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STATE OF QATAR

MINISTRY OF FINANCE & PETROLEUM

DEPARTMENT OF PETROLEUM AFFAIRS

GOVERNMENT HOUSE - P. O. Box 2233

DOHA - QATAR

PETROLEUM CONCESSION AGREEMENTS
AND LAWS

1973

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16 MAY 1985
CENTRE FOR ARAB GULF STUDIES

UNIVERSITY OF QATAR
STATE OF QATAR

MINISTRY OF FINANCE & PETROLEUM

DEPARTMENT OF PETROLEUM AFFAIRS

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AND LAWS

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DEPARTMENT OF PETROLEUM AFFAIRS

PETROLEUM CONCESSION AGREEMENTS
AND LAWS

1978



H. H. Sheikh Khalifa Bin Hamad Al Thani, The Emir of Qatar,

PREFACE

This book is compiled from all official documents relating to the granting of Petroleum Concession areas in Qatar, and reflecting the progressive steps and developments which have taken place over the last decade in the relationship between the host countries and the concessions holding companies.

Such developments were actually illustrated in terms of additional income per barrel of crude oil, in the implementation of the OPEC resolutions. They included, among other things, the expensing of royalties, elimination of allowances, increases in crude oil prices, raising of the Government's share in the net profits of the concessions to 55%, as well as the recently concluded Participation Agreement. An up-to-date revised text of the Income Tax Law and of the Port Dues Law were likewise included.

This compilation of documents, which is recording those achievements is, in principle, devoted to the purposes of historical documentation. We hope it will be of tangible value to all persons involved or interested in the various and vast aspects of the modern oil industry, especially in Qatar which is passing through comprehensive stages of development in its various sectors of life under the auspices and leadership of His Highness Shaikh Khalifa Bin Hamad Al Thani, the Emir of Qatar.

Should any errors have occurred in the course of the printing of this book, it is, finally, hoped that such will be readily apparent and have no effect on the overall context.

ALI JAIDAH
Director

Doha March, 1973

DEPARTMENT OF PETROLEUM AFFAIRS

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(C) QATAR OIL COMPANY LTD., (JAPAN)

CONCESSION

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" A "

QATAR PETROLEUM COMPANY LIMITED
CONCESSION

QATAR OIL CONCESSION

This Agreement was made on the seventeenth day of May 1935 corresponding to the fourteenth day of Safar 1354 between His Excellency Shaikh Abdullah bin Qasim Al Thani, Ruler of Qatar, (who is hereinafter called "the Shaikh", and this expression, whenever the contract requires shall include his successors and assigns), on the one part, and Charles Clark Mylles, on behalf the Anglo-Persian Oil Co. Ltd. (which will hereinafter be called as the "Company", and this expression shall, whenever it is required by the contract, include its assigns), on the other part

Agreement is hereby concluded between the Shaikh and the Company as follows :—

Article First : The Shaikh grants to the Company, in virtue of this Agreement, and under the following conditions, the sole right, throughout the principality of Qatar, to explore, to prospect, to drill for and to extract and to ship and to export and the right to refine and sell petroleum and natural gases, ozokerite, asphalt and everything which is extracted therefrom, which shall hereinafter be called "the Substances". If the Company discovers, in the course of its investigation and general activities, any minerals other than the Substances mentioned in the first article, e. g. gold or iron oxide or any other minerals, it shall not be justified to appropriate the same, but must inform the Shaikh of their discovery; and the Shaikh shall have full right to, and absolute control over those minerals which have been extracted and he shall be free in granting concessions for the extracting of those minerals to any Company or Companies or to dispose of those minerals in any manner he considers to be consistent to his interests.

Article Second : Subject to the conditions of Article 7, below, the Company can operate in any part of the State of Qatar as is defined below, but it will not operate on places such as religious lands, cemeteries, lands occupied by religious buildings or by essential enterprise by their owners as may exist on the date of the signature of this Agreement or any customary extensions of such religious lands, or cemeteries or buildings as may be pointed out by the Shaikh. The State of Qatar means the whole area

over which the Shaikh rules and which is marked on the north of the line drawn on the map attached to this Agreement.

The period of this Agreement shall be seventy five years from the date of its signature.

Article Third : The Company shall explore the State of Qatar minutely by any methods which is the best in its opinion to enable it to ascertain the probable existence of the Substances.

And for the purpose of carrying out its works in accordance with this Agreement, the Company shall employ all customary and proper means and shall carry out the examination by methods agreeable to the modern Scientific knowledge. The Company shall inform His Excellency the Shaikh of all its operations in this connection from time to time.

The Company undertakes to keep drawings and maps and accurate records of the wells drilled and such like data, whether they be topographical, geological or drilling, as it is customary to keep, and such information as these shall be open to inspection by the Shaikh or his authorised representative.

Article Fourth : In consideration of the rights granted by His Excellency the Shaikh to the Company in accordance with this Agreement the Company shall pay to His Excellency the Shaikh the following payments during the period of this Agreement namely:

- | | | |
|-----|--|--|
| (a) | On Signature. | Four Lakhs of Rupees,
Rs. 400,000 |
| (b) | At the end of each year of the first five years from the date of Signature. | One and a half Lakhs of Rupees. Rs. 150,000. |
| (c) | At the end of the sixth year from the date of signature and at the end of every year which follows it until the end of the Concession. | Three Lakhs of Rupees.
Rs. 300,000. |

(d) When the Company wins oil and saves it into Storage it shall pay royalty on the Substances, in accordance with the description of Article First, as follows :—

- | | | |
|-----|--|-----------------------------------|
| (1) | On all the substances which it has won and saved into Storage except asphalt, ozokerite and natural gas per ton (2240 English pounds), at the rate of. | Three Rupees.
Rs.3/—. |
| (2) | On asphalt and ozokerite won and saved into Storage per ton (2240 English pounds) at the rate of. | One Rupee Eight Annas.
Rs. 1/8 |
| (3) | On natural gas produced and sold per 1000 cubic feet at the rate of. | Two Annas. As. 2 |

But the Company shall not pay royalty on any of the Substances used within the State of Qatar by the Company or its employees.

Article Fifth : The Company will measure all liquid matters, at the time of their extraction from wells, either by dipping reservoirs or by means of measuring instruments, and measure solid substances by weighing; and it should supply the Shaikh with a copy of the register if His Excellency so demand. Likewise, the Company shall submit to His Excellency the Shaikh an account of the Substances extracted by it for every six months and the authorised agent of the Shaikh shall have the right of inspection thereof at all reasonable times.

Article Sixth : The Company may construct, maintain and operate roads and telegraph and telephone installations and their lines and wireless stations, railways, refineries and the ordinary ports situated at Doha for importing its materials, and pipe-lines and pumping stations, workshops, houses and other things and works which are useful for it, as required for the purposes of its operations, and also the accommodations required for its employees, but excepting the places occupied

by the enterprise of their owners, or those which it will be difficult for their owners to part with ; and these are exempted. And the Company has the right to choose the port which may be suitable for exporting its substances ; and it will likewise have the right to use all the means of transport required for its operations in accordance with this Agreement-
✓ excepting aerial transport, which, on every occasion arising for it, the Company must obtain the Shaikh's permission and consent thereto. And His Excellency the Shaikh shall have the full right to use those roads, the electric (telegraph) lines, the wireless installations, telephones, and railways for his personal business and for governmental purposes, in case of need, free of charge ; and the Shaikh shall have the right, also, to use all the ports used and constructed by the Company and the Company undertakes to afford His Excellency the Shaikh all facilities in this respect.

Article Seventh : The Shaikh grants to the Company the use and occupation of uncultivated lands belonging to the Shaikh himself and which the Company may require for its operations, free after an understanding is arrived at between the Shaikh and the Company about them, excepting the lands surrounding Riyan, as will be defined by the Shaikh himself. The Company has no right to acquire lands occupied by the enterprise of the owners thereof and also houses, places and lands which their owners decline to sell or to rent ; and excepting these, it does not matter to use (other lands) if occasion arose. And the Company shall inform the Shaikh from time to time of the lands, houses and buildings which it requires to occupy for its enterprise. And the lands, houses and buildings already acquired by the Company and found by it to be unnecessary for it any longer for its business, shall be restored by the Company to the Shaikh free. Provided that all the lands, houses and buildings which have been acquired by the Company shall be handed over to the Shaikh free on the termination or prior to that, on the cancellation, free.

Article Eighth : The Company may take any quantity of water which it may require for its operations, free of charge, on the condition that this will not cause any loss or damage to any of the inhabitants. And subject to the same conditions as have been specified, the Company can explore, drill and impound water to satisfy the requirements of its operations.

✓ In case of need, the Shaikh's army or military expeditions can take, free of charge, any quantity of water available under the Company's control, after its requirements are satisfied ; and, likewise, the inhabitants can take such surplus water for themselves and their animals, free of charge.

Article Ninth : The Company can take any earth, mud, gravels, lime, gypsum and stones and other similar substances which it requires for its operations, free of charge, but it will not prevent the people from taking their customary requirements of these materials. The Company, however, must only take what it requires : and shall have no right to export any of these (materials) abroad.

Article Tenth : In consideration of the sums agreed upon in the fourth Article, the Company shall have the right to import water, petroleum, fuel, machinery, motor-cars, lorries, aeroplanes, equipments instruments, wood, utensils, iron ware, building materials, medicines, office equipments, household furniture and all other things, equipments and goods required by the Company or by its employees for its operations ; but not for sale to others ; and it shall have the right to export its Substances and their derivatives and things already imported by the Company without Customs duty or import duty or export duty or tax or any other duty. The Company shall however, pay the ordinary duty applicable to British merchants in the State of Qatar on all the personal effects, piece-goods, general merchandise and provisions which it imports for the personal use of its employees. And the Company and its operations, incomes, profits and properties shall be exempt and free, during the period of this Agreement, from all the present and future Taxes of any kind whatsoever.

Article Eleventh : The Shaikh agrees that he will afford the necessary assistance to carry out this Agreement, and that he will use his authority to protect the Company's employees and property as far as possible. But the Company shall also, itself, take the necessary steps in this respect, namely that the Shaikh or his representative will appoint armed guards of his own choice and the Company shall pay the expenses ; and the guards should be sufficient in number and equipment. And neither does the Shaikh guarantee to the Company what may be caused by

unforseen circumstances, nor will he be responsible therefor. For instance should, God forbid, an attack be made by an enemy or any accident occurs in spite of him through any aggressor, the Shaikh shall, in case of such aggression, use his endeavour to ward off an aggression of this nature ; but he shall not be responsible for any loss or damage thereby caused.

Article Twelfth : The Company has the right to transfer this Agreement to any other commercial Company ; but it shall have no right to transfer it to any Government whatsoever on the conditions that the said Company shall be able to fulfil the obligations of this Agreement and its engagements entirely. The Company shall inform the Shaikh if it transferred this Agreement in the manner aforesaid and obtain his assent and acquiescence. And the Company shall have the liberty to form a single Company, if it finds it necessary, to carry out this Agreement, and that Company so formed shall be identical with the Anglo-Persian Oil Company Limited, and the aforesaid Company shall enjoy all the rights and privileges granted to the Company in virtue of this Agreement, and it must bear all the engagements and responsibilities set forth therein.

Article Thirteenth : The Company may terminate this Agreement if it finds it disagreeable for it to set upon the same, but it shall have no right to cancel it or to abandon it and to discontinue operating it except after three years with effect from the beginning of operation, by giving six months previous notice, in writing, to the Shaikh of its intention to do so. And if the said cancellation should take place within thirty five years from the date of signature of this Agreement, all the lands granted by the Shaikh and any lands or buildings purchased by the Company and any houses or buildings constructed by ,and any immovable properties belonging to the Company within the State of Qatar, shall be surrendered to the Shaikh free of charge. And the wells actually producing at the time of the said cancellation shall be surrendered in a condition considered to be good and satisfactory, as they were at that time.

And if the said cancellation should take place after thirty five years from the date of signature of this Agreement, all the Company's properties within the State of Qatar shall be surrendered, in that case ,to the Shaikh. free of charge, and the wells actually producing at the time of the said

cancellation shall be surrendered in a condition which is reasonably considered good and satisfactory, as they were at that time.

On the termination of this Agreement at the conclusion of the seventy five years, stipulated for in the second article, or the conclusion of any extension or renewal of its period, all the Company's properties existing in the State of Qatar shall be surrendered to the Shaikh free of charge ; and the wells actually producing at that time shall be surrendered in a condition which is reasonably considered good and satisfactory, as they used to be at that time.

Article Fourteenth : The Shaikh has the right to cancel this Agreement in the two cases mentioned below :—

- (A) If the Company fails to pay the sums mentioned in the fourth article within six months from the date they fall due. Provided that if any dispute should be made by the Company in regard to any payment thereof, the Shaikh shall not cancel the Agreement until arbitration takes place thereon in accordance with Article sixteenth and unless the Company fails to comply with the award of the arbitraters within three months from the date of the said award.
- (B) If the Company is in default according to the provisions for arbitration set forth in the sixteenth Article.

Article Fifteenth : The Shaikh shall not hold the Company liable if default should occur on the part of the Company in carrying out or fulfilling the provisions of the Agreement by the mere occurrence of force majeure delaying operation ; but should any difference occur between His Excellency the Shaikh and the Company as to the existence or non-existence of such force majeure, the same shall be referred to arbitration, as provided for in the sixteenth article. And the Shaikh stipulates that the force majeure delaying operation means that which occurs in connection with the Company's operations in Qatar and that nothing else must be taken into consideration and must not be used by the Company as an argument in this respect. And the Company shall proceed to effect repairs at the time when any damage, of any nature,

takes place ; and the period of the said delay, together with any period reasonably necessary for repairing the damage will be added to the period fixed in accordance with this Agreement.

Article Sixteenth : Should any dispute occur between the Shaikh and the Company in regard to the interpretation of this Agreement or of any matter arising therefrom or in regard to the engagements obligatory on either of the parties in accordance therewith, such dispute shall be referred to two arbitrators if no Agreement can be arrived at for settling it by any other method, and the Shaikh will appoint one of them and the other will be appointed by the Company. Each of the two parties shall appoint his arbitrator within thirty days after receiving the demand therefrom from the other party. The two arbitrators shall thereupon appoint a third arbitrator ; but if the two arbitrators or any two arbitrators appointed instead of them are unable to agree upon the third arbitrator within sixty-days from the demand for arbitrator, the two parties agree that, in that case, the third arbitrator should be appointed by the Political Resident and the Shaikh makes it a condition that he should agree to the third arbitrator.

The award of arbitration shall be consistent with the legal principles familiar to civilized nations.

The decision of the majority of arbitrators shall be final ; and the place of arbitration shall be Qatar.

On giving any award, the arbitrators shall fix a sufficient time within which the party against whom the award is given , should carry out the said award. And that party shall be considered at fault only when he fails to comply with the award before the expiry of the aforesaid period and not otherwise.

Article Seventeenth : The labourers employed by the Company must be from amongst the Shaikh's own subjects or from amongst those approved by the Shaikh, excepting technical employees and the managers and clerks whom the Company may require and whom it cannot find in the country. And the Shaikh prescribes as a condition the dismissal of any employee whose retention is disapproved by the Shaikh, if the Shaikh

has observed any irregular conduct on his part. And it naturally follows that the wages which the Company pays to the employees from amongst Qatar people shall be reasonable.

Article Eighteenth : The Shaikh and the Company declare that they base action upon this Agreement on the basis of good faith and pure belief and upon the interpretation of this Agreement in a manner consistent with reason. And the Company undertakes to acknowledge the Shaikh's authority and his rights in his capacity as the Ruler of the State of Qatar principally and to respect them in every manner.

Article Nineteenth : Nothing contained in this Agreement shall prevent the Shaikh in any manner whatever from granting concessions to other parties for anything excepting the substances mentioned in the first article provided that the said concessions do not interfere with the rights of the Company or its operations in accordance with this Agreement.

Article Twentieth : The Company will pay all the sums due to the Shaikh, in accordance with this Agreement, into the Shaikh's account in the Eastern Bank Ltd. in Bahrain and the receipt taken from that Bank shall be a full acquittance of the Company's liability for the sum mentioned in the Bank's receipt. The Shaikh may, from time to time, appoint another Bank or other Banks for the purposes of this Article, and this shall be done in writing.

Article Twenty-First : This Agreement shall be binding upon both the parties and their successors and assigns ; and it has been written in Arabic and English and all due care has been taken to make the two texts identical in meaning. And if any difference should arise as to the meaning or the interpretation of any Article, at any time, the Arabic version is to be relied upon.

Article Twenty-Second : The expression year, month and day used in this Agreement shall mean what is consistent with the English Solar Calendar and not any other.

IN WITNESS whereof the two parties have hereunto set their hands and seals on the day and in the year mentioned in the preamble.

SD/-

SHEIKH ABDULLAH BIN QASIM AL THANI
RULER OF QATAR

FOR ANGLO-PERSIAN OIL COMPANY LIMITED.

REPRESENTATIVE.

H. E. Shaikh Abdullah bin Qasim Al Thani,
RULER OF QATAR

17/5/35

Sir,

In view of your having signed the oil Concession for the State of Qatar in favour of this Company, I am authorised by the Company to give you the following undertakings additional to all the undertakings set forth in the Concession.

- (1) The Company will drill two Artesian wells free of charge at such a place as may be selected by H. E. the Shaikh.
- (2) The Company will warn all its employees that they should respect and give heed to general laws and religious customs, and that they should not display in public forbidden things such as intoxicating liquors.
- (3) Consequent on the demand of His Excellency the Shaikh for the employment of informed persons in Qatar, who should represent His Excellency in exercising what may be necessary in regard to his rights in accordance with this Concession the Company undertakes to pay the salaries of such informed persons whose number should not be more than two persons only on condition that these salaries shall be reasonable and in keeping with their positions and duties.
- (4) The Company will supply to His Excellency the Shaikh either in cash or in kind at the Company's option annually until oil is won and saved into storage.

Two Thousand tins (2,000) of Petrol.
Three Thousand tins (3,000) of Kreosene.
and thereafter :
Five Thousand tins (5,000) of Petrol.
Ten Thousand tins (10,000) of Kerosen.

It is requested that you will let me have your acceptance in writing of these undertakings.

FOR ANGLO-PERSIAN OIL CO. LTD.

REPRESENTATIVE

DOHA, QATAR

His Excellency Shaikh Abdullah bin Qasim Al Thani,

RULER OF QATAR.

Sir,

Referring to Article Seventh in the Agreement of the Concession of the land which surrounds the castle of the Shaikh in Doha is exempted from all operations of the Company and its works and this land will be defined by the Shaikh, as is the case at Riyan.

FOR ANGLO-PERSIAN OIL CO. LTD

REPRESENTATIVE.

17/5/35

QATAR, AGREEMENT, dated 1st September, 1952 between the Ruler and Petroleum Development (Qatar) Ltd., and Schedule.

THIS AGREEMENT is made the first day of September, 1952, corresponding to the twelfth day of Dhil Haj, 1371, H., between HIS EXCELLENCY SHAIKH ALI BIN ABDULLA BIN QASIM AL THANI, RULER OF QATAR (hereinafter called "the Shaikh" which expression where requisite includes his successors and assigns) on the one part and RICHARD ERNEST ROWLAND BIRD On behalf of PETROLEUM DEVELOPMENT (QATAR) LIMITED (hereinafter called "the Company" which expression where requisite includes its assigns) on the other part.

WHEREBY IT IS AGREED between the Shaikh and the Company as follows :—

ARTICLE 1

In this Agreement unless inconsistent with the subject or context—

"The Existing Convention" means and includes (i) the Agreement dated the 17th day of May 1935 made between Shaikh abdulla bin Qasim Al Thani (then the Ruler of Qatar) of the one part and Charles Clark Mylles on behalf of Anglo-Persian Oil Company Limited of the other part and (ii) two letters also dated the 17th day of May 1935 addressed by the said Charles Clark Mylles to the said Shaikh Abdulla (all rights and obligations of the said Anglo-Persian Oil Company Limited thereunder having, with the assent and acquiescence of the said Shaikh Abdulla, been duly assigned to the Company by a Deed of Assignment dated the 23rd day of April 1946 made between the Anglo-Iranian Oil Company Limited (formerly the said Anglo-Persian Oil Company Limited) of the one part and the Company of the other part)

"The Amended Convention" means the Existing Convention as amended by this Agreement.

“Convention payments” means in relation to any period the sums which the Company is liable to pay in respect of that period under the Amended Convention (other than the annual fixed sum provided for in paragraph (c) of Article Fourth of the Amended Convention and the payment provided for in Article Eleventh of the Amended convention) and any other payments rentals duties imposts and other exactions of a like nature payable by the Company to the Shaikh in respect of such period

“Exported Oil” means crude oil produced by the Company in Qatar freed of water and foreign substances and exported therefrom.

“Dealing in Exported Oil” means dealings in Qatar in exported oil or in rights to take delivery thereof

“Qatar Income Tax” means in relation to any year the total amounts receivable by the Shaikh in respect of that year by way of income tax based on income of that year arising in any way from dealings in exported oil

“Qatar” means the area in which the Company is entitled to operate under Article Second of the Amended Convention

“Ton” means English Ton of Two Thousand Two Hundred and Fourty pounds

“Year” and “Month” shall respectively be construed in relation to the English Solar Calendar and not any other

“Effective Date” means the date of signature of this Agreement

“The Initial Peroid” means the period from the effective date down to and including the 31st day of December 1952

“Posted Prices” means the prices (expressed in shillings per ton) f.o.b. seaboard terminal for Qatar crude oil of the gravity and quality concerned arrived at by reference to free market prices for individual commercial sales of full cargoes and in accordance with the procedure set out in the Schedule hereto

“Border Value” means the value (expressed in shilling per ton) of Qatar crude oil at point of export based on applicable posted prices and having taken into account average realisations from cargo and long-term contract sales.

"Convention payments" means in relation to any period the sum which the Company is liable to pay in respect of that period under the Amended Convention (other than the annual fixed sum provided for in paragraph (c) of Article Fourth of the Amended Convention and the payment provided for in Article Eleventh of the Amended Convention) and any other payments rentals duties imposts and other exactions of like nature payable by the Company to the Shaikh in respect of such period.

"Exported Oil" means crude oil produced by the Company in Qatar freed of water and foreign substances and exported therefrom.

"Dealing in Exported Oil" means dealings in Qatar in export oil or in rights to take delivery thereof

"Qatar Income Tax" means in relation to any year the total amounts receivable by the Shaikh in respect of that year by way of income tax based on income of that year arising in any way from dealings in exported oil

"Qatar" means the area in which the Company is entitled to operate under Article Second of the Amended Convention

"Ton" means English Ton of Two Thousand Two Hundred and Fourty pounds

"Year" and "Month" shall respectively be construed in relation to the English Solar Calendar and not any other

"Effective Date" means the date of signature of this Agreement

"The Initial Period" means the period from the effective date down to and including the 31st day of December 1952

"Posted Prices" means the prices (expressed in shillings per ton f.o.b. seaboard terminal for Qatar crude oil of the gravity and quality concerned arrived at by reference to free market prices for individual commercial sales of full cargoes and in accordance with the procedure set out in the Schedule hereto

"Border Value" means the value (expressed in shilling per ton) of Qatar crude oil at point of export based on applicable posted prices and having taken into account average realisations from cargo and long term contract sales.

ARTICLE 2

- (a) The Company undertakes that as from the Effective Date the Shaikh shall receive in Sterling in the manner provided in paragraph (c) of this Article an amount equal to 50 per cent. of the profits arising in Qatar on exported oil and on asphalt, ozokerite and natural gas produced by the Company in Qatar freed from water and foreign substances and exported therefrom.
- (b) The profit referred to in the preceding paragraph shall in relation to exported oil for the initial period and for each year thereafter be the difference between the border value per ton of the exported oil in such period or year and the cost per ton of such oil multiplied by the number of tons so exported, ascertained in each case in accordance with Article 4 hereof.
- (c) (A) The Company undertakes in the manner provided in Article 5 hereof to pay to the Shaikh as from the Effective Date the following Convention payments namely :—
- (i) a royalty on all exported oil (being the royalty provided for in para (d) (1) of Article Fourth of the Amended Convention)
 - (ii) a royalty on all asphalt and ozokerite won and saved into storage (being the royalty provided for in para (d) (2) of Article Fourth of the Amended Convention)
 - (iii) a royalty on all natural gas produced and sold (being the royalty provided for in para (d) (3) of Article Fourth of the Amended Convention)
 - (iv) the salaries of the Shaikh's representatives (being the undertaking (3) provided for in one of the two letters referred to in the definition of "the Existing Convention")
 - (v) a tax commutation (being tax commutation provided for in Article Tenth of the Amended Convention)

- (B) If the total amount payable by way of Qatar Income Tax in any year in respect of dealings in exported oil and of dealings in Qatar in exported asphalt, ozokerite and natural gas during the preceding year when added to the Convention payments due or paid in respect of that preceding year is less than an amount equal to 50% of the profit arising in Qatar on exported oil and on exported asphalt, ozokerite and natural gas during that preceding year then the Company shall pay to the Shaikh in Sterling in the manner provided in Article 5 hereof a sum equal to such deficiency. Any sum so payable is hereinafter called a "make-up payment".

In this paragraph the expression "preceding year" shall in relation to the initial period mean that period.

ARTICLE 3

- (A) The Company guarantees that the Shaikh will receive in each year during which the Amended Convention remains in force subsequent to the year 1952 a minimum of either
- (i) £ 1 million sterling unless by reason of Force Majeure the operations of the Company cease or are in suspension during the whole or any part of the year concerned : or
 - (ii) a sum calculated at the rate of £ 750,000 sterling per annum in respect of the whole or any part of any such year as aforesaid during which by reason of Force Majeure the operations of the Company have ceased or are in suspension and at the rate of £ 1 million sterling per annum in respect of the remainder of such year.
- (B) Any sums paid by the Company under the guarantee contained in sub-para (A) above shall be recovered out of the Convention payments due to the Shaikh in the year or years next succeeding the year in which such sums are paid but only to the extent to which the total amount received by the Shaikh both by way of Convention payments and otherwise in any such succeeding year or years exceeds £ 1 million sterling.

- (C) The guarantee contained in sub-para (A) of this Article shall cease to operate if and for so long as the amount to be recovered by the Company under the provision of sub-para (B) of this Article would otherwise exceed £ 1 million sterling.

ARTICLE 4

- (i) The border value as at 27th August 1952 of exported oil of 40.0° API and of the quality then being exported established in accordance with the definition of border value in Article 1 hereof is 82/3d. (sterling) per ton
 - (ii) in respect of other gravities and qualities of crude oil the border values shall be ascertained by adding to or subtracting from the border value mentioned in sub-paragraph (1) the amount in shillings per ton by which the relevant posted price for the actual gravity and quality concerned is greater or less than the relevant posted price for exported oil of 40.0° A. P. I.
 - (iii) such border values ascertained as above shall be appropriately adjusted by adding thereto or subtracting therefrom the amount in shillings per ton by which the relevant posted prices increase or decrease after the said 27th August 1952
 - (iv) The border value shall be ascertained for each day and shall be applied to the tonnage of exported oil on that day
- (b) the tonnage of oil exported shall be ascertained daily
- (c) the cost of exported oil shall be ascertained by sound and consistent accounting methods as follows—
- (i) by determining the total of all costs and expenses of the Company (but excluding any sum in respect of Convention Payments and any tax on profits and Qatar income tax) for the initial period and for each year thereafter which are fairly and properly attributable to the operations of the Company in Qatar for the purpose of producing and exporting therefrom crude oil (freed of water and foreign sub-stances)

in respect of (1) operating expenses and overheads and (2) amortisation of survey and development costs and other capital expenditure at the rate of 5% per annum and depreciation of all physical assets at the rate of 10% per annum until such expenditure and assets are fully written off

- (ii) the Auditors for the time being of the Company and of the Shaikh shall within six months after the end of the initial period and of each year thereafter agree in writing the total of all costs and expenses of the Company for the initial period or year as the case may be calculated under paragraph (i) above
- (iii) the figure so agreed under paragraph (ii) divided by the number of tons of exported oil during the period to which such agreed figures relate (ascertained in accordance with paragraph (b) of this Article) shall constitute the cost per ton of such oil for such period or year
- (iv) in the event of disagreement between the Auditors of the Company and of the Shaikh under paragraph (ii) above a dispute shall be deemed to have arisen under Article 7 hereof and shall if no agreement can be arrived at for settling it by any other method be referred to arbitration in accordance with that Article
- (v) if there shall be no Auditors appointed by the Shaikh for the purposes of this Article then the Auditors for the time being of the Company shall certify in writing the total of all costs and expenses of the Company calculated under paragraph (i) above, and the figures so certified shall be deemed to have been agreed as provided in paragraph (ii) above
- (vi) The Shaikh's Auditors shall be an internationally recognised firm of accountants.

ARTICLE 5

As from the Effective Date :-

- (a) (i) the Company shall within seven days after the end of each quarter submit to the Shaikh a provisional tonnage statement showing the quantity of exported oil during such quarter or (in the case of the first provisional tonnage statement) during the period from the Effective Date to the 31st December 1952 and containing all such other information as may reasonably be required to enable the Shaikh to calculate the amount of the Convention payments due in respect of such quarter or period and to assess the profit arising in such quarter or period in Qatar on exported oil for which purpose the cost of such exported oil shall be based on the Company's estimate thereof
 - (ii) the Company shall within six months after the end of each year submit to the Shaikh a final tonnage statement containing in respect of that year or (in the case of the first final tonnage statement) of the initial period the information required to be stated in a provisional tonnage statement except that the cost of the exported oil to which it relates shall be the cost thereof as agreed or deemed to have been agreed pursuant to Article 4 (c) hereof. The final tonnage statement either as submitted or as subsequently varied by agreement shall become conclusive not later than the 31st Day of July next following the year or period to which it relates unless one party hereto has prior to that date by notice in writing to the other requested that any dispute be referred to arbitration for decision.
- (b) the Convention payments shown to be due in a provisional tonnage statement shall be paid and satisfied by the Company at the time such provisional tonnage statement is submitted. If as a result of a conclusive final tonnage statement or of any such arbitration decision any further sum is found to be due to the Shaikh in respect

of the Convention payments to which it relates the Company shall forthwith pay the same ; and if as a result of a conclusive final tonnage statement or arbitration decision as aforesaid the amount paid by the Company in respect of such Convention payments is found to have exceeded the amount which ought to have been paid, such excess shall be treated as an advance by the Company against future Convention Payments.

