

U.S.-MEXICO TREATY ON MARITIME BOUNDARIES

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OCTOBER 22, 1997.—Ordered to be printed
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Mr. HELMS, from the Committee on Foreign Relations,
submitted the following

REPORT

[To accompany Ex. F, 96-1]

The Committee on Foreign Relations to which was referred the Treaty on Maritime Boundaries between the United States of America and the United Mexican States, signed at Mexico City on May 4, 1978, having considered the same, reports favorably thereon with one declaration, and one proviso, and recommends that the Senate give its advice and consent to the ratification thereof as set forth in this report and the accompanying resolution of ratification.

I. PURPOSE

The Maritime Boundaries Treaty with Mexico is intended to establish the maritime boundary between the United States and Mexico for the area between twelve and two hundred nautical miles off the coasts of the two countries in the Pacific Ocean and the Gulf of Mexico.

II. BACKGROUND

In 1970 the United States and Mexico concluded a treaty that established maritime boundaries for the two countries in both the Gulf of Mexico and the Pacific Ocean to a distance of twelve nautical miles. That treaty went into effect in 1972. Subsequently, Mexico claimed an exclusive economic zone, and the United States a fisheries management zone, extending 200 nautical miles from their shores. Negotiations to establish maritime boundaries for these expanded regions resulted in a provisional agreement in 1976, and mutual satisfaction with those provisional boundaries led to their incorporation in the "Treaty on Maritime Boundaries Be-

tween the United States of America and the United Mexican States” in 1978.

The treaty was submitted to the Senate on January 23, 1979, together with maritime boundary treaties with Venezuela and Cuba. The treaty with Mexico replicated the terms of the provisional agreement of 1976 in four articles. The first article sets forth the specific geographic coordinates establishing maritime boundaries in three areas—(1) in the western Gulf of Mexico eastward from the international boundary between Texas and Mexico, (2) in the eastern Gulf of Mexico where the 200-mile zones from Louisiana and Mexican islands off the coast of Yucatan overlapped, and (3) in the Pacific Ocean westward from the international boundary between California and Mexico. The second article describes the legal effect of the boundaries, providing that neither country shall claim or exercise sovereign rights or jurisdiction over the waters or seabed and subsoil of the other country’s side of the boundaries. The third article states that the sole purpose of the treaty is to establish maritime boundaries between the two countries and that it does not affect or prejudice either party’s positions on other matters. The fourth article provides that the treaty will enter into force on the date instruments of ratification are exchanged.

The Foreign Relations Committee held a hearing on the treaty with Mexico, along with those for Venezuela and Cuba, on June 30, 1980, and received testimony from State Department witnesses (primarily Mark Feldman, Deputy Legal Adviser); Hollis Hedberg, a professor *emeritus* of geology at Princeton University; and two witnesses representing the fishing industry in California. The latter two witnesses stated that “the entire industry that operates on the west coast of California fully supports ratification of the treaty” with Mexico, and the State Department witnesses, of course, also testified in support of the treaty. But Dr. Hedberg objected to the methodology used in calculating the maritime boundaries in the Gulf of Mexico.

Additionally, concern was voiced during the hearing by Senators Zorinsky and Javits regarding the legal basis for establishing maritime boundaries on a provisional basis by executive agreement prior to the ratification of a treaty. The questions were primarily in regard to the treaty with Cuba (also considered during the 1980 hearing), which contained a specific provision providing that the treaty would be applied provisionally for two years pending ratification. But the 1976 executive agreement with Mexico also remained provisionally in effect “pending final determination by treaty of the Maritime Boundaries between the two countries off both coasts.”

Notwithstanding these matters, on July 24, 1980, the Committee voted unanimously to favorably report all three treaties to the Senate. The Committee stated in its report:

It is the Committee’s view that ratification of these agreements will serve important U.S. interests by delimiting these three maritime boundaries in an equitable manner. Favorable action on these agreements will ensure that important U.S. fishery and seabed and subsoil mineral rights are protected. Moreover, the conclusion of these agreements will serve U.S. security interests, especially in the Caribbean region, facilitate law enforcement activities and strengthen the U.S. negotiating positions in future boundary discussions.

