

**THE REPUBLIC OF IRAQ
MINISTRY OF OIL
LAW NO. /2006**

DRAFT

By

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Preamble

The President of the Republic

Considering Law No. 27 of 1943 on Petroleum and Its Products;

Considering the OPEC Statute of 1960 and its Amendments;

Considering Law No. 13 of 1961 Organising Oil Affairs;

Considering Law No. 80 of 1961, Delimiting Areas of Exploitation for Oil Companies;

Considering Law No. 11 of 1964 Establishing the Iraq National Oil Company;

Considering Law No. 97 of 1967 on Allocation of Exploitation Areas for the Iraq National Oil Co;

Considering Law No. 123 of 1967 Reconstituting the Iraq National Oil Company;

Considering Law No. 130 of 1967 Amending Law No. 123 of 1967 Establishing the Iraq National Oil Company;

Considering Law No. 49 of 1970 on Oil Establishments;

Considering Law No. 229 of 1970 on Conservation of Oil Wealth and Natural Resources;

Considering Law No. 69 of 1972 on the Nationalization of the Iraq Petroleum Co;

Considering Law No. 70 of 1973 on the Nationalization of the Shareholdings of Standard Oil New Jersey - Exxon & Mobil Oil Corporation in the Basrah Petroleum Co. Ltd;

Considering Law No. 90 of 1973 on the Nationalization of the Shareholding of Royal Dutch Shell in BPC (Basrah Petroleum Company);

Considering Law No. 101 of 1973 on the Nationalization of the 5% Shareholding held by the Participations and Exploration Corporation (Golbenkian) in the Basrah Petroleum Co. Ltd;

Considering Law No. 200 of 1975 on the Nationalization of the Basrah Petroleum Co. Ltd;

Considering Law No. 101 of 1976 Organizing the Ministry of Oil;

Considering Law No. 21 of 1997 Establishing Joint Venture and Private Companies;

Considering Law No 22 of 1997 Establishing General Companies;

Considering Iraq's Administrative Law for the Transitional Period, as published by the Governing Council, 8 March 2004;

Considering Petroleum Laws of Other Members of OPEC Countries;

Considering that the above laws have been adopted to regulate and to promote the petroleum industry in Iraq;

Considering that the international environment for Petroleum Development has changed in recent years;

Considering that the potential of the country's Petroleum reserves remains vast;

Considering that the ambition of the Iraqi people is to build a new Petroleum industry capable of satisfying the political, economic, technical and social needs of Iraq;

Considering that a new law is required for the country's Petroleum sector.

PREAMBLE

WHEREAS the Iraqi Republic has entered a new era after the adoption of the Constitution in 2005;

WHEREAS, Article 109 of the said Constitution declares Oil and Gas as the property of the whole nation in all its Provinces and Governorates;

WHEREAS, Articles 110, 111 and 112 seen in the light of Article 108 broadly define the authorities and responsibilities of the Federal and Provincial authorities within the Petroleum sector;

WHEREAS, the Iraqi Republic is endowed with rich Oil and Gas resources, a great portion of which is already discovered and ready for Development whilst more Petroleum resources are yet to be discovered;

WHEREAS, Iraq's Production capacity during the last decades has been low and at great disparity with its exceptionally rich Oil and Gas resources;

WHEREAS, the Iraqi nation finds itself at the crossroad to a new and more prosperous future which will require quick and substantial funding of reconstruction and modernisation projects;

WHEREAS, revenues from Oil and Gas represent the most important basis for redeveloping the country in general and the Iraqi economy in particular on sustainable and robust basis in a planned and co-ordinated manner that takes into consideration the objectives of the Constitution including the unity of the Iraqi Republic, the exhaustible nature of Petroleum resources, the need for preserving the environment;

WHEREAS, in the interest of permitting the Ministry of Oil to concentrate on its intrinsic policy, regulatory and supervisory roles and at the same time achieving a much needed improvement in operational efficiency, petroleum operations which are currently being performed by the Ministry of Oil ought to be allocated to commercial

and technical entities principal among which is an independent commercial Iraqi National Oil Company

WHEREAS, the rehabilitation and further development of the petroleum industry will be enhanced by the participation of international and national investors of recognised technical, managerial and operational skills as well as robust capital resources to help upgrade and develop national expertise and efficiency in the petroleum sector;

WHEREAS, the national private industry directly and indirectly related to the Petroleum sector are in need of proactive encouragement and support to play a prominent role in the development of the sector;

WHEREAS, the positive interplay between the Federal and Provincial authorities requires appropriate legislative and institutional framework conditions to ensure efficient co-ordination;

WHEREAS, the introduction of a variety of national and international players in the development of the Petroleum sector calls for clear legislative, institutional and operational framework conditions to ensure co-ordination and efficiency between the Iraqi authorities and the commercial players as well as among these players;

WHEREAS, the development of the petroleum sector must be closely co-ordinated and harmonised with the development of the society and the national economy in a manner that maintains sustainable development for the economy and the environment and in the long term decreases dependence on Oil and Gas revenues;

WHEREAS, the terms and conditions regulating the Petroleum sector are of great importance to the whole nation as well as to all investors in the sector, there is a need for a clear, fair, transparent and efficient system of governance that inspires confidence, efficiency and co-operation among all participants in the petroleum sector be that on the authorities side (Federal, Provincial or Governorate level) or among the national and international actors;

THEREFORE

CHAPTER I

Fundamental Provisions

ARTICLE 1

OWNERSHIP OF PETROLEUM RESOURCES

Ownership of all Iraqi Petroleum resources in situ, including oil and natural gas, is vested in the entire Iraqi people. The authority to take decisions relating to Exploration, Development, Production and disposal of oil and natural gas, on behalf of the sovereign people of Iraq, has been and remains vested in the Federal Government of Iraq. All such decisions shall be made on the basis of Iraqi Federal laws.

ARTICLE 2

SCOPE OF APPLICATION

1. This Law applies to Petroleum Operations in all the territory of the Republic of Iraq, including the soil and subsoil on land, as well as inland waters and territorial waters.
2. The scope of this Law excludes the refining of Petroleum, its industrial utilisation as well as the distribution and the marketing of Petroleum Products.

ARTICLE 3

PURPOSE

1. This Law establishes the regime for the management of Petroleum Operations in the Republic of Iraq, taking into account the existing international agreements between the Republic of Iraq and other countries on crude oil transportation.
2. The Law aims to build upon existing co-operation between the relevant Ministries in the Federal Government administration as well as establish the

basis for consultation and co-ordination between the Federal Government and authorities and those in the Provinces or/and Governorates with petroleum production.

