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Nicaragua Launches Oil-Exploration Effort In Contested Caribbean Waters

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An offshore oil project has sparked a new outburst of ill will between Nicaragua and Colombia, which continue to dispute their Caribbean Sea boundary lines despite a binding ruling issued late last year by the UN’s International Court of Justice (ICJ).

The contested waters include an area known in Nicaragua as the Tyra Bank, where last month—at the behest of the Nicaraguan government—the US firm Noble Energy Ltd. began drilling an exploratory oil and natural-gas well. The well is approximately 170 km east of Bluefields, the capital of Nicaragua’s Región Autónoma del Atlántico Sur (RAAS). Drilling is expected to continue until mid-November. Noble Energy also has prospecting plans for the adjoining Isabel Bank. The company gained concession rights to the two banks in 2009. Together the concessions cover approximately 8,000 sq km.

Noble Energy’s exploration efforts have already cost the company nearly US$80 million, according to Nicaraguan Energy and Mines Minister Emilio Rappaccioli. How much more it invests will depend on what the initial Tyra Bank well reveals. Noble Energy is cautious about its prospects for success. Earlier this year the company said there is only a one in four chance it will discover viable crude deposits in the Tyra Bank. Rappaccioli, nevertheless, is optimistic: Noble Energy, he predicts, will quadruple its investment during the coming five years and eventually set up commercial operations that will not only provide for Nicaragua’s future energy needs but also boost its government coffers to the tune of US$700 million annually.

"This is an historic event," the energy and mines minister told reporters on Aug. 17, just as Noble Energy was preparing to begin drilling. "This is something that’s real and that opens up huge possibilities for our country’s economic and social development and well-being."

Colombia’s President Santos sounds off

Authorities in Colombia might be forgiven for not sharing Rappaccioli’s enthusiasm. What Nicaraguan President Daniel Ortega and his allies see as a potential cash cow, the government in Bogotá views as a provocation, an insult to go along with the injury it sustained 10 months ago at the hands of the Netherlands-based ICJ.

Last November, the ICJ—or World Court as it is commonly known—concluded a decade of deliberations and proceedings regarding a long-standing maritime border dispute between Nicaragua and Colombia (NotiCen, Dec. 13, 2012). The final ruling confirmed Colombian sovereignty over much of the Caribbean archipelago of San Andrés—even though its main islands are much closer to Nicaragua (220 km) than they are to Colombia (775 km)—but granted Nicaragua control of a huge swath of contested Caribbean waters. Overall, Nicaragua gained more than 75,000 sq km of maritime territory at Colombia’s expense.

Colombian President Juan Manuel Santos was furious about the ruling. After accusing the ICJ of committing "omission, errors, excesses, and inconsistencies that we can’t accept," Santos took the
dramatic step of withdrawing Colombia from the Bogotá Pact, a 1948 Organization of American States (OAS) treaty by which most countries in the region agreed to recognize ICJ jurisdiction in international disputes.

Now, almost a year later, the border row is again causing headaches for the conservative Colombia leader, who has seen his popularity plummet in recent months (NotiSur, Sept. 6, 2013). Having Colombia’s Caribbean claims gouged by a court ruling was one thing. Watching as Nicaragua begins to actually assert itself in—and possibly profit from—those waters is another matter altogether.

In a television interview broadcast on Aug. 21—four days after Noble Energy began drilling in the Tyra Bank—President Santos accused Nicaragua of expansionism. "Nicaragua’s not going to stop here. Nicaragua wants even more," he said. "It is affecting the interests not just of Colombia but of other countries, too. That’s why we’re in contact with those countries."

Santos’ comments came three weeks after his Ministerio de Relaciones Exteriores sent Nicaragua an official complaint about the latter’s plan to divvy up the disputed sea territory into dozens of new oil exploration concessions. "The Colombian government reiterates it will not accept nor permit exploration or the placement of exploration infrastructure to exploit hydrocarbons under concessions that presume to be offered by Nicaragua in areas that belong to Colombia," the letter read. The note also warned the Ortega administration not to confuse "discretion" with inaction.

Showing some maritime muscle

For all its tough talk, the Santos government finds itself in quite a bind. Short of engaging Nicaragua militarily, there is little it can do to keep companies like Noble Energy out of the contested waters. Colombian ships continue to patrol the area. For now, however, they plan to maintain a "passive approach," according to Colombian Navy Commander Roberto García Márquez. Nicaragua has made a similar pledge. "Here there’s no talk about war. We don’t want war," Nicaraguan Army chief Gen. Julio César Avilés told reporters in early August.

President Ortega is instead calling for dialogue with his Colombia counterpart. "We need to come to an agreement with our Colombian brothers," Ortega said during an event last week in Managua. The Nicaragua leader invited Santos to form a binational committee that will help the two governments "respect and put the ICJ ruling into practice."

In the meantime, both countries are trying to bulk up militarily. On Sept. 4, Colombia christened a new warship, the 7 de Agosto. The US$60 million vessel, built in the Colombian coastal city of Cartagena, will soon make its way to the 82nd meridian, a north-south line that Colombia continues to insist is the "real" maritime border with Nicaragua.

A month earlier, Nicaragua announced plans to renew its patrol fleet as well—by buying at least eight boats, possibly from Russia, which recently sent one of its own warships to the contested area. After a brief visit to Nicaragua, the Russian ship, the Moscow, sailed to Venezuela, passing through the Caribbean just as Noble Energy began operations on its Tyra Bank well. The ship’s conspicuous sojourn was hardly a coincidence, according to international relations professor Miguel Silva Moyano of Colombia’s Universidad Pontificia Bolivariana. In an interview with the daily El Colombiano, Silva described the incident as a "show of power."
"It’s clear that Nicaragua wants to strengthen itself and boost its position in the Caribbean by buying arms," the professor said. "It will spare no expense in doing so. Colombia, in the meantime, continues in a sense to be isolated."

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