- (c) Any make-up payment in respect of any year shall be paid by four approximately equal and (if necessary) provisional quarterly payments on the dates on which instalments of Qatar income tax are payable in respect of that year, but if, when the total amount payable by the Company under Article 2 (a) hereof in respect of that year is finally determined, provisional payments as aforesaid are found to be less in the aggregate than the make-up payment, the Company shall forthwith make good the deficiency, if such provisional payments as aforesaid are found to have exceeded the make-up payment, such excess shall be treated as an advance against future Convention payments.
- (d) All payments under this Article and otherwise under this Agreement shall be made and satisfied by payment in Sterling to the Estern Bank Limited (or other bank nominated by the Shaikh in the Sterling Area being the Scheduled Territories as defined in the United Kingdom Exchange Control Act 1947 and regulations made thereunder) for credit of the account in Doha of the Shaikh of Qatar.

ARTICLE 6

- (a) As from the Effective Date, the Existing Convention shall be amended as follows :—
- (i) all sums expressed therein in rupees and/or annas shall be deemed to be expressed in Sterling at the rate of one shilling and sixpence Sterling for one rupee and shall be payable in Sterling. All Convention payments shall unless otherwise agreed be payable quarterly in arrears in accordance with the procedure provided for in Article 5 of this Agreement.

- (ii) for the purpose of paragraph (d) (i) of Article Fourth the quantity of oil won and saved into storage shall be the quantity of exported oil as ascertained under Article 4 (b) of this Agreement
- (iii) Article Tenth shall be deleted and the following new Article substituted therefor :—

“ ARTICLE TENTH ”

“In consideration of the payment by the Company in lieu of all taxation of a comprehensive taxation commutation amounting to a sum equal to sixpence Sterling per ton upon the quantity of the substances exported on and after the Effective Date upon which royalty is payable under paragraph (d) (1) of Article Fourth hereof the Company shall be entitled:

- (a) to import free of all import customs and other duties water, petroleum and any of its derivatives, fuel, machinery, motor cars, lorries, aeroplanes, equipment, instruments, wood utensils, iron ware, building materials, medicines, office equipment, household furniture and all other things, equipment and goods required by the Company or by its employees for its operations. The Company shall, however, pay the ordinary duty applicable to British merchants in the State of Qatar on all personal effects, piece-goods, general merchandise and provisions which it imports for the personal use of its employees. Goods imported free of duty shall not be sold for use in the State of Qatar except as provided for in paragraph (b) hereof
- (b) to supply imported bunkers and other imported petroleum products to the Company's ships and to any ships loading the substances and to export all substances and their derivatives and goods already imported

by the Company under paragraph (a) above such supply and export to be free of all export customs or other duties

(c) to exemption from all taxation of whatever nature whether state or municipal and whether already imposed or hereafter to be imposed on its operations, capital, income, profits, borings, plants, and properties (including buildings) whether owned by the Company or on lease from any other person or persons, and the substances before and after their removal from the ground and upon the technical processes carried out upon or utilised in connection with the Substances”.

(iv) in Article Eleventh of the existing Convention the words commencing “But the Company shall also” down to and including the words “in number and equipment” shall be deleted and the following words substituted therefor — “In pursuance of the foregoing the Shaikh or his representative will appoint and provide at his own expense from time to time as may be necessary sufficient regular police of the State of Qatar for this duty. Such police will be trained and administered by the proper officials of the Shaikh’s Government. The Company will provide free of charge to the Shaikh suitable furnished quarters light and water for such police in the areas occupied by the Company for the purpose of its operations. As from the date upon which such police are appointed and ready for duty and for so long so they are duly provided from time to time in accordance with this Article the Company will make payment to the Shaikh in respect of the provision of such police of a sum at the rate of £ 20,000 sterling per annum payable quarterly in arrears, or such sum as may hereafter be agreed in the event of any appreciable changes in the Company’s requirements for police having occurred or occurring since the 13th Oct. 1951 when a sum of Rs 250,000 was agreed. Undertaking (4) set out in one of the

by the Company under paragraph (a) above such supply and export to be free of all export customs or other duties

(c) to exemption from all taxation of whatever nature whether state or municipal and whether already imposed or hereafter to be imposed on its operations, capital, income, profits, borings, plants, and properties (including buildings) whether owned by the Company or on lease from any other person or persons, and the substances before and after their removal from the ground and upon the technical processes carried out upon or utilised in connection with the Substances".

(iv) in Article Eleventh of the existing Convention the word commencing "But the Company shall also" down to and including the words "in number and equipment" shall be deleted and the following words substituted therefor — "In pursuance of the foregoing the Shaikh or his representative will appoint and provide at his own expense from time to time as may be necessary sufficient regular police of the State of Qatar for this duty. Such police will be trained and administered by the proper officials of the Shaikh's Government. The Company will provide free of charge to the Shaikh suitable furnished quarters light and water for such police in the areas occupied by the Company for the purpose of its operations. As from the date upon which such police are appointed and ready for duty and for so long so they are due provided from time to time in accordance with this Article the Company will make payment to the Shaikh in respect of the provision of such police of a sum at the rate of £ 20,000 sterling per annum payable quarterly in arrears, or such sum as may hereafter be agreed in the event of any appreciable changes in the Company's requirements for police having occurred or occurring since the 13th Oct. 1951 when a sum of R 250,000 was agreed. Undertaking (4) set out in one of the

two letters hereinbefore referred to in the definition of the Existing Convention "shall cease to have effect.

(b) Save as aforesaid the Existing Convention shall continue in full force and effect.

ARTICLE 7

Should any dispute occur between the Shaikh and the Company in regard to the interpretation of this Agreement or of any matter arising therefrom or in regard to the engagements obligatory on either of the parties in accordance therewith, such dispute shall if no agreement can be arrived at for settling it by any other method be referred to arbitration in accordance with the procedure laid down in Article Sixteenth of the Amended Convention.

ARTICLE 8

This Agreement, shall be binding upon both the parties and their successors and assigns and it has been written in Arabic and English and all due care has been taken to make the two texts identical in meaning. And if any difference should arise as to the meaning or interpretation of any Article, at any time, the Arabic version is to be relied upon.

IN WITNESS whereof the two parties have hereunto set their hands and seals on the day and in the year mentioned in the preamble.

Sgd. ALI BIN ABDULLAH AL THANI

Ruler of Qatar

Sgd. RICHARD BIRD

For and on behalf of

Petroleum Development (Qatar) Limited

Witness:-

Sgd. ABDULLA DARWISH FAKHROO

Sgd. H. M. JACKSON

Sgd. ABRAHIM AL ARRAYED

Sgd. R. J. PROUDFOOT

Signed before me

Sgd. C. EWART BIGGS

Her Majesty's Political Officer, Qatar

THE SCHEDULE referred to.

- (1) "Posted Prices" for Qatar crude oil for each day shall be the sellers' posted prices applicable to that day f. o. b. seaboard terminus (expressed in shillings per ton) as quoted from time to time by Platts Oilgram for the quality and gravity concerned adjusted if necessary as set out below.
- (2) If more than one sellers' posted price is quoted for Qatar crude oil of the same quality and gravity the simple arithmetic average of all such postings shall be used.
- (3) If any sellers' posted price is quoted for units other than "tons" shall be converted to a price per "ton" by using the conversion factor (as laid down in the Institute of Petroleum's "tables for measurement of oil" dated July 1945) or subsequent revision thereof applicable to the actual gravity of the crude oil to which the quotation relates.
- (4) "Posted Prices" shall be rounded off to the nearest one penny per ton, i. e. 0.5000d. to 1.4999d. inclusive shall be considered as 1d.
- (5) If Platts Oilgram is discontinued or no longer quotes applicable sellers' posted prices, some other internationally accepted authority shall be used.

- (a) Letter No. XI concerning the issue of a tax decree :

Doha,
Persian Gulf
1st September, 1952

His Excellency Shaikh Ali bin Abdulla bin Qasim Al Thani,
Ruler of Qatar.

Your Excellency,

After greetings,

I have the honour to refer to the Agreement between Your Excellency and the Company to be signed to-day.

1. My Company understands that it is Your Excellency's intention to issue an Income Tax Decree as a law in Qatar as soon as possible after the Agreement.
2. In view of Your Excellency's representations as to the date on which the new Agreement should become effective my Company is willing to pay the sum of Rupees Five million to Your Excellency provided that the following condition is agreed. The payment shall be in full and final satisfaction of any claims Your Excellency may have to any payments for any period prior to the date of the new Agreement in excess of the royalties and tax commutation payments currently being paid at the Joint rate of Rs. 10 per ton of crude oil and the payments of other natures to which Your Excellency is entitled under the existing Convention.
3. My Company is willing to make payment of Rs. 1½ million of the sum mentioned in para 2 of this letter immediately on signature of the Agreement between Your Excellency and the Company, and payment of Rs. 3½ million the balance of the said sum on the date upon which the Tax Decree referred to in para. 1 of this letter is issued.
4. My Company requests Your Excellency to confirm that the understanding expressed in paragraph 1 of this letter is correct and to indicate acceptance of the proposals contained in paragraph 2 and 3 of this letter.

Final compliments.

I have the honour to be
Your Excellency's most obedient servant,
Sgd. RICHARD BIRD
For and on behalf of
Petroleum Development (Qatar) Ltd.

(b) Reply to XI

The Palace, Doha

Date : 11th Dhil Hajj, 1371
i. e. 1st September, 1952.

To : Mr. R. E. R. BIRD,
Petroleum Development (Qatar) Limited,
Doha.

After compliments,

I refer to your letter No. XI of to-day's date.

It is my intention to issue an Income Tax Decree as a law in Qatar as soon as my representatives have had an opportunity of examining a draft of it and are satisfied with its text.

I appreciate and accept the proposals contained in paragraphs 2 and 3 of your letter and I acknowledge that the payment of Rupees 1½ million has been made.

Usual endings.

Sgd. ALI BIN ABDULLA AL THANI
Ruler of Qatar

(c) Letter No. X.2, concerning an option on futher territory :—

Doha
Persian Gulf
1st September, 1952.

His Excellency Shaikh Ali bin Abdulla bin Qasim Al Thani,
Ruler of Qatar.

Your Excellency,

After greetings,

Your Excellency will recall that in your letter of the 15th Muharrum 1371 you stated that it would be most undesirable that any company other than P.D. Qatar Ltd., should be granted a concession in any area south of the line marked on the map of the existing Concession. In accordance with the spirit of co-operation between Your Excellency and this Company we would now ask Your Excellency to agree that P.D. Qatar Ltd., shall have the option exercisable at any time during the life of the existing Concession by notice in writing to be granted :

- (a) a convention over all lands including islands and submerged lands (other than submerged lands beyond the limits of territorial waters) which at the date of the notice referred to above are part of the territories ruled by Your Excellency but which are not already included in the Company's agreements, the terms of such convention to be agreed as soon as possible after the said notice and to be reasonable according to conditions prevailing at the time and
- (b) a convention on similar terms as in para. (a) above granting to the Company all oil rights Your Excellency may possess at the

date of the notice referred to above in your own right or co-owner (d) ship in or over areas (other than submarine areas beyond territorial waters) which are not part of the territories ruled by Your Excellency.

Your Excellency shall have the right by giving notice in writing to the Company to call upon the Company within 60 days of receipt of such notice to exercise or relinquish its option in respect of any area referred to above and specified in such notice.

We shall be glad if your Excellency will confirm the above under After compliments, standings.

Final compliments.

I have the honour to be
Your Excellency's most obedient servant

(Sgd.) RICHARD BIRD

For and on behalf of
Petroleum Development (Qatar) Limited

Reply to X. 2

The Palace, Doha.

Dated : 11th Dhil Hajj, 1371
i.e. 1st September, 1952

To : Mr. R. E. R. Bird,
Petroleum Deleompent (Qatar) Limited,
Doha.

I refer to your letter X. 2 of to-day's date.

I reciprocate the spirit of co-operation expressed in your letter. I shall always be glad to consider any proposals your Company may wish to make for a concession over the areas to which you refer. I therefore do not think that there is any need for a formal option along the lines you suggest. You can, however, rest assured that I will not enter into negotiations with any other company without first giving your Company the opportunity of concluding a convention with me on terms that are to our mutual interests having regard to the circumstances prevailing at the time.

Usual ending.

Sgd. Ali bin Abdulla Al Thani
Ruler of Qatar

COPY

Letter No. X. 3

1st September 1952.

His Excellency Shaikh Ali bin Abdulla bin Qasim Al Thani,
Ruler of Qatar.

Your Excellency,
After greetings,

With reference to Your Excellency's request that the Company should increase the quantity of free petrol which it has been supplying to Your Excellency under paragraph 4 of one of the letters dated 17th May 1935, and reduce the quantity of kerosene by a corresponding amount, we write to confirm that we shall be glad to provide you from to-day's date free of charge with the following annual quantities.

40,000 gallons of petrol per annum.

20,000 gallons of kerosene per annum.

Final compliments.

I have the honour to be
Your Excellency's most obedient servant,
Sgd. RICHARD BIRD
For and on behalf of
Petroleum Development (Qatar) Limited.

COPY

Reply to Letter No. X. 3

The Palace, Doha.
Dated : 11th Dhil Hajj, 1371.
i.e. 1st September 1952.

To : Mr. R. E. R. Bird,
Petroleum Development (Qatar) Limited,
Doha.

After compliments.

I refer to your letter X. 3 of today's date.

I appreciate your Company's willingness to accede to the request made on my behalf during the negotiations for the agreement which we have today concluded that I should be supplied with the petrol and kerosene referred to in your letter free of charge in lieu of the quantities previously supplied.

Usual ending.

(Sgd.) ALI BIN ABDULLA AL THANI,
Ruler of Qatar.

(g) Letter No. X. 4 concerning a payment of 10/- per ton :—

Doha,
Persian Gulf,
1st September, 1952.

His Excellency Shaikh Ali bin Abdulla bin Qasim Al Thani,
Ruler of Qatar.

Your Excellency,

After greetings,

With reference to the Agreement between Your Excellency and the Company signed to-day, and Your Excellency's verbal request, my Company is willing to pay, in addition to the royalty and other payments to become due to Your Excellency under the said Agreement during the period from the effective date of the Agreement to the end of the year 1953 an amount calculated at the rate of Sh. 10/- sterling per ton upon the tonnage of oil exported during the period.

Such additional amount shall be paid as an "interim" measure and shall be recovered out of Convention Payments due to Your Excellency under the said Agreement in respect of the year 1954 and succeeding years.

Payment of the said amount shall be made by quarterly instalments upon the dates and in the manner provided for payment of Convention Payments under the said Agreement.

My Company requests Your Excellency to indicate acceptance of the above proposals.

Final compliments.

I have the honour to be
Your Excellency's most obedient servant,
(SD) RICHARD BIRD

For and on behalf of
Petroleum Development (Qatar) Limited

(h) Reply to X. 4

Date : 11th Dhil Hajj, 1371
i. e., 1st September, 1952.

To : Mr. R. E. R. Bird,
Petroleum Development (Qatar) Ltd.,
Doha.

After compliments.

I refer to your letter X.4 of to-day's date.

In view of the reduced royalty I shall now receive under the terms of the Agreement with your Company which we signed to-day, I am glad that your Company is prepared to make the payments referred to in your letter upon the terms therein stated.

I should be glad if you would treat this letter as my formal acceptance of those terms.

Usual ending.

Sgd. ALI BIN ABDULLA AL THANI
Ruler of Qatar.

THIS AGREEMENT is made the 17th day of August 1954 corresponding to the 28th day of Dhil Haj 1374 BETWEEN His Highness Shaikh Ali bin Abdulla bin Qasim al Thani Ruler of Qatar (hereinafter called "the Shaikh" which expression where requisite includes his successors and assigns) of the one part and Qatar Petroleum Company Limited (hereinafter called "the Company" which expression where requisite includes its assigns) of the other part.

WHEREAS this Agreement is supplemental to an Agreement (hereinafter called "the Qatar 1952 Agreement") dated the 1st day of September 1952 corresponding to the twelfth day of Dhil Haj, 1371 H and made between the Shaikh of the one part and Richard Ernest Rowland Bird on behalf of the Company under its then name of Petroleum Development (Qatar) Limited of the other part and to the Amended Convention as defined in the Qatar 1952 Agreement.

NOW IT IS AGREED between the Shaikh and the Company as follows :—

ARTICLE 1

Subject to the provisions of Article 8 hereof the Qatar 1952 Agreement shall be deemed to have been amended from and including the 1st day of January 1954

- (a) by the deletion of the definition of "Border Value" contained in Article 1 of the Qatar 1952 Agreement and the substitution of the following definition therefor:—

"Border Value" means the value (expressed in shillings per ton) of Qatar crude oil at point of export being the applicable Posted Price for the quality and gravity of the oil exported less a deduction in respect of selling expenses equal to 2% of such Posted Price.

- (b) by the deletion accordingly of paragraphs (a) (i), (a) (ii) and (iii) of Article 4 of the Qatar 1952 Agreement.

ARTICLE 2

Subject to the provisions of Article 8 hereof the Qatar 1952 Agreement shall be deemed to have been further amended from and including the 1st day of January 1955

- (a) by the deletion of paragraph (d) (1) of Article Fourth of the Amended Convention (as defined in the Qatar 1952 Agreement) ;
(b) by the deletion of paragraph (c) (A) (i) of Article 2 of the Qatar 1952 Agreement and the substitution of the following paragraph therefor :—

"(i) a royalty on all exported oil equal to 12½% of the amount in Sterling of the Posted Price of such oil. The Posted Price shall be ascertained for each day and shall be applied to the tonnage of exported oil on that day".

- (c) by the deletion of paragraph (c) (A) (v) of Article 2 of the Qatar 1952 Agreement ;
(d) by re-numbering sub-paragraph (a) of Article 2 of the Qatar 1952 Agreement as sub-paragraph (a) (i) and inserting the following sub-paragraph to be numbered (a) (ii) immediately thereafter, namely :

"(a) (ii) In addition the Shaikh shall receive a tax commutation payment of £ 20,000 per annum in respect of the year 1955 and subsequent years payable by equal quarterly instalments during the year to which it relates on the dates upon which payments of Convention Payments are made under Article 5 (b) of the Qatar 1952 Agreement."

by deletion in Article Tenth contained in Article 6 of the Qatar 1952 Agreement of the words " a sum equal to sixpence Sterling per ton upon the quantity of the substances exported on and after the Effective Date upon which royalty is payable under paragraph (d) (1) of Article Fourth hereof" and the substitution thereof of the words "£ 20,000 per annum".

ARTICLE 3

In settlement of the matters in dispute concerning the ascertainment of the cost of exported oil for the years 1953 and 1954 still awaiting determination under Article 4 (c) (iv) of the Qatar 1952 Agreement, it is hereby agreed that the totals of all costs and expenses of the Company are £ 4,594,463 (four million five hundred and ninety four thousand four

THIS AGREEMENT is made the 17th day of August 1952 corresponding to the 28th day of Dhil Haj 1374 BETWEEN His Highness Shaikh Ali bin Abdulla bin Qasim al Thani Ruler of Qatar (hereinafter called "the Shaikh" which expression where requisite includes his successors and assigns) of the one part and Qatar Petroleum Company Limited (hereinafter called "the Company" which expression where requisite includes its assigns) of the other part.

WHEREAS this Agreement is supplemental to an Agreement (hereinafter called "the Qatar 1952 Agreement") dated the 1st day of September 1952 corresponding to the twelfth day of Dhil Haj, 1371 H and made between the Shaikh of the one part and Richard Ernest Rowland Bird on behalf of the Company under its then name of Petroleum Development (Qatar) Limited of the other part and to the Amended Convention as defined in the Qatar 1952 Agreement.

NOW IT IS AGREED between the Shaikh and the Company as follows :—

ARTICLE 1

Subject to the provisions of Article 8 hereof the Qatar 1952 Agreement shall be deemed to have been amended from and including the 1st day of January 1954

- (a) by the deletion of the definition of "Border Value" contained in Article 1 of the Qatar 1952 Agreement and the substitution of the following definition therefor:—

"**Border Value**" means the value (expressed in shillings per ton) of Qatar crude oil at point of export being the applicable Posted Price for the quality and gravity of the oil exported less a deduction in respect of selling expenses equal to 2% of such Posted Price.

- (b) by the deletion accordingly of paragraphs (a) (i), (a) (ii) and (a) (iii) of Article 4 of the Qatar 1952 Agreement.

ARTICLE 2

Subject to the provisions of Article 8 hereof the Qatar 1952 Agreement shall be deemed to have been further amended from and including the 1st day of January 1955

- (a) by the deletion of paragraph (d) (1) of Article Fourth of the Amended Convention (as defined in the Qatar 1952 Agreement) ;
- (b) by the deletion of paragraph (c) (A) (i) of Article 2 of the Qatar 1952 Agreement and the substitution of the following paragraph therefor :—

"(i) a royalty on all exported oil equal to 12½% of the amount in Sterling of the Posted Price of such oil. The Posted Price shall be ascertained for each day and shall be applied to the tonnage of exported oil on that day".

- (c) by the deletion of paragraph (c) (A) (v) of Article 2 of the Qatar 1952 Agreement ;
- (d) by re-numbering sub-paragraph (a) of Article 2 of the Qatar 1952 Agreement as sub-paragraph (a) (i) and inserting the following sub-paragraph to be numbered (a) (ii) immediately thereafter, namely :

"(a) (ii) In addition the Shaikh shall receive a tax commutation payment of £ 20,000 per annum in respect of the year 1955 and subsequent years payable by equal quarterly instalments during the year to which it relates on the dates upon which payments of Convention Payments are made under Article 5 (b) of the Qatar 1952 Agreement."

- (e) by deletion in Article Tenth contained in Article 6 of the Qatar 1952 Agreement of the words " a sum equal to sixpence Sterling per ton upon the quantity of the substances exported on and after the Effective Date upon which royalty is payable under paragraph (d) (1) of Article Fourth hereof" and the substitution therefor of the words "£ 20,000 per annum".

ARTICLE 3

In settlement of the matters in dispute concerning the ascertainment of the cost of exported oil for the years 1953 and 1954 still awaiting determination under Article 4 (c) (iv) of the Qatar 1952 Agreement, it is hereby agreed that the totals of all costs and expenses of the Company are £ 4,594,463 (four million five hundred and ninety four thousand four

hundred and sixty three pounds) Sterling for year 1953 and £ 5,182,099 (five million one hundred and eighty two thousand and ninety nine pounds) Sterling for the year 1954.

ARTICLE 4

- (a) In calculating Posted Prices for the purposes of this Agreement and of the Qatar 1952 Agreement prices quoted in currencies other than Sterling shall be converted to Sterling on the basis of par values for the time being established under the Articles of Agreement of the International Monetary Fund or (if no par value is established for one or more of the relevant currencies or if the International Monetary Fund is discontinued) then on the basis of the appropriate rate or rates of exchange recognised by any other internationally accepted authority.
- (b) The provisions of paragraph 4 of the Schedule to the Qatar 1952 Agreement as to the calculation of Posted Prices to the nearest one penny per ton shall apply also to the calculation of percentages of Posted Prices required to be made as a result of sub-paragraph (a) of Article 1 and sub-paragraph (b) of Article 2 hereof.

ARTICLE 5

In order to ensure that Qatar crude oil shall be competitive with oil from other sources the Shaikh agrees to consult from time to time with the Company with a view to determining discounts from the Border Value of exported oil and approving rates and formula for discounts to be applied in determining the profits arising in Qatar on exported oil for such periods as may be agreed between the parties and paragraph (b) of Article 2 of the Qatar 1952 Agreement shall be read and construed and take effect subject to any discounts so determined for such periods.

ARTICLE 6

It is agreed that notwithstanding anything to the contrary contained in the Qatar 1952 Agreement the Shaikh shall receive any amount found to be due and payable to him at or before the date of countersignature in Qatar as described in Article 8 hereof as the result of the provisions of this Agreement in the following manner :

- (a) The Final Tonnage Statements already submitted for the years 1953 and 1954 shall be adjusted in accordance with the provisions of Articles 1 and 3 hereof and shall thereupon become conclusive as so adjusted.
- (b) Any amount shown by either of such Final Tonnage Statements to have been overpaid to the Shaikh shall be deducted from any amount so shown to be due to him and of the net amount so ascertained the sum of £ 1,000,000 (one million pounds) Sterling shall be paid to the Shaikh upon signature hereof and the balance shall be so paid upon countersignature in Qatar as described in Article 8 hereof.
- (c) Upon countersignature of this Agreement in Qatar as described in Article 8 hereof the Company shall
- (i) submit to the Shaikh in replacement of any Provisional Tonnage Statements then already submitted for the year 1955 revised Provisional Tonnage Statements under Article 5 (a)
- (i) of the Qatar 1952 Agreement calculated in accordance with the amendments made by Articles 1, 2 and 4 hereof and
- (ii) pay and satisfy any balance of Convention Payments shown to be due in such revised Provisional Tonnage Statements after taking into account the amounts already paid on submission of the Provisional Tonnage Statements so replaced and
- (iii) pay to the Shaikh such quarterly instalments of the tax commutation payment for 1955 as have then accrued due as a result of the amendment made by Article 2 (d) hereof.

ARTICLE 7

Subject to the provisions of Article 8 hereof, this Agreement shall be read and construed and take effect as Supplemental to the Qatar 1952 Agreement and the Amended Convention (as therein defined) and the provisions of the Amended Convention and of the Qatar 1952 Agreement shall so far as not inconsistent herewith continue in full force and effect.

ARTICLE 8

This Agreement is signed in London on behalf of the parties by their respective representatives but if within a period of three months from the date of such signature it shall not have been countersigned in Qatar by the Shaikh in person and by PAUL ROBERT AVERY ENSOR or other the Chief Representative of the Company for the time being in Qatar then this Agreement (other than this Article 8) shall be null and void for all purposes and the Company shall be entitled to recover the said sum of £ 1,000,000 (one million pounds) Sterling paid to the Shaikh under Article 6 (b) hereof by off-setting the same against the make-up payments (if any) and the Convention Payments next successively payable thereafter under the Qatar 1952 Agreement until the whole of such sum is so recovered.

IN WITNESS where of the representatives of the parties have hereunto set their hands in London on the day and in the year mentioned in the preamble.

Countersigned in Qatar this day of 1955 corresponding to the day

RULER OF QATAR Chief Representative in Qatar
of Qatar Petroleum Company Ltd.

Witness:—

Witness:—

QATAR PETROLEUM COMPANY LIMITED

214 Oxford Street,
London W. 1

Letter No. Y. 1.

17th August, 1955

H. H. Shaikh Ali bin Abdulla bin Qasim al Thani,
Ruler of Qatar.

Your Highness,

With reference to Article 5 of the Agreement between us dated the 17th day of August, 1955, which is supplemental to the Qatar 1952 Agreement as therein defined, we confirm the understanding between us that with effect from 1st January 1956 until a further agreement as contemplated by that Article is reached between Your Highness and the Company discounts shall be deductible from the Border Value in accordance with the following scale :

For exports of crude oil from Qatar :—

in excess of 5 million tons per annum and up to and including 7 million tons per annum $7\frac{1}{2}\%$ of the applicable Posted Price

in excess of 7 million tons per annum 10% of the applicable Posted Price.

Accepted and agreed.
Ruler of Qatar.

(H. S. GIBSON)

(P. R. A. ENSOR)
for and on behalf of
Qatar Petroleum Company Limited

QATAR PETROLEUM COMPANY LIMITED

214 Oxford Street,
London W. 1.

Letter No. Y. 2.

17th August, 1955

H. H. Shaikh Ali bin Abdulla bin Qasim al Thani,
Ruler of Qatar.

Your Highness,

We refer to Articles 1 and 5 of the Agreement between us dated the 17th day of August, 1955, which is supplemental to the Qatar 1952 Agreement as therein defined.

This letter is to confirm the understanding between us that the deduction, equal to 2% of the applicable Posted Price, which is to be made in arriving at the "Border Value" as defined in the said Article 1 to be made wholly in respect of selling expenses in disposing of Qatar crude oil additional to the cost of exported oil ascertained under paragraph (c) of Article 4 of the Qatar 1952 Agreement, and that such selling expenses are provided for in this manner in lieu of providing for the addition of a similar amount to the cost of exported oil. Accordingly the allowance of this deduction shall in no way prejudice, or have any bearing on, the amount of the discounts from the Border Value of exported oil which are to be determined and applied in accordance with the said article 5.

(H. S. GIBSON)

Accepted and agreed:
Ruler of Qatar.

(P. R. A. ENSOR
for and on behalf of

Qatar Petroleum Company Limited

QATAR PETROLEUM COMPANY LIMITED

214 Oxford Street,
London, W. 1.

Letter No. Y. 3.

17th August, 1955

H. H. Shaikh Ali bin Abdulla bin Qasim Al Thani,
Ruler of Qatar .

Your Highness,

This is to confirm our understanding that the Company will pay to Your Highness the sum of £ 1,120,000 Sterling on the date upon which the Supplemental Agreement of the 17th day of August, 1955, is countersigned in Qatar, as an advance against, and to be recoverable in four equal quarterly instalments from the Convention Payments Payable' in 1956.

(H. S. GIBSON)

(P. R. A. ENSOR)

for and on behalf of
Qatar Petroleum Company Limited

Accepted and agreed :

Ruler of Qatar

THIS AGREEMENT is made the twenty-fourth day of May 1957 corresponding to the twenty-fourth day of Shawal 1376 BETWEEN HIS HIGHNESS SHAIKH ALI BIN ABDULLA BIN QASIM AL THANI Ruler of Qatar (hereinafter called "the Shaikh" which expression where requisite includes his successors and assigns) of the one part and QATAR PETROLEUM COMPANY LIMITED (hereinafter called "the Company" which expression where requisite includes its assigns) of the other part and is supplemental to an Agreement (hereinafter called "the 1955 Agreement") dated the 17th day of August 1955 and made between the parties hereto.

NOW IT IS AGREED between the Shaikh and the Company as follows :

ARTICLE 1

With effect from and including the 1st day of January 1957 the definition of "Border Value" contained in Article 1 (a) of the 1955 Agreement shall be amended by substituting the figure and words "1%" in place of the figure and words "2%" therein.

ARTICLE 2

Accordingly the expression "Border Value" appearing in the letters Numbered Y. 1 and Y. 2 dated the 17th day of August 1955 addressed by the Company to the Shaikh and the figure and words "2%" appearing in the said letter numbered Y. 2 shall be read and construed as so amended.

SIGNED on the twenty-fourth day of May 1957.

Sgd. Ali Bin Abdulla Al Thani
(Ruler of Qatar)

Ahmed Mulla
Witness

Sgd. W. J. A. LIVINGSTON
(Chief Representative in Qatar
of Qatar Petroleum Company Limited)

E. F. Heath
Witness

THIS AGREEMENT is made the 31st day of October 1958 corresponding to the 18th day of Rabil Thani 1378 between HIS HIGHNESS SHAIKH ALI BIN ABDULLA BIN QASIM AL THANI, RULER OF QATAR (hereinafter called "His Highness the Shaikh" which expression where requisite includes his successors and assigns) of the one part and QATAR PETROLEUM COMPANY LIMITED (hereinafter called "the Company" which expression where requisite includes its assigns) of the other part.