Subsequently, on September 17, 1980, the Senate unanimously approved the maritime boundary treaty with Venezuela and returned the boundary treaty with Cuba to the executive calendar.¹ The treaty with Mexico was to be considered at the same time as the treaty with Venezuela, but one day before that date the treaty was removed from the unanimous consent agreement providing for consideration of the maritime boundary and several other treaties. Sen. Javits explained that the delay was to give several senators time to obtain further information about the treaty, apparently with respect to the oil potential of the Gulf of Mexico. Sen. Byrd said that the treaty would be rescheduled for “early next week,” but further floor action or debate on the treaty never occurred.

Since then, the treaty has remained pending before the Committee on Foreign Relations without further action. Mexico ratified the treaty in 1978.

The American Association of Petroleum Geologists (AAPG), which supported the testimony of Dr. Hedberg in 1980, informed the Committee by letter, dated July 1, 1997, that it no longer opposes Senate advice and consent to ratification of the Treaty. Specifically, the President of AAPG informed the Committee that “it appears that Dr. Hedberg’s long-term goal of deep water exploration in the Gulf of Mexico can best be achieved by resolution of this matter.”

III. SUMMARY

Three issues were raised during the Committee’s previous consideration of the maritime boundaries treaty with Mexico—(1) the method used to calculate the boundaries, (2) the allocation to Mexico of a large region in the Gulf of Mexico with an undetermined oil potential, and (3) the legality of the Administration establishing maritime boundaries on a provisional basis by means of executive agreements.

On the first two issues the debate concerned whether islands ought to serve as basepoints for measuring a country’s economic or fisheries zone. The boundaries in the eastern part of the Gulf of Mexico were calculated in part on the basis that Mexico’s 200-mile claim extended from several Mexican islands 75 miles north of the Yucatan peninsula rather than from the peninsula itself. That gave Mexico a claim to a larger portion of the Gulf of Mexico than would have been the case if the islands were not used as basepoints. Dr. Hedberg, the Princeton geologist, claimed that it would have been more “logical and equitable” to give each country “jurisdiction over the water-covered shelf and slope adjacent to its shores out to the base of the continental slope” and then to divide the deep water area remaining between them equally, a method of calculation that would have put the maritime boundary further south and given the United States more of the Gulf. He suggested that the treaty was

¹ 126 CONG. REC. S 25722–23 (Sept. 17, 1980). Sen. Helms proposed an amendment to condition the treaty on the removal of all Soviet forces from Cuba and the Western Hemisphere. Sen. Zorinsky proposed a substitute amendment expressing the view that the Soviet influence in Cuba was a “grave concern” to the United States. The Senate refused to table the Zorinsky amendment by a vote of 35–58, and Sen. Helms proposed a perfecting amendment to condition the treaty on a Presidential certification that Cuba was not conducting subversion or exporting revolution. The Senate agreed to Sen. Byrd’s motion to return to legislative session by a vote of 55–37.

based on “not-yet finalized tentative conclusions of the Law of the Sea Conference” which were “both inequitable in principle and prejudicial to the interests of the United States,” and argued in support of his approach that “the entire Gulf of Mexico basin is prospective petroleum territory.”

