sup> Licensing Round March 2011

The Syrian Ministry of Petroleum and Mineral Resources along with the General Petroleum Corporation (GPC) announced on the 24th March 2011 the opening of the International Bid Round 2011:

- All three offshore blocks were open for bidding. Each block covers an area of around 3000 cubic km.
- Closing date: October 2011. No blocks were awarded.

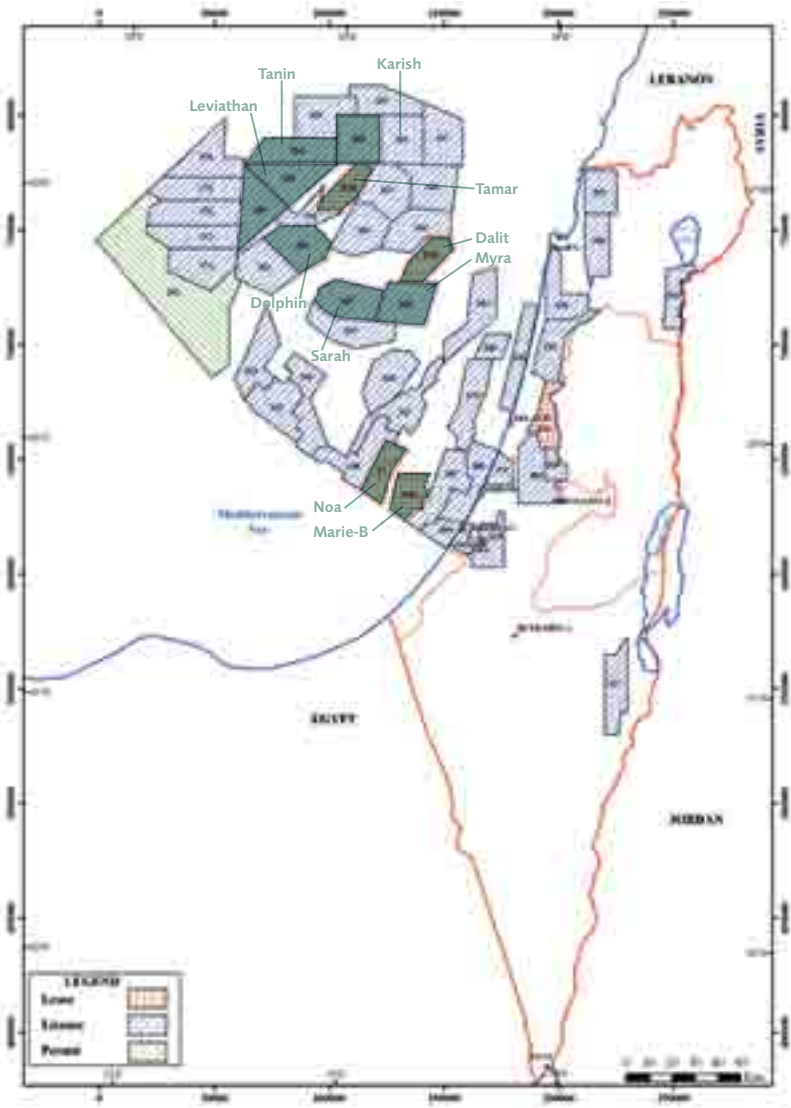
Break of Conflict in Syria 2011

With the sanctions imposed on Syria by the US and EU, many oil and gas companies halted their operations. Oil production in Syria stopped in early 2013 and that the rest of the country's production was down to 15,000 barrels per day.

The only oil companies still operating in Syria as of September 2013 were Hayan Petroleum and the Elba Petroleum Company, without their IOC partners.

In December 2013 the Syrian government and Russian company SoyuzNefteGaz signed a 25-year exploration agreement over Block 2, covering around 2,190 square km between the ports of Banias and Tartus.

Israel Petroleum Rights and Offshore Hydrocarbon Fields



The Ministry of Infrastructure encourages exploration by providing both geological and geophysical data which have been obtained from previous exploration surveys and government research. Exploration and production (E&P) is controlled by the Petroleum Law which defines three rights:

**Preliminary Permit**  
The owner of which may request a priority right which gives exclusive exploration rights on the area. A permit may be granted for a period up to 18 months.

**License**  
License must be obtained prior from drilling. This type of licence will be valid for three years and can be extended for up to 4 more years.

**Lease**  
Lease is granted to the license holder, if oil has been discovered in commercial quantities. The lease maximum period is 50 years. The royalty paid for oil and gas is 12.5%.

Ministry of National Infrastructure of Israel, List of Ownership in Petroleum Rights, Updated 01/06/11

CURRENT PRODUCTION

**1. Tamar Field**  
Block: I/12  
Discovered: January 2009  
Estimated gas discoveries: 10 Tcf  
Commercial production: March 2013  
Right: Lease 02/12/2008 - 01/12/2038  
Consortium: Noble Energy Mediterranean Ltd. Isramco Neveg 2 Ltd. Partn. / Avner Oil Ltd. Partn. Delek Drilling Ltd. Partn. / Dor Gas Exploration Ltd. Partn. Gas produced from Tamar is carried to onshore facilities at Ashdod via a pipeline that links it to existing infrastructure at the Mari-B development site. Plans are moving forward on a floating LNG project by 2017.

**2. Dalit Field**  
Block: I/13  
Discovery : March 2009  
Estimated gas discoveries: 0.5 Tcf  
Commercial Production: 2013  
Right: Lease 02/12/2008 - 01/12/2038  
Consortium: Noble Energy Mediterranean Ltd. Isramco Neveg 2 Ltd. Partn. / Avner Oil Ltd. Partn. Delek Drilling Ltd. Partn. / Dor Gas Exploration Ltd. Partn.

Planned Production

**1. Leviathan**  
Block: 350/349 (divided into sub fields)  
Discovered: December 2010  
Estimated capacity: 450 bcm of Gas  
Commercial Production: 2016 - 2017  
Right: License 14/02/2014-13/02/2044  
Consortium: Noble Energy Mediterranean Ltd. Avner Oil Ltd. Partn./ Delek Drilling Ltd. Partn. Ratio Oil Explor. Ltd. Partn.

**2. Tamar SouthWest**  
Block sandwiched between the Tamar and Leviathan gas fields  
Discovered: 2013  
Estimated discoveries: 0.7 Tcf  
Commercial Production: TBD  
Consortium: Tamar partners will own an 80% share of Tamar Southwest, while the Leviathan partners will hold a 20% share.

Recent Explorations

**1. Tanin**  
Block: 364/365  
Discovered: February 2012  
Estimated gas discoveries: 1.2 Tcf  
Consortium: Noble Energy Mediterranean Ltd. Avner Oil Ltd. Partn./ Delek Drilling Ltd. Partn. (Italian Edison interested in acquiring Tanin from Noble and Delek).

**2. Dolphin**  
Block: 351  
Discovered: 2011  
Estimated gas discoveries: 0.08 Tcf  
Consortium: Noble Energy Mediterranean Ltd. Avner Oil Ltd. Partn./ Delek Drilling Ltd. Partn.

**3. Karish**  
Block: Alon C/366  
Discovered: May 2013  
Estimated gas discoveries 1.6-2 Tcf  
Consortium: Noble Energy Mediterranean Ltd. Avner Oil Ltd. Partn./ Delek Drilling Ltd. Partn.



Cyprus Petroleum Rights and Offshore Hydrocarbon Fields



Offshore Cyprus Seismic Surveys, Petroleum Geo-Services



Nobel Energy Awarded Exploration Licenses of Block 12 in 2008



Block 3 and 13 Excluded from First Licensing Round Offshore Cyprus

Ministry of Commerce Industry and Tourism of Cyprus

Seismic Surveys

In 2006, and in cooperation with the Ministry of Commerce, Industry and Tourism of the Republic of Cyprus, PGS acquired, processed and interpreted regional 3D and 3D seismic survey over offshore Cyprus.

1<sup>st</sup> Licensing Round 2007

- 11 Blocks (46,000 km<sup>2</sup>) were on offer
- Block 3 and 13 were excluded
- 3 applications were submitted
- One Exploration Licence was awarded for Block 12

Exploration Block 12

- Estimate: 7 TCF of gas, with a probability of 60%
- October 2008: Awarded to Noble Energy International LTD (USA)
- September 2011: First Exploratory Well
- December 2011: Discovery of Aphrodite Well
- December 2011: Cypriot government agrees to transfer 30% of Block 12 rights to Avner and Delek Drilling equally. Delek and Noble Energy are also partners in Leviathan, Israel.

2<sup>nd</sup> Licensing Round March 2011 Onwards

- All Blocks were offered (except Block 12)
- 15 bids were submitted: 5 from companies and 10 from joint ventures from 15 different countries, including the USA, Norway, Canada, France, Italy, Australia, South Korea and Israel.
- Four consortia won the tenders:
  - . 24 January 2013: Blocks 2,3 & 9 awarded to the consortium of Italy's ENI and South Korea's KOGAS. Signature bonus that Cyprus received amounted to €150m.
  - . No Israeli company won any bid (including Delek, Isramco and other). February 2013-January 2014: Total E&P was granted exploration concessions on blocks 10 & 11 and license to carry out seismic exploration for oil and gas on parts of blocks 10, 6,7 & 11. Signature bonus that Cyprus received for blocks 10 & 11 amounted to €24m.

Petroleum Rights

**Exploration License**  
A Hydrocarbon Exploration Licence is granted for an initial period of three years and may be renewed for up to two terms, each term not exceeding two years, provided that the licensee has fulfilled all their obligations with respect to a current exploration term. Upon each renewal of the term of the exploration period, the licensee relinquishes at least 25% of the initial surface of the licensed area.

**Exploitation License**  
A Hydrocarbon Exploitation License is granted for a period not exceeding twenty-five years and may be renewed for a maximum of ten years. 24 January 2013: Blocks 2,3 & 9 awarded to the consortium of Italy's Eni and South Korea's KOGAS.

A Hydrocarbon Exploitation Licence, with respect to a commercial discovery during exploration, shall be granted after the approval of a Development and Production Plan.

**Prospection License**  
The Hydrocarbon Prospection License, issued a maximum of one year, gives permission of prospection using various geophysical techniques (no drilling) and evaluating the offshore Cyprus hydrocarbon potential by identifying geological structures.

Lebanon Petroleum Rights and Offshore Hydrocarbon Fields



Ministry of Energy and Water Lebanon

Seismic Surveys

According to Petroleum Geo-Services, the deep water area of offshore Lebanon in = the Easter Mediterranean covers more that 20,000 sq. km and offers a variety of unexplored hydrocarbon plays, including; the Syrian Arc, the Levantine Basin and the Levant Margin.

First Licensing Round

First licensing round was opened in 2013. Awards are expected by November 2014. Operators qualified for bidding include: Anadarko International O&G Company (USA), Chevron East Mediterranean Exploration and Production Ltd. (USA), Eni International BV (Italy), ExxonMobil Exploration and Production Lebanon Ltd. (USA), Inpex Corporation (Japan), MAERSK Olie og Gas A/S (Denmark), Petrobras International Braspetro BV (Brazil), Petronas Carigali SDN BHD (Malaysia), Repsol Exploracion SA (REXSA) (Spain), Shell Exploration and Production (LXV) N.V. (Netherlands), Statoil ASA (Norway), Total S.A (France).

Oil and Gas Milestones

- January 2007: Signature of EEZ agreement with Cyprus. Agreement was never ratified by Lebanon.
- August 2010: Parliament endorsed Offshore Petroleum Resources law
- October 2010: Lebanon submitted EEZ boundary coordinates with Occupied Palestine to the UN
- August 2011: Parliament endorsed law on the delimitation of Lebanon's EEZ
- February 2012: Petroleum Law Guidelines issued
- October 2012: Appointment of Petroleum Administration
- 2013: Opening of 1st licensing round

Pending

- Delimitation agreements with neighboring countries
- Maritime legislation in conformity with UNCLOS
- Licensing strategy (shape of blocks, etc)
- Bidding items (profit share, work program, recovery ceiling)
- Long term strategic Gas Policy (domestic consumption, infrastructure, etc)

Petroleum Law

- Reconnaissance License**
- Granted for up to 3 years; Shall not be exclusive and shall not give the Right Holder any preference with regards to obtaining any other Petroleum Right;
  - The resulting data shall be the property of the State

- Exploration License**
- The Exploration phase is up to 10 years; The duration of each phase is stipulated in the EPA;
  - On each renewal, at least 50 % of the initial area is relinquished;
  - Transfer or assignment of Petroleum Right may be granted by the Council of Ministers

- Production License**
- The production phase is up to 30 years



5.

Impact of Exploration  
Activities by Oil and Gas  
Companies on Maritime  
Boundary Disputes and  
Right to Sovereignty  
over Natural Resources

# 1. Oil and gas activities and maritime delimitation in the case of disputed area

## 1.1 Does the licensing of oil and gas activities determine a state’s sovereign rights over the delimitation of its territory or that of the neighboring state?

The discovery of oil and gas increases exponentially the strategic and economic importance of territorial delimitation and in some cases it has played an important factor in promoting maritime delimitation. However, in the case of disputed area, oil and gas activities and concessions<sup>1</sup> in themselves cannot be considered as determining factors in delimiting a maritime boundary. There is no requirement in the delimitation process to respect any limits which are set out under a concession or licensing agreement. Concessions or licensing are only relevant in the process of determining a state's sovereign rights over the delimitation of its territory or that of the neighboring state, if they are further to an express or tacit agreement<sup>2</sup> between the states concerned<sup>3</sup>.

### 1.1.1 International Jurisprudence

#### Case 1: Guyana v Suriname

In the Guyana v Suriname arbitration, Guyana contended that the delimitation line should follow an "historical equidistance line" along an azimuth of N34 E from Point 61 for a distance of 12 nautical miles to a point at the outer limit of the territorial sea. Guyana argued that there was no justification admissible under Article 15 of the Convention for departing from the provisional equidistance line in Suriname's favor, and that the conduct of the parties granting oil concessions should determine the final location of the boundary line<sup>4</sup>.

The Permanent Court of Arbitration (PCA) rejected the argument put forward by Guyana that the conduct of the parties granting oil concessions should determine the final location of the boundary line, holding that "the cases reveal a marked reluctance of international courts and tribunals to accord significance to the oil practices of the parties in the determination line".<sup>5</sup>

#### Case 2: Greece v Turkey

In the Aegean sea continental shelf dispute between Greece and Turkey, Greece expressed in its case to the International Court of Justice (ICJ) "... that Turkey is not entitled to undertake any activities on the Greek continental shelf, whether by exploration, exploitation, research or otherwise, without the consent of Greece, and that the activities of Turkey described constitute an infringements of the sovereign and exclusive rights of Greece to explore and exploit its continental shelf or to authorize scientific research respecting the continental shelf"<sup>6</sup>. The ICJ rejected the argument put forward by Greece stating that "it is clear that neither concessions unilaterally granted nor exploration activity unilaterally undertaken by either of the interested States with respect to the disputed areas can be creative of new rights or deprive the other State of any rights to which in law it may be entitled ..." <sup>7</sup>.

#### Case 3: Cameroon v Nigeria

In the Cameroon v Nigeria, Cameroon filed an application with the International Court of Justice requesting that it determines the question of sovereignty

over the oil-rich Bakassi Peninsula and to specify the land and maritime boundary between the two states.

Reviewing the relevant facts the Court held that the oil practice of the Parties are not a factor to be taken into account in the maritime delimitation in the present case: "... although the existence of an express or tacit agreement between the parties on the sitting of their respective oil concessions may indicate a consensus on the maritime areas to which they are entitled, oil concessions and oil wells are not in themselves to be considered as relevant circumstances justifying the adjustment or shifting of the provisional delimitation line. Only if they are based on express or tacit agreement between the parties may they be taken into account. In the present case there is no agreement between the Parties regarding oil concessions."<sup>1</sup>

#### Conclusion:

According to international jurisprudence, the existence of oil fields and the practice of state parties over these fields do not qualify as 'special circumstances' and as such oil concessions granted over these fields do not affect the delimitation of maritime boundaries, nor does it justify the adjustment of the equidistant line that divides the maritime zones between countries.

An exception to this principle lies in the existence of an express or tacit agreement concerning oil and gas practices between the Parties.

## 1.2 What comprises a tacit or express agreement between two states over the licensing of oil and gas activities and when does such an agreement affect the delimitation of maritime boundaries?

Given the gravity of establishing permanent boundaries and the importance of ensuing sovereign rights, agreements between countries are not easily presumed. For example, a de facto line might in certain circumstances correspond to the existence of an agreed legal boundary or might be more in the nature of a provisional line or of a line for a specific, limited purpose, such as sharing a scarce resource. Even if there had been a provisional line found convenient for a period of time, this is to be distinguished from an international boundary."<sup>2</sup>

The International Court of Justice has taken into account the granting of oil concessions in the delimitation of maritime borders, only if there is solid evidence for a tacit agreement and after carefully considering the parties' conduct.<sup>3</sup>

### 1.2.1 International Jurisprudence

#### Case 1: Indonesia v Malaysia

In the Indonesia v Malaysia case, particularly regarding sovereignty over Ligitan/Sipadan, the International Court of Justice (ICJ) considered the context in which State actions took place before presuming the existence of a tacit agreement between the two States.

When granting oil concessions, the Parties relied on a boundary line that was fixed in the 1891 Convention between Great

1. A concession is "a defined area of land that is licensed or leased to a company for a given period of time, for exploration and development of natural resources under specified terms and conditions." Chris Park, Oxford Dictionary of Environment and Conservation, Oxford University Press, New York, 2008

2. "A tacit agreement is an agreement which is implied through action or lack of objection, though not stated explicitly; a very useful tool of international relations where later deniability of involvement for political reasons may be very important.", J.Fox, Dictionary of International and Comparative Law, Third edition, Oxford University Press, Inc., New York, 2003

3. Oil and Gas: A practical Handbook, Global Law and Business Publishing Ltd, London, 2009, p. 20-21

4. In the Matter of Arbitration Award between Guyana and Suriname, Award of the Arbitral Tribunal, September 17, 2007, at p. 41, para. 169

5. In the Matter of Arbitration Award between Guyana and Suriname, op.cit, at p. 125 para. 390

6. Aegean Sea Continental Shelf, Interim Protection, Order of September 11, 1976, ICJ Reports 1976, p. 3, at p.4, para. 1

7. Aegean Sea Continental Shelf, Interim Protection, op.cit, p. 3, at p. 10, para. 29

1. Land and Maritime Boundary between Cameroon and Nigeria (Cameroon v Nigeria: Equatorial Guinea intervening), Judgment, ICJ Reports 2002, p. 303, at p. 447, at para. 304

2. Case concerning Territorial and Maritime Dispute between Nicaragua v Honduras in the Caribbean Sea, Nicaragua v Honduras, ICJ Reports 2007, available at <http://www.icj-cij.org/docket/files/120/14075.pdf> at para. 253

3. Oil and Gas: A practical Handbook, op.cit, p. 21



1. Case concerning Sovereignty over Pulau Ligitan and Pulau Sipadan (Indonesia/Malaysia), ICJ Reports 2002, at p. 664, para. 79

2. Robert Kolb, Case Law on Equitable Maritime Delimitation: Digest and Commentaries, Martinus Nijhoff, USA & Netherlands, 2003, p.180

3. Continental Shelf (Tunisia/ Libyan Arab Jamahiriya), Judgment of 24 February 1982, General List no 63,para. 96. [http://www.worldcourts.com/icj/eng/decisions/1982.02.24\\_continental\\_shelf.htm](http://www.worldcourts.com/icj/eng/decisions/1982.02.24_continental_shelf.htm)

Britain and the Netherlands as the limit of their respective jurisdiction over the maritime area. Nevertheless, the ICJ did not consider this line to be a fixed boundary because the limits set out in the concessions did not constitute a tacit agreement and "may have been simply the manifestation of the caution exercised by the Parties in granting their concessions. This caution was all the more natural in the present case because negotiations were to commence soon afterwards between Indonesia and Malaysia with a view to delimiting the continental shelf." <sup>1</sup>

As such, the ICJ did not assume that oil concessions indicated the presence of a tacit agreement over the maritime boundaries because the actions undertaken by the Parties over the disputed area-that is granting oil concessions, when viewed in their relevant context, did not clearly evidence a tacit presumption for the limits of the continental shelf.

