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MMS LAUDS U. S. AND MEXICO CONTINENTAL SHELF BOUNDARY

TREATY AGREEMENT

On June 9 Secretary of State Albright and Secretary of Foreign Relations Rosario Green of Mexico signed a treaty at the White House establishing a continental shelf boundary separating United States and Mexican jurisdiction in an area of the Gulf of Mexico known as the "western gap". The Department of the Interior's Minerals Management Service (MMS) has worked closely with the State Department as part of the U.S. delegation, advising on issues related to the exploration and development of hydrocarbon and other mineral resources.

Negotiations on the western gap boundary began in 1998. "We're pleased to have had the opportunity to work closely with the Department of State and Mexican officials throughout the development of this treaty, and we look forward to timely ratification in the U.S. Senate," said MMS Director Walt Rosenbusch. "The establishment of a boundary is an important step for providing the necessary certainty for our deepwater offshore oil and gas program beyond the 200 mile Exclusive Economic Zone, particularly in light of the remarkable advances that have been made in deepwater drilling capabilities. These new technologies have generated a high level of interest in the Gulf of Mexico deepwater region."

The U.S. and Mexico signed a maritime boundary treaty in 1978 (which entered into force in 1997) establishing boundaries extending from the 12-mile limit to the 200-mile limit in the Pacific Ocean and the Gulf of Mexico. However, the two boundary segments in the Gulf of Mexico created both an eastern and a western gap in areas beyond 200 miles from the respective coasts. This treaty defines the continental shelf boundary for the western gap area.

The total area of the "western gap" is approximately 5,092 square nautical miles (17,467 square kilometers), an area slightly smaller than the state of New Jersey. The boundary divides the "western gap" continental shelf in such a way that the U.S. receives 1,913 square nautical miles (6,562 square kilometers, or 38% of the total) and Mexico receives 3,179 square nautical miles (10,905 square kilometers, or 62% of the total).

This treaty establishes a small 1.4 nautical mile buffer zone on each side of the new boundary because both countries recognize the possibility that a trans-boundary oil and gas reservoir may exist. Within this small buffer area, Mexico and the U.S. have agreed to a 10-year moratorium on oil and gas exploitation. This provides time to learn more about the geology and geophysical characteristics of the zone. After the 10-year period, each country could permit drilling and exploitation of oil and gas in its respective buffer zone. Under the terms of this treaty, each side must notify the other when any of the buffer area is made available for oil and gas exploration and development.

During the treaty negotiations, MMS has deferred offering 336 blocks (1,759,159 acres) in the western gap. All of these blocks lie in deepwater, mostly in depths greater than 2,500 meters. MMS received bids on some blocks in the area during a 1997 lease sale; however those bids were returned unopened.

Director Rosenbusch stated, "No decision has been made regarding when tracts north of the buffer area will be offered for lease. While we recognize the importance of this agreement and know it will have widespread support among our constituents in industry, particularly with today’s sophisticated and cost-efficient deepwater technology, we are not sure at this time when the Secretary will make blocks available for leasing in the western gap area."

New technology coupled with discoveries of high production rate wells have lowered the costs of finding, extracting, and delivering deepwater oil and natural gas to energy markets. Areas of the Gulf once thought beyond reach are now being explored and developed successfully. "Deepwater areas in the Gulf of Mexico represent an important new frontier for this nation’s energy and economic future and this treaty facilitates access to additional acreage," remarked Rosenbusch.

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