ARTICLE 4

DEFINITIONS

For the purposes of this Law, the following terms and expressions shall have the meaning indicated as follows, unless the context in which used requires a different meaning:

1. **"Associated Natural Gas"** - Natural Gas which under reservoir conditions is either in solution with liquid hydrocarbons or as gas-cap gas which overlies and is in contact with Crude Oil;
2. **"Commercial Discovery"** - a discovery of Petroleum which has been deemed to be commercial for Development purposes by the holder of Exploration and Production right;
3. **"Contract Area"** - the area within which the holder of an Exploration and Production right is authorised to explore for, develop and produce Petroleum;
4. **"Crude Oil"** – all hydrocarbons, regardless of specific gravity, which are produced and saved from the Field in liquid state at atmospheric pressure and temperature, including asphalt, tar and the liquid hydrocarbons known as distillates or condensates obtained from Natural Gas within the Contract Area;
5. **"Decommissioning Plan"** - a scheme for the closure of Petroleum Operations and restoration of the operating environment including the removal and disposal of all installations;
6. **"Delivery Point"** – the point(s) of the loading facility at which Crude Oil reaches the inlet flange of the receiving tank-ship or such other point inside or outside Iraq, as agreed to under the Exploration and Production Contract. In the case of Gas it is the flange of the inlet to the receiving installation for Natural Gas;

7. **"Development"** - the activities carried out by the holder of Exploration and Production right based on either the Field Development Plan or the Main Pipeline Development Plan, which aim at Production and transportation of Petroleum;
8. **"Development and Production Area"** - a part of the Contract Area which following a Commercial Discovery has been delineated according to the terms and conditions of the Exploration and Production Contract;
9. **"Discovery"** - the first Petroleum encountered in a Reservoir by drilling that is recoverable at the surface by conventional petroleum industry methods;"
10. **"Exploration"** - the search for Petroleum by geological, geophysical and other means including drilling of Exploration and appraisal wells;
11. **"Field"** – An area consisting of a single Reservoir or multiple Reservoirs all grouped on, or related to, the same individual geological structural feature or stratigraphic condition. The field name refers to the surface area, although it may refer to both the surface and the underground productive formations.
12. **"Field Development Plan"** – a scheduled programme and cost estimate specifying the appraisal and Development activities required to develop and produce Petroleum from a specific Field or group of Fields by the holder of an Exploration and Production Contract, prepared in accordance with this Law and the relevant provisions in the Regulations for Petroleum Operations and the Exploration and Production Contract covering that Contract Area;
13. **"Field Pipeline"** – a pipeline, including valve stations, pump stations, compressor stations and associated installations, collecting Crude Oil or Natural Gas from a Field or a group of Fields and delivering it to a Transfer Point for further transportation;
14. **"Foreign Person"** - any non-Iraqi citizen or any company or institution with legal personality established and registered pursuant to Iraqi legislation, and having less than 50% of its share capital held by national citizens or by Iraqi public or private companies or institutions;

15. **"Good Oilfield Practices"** - all those practices related to Petroleum Operations that are generally accepted in the international petroleum industry as good, safe, environmentally friendly, economic and efficient in exploring for and producing Petroleum;
16. **"Good Pipeline Practices"** - all those practices related to transportation by pipelines - including the design, construction, commissioning, maintenance, operation and decommissioning of pipelines - that are generally accepted in the international petroleum industry as good, safe, environmentally friendly, economic and efficient in transporting Petroleum;
17. **"Iraqi Person"** - any citizen with Iraqi nationality or any company or institution with legal personality established and registered pursuant to Iraqi legislation, with its headquarters in Iraq and having at least 50% of its share capital held by national citizens or by Iraqi public or private companies or institutions;
18. **"Main Pipeline"** – the principal pipeline, including valve stations, pump stations, compressor stations and associated installations built by the Transporter, for the transportation of Crude Oil or Natural Gas from one or several Fields or sources inside or outside Iraq;
19. **"Main Pipeline Development Plan"** - a scheme and cost estimate specifying all activities to be carried out by the Transporter for the transportation of Petroleum by pipeline inside Iraq and across the territory of neighbouring States, prepared in accordance with this Law, the relevant provisions in the regulations for Petroleum Operations and the Exploration and Production Contract covering that Contract Area, any relevant bilateral agreements as well as the terms and conditions of approval by the Ministry;
20. **"The Ministry"** – is the Ministry of Oil in the Republic of Iraq and other companies and organizations specifically authorized by it;
21. **"Natural Gas"** - all hydrocarbons which are in a gaseous state at atmospheric conditions of temperature and pressure, that might be associated or not with liquid hydrocarbons, as well as the residue gas remaining after the extraction of liquid hydrocarbons from the Reservoir;

22. **“Non-associated Natural Gas”** – The free Natural Gas other than Associated Natural Gas;
23. **“Operator”** – the entity designated by the Government, in consultation with the holder of Exploration and Production right, to conduct Petroleum Operations on behalf of the latter;
24. **“Petroleum”** – all Crude Oil or Natural Gas, or other hydrocarbons produced or capable of being produced from Crude Oil, Natural Gas, oil shales or tar sands;
25. **“Petroleum Operations”** – all or any of the activities related to Exploration, Development, Production, separation and treatment, storage, transportation and sale or delivery of Petroleum at the Delivery Point, Export Point or to the agreed Supply Point inside or outside Iraq, and includes Natural Gas treatment operations and the closure of all concluded activities;
26. **“Production”** - the extraction and disposal of Petroleum;
27. **“Production Measurement Point”** – the place(s) at which volumes and qualities of Crude Oil or Natural Gas to be transferred at the Transfer Point are measured;
28. **“Reservoir”** - a separate accumulation of Petroleum in a geological unit limited by rock characteristics, structural or stratigraphic boundaries, contact surfaces between Petroleum and water in the formation, or a combination of these, so that Petroleum Production from any portion of the accumulation will affect the pressure in the accumulation as a whole;
29. **“Supply Point”** – the place at which Crude Oil or Natural Gas is transferred from a Main Pipeline or a Field Pipeline to a different type of transport, processing or use;
30. **“Transfer Point”** - the inlet flange(s) of the outgoing Pipelines from the Production Measurement Point, where the Transporter shall receive Crude Oil or Natural Gas from the holder of Exploration and Production right;

31. **“Transporter”** – the entity designated by the Council of Ministers to receive Crude Oil or Natural Gas from the holder of Exploration and Production right at the Transfer Point and deliver Crude Oil for export or Natural Gas to the holder of Exploration and Production right at the Delivery Point.