WHEREAS His Highness the Shaikh has requested the Company to amend the Agreement dated the 1st day of September 1952 and made between His Highness the Shaikh of the one part and the Company under its then name of Petroleum Development (Qatar) Limited of the other part (hereinafter referred to as "the Qatar 1952 Agreement") to provide for advances to be made against and on account of "Qatar Income Tax" and "make-up payment" (both as defined in the Qatar 1952 Agreement") in the year preceding that in which they become payable under the Qatar Income Tax Regulation 1954 as amended by the Qatar Income Tax (Amendment) Regulation 1955 and the Qatar 1952 Agreement respectively and the Company has agreed so to do to the extent and in the manner hereinafter set out.

NOW it is agreed between His Highness the Shaikh and the Company as follows :—

1. The Qatar 1952 Agreement shall be amended with effect from the 1st day of January 1959 as follows :—
 - (A) In paragraph (a) (i) of Article 5 of the Qatar 1952 Agreement the insertion after the words "arising in such quarter or period" of the words "and any previous quarter in the same year".
 - (B) In the said Article 5 the deletion of paragraph (c) thereof and the substitution thereof of the following new paragraph :—

“(c) (I) In this paragraph (c) the expression “non-royalty revenue” means in relation to any year the aggregate of the payments to which His Highness the Shaikh is entitled in respect of that year by way of Qatar Income Tax and make-up payment.

(II) Subject as Provided in this paragraph (c) the Company (for itself and any companies which are or may become liable to pay Qatar Income Tax and for whom the Company may act as agent) shall make payments on account of and advances against and on account of non-royalty revenue as follows :—

(i) In the year 1959 the Company shall make a special advance of £ 5,000,000 Sterling against and on account of the non-royalty revenue for the year 1958 and shall also make payments on account of the remainder of the non-royalty revenue for the year 1958 and shall also make an advance against and on account of one-third of the non-royalty revenue for the year 1959.

(ii) In the year 1960 the Company shall make a special advance against and on account of a further one third of the non-royalty revenue for the year 1959 and shall also make payments on account of the remainder of the non-royalty revenue for the year 1959 and shall also make an advance against and on account of two-thirds of the non-royalty revenue for the year 1960.

(iii) In the year 1961 the Company shall make a special advance against and on account of the remainder of the non-royalty revenue for the year 1960 and shall also make an advance against and on account of the whole of the non-royalty revenue for the year 1961.

(iv) In the year 1962 and in each subsequent year the Company shall make an advance against and on account of the whole of the non-royalty revenue for the then current year.

(III) The special advance to be made pursuant to sub-paragraph (II) of this paragraph (c) in each of the years 1959 to 1961 inclusive against and on account of the non-royalty revenue for the preceding year shall be paid within seven days after the 1st day of January of the year in which the special advance is to be made and in each of the years 1960 and 1961 shall be based on the latest provisional tonnage statement submitted in or in respect of the preceding year concerned.

(IV) The payments to be made pursuant to sub-paragraph (II) of this paragraph (c) in each of the years 1959 and 1960 on account of non-royalty revenue for the preceding year shall (subject to the following provisions of this sub-paragraph (IV)) be as nearly as practicable four equal quarterly payments payable on the last day of each quarter of the year in which the payments are to be made.

The amount of the payment to be made in respect of any quarter shall be determined by

first, ascertaining the remainder of the non-royalty revenue payable during then current year in respect of the preceding year by deducting from the total amount of the non-royalty revenue as shown in the latest tonnage statement (whether provisional or final) for such preceding year available at the date on which such quarterly payment becomes due any special and other advance previously made against and on account of such non-royalty revenue.

Secondly, calculating the proportion of the remainder so ascertained payable in accordance with this sub-paragraph (IV) during the period from the commencement of the then current year up to the end of the said quarter, and

thirdly, deducting from the amount so calculated any quarterly payments previously paid on account of such remainder.

(V) The advance to be made pursuant to the said sub-paragraph (II) in the year 1959 and in each subsequent year against and on account of non-royalty revenue for the then current year shall be paid in four quarterly instalments payable within seven days after the end of each quarter of that year. Each such quarterly instalment shall be based on the latest provisional tonnage statement for that year available at the date when such instalment becomes payable so that in calculating the amount of each instalment there shall be deducted the total amount of any instalment previously paid against and on account of non-royalty revenue for that year.

(VI) If, notwithstanding any amount advanced (by way of special advance or otherwise) or paid pursuant to the foregoing provisions of this paragraph (c) against and on account of the non-royalty revenue for any year, the non-royalty revenue for that year when finally ascertained is found to exceed the amount so advanced or paid the Company shall forthwith pay to His Highness the Shaikh a sum equal to such excess and to the extent to which such excess represents Qatar Income Tax such payment shall be made as agent for the Company or companies liable to such Qatar Income Tax ;

Secondly, calculating the proportion of the remainder so ascertained payable in accordance with this sub-paragraph (IV) during the period from the commencement of the then current year up to the end of the said quarter, and

thirdly, deducting from the amount so calculated any quarterly payments previously paid on account of such remainder.

(V) The advance to be made pursuant to the said sub-paragraph (II) in the year 1959 and in each subsequent year against and on account of non-royalty revenue for the then current year shall be paid in four quarterly instalments payable within seven days after the end of each quarter of the year. Each such quarterly instalment shall be based on the latest provisional tonnage statement for that year available at the date when such instalment becomes payable so that in calculating the amount of each instalment there shall be deducted the total amount of any instalments previously paid against and on account of non-royalty revenue for that year.

(VI) If, notwithstanding any amount advanced (by way of special advance or otherwise) or paid pursuant to the foregoing provisions of this paragraph (c) against and on account of the non-royalty revenue for any year, the non-royalty revenue for that year when finally ascertained is found to exceed the amount so advanced or paid the Company shall forthwith pay to His Highness the Shaikh a sum equal to such excess and to the extent to which such excess represents Qatar Income Tax such payment shall be made as agent for the Company or companies liable to such Qatar Income Tax

and if the amount so advanced or paid is found to have exceeded the said non-royalty revenue any excess shall be treated as an advance by the Company (for itself and as agent as aforesaid) against and on account of future non-royalty revenue and shall be set off against the instalment or instalments next becoming due hereunder after the date on which such excess is ascertained."

2. This Agreement shall take effect as supplemental to the Amended Convention (as defined by the Qatar 1952 Agreement) and the Qatar 1952 Agreement (as amended by Agreements dated respectively the 17th day of August 1955 and the 24th day of May 1957 each made between the parties hereto) and the Amended Convention and the Qatar 1952 Agreement as amended as aforesaid shall accordingly remain in full force and effect save as amended by this Agreement and shall with this Agreement be read and construed together as one agreement.
3. This Agreement has been written in Arabic and English and all due care has been taken to make the two texts identical in meaning, and if any difference should arise as to the meaning or interpretation of any Article, at any time, the Arabic version is to be relied upon.

In witness whereof His Highness the Shaikh and Harold Wallace Fisher on behalf of the Company have hereunto set their hands on the day and in the year mentioned in the preamble.

Ruler of Qatar

for and on behalf of
Qatar Petroleum Company Limited

CRQ/10/1/1324

DOHA
2nd November 1958

The Director of Income Tax,
QATAR.

Dear Sir,

With reference to the Qatar Income Tax Regulation 1954 as amended by The Qatar Income Tax (Amendment) Regulation 1955, we have the honour to request that, insofar as the provisions thereof apply to income in respect of the sale of oil produced in Qatar by Q.P.C. Ltd. and exported therefrom, you would be so good as to agree that the following terms and conditions shall apply—in relation thereto the expression “Traders” meaning shareholders of Q.P.C. Ltd. or their affiliates, as the case may be, and the expression “Trader” meaning any one of them, and the expression “Advance” including any payment made by Q.P.C. Ltd. as agent for the Traders pursuant to paragraph (c) (vi) of Article 5 of the Qatar 1952 Agreement as amended by the Agreement made between the Shaikh and Q.P.C. Ltd. dated 31st October 1958.

- (i) One or more certificates shall be issued at the time of each advance or instalment thereof or special advance or payment to be made by Q.P.C. Ltd. under the provisions of Article 5 of the Qatar 1952 Agreement as amended by the Agreement made between the Shaikh and Q.P.C. Ltd. dated 31st October 1958. Such certificates shall show the Sterling amount of such part of each such advance or instalment or special advance or payment as represents Income Tax of Traders and shall entitle the bearer to a receipt for Income Tax in the amount stated therein.
- (ii) The Tax shown to be due on the final Income Tax declaration of any Trader in respect of any taxable year shall be discharged in the

CRQ/10/1/1324

DOHA
2nd November 1958

The Director of Income Tax,
QATAR.

Dear Sir,

With reference to the Qatar Income Tax Regulation 1954 as amended by The Qatar Income Tax (Amendment) Regulation 1955, we have the honour to request that, insofar as the provisions thereof apply to income in respect of the sale of oil produced in Qatar by Q.P.C. Ltd. and exported therefrom, you would be so good as to agree that the following terms and conditions shall apply—in relation thereto the expression "Traders" meaning shareholders of Q.P.C. Ltd. or their affiliates, as the case may be, and the expression "Trader" meaning any one of them, and the expression "Advance" including any payment made by Q.P.C. Ltd. as agent for the Traders pursuant to paragraph (c) (vi) of Article 5 of the Qatar 1952 Agreement as amended by the Agreement made between the Shaikh and Q.P.C. Ltd. dated 31st October 1958.

- (i) One or more certificates shall be issued at the time of each advance or instalment thereof or special advance or payment to be made by Q.P.C. Ltd. under the provisions of Article 5 of the Qatar 1952 Agreement as amended by the Agreement made between the Shaikh and Q.P.C. Ltd. dated 31st October 1958. Such certificates shall show the Sterling amount of such part of each such advance or instalment or special advance or payment as represents Income Tax of Traders and shall entitle the bearer to a receipt for Income Tax in the amount stated therein.
- (ii) The Tax shown to be due on the final Income Tax declaration of any Trader in respect of any taxable year shall be discharged in the

instalments and on the dates provided for in the Qatar Income Tax Regulation 1954 by the presentation of one or more of such certificates. If the amounts shown on the certificates presented on any such date shall be greater than the instalment of Income Tax due there shall be issued a definitive receipt in the name of the Trader for such instalment of Income Tax and a balance certificate for the amount of the difference between the amount of such instalment and the total of the amounts shown on the certificates presented. Such balance certificate shall entitle the bearer to a receipt for Income Tax in the amount stated therein. If there shall be any Income Tax due from a Trader which shall not be discharged by presentation of certificates or balance certificates as aforesaid such Income Tax shall be paid by Q.P.C. Ltd. as agent of the Trader concerned.

We would appreciate your written confirmation that this request is agreed.

Yours faithfully,
For and on behalf of
Qatar Petroleum Company Limited

P. R. A. ENSOR

CHIEF REPRESENTATIVE

GOVERNMENT OF QATAR

Office of the Director
of Income Tax

Doha, Qatar 2nd November, 1958

Ref. I. T. (I)

"Confidential"

The Chief Representative,
Messrs. Qatar Petroleum Company Limited,
Doha.

Dear Sir,

This is to acknowledge receipt of your letter CRQ/10/1/1324 of 2nd November, 1958 concerning payment of Qatar Income Tax, and to confirm that the terms and conditions set out in that letter will be put into effect. If you have any definite views about the form in which the certificates should be rendered you will doubtless let me know.

Yours faithfully,

Director of Income Tax.

GOVERNMENT OF QATAR

Office of the Director
of Income Tax

Doha, Qatar 2nd November, 1958

Ref. I. T. (I)

"Confidential"

The Chief Representative,
Messrs. Qatar Petroleum Company Limited,
Doha.

Dear Sir,

This is to acknowledge receipt of your letter CRQ/10/1/1324
2nd November, 1958 concerning payment of Qatar Income Tax, and
confirm that the terms and conditions set out in that letter will be
into effect. If you have any definite views about the form in which
certificates should be rendered you will doubtless let me know.

Yours faithfully,

Director of Income Tax.

CRQ/GA/3/746

Doha
19th July 1959

His Highness Shaikh Ali bin Abdulla bin Qasim Al Thani,
RULER OF QATAR
DOHA.

Your Highness,

Supply of Gas

After compliments.

Discussions have recently taken place between representatives of
your Government and the Company regarding the use of gas in Doha as
fuel for public utility purposes and we understand that the quantity of gas
estimated by your Government to be required will rise progressively to 30
million cubic feet a day with a possible later need for a further 10 million
cubic feet a day.

It would now appear to be necessary to conclude arrangements
between this Company and your Government for the supply of such gas
and we therefore suggest the following :-

- (1) The Company will make available to the Qatar Government at
cost as described in Condition (4) up to an amount of 30 million
cubic feet a day with a later possibility of a further 10 million cubic
feet a day of gas from the Dukhan Field for the purpose of supply-
ing fuel or light for domestic or industrial purposes in Qatar.
- (2)
 - (a) All gas made available to the Qatar Government shall be
delivered within the Dukhan Field at a point to be agreed
(hereinafter called the "Delivery Point").
 - (b) The Company shall be solely responsible for maintenance
and operations up to the Delivery Point.
 - (c) Ownership and control of the gas and all responsibility and
liability in respect of it shall pass to and be assumed by the
Qatar Government at the Delivery Point.

- (d) The Company shall not be required to treat, pressurise or store the gas and the Qatar Government shall accept all gas in the actual state (as to both quality and condition) in which it is delivered by the Company. The Company shall not be directly or indirectly liable for any claims or demands which may arise out of or in connection with the state of the gas and the Qatar Government shall at all times indemnify the Company in respect thereof.

3. All additional facilities for the collection and delivery of the gas up to the Delivery Point shall be provided by the Company.

- (4) (a) Three months before the beginning of each calendar year the Government shall submit to the Company its best estimate of its gas requirements for the coming year. In the event that its actual requirements shall exceed such estimate the Company will use its reasonable endeavours to supply that requirement up to a maximum of 30 million cubic feet per day with a possible later addition of a further 10 million cubic feet a day.
- (b) Before the beginning of each calendar year the Company shall submit to the Qatar Government its best estimate of costs for such year in respect of the supply of gas to the Delivery Point, but if in the event the actual costs prove to have exceeded such estimate then the Qatar Government will not seek to hold the Company to such estimate.
- (c) After the end of each calendar year the Company shall submit a bill to the Qatar Government for the actual costs of the supply of gas to the Delivery Point.
Actual costs in each year shall consist of :
- (i) Any expenditure (reasonably) incurred by the Company in that year in delivering the supply to the Delivery Point and any overhead charges fairly attributable thereto ;

- (d) The Company shall not be required to treat, pressurise or store the gas and the Qatar Government shall accept all gas in the actual state (as to both quality and condition) in which it is delivered by the Company. The Company shall not be directly or indirectly liable for any claims or demands which may arise out of or in connection with the state of the gas and the Qatar Government shall at all times indemnify the Company in respect thereof.

3. All additional facilities for the collection and delivery of the gas up to the Delivery Point shall be provided by the Company.

- (4) (a) Three months before the beginning of each calendar year the Government shall submit to the Company its best estimate of its gas requirements for the coming year. In the event that its actual requirements shall exceed such estimate the Company will use its reasonable endeavours to supply that requirement up to a maximum of 30 million cubic feet per day with a possible later addition of a further 10 million cubic feet a day.

- (b) Before the beginning of each calendar year the Company shall submit to the Qatar Government its best estimate of costs for such year in respect of the supply of gas to the Delivery Point, but if in the event the actual costs prove to have exceeded such estimate then the Qatar Government will not seek to hold the Company to such estimate.

- (c) After the end of each calendar year the Company shall submit a bill to the Qatar Government for the actual costs of the supply of gas to the Delivery Point.
Actual costs in each year shall consist of :

- (i) Any expenditure (reasonably) incurred by the Company in that year in delivering the supply to the Delivery Point and any overhead charges fairly attributable thereto ;

- (ii) Depreciation of any additional facilities installed by the Company under these Conditions at the rate of ten per centum per annum until such facilities are fully written off ; and

- (iii) Five per cent interest on the cost of any proportion of such facilities not written off such interest representing the cost to the Company of providing the capital involved.

Such bills shall be payable within three months of their presentation.

- (d) The Company shall give to the Ruler's Auditors such facilities and information as they may from time to time reasonably require to enable them to verify the costs from time to time payable by the Ruler, and that any dispute or difference as to whether any expenditure or overheads were reasonably incurred by the Company or fairly attributable to the supply shall in default of agreement be determined by arbitration in accordance with Article 16 of the Concession Agreement of the 17th May 1935.

5. Notwithstanding the terms of Article 2 of the Agreement between Your Highness and the Company dated 1st September 1952 and in particular sub-paragraph (c) (A) (iii) thereof no royalty shall be payable by the Company to Your Highness on gas supplied to the Qatar Government and the Agreements dated 17th May 1935 and 1st September 1952 between Your Highness and the Company shall be read and construed accordingly.

- (6) The Qatar Government shall give not less than three months' notice to the Company if it no longer requires gas from the Delivery Point. The Qatar Government shall on the expiration of any such notice pay to the Company a sum equal to the original cost of the

additional facilities less any depreciation already brought into account under (4) (c) (ii) in respect of such additional facilities.

- (7) The Company shall not be responsible in any way for any failure to implement the terms of these conditions if such failure is due to any reason whatsoever beyond its control.

If these arrangements are acceptable to your Highness we shall be obliged if you will sign and return to us one copy of this letter.

Please accept our highest respects.

(P. R. A. ENSOR)
CHIEF REPRESENTATIVE
Qatar Petroleum Company Limited

Accepted and Agreed

RULER OF QATAR

SO/4/320

Doha
31st March, 1961

His Highness Shaikh Ahmad bin Ali Al Thani,
Ruler of Qatar,
Doha.

Your Highness,

After greetings.

We understand that Your Highness has enquired whether we have any comment on your proposal to grant to another bidder the concession over the area to the south of the area covered by our Concession Agreement with Your Highness. We assume that Your Highness' enquiry is made pursuant to your revered father's letter addressed to us, dated the 1st of September, 1952, in reply to our letter X. 2 of the same date. Also, we presume that Your Highness' enquiry related to the area mentioned in paragraph (a) of our letter X. 2 being the area lying between the red and the green line on the map attached hereto.

2. If our understanding, as described above, is correct, then we can confirm to Your Highness that we do not wish to conclude a Convention with Your Highness covering the above-mentioned area. We should be glad if Your Highness would be good enough to sign and return to us one copy of this letter in formal confirmation thereof.

Please accept our highest respects.

For and on behalf of
Qatar Petroleum Company Limited

Encl : Map No. Q/00.0320 2nd Edition Feb. 1954.

Confirmed and accepted
RULER OF QATAR

WA/2/1173

21st December 1961

His Highness the Acting Ruler of Qatar,
Doha
QATAR

Your Highness,

After greetings.

Your Highness is aware that our Company has drilled water wells over a period of years in the Jamaliyah/Sinnah/Al Gaiyah area, and that our operations in Qatar are dependent on the water which the Company draws from this area, which lies within the territory which the Company is now prepared to relinquish.

2. The supply of water from this area being necessary for our operations in the remaining territory, we would appreciate Your Highness' assurance that our water supply from the area will be fully protected at all times and more particularly in any agreement which Your Highness might enter into with any other party covering the whole or any part of the area relinquished by the Company.

Please accept our highest respects.

For Qatar Petroleum Company Limited
ACTING CHIEF REPRESENTATIVE

cc : Director General of Finance & Administrative Affairs.

WA/2/1173

21st December 1961

His Highness the Acting Ruler of Qatar,
Doha
QATAR

Your Highness,

After greetings.

Your Highness is aware that our Company has drilled water wells over a period of years in the Jamaliyah/Sinnah/Al Gaiyah area, and that our operations in Qatar are dependent on the water which the Company draws from this area, which lies within the territory which the Company is now prepared to relinquish.

2. The supply of water from this area being necessary for our operations in the remaining territory, we would appreciate Your Highness' assurance that our water supply from the area will be fully protected at all times and more particularly in any agreement which Your Highness might enter into with any other party covering the whole or any part of the area relinquished by the Company.

Please accept our highest respects.

For Qatar Petroleum Company Limited
ACTING CHIEF REPRESENTATIVE

cc : Director General of Finance & Administrative Affairs.

CO/17/1175

21st December 1961

His Highness the Acting Ruler of Qatar
Doha
QATAR

Your Highness,

After greeting.

We refer to Your Highness' request that we should relinquish territory which we consider to have no prospect of containing commercial oil. In response to this request we write to say that we consider that the area described in paragraph 2 below, which we have explored, is in this category and that we would not be justified in incurring further exploration expenditure in it.

2. We therefore propose to relinquish an area (hereinafter referred to as the "Relinquished Area") being that part of the mainland of the State of Qatar including the territorial waters appertaining thereto and all the sea-bed and subsoil under these territorial waters and any islands lying within these territorial waters, which lies to the east of the 120 east' grid line and north of the 110 north grid line.

Note : The grid lines and coordinates referred to above are grid lines and coordinates in the grid in use by the Company and known as "the Qatar Grid". To assist identification, we attach a map number LO-2574 dated 7th November 1961 on which the "Relinquished Area" is shaded gray.

3. We propose that the effective date of the relinquishment described above shall be the date on which we receive Your Highness' written acceptance of this proposal.

4. Accordingly, as from the effective date the "Relinquished Area" will cease to be part of the area over which the Company holds concession by virtue of the Agreement dated 17th May, 1935, during the life of that Agreement the Company shall continue to enjoy such rights over the "Relinquished Area" as are necessary for its operations in the remainder of the area over which the Company still holds a concession, which rights shall be exercised with a little interference as is practicable to any use to which the "Relinquished Area" may be put.

5. The aforesaid Agreement, together with all agreements supplemental thereto and all exchanges of letters affecting the same shall in all other respects continue in full force and effect, and this letter and Your Highness' reply to it shall be treated as supplemental thereto.

Please accept our highest respect.

For Qatar Petroleum Company Limited
Acting Chief Representative

Encl : Map No. L0-2574

cc : Director General of Finance & Administrative Affairs-With encl.

Khalifa bin Hamad Al Thani
Deputy Ruler - Heir Apparent

Doha, Qatar
No. MSQ/32-83
21 December 1961
13 Rajab 1381

The Acting Chief Representative
Qatar Petroleum Company Limited

After compliments,

We have received your letter No. C0/17/1174 dated 21st December 1961 on the subject of relinquishment, to which was also attached your new letter C0/17/1175 dated 21st December 1961 intended to supersede your two letters C0/17/639 and C0/17/657, which will be regarded as cancelled.

In reply to your above-mentioned new letter on the subject of relinquishment we wish to establish the following :

Firstly : Your above-mentioned letter contains the following text :
"We refer
..... thereto."

(TRANSLATOR'S NOTE : This is the complete text para 1 to 5 inclusive of letter C0/17/1175 dated 21st December 1961)

Secondly : We therefore thank you for your above-mentioned new letter and have great pleasure in informing you of our agreement to your proposal, contained in this letter regarding the giving up of the Relinquished Area as described in the second paragraph, under the conditions of relinquishment as stated in the proposal.

Final compliments.

Sgd. Khalifa bin Hamad
Deputy Ruler of Qatar

HA/4/591

19th June 1962

His Highness **Shaikh Ahmad bin Ali Al Thani**
Ruler of Qatar
DOHA

Your Highness,

Halul Island

After greetings.

We understand from the Director General of the Government of Qatar that Your Highness has referred to Halul Island in relation to our Concession area.

2. Since we consider that Halul Island has no prospect of containing commercial oil, there is no need for any difficulties to arise on this subject, and we suggest to your Highness that it should be agreed between ourselves that, whatever may be the Company's rights in relation to Halul Island as a result of the Arbitration Award dated 22nd March, 1950, this particular island and the seabed and subsoil of the territorial waters appertaining to it should be regarded as not included in the Company's concession area.

Please accept our highest respects.

For **QATAR PETROLEUM COMPANY LIMITED**
CHIEF REPRESENTATIVE

Copy to : — Director General,
Government of Qatar.

HA/4/591

19th June 1966

CO/17/594

16th July 1963

His Highness Shaikh Ahmad bin Ali Al Thani
Ruler of Qatar
DOHA

His Highness Shaikh Ahmad bin Ali Al Thani
Ruler of Qatar
DOHA.

Your Highness,

Your Highness,

Halul Island

After greetings,

After greetings.

We write to inform Your Highness that we consider that the area described in paragraph 2 below, which we have explored, has no prospect of containing commercial oil and that we would not be justified in incurring further exploration expenditure in it.

We understand from the Director General of the Government of Qatar that Your Highness has referred to Halul Island in relation to Concession area.

2. We therefore propose to relinquish an area (hereinafter referred to as the "Further Relinquished Area") being that part of the mainland of the State of Qatar of which the grid lines and co-ordinates are as following :

2. Since we consider that Halul Island has no prospect of containing commercial oil, there is no need for any difficulties to arise on this subject, and we suggest to your Highness that it should be agreed between ourselves that, whatever may be the Company's rights in relation to Halul Island as a result of the Arbitration Award of 22nd March, 1950, this particular island and the seabed and subsoil of the territorial waters appertaining to it should be regarded as not included in the Company's concession area.

- | | | | | | |
|-----------|---------|-----|---------|---|-----------------------------|
| Start (1) | 110,000 | E X | 14,000 | N | at 3 mile territorial water |
| (2) | 115,000 | E X | 130,000 | N | |
| (3) | 115,000 | E X | 110,000 | N | |
| (4) | 110,000 | E X | 110,000 | N | |
| (5) | 110,000 | E X | 80,000 | N | |
| (6) | 138,000 | E X | 45,000 | N | |
| (7) | 138,000 | E X | 24,500 | N | |

Please accept our highest respects.

Along concession boundary to

For QATAR PETROLEUM COMPANY LIMITED
CHIEF REPRESENTATIVE

- | | | | | |
|------|---------|-----|---------|---|
| (8) | 155,000 | E X | 27,000 | N |
| (9) | 155,000 | E X | 90,000 | N |
| (10) | 165,000 | E X | 110,000 | N |

then following boundary of area perviously relinquished

Copy to : — Director General,

- | | | | | |
|----------|---------|-----|---------|---|
| i. e. to | 120,000 | E X | 110,000 | N |
| | 120,000 | E X | 170,000 | N |

Government of Qatar.

Note : The grid lines and co-ordinates referred to above are grid lines and co-ordinates in the grid in use by the Company and known as "the Qatar Grid". To assist identification, we attach a map, No. L0.2804 dated 8.7.63, on which the "The Further Relinquished Area" is shaded gray.

3. We propose that the effective date of the relinquishment described above shall be the date on which we receive Your Highness' written acceptance of this proposal.
4. Accordingly, as from the effective date the "Further Relinquished Area" will cease to be part of the area over which the Company holds a concession by virtue of the Agreement dated 17th May 1935, but during the life of that Agreement the Company shall continue to enjoy such rights over the "Further Relinquished Area" as are necessary for its operations in the remainder of the area over which the Company still holds a concession, which rights shall be exercised with as little interference as is practicable to any use to which the "Further Relinquished Area" may be put.
5. The aforesaid Agreement together with all agreements supplemental thereto and all exchanges of letters affecting the same, shall in all other respects continue in full force and effect, and this letter and Your Highness' reply to it shall be treated as supplemental thereto.

Please accept our highest respects.

For **QATAR PETROLEUM COMPANY LTD.**
For **CHEIF REPRESENTATIVE**

Encl : Map No. L0.2804

cc : Director-General, Government of Qatar, Doha
with enclosure.

Note : The grid lines and co-ordinates referred to above are grid lines and co-ordinates in the grid in use by the Company and known as "the Qatar Grid". To assist identification, we attach a map No. L0.2804 dated 8.7.63, on which the "The Further Relinquished Area" is shaded gray.

3. We propose that the effective date of the relinquishment described above shall be the date on which we receive Your Highness' written acceptance of this proposal.
4. Accordingly, as from the effective date the "Further Relinquished Area" will cease to be part of the area over which the Company holds a concession by virtue of the Agreement dated 17th May 1935, but during the life of that Agreement the Company shall continue to enjoy such rights over the "Further Relinquished Area" as are necessary for its operations in the remainder of the area over which the Company still holds a concession, which rights shall be exercised with as little interference as is practicable to any use which the "Further Relinquished Area" may be put.
5. The aforesaid Agreement together with all agreements supplemental thereto and all exchanges of letters affecting the same, shall in all other respects continue in full force and effect, and the letter and Your Highness' reply to it shall be treated as supplemental thereto.

Please accept our highest respects.

For QATAR PETROLEUM COMPANY LTD
For CHEIF REPRESENTATIVE

Encl : Map No. L0.2804
cc : Director-General, Government of Qatar, Doha
with enclosure.

IN THE NAME OF GOD THE COMPASSIONATE THE MERCIFUL

DIWAN OF RULER OF QATAR
AHMAD BIN ALI AL THANI

No. 461/1-128
Date : 22nd July 1963

Chief Representative
Qatar Petroleum Company Ltd.

With reference to your letters No. C0/17/594 dated 16th July 1963 in which you propose to relinquish a new part of your concessionary area which you call in your aforementioned letter "Further Relinquished Area". It is the part identified on map No. L0.2804 dated 8/7/1963. We have pleasure in informing you of our agreement to this relinquishment under the terms suggested in your above-mentioned letter.

We also agree to consider that letter and this letter, our reply to it, as supplemental to the Agreement dated 17th May 1935 between your Company and ourselves.

Please accept highest regards.

Sgd. Ahmad bin Ali Al Thani
RULER OF QATAR

Acc/904/12323

9th July 1964.

To : Chief Representative,
Qatar Petroleum Co. Ltd. ,
P. O. Box 70,
DOHA

Dear Sir,

Supply of Gas

This is to refer to the arrangement of Gas Supply to the Government of Qatar in accordance with your letter of agreement No. CRQ/GA/3/746 of July 19th, 1959.

Without prejudice to any other arrangement made in the above noted agreement, the Government of Qatar wishes to pay to Q.P.C. in one lot the book value of the facilities installed by the Company under the said agreement after deducting the depreciation paid by the Government on these facilities during previous years.

If this proposal is acceptable by the Company it should substitute the previous arrangement made in paragraph 4 (C) II and III of the agreement which provides for the payment of 5% interest P. A. in addition to the value of the facilities.

When we receive your consent to the above amendments the claimed value of the facilities will be paid to you.

Yours faithfully,
(Sgd.) JAWAD J. AZZEH,
Actg. Director of Financial Affairs.

Acc/904/12323

9th July 1964.

