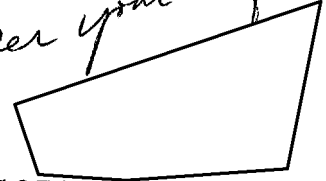


Approved For Release 2002/08/21 : CIA-RDP82S00697R000300080014-4

DEPARTMENT OF STATE

Washington, D.C. 20520

*Frank -
per your request.*



UNCLASSIFIED

November 19, 1974

STATINTL

NSC-D/LOS #246

NSC INTERAGENCY TASK FORCE ON THE LAW OF THE SEA

MEMORANDUM

TO : Members of the LOS Executive Group
SUBJECT : Deepsea Ventures Claim

Attached for your information is (a) "Notice of Discovery and Claim of Exclusive Mining Rights, and Request for Diplomatic Protection and Protection of Investment, by Deepsea Ventures Inc.", sent to Secretary Kissinger in a letter from John E. Flipse dated November 14, 1974, with attachments; and (b) a letter to Secretary Kissinger from Richard J. Greenwald dated November 15, 1974.

Otho E. Eskin
Staff Director

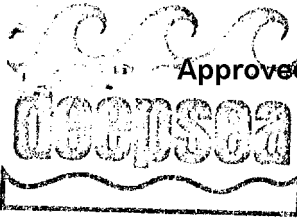
Attachments:

As stated.

UNCLASSIFIED

State Dept. review completed

Approved For Release 2002/08/21 : CIA-RDP82S00697R000300080014-4



Noted

DEEPSEA VENTURES, INC., GLOUCESTER POINT, VIRGINIA 23062 — 703-642-2121 TELEX: 827305

RICHARD J. GREENWALD
Special Counsel

November 15, 1974

The Honorable Henry A. Kissinger
Assistant to the President for National Security Affairs
National Security Council
Executive Office Building
Washington, D.C. 20506

Dear Sir:

An executed copy of the attached Notice of Discovery and Claim of Exclusive Mining Rights, and Request for Diplomatic Protection and Protection of Investment, by Deepsea Ventures, Inc. was delivered by Deepsea Ventures, Inc. to the Secretary of State of the United States of America on 15 November 1974 in Washington, D.C., U.S.A.

A true copy of the document so delivered will be recorded on 15 November 1974 in the Office of the Clerk of the Circuit Court of Gloucester County, Gloucester, Virginia, U.S.A. where it will be available for public inspection under the title DEED POLL (Certified Resolution of the Board of Directors of Deepsea Ventures, Inc. and Record of Corporate Action Undertaken Pursuant to Authority and Direction Given Therein).

Deepsea Ventures, Inc., by so delivering and recording said document, and by furnishing your office with the attached copy thereof, provides your office with notice and proof of:

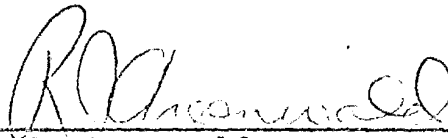
1. The nature and limitations of the exclusive rights asserted by Deepsea Ventures, Inc. over the Deposit of North Eastern Pacific Ocean manganese nodules described in said document, and

2. The priority -- in time, and as to other seabed and seabed resource uses -- of said exclusive rights, and
3. The nature and location of marine activities, past, present and future, associated with the lawful exercise of said exclusive rights and any other lawful rights or privileges which may accrue to Deepsea Ventures, Inc. as a result of its activities at the site of said Deposit.

We respectfully request that you transmit a copy of this letter and its enclosure to your associates, affiliates, departments or agencies having an interest in the subject matter.

It is the desire and the objective of Deepsea Ventures, Inc. that this communication with your office contribute to the orderly, peaceful and efficient development of the mineral resources of the international deep seabeds.

Cordially,



R. J. Greenwald

RJG/gk



7482576

DEEPSEA VENTURES, INC., GLOUCESTER POINT, VIRGINIA 23062 • 703-642-2121 TELEX 827305

JOHN E. FLIPSE
President

November 14, 1974

The Honorable Henry A. Kissinger
Secretary of State
U.S. Department of State
2201 C Street
Washington, D.C. 20520

Notice of Discovery and Claim of Exclusive Mining
Rights, and Request for Diplomatic Protection and
Protection of Investment, by Deepsea Ventures, Inc.

