Draft Regulations on Prospecting and Exploration for Polymetallic Nodules in the Area

Prepared by the Secretariat, incorporating suggested amendments in the light of comments submitted by member States

Addendum

Annex A

STANDARD CLAUSES FOR EXPLORATION CONTRACT

Section 1

Definitions

1.1 In the following clauses:


(b) "Area" means the seabed and ocean floor and subsoil thereof, beyond the limits of national jurisdiction;

(c) "Contract Year" means a period beginning on the effective date and ending on an anniversary thereof;

(e) "coordinates" means a list of the geographical coordinates of points in accordance with the most recent generally accepted international standard used by the Authority;

(f) "designated representative" means the person designated by the Contractor by notice in writing to the Authority to represent it as its agent for purposes of this contract;

(g) "effective date" means the date on which this contract enters into force in accordance with Section 3 hereof;

(h) "exploitation" means the commercial extraction of polymetallic nodules in the Area, including the construction and operation of commercial-scale mining, processing and transportation systems for the production of minerals, and includes prospecting and exploration;

(i) "exploration" means searching for deposits of polymetallic nodules in the exploration area on an exclusive basis, the analysis of such deposits, the design, construction and testing of the commercial feasibility of extraction methods and equipment, processing plants and facilities and transportation systems, and the carrying out of studies of the environmental, technical, economic, commercial and other appropriate factors that must be taken into account in exploitation, and includes prospecting but does not include exploitation;

(j) "exploration area" means that part of the Area allocated to the Contractor for exploration, described in schedule 1 hereto, as the same may be reduced from time to time in accordance with this contract and the Regulations;

(k) "marine environment" means the physical, chemical and biological components, conditions and factors which interact and determine the productivity, state, condition and quality of the marine ecosystem, including the coastal area, the waters of the seas and oceans and the airspace above those waters, as well as the seabed and ocean floor and subsoil thereof;

(l) "polymetallic nodules" means one of the resources of the Area consisting of any deposit of nodules, on or just below the surface of the deep seabed, which may contain, inter alia, manganese, nickel, cobalt and copper;

(m) "programme of work" means the programme of work which is set out in schedule 2 hereto as the same may be adjusted from time to time in accordance with sections 4.3 and 4.4 hereof;

(n) "prospecting" means the search for deposits of polymetallic nodules in the Area, including estimation of the composition, sizes and distributions of polymetallic nodule deposits and their economic values, without any exclusive rights, but does not include exploration or exploitation;

(o) "Regulations" means the rules, regulations, procedures, standards and guidelines adopted by the Authority from time to time and which are in effect at the date of entry into force of this contract or which may be
incorporated into this contract by written agreement or which may apply to this contract as a consequence of a revision thereof;

(p) "Secretary-General" means the Secretary-General of the Authority;

(q) "serious harm to the marine environment" means any effect from activities in the Area on the living or non-living components of the marine environment and associated ecosystems which represents a significant adverse change in the marine environment determined on the basis of internationally recognized standards and practices and the rules, regulations, procedures and guidelines adopted by the Authority.

1.2. In accordance with the Agreement, its provisions and Part XI of the Convention are to be interpreted and applied together as a single instrument; this contract and references in this contract to the Convention are to be interpreted and applied accordingly.

1.3. This contract includes the schedules to this contract, which shall be an integral part hereof.

Section 2

Security of tenure

2.1 The Contractor shall have security of tenure and this contract shall not be suspended, terminated or revised except in accordance with sections 19, 20 and 23 hereof.

2.2 The Contractor shall have the exclusive right to explore for polymetallic nodules in the exploration area in accordance with the terms and conditions of this contract.

2.3 The Contractor, by notice to the Authority, shall have the right at any time to renounce without penalty the whole or part of its rights in the exploration area, provided that the Contractor shall remain liable for all obligations accrued prior to the date of such renunciation in respect of the area renounced.

2.4 Nothing in this contract shall be deemed to confer any right on the Contractor other than those rights expressly granted herein.

