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**Norway
and
Iceland**

**Agreement between Norway and Iceland concerning transboundary hydrocarbon deposits.
Reykjavik, 3 November 2008**

Entry into force: *3 October 2011 by notification, in accordance with article 10*

Authentic texts: *English, Icelandic and Norwegian*

Registration with the Secretariat of the United Nations: *Norway, 2 January 2013*

**Norvège
et
Islande**

**Accord entre la Norvège et l'Islande relatif aux gisements d'hydrocarbures transfrontières.
Reykjavik, 3 novembre 2008**

Entrée en vigueur : *3 octobre 2011 par notification, conformément à l'article 10*

Textes authentiques : *anglais, islandais et norvégien*

Enregistrement auprès du Secrétariat de l'Organisation des Nations Unies : *Norvège,
2 janvier 2013*

[ENGLISH TEXT – TEXTE ANGLAIS]

**Agreement
between Norway and Iceland
concerning transboundary hydrocarbon deposits**

The Government of the Kingdom of Norway and the Government of Iceland.

Desiring to maintain and strengthen the good neighbourly relations between Norway and Iceland, and

Referring to the Agreement of 22 October 1981 between Norway and Iceland on the Continental Shelf in the Area between Iceland and Jan Mayen, the Additional Protocol of 11 November 1997 to the Agreement between the Governments of Norway and Iceland on Fisheries and Continental Shelf Issues and the Agreement between the Governments of Norway and Iceland on the Continental Shelf between Iceland and Jan Mayen, and the Agreement between Norway and Iceland concerning the delimitation of the continental shelf beyond 200 nautical miles to be concluded on the basis of the Agreed Minutes of 20 September 2006 on the Delimitation of the Continental Shelf beyond 200 Nautical Miles between the Faroe Islands, Iceland and Norway in the Southern Part of the Banana Hole of the Northeast Atlantic,

Have agreed as follows:

Article 1

Neither Party can begin exploitation of any hydrocarbon deposit which extends to the continental shelf of the other Party until agreement on the exploitation of the deposit as a unit is reached between the Parties.

Article 2

1. If the existence of a hydrocarbon deposit in or on the continental shelf of one of the Parties is established and the other Party is of the opinion that the said deposit extends to its continental shelf, the latter Party may notify the former Party accordingly and, at the same time, submit the data on which it bases its opinion.
2. If such an opinion is submitted, the Parties shall initiate discussions on the extent of the deposit and the possibility for its exploitation. In the course of these discussions, the Party initiating them shall support its opinion with further evidence from geophysical data and/or geological data, including any available drilling data, and both Parties shall make their best efforts to ensure that all relevant information is made available for the purpose of these discussions.
3. If it is established during these discussions that the deposit extends to the continental shelf of both Parties and that the deposit on the continental shelf of the one Party can be exploited wholly or in part from the continental shelf of the other Party, or that the exploitation of the deposit on the continental shelf of the one Party would affect the possibility of exploitation of the deposit on the continental shelf of

the other Party, agreement on the apportionment of the deposit between the Parties and on the exploitation of it as a unit shall be reached at the request of one of the Parties, including as to the appointment of a unit operator, the manner in which any such deposit shall be most effectively exploited and the manner in which the proceeds relating thereto shall be apportioned. Such agreement shall be reached in the form of a Unitisation Agreement.

Article 3

The Unitisation Agreement to be agreed by the Parties in accordance with Article 2, paragraph 3, concerning the exploitation of a defined transboundary hydrocarbon deposit shall include the provisions set out below:

1. The transboundary hydrocarbon deposit to be exploited as a unit shall be defined (latitudes and longitudes normally shown in a separate attachment).
2. The geographical and geological characteristics of the transboundary hydrocarbon deposit and the methodology used for data classification shall be described. The legal persons holding rights to exploit the transboundary hydrocarbon deposit as a unit shall have equal access to any geological data used as a basis for such geological characterisation.
3. The estimated total amount of the reserves in place in the transboundary hydrocarbon deposit shall be stated. The methodology used for such calculation shall be stated. The apportionment of the reserves between the Parties shall be set out (normally in a separate attachment).
4. Each Party shall be entitled to copies of all geological data, as well as all other data of relevance for the unitised hydrocarbon deposit, and which are gathered in connection with the exploitation of the hydrocarbon deposit.
5. The two Parties shall individually grant all necessary authorisations required by their respective national laws for the development and operation of the transboundary hydrocarbon deposit as a unit in accordance with the Agreement between Norway and Iceland concerning transboundary hydrocarbon deposits.
6. Each Party shall require the relevant legal persons holding rights to explore for and produce hydrocarbons on its respective side of the delimitation line to enter into a Joint Operating Agreement between them to regulate the exploitation of the transboundary hydrocarbon deposit as a unit in accordance with the Unitisation Agreement.
7. The following provisions shall apply in relation to the Joint Operating Agreement:

