

The University of Houston's Center for U.S. and Mexican Law releases its first study on the regulation of offshore oil and gas in the Gulf of Mexico

June 3, 2015 - As negotiations between the United States and Mexico continue over the allocation of oil and gas rights in the Gulf of Mexico, the Center for U.S. and Mexican Law at the University of Houston Law Center has released its first binational study of exploration and exploitation of offshore transboundary hydrocarbons in the Gulf.

The study, the first phase of a multi-year project, concludes that the United States and Mexico have deviated in some regards from the standard international legal practices that other nations have adopted to develop transboundary hydrocarbon resources – oil and gas deposits that span the maritime boundaries in the Gulf.

Research showed that standard practices emphasize seeking the most efficient way to exploit shared resources while preserving them as a single unit, whereas the 2012 U.S.-Mexico Transboundary Resources Agreement could allow either nation to proceed with “unilateral exploitation” in the absence of a development plan agreed upon by both states, thus potentially damaging the efficient exploitation of the deposit.

However, because the parties will still need to cooperate and abide by the determinations of jointly selected experts on technical issues, any exploitation of oil and gas will likely conform to established principles.

Many legal and regulatory issues remain to be resolved before the two nations can jointly manage the transboundary resources in the Gulf, including issues arising from Mexico's recent energy reforms.

With Mexico's energy sector open to foreign investment, Pemex will no longer hold a monopoly in exploiting hydrocarbon resources in Mexico's sector of the Gulf of Mexico, something not expected when the 2012 Transboundary Resources Agreement was reached by the two countries.

The study found that the agreement dealt with basic boundary issues but left unsettled the specific rules involving the exploitation of oil and gas that are in fields that cross the maritime boundaries of the U.S. and Mexico in the Gulf.

“The U.S. and Mexican authorities are negotiating the features to implement this agreement and this study provides the background of the international law norms that will make implementation of the agreement successful,” said Stephen Zamora, executive director of the Center for U.S. and Mexican Law.

Organizations such as Mexico's National Hydrocarbons Commission (Comisión Nacional de Hidrocarburos, CNH) will benefit from these findings. CNH is a decentralized agency of the Mexican government charged with regulating, overseeing, and evaluating all hydrocarbon exploration and production activities in the country.

Recently, the University of Houston Law Center has entered into a Mutual Cooperation Agreement with CNH that will allow law students to work as interns in the CNH headquarters in Mexico City on issues related to Mexican energy reform. In addition, the Center for U.S. and Mexican Law, in collaboration with UH's Environment, Energy & Natural Resources Center, the leading energy law program in the region, will provide technical assistance to the commission.

The Center for U.S. and Mexican Law is the first research center in any U.S. law school devoted to the independent, critical study of Mexican law and legal aspects of U.S. – Mexico relations. The transboundary hydrocarbon study is the result of a binational research project directed by Guillermo J. Garcia Sánchez and Dr. Richard J. McLaughlin, who are affiliate scholars of the Center for U.S. and Mexican Law at the University of Houston Law Center.

Garcia Sánchez is a doctorate candidate at Harvard Law School (S.J.D.) specializing in international adjudication, international investment law, and comparative constitutional law. Dr. McLaughlin is Endowed Chair for Coastal and Marine Policy and Law at the Harte Research Institute for Gulf of Mexico Studies (HRI) at Texas A&M University-Corpus Christi.

Stephen Small, Marcelo Martinez, Dyan Parada, and Barrett Schitka conducted research for the report with contributions from Professors Stephen Zamora and Jacqueline L. Weaver from the UH Law Center, and Dr. Josefina Cortés Campos from the Instituto Tecnológico Autónomo de Mexico (ITAM).

A downloadable version of the study is available [here](#).

The entire report will be released by the *Houston Journal of International Law* in the Fall of 2015