My dear Mr. Secretary:

Deepsea Ventures, Inc., a Delaware corporation having its principal place of business in the County of Gloucester, The Commonwealth of Virginia, U.S.A., respectfully makes of record, by filing with your office this Notice of Discovery and Claim of Exclusive Mining Rights and Request for Diplomatic Protection and Protection of Investment, by Deepsea Ventures, Inc. (hereinafter "Claim"), as authorized by its Board of Directors by resolution dated 30 October 1974, a certified copy of which is annexed hereto as Exhibit A.

Notice of Discovery and Claim of Exclusive Mining Rights

Deepsea Ventures, Inc., (hereinafter "Deepsea"), hereby gives public notice that it has discovered and taken possession of, and is now engaged in developing and evaluating, as the first stages of mining, a deposit of seabed manganese nodules (hereinafter "Deposit"). The Deposit, illustrated by the sketch annexed as Exhibit B, is encompassed by, and extends to, lines drawn between the coordinates numbered in series below, as follows:

The Honorable Henry A. Kissinger
November 14, 1974

From:

(1) Latitude 15°44' N Longitude 124°20' W

A line drawn West to:

(2) Latitude 15°44' N Longitude 127°46' W

And thence South to:

(3) Latitude 14°16' N Longitude 127°46' W

And thence East to:

(4) Latitude 14°16' N Longitude 124°20' W

and thence North to the point of origin.

These lines include approximately 60,000 square kilometers for purposes of development and evaluation of the Deposit encompassed therein, which area will be reduced by Deepsea to 30,000 square kilometers upon expiration of a term of 15 years (absent force majeure) from the date of this notice or upon commencement (absent force majeure) of commercial production from the Deposit, whichever event occurs first. The Deposit lies on the abyssal ocean floor, in water depths ranging between 2300 to 5000 meters and is more than 1000 kilometers from the nearest island, and more than 1300 kilometers seaward of the outer edge of the nearest continental margin. It is beyond the limits of seabed jurisdiction presently claimed by any State. The overlying waters are, of course, high seas.

The general area of the Deposit was identified in August of 1964 by the predecessor in interest of Deepsea, and the Deposit was discovered by Deepsea on August 31, 1969.

The Honorable Henry A. Kissinger
November 14, 1974

Further exploration, evaluation, engineering development and processing research have been carried out to enable the recovery of the specific manganese nodules of the Deposit and the production of products and byproducts therefrom.

The work done, and in progress, is summarized in the annexed affidavits, Exhibits C and D.

Deepsea, or its successor in interest, will commence commercial production from the Deposit within 15 years (absent force majeure) from the date of this Claim, and will conclude production therefrom within a period (absent force majeure) of 40 years from the date of commencement of commercial production whereupon the right shall cease.

Deepsea has been advised by Counsel, whose names appear at the end hereof, that it has validly established the exclusive rights asserted in this Claim under existing international law as evidenced by the practice of States, the 1958 Convention on the High Seas, and general rules of law recognized by civilized nations.

Deepsea asserts the exclusive rights to develop, evaluate and mine the Deposit and to take, use, and sell all of the manganese nodules in, and the minerals and metals derived, therefrom. It is proceeding with appropriate diligence to do so, and requests and requires States, persons, and all other commercial or political entities to respect the exclusive rights asserted herein. Deepsea does not assert, or ask the United States of America to assert, a territorial claim to the seabed or subsoil underlying the Deposit. Use of the overlying water column, as a freedom of the high seas, will be made to the extent necessary to recover and transport the manganese nodules of the Deposit.

Disturbance of the seabed and subsoil underlying the Deposit will be temporary and will be restricted to that unavoidably occasioned by recovery of the manganese nodules

The Honorable Henry A. Kissinger
November 14, 1974

of the Deposit. To facilitate the United States of America's domestic policies and programs of environmental protection, Deepsea will provide, at no cost, reasonable space for U.S. Government representatives of the United States of America on vessels utilized by Deepsea in the development and evaluation of the Deposit. Deepsea does not intend to process at sea the manganese nodules from the Deposit.

It is Deepsea's intention, by filing this Claim in your office and in appropriate State recording offices, to publish this Claim and provide notice and proof of the priority of the right of Deepsea to the Deposit, and its title thereto.