In response, Mr. Feldman, Deputy Legal Adviser, observed that not just the eastern Gulf boundary but also the Pacific boundary was calculated in part using islands as the base point for measuring the 200-mile zone; but in the latter instance, he said, the islands, and the benefit from the calculation, belonged to the United States. The result, he said, was that the Pacific boundary gave the United States a substantial region that it would not have obtained using Mr. Hedberg’s methodology, including four banks of great importance for fisheries—Tanner Bank, Cortez Bank, the 40-Mile Bank, and the 60-Mile Bank. The Gulf area, he said, did not have important fisheries; but both regions had undetermined “hydrocarbon potential.” Moreover, he asserted, using islands as the baseline for calculating maritime boundaries was to the U.S. advantage elsewhere as well, such as between the Florida Keys and Dry Tortugas and Cuba and the boundary with Canada in the Gulf of Alaska. He further rejected the claim that the United States was following Law of the Sea Conference principles, stating that the principles used were drawn from the Geneva Convention on the Continental Shelf, from a 1969 decision on the North Sea Continental Shelf Cases by the International Court of Justice, and a 1977 Court of Arbitration decision on an Anglo-French dispute.² Finally, he emphasized that the boundary treaty was not a theoretical enterprise but was a negotiated agreement and that it would not have been possible to get an agreement with Mexico using Dr. Hedberg’s principles.

Senators Zorinsky and Javits both also raised concerns with the State Department concerning the legality of the provisional application of maritime boundaries pursuant to executive agreement rather than treaty. The Administration asserted that precedent existed for the establishment of provisional maritime boundaries by executive agreement, that authority to establish boundaries for fisheries purposes was provided by the Fishery Conservation and Management Act of 1976, and that the President had the responsibility under the Constitution for the conduct of foreign affairs. In reporting the treaties to the Senate, the Committee expressed its disagreement with these assertions:

* * * [T]he Committee wishes to register its concern on the issue of provisional application of treaties. The Administration has argued in its responses to Senator Javits that the President may apply a treaty provisionally in advance of Senate advice and consent so long as “the obligations undertaken” are “within the President’s competence under U.S. law.” This phrase simply begs the question of how broad such competence might be. While the Committee does not dispute the practical necessity of reaching limited practical accommodations between treaty signatories prior to Senate action, it does not accept the broad and vague assertions made by the Administration in its response.

²In a subsequent article, Mr. Feldman stated that the “line was based on the methodology used in drawing the 12-nautical mile maritime boundary in the 1970 U.S.-Mexico Treaty—a simplified equidistance line, with equal area tradeoffs, giving full effect to islands.” See Feldman & Colson, “The Maritime Boundaries of the United States,” 75 A.J.I.L. 729, 743 (1981).

IV. ENTRY INTO FORCE AND TERMINATION

A. ENTRY INTO FORCE

The Treaty provides that it shall enter into force upon the exchange of instruments of ratification in Washington, D.C. (Article IV).

B. TERMINATION

The Treaty does not provide for a specific withdrawal date and cannot be terminated. It is customary practice not to include a withdrawal mechanism in treaties that delimit boundaries since these treaties are used as the basis for granting rights based on the delimitations.

V. COMMITTEE ACTION

As detailed in the background section, the Committee on Foreign Relations held a public hearing on June 30, 1980, and unanimously ordered the proposed treaty favorably reported on July 24, 1980. The treaty was not considered by the full Senate and was automatically rereferred to the Committee under paragraph 2 of Rule XXX of the Standing Rules of the Senate. A second public hearing was held on the proposed treaty on September 25, 1997.³ The hearing was chaired by Senator Chuck Hagel. The Committee considered the proposed treaty on October 8, 1997, and ordered the proposed treaty favorably reported with one declaration and one proviso by voice vote, with the recommendation that the Senate give its advice and consent to the ratification of the proposed treaty.

VI. COMMITTEE COMMENTS

The Committee favorably recommends the treaty for Senate advice and consent. Since consideration of this Treaty in 1980 oil and gas exploration has moved closer to the 200 nautical-mile limits set out in the Treaty. The Committee notes the untapped reserves of crude oil and natural gas in the Gulf of Mexico along the 200 nautical mile boundary and the technological advances that have made it more likely that U.S. companies will recover these oil and gas deposits. The Committee believes that ratification of this treaty will advance the exploration and development of this area.