To : Chief Representative,
Qatar Petroleum Co. Ltd.,
P. O. Box 70,
DOHA

Dear Sir,

Supply of Gas

This is to refer to the arrangement of Gas Supply to the Government of Qatar in accordance with your letter of agreement No. CRQ/GA/3746 of July 19th, 1959.

Without prejudice to any other arrangement made in the above noted agreement, the Government of Qatar wishes to pay to Q.P.C. in one lot the book value of the facilities installed by the Company under the said agreement after deducting the depreciation paid by the Government on these facilities during previous years.

If this proposal is acceptable by the Company it should substitute the previous arrangement made in paragraph 4 (C) II and III of the agreement which provides for the payment of 5% interest P. A. in addition to the value of the facilities.

When we receive your consent to the above amendments the claimed value of the facilities will be paid to you.

Yours faithfully,
(Sgd.) JAWAD J. AZZEH,
Actg. Director of Financial Affairs

GA/7/854

11th August, 1964

Director of Financial Affairs,
Government of Qatar,
Doha.

Dear Sir,

Supply of Gas

Thank you for your letter Acc/904/12323 of 9th July, 1964.

- It is confirmed that the Qatar Petroleum Company Limited is pleased to accept the Qatar Governments' proposal that the Government should pay off in one lot the book value of the additional facilities installed by the Company for the purpose of supplying gas to the Government line, after deducting the depreciation paid by the Government on these facilities during previous years ; provided that the foregoing shall be without prejudice to any other arrangement made in the agreement for the supply of gas to the Government of Qatar in accordance with our letter No. CRQ/GA/3746 of 19th July 1959.
- In accordance with the foregoing provisions, it is understood (a) that ownership and control of the gas shall continue to pass to the Government only at the delivery point, and (b) that the Company shall continue to be solely responsible for the maintenance and operation of the facilities up to the delivery point.
- It is further understood that, following payment by the Government to the Company of the book value of the said facilities, paragraphs 4 (c) (ii) and (iii) of the said letter of agreement, which provide respectively for payment of depreciation and interests on these facilities, no longer apply to the said facilities.
- The sum payable by the Government to the Company in accordance with the foregoing proposal is calculated as follows :

Cost of supply and installation		
of the additional facilities...	1962	£ 2,351
	1963	27 Cr.
	1964	44
Total		£ 2,368

Letter No. a 3771 dated 14th August, 1964 from Qatar Petroleum Company Limited to the Ruler

His Highness **Shaikh Ahmad bin Ali Al Thani**,
Ruler of Qatar,
DOHA.

Your Highness,

Selling Expenses

Further to my letter of 17th February, 1964, I have the following proposal to submit :—

- (a) Your Highness shall be paid a sum of £ 172,934 sterling in respect of the year 1962 and a sum of £ 180,056 sterling in respect of the year 1963, which is the additional revenue payable by limiting Selling Expenses in those years to the sterling equivalent (converted in the manner provided in Article 4 (a) of the 1955 Agreement) of one half cent (U. S.) per barrel on all Exported Oil.
- (b) The arrangement for the limitation of Selling Expenses proposed in my letter 3057/B dated 17th February, 1964 addressed to your Highness shall continue until Your Highness informs the Company by notice in writing that Your Highness no longer approves such arrangements. It is understood that should Your Highness notify the Company of the withdrawal of Your Highness' approval then such notice shall take effect upon the expiry of 90 days following the date upon which such notice is delivered to the Company. Thereupon both Your Highness and the Company shall be free to adopt or revert to such positions as they deem appropriate on the subject of Selling Expenses in respect of oil exported in periods following the date upon which such notice takes effect but the rights and positions of neither party with respect to such periods shall in any way be prejudiced by this proposal or by Your Highness acceptance of it. However, the adjustments made in respect of Selling Expenses in accordance with the arrangements contained in our letter to Your Highness referred to above, and those made in respect of the years 1962 and 1963 in accordance with paragraph (a)

Letter No. a 3771 dated 14th August, 1964 from Qatar Petroleum Company Limited to the Ruler

His Highness Shaikh Ahmad bin Ali Al Thani,
Ruler of Qatar,
DOHA.

Your Highness,

Selling Expenses

Further to my letter of 17th February, 1964, I have the following proposal to submit :-

- (a) Your Highness shall be paid a sum of £ 172,934 sterling in respect of the year 1962 and a sum of £ 180,056 sterling in respect of the year 1963, which is the additional revenue payable by limitation of Selling Expenses in those years to the sterling equivalent (converted in the manner provided in Article 4 (a) of the 1955 Agreement) of one half cent (U. S.) per barrel on all Exported Oil.
- (b) The arrangement for the limitation of Selling Expenses proposed in my letter 3057/B dated 17th February, 1964 addressed to Your Highness shall continue until Your Highness informs the Company by notice in writing that Your Highness no longer approves such arrangements. It is understood that should Your Highness notify the Company of the withdrawal of Your Highness' approval the such notice shall take effect upon the expiry of 90 days following the date upon which such notice is delivered to the Company. Thereupon both Your Highness and the Company shall be free to adopt or revert to such positions as they deem appropriate on the subject of Selling Expenses in respect of oil exported in periods following the date upon which such notice takes effect but the rights and positions of neither party with respect to such periods shall in any way be prejudiced by this proposal or by Your Highness' acceptance of it. However, the adjustments made in respect of Selling Expenses in accordance with the arrangements contained in our letter to Your Highness referred to above, and those made in respect of the years 1962 and 1963 in accordance with paragraph

of this letter shall be regarded as finally settling the question of Selling Expenses in respect of all oil exported prior to the above-mentioned date.

Please accept our highest respects.

Sgd. C. M. DALLEY
Managing Director

Translation of letter No. 500/Q/262 dated 19th August, 1964 from the Ruler to Qatar Petroleum Company Limited.

Mr. C. M. Dalley,
Managing Director,
Qatar Petroleum Company Limited,
33 Cavandish Square,
LONDON, W. 1

With reference to your letter No. 3057/B dated 17th February, 1964 and your letter No. 3771/A dated 14th August, 1964, in respect of marketing expenses.

We would like to inform you by this letter of our agreement to your proposals stated in your abovementioned letters.

Please accept our highest respects.

Sgd. AHMAD BIN ALI AL THANI
Ruler of Qatar

GOVERNMENT OF QATAR
GOVERNMENT HOUSE

Acc/674/-
18/11/1964 (13/7/84)

Chief Representative,
Qatar Petroleum Co., Ltd.,
P. O. Box 70,
Doha.

Dear Sir,

Supply of Gas

Thank you for your letter No. GA/7/854 of August 11th, 1964.

1 — This is to confirm that the Government is in agreement with the provisions of paragraphs 2 to 5 of your abovequoted letter.

2 — In connection with paragraph 6 of your letter, dealing with the testing expenses of well DK-48, we wish to refer to your letter No. GA/7/267 of 26/3/1963, where you quoted your conditions for the supply of the Stand-by Gas facilities.

Since the date of your above mentioned letter the Government has not authorized your Company to start any tests on the said well. Conversely, the Government in its letter No. 674/258 dated August 16th, 1964 has expressed the unnecessary of the Stand-by facilities to its requirements.

3 — Therefore we feel sorry to inform you that we are unable to accept the liability of reimbursing the expenses incurred in testing well DK-48. We suggest to charge these expenses to your operations costs.

4 — When we receive your agreement to the above, the amount claimed in paragraph 5 of your letter will be paid to you.

Yours faithfully,
Jawad J. Azzeh

Actg. DIRECTOR OF FINANCIAL AFFAIRS

cc. Petroleum Affairs Dept.,
Government House,
Doha.

ask if could

QATAR SUPPLEMENTAL AGREEMENT

THIS Supplemental Agreement is made the thirty-December 1964 corresponding to the twenty-seventh day of 1964 BETWEEN His Highness Shaikh Ahmad bin Ali Al Thani, Ruler of Qatar (hereinafter representing the GOVERNMENT OF QATAR (hereinafter called "the Government")) of the one part and QATAR PETROLEUM COMPANY LIMITED (hereinafter called "the Company" which expression includes its assigns) of the other part.

WHEREAS at the request of the Government negotiations have taken place between representatives of the Government and representatives of the Company as a result of which the Government and the Company have agreed that the Agreements between the Government and the Company being: an agreement (hereinafter called "the Qatar 1955 Agreement") dated the 31st day of October 1958, an Agreement (hereinafter called "the Qatar 1957 Agreement") dated the 24th day of October 1955 (as defined in the Qatar 1957 Agreement) and the Qatar 1952 Agreement (as defined in the Qatar 1958 Agreement) and the Qatar 1958 Agreement (as defined in the Qatar 1952 Agreement) shall be supplemented and amended in the manner hereinafter appearing.

ARTICLE 1

In this Agreement :

- (a) The Agreements referred to above namely the Qatar 1952 Agreement, the 1955 Agreement, the Qatar 1957 Agreement and the Qatar 1958 Agreement shall be collectively referred to as "the Qatar Agreements".
- (b) Any expression used in this Agreement to which a special meaning has been assigned in any of the Qatar Agreements shall have the same meaning unless the context otherwise requires.
- (c) "The Qatar Income Tax Decrees means the Qatar Income Tax Decree of 1954 as amended by the Qatar Income Tax Decree dated 23 September 1955.
- (d) References to payments of Qatar income tax to the Government shall include payment to the Director of Income Tax

GOVERNMENT OF QATAR
GOVERNMENT HOUSE

Acc/674/—
18/11/1964 (13/7/84)

Chief Representative,
Qatar Petroleum Co., Ltd.,
P. O. Box 70,
Doha.

Dear Sir,

Supply of Gas

Thank you for your letter No. GA/7/854 of August 11th, 1964.

1 — This is to confirm that the Government is in agreement with provisions of paragraphs 2 to 5 of your abovequoted letter.

2 — In connection with paragraph 6 of your letter, dealing with testing expenses of well DK-48, we wish to refer to your letter GA/7/267 of 26/3/1963, where you quoted your conditions for the supply of the Stand-by Gas facilities.

Since the date of your above mentioned letter the Government has not authorized your Company to start any tests on the said well. Conversely, the Government in its letter No. 674/258 dated August 11, 1964 has expressed the unnecessary of the Stand-by facilities to its requirements.

3 — Therefore we feel sorry to inform you that we are unable to accept the liability of reimbursing the expenses incurred in testing well DK-48. We suggest to charge these expenses to your operations cost.

4 — When we receive your agreement to the above, the amount claimed in paragraph 5 of your letter will be paid to you.

Yours faithfully,
Jawad J. Azzeh

Actg. DIRECTOR OF FINANCIAL AFFAIRS

cc. Petroleum Affairs Dept.
Government House,
Doha.

QATAR SUPPLEMENTAL AGREEMENT

with the Council

THIS Supplemental Agreement is made the thirty-first day of December 1964 corresponding to the twenty-seventh day of Shaban 1384 BETWEEN His Highness Shaikh Ahmad bin Ali Al Thani, Ruler of Qatar representing the GOVERNMENT OF QATAR (hereinafter called "the Government") of the one part and QATAR PETROLEUM COMPANY LIMITED (hereinafter called "the Company" which expression where requisite includes its assigns) of the other part.

WHEREAS at the request of the Government negotiations have taken place between representatives of the Government and representatives of the Company as a result of which the Government and the Company have agreed that the Agreements between the Government and the Company being: an agreement (hereinafter called "the Qatar 1958 Agreement") dated the 31st day of October 1958, an Agreement (hereinafter called "the Qatar 1957 Agreement") dated the 24th day of May 1957, the 1955 Agreement (as defined in the Qatar 1957 Agreement), the Qatar 1952 Agreement (as defined in the Qatar 1958 Agreement) and the Amended Convention (as defined in the Qatar 1952 Agreement) shall be supplemented and amended in the manner hereinafter appearing.

ARTICLE 1

In this Agreement :

(a) The Agreements referred to above namely the Amended Convention, the Qatar 1952 Agreement, the 1955 Agreement, the Qatar 1957 Agreement and the Qatar 1958 Agreement are collectively referred to as "the Qatar Agreements".

Any expression used in this Agreement to which a specific meaning has been assigned in any of the Qatar Agreements shall have the same meaning unless the context otherwise requires.

(c) "The Qatar Income Tax Decrees means the Qatar Income Tax Decree of 1954 as amended by the Qatar Income Tax Amendment Decree dated 23 September 1955.

(d) References to payments of Qatar income tax to the Government shall include payment to the Director of Income Tax on its behalf.

- (e) "Trading Companies" means and includes any body corporate other than the Company carrying on or which has carried on a trade or business in Qatar of dealing in crude oil produced by the Company in Qatar or in rights thereto.
- (f) "The Effective Date" means the date on which this Agreement comes into force pursuant to the provisions of Article 12, provided that if such date is a date not later than 26th January 1965 refernces in this Agreement to "the first day of January of the year in which the Effective Date occurs" shall be deemed to be references to the first day of January 1964.
- (g) "Royalty" means a royalty on all exported oil equal to 12½% of the amount in Sterling of the Posted Price of such oil being the royalty referred to in Article 2 (c) (A) (i) of the 1952 Agreement as amended by the 1955 Agreement.

ARTICLE 2

In respect of each year as from the first day of January of the year in which the Effective Date occurs :

- (A) The Government's share shall mean :
 - (i) the sum of
 - (a) the amount receivable in respect of that year by the Government under paragraph (a) of Article 2 of the Qatar 1952 Agreement (renumbered paragraph (a) (i) by Article 2 (d) of the 1955 Agreement) ; and
 - (b) the Royalty payable in respect of that year :
 - or
 - (ii) the amount provided for in Article 3 of the Qatar 1952 Agreement ;
 whichever is the greater.
- (B) In Calculating the profit arising in Qatar in relation to exported oil pursuant to Article 2 (b) of the Qatar 1952 Agreement.
 - (i) notwithstanding the provisions of Article 4 (c) (i) of the Qatar 1952 Agreement there shall be included in the total of

- all costs and expenses of the Company pursuant to that Article an amount equal to Royalty ; and
 - (ii) in determining Border Value the amount to be deducted in respect of selling expenses shall be the sterling equivalent of ¾ U.S. Cent per barrel of crude oil instead of the amount provided for by Article 1 of the Qatar 1957 Agreement; and
 - (iii) the allowance provided for by Article 3 of this Agreement shall be applied.
- (C) For the purpose of giving effect to the preceding paragraphs of this Article the provisions of paragraph (c) (B) of Article 2 of the Qatar 1952 Agreement shall be read and construed as if the reference to "an amount equal to 50% of the profit arising in Qatar on exported oil and on exported asphalt, ozekerits and natural gas" were a reference to " the Government's share " defined in clause (A) of this Article.

ARTICLE 3

- (i) Pursuant to Article 5 of the 1955 Agreement the Government and the Company hereby agree an allowance (hereinafter called "the allowance") to be applied, as provided for by Article 2 of this Agreement, to each quality and gravity of exported oil which shall be applied to all exported oil of that quality and gravity and shall initially be at the rate of 8½ per cent of the applicable Posted Price. Any other allowances that may be agreed under Article 5 of the 1955 Agreement shall be in addition to the allowance.
- (ii) The allowance applicable to any quality and gravity of exported oil may be changed from time to time by the Company to whatever rate it elects upon giving to the Government notice in writing of such change provided that the rate so elected shall at no time exceed 8½ per cent. A rate so notified shall remain in effect until a further notice of change is given to the Government.
- (iii) Notwithstanding any other provision of this Agreement or the Qatar Agreements clauses (4), (5) and (6) of this Article shall become effective only if the Government and the Company so

- (e) "Trading Companies" means and includes any body corporate other than the Company carrying on or which has carried on trade or business in Qatar of dealing in crude oil produced by the Company in Qatar or in rights thereto.
- (f) "The Effective Date" means the date on which this Agreement comes into force pursuant to the provisions of Article 12, provided that if such date is a date not later than 26th January 1965 references in this Agreement to "the first day of January of the year in which the Effective Date occurs" shall be deemed to be references to the first day of January 1964.
- (g) "Royalty" means a royalty on all exported oil equal to 12½% of the amount in Sterling of the Posted Price of such oil being the royalty referred to in Article 2 (c) (A) (i) of the 1952 Agreement as amended by the 1955 Agreement.

ARTICLE 2

In respect of each year as from the first day of January of the year in which the Effective Date occurs :

- (A) The Government's share shall mean :
 - (i) the sum of
 - (a) the amount receivable in respect of that year by the Government under paragraph (a) of Article 2 of the Qatar 1952 Agreement (renumbered paragraph (a) by Article 2 (d) of the 1955 Agreement) ; and
 - (b) the Royalty payable in respect of that year :
 - or
 - (ii) the amount provided for in Article 3 of the Qatar 1952 Agreement ;
 whichever is the greater.
- (B) In Calculating the profit arising in Qatar in relation to exported oil pursuant to Article 2 (b) of the Qatar 1952 Agreement.
 - (i) notwithstanding the provisions of Article 4 (c) (i) of the Qatar 1952 Agreement there shall be included in the total

- all costs and expenses of the Company pursuant to that Article an amount equal to Royalty ; and
- (ii) in determining Border Value the amount to be deducted in respect of selling expenses shall be the sterling equivalent of ½ U.S. Cent per barrel of crude oil instead of the amount provided for by Article 1 of the Qatar 1957 Agreement ; and
- (iii) the allowance provided for by Article 3 of this Agreement shall be applied.

- (C) For the purpose of giving effect to the preceding paragraphs of this Article the provisions of paragraph (c) (B) of Article 2 of the Qatar 1952 Agreement shall be read and construed as if the reference to "an amount equal to 50% of the profit arising in Qatar on exported oil and on exported asphalt, ozekerits and natural gas" were a reference to "the Government's share" defined in clause (A) of this Article.

ARTICLE 3

Pursuant to Article 5 of the 1955 Agreement the Government and the Company hereby agree an allowance (hereinafter called "the allowance") to be applied, as provided for by Article 2 of this Agreement, to each quality and gravity of exported oil which shall be applied to all exported oil of that quality and gravity and shall initially be at the rate of 8½ per cent of the applicable Posted Price. Any other allowances that may be agreed under Article 5 of the 1955 Agreement shall be in addition to the allowance.

The allowance applicable to any quality and gravity of exported oil may be changed from time to time by the Company to whatever rate it elects upon giving to the Government notice in writing of such change provided that the rate so elected shall at no time exceed 8½ per cent. A rate so notified shall remain in effect until a further notice of change is given to the Government.

Notwithstanding any other provision of this Agreement or the Qatar Agreements clauses (4), (5) and (6) of this Article shall become effective only if the Government and the Company so

agree in writing in which event all the provisions of such clauses shall become effective on 1st January 1965.

(4) The maximum rates of the allowance elected by the Company pursuant to clause (2) shall be such that :

(a) the maximum monetary amount of the allowance for each quality and gravity of crude oil exported for the year 1965 shall be equal to $7\frac{1}{2}$ per cent of the applicable crude oil posted prices, plus U.S. \$0.0013235 per barrel for each full degree of API gravity by which such crude oil exceeds 27° API gravity.

(b) the maximum monetary amount of the allowance for each quality and gravity of crude oil exported for the year 1966 shall be equal to, and for the years after 1966 shall not be greater than, $6\frac{1}{2}$ per cent of the applicable crude oil posted prices plus U.S. \$0.0026470 per barrel for each full degree of API gravity by which such crude oil exceeds 27 API gravity.

(5) (a) The Company shall from time to time determine whether the rate of the allowance applicable to each quality and gravity of crude oil produced by the Company should be changed in respect of a year or years after 1966. Each such determination by the Company shall be made in the light of the competitive economic and market situation of the quality and gravity of crude oil concerned which is expected at the time of such determination to prevail during the then reasonably foreseeable future as compared with the competitive, economic and market situation in 1964 of crude oil of such quality and gravity which was produced by the Company, and the Company agrees that the allowance shall be eliminated at the time and in the event that its elimination is justified by changes from the competitive, economic and market situation in 1964. Subject to the conditions stated in paragraph (b) of this clause (5) the rate of the allowance applicable to crude oil of any such quality and gravity shall not be changed by the Company to a rate greater than the rate of the allowance applicable to crude oil of such quality and gravity immediately prior to such change.

(b) The condition referred to in paragraph (a) of this clause (5) is that, if the Company has reduced the rate of the allowance applicable to any quality and gravity of crude oil as a result of circumstances which in its judgement are extraordinary and provided that when making such reduction the Company in notifying the Government of such reduction has referred to this condition, the Company may when such extraordinary circumstances have in its judgement ceased to exist and notwithstanding any other provision of this Article increase the rate of the allowance applicable to crude oil of such quality and gravity to a rate not greater than that existing immediately prior to such reduction.

If and when a change is requested by the Government in the rate of the allowance applicable in respect of a year or years after 1966 to any quality and gravity of crude oil produced by the Company, the Company shall consult with the Government and consider such data and views put forward by the Government as are relevant to the comparison referred to below in this clause (6) and the Company shall then notify the Government of its determination as to the change required if any in the light of the competitive, economic and market situation of crude oil of such quality and gravity which is expected to prevail during each year or years as compared with the competitive, economic and market situation in 1964 of crude oil produced by the Company of such quality and gravity.

ARTICLE 4

As from the Effective Date the Government shall have the right to purchase crude oil produced by the Company in Qatar for delivery on board ship at the seaboard terminal or terminals of the Company in accordance with the provisions of the following clauses of this Article.

The price at which the crude oil referred to in clause (a) above may be purchased by the Government shall be the Border Value of the crude oil so purchased less the allowance applicable to the oil so purchased.

agree in writing in which event all the provisions of such clause shall become effective on 1st January 1965.

- (4) The maximum rates of the allowance elected by the Company pursuant to clause (2) shall be such that :
- (a) the maximum monetary amount of the allowance for each quality and gravity of crude oil exported for the year 1966 shall be equal to $7\frac{1}{2}$ per cent of the applicable crude oil posted prices, plus U.S. \$0.0013235 per barrel for each full degree of API gravity by which such crude oil exceeds 27° API gravity.
 - (b) the maximum monetary amount of the allowance for each quality and gravity of crude oil exported for the year 1966 shall be equal to, and for the years after 1966 shall not be greater than, $6\frac{1}{2}$ per cent of the applicable crude oil posted prices plus U.S. \$0.0026470 per barrel for each full degree of API gravity by which such crude oil exceeds 27° API gravity.
- (5) (a) The Company shall from time to time determine whether the rate of the allowance applicable to each quality and gravity of crude oil produced by the Company should be changed in respect of a year or years after 1966. Each such determination by the Company shall be made in the light of the competitive economic and market situation of the quality and gravity of crude oil concerned which is expected at the time of such determination to prevail during the then reasonably foreseeable future as compared with the competitive, economic and market situation in 1964 of crude oil of such quality and gravity which was produced by the Company, and the Company agrees that the allowance shall be eliminated at the time and in the event that its elimination is justified by changes from the competitive, economic and market situation in 1964. Subject to the conditions stated in paragraph (b) of this clause (5) the rate of the allowance applicable to crude oil of any such quality and gravity shall not be changed by the Company to a rate greater than the rate of the allowance applicable to crude oil of such quality and gravity immediately prior to such change.

- (b) The condition referred to in paragraph (a) of this clause (5) is that, if the Company has reduced the rate of the allowance applicable to any quality and gravity of crude oil as a result of circumstances which in its judgement are extraordinary and provided that when making such reduction the Company in notifying the Government of such reduction has referred to this condition, the Company may when such extraordinary circumstances have in its judgement ceased to exist and notwithstanding any other provision of this Article increase the rate of the allowance applicable to crude oil of such quality and gravity to a rate not greater than that existing immediately prior to such reduction.

If and when a change is requested by the Government in the rate of the allowance applicable in respect of a year or years after 1966 to any quality and gravity of crude oil produced by the Company, the Company shall consult with the Government and consider such data and views put forward by the Government as are relevant to the comparison referred to below in this clause (6) and the Company shall then notify the Government of its determination as to the change required if any in the light of the competitive, economic and market situation of crude oil of such quality and gravity which is expected to prevail during each year or years as compared with the competitive, economic and market situation in 1964 of crude oil produced by the Company of such quality and gravity.

ARTICLE 4

(a) As from the Effective Date the Government shall have the right to purchase crude oil produced by the Company in Qatar for delivery on board ship at the seaboard terminal or terminals of the Company in accordance with the provisions of the following clauses of this Article.

(b) The price at which the crude oil referred to in clause (a) above may be purchased by the Government shall be the Border Value of the crude oil so purchased less the allowance applicable to the oil so purchased.

- (c) The purchase price of crude oil purchased by the Government under this Article and delivered during any quarter shall be set off against any sums payable by the Company to the Government in respect of that quarter under the Qatar Agreements ; and this Agreement.
- (d) The maximum quantity of each quality and gravity of crude oil which the Government shall be entitled to purchase in any year under this Article shall be the quantity of the value of which at the price provided for by clause (b) above is equivalent to the value of Royalty payable in such year on all exported oil of the quality and gravity concerned provided that for the purpose only of calculating such maximum quantity the quantity purchased by the Government under this Article shall be excluded from the total of exported oil.
- (e) The crude oil which the Government is entitled to purchase under this Article shall be sold to the Government by the Company or by one or more of the Trading Companies as the Company and the Trading Companies shall determine. Liftings of crude oil so purchased must be spread evenly over the year.
- (f) All matters required for the implementation of this Article and not therein specifically provided shall be determined in such manner as the Government and the Company may from time to time agree in writing.

ARTICLE 5

- (a) For the purposes of this Article :
- (1) "applicable Agreements" means the Qatar Agreements and all other related agreements and this Agreement ;
- (2) "other arrangements" means arrangements applicable to any enterprise engaged in producing and/or exporting crude oil in any area subject to the jurisdiction of the Government (other than the enterprise carried on by the Company and the Trading Companies) and includes but is not limited to agreements, Qatar income tax legislation and rates of discounts applicable to such other enterprise from time to time.

- (3) the "area subject to the jurisdiction of the Government" includes the regions of seabed and subsoil adjacent to the Qatar littoral which are so subject for purposes in connection with the production and export of crude oil ;
- (4) "year" means the year beginning the first day of January of the year in which the Effective Date occurs or any subsequent year.
- (b) Whereas the Qatar Agreements are being amended by the provisions of this Agreement to the Government's financial advantage, the Government agrees that :
- (i) Subject to the provisions of paragraph (iv) of this clause, the Company and the Trading Companies shall not be required to make in respect of any year total payments to the Government in respect of crude oil produced by the Company which when aggregated would be greater than the aggregate amounts which would be paid by the Company and the Trading Companies in respect of such crude oil if there were applicable to the Company and the Trading Companies in respect of any such year whichever of the other arrangements would be most favourable to the Company and the Trading Companies.
- (ii) The Government and the Company shall upon request by the Company discuss and exchange information regarding the pertinent facts and circumstances applicable to, as well as the provisions of, each of the other arrangements.
- (iii) In order that a fair comparison can be made between the amounts which but for the operation of this Article would be payable by the Company and the Trading Companies and the amounts which would be payable under any of the other arrangements the amounts so payable shall be equitably adjusted in the computation made for the purposes of such comparison. In making such equitable adjustment the Government and the Company shall give due regard to the basis differences between the provisions of the applicable Agreements and the Qatar income tax legislation, and the provisions of the other arrangements and the circumstances related

to the activities or operations of the Company and the Trading Companies on the one hand and the other enterprises referred to above on the other hand, under the applicable Agreements or other arrangements as the case may be, including but not limited to any burdens directly or indirectly relating to or arising out of such activities or operations.

- (iv) The aggregate amount payable in respect of any year under applicable Agreements and under Qatar income tax legislation in respect of crude oil produced by the Company, shall not as a result of the application of the provisions of this Article be less than the aggregate of the payments which the Company and the Trading Companies would have been obliged to make to the Government in respect of such year in respect of such crude oil, calculated in accordance with the provisions of the agreements and Qatar income tax legislation as in force immediately prior to the Effective Date namely the Qatar Agreements and all other related agreements and the Qatar Income Tax Decrees.
- (v) There shall be excluded from any computation made pursuant to the provisions of this Article any payments or amounts payable in respect of natural gas or refinery operations.
- (vi) If following the discussions referred to in clause (b) (ii) of this Article the total amounts paid under applicable Agreements and the Qatar income tax legislation in respect of the Government's share in respect of any year are found to be in excess of the maximum amount required to be paid as limited by the other provisions of this Article the excess to the extent that it consists of payments by the Trading Company under the Qatar income tax legislation shall be applied against any other income tax obligation of that Trading Company as it may determine and when so applied shall constitute payment by the Trading Company and receipt by the Government of income tax for the year for which it is applied and any balance of such excess shall be applied as the Company may determine against any future obligation of the Company to the Govern-

ment and when so applied shall constitute a payment by the Company and receipt by the Government for the year for which it is applied.

ARTICLE 6

The total income to the Government and its entities, in respect of the production, dealings in oil or rights thereto, sale, export, shipments and profits (and distribution therefrom) of crude oil produced in Qatar by the Company and sold by the Company or the Trading Companies for export from Qatar shall be equal in respect of any year (as defined in Article 5) to the amount which the Government would have been entitled to receive in respect of such year calculated in accordance with applicable Agreements as defined in Article. 5

ARTICLE 7

The Government expressly recognises that :

- (a) The basis (including the levels of Posted Prices) used by the Company in determining the amount of the payments including Royalty made by it to the Government in respect of all periods prior to the first day of January of the year in which the Effective Date occurs is the proper basis ;
- (b) Trading Companies have, in preparing their income tax returns under Qatar income tax legislation (which they submitted through the Company as their agent) for all periods prior to the first day of January of the year in which the Effective Date occurs, used the proper basis for determining their respective net incomes and their respective income tax liabilities. ;
- (c) The execution of this Agreement constitutes a satisfactory settlement and final approval of the outcome of negotiations on all matters referred to in the letter No. 433/4/184 dated 20th January 1964 from the Director General of the Government of Qatar to the Company.

ARTICLE 8

The provisions of this Agreement so far as they relate to Trading Companies shall be of the same force and effect in relation to all such

Companies as if they were parties hereto. If any dispute arises concerning the Qatar Agreements or any related agreement or this Agreement in relation to any of such companies the Company may proceed under Article 11 on behalf of such Trading Company as if it were a party hereto.

ARTICLE 9

- (a) This Agreement shall be supplemental to the Qatar Agreements and all other related agreements which shall, subject to the provisions of this Agreement, continue in full force and effect and references in the Qatar Agreements to "the Shaikh" or "His Highness the Shaikh" shall be construed as references to "the Government".
- (b) The rights and remedies available to the Government and the Company and the Trading Companies under the provisions of this Agreement shall be in addition to any other rights and remedies under the Qatar Agreements and all other related agreements.