Case 2: Tunisia v Lybia

In the Tunisia v Lybia case, the ICJ analyzed a series of de facto lines that marked the maritime activities of both countries. While it considered the line that defined the area over which Tunisia claimed historic fishing rights irrelevant to the delimitation of the continental shelf, the ICJ considered the de facto oil concession line (at 26 degrees) to be or some legal relevance to the delimitation, since it has been tacitly observed by the parties for many years, and since it approximately

coincided with the perpendicular line that divided the sponge banks of the two States and that was acquiesced to by both States.<sup>2</sup>

In its judgment, the ICJ stated that "a de facto line ... was the result of the manner in which both Parties initially granted concessions for offshore exploration and exploitation of oil and gas. This line of adjoining concessions, which was tacitly respected for a number of years... does appear to the Court to constitute a circumstance of great relevance for the delimitation."<sup>3</sup>

1.3 Lebanon and neighboring countries scenario

With respect to the Lebanon scenario, and in light of international jurisprudence, oil concessions that neighboring countries grant to oil companies over fields that are located near the disputed maritime area do not, in principle, affect the delimitation of maritime boundaries between Lebanon and these countries.

There is no tacit agreement between Lebanon and either Israel or Cyprus. In fact, Lebanon has repeatedly protested against ongoing oil and gas exploration and exploitation activities in the maritime area along the Lebanese maritime boundaries and warned against the possibility of usurping Lebanese natural resources in the disputed area adjacent to both Cyprus and Israel.

1. Oil and Gas: A practical Handbook, op.cit, p. 24

2. In the Matter of Arbitration Award between Guyana and Suriname, Award of the Arbitral Tribunal, September 17,2007,at parag. 466

3. Oil and Gas: A practical Handbook, op.cit, p. 24

4. In the Matter of Arbitration Award between Guyana and Suriname, op.cit, at para 467 and 470

5. Ibid, p. 22

2. Oil and gas companies and maritime delimitation

2.1 What activities can be carried out by companies in disputed areas and to what laws are they subject to?

When operating in disputed areas, companies are not only subject to the laws and regulations of the host state and the terms and conditions of their contracts, but they will also have to take into consideration that when operating in disputed waters, certain activities may not be permitted as a matter of international law<sup>1</sup>.

Where a boundary is disputed, the **Guyana v Suriname** arbitration has set out the parameters within which oil-and gas-related activities may be carried out: "In the context of activities surrounding hydrocarbon exploration and exploitation, two classes of activities in disputed waters are therefore permissible. The first comprises activities undertaken by the parties pursuant to provisional arrangements of a practical nature. The second class is composed of acts which, although unilateral, would not have the effect of jeopardizing or hampering the reaching of a final agreement on the delimitation of the maritime boundary"<sup>2</sup>. Furthermore, the Permanent Court of Arbitration (PCA) went on to explain that unilateral acts which do not physically change the marine environment generally fall into the second class, but anything involving a physical change may only be undertaken pursuant to an agreement<sup>3</sup>; a party to a dispute should not "undertake any unilateral activity that might affect the other party's rights in a permanent manner"<sup>4</sup>

Therefore, and according to the **Guyana v Suriname** arbitration, when operating in disputed waters, companies should only carry on activities which do not involve physical change, such as seismic operations. If a company goes beyond this and carries on exploration activities, there is a risk that it would be in breach of international law since exploration of oil and gas reserves falls within activities which involve physical change in the seabed or subsoil.<sup>5</sup>

2.1.1 What activities can be carried out in the disputed maritime area bordering Lebanon, Israel and Cyprus?

According to the above mentioned (see 2.1), any exploration activities in the disputed area potentially change the physiology of the seabed and are as such in violation of international law and case law.

2.2 To what extend does unresolved territorial delimitation affect the entry of Oil and Gas companies? And how do companies mitigate risks/conflict related to maritime delimitation?

The existence of disputed areas does not stand as a criterion by itself to define the entry of the oil and gas companies. In areas where there are abundant hydrocarbon resources neighboring or straddling an undefined or disputed boundary, oil and gas companies undertake a full evaluation of the risks involved in advance of committing their resources and commercial reputations. Whilst it is not possible to predict with certainty how a boundary may be delimited or what the outcome of a dispute may be,

various safeguards can be considered by oil and gas companies in order to mitigate the very real economic and commercial risk of operating in disputed waters including the following:<sup>1</sup>

2.2.1 Due diligence

The first step for an oil and gas company being granted a concession or awarded licensing rights is to check the status of the contract area. A state's right to grant rights over its hydrocarbon resources can only be exercised within its own boundaries therefore:

- If the contract area belongs to the host state and this is confirmed by way of an undisputed treaty, judgment or arbitral award, then this should provide a degree of legal certainty going forward.

- If there is a determination that all or part of the contract area does not lie within the maritime borders of the host state, this could lead to the license holder losing rights in so far as the rights do not lie in an area which is within the boundaries of the host state. Moreover the neighboring state could demand that any activities be discontinued and/or impose penalties against a company which has been illegally operating in its territory. In this case, the potentially applicable laws of any relevant neighboring states should be assessed.

- If the contract falls within an area which has not yet been delimited and/or potentially neighbors or crosses disputed boundary, this will necessitate a more detailed assessment of the risks and uncertainties involved (potential for

settling the dispute, political relations between the concerned states, the legal principles that may be applied and the technical difficulties in delimiting the boundary in question)<sup>2</sup>.

- On 24 February 2004, Guyana initiated arbitration proceedings concerning the delimitation of its maritime boundary with Suriname, and concerning alleged breaches of international law by Suriname in disputed maritime territory. Suriname demanded through diplomatic channels that Guyana cease all oil exploration activities in the disputed area, and ordered the company that was granted a concession for seismic testing by Guyana, to immediately cease all activities in the disputed area. Guyana responded to Suriname that according to its position, the maritime boundary between Guyana and Suriname lay along an equidistance line. Two patrol boats from the Suriname navy approached the company and ordered its service vessels to leave the area. The company that was granted concession by Guyana did not since return to the concessions area.<sup>3</sup>

2.2.2 Contractual safeguards:

Although host state governments may be reluctant to grant additional provisions to protect companies, where there is doubt as to the territorial scope of the contract area, companies can seek to negotiate safeguards such as following:

- If there is a territorial or boundary dispute which involves the contract area, there should be no breach of the contract by the company and the host state should not apply any penalties.

1. Ibid, p. 22

2. Ibid, p. 23

3. In the Matter of Arbitration Award between Guyana and Suriname, op.cit, at p.32, para. 151

- If it is determined that all or part of the contract area does not lie within the boundaries of the host state, the contract should include an indemnity by the host state indemnifying the company for any losses due to such circumstances.

- The company's obligations, in so far as they are affected or put at risk by a boundary determination, should be suspended and the contract should remain in full force until the boundary dispute is resolved<sup>1</sup>.

2.2.3 Contracting with both states

Oil and gas companies can consider the possibility of contracting with both the original host state and the claimant neighboring state. In practice, however, this is often not realistic options, since each state may believe it has legitimacy claim to the whole contract area and there may also be political objections, particularly in unfriendly relations. Given the potential loss of revenue from a reduced contract area, states may be reluctant to be part of such an arrangement.

Noble Energy, a US owned company, and its partners have in fact been contracted by both Israel and Cyprus. Noble energy has been operating in Israeli waters since 1998 and has made discoveries in wells that include for example Tamar, Leviathan, Dalit, Dolphin, and Karish. In October 2008, Noble received a concession to explore Cyprus's Block 12 that is located near the maritime boundary of both Lebanon and Israel. In August 2011, Noble entered a production sharing agreement with Cyprus and has been drilling since then.

1. Oil and Gas: A practical Handbook, op.cit, p. 23

2. A. Berlin, Managing Political Risk in the Oil and Gas industries, Oil, Gas & Energy Law Intelligence=, Vol. 1, No.2, March 2003

3. Cosset, J.-C. and J.-M. Suret (1995). "Political Risk and the Benefits of International Portfolio Diversification. "Journal of international business studies 26(2): 301

4. J. Frynas, Political Instability and Business: Focus on Shell in Nigeria, Third World Quarterly, Vol. 19, No. 3 (Sep., 1998), p. 457-478

5. Energy Economist Roudi Baroudi, Speaking at the European Mediterranean Oil & Gas Exploration and Production Summit, Larnca, Cyprus, September 2012

2.2.4 Assistance to the host state government

Oil and gas companies can assist a host state government in understanding the legal complexities, commercial issues, economic analysis and technical problems. International oil and gas companies can provide information and data to support the delimitation of a boundary and/or resolving a dispute. While companies with international resources and technical expertise can be of positive assistance, the host state government will ultimately be the decision-making authority on the strategy it decides to pursue in relation to its boundaries.

2.3 Does political risk affect the entry of international oil companies (IOC)? And what are mechanisms put in place to share/mitigate this risk?

One of the major considerations inherent in any international investment is the political risk represented by the host country<sup>2</sup>. Political risk has largely been defined as risk that involves all non-business risks, that have the potential to change the prospects of the profitability of a given investment<sup>3</sup>. Although some studies suggest that political instability has not deterred some IOCs from investing in a country and may even have been beneficial to the company<sup>4</sup>, heightened political risk is still considered as a factor that would dissuade international oil companies (IOC) from investing into new projects in the affected region<sup>5</sup>. However, various mechanisms have been developed

to share or/and mitigate the political risk with the private companies:

### 2.3.1 Political Risk Management

When evaluating a prospective investment in a foreign country and following geological and economical assessment, the company assesses the political risk inherent in a particular investment to determine if that risk can be managed in an acceptable way. The degree of willingness to accept political risk varies from company to another. There is also a direct relation between the degrees of political risk that a company is willing to accept and the degree of potential resources in the contract area<sup>1</sup>.

Various indicators are looked at by companies when assessing the degree of political risk in a particular country: the current activity in the host country that is affecting or is likely to affect the stability of the government, prospect for change of national or local government, past history of nationalizations/expropriations, experience of other companies in the country, political activity and trends in the region, the overall economic condition of the country, etc.

Generally, in assessing political risk, two distinctions are made: firm-specific political risks and country-specific political risks.

Firm-specific is directed at a particular company for example the risk that a government will nullify its contract with the firm or that an armed group will target the firm's physical operations.

On the other hand, country-specific political risks are not directed at a specific

company but are countrywide, for example a government's decision to forbid currency transfers or the outbreak of a civil war within the host country.

While investor can reduce the impact of firm-specific risks (include strong arbitration language in the contract, on-site security, etc.), firms however have much less control over the impact of country-level political risks on their operations, where the only way to avoid it is to stop operating in the country in question<sup>2</sup>.

The second distinction made is between government risks and instability risks. Government risks are those that result from the actions of a governmental authority, whether used legally or not.

While on the other hand, instability risks are the result of political power struggles, for example conflicts between members of government, civil war, and conflict with neighboring countries<sup>3</sup>.

### 2.3.2 Political Risk Insurance

Mitigating risk can be accomplished through the provision of political risk guarantees, which provide financial coverage for financial losses caused by political upheavals. Private Insurance companies as well as bilateral state agencies and international agencies, offer political risk guarantees to IOCs in politically high risk areas<sup>4</sup>:

*World Bank, Multilateral Investment Guarantee Agency (MIGA)*

MIGA is a member of the World Bank Group. MIGA's guarantees act as a

catalyst to restore market confidence for investors. MIGA encourages developmentally beneficial investment by providing political risk insurance (PRI) against the risks of currency inconvertibility and transfer restriction; expropriation; war, terrorism, and civil disturbance; breach of contract; and non-honoring of sovereign financial obligations. MIGA requires that the company making the investment be in a MIGA "member country" and the investment be made in a MIGA "member country."

The agency also helps resolve disputes between investors and host governments to keep MIGA-supported projects and their benefits on track. The agency also works closely with its private and public sector reinsurance partners to maximize the insurance capacity that MIGA can bring to a project. By fronting transactions, MIGA provides access to insurance capacity that otherwise would not have been available to clients and host countries.

Since its inception, MIGA has provided more than \$27 billion in guarantees (PRI) for more than 700 projects in over 100 developing countries. MIGA currently has an outstanding guarantees portfolio of over \$10 billion. In response to events in the Middle East and North Africa, MIGA swiftly launched an initiative for the region to mobilize \$1 billion in insurance capacity, including \$500 million of its own capacity, to help retain and encourage FDI in the region. MIGA has also stepped up outreach to investors and lenders and is sharing global experience on managing political risks<sup>1</sup>.

1. [www.miga.org](http://www.miga.org)

2. [www.opic.gov](http://www.opic.gov)

*United State Overseas Private Investment Corporation (OPIC)*

OPIC is the U.S. Government's development finance institution. OPIC works with the U.S. private sector, it helps U.S. businesses gain footholds in emerging markets, by providing investors with financing, guarantees, political risk insurance, and support for private equity investment funds. Political risk insurance provides various risk-mitigation products to cover losses to tangible assets, investment value, and earnings that result from political perils including: Currency Inconvertibility, Expropriation, Political Violence and more targeted specialty products. Political Violence coverage compensates investors for equity assets (including property) and income losses caused by: Declared or undeclared war, Hostile actions by national or international forces, Revolution, insurrection, and civil strife and Terrorism and sabotage. OPIC pays compensation for two types of losses: Assets (Damage to covered tangible assets), and Business Income (Income losses resulting from damage to assets of the foreign enterprise caused by political violence/terrorism)<sup>2</sup>.

*United Kingdom, Export Credits Guarantee Department (ECGD)*

ECGD aims to benefit the UK economy by helping exporters of UK goods and services to win business, and UK firms to invest overseas, by providing guarantees, insurance and reinsurance against loss, taking into account UK's wider international policy agenda. The largest part of ECGD's activities involves underwriting long term loans to support the sale of capital goods, principally for the export of aircraft,

1. A. Berlin, op.cit

2. D. Wagner, Defining Political Risk, International Risk Management Institute, April 2000, available at: [http:// www.irmi.com](http://www.irmi.com)

3. A. Berlin, op.cit

4. Ibid



1. [www.ukexportfinance.gov.uk](http://www.ukexportfinance.gov.uk)

2. Energy Economist Roudi Baroudi, Speaking at the European Mediterranean Oil & Gas Exploration and Production Summit, Larnca, Cyprus, September 2012

3. M.Ravin, Law of the sea. Maritime boundaries and dispute settlement mechanism. United Nations, 2005

4. N.Chinedu Eze, Rethinking Martime Delimitation and Promoting Joint Development of Petroleum: The Nigeria-Sao-Tome and Principe Joint Development Model, University of British Columbia, September 2011

5. M.Miyoshi, Maritime briefing, Volume 2 Number 5

bridges, machinery and services; it helps UK companies take part in major overseas projects such as the construction of oil and gas pipelines and the upgrading of hospitals, airports and power stations<sup>1</sup>.

2.3.3 *Sharing risk with the government*

Governments could agree to share the risk with the IOCs by entering into joint ventures with them. In such an arrangement, the government would take a significant equity stake in the venture but would sell its interest over time to private parties, including its IOC partner. Once the right circumstances and reserves have been proven, the states in questions would be able to obtain financing from both commercial and development banks in the region, as well as from multilateral financial institutions, such as the World Bank and the European Investment Bank.<sup>2</sup>

2.3.4 *Joint development zone*

Joint development as per state practice occurs where two or more states decide to cooperate by jointly managing the development of natural resources that cut across their actual boundaries or perceived boundaries. The main essence of a joint development is the realization that outright delimitation does not resolve all maritime boundary disputes, whether the said delimitation is a result of agreement of the States or delimitation resulting from decision of a third party dispute resolution. Even though the idea of joint development does not limit the real international maritime boundary, it plays a vital role in settling the maritime disputes in the absence of the agreement

on delimitation of maritime boundary among the states with opposite or adjacent coastlines<sup>3</sup>.

There are several reasons why states decide to go into joint development agreement and one of those reasons is when states decide to leave aside their political or ideological differences and cooperate towards harnessing their common natural resources to develop their economy or respond to the needs of domestic consumption<sup>4</sup>.

**Case 1: Japan and the Republic of Korea**

In the case of Japan and Republic of Korea Agreement of 30 January 1975<sup>5</sup>, the two parties agreed on the continental shelf boundary in the Sea of Japan and Tsushima Strait, where the dispute between the two countries over the overlapping concession areas. Under joint development agreement, concessionaires, authorized by the two respective governments, have undivided interest with respect to each of the nine defined sub-zones, and one operator is chosen from among the concessionaires so authorized for a particular sub-zone. This joint venture or consortium is not allowed for the exploration or exploitation of any of the sub-zones. In accordance with the article 19 of the agreement, the law and regulations of one Party shall apply with respect to matters relating to exploration and exploitation of natural resources in the sub-zones with respect to which the Party has authorized concessionaires designated and acting as operators. So, Japanese law is applied in a sub-zone where a Japanese concessionaire's

1. D. Wagner, Defining Political Risk, International Risk Management Institute, April 2000, available at: [www.irmi.com](http://www.irmi.com)

2. Ibid

3. A. Awambu, Unitization of Contract Areas: Is it an obligation defeating the stability of International Petroleum Agreements, June 2009

4. [www.ukexportfinance.gov.uk](http://www.ukexportfinance.gov.uk)

works as the operator, while in an adjacent sub-zone Korean law is applied because the operator there is concessionaire authorized by the Korean Government, the choice of the operator being made on an equitable basis. However, the law shifts from Japanese to Korean law and vice versa as the operator alternates between the concessionaires of the two governments for a sub-zone with the shift of work phase from exploration to exploitation. Expenses incurred in the exploration and exploitation phases are to be shared equally, and so are the natural resources extracted in a sub-zone, between the concessionaires of the two countries.<sup>1</sup>

**Case 2: Australia and Indonesia**

In the case of Australia and Indonesia Treaty of 11 December 1989, the two parties agreed to establish the Zone of Cooperation which consists of three zones: Zone A under joint control, Zone B under Australian jurisdiction and Zone C under Indonesian jurisdiction. In the delimitation of zone of cooperation, the Timor Trough and median line were used to ensure both the Australian position of natural prolongation and Indonesian median line principle. Indeed the Treaty provides that nothing in it shall prejudice the position of either country on a permanent continental shelf boundary or its sovereign rights in the Zone, and that the two countries continue their efforts for permanent boundary delimitation. The Treaty also states that after period of 40 years, it will continue in force for successive terms of 20 years unless the two countries agree on permanent boundary delimitation.<sup>2</sup>

2.3.5 *Unitizing reserves*

Even where there is an agreed boundary, the development of hydrocarbon resources on either side of the boundary will be subject to differing domestic legal regimes and procedures applicable to their exploration and exploitation. The problem is exacerbated where there is a common reservoir. Technical problems can arise in apportioning the reserves and there is a risk that the operations on one side of the boundary can have a negative impact on the reserves on the other side of the boundary. Procedures for unitizing reserves have thus been adopted in many cases where such problems arise<sup>3</sup>.