Beyond the 200 nautical-mile delimitation of both countries lie two “donut hole” or “gap” areas that are not addressed by the Treaty. The Administration has informed the Committee that following ratification of this Treaty it intends to propose to Mexico that negotiations begin to delimit the continental shelf in a portion of the shelf known as the “western gap.” Delimitation of the western gap has become increasingly important to U.S. interests as petroleum exploration has moved into deeper waters. The Department of Interior is now receiving bids for exploration in this area. Several new drilling vessels capable of operating in water depths of up to 10,000 feet are under construction. The Committee may have preferred a treaty that addressed the gap areas in addition to the areas delimit-

³The transcript of this hearing may be found in the appendix to the Committee’s report on the Migratory Bird Protocol With Canada and the Migratory Bird Protocol With Mexico, also filed this day.

ited and avoided the need to address these issues in two separate instruments. However, given the long delay in ratification, the Committee supports ratification of the proposed treaty at this time, to be followed by further negotiations with Mexico to delimit the gap areas. The Committee urges the Executive Branch to commence negotiations on the western gap without delay, once this treaty enters into force.

Finally, the Committee wishes to reiterate the concerns it expressed during consideration of the Treaty in 1980 regarding the legality of the provisional application of maritime boundaries pursuant to executive agreement rather than treaty. The Administration stated in response to questions for the record from Senator Helms that establishing provisional boundaries “was within executive power vested in the President.” The Committee remains concerned about how broad such competence might be, and questions the legal basis for this position. The Executive’s own testimony suggests that it has doubts about its legal position in reaching such “provisional agreements.” During the Committee hearing on the treaty, the State Department testified that “for commercial reasons industry needs the certainty provided by this boundary.” It should go without saying that if the “provisional agreement” has a legal basis, then it would provide the certainty sought by U.S. commercial interests. In sum, while the Committee does not dispute the practical necessity of reaching limited practical accommodations between treaty signatories prior to Senate action, it continues to object to the broad and vague assertions made by the Administration.

VII. RESOLUTION OF RATIFICATION

Resolved, (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Treaty on Maritime Boundaries between the United States of America and the United Mexican States, signed at Mexico City on May 4, 1978 (Ex. F, 96-1), subject to the declaration of subsection (a), and the proviso of subsection (b).

(a) DECLARATION.—The Senate’s advice and consent is subject to the following declaration, which shall be binding on the President:

(1) TREATY INTERPRETATION.—The Senate affirms the applicability to all treaties of the constitutionally based principles of treaty interpretation set forth in Condition (1) of the resolution of ratification of the INF Treaty, approved by the Senate on May 27, 1988, and Condition (8) of the resolution of ratification of the Document Agreed Among the States Parties to the Treaty on Conventional Armed Forces in Europe, approved by the Senate on May 14, 1997.

(b) PROVISIO.—The resolution of ratification is subject to the following proviso, which shall be binding on the President:

(1) SUPREMACY OF THE CONSTITUTION.—Nothing in the Treaty requires or authorizes legislation or other action by the United States of America that is prohibited by the Constitution of the United States as interpreted by the United States.

APPENDIX

U.S. DEPARTMENT OF STATE,
WASHINGTON, DC 20520,
October 2, 1997.

THE HON. JESSE HELMS,
Chairman,
Committee on Foreign Relations,
United States Senate.

DEAR MR. CHAIRMAN: Following the September 25, 1997 hearing at which the Honorable Mary Beth West testified, additional questions were submitted for the record. Please find enclosed the responses to those questions.

If we can be of further assistance to you, please do not hesitate to contact us.

Sincerely,

BARBARA LARKIN,
ASSISTANT SECRETARY,
Legislative Affairs.

RESPONSES OF MARY BETH WEST TO QUESTIONS ASKED BY SENATOR HELMS

Question 1. The exchange of notes accompanying the treaty stated that the two parties would recognize the provisional boundaries set forth in the notes "pending final determination by treaty of the Maritime Boundaries between the two countries off both coasts." The Committee opposed the "provisional" boundary in 1980. What is the legal basis for determining maritime boundaries by executive agreement? Doesn't the fact that the Administration, in its testimony before the Committee last week, cited the need for "legal certainty" as to the border between the U.S. and Mexico indicate that the "provisional" boundary is not an appropriate legal instrument for settling boundaries?