- The Joint Operating Agreement shall refer to the Unitisation Agreement to ensure that the provisions contained therein shall prevail.
 - The Joint Operating Agreement shall be subject to approval by both Parties. Such approval shall be given with no undue delay and shall not be unduly withheld.
 - A unit operator shall be appointed as the joint agent of the legal persons holding the rights to exploit the defined transboundary hydrocarbon deposit as a unit in accordance with the principles set out in the Unitisation Agreement. The appointment of, and any change of, the unit operator shall be subject to prior approval by the two Parties.
8. Subject to its national laws, neither Party shall withhold a permit for the drilling of wells by, or on account of, the legal persons holding rights to explore for and produce hydrocarbons on its respective side of the delimitation line for purposes related to the determination and apportionment of the transboundary hydrocarbon deposit.
9. In due time before the production of hydrocarbons from the transboundary hydrocarbon deposit is about to cease, the two Parties shall agree on the timing of cessation of the production from the transboundary hydrocarbon deposit.
10. The two Parties shall consult each other with a view to ensuring that health, safety and environmental measures are taken in accordance with the national laws of each Party.
11. Each Party shall be responsible for inspection of hydrocarbon installations located on its continental shelf and for the hydrocarbon activities carried out thereon in relation to the exploitation of the transboundary hydrocarbon deposit. Each Party shall ensure inspectors of the other Party access to such installations on request, and that they have access to relevant metering systems on the continental shelf or in the territory of either Party. Each Party shall also ensure that relevant information is given to the other Party on a regular basis to enable it to safeguard its fundamental interests including, but not limited to health, safety, environment, hydrocarbon production and metering.
12. A right to explore for and produce hydrocarbons awarded by one Party, and which applies to a transboundary hydrocarbon deposit that is subject to unitisation in accordance with the Agreement between Norway and Iceland concerning transboundary hydrocarbon deposits, shall not be altered or assigned to new legal persons without prior consultation with the other Party.

Article 4

The Parties shall make every effort to resolve any disagreement as rapidly as possible. If, however, the Parties fail to agree, they shall jointly consider all other relevant options for resolving the impasse.

Article 5

If the Parties fail to agree on exploitation of a transboundary deposit as a unit, the disagreement shall be resolved by negotiation. If any such dispute cannot be resolved in this manner or by any other procedure agreed to by the Parties the dispute shall, at the request of either Party, be submitted to an ad hoc arbitral tribunal composed as follows:

Each Party shall designate one arbitrator, and the two arbitrators so designated shall elect a third arbitrator, who shall be the Chairman. The Chairman shall not be a national of or habitually reside in Norway or Iceland. If either Party fails to designate an arbitrator within three months of a request to do so, either Party may request the President of the International Court of Justice to appoint an arbitrator. The same procedure shall apply if, within one month of the designation or appointment of the second arbitrator, the third arbitrator has not been elected. The tribunal shall determine its own procedure, save that all decisions shall be taken, in the absence of unanimity, by a majority vote of the members of the tribunal. The decisions of the tribunal shall be binding upon the Parties.

Article 6

If the Parties fail to agree on the apportionment of the deposit between themselves, they shall appoint an independent expert to determine the apportionment. The decision of the independent expert shall be binding upon the Parties.

Article 7

Each Party may after commencement of production from the unitised field request discussions to be initiated on review of the apportionment of the deposit. Any request for reapportionment must be based on substantial new geological information. Both Parties shall make their best efforts to ensure that all relevant information is made available for the purpose of these discussions. The Parties may on this basis agree that the deposit shall be reapportioned between themselves according to specified conditions.

Article 8

1. The provisions of Articles 2-7 of this Agreement shall, where applicable, apply *mutatis mutandis* to any hydrocarbon deposit which may extend across one or more of the lines defined in Article 2 of the Agreement of 22 October 1981 on the Continental Shelf in the Area between Iceland and Jan Mayen, subject to Article 8, paragraph 2, of that Agreement.
2. Each Party shall ensure that all data necessary to establish whether a hydrocarbon deposit extends beyond one or more of the lines defined in Article 2 of the said Agreement of 22 October 1981 are collected and shall submit all such data to the other Party without undue delay.