Unitization is an agreement to develop and produce petroleum as a single unit from two or more oil fields for which separate contracts, licenses or statutory authorization exists. Intra-state unitization integrates two or more contract areas within the territorial jurisdiction of a single state. By contrast, Inter-State unitization is the integration of contract areas across different state territories in the case where a reservoir falls partly into the two nations. Unlike Intra-State Unitization where oil companies enter into unitization agreement, in Inter-State Unitization the agreement is between the states though they will involve the IOCs. Inter-State Unitization is similar to a Joint Development Zone (JDZ); the main difference unitization is more applicable where boundaries have been delimited whereas in (JDZ) the delineating line between the nations may not have been determined<sup>4</sup>.



Notable cases of Inter-State unitization are bilateral treaties between the United kingdom and Norway Bilateral treaties have been signed between the United Kingdom and Norway for the unit development of three oilfields on the North Sea -Frigg, Statfjord and Murchison, with 60.82 per cent of the resources located on the Norwegian side of the border, as well as the development of Markham field between the UK and Netherlands.

2.4 Can a claimant neighboring state use force against a company operating in the disputed area? And what are enforcement mechanisms that a state can resort to?

2.4.1 General principles of good faith and peaceful settlement of disputes

In cases of disputed territory, States are under a due diligence obligation to make every effort to prevent the aggravation of the dispute and not to hamper the final settlement. A due diligence obligation to that effect is codified in UNCLOS article 74 (3) and 83 (3) and it characterizes delimitation disputes at sea. In the Guyana/ Suriname arbitral award, the tribunal found that unilateral exploratory drilling of the sea bed by Guyana and threat to use force by Suriname were both in violation of that obligation<sup>1</sup>.

These provisions frame the general principles of good faith and peaceful settlement of disputes<sup>2</sup> and contain two obligations: (1) the obligation to make every effort to enter into provisional

arrangements and (2) the obligation not to hamper or jeopardize the final agreement on the maritime boundary. These are considered obligations of conduct, rather of result<sup>3</sup>. Those provisions do not limit the powers of each State in a contested area that still has to be delimited; powers attributed to the coastal State by the relevant UNCLOS provisions and customary international law. Nevertheless, if a coastal State exercises a right granted under UNCLOS, without at the same time complying with the requirements of articles74 (3) and 83 (3) UNCLOS, it may incur international responsibility.

The first obligation - the obligation to make every effort to enter into provisional arrangements - consists of a legal obligation to actively try to enter into negotiations for addressing contingent issues pending final settlement of the delimitation dispute. The second obligation - the obligation not to hamper or jeopardize the final agreement - requires that a state involved in a maritime delimitation dispute refrains from acting in a way that would hamper the final settlement of the dispute.

In the Guyana/Suriname case, the Permanent Court of Arbitration considered that the "threat of the use of force" violated its obligation not to hamper or jeopardize the reaching of the final agreement. Evidently, the threat to use force for the solution of a dispute, not to mention its actual use, not only violates basic rules of international law such as article 2 (4) of the UN Charter, but also jeopardizes and probably hampers the final settlement.

1. See incidents mentioned in Guyana/ Suriname Award (note 1), para. 457; Barbados/Trinidad and Tobago (note 62), paras. 50 and 55; in Nicaragua/ Honduras (note 65), paras. 49, 52, 58, 64-66

2. Barbados/Trinidad and Tobago (note 62), para. 270

3. E.Milano & I,Papanicolopulu, State Responsibility in Disputed Areas on Land and at Sea, Paper presented at the 20th Anniversary Conference of the International Boundaries Research Unit, "The state of Sovereignty", Durham University, 1-3.4-2009.p.622

As such, it can be concluded that threats of resorting to force to secure energy interests in the contested area of the Mediterranean Sea, breaches the obligation to settle disputes peacefully and jeopardizes a final and viable settlement of the dispute.

2.4.2 What is the difference between use of force in violation of international law and law enforcement in application of state legislation?

An emerging issue in State practice and international litigation is the extent to which law enforcement activities may be carried out in the contested area. It may be noted, preliminary, that a State must abstain from the use of force to assert its rights over a disputed maritime area or to coerce its neighbor into a settlement of the maritime boundary. At the same time, a State is free to apply its legislation in the area it claims and consequently to enforce such legislation against possible breaches.

While land can be occupied by one state or the other where the state will be able to enforce its legislation, disputed Maritime areas, on the contrary, are not capable of permanent occupation, but navigation in them is open to the vessels of all States, including the vessels of the parties to the dispute. It is therefore materially possible for both parties to a dispute to apply their legislation therein and to take steps to enforce it. Instances of contested law enforcement at sea are therefore much more frequent than on land. Suffice it to consider that in almost all cases concerning maritime delimitation, instances of law enforcement in contested

areas have been mentioned as undertaken by both parties to the dispute<sup>1</sup> in some cases; they have been considered relevant for determining the course of the final boundary<sup>2</sup>.

Apart from the general prohibition of article 2 (4) of the UN Charter, there is no rule that prohibits enforcement of national legislation in contested maritime areas: enforcement action by a coastal State, also involving the threat or the use of force, is not therefore per se unlawful. This action, however, will have to be specifically permitted by international law and to be prescribed by national legislation, and must adhere strictly to the requisites set down both by national legislation and by international law.<sup>3</sup>

Therefore, it appears that law enforcement activities are permitted, in so far as force is used only as the last resort and is proportionate to the circumstances and the aim pursued. In addition to these requirements, and in the light of the fact that the State adopting enforcement action is not the only one that claims exclusive rights in the contested areas, its action will be evaluated not only with respect to the rule attributing the substantive right, but also with respect to the obligations contained in articles 74 (3) and 83 (3) of the UNCLOS. Thus, if there is a determination that all or part of the contract area does not lie within the boundaries of the host state, the neighboring state could demand that any activities be discontinued and/or impose penalties against a company which has been illegally operating in its territory. This could lead

to the license holder losing rights in so far as the rights do not lie in an area which is within the boundaries of the host state.

While in the Guyana/Suriname case, the Tribunal considered that the "threat of the use of force" against the CGX company working on a concession in the disputed area, violated its obligation not to hamper or jeopardize the reaching of the final agreement, some legal arguments considers that the options enumerated by the Tribunal, which include entering into negotiations, bringing the case to a judge and requesting provisional measures, seem appropriate during the planning period, before any activity begins. However, prohibiting a State from enforcing its legislation against a company that is undertaking exploratory drilling in the continental shelf without license by it appears to take too much into account the interest of third parties and not sufficiently that of the coastal State. It is only when enforcement activities use force beyond the limited amount permitted under international law that the coastal State will be in breach of rules concerning the use of force and its actions may be considered in breach of the obligation not to hamper or jeopardize the final settlement<sup>1</sup>.

Accordingly, a State may incur international responsibility for the violation of the obligations under articles 74 (3) and 83 (3) of the UNCLOS, not so much for undertaking enforcement action in a situation of urgency, but rather for not having addressed the situation before, when lesser action could safeguard its rights, and for having thus contributed

to its reaching the point when the only possibility to protect its rights was to apply forcefully its legislation<sup>2</sup>. If, on the other hand, a State has tried in good faith to address the situation earlier by other means, and notwithstanding such action is obliged to put in place enforcement action, it may not be responsible for the breach of articles 74 (3) and 83 (3) of the UNCLOS.

Thus, the valuation of the conduct of a state is done on a case by case basis, taking into account all the elements of the case and evaluating each action or inaction by a State in the framework of its general conduct since the beginning of the dispute<sup>3</sup>.

*2.4.3 What are the consequences of breaching the obligation to enter a provisional arrangement and not to jeopardize a final agreement on the maritime boundary stated in UNCLOS articles 74 (3) and 83 (3)?*

The consequences of breaching the above mentioned obligations are found in the Draft Articles on State Responsibility for Internationally Wrongful Acts.<sup>4</sup> The first consequence of breaching UNCLOS articles 74(3) and 83 (3) is the obligation to cease the unlawful conduct that hampers reaching a final agreement on the maritime boundary and offer appropriate assurances and guarantees of non-repetition<sup>5</sup>.

The parties also remain under the continued duty to comply with UNCOS requirements as per articles 74 (3) and 83 (3); thus a State shall not withdraw

1. See incidents mentioned in Guyana/ Suriname Award (note 1), para. 457; Barbados/Trinidad and Tobago (note 62), paras. 50 and 55; in Nicaragua/ Honduras (note 65), paras. 49, 52, 58, 64-66

2. Guyana/Suriname Award (note 1), para. 476

3. See incidents mentioned in Guyana/ Suriname Award (note 1), para. 457; Barbados/Trinidad and Tobago (note 62), paras. 50 and 55; in Nicaragua/ Honduras (note 65), paras. 49, 52, 58, 64-66

4. The Draft Articles on State Responsibility for Internationally Wrongful Acts was adopted by the International Law Commission in November 2001. Although it does not constitute a legally binding Convention, many of its provisions correspond to existing rules and principles of international law

5. Art 30 Draft Articles on State Responsibility

1. Ibid, art.53

2. Ibid, art. 51

3. Ibid, art..50

4.Ibid, art. 50 (1)

5. ILC debate, O. Schachter, Dispute Settlement and Countermeasures in the International Law Commission, AJIL 88 (1994), 471 et seq

6. International Tribunal for the Law of the Sea (ITLOS) <http://itlos.org>

7. Reply of Guyana, cit. in Guyana/ Suriname Award (note 1), para. 157

8. Guyana/Suriname Award (note 1), para. 158

9. James R. Fox. Dictionary of International and Comparative Law, 3<sup>rd</sup> Edition, Oceana, 2003, p. 82

permanently from negotiations aimed at reaching a final agreement over maritime boundaries. Nevertheless, a State can demand that the other State ceases its unlawful conduct as a condition to carry on with the negotiations.

The second possibility is recourse to countermeasures, that prompt the other State to comply with its obligations under UNCLOS articles 74 (3) and 83 (3).

According to article 49 (2) of the Draft Articles on State Responsibility for Internationally Wrongful Acts, countermeasures are limited to abstaining from fulfilling international obligations towards the State responsible for the breach in order to compel the latter to comply with its obligations. A State will therefore be authorized not to comply with its obligations under UNCLOS articles 74(3) and 83 (3) as a countermeasure, but only if there is non-compliance to these articles by the other State<sup>1</sup>.

Countermeasures are only permissible if they are proportionate<sup>2</sup> and do not violate obligations provided by norms of international law, including the obligation to refrain from the threat or use of force<sup>3</sup>. Countermeasures are not permissible if they are conducted using more force than is legitimate, or are undertaken without due respect for human rights, or contrary to humanitarian principles, they will be inadmissible<sup>4</sup> countermeasures without previous recourse to peaceful dispute settlement mechanisms stipulated in UNCLOS, because previous recourse to "all the amicable settlement procedures" before undertaking countermeasures has

been expressly ruled out by the ILC while discussing State responsibility.<sup>5</sup>

The third possibility is in cases the conduct of a State has produced economic loss for the other party. It would then be possible to claim compensation along with ceasing unlawful conduct, guarantees for non-repetition and countermeasures.

In initiating proceedings against Myanmar, Bangladesh has requested the judge to "declare that by authorizing its licensees to engage in drilling and other exploratory activities in maritime areas claimed by Bangladesh without prior notice and consent, Myanmar has violated its obligations to make every effort to reach a provisional arrangement pending delimitation of the maritime boundary as required by UNCLOS articles 74(3) and 83(3), and further requests the Tribunal to order Myanmar to pay compensation to Bangladesh as appropriate".<sup>6</sup>

However, a State might lose entitlement to compensation due to its own contribution to the injury. Alternatively, a State may not get compensation or may prefer not to ask for it, due to similar requests advanced by the other State. In Guyana/ Suriname, Guyana had originally asked the Tribunal to declare that "Suriname is under an obligation to provide reparation, in a form and in an amount to be determined"<sup>7</sup>, while in its final submission, Guyana opted for not making any claims for compensation due to the breach of UNCLOS articles 74(3) and 83(3), asking instead only for declaratory relief <sup>8</sup>, which is a court determination that the act of the defendant state is illegal.<sup>9</sup>

3. Case Law

1. In the Matter of Arbitration Award between Guyana and Suriname, Award of the Arbitral Tribunal (September 17,2007)

PCA (Guyana v Suriname)

**Background<sup>1</sup>**

Guyana and Suriname are situated on the northeast coast of the South American continent, and the coastlines of these States are adjacent. Guyana gained independence from the United Kingdom in 1966, while Suriname achieved independence from the Netherlands in 1975.

Both On 24 February 2004, Guyana initiated arbitration proceedings concerning the delimitation of its maritime boundary with Suriname, and concerning alleged breaches of internal law by Suriname in disputed maritime territory. (p.1. p.1): Suriname demanded through diplomatic channels that Guyana cease all oil exploration activities in the disputed area, and ordering CGX, a concession issued by Guyana for seismic testing, to immediately cease all activities in the disputed area. Guyana responded to Suriname that according to its position, the maritime boundary between Guyana and Suriname lay along an equidistance line. Two patrol boats from the Suriname navy approached CGX and ordered its service vessels to leave the area. CGX has not since returned to the concessions area (p.32 p.151).

On 20 May 2005, Suriname filed Preliminary Objections on jurisdiction and admissibility. In this respect the Tribunal held that it had jurisdiction to delimit the maritime boundary in dispute between the Parties and addressed the delimitation of the territorial seas and the single maritime boundary dividing the continental shelves and exclusive economic zones of the Parties (p.6 p.40).

**Delimitation of Territorial Seas**

Suriname argued that the delimitation of the territorial sea should process along an azimuth of N10 E from the 1936 Point/Point 61. This claim was based mainly on the existence of de facto agreement between the Netherlands and the United Kingdom, acquiescence of estoppel and consideration of navigation. (p.42 p.174) Guyana contended that the delimitation line should follow an "historical equidistance line' along an azimuth of N34 E from Point 61 for a distance of 12 nautical miles to a point at the outer limit of the territorial sea. Guyana argued that there was no justification admissible under Article 15 of the Convention for departing from the provisional equidistance line in Suriname's favor (p.41 p.169).

With respect to the law applicable to the delimitation of the territorial seas, the Tribunal ruled that Article 15 of the Convention places primacy on the median line as the delimitation line between the territorial seas between opposite or adjacent States. The Tribunal, then, examined special circumstances which might require the adjustment of the equidistance line. In this respect, the Tribunal ruled that special circumstance of navigation may justify deviation from the median line.

**The Threat and Use of Force**

In addition to maritime delimitations, Guyana sought reparations for Suriname's threat to use force. According to Guyana, Suriname resorted to the use of force on 3 June 2000 to expel Guyana's licensee, the Canadian oil exploration company CGX resources Inc.

The Tribunal held that the action mounted by Suriname seemed more akin to a threat of military action rather than a mere law enforcement activity. The Tribunal concluded that Suriname's action constituted a threat of the use of force in violation of the Convention, the UN Charter and general international law. On the other hand, the Tribunal discarded Guyana's claim for compensation since the damages were not proceed to the satisfaction of the Tribunal

**The Breach of the Obligations under Articles 74 (3) and 83 (3)**

These provisions require the States concerned to make every effort to enter into provisional arrangements of a practical nature and, during this transitional period, not to jeopardize or hamper efforts to reach a final agreement. The Tribunal ruled that Suriname's conduct did constitute a failure to meet its obligations under Article 74 (3) and 83 (3). Equally the Tribunal held that Guyana also violated its obligation in these provisions by leading up to the above-mentioned CGX incident. The Tribunal ruled that both Guyana and Suriname violated their obligations to make every effort not to jeopardize or hamper reaching a final delimitation agreement.

ICJ Aegean Sea Continental Shelf Case, 1976 (Greece v. Turkey)

Background

In June 1974, Turkey sent the Candarh, an oceanographic vessel, accompanied by several warships to explore parts of the Aegean where Greek and Turkish claims to the continental shelf overlapped. Athens's reaction was diplomatic supported by the deployment of a small naval force. Prime Ministers Suleyman Demirel and Costas Karamanlis issue a joint communique in May 1975, agreeing to take the continental shelf issue to the ICJ and solve other problems through negotiations. In August 1976, Turkey sent the Sismik I, accompanied by a warship, to collect seismic data west of Greece's Lesbos Island. This time, Greek armed forces were deployed intensively, backed by political and media upheaval. The two sides backed down after mediation led by the UK. In 1976, Greece then took the issue to the ICJ, which dismissed the case<sup>1</sup>.

Proceedings

On 10 August 1976 Greece instituted proceedings against Turkey in respect of a dispute concerning the Aegean Sea Continental Shelf. Greece requested the Court inter alia to declare what is the course of the boundary between the portions of the continental shelf appertaining respectively to Greece and Turkey in the area, and to declare that Turkey is not entitled to undertake any activities on the Greek continental shelf, whether by exploration, exploitation, research or otherwise, without the consent of Greece.

Greece also requested the Court to indicate interim measure of protection to the effect that the Government of both States should: (1) refrain, unless with the consent of each other and pending the final judgment of the Court, from all exploration activity or any scientific research with respect to the areas in dispute; (b) refrain from taking further military measures or actions which may endanger their peaceful relations.

At public hearings on 25, 26 and 27 August 1976 the Court heard observations presented on behalf of the Governments of Greece on its request for the indication of interim measures of protection. On 26 August the Turkish Government, which had

1. International Crisis Group, Europe Briefing N 64, Istanbul/Athens/Brussels, 19 July 2011

2. Case concerning Territorial and Maritime Dispute between Nicaragua v Honduras in the Caribbean Sea, Nicaragua v Honduras, ICJ Reports 2007, available at

not appointed an agent and was not represented at the hearings, communicated to the Registry of the Court certain written observation in which it submitted in particular that the Court had no jurisdiction to entertain the dispute and suggested that the request for interim measures be dismissed and the case removed from the list.

In justification of its request for interim measures Greece alleged: (a) that certain acts on the part of Turkey (the granting of petroleum exploration permits, the explorations of the vessel MTA Sismik I) constitute infringements of its exclusive sovereign rights to the exploration and exploitation of its continental shelf, and that the breach of the right of a coastal State to exclusivity of knowledge of its continental shelf constitutes irreparable prejudice, (b) that the activities complained of would, if continued, aggravate the dispute. Turkey contended: (a) that these activities cannot be regarded as involving any prejudice to the existence of any rights of Greece over the disputed area and that, even if they could, there would be no reason why such prejudice could not be compensated; (b) that Turkey has no intention of taking the initiative in the use of force.