Answer. The Administration fully acknowledges and respects the role of the Senate in the treaty making process. The exchange of notes associated with this treaty, which stated that the two parties would recognize the provisional boundaries set forth in the notes pending final determination by treaty, was within executive power vested in the President, and did not prejudice the prerogatives of the Senate regarding the provision of advice and consent.

As a practical matter, the Administration has viewed the provisional boundary reflected in the exchange of notes as a transitional tool which, pending entry into force of the treaty, has facilitated the exercise of jurisdiction by each side in its respective 200-mile zone. It should be remembered that, at the time of the exchange of notes, the United States and Mexico had recently established their respective 200-mile zones. The provisional boundary dividing these zones has greatly reduced the likelihood of disputes concerning, *inter alia*, where fishing vessels of each country could operate.

Question 2. The maritime boundaries treaty with Mexico addressed only those areas in the Gulf where U.S. and Mexican claims overlapped, and as a result left a gap of about 129 miles between the eastward and westward boundaries where there was no overlap. That gap was justified in part on the basis that negotiations over the reach and allocation of the continental shelf were still in process in the Law of the Sea proceedings. Is Mexico prepared to negotiate a follow-on treaty delimiting the "gap" areas?

Answer. We have raised the issue of delimiting the continental shelf in the western gap with Mexican Government officials, and have been informed that their desire was first to get the 1978 Treaty in force. It is our intent, at the time instru-

ments of ratification are exchanged for the 1978 treaty, to propose early talks to establish a continental shelf boundary in this 129-mile gap.

Question 3. Action on the treaty in 1980 was apparently forestalled because of concerns about the oil potential of the Gulf region ceded to Mexico. What is the oil potential of the Gulf Region claimed by Mexico? By the United States? What is the oil potential of the Pacific Region claimed by the United States? Of Mexico? Does the technology exist to exploit that potential? What is the realistic timetable for exploitation of these regions?

Answer. The resource potential in the boundary areas was discussed in the 1982 U.S. Geological Survey study submitted to the Committee. A more recent general assessment for the Gulf of Mexico by the Minerals Management Service (MMS) did not evaluate the specific boundary areas. The estimate for the area between 900 meters water depth and the Sigsbee Escarpment in the Gulf was between 3.0 and 5.4 billion barrels of oil and 34.2 and 39.4 trillion cubic feet of natural gas. Recent exploratory drilling elsewhere beyond the Sigsbee Escarpment has indicated that hydrocarbon accumulations do exist within these sediments. Thus, the area adjacent to the U.S. Mexico boundary in the Gulf of Mexico is an area of high potential, as confirmed by recent industry interest.

The southern California maritime boundary area includes the prospective Cortes-Velero-Long basins. The U.S. portion of this boundary area was estimated to contain potential quantities of undiscovered petroleum resources ranging between 0 and 1.2 billion barrels of oil and 0 to 3.5 trillion cubic feet of natural gas.

As indicated by recent bidding and exploration activity, current technology is advancing to allow exploration in the boundary areas. Such exploration might proceed within a few years after lease issuance. The timetable is difficult to assess since technology would be unique to the area, size of discovery, whether it is oil or gas (or both), etc. In adjacent deeper water areas, development plans propose production within several years after successful exploration. In general, we would expect the timing to depend on the size of the resource discovered.

Question 4. What has been the political impact of the U.S. failure to ratify the treaty to date? Does Mexico's ratification of the treaty still stand?

Answer. Mexico ratified the 1978 Treaty in 1979. The political impact of U.S. failure to ratify has been minor, the Government of Mexico has considered this a bilateral irritant, and has raised the issue in discussions with the U.S. Government many times over the last 17 years. The Government of Mexico continues to express an interest in seeing the U.S. ratify the treaty. We would expect an early exchange of instruments of ratification and entry into force of the treaty following the receipt of advice and consent to ratification by the Senate.

