

AGREEMENT

**between Iceland and Norway
on the Continental Shelf in the area
between Iceland and Jan Mayen**

The Governments of Iceland and of Norway,

Desiring to determine the delimitation line on the continental shelf in the area between Iceland and Jan Mayen,

Having agreed, by entering into the Agreement of 28 May 1980 on fishery and continental shelf questions, on the extension of the economic zone of Iceland to 200 nautical miles also in those areas between Iceland and Jan Mayen where the distance between the baselines is less than 400 nautical miles,

Having agreed in Article 9 of the abovementioned Agreement that the Parties should jointly appoint a Conciliation Commission to submit recommendations with regard to the dividing line for the shelf area between Iceland and Jan Mayen and having jointly appointed such a Commission,

Having in May 1981 received the Conciliation Commission's unanimous recommendations to the effect that the delimitation line between the two Parties' parts of the continental shelf in the area between Iceland and Jan Mayen shall coincide with the delimitation line for the economic zones, and that co-operation between the two Parties be established in connection with the exploration for and exploitation of hydrocarbon resources in a specified area between Iceland and Jan Mayen on both sides of the delimitation line, and

Finding it possible to proceed on the basis of the Commissions's recommendations,

Have agreed as follows:

Article 1

The delimitation line between the Parties' parts of the continental shelf in the area between Iceland and Jan Mayen shall coincide with the delimitation line for the Parties' economic zones.

Article 2

The provisions in Articles 3 to 9 apply in an area defined by the following coordinates:

70°35'N
68°00'N
10°30'W
6°30'W

Article 3

In the first exploration phase, aimed at a systematic geological mapping of the area defined in Article 2, the Parties shall jointly carry out seismic and, if necessary, magnetic surveys. The practical implementation of these surveys shall be the task of the Norwegian Petroleum Directorate on the basis of plans elaborated by the two Parties' experts jointly. The costs of the surveys shall be borne by the Petroleum Directorate/the Norwegian State, unless the Parties otherwise agree. Norwegian and Icelandic experts shall have the opportunity to participate in the surveys and in the assessment of the resulting data on an equal footing. The data and their assessment shall be submitted to the authorities of the two Parties. They shall be treated as confidential, unless the Parties otherwise agree.

If there is any net profit from the sale of seismic or magnetic data to companies or organizations, such net profit shall be shared by the two Parties on a basis agreed between them.

Article 4

If the surveys mentioned in Article 3 indicate that it is desirable to carry out more detailed surveys of special fields in the area, including more detailed seismic work and the commencement of drilling, any exclusive exploration and production licenses in respect of such special fields shall be based on joint venture contracts, unless the Parties agree on some other form of contract. The Parties may agree to allow governmental or non-governmental petroleum companies to participate in such contracts.

Article 5

In the part of the area defined in Article 2 north of the delimitation line between the two Parties' economic zones (approximately 32 750 sq. kms), Iceland shall be entitled to participate with a share of 25 percent in such petroleum activities as are referred to in Article 4. In negotiations with outside governmental or non-governmental petroleum companies, Norway shall seek to arrive at an arrangement whereby both the Norwegian and the Icelandic percentage of the costs of such petroleum activities are carried by the company (or companies) concerned up to the stage where commercial finds have been declared.

If it is not possible to obtain an arrangement whereby the two Parties' costs are carried by the company (or companies) concerned, the Parties shall initiate negotiations on the possibility of conducting the operations as a joint venture where each of them carries its own costs, or where they share the costs. If Iceland does not wish to participate on this basis, Norway may proceed on its own. If commercial finds are declared, Iceland shall be entitled, at this stage, to enter into participation with its share in return for reimbursing Norway for that share of the costs incurred up to this juncture which would correspond to Iceland's share if Iceland had participated from the outset.

Norwegian legislation, Norwegian petroleum policy and Norwegian regulations relating to the control of such activities, safety measures and environmental protection shall apply to the activities in the area referred to in the first paragraph. The Norwegian authorities shall also be responsible for enforcement and administration in the said area.

Article 6

In the part of the area defined in Article 2 south of the delimitation line between the two Parties' economic zones (approximately 12 720 sq. kms), Norway shall be entitled to participate with a share of 25 percent in such petroleum activities as are referred to in Article 4. In negotiations with outside governmental or non-governmental petroleum companies, Iceland shall not be bound to seek to arrive at an arrangement whereby the Norwegian percentage of the costs of such petroleum activities are carried by the company (or companies) concerned.

Icelandic legislation, Icelandic petroleum policy and Icelandic regulations relating to the control of such activities, safety measures and environmental protection shall apply to the activities in the area referred to in the first paragraph. The Icelandic authorities shall also be responsible for enforcement and administration in the said area.

Article 7

After a find has been declared commercial, each of the Parties shall carry its costs in the further development of the field in proportion to its share under the contract concerned.

Article 8

If a hydrocarbon deposit lies on both sides of the delimitation line between the two Parties' economic zones, or lies in its entirety south of the delimitation line, but extends beyond the coordinates stated in Article 2, the usual unitization principles for the distribution and exploitation of the deposit shall apply. The more detailed rules to be applied in such cases shall be agreed between the Parties.

If a hydrocarbon deposit lies in its entirety north of the delimitation line, but extends beyond the coordinates stated in Article 2, the deposit shall in its entirety be considered to lie within the coordinates, cf. Articles 5, 6 and 7.

Article 9

In one of the Parties considers that the regulations relating to safety measures and environmental protection referred to in Articles 5 and 6 fail to provide adequate protection when exploration or production operations are carried out in the area defined in Article 2, the Parties shall consult each other, cf. Article 10 in the Agreement of 28 May 1980 on fishery and continental shelf questions. If, during such consultations, the Parties fail to agree, the question shall be referred to a Conciliation Commission consisting of three members. The Parties shall not commence or continue such operations before the Conciliation Commission's recommendation is available, unless there are weighty grounds for so doing.

Each of the Parties shall appoint one member of the Commission. The chairman of the Commission shall be appointed by the Parties jointly.

The Commission's recommendations shall be submitted to the two Governments at the earliest opportunity. The recommendations are not binding on the Parties, but during their further discussions the Parties shall pay reasonable regard to them.

Article 10

This Agreement shall enter into force when the Parties, by an exchange of notes, have notified each other that the necessary constitutional procedures have been completed.

In witness whereof the undersigned plenipotentiaries have signed this Agreement.

Done at Oslo on 22 October 1981 in duplicate in the Icelandic and Norwegian languages, both texts being equally authoritative.

For the Government of Iceland:

For the Government of Norway:

Ólafur Jóhannesson (sign.)

Svenn Stray (sign .)