ARTICLE 10

- (a) The Government intends to amend the Qatar Income Tax Decree 1954 (as amended by the Qatar Income Tax Amendment Decree 1955) as provided for in the Schedule hereto with effect from the first day January of the year in which the Effective Date occurs.
- (b) Having regard to the provisions of Article 6 of this Agreement any Trading Company shall have satisfied all its obligations in respect of income tax under Qatar income tax legislation for the year beginning the first day of January of the year in which the Effective Date occurs and each subsequent year throughout the term of this Agreement, if it has an amount of income tax for each such year computed in accordance with the provisions and rates set forth in the Qatar Income Tax Decrees as amended by the enactment of the provisions in the Schedule hereto, subject only to such variation of the amount of income tax as may be required to give effect to the provisions of this Agreement.

ARTICLE 11

1. (a) If at any time any difference or dispute shall arise between the Government and the Company or between the Government and the Trading Companies or any of them concerning the interpretation or execution of the Qatar Agreements or this Agreement, or anything therein contained or in connection therewith, or any of the rights or liabilities thereunder, the same shall, failing any agreement, to settle it in any other way, be referred to two arbitrators, one of whom shall be chosen by each party hereto, and a referee, who shall be chosen by the arbitrators before proceeding to arbitration.
- (b) Each party hereto shall nominate its own arbitrator within sixty (60) days after the delivery of a request so to do by the other party, failing which its arbitrator may at the request of the other party be designated by the President of the International Court of Justice. In the event of the arbitrators failing to agree upon the referee within sixty (60) days after being chosen or designated, the President of the International Court of Justice may appoint a referee at the request of the arbitrators or of either of them.
- (c) If the President of the International Court of Justice is a national of Qatar or of Great Britain, the United States of America, France, Holland, Portugal, or Panama he shall not make the appointments referred to in paragraph (b) of this clause. If for this or any other reason whatsoever the appointment of an arbitrator or a referee is not made in accordance with paragraph (b) of this clause then, unless the parties shall have otherwise agreed in writing, such appointment may be made by the President of the Swiss Federal Tribunal at the request of either of the parties (if such appointment is of an arbitrator), or of the arbitrators or either of them (if such appointment is of a referee).
- (d) The procedure of arbitration shall be determined by the parties, or in case they shall fail to agree, by the referee. The

parties shall extend to the arbitrators and referee all facilities for obtaining any information required for the proper determination of the dispute. The absence or default of any party to an arbitration shall not be permitted to prevent or hinder the arbitration procedure in any or all of its stages.

- (e) The decision of the arbitrators, or in the case of a difference of opinion between them, the decision of the referee, shall be final and binding upon all parties to the difference or dispute.
- (f) In giving a decision the arbitrators or the referee shall specify an adequate period of delay during which the party to the difference or dispute against whom the decision is given shall conform to the decision, and that party shall be in default if that party has failed to conform to the decision prior to the expiry of that period and not otherwise.
- (g) The place of arbitration shall be such as may be agreed by the parties hereto and in default of agreement shall be Geneva.
- (h) If any arbitrator or referee dies or becomes unable or unwilling to enter upon or to complete the determination of the dispute a substitute may be appointed in accordance with the foregoing provisions of this clause as if such appointment of a substitute was an original appointment.

- 2. In conformity with Article Eighteenth of the Amended Convention the parties base their relations with regard to this Agreement on the principles of goodwill and good faith. Taking account of their different nationalities this Agreement and the Qatar Agreements and all other related Agreements shall be given effect and must be interpreted and applied in conformity with the principles of law normally recognised by civilised states in general including those which have been applied by International Tribunals.
- 3. As from the Effective Date the provisions of clause 1 of this Article shall have effect in substitution for the provisions of Article Sixteenth of the Amended Convention and Article 7 of the Qatar 1952 Agreement.

ARTICLE 12

This Agreement shall be given the force of law in Qatar.

- (a) This Agreement shall come into force as soon as all of the following events have occurred, namely :
 - (1) This Agreement has been executed by the parties hereto,
 - (2) this Agreement has been enacted as part of the law of Qatar.
 - (3) the amendments to the Qatar Income Tax Decree referred to in Article 10 and in the Schedule hereto have been enacted as part of the law of Qatar.

IN WITNESS whereof the representatives of the parties have hereunto set their hands on the day and in the year mentioned in the preamble.

Sgd. Ahmad bin Ali Al Thani
Ruler of Qatar

sgd. C. M. Dalley
For and on behalf of
QATAR PETROLEUM COMPANY LIMITED

Sgd. Hassan Kamel
Witness

Sgd. W. J. S. D. Cole
Witness

THE SCHEDULE REFERRED TO IN ARTICLE 10
AMENDMENT OF QATAR INCOME TAX DECREE

ARTICLE 1

The Qatar Income Tax Decree of 1954, as amended by the Qatar Income Tax Amendment decree of 1955, shall as from the date of this Decree be amended in the manner set out in the Annexure hereto and income tax shall in respect of any financial year ending on or after the date hereof be paid in accordance with the provisions of the Decree as so amended.

**AMENDMENTS TO QATAR INCOME TAX DECREE, 1954
AS AMENDED BY QATAR INCOME TAX AMENDMENT
DECREE 1955**

1. ARTICLE 2

Insert after the word "royalties" in sub-paragraph (a) the following:—
"except royalties on crude petroleum equal to one-eighth of the value, at the applicable posted price in Qatar, of crude petroleum produced within Qatar and exported therefrom)".

2. ARTICLE 3

Renumber paragraph (2) as sub-paragraph (2) (a) and insert new sub-paragraph (b) in paragraph (2) as follows:—

"(b) Where a body corporate produces goods under an agreement with the Ruler and is a chargeable person entitled to exemption from liability to income tax chargeable under this Decree then:

- (i) for the purposes of paragraph (1) of this Article, notwithstanding the provisions in sub-paragraph (2) (a) of this Article, the credit aggregate for a taxable year of a chargeable person purchasing from such body corporate and selling in Qatar goods or rights thereto, shall be deemed to be increased by the amount of the credit aggregate for that taxable year of such body corporate, and

- (ii) for the purpose of determining the income of such purchasing chargeable person the total of the deductions allowable under Article 4 of this Decree for a taxable year of such chargeable person shall be deemed to be increased by the amount by which the total of all items allowable as deduction calculated for that taxable year for such body corporate under Article 4 of this Decree exceeds the income of such body corporate before any such deductions are made; provided that:
- (aa) the amounts specified under (i) and (ii) of this sub-paragraph (b) shall only be included in such purchasing chargeable person's credit aggregate and deductions respectively to the extent that such body corporate certifies such amounts as being attributable to the goods or rights thereto sold to such purchasing chargeable person in that taxable year, and
- (bb) that total of the amounts so certified by such body corporate to all such purchasing chargeable persons shall not exceed the total amounts specified under (i) and (ii) respectively of this sub-paragraph (b)".

ARTICLE 4

- (a) Insert new sub-paragraph (e) as follows:—

"(e) Royalties paid by the chargeable person on crude petroleum equal to one-eighth of the value, at the applicable posted price in Qatar, of crude petroleum produced within Qatar and exported therefrom."

- (b) Insert the following at end of Article 4 after new sub-paragraph (e):—

"provided always that there shall be excluded from the deductions under the above sub-paragraphs in this Article 4 and from the credit aggregate any payment made to the Ruler in satisfaction of an undertaking in any agreement with the Ruler to make up the Ruler's share of profits on goods produced thereunder to the total amount of such share as therein specified; and any sum or the aggregate of any sums received as such or as a part of the sales proceeds from goods or rights thereto by such chargeable person for the purpose of discharging its obligation for any such payment shall not form part of the income of that chargeable person."

OA/2/1341

31st December 1964

Dr. Hassan Kamel
Director General
Government of Qatar
DOHA

Dear Sir,

1. With reference to your request for further consideration of the position of Qatar under the Qatar Supplemental Agreement dated 31st December 1964, for the years 1965 and 1966, the Company agrees that the gravity correction provided for in clause 4 of Article 3 of that Supplemental Agreement will be adjusted for the years 1965 and 1966 to the extent required so that the reduction in allowance in each such year shall be not less than £100,000 in each year compared with the previous year.
2. The Company also agrees that the allowance resulting from such adjustment in 1966 will constitute a ceiling for 1967 and subsequent years even though it may be determined that there is so justification for reduction of the allowance in 1967 or subsequent years.
3. It is also agreed that in implementing Article 5 of the said Supplemental Agreement, any payments made to the Government by the Company and the Trading Companies resulting from paragraphs 1 and 2 above, will be ignored in so far as the comparisons relate to Qatar crude oil having an API gravity of less than 41 API and in so far as such crude oil is produced by other enterprises in Qatar, and consequently for the purposes of such comparisons only, the payments to the Government of Qatar by the Company and the Trading Companies shall be deemed to be equal to the payments required under the terms of the Qatar Agreements and all other related agreements and under the terms of the said Supplemental Agreement.
4. This letter supersedes my letter No. B, 3610 dated 28th Oct. 1964.

Yours faithfully,
For QATAR PETROLEUM COMPANY LIMITED
Original signed by C. M. Dalley
C. M. Dalley
Manager Director

GOVERNMENT OF QATAR

413-1/330
dated 31st December, 1964

C. M. Dalley
Managing Director,
Qatar Petroleum Company Limited,
DOHA

Dear Sir,

I acknowledge receipt of your letter No. OA/2/1341 dated 31st December, 1964, and have the pleasure to inform you that the Government agrees to the adjustment of the gravity correction, provided for in clause 4 of Article 3 of the Qatar Supplemental Agreement in the manner described in the said letter.

We would also confirm that the allowance resulting from such adjustment in 1966 will constitute a ceiling for 1967 and subsequent years and, under the provision of Article 3 of the Qatar Supplemental Agreement it may be determined that there is no justification for further reduction of the allowance.

Yours faithfully,
Sgd. H. Kamel
Director General of the Government of Qatar

OA/2/1341

31st December 1964

Dr. Hassan Kamel
Director General
Government of Qatar
DOHA

Dear Sir,

1. With reference to your request for further consideration of the position of Qatar under the Qatar Supplemental Agreement dated 31st December 1964, for the years 1965 and 1966, the Company agrees that the gravity correction provided for in clause 4 of Article 3 of that Supplemental Agreement will be adjusted for the years 1965 and 1966 to the extent required so that the reduction in allowance in each such year shall be not less than £ 100,000 in each year compared with the previous year.
2. The Company also agrees that the allowance resulting from such adjustment in 1966 will constitute a ceiling for 1967 and subsequent years even though it may be determined that there is so justification for reduction of the allowance in 1967 or subsequent years.
3. It is also agreed that in implementing Article 5 of the said Supplemental Agreement, any payments made to the Government by the Company and the Trading Companies resulting from paragraphs 1 and 2 above, will be ignored in so far as the comparisons relate to Qatar crude oil having an API gravity of less than 41 API in so far as such crude oil is produced by other enterprises in Qatar and consequently for the purposes of such comparisons on the payments to the Government of Qatar by the Company and the Trading Companies shall be deemed to be equal to the payments required under the terms of the Qatar Agreements and all other related agreements and under the terms of the said Supplemental Agreement.
4. This letter supersedes my letter No. B, 3610 dated 28th Oct. 1964.

Yours faithfully,
For QATAR PETROLEUM COMPANY LIMITED
Original signed by C. M. Dalley
C. M. Dalley
Manager Director

GOVERNMENT OF QATAR

No. 413-1/330
Dated 31st December, 1964

Mr. C. M. Dalley
Managing Director,
Qatar Petroleum Company Limited,
DOHA

Dear Sir,

I acknowledge receipt of your letter No. OA/2/1341 dated 31st December, 1964, and have the pleasure to inform you that the Government agrees to the adjustment of the gravity correction, provided for in clause 4 of Article 3 of the Qatar Supplemental Agreement in the manner described in the said letter.

We would also confirm that the allowance resulting from such adjustment in 1966 will constitute a ceiling for 1967 and subsequent years even if, under the provision of Article 3 of the Qatar Supplemental Agreement it may be determined that there is no justification for further reduction of the allowance.

Yours faithfully,
Sgd. H. Kamel
Director General of the Government of Qatar

OA/2/1342

31st December 1964

Dr. Hassan Kamel,
Director General,
Government of Qatar,
DOHA

Dear Sir,

Please refer to Article 5 of the Qatar Supplemental Agreement between the Government of Qatar and the Company dated 31st December 1964. This is to record the agreement between the Government and the Company that for the purpose of implementing the provisions of the said Article, the following provisions will apply :—

1. The Government and the Company will consult with each other on the equitable adjustments which are required under Article 5 of the Qatar Supplemental Agreement in order that a fair comparison can be made between the amount which would be payable under the applicable agreements and any other arrangement and will exchange the requisite information to enable such a comparison to be achieved.
2. Without restricting the generality of the previous paragraph and the provisions of Article 5 of the Qatar Supplemental Agreement the Government and the Company shall take into consideration the following matters :—
 - (i) For the purpose of ascertaining the profit which would have arisen in Qatar for the Company and the Trading Companies if any other arrangement had applied, the weighted average percentage rate of discounts off posted prices calculated on total exports under such other arrangement in the year in question shall be applied to the value at the applicable posted prices of all crude oil sold by the Company or the Trading Companies for export from Qatar including oil delivered to the Government under Article 4 of the Supplemental Agreement.

If no price has been posted for crude oil produced under the other arrangement it shall be deemed for the purpose of calculating the weighted average percentage rate of discounts referred to above that a price has been posted for such crude oil consistent with other prices posted in Qatar. As used in this paragraph "discounts" shall include all allowances, rebates and other deductions from the posted price permitted by Qatar under such other arrangement for the calculation of gross income for the purposes of payments to Qatar including income tax payments.

- (ii) When ascertaining the amounts which would be payable by the Company and the Trading Companies under any other arrangement the Government and the Company shall give due regard to the manner and the proportions in which fixed and working capital has been provided under such other arrangement and to the amounts included in the operating costs of the other arrangement for interest on capital.
- (iii) For the purpose of ascertaining the profit which would have arisen in Qatar for the Company and the Trading Companies if any other arrangement had applied, the costs incurred by the Company in the year in question shall be used, subject to such equitable adjustments as may be appropriate.

If you agree that the foregoing correctly represents what has been agreed between us, I would be grateful if the Government would confirm agreement in writing.

Yours faithfully,
For QATAR PETROLEUM COMPANY LIMITED
C.M. Dalley
Managing Director

OA/2/1342

31st December 1964

Dr. Hassan Kamel,
Director General,
Government of Qatar,
DOHA

Dear Sir,

Please refer to Article 5 of the Qatar Supplemental Agreement between the Government of Qatar and the Company dated 31st December 1964. This is to record the agreement between the Government and the Company that for the purpose of implementing the provisions of the said Article, the following provisions will apply :—

1. The Government and the Company will consult with each other on the equitable adjustments which are required under Article 5 of the Qatar Supplemental Agreement in order that a fair comparison can be made between the amount which would be payable under the applicable agreements and any other arrangement and to exchange the requisite information to enable such a comparison to be achieved.
2. Without restricting the generality of the previous paragraph and the provisions of Article 5 of the Qatar Supplemental Agreement the Government and the Company shall take into consideration the following matters :—
 - (i) For the purpose of ascertaining the profit which would be arisen in Qatar for the Company and the Trading Companies if any other arrangement had applied, the weighted average percentage rate of discounts off posted prices calculated on total exports under such other arrangement in the year in question shall be applied to the value at the applicable posted prices of all crude oil sold by the Company or the Trading Companies for export from Qatar including oil delivered to the Government under Article 4 of the Supplemental Agreement.

If no price has been posted for crude oil produced under the other arrangement it shall be deemed for the purpose of calculating the weighted average percentage rate of discounts referred to above that a price has been posted for such crude oil consistent with other prices posted in Qatar. As used in this paragraph "discounts" shall include all allowances, rebates and other deductions from the posted price permitted by Qatar under such other arrangement for the calculation of gross income for the purposes of payments to Qatar including income tax payments.

- (ii) When ascertaining the amounts which would be payable by the Company and the Trading Companies under any other arrangement the Government and the Company shall give due regard to the manner and the proportions in which fixed and working capital has been provided under such other arrangement and to the amounts included in the operating costs of the other arrangement for interest on capital.
- (iii) For the purpose of ascertaining the profit which would have arisen in Qatar for the Company and the Trading Companies if any other arrangement had applied, the costs incurred by the Company in the year in question shall be used, subject to such equitable adjustments as may be appropriate.

If you agree that the foregoing correctly represents what has been agreed between us, I would be grateful if the Government would confirm its agreement in writing.

Yours faithfully,
For QATAR PETROLEUM COMPANY LIMITED
C.M. Dalley
Managing Director

LETTER NO. 413-1/331, dated 31st December, 1964, from the Government of Qatar to Qatar Petroleum Company Limited.

To : Mr. C. M. Dalley ,
Managing Director,
Qatar Petroleum Company Limited,
DOHA.

Dear Sir,

Reference to your letter No. OA/2/1342 dated 31st December, 1964, on the subject of implementing the provisions of Article 5 of the Qatar Supplemental Agreement, I have the pleasure to inform you that, without prejudice to the provisions of the said article, the Government agrees that your abovementioned letter correctly represents what has been agreed between us.

Yours faithfully,
Sgd. **H. Kamel**

Director General of the Government of Qatar

31st December 1964

OA/2/1344
Dr. Hassan Kamel
Director General
Government of Qatar
DOHA.

Dear Sir,

With reference to our discussion of the amendments to the Qatar income tax legislation proposed in the schedule to the Qatar Supplemental Agreement between the Government of Qatar and the Company dated 31st December 1964, we wish to confirm to you that such amendments and their application to the income of the Trading Companies from the purchase and sale within Qatar of crude petroleum or other natural hydrocarbons or rights thereto produced by the Qatar Petroleum Company Limited will not result in the Government receiving any less than the Government's share (as defined in Article 2 (a) of the Qatar Supplemental Agreement) calculated in accordance with "the Qatar Agreement" and the Qatar Supplemental Agreement.

2. As we explained in those discussions, the amounts paid for the oil or rights thereto purchased by the Trading Companies from Qatar Petroleum Company Limited may be different in the income tax declarations for the various Trading Companies because of their different trading arrangements; however, such differences in the amounts paid for the purchased oil or rights thereto will not result in the Government receiving any less than the Government's share (as defined in Article 2 (A) of the Qatar Supplemental Agreement) calculated in accordance with "the Qatar Agreements" and the Qatar Supplemental Agreement.

3. We would be glad if you would kindly send us a letter of acknowledgement of receipt of this letter.

Yours faithfully,
For QATAR PETROLEUM COMPANY LIMITED

Original signed by **C. M. Dalley**
C. M. Dalley
Managing Director

LETTER No. 413-1/329 dated 31st December, 1964, from the Government of Qatar to Qatar Petroleum Company Limited.

To : C. M. Dalley,
Managing Director,
Qatar Petroleum Company Limited,
DOHA.

Dear Sir,

We acknowledge receipt of your letter QA/2/1344 dated 31st December, 1964, on the subject of the Schedule attached to "The Qatar Supplemental Agreement" confirming that the provisions thereof will not result in the Government receiving any less than the Government's share as defined in Article 2 (A) of the said agreement, calculated in accordance with that agreement and "The Qatar Agreements".

Yours faithfully
Sgd. H. Kamel
Director General of the Government of Qatar

30th January, 1965

QA/2/1345

His Highness Shaikh Ahmad bin Ali Al Thani,
Emir of Qatar,
DOHA.

Your Highness,
Dear greetings,

With reference to Caluse 3 of Article 3 of the Qatar Supplemental Agreement dated 31st December, 1964, I now write to inform Your Highness that Qatar Petroleum Company Limited agrees to Caluses (4) and (6) of Article 3 becoming effective, and would be pleased to receive confirmation that the Government also agrees, in which case all the provisions of these clauses will become effective on 1st January, 1965.

Please accept our highest respects.

For QATAR PETROLEUM COMPANY LIMITED
C. M. DALLEY
Managing Director

LETTER No. 413-1/329 dated 31st December, 1964, from the Government of Qatar to Qatar Petroleum Company Limited.

To : C. M. Dalley,
Managing Director,
Qatar Petroleum Company Limited,
DOHA.

Dear Sir,

We acknowledge receipt of your letter QA/2/1344 dated 21st December, 1964, on the subject of the Schedule attached to "The Qatar Supplemental Agreement" confirming that the provisions thereof will result in the Government receiving **any less than the Government's share** as defined in Article 2 (A) of the said agreement, calculated in accordance with that agreement and "The Qatar Agreements".

Yours faithfully
Sgd. **H. Kamel**
Director General of the Government of Qatar

30th January, 1965

QA/2/1345

His Highness Shaikh Ahmad bin Ali Al Thani,
Ruler of Qatar,
DOHA.

Your Highness,
After greetings,

With reference to Caluse 3 of Article 3 of the Qatar Supplemental Agreement dated 31st December, 1964, I now write to inform Your Highness that Qatar Petroleum Company Limited agrees to Caluses (4) (5) and (6) of Article 3 becoming effective, and would be pleased to receive confirmation that the Government also agrees, in which case all the provisions of these clauses will become effective on 1st January, 1965.

Please accept our highest respects.

For QATAR PETROLEUM COMPANY LIMITED
C. M. DALLEY
Managing Director

QATAR PETROLEUM COMPANY LIMITED

33 Cavendish Square, London W. 1

4052/B

14th June 1965

His Highness Shaikh Ahmad Bin Ali Al Thani,
Ruler of Qatar,
Doha.

Your Highness,

We write to inform Your Highness that we consider that the area described in paragraph 2 below, which we have explored, has no prospect of containing commercial oil and that we would not be justified in incurring further exploration expenditure on it.

2. We therefore propose to relinquish an area (hereinafter referred to as the "1965 Relinquished Area") being that part of the State of Qatar of which the grid lines and co-ordinates are as follows :—

Start (1) 180,050 E X 110,000 N at 3 mile territorial water
(2) 165,000 E X 110,000 N
(3) 155,000 E X 90,000 N
(4) 155,000 E X 27,000 N

then along concession boundary to 3 mile territorial water
at 175,000 E X 25,000 N .

Note : The grid lines and co-ordinates referred to above are grid lines and co-ordinates in the grid in use by the Company and known as "the Qatar Grid". To assist identification, we attach a map, No. 2909 dated 8th June 1965 on which the "1965 Relinquished Area" is shaded gray.

3. We propose that the effective date of the relinquishment described above, shall be the date on which we receive Your Highness' written acceptance of this proposal.

Accordingly, as from the effective date, the "1965 Relinquished Area" will cease to be part of the area over which the Company holds a concession by virtue of the Agreement dated 17th May 1935, but during the life of that Agreement the Company shall continue to enjoy such rights over the "1965 Relinquished Area" as are necessary for its operations in the remainder of the area over which the Company still holds a concession, which rights shall be exercised with as little interference as is practicable to any use to which the "1965 Relinquished Area" may be put.

The aforesaid Agreement, together with all agreements supplemental thereto and all exchanges of letters affecting the same, shall in all other respects continue in full force and effect, and this letter and Your Highness' reply to it shall be treated as supplemental thereto.

Please accept our highest respects.

For QATAR PETROLEUM COMPANY LIMITED

Sgd. C. M. DALLEY
Managing Director

Encl. Map No. 2909

cc: Director General Government of Qatar
with enclosure.

IN THE NAME OF GOD THE COMPASSIONATE THE MERCIFUL

DIWAN OF RULER OF QATAR

AHMAD BIN ALI AL THANI

No. 455-1/451

Date : 3.4.1385

31.7.1965

C. M. Dalley, Esq.,
Managing Director,
Qatar Petroleum Co. Ltd.

Through

Chief Representative,
Qatar Petroleum Co. Ltd.
Doha, Qatar.

With reference to your letter No. B/4052 dated 14th June 1965, in which you offered to relinquish a new portion of your concession area which you nominated in your above-mentioned letter and explained it per map 2909 dated 8th June 1965.

We have pleasure in informing you of our acceptance of this relinquishment under the conditions proposed in your above-mentioned letter.

We also agree to consider that letter and our present letter in reply to it as two supplementary attachments to the agreement concluded between us on 17th May 1935, and to agreements which are supplementary to this agreement and the letters exchanged in connection with all these agreements, those agreements and letters which will remain in force in every respect.

Please accept highest salutations.

AHMAD BIN ALI AL THANI
RULER OF QATAR

9th January, 1966.

10/2/33

Dr. Hassan Kamel,
Director General,
Government of Qatar,
Doha

Dear Sir,

Pursuant to clause (2) of Article 3 of the Supplemental Agreement dated 31st December, 1964, we wish to notify the Government that, for the year 1966, we elect for the maximum Allowance specified in paragraph (b) of clause (4) of that Article.

Yours faithfully,

For QATAR PETROLEUM COMPANY LIMITED
CHIEF REPRESENTATIVE/GENERAL MANAGER

IN THE NAME OF GOD THE COMPASSIONATE THE MERCIFUL

DIWAN OF RULER OF QATAR
AHMAD BIN ALI AL THANI

No. 455-14
Date : 3.4.1966
31.7.1966

C. M. Dalley, Esq.,
Managing Director,
Qatar Petroleum Co. Ltd.

Through
Chief Representative,
Qatar Petroleum Co. Ltd.
Doha, Qatar.

With reference to your letter No. B/4052 dated 14th June 1965, which you offered to relinquish a new portion of your concession as which you nominated in your above-mentioned letter and explained per map 2909 dated 8th June 1965.

We have pleasure in informing you of our acceptance of the relinquishment under the conditions proposed in your above-mentioned letter.

We also agree to consider that letter and our present letter in respect to it as two supplementary attachments to the agreement concluded between us on 17th May 1935, and to agreements which are supplementary to this agreement and the letters exchanged in connection with all the agreements, those agreements and letters which will remain in force in every respect.

Please accept highest salutations.

AHMAD BIN ALI AL THANI
RULER OF QATAR

9th January, 1966.

QA/2/33

Dr. Hassan Kamel,
Director General,
Government of Qatar,
DOHA

Dear Sir,

Pursuant to clause (2) of Article 3 of the Supplemental Agreement dated 31st December, 1964, we wish to notify the Government that, for the year 1966, we elect for the maximum Allowance specified in paragraph (b) of clause (4) of that Article.

Yours faithfully,

For QATAR PETROLEUM COMPANY LIMITED
CHIEF REPRESENTATIVE/GENERAL MANAGER

7/1/1-943

16th January, 1968

Mr. C. M. Dalley
Managing Director
Qatar Petroleum Company Limited
33 Cavandish Square
London W. 1.

What's this?

Dear Sir

We have been informed through Their Excellencies the Minister of Finance of the Government of Iran and the Minister of Petroleum and Mineral Resources of the Government of Saudi Arabia of the offer made by Consortium Member Companies and Aramco to the effect that allowances applicable to crude oil under the Supplemental Agreements shall be eliminated in accordance with the following schedule :

<u>Year</u>	<u>Percentage Allowance</u>	<u>Gravity Allowance</u>	
		The sum of two components each to be applied to different gravity ranges noted below :	
		<u>A</u>	<u>B</u>
		<u>cents/B</u>	<u>cents/B</u>
1967	6.5%	.2647	Present value
1968	5.5%	.2647	.059559
1969	4.5%	.2647	.119118
1970	3.5%	.2647	.178677
1971	2%	.2647	.238236
1972	0%	.2647	.297795
1973	0%	.176467	.198530
1974	0%	.088233	.099265
1975	0%	0	0

Column "A" — Amount per barrel for each full degree of API gravity by which the API gravity of such crude oil or crude equivalent exceeds 27 degrees.

Column "B" — Amount per barrel for each full degree of API gravity by which the API gravity of such crude oil or crude equivalent exceeds 27 degrees provided that all crudes with API gravity in excess of 37 degrees API shall for the purpose of column "B" be treated as if they were 37 degrees API gravity.

We confirm hereby that we consider the offer as outlined hereunder as a notification provided for under Article 3 Clause (6) of our Supplemental Agreement and therefore the changes in the level of allowances shall become effective in accordance with the above schedule and adjustments as required by the special position of Qatar.

Yours faithfully,

Dr. Hassan Kamel
Adviser to the Government of Qatar

7/1/1-943

16th January, 1968

Mr. C. M. Dalley
Managing Director
Qatar Petroleum Company Limited
33 Cavendish Square
London W. 1.

What's this?

Dear Sir

We have been informed through Their Excellencies the Minister of Finance of the Government of Iran and the Minister of Petroleum and Mineral Resources of the Government of Saudi Arabia of the offer made by Consortium Member Companies and Aramco to the effect that allowances applicable to crude oil under the Supplemental Agreements shall be eliminated in accordance with the following schedule :

<u>Year</u>	<u>Percentage Allowance</u>	<u>Gravity Allowance</u>	
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		<u>cents/B</u>	<u>cents/B</u>
		The sum of two components to be applied to different gravity ranges noted below :	
1967	6.5%	.2647	Present value
1968	5.5%	.2647	.059559
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1975	0%	0	0

Column "A" — Amount per barrel for each full degree of API gravity by which the API gravity of such crude oil or crude equivalent exceeds 27 degrees.

Column "B" — Amount per barrel for each full degree of API gravity by which the API gravity of such crude oil or crude equivalent exceeds 27 degrees provided that all crudes with API gravity in excess of 37 degrees API shall for the purpose of column "B" be treated as if they were 37 degrees API gravity.

We confirm hereby that we consider the offer as outlined hereabove as a notification provided for under Article 3 Clause (6) of our Supplemental Agreement and therefore the changes in the level of allowance shall become effective in accordance with the above schedule and such adjustments as required by the special position of Qatar.

Yours faithfully,

Dr. Hassan Kamel
Adviser to the Government of Qatar

20th June 1968

Dr. Hassan Kamel,
Adviser to the Government of Qatar
Doha

Dear Sir

Please refer to your letter No. 7/1/1-943 of 16th January 1968 addressed to the Company concerning the Allowance under Article 3 of our Supplemental Agreement.

We should like to express gratification that in the light of the differing views as to whether any change in the Allowance was required at this time or in the foreseeable future under the terms of the aforesaid Agreement the Government of Qatar and the Company have been able to reach a mutually acceptable solution. Pursuant to this solution and instead of the application of the criterion stated in the aforesaid Agreement the Schedule listed below shall be following over the period indicated:

Year	Percentage Allowance	Gravity Allowance	
		A	B
		p.b.	p.b.
1967	6½%	.2647	—
1968	5½%	.2647	.059559
1969	4½%	.2647	.119118
1970	3½%	.2647	.178677
1971	2%	.2647	.238236
1972	0%	.2647	.297795
1973	0%	.176467	.198530
1974	0%	.088233	.099265
1975	0%	0	0

Amount per barrel for each full degree of A.P.I. gravity by which the A.P.I. gravity of such crude oil or crude equivalent exceeds 27° provided that commencing with the year 1968 all crudes with A.P.I. gravity in excess of 37° A.P.I. shall be treated as if they were 37° A.P.I. gravity.

