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THE LEGAL FRAMEWORK OF THE OIL AND GAS INDUSTRY IN IRAQ

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ABSTRACT. The oil and gas industry is the backbone of the Iraqi economy and the primary source of government revenue. The Federal Government controls Iraq's oil and gas industry through the Ministry of Oil, responsible for policy formulation, regulation, exploration, production, marketing, and information disclosure. Except for a few refining enterprises, most national companies engaged in the oil and gas sector are wholly (100%) owned and overseen by the Ministry of Oil. In this research, national oil corporations are generally referred to as state-owned oil businesses. This article discusses the legal framework governing Iraq's oil and gas business, including the industry's constitutional provisions, investment rules, and the Draft Oil and Gas Law. Additionally, it briefly discusses the standard oil contract, which details the contractual relationships between state-owned and multinational oil corporations. Finally, the research examines the legal position of the Iraqi National Oil Company, which is tasked with the responsibility of succeeding nine state-owned oil businesses.

JEL Classification: L95, K13, **Keywords:** oil and gas, oil industry, legal framework
K20

Introduction

The oil and gas industry is the backbone of the Iraqi economy and the primary source of government revenue. The Federal Government through the Ministry of Oil manages the oil and gas sector in Iraq and is responsible for setting policies, regulation, exploration, production, marketing and information disclosure. Most national companies operating in the oil and gas sector are entirely (100 per cent) owned and managed by the Ministry of Oil, except for a few refining companies. The national oil companies are referred to generically in this research as state-owned oil companies.

This research examines the legal framework applying to the oil and gas sector in Iraq, including constitutional provisions regulating the industry, investment laws and the Draft Oil and Gas Law. It also provides a brief discussion of the standard oil contract, which sets out the contractual arrangements between the state-owned oil companies and international oil companies. Finally, the research also addresses the legal status of the Iraqi National Oil Company, the potential successor of nine state-owned oil companies.

1. The Constitutional Provisions Regulating the Oil and Gas Industry

The Iraqi Constitution 2005 contains several provisions that address the control and distribution of natural resources.¹ Article 111 states that ‘oil and gas are owned by all the people of Iraq in all the regions and governorates.’² This indicates that any particular group, geographical or political region do not have exclusive ownership of any specific resources. The Constitution, in Article 112, reconfirms this principle and emphasises equitable revenue-sharing:

[1] The federal government, with the producing governorates and regional governments, shall undertake the management of oil and gas extracted from present fields, provided that it distributes its revenues in a fair manner in proportion to the population distribution in all parts of the country...

[2] The federal government, with the producing regional and governorate governments, shall together formulate the necessary strategic policies to develop the oil and gas wealth in a way that achieves the highest benefit to the Iraqi people using the most advanced techniques of the market principles and encouraging investment.³

This article also assigns to the Federal Government the role of the management of oil and gas extracted from ‘present fields’ and the formulation of long-term strategic policies on the utilisation and development of the nation’s oil and gas resources.⁴ However, there is room for different interpretations of this article. There is a substantial dispute between the Federal Government and the Kurdistan Regional Government (KRG) on the constitutional authority of KRG to take legal action over oil produced from the region, specifically the legitimacy of oil contracts awarded by the KRG to International Oil Companies (IOCs) without the approval of the Federal Government.⁵ The relevant constitutional provisions were subject to opposing interpretation by the two authorities.⁶ This controversial issue stemmed from the ambiguity of the Constitution’s text, in particular that the term ‘present fields’ referred to in Article 112 (above) was not defined. It is not clear if the term only includes fields that were producing at the time the Constitution was enacted in 2005 or if it also extends to the ‘future’ fields. From the KRG’s point of view, the term ‘present fields’ does not include newly discovered oil or gas fields (after 2005) or fields where discovery has been made but production is pending.⁷ This view is built on the fact that the constitutional wording says nothing about ‘non-producing and future fields.’

Based on this perspective, the KRG enacted its own oil and gas law which was approved by the Kurdistan National Assembly in August 2007, along with a Production Sharing Contract model.⁸ The differences between the Technical Services Contract model currently used by the Federal Government, and the alternative Production Sharing Contract model used by the KRG,

¹ For further explanation on Iraqi constitutional provision on oil resources see, Muhammed Mazeel, *Iraq Constitution: Petroleum Resources Legislation and International Policy* (Diplomica Verlag, 2010) 10-15.