So far as (a) is concerned, the Court, viewing the matter in the context of Article 41 of its Statute, is unable to find in the alleged breach of Greece's rights such a risk of irreparable prejudice to rights in issue as might require the exercise of the power to indicate interim measures of protection. With regard to (b) the Court considers that it is not to be presumed that either Government will fail to heed its obligations under the United Nations Charter or fail to heed Security Council resolution 395 (1976) of 25 August 1976, wherein the two Governments were urged "to do everything in their power to reduce the present tensions in the area" and called on "to resume direct negotiations over their differences<sup>2</sup>.

Judgment

The Order, made by the Court in the Aegean Sea Continental Shelf case, found, by twelve votes to one, that the circumstances, as they presented themselves to the Court, were not such as to require the exercise of its power under Article 41 of its Statute to indicate interim measures of protection.

Cameroon vs. Nigeria	
Background	
<p>The conflict between Cameroon and Nigeria was a boundary and territorial dispute on the Bakassi Peninsula. Attempts were made in the past to resolve the dispute through bilateral negotiations, but in 1981, and again in 1993, 1994 and 1996, the dispute nearly escalated to a war.<sup>1</sup> On March 29, 1994, Cameroon filed an application with the International Court of Justice requesting that it determine the question of sovereignty over the oil-rich Bakassi Peninsula and to specify the land and maritime boundary between the two states and to order an immediate and unconditional withdrawal of Nigerian troops from alleged Cameroonian territory in the disputed area.<sup>2</sup></p>	
Arguments and Proceedings	
<p>In its judgment of June 11, 1998, the Court rejected Nigeria's seven preliminary objections alleging that the Court lacked jurisdiction and that Cameroon's application was inadmissible, but it reserved the remaining, eight objection - relating to the parties' maritime boundary - for consideration at the merits stage.<sup>3</sup> The Court's order of June 30, 1999, allowed Nigeria to introduce certain counterclaims, and its subsequent order of October 21, 1999, unanimously authorized Equatorial Guinea to intervene in the case as a nonparty.</p>	
Judgment	
<p>On October 10, 2002, the Court ruled, by 13 votes to 2, that sovereignty over the Bakassi Peninsula and the Lake Chad area lay with Cameroon. Upholding the vaiildaity of certain colonial arrangements invoked by Cameroon, the Court fixed, by clear majorities, the kand boundary from Lake Chad in the north to the Bakassi Peninsula in the south. In fixing the portion of the maritime boundary between the two states over which it had jurisdiction, the Court agreed with Nigeria that the equidistant line between them produced an equitable result. It did not, however, specify the location of the point off the coast of Equatorial Guinea at which the maritime boundary between Cameroon and Nigeria terminates (the "tripoint").<sup>4</sup></p>	

1. F. Baye, 2010. Implications of the Bakassi conflict resolution for Cameroon, *African Journal on Conflict Resolution*, Vol 10, Number 1, 2010

2. <http://www.icj-cij.org/docket/index.php?sum=496&code=cn&p1=3&p2=3&case=94&k=74&p3=5>

3. Land and Maritime Boundary between Cameroon and Nigeria (Cameroon v Nigeria), Preliminrary Objections, 1998 ICJ Rep. 275 (June 11)

4. Court's order at 1999 ICJ REP.983 (June 30) & 1029 (Oct.21)





## 1. General Legal Options

### 1.1 What are the legal instruments that determine the general mechanisms of resolving disputes among states?

Article 2(4) of the Charter of the United Nations provides that:

*"All Members shall settle their international disputes by peaceful means in such a manner that international peace and security, and justice, are not endangered."*

Chapter VI of the UN Charter on the Pacific Settlement of Disputes emphasizes several consent-based procedures to resolve disputes among states. These include: negotiation, enquiry, mediation, conciliation, arbitration, judicial settlement, resort to regional agencies or arrangements, or other peaceful means of their own choice<sup>1</sup>.

Article 35 of Chapter VI makes it possible for States to bring their dispute to the attention of the UN General Assembly or the UN Security Council if their dispute is likely to threaten international peace and security. Should the Security Council deem the dispute a threat to international peace, it shall recommend appropriate procedures for dispute settlement taking into consideration any settlement procedures already adopted by the parties and taking into consideration that legal disputes should as a general rule be referred by the parties to the International Court of Justice<sup>2</sup>.

The 1970 Declaration on Principles of International Law Concerning Friendly

Relations and Co-operation Among States also provides that:

*"States shall seek early and just settlement of their international disputes by negotiation, inquiry, mediation, conciliation, arbitration, judicial settlement, resort to regional agencies or arrangements, or other peaceful means of their choice."*

### 1.2 What dispute settlement options does the maritime conventions (UNCLOS and 1958 Maritime Conventions) provide?

#### a) UNCLOS Dispute Settlement Options

UNCLOS includes two types of dispute settlement mechanisms; mechanisms entailing non-binding decisions, and mechanisms entailing binding decisions. Mechanisms that entail non-binding decisions include:

- **Negotiations:** Article 74 (1) of UNCLOS stipulates that the delimitation of a maritime boundary has to be "effected by agreement on the basis of international law"

- **Exchange of views:** Article 283 of the UNCLOS provisioned that parties exchange views expeditiously regarding the mode of settling their maritime disputes by negotiations or any other peaceful method.

- **Good Offices:** Involves the use of a third party - a state, a group of states, an international organization or an eminent individual - to encourage the disputing parties to resolve their dispute and come to a settlement. Good Offices end when negotiations among the parties begin and the good officer does not participate in the negotiations.

- **Mediation:** Uses a third party - a state, a group of states, an international organization or an eminent individual - to settle the dispute. The mediator must have the confidence and consent of all parties, and must remain impartial and neutral. Unlike the good officer, the mediator may participate in negotiations.

- **Enquiry:** refers to a particular type of international tribunal known as the commission of inquiry and introduced by the 1899 Hague Convention. As the name itself explains, it focuses on fact-finding procedures. The Commission of enquiry may include a third party state that possesses advanced technical expertise that allows for a precise and reliable fact finding process.

- **Conciliation:** involves elements of mediation and inquiry. However, it is more formal and less flexible than mediation.

A third party (a commission set up by the parties) investigates the facts of a dispute and submits a report containing a suggested terms of a settlement. Most conciliations were performed by commissions (as per annex V, Section 1 of the UNCLOS) composed of several members but occasionally states may prefer a single conciliator.

Mechanisms that entail binding decisions include:

- **Adjudication/Litigation:** can take place through two established institutions for the ICJ and the International Tribunal for the Law of the Sea (ITLOS).

- **Arbitration:** is a simplified version of a trial where parties agree to submit their claims and grounds to one arbitrator or a panel of arbitrators constituted as per Annex VII of the UNCLOS. They are free to choose the procedure to be followed and the applicable laws.

- **Special Arbitration:** A special arbitral tribunal of specialized experts may be constituted according to Annex VIII of the UNCLOS upon agreement of parties involved to address issues related to fisheries, protection and preservation of the marine environment, marine scientific research, or navigation, including pollution from vessels and by dumping.

#### b) 1958 Maritime Conventions Dispute Settlement Options

The four maritime conventions pass dispute settlement mechanisms to the Optional Protocol of Signature concerning the Compulsory Settlement of Disputes, which provides that disputes arising from the interpretation of the four conventions may be brought unilaterally before the International Court of Justice, unless the parties have agreed-within a specific time limit- to resort to arbitration or to a preliminary conciliation procedure.<sup>1</sup>

1. UN Charter, article 33.

2. Ibid. article 36.

1. Optional Protocol of Signature concerning the Compulsory Settlement of Disputes, articles I, III, IV.



### 1.3 Are the above mentioned mechanisms mandatory or optional?

Dispute settlement mechanisms listed under chapter XV of the UNCLOS are mandatory. According to article 299 of the UNCLOS, parties to a dispute may agree at any time to any dispute settlement method of their choice.

Nevertheless, parties may make a declaration of exclusion that allows for withdrawal from the compulsory procedures when it relates to maritime boundary disputes, particularly related to the delimitation of the continental shelf, the EEZ and the territorial sea among opposite or adjacent states. To be exempt from the compulsory procedure, however, the state party should make the declaration of exclusion before the Convention enters into force. States making such reservations will be required to agree on a conciliation procedure.<sup>1</sup>

Lebanon has not declared any reservations to UNCLOS and is hence bound by the dispute settlement mechanisms set under UNCLOS. Israel is not party to the UNCLOS, however, decisions of the ICJ have established certain aspects of UNCLOS as evidence of customary international law<sup>2</sup>. As such, Israel is bound by aspects of the UNCLOS that are considered to be part of customary international law.

### 1.4 What are provisional options to settle the boundary dispute?

One option is a provisional arrangement. It is a temporary practical arrangement that is agreed upon pending final delimitation of the EEZ and continental shelf.

In principle, once a boundary is determined, it is meant to be permanent. However, on exceptional basis, states may establish temporary boundaries possibly in order to consider issues that may arise with other neighboring countries and that warrant further negotiations. For example, Tunisia and Algeria established a delimitation for only six years<sup>3</sup>.

Though, once these arrangements expire, a dispute may arise over the same issues that were subject to a temporary agreement.

Another option is a joint development agreement. Joint development agreements are co-operative arrangements between states with overlapping EEZ or continental shelf to bring the common zones under a joint regime that allows for the exploitation of resources by the parties.

There are different types of joint development agreement. Sometimes one State runs the oil and gas operations in the area under its law and simply pays an agreed proportion of the net revenues to

its partner, as is the case in the Bahrain-Saudi agreement. More usually, both States will be actively involved either directly or through a management Commission with legal personality that holds licensing rounds. This will especially be the case if the joint development arrangement is made after the agreement on a boundary, but before an oil or gas discover is made. Some joint development zones operate by means of joint ventures between companies from the two parties.

The key features of areas for a joint development agreement are as follows:

- A treaty creating and defining the extent of the area. This is often but not always the area of the overlaps.

- A "without prejudice" clause, making clear that the arrangement is interim or provisional pending a final delimitation of the boundaries.

- Long duration (45 years in Nigeria/Sao Tome, with review after 30), because oil industry needs a long time span. The boundary can be agreed upon by negotiations during that time or at the end of the agreement.

- A system for exploitation and an agreed division of the production revenue (not always 50/50).

The Norwegian-Russian 40 years negotiations over the Barents sea is a relevant case study whereby the Norwegians refused to enter a joint development agreement concerning hydrocarbons before an agreement has been reached on the delimitation of their EEZs<sup>1</sup>. Nevertheless, a provisional arrangements concerning fishing activities was quickly concluded in 1978 (also known as the Grey Zone Agreement) in order to ensure that fishing activities and fishermen are subject to the policing control of their respective countries.

The Norwegian government wanted to ascertain its sovereign rights as a matter of principle and as a matter of sovereign priority that precedes any exploitation of hydrocarbons, and as such did not opt for a joint development agreement. Nevertheless, the issue of preserving live maritime resources took precedence over the delimitation dispute and prompted the conclusion of the Grey Zone provisional agreement in order to avoid legal uncertainty and policing disputes in an area that is very active with fishing activities, and in order to preserve the integrity of marine ecosystems.<sup>2</sup>

1. René Jean Dupuy and Daniel Vignes, A Handbook on the new law of the sea, Hague Academy of International Law, 1991, p. 498

2. Reports of the ICJ, Case concerning the Continental Shelf (Libya/Malta), Judgment of 3 June 1985, para- 26-34, p. 20-24. [http://www.sovereigngeographic.com/maritime\\_pdf/1985-libya-malta-english.pdf](http://www.sovereigngeographic.com/maritime_pdf/1985-libya-malta-english.pdf)

3. Agreement on Provisional Arrangements for the Delimitation of the Maritime Boundaries between Algeria and Tunisia, article 9. <http://www.un.org/Depts/los/LEGISLATIONANDTREATIES/PDFFILES/TREATIES/DZA-TUN2002MB.pdf>

1. Rolf Einer Fife, Le Traité du 15 Septembre 2010 ente La Norvège et La Russie Relative à la Delimitation et à la Coopération Maritime en Mer de Barents et dans L'océan Arctique, Annuaire Français de Droit International, Paris, 2010.

2. Ibid, p. 404.

### 1.5 How is a dispute settlement process designed?

Resolving international boundary disputes is a complex endeavor that often cannot rely solely on one mechanism such as adjudication for example, given that boundary disputes are often interlinked with division or sharing of natural resources. Hence, integrating various dispute settlement mechanisms may offer one approach for resolving multi-issue or multi-stakeholder cases.

Integrating settlement methods requires an evaluation of the subcomponents of these methods in order to foresee how they can be combined to achieve viable results. Combining rights-based processes (such as litigation) with interest-based processes (such as diplomacy negotiation or mediation) will probably achieve the complimentary effect that makes the settlement of the dispute more likely.

Examples of successful integrated settlement methods include the Cameroon-Nigeria case<sup>1</sup>. In 1961 and 1981, border disputes between the Cameroon and Nigeria resulted in armed conflict. Fighting continued in 1994 intermittently until 2000 when leaders from both countries agreed to pursue judicial settlement at the ICJ. In October 2002, the ICJ decided that Cameroon had sovereignty over parts of the disputed area. A commission composed

of representatives from both countries and the USA was established to facilitate implementation of the court decision - that is, to oversee Nigeria's release of 32 villages to Cameroon with UN Secretary General, Anan, supporting the peace process. As such, the combination of adjudication by the International Court of Justice, facilitation by a commission that included representatives from the two States in addition to the USA, and the political support of the UN led to the resolution of the resource dispute and the armed conflict.

The Buraymi Oasis sovereignty and resources dispute between Saudi Arabia and Oman serves as another case study whereby adjudication was not employed, but rather an integrated approach that included mediation and facilitation<sup>2</sup>. Oman had began oil exploration in the 1940s in an undemarcated border area that Saudi Arabia later claimed sovereignty over. Negotiations between the 2 governments stretched from 1942 to 1952 only to end in armed aggression by both sides. An arbitration attempt failed in 1954-55 despite pressure from the Arab League. In 1959, the UN Secretary General engaged the parties in mediation which paved the way to direct negotiations between the parties until a settlement agreement was reached in 1975 granting Oman sovereignty over the area while apportioning land with potential oil reserves and sea access to Saudi Arabia.<sup>3</sup>

1. Anna Spain, Beyond Adjudication: Resolving International Resources Disputes in an Era of Climate Change, Stanford Environmental Law Journal, Vol 30, No 2, 2011, p. 382. [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1866378](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1866378)

2. Anne Spain, Beyond Adjudication: Resolving International Resources Disputes in an Era of Climate Change, Stanford Environmental Law Journal, Vol. 30, No 2, 2011, p. 383. <http://www.mediate.com/pdf/BeyondAdjudication.pdf>

3. Ibid, p. 382.

## 2. Lebanon Specific Options

Designing a dispute settlement process for Lebanon first requires recognizing the complex political, economic and social questions that may fall beyond the scope of law. As such, a more nuanced process based on parallel long-term and short-term settlement mechanism that are mutually reinforcing, is more likely to ensure that Lebanon's strategic and economic interests are not compromised.

### 2.1 What mechanisms of International Dispute resolution can Lebanon consider to resolve EEZ issue with Cyprus?

The UNCLOS obliges states to reach an agreement on disputed maritime areas<sup>1</sup>. As such, negotiations is the primary mechanism to resolve issues related to overlapping claims on maritime boundaries.

Indeed negotiations between Cyprus and Lebanon are still ongoing. The Cypriot government has not denied Lebanon's rights to the alleged disputed area. In fact, Cyprus is keen on developing strategic relations with its neighboring countries, as has been reiterated on various occasions by its officials<sup>2</sup>. These strategic relations were translated into cooperation agreements with Israel and a series of agreements that it intends to conclude with Lebanon. In this spirit of cooperation and in its efforts to conclude various strategic deals with Lebanon, Cyprus and Lebanon may be able to conclude a package of agreements that includes maritime borders.

Cyprus's intention to resolve maritime boundary issues with Lebanon without jeopardizing its strategic gas interests with Israel may put Cyprus in a mediation role that can speed up the resolving of Lebanon's southern maritime boundary. Should diplomacy and negotiations fail to achieve an amended agreement with Cyprus, both states may resort to arbitration as stipulated in the Cypriot-Lebanese Agreement itself. It is worthy to mention that arbitration is more flexible than adjudication by the ICJ since it is a simplified version of a court where the parties may choose the applicable procedures and laws, and reach a binding decision.

Nevertheless, the arbitration approach has been criticized for its limited results. For example, in the Abyei Arbitration case between the Sudanese government and the People's Liberation Army of Sudan over the territorial boundary demarcation, oil, water and grazing rights, the Permanent Court of Arbitration (PCA) divided the territory between the two parties by issuing new boundaries, and demarcated the oil fields to the territory belonging to the North. The underlying issues pertaining to oil, water and grazing rights remain unresolved, and the parties now bear the responsibility for pursuing resolutions to these issues through other means of unspecified nature and timing. This failure to address outstanding issues and promote reconciliation was among the critiques expressed by one judge's dissenting opinion.<sup>3</sup>

1. UNCLOS, article 74: "The delimitation of the exclusive economic zone between States with opposite or adjacent coasts shall be effected by agreement on the basis of international law, as referred to in Article 38 of the Statute of the International Court of Justice, in order to achieve an equitable solution"

2. وزيرة الخارجية القبرصية: لنا مصلحة مشتركة مع لبنان وإسرائيل لحل مشكلة الموارد النفطية البحرية. أم تي. في. 15/3/2012. <http://mtv.com.lb/News/73911>

3. Anne Spain, Beyond Adjudication: Resolving International Resources Disputes in an Era of Climate Change, op.cit, p. 366-367.

## 2.2 What mechanisms can Lebanon consider to resolve EEZ issue with Israel?

After correcting the technical and legal errors in its agreement with Cyprus, signing and ratifying a new agreement, Lebanon may request that Cyprus amends its agreement with Israel accordingly. If this option proves to be successful, Israel could then acknowledge Lebanon's southern west border through the agreement with Cyprus.

Meanwhile, certain preventive mechanisms can be taken to avoid engaging in a maritime conflict. These measures may include:

- An agreement with the oil company operating on Israeli maritime boundary to abstain from any activities that would lead to the usurping of Lebanon's oil and gas.

- A request to the UN to monitor the disputed zone in order to prevent breaching of Lebanon's right to its oil and gas. This mechanism would be similar to the UN's monitoring role on Lebanon's southern territorial border.

Notwithstanding the above mentioned options, an array of procedures can be pursued to further ascertain Lebanon's rights:

### 2.2.1 Resort to UN mediation

Israel's linking of the maritime boundary conflict to a comprehensive peace

agreement may be interpreted as a politicization of the conflict that aims at engaging Lebanon in direct negotiations that address the wider issue of peace in the region. However, Lebanon has reiterated on various occasions that direct negotiations is impossible in light of the enmities and that peace in the region has various Palestinian and non-Palestinian constituents.<sup>1</sup>

Nevertheless, for purposes of reaching an agreement with Israel on the limits of the EEZ, the current ongoing UN mediation<sup>2</sup> serves as an option to reach such an agreement.

### 2.2.2 Protest at UN Security Council

Lebanon has already protested that Israel's declared EEZ infringes on its southern and west southern EEZ limit<sup>3</sup>.