PREPARED STATEMENT OF THE AMERICAN PETROLEUM INSTITUTE, THE DOMESTIC PETROLEUM COUNCIL, THE INDEPENDENT PETROLEUM ASSOCIATION OF AMERICA, THE INTERNATIONAL ASSOCIATION OF DRILLING CONTRACTORS, THE MID-CONTINENT OIL AND GAS ASSOCIATION, AND THE NATIONAL OCEAN INDUSTRIES ASSOCIATION

SUBMITTED TO THE SENATE COMMITTEE ON FOREIGN RELATIONS
HEARING ON THE RATIFICATION OF THE
U.S.-MEXICO MARITIME BOUNDARY TREATY
SEPTEMBER 25, 1997

Mr. Chairman and Members of the Committee:

The American Petroleum Institute, the Domestic Petroleum Council, the Independent Petroleum Association of America, the International Association of Drilling Contractors, the Mid-Continent Oil and Gas Association, and the National Ocean Industries Association appreciate this opportunity to provide the Committee with our views on the ratification of the U.S.-Mexico Maritime Boundary Treaty. The six trade associations represent virtually the entire oil and gas exploration and production and service industry in the Gulf of Mexico.

The U.S. and Mexico signed the Maritime Boundary Treaty in 1978. Mexico ratified the treaty in 1979; the U.S. Senate considered, but did not vote on, ratification in 1980. Although the U.S. and Mexico have continued to honor the provisional boundary, it has become important to U.S. economic interests that the treaty be ratified. The oil and gas industry fully supports Senate ratification of the treaty.

Background

In 1978, the U.S. and Mexico signed a maritime boundary treaty which divided the seabed, subsoil, and water column between the U.S. and Mexico off the Pacific Coast and in the Gulf of Mexico. The purpose of the treaty was to establish a permanent maritime boundary and eliminate overlapping jurisdictional claims between the U.S. and Mexico for fishing grounds, oil and natural gas, and other natural resources.

Under the treaty, the maritime boundary was drawn as an equidistant line from the coast lines of the two countries giving full effect to habitable islands. The treaty divided the areas where Mexican and U.S. exclusive economic zones (EEZs) overlapped, but left two areas, referred to as the eastern and western "donut holes" or gaps, unresolved. These two gaps are beyond the 200 mile EEZ claimed by both countries. (The eastern gap is bounded by U. S., Mexican, and Cuban EEZs.)

The treaty was submitted to the U.S. Senate in January 1979 for ratification. On July 24, 1980, the Foreign Relations Committee unanimously and without reservation recommended ratification of the treaty to "ensure that important U.S. fishery and seabed and subsoil mineral rights are protected." The treaty had the strong support of the U.S. tuna industry because it gave the U.S. jurisdiction over one of the world's major tuna areas in the Pacific. The treaty was scheduled for consideration by the full Senate in September 1980 when a Senator requested that it be pulled from the calendar. A concern had been raised by Hollis Hedberg, a noted petroleum geologist, that the U.S. had traded potential Gulf of Mexico oil and gas resources for fishing grounds off the Pacific Coast. Dr. Hedberg proposed an alternative geology-based theory for drawing the equidistant line, not including the use of islands off the coast of the Yucatan Peninsula, which would have moved the boundary farther south in the Gulf of Mexico. The Senate requested that the U.S. Geological Survey conduct a study of petroleum resources in the area, which was completed in 1981. No further action has been taken on the treaty since that time.

Reasons For Ratification

Consistent With International Law Principles. The principles used by the State Department in negotiating the maritime treaty were generally recognized international law principles at the time the treaty was negotiated and have since been reaffirmed in other negotiations. This is significant because, if the boundary were being negotiated today, those same principles of international law would be used and would result in virtually the same boundary.

Use Of Islands. The principles used in negotiating the boundary were, and remain, consistent with the general U.S. interest of giving full effect to islands off the U.S. coast. For example, the boundary agreement with Cuba gives full effect to the Florida Keys and the Dry Tortugas. The U.S. has other important island interests, including the Alexander Archipelago in southeastern Alaska affecting the maritime boundary with Canada.