2.5 The Authority reserves the right to enter into contracts with respect to resources other than polymetallic nodules with third parties in the area covered by this contract. The Authority shall ensure that no other entity operates in the exploration area for a different category of resources in a manner that might unreasonably interfere with the operations of the Contractor.
Section 3

Contract Term

3.1 This contract shall enter into force on signature by both parties and shall remain in force for a period of fifteen years thereafter unless:

(a) the Contractor obtains a contract for exploitation in the exploration area which enters into force before the expiration of such period of fifteen years; or

(b) the contract is sooner terminated,

provided that the term of the contract may be extended in accordance with sections 3.2 and 16.2 hereof.

3.2 Upon application by the Contractor, not later than six months before the expiration of this contract, this contract may be extended for periods of not more than five years each on such terms and conditions as the Authority and the Contractor may then agree in accordance with the Regulations. Such extensions shall be approved if the Contractor has made efforts in good faith to comply with the requirements of this contract but for reasons beyond the Contractor's control has been unable to complete the necessary preparatory work for proceeding to the exploitation stage or if the prevailing economic circumstances do not justify proceeding to the exploitation stage.

3.3 Notwithstanding the expiration of this contract in accordance with section 3.1 hereof, if the Contractor has, at least ninety days prior to the date of expiration, applied for a contract for exploitation, the Contractor's rights and obligations under this contract shall continue until such time as the application has been considered and a contract for exploitation has been issued or refused.

Section 4

Exploration

4.1 The Contractor shall commence exploration in accordance with the time schedule stipulated in the programme of work and adhere to that schedule or any modification thereto as provided for by this contract.

4.2 During the term of this contract, the Contractor shall carry out the programme of work. In carrying out such work the Contractor shall spend in each contract year not less than the amount specified in such programme, or any agreed revision thereof, in actual and direct exploration expenditures.

4.3 The Contractor, with the consent of the Authority, which consent shall not be unreasonably withheld, may from time to time make such changes in the programme of work and the expenditures specified therein as may be necessary and prudent in accordance with good mining industry practice, and taking into account the market conditions for the metals contained in polymetallic nodules and other relevant global economic conditions.
4.4 Not later than ninety days prior to the expiration of each five-year period from the effective date, the Contractor and the Authority shall jointly undertake a review of the results of exploration activities under this contract. For the purposes of the review, the Authority may require the contractor to submit such additional data and information as may be necessary. Following such review, such adjustments shall be made to the programme of work and the expenditures specified therein as the Contractor and the Authority agree are necessary in the light of the review.

Section 5

Environmental monitoring

5.1 The Contractor shall ensure the effective protection of the marine environment from serious harm which may arise from its activities in the exploration area and shall take precautionary measures to anticipate, prevent or minimize any adverse impacts on the marine environment as far as economically reasonable using the best available technology.

5.2 The Contractor shall, in accordance with the Regulations, gather data and information as exploration activities progress and shall establish environmental baselines against which to assess the likely effects of the Contractor's activities on the marine environment.

5.3 The Contractor shall, in accordance with the Regulations, establish and carry out a programme to monitor and report on such effects on the marine environment. The Contractor shall cooperate with the Authority in the implementation of such monitoring.

5.4 The Contractor shall, within ninety days of the end of each contract year, report to the Secretary-General on the implementation and results of the monitoring programme referred to in section 5.3 hereto and shall submit data and information in accordance with the Regulations.

5.5 Prior to the commencement of testing of collector systems and processing operations, the Contractor shall submit to the Authority:

(a) a site-specific environmental impact statement based on available meteorological, oceanographic and environmental data collected during the preceding phases of exploration and containing data that could be used to establish an environmental baseline against which to assess the likely effect of the mining tests;

(b) an assessment of the effects on the marine environment of the proposed mining tests, especially of:

(i) the nodule collector in and near the mining tracks;

(ii) the sediment plumes on benthic life, and its food supply, away from the mining activity; and

(iii) the sediment plumes, their drifting and their effect on phytoplankton, zooplankton, fish larvae and other biota.
(c) a proposal for a monitoring programme to determine the effect on
the marine environment of the equipment that will be used during the proposed
mining tests.

5.6 If the Contractor applies for exploitation rights, it shall propose
areas to be set aside and used exclusively as impact reference zones and
preservation reference zones. “Impact reference zones” mean areas to be used
for assessing the effect of each contractor’s activities in the Area on the
marine environment and which are representative of the environmental
characteristics of the area. “Preservation reference zones” mean areas in
which no mining shall occur to ensure representative and stable biota of the
seabed in order to assess any changes in the flora and fauna of the marine
environment.