Lebanon could request that the Security Council issues a resolution acknowledging this infringement and calling upon Israel to rectify its northern EEZ limit accordingly.

Nevertheless, it is important to note that relying solely on a Security Council resolution has limited efficiency. If the UN Security Council does not enforce its implementation on Israel. (see below Precedents concerning resolution through the UN Security Council). However, a UN resolution could serve as a basis for a maritime boundary agreement between Lebanon and Israel.

1. SC resolution 62 (16 November 1948) <http://daccess-dds-ny.un.org/doc/RESOLUTION/GEN/NR0/047/87/IMG/NR004787.pdf?OpenElement>

2. UN Charter, article 35.

3. GA resolutions: 61/194 (20 December 2006), 62/188 (19 December 2007), 63/211 (19 December 2008), 64/195 (21 December 2009), 65/147 (10 February 2011)

4. GA resolution ), 65/147 (10 February 2011) [http://www.un.int/wcm/webdav/site/lebanon/shared/documents/General%20Assembly%20Resolutions/A-RES-65-147%20\(2011\)%20Oil%20slick%20on%20Lebanese%20shores...pdf](http://www.un.int/wcm/webdav/site/lebanon/shared/documents/General%20Assembly%20Resolutions/A-RES-65-147%20(2011)%20Oil%20slick%20on%20Lebanese%20shores...pdf)

5. ICJ Statute, article 36.

On November 16, 1948, the UN Security Council issued Resolution 62 on "The Palestine Question" calling all parties directly involved in the Palestine conflict - including Lebanon - to seek an agreement, either directly or through an acting mediator, to demarcate lines beyond which armed forces shall not move<sup>1</sup>. The negotiations were held in Rhodes under the aegis of the UN mediator Ralph Bunche and resulted in the border and armistice agreements with Lebanon, Jordan, Egypt, and Syria. The agreement reiterated that it was a truce agreement that acknowledged territorial borders and not a peace agreement with Israel. The agreement was supervised by a Mixed Armistice Commission that reported a continuous breaching of the agreement.

Lebanon could follow the same mechanism, by requesting a UN Security Council resolution followed by a similar negotiation procedure to conclude an agreement with Israel.

There have been various precedents concerning resolution through the UN Security Council concerning Lebanon-Israel:

- Resolution 425 (1978) on the Immediate Cessation of Israel Military Action against Lebanon and withdrawal of its forces from all Lebanese territory. This was followed by resolution 426 (1978) on the Establishment of the UN Interim Forces for an initial period of 6 months. Israel did not withdraw totally as per the resolution.

- Resolution 508 (1982) on the violation of Territorial Integrity, Independence and Sovereignty of Lebanon.

- More than 200 resolutions concerning Israel and its neighboring states have been issued by the UN Security Council; however, most have not been fully implemented.

### 2.2.3 Protest at UN General Assembly

Lebanon may resort to the UN General Assembly for a resolution in this respect<sup>2</sup>. This resolution will not be binding and acts as an acknowledgement of Lebanon's rights only.

The UN General Assembly has already issued five resolutions<sup>3</sup> concerning Oil slick on Lebanese shores following the 2006 wars. Israel has not complied with any of the compensation obligations established by these resolutions.<sup>4</sup>

### 2.2.4 Advisory opinion from the ICJ

Lebanon may seek an advisory opinion from the International Court of Justice concerning the limits of its southern EEZ boundary<sup>5</sup>. This procedure is initiated unilaterally and does not require Israel's acceptance of the ICJ's jurisdiction.

An advisory opinion is not binding, but combined with other settlement mechanisms can serve as a valid declaration of Lebanon's rights that strengthens its position vis-à-vis any contradicting claims.

1. Georges Pierre Sassine, Resolving Lebanon's Maritime Border Disputes, Annahar, 12 December 2011. <http://georgessassine.com/2012/04/>

2. Joe Maakaroun, US fears new Lebanon- Israel Tensions over Hydrocarbons, Assafir, 7 February 2012. <http://www.al-monitor.com/pulse/security/01/02/us-interested-in-the-energy-file.html>

3. Refer to section 4.1.1



### 2.2.5 Litigation

The ICJ is mandated to adjudicate legal questions related to various issues including: (a) sovereignty over certain territories and frontier disputes; (b) those concerning maritime delimitations and other law of the sea disputes; (c) cases involving enforcement of contracts and violation of certain principles of customary international law.<sup>1</sup> A judicial settlement through the International Court of Justice (ICJ) is not only binding like arbitration, but also final and without appeal.<sup>2</sup>

Lebanon and Israel are parties to the ICJ, however, settlement by the ICJ is subject to the recognition by the both parties concerned of the jurisdiction of the courts. The recognition may be explicitly expressed by way of a special agreement between the States parties to a dispute (compromis) that confers jurisdiction over the maritime boundary to the ICJ, or implicitly inferred if the respondent state does not object to the jurisdiction of the Court thus indicating its tacit approval to settlement by the ICJ.

The Israeli government submitted to the UN Secretary General its consent regarding the jurisdiction of the ICJ in 1950 for a period of five years that was renewed in 1956. However, in anticipation of litigation against it, Israel terminated its acceptance of the Court's jurisdiction in 1985<sup>3</sup>.

Lebanon has not submitted a statement of consent on the ICJ's jurisdiction. With respect to filing a law suit against Israel at the ICJ, there exists two different opinions in this respect; One particular opinion of a Lebanese jurist, Edmond Naim, claims that suing the Israeli government is an acknowledgement of its statehood.

*"Whether we are at war with Israel in the legal sense of Public International Law or not, Lebanon has not to date recognized Israel as per International law methodology. As such, if we sue Israel at the International Court of Justice and Israel accepted this prosecution, this would result in the recognition by the Lebanese State of the statehood of Israel."*<sup>4</sup>

Other experts claim that it is possible to sue the Israeli government at the ICJ without acknowledging its statehood because:

- The act of acknowledging statehood is a sovereign prerogative that a state decides on unilaterally and carries out by a clear declaration<sup>5</sup>.

- Even though Israel is a member of the UN, this membership is binding towards Lebanon but it does not ensure any acknowledgement by Lebanon of Israel's statehood. Similarly, the ICJ is the main judicial body of the UN (article 92 of the UN charter), and Israel's membership in this body does not ensue any acknowledgement by Lebanon of its statehood<sup>6</sup>.

1. UN Handbook on Peaceful Settlement of Disputes between States, p. 76-77

2. ICJ statute, article 60.

3. Letter submitted by the Israeli Minister of Foreign Affairs to the ICJ concerning the advisory opinion on the legal consequences arising from the construction of the wall built by Israel, 29 January 2004. <http://www.icj-cij.org/docket/files/131/1579.pdf>

4. ادمون نعيم، حروب إسرائيل ضد لبنان، "حق" الدولة اللبنانية بالتعويض عن الأضرار التي لحقت بمواطنيها بسبب قصف إسرائيل مجتمع عسكري للأمم المتحدة، منشورات مجلس النواب 201، ص. 1997

5. James R. Crawford, The Creation of States in International law, Oxford Scholarship online, January 2012, p. 20. <http://fds.oup.com/www.oup.co.uk/pdf/0-19-922842-6.pdf>

6. بهيج طيارة، مقاضاة إسرائيل: حقيقة ام سراب، شبكة فولتير، 18/5/2009

- The ICJ is mandated to resolve conflicts of legal nature, in this case regarding the geographical maritime boundaries, irrespective of a state's position. Its mandate is thus linked to the legal conflict aspect of the relationship between the countries and not the issue of statehood.

There have been various precedents concerning attempts by Lebanon to sue Israel at the ICJ:

- In 1996, following Qana massacre, the Ministry of Justice prepared a report concerning the legal basis for Israeli liability and the competent adjudicating authority<sup>1</sup>. However, the report was not given full effect.

- In 2006, the Council of Ministers authorized the Minister of Justice to prepare a report on the mechanisms and procedures to the sue Israel.<sup>2</sup> The report was carried out with the help of national and international experts, and presented a legal argument on the possibility of adjudication without acknowledging Israel's statehood. The legal analysis has not found consensus among other legal experts.<sup>3</sup>

### 2.3 Can Lebanon sue Israel for compensation if oil or gas was extracted from the territory of Lebanon?

Precedent concerning compensation resolution by the UN Security Council:

- Resolution 262 (1968) called upon Israel to pay compensation to Lebanon for the destruction of airliners at the Beirut international airport<sup>4</sup>. The Resolution has not been implemented by Israel.

Precedent concerning Compensation Commission:

- Upon the recommendation of the UN General Assembly, the UN Security Council issued resolution no 687 (1991) that set up a Compensation Commission in 1991 to provide Kuwait with compensation for damages caused by the Iraqi invasion<sup>5</sup>.

- In 2008, the UN General Assembly decided in resolution 63/211 asking Israel to compensate Lebanon on environmental damages caused by the oil spilled from Jiyeh station during the 2006 war, and to establish the Eastern Mediterranean Oil Spill Restoration Trust Fund to provide assistance to countries affected. Contribution to this fund is voluntary<sup>6</sup>. Israel has not complied with this resolution and the UN Security Council has not taken any measures to force Israel to comply with the resolution.

- Another complementary fund, known as the Lebanon Recovery Fund, was established upon the request of the Lebanese government. It enables donors to pool their resources and rapidly provide funding in the aftermath of the July 2006 war. As stated in its terms of reference, the Recovery Fund will finance priority recovery and reconstruction projects that are approved by the Government and that can be executed with the support of Participating UN Organizations within the scope and time frame of national priorities.<sup>7</sup>

- Both funds have been integrated, but have not received sufficient donations to continue the necessary long term studies and cleaning of oil slick projects<sup>8</sup>.

1. المرجع نفسه.

2. Leila Hatoum, Government Studies Options to Sue Israel for War Crimes, Daily Star, 22 August 2006. Available at: <http://www.dailystar.com.lb/News/Politics/Aug/22/Government-studies-options-to-sue-Israel-for-war-crimes.ashx#axzz1to9e3HyM>

3. مجلس الوزراء يفوض رزق مقاضاة إسرائيل ويدعو الى الابتعاد عن لغة التشكيك والتخوين. رولا الخطيب، جريدة المستقبل، 3/10/2006. <http://www.almustaqbal.com/storiesv4.aspx?storyid=198588>

4. SC Resolution 262 (31 December 1968) <http://daccess-dds-ny.un.org/doc/RESOLUTION/GEN/NR0/248/43/IMG/NR024843.pdf?OpenElement>

5. Security Council decision 687 (3 April 1991) <http://daccess-dds-ny.un.org/doc/RESOLUTION/GEN/NR0/596/23/IMG/NR059623.pdf?OpenElement>

6. General Assembly Resolution 64/147 (10 February 2011) [http://www.un.int/wcm/webdav/site/lebanon/shared/documents/General%20Assembly%20Resolutions/A-RES-65-147%20\(2011\)%20Oil%20slick%20on%20Lebanese%20shores.pdf](http://www.un.int/wcm/webdav/site/lebanon/shared/documents/General%20Assembly%20Resolutions/A-RES-65-147%20(2011)%20Oil%20slick%20on%20Lebanese%20shores.pdf)

7. Lebanese Recovery Fund <http://www.un.org.lb/Subpage.aspx?pageid=299>

8. The last annual report on activities implemented under the Lebanon Recovery Fund was in 2010. <http://www.un.org.lb/Library/Files/LRF/LRF%202010%20Annual%20Progress%20Report%20.pdf>

#### 2.4 What are the ramifications of the US proposed solution?

The US, through its mediator Fredrick Hof, declared that it is convinced that 500km<sup>2</sup> of the disputed maritime area with Israel belongs to Lebanon and proposed that Lebanon begins exploring within this area pending a final agreement on the remaining 360km<sup>2</sup> disputed area.

Neither Lebanon nor Israel replied formally to the US proposal, however, this proposal has created an internal debate in Lebanon between those who support this solution as a "pragmatic option" with the view of continuing UN and US diplomatic endeavors to restore Lebanon's whole rights over the whole disputed area, and those who refuse the US proposal and assert Lebanon's right over the whole disputed area since the delimitation of maritime boundaries was conducted in accordance with international standards and methods.

##### **This debate raises a number of issues:**

- Lebanon's right in the exclusive economic zone that it determined based on international law, and its right to exploit its natural resources within this zone is a sovereign indivisible right that is not subject to bargaining.

This was in fact the position of Norway, for instance, which held to its sovereign right over its entire economic zone in its negotiations with Russia on its maritime borders in the Barents Sea and the Atlantic. Based on this right, Norway rejected any "temporary measures" in the disputed zone - except for those measures related to protecting fisheries.

- the principle of the integrity of land ascertains Lebanon's full sovereignty over its entire territory. Similarly, the principle of integrity of Lebanese territory should extend to Lebanon's maritime zones, and dividing the Lebanese EEZ undermines this integrity.

- Lebanon's current position is that of no dispute exists with Israel, because the 860 km<sup>2</sup> zone is Lebanese according to the demarcation process conducted by the Lebanese army. Negotiations with Israel aim only to establish the geodata submitted by Lebanon to the UN, which are in contradiction with the data submitted by Israel to the UN, and those agreed upon between Israel and Cyprus in the Maritime Boundary Agreement between the two countries. Consequently, Lebanon has not yet lost any inch of this zone.

Accepting the 500 km<sup>2</sup> zone means starting a conflict with Israel on the remaining zone; that is, Israel will claim that it is an Israeli zone. Consequently, Lebanon's negotiating position will transform into a defensive one.

- If the US and the UN are convinced that the entire 860 km<sup>2</sup> zone is Lebanese, why defer diplomatic pressure for the recognition of the whole disputed area to a later stage? Also, are there any guarantees that future endeavors shall succeed in recognition of the whole disputed area as Lebanese and the amendment of the Israeli-Cypriot EEZ agreement accordingly?

- Lebanese Minister of Energy, Gibran Bassil, revealed that the quantity of gas available at the edge of the disputed area with Israel (around 12 thousand billion cubic feet) is only a sample of the resource quantities that Lebanon possesses, noting that even larger quantities exist in the north,

middle and south. Based on this information, a pragmatic approach may lie in investing in non-disputed areas rich in resources instead of jeopardizing sovereignty rights over the south western EEZ area.

- Assuming theoretically that the US proposal is in fact a solution, how viable is this solution? Who would control the remaining 360 km<sup>2</sup>? Will another blue line be drawn in the sea and put under UN supervision? What guarantees Israel's abstinence from undertaking any activities that jeopardize the region's resources?

Even if Israel claims that this area will be a neutral zone and that it would not conduct any activity there, Israel has a history full of violations of the Lebanese sovereignty and borders. Would then guarantees by the UN and the US be enough to ward off similar attacks in the sea?









The baseline of the southern Lebanese coast was delimited using the following available maps:

- Admiralty nautical chart No. 2634 (Beirut to Gaza, 1:300,000) produced by the United Kingdom Hydrographic Office;
- Admiralty nautical chart No. 183 (Ra's at Tin to Iskenderun, 1:1,100,000) produced by the United Kingdom Hydrographic Office;
- Chart B-1 (Area of Naqurah, 1:20,000) produced by the Office of Geographic Affairs, Lebanese Armed Forces Command, updated in June 2004 on the basis of aerial photographs taken in 2001-2002.

Using that baseline, and with reference to the provisions of the United Nations Convention on the Law of the Sea, the southern limit of Lebanon's exclusive economic zone was determined as the median line every point of which is equidistant from the nearest point on the baselines of Lebanon and the neighbouring State.

The southern limit of Lebanon's exclusive economic zone was then plotted on Admiralty nautical chart No. 183, and a list of its coordinates was compiled.

The above-mentioned chart and list of coordinates are contained in annex 2.

There is a need to conduct a detailed survey, using a global positioning system, of the shore contiguous to the southern limit, including all islands and spurs, with a view to updating the nautical charts and the baseline accordingly in the future.

#### List of Geographical Coordinates

##### for the delimitation of the Exclusive Economic Zone in WGS 84

The following tables contain position information for the Median Line between Lebanon and Palestine

All positions are referred to WGS 84 joined consecutively by godesies

##### Southern Median Line (Lebanon - Palestine)

Points	Degrees	Minutes	Seconds		Degrees	Minutes	Seconds	
18	35	6	11.84	E	33	5	38.94	N
19	35	4	46.14	E	33	5	45.79	N
20	35	2	58.12	E	33	6	34.15	N
21	35	2	13.86	E	33	6	52.73	N
22	34	52	57.24	E	33	10	19.33	N
23	33	46	8.78	E	33	31	51.17	N



officially recognized by the coastal State.

#### Article 7: Straight baselines

1. In localities where the coastline is deeply indented and cut into, or if there is a fringe of islands along the coast in its immediate vicinity, the method of straight baselines joining appropriate points may be employed in drawing the baseline from which the breadth of the territorial sea is measured.

2. Where because of the presence of a delta and other natural conditions the coastline is highly unstable, the appropriate points may be selected along the furthest seaward extent of the low-water line and, notwithstanding subsequent regression of the low-water line, the straight baselines shall remain effective until changed by the coastal State in accordance with this Convention.

3. The drawing of straight baselines must not depart to any appreciable extent from the general direction of the coast, and the sea areas lying within the lines must be sufficiently closely linked to the land domain to be subject to the regime of internal waters.

4. Straight baselines shall not be drawn to and from low-tide elevations, unless lighthouses or similar installations which are permanently above sea level have been built on them or except in instances where the drawing of baselines to and from such elevations has received general international recognition.

5. Where the method of straight baselines is applicable under paragraph 1, account may be taken, in determining particular baselines, of economic interests peculiar to the region concerned, the reality and the importance of which are clearly evidenced by long usage.

6. The system of straight baselines may not be applied by a State in such a manner as to cut off the territorial sea of another State from the high seas or an exclusive economic zone.

#### Article 14: Combination of methods for determining baselines

The coastal State may determine baselines in turn by any of the methods provided for in the foregoing articles to suit different conditions.

#### Article 16: Charts and lists of geographical coordinates

1. The baselines for measuring the breadth of the territorial sea determined in accordance with articles 7, 9 and 10, or the limits derived therefrom, and the lines of delimitation drawn in

accordance with articles 12 and 15 shall be shown on charts of a scale or scales adequate for ascertaining their position. Alternatively, a list of geographical coordinates of points, specifying the geodetic datum, may be substituted.

2. The coastal State shall give due publicity to such charts or lists of geographical coordinates and shall deposit a copy of each such chart or list with the Secretary-General of the United Nations.

#### Article 55: Specific legal regime of the exclusive economic zone

The exclusive economic zone is an area beyond and adjacent to the territorial sea, subject to the specific legal regime established in this Part, under which the rights and jurisdiction of the coastal State and the rights and freedoms of other States are governed by the relevant provisions of this Convention.

#### Article 56: Rights, jurisdiction and duties of the coastal State in the exclusive economic zone

1. In the exclusive economic zone, the coastal State has:

- sovereign rights for the purpose of exploring and exploiting, conserving and managing the natural resources, whether living or non-living, of the waters superjacent to the seabed and of the seabed and its subsoil, and with regard to other activities for the economic exploitation and exploration of the zone, such as the production of energy from the water, currents and winds;

- jurisdiction as provided for in the relevant provisions of this Convention with regard to:

- the establishment and use of artificial islands, installations and structures;
- marine scientific research;
- the protection and preservation of the marine environment;

- other rights and duties provided for in this Convention.

