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FOREIGN OFFICE, S.V. I.  
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9/84

UNCLASSIFIED

Sir,

In his letter 1272/57 of May 17 to Mr. Hankey the Ambassador stated that he had again raised the problem of the continental shelf with the Minister of Foreign Affairs. It now seems probable that Her Majesty's Government will have to pursue this matter not only with regard to the waters off Trinidad but also to those on the boundary between British Guiana and Venezuela.

2. The Government of British Guiana has reported that the Californian Exploration Company ( a fully owned subsidiary of the Standard Oil Company of California) has applied for a licence to explore for oil in the area along the coast of the colony and on the continental shelf. Evidently care must be taken lest the Company be authorised by the licence to operate in the areas of the continental shelf which might reasonably be claimed by Venezuela on application of the median line principle. The same consideration applies to a lesser extent to the boundary with Dutch Surinam. The situation is complicated because at both ends of the British Guiana coast line the line of the shore is very inadequately charted and it is not possible for the Hydrographic Department of the Admiralty to produce an unchallengeable median-line. In fact, five alternative lines can be drawn from the various charts, which vary substantially. It was originally proposed that the area included in the licence should stop short of /the

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the boundaries with both Venezuela and Surinam by a "safe" distance, e.g. about five miles. The Colonial Government however felt that it would be a tactical mistake to stop short of the boundary because this might unfavourably prejudice future negotiations with the Governments concerned. It appears moreover from local geological surveys that the bulk of any oil probably lies very close to the Venezuelan border. A limitation of five miles at that end might therefore involve a considerable sacrifice of oil yield. The Colonial Government therefore suggested that the lateral boundaries of the continental shelf should be left undefined. At a meeting held between the interested departments it was felt that this arrangement offered no guarantee that the Company would not operate, apparently under a British licence, in part of the Venezuelan continental shelf. It was agreed the best principle to follow was some application of the principle of equi-distance set out in the International Law Commission's draft articles on the law of the sea Nos. 14 and 72 (ii). These articles have yet to be considered by an international conference next year and at present amount to no more than a recommendation in favour of the median line principle. Nevertheless it was considered that the granting of a licence within the median lines would be justifiable and would form a suitable precedent for negotiation.

3. Since the data available would not provide a proven median line, it was agreed to take for the purposes of the licence the line obtained when using, on the Venezuelan side an American chart (United States Hydrographic Office Chart

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No. 5728 of G.2) and on the Surinam side a Dutch chart. The lines thus produced are roughly the means of the various alternatives, and as far as possible follow the median line principle.

4. The Colonial Government have been informed of this suggestion and if they decide to grant a licence on these terms it will be published in the official gazette of the colony. It is not expected that the Company's survey vessel will take long to complete the seismic soundings in the area near the boundary. However, should the Venezuelan Government raise the matter with you and complain that Her Majesty's Government are taking unilateral action where no agreement has been reached about the division of the continental shelf, you should explain that the licence has been issued for exploration only and that before any exploitation takes place Her Majesty's Government are anxious to conclude an agreement with the Venezuelan Government on the principle of the median line. The licence was in fact issued in accordance with this principle. It will be stated in the licence that the north-western and south-eastern limits of the area may be revised at any time and in either direction, as a result of negotiation with the governments of the adjoining territories, and that Her Majesty's Government will not be responsible for any loss or damage the Company may incur by operating in areas of the continental shelf which might be claimed by other countries.

5. Meanwhile, your comments on the likely reaction of the Venezuelan Government to the issue of such a licence and of the possibility of a satisfactory agreement would be helpful. Since the Company is American, the Venezuelan Government may be less likely to protest at their activities.

/s/

Although the lack of any adequate survey of the coast line may present problems, the division of the Continental Shelf in this area should be easier than in the case of Trinidad.

6. A copy of this despatch is being sent to the Governor of British Guiana.

I am, with great truth,

Sir,

Your obedient Servant,

(For the Secretary of State)

*Sgd. D. H. T. Wildyard*

1/19/57