A true copy of this Claim is being filed for recordation in the office of the Secretary of State of the State of Delaware, U.S.A., the State wherein Deepsea is incorporated, and on 15 November 1974 in the office of the Clerk of the Circuit Court of Gloucester County, Virginia, U.S.A., the county and Commonwealth of Deepsea's principal place of business. Copies of this Claim are also being provided to others, as specified in the annexed Exhibit E.

We ask that this Claim, and all of the annexed Exhibits, be made available by your office for public examination.

Request for Diplomatic Protection and Protection of Integrity
of Investment

Deepsea respectfully requests the diplomatic protection of the United States Government with respect to the exclusive mining rights described and asserted in the foregoing Claim, and any other rights which may hereafter accrue to Deepsea as a result of its activities at the site of the Deposit, and similar protection of the integrity of its investments heretofore made and now being undertaken, and to be undertaken in the future.

The Honorable Henry A. Kissinger
November 14, 1974

This request is made prior to any known interference with the rights now being asserted, and prior to any known impairment of Deepsea's investment. It is intended to give the Department immediate notice of Deepsea's Claim for the purpose of facilitating the protection of Deepsea's rights and investments should this be required as a consequence of any future actions of the United States Government or other States, persons, or organizations.

The protection requested accords with the assurances given on behalf of the Executive Department to the Congress of the United States, including those by Ambassador John R. Stevenson, by Honorable Charles N. Brower, and by Honorable John Norton Moore, as follows:

"The Department does not anticipate any efforts to discourage U.S. nationals from continuing with their current exploration plans. In the event that U.S. nationals should desire to engage in commercial exploitation prior to the establishment of an internationally agreed regime, we would seek to assure that their activities are conducted in accordance with relevant principles of international law, including the freedom of the seas and that the integrity of their investment receives due protection in any subsequent international agreement." Letter of January 16, 1970, from John R. Stevenson, Legal Advisor, Department of State, to Lee Metcalf, Chairman, Special Subcommittee on the Outer Continental Shelf, U.S. Senate, reproduced in Hearings before the Special Senate Subcommittee on the Outer Continental Shelf, 91st Cong., 1st and 2d Sess. at 210 (1970).

"At the present time, under international law and the High Seas Convention, it is open to anyone who has the capacity to engage in mining of the deep seabed subject to the proper exercise of high seas rights of other countries involved." Statement of Charles N. Brower, Hearings before the House Subcommittee on Oceanography of the Committee on Merchant Marine and Fisheries, 93d Cong., 1st Sess., at 50 (1974).

The Honorable Henry A. Kissinger
November 14, 1974

"It is certainly the position of the United States that the mining of the deep seabed is a high seas freedom and I think that would be a freedom today under international law. And our position has been that companies are free to engage in this kind of mining beyond the 200-meter mark subject to the international regime to be agreed upon, and of course, assured protection of the integrity of investment in that period." Statement of John Norton Moore, Hearings before the Senate Subcommittee on Minerals, Materials and Fuels, 93d Cong., 1st Sess., at 247 (1973).

The language of these extracts, and other statements similar to them made by these and other responsible officers of the Executive Branch is consistent with the Executive's continuing practice as reflected in a paragraph in President Taft's Message to the Congress of December 7, 1909, where he said:

"The Department of State, in view of proofs filed with it in 1906, showing American possession, occupation and working of certain coal-bearing lands in Spitzbergen /Spitzbergen was at that time recognized as being not subject to the territorial sovereignty of any State/ accepted the invitation under the reservation above stated/i.e., the questions of altering the status of the islands as countries belonging to no particular State and as equally open to the citizens and subjects of all States, should not be raised/ and under the further reservation that all interests in those islands already vested should be protected and that there should be equality of opportunity for the future." Annual Message of the President to Congress 7 December 1909, /1901/ For. Rels. of the U.S. IX at XIII (1914).

Deepsea has used its best efforts to ascertain that there are no pipelines, cables, military installations, or other activities constituting an exercise of freedom of the high seas in the area encompassing the Deposit or in the superjacent waters, with which Deepsea's operations might conflict. So far as is known, no claim of rights has been

The Honorable Henry A. Kissinger
November 14, 1974

made by any State or person with respect to said Deposit or any other mineral resources in the area encompassing the Deposit and no State or person has established effective occupation of said area.