Section 6

Contingency plans and emergencies

6.1 The Contractor shall, prior to the commencement of exploration under
this contract, submit to the Secretary-General a contingency plan to respond
effectively to incidents that are likely to cause serious harm to the marine
environment arising from the Contractor’s activities in the exploration area.
Such contingency plan shall establish special procedures and provide for
adequate and appropriate equipment to deal with such incidents and, in
particular, shall include arrangements for:

(a) the immediate raising of an alarm in the area of the exploration
activities;

(b) prompt notification to the Secretary-General;

(c) the warning of ships which might be about to enter the immediate
vicinity;

(d) a continuing flow of full information to the Secretary-General
relating to particulars of the contingency, measures already taken and further
actions required;

(e) the removal, as appropriate, of polluting substances;

(f) the reduction and, in so far as possible, prevention of serious
harm to the marine environment, as well as mitigation of such effects;

(g) as appropriate, cooperation with other contractors with the
Authority to respond to a contingency; and

(h) periodic emergency exercises.

6.2 The Contractor shall promptly report to the Secretary-General any
incident arising from its activities which is likely to cause serious harm to
the marine environment. Each such report shall contain the details of such
incident, including, inter alia:
(a) the coordinates of the area affected or which can reasonably be anticipated to be affected;

(b) the description of the action being taken by the Contractor to prevent, contain, minimize and repair the serious harm to the marine environment;

(c) a description of the action being taken by the Contractor to monitor the effects of the incidents on the marine environment; and

(d) such supplementary information as may reasonably be required by the Secretary-General.

6.3 The Contractor shall comply with emergency orders issued by the Council and immediate measures of a temporary nature issued by the Secretary-General, in accordance with the Regulations, to prevent, contain, minimize or repair serious harm to the marine environment, which may include orders to the Contractor to immediately suspend or adjust any activities in the exploration area.

6.4 If the Contractor does not promptly comply with such emergency orders or immediate measures of a temporary nature, the Council may take such reasonable measures as are necessary to prevent, contain, minimize or repair any such serious harm to the marine environment at the Contractor's expense. The Contractor shall promptly reimburse the Authority the amount of such expenses. Such expenses shall be in addition to any monetary penalties which may be imposed on the Contractor pursuant to the terms of this contract or the Regulations.

Section 7

Training

7.1 Pursuant to article 15 of annex III to the Convention and the Regulations, the Contractor shall, prior to the commencement of exploration under this contract, submit to the Authority proposed training programmes for the training of personnel of the Authority and developing States, including the participation of such personnel in all of the Contractor's activities under this contract.

7.2 The Contractor shall conduct training programmes in accordance with the specific programme for the training of personnel referred to in section 7.1 hereof approved by the Authority in accordance with the Regulations, which programme, as revised and developed from time to time, shall become a part of this contract as schedule 3.

7.3 The cost of such training shall be borne by the Contractor.

Section 8

Books and records

/...
9.1 The Contractor shall keep a complete and proper set of books, accounts and financial records, consistent with internationally accepted accounting principles, and shall prepare and submit reports in accordance with this contract and the Regulations.

9.2 Such books, accounts and records shall include information which will fully disclose expenditures for exploration in the exploration area and such other information as will facilitate an effective audit of such expenditures.

Section 9

Annual reports

9.1 The Contractor shall, within ninety days of the end of each contract year, submit a report to the Secretary-General covering its activities in the exploration area and containing:

(a) details of all the exploration work carried out during the reporting period, including results of testing of technologies and maps, charts and graphs illustrating the work that has been done and the results obtained;

(b) a map showing the track of any oceanographic cruise carried out in the exploration area and the geographical location of all recovered data;

(c) the estimation of mineable areas, when such areas have been identified, which shall include details of the grade and quantity of the proven, probable and possible polymetallic nodule reserves and the anticipated mining conditions;

(d) details of the equipment used to carry out the exploration work;

(e) the results of observations, measurements, evaluations and analyses of environmental parameters for the area;

(f) the results of environmental monitoring programmes;

