

Jorge R. Piñon
Visiting Research Fellow
Florida International University Latin American and Caribbean Center
Cuban Research Institute

*"North American Offshore Energy: Mexico and Canada Boundary Treaties
and New Drilling by Cuba and Bahamas"*

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Subcommittee on Energy and Mineral Resources
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Thank you Mr. Chairman and members of the committee, for the privilege and honor to be here today testifying and sharing with you what I consider to be an issue of national security.

My name is Jorge Piñon, I am a Visiting Research Fellow with Florida International University, Latin American and Caribbean Center's Cuban Research Institute. I am also the former president of Amoco Oil de Mexico and president of Amoco Oil Latin America.

The 1982 Third United Nations Convention on the Law of the Sea (UNCLOS III) defines the rights and responsibilities of nations in their use of the world's oceans, establishing guidelines for businesses, the environment, and the management of the marine natural resources.

The United States has signed maritime boundary agreements with most of its neighbors; Russia (Alaska), Canada (ex Arctic Ocean), Cuba, and Mexico; delineating an economic exclusive zone -EEZ- over which each state has sovereign rights on the exploration and exploitation of its water, seabed, and subsurface marine resources.

As The United States, Mexico, Cuba and The Bahamas embark in developing their respective deepwater hydrocarbon resources within their EEZs, and after the catastrophic experience of the Ixtoc and Macundo wells blowouts, the establishment of working relations between all four countries in marine environmental protection would assist in the contingency planning and cooperation necessary to an early and truly effective response to an accidental oil spill.

The United States have already in place agreements of cooperation with Mexico and Canada which set protocols to follow in case of an oil spill which would pose a threat to their shared marine environment. A similar bilateral agreement is urgently needed with Cuba and The Bahamas.

Cuba, The Bahamas and the United States are signatories of multilateral agreements that commit the parties to prepare for and cooperate on potential oil spills. This includes the International Convention on Oil Pollution Preparedness, Response, and Cooperation (OPRC), which was adopted in 1990 under the auspices of the International Maritime Organization

(IMO). Under the convention, parties are required to establish measures for dealing with pollution incidents, either nationally or in cooperation with other countries.

To respond effectively to an oil-related marine accident, all four countries would also require immediate access to each others' oil services and equipment resources that can provide the near-instant technology and know-how that will be needed to prevent, limit, and halt damage to their shared marine environment.

We are very naïve to think that in the case of Cuba, a handful of individual export licenses could prevent and contain a deepwater oil exploratory well blowout. A general license to export and supply equipment, personnel and services to international oil companies operating in Cuba in the case of an emergency is urgently needed.

The Deepwater Horizon response resources needed to assist in containment and cleanup efforts were unprecedented; over 48,000 responders, more than 5,050 vessels including skimmers, tugs, barges, tankers, and recovery vessels; hundreds of aircrafts, remotely operated vehicles, and multiple mobile offshore drilling units and support equipment, 2.93 million feet of containment boom, 8.35 million feet of sorbent boom and nearly 2 million gallons of dispersant. Also, 2 ultra-deepwater semi-submersibles were needed to drill relief wells to permanently seal the reservoir.

Over the last few months, we have seen a number of congressional concerns questioning the experience in deepwater drilling of the international oil companies, the standards and regulations under which they will operate, the technology and quality of the drilling equipment, and the lack of a multi-lateral disaster preparedness and coordination agreement in the event of an oil spill.

Most noticeable throughout this debate has been the singularly focus on Spain's publicly held oil company Repsol, while ignoring all other exploratory oil drilling activities in Cuba, Mexico and The Bahamas by a number of state-owned national oil companies such as; Malaysia's Petronas, Russia's Gazprom, India's ONGC, Angola's Sonangol, and Mexico's Pemex among others.

Mexico, Cuba and The Bahamas are in the process of implementing the most up to date drilling regulations and standards; but do they have the resources, capabilities, assets, personnel, and experience to enforce them? Can these countries' regulatory agencies appropriately police the operators?

The United States not only needs to reach out and shared lessons learned and best practices with all companies operating in the region for the benefit and protection of our common economic and environmental interests; but most importantly with the regulatory agencies such as Mexico's *Comision Nacional de Hidrocarburos*, Cuba's *Oficina de Regulación Ambiental y Seguridad Nuclear*, and The Bahamas Ministry of the Environment.

Having said this, the recent unprecedented international role played by the Department of Interior's Bureau of Safety and Environmental Enforcement appears to be outside of its constitutional mandate to "take charge of the Nation's internal affairs" and therefore, merits further review and consideration as it establishes precedents which are not in the best interest of the United States national security; and could impact negatively in our efforts of hydrocarbon development in the Perdido Fault (Mexico) and in the Chukchi Sea (Russia).

The economic and environmental consequences from an accidental oil spill for all 19 million Florida residents, demands proactive joint planning by Mexico, Cuba, The Bahamas and the United States in order to prevent such a disaster. This planning should be done in a spirit of cooperation, and not confrontation.

The editorial position of Florida's three largest newspapers Mr. Chairman underscores this view:

The St Petersburg Times; *"Florida lawmakers' hopes of thwarting Cuba's offshore drilling ambitions by isolating it from oil companies that do business in the United States is shortsighted political posturing that won't work."* (February 7, 2011)

The Fort Lauderdale Sun Sentinel; *"Cuba's oil drilling ought to be put above the diplomatic and political fray."* (October 23, 2011)

And the Orlando Sentinel; *"Politics instead of wise policy continues to undermine the U.S. approach to oil drilling in Cuba's waters."* (October 19, 2011)

Thank you Mr. Chairman.

Jorge R. Piñón began his thirty year career in the energy sector when he joined Shell Oil Company. He was president and CEO of Transworld Oil USA prior to joining Amoco Corporation in 1991 as president of Amoco Corporate Development Company Latin America. In this position Mr. Piñón represented the business development and joint venture efforts in the region between Amoco Corporation and state oil companies.

In 1994 he was transferred to the downstream oil sector to serve as president of Amoco Oil de México and president of Amoco Oil Latin America, based in Mexico City. After the 1999 merger between Amoco and BP, Mr. Piñón was transferred to Madrid, Spain, to manage BP Europe's western Mediterranean petroleum supply and logistics operations. He retired from BP in 2003.

In 1997, when vice-president and member of the board of directors of the American Chamber of Commerce of Mexico -AMCHAM-, Mr. Piñón received the "Yiacatecutli" award for distinguished service in the promotion of U.S.-Mexico business relations.

Mr. Piñón is today an international energy consultant, as well as a visiting research fellow with Florida International University's Latin American and Caribbean Center - Cuban Research Institute. With international experience in emerging markets and a network of senior energy contacts in Latin America, he is an independent analyst of regional energy issues, as well as the politics of oil and natural gas in Latin America.

He is also recognized as an expert on Cuba's energy sector, as well as on the island's future economic transition challenges and opportunities. He is an advisor and a member of the Cuba task forces at The Brookings Institution and The Council of the Americas, and a member of the board of directors of the Association for the Study of the Cuban Economy -ASCE-; and a co-author of [Cuba's Energy Future: Strategic Approaches to Cooperation](#) (Brookings, 2010), a monograph addressing the major challenges facing Cuba's access to energy resources that are environmentally sustainable and sufficient to meet the nation's revitalization and development goals.

Mr. Piñón holds a degree in Economics and a certificate in Latin American Studies from the University of Florida.