

Objective of the Process

The objective of the first licensing round is the award of a Technical Service Contracts to a Company or consortia of companies, including a State-owned partner, collectively the "Contractor", to carry out development/redevelopment and production activities for eight (8) Contract Areas comprising six (6) oil projects and two (2) natural gas projects.

Winning companies or consortia must enter into either a Producing Field Technical Service Contract (PFTSC) or a Gas Field Service Development and Production Contract (GSDPC), together the "Contracts", as defined for each Field, in order to carry out such activities.

The principal terms of the Contracts are as follows:

- (a) All oil and gas in-place and produced belongs to the people of the Republic of Iraq.
- (b) An initial duration of up to twenty (20) years from the Contract's effective date. All undeveloped reservoirs must be relinquished at specific milestones in each contract.
- (c) The principal objectives are to expand production in both the short and long term in the case of the six (6) oil Contract Areas, and develop the two (2) Gas Contract Areas.
- (d) The Contractor is entitled to be reimbursed for both its actual costs and a profit element in the form of Service Fees and Supplementary Fees to be taken in cash or kind.
- (e) All Service Fees are payable from 50% of the Contract Area's revenue attributable to Incremental Production above a contractually-specified Baseline Production Rate that declines over the life of the Contract. Supplementary Fees are payable from a proportion of remaining revenue from the Contract Area.
- (f) The State will participate as a carried State Partner with a 25% interest in each Contract Area.
- (g) Contractor will be subject to tax in the Republic of Iraq.
- (h) Minimum work and expenditure obligations will apply to each Field.
- (i) Contractors will have obligations with respect to the provision of training, scholarships for higher education and technology transfer, as well as employment of local personnel and the procurement of local goods and services.
- (j) The Contracts will be construed and governed under the Law.
- (k) The Contracts will be in both the Arabic and English languages; in the event of a conflict, the English language version will prevail.
- (l) Provisions for resolution of disputes between the parties to the Contracts include recourse to independent expert, as well as to international arbitration (International Chamber of Commerce rules; in Paris or mutually agreed alternate venue; English language).
- (m) Activities in the Fields will be subject to the Law and must comply with the standard practices of the international petroleum industry, particularly with regard to health and safety of human resources, public safety, and preservation of the environment.
- (n) Contractors will be required to undertake specific commitments regarding general business ethics and practices and anti-corruption measures.

Source: [Iraq Oil Ministry Data](http://IraqOilMinistryData)
www.Iraqoilforum.com