



## Council

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### **Standard internal procedures for drawing up the contract for exploration**

1. The application for approval of a plan of work for exploration is approved by the Council, which is reflected in an official document published in all languages of the Authority.
2. Following approval, the Secretary-General will immediately send a formal letter to the applicant enclosing the decision of the Council approving the plan of work for exploration. In the same letter, the Secretary-General will request the applicant to submit as soon as possible a proposal for a training programme in accordance with regulation 29 of the Regulations on Prospecting and Exploration for Polymetallic Sulphides in the Area (ISBA/16/A/12/Rev.1, annex) and regulation 29 of the Regulations on Prospecting and Exploration for Cobalt-rich Ferromanganese Crusts in the Area (ISBA/18/A/11, annex).
3. At the same time, the Office of Legal Affairs of the Authority will draw up the draft contract and send it to the designated representative of the contractor. It is helpful at this stage if direct contact can be established between the Office of Legal Affairs and the legal service of the contractor.
4. The contract consists of the following elements:

#### **Contract**

The standard form of contract is set out in annex III to the regulations. No deviation from the standard form is permitted.

#### **Schedule 1**

Schedule 1 is the list of coordinates and an indicative chart of the exploration area. The coordinates will have been supplied with the application and an indicative chart will be prepared by the Office of Legal Affairs and submitted to the applicant for approval.



**Schedule 2**

Schedule 2 is the first five-year programme of activities under the contract, including the schedule of anticipated expenditures for the first five-year period. This is based on the programme of activities, including the anticipated expenditure for the first five-year period, submitted by the applicant as part of its application, and must remain fully consistent with the programme of activities approved by the Commission. A first draft will be prepared by the Authority's Office of Legal Affairs on the basis of the content of the application submitted to the Legal and Technical Commission.

**Schedule 3**

Schedule 3 is the training programme as agreed between the Secretary-General and the applicant. As noted above, the applicant will be invited to submit a proposed training programme as soon as the application has been approved by the Council. The training programme should be submitted in line with the recommendations for guidance of contractors issued by the Legal and Technical Commission in 2013 (ISBA/19/LTC/14). The Secretary-General will review the proposal until its formal acceptance by both parties by exchange of letter. Since the contract cannot be completed without a training programme, it is important that the proposal be submitted as soon as possible following the approval of the plan of work by the Council.

**Appendix I**

Appendix I is the plan of work for exploration. It is drafted by the Office of Legal Affairs based on the plan of work submitted by the applicant as part of its application and must remain fully consistent with the plan of work approved by the Commission.

**Appendix II**

Appendix II are the standard clauses for exploration contracts as contained in annex IV to the Regulations. The applicable clauses are those in force as at the date of entry into force of the contract. In some cases, as a result of Assembly decision ISBA/19/A/12, there may be a need for further consultation between the Secretary-General and the contractor on the applicability of standard clauses 10.5 and 10.6. In all other cases, the standard clauses will be incorporated without change.

5. The time that is required to establish the contract is a function of the level of complexity of the proposed plan of work and the training programme and the time it takes to agree on a draft for incorporation into the contract. There may also be a need for translation into another official language of the Authority. In general, the Office of Legal Affairs aims to complete the drafting of the contract within a period of 12 months from the date of approval in order to report to the next session of the Council.

6. Once the text of the contract is agreed, the Office of Legal Affairs will prepare a final version for signature, including a binder.

7. The Office of Legal Affairs will also make arrangements with the applicant for the signing ceremony (date and venue). Two originals of the contract are signed by

the Secretary-General and by the designated representative of the contractor; one is delivered to the contractor and the other is retained by the Authority.

8. The contractor is also required to submit a contingency plan to respond to maritime emergencies. This is required to be filed with the Authority before activities under the contract commence (usually at the time of signature) and should be agreed with the Authority in advance of the signature date. Further details of the requirements of the contingency plan may be obtained from the Office of Legal Affairs.

Office of Legal Affairs  
International Seabed Authority  
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