To implement this solution we hereby give notice of the above Article of Allowances pursuant to paragraph (2) of Article 3 of our Supplemental Agreement.

Yours faithfully,

for QATAR PETROLEUM COMPANY LIMITED

20th June 1973

Dr. Hassan Kamel,
Adviser to the Government of Qatar
Doha

Dear Sir

Please refer to your letter No. 7/1/1-943 of 16th January 1973 addressed to the Company concerning the Allowance under Article 3 of our Supplemental Agreement.

We should like to express gratification that in the light of differing views as to whether any change in the Allowance was required at this time or in the foreseeable future under the terms of the aforesaid Agreement the Government of Qatar and the Company have been able to reach a mutually acceptable solution. Pursuant to this solution instead of the application of the criterion stated in the aforesaid Agreement the Schedule listed below shall be following over the period indicated:

Year	Percentage Allowance	Gravity Allowance	
		A	B
		The sum of two components to be applied to different gravity ranges noted below :	
		p.b.	p.b.
1967	6½%	.2647	—
1968	5½%	.2647	.059553
1969	4½%	.2647	.119110
1970	3½%	.2647	.178667
1971	2%	.2647	.238224
1972	0%	.2647	.297781
1973	0%	.176467	.198530
1974	0%	.088233	.099265
1975	0%	0	0

Columns "A" & "B" — Amount per barrel for each full degree of A.P.I. gravity by which the A.P.I. gravity of such crude oil or crude equivalent exceeds 27° provided that commencing with the year 1968 all crudes with A.P.I. gravity in excess of 37° A.P.I. shall be treated as if they were 37° A.P.I. gravity.

To implement this solution we hereby give notice of the above Schedule of Allowances pursuant to paragraph (2) of Article 3 of our Supplemental Agreement.

Yours faithfully,

for QATAR PETROLEUM COMPANY LIMITED

AGREEMENT FOR THE SUPPLY OF GAS TO QATAR NATIONAL CEMENT COMPANY (S. A. Q.)

THIS AGREEMENT is made the fifteenth day of safar 1388 corresponding to the thirteenth day of May 1968 BETWEEN The Government of Qatar (hereinafter called "the Government") represented by His Excellency Shaikh Khalifa Bin Hamad Al Thani of the first part. Qatar Petroleum Company Limited (hereinafter called "the Company") represented by William John Selwyn Douglas Cole of the second part and the Qatar National Cement Company (S.A.Q.) (hereinafter called "Q.N.C.C." represented by sayed Nassir Ahmed Obaidan of the third part.

WHEREAS the Government has agreed with Q.N.C.C. to make available to it for the purpose of the manufacture of cement a supply of gas out of the quantities of gas to which the Government is entitled under the arrangements contained in letter No. CRQ/GA/3/746 dated 19th July 1959 (hereinafter called "the 19th July letter") from the Company to His Highness the Ruler of Qatar AND the Government has requested the Company to make available such supply direct to Q.N.C.C.

NOW IT IS AGREED as following:—

Article 1

In this Agreement

"gas" means natural gas produced from the Company's gas/oil separators at the Jaleha Degassing Station (including air and other extraneous substances) in association with crude oil produced by the Company in Qatar in the state and quantities and at the pressure at which gas may exist from time to time.

"day" means a period of twenty-four (24) consecutive hours beginning at 8 o'clock a.m. local time on each calendar day and ending at 8 o'clock a.m. on the following day.

"cubic foot" when applied to the gas means the volume of the gas which occupies one cubic foot of space when the gas is at standard conditions of temperature and pressure i.e. at a temperature of 60° F. and at absolute pressure of 14.696 pounds per square inch.

"force majeure" as understood in this Agreement means any operating affecting the Company's operations in Qatar which is due to circumstances beyond its control such as but not limited to Act of God, threat of imminent war, strikes, riots, civil commotions sabotage, fires, explosions, fires and earthquakes.

"delivery point" means the fence of the Jaleha Degassing Station.

Article 2 — The Company will make gas available to Q.N.C.C. at the Delivery Point for the purpose of the manufacture of cement in a factory constructed by Q.N.C.C. for this purpose at Umm Bab at a maximum normal rate of five million cubic feet per day or such greater quantity as may be agreed between the Government and the Company having regard to the future expansion of the cement plant. At no time shall this maximum normal rate be exceeded by more than ten per cent (10%) as a result of fluctuations in the rate of demand by Q.N.C.C.

Article 3

The Company shall have the right to measure the gas supplied under Article 2 hereof in accordance with methods generally accepted in the industry. In the event that the Company makes such measurements,

the Company shall advise the Government and Q.N.C.C. on a monthly basis of the quantities of gas so measured.

the measurements shall be accepted as conclusive unless within 30 days of the receipt thereof the Government or Q.N.C.C. shall have objected thereto to the Company in writing.

the Government and Q.N.C.C. shall have the right at all times to inspect and check all charts equipment and calculations made in connection with these measurements.

Article 4

(a) The gas supplied by the Company hereunder shall form part of the gas referred to in paragraph (1) of the 19th

AGREEMENT FOR THE SUPPLY OF GAS TO QATAR NATIONAL CEMENT COMPANY (S.A.Q.)

THIS AGREEMENT is made the fifteenth day of safar 1388 corresponding to the thirteenth day of May 1968 BETWEEN The Government of Qatar (hereinafter called "the Government") represented by Excellency Shaikh Khalifa Bin Hamad Al Thani of the first part, Qatar Petroleum Company Limited (hereinafter called "the Company") represented by William John Selwyn Douglas Cole of the second part and Qatar National Cement Company (S.A.Q.) (hereinafter called "Q.N.C.C.") represented by sayed Nassir Ahmed Obaidan of the third part.

WHEREAS the Government has agreed with Q.N.C.C. to make available to it for the purpose of the manufacture of cement a supply of gas out of the quantities of gas to which the Government is entitled under the arrangements contained in letter No. CRQ/GA/3/746 dated 19th July 1959 (hereinafter called "the 19th July letter") from the Company to His Highness the Ruler of Qatar AND the Government has requested the Company to make available such supply direct to Q.N.C.C.

NOW IT IS AGREED as following:—

Article 1

In this Agreement

"gas" means natural gas produced from the Company's gas separators at the Jaleha Degassing Station (including air and other gaseous substances) in association with crude oil produced by the Company in Qatar in the state and quantities and at the pressure at which gas exists from time to time.

"day" means a period of twenty-four (24) consecutive hours beginning at 8 o'clock a.m. local time on each calendar day and ending at 8 o'clock a.m. on the following day.

"cubic foot" when applied to the gas means the volume of the gas which occupies one cubic foot of space when the gas is at standard conditions of temperature and pressure i.e. at a temperature of 60° F. and at an absolute pressure of 14.696 pounds per square inch.

"force majeure" as understood in this Agreement means any happening affecting the Company's operations in Qatar which is due to circumstances beyond its control such as but not limited to Act of God, war, threat of imminent war, strikes, riots, civil commotions sabotage, storms, explosions, fires and earthquakes.

"delivery point" means the fence of the Jaleha Degassing Station.

Article 2 — The Company will make gas available to Q.N.C.C. at the Delivery Point for the purpose of the manufacture of cement in a factory constructed by Q.N.C.C. for this purpose at Umm Bab at a maximum normal rate of five million cubic feet per day or such greater quantity as may be agreed between the Government and the Company having regard to the future expansion of the cement plant. At no time shall this maximum normal rate be exceeded by more than ten per cent (10%) as a result of fluctuations in the rate of demand by Q.N.C.C.

Article 3

The Company shall have the right to measure the gas supplied under Article 2 hereof in accordance with methods generally accepted in the industry. In the event that the Company makes such measurements .

- (a) the Company shall advise the Government and Q.N.C.C. on a monthly basis of the quantities of gas so measured.
- (b) the measurements shall be accepted as conclusive unless within 30 days of the receipt thereof the Government or Q.N.C.C. shall have objected thereto to the Company in writing.
- (c) the Government and Q.N.C.C. shall have the right at all times to inspect and check all charts equipment and calculations made in connection with these measurements.

Article 4

- (a) The gas supplied by the Company hereunder shall form part of the gas referred to in paragraph (1) of the 19th

July letter and insofar as they are not inconsistent herewith the provisions of that letter shall apply thereto.

- (b) The Government confirms that the gas supplied by the Company hereunder shall be deemed to be gas supplied to the Qatar Government for the purposes of paragraph (5) of the 19th July letter.

Article 5

Q.N.C.C. shall give to the Company at least six months notice in writing of the date upon which deliveries of gas are to commence.

Article 6

The Company will purchase and install any additional equipment and facilities and carry out such modifications to existing equipment and facilities as may be required from time to time to make gas available to Q.N.C.C. at the delivery point as provided in Article 2 hereof.

Article 7

Before the beginning of each calendar year the Company shall submit to Q.N.C.C. its best estimate of costs for such year in respect of the supply of gas to the delivery point but if in the event the actual costs prove to have exceeded such estimate then Q.N.C.C. will not seek to hold the Company to such estimate.

Article 8

- (a) Q. N. C. C. shall reimburse to the Company.
- (i) all costs incurred by the Company under Article 6 hereof prior to the date of commencement of the supply of gas hereunder ;
- (ii) any expenditure reasonably incurred by the Company in each year in delivering the gas to the delivery point including any overhead charges attributable thereto and any further costs which may have been incurred under Article 6 hereof in that year.

The Company will notify Q.N.C.C. and the Government forthwith after the commencement of the supply of gas of all costs incurred under (i) above and after the end of each year

of all costs incurred under (ii) above. Reimbursement shall be effected within three months of such notifications.

If any sum payable by Q.N.C.C. to the Company is not paid within the period specified in paragraph (a) hereof the Company shall notify the Government accordingly and one month after such notification the Company shall have the right to suspend deliveries of gas until receipt of payment.

Article 9

Ownership and control of the gas delivered to Q. N. C. C. hereunder and all responsibility and liability in respect of it shall pass to the Company and shall be assumed by Q.N.C.C. at the delivery point. The Company shall be directly or indirectly liable for any claims or demands that may arise out of or in connection with the state of the gas and Q.N.C.C. shall at all times indemnify the Company in respect thereof.

Article 10

Since the gas to be supplied hereunder is gas produced in association with the production of crude oil, the quantity of gas available is related to the quantity of crude oil produced. No provision of this Agreement shall be construed as imposing any obligations upon the Company to produce amounts of crude oil over and above its offtake requirements solely to make such gas available.

Article 11

The Company shall not be responsible for any reduction in, interruption to, the supply of gas or for failure to carry out any of its obligations under this Agreement due to "force majeure". The Company shall not be directly or indirectly liable for any claims or demands that may arise out of or in connection with such interruption to or reduction in the supply of gas and Q.N.C.C. shall at all times indemnify the Company in respect thereof.

Article 12

- (a) Q. N. C. C. shall accept the gas in the condition in which it is supplied to the delivery point and the Company will not undertake to treat, pressurise or store the gas in any way.

July letter and insofar as they are not inconsistent herewith provisions of that letter shall apply thereto.

- (b) The Government confirms that the gas supplied by the Company hereunder shall be deemed to be gas supplied to the Qatar Government for the purposes of paragraph (5) of the 19th July letter.

Article 5

Q.N.C.C. shall give to the Company at least six months advance notice in writing of the date upon which deliveries of gas are to commence.

Article 6

The Company will purchase and install any additional equipment and facilities and carry out such modifications to existing equipment and facilities as may be required from time to time to the extent of gas available to Q.N.C.C. at the delivery point as provided in Article 7 hereof.

Article 7

Before the beginning of each calendar year the Company shall submit to Q.N.C.C. its best estimate of costs for such year in respect of the supply of gas to the delivery point but if in the event the actual costs prove to have exceeded such estimate then Q.N.C.C. will not be held to hold the Company to such estimate.

Article 8

- (a) Q. N. C. C. shall reimburse to the Company:
- (i) all costs incurred by the Company under Article 6 hereof prior to the date of commencement of the supply of gas hereunder ;
- (ii) any expenditure reasonably incurred by the Company in the year in delivering the gas to the delivery point including overhead charges attributable thereto and any further expenditure which may have been incurred under Article 6 hereof during that year.

The Company will notify Q.N.C.C. and the Government forthwith after the commencement of the supply of gas and the costs incurred under (i) above and after the end of each

of all costs incurred under (ii) above. Reimbursement shall be effected within three months of such notifications.

- (b) If any sum payable by Q.N.C.C. to the Company is not paid within the period specified in paragraph (a) hereof the Company shall notify the Government accordingly and one month after such notification the Company shall have the right to suspend deliveries of gas until receipt of payment.

Article 9

Ownership and control of the gas delivered to Q. N. C. C. hereunder and all responsibility and liability in respect of it shall pass to and be assumed by Q.N.C.C. at the delivery point. The Company shall not be directly or indirectly liable for any claims or demands that may arise out of or in connection with the state of the gas and Q.N.C.C. shall at all times indemnify the Company in respect thereof.

Article 10

Since the gas to be supplied hereunder is gas produced in association with the production of crude oil, the quantity of gas available is related to the quantity of crude oil produced. No provision of this Agreement shall be construed as imposing any obligations upon the Company to produce amounts of crude oil over and above its offtake requirements solely to make such gas available.

Article 11

The Company shall not be responsible for any reduction in, or interruption to, the supply of gas or for failure to carry out any of its obligations under this Agreement due to "force majeure". The Company shall not be directly or indirectly liable for any claims or demands that may arise out of or in connection with such interruption to or reduction in the supply of gas and Q.N.C.C. shall at all times indemnify the Company in respect thereof.

Article 12

- (a) Q. N. C. C. shall accept the gas in the condition in which it is supplied to the delivery point and the Company will not undertake to treat, pressurise or store the gas in any way.

- (b) For so long as the Company is producing high pressure gas at Jaleha Degassing Station and has available a surplus the Company out of such surplus will supply such gas to Q.N.C.C.

Article 13

In the event that gas should not be available for supply to Q.N.C.C. under this Agreement at any time the Company accepts no responsibility for providing any alternative form of fuel to Q.N.C.C.

Article 14

If the supply of gas on a long term basis from the Jaleha Degassing Station is discontinued then the Company shall advise Q.N.C.C. accordingly giving as much notice as possible under the circumstances and not less than six months before such supply is due to cease and the Company will agree to supply the quantity of associated gas required under Article 2 hereof from an alternative source to an alternative delivery point provided that all expenditure incurred by the Company in supplying the associated gas from the alternative source to the alternative delivery point is reimbursed by Q.N.C.C. to the Company. In this event the terms conditions and provisions of this Agreement will thenceforth be applied in respect of gas made available at the new delivery point as such delivery point were the fence at Jaleha Degassing Station.

Article 15

Q.N.C.C. shall notify to the Government its estimates of gas requirements hereunder for each calendar year four (4) months before the beginning of each calendar year. The Government shall indicate separately in its estimates to the Company under paragraph (4) of the 19th July letter the requirements of Q.N.C.C. so notified.

Article 16

This Agreement shall continue in force for a period of twenty (20) years (or such greater period as may be agreed between the Government and the Company) from the 1st July 1968 or from the date on which gas is first taken from the delivery point by Q.N.C.C. whichever is the earlier date until the expiration of three (3) months notice in writing by any party hereto to the other parties.

Article 17

If at any time any doubt, difference or dispute shall arise between any of the parties hereto concerning the interpretation or operation of this Agreement or anything contained herein or in connection therewith the same shall, failing any agreement to settle it in any other way, be referred to arbitration. Accordingly the provisions of sub-paragraphs (b) to (h) inclusive of paragraph 1 of Article 11 of the Supplemental Agreement dated 31st December, 1964 between the Government and the Company shall be deemed to be incorporated herein and the provisions of paragraph 2 of the said Article shall apply as if this Agreement were related to the Qatar Agreements as defined in the said Supplemental Agreement.

KHALIFA BIN HAMAD

For and on behalf of THE GOVERNMENT OF QATAR

ALI JAIDAH

Witness:

W. J. S. D. COLE

For and on behalf of QATAR PETROLEUM COMPANY LIMITED

T. W. RUSSELL

Witness

NASIR BIN AHMED OBAIDAN FAKHROO

For and on behalf of QATAR NATIONAL CEMENT COMPANY
(S.A.Q.)

HAMMAD HARAZEEN

Witness

TOPPING PLANT AGREEMENT

THIS Agreement is made the THIRTEENTH day of MAY 1968 corresponding to the FIFTEENTH day of SAFAR 1388 BETWEEN THE GOVERNMENT OF QATAR (hereinafter called the Government) represented by his Highness Shaikh Khalifa bin Hamad Al Thani Deputy Ruler of Qatar of the one part and QATAR PETROLEUM COMPANY LIMITED (hereinafter called "the Company") which expression where requisite includes its assigns) represented by William John Selwyn Douglas Cole of the other part.

WHEREAS

1. The Company owns a refinery in Umm Said (hereinafter defined and referred to as "the Topping Plant") constructed by virtue of the rights contained in Article Sixth of this Amended Convention.
2. The Government desires to purchase the Topping Plant from the Company and to enter into the further arrangements with the Company hereinafter described.

NOW IT IS AGREED between the Government and the Company as following :-

ARTICLE 1

IN this Agreement : —

- (a) "This Agreement" means and includes this agreement and all the Schedules attached hereto and the Lloyds Certificates referred to in Article 3.
- (b) "Delivery Date" means the first day of October 1968 corresponding to the ninth day of Rajab 1388 on which this Agreement shall become effective.
- (c) "The Qatar Supplemental Agreement" means the Agreement made between the parties hereto dated 31st December 1964.

"the Qatar Agreements" shall have the meaning assigned to that expression in the Qatar Supplemental Agreement.

any expression used to which a specific meaning has been assigned in any of the Qatar Agreements shall have the same meaning unless the context otherwise requires.

"Quarterly Payment Date" means the date on which Convention payments in respect of a quarter are due to be made under the Amended Convention.

ARTICLE 2

- (1) The Company hereby agrees to sell to the Government at the price set out in paragraph (2) below all its right, title and interest in
 - (a) The Topping Plant defined in the Schedule (No. 1) hereto ;
 - (b) the Company's stock of spares as at the Delivery Date for use in and in connection with the Topping Plant ;
 - (c) the tanker lorries listed in the Schedule (No.2) hereto ;
 - (d) the stock of products and crude oil in the tanks at the Topping Plant on the Delivery Date.
- (2) The Price is the aggregate of the following :
 - (a) £ 25,000 ;
 - (b) the cost to the Company of the five new tractors ordered by the Company and set out in the Schedule (No. 2) hereto ;
 - (c) the value of the stock of products and crude oil referred to in paragraph (1) (d) above at the respective Prices set out in the schedule (No. 3) herto.
- (3) Payment of the Price by the Government shall be made in sterling in London within seven days after the Delivery Date or at the Company's option payment of the price shall be effected by way of set off against any sums payable or to be advanced by the Company to the Government on the quarterly payment date next after the Delivery Date.

ARTICLE 3

- (1) On the Delivery Date
 - (a) the Company will hand over to the Government possession of the Topping Plant together with the other assets referred to in sub-paragraphs (b), (c) and (d) of paragraph (1) of Article 2 together with all relevant maps and documents including all current Lloyd's Certificates.
 - (b) the Government will assume full responsibility for the Topping Plant together with the other assets referred to in sub-paragraphs (b), (c) and (d) of paragraph (1) of Article 2 in the state and condition in which the Topping Plant and such other assets then are and the Government shall have no claim against the Company for any matter or thing arising out of such state or condition or otherwise after the Delivery Date.
 - (c) the Company shall be deemed to have relinquished its rights under the Qatar Agreements to the use of the land on which the Topping Plant is situated and certain other additional land all of which land is shown on the map being part of Schedule (No. 1) and coloured pink.
 - (d) the Company will forthwith give notice of termination to Shell Markets (Middle East) limited under Clause 1 of the shell Contract.
 - (e) the Company will execute an assignment to the Government of the Company's rights and obligations under the Shell Contract subject to such amendments thereto as may have been agreed between the Government and Shell Markets (Middle East) Limited.
- (2) For the purposes of this Article the "shell Contract" means and includes the Contract dated 28th January 1959 and made between the Company and the shell Company of South East Arabia Limited (now known as Shell Markets (Middle East) Limited), Letter No. 91 of 3rd March 1963 addressed by Shell Markets (Middle East) Limited to the Company, Letter of 10th April 1963 addressed by Shell Markets (Middle East) Limited to the Company, Letter No.

265 of 29th September 1964 addressed by Shell Markets (Middle East) Limited to the Company, Letter No. 417 of 24th October 1964 addressed by Shell Markets (Middle East) Limited to the Company, Letter No. PO/8/1 of 3rd January 1965 addressed by the Company to Shell Markets (Middle East) Limited, Letter No. 3093 of 4th December 1967 addressed by Shell Markets (Middle East) Limited to the Company and Letter No. PO/8/436 of 9th December 1967 addressed by the Company to Shell Markets (Middle East) Limited and any other Letters or amendments relating to the Shell Contract.

ARTICLE 4

At the date hereof the Company employs, in connection with the operation of the Topping Plant and distribution of products the employees whose names are set out in a list agreed and signed for identification by the parties hereto. As agreed with the Government the Company will on the Delivery Date discharge the said employees in accordance with the Qatar Labour Law No. 3 of 1962 as amended to the date hereof and upon such discharge taking effect the Government undertakes to offer employment to the said employees.

ARTICLE 5

- (1) Subject always to the operational requirements of the Company, it will, for a period of one year from the Delivery Date, at the request from time to time of the Government provides such technical advice as may be available from within the Company resources in Qatar on the maintenance and the arrangements required to be made for the next biennial overhaul of the Topping Plant but excluding the actual overhaul itself.
- (2) The spares which have been ordered by the Company for the purpose of maintenance of the Topping Plant, will be handed over to the Government free of charge as and when they are delivered by the various suppliers.

ARTICLE 6

- (1) As from the Delivery Date and for as long as the Company continues to export from Qatar crude oil produced by the

Company in Qatar and subject to the conditions set out in this Agreement the Company will

- (a) make available crude oil produced by the Company in Qatar for sale to the Government for its internal crude requirements and
- (b) accept delivery of surplus products arising from the refining of such crude oil.
- (2) For the purposes of this Agreement
- (a) "internal crude requirements" for any year means the quantity of crude oil required for processing in Qatar for that year by reason of Qatar's requirements of refined products for internal consumption (which expression excludes use as bunkers in ocean-going vessels other than Qatari vessels or as fuel for aircraft other than Qatari aircraft) but not exceeding 150 000 tons or such greater quantity as may be agreed between the Government and the Company having regard to the growth of the market in Qatar for refined products for internal consumption.
- (b) "surplus products" means all liquid products surplus to Qatar's requirements of refined products for internal consumption that may arise or accumulate as a result of the processing of crude oil in Qatar for the purpose of meeting such requirements.
- (c) "net internal crude requirements" for any year means internal crude requirements for that year less the quantity for that year of surplus products.
- (d) "the Company's share" in relation to surplus products in any month means the proportion of surplus products which the quantity of crude oil delivered in that month by the Company to the Topping Plant bears to the total quantity of crude oil delivered in that month to the Topping Plant from all sources.
- (e) "excess surplus products" means the quantity if any of the Company's share of surplus products delivered to the Company under paragraph (7) of this Article in excess of an average rate

of 130 tons (or such other quantity as may hereafter be agreed between the Government and the Company) per day for any calendar month.

The Government shall give notice in writing to the Company forthwith in respect of the year 1968 and not later than 30th June in the year 1968 and in each subsequent year of its best estimate of the internal crude requirements for the next following year.

The purchase price per ton of net internal crude requirements purchased by the Government from the Company shall be as follows:—

- (a) for quantities purchased in any year up to but not exceeding 75,000 tons of the net internal crude requirements for that year a price per ton to be ascertained by dividing the total of all costs and expenses of the Company for the year concerned.

(determined pursuant to paragraph (c) (i) of Article 4 of the Qatar 1952 Agreement but excluding Royalty and any credit falling to be given under paragraph (I) (b) of Article 8 hereof arising from the supply of crude oil to the Topping Plant under this Agreement) by the aggregate of the number of tons of Exported Oil for such year and the number of tons of net internal crude requirements purchased by the Government from the Company in such year and adding thereto the sum of one shilling and three pence ;

- (b) for quantities purchased in any year in excess of the quantity specified in paragraph (a) above the price referred to in Article 4 (b) of the Qatar Supplemental Agreement less a sum equal to twelve and one half per cent of the amount in sterling of the posted price of such oil. For the purposes of this subparagraph (b) the border value, the allowance and the twelve and one half per cent of posted price shall be weighted averages respectively of the border values, the allowances and the twelve and one half per cent of posted prices applicable to exported oil for the quarter in which such quantities are delivered to the Topping Plant.

- (5) The Government shall pay to the Company in respect of each ton of excess surplus products a sum equal to the price referred to in paragraph (4) (a) of this Article.
- (6) Internal crude requirements or any part thereof delivered under this Agreement shall be refined entirely within Qatar and the products resulting from such refining (other than surplus products delivered of which has been accepted by the Company under paragraph (7) of this Article) shall be used entirely for internal consumption in Qatar. Notwithstanding any other provisions of this Agreement if any products from internal crude requirements delivered hereunder are used other than for internal consumption in Qatar the quantity of internal crude requirements required to produce such products shall be paid for at the price mentioned in paragraph (4) (b) of this Article.
- (7) Provided that :
- (a) surplus products are of such a quality that if mixed with crude oil produced by the Company and exported they will not affect the marketability of such oil.
- (b) such surplus products contain no leaded gasoline the Company will accept delivery from the Government of the Company's share of surplus products. All surplus products so accepted by the Company and exported from Qatar whether in association with any other substances or otherwise shall for all purposes of the Qatar Agreements and the Qatar Supplemental Agreement and this Agreement be deemed to be Exported Oil.

ARTICLE 7

(1) Crude oil delivered to the Government under this Agreement shall be delivered and measured at Point X. Surplus products delivered to the Company under this Agreement shall be delivered and measured at point Y. Point X and point Y shall be the points respectively so marked on the plant included in the Schedule (No. 1) hereto or such other points as may from time to time be agreed between the parties.

- (a) Crude oil delivered to the Government shall be of the quality from time to time being produced by the Company.
- (b) Ownership and control of crude oil delivered to the Government and all responsibility and liability in respect of it shall pass to and be assumed by the Government at point X.
- (c) The Government shall take delivery of crude oil hereunder as nearly as practicable evenly over the year but the Government's right to buy crude oil shall not be cumulative from year to year and any part of internal crude requirements for any one year, which for any reason other than the wilful default of the Company is not delivered in that year shall not be the subject of any claim.
- Ownership and control of surplus products delivered to the Company and all responsibility and liability in respect of them shall pass to and be assumed by the Company at Point Y.
- For any period the quantity of crude oil measured at Point X less the quantity of surplus products measured at Point Y shall constitute that quantity of net internal crude requirements purchased from the Company by the Government for that period.

ARTICLE 8

In determining the total of all costs and expenses of the Company for 1967 and each year thereafter for the purposes of the Qatar Agreements and the Qatar Supplemental Agreement.

- (a) all costs and expenses incurred by the Company in connection with its operations under this Agreement shall be deemed to be attributable to the operations of the Company in Qatar for the purposes of producing and exporting therefrom crude oil and,
- (b) credit shall be given in accordance with the method of commercial accounting regularly employed by the Company for all moneys received by the Company from the Government in pursuance of this Agreement.
- Provisional and financial statements for each year concerning the Lifting Plant shall be submitted on the same dates on which

provisional and final tonnage statements are submitted under Article 5 of the Qatar 1952 Agreement.

ARTICLE 9

Payment of provisional amounts (being the Company's best estimate thereof) in respect of crude oil delivered to the Government and excess surplus products (if any) accepted by the Company under this Agreement during any quarter shall be effected by way of set off against any sums payable or to be advanced by the Company to the Government in respect of that quarter under the Qatar Agreement and the Qatar supplemental Agreement. Payment or repayment of any difference between the provisional amounts charged during any quarter and the final amounts of the year shall be effected by way of set off against or addition to, as the case may require, any sums payable or to be advanced by the Company to the Government in the Quarter next following the ascertainment of the final price for that year under paragraph (4) (a) of Article 6.

ARTICLE 10

The Government will supply the Company with any products of the quality from time to time available in Qatar which the Company may order for the purposes of its own operations in Qatar. The prices and terms of supply for any such products ex Government depot shall be agreed between the Government and the Company and shall be no less favourable than those applicable to other commercial purchasers of such products in bulk. For so long as the Government operates a delivery service for such products and if the Company shall request the Government to deliver any such products to delivery points specified by the Company the charge for such delivery shall be on an economic basis and shall be no less favourable than those charged generally to other commercial purchasers of such products in bulk. If the Government shall decide to discontinue its delivery service for such products the Government will give not less than twelve months notice in writing to the Company to enable the Company to make their arrangements for delivery.

ARTICLE 11

For so long as the Company provides a supply of water and electricity for its own operations at Ummsaid and has available a least surplus the Company will out of such surplus supply water and electricity to the Topping plant at the cost to the Government. If the Company shall decide to discontinue supply of water or electricity for its own operations at Umm Said the Company will give not less than twelve months notice in writing to the Government to enable the Government to make arrangements for its own supply. Payment of any sums payable by the Government to the Company for the above or any other sums provided in any quarter shall be effected by way of set off against any sums payable or to be advanced by the Company to the Government in respect of that quarter.

ARTICLE 12

As from the Delivery Date any obligations of the Company existing immediately prior to that date to supply or distribute refined products from the Topping Plant or otherwise shall cease and the only obligations of the Company thereafter in relation thereto and in relation to supply of crude oil for the purpose of producing refined products and to supply of water, electricity or any other services required for the Topping Plant and the personnel employed in any way in connection therewith shall be those set forth in this Agreement.

Except as expressly amended by this Agreement the rights and obligations of the Government and the Company under the Qatar Agreements and the Qatar Supplemental Agreement shall continue in full force and effect.

ARTICLE 13

The Government hereby guarantees payment to the Company by the purchasers, whose names and addresses are set out in the schedule (No. 4) hereto, of the current debts outstanding at the Delivery Date to the Company (after taking into account any deposits by such purchasers than by the Company) for supplies of products to such purchasers up to that date.

provisional and final tonnage statements are submitted under Article 5 of the Qatar 1952 Agreement.

ARTICLE 9

Payment of provisional amounts (being the Company's estimate thereof) in respect of crude oil delivered to the Government in excess surplus products (if any) accepted by the Company under this Agreement during any quarter shall be effected by way of set off against any sums payable or to be advanced by the Company to the Government in respect of that quarter under the Qatar Agreement and the Qatar supplemental Agreement. Payment or repayment of the difference between the provisional amounts charged during any quarter and the final amounts of the year shall be effected by way of set off against or addition to, as the case may require, any sums payable or to be advanced by the Company to the Government in the Quarter next following the ascertainment of the final price for that year under paragraph (4) of Article 6.