U.S. Economic And Energy Interests. When this treaty was last debated, technology did not exist to allow companies to evaluate or develop the deeper waters of the Gulf

immediately adjacent to the boundary. Today, industry has the technology to explore for oil and gas in water depths up to 10,000 feet and to produce hydrocarbons in over 5,000 feet of water. To ensure the orderly development of these valuable deep water Gulf of Mexico resources and maximize federal revenues, it is in the interest of the U.S. to promptly ratify the treaty and to commence negotiations on the western gap as soon as possible thereafter.

Gap Negotiations. Senate ratification of the treaty will clear the path for further negotiations between the U.S. and Mexico on the western gap, a 4.5 million acre unexplored area more than 200 miles from either country's border which was left undivided in the initial treaty. The Mexican government has indicated informally to the Department of State that it will not entertain negotiations over the gaps until the U.S. ratifies the 1978 agreement. Once resolved, leases within the western gap could potentially generate significant revenues for the Treasury. For example, the August 1997 lease sale in the western Gulf of Mexico generated bids of over \$734 million for leases in 800+ meters of water with \$9.1 million being offered for a single deep water lease.

Support For Ratification

Aside from the potential oil and gas resource issue, there was no opposition to treaty ratification in 1980. Oil and gas interests now fully support prompt ratification of the treaty. We appreciate the opportunity to provide these comments.

PREPARED STATEMENT OF SHELL EXPLORATION & PRODUCTION COMPANY
SUBMITTED TO THE SENATE COMMITTEE ON FOREIGN RELATIONS
HEARING ON THE RATIFICATION OF THE U.S.- MEXICO MARITIME BOUNDARY TREATY
SEPTEMBER 25, 1997

Mr. Chairman and Members of the Committee:

Shell Exploration & Production Company through its subsidiaries - Shell Offshore Inc., Shell Deepwater Development Inc., and Shell Deepwater Production Inc. - is a leading producer of hydrocarbons and the largest leaseholder in the Gulf of Mexico. Shell has been operating in the Gulf of Mexico for four decades. As a major Gulf of Mexico stakeholder, Shell is pleased to go on record in support of Senate ratification of the U. S. Mexico Maritime Boundary Treaty.

The United States and Mexico signed a maritime boundary treaty in 1978 which divided the seabed, subsoil, and water column between the United States and Mexico off the Pacific Coast and in the Gulf of Mexico. It recently came to industry's attention that the U.S. - Mexico Maritime Boundary Treaty had not been ratified by the United States Senate. This led to a thorough review of the issue within industry. As the attached map clearly depicts, existing offshore leases run from the shores of Gulf Coast states up to and abutting the provisional maritime boundary. Given the number of leases in close proximity to the provisional boundary, it is not surprising that the industry is unified in its support for prompt treaty ratification.

When this treaty was considered by the Senate almost two decades ago, oil and gas activities were limited to the shallow waters of the Gulf of Mexico. Since then, technological advances have opened the deepwater frontier for petroleum exploration and production leading to a renaissance in the Gulf of Mexico. The deepwater Gulf has developed into one of the premiere exploration plays in the world today. Shell has been a leader in industry's march into deepwater, setting numerous deepwater records in the process - all in the Gulf of Mexico. Industry's increased activity level has resulted in thousands of new jobs and billions of investment dollars flowing into the Gulf Coast economy and has generated hundreds of millions of dollars in revenue for the U. S. treasury.

As these deep water activities inch closer and closer to the provisional boundary, it becomes increasingly important that the Senate ratify the treaty. This is an issue whose time has come, and Shell strongly encourages the Senate to ratify the treaty promptly. Expeditious action by the Senate will complete action on the treaty itself and will allow Mexico and the United States to begin negotiations to delimit the western gap, a 4.5 million acre area more than 200 miles from either country's border left undivided in the initial treaty. More importantly, ratification of this treaty is in the best interest of the Nation and is critically important to the Gulf Coast economy.