² *Iraqi Constitution* 2005, art 111.

³ *Ibid*, art 112.

⁴ *Ibid*.

⁵ For further discussion concerning the dispute between the Federal Government and the KRG see Rex Zedalis, *The Legal Dimensions of Oil and Gas in Iraq Current Reality and Future Prospects* (Cambridge University Press, 2009) 46-52; Peter Cameron, ‘Contracts and Constitutions: The Kurdish Factor in the Development of Oil in Iraq’ (2011) 5(1) *International Journal of Contemporary Iraqi Studies* 81, 99.

⁶ Cameron, above n 6.

⁷ The KRG claims that it has an exclusive authority under Article 112 and Article 115 of the *Constitution* to manage oil and gas in the Kurdistan Region extracted from fields that were not in production in 2005 whether they are new or they are discovered pre 2005 but not in production, see Kurdistan Regional Government, *Statement by Kurdistan Regional Government in Response to Federal Ministry of Oil Announcement* (25 May 2014) <<http://cabinet.gov.krd/a/d.aspx?l=12&a=51600>>.

⁸ *Oil and Gas Law of the Kurdistan Region-Iraq* No 22 of 2007.

are referred to below. Consequently, the KRG has signed Production Sharing Contracts with several IOCs for fields in the Kurdish region and has exported oil independently,⁹ ignoring the Federal Government's legal opinion on the matter. The Federal Government has insisted that the Constitution does not allow the KRG to adopt unilateral and permanent measures over the management of the oil fields, and therefore any oil contract signed with IOCs is 'illegal' until reviewed and approved by the federal Ministry of Oil.¹⁰ In addition, the Federal Government considers the IOCs that signed contracts with KRG (like ExxonMobil, Repsol Exploration and Sinopec International Petroleum) are not qualified to invest in the oil sector in the rest of the country in the future.¹¹ Countless claims and conflicting statements have been made on this subject by both sides during the last few years and continue. These disagreements over the control of oil fields located in the region and other outstanding issues has contributed significantly to the deadlock between the Federal Government and the KRG in enacting national legislation on oil and gas. This is explained next.

2. Draft Oil and Gas Law

The critical requirement for long-term stability of oil investment and development in Iraq is the adoption of a modern oil and gas law and a unified petroleum resource management policy based on the Constitution. At present, Iraq does not have modern oil laws.¹² On one hand, the general Investment Law 2006 does not regulate investment in the oil and gas extraction or production.¹³ On the other hand, investing in oil refining is subject to the Law of Private Investment in Crude Oil Refining 2007.¹⁴ This law allows companies from private sector (Iraqi companies other than state-owned or foreign companies) to establish and own crude oil refineries as well as operating and managing these facilities.¹⁵

A Draft Oil and Gas Law was approved by the Council of Ministers and submitted to the Council of Representatives for approval in 2007.¹⁶ The draft is part of a legislative package that also includes three companion pieces of legislation addressing revenue sharing, the creation of the Iraqi National Oil Company and reorganisation of the Iraqi Ministry of Oil.¹⁷ The discussion in this section will focus on the obstacles that prevent the enactment of this law and some of the difficulties with the proposed law.

⁹ US, *Doing Business in Iraq* (2013) 19

<https://www.trade.gov/iraq/build/groups/public/@tg_iqtf/documents/webcontent/tg_iqtf_004087.pdf>.

¹⁰ The Iraqi Ministry of Oil requested, on 27 September 2012, a legal opinion from the Federal Supreme Court on Article 112 of the Constitution and whether or not, it gives regional and producing governorates the power to manage and sign contracts, to develop oil and gas resources, without the Federal Government ratification. In its decision on 9 October 2012, the court considered this matter as a dispute and held that the Ministry of Oil could file a lawsuit against such regional and producing government. See Federal Supreme Court, case No 74/Federal/2012 (9/10/2012) (constitutional interpretation).

¹¹ Ministry of Oil, *Features of Service Contracts for Licensing Rounds*

<<http://www.moo.oil.gov.iq/PCLD/PCLD/contractus&company.html>>.

¹² The *Law for the Conservation of Hydrocarbon Wealth* No 84 of 1985 does not meet the modern requirements of the oil industry.

¹³ *Investment Law* 2006, art 29. This law applies to all investors (whether they are Iraqi or foreign investors) who obtain investment licenses. See *Investment Regulation* No 2 of 2009 art 1(1).