CHAPTER II

MANAGEMENT OF PETROLEUM RESOURCES

ARTICLE 5

COMPETENCE OF AUTHORITIES

1. The Council of Representatives shall enact all Federal legislation on Petroleum Operations. It shall also approve all agreements made in connection with Petroleum Operations that extend outside Iraqi territory.
2. The Council of Ministers shall be responsible for recommending proposed legislation on the development of the country’s Petroleum resources for introduction into the Council of Representatives.
3. The Council of Ministers is the competent authority to formulate Federal Petroleum policy and supervise its implementation. It also administers the overall Petroleum Operations including the formulation of Federal policy on all matters within the scope of this law including i.a. Exploration, Production, Transportation, Marketing, the proposal of Petroleum legislation, and the approval of such regulations as may be necessary from time to time on the said matters. It shall submit proposals on legislation to the Council of Representatives.
4. The Council of Ministers is the competent authority to approve and sign Exploration and Production contracts granting rights for conducting Petroleum Operations and the amendments thereto, in so far as they concern territory inside Iraq.

5. In carrying out the above functions, the Council of Ministers shall ensure that the Ministry adopts appropriate and effective mechanisms for consultation and co-ordination with the Provincial and Gubernatorial authorities.
6. To assist the Council of Ministers in matters related to the approval of Petroleum policy and plans that are prepared by the Ministry, as well as in carrying out negotiations leading to the grant of approval of Exploration and Production rights in accordance with Article 6 of this law, the Council of Ministers shall appoint **a Federal Petroleum Commission**. The Commission shall be chaired by the Prime Minister and shall consist of selected ministers and high ranking government executives from relevant institutions.
7. To assist the Federal Petroleum Commission in achieving its obligations **two entities shall be established:**
 - a. A dedicated entity for planning and executing the process leading to the allocation of Exploration and Production rights. The entity shall consist of specially trained members of the Ministry, INOC and related entities with appropriate skills and experience i.a. in organising bidding rounds and carrying out professional negotiations with oil companies for the purpose of entering into contracts in accordance with Article 6 of this Law. Such personnel can be recruited on project basis through secondment or temporary employment. **For specific negotiations the negotiation team shall be supplemented by representatives from the Province or the Governorate where the particular acreage is located.** The licensing or negotiation teams may also employ expert consultants with recognised international track record.
 - b. **A Petroleum Advisory Council consisting of nine (9) members one third of whom shall be nominated by the provinces and the producing Governorates.** Only reputable Iraqi technocrats with long experience in the upstream petroleum operations shall qualify for membership in the **Commission**. All members shall be appointed by the Council of Ministers for a fixed renewable term of **four years**.

8. The role of the **Petroleum Advisory Council** shall include comments and recommendations on overall Petroleum policy; licensing policy; licensing contracts; overall Development policy as well as strategically important plans and projects; and any other relevant matters referred to it by the Federal Petroleum Commission or the Ministry. The Petroleum Advisory Council may act on its own initiative or upon request.
9. **All decisions by the Federal Petroleum Commission shall become valid upon signature by the Council of Ministers.**
10. **The Ministry** is the competent authority for **proposing Federal policy and legislation** as well as issuing regulations and guidelines and undertaking the necessary monitoring, supervisory, regulatory and administrative actions required to ensure the proper implementation thereof.
11. On the basis of policies, regulations, guidelines and requirements under Article 5.9 above, and in harmony with the overall economic and social policies of Government, the Ministry shall in consultation with the Provincial and Gubernatorial authorities draw up Federal policies and plans on Exploration, Development and Production on annual or as needed basis. Such policies and plans shall address both the short term as well as the long term production target requirements. The geographical distribution and timing of exploration and production programs shall be optimised on the basis of proposals from the Provinces and producing Governorates.

The policy proposals and plans shall be submitted for review and approval by the Federal Petroleum Council.
12. In implementing the programmes referred to under 5.10 above **all Discovered Fields shall be earmarked to Iraq National Oil Company (INOC)**. The Ministry in accordance with Article 6 of this law shall propose to the Federal Petroleum Council the most efficient ways of developing the Discovered yet not developed Fields. The Federal Petroleum Council shall undertake the

necessary licensing process including negotiations. In these efforts INOC will form part of the licensing and negotiations team.

13. Regarding the first priority task of rehabilitating and enhancing Production capacity coupled with improving oil recoveries from currently producing oil fields, **INOC shall be the Operator and is authorised to enter directly into Service and Management Contracts with appropriate oil or service companies if required for expediting the objectives under this Article.**
14. Parallel with actions under Article 5.12 above, diligent efforts shall be made for the speedy and efficient Development of selected Discovered Fields which are either undeveloped or partially developed at the time of enacting this law. The Development of these Fields may be made in co-operation with reputable oil companies of established and robust financial, operational, technological and managerial skills and capabilities.
15. In implementing the tasks under 5.10, 5.11, 5.12 5.13 and 5.14 of this law the Ministry shall aim at achieving substantial increase in the Production capacity of the country.
16. The Ministry is the competent authority to represent the Iraqi Republic in regional and international forums on Oil and Gas and related matters.
17. The Ministry is empowered to negotiate international and bilateral agreements related to Oil and Gas subject to approval in accordance with the Constitution.
18. The Ministry shall introduce appropriate changes in its organisation and mode of work to shoulder its new obligations and responsibilities under this law. This shall be regulated by law
19. The Ministry, or a special entity under it, shall have the responsibility of **monitoring Petroleum Operations to ensure adherence to legislation, regulations and contractual terms.** In addition to technical and administrative supervision, the said entity shall carry out **verification of costs and expenditures** incurred by the holders of rights to ensure correct and justified cost recoveries for the purpose of determining revenues accruing to government. The same entity shall through inspection, **technical audits** and

other appropriate actions verify conformance with legislation, regulations, contractual terms and internationally recognised practices.

20. The Ministry has the right to execute contracts related to Oil and Gas supply services other than those covered by Article 5.4 and in other applicable legislation.
21. The Ministry is authorized to approve Field and Main Pipeline Development Plans inside Iraqi territories, and any material amendments thereto, in consultation with other provincial and Federal Iraqi authorities.
22. The Ministry is the competent authority to approve the transfer of rights among holders of Exploration and Production right and associated amendment of contracts provided this does not adversely affect the national content including the percentage of national participation.
23. The Ministry and its subordinate entities shall be responsible for ensuring that Petroleum resources are discovered, developed and produced in an optimal manner to the nation in accordance with legislation, regulations and contractual terms as well as recognised international standards.
24. Together with, or parallel to, the submission of this law for approval by the Council of Representatives, the Council of Ministers shall submit a proposal for a law to **establish the Iraqi National Oil Company (INOC) as an upstream holding company fully owned by the Government**. It shall engage in i.a.:
 - a. Exploration and Production operations inside Iraq on behalf of the Government of Iraq and shall sell its share of crude oil to SOMO at a Transfer Price which covers costs as well as a reasonable profit margin that allows INOC to continue a healthy development as an Exploration and Production company.
 - b. In order to ascertain and enhance co-operation and consultations with the Provinces and producing Governorates **INOC shall establish operating companies to carry out Petroleum Operations in the Provinces and producing Governorates on the basis of contracted management fees**. Such fees shall cover costs and a reasonable profit

margin to allow a healthy development of operations. **The share option for the Provinces and Governorates in such operating companies can be up to 50%.**

c. INOC may also establish service companies in association with shareholders from the provinces and producing Governorates.