2. In exercising its rights and performing its duties under this Convention in the exclusive economic zone, the coastal State shall have due regard to the rights and duties of other States and shall act in a manner compatible with the provisions of this Convention.

3. The rights set out in this article with respect to the seabed and subsoil shall be exercised in accordance with Part VI.

#### Article 57: Breadth of the exclusive economic zone

The exclusive economic zone shall not extend beyond 200 nautical miles from the baselines from which the breadth of the territorial sea is measured.

#### Article 58: Rights and duties of other States in the exclusive economic zone

1. In the exclusive economic zone, all States, whether coastal or land-locked, enjoy, subject to the relevant provisions of this Convention, the freedoms referred to in article 87 of navigation and overflight and of the laying of submarine cables and pipelines, and other internationally lawful uses of the sea related to these freedoms, such as those associated with the operation of ships, aircraft and submarine cables and pipelines, and compatible with the other provisions of this Convention.

2. Articles 88 to 115 and other pertinent rules of international law apply to the exclusive economic zone in so far as they are not incompatible with this Part.

3. In exercising their rights and performing their duties under this Convention in the exclusive economic zone, States shall have due regard to the rights and duties of the coastal State and shall comply with the laws and regulations adopted by the coastal State in accordance with the provisions of this Convention and other rules of international law in so far as they are not incompatible with this Part.

#### Article 59: Basis for the resolution of conflicts regarding the attribution of rights and jurisdiction in the exclusive economic zone

In cases where this Convention does not attribute rights or jurisdiction to the coastal State or to other States within the exclusive economic zone, and a conflict arises between the interests of the coastal State and any other State or States, the conflict should be resolved on the basis of equity and in the light of all the relevant circumstances, taking into account the respective importance of the interests involved to the parties as well as to the international community as a whole.

#### Article 60: Artificial islands, installations and structures in the exclusive economic zone

1. In the exclusive economic zone, the coastal State shall have the exclusive right to construct and to authorize and regulate the construction, operation and use of:

- artificial islands;
- installations and structures for the purposes provided for in article 56 and other economic purposes;
- installations and structures which may interfere with the exercise of the rights of the coastal State in the zone.

2. The coastal State shall have exclusive jurisdiction over such artificial islands, installations and structures, including jurisdiction with regard to customs, fiscal, health, safety and immigration laws and regulations.

3. Due notice must be given of the construction of such artificial islands, installations or structures, and permanent means for giving warning of their presence must be maintained. Any installations or structures which are abandoned or disused shall be removed to ensure safety of navigation, taking into account any generally accepted international standards established in this regard by the competent international organization. Such removal shall also have due regard to fishing, the protection of the marine environment and the rights and duties of other States. Appropriate publicity shall be given to the depth, position and dimensions of any installations or structures not entirely removed.

4. The coastal State may, where necessary, establish reasonable safety zones around such artificial islands, installations and structures in which it may take appropriate measures to ensure the safety both of navigation and of the artificial islands, installations and structures.

5. The breadth of the safety zones shall be determined by the coastal State, taking into account applicable international standards. Such zones shall be designed to ensure that they are reasonably related to the nature and function of the artificial islands, installations or structures, and shall not exceed a distance of 500 metres around them, measured from each point of their outer edge, except as authorized by generally accepted international standards or as recommended by the competent international organization. Due notice shall be given of the extent of safety zones.

6. All ships must respect these safety zones and shall comply with generally accepted international standards regarding navigation in the vicinity of artificial islands, installations, structures and safety zones.

7. Artificial islands, installations and structures and the safety zones around them may not be established where interference may be caused to the use of recognized sea lanes essential to international navigation.

8. Artificial islands, installations and structures do not possess the status of islands. They have no territorial sea of their own, and their presence does not affect the delimitation of the territorial sea, the exclusive economic zone or the continental shelf.

#### Article 63: Stocks occurring within the exclusive economic zones of two or more coastal States or both within the exclusive economic zone and in an area beyond and adjacent to it

1. Where the same stock or stocks of associated species occur within the exclusive economic zones of two or more coastal States, these States shall seek, either directly or through appropriate subregional or regional organizations, to agree upon the measures necessary to coordinate and ensure the conservation and development of such stocks without prejudice to the other provisions of this Part.

2. Where the same stock or stocks of associated species occur both within the exclusive economic zone and in an area beyond and adjacent to the zone, the coastal State and the States fishing for such stocks in the adjacent area shall seek, either directly or through appropriate subregional or regional organizations, to agree upon the measures necessary for the conservation of these stocks in the adjacent area.

#### Article 73: Enforcement of laws and regulations of the coastal State

1. The coastal State may, in the exercise of its sovereign rights to explore, exploit, conserve and manage the living resources in the exclusive economic zone, take such measures, including boarding, inspection, arrest and judicial proceedings, as may be necessary to ensure compliance with the laws and regulations adopted by it in conformity with this Convention.

2. Arrested vessels and their crews shall be promptly released upon the posting of reasonable bond or other security.

3. Coastal State penalties for violations of fisheries laws and regulations in the exclusive economic zone may not include imprisonment, in the absence of agreements to the contrary by the States concerned, or any other form of corporal punishment.

4. In cases of arrest or detention of foreign vessels the coastal State shall promptly notify the flag State, through appropriate channels, of the action taken and of any penalties subsequently imposed.

#### Article 74: Delimitation of the exclusive economic zone between States with opposite or adjacent coasts

1. The delimitation of the exclusive economic zone between States with opposite or adjacent coasts shall be effected by agreement on the basis of international law, as referred to in Article 38 of the Statute of the International Court of Justice, in order to achieve an equitable solution.

2. If no agreement can be reached within a reasonable period of time, the States concerned shall resort to the procedures provided for in Part XV.

3. Pending agreement as provided for in paragraph 1, the States concerned, in a spirit of understanding and cooperation, shall make every effort to enter into provisional arrangements of a practical nature and, during this transitional period, not to jeopardize or hamper the reaching of the final agreement. Such arrangements shall be without prejudice to the final delimitation.

4. Where there is an agreement in force between the States concerned, questions relating to the delimitation of the exclusive economic zone shall be determined in accordance with the provisions of that agreement.

Ref: 2399/10

The Permanent Mission of Lebanon to the United Nations presents its compliments to the Office of the Secretary-General of the United Nations and has the honor to inform of the following:

In accordance with Articles 73(1) and 75(2) of the 1982 United Nations Convention on the Law of the Sea, to which the Republic of Lebanon is party by virtue of its Law number 295 of 23/2/1994, we hereby deposit with the United Nations Secretary-General the charts and lists of geographical coordinates of points defining the Southern part of the Western maritime limits of Lebanon's Exclusive Economic Zone.

Kindly find attached herewith:

- 1) A copy of the Report on the Maritime Delimitation of the Southern Limits of Lebanon's Exclusive Economic Zone;
- 2) A copy of the two lists of geographical coordinates of points delimiting the Southern Median Line and the Southern Part of the Western Median Line respectively;
- 3) A copy of the two relevant charts.

The Permanent Mission of Lebanon to the United Nations avails itself of this opportunity to renew to the Office of the Secretary-General of the United Nations the assurances of its highest consideration.

New York, October 19, 2010



H.E. Mr. Ban Ki-moon  
Secretary-General  
United Nations, Rm. NL-3019  
New York, NY 10017  
Tel: (212) 963-5012  
Fax: (212) 963-2155

#### List of Geographical Coordinates

##### for the delimitation of the Exclusive Economic Zone in WGS 84

The following tables contain position information for the Southern Part of the Median Line between Lebanon and Cyprus

All positions are referred to WGS 84 joined consecutively by godesies

##### Southern Part of the Western Median Line (Lebanon - Cyprus)

Points	Degrees	Minutes	Seconds		Degrees	Minutes	Seconds	
23	33	46	8.78	E	33	31	51.17	N
24	33	51	30.31	E	33	37	13.10	N
25	33	50	25.30	E	33	36	8.01	N
1	33	53	40.00	E	33	38	40.00	N





٦٤٢٣ مرسوم رقم  
تعميم حدود التغطية التأمينية لقطاع المالية

إِنَّ رُسُلَنَا لَكُم مَّوَدَّةٌ بَيْنَ يَدَيْهِ  
مَتَّاعٌ غَدِيرٌ

داد علي القاتل يوم ١٩٥٠ تاريخ ١٩١١/١/٢٢ (الهيئة العامة لقصور الثقافة)  
 داد علي القاتل يوم ١٩٥٠ تاريخ ١٩١٨/١/٢٨ (مكتبة وادعان المناطق الحرة)  
 الجمهورية اللبنانية لا سيما كسوة ٦٠٠ ٢٠٠ ١٩٠ ٢٠٠  
 داد علي القاتل يوم ١٩٥٠ تاريخ ١٩١٨/١/٢٨ (مكتبة وادعان المناطق الحرة)  
 داد علي القاتل يوم ١٩٥٠ تاريخ ١٩١٨/١/٢٨ (مكتبة وادعان المناطق الحرة)

وہم ما ہائی

الفصل الأول - تعريف المنظمة الاقتصادية وطورها

مع المنطقة الاقتصادية الخاصة براء البحر الأحمر وتشمل كامل المنطقة المشيئة وست يلاهم أعلى شعار مقلية من خط الأنشء  
أشياء إلى أعلام منطقة الأمم المتحدة قانون البحار

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يبدأ حاربها حارب المملكة الاقتصادية العالمية ونسبها  
ويشكّل عمل أوقع إنشائها عند توفر بيانات أكثر من  
الطاقة في حارب العالمات مع دول أخرى الصناديق

بالف واثني مائة الف واربعمائة الف من يوحى بالحق الامارة  
الائمة الاثني عشر الف الفات الحقة لا سواها فترى شمسنا  
في الامم السعد

<p>المادة الخامسة: يعمل هذا المرسوم فور نشره في الجريدة الرسمية بعدد في 1 تشرين الأول 2011</p> <p>الاعتماد: جيتال مدينت</p>	<p>مستر علي بن حسين</p> <p>رئيس مجلس شورى</p> <p>الاست: عبد الحليم</p>
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وزير العمل العامة والرفاه  
الانضمام : غازي العريضي



## المجلس رقم ١

لائحة إعداليات حدود المنطقة الانتصافية الفاصلة  
من الجهات الثلاث الجنوبية والغربية والشمالية



**List of Geographical Coordinates**  
for the delimitation of the Exclusive Economic Zone in WGS84

The following table contains position information for the Median Line  
Between Lebanon and Cyprus

All positions are referred to WGS 84 joined consecutively by geodesics

Western Median Line (Lebanon - Cyprus)

Person	Degrees	Minutes	Seconds	Degrees	Minutes	Seconds		
22	31	46	2.78	E	31	31	31.17	N
24	31	51	32.31	E	31	37	11.12	N
25	31	56	27.50	E	31	36	5.31	N
7	33	33	40.00	E	33	34	40.00	N
7	34	1	30.00	E	33	31	30.00	N
3	34	18	0.00	E	34	38	40.00	N
4	34	46	0.00	E	34	22	30.00	N
5	34	10	30.00	E	34	39	40.00	N
4	34	56	0.00	E	34	43	0.00	N
7	34	38	11.17	E	34	35	42.00	N



**List of Geographical Coordinates**  
for the delimitation of the Exclusive Economic Zone in WGS84

The following tables contain position information for the Median Line  
Between Lebanon and Syria

All positions are referred to WGS84 datum (universally by geodesists)

Northern Mollus Line (Lebanon – Syria)

Pulse	Degrees	Minutes	Seconds	Degrees	Minutes	Seconds		
1	14	02	13.07	E	19	00	40.00	W
2	22	11	13.01	E	29	04	1.00	S
3	29	00	54.50	E	34	42	24.14	S
4	37	00	18.25	E	34	00	0.00	W
11	00	00	22.80	E	34	00	14.80	N
12	06	00	14.80	E	34	00	43.50	S
14	00	00	32.00	E	34	38	32.80	W
14	02	40	08.80	E	30	10	50.00	N
17	03	00	11.80	E	34	30	19.50	S
18	00	00	23.00	E	34	00	2.40	N
17	00	00	22.30	E	34	00	1.80	S



**List of Geographical Coordinates**  
for the delimitation of the Exclusive Economic Zone in WGS84

The following tables contain position information for the Median Line  
between Lebanon and Palestine

All positions are referred to WGS 84 joined successively by geodesics

Southern Median Line (Lebanon - Palestine)

Point	Degree	Mileage	Seconds	Degree	Mileage	Seconds		
18	22	0	11.20	E	55	-1	02.54	N
19	22	0	46.14	E	33	-1	02.29	N
20	22	1	08.12	E	35	-6	14.15	N
21	22	2	11.06	E	33	-6	02.75	N
22	24	32	07.24	E	55	-10	08.23	N
23	24	40	0.70	E	33	-11	11.13	N



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*Fertilized from Acrylic*

Received 29 August 2012

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I write to you with regard to the inclusive economic zone of Lithuania. On 9 July 2010 and 11 January 2010 Lithuania deposited with the United Nations the geographical coordinates of, respectively, the southern and south-western extreme borders of this zone. The southern-eastern border is made from point 01 on the coast at Kėičiai, the line goes to the 1040 (meters) Lithuania-Cyprus Agreement title of coordinates, to point 23, this is equidistant between the three countries concerned, and on the continuation of which all three agree. The geographical coordinates of point 23 are latitude 53° 14' 17", longitude 23° 46' 08.70". Point 1 does not therefore represent the southern end of the analysis between the Lithuania-Russia and the Russia of Cyprus that represents the inclusive economic zone of each country, and can only be viewed as a point that is shared by Lithuania and Cyprus. It is a technical point and therefore can not be taken as a starting point between Cyprus and any other country, particularly given the fact that it is just one point like any of the others on this line.

The 17 December 2000, the delegates of Cyprus and Israel, the occupying Power, agreed to a settlement in which they delineated their respective exclusive economic zones, using point 1 as a shared dividing point between Lebanon and Israel. These lines are thus completely inconsistent with the geographical points that Lebanon had deposited with the United Nations, and which put at the extreme economic zone of Lebanon, which constitutes a flagrant attack on Lebanon's sovereign rights over this zone.

That agreement, which violates the sovereign and economic rights of Lithuania, could imperil international peace and security, particularly if one of these States should decide unilaterally to exercise sovereignty authority over the region that Lithuania considers an inalienable part of its historic economic zone.

The focus of Latham's objective in the agreement (between C) points and lines) is to reject the decision that 'exclusive exclusive economic zones' because the agreement places points falling north of the line containing the 'exclusive frontier' of the exclusive economic zone of Lebanon, which is discredited as being between points B1 and T3. Latham suggests that the Secretary General of the United Nations take all measures that he deems appropriate, with a view to resolving conflict and antagonising international peace and security.

Accept the responsibility for any errors or omissions.

### Abstract

Ministry for Foreign Affairs and International Trade

The Excellency Mr. JOHN ELIOT

See Sovereignty-Control of the United Nations



## Annex 2- EEZ Agreements in the Mediterranean

### Lebanon Letter of 3 September 2011

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1	2	3	4
Lebanon	11	11	11
Lebanon	11	11	11

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1	2	3	4
Lebanon	11	11	11
Lebanon	11	11	11

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1	2	3	4
Lebanon	11	11	11
Lebanon	11	11	11

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1	2	3	4
Lebanon	11	11	11
Lebanon	11	11	11

### EGY-CYP EEZ Agreement

page 1) Delimitation Treaty infolase | accessed on 07/01/2004

Agreement between the Republic of Cyprus and the Arab Republic of Egypt on the  
Definition of the Exclusive Economic Zone  
17 February 2003

The Republic of Cyprus and the Arab Republic of Egypt (hereinafter referred to as "the Parties")  
Having in mind the provisions of the United Nations Convention on the Law of the Sea of 1982,  
Desiring to settle the delimitation of the Exclusive Economic Zone between them,  
Have agreed on the following:

Article 1

- The delimitation of the Exclusive Economic Zone between the Parties is effected by the method set out in Article 1 of the Annex to this Agreement.
- The delimitation of the Exclusive Economic Zone between the Parties is effected by the method set out in Article 1 of the Annex to this Agreement.
- The delimitation of the Exclusive Economic Zone between the Parties is effected by the method set out in Article 1 of the Annex to this Agreement.
- The delimitation of the Exclusive Economic Zone between the Parties is effected by the method set out in Article 1 of the Annex to this Agreement.
- The delimitation of the Exclusive Economic Zone between the Parties is effected by the method set out in Article 1 of the Annex to this Agreement.

Article 2

As soon as they are notified in writing by the Parties of the delimitation of the Exclusive Economic Zone, the Parties shall refrain from any activities in the Exclusive Economic Zone which are contrary to the provisions of this Agreement.

Article 3

The Parties shall refrain from any activities in the Exclusive Economic Zone which are contrary to the provisions of this Agreement.

Article 4

- The Parties shall refrain from any activities in the Exclusive Economic Zone which are contrary to the provisions of this Agreement.
- The Parties shall refrain from any activities in the Exclusive Economic Zone which are contrary to the provisions of this Agreement.

Article 5

The Parties shall refrain from any activities in the Exclusive Economic Zone which are contrary to the provisions of this Agreement.

DOHA/DOHA - UNITED NATIONS

page 2) Delimitation Treaty infolase | accessed on 07/01/2004

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Year	1990-1999	2000-2009
1	1,111,111	1,111,111
2	1,111,111	1,111,111
3	1,111,111	1,111,111
4	1,111,111	1,111,111
5	1,111,111	1,111,111
6	1,111,111	1,111,111
7	1,111,111	1,111,111
8	1,111,111	1,111,111
9	1,111,111	1,111,111

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DOHA/DOHA - UNITED NATIONS

### ISR-JOR Maritime Boundary Agreement

page 1) Delimitation Treaty infolase | accessed on 14/03/2002

Maritime Boundary Agreement Between the Government of the State of Israel and  
the Government of the Hashemite Kingdom of Jordan  
18 January 1996

The Government of the State of Israel and the Government of the Hashemite Kingdom of Jordan  
Having in mind the provisions of the United Nations Convention on the Law of the Sea of 1982,  
Desiring to settle the delimitation of the Maritime Boundary between them,  
Have agreed on the following:

Article 1

- The Maritime Boundary between the State of Israel and the Hashemite Kingdom of Jordan is defined by the method set out in Article 1 of the Annex to this Agreement.
- The Maritime Boundary between the State of Israel and the Hashemite Kingdom of Jordan is defined by the method set out in Article 1 of the Annex to this Agreement.

Article 2

The Parties shall refrain from any activities in the Maritime Boundary which are contrary to the provisions of this Agreement.

Article 3

The Parties shall refrain from any activities in the Maritime Boundary which are contrary to the provisions of this Agreement.

Article 4

The Parties shall refrain from any activities in the Maritime Boundary which are contrary to the provisions of this Agreement.

DOHA/DOHA - UNITED NATIONS











### Article 7: Preparation for Licensing Round

1. Subject to the approval of the Council of Ministers and prior to granting Petroleum Rights or allowing Petroleum Activities, the Minister shall in consultation with other concerned ministries, and based upon a study by the Petroleum Administration, undertake the necessary preparations for the announcement of a Petroleum Licensing round including a strategic environmental assessment study.
2. The State shall conduct a strategic environmental assessment study prior to any Petroleum Rights being awarded or Petroleum Activities initiated. The scope for this study shall be stipulated by a Council of Ministers Decision made on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration.