¹⁴ *Law of Private Investment in Crude Oil Refining* No 64 of 2007 as amended in 2011.

¹⁵ *Ibid*, art 2(2). According to this article, the refining company does not vest the land of the project.

¹⁶ The *Draft Oil and Gas Law* was first approved by the Council of Ministers in February 2007 and was submitted to the Council of Representatives for an expected vote in May 2007. Then, with no vote in May, a slightly modified version was resubmitted to the Council of Representatives in July 2007, where it was heavily criticised.

¹⁷ For detailed explanation on the content of *Draft Oil and Gas Law* 2007 see Susan Sakmar, 'The Status of the Draft Iraq Oil and Gas Law' (2008) 30(2) *Houston Journal of International Law* 289, 314.

Political incompatibility is the main reason.¹⁸ This may be related to the ethnic diversity in Iraq and the concentration of oil reserves in the south of the country. The Kurds in northern Iraq prefer a stronger management role for the regional authorities (Kurdistan Regional Government) in relation to resources in their region. However, the Sunnis in the west and central Iraq, and Shiites in the south prefer a stronger role for the central government.¹⁹ This is because most oil and gas reserves are located in the southern governorates where the majority are Shiites; the western governorates, where the majority are Sunnis, have few proven reserves. This uneven distribution of oil reserves has also led to concerns about revenue sharing provisions in the proposed law. A stronger role for the central government in managing the oil industry could lead to a more equitable distribution of oil wealth for all citizens. The different interpretations of the Constitution and the classification of old versus new oil fields, as well as the role of outside investors who entered into Production Sharing Contracts with the Kurdish authorities ignoring the ban of the central government (as explained in the previous section), have also divided Iraqi politicians.²⁰

The other controversial issue is that the proposed law is based on Production Sharing Contracts as the mechanism for foreign investment in the oil industry.²¹ Under the Draft Oil and Gas Law, the Production Sharing Contracts allows IOCs to develop specific areas of Iraq's petroleum sector in exchange for a share of the oil profits. Because of the Production Sharing Contracts contract is a form of oil sector privatisation, it has been criticised as permitting the exploitation of the state's oil wealth.²² The alternative contract currently used by the Federal Government is the Technical Services Contract. This oil contract model is described and compared to the Production Sharing Contracts model in the next section. With all these disputes and outstanding issues, there is little potential that the law as it currently stands will be passed, or even voted on, in the near future.

With the difficulties in passing the national oil and gas law, the remaining option for the Iraqi government to regulate foreign investment in the oil industry is through oil contracts. The following is an overview of key features of Technical Services Contract model used in the oil licensing rounds.

3. The Oil Contracts

Iraq opened up its oil and gas sector to foreign investment in 2009. The general strategy was to use a highly competitive licensing round system based on specific criteria.²³

The Iraqi government through the Ministry of Oil has held five licensing rounds. As a result of these licensing rounds, many international oil companies (IOC) obtained licenses to invest in the Iraqi oil industry and signed oil contracts with the government. While, some of these oil contracts related to a further development and expansion of currently producing large oil fields, others related to the development of discovered but undeveloped oil fields.²⁴ Oil

¹⁸ Daniel Behn, 'Sharing Iraq's Oil: Analyzing Production-Sharing Contracts Under the Final Draft Petroleum Law' (SSRN, 17 September 2007) <https://papers.ssrn.com/sol3/papers.cfm?abstract_id=976407>.

¹⁹ Lionel Beehner and Greg Bruno, 'Why Iraqis Cannot Agree on an Oil Law', *Council on Foreign Relations* (22 February 2008) <<https://www.cfr.org/backgrounder/why-iraqis-cannot-agree-oil-law>>.

²⁰ Ibid; Behn, above n 19.

²¹ Sakmar, above n 18.

²² Behn, above n 19.

²³ The industry-related evaluation criteria include technical, financial and legal capabilities. See Ministry of Oil, *Features of Service Contracts for Licensing Rounds* <<http://www.moo.oil.gov.iq/PCLD/PCLD/contractus&company.html>>.