Initially, approximately 1.35 million wet metric tons of nodules will be recovered by Deepsea from the Deposit per year. In accord with market conditions, this may later be expanded to as much as 4 million wet metric tons per year recovered. Deepsea's processing and refining technology, successfully demonstrated in its pilot plant, will recover copper, nickel, cobalt, manganese, and other products, depending on the market situation and competitive conditions. The recovered weight of the major four metals that the initial 1.35 million wet metric tons of nodules will yield per year will be approximately as shown in Column A below. Column B gives some indication of the dependency of the United States of America upon imports for these four metals.

	<u>A</u>	<u>B</u>
	Production Metric Tons	Net U.S. Imports (1972) as a Percentage of <u>U.S. Consumption</u>
Nodules	1,350,000	---
Copper	9,150	9%
Nickel	11,300	71%
Cobalt	2,150	92%
Manganese	253,000	93%

The importance of these minerals to the economy of the United States does not require elaboration. It has been effectively expressed to the Congress by the Executive Branch.

The Honorable Henry A. Kissinger
November 14, 1974

For your information, the capital stock of Deepsea is at present wholly owned by nationals of the United States. Ninety per cent thereof is owned by Tenneco Corporation, a Delaware corporation, and the other ten per cent is owned by individuals, all of whom are United States citizens. At this date stock options are outstanding which, if all are exercised, will result in acquisition of the following percentages of ownership of Deepsea's capital stock by others:

- 23.75%: Essex Iron Company, a New Jersey corporation, a wholly owned subsidiary of United States Steel Corporation, a Delaware corporation.
- 23.75%: Union Mines Inc., a Maryland corporation, a wholly owned subsidiary of Union Miniere, S.A., a Belgian corporation.
- 23.75%: Japan Manganese Nodule Development Co., Ltd., a Japanese corporation.

Respectfully,

DEEPSEA VENTURES, INC.

By John E. Flipse, President
John E. Flipse

Counsel:

Northcutt Ely
Northcutt Ely

L.F.E. Goldie
L.F.E. Goldie

R.J. Greenwald
R.J. Greenwald

DISTRICT OF COLUMBIA, U.S.A., ss:

On 14 November, 1974, in the District of Columbia, U.S.A., before me, a Notary Public duly commissioned and qualified, in and for the District aforesaid, personally came John E. Flipse, personally known to me, and known to me to be the person described in and who executed the foregoing letter, and acknowledged to me that he executed the same; and being by me duly sworn, did depose and say that he is President of Deepsea Ventures, Inc.

Subscribed and sworn to before me this 14th day of November, 1974.


Notary Public

My Commission Expires April 30, 1976

DISTRICT OF COLUMBIA, U.S.A.) ss:

CERTIFIED RESOLUTION
of the
Board of Directors
of
DEEPSEA VENTURES, INC.

At a duly constituted meeting of the Board of Directors of Deepsea Ventures, Inc., a Delaware corporation with its principal place of business in the County of Gloucester, Commonwealth of Virginia, U.S.A., held on 30 October 1974, the following resolution was adopted:

RESOLVED, that the President of the Company be, and he hereby is, authorized and directed to file a "Notice of Discovery and Claim of Exclusive Mining Rights, and Request for Diplomatic Protection and Protection of Investment" with the Secretary of State of the United States of America and with such other departments and agencies of the United States Government, and the states in which it is authorized to do business, and with such other persons and organizations, as it may deem necessary to accomplish the corporate objectives of the Company.

I, the undersigned, hereby certify that the foregoing is a true copy of the resolution adopted by the Board of Directors of Deepsea Ventures, Inc., at a meeting of the said Board held on the aforementioned date, and entered upon the regular minute book of Deepsea Ventures, Inc. and now in full force and effect, and that the Board of Directors of Deepsea Ventures, Inc. has, and at the time of the adoption of the said resolution had, full power and lawful authority to adopt the said resolution and to confer the powers thereby granted to the officer therein named, who has full power and lawful authority to exercise the same.

IN WITNESS WHEREOF, I have affixed my name as Secretary and have caused the corporate seal of Deepsea Ventures, Inc. to be hereunto affixed, this 14th day of November, 1974.


