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# Use of Internal Capability in International Oil Contracts, A Comparative Approach to the Iraqi Service Contracts, Iran's IPC Model and the Norwegian Concession Contracts

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## Abstract

The use of domestic technical and service capacity in the oil and gas industry is essential and is one of the indicators of economic development. Countries seek to support domestic capacity and promote it through the establishment of laws and regulations as well as the inclusion of binding conditions in contracts. In our country, this matter is doubly important because, on the one hand, it seeks to reduce the effect of all-round Western sanctions and reduce dependence on other countries, and on the other hand, in recent decades, the income from oil and gas resources is the main source of the country's foreign exchange income. In this research, the basic question is: What is Iran's legislative and contractual approach to the principle of using local content compared to successful and leading countries in this field, and which countries have a successful model in this field, and by collecting materials using a library method and using analytical and descriptive research method, in the beginning, this hypothesis was proposed that the country of Iran sought to reduce its dependence on foreign content, but due to sanctions and lack of capital and manpower, it had weaknesses in this field. At the end, the answer to the research question has been given that Iran's legislator, realizing the importance of this issue, has passed laws related to the promotion of local content in different time frames, but still the oil industry is facing weaknesses in this field and the hypothesis proposed at the beginning of the research was correct to some extent, but the implementation of the laws has faced weaknesses due to the existence of various sanctions, and it was concluded that in the new contractual model of Iran, compared to the previous models, all the weaknesses of other contractual models have not been covered in general. In the contracts and technical features similar to conventional fields and contracts in Norway, due to successful modeling in this field, it can be a good example for negotiators and designers of Iranian oil contracts.

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# Position of the Standard of fair and Equitable Treatment in International Investments Based on Arbitration

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## Abstract

The standard or condition of fair and equitable treatment issues is one of the most basic standards of conduct in international investment law, according to which the host government must provide favorable conditions for the protection of foreign investor property per international law standards. Due to the ambiguity of this standard, different interpretations of it have been presented. In this article, the main question was what procedures the international arbitration regarding fair and equitable behavior, especially in the field of oil and gas, has taken place, and by collecting materials by library method and using analytical and descriptive research method, it has been argued that the various arbitral tribunals have set different thresholds for the establishment of balance and fairness, that the conduct of a country must reach that level before it can be considered a breach of equitable conduct, and it has been concluded that in each case violation of fair behavior has unique facts, and the most important result is precisely the specific nature of the truth in each of the fair trial claims, and although a flexible standard can be reliable for resolving a wide range of government misconduct, it remains somewhat uncertain.

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# Concept and Legal Effects of Commercialization of Oil and Gas Fields

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## Abstract

Commercialization of oil and gas fields is the connecting link between the exploration stage and development and production, and the final part of the contractor's risk. Proving it leads to the continuation of the contract and reimbursement of the investment, and failure to prove it leads to the end of the contract without reimbursement of expenses. Ambiguity in the concept of commercialization and its similarity with similar concepts, such as the commerciality of the field or commercial production, can be the source of future disputes. The relativity of the concept of commercialization with regard to internal and common fields, oil and gas fields, and on-shore and off-shore fields increases this ambiguity. Therefore, it is necessary to provide a comprehensive, clear and practical definition of field commercialization and its criteria. In addition to proving the technical and economic criteria, the commercialization process of the field requires compliance with formalities. Fulfillment of this technical and economic condition with the proper observance of the formalities has many legal effects which definitely affect the interests and obligations of the parties. This article is written with a descriptive and analytical approach in order to understand the concept and legal effects of commercialization of oil and gas fields.

What are the criteria for the commercialization of the field and what are its effects is the main question of the research. The hypothesis of the authors is that commercialization is a relative concept and its criteria are different according to the time and place conditions of each country and from the point of view of the host government and the investor. Considering that no article has been written on this topic so far, the purpose of this research is to investigate and conclude the concept, criteria, formalities and effects of field commercialization with the approach of supporting national interests and localization within the framework of the oil and gas law in Iran.

One of the important results of this research is the separation between commercial wells, commerciality of the field, commercialization of the field, production and commercial supply. The commercialization of oil and gas fields has many effects on the rights and obligations of the parties. Including it is possible to determine the period of exploration, development and production, reimbursement of investment and its rate, relinquishment of the contracted area, delivery of the field to the host government in some contracts, conclusion of oil sales contract, the offer of proposed Appraisal Program by IOC and making decision for the participation of the host government in oil operations.