### Chapter two Powers of the Government

#### Article 8: Council of Ministers

1. The Council of Ministers sets forth the State's general Petroleum policy, particularly the related to the management of its Petroleum resources, and settles deliberations between concerned institutions. It shall authorize the Minister to sign on its behalf the Exploration and Production Agreements subject to this law.
2. Conditions for the consent to participate in future rounds, terms of reference and conditions of the model Exploration and Production Agreements and agreements between companies relevant to their promulgation, as applicable, shall be regulated by a Council of Ministers Decision made on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration.

#### Article 9: Minister

The Minister shall in exercise of his/her powers ensure the implementation of the Petroleum policy and implement this law for granting Petroleum Rights, and he shall endeavor to ensure the State Petroleum regulations, be responsible for monitoring and supervising Petroleum Activities, and take necessary measures to protect water, health, property and environment from pollution.

#### Article 10: Petroleum Administration

- 1. A Petroleum Administration shall be created pursuant to this law, shall enjoy financial and administrative autonomy with the Minister exercising ultimate authority. Capital financial and administrative decisions of the Petroleum Administration shall be subject to the approval of the Minister as stipulated in a decree replacing it's representation.

The Petroleum Administration is subject to the provisions of this law and to internal regulations. It shall neither be governed by the provisions of decree 417 nor be subject to the control of civil service, and shall be subject only to a judicial audit of the Public Audit Court.

The board of the Petroleum Administration shall be appointed by a Council of Ministers Decision taken on the basis of a proposal by the Minister. The Council of Ministers shall by Decision determine the organization of the Petroleum Administration, its general regulations, modes of work and conditions for employment, positions and salary scales. The Petroleum Administration shall have the following duties and powers:

- a. Conducting studies to prepare the following Petroleum projects:
- b. Reporting to the Minister about the assessment of qualifications and capabilities of applicants and applicants for Petroleum Rights.
- c. Draft regulations for bids, conditions for applications, model Exploration and Production Agreements and agreements between companies in accordance with this law.
- d. Assisting the Minister in negotiating Exploration and Production Agreements and submitting reports on results of negotiations to the Minister to enable the Council of Ministers to take the final decision.
- e. Managing, monitoring and supervising Petroleum Activities and the proper implementation of licenses and agreements, and to this regard submit quarterly reports to the Minister for approval.
- f. Evaluation of plans for Development, Transportation and closure of Petroleum facilities and decommissioning of facilities.
- g. Management of Petroleum Activities data.
- h. Keeping and managing the Petroleum Register.

### Chapter three Reconnaissance

#### Article 11: Reconnaissance License

1. The Council of Ministers shall issue a decree on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration, in stipulating general conditions to grant a Reconnaissance license, its scope and the fees to be paid.
2. The Minister may by a decision based upon the opinion of the Petroleum Administration, award a Reconnaissance license for a period of up to 1 year.
3. A Reconnaissance license shall not be exclusive and shall not give the Right Holder any preference or privilege with regard to obtaining any other Petroleum Rights pursuant to this law.
4. The data resulting from the Reconnaissance license shall be the property of the State.

### Chapter four

### Award of Exploration and Production Rights

#### Article 12: Awarding Rules

1. The Council of Ministers may, on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration, award an exclusive Petroleum Right to carry out Petroleum Activities in accordance with an Exploration and Production Agreement pursuant to this law.
2. The Exploration and Production Agreement shall include two phases:
  - a. an Exploration phase not exceeding ten years;
  - b. a Production phase not exceeding thirty years.

#### Article 13: Invitation to submit Applications

1. The Council of Ministers decide on the launching of a round to apply for a license on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration.
2. After consulting the Petroleum Administration, the Minister issues two invitations to participate in a licensing round.
3. The announcement of the Petroleum Administration's to receive applications for licenses shall be published in the Official Gazette, as well as in local and international publications and websites selected by the Minister.
4. The invitation shall be made public at least six months prior to the application closing date. The requirement to announce an invitation may not be waived unless the Council of Ministers on the basis of a proposal by the Minister based upon a study by the Petroleum Administration makes a decision to the contrary.

#### Article 14: Group Application

1. Several companies may cooperate to apply together for an Exploration and Production Agreement.
2. Cooperation agreements entered into with the view to apply for Petroleum Rights to conduct Petroleum Activities shall be submitted by the Minister with a copy to the Petroleum Administration.
3. The Minister, after consulting the Petroleum Administration, may in any time impose amendments to cooperative agreements in order to ensure that such agreements comply and are consistent with applicable national law, the Exploration and Production Agreement and agreement agreements.

#### Article 15: Qualified Applicants

Exploration and Production Agreements shall only be awarded to pre-qualified joint stock companies.

#### Article 16: Application Content and Application Fee

1. An applicant shall pay the prescribed application fee.
2. Application content and fees to be paid for submitting an application shall be regulated by a Council of Ministers Decision on the basis of a proposal by the Minister.

#### Article 17: Procedures after Closing Date

After the closing date for submission of an application for Petroleum Rights, the Petroleum Administration shall proceed with an evaluation and prepare a short list of applicants to the Minister.

#### Article 18: Selection of qualified Applicants for Negotiation

1. The Minister, assisted by the Petroleum Administration shall negotiate with short listed qualified applicants based on the principles and criteria stipulated by this law and the contract.
2. The Minister may according to a drafting decision presented to the Council of Ministers and after consulting the Petroleum Administration regulate in the invitation to apply for an Exploration and Production Agreement special additional conditions applicable for the individual kind of a specific area.
3. The Minister shall submit a report to the Council of Ministers concerning the results of the negotiations with the selected applicants and a recommendation for signing an Exploration and Production Agreement.

#### Article 19: Exploration and Production Agreement

##### 1: Council of Ministers Approval

The final content of the Exploration and Production Agreement is subject to the approval of the Council of Ministers prior to signature by the Minister. Once the approval of the Council of Ministers has been obtained, the selected applicant shall be a Right Holder of a joint and undivided participating interest in the Exploration and Production Agreement.

2. The Exploration and Production Agreement shall become effective from the date on which it is approved by the Council of Ministers.
3. The Right Holder of an Exploration and Production Agreement has an unconditional joint interest in which each Right Holder has a joint and undivided percentage participating interest.
4. Each Right Holder to an Exploration and Production Agreement is jointly and severally liable towards third parties and on a par (on basis) towards the other Right Holders in the same Exploration and Production Agreement.

### Plan for Petroleum Production and Transportation

#### Article 20: Statement on Production Commencement

1. No later than two years after the last Exploration Well has been drilled, the Right Holder shall notify the Minister in writing with a copy to the Petroleum Administration, whether the Right Holder has decided to commence Production or not.
2. A report shall be submitted with the notification accounting for the reasons that lead to the decision and a summary of the status of the Reservoir, the technical and economic aspects related to it and the studies which have been carried out in which are planned to be carried out with a view to determine if the Reservoir is or may become commercial oil exploitable.

#### Article 21: Product Production

Production of Petroleum shall take place in such a manner that as much as possible of the Petroleum is placed in each individual Reservoir, or in several Reservoirs in combination, it will be produced in a way that Production takes place in accordance with the most prudent technical and sound economic principles, and in such a manner that waste of Petroleum or Reservoir energy is avoided and not consider part in the economy of the State. Right Holder shall continuously evaluate the Production strategy and technical solutions, and shall take the necessary measures to ensure to improve results.

#### Article 22: Notice and Approval of Discovery

1. When a Discovery is made the Operator shall forthwith notify in writing the Minister with a copy to the Petroleum Administration. The Operator shall also within six months of the Discovery, perform tests necessary to ascertain the potential commerciality of the Discovery and notify the Minister of the results. Information, data and results of the tests shall be submitted to the Minister.

2. If the Right Holder is in accordance with requirements of applicable law and the provisions of the Exploration and Production Agreement decides to develop one Reservoir or more, the Operator on behalf of the Right Holder shall submit a plan for Development and Production to the Minister.

3. The Minister after consulting the Petroleum Administration may request amendments to the plan for Development and Production.

4. The Minister after consulting the Petroleum Administration shall present the plan for Development and Production to the Council of Ministers for approval.

#### Article 23: Content of Plan for Development and Production

1. The plan for Development and Production shall consist of two parts of which one part shall consist on environmental impact assessment study and the second part shall contain the nature of developing Reservoir resources as well as technical and economic aspects of gradually Development solutions.
2. A plan for Development and Production shall also have content:

- a. Available Production and Transportation options, required facilities and costs of Transportation, with the Right Holder's recommended solution.
- b. An economic, Reservoir, technical, commercial and safety evaluation of the available concepts.
- c. Description of the mode of financing the Development and Production activities.
- d. A detailed description of the organization and the management systems of the project.
- e. Health and safety assessment and an environmental impact assessment study.
- f. Information to prevent facilities may be decommissioned and disposed of when Petroleum Activities have ceased.
- g. Such additional information as required by applicable law or the Exploration and Production Agreement.

3. The procedures, requirements and conditions related to the environmental impact assessment study, shall be regulated by Council of Ministers Decree on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration after consulting the concerned institutions.

4. The Operator on behalf of the Right Holder shall notify the Minister with a copy to the Petroleum Administration of any significant deviation or amendments to the plan for Development and Production that has been approved, and any significant attention to a facility. The Minister based on the opinion of the Petroleum Administration may request amendments to the plan as a basis for approving a new plan for Development and Production or amending the existing plan.

#### Article 24: Approval of Plan for Development and Production

1. The Council of Ministers may approve the plan for Development and Production in accordance with this law on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration.

2. If Development is planned in two or more stages, the plan submitted shall in its content provide, complete such stage separately in addition to the final Development. The Council of Ministers may limit the approval to apply to one or more stages.

3. Imposed contractual obligations, meeting with the concept Reservoir depletion, gas attitude solutions for the aim of extraction or the construction of facilities and equipment that may affect Development, Production or cessation of Petroleum Activities and

3. The Right Holder of an Exploration and Production Agreement jointly hold an exclusive Petroleum Right to conduct Petroleum Activities pursuant to applicable law and the terms and conditions of the Exploration and Production Agreement.

4. Each Right Holder is liable for his/her own according to applicable law.

5. The Exploration and Production Agreement shall define the rights and obligations of the Right Holder towards the State and between the Right Holders, and shall include:

- a. The conditions of the invested Area in accordance with the Exploration and Production Agreement.
- b. The allocation of participation interest between the Right Holders.
- c. The duration of the Exploration and Production Agreement and of each phase.
- d. The minimum work obligations and expenditure commitments for the Exploration phase.
- e. Provisions concerning potential State participation in the Exploration and Production Agreement.
- f. Provisions concerning environmental matters which address Area specific issues.
- g. Accounting rules and provisions applicable to Petroleum Activities subject to an Exploration and Production Agreement and methods for determining profits.
- h. Provisions relating to inspection, taxation and information.

- i. Imposed minimum provisions covering the minimum work obligations for the approval of the Plan for Development and Production, and for cessation of Petroleum Activities and decommissioning of a facility.

#### Article 25: Amendment or Change of Operator

1. Only a Right Holder to the Exploration and Production Agreement may be appointed as Operator.
2. Based on a proposal by the Minister in consultation with the Petroleum Administration the Council of Ministers approves the appointment of the Operator when working an Exploration and Production Agreement, and to change of Operator may take place without the approval of the Council of Ministers.

#### Article 26: Extension of the Duration of an Exploration and Production Agreement

1. If the Exploration phase, provided by the Exploration and Production Agreement is shorter than two years, the Council of Ministers may, upon an application submitted by the Minister, and on the basis of a proposal by the Minister based upon the opinion of the Petroleum Authority, extend the Exploration phase within the one year time limit. The Minister, and based on the opinion of the Petroleum Administration, extend the Production phase within the 30 year time limit.
2. Standards and criteria for granting an extension of an Exploration or Production phase shall be regulated by Council of Ministers Decree on the basis of a proposal by the Minister based upon the opinion of the Petroleum Authority.

#### Article 27: Right for Others to Place Facilities

1. The Right Holder may not oppose the laying of pipelines or cables, nor the placing of other facilities on, in or above the Area covered by the Exploration and Production Agreement when the placement of a pipeline, cable or other facilities is approved by the Council of Ministers. Any subsequently placed facilities shall not cause unreasonable inconvenience to an existing facility in the Area of limited Petroleum Activities.
2. The provision of the first paragraph applies correspondingly to necessary roads and oil surveys prior to placement of the facility.

#### Article 28: Natural Resources other than Petroleum Resources

An Exploration and Production Agreement does not preclude the awarding of rights to others than a Right Holder to undertake activities aimed to exploit resources other than Petroleum, provided such activities do not cause unreasonable inconvenience to limited Petroleum Activities or existing facilities. The same applies to scientific research.

#### Article 29: Relinquishment of Areas

1. For each extension of the Exploration phase in accordance with article 23, the Area shall be reduced by at least 50 % of the Area currently held as stipulated by regulations issued by Council of Ministers Decree on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration.
2. Any Area not covered by an approved plan for Development, shall be relinquished at the expiry of the Exploration phase as stipulated in the Exploration and Production Agreement or in accordance with the provisions of this law.
3. Notification of relinquishment to the Petroleum Administration shall be no later than 2 months prior to the effective date of the relinquishment obligation. Relinquishment is effective from December 31<sup>st</sup> of each year.

#### Article 30: Surrender of an Exploration and Production Agreement

A Right Holder may only surrender a Petroleum Right pursuant to the Exploration and Production Agreement provided the minimum work commitment has been fulfilled or the minimum expenditures, as well as financial obligations due to the State, including taxes have been paid.

### Chapter five



decommissioning of Facilities shall not be undertaken until construction work is started, until the plan for Development and Production has been approved.

#### **Article 31: Licence and Plan for Placement and Operation of Facilities**

1. If the approved plan for Development and Production contains plans for construction, placement and operation of Transportation or storage Facilities, then the Council of Ministers shall send a licence to the Right Holder subject to the requirements of applicable law, the Exploration and Production Agreement and the approved plan for Development and Production.
2. The Right Holder may submit to the Minister with a copy to the Petroleum Administration a request for the construction, placement and operation of a Transportation or storage Facility, in accordance with the principles of Article 27 of this law. The Council of Ministers may on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration award a specific Petroleum Licence for the construction, placement and operation of Transportation or storage Facilities.
3. The Council of Ministers may, on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration impose the conditions for awarding a Petroleum Licence for construction, placement and operation of Transportation or storage Facilities relating to:
  - (a) Ownership of the Facility;
  - (b) Placement of Facility, including crane, derrick and landing point for pipelines or cables;
  - (c) Facilities and its Capacity;
  - (d) Allocation of Facility capacity and priority of use;
  - (e) Tariffs;
  - (f) The fee;
  - (g) Appointment of change of Operator;
  - (h) Terms and conditions for the production of meeting created from approved facilities and the environment.
4. A foreign legal person other than a Right Holder wishing to construct, construct or operate a pipeline cable or pipeline related to Petroleum Activities in maritime areas under the jurisdiction of the State, shall be subject to the this law in the extent it is not in conformity with international law.

#### **Article 32: Obligation to Submit Environment Impact Assessment**

1. The procedures, requirements and conditions related to the environmental impact assessment, shall be stipulated by Council of Ministers Decree upon a proposal by the Minister based upon the opinion of the Petroleum Administration after consulting the concerned ministries.
2. The Operator or holder of Right Holder shall submit to the Minister a detailed environmental impact assessment based on an approved program or part of any plan for Development, Production, Transportation, storage or Utilization.

#### **Article 33: Testing and Test Production**

1. A Right Holder shall not initiate or conduct test Production without obtaining the approval of the Minister based upon the opinion of the Petroleum Administration.
2. Test Production shall only be conducted for such limited period of time necessary to establish and verify data required for preparing and implementing full scale Development and Production following approval of a plan for Development and Production.
3. Detailed conditions for the approval of an application for test Production shall be stipulated by Council of Ministers Decree on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration.

#### **Article 34: Seismic**

The Right Holder or other entity working or in charge of the laying of a submarine pipeline or cable within areas subject to seismic regulation shall, at good time prior to the commencement of survey of pipeline or cable route and other well surveys, submit such information to the Petroleum Administration and through it to the competent authorities as stipulated by regulation.

#### **Article 35: Production**

1. The Council of Ministers Decree shall on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration, stipulate the procedure and documentation required for an application and granting of a Production permit.
2. Upon application from a Right Holder the Minister shall grant a permit for fixed periods of time and the quantity of Petroleum which may be produced.

#### **Article 36: Flaring and Venting**

1. An application for a permit to flare or vent volatile extracted components shall describe the reason for the application. The application shall describe the Facility involved, the volumes, composition and the timing of components to be flared or vented. The permit shall be based on the Production schedule in which the approved plan for Development and Production is based, unless new technology or the Reserve or other circumstances warrant otherwise.
2. Flaring or vent conditions of extracted components shall only be permitted when necessary for safety or when decommissioning of a Facility. Right Holder must obtain a permit from the Minister and in consultation with the Ministry of Environment before any planned flaring or vent conditions is initiated.

#### **Article 37: Methods of Production**

Taking into consideration article 30 of this law, the Minister may require the Right Holder to submit a report to the Minister on Methods and Facility related matters, including advanced solution for Production and improvement in minimum recovery techniques.

#### **Article 38: Coordinated Petroleum Activities and Utilization**

1. When a Reserve already carries the production flow from one Area subject to an Exploration and Production Agreement into another Area, the Right Holder shall seek to reach agreement on the most efficient and sound way of Production Activities in order to avoid redundancy of Facilities, including appointment of each Right Holder's activities to Facilities.

This principle shall also apply if the Reserve reaches the technical limit of the component itself or treatment system subject to the jurisdiction of another sector area. The same principle shall apply when it becomes clear the various Reserves or joint Petroleum Activities could be more efficient, based upon a decision by the Council of Ministers on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration.

2. When the Reserve enters beyond the Area of the Exploration and Production Agreement into an Area which is not subject to an Exploration and Production Agreement, Right Holder may file an application to the Minister to enter or extend the permit of the Area of the existing Exploration and Production Agreement. Extension of an Area pursuant to this paragraph is subject to Council of Ministers approval on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration.

3. Agreements on joint Exploration drilling shall be submitted to the Petroleum Administration.

4. Agreements on joint Production, Transportation, Utilization and operation of Petroleum Activities shall be submitted to the Minister and is subject to Council of Ministers approval on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration.

5. If consensus among the Right Holders on implementation of cooperative agreements pursuant to this article is not reached within reasonable time, then the Council of Ministers upon a proposal from the Minister based on the opinion of the Petroleum Administration, may determine how such joint Petroleum Activities shall be conducted, including when necessary the appointment of Right Holders activities to Facilities.

#### **Article 39: Third Party Access to Petroleum Facilities**

The Minister may decide on the basis of criteria stipulated by a Council of Ministers Decree submitted on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration that third parties shall have the right to make use of spare capacity of a Facility for Production, Transportation, or storage of Petroleum.