25. INOC activities include:

- a) Carrying out Oil and Gas Exploration, Development, Production, Transportation, Storage, marketing and sales down to the Delivery Point. in accordance with the rights and obligations under this law including the necessary contracts, permits and approvals applicable to all other holders of rights.
- b) Managing and operating existing producing fields; participation in the Development and Production of discovered and yet not developed fields and applying for Exploration and Production rights in new areas
- c) Managing the Government participation shares in future Exploration and Development contracts in accordance with terms under the relevant contracts.
- d) Own, manage and operate the Main Oil and Gas Pipeline network in the Republic of Iraq and enter into contracts with existing and future shippers of Oil and Gas in accordance with this law.
- e) Participate as a commercial partner in international projects related to the transportation, marketing and sale of Oil and Gas. INOC may also participate in Exploration and Production contracts outside the Republic of Iraq subject to approval by the Council of Ministers.
- f) Form fully owned subsidiary companies with appropriate bylaws and procedures to be issued for the purpose.
- g) Establish, in association with others, affiliated and associated operating companies or acquire shares in existing companies inside the Republic of

Iraq. INOC may also undertake the same outside the Republic of Iraq subject to the approval of the Council of Ministers.

- h) Acquire tangible and intangible assets belonging to natural or legal entities for the purpose of achieving its objectives and in accordance with the law.

26. The Provincial authorities shall have the following competencies:

- a. The Petroleum entity in the Province shall undertake the necessary preparations in order **to propose to the Federal authorities activities and plans for the Province to be included in the Federal plans for Petroleum Operations**. It shall further assist the Federal authorities in discussions leading to the finalisation of the Federal plan as required.
- b. **Participate in the licensing process regarding activities within its respective province.**
- c. **Participate as part of Ministry's negotiation team in licensing preparations, evaluations and negotiations regarding areas within the Province.**
- d. Be represented in discussions carried out by the Petroleum Council in accordance with Articles 5.5 and 5.6 of this law.
- e. **An entity in the Province shall be established in consultation with the Ministry to undertake the monitoring, regulation and administration of Petroleum Operations to ensure adherence to legislation, regulations, guidelines and the specific terms of the relevant Exploration and Production Contracts**. Such functions shall be carried out in close co-ordination and harmonisation with the Ministry to ensure uniform and consistent implementation throughout the Republic of Iraq. The Ministry shall also provide professional support to the Provincial Petroleum entity.
- f. **INOC's operational activities in the province shall be carried out by affiliated companies where the Provincial authorities have an**

option to participate through ownership of shares in the respective affiliates.

27. The competencies and authorities specified under Article 5.23 above shall also apply, as far as applicable, to Governorates with ongoing Production Operations

ARTICLE 6

GRANT OF RIGHTS

1. The rights for conducting Petroleum Operations shall be granted on the basis of an Exploration and Production contract. The contract shall be entered between the Council of Ministers and an Iraqi or Foreign Person, singular or collective, which has demonstrated to the Ministry the technical competence and financial capability that are adequate for the efficient conduct of Petroleum Operations. The rights under this Article 6.1 shall not be granted to Foreign Persons, singular or plural whose countries of origin do not allow Iraqi entities to seek reciprocal opportunities. The contracts shall be approved by the Council of Ministers of the Republic of Iraq.
2. The licensing process shall be based on **transparent and accountable tendering** and shall take into account recognised practices by the international petroleum industry. It shall adhere to the following principles and procedures:
- a) Competitive licensing rounds based on clearly defined terms and conditions of application as well as the criteria to be used in the selection of successful candidates.
 - b) The contractual terms offered to applicants shall be specified **in model contracts** accompanying the letter of invitation. Such model contracts shall be as brief as possible referring to relevant provisions in existing legislation and regulations. **As few negotiable items as possible shall be specified in the model agreement.**
 - c) The form and terms of the model contract shall take account of the specific characteristics and requirements of the individual area, field or prospect

being offered, including i.a. whether the resources are discovered or not, the risks and potential rewards associated with the investments under consideration and the technological and operational challenges presented.

d) All model contracts shall be formulated to honour the following objectives and criteria:

- i. national control,**
- ii. ownership of the resources,**
- iii. optimum economic rent to the country,**
- iv. an appropriate return on investment to the investor,**
- v. reasonable incentives to the investor for ensuring solutions which are optimal to the country in the long-term related to i.a. :**
 1. improved and enhanced recovery,
 2. technology transfer,
 3. training and development of Iraqi personnel,
 4. optimal utilisation of the infrastructure,
 5. Environmentally friendly solutions and plans.

- e) The Model Contracts may be based upon Service Contract, Buy-back Contract and Production Sharing Contract (PSC) provided they are adapted to best meet the objectives and criteria under 6.2 (d) above which serve the best interest of the Republic of Iraq.
- f) Only prequalified companies shall be considered in any licensing round. The criteria for prequalification shall be specified in the Invitation to bidding and the Petroleum Regulations.
- g) Evaluation of prequalified applicants shall aim at establishing a short list of successful candidates for negotiations.
- h) The selection and ranking of successful applicants shall be on the basis of the quality and relevance of the proposed work plan and the anticipated economic rent to the nation.
- i) The overall allocation of Exploration and Production rights throughout the Republic of Iraq shall aim at achieving variety among oil companies and

operators with different background, expertise, experience and approach so as to enhance efficiency through positive competition, benchmarking of performance and transparency. The possibility of using consortia of selected companies, particularly in large fields, shall be considered.

j) Not later than two months after the endorsement of Exploration and Production contracts by the Council of Ministers the text of the contract shall be made public.

3. The granting of rights for the activities referred to in Article 6.1 shall always respect national interests, including but not restricted to those related to defence, navigation, research and development, conservation, health and safety and a high level of environmental protection.
4. The Ministry is authorised to regulate the form and manner in which rights are granted under this Article in a manner consistent with this law.

ARTICLE 7

PARTICIPATION OF THE STATE

1. The Iraqi Republic shall aims at achieving substantial national participation in the management and Development of its Petroleum resources in order to enhance its national control.
2. The Exploration and Production rights with regard to existing producing fields are hereby given to the INOC in accordance with Article 5.22 and Article 6.1. The formal procedure for this grant of rights shall be developed by the Ministry in accordance with this Law. The formal granting of additional Exploration and Production rights to INOC regarding not yet developed Fields shall be affected by the Ministry.
3. The Main Pipeline network inside Iraqi territories is hereby assigned to INOC. The formal procedure for this assignment and necessary approvals shall be affected by the Ministry in accordance with this Law.