(g) information on the implementation of training programmes, including any proposed revisions to or developments of such programmes;

(h) a statement of the quantity of polymetallic nodules recovered as samples or for the purpose of testing;

(i) a statement, certified by an internationally recognized firm of public accountants, or, where the Contractor is a State or a state enterprise, by the sponsoring State, of the actual and direct exploration expenditures of the Contractor in carrying out the programme of work during the reporting period; and

(j) details of any proposed adjustments to the programme of work and the reasons for such adjustments.
9.2 The Contractor shall also submit additional reports to the Secretary-General in such form, in such detail and at such times as the Secretary-General may from time to time reasonably require in order to carry out the Authority's functions under this contract, the Regulations and the Convention.

9.3 The Contractor shall keep, in good condition, a representative portion of samples of polymetallic nodules obtained in the course of exploration until the expiration of this contract. The Authority may request the Contractor in writing to deliver to it for analysis a portion of any such sample obtained during the course of exploration.

Section 10

Data and information to be submitted on expiration of the contract

10.1 The Contractor shall transfer to the Authority all data and information that are both necessary for and relevant to the effective exercise of the powers and functions of the Authority in respect of the exploration area in accordance with the provisions of this Section.

10.2 Upon expiration or termination of this contract the Contractor, if it has not already done so, shall submit the following data and information to the Secretary-General:

(a) copies of all geological, environmental, geochemical and geophysical data acquired by the Contractor in the course of carrying out the programme of work;

(b) copies of all geological, technical, financial and economic reports made by or for the contractor, including interpretations concerning the mineral prospects in the exploration area;

(c) copies of any other related data recorded by the Contractor in connection with the programme of work;

(d) details of the equipment used to carry out the exploration work; and

(e) a statement of the quantity of polymetallic nodules recovered as samples or for the purpose of testing.

10.3 The data and information referred to in section 10.2 hereof shall also be submitted to the Secretary-General if, prior to the expiration of this contract, the Contractor applies for approval of a plan of work for exploitation or if the Contractor renounces its rights in the exploration area to the extent that such data and information relate to the renounced area.

Section 11

Confidentiality

11.1 All confidential data and information which are proprietary or of a commercially-sensitive nature transferred to the Authority in accordance with
this contract shall be treated as confidential in accordance with the provisions of this section and the Regulations. The Secretary-General shall adopt appropriate measures, in accordance with the Regulations, to protect the confidentiality of such data and information and shall not, except with the prior written consent of the Contractor, release such data and information to any person external to the Authority.

11.2 Confidential data so transferred that are proprietary or of a commercially sensitive nature may only be used by the Authority as necessary for and relevant to the effective exercise of the powers and functions of the principal organs of the Authority in respect of the exploration area. The Contractor shall identify such data and information as it believes are proprietary or of a commercially sensitive nature in accordance with the Regulations.

11.3 Data necessary for the formulation of regulations concerning the protection and preservation of the marine environment and safety, other than equipment design data, shall not be deemed proprietary.

11.4 Such proprietary data and information submitted in accordance with this contract shall remain confidential. Data and information of a commercially sensitive nature shall be kept confidential for a period of three years from the date of their submission to the Authority provided that, if the Contractor subsequently enters into a contract for exploitation in respect of any part of the exploration area, such data and information relating to such area shall remain confidential.

Section 12

Undertakings by the Contractor

12.1 The Contractor shall carry out exploration in accordance with the terms and conditions of this contract, the Regulations, Part XI of the Convention, the Agreement and other rules of international law not incompatible with the Convention.

12.2 The Contractor undertakes:

(a) to accept as enforceable and comply with the terms of this contract;

(b) to comply with the applicable obligations created by the provisions of the Convention, the Agreement and the Regulations, and the decisions of the organs of the Authority;

(c) to accept control by the Authority of activities in the Area, as authorized by the Convention, and

(d) to fulfill its obligations under this contract in good faith.

12.3 The Contractor shall actively carry out the programme of work:

(a) with due diligence, efficiency and economy;
(b) with due regard to the impact of its activities on the marine environment; and

(c) with reasonable regard for other activities in the marine environment.

12.4 The Authority undertakes to fulfil in good faith its powers and functions under the Convention and Agreement in accordance with article 157 of the Convention.