Secretary

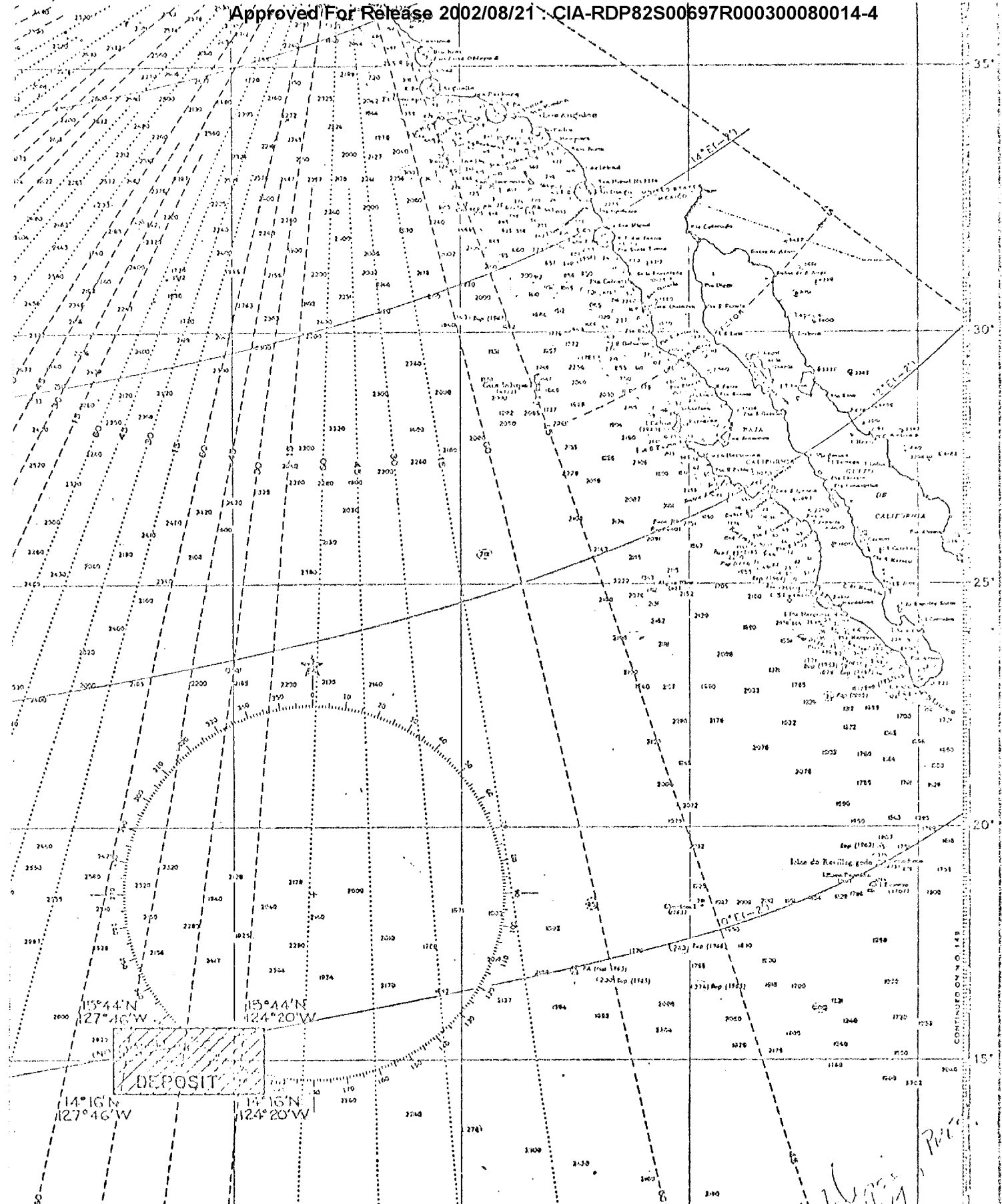
(SEAL)

On 14 November 1974, in the District of Columbia, U.S.A., before me, a Notary Public duly commissioned and qualified, in and for the state and county aforesaid, personally came Richard J. Greenwald, personally known to me, and known to me to be the person described in and who executed the foregoing certificate, and acknowledged to me that he executed the same; and being by me duly sworn, did depose and say that he is the Secretary of Deepsea Ventures, Inc.; that, as such officer, he keeps the corporate minute books and seal of the Corporation; and that the foregoing certificate is true to his own knowledge.

