

Name:
Enrolment No:



UNIVERSITY OF PETROLEUM & ENERGY STUDIES
Online End Semester Examination, December 2020

Course: Economics of Oil and Gas sector
Program: BA. LL.B. (HONS.) ENERGY LAWS 2017 - Batch I & 2
Course Code: CLNL 2013

Semester: V
Time: 3 Hours
Max. Marks: 100

SECTION A

1. Each Question will carry 5 Marks
2. Instruction: Explain each briefly in not more than 5 lines

S.No	Question	COs
Q1	Types of Rigs	CO 1
Q2	Methods of EOR	CO 1
Q3	Constituents of Field Development plan	CO 1
Q4	Kinds of Reserve Ratios	CO 1
Q5	Types of marine tankers	CO 1
Q6	What is the importance of metering and compressor stations in the pipelines	CO 1

Section B

1. Each question will carry 10 marks
2. Instruction: Write short / brief notes

Q7	Upstream and Downstream are the two terms which are very frequently used in the petroleum industry. In light of the above statement, Explain the processing with the help of block diagram?	CO 1
Q8	Explain the features of the standard format of Farm out contracts.	CO 2
Q9	Describe in detail the key stages of upstream development project.	CO 1
Q10	Differentiate among the characteristics of various fiscal systems used in global petroleum contracts including concessionary, contractual and production sharing contract.	CO 2
Q11	What is a joint development zone? Explain the ways in which JDZ agreements have approached in organizing a zone.	CO 2

Section C

1. The question carries 20 Marks.
2. Instruction: Write long answer.

Q12

In the face of all of the possible cases mentioned below, how does one arrive at a fair and equitable result in the delimitation of boundaries where hydrocarbon deposits are present?

International Case Law "Article 38 of the Statute of the International Court of Justice requires the Court to apply judicial decisions, subject to the provisions of Article 59, as a subsidiary means for the determination of rules of law. Article 59 states that decisions of the Court are not binding except between the parties and in respect of that particular case. The Court's decisions, therefore, are not governed by the principle of stare decisis."¹⁶ However, this does not mean that the Court ignores precedent. It uses precedent as a persuasive argument rather than a binding one. If the Court does not follow precedent, those cases are likely distinguished from the one at bar."

1. The North Sea Continental Shelf Cases

A partial delimitation of the continental shelf had been in effect by agreement in 1965, between Denmark, Netherlands, and Germany on the basis of equidistance from the nearest points on the baselines of the territorial seas of the parties." Agreement could not be reached on the remainder of the boundaries because of differences over the rules to be used.' "The Netherlands and Denmark asserted that due to lack of agreement between the parties and absent special circumstances, the principle of equidistance should be used.' Germany responded that the equidistance method would not lead to a just and equitable solution and that delimitation should be governed by equitable principles. The court left the final solution of delimitation to the parties and limited itself to providing criteria that the parties would take into account during negotiations including "[t]he physical and geological structure, and natural resources, of the continental shelf areas involved." The court further stated in its decision, that the parties should resolve their differences by agreement, "[o]r failing that, by an equal division of the overlapping areas, or by agreements for joint exploitation, the latter solution appearing particularly appropriate when it is a question of preserving the unity of a deposit." The court also said that it "[d]oes not consider that unity of deposits constitutes anything more than a factual element which it is reasonable to take into consideration in the course of the negotiations for a delimitation." Even at this early stage of resolving transboundary issues, it appears that preserving the unity of the deposit as a means of economic and efficient exploitation was recognized but that it did not rise to the level of creating a special circumstance and that, in and of itself, would not alter the boundary delimitation."

2. United Kingdom/France Arbitration

France and the United Kingdom engaged in negotiations between 1970 and 1974, with the purpose of delimiting the continental shelf that lay between them.' The negotiations resulted in only limited agreement and the dispute was submitted to an arbitration commission by agreement in 1975." The matter at issue in the arbitration had to do with the meaning of "special circumstances." Although the International Court of Justice

CO 3

(ICJ) in the North Sea Cases stated there "[i]s no legal limit to the considerations which states may take account of for the purpose of making sure that they apply equitable procedures . . ." it subsequently determined that the presence of hydrocarbons within the continental shelf alone was not sufficient to invoke special circumstances unless the parties otherwise provide by agreement.' Thus, it would not be sufficient to require a delimitation of boundaries based on equitable principles.