Section 13

Inspection

13.1 The Contractor shall permit the Authority to send its inspectors on board vessels and installations used by the Contractor to carry out activities in the exploration area to:

(a) ensure compliance with the terms and conditions of this contract and the Regulations; and

(b) monitor the effects of such activities on the marine environment.

13.2 The Secretary-General shall give reasonable notice to the Contractor of the projected time and duration of inspections, the name of the inspectors and any activities the inspectors are to perform that are likely to require the availability of special equipment or special assistance from personnel of the Contractor.

13.3 Such inspectors shall have the authority to inspect any vessel or installation, including its log, equipment, records, facilities, all other recorded data and any relevant documents which are necessary to monitor the Contractor’s compliance.

13.4 The Contractor, its agents and employees, shall assist the inspectors in the performance of their duties and shall:

(a) accept and facilitate prompt and safe boarding of vessels and installations by inspectors;

(b) cooperate with and assist in the inspection of any vessel or installation conducted pursuant to these procedures;

(c) provide access to all relevant equipment, facilities and personnel on vessels and installations at all reasonable times;

(d) not obstruct, intimidate or interfere with inspectors in the performance of their duties;

(e) provide reasonable facilities, including, where appropriate, food and accommodation, to inspectors; and
(f) facilitate safe disembarkation by inspectors.

13.5 Inspectors shall avoid interference with the safe and normal operations on board vessels and installations used by the Contractor to carry out activities in the area visited and shall act in accordance with the Regulations and the measures adopted to protect confidentiality of data and proprietary information.

13.6 The Secretary-General and any of his duly authorized representatives, shall have access, for purposes of audit and examination, to any books, documents, papers and records of the Contractor which are necessary and directly pertinent to verify the expenditures referred to in section 9.1(g).

Section 14

Safety, Labour and Health Standards

14.1 The Contractor shall comply with the generally accepted international rules and standards established by competent international organizations or general diplomatic conferences concerning the safety of life at sea and the prevention of collisions and such rules, regulations, procedures and guidelines as may be adopted by the Authority relating to safety at sea.

14.2 Each vessel used for carrying out activities in the Area shall possess current valid certificates required by and issued pursuant to the international rules and standards referred to in section 14.1.

14.3 The Contractor shall, in carrying out exploration under this contract, observe and comply with such rules, regulations, procedures and guidelines as may be adopted by the Authority relating to protection against discrimination in employment, occupational safety and health, labour relations, social security, employment security and living conditions at the work site. Such rules and regulations shall take into account conventions and recommendations of the International Labour Organization and other competent international organizations.

Section 15

Responsibility and Liability

15.1 The Contractor shall be liable for the actual amount of any damage, including damage to the marine environment, arising out of its wrongful acts or omissions, and those of its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its operations under this contract, including the costs of reasonable measures to prevent or limit damage to the marine environment, account being taken of any contributory acts or omissions by the Authority.

15.2 The Contractor shall indemnify the Authority, its employees, subcontractors and agents against all claims and liabilities of any third party arising out of any wrongful acts or omissions of the Contractor and its employees, agents and subcontractors, and all persons engaged in working or acting for them in the conduct of its operations under this contract.
15.3 The Authority shall be liable for the actual amount of any damage to the Contractor arising out of its wrongful acts in the exercise of its powers and functions, including violations under article 168, paragraph 2, of the Convention, account being taken of contributory acts or omissions by the Contractor.

15.4 The Authority shall indemnify the Contractor, its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its operations under this contract, against all claims and liabilities of any third party arising out of any wrongful acts or omissions in the exercise of its powers and functions hereunder, including violations under article 168, paragraph 2, of the Convention, account being taken of any contributory acts or omissions by the Contractor, its employees, agents and subcontractors, and all persons engaged in working or acting for them in the conduct of its operations under this contract.

15.5 The Contractor shall maintain appropriate insurance policies with internationally recognized carriers, in accordance with generally accepted international maritime practice.

Section 16

Force majeure

16.1 The Contractor shall not be liable for an unavoidable delay or failure to perform any of its obligations under this contract due to force majeure. For purposes of this contract, force majeure shall mean an event or condition that the Contractor could not reasonably be expected to prevent or control; provided that the event or condition was not caused by negligence or by a failure to observe good mining industry practice.