²⁴ For specific information about all Iraqi oil and gas fields see, Ghanim Anaz, *Iraq Oil and Gas Industry in the Twentieth Century* (Nottingham University Press, 2012) 223-302.

contracts from the fifth licensing round held in 2018, however, are for rehabilitation and development of 11 new exploration blocks.²⁵

The contract model currently in use is Technical Services Contract (TSC).²⁶ The duration of these contracts is 20-25 years. As such, they will shape the Iraqi oil industry for the next couple of decades. The Iraqi government has designed these contracts to combine elements from different categories of petroleum contracts to obtain the best benefits from each.²⁷

The Technical Services Contract is a long term contract between the Iraqi government and an international oil company for the development, expansion or exploration of oil or gas in return for stipulated fees.²⁸ The Iraqi government retains ownership of the field and production ownership rights. In contrast to the Production Sharing Contract, an IOC in a Technical Services Contract agrees to a pre-determined fee per-barrel rather than sharing profits from the sale of oil.²⁹ The TSC oil contract is much more advantageous method for the Iraqi government than the originally proposed Production Sharing Contract in the Draft Oil and Gas Law.³⁰ However, Iraq has to find a mechanism to share with IOCs the risks of oil price fluctuations to avoid paying a high fixed amount where the price of oil has fallen to avoid financial crises similar to what happened in 2014.

The main driving factors behind the adoption of the TSC in Iraq are sovereignty concerns over natural resources on one hand,³¹ and the need for international oil companies' capital and knowledge for developing oil and natural gas fields on the other.³² Under TSCs, the IOCs bring new technology and industry expertise, and make upfront capital investment that is necessary to develop the oil fields and increase production. But IOCs do not acquire ownership of Iraqi oil and gas resources. Instead, the government reimburses IOCs for the cost of oil production (including investment expenses) plus a fixed fee per-barrel (around USD 1-6 depending on the contract)³³ as a remuneration fee for each new barrel of oil produced by them.³⁴

Under the TSC, the parties are required to establish, shortly after the effective date, a Joint Management Committee for the purpose of general supervision and control of petroleum operations.³⁵ The IOC and the state-owned oil company as a government partner are

²⁵ Ministry of Oil, *The Ministry of Oil Declares for 11 Exploration Blocks to be Developed & Rehabilitated* (1 April 2018) <<https://oil.gov.iq/index.php?name=News&file=article&sid=1055>>.

²⁶ There is no signed oil contract publicly available. The only available are Technical Services Contract model from the first bidding round (2010) <http://iraqieconomists.net/ar/wp-content/uploads/sites/2/2016/01/Clean_copy__BP_CNPC_comments__27_July__on_PCLD_draft_dated_01.pdf> and Exploration, Development and Production Contract model from the fifth bidding round (2018) <<https://oil.gov.iq/upload/upfile/ar/659.pdf>>.

²⁷ For example, the contract includes Joint Ventures elements in addition to normal service contract elements. See Technical Services Contract model, above n 65, art 13; Appendix 2.

²⁸ Abbas Ghandi and Cynthia Lin, 'Oil and Gas Service Contract around the World: A Review' (2014) 3 *Energy Strategy Reviews* 63, 71.

²⁹ Ibid.

³⁰ Anaz, above n 25, 225.

³¹ Ghandi and Lin, above n 29.

³² In addition to the need to IOCs capital, the participation of the IOCs allows the host government to benefit from their knowledge. The knowledge is sometimes more than just the technology. It also includes project management in terms of how the capital is invested. This is because IOCs have a better advantage on the process and structural system of managing large-scale investment (business management and industry experts), Ibid.

³³ This amount is differs among the various oilfields. For instance, BP receives USD 2.00 per barrel of oil produced from Rumaila field; ExxonMobil receives USD 1.90 per barrel of oil produced from West Qurna-1, see Anaz, above n 25, 225.

³⁴ Technical Service Contract model, art 23(3); this is so because most Iraqi oil fields were producing before the IOCs awarded the contract to develop them.

³⁵ Technical Services Contract model, art 13(1).

represented equally in this committee.³⁶ The Joint Management Committee has a wide range of duties and authorities related to petroleum operations.³⁷ It also has a power to control technical, financial, and legal performance.

One of the functions of this committee is to approve training programs for developing Iraqi personnel and Iraqi employees' plans as required by the terms of the contract, and supervising the implementation of approved programs.³⁸ That is, the Joint Management Committee has an exclusive power to plan, carry out training and local content programs and supervise the implementation of such programs.