4. The Republic of Iraq reserves the right to participate in Petroleum Operations in any phase of Petroleum Operations on terms and conditions that are established by contract.
5. The Ministry is authorised to designate INOC to exercise the Republic of Iraq's participation share in accordance with Sub-Article 7.4 above.

CHAPTER III

UPSTREAM OPERATIONS

ARTICLE 8

EXPLORATION AND PRODUCTION CONTRACT

1. An Exploration and Production Contract shall give the holder an exclusive right to conduct Petroleum Exploration and Production in the Contract Area including Transportation rights in accordance with Article 17.1.
2. Except if additional time is needed to complete the operations to assess a Discovery, the exclusive Exploration and Production right shall be granted as follows:
 - a) A First Period shall be a maximum of four years.
 - b) Subject to having fulfilled all commitments by the holder, the Ministry may grant a Second Period of no more than two years provided however that a substantial work programme is committed to under this period.
 - c) A Third Period of Exploration can for special considerations of continuity be granted by the Ministry provided however that such extension is justified by the quality and substance of the work programme and that it shall not exceed 2 years.
 - d) All extensions shall be subject to the provisions concerning the relinquishment of Contract Areas.

3. In the event of a Discovery, the exclusive Exploration and Production right may be retained by the holder for the purposes of completing the operations initiated within a specified area to assess or determine the commercial value of a Discovery for a maximum additional period of two years or, in the case of a non-associated Natural Gas Discovery, for an additional period not to exceed four years.
4. On the basis of a Field Development Plan prepared and approved in accordance with this law and the relevant contract, INOC and other holders of an Exploration and Production right may retain the exclusive right to develop and produce Petroleum within the limits of a Development and Production Area for a period to be determined by the Ministry varying from 15 to 20 years dating from the date of approval of the Field Development Plan, depending on considerations related i.a. to optimal oil recovery and utilisation of existing infrastructure. In cases which for technical and economic considerations warrant longer Production period, the Council of Ministers, on newly negotiated terms, has the authority to grant an extension not exceeding 5 years. The remaining acreage outside the Development and Production Area shall be relinquished at the end of the Exploration and Production right.
5. The appointment of an Operator shall be approved by the Ministry. The procedures for such appointment are contained in the Contract.

ARTICLE 9

OBLIGATIONS OF THE HOLDERS OF EXPLORATION AND PRODUCTION RIGHT

A holder of Exploration and Production right is obliged, mutatis mutandis, to:

- a) Conduct Petroleum Operations in accordance with the terms of this Law, the Regulations for Petroleum Operations as well as other applicable legislation and Good Oil Field Practices;
- b) Promptly report any Discovery within the Contract Area to the Ministry;

- c) Conduct the necessary delineation and evaluation of the Discovery with a view to determining its commercial potential and keep the Ministry fully informed of progress and results;
- d) In the event of a Commercial Discovery, prepare and submit to the Ministry, in accordance with the Regulations for Petroleum Operations, a Field Development Plan for the Discovery;
- e) Prepare and submit a revised Field Development Plan for any material amendment to the original Plan for approval by the Ministry;
- f) Implement the Field Development Plan or the revisions thereto once these have been approved by the Ministry;
- g) Submit a Decommissioning Plan to the Ministry, not later than two years before the planned termination of Production;
- h) Compensate the injured parties for any losses or damages resulting from the conduct of the Petroleum Operations as provided by law;
- i) When the national interest so requires, give preference to the Ministry in the acquisition of Petroleum produced in the Contract Area, and access to pipeline transportation, in accordance with terms and conditions to be agreed upon with the Ministry;
- j) Provide the greatest possible support for required research and development activities in connection with Petroleum Operations and endeavour to carry out as much of these activities by Iraqi institutions;
- k) Collect, organise and maintain in good condition usable data from all phases and on all aspects of Petroleum Operations in accordance with this Law and with Petroleum regulations, and
- l) At no cost, supply the Ministry and affiliated companies, with, all data collected and assembled from Petroleum Operations, in accordance with Article 14 of this Law.

ARTICLE 10

COMPETENCE BUILDING AND LOCAL CONTENT

1. The Republic of Iraq aims at the development of a competent and effective Iraqi **private sector capable of substantial participation** in Petroleum Operations including the acquisition, alone or together with international companies, of Exploration and Production rights. Such development shall however adhere to the objectives of professional competence in accordance with this law. Towards this end holders of Exploration rights are encouraged to pursue co-operation and association with serious and qualified Iraqi private initiatives.
2. INOC and other holders of Exploration and Production rights shall give preference to the purchase of Iraqi products and services whenever they are competitive in terms of price, comparable in terms of quality and available on a timely basis in the quantity required.
3. INOC and other holders of Exploration and Production rights shall to the maximum reasonable extent undertake to employ Iraqi citizens having appropriate qualifications and shall undertake to train and prepare potential candidates towards this objective.
4. INOC and other holders of Exploration and Production rights shall maximise, to the greatest reasonable extent, research, training and technology transfer opportunities for Iraqi nationals and institutions, at all levels of Petroleum Operations including management.
5. INOC and other holders of Exploration and Production rights are required to diligently seek and develop associations, affiliations, joint ventures and other forms of partnership and or co-operation in order to promote the rapid growth of an Iraqi private sector capable of assisting and enhancing Petroleum Operations to the mutual benefit of the said holders and the nation.

ARTICLE 11

UNITISATION

1. A Petroleum Discovery which is located partly in one Contract Area and partly in another Contract Area shall be developed and operated jointly pursuant to a unitization agreement which shall be submitted for approval by the Ministry and other legislative bodies. Should the right-holders fail to reach agreement on the modalities of unitisation, the Ministry has the right to decide on the terms six months after serving notice to the parties to this effect.
2. A Petroleum Discovery which extends from areas authorized for Production into areas not authorized for Production shall be developed only after consultation with the Ministry about the measures necessary to protect the interests of the Republic of Iraq.
3. The Council of Ministers shall adopt the necessary measures to protect the interests of the Republic of Iraq in Petroleum Discoveries extending beyond the borders of the Republic. In such cases efforts shall be made to seek joint solutions with the said neighbouring countries.

ARTICLE 12

CONSERVATION

1. The extraction of Petroleum resources shall aim at the avoidance of waste, including preventing leakages from Pipelines, and the optimal maintenance of energy in the Reservoir in accordance with Good Oilfield Practices and Good Pipeline Practices.
2. INOC and other holders of an Exploration and Production right shall diligently apply the latest technologies and oilfield practices that lead to optimum recovery from the individual Reservoir or a group of Reservoirs that are targeted under the Field Development Plan(s).

3. The Field Development Plan shall be based on thorough investigations of alternative extraction strategies in order to select a solution that combines the highest level of Petroleum recovery with acceptably high levels of Production and as low cost as possible.
4. Subsequent to the approval of a Field Development Plan, INOC and other holders of Exploration and Production right shall continue to improve Reservoir understanding through optimal data collection and Reservoir monitoring and shall accordingly seek to identify and implement actions that would improve Petroleum recovery.