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# Examining Concept and Nature of Gas Price Review Clauses

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## Abstract

Unlike many arbitrations, the arbitration of price reviews in natural gas industry is not based on allegations that one party has breached a contract or otherwise committed a legal wrong. Instead, arbitrators are asked to determine whether the economics of a contract should be adjusted and, if so, to establish a new price formula. Due to the complexity of revision of gas prices, the experts have significant role in these arbitrations. Expert advice will often be used extensively, particularly in establishing whether review has been triggered, and the existence of a significant/material change in the market. Regarding expert's role, gas price arbitrations have specific nature. In this article, the specific nature of these arbitrations due to arbitrators` role in reviewing the terms of price adjustment in order to maintain the long-term contractual relations of the parties is examined by descriptive-analytical method and the interaction of these arbitrations with expert determination is reviewed. It`s established that despite the prominent role of experts, they are considered arbitration not expert determination as one of Alternative Dispute Resolutions (ADR).

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# Contract Variation Arising out of the Time-inconsistency in the Long-term Oil Contracts

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*Time Inconsistency, Contract Variation, Oil Contracts, Long-term Contracts, Construction, Contractual Discretion, Price.*

## Abstract

The completion of the terms of offer and acceptance is a crucial aspect of any contract, and any violation of this covenant is considered a breach. However, if there is a legal reason for such disobedience, it may be deemed valid, such as a later agreement between the parties or having a legitimate reason. The need for time to change the provisions of offer and acceptance is a common issue in long-term contracts, and it is a requirement of such agreements. Time inconsistency, which refers to the breaking of the covenant over time, is a phenomenon that is often encountered in long-term contracts, particularly in the oil industry. Its legal effect may result in the termination, adjustment, or variation of the contract. The variation of the contract, which may involve changes in the volume, method, and time of the work subject to the contractor's commitment, can be followed with the agreement of both parties or the unilateral will of either party. However, the legitimacy of such changes under Iranian law may be questioned, and it may be considered an additional or unknown condition. Furthermore, the unilateral authority of the employer in the new order during execution may be objected to due to the risk it poses to the contractor. Therefore, it is necessary to analyze the impact of such changes on the price, duration, and third parties, particularly guarantors and insurers. The Iranian legislator should pass new regulations to address the legal ambiguities surrounding contract variation, particularly in state contracts. While there is no doubt about the legitimacy of such variation, the existence of various ambiguities necessitates further examination.

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# Legal Analysis of Safe Port in Tanker Charter Parties and its Challenges in the Context of Economic Sanctions

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## Abstract

Today, the chartering of oil tankers for the purpose of transporting oil cargo, oil products and liquid natural gas plays an important role in this industry. With the intensification of economic sanctions in recent decades, we have witnessed the seizure and confiscation of ships due to the carrying of sanctioned cargoes or going to the ports of the sanctioned governments, which raises various questions regarding the legal aspects of the challenges facing these contracts.

In search of obtaining a theoretical basis for analyzing the effect of economic sanctions on the performance of oil tanker charter party contracts, regardless of the general rules of contract law such as *force majeure*, frustration and economic hardship and the like, we come across the obligation of the charterers towards the safe port, which in short, its purpose is that the charterer does not allow the tanker to go to unsafe ports. The basic question is whether economic sanctions can be considered a risk that can be placed in the framework of the charterer's obligation to the safe port? If this is the case, what remedy is there to protect the rights of the owners of the tankers based on the violation of the safe port guarantee by the charterer?

As a preliminary answer, it may be said that the safe port guarantee, due to the background of its formation, includes the physical and purely inherent risks of ports and refrains from economic sanctions. In this article, by inductively examining scientific sources, judicial practices, and standard charter party contracts of oil tankers, it is briefly concluded that economic sanctions as a political risk can cause port unsafety, as a result of which the charterer is considered responsible to the ship owner.