The participation of the state-owned company in the Joint Management Committee creates an opportunity for the government to steer the joint committee towards providing benefits other than just participating in technical and financial decision-making. This may include monitoring environmental and labour protection programs implemented by the IOC, as well as proposing and monitoring training plans and employment of Iraqis. However, evidence shows that training programs have not been successful despite the participation of the state-owned company in managing these programs.³⁹

4. The Iraqi National Oil Company

Initially, the Iraqi National Oil Company was to be established under the Draft Oil and Gas Law proposed in 2007. But as noted above the 2007 Bill never passed.⁴⁰ In 2018, the Parliament enacted a specific law to establish the Iraqi National Oil Company with the aim of ensuring the most efficient exploitation of oil and gas resources.⁴¹ The functions of the National Oil Company are to oversight and manage oil and gas exploration, rehabilitation and development of oil fields, as well as production and marketing⁴² based on the State oil policy.⁴³ If the National Oil Company is established, it will be owned by the government and linked to, overseen and monitored by the Council of Ministers (the Cabinet).⁴⁴ The National Oil Company will acquire, without any payment, nine of current state-owned oil companies,⁴⁵ and therefore all rights and obligations of these nine companies will come under the jurisdiction of the Ministry of Oil and are to be transferred to the National Oil Company.⁴⁶ Given that some of those nine companies are bound by oil contracts with IOCs based on the licensing rounds, all rights and obligations related to these contracts are also to be transferred from the state-owned oil companies under the Ministry of Oil to the National Oil Company.⁴⁷

³⁶ For example, under TSC for Rumaila field, the JMC consists of ten members, five of them including the chairman are representing the state-owned oil company, and the other five members including the deputy chairman and the secretary are representing the IOC(s).

³⁷ Technical Services Contract model, art 13(1).

³⁸ Ibid.

³⁹ Huda Alshabebi, 'Training Obligations in the Technical Service Oil Contract in Iraq: Challenges and Solutions' (2021) *Al-Rafedain for Law* 1, 22.

⁴⁰ The legislative package proposed in 2007 also included legislation addressing revenue sharing and reorganisation of the Iraqi Ministry of Oil. See, Sakmar above n 18.

⁴¹ *Iraqi National Oil Company Law*, No 4 of 2018.

⁴² Ibid, art 3.

⁴³ Ibid, art 11.

⁴⁴ Ibid, art 2.

⁴⁵ These nine state-owned oil companies are Iraqi Oil Exploration Company, Iraqi Drilling Company, Basra Oil Company, North Oil Company, Meesam Oil Company, Central Oil Company, Dhi Qar Oil Company, State Organization for Marketing of Oil, Iraqi Oil Tankers Company. The National Oil Company also can establish branches in the oil producing provinces if necessary. Ibid, art 8(2).

⁴⁶ Ibid, art 8(5).

⁴⁷ Ibid.

However, the process of transferring those nine companies to the National Oil Company has not commenced because the National Oil Company has not yet been officially established. The process has stalled because of serious legal and economic concerns and the appeal to the Federal Supreme Court claiming that the law is unconstitutional. In January 2019, the Federal Supreme Court decided that ten articles and sub-articles of the Iraqi National Oil Company Law 2018 were unconstitutional.⁴⁸ Consequently, the Iraqi National Oil Company cannot be established until the Iraqi National Oil Company Law is amended to avoid the constitutional difficulties. In light of this, the research will continue to refer to state-owned oil companies controlled by the Ministry of Oil.

Conclusions

Despite the significance of petroleum resources including oil and gas for the government revenue and the whole economy, the government has been unable to enact a modern law that sets up specific technical and management requirements for the sector. The problem is twofold: first, the difficulty in passing legislation relating to oil and gas law and second, the content of the possible law. Since 2007, the government has submitted a draft on oil and gas law to the Parliament multiple times. A political stalemate and other obstacles, as discussed above, prevented the proposed law being passed.

With the difficulties in passing the national oil and gas law, the remaining option for the Iraqi government to regulate foreign investment in the oil industry is through oil contracts.

The contract model currently in use is Technical Services Contract that designed to combine elements from different categories of petroleum contracts to obtain the best benefits from each. These oil contracts will shape the Iraqi oil industry for the next couple of decades. Further studies examining the role of these contracts in promoting the oil industry and achieving sustainable development in the country is needed..