ARTICLE 13

ACCESS TO MAIN PIPELINES AND FIELD PIPELINES

1. The Main Pipelines are the property of the state.
2. INOC as the Transporter with respect to Main Pipelines and the holder of Exploration and Production right under Article 17.1 with respect to Field Pipelines have the obligation to transport, without any discrimination and on reasonable commercial terms, the Petroleum of third parties, provided in general that:
 - a) Capacity is available in the Pipeline;
 - b) There are no insurmountable technical problems that prevent such utilisation of the Pipeline.
3. Details shall be provided for the modalities of the system of access by third parties to Pipelines in regulations to be made by the Ministry.
4. Whenever there is a dispute concerning the commercially reasonable terms for the transport of Petroleum in a Main Pipeline or a Field Pipeline for Oil or for Natural Gas, the availability of uncommitted capacity in the pipeline in question or a proposed increase of its capacity, the dispute shall be first referred to the

Ministry for resolution. Thereafter, resolution shall be sought according to the procedures set out in Article 30 of this Law.

ARTICLE 14

OWNERSHIP OF DATA

1. All data obtained pursuant to any Contract provided for under this Law is the property of the Iraqi Government, and shall not be published, reproduced or exported without the prior approval of the Ministry.
2. The terms and conditions for the exercise of rights in respect of data, including but not limited to geological and geophysical reports, engineering data, samples, logs and well surveys, shall be established in data supply obligations in the relevant contract and by regulations.

ARTICLE 15

RESTRICTIONS ON PRODUCTION LEVELS

In the event that, for national policy considerations, there is a need to introduce limitations on the national level of Petroleum Production, such limitations shall be applied in a fair and equitable manner and on a pro-rata basis for each Contract Area on the basis of approved Field Development Plans.

CHAPTER IV

TRANSPORTATION

ARTICLE 16

MAIN PIPELINES

1. INOC shall own all Main Pipelines. Such Pipelines shall be constructed and operated by the INOC subsidiary representing Transporter for the purpose of transporting Oil or Natural Gas to specified Delivery Points for Oil and Natural Gas respectively. The Ministry in co-ordination with INOC and in consultation with Operators shall ensure that the Main Pipeline network is optimally designed, operated and maintained so as to serve the overall requirement for Petroleum transportation in the Republic of Iraq.
2. The construction and operation of a Main Pipeline or any major modification thereof shall be subject to approval by the Ministry on the basis of a Main Pipeline Development Plan outlining the proposed work. If the proposed work is undertaken by the INOC company representing Transporter in association with Iraqi or Foreign Persons, the contracts between the parties shall accompany the Main Pipeline Development Plan. Such contracts shall outline the terms of financing, implementation, and the modalities of utilisation and operation of the new or modified Main Pipeline.
3. INOC and other holders of Exploration and Production right shall deliver Oil and Natural Gas to the Main Pipeline at appropriate Transfer Point(s) in accordance with Article 8.1. The transportation of Crude Oil or Natural Gas beyond the Transfer Point shall be carried out by the INOC subsidiary company representing Transporter on the basis of a contract.
4. All the above activities shall be carried out in accordance with Good Pipeline Practices.
5. The co-ordination of tasks related to the transport of Crude Oil through new Pipelines outside the Iraqi territories is the responsibility of the Ministry. The Follow up of operations subsequent to the approval of the necessary bilateral

agreements shall be the responsibility of INOC in accordance with the said bilateral agreements and any specific instructions from the Ministry.

ARTICLE 17

RIGHTS AND OBLIGATIONS REGARDING PIPELINES

1. The Exploration and Production Contract shall provide a non-exclusive right to access Main Pipelines on reasonable commercial terms. It shall also confer the right to construct and operate Field Pipelines to deliver Oil or Natural Gas from the Contract Area to the Transfer Point, for further transportation through the Main Pipeline to the Delivery Point.
2. INOC and other holders of Exploration and Production right shall implement the Field Development Plan and construct Field Pipelines connected to the Main Pipeline or the modifications thereto following approval of such plans have been approved by the Ministry;
3. INOC and other holders of Exploration and Production right shall prepare and submit a revised Field Pipeline Development Plan for any material amendment to the original Plan for approval by the Ministry;
4. INOC and other holders of Exploration and Production right shall negotiate with INOC as the Transporter for the right to use the Main Pipeline. The Ministry is to be kept informed on the progress of these negotiations;
5. INOC and other holders of Exploration and Production right shall submit a Decommissioning Plan to the Ministry, not later than two years before the planned termination of Production;

CHAPTER V

NATURAL GAS

ARTICLE 18

GAS UTILISATION

1. Natural Gas is a valuable Petroleum resource of increasing importance in the economic development of the Republic of Iraq and the region. It shall be utilised to generate additional revenues through optimal utilisation partly through improving oil recoveries by gas injection into suitable Reservoirs; through utilisation for power generation, utilisation in petrochemical and chemical industries, utilisation for domestic purposes, utilisation in industrial processes, utilisation for export and/or through the replacement of fluid fuels. The latter will have the additional benefit of reducing the impact on the environment while at the same time maximising revenue by freeing more crude and fuel oil for export.
2. INOC and other holders of Exploration and Production rights shall diligently pursue all alternatives for optimal utilisation of surplus volumes of produced gases in accordance with the objectives of Article 18.1 above. Should they fail to identify commercial utilisation, the volumes of surplus Natural Gas shall be offered after treatment to Government at no cost at the Field's outlet. The cost incurred by the holder of Exploration and Production rights shall be recoverable under the respective contract.

ARTICLE 19

ASSOCIATED GAS

1. INOC and other holders of Exploration and Production right are entitled to use, free of charge, the quantity of Associated Natural Gas necessary for Petroleum Operations.

2. INOC and other holders of Exploration and Production right shall in the Field Development Plan propose optimal plans for the utilization or disposal of Associated Natural Gas.
3. All Associated Natural Gas produced from a Reservoir which is neither used in Petroleum Operations, utilised or re-injected in the Field, shall be offered for delivery free of charge to the Ministry in accordance with Article 18.2 above.

ARTICLE 20

FLARING OF NATURAL GAS

1. Flaring of Natural Gas for the purposes of commissioning, testing of installations, safety precautions or while awaiting the completion of transportation facilities for Natural Gas shall be permitted provided the flared volumes are strictly kept to a minimum and the Ministry is promptly notified.