3. Greece/Turkey Aegean Sea Continental Shelf Case

In 1974, Turkey granted petroleum research permits and began to explore for oil and gas in the Aegean Sea outside the territorial sea of islands belonging to Greece. Greece did not recognize Turkey's claim to that portion of the seabed.' Subsequently, the parties engaged in unsuccessful negotiations. Turkey then proceeded to send further scientific expeditions to the same area escorted by warships. This action prompted Greece to submit the dispute to the ICJ in 1976. Greece wanted not only a delimitation of the continental shelf between the two countries in the Aegean Sea, but also prevent Turkey from acquiring knowledge of the strata under Greece's continental shelf. Turkey avoided the ICJ proceedings on jurisdictional grounds." In terms of the development of international law, it is unfortunate that the ICJ did not have jurisdiction because the court would have had to address the problem of transboundary hydrocarbon resources within the scope of this dispute.

4. Iceland/Norway Conciliation Recommendations on the Continental Shelf Area Between Iceland and Jan Mayen Island.

Jan Mayen Island belongs to Norway and lies 292 miles off the coast of Iceland. The island is of volcanic origin, and its year round population is about 30 to 40 residents. The island received little attention until Icelandic fisherman netted a large catch of fish off its shores in 1978. This raised the question of Jan Mayen's right to an EEZ and a continental shelf as contemplated in the UNCLOS then being drafted. Although Norway's title to Jan Mayen was by act of Parliament in 1929, Norway did not claim a 200 mile EEZ around the island when it established one around the mainland. Norway's rush to correct its oversight in 1978, drew immediate objections from Iceland. The parties agreed to refer the matter to a three member conciliation commission." Each of the parties would appoint one member, and the third would be jointly selected. The commission was to recommend a dividing line taking into account Iceland's strong economic interests in the seas in that area, and the pertinent geographical and geologic factors." Because of the geology, the commission disregarded the prolongation principle, proportionality, and the median line. A scientific committee was assembled to determine the potential for hydrocarbon deposits in the disputed area." The commission ultimately suggested a detailed joint development zone comprised of the areas with the highest potential for hydrocarbons.' The establishment of a joint venture exploitation agreement was based on the principle of unitization. The Court again, as in the North Sea Cases, recognized the importance and, in fact, depended on unitization for the most effective and economic recovery."

5. Tunisia/Libya Continental Shelf Case

Tunisia and Libya submitted its question to the ICJ to determine exactly the principles and rules of international law which may be applied in delimiting the continental shelf between them. Both nations also wanted the Court to specify precisely the practical manner in which the principles should be applied so as to be able to accomplish the delimitation without difficulty.' In this case the Court reiterated the natural prolongation principle, but did not specify the concept of "equitable principles" or "special circumstances" and for that reason the two dissenting judges on the Court criticized the judgment as lacking in legal principle.' The Court came to the conclusion that the existing economic status of the parties may not be taken into consideration as part of "relevant circumstances" when delimiting the boundary. However, "[t]he presence of oil wells in an area to be delimited may, depending on the facts, be an element to be taken into account in the process of weighing all relevant factors to achieve an equitable result."

6. United States/Gulf of Maine Case

The essence of the Gulf of Maine case was a delineation of natural resources of both the seabed and the fisheries in the boundary area near George's Bank.' The ICJ actually drew the boundary line once the applicable rules and principles were determined. The United States and Canada requested that the Court use a single line to delimit both the continental shelf and the 200 nautical miles fisheries zone. Historically, the jurisdiction over fisheries has been asserted on the basis of geography, and jurisdiction over the minerals in the continental shelf has been based on geology.' The Court formulated the general principles of equity applicable to a fair allocation of the resources between neighbors and fashioned a solution which was basically the average of the requests initially made by the parties.'