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# Study of Legal-Contractual Risks Distribution in EPC Turnkey Documents of the Oil industry, 5490 Journal and FIDIC

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## Abstract

Increasing comprehensive understanding of EPC contracts, the most widely-used contract model in the oil and gas industry, and conducting a detailed review of the method of contractual distribution of responsibilities and risks among the parties involved, are crucial for successful implementation of mentioned contracts. Therefore, this article explains the most important legal concepts in EPC contracts and analyzes the method of distributing legal-contractual risks and responsibilities in these contracts. This analysis is based on internal EPC documents published for industrial works, compared to the FIDIC EPC/Turnkey model contract. we identify points of distinction, analyze the strengths and weaknesses of the mentioned documents and provided appropriate suggestions to eliminate deficiencies and modify items that need revision.

This article answers the question of how successful internal EPC documents have been in designing an equitable and efficient contractual distribution of risks and responsibilities between the employer and contractor. A comparative study of the method of distribution of legal-contractual risks in the EPC documents of the oil industry and industrial EPC (5490 journal) compared to FIDIC EPC/Turnkey confirms a more equitable distribution of risks in the EPC document of the oil industry than the unilateral transfer of risks to the contractor in 5490 journal, specially by setting deadlines and specific penalties for the timely fulfillment of obligations by the employer. However, the efficient distribution of legal-contractual risks between the contracting parties, as the approach adopted in FIDIC, still needs revision regarding the method of risks transferring in this document. This article provides solutions for this purpose, such as creating a correspondence between the contracting parties' rights in contract termination, predicting the payment of damages resulting from the unilateral contract termination by the employer, as well as the damages caused to the contractor as a result of the termination of the contract by the contractor due to the employer's negligence, modifying the final dispute resolution method and the method of appointing members of dispute resolution boards, balancing the compensation liability of Third party damages, Providing payment of damages in all cases of employer's delay in timely fulfilling of his obligations and Predicting the right of work suspension by the contractor to ensure timely payment of invoices.

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# Concept, Description, and Features of Call-Out Agreement Model In the Oil and Gas industries from the perspective of the Legal Regime of Iran

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## Abstract

Legal systems, adapting to commercial necessities have proposed new agreements like the Call-Out Agreement. These agreements provide consumers who require services in indefinite quantities; which are used in the oil industry to provide oil and gas drilling services, containing a fundamental condition that the services under the agreement will be rendered only at the request of the employer, and if the employer does not require these services, the contractor shall not be entitled to any claims. The application of this condition causes the challenge of ambiguity regarding the contract subject and the risk of invalidation of this contract due to its vagueness. The history of research in this field is also limited to general research in the law related to the oil and gas drilling services and this concept has not been investigated independently. Therefore, after distinguishing the concept in question from similar structures with a practical and challenging approach using the library method, we are going to analyze the nature of this concept and then state its characteristics. Based on the interpretation of the inner intention, we believe that the parties in such contracts have formed two levels of agreement. In the first level, the parties, without considering the amount of work, only seek a binding agreement that includes general and particular conditions governing the provision of any services that the employer requires. The second level of the agreement consists of the job orders, over which the conditions of the master agreement govern.

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# Legal-Economic Solutions to Promote the Use of Renewable Energy Sources in the European Union

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## Abstract

The current research is a study regarding some legal-economic solutions for the use of energy from renewable sources such as light and heat from the sun and wind, which causes a balanced use of energy from fossil fuels and also the control of climate change caused by economic activities with the origin of use comes from fossil fuel energy. In order to achieve the goal of this research, some legal-economic solutions of the European Union (EU) in the field of using renewable energy have been considered. To collect information, the library method is used, and the research method is descriptive-analytical. The importance of examining the solutions considered by this legal system is because the European Union is one of the pioneers in the use of renewable energy. According to the data published by the International Monetary Fund in 2022, the EU is the third-largest economic power in the world, and in this sense, it is important to examine the solutions considered by the European Union as well. The European Union formulated and adopted different solutions for investors, producers and consumers in two major packages. The first package, entitled 2020 Climate and Energy Package, and the second, called Clean Energy for all Europeans, were adopted in 2009 and 2019, respectively. The current research is more focused on the latter package. According to the studies, the European Union has provided various solutions to promote the use of renewable energy, including Feed-in Premium, which is in line with the market movement in diverse sectors, including electricity, cooling and heating, and transportation. Therefore, the European Union has been able to attract the opinion of investors in this field by using efficient legal solutions, and focusing on the teachings of this legal system in the aforesaid field could have significant results for other legal systems.