ARTICLE 10

The Government will supply the Company with any products of the quality from time to time available in Qatar which the Company may order for the purposes of its own operations in Qatar. The prices and terms of supply for any such products ex Government depot shall be agreed between the Government and the Company and shall be as favourable as those applicable to other commercial purchasers of such products in bulk. For so long as the Government operates a delivery service for such products and if the Company shall request the Government to deliver any such products to delivery points specified by the Company, the charge for such delivery shall be on an economic basis and shall be as favourable as those charged generally to other commercial purchasers of such products in bulk. If the Government shall decide to discontinue its delivery service for such products the Government will give not less than twelve months notice in writing to the Company to enable the Company to make their arrangements for delivery.

ARTICLE 11

For so long as the Company provides a supply of water and electricity for its own operations at Ummsaid and has available a sufficient surplus the Company will out of such surplus supply water and electricity to the Topping plant at the cost to the Government. If the Company shall decide to discontinue supply of water or electricity for its own operations at Umm Said the Company will give not less than twelve months notice in writing to the Government to enable the Government to make arrangements for its own supply. Payment of any sums payable by the Government to the Company for the above or any other services provided in any quarter shall be effected by way of set off against any sums payable or to be advanced by the Company to the Government in respect of that quarter.

ARTICLE 12

As from the Delivery Date any obligations of the Company existing immediately prior to that date to supply or distribute refined products from the Topping Plant or otherwise shall cease and the only obligations of the Company thereafter in relation thereto and in relation to supply of crude oil for the purpose of producing refined products and to supply of water, electricity or any other services required for the Topping Plant and the personnel employed in any way in connection therewith shall be those set forth in this Agreement.

Except as expressly amended by this Agreement the rights and obligations of the Government and the Company under the Qatar Agreements and the Qatar Supplemental Agreement shall continue in full force and effect.

ARTICLE 13

The Government hereby guarantees payment to the Company by the purchasers, whose names and addresses are set out in the schedule (No. 4) hereto, of the current debts outstanding at the Delivery Date to the Company (after taking into account any deposits by such purchasers than by the Company) for supplies of products to such purchasers up to that date.

- (2) If and to the extent that such debts shall not have been paid to the Company at 31st December 1968 such debts or the part thereof then remaining outstanding shall be payable to the Company by the Government and such payment shall be effected by way of set off against any sums payable or to be advanced by the company to the Government on the quarterly payment date next after the 31st December, 1968.

ARTICLE 14

Neither party shall be responsible for any failure to fulfil any obligations under this Agreement if fulfilment has been hindered, interfered with or prevented by force majeure.

ARTICLE 15

All matters required for the implementations of this Agreement and not hereinbefore specifically provided for shall be determined in such manner as the Government and the Company may from time to time agree.

ARTICLE 16

Any dispute or difference between the Government and the Company concerning the interpretation of this Agreement or anything therein contained or connected therewith or any of the rights or liabilities thereunder shall failing agreement to settle it in any other way be decided by arbitration in accordance with the provisions of paragraph 1 and 2 of Article 11 of the Qatar supplemental Agreement.

ARTICLE 17

This Agreement shall be ratified by a decree of His Highness the Ruler of Qatar and shall become effective on the date on which such decree is published in the Official Gazette, of the State of Qatar.

IN WITNESS whereof the representatives of the parties have hereunto set their hands on the day and in the year mentioned in the preamble.

For and behalf of
THE GOVERNMENT OF QATAR :

KHALIFA BIN HAMAD

Witness :

ALI JAIDAH

For and on behalf of
QATAR PETROLEUM COMPANY LIMITED

W. J. S. D. COLE

Witness :

T. W. RUSSELL

SCHEDULE 1

Capacity of Topping Plant

- The Topping Plant is situated at Ummsaid and has a desingeing input capacity of 24,000 Imperial Gallons of Crude Oil per day.
- Production figures for 1965 and 1966 were as following :

	<u>1965</u>	<u>1966</u>
	<u>Average Daily</u>	<u>Average Daily</u>
	<u>Figure</u>	<u>Figure</u>
	<u>Imperial Gall.</u>	<u>Imperial Gall.</u>
Crude Input	24,599	23,489
Products : Standard Petrol	6,623	6,286
Kerosene	3,635	3,781
Gas Oil	5,750	5,209
Residue	7,361	7,042
Distillation Loss (assumed)	5%	5%

- Products are refined to the following specifications :

Standard Petrol :	Specific Gravity (average). 7004
Kerosene :	Flash Point (Minimum) 110° — 116°C
Gas Oil :	Flash Point (Minimum) 154° — 160°C

Flow Diagram.

- The Topping Plant operates in accordance with the process flow sheet, a copy of which is attached hereto - Drawing Number QD 2798 (Process Flow Sheet).

Topping Plant.

- The Topping Plant comprises the assets as listed and which are contained within the fenced area designated A, A1, A2, A3, A4, C, D, E, F, G, H, I, J, K, on Map Number SD-168, a copy of which is attached.

assets are :

- | | | |
|------------------------------|---|---|
| Office | : | Building of supalite construction size 18'x36' complete with Staff lavatory accommodation. |
| Tool Shop/Store | : | Two numbers steel framed C.G.I. sheeted buildings each 8'X10' |
| Smoking Shelter | : | Steel pipe framed C.G.I. sheeted building, 10'X15' |
| Police Gate House | : | Concrete block building 10'X8' |
| Pyrene Foam Trailer House | : | Pipe framed C.G.I. sheeted building 15'X8' |
| T.E.L. Compound | : | Drum storage elevated based complete with fenced surround |
| Oil/Water Separator Chambers | : | Concrete chambers - one size 25' X10' and one size 8'X5' |
| Pump | : | Worthington-simpson Drain Pump |
| Crude Oil Blowdown Tank | : | Locally fabricated steel ground tank size 4'X4'X6' |
| Soak Pits | : | Water soak-away pits |
| Fresh water Ground Tank | : | Boiler feed water tank, cylindrical 5'0' diameter and 15'0' long. |
| Boiler House | : | Steel framed building with R.P.M. roof 15'X25' containing two numbers Cradley vertical boilers and ancillary equipment. |
| Elevated Fuel Tank | : | Galvanised iron storage tank 4'0" x4'0"X4'0" for boiler fuel |
| Condenser Towers | : | One number Fin Fan products cooler and one number solo-Aire gasoline cooler, both tower mounted |
| Tube still | : | Vertical cylindrical tube still 82" high overall |

SCHEDULE 1

Capacity of Topping Plant

1. The Topping Plant is situated at Ummsaid and has a design input capacity of 24,000 Imperial Gallons of Crude Oil per day.

2. Production figures for 1965 and 1966 were as following :

	<u>1965</u>	<u>1966</u>
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3. Products are refined to the following specifications :

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Kerosene :	Flash Point (Minimum) 110° — 116°C
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Flow Diagram.

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Topping Plant.

5. The Topping Plant comprises the assets as listed and which are contained within the fenced area designated A, A1, A2, A3, A4, C, D, E, F, G, H, I, J, K, on Map Number SD-168, a copy of which is attached.

These assets are :

- | | | |
|----------------------------------|---|---|
| (a) Office | : | Building of supalite construction size 18'x36' complete with Staff lavatory accommodation. |
| (b) Tool Shop/Store | : | Two numbers steel framed C.G.I sheeted buildings each 8'X10' |
| (c) Smoking Shelter | : | Steel pipe framed C.G.I. sheeted building, 10'X15' |
| (d) Police Gate House | : | Concrete block building 10'X8' |
| (e) Pyrene Foam Trailer House | : | Pipe framed C.G.I. sheeted building 15'X8' |
| (f) T.E.L. Compound | : | Drum storage elevated based complete with fenced surround |
| (g) Oil/Water Separator Chambers | : | Concrete chambers - one size 25' X10' and one size 8'X5' |
| (h) Pump | : | Worthington-simposon Drain Pump |
| (i) Crude Oil Blowdown Tank | : | Locally fabricated steel ground tank size 4'X4'X6' |
| (J) Soak Pits | : | Water soak-away pits |
| (k) Fresh water Ground Tank | : | Boiler feed water tank, cylindrical 5'0" diameter and 15'0" long. |
| (l) Boiler House | : | Steel framed building with R.P.M. roof 15'X25' containing two numbers Cradley vertical boilers and ancillary equipment. |
| (m) Elevated Fuel Tank | : | Galvanised iron storage tank 4'0" x4'0"X4'0" for boiler fuel |
| (n) Condenser Towers | : | One number Fin Fan products cooler and one number solo-Aire gasoline cooler, both tower mounted |
| (o) Tube still | : | Vertical cylindrical tube still 82" high overall |

- (p) Fractionation column : Vertical cylindrical column 72'0" high overall
- (q) Shelter for pressure and Temperature Charts : Two numbers steel framed and C.G.I. sheeted shelters.
- (r) Pump House : Steel framed building 25'x75' with corrugated asbestos sheet cladding containing 9 Nos. products pumps, 2 Nos. water circulating pumps, 2 Nos. air compressors, one number vertical air receiver, main electrical switchgear and other ancillaries.
- (s) T.E.L. Building : Concrete block building with expanded metal and angle framing sections, size overall 36'x20' complete with T.E.L. circulating pumps.
- (t) Latrine : Monthly Rate/Daily Rate latrine size 10'x7'
- (u) Run down tanks : Two number Kerosene run down tanks each cylindrical 5' diameter and 15' long.
- (v) Storage Tanks : Four numbers 25' diameter and 18' high one number 25' diameter and 24' high and one number 15' diameter and 18' high. All for products storage.
- (w) Loading Pump House : Steel framed building with C.G.I. sheeted roof and concrete blocks to two sides, size 35'x15' containing two centrifugal and one ram pump for products loading.
- (x) Loading Ramp : Concrete ramp and platform for drum handling.
- (y) Crude Oil/Water Separator : Locally constructed water knock-out vessel.

Services Consumption Figures

6. The estimated average Topping Plant services consumption figures for 1967 were :
- | | |
|-------------|--------------------------|
| Electricity | : 1,000 K. W. H. per day |
| Water | : 1,000 gallons per day. |

SCHEDULE 2

NEW TRACTORS

	<u>Registration No.</u>
Bedford KFA 3	8792
"	8793
"	8794
"	8834
"	8841

TANKER LORRIES

(a) Tractors	<u>Registration No.</u>
Bedford KFA3	2238
"	2295
"	2325
"	2398
"	2491
"	2535
"	2537
"	2557
"	2590
"	2735
"	15192

(b) Trailers

	<u>Fleet No.</u>
Crane tankers 2,000 gallons	3/31/20
"	21
"	22
"	23
"	37
"	38
"	39
"	40
"	1/30/37

SCHEDULE 3

PRICE
(Pence per imperial Gallon)

Standard Petrol	10.634
Gas Oil	9.796
Kerosene	7.535
	(Shillings per ton)
Crude Oil	10/3d.

SCHEDULE 4

Messrs. Omar Ismail Al Dafa,
P. O. Box 417,
DOHA.

Messrs. Ibrahim Bin Yousf Jaidah & Sons,
Post Box No : 150,
DOHA,

Messrs. Nasir Bin Khalid & Ali Bin Ali,
Post Box No : 75
DOHA,

Messrs. Abdullah Abdulghani & Bros.,
Post Box No : 111,
DOHA,

Sayyid Khalifa Bin Abdullah Al Attiyah,
Post Box No : 221,
DOHA.

Messrs. Kassem & Abdullah Sons of Darwish Fakhro,
Post Box No : 71,
DOHA.

Sayyid Qasem Muhammad Al Musallam,
Post Box No : 357,
DOHA.

Sayyid Mohd, Abdullah Al Atiyah,
Post Box No : 152,
DOHA.

Shaikh. Abdullah Bin Thani Al Thani ,
Post Box No : 858,
DOHA.

LIST OF EMPLOYEES

EMPLOYEE No.	NAME	DESIGN-ATION	GRADE	SERV-ICE	CLS / GROSS PAY	REM. ARKS
Eng Group						
1236	N.S. Kadner (Ind)	Senior Foreman	15	12-0	1750.00	
1238	Imtias Andnad (Pak)	Shift Foreman	13	12-9	1433.00	
1229	A. Balawelayadam (Ind)	Shift Foreman	13	9-5	1410.00	
1725	Ahmed Mohd A/Rehman	Shift Foreman	13	11-11	1343.00	
						H.O.S. Member
1775	Almaş Said Faraj	Shift Foreman	13	13-5	1183.00	
						H.O.S. Member
1703	Abdulla Mohd. Amin	Shift Foreman (Trainee)	12	17-6	1235.00	
2905	Bital Saleh	Shift Foreman (Trainee)	IV	13-11	28.25	
1985	Khalifa Eid	Handyman	11	11-6	24.80	
2091	Khamis Ali	Handyman	11	14-5	24.75	
1709	Mohd. Sultan	Handyman	11	13-1	24.75	
1955	Hamdan Sultan	Handyman	II	14-2	24.80	
1045	Rabia Rashid	Handyman	II	15-6	24.70	
						H.O.S. Applicant
1802	Yousuf Haji Mohd.	Handyman	II	15-2	24.80	
1764	Abdulla Hamad	Handyman	II	14-7	24.75	
11547	Jassim Yousuf Mohd.	Handyman	II	9-10	24.00	
12083	Hussain Mohd. Taleb	Handyman	II	8-2	24.40	
12203	Almas Hassan	Handyman	II	7-3	23.75	
2084	Said Ali Rashid	Handyman	II	16-11	25.40	
2007	Salim Mohd. Rashid	Handyman	II	19-0	25.40	
						H.O.S. Applicant
1058	Khamis Harib Saad	Handyman	II	9-4	23.65	
2020	Ali Abdulla Shaib	Handyman	II	19-11	24.80	

13th May, 1968

QM/QD. No.	N A M E	DESIGN- ATION	GRADE	SERV- ICE	CLS/ GROSS PAY	REM- ARKS
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SUPPORT

10655	Mohd. Sultan	Trainee Fitter	III	12-1	26.50	
1493	Issa Thani Abbas	Trainee Fitter	IV	20-0	28.25	

SECOND GROUP

172	Yousef Mohd.	Fuel Dist. Clerk	12	15-11	1235.00	
1447	Abdul Rehman Mousa	M.T.Driver	IV	18-8	30.50	
2646	Sa'ad Sabt	M.T.Driver	V	18-2	32.50	
6190	Jassim Aylan	M.T.Driver	IV	16-4	29.25	
						H.O.S. Member
6967	Hamad Eid Mohd.	M.T.Driver	IV	17-4	30.50	
8498	Woolied Saleh	M.T.Driver	IV	11-3	28.05	
9249	Mohd. Hamad Ghâith	Ghaith M.T.	IV	13-10	29.25	
						H.O.S. Applicant
9915	Jamal Mohd. Hassan	M.T.Driver	IV	12-11	28.40	
						H.O.S. Member
7277	Mohd. Abdullah	M.T.Driver	VI	19-11	37.75	
2798	Khalifa Khamis	M.T.Driver	IV	15-0	28.50	

SUPPORT

4601	Salim Murshid	M.T. Fitter	IV	15-1	28.15	
1831	Mahmoud Yousef	Car Washer	II	20-0	25.40	

(Sgd.) KHALIFA

(Sgd.) W. J. S. D. COLE

His Highness the Minister of Finance,
Petroleum Affairs Department,
Government of Qatar,
Doha.

Dear Sir,

Greetings,

The following arrangements are agreed between the Government and the Company in relation to the Company's road from Doha to Umm Al-Qura via Wakrah :

The Government shall assume responsibility within effect from the date of this letter for the maintenance of that section of road between Umm Al-Qura and the Government highway running south from Doha past the International Airport and a point at the Southern boundary of Umm Al-Qura which is to be agreed between the Government and the Company).

Please accept our highest respects.

For QATAR PETROLEUM COMPANY LIMITED

CHIEF REPRESENTATIVE/GENERAL MANAGER

cc. Terminal Superintendent, UMM SAID

13th May, 1968

QM/QD. No.	N A M E	DESIGN- ATION	GRADE	SERV. ICE	CLS. GROSS PAY
SUPPORT					
10655	Mohd. Sultan	Trainee Fitter	III	12-1	26.50
1493	Issa Thani Abbas	Trainee Fitter	IV	20-0	28.25
SECOND GROUP					
172	Yousef Mohd.	Fuel Dist. Clerk	12	15-11	1235.00
1447	Abdul Rehman Mousa	M.T.Driver	IV	18-8	30.50
2646	Sa'ad Sabt	M.T.Driver	V	18-2	32.50
6190	Jassim Ajlan	M.T.Driver	IV	16-4	29.25
				H.O.S. Me	
6967	Hamad Eid Mohd.	M.T.Driver	IV	17-4	30.50
8498	Woolied Saleh	M.T.Driver	IV	11-3	28.05
9249	Mohd. Hamad Ghaith	Ghaith M.T.	IV	13-10	29.25
				H.O.S. Appr.	
9915	Jamal Mohd. Hassan	M.T.Driver	IV	12-11	28.40
				H.O.S. Me	
7277	Mohd. Abdullah	M.T.Driver	VI	19-11	37.75
2798	Khalifa Khamis	M.T.Driver	IV	15-0	28.50
SUPPORT					
4601	Salim Murshid	M.T. Fitter	IV	15-1	28.15
1831	Mahmoud Yousef	Car Washer	II	20-0	25.40

(Sgd.) KHALIFA

(Sgd.) W. J. S. D. COLE

TO:3/44

His Highness the Minister of Finance,
(Petroleum Affairs Department),
Government of Qatar,
DOHA.

Your Highness,

After Greetings,

The following arrangements are agreed between the Government and the Company in relation to the Company's road from Doha to Umm Said Via Wakrah :

The Government shall assume responsibility within effect from the date of this letter for the maintenance of that section of road between the end of the Government highway running south from Doha past the Doha International Airport and a point at the Southern boundary of wakrah (to be agreed between the Government and the Company).

Please accept our highest respects.

For QATAR PETROLEUM COMPANY LIMITED

CHIEF REPRESENTATIVE/GENERAL MANAGER

b.c.c. Terminal Superintendent, UMM SAID

TO/3/43

13th May, 1968

His Highness the Minister of Finance,
(Petroleum Affairs Department)
Government of Qatar,
DOHA.

Your Highness,
After greetings,

The following arrangements are agreed between the Company and the Government in relation to the measurement of crude oil delivered to the Topping plant and of surplus products delivered to the Company :—

1. Both liquids will be voluntarily measured by A.O. Smith rotary positive displacement flowmeters compensated for temperature to measure imperial gallons at 60°F. and having a repeatability of 0.1% of the manufacturers accepted calibrated correction factor.
2. The volume of deliveries and return will be converted to tons avoirdupois by using the monthly average weighted gravity i.e. the average gravity of 60°F of all crude oil exported in any one month.
3. Measurement shall take place at 0400 GMT (Corresponding to 0800 hours Doha local time) on the first day of each month. Please accept our highest respects.

for QATAR PETROLEUM COMPANY LIMITED

CHIEF REPRESENTATIVE/GENERAL MANAGER

b.c.c. Terminal Superintendent, UMM SAID

13th May, 1968

His Highness the Minister of Finance,
(Petroleum Affairs Department),
Government of Qatar,
DOHA.

Your Highness,

After greetings,

The following arrangements are agreed between the Government and the Company in relation to the supply of fresh water to the Topping Plant :—

Water supplied shall be measured by standard water meter supplied and installed by the Company.

Measurements shall take place at 0400 GMT (corresponding to 0800 hours Doha local time) on the first day of each month.

As soon as practicable after the reading of the water meter the Company shall deliver to the Government an account in writing showing the amount of water supplied to the Topping Plant during the preceding month and the cost thereof to the Company.

Payment by the Government for the water shall be at the cost to the Company and shall not be less favourable than that charged to other non-Company users.

The Government shall grant to the Company a wayleave for its existing water pipe which passes through the existing Topping Plant area.

Please accept our highest respects.

For QATAR PETROLEUM COMPANY LIMITED

Sgd. W. J. S. D. COLE

CHIEF REPRESENTATIVE/GENERAL MANAGER

b.c.c. Terminal Superintendent, UMMSAID
Head of Finances, UMMSAID .

TO/3/43

13th May, 1968

His Highness the Minister of Finance,
(Petroleum Affairs Department)
Government of Qatar,
DOHA.

Your Highness,
After greetings,

The following arrangements are agreed between the Company and the Government in relation to the measurement of crude oil delivered to the Topping plant and of surplus products delivered to the Company :-

1. Both liquids will be voluntarily measured by A.O. Smith rotary positive displacement flowmeters compensated for temperature to measure imperial gallons at 60°F. and having a repeatability of 0.1% of the manufacturers accepted calibrated correction factor.
2. The volume of deliveries and return will be converted to net avoidpouis by using the monthly average weighted gravity and the average gravity of 60°F of all crude oil exported in any one month.
3. Measurement shall take place at 0400 GMT (Corresponding to 0800 hours Doha local time) on the first day of each month. Please accept our highest respects.

for QATAR PETROLEUM COMPANY LIMITED

CHIEF REPRESENTATIVE/GENERAL MANAGER

b.c.c. Terminal Superintendent, UMM SAID

13th May, 1968

TO/3/45

His Highness the Minister of Finance,
(Petroleum Affairs Department),
Government of Qatar
DOHA.

Your Highness,
After greetings,

The following arrangements are agreed between the Government and the Company in relation to the supply of fresh water to the Topping Plant : -

1. Water supplied shall be measured by standard water meter supplied and installed by the Company.
2. Measurements shall take place at 0400 GMT (corresponding to 0800 hours Doha local time) on the first day of each month.
3. As soon as practicable after the reading of the water meter the Company shall deliver to the Government an account in writing showing the amount of water supplied to the Topping Plant during the preceding month and the cost thereof to the Company.
4. Payment by the Government for the water shall be at the cost to the Company and shall not be less favourable than that charged to other non-Company users.
5. The Government shall grant to the Company a wayleave for its existing water pipe which passes through the existing Topping Plant area.

Please accept our highest respects.

For QATAR PETROLEUM COMPANY LIMITED
Sgd. W. J. S. D. COLE
CHIEF REPRESENTATIVE/GENERAL MANAGER

b.c.c. Terminal Superintendent, UMMSAID
Head of Finances, UMMSAID .

TO/3/46

13th May, 1968

His Highness the Minister of Finance,
(Petroleum Affairs Department),
Government of Qatar,
DOHA.

Your Highness,
After Greetings,

The following arrangements are agreed between the Government and the Company in relation to Company employees who are members or applicants of the Q.P.C. Home Ownership Scheme to be transferred to Government service with the Topping Plant and product distribution facilities : —

1. The Company will deduct from the outstanding loan owed to the Company by the employee on the date of the termination of his services with the Company, an amount consisting of the aggregate of the E.S.B. Payment due to the employee on that date and a Company subsidy equal to 25% of such E.S.B. payment.
2. The Government will then pay to the Company the balance of the Company loan remaining after (1) above has been applied less a further Company subsidy equal to 20% of such balance. Payment shall be made at the time and in the manner provided in paragraph (3) of Article 2 of the Topping Plant Agreement.
3. The Company will assign to the Government the Title Deeds of the property consisting of the Land Allocation Drawing and Building Licence and thereafter the Company's rights and obligations under the Q.P.C. Home Ownership Scheme in respect of the employee shall cease except as provided for in paragraph (4) below.
4. Should the employee die within five years from the date of termination by the Company, the Government shall so notify the Company and the Company will repay to the Government the amount owed by the employee to the Government which becomes due on or would become due after the last day of the preceding Gregorian month.

Any applications to join the Q.P.C. Home Ownership Scheme made by employees being transferred to Government service and which have been received and accepted by the Company prior to such transfer will be accepted by the Government as being applications to join the Government housing scheme from the date on which such applications were accepted by the Company.

Please accept our highest respects.

For QATAR PETROLEUM COMPANY LIMITED
Sgd. W. J. S. D. COLE
CHIEF REPRESENTATIVE/GENERAL MANAGER

b.c.c. Senior Assistant (Industrial Relations), UMM SAID
Senior Assistant (Personnel Administration), UMM SAID
Agent, H.O.S., DOHA.
Head of Finance, UMM SAID.

TO/3/47

13th May, 1968

His Highness the Minister of Finance,
(Petroleum Affairs Department),
Government of Qatar,
DOHA.

Your Highness,
After Greeting,

The following arrangements are agreed between the Government and the Company in relation to the supply of electrical energy by the Company to the Topping Plant : —

1. The Government shall take from the Company at the Company's metering point of supply situated in the Ummsaid Terminal Area and not from any other point in the Company's supply system all its requirements of electrical energy and the Company undertakes to deliver to the Government such requirements in the form of three phase alternating current at 50 (fifty) cycles per second and at an approximate voltage of 400 (four hundred) and shall not vary by plus or minus 3% (three per centum) in frequency and plus or minus 6% (six per centum) in voltage provided that these limits may be exceeded for short periods during transient disturbances of the system PROVIDED ALWAYS THAT such requirements do not exceed a maximum demand of 150 (one hundred and fifty) kilovolt Amperes.
2. Should the Government at any time desire to extend the Topping Plant whereby the maximum demand referred to in Clause 1 above becomes insufficient for the satisfactory operation of the Topping Plant the Government shall give to the Company at least six months notice in writing of its intention so to extend and of its estimated maximum future demand and the Company shall use its best endeavours to effect such alterations additions or extensions to the existing distribution system as may be deemed necessary to supply future anticipated maximum demand PROVIDED ALWAYS THAT mutual agreement is reached between the Government and the Company on the liability for payment for such alterations or extensions.

The Government shall pay to the Company for energy supplied at a rate per Kilovolt Ampere Hour, computed by dividing the total monthly payments due to the Government from the Company under the "Final Agreement" entitled "Contract for the supply of Electrical Energy to Qatar Petroleum Company Limited, Doha Qatar" dated 1st February, 1963 by the total number of Kilovolt Ampere Hours supplied by the Government to the Company under that Agreement as registered as entering Umm Said during the month in question through the Company's meters.

The Government shall indemnify and save harmless and defend the Company against all claims, demands, damages or expenses for loss or injury to persons or property in any manner direct or indirectly arising out of or connected with or occurring from the transmission or use of electricity by the Government at and on the Government's side of the boundary fence between the Company tank Farm and the Topping Plant.

The maximum demand of energy and the number of Kilovolt Ampere Hours supplied to the Government shall be measured by means of a three phase summation Kilovolt Ampere Hour meter embodying a maximum demand indicator with half-hour automatic resetting mechanism of a Type agreed by Government and Company technical representatives. The meter shall be supplied by the Company free of charge. All accounts shall normally be made up on the basis of the reading of the meter PROVIDED ALWAYS THAT should the Government and the Company agree to test the accuracy of the meter the Company shall have the meter tested at its own expense and will deduct from or add to the account for the month in which the meter was tested and for the account of the previous month an amount equal to any error. If the meter is found to be accurate to within 3% (three per cent) it shall be deemed to be accurate and no adjustment to the accounts shall be effected whether or not the error exceeds 3% (three per cent) so that the error is reduced to approximately 0% (zero per cent)

6. In the meter will be adjusted on completion of the test event of the meter ceasing to register a charge shall be made as estimated and mutually agreed by technical representatives of the Government and the Company on the basis of the actual consumption under normal working conditions for the three months immediately preceding the date on which the meter ceased to register.
7. The reading of the meter shall be taken by the authorised representatives of the Government and of the Company jointly at 0400 GMT (corresponding to 0800 hours Doha local time) in the first day of each month.
8. The Company shall as soon as practicable after the reading of the meter deliver to the Government an account in writing showing the amount of the maximum demand and the number of Kilovolt Ampere Hours consumed and the provisional total cost of energy supplied to the Government during the preceding month.
9. The Company shall not be responsible in any way for any failure to implement the terms of this letter if such failure is due to any reason whatsoever beyond its control.

Please accept our highest respects.

For QATAR PETROLEUM COMPANY LIMITED
Sgd. W. J. S. D. COLE
CHIEF REPRESENTATIVE/GENERAL MANAGER

b.c.c. Terminal Superintendent, UMM SAID
Head of Finance, UMM SAID.

QATAR 1970 SUPPLEMENTAL AGREEMENT

in sale to 3000 parties

THIS Agreement is made the Twenty First day of October, 1970 corresponding to the Twenty First day of Sha'aban 1390 H BETWEEN THE GOVERNMENT OF QATAR (hereinafter called "the Government") of the one part and QATAR PETROLEUM COMPANY LIMITED (hereinafter called "the Company" which expression where requisite includes its assigns) of the other part.

WHEREBY IT IS AGREED between the Government and the Company as follows :—

ARTICLE 1

In this Agreement

Definitions

- (1) "the 1952 Agreement" means the Agreement between the Ruler of Qatar and the Company (under its then name of Petroleum Development (Qatar) Limited) dated 1st September 1952 and all other Agreements and exchanges of letters in force and affecting the said Agreement other than the Qatar Supplemental Agreement hereinafter defined;
- (2) "the Amended Convention" has the meaning assigned to it in the 1952 Agreement;
- (3) "the Qatar Supplemental Agreement" means the Agreement between the Government and the Company dated 31st December, 1964;
- (4) "the Effective Date" means the first day of January 1970.

ARTICLE 2

As from the Effective Date the 1952 Agreement shall take effect and be read and construed as if the following amendments were made thereto:

Amendments
to 1952
Agreement

(1) In Article 1 thereof:

New
Definitions

(a) The addition of the following definitions:—

- (i) "Natural Gas" means wet gas, dry gas and all other gaseous hydrocarbons produced through oil or gas wells, all liquid hydrocarbons obtained by condensation or extraction from gas, all constituents that exist in gas produced by the Company in Qatar, and the residue gas remaining after extraction of such liquid hydrocarbons and such constituents;
- (ii) "Natural Gas Liquids" (NGL) means all or any liquid hydrocarbons obtained from Natural Gas by condensation or extraction;
- (iii) "Exported NGL" means NGL produced by the Company in Qatar freed from water and foreign substances and exported therefrom;
- (iv) "Dealings in Exported NGL" means dealings in Qatar in Exported NGL or in rights to take delivery thereof;
- (v) "Trading Companies" means and includes any body corporate, other than the Company, having, or whose Parent (as hereinafter defined) has, a direct or indirect shareholding interest in the Company, carrying on or which has carried on a trade or business in Qatar of dealing in crude oil and/or NGL produced by the Company in Qatar or in rights to such crude oil and/or NGL;

- (vi) "Parent" means a body corporate which owns all the voting shares of a Trading Company or one of a number of bodies corporate which together own all the voting shares of a trading Company; and "own" as used in this definition means beneficially own directly or through one or more other companies, for which purpose a company or companies owning or together owning more than 50% of the voting shares of another company shall be deemed to own beneficially through such last mentioned company any shares which such last mentioned company owns beneficially or is deemed by virtue of this present provision to own beneficially;
- (vii) "Realised Value" means the value (expressed in Sterling) of Exported NGL arrived at in accordance with the provisions set out in the additional Schedule hereto less an amount in respect of selling expenses equivalent to one half cent (U.S.) per barrel.