The flaring of Associated Natural Gas shall be kept to a minimum. It shall not be permitted beyond a maximum period of one year during which measures shall be completed to utilise the gas or deliver it to a nominated government entity in accordance with Article 18.2 above

ARTICLE 21

NON-ASSOCIATED GAS

1. The Development and Production of Natural Gas or liquid components thereof from a Non-associated Natural Gas Discovery shall be subject to the approval of the Ministry of a Field Development Plan supported by signed agreement(s) for the sale of Natural Gas from the Discovery and approved by the Council of Ministers. In the event that only liquid Petroleum is to be produced, a scheme for the re-injection of Natural Gas or other acceptable schemes for its disposal shall be presented in the Field Development Plan.

2. The flaring of Non-associated Natural Gas may only be permitted in accordance with Article 20.2.

CHAPTER VI

REGULATORY MATTERS

ARTICLE 22

REGULATIONS FOR PETROLEUM OPERATIONS

1. The Ministry shall approve regulations for Petroleum Operations. Such regulations shall include among other matters, the following:
 - a) modality, terms and conditions of Contracts;
 - b) Petroleum Operations practices including resource management, safety, health and environmental protection;
 - c) Submission of plans, reports, data, samples, information and accounts by INOC and other holders of rights as provided for in the respective contracts;
 - d) Utilisation of pipeline systems for Oil and Natural Gas.
 - e) The procurement of equipment, goods and services for Petroleum Operations.
 - f) The utilisation of local goods and services in Petroleum Operations.
 - g) Guidelines and conditions related to reciprocity of granting of rights with the country of origin of applicants to rights.
 - h) Transparency and accountability.

2. The Ministry shall prepare and submit regulations for Petroleum Operations under this Law as required, to be approved by the Council of Ministers.
3. The Ministry may by means of such regulations designate some of its obligations to its associated companies, organisations and Ministerial departments.

ARTICLE 23

USE AND BENEFIT OF LAND AND RIGHTS OF WAY

1. Land use and benefit for the purpose of conducting Petroleum Operations is regulated by the legislation on land use and benefit, without prejudice to the following provisions.
2. For the purpose of conducting Petroleum Operations, the duration of the right of use and benefit of the land shall be the same as the duration of the Contract.
3. The land where installations are located, and a strip of land, to be defined by regulation, surrounding those installations, are considered to be a zone of partial protection in accordance with the legislation on land use and benefit.
4. INOC and other holders of a right to conduct Petroleum Operations who, by virtue of the exercise of Petroleum Operation rights in the Contract Area, causes damage to crops, soils, building and improvements or requires the relocation of the legal users or occupants of the land within the respective Contract Area, has the obligation to compensate the holders of title to the assets and the persons relocated.
5. Subject to the payment of the compensation that are due, the holder of the right to conduct Petroleum Operations may require the right of way in accordance with the legislation in force, in order to have access to the locations where Petroleum Operations are conducted.
6. In cases where lands and rights of way are owned by an Iraqi Person, the land shall be either rented or bought by the relevant state owned company, according to the applicable laws and regulations.

ARTICLE 24

ACCESS TO ZONES SUBJECT TO MARITIME JURISDICTION

The access to Petroleum Operations sites located in interior waters, the territorial waters, and other zones subject to maritime jurisdiction is regulated by law, and any relevant international agreements.

ARTICLE 25

INSPECTION

1. The Ministry, or its authorized representatives, has the right to inspect sites, including buildings and installations, where Petroleum Operations are being conducted, as well as all assets, records and data kept by INOC and other holders of Exploration and Production right relating to Petroleum Operations.
2. The Ministry may designate an independent entity or a commission created for this purpose, to carry out the inspection.
3. The terms and conditions pursuant to which the inspection is carried out shall be established by regulations.
4. In carrying out its inspections, the Ministry or any State entity shall not unreasonably interfere with the Petroleum Operations.

ARTICLE 26

ENVIRONMENTAL PROTECTION AND SAFETY

1. In addition to carrying out their Operations in accordance with Good Oil Field and Good Pipeline Practices, INOC and other holders of rights shall conduct Petroleum Operations in accordance with environmental and other applicable legislation of the Republic of Iraq to prevent pollution of air, lands and waters.

They shall also conduct Petroleum Operations so as to comply with the environmental management standards of the ISO 14000 series, as amended. In general, they shall carry out Petroleum Operations in order to:

- a) Ensure that there is no ecological damage or destruction caused by Petroleum Operations, but where unavoidable, ensure that measures for protection of the environment are in accordance with internationally acceptable standards. For this purpose, INOC and other holders of a right shall prepare and submit to the relevant authorities for approval an environmental impact assessment, including environmental impact mitigation measures, for each major operation in the Contract Area;
- b) Notify the Ministry and other specified authorities immediately in the event of an emergency or accident affecting the environment;
- c) Control the flow and prevent the escape or loss of Petroleum discovered , produced or transported within the Contract Area;
- d) Avoid damage to Petroleum Reservoirs and petroleum installations;
- e) Avoid destruction to land, the water table, trees, crops, buildings or other infrastructure and goods;
- f) Clean up the sites after the closure of Petroleum Operations and comply with the environmental restoration requirements;
- g) Ensure the health and safety of personnel in the planning and conduct of Petroleum Operations, and take preventive measures if their physical safety would be at risk;
- h) Report to the competent entity within the government on the amounts of operational and accidental discharge, leakage and waste resulting from Petroleum Operations, and
- i) Provide compensation for damages to State and private property in accordance with the applicable laws and regulations.

2. INOC and other holders of a right under this Law shall act in a secure and effective manner when conducting Petroleum Operations in order to guarantee the disposal of polluted water and waste oil in accordance with approved methods, as well as the safe plugging of all boreholes and wells before these are abandoned.

ARTICLE 27

TRANSFER OF OWNERSHIP AND DECOMMISSIONING

1. On completion of the Exploration and Production Contract or Main Pipeline Contract the ownership of all works and facilities shall be transferred to the relevant state owned entity or the Ministry. The properties shall be transferred to the relevant state enterprise in actual operating condition and in a satisfactory state of work at the time of the transfer.
2. All site relinquishment and related costs that become due at the time of transfer with regards to any works and facilities shall be payable by INOC and other holders of Exploration and Production right according to a Decommissioning Plan, submitted in accordance with Article 9 (f) of this Law.
3. An outline Decommissioning Plan shall be included in the Field Development Plan submitted by the Contractor to the Council of Ministers.

CHAPTER VII

FISCAL REGIME

ARTICLE 28

GENERAL PRINCIPLES OF TAXATION

1. INOC as well as other Individual and collective persons who are holders of a an exploration and production right are, subject to the payment of the following fiscal impositions:

- a) Royalty;
- b) Property Contribution and the Property Transfer Tax (SISA) as established in accordance with the law;
- c) Municipal and Local taxes due;
- d) The taxes provided for in the Income Tax Code;

THE ABOVE ARE ITEMS FOR FURTHER DISCUSSION

- 2. The Council of Ministers is authorised to establish in the special fiscal regime the methods of taxation, the rates and the fiscal and customs benefits applicable to Petroleum Exploration, Development and Production activities and modify where necessary for these activities the provisions of the Income Tax Code.
- 3. The Commission of Financial Audit has the authority to audit the income derived from Petroleum Operations and to publish it periodically.
- 4. A Foreign Person may repatriate its exports proceeds [in accordance with the foreign exchange regulations in force at the time]. It may freely transfer shares pertaining to any non-Iraqi partners.