Subscribed and sworn to before me this 14th day of November, 1974.


Notary Public

My Commission Expires April 30, 1976



SWORN STATEMENT

DISTRICT OF COLUMBIA, ss:

John E. Flipse, being duly sworn, deposes that:

1. He resides at the Cove, Gloucester, Virginia, U.S.A., and that he is a citizen of the United States of America, and that he is 53 years of age.
2. He was, from September 1957 to October 1968, employed by the Newport News Shipbuilding and Dry Dock Company, a Delaware Corporation having its principal place of business in Newport News, Virginia, U.S.A.
3. From 1962 to October 1968, he was responsible for and directed the activities of the Research Division of Newport News Shipbuilding and Dry Dock Company and specifically the program of investigating the technical and economic feasibility of deep ocean manganese nodule mining as conducted by that Company, during which time he served in the capacity of Director of Research and Assistant to the President (among other responsibilities) with continuous control over said ocean mining program and was responsible for planning, operations, budgeting and obtaining corporate support during the conduct of said program.
4. He prepared the documentation and directed the transfer of the interest of Newport News Shipbuilding and Dry Dock Company to Deepsea Ventures, Inc., a Delaware Corporation, having its principal place of business in Gloucester County, Virginia, U.S.A., in September of 1968, during which month both companies became subsidiaries of Tenneco, Inc., a Delaware Corporation having its principal place of business in Houston, Texas, U.S.A. The assets of said ocean mining program including, but not limited to, the Research Vessel PROSPECTOR, the trip reports, engineering reports, designs, notebooks, files and rights to the patents developed prior to said transfer date, were transferred from Newport News Shipbuilding and Drydock Company to Deepsea Ventures, Inc., along with certain personnel knowledgeable in the technical and business aspects of the program.
5. From October 7, 1968, until this date, he has served as President of Deepsea Ventures, Inc., and directed the continuation and expansion of the transferred program to prove the technical and economic feasibility of deep ocean mining, Approved For Release 2002/08/21 : CIA-RDP82S00697R000300080014-4

ration of the deep ocean floor of the Pacific Ocean, the development and testing of components and mining systems, and the development and testing of processes for winning the metals from manganese nodules, and he directed the preparation of summary resource data, engineering reports, filing of patent applications, and the economic analysis of a proposed commercial deep ocean mining system.

6. As a result of the foregoing activities, attention was concentrated in the California Seamount area of the Clarion Fracture Zone of the Baja California Oceanographic Province, identified during cruises of R/V PROSPECTOR (owned by Deepsea's predecessor in interest) during August 1964 and April/May 1965. Further cruises based thereon resulted, on August 31, 1969, at 1820 local time, in recovery of a particularly significant grab sample of nodules from a station at 15°28'N. Latitude 125°00.5'W. Longitude. Survey activity on this cruise continued as far south as 15°12.5'N., 125°02'W.
7. Since August 31, 1969, further surveys during 16 cruises, of three to four weeks duration each, have further defined the extent of the deposit discovered on that date. These activities included the taking of some 294 discrete samples, including the bulk dredging of some 164 tons of manganese nodules from some 263 dredge stations, 28 core stations and three grab sample stations, cutting of some 28 cores, approximately 1,000 lineal miles of survey of sea floor recorded by television and still photography, etc. As a result, the deposit of nodules (hereinafter "Deposit") identified with the discovery has been proved to extend generally throughout the entire area encompassed by lines drawn as follows:

From:

(1) Latitude 15°44'N. Longitude 124°20'W.

A line drawn West to:

(2) Latitude 15°44'N. Longitude 127°46'W.

And thence South to:

(3) Latitude 14°16'N. Longitude 127°46'W.

And thence East to:

(4) Latitude 14°16'N. Longitude 124°20'W.

And thence North to the point of origin;

including approximately 60,000 square kilometers, lying on the seabed of the abyssal ocean, in water depths between 2300 to 5000 meters. This Deposit is some 1300 kilometers from the nearest continental margin, and some 1000 kilometers from the nearest island.