16.2 The Contractor shall be granted a time extension equal to the period by which performance was delayed hereunder by force majeure and the term of this contract shall be extended accordingly.

16.3 In the event of force majeure, the Contractor shall take all reasonable measures to remove its inability to perform and comply with the terms and conditions of this contract with a minimum of delay, provided that the Contractor shall not be obligated to receive or terminate any labour dispute or any other disagreement with a third party except on terms satisfactory to it or pursuant to a final decision of any agency having jurisdiction to resolve the dispute.

16.4 The Contractor shall give notice to the Authority of the occurrence of an event of force majeure as soon as reasonably possible, and similarly give notice to the Authority of the restoration of normal conditions.

Section 17

Disclaimer
Neither the Contractor nor any affiliated company or subcontractor shall in any manner claim or suggest, whether expressly or by implication, that the Authority or any official thereof has, or has expressed, any opinion with respect to polymetallic nodules in the exploration area and a statement to that effect shall not be included in or endorsed on any prospectus, notice, circular, advertisement, press release or similar document issued by the Contractor, any affiliated company or any subcontractor that refers directly or indirectly to this contract. For the purposes of this section an “affiliated company” means any person, firm or company or State-owned entity controlling, controlled by, or under common control with, the Contractor.

Section 18
Renunciation of rights

The Contractor, by notice to the Authority, shall have the right to renounce its rights and terminate this contract without penalty, provided that the Contractor shall remain liable for all obligations accrued prior to the date of such renunciation and those obligations required to be fulfilled after termination in accordance with the Regulations.

Section 19
Termination of sponsorship

19.1 If the nationality or control of the Contractor changes or the Contractor’s sponsoring State, as defined in the Regulations, terminates its sponsorship, the Contractor shall promptly notify the Authority forthwith.

19.2 In either such event, if the Contractor does not obtain another sponsor meeting the requirements prescribed in the Regulations which submits to the Authority a certificate of sponsorship for the Contractor in the prescribed form within the time specified in the Regulations, this contract shall terminate forthwith.

19.3 If the Contractor’s sponsoring State was a member of the Authority on a provisional basis at the date of execution of the contract and such membership ceases and the State concerned has not become a State party to the Convention and the Agreement, this contract shall terminate forthwith.

Section 20
Suspension and termination of contract and penalties

20.1 The Council of the Authority may by notice, which shall include a statement of the basis for taking such action, suspend or terminate this contract, without prejudice to any other rights that the Authority may have, if any of the following events should occur:

(a) if, in spite of written warnings by the Authority, the Contractor has conducted its activities in such a way as to result in serious persistent and wilful violations of the fundamental terms of this contract, Part XI of the Convention, the Agreement and the Regulations of the Authority; or
(b) if the Contractor has failed to comply with a final binding decision of the dispute settlement body applicable to it; or

(c) if the Contractor becomes insolvent or commits an act of bankruptcy or enters into any agreement for composition with its creditors or goes into liquidation or receivership, whether compulsory or voluntary, or petitions or applies to any tribunal for the appointment of a receiver or a trustee or receiver for itself or commences any proceedings relating to itself under any bankruptcy, insolvency or readjustment of debt law, whether now or hereafter in effect, other than for the purpose of reconstruction.

20.2 The suspension or termination shall be effective sixty days after such notice, unless the Contractor within such period disputes the Authority's right to suspend or terminate this contract in accordance with Part XI, section 5, of the Convention.

20.3 If the Contractor takes such action, this contract shall only be suspended or terminated in accordance with a final binding decision in accordance with Part XI, section 5, of the Convention.

20.4 If the Council of the Authority has suspended this contract, the Council may by notice require the Contractor to resume its operations and comply with the terms and conditions of this contract, not later than sixty days after such notice.

20.5 In the case of any violation of this contract not covered by section 20.1(a) hereof, or in lieu of suspension or termination under section 20.1 hereof, the Authority may impose upon the Contractor monetary penalties proportionate to the seriousness of the violation.

20.6 The Authority may not execute a decision involving monetary penalties until the Contractor has been accorded a reasonable opportunity to exhaust the judicial remedies available to it pursuant to Part XI, section 5, of the Convention.

