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COVER

IADC 2004 Chairman-elect Marion M Woolie will emphasize membership growth and participation in IADC committees and programs during his term. A profile of the GlobalSantaFe Senior Vice President of Operations begins on page 12. Global industry outlooks begin on page 16.

DRILLING CONTRACTOR



CAPITAL WIRELINES

Rowan's Kelly testifies on Law of the Sea before Senate Committee

Brian T Petty, Senior Vice President-Government Affairs

Law of the Sea (Washington)—On behalf of IADC, API and NOIA, **Rowan Companies** Senior Vice President **Paul Kelly** testified before the US Senate Committee on Foreign Relations in support of ratification of the international treaty known as the United Nations Law of the Sea (LOS) Convention. He cited the importance of the treaty to the offshore E&P industry especially in deepwater frontier areas. Among key points he made:

“Offshore oil and gas is now the world’s biggest marine industry where oil production alone can have a value of more than \$300 billion per annum.

“Recognizing the importance of the LOS Convention to the energy sector, the National Petroleum Council, an advisory body to the United States Secretary of Energy, in 1973 published an assessment of industry needs in an effort to influence the negotiations. Among the provisions that were influenced by the study are the following:

- Confirmation of coastal state control of the continental shelf and its resources to a distance of 200 nautical miles and beyond to the outer edge of the continental margin, defined on the basis of geological criteria;
- Establishment of a Continental Shelf Commission to advise states in delimiting their continental shelves in order to promote certainty and uniformity;
- Specific provisions on the settlement of disputes related to the delimitation of continental shelves among states with opposite or adjacent coasts.

“New technologies are taking oil explorers out more than 200 miles offshore for the first time, thus creating a more pressing need for certainty and stability in delineation of the outer shelf boundary. Before the LOS Convention there were no clear, objective means of determining the outer limit of the shelf, leaving a good deal of uncertainty. Under the Convention, the continental shelf extends seaward to the outer edge of the continental margin or to the 200-mile limit of the EEZ, whichever is greater, to a maximum of 350 miles.

“As regards maritime boundaries, there presently exist about 200 undemarcated claims in the world with 30 to 40 actively in dispute. There are 24 island disputes. The end of the Cold War and global expansion of free market economies have created new incentives to resolve these disputes, particularly with regard to offshore oil and gas exploration. During the last few years hundreds of licenses, leases or other contracts for exploration rights have been granted in a variety of nations outside the U.S. These countries are eager to determine whether or not hydrocarbons are present in their continental shelves, and disputes over maritime boundaries are obstacles to states and business organizations which prefer certainty in such matters.”

As an international organization, IADC enjoys observer status on the International Seaboard Authority created by the treaty, despite the fact the US hasn't yet ratified the Convention.