8. Principal characteristics of the Deposit, based upon data acquired to date, are:

Average Assay, % (dry weight)	Manganese	29.0
	Nickel	1.28
	Copper	1.07
	Cobalt	0.25
	Iron	6.3
Average Population		30-40%
Average Concentration		9.7 (wet) kg/meter ²

9. It has been determined, after more than 10 years of exploration and survey, at-sea equipment testing and mineral and metal processing development, that deposits of manganese require tailoring the design of the mining and processing systems for each specific deposit, that geographic location, sea floor topography, sea floor sediment properties, nodule size, grade and concentration variation and nodule chemistry are sufficiently different so as to make a mining and processing system, which is based on one deposit, suffer important economic penalties if utilized for another deposit.
10. To this end dredge heads and mining systems have been designed by Deepsea Ventures, Inc., for the specific sediments, nodule properties, and water depths at, over and/or under the Deposit, and process design and pilot plant operations have been tailored to the nodules of grade and chemical composition of the manganese nodules in the Deposit. The cost to date of prospecting, exploration, design and test efforts required to identify and evaluate the potential of the Deposit has been approximately U.S. \$20,000,000. Further exploration, evaluation, and development of the Deposit and associated facilities will consume some three years and cost between U.S. \$22,000,000 and U.S. \$30,000,000. Such further exploration, evaluation and development of the Deposit commenced on 1 November 1974.
11. Deepsea intends to commence commercial production of the Deposit within 15 years at an initial rate of approximately 1.35 million wet metric tons of manganese nodules per year, which rate may be expanded according to market conditions to as much as 4 million wet metric tons per year. The Company intends to process said nodules at a land-based processing plant which will yield as the products thereof copper, nickel, cobalt and manganese and other products.

On 14 November 1974, in the District of Columbia, U.S.A. before me, a Notary Public duly commissioned and qualified, in District of Columbia, U.S.A. aforesaid, personally came John E. Flipse, personally known to me, and known to me to be the person described in and who executed the foregoing certificate, and acknowledged to me that he executed the same; and being by me duly sworn, did depose and say that he is President of Deepsea Ventures, Inc.; and that the foregoing statement is true to his own knowledge.

Subscribed and sworn to before me this 14th day of November, 1974.


Notary Public

My Commission Expires April 30, 1976

SWORN STATEMENT

COMMONWEALTH OF VIRGINIA, U.S.A.)
) ss:
COUNTY OF GLOUCESTER)

Raymond Kaufman, being duly sworn, deposes that:

1. He resides at 112 Cove Road, Williamsburg, Virginia, U.S.A., and that he is a citizen of the United States of America, and that he is 48 years of age.
2. From December 1968 to 15 November 1974, he served as Vice President Technical to Deepsea Ventures, Inc., a Delaware Corporation having its principal place of business in Gloucester County, Virginia, U.S.A.
3. During this period he directed the technical activities of Deepsea Ventures, Inc., associated with ocean mineral deposit prospecting and surveying, mining equipment development and mineral processing development.
4. Commencing November 1, 1974, he has directed and will direct a technical program of Deepsea Ventures, Inc., to develop and evaluate a potential Pacific Ocean manganese nodule deposit described in the affidavit of Mr. John E. Flipse, dated November 15, 1974 (hereinafter "Deposit"), which will take and use from 1.35 to 4 million wet metric tons of manganese nodules per year for a 40-year period. This development and evaluation program will be accomplished in three principal phases:

Phase I - Deposit Evaluation

The objective of this Phase is to confirm that the Deposit contains sufficient ore reserves in a favorable oceanographic environment to support the mining and processing operation for a period of 40 years. Phase I is being conducted over an approximate three-year period and will require 15 to 30 course grid survey cruises by the Company's R/V PROSPECTOR to acquire the data required to assess the economic potential of the Deposit. The acquisition of bulk samples from the Deposit will be achieved as a product of a pilot-scale mining ship/system test to be conducted on the Deposit. The estimated expenditure on activities directly related to, or at the site of, the Deposit during Phase I will be approximately U.S. \$22,000,000 to U.S. \$30,000,000. Subsequent evaluations of the Deposit will be conducted to define technical details necessary for mining.