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⁴⁸ The Court decided that Article 8 of the *Iraqi National Oil Company Law* 2018 that regulates the duties of the Board of Directors is unconstitutional. This is because the majority of these duties are part of the authorities of the Federal Government, the Government of the Region and the Government oil producing provinces together according to Articles 78, 80 and 112 of the *Constitution* and thus, they cannot be part of the duties of the Board of Directors. Articles 3 and 11 of the law are also unconstitutional for the same reason. The Court also decided that Article 4(3)(5) and Article 7(2) (transfers the ownership of the State Organization for Marketing of Oil from the Ministry of Oil to the National Oil Company) of the law are unconstitutional. This is because marketing oil is an exclusive authority of the Ministry of Oil according to Articles 110 and 112 of the *Constitution*. Federal Supreme Court, case No 66 unified with 71, 157 and 224/Federal/media/2018 (23/1/2019) (constitutional appeal).

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14. Investment Law 2006, art 29. This law applies to all investors (whether they are Iraqi or foreign investors) who obtain investment licenses. See Investment Regulation No 2 of 2009 art 1(1).
15. Law of Private Investment in Crude Oil Refining No 64 of 2007 as amended in 2011.
16. Ibid, art 2(2). According to this article, the refining company does not vest the land of the project.
17. The Draft Oil and Gas Law was first approved by the Council of Ministers in February 2007 and was submitted to the Council of Representatives for an expected vote in May 2007. Then, with no vote in May, a slightly modified version was resubmitted to the Council of Representatives in July 2007, where it was heavily criticised.
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28. There is no signed oil contract publicly available. The only available are Technical Services Contract model from the first bidding round (2010) <http://iraqieconomists.net/ar/wp-content/uploads/sites/2/2016/01/Clean_copy__BP_CNPC_comments__27_July__on_PCLD_draft_dated_01.pdf> and Exploration, Development and Production Contract model from the fifth bidding round (2018) <<https://oil.gov.iq/upload/upfile/ar/659.pdf>>.
29. For example, the contract includes Joint Ventures elements in addition to normal service contract elements. See Technical Services Contract model, above n 65, art 13; Appendix 2.
30. Abbas Ghandi and Cynthia Lin, 'Oil and Gas Service Contract around the World: A Review' (2014) 3 Energy Strategy Reviews 63, 71.
31. Ibid.
32. Anaz, above n 25, 225.
33. Ghandi and Lin, above n 29.
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35. This amount is differs among the various oilfields. For instance, BP receives USD 2.00 per barrel of oil produced from Rumaila field; ExxonMobil receives USD 1.90 per barrel of oil produced from West Qurna-1, see Anaz, above n 25, 225.
36. Technical Service Contract model, art 23(3); this is so because most Iraqi oil fields were producing before the IOCs awarded the contract to develop them.
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39. Technical Services Contract model, art 13(1).
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41. Huda Alshabebi, 'Training Obligations in the Technical Service Oil Contract in Iraq: Challenges and Solutions' (2021) *Al-Rafedain for Law* 1, 22.
42. The legislative package proposed in 2007 also included legislation addressing revenue sharing and reorganisation of the Iraqi Ministry of Oil. See, Sakmar above n 18.
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47. These nine state-owned oil companies are Iraqi Oil Exploration Company, Iraqi Drilling Company, Basra Oil Company, North Oil Company, Meesan Oil Company, Central Oil Company, Dhi Qar Oil Company, State Organization for Marketing of Oil, Iraqi Oil Tankers Company. The National Oil Company also can establish branches in the oil producing provinces if necessary. *Ibid*, art 8(2).
48. *Ibid*, art 8(5).
49. *Ibid*.
50. The Court decided that Article 8 of the Iraqi National Oil Company Law 2018 that regulates the duties of the Board of Directors is unconstitutional. This is because the majority of these duties are part of the authorities of the Federal Government, the Government of the Region and the Government oil producing provinces together according to Articles 78, 80 and 112 of the Constitution and thus, they cannot be part of the duties of the Board of Directors. Articles 3 and 11 of the law are also unconstitutional for the same reason. The Court also decided that Article 4(3)(5) and Article 7(2) (transfers the ownership of the State Organization for Marketing of Oil from the Ministry of Oil to the National Oil Company) of the law are unconstitutional. This is because marketing oil is an exclusive authority of the Ministry of Oil according to Articles 110 and 112 of the Constitution. Federal Supreme Court, case No 66 unified with 71, 157 and 224/Federal/media/2018 (23/1/2019) (constitutional appeal).
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