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Pride International's Pride South Pacific is working offshore Angola for ExxonMobil. Regional offshore market outlooks begin on page 10 with the US Gulf of Mexico, Latin America and the North Sea. Reports on the latest drilling fluid developments and technology begin on page 52, including HPHT and increasing ROP.

DRILLING CONTRACTOR



CAPITAL WIRELINES

Storm Brews Over Law of the Sea

Brian T Petty, Senior Vice President-Government Affairs

UN Law of the Sea Convention (Washington)—The Law of the Sea Treaty pending in the US Senate has suddenly encountered significant opposition from certain politically conservative quarters. The offshore E&P industry has long supported ratification, but the opposition of former Senator Jesse Helms of North Carolina long frustrated that goal. However, changes were made in the treaty and the Bush Administration has endorsed the treaty, which has already been ratified by 145 countries. Last October, Senator Richard Lugar, chairman of the Senate Foreign Relations Committee, held hearings at which IADC and allied trades testified. It was thought the treaty would then proceed to easy ratification in the full Senate.

Unfortunately, that hasn't panned out. Oklahoma Senator Jim Inhofe, chairman of the Senate Environment and Public Works Committee, insisted on a hearing in late March to give the treaty's fiercest opponents a chance to attack it anew. That was followed in April by a hearing in the Senate Armed Services Committee, where the US Navy argued in favor of the treaty, asserting its benefits for national security. Senator Lugar wrote *The Wall Street Journal* to make his case for the treaty:

"As US Chief of Naval Operations Admiral Vern Clark has written, the convention 'supports US efforts in the war on terrorism, and ensures the freedom to get to the fight, twenty-four hours a day and seven days a week, without a permission slip.' The treaty also codifies exclusive US rights to explore and exploit the resources of the oceans out to 200 miles from the coastline, as well as the broad continental margin."

IADC at Senator Lugar's request wrote the Senate in April to bolster his arguments in regard offshore E&P:

"The International Association of Drilling Contractors, representing US companies engaged in the exploration for new sources of oil and natural gas, strongly endorses ratification of the UN Convention on the Law of the Sea, and asks that the Senate see this vital treaty through to completion in the current session of Congress.

"If ratified, the Convention codifies the right of the United States to explore and develop potentially large new reserves of oil and natural gas and, more importantly, offers a non-adversarial process for resolving disputes and conflicts over the precise limits of the continental shelf where its margin extends beyond 200 miles. The Convention's rules by which coastal nations may assert jurisdiction over the development of natural resources beyond 200 miles are particularly important to the United States, which has broad continental shelf margins. The legal certainty provided by the Convention is a critical component of industry's willingness to make the investment needed to develop these important energy resources beyond the US OCS.

"By remaining outside the treaty, the United States forfeits its membership in institutions that will make decisions about the future of the oceans and increases the risk that such decisions could be adverse to U.S. interests. Later this year the treaty will be open for amendment, creating the possibility that other nations may seek advantage against US interests in the deep ocean.

"For these reasons, the US offshore drilling industry has long stood in support of ratifying the UN Convention on the Law of the Sea, and is grateful for your steadfast pursuit of that objective."