CONSULT

ARTICLE 29

ROYALTY

- 1. INOC and other holders of an Exploration and Production right shall pay a royalty on Petroleum produced from the Development and Production Area, at the rate of 12.5% of Gross Production measured at the entry flange to the Main Pipeline.
- 2. The collection of Royalty shall be in kind or in cash at the option of the Ministry.

3. Where the royalty is paid in cash, it shall be calculated according to the prevailing Market Price in accordance with Petroleum Regulations.

ARTICLE 30

OTHER TAXATION ISSUES

1. INOC and other holders of Exploration and Production right shall be exempt from all withholding taxes payable with respect to the repatriation of dividends declared and paid by it.
2. INOC and other holders of Exploration and Production right shall maintain proper records and books of accounts in accordance with the provisions of the contract enabling the relevant calculations to be performed, and in compliance with the requirements of the laws relevant to the taxes referred to in Article 28. INOC and other holders shall prepare and submit to the Ministry annually, or quarterly if so requested, a statement of accounts.

CHAPTER VIII

MISCELLANEOUS PROVISIONS

ARTICLE 31

TRANSPARENCY

1. All activities with respect to oil and gas shall be conducted in a transparent and responsible fashion. To provide such transparency and to permit the people of Iraq to hold all governmental entities responsible for their activities, the following categories of information among others and without limitation shall be made public:
 - a. All revenues, in kind payments and other receipts of any governmental unit or governmental controlled entity arising from oil and gas activity.

Revenues include but are not limited to: proceeds from sale of crude oil and gas and products thereof, signature bonuses and production bonuses, royalties, rents proceeds from sale of assets, taxes, fees, duties and custom taxes, public service fees, share of oil and gas in joint contracts, commercial activity resulting from transactions with oil and gas or refined products, return on investment of oil and gas revenues, and any and all payments generated in connection with the commercial production of hydrocarbons;

- b. The use and distribution of oil and gas revenues, including the distribution between governmental entities;
- c. All material contracts relating to the exploitation, development processing and marketing of the oil and gas resources of Iraq;
- d. All material contracts relating to procurement or the provision of services or goods for the oil and gas industry to or by any governmental unit or governmentally controlled enterprise;
- e. The annual report of the Advisory Petroleum Committee;
- f. Quarterly and annual reports of INOC its subsidiaries and other government controlled entities, including financial statements audited according to International Accounting Standards;
- g. Any such other information as may be necessary to the full understanding of the operations and activities of any governmental unit or governmental controlled enterprise acting with respect to oil and gas;
- h. Such other information as may be provided by law or regulation.
- i. Any agreement or confidentiality clause that prevents or attempts to prevent access to documents and information which must be made public pursuant to this Article are contrary to public policy and shall be null and void.

2. The disclosures required by Section 1 shall not extend to information concerning proprietary oil & gas industrial property rights to the extent that confidentiality in such cases is protected by a national or international law provided that in no case shall the provisions of this section apply to any financial information.
3. Any Person or governmental entity having an obligation to make public information pursuant to Section 1 shall be required to post such information through publicly accessible media.
4. Further implementing regulations including the determination of the thresholds for determining whether contracts are material and the scope of the exception provided in Section 2 shall be issued by Ministry.

ARTICLE 32

Competitive Public Procurement

1. All procurement by government units or government controlled entities, of goods and services having a value in excess of [] shall be conducted pursuant to public competitive tenders in accordance with the general rules on public procurement.
2. Procurement by holders of rights for Petroleum Operations in accordance with this Law shall be based on competitive tendering and shall be further regulated by Petroleum Regulations and the specific terms of the respective contract.
3. [Any public tender shall provide adequate notice of the tender to the public, shall set out the grounds on which the tender will be awarded, shall make public the results of such tender and the reasons for selection of the winning bidder, and shall provide an opportunity for other competitors to protest the tender.]
4. [Any procurement, contract or agreement entered into in violation of the requirements of this Article shall be considered void and without any effect, without prejudice to the liability of the officials and persons perpetrating such violation.]

ARTICLE 33

EXISTING CONTRACTS

[Any contract made under existing law concerning Exploration and Production of Petroleum in the territory of Iraq shall remain valid provided that it is revised to be in full agreement with the provisions of the Constitution and this law and shall be regulated by this Law.]

ARTICLE 34

RESOLUTION OF DISPUTES

1. Any disputes arising from the interpretation and application of this Law, the Regulations for Petroleum Operations and the terms and conditions of contracts shall in the first instance be attempted to be resolved in good faith by means of negotiation among the parties.
2. If the dispute cannot be resolved by agreement, the matter shall be referred to the Minister to resolve through discussions with senior officers of the holders of rights concerned. Failing resolution through these discussions the matter of dispute may be submitted to arbitration or to the competent judicial authority.
3. If the dispute relates to a technical, engineering, operational or accounting matter relative to Petroleum Operations and is of a kind that is readily subject to resolution by an expert in the relevant field, the parties may refer the dispute to an independent technical expert for a recommendation as to the resolution of the dispute. If a party does not accept the recommendation of the expert, it may initiate arbitration proceedings according to Article 32.4 below.

4. Arbitration between the State of Iraq and foreign investors shall be conducted in accordance with:
- a) The Rules of Procedure for Arbitration Proceedings of Paris Chamber of Commerce for the Settlement of Disputes between States and Nationals of other States or pursuant to the Convention on the Settlement of Disputes between States and Nationals of other States;
 - b) The rules of such other international instances of recognised standing as agreed by the parties to the contracts referred to in this Law, provided that the parties have expressly defined in the contract the conditions for implementation including the method for the designation of the arbitrators and the time limit within which the decision must be made.

FOR CONSIDERATION, SOME COUNTRIES DO NOT ACCEPT ARBITRATION BETWEEN A COMMERCIAL ENTERPRISE AND THEMSELVES ON THE BASIS OF SOVERGNITY OF THE STATE.

ARTICLE 35

RELATIONSHIP TO EXISTING LEGISLATION

Any Articles or other legal provisions in existing legislation or regulations made by the Iraqi Republic that are in contradiction to this Law or any of its provisions shall cease to be effective on adoption of this Law and shall be considered repealed.

ARTICLE 36

ENTRY IN FORCE

This Law enters into force 30 days after publication in the Official Gazette.

Approved by the Council of Representatives of the Republic.