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# The Best International Petroleum Industry Practices and A Reflection on Issued Awards Based on It

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## Abstract

The global expansion of the oil and gas industry has led to the emergence of new terminologies within the oil and gas law literature, One of these terms is the "Best Practices in the Oil and Gas Industry". Initially, this terminology had a profound impact on many international oil and gas contracts, consequently leading to a transformation in the structure of legal regulations and international treaties governing this industry globally. Its broad scope encompasses various facets, ranging from financial intricacies to technical dimensions, which has led to a significant focus in arbitration tribunals. The topic under consideration is, what concept this terminology carries concerning international oil and gas contracts, laws, and international treaties within the oil and gas sector, and how have arbitrators tackled this matter in international oil and gas arbitration tribunals.

The article, adopting a descriptive-analytical approach and scrutinizing recent international contracts, laws, and treaties relevant to the oil and gas industry, has reached the conclusion that the "Best Practices in the Oil and Gas Industry" are the specialized customs of this industry. These practices evolve in conjunction with the advancements in knowledge and technology by industry actors and are universally adhered to, irrespective of geographical boundaries. Analyzing various oil and gas industry Arbitral awards issued grounded in the Best International Petroleum Industry Practices reveals that arbitrators assess various elements, including adherence to industry knowledge and technologies during making contract or performance, the claim of breaches concerning the Best International Petroleum Industry Practices during operations by the aggrieved party, and insights from petroleum industry experts to identify these best practices.

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# Flexibility in the Mechanism of Stability Clauses and Balance of Interests in Oil Contracts

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## Abstract

The performance of a petroleum contract is conditioned by the favourable national and international legal, political and market environment. The mechanisms of stability in the forms of legal, contractual and economy for confronting are risks of political, financial and commercial in oil contracts. Looking at the development of stabilization practice over the last decades, stabilization clauses may be classified as classic or modern. Economic equilibrium or rebalancing clauses are perhaps the most familiar modern stabilization mechanisms. In this regard, the main question is " in the circumstances and conditions that have changed during the implementation of the oil contract, how can the modern stability mechanism and conditions continue the interests of the parties in a fair and conventional way?" With the assumption that their aim is to maintain the same financial situation (economic balance) stipulated in the contract by supporting investment at the date of signing the contract. Thus, the traditional notion of stability of contract which is firmly rooted in the concept of sanctity of contract has largely given way to flexibility in approaching the desired stability in the contract. In this paper, this issue has been investigated with descriptive-library research method. Its achievement "that stabilization mechanisms enhance a government's ability to attract companies, such provisions are supported by economic logic and imperative, promoting the coordination of interests between the oil companies and host governments. Stability provisions facilitate oil company efficiency and performance, which is typically in the best interests of the government and the balance of interests in the field of oil contracts."

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# The Theory of Enforcement of Public Rights in Anfal and Public Wealth in the Oil and Gas Sector

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## Abstract

Oil, as an economic and strategic commodity, has played an effective and decisive role in the political and economic destiny of the country and its people since the past and because these resources belong to the people, and on the other hand, its management is the responsibility of the government according to the law, entrusted to act according to the interests the people. In order to realize this, it is necessary to comply with the principles and requirements that the theory of enforcement to public rights in Anfal and public wealth in oil and gas sector tries to explain the necessity and manner of realizing these rights and the obstacles to their realization by respecting the property rights of the people. In the regard, the management of exploration, optimal production, the manner and quantity of supply, the income from exports and the manner of spending it are of particular importance. One of the positive and influential factors for the realization of public rights is the key role of the government in implementing good governance and regulation in order to restore and protect these rights, and the effective and reciprocal role of the people in this regard, and the negative factors are the weakness of laws and inefficiency, Management officials pointed out. The main questions raised in this article are: What is the performance of the responsible party to realize peoples' rights in oil and gas natural resources? Are there practical measures and serious determination to solve the problems in the industry and remove the obstacles to the realization of peoples right in natural resources of oil and gas? The evaluation of the performance of officials and law in a descriptive and analytical way has been examined in this article.

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