Phase II -- Initial Mine Development

The objective of this Phase (which may commence during Phase I above) is to develop a detailed plan to mine the Deposit effectively. This will require a comprehensive fine grid survey effort to map the sea floor, to provide topographical maps with a contour interval approaching one to ten meters, to locate obstructions and to determine ore distribution, concentration and assay variations for use in developing an effective mining plan for the Deposit. The work will be accomplished over a three-year period during which time data will be acquired, reduced, analyzed and evaluated. Due to the very large areas involved, the detailed fine grid survey of the entire Deposit will be completed in Phase III (below). The survey and analysis work in Phase II will be conducted over an area sufficient to provide ore for about three years mining at rates of 1.35 million wet metric tons of manganese nodules per year. The anticipated expenditure at the site of the Deposit is U.S. \$10,000,000 to U.S. \$15,000,000 during the first three years of Phase II.

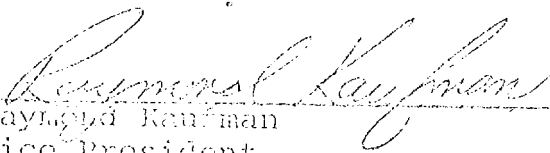
Phase III - Incremental Mine Development/Reconnaissance Surveys during Commercial Production

The principal objective of this Phase is to continue the fine grid mining plan development, while concurrently mining successive tracts of a size blocked out as described in connection with Phase II. Mapping will proceed at a rate needed to provide mining data for at least one year's activity about three years in advance of the actual mining. In addition, a secondary objective of this Phase is to conduct broad area reconnaissance and prospecting surveys aimed at discovering additional ore bodies for future growth and expansion. This work will be undertaken as a continuing activity over the whole period of exploitation and production.

5. The survey and mine site development and evaluation program is one segment of an ocean mining technical development project which also includes the development of the mining, transportation and support, and ore processing segments. The technical and economic development of these elements is critically related to the properties of the specific deposit regarding sea floor engineering parameters, terrain, water depth, nodule character, distribution and assay, geographic location and chemical composition. The Phase I and Phase II expenditures previously referred to, do not include the costs of production mining equipment, ships, terminals, or processing plants. These latter costs are current.

scheduled to commence on completion of Phase 1.

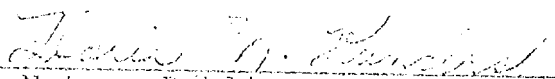
6. Deepsea intends to mine the Deposit at an initial rate of approximately 1.35 million wet metric tons of manganese nodules per year, which rate may be expanded to as much as 4 million wet metric tons per year. The Company intends to process said nodules at a land-based processing plant which will yield as the products thereof copper, nickel, cobalt and manganese and other products.



Raymond Kaufman
Vice President
Deepsea Ventures, Inc.

On 14 November, 1974, in the Commonwealth of Virginia, U.S.A., County of Gloucester, before me, a Notary Public duly commissioned and qualified, in and for the state and county aforesaid, personally came Raymond Kaufman, personally known to me, and known to me to be the person described in and who executed the foregoing statement, and acknowledged to me that he executed the same; and being by me duly sworn, did depose and say that he is a Vice President of Deepsea Ventures, Inc.; and that the foregoing statement is true to his own knowledge.

Subscribed and sworn to before me this 14th day of November, 1974.



Notary Public

NOTICE LIST

True copies of the "Notice of Discovery and Claim of Exclusive Mining Rights and Request for Diplomatic Protection and Protection of Investment, by Deepsea Ventures, Inc.", dated 14 November 1974, to which this notice list is appended as Exhibit E, shall be mailed by certified or registered airmail, return receipt requested, postage and certification or registration fee prepaid, by Deepsea Ventures, Inc. to each addressee listed in this Exhibit E. In addition, legal notice shall be published in as many of the following locations as is possible and practicable: Washington, D. C., U.S.A.; London, United Kingdom; Bonn, Germany; Paris, France; Moscow, U.S.S.R.; Tokyo, Japan; Ottawa, Canada; Brussels, Belgium; Caracas, Venezuela; Monrovia, Liberia; Singapore; New Delhi, India; Canberra, Australia; Tai Pei, Taiwan; Gloucester Point, Virginia; and Wilmington, Delaware.

THE HONORABLE FREDERICK B. DENT
Secretary of Commerce
The Department of Commerce
Fourteenth St., Between Constitution Ave. & E St., N.W.
Washington, D. C. 20230

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