20.7 In the event of termination, or expiration of this contract, the Contractor shall comply with the Regulations and shall remove all installations, plant, equipment and materials in the exploration area and shall make the area safe so as not to constitute a danger to persons, shipping or to the marine environment.

Section 21

Transfer of rights and obligations

21.1 The rights and obligations of the Contractor under this contract may be transferred in whole or in part only with the consent of the Authority and in accordance with the Regulations.

21.2 The Authority shall not unreasonably withhold consent if the proposed transferee is in all respects a qualified applicant in accordance with the Regulations and assumes all of the obligations of the Contractor and if the
transfer does not confer to the transferer a plan of work, the approval of
which would be forbidden by article 6, paragraph 3(c), of Annex III of the
Convention.

21.3 The terms, undertakings and conditions of this contract shall inure to
the benefit of and be binding upon the parties hereto and their respective
successors and assigns.

Section 22

No waiver

No waiver by either party of any breach of the terms and conditions of
this contract to be performed by the other party shall be construed as
waiver by the party of any succeeding breach of the same or any other term or
condition to be performed by the other party.

Section 23

Revision

23.1 When circumstances have arisen or are likely to arise which, in the
opinion of the Authority or the Contractor, would render this contract
inequitable or make it impracticable or impossible to achieve the objectives
set out in this contract or in Part XI of the Convention or the Agreement, the
parties shall enter into negotiations to revise it accordingly.

23.2 Except as otherwise provided, this contract may be revised, amended or
otherwise modified only with the consent of the Contractor and the Authority
by an appropriate instrument signed by the authorized representatives of the
parties.

Section 24

Disputes

24.1 Any dispute between the parties concerning the interpretation or
application of this contract shall be settled in accordance with Part XI,
section 8, of the Convention.

24.2 Any final decision rendered by a court or tribunal having jurisdiction
under the Convention relating to the rights and obligations of the Authority
and of the Contractor shall be enforceable in the territory of each State
party to the Convention and provisional member of the Authority.

Section 25

Notice

25.1 Any application, request, notice, report, consent, approval, waiver,
direction or instruction hereunder shall be made by the Secretary-General or
by the designated representative of the Contractor, as the case may be, in
writing. Service shall be by hand, or by telex, facsimile or registered
airmail to the Secretary-General at the headquarters of the Authority or to the designated representative.

25.2 Neither party shall be entitled to change any such address to any other address by not less than ten days' notice to the other party.

25.3 Delivery by hand shall be effective when made. Delivery by telex shall be deemed to be effective on the business day following the day when the "answer back" appears on the sender's telex machine. Delivery by facsimile shall be effective when the "transmit confirmation report" confirming the transmission to the recipient's published facsimile number is received by the transmitter. Delivery by registered airmail shall be deemed to be effective 21 days after posting.

25.4 Notice to the designated representative of the Contractor shall constitute effective notice to the Contractor for all purposes under this contract, and the designated representative shall be the Contractor's agent for the service of process or notification in any proceeding of any court or tribunal having jurisdiction.

25.5 Notice to the Secretary-General shall constitute effective notice to the Authority for all purposes under this contract, and the Secretary-General shall be the Authority's agent for the service of process or notification in any proceeding of any court or tribunal having jurisdiction.

Section 26

Applicable law

26.1 The rights and responsibilities of the contracting parties with regard to the exploration area shall be governed solely by this contract.

26.2 This contract shall be governed by its terms, the Regulations, Part XI of the Convention, the Agreement and other rules of international law not incompatible with the Convention.

26.3 The Contractor, its employees, subcontractors, agents and all persons engaged in working or acting for them in the conduct of its operations under this contract shall observe the applicable law referred to in section 26.2 hereof and shall not engage in any transaction, directly or indirectly, prohibited by the applicable law.

26.4 Nothing contained in this contract shall be deemed an exemption from the necessity of applying for and obtaining any permit or authority that may be required for any activities under this contract.

Section 27

Interpretation

The division of this contract into sections and subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.
Section 26

Additional documents

Each party hereto agrees to execute and deliver all such further instruments, and to do and perform all such further acts and things as may be necessary or expedient to give effect to the provisions of this contract.