#### **Article 40: Sale of Petroleum**

1. Sale or transfer of any interest in Facilities originating from a Producer to an Exploration and Production Agreement Area shall be on the basis of terms and conditions obtained between independent parties in the international market.
2. Any sale or transfer of interest in Facilities or volume delivered shall be reported to the Minister and the Petroleum Administration.
3. Regulations for sale of Petroleum in the territory of interest holder shall be stipulated by a Council of Ministers Decree upon a plan proposed from the Minister and the Ministry of Finance in consultation with other concerned ministries. The Council of Ministers shall resolve any conflict that may arise in this regard on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration.

### **Chapter six Petroleum Entitlements and Fee**

#### **Article 41: Area Fee**

1. The Right Holder shall pay an Area fee to the State for the Area covered by an Exploration and Production Agreement from the first year following the expiry of the Exploration phase (initially stipulated in the Exploration and Production Agreement).
2. The Area fee shall be progressive and calculated progressively according to stipulated by Council of Ministers Decree on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration.

#### **Article 42: Entitlements**

1. Petroleum extracted from a Reserve in an Exploration and Production Agreement Area shall be split into Royalty, Cost Petroleum and Profit Petroleum.
2. Each Right Holder is entitled to allocate Royalty Petroleum and is entitled to take Cost Petroleum and Profit Petroleum relative to his participating interest share in the Exploration and Production Agreement.

#### **Article 43: Royalty**

1. The State is entitled to Royalty for all Petroleum produced from Reservoirs located within its Waters.
2. The State has the right to collect its entitlements as Royalty either in cash or in kind proportionally as stipulated in the form of liquid Petroleum and gasless Reservoirs.
3. A Right Holder shall pay or deliver to the State Royalty on all Petroleum extracted from a Reservoir subject to an approved plan for Development and Production, except for Petroleum which is re-injected in a Reservoir within the same Exploration and Production Agreement Area.
4. Royalty volumes, rates and payment, in liquid and gasless Petroleum shall be regulated by Council of Ministers Decree upon joint proposal by the Minister and the Ministry of Finance. The Council of Ministers shall resolve any conflict that may arise in this regard on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration.

5. Royalty value in kind shall be determined in accordance to the share of the gain of delivery stipulated in the plan for Development and Production.

#### **Article 44: Production Split**

The method of calculation and allocation of entitlements of Cost Petroleum and Profit Petroleum shall be stipulated by a Council of Ministers Decree on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration.

#### **Article 45: Taxes**

Petroleum Activities and Petroleum Rights pursuant to this law which are conducted in Lebanon and its Waters shall be subject to Lebanon tax as stipulated by applicable law.

### **Chapter seven Decommissioning**

#### **Article 46: Termination of Use**

The Right Holder shall without undue delay notify the Minister of the date of the proposed permanent cessation of operation of a Facility.

#### **Article 47: Cessation of Petroleum Activities and Decommissioning**

1. When an Exploration and Production Agreement or Petroleum Licence pursuant to this law expires or is terminated or revoked, or the use of a Facility is terminated:
  - (a) The State may file a charge only over the ownership or right of use of Facilities.
  - (b) If the Facility is placed on private land the State shall compensate the owner of the land in accordance with applicable law.
  - (c) Upon take-over of a Facility by the State, funds dedicated to covering costs of permanent cessation of Petroleum Activities or decommissioning, shall become the property of the State when such funds are accumulated and an order or a special account by the Right Holder from revenue subject to First Recovery is accordance with the Exploration and Production Agreement or with law if other pursued to applicable law.
  - (d) If land use is subject to lease or rental, the State shall be entitled to continue such lease or rental on the same terms and conditions as in force prior to expiry, commencing its operation of a Petroleum Right or termination of use of Facility.
  - (e) Plan for the cessation of Petroleum Activities and decommissioning of use Facility or lease shall be presented to the Minister at the earliest time possible not less than one year prior to expiry of an Exploration and Production Agreement or Petroleum Licence pursuant to this law, or the planned cessation of a Petroleum Right or termination of use of a Facility and to appropriate government. In case of revocation of a Petroleum Right a plan for cessation of Petroleum Activities and decommissioning shall be prepared and submitted as soon as practically possible.

2. The plan for cessation of Petroleum Activities and decommissioning shall describe alternative decommissioning solutions (including an exploration of the possibility of continued Petroleum Activities or use of a Facility, and Right Holder's recommended solution).

3. The plan for cessation of Petroleum Activities and decommissioning shall consist of two parts, of which one part shall be an environmental impact assessment study and the second part shall propose various means management, control, technical, safety, environmental and economic aspects of the termination solution.

4. The plan for cessation of use and decommissioning shall be subject to the approval of the Minister based on the opinion of the Petroleum Administration. The Minister may ask the recommendations to the plan in accordance with applicable law.

#### **Article 48: Taking Over Facility**

1. At the time of taking over a Facility by the State, the Facility shall be in good condition.
2. If the State wishes to take over a Facility as an alternative to decommissioning, the Right Holder shall transfer all related rights and documentation related to that Facility and its operation necessary for continued Petroleum Activities subject to conditions stipulated by Council of Ministers Decree on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration.
3. Rights of third party are related to a Facility approved by the Minister pursuant to law if the State takes over a Facility.

#### **Article 49: Independence of Plan for Cessation of Petroleum Activities and Decommissioning**

1. Substantial contractual obligations related to permanent cessation of operations of a Facility shall not be initiated without prior approval of the Minister based upon the opinion of the Petroleum Administration on the plan for cessation of Petroleum Activities and decommissioning.
2. Financial resources and government to a Facility shall begin at the expense of the Right Holder upon cessation of the take-over of the Facility by the State.
3. Right Holder and other person responsible shall implement an approved plan for cessation of Petroleum Activities and decommissioning without undue delay.
4. Any person responsible for implementation of the approved plan for cessation of Petroleum Activities and decommissioning shall be liable for any damage caused to third parties pursuant to this chapter of the law.

### **Chapter eight Mortgaging and Registration of Rights**

#### **Article 50: Mortgaging**

1. Rules and regulations related to mortgaging of a Facility shall be stipulated by a Council of Ministers Decree on the basis of a proposal by the Minister based on the opinion of the Petroleum Administration.
2. Right Holder may only mortgage his participating interest in a Petroleum Right for the purpose of financing Petroleum Activities associated with that Petroleum Right after the approval of the Minister according to the Council of Ministers Decree related to the rules and regulations of mortgaging.
3. Financial Facilities and equipment belonging to a lease Facility shall not be mortgaged separately.
4. Mortgage of a participating interest in a Petroleum Right comprises those rights which at any time follow from that Petroleum Right.

#### **Article 51: Scope of a Mortgage**

Mortgage according to this law shall not comprise assets or rights already mortgaged and registered in a register pursuant to applicable law.

#### **Article 52: Petroleum Right Register and Land Protection**

1. A register for registering rights shall be established and further regulated by a Council of Ministers Decree on the basis of a proposal by the Minister after taking into consideration the opinion of the Ministry of Finance.
2. Debt that is subject to mortgaging, and is registered in the Petroleum Register shall have priority over other debts effective from the day the mortgage is registered in the Petroleum Register except preferred debts issued by law.

#### **Article 53: Forced Sale**

1. When consent is granted for a forced sale in accordance with applicable law, the proceeds of the forced sale shall be subject to the rules of civil procedure without any change to the terms of the Petroleum Right.
2. Mortgage rights shall not be transferred, or mortgaged, be subject to claims, sales, debt enforcement proceedings or included in the mortgagor's estate in bankruptcy, without the consent of the Council of Ministers.
3. The Council of Ministers may give its consent to a short list of business to allow forced sale, based on or reduced mortgaging.

### **Chapter nine Health, Safety and Environment**

#### **Article 54: Safety**

Petroleum Activities shall be conducted in a way which creates a high level of safety and shall benefit from operational techniques and technological developments.

#### **Article 55: Health, Safety and Emergency Response Plan**

The Right Holder shall establish and publish, before any Petroleum Activities are started, a health and safety plan, including an emergency response plan taking into consideration the specific conditions of its Petroleum Activities, and make such plan known to employees and the public in the area where Petroleum Activities are started and. These requirements shall be set out by a Council of Ministers Decree on the basis of a proposal by the Minister in consultation with concerned ministries and based upon the opinion of the Petroleum Administration.

#### **Article 56: Emergency Preparedness**

1. Any person participating in Petroleum Activities shall at all times maintain an efficient emergency preparedness with a view to dealing with accidents, incidents or emergencies which may lead to loss of life, personal injuries, pollution or damage to property.
2. The Right Holder shall use or if the necessary resources are taken to prevent or reduce harmful effects to persons, property or the environment, including the measures required in order to the extent cited by law, to secure the environment in the situation it has before the accident or incident occurred.
3. In the event of accidents, incidents and emergencies as described in this article first paragraph, the Minister based on the opinion of the Petroleum Administration may decide that other persons than a Right Holder may be allowed to make adequate necessary emergency resources for the accident and loss of the Right Holder. The Council of Ministers on the basis of a proposal by the Minister may fix the amount and cost of Right Holder take measures to obtain necessary additional resources.

4. Competent authorities may require the Right Holder through the Minister to prepare, plan a special Facility at the disposal component activities and facilities and implement measures for the purpose of protection of health, safety, security and environment.

#### **Article 57: Safety Zones**

1. A safety zone shall be established surrounding a Facility unless otherwise stipulated by a justified document by the Council of Ministers.
2. The extent of safety zones surrounding Facilities shall be stipulated by the Council of Ministers Decree related to the approval of the plan for Development and Production.
3. In the event of incidents, accidents or emergencies the Minister may establish or extend safety



### Annex 52: Qualifications:

4. The Council of Ministers may, pursuant to international agreement, decide that a safety zone shall extend across the boundary or demarcation line into the exclusive economic zone or into the continental shelf of another nation state. Council of Ministers may also decide that there shall be a safety zone of the exclusive economic zone on the continental shelf of the Republic of Lebanon even if such safety zone is adjacent to Facility located outside the continental shelf of the State.
5. The Minister based on the opinion of the Petroleum Administration may decide that a zone corresponding to the safety zone described in this article may be established before placing a facility.
6. Based on the opinion of the Petroleum Administration the Minister may decide on establishing a safety zone surrounding an abandoned or derelict Facility, or parts of such Facility.
7. Unauthorised vessels or crafts, fishing gear or other objects shall not enter or stay within a zone established pursuant to this article.
8. The Ministry may grant licence to a Facility as indicated in paragraph (1) and safety zone as indicated in paragraph (7) of this article.
9. This article shall not apply to submarine pipelines or cables.

### Article 38: Suspension of the Petroleum Activities:

1. In the event of accidents, accidents or emergencies, the Right Holder or person responsible for the operation and use of the Facility shall, in the event emergency suspend the Petroleum Activities for as long as the requirement to protect Petroleum Activities warrant such suspension.
2. The Minister based on recommendation by the Petroleum Administration may order Petroleum Activities to be suspended in the event necessary, or impose particular conditions in other circumstances of the Petroleum Activities when exceptional circumstances occur.
3. When a decision is made as stipulated in the second paragraph of this article the period of time for which the Petroleum Right is suspended may be extended accordingly, taking into consideration paragraph 1 below.
4. Measures taken by the Minister under emergency circumstances which result in a direct and verifiable loss for a Right Holder, whether the Right Holder is compensated provided such loss is not result of the Right Holder's act or omission. This clause is applicable to any person providing essential goods or services to the Right Holder.

### Article 39: Conditions for Health and Safety:

1. When submitting an application pertaining to a Petroleum Right, the applicant shall submit plans and documentation related to health and safety, to the Petroleum Administration and other competent authorities, as part of implementation of regulatory health and safety operations.
2. Any person engaged in undertaking Petroleum Activities pursuant to or arising out of Petroleum Right awarded subject to this law shall ensure high standard of health and high level of safety for his employees and the competence of subcontractors.

### Article 40: Environmental Protection and Related Measures:

1. Measures taken for the protection of the environment shall apply to Petroleum Activities to any extent known to the extent such Petroleum Activities are conducted in Waters.
2. The Ministry of Environment in coordination with the Minister, shall be in charge of supervising and controlling environmental matters related to Petroleum Activities and shall coordinate with other concerned authorities, take initiative or measures derived necessary to ensure rigorous impact that Petroleum Activities may have on local communities and the environment.

## Chapter ten General Provisions

### Article 41: Prudent Petroleum Activities:

Petroleum Activities shall be conducted in a responsible and prudent manner in accordance with this law and shall include practices and methods that reasonably would be expected from internationally experienced Operators that take due account of safety of personnel, the protection of the environment and the economic value of Petroleum resources, Facilities, vessels, vessels or other equipment.

### Article 42: Qualifications:

1. The Right Holder and other persons engaged in Petroleum Activities shall possess necessary qualifications and skills to perform the work in a prudent manner.
2. Where a company which is an applicant is owned or controlled by another company, relevant history of past experience gained with such other persons and companies with applicable law may be taken into consideration when evaluating an application for an award of a Petroleum Right.
3. The Right Holder shall see to it that any person carrying out work for the Right Holder complies with the provisions contained in the first paragraph of this article.

### Article 43: Measurement and Organization:

1. A Petroleum Right shall not be awarded to a company unless the Petroleum Administration has assessed itself of the validity of the documentation with regard to company ownership, corporate

organization, its financial and fiscal status, as well as previous and current competence of the company to various Petroleum Activities.

2. A Right Holder shall be subject to Lebanon law here and shall have the necessary qualifications to perform Petroleum Activities within Lebanese jurisdiction.

3. Continuous support to the management, location of appropriate gear when necessary relating to Petroleum Activities shall be supported by Council of Ministers Decree on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration.

### Article 44: Land Use:

If submitted by Petroleum Activities, the Right Holder shall submit to the Minister a request for the use of land. Such a request for the use of land shall include the reasons why a particular plot of land is required, so that the Minister based on the opinion of the Petroleum Administration may issue a licence for land required for Petroleum Activities shall be awarded through direct agreement between the Right Holder and land owner in need to be compensated for the public benefit under applicable law.

### Article 45: Agreement between Right Holders and companies:

1. Any agreement, addition or amendment to an agreement between the Right Holders entered in Petroleum Activities or between the Right Holders and associated persons shall be subject to approval by the Minister.
2. The Right Holder shall see to it that contractors and subcontractors act in accordance with the requirements of this law when providing material, goods and services related to Petroleum Right.
3. Any contract related to Petroleum Activities, Petroleum Rights or Facilities subject to this law shall be subject to applicable Lebanese law.
4. The Minister after consulting the Petroleum Administration may approve or withhold an international contract.

### Article 46: Operator not being a Right Holder:

For Petroleum Activities related to transport and storage the Operator does not have to be a Right Holder. An Operator who is not a Right Holder shall be subject to this law to the same extent as if such Operator was a Right Holder.

### Article 47: Local content:

1. A Right Holder as well as its subcontractors shall give priority to Lebanese persons in the award of contracts for construction of a Facility and the supply of material, goods and services related to Petroleum Activities when terms and conditions offered by Lebanese suppliers are equal to their competitors.
2. A Right Holder as well as its subcontractors shall ensure qualified personnel of Lebanese nationality otherwise available. Right Holder shall also ensure that the training of Lebanese personnel provided with Petroleum Activities.

### Article 48: Financial Security:

Upon award of a Petroleum Right to subsequently, the Minister may require the Right Holder to provide financial security both towards the State and towards third parties in addition to the decontamination obligations.

### Article 49: Liability:

1. The Right Holders who jointly hold a Petroleum Right are jointly and severally liable towards the State for obligations related to or arising out of Petroleum Activities.
2. If liability is imposed of a third party is incurred by a person participating under a Right Holder, then the Right Holder shall be jointly and severally liable for damage or loss caused by the negligence or caused by any person under the jurisdiction and supervision of the Right Holder.

### Article 50: Transfer of Assignment of Petroleum Right:

1. Rights and obligations obtained through a Petroleum Right shall only be transferred or assigned in whole or in part to a company qualified according to this law, and only after obtaining the approval of Council of Ministers, granted on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration.
2. The same shall apply to any direct assignment of any right in a Petroleum Right including, inter alia, assignment of shareholdings and other ownership of shares which may provide decisive control of persons possessing a participating interest in Petroleum Right.
3. Transfer of Right Holder ownership or right of use of a Facility for which a Petroleum Activity is dependent, shall take place without the Council of Ministers approval granted on the basis of a proposal by the Minister based upon the opinion of the Petroleum Administration.

### Article 51: Revocation:

1. In the event of serious or repeated violation of provisions of this law, applicable decisions concerning an agreement the Council of Ministers may, on the basis of a proposal by the Minister based on the opinion of the Petroleum Administration, revoke the relevant Petroleum Right.
2. If an application for a Petroleum Right contains incorrect information or information of significance has been withheld, and the Petroleum Right would had not been awarded had the complete information been provided to the application for that Petroleum Right, then this shall be considered a serious violation in accordance with the previous paragraph.

3. A Petroleum Right is revoked if the person holding such Petroleum Right is dissolved, passes into debt settlement or bankruptcy proceedings.

### Article 52: Subcontracting:

1. A Right Holder may subcontract the provision of material, goods or services for the purposes of Petroleum Activities. The Right Holder shall declare those contracts and act so that subcontractors and his employees act in accordance with the requirements of this law in performance.
2. A Council of Ministers Decree shall on the basis of a proposal from the Minister based upon the opinion of the Petroleum Administration, regulate the Right Holder's obligation to declare subcontractors.

### Article 53: Insurance:

1. Petroleum Activities pursuant to this law conducted by a Right Holder shall be insured at all times by qualified insurance companies. The insurance shall at least cover:
  - (a) Damage to a Facility.
  - (b) Pollution damage and other liability towards third parties.
  - (c) Work removal and cleanup as a result of Petroleum Activities or accidents.
  - (d) Right Holder employees engaged in Petroleum Activities.
2. The Right Holder shall see to it that contractors and subcontractors engaged by Right Holder in Petroleum Activities insure their employees to the same extent as Right Holder does for his own employees.
3. At the end of each year, Right Holder shall inform the Petroleum Administration about existing insurance agreements. The Minister may require further insurance coverage or modify the terms based on the opinion of the Petroleum Administration.

### Article 54: Inspection, Monitoring and Verification:

1. A Competent authority has the right to inspect an Area subject to a Petroleum Right and its Facility used for Petroleum Activities in order to monitor and verify the compliance of information and reports relating to Petroleum Activities or performance of Petroleum Activities.
2. A competent authority monitoring, reviewing, issued or verification of Petroleum Activities or Facilities pursuant to this law may charge fees as stipulated by Council of Ministers Decree upon proposal of the Minister in consultation with concerned concerned. Such fees shall be payable to the State and shall only reflect costs incurred by the competent authority.

### Article 55: Trespass:

The Minister may impose requirements relating to a Right Holder's obligation to undertake in nature, and finance the funding of public sector personnel whose work is related to Petroleum Activities.

### Article 56: Decontamination Decree:

When necessary the Council of Ministers shall supplement this law by Decree proposed by the Minister. The Decree issued by this law may be integrated into a single decree.

### Article 57:

This law shall enter into force immediately upon publication in the Official Gazette. All laws or decrees which are in contradiction with this law shall be considered null and void.