- (b) The addition at the end of the definition of "Qatar Income Tax" of the words "and from Dealings in Exported NGL."

(2) In Article 2 thereof:

- (a) The deletion of paragraph (b) thereof and the substitution therefor of the following paragraph:

"(b) The profits referred to in the preceding paragraph shall in relation to exported oil and Exported NGL for each year be the difference between the aggregate of the Border Values of exported oil and the Realised Values of Exported NGL and the cost of operations for that year."

- (b) The deletion of sub-paragraph (A) (iii) of paragraph (c) and the substitution thereof of the following :

“(iii) a royalty on all Exported NGL (being in lieu of the royalty provided for in paragraph (d) (3) of Article Fourth of the Amended Convention) equal to 12½% of the value of such Exported NGL arrived at in accordance with the provisions set out in the Additional Schedule hereto.”

(3) In Article 4 thereof :

Cost of
Operation

- (a) The deletion in the preamble to paragraph (c) of the words “exported oil” and the substitution thereof of the word “operations.”
- (b) The deletion in paragraph (c) (i) of the words “for period and”, “thereafter” and “for the purpose of producing and exporting therefrom crude oil (freed of water and foreign substances)”.
- (c) The deletion in paragraph (c) (ii) of the words “the initial period and of each year thereafter” and the substitution thereof of the words “each year” and the deletion of the words “for the initial period or year as the case may be.”
- (d) The deletion of sub-paragraph (iii) of paragraph (c) thereof.
- (e) The deletion in sub-paragraph (c) (iv) of the words “Article 7 hereof” and the substitution thereof of “Article 11 of the Qatar Supplemental Agreement”.

“Tonnage”
Statements

4) In Article 5 thereof :

- (a) The deletion in paragraph (a) (i) of the words “quantity of exported oil” and the substitution thereof of the words “quantity of exported oil and the quantities of Exported NGL”;
- (b) The deletion in paragraph (a) (i) of the words “on exported oil for which purpose the cost of such exported oil” and the substitution thereof of the words “on exported oil and on Exported NGL for which purpose the cost of operations and the Realised Value”;
- (c) The deletion in paragraph (a) (ii) of the words “the cost of the exported oil” and the substitution thereof of the words “the cost of operations”.
- (5) The addition of the following Schedule solely for the purpose of calculating the value of Exported NGL :

THE ADDITIONAL SCHEDULE referred to

1. For the purposes of this Schedule :

- (i) “Affiliate” in relation to a Trading Company means and includes any body corporate
- (a) which owns more than 50 per cent of the voting shares of that Trading Company, or
- (b) more than 50 per cent of the voting shares of which are owned by the Trading Company or by the Parent of that Trading Company.

The words “own” and “Parent” as used in this definition shall have the meanings given to these words respectively in Article 1 hereof.

- (ii) "Trading Group" means a Trading Company and its Affiliates other than refining Affiliates and marketing Affiliates.
- (iii) "Third Party" means any person firm or body corporate other than :
- the parties hereto, or
 - a Trading Company, or
 - an Affiliate, or
 - a shareholder of the Company, or
 - any body corporate of which more than 50 per cent of the voting shares are owned by all or any of the entities referred to in (b), (c) and (d) above.
- (iv) "Cargo" means a quantity of any Exported NGL product.

2. The value of each Cargo shall be the applicable price thereof which if quoted in a currency other than Sterling shall be converted to Sterling on the same basis as is provided for in relation to Posted Price for Crude Oil.

3. The applicable price in relation to a Cargo which is sold by a member of a Trading Group or by a shareholder of the Company to a Third Party shall be :

- if such sale made F.O.B. seaboard terminal in Qatar, the actual F.O.B. price paid by that Third Party;
- if such sale was made C.I.F. the actual C.I.F. price paid by that Third Party reduced by the market price of freight and insurance from Qatar to the destination of that Cargo.

4. The applicable price in relation to any Cargo which is sold by a member of a Trading Group or by a shareholder of the Company other than to a Third Party

Applicable
Price of
Third Party
Sales

Applicable
Price of
Non-Third
Party Sales

shall be the market landed price for NGL of comparable quality, quantity and contract terms at the destination, or at a comparable destination in the same country if no such exists at the actual destination, reduced by the market price of freight and insurance from Qatar to such destination.

5. Applicable prices shall be ascertained annually by an independent firm of qualified public auditors to be agreed between the Government and the Company. All records, documents and other relevant information concerning each Cargo required by such auditors to ascertain the applicable prices will be made available to them at their request. Such information will be furnished in confidence by each Trading Company or its appropriate Affiliate or by a shareholder of the Company. Such auditors shall transmit such applicable prices to the Government and the Company not later than May 31st next following the end of the year for which applicable prices are ascertained.

Independent
Auditors

6. It is expected that the Trading Companies, acting in good faith and with all due diligence, will endeavour to maximise the Realised Value of their Exported NGL subject to the conditions of the free competitive market. However, if the average applicable price per barrel of any Exported NGL product in the fourth or in any subsequent full year after the commencement of export is less than nine-tenths of the average applicable price per barrel for the same product for the second and third full years, it shall be deemed to be equal to nine-tenths of such average for the second and third full years.

Floor Price

ARTICLE 3

As from the Effective Date the Qatar Supplemental Agreement shall take effect and be read and construed :

Amendments
to the Qatar
Supplemental
Agreement

- (1) As if all references therein to the 1952 Agreement were references to that Agreement as therein defined and as amended by Article 2 hereof.
- (2) As if the Qatar Supplemental Agreement itself were amended by :

- (i) the deletion in Article 1 of paragraph (e); Trading
Companies
- (ii) the addition in Article 6 of the words "and NGL" after the words "dealings in oil" and after the words "of crude oil". Total
Income to
Government

ARTICLE 4

The provisions of the 1952 Agreement and of the Qatar Supplemental and all other related Agreements and exchanges of letters shall, subject to the provisions of this Agreement, continue in full force and effect. Agreements
to continue
in force

ARTICLE 5

Any dispute or difference between the Government and the Company concerning the interpretation of this Agreement or anything therein contained or connected therewith or any of the rights or liabilities thereunder shall failing agreement to settle it in any other way be decided by arbitration in accordance with the provisions of paragraphs 1 and 2 of Article 11 of the Qatar Supplemental Agreement. Arbitration

ARTICLE 6

This Agreement shall be ratified by a decree of His Highness the Ruler of Qatar. Ratification

ARTICLE 7

The marginal notes are for convenience of reference only and shall not effect the construction or interpretation of this Agreement.

IN WITNESS whereof the representatives of the parties have hereunto set their hands on the day and in the year mentioned in the preamble.

For and on behalf of

THE GOVERNMENT OF QATAR :

Witness :

For and on behalf of

QATAR PETROLEUM COMPANY LIMITED :

Witness :

AGREEMENT FOR THE AMORTIZATION OF EXPLORATION
AND DRILLING EXPENDITURE

THIS AGREEMENT is made the twenty-sixth day of Shawwal 1390 corresponding to the twenty-fourth day of December 1970 BETWEEN THE GOVERNMENT OF QATAR (hereinafter called "the Government") of the one part and QATAR PETROLEUM COMPANY LIMITED (hereinafter called "the Company" which expression includes its assigns) of the other part.

ARTICLE 1

In this Agreement

Definitions

- (a) "the 1952 Agreement" means the Agreement between the Ruler of Qatar and the Company (under its then name of Petroleum Development (Qatar) Limited) dated 1st September 1952.
- (b) "the Amended Convention" has the meaning assigned to it in the 1952 Agreement.
- (c) "the Supplemental Agreement" means the Agreement between the Government and the Company 31st December 1964.
- (d) Any expression used in this Agreement to which a specific meaning has been assigned in the 1952 Agreement, the Amended Convention or the Supplemental Agreement shall have the same meaning unless the context otherwise requires or the expression is otherwise defined herein.
- (e) "the Qatar Income Tax Decrees" means the Qatar Income Tax Decree, 1954 as amended by the Qatar Income Tax Amendment Decree dated 23rd September, 1955, as further amended by the Qatar Income Tax Amendment Decree dated 31st December 1964.
- (f) "the Effective Date" means the first day of January of the year in which this Agreement comes into force pursuant to the provisions of Article 5
- (g) The expressions "Exploration Expenditure" and "Drilling Expenditure" shall have the meanings attributed to those expressions respectively in the First Schedule hereto.

ARTICLE 2

As from the Effective Date, for the purpose of ascertaining the cost of exported oil pursuant to paragraph (c) of Article 4 of the 1952 Agreement, Exploration Expenditure and Drilling Expenditure shall constitute capital expenditure.

Capital
Expendi-
ture

For the purpose of establishing the deductions to be allowed for amortisation referred to in paragraph (c) of Article 4 of the Qatar Income Tax Decrees the reasonable amount in respect of Exploration Expenditure and Drilling Expenditure shall be whichever is the higher of 10% of such capital expenditure or such percentage thereof as shall result from amortising the same in equal annual instalments over the unexpired residue of the period of years referred to in Article Second of the Amended Convention save and except that :

The
annual
allow-
ance

- (i) in the event of Exploration Expenditure having been incurred in any area which is relinquished by the Company the unamortised balance of such Exploration Expenditure shall be written off to the cost of exported oil of the Company in the year in which such area is relinquished :
- (ii) in respect of abandoned wells, or wells in any area relinquished by the Company as aforesaid, the unamortised balance of Drilling Expenditure shall be written off to the cost of exported oil of the Company in the year in which the well is abandoned or the area relinquished.

Relinquish-
ment

Aban-
donment
of Wells

This Agreement shall be deemed to be an agreement of the kind referred to in paragraph (c) of Article 4 of the Qatar Income Tax Decrees.

ARTICLE 3

This Agreement shall be supplemental to the Amended Convention, the 1952 Agreement and the Supplemental Agreement which shall, subject to the provisions of this Agreement, continue in full force and effect and references in the Supplemental Agreement to the Qatar Income Tax Decrees shall as from the Effective Date and in respect of any period commencing on or after the Effective Date be read and construed as references to the Qatar Income Tax Decrees (as defined herein) as amended by the enactment of the provisions in the Second Schedule hereto.

ARTICLE 4

If any doubt difference or dispute shall arise between the Government and the Company or between the Government and the Trading Companies or any of them concerning the interpretation or execution of any provision hereof or any thing herein contained or in connection herewith the same shall, failing any agreement to settle it in any other way, be decided by arbitration in the manner provided by Article 11 of the Supplemental Agreement and the provisions of that Article so far as not inconsistent herewith shall be deemed to be incorporated herein and the Company may proceed under that Article on behalf of a Trading Company.

ARTICLE 5

- (a) This Agreement shall have the force of law. Force of Law and Effective Date
- (b) This Agreement shall come into force as soon as all of the following events have occurred namely :—
- (1) This Agreement has been executed by the parties hereto.
 - (2) This Agreement has been ratified by a decree of His Highness the Ruler of Qatar.

- (3) The amendments to the Qatar Income Tax Decrees referred to in the Second Schedule hereto have been enacted as part of the Law of Qatar for the purpose of implementing the provisions of this Agreement.

IN WITNESS whereof the representatives of the parties hereto set their hands on the day and in the year mentioned in the preamble.

For and on behalf of

THE GOVERNMENT OF QATAR:

Khalifa bin Hamad Al Thani

Witness :

Mohammed Said Mishal

For and on behalf of

QATAR PETROLEUM COMPANY
LIMITED :

Thomas Wood Russell

Witness :

Ian Seath Kirkbride

THE FIRST SCHEDULE

A. Exploration Expenditure shall mean all direct costs of geological, geophysical and topographic survey parties incurred by the Company after the Effective Date in the State of Qatar and shall exclude all indirect costs including inter alia mobilisation and demobilisation costs, Qatar office and head office costs.

B. Drilling Expenditure shall mean all direct costs incurred by the Company after the Effective Date on specific wells including inter alia costs of (a) construction of access roads to well-sites to connect them to established main or secondary roads, (b) moving drilling rigs within a field or a prospect and erecting them for drilling, (c) drilling, (d) well-site supervision, and shall exclude all indirect costs, including inter alia mobilisation and demobilisation costs, Qatar office and head office costs, Costs of remedial or repair work carried out on any well including, but not limited to, deepening within the same horizon and acid treating of completed wells and drilling of relief wells, are production costs and shall be excluded from Drilling Expenditure.

THE SECOND SCHEDULE

QATAR INCOME TAX AMENDMENT DECREE

ARTICLE 1

The Qatar Income Tax Decree of 1954, as amended by the Qatar Income Tax Amendment Decree of 1955 and as further amended by the Qatar Income Tax Amendment Decree of 1964, shall as from the date of this Decree be amended in the manner set out in the Annexure hereto and income tax shall in respect of any financial year ending on or after the date hereof be paid in accordance with the provisions of the Decree as so amended.

In Article 4 paragraph (b) thereof insert after the expression "oil properties in Qatar" but before the semi-colon the following bracketed words :

"(other than any such expenditure which shall be deemed to be capital expenditure by the provisions of any agreement with the Ruler under which such chargeable person is carrying on business in Qatar)".

THIS AGREEMENT is made as of the thirtyfirst day of December 1970 corresponding to the fourth day of Dhu AlQa'ada 1390H BETWEEN THE GOVERNMENT OF QATAR (hereinafter called "the Government of the one part and QATAR PETROLEUM COMPANY LIMITED (hereinafter called "the Company") of the other part.

NOW IT IS HEREBY AGREED AS FOLLOWS :—

ARTICLE 1

In this Agreement :—

"the 1952 Agreement" means the Agreement dated the 1st day of September 1952 and made between the Government and the Company under its then name of Petroleum Development (Qatar) Limited

"The Qatar Supplemental Agreement" means the Agreement dated the 31st day of December 1964 and made between the Government and the Company and amended by the Qatar 1970 Supplemental Agreement.

"The Qatar 1970 Supplemental Agreement" means the Agreement dated the 21st day of October 1970 and made between the Government and the Company.

"the Qatar Amortisation Agreement" means the Agreement dated the 24th day of December 1970 and made between the Government and the Company.

"the Qatar Income Tax Decrees" means the Qatar Income Tax Decree as defined in the Qatar Amortisation Agreement as amended by Law No. 20 of 1970.

- (6) Any expression used in this Agreement to which a specific meaning has been assigned in any of the above mentioned Agreements shall have the same meaning unless the context otherwise requires.
- (7) "Effective Date" means the 14th day of November 1970.

ARTICLE 2

With effect from the Effective Date the 1952 Agreement shall be amended by substituting in paragraph (a) (i) of Article 2 thereof the figures and words "55 per cent" for the figures and words "50 per cent".

ARTICLE 3

The Government has amended the Qatar Income Tax Decrees in the manner set in the Schedule hereto.

ARTICLE 4

The additional revenues receivable by the Government as a result of the amendment contained in Article 2 hereof shall be accepted by the Government as a fair appropriate and final settlement of all claims by the Government against the Company relating to the Government's share in respect of any period prior to the Effective Date and of all claims by the Government against the Trading Companies in respect of all taxable years before the Effective Date.

ARTICLE 5

- (1) This Agreement shall take effect as supplemental to the 1952 Agreement.
- (2) References to the 1952 Agreement in the Qatar supplemental Agreement, the Qatar 1970 Supplemental Agreement and the Qatar Amortisation Agreement shall from the Effective Date be read and construed as references to the 1952 Agreement as amended by this Agreement.
- (3) References to "the Qatar Income Tax Decrees" in the Qatar Supplemental Agreement and the Qatar Amortisation Agreement shall from the Effective Date be read and construed as references to those Decrees as amended by the provisions contained in the Schedule hereto.

Subject to the provisions of this Agreement all the before mentioned Agreements shall remain in full force and effect.

ARTICLE 6

This Agreement shall come into force as soon as it has been signed by a Decree of His Highness the Ruler of Qatar.

IN WITNESS whereof the representatives of the parties have hereunto set their hands on the day and in the year mentioned in the preamble.

for and on behalf of
THE GOVERNMENT OF QATAR :

KHALIFA BIN HAMAD AL THANI

Witness :

MOHAMMED SAID MISHAL

for and on behalf of
QATAR PETROLEUM COMPANY
LIMITED :

THOMAS WOOD RUSSELL

Witness :

IAN SEATH KIRKBRID

- (6) Any expression used in this Agreement to which a specific meaning has been assigned in any of the above mentioned Agreements shall have the same meaning unless the context otherwise requires.
- (7) "Effective Date" means the 14th day of November 1970.

ARTICLE 2

With effect from the Effective Date the 1952 Agreement shall be amended by substituting in paragraph (a) (i) of Article 2 thereof the figures and words "55 per cent" for the figures and words "50 per cent".

ARTICLE 3

The Government has amended the Qatar Income Tax Decree in the manner set in the Schedule hereto.

ARTICLE 4

The additional revenues receivable by the Government as a result of the amendment contained in Article 2 hereof shall be accepted by the Government as a fair appropriate and final settlement of all claims by the Government against the Company relating to the Government's share in respect of any period prior to the Effective Date and all claims by the Government against the Trading Companies in respect of all taxable years before the Effective Date.

ARTICLE 5

- (1) This Agreement shall take effect as supplemental to the 1952 Agreement.
- (2) References to the 1952 Agreement in the Qatar Supplemental Agreement, the Qatar 1970 Supplemental Agreement and the Qatar Amortisation Agreement shall from the Effective Date be read and construed as references to the 1952 Agreement as amended by this Agreement.
- (3) References to "the Qatar Income Tax Decrees" in the Qatar Supplemental Agreement and the Qatar Amortisation Agreement shall from the Effective Date be read and construed as references to those Decrees as amended by the provisions contained in the Schedule hereto.

- (4) Subject to the provisions of this Agreement all the before mentioned Agreements shall remain in full force and effect.

ARTICLE 6

This Agreement shall come into force as soon as it has been ratified by a Decree of His Highness the Ruler of Qatar.

IN WITNESS whereof the representatives of the parties have hereunto set their hands on the day and in the year mentioned in the preamble.

For and on behalf of
THE GOVERNMENT OF QATAR :

KHALIFA BIN HAMAD AL THANI

Witness :

MOHAMMED SAID MISHAL

For and on behalf of
QATAR PETROLEUM COMPANY
LIMITED :

THOMAS WOOD RUSSELL

Witness :

IAN SEATH KIRKBRID

THE SCHEDULE

AMENDMENT TO THE QATAR INCOME TAX DECREES

ARTICLE 1

Article 3 of the said Decree shall be amended by inserting the following additional paragraph :-

- (3) (a) Should a chargeable person derive its income or any part of its income from operations relating to the production and export of petroleum from Qatar or from the sale or resale of petroleum exported from Qatar, such income shall, notwithstanding the provisions of Article 2 and the provisions of paragraph (1) of this Article, be chargeable to tax at the rate of 55 per cent. The amount of tax so determined shall be reduced by a sum equal to the credit aggregate of that chargeable person for the tax year. The provision of paragraph (2) of this Article shall be applied to the income of the chargeable person provided that the rate of 50 per cent stated in clause (a) thereof shall become 55 per cent.
- (b) For the purpose of applying the provisions of this Law, the word "petroleum" means crude oil or any other hydrocarbon substances.

ARTICLE 2

This Law shall come into force retroactively with effect from 14th November 1970.



AGREEMENT FOR THE USE OF ASSOCIATED GAS

THIS AGREEMENT is made the tenth day of March 1971 corresponding to the thirteenth day of Moharram 1391 BETWEEN the Government of Qatar (hereinafter called 'the Government') of the first part, Qatar Petroleum Company Limited (hereinafter called 'the Company') of the second part and the Qatar National Cement Company (S.A.Q.) (hereinafter called 'Q.N.C.C.') of the third part.

WHEREAS the Company at all times requires gas for its operations under the Convention.

AND WHEREAS by a letter CRQ/CA/3/746 dated 19th July 1968 hereinafter called 'the 19th July letter' the Company agreed to supply to the Government to 40 MM.s.c.f.d. of gas for fuel or light for domestic or industrial purposes in Qatar.

AND WHEREAS by an Agreement (hereinafter called 'the Q.N.C.C. Agreement') made the 13th May 1968 between the parties hereto the Company agreed to supply to Q.N.C.C. out of the said 40 MM s.c.f.d. a quantity of 5 MM s.c.f.d. for use as fuel in the manufacture of cement;

AND WHEREAS the Government has requested that gas be supplied by the Company to the Government and its nominees at the rates and in the years specified in Schedule 2 hereof in substitution for the supplied under the 19th July letter and the Q.N.C.C. Agreement;

AND WHEREAS the Government and the Company have agreed that as from the date hereof gas shall be supplied to the Government or its nominees under the terms of this Agreement and that accordingly the 19th July letter and the Q.N.C.C. Agreement should be determined and that Q.N.C.C. should join in this Agreement solely for the purpose of determining the Q.N.C.C. Agreement.

THE SCHEDULE
AMENDMENT TO THE QATAR INCOME TAX DECREES

ARTICLE 1

Article 3 of the said Decree shall be amended by inserting the following additional paragraph :—

- (3) (a) Should a chargeable person derive its income or any part of its income from operations relating to the production and export of petroleum from Qatar or from the sale or resale of petroleum exported from Qatar, such income shall, notwithstanding the provisions of Article 2 and the provisions of paragraph (1) of this Article, be chargeable to tax at the rate of 55 per cent. The amount of tax so determined shall be reduced by a sum equal to the credit aggregate of that chargeable person for the tax year. The provision of paragraph (2) of this Article shall be applied to the income of the chargeable person provided that the rate of 50 per cent stated in clause (a) thereof shall become 55 per cent.
- (b) For the purpose of applying the provisions of this Law, the word "petroleum" means crude oil or any other hydrocarbon substances.

ARTICLE 2

This Law shall come into force retroactively with effect from 14th November 1970.



AGREEMENT FOR THE USE OF ASSOCIATED GAS

THIS AGREEMENT is made the tenth day of March 1971 corresponding to the thirteenth day of Moharram 1391 BETWEEN the Government of Qatar (hereinafter called 'the Government') of the first part, Qatar Petroleum Company Limited (hereinafter called 'the Company') of the second part and the Qatar National Cement Company (S.A.Q.) (hereinafter called 'Q.N.C.C.') of the third part.

WHEREAS the Company at all times requires gas for its operations under the Convention.

AND WHEREAS by a letter CRQ/CA/3/746 dated 19th July 1969 (hereinafter called 'the 19th July letter') the Company agreed to supply to the Government to 40 MM.s.c.f.d. of gas for fuel or light for domestic or industrial purposes in Qatar.

AND WHEREAS by an Agreement (hereinafter called 'the Q.N.C.C. Agreement') made the 13th May 1968 between the parties hereto the Company agreed to supply to Q.N.C.C. out of the said 40 MM s.c.f.d. a quantity of 5 MM s.c.f.d. for use as fuel in the manufacture of cement;

AND WHEREAS the Government has requested that gas be supplied by the Company to the Government and its nominees at the rates and in the years specified in Schedule 2 hereof in substitution for the supplied under the 19th July letter and the Q.N.C.C. Agreement;

AND WHEREAS the Government and the Company have agreed that as from the date hereof gas shall be supplied to the Government or its nominees under the terms of this Agreement and that accordingly the 19th July letter and the Q.N.C.C. Agreement should be determined and that Q.N.C.C. should join in this Agreement solely for the purpose of determining the Q.N.C.C. Agreement.

NOW IT IS HEREBY AGREED as follows :—

ARTICLE 1

In this Agreement the expressions which are defined in Schedule 1 hereof shall have the meanings therein set out.

ARTICLE 2

It is hereby agreed and declared :—

- (1) as from the date hereof all gas supplied to the Government and its nominees will be subject to the provisions of this Agreement and where applicable to the terms of the relevant letters referred to in Article 4:
- (2) in consideration of the foregoing the 19th July letter and the Q.N.C.C. Agreement are hereby determined to the intent that the rights and obligations (other than those rights and obligations relating to indemnity in respect of claims arising from a supply of gas under the 19th letter and the Q.N.C.C. Agreement and to outstanding payments for gas supplied and facilities provided thereunder) of each and every party thereto respectively be extinguished and that no party shall have any claim against any other in respect thereof.

ARTICLE 3

The streams necessary from time to time to meet the requirements of the Government specified in Schedule 2 hereof are hereby established as reserved streams. The Government may from time to time reallocate the quantities of gas available from such reserved streams for any of the purposes specified in paragraph (e) of Article 6.

ARTICLE 4

The Government may at any time upon giving adequate notice in writing to the Company request the Company to

establish either for the Government or for its nominees further reserved streams out of surplus streams available at such time. Details of any such further reserved streams shall be recorded by an exchange of letters between the Government and the Company which shall thenceforward form part of and be read in connection with this Agreement.

ARTICLE 5

- (1) On or before the first day of February in each year the Company shall advise the Government in writing of the location, source, quality and pressure during the previous year of :—
 - (a) the streams in existence in such previous year,
 - (b) the streams used by the Company in such previous year for its operations under the Convention for or in connection with the production, transport, conservation and export of crude oil and the manufacture and export of Exported NGLs,
 - (c) the reserved streams established for the Government and its nominees and the actual deliveries thereunder,
 - (d) the surplus streams available at the date of such advice.
- (2) On or before the first day of October in each year the Company will advise the Government in writing of the Company's estimate of the location, source, quality and pressure during the next succeeding year of :—
 - (a) the streams likely to exist or to come into existence during such year,

- (b) the streams likely to be used by the Company during such year for its operations under the Convention as aforesaid in paragraph (1) (b) of this Article,
- (c) the reserved streams established for the Government and its nominees during such year,
- (d) the surplus streams likely to be available during such year.

ARTICLE 6

- (a) Subject to the agreement of the Government the Company will install such necessary equipment and facilities and will carry out such necessary modifications to its existing equipment and facilities as the Company considers may be required from time to time to collect, measure and deliver gas to the delivery point.
- (b) All equipment and facilities upto the delivery point or points will belong to the Company and the Company will be solely responsible for the operation and maintenance thereof.
- (c) The Company reserves the right to process all gas before delivery to extract natural gas liquids. The Company shall not be required to treat, pressurise or store gas and, provided that gas delivered to the Government meets such reasonable specification as may have been agreed with the Government in relation to any particular reserved stream, the Government will accept all gas in its actual state at the delivery point.
- (d) Where more than one delivery point has been specified for any reserved stream the proportion of the

supply from that stream to be made available at any particular delivery point shall be decided from time to time solely by the Company, except that the Company may not specify a delivery point in the Umm Said area for reserved streams being made available in the Dukhan area without first obtaining the agreement of the Government.

- (e) Ownership and control of the gas delivered to the Government hereunder and all responsibility and liability in respect of it shall pass to and be assumed by the Government at the relevant delivery point for each stream. Such gas shall be used by the Government as it chooses in Qatar as fuel, feedstock or for any other purpose in Qatar. The Government shall indemnify the Company against any action, claims or demands howsoever arising in connection with gas delivered to the Government hereunder.

ARTICLE 7

- (a) The Government shall reimburse the Company in respect of each year the cost (which shall consist of the following) of the supply of gas hereunder to the Government and its nominees :—
 - (i) all expenditure reasonably incurred by the Company in that year under paragraph (a) of Article 6 in connection with the supply of gas to the Government and its nominees;
 - (ii) such part of the cost of operations of the Company for the year concerned (referred to in paragraph (c) (ii) of Article 4 of the Amended 1952 Agreement) as is fairly and properly attributable to the

collection, measurement and delivery of gas to delivery point for the Government and its nominees. However the cost of collection, measurement and delivery of gas to any natural gas liquids plant established by the Company in Qatar from which gas is delivered to the Government and its nominees hereunder shall not be attributed to the cost of collection, measurement and delivery of such gas to the Government and its nominees.

- (b) As soon as possible after the end of each year the Company will notify the Government of the cost of the supply of gas for that year and the Government shall reimburse such cost to the Company. In the event that payment to the Company of such cost is not made within a period of 2 months from the date of such notification payment by the Government of such cost shall be effected in sterling by way of set-off against any sums payable or to be advanced thereafter by the Company to the Government in pursuance of the Convention; provided that such cost and payment shall be deemed to be provisional until determination of the total cost or operations of the Company for the year concerned in the manner provided in the Amended 1952 Agreement whereupon the cost shall be adjusted in accordance with such determination and a sum credited or debited to the Government as the case may be.

ARTICLE 8

- (1) The quantity and quality of gas produced in association with crude oil is related to the quantity and quality of crude oil produced and to the conditions under which gas is separated from crude oil. The Company shall under no circumstances be under any

obligation to produce crude oil solely to make gas available or to produce or separate gas in any manner inconsistent with good oil field practice.

- (2) The Company shall not be responsible for any reduction in or interruption to the supply of gas or for failure to carry out any of its obligations under this Agreement due to force majeure or due to fluctuations in the quantity or quality of the crude oil and reserved streams produced. The Company shall not be directly or indirectly liable for any claims or demands that may arise out of or in connection with such interruption to or reduction in the supply of gas and the Government shall at all times indemnify the Company in respect thereof.
- (5) As the pressure and quality of gas vary for operational reasons and more over pressure will decline in subsequent years, the Company shall give the Government such notice as may be practicable of any significant variation in quality or pressure which it foresees as a result of planned operational requirements. In particular the Company shall endeavour to give the Government twelve months' notice of any significant decline in pressure which it foresees in any stream reserved for the Government hereunder to enable the Government to make such arrangements as the Government may need.
- (4) Without prejudice to the provisions of paragraphs (1) and (2) of this Article, the Company, recognising the important of the continuity of supply of gas for industrial projects in Qatar, shall
- (a) use its best endeavour to avoid planned temporary shut-downs for survey or maintenance purposes during period of peak consumption duly notified by the Government;

(b) where the Company considers the continuity of supply hereunder of gas will be affected :

- (i) give at least three months' notice to the Government of any planned temporary shut-down for survey or maintenance purposes;
- (ii) give the maximum period of notice to the Government as may be practicable of any temporary shut-down due to emergency operational requirements;
- (iii) give twelve months' notice to the Government of any planned long term shut-down of NGL facilities or of crude oil production or planned long term reduction in crude oil production.

In relation to any planned temporary or long terms shut down the Company will discuss with the Government the establishment of alternative reserved streams for any industrial project in Qatar for which a reserved stream has been established.

- (5) In the event that gas should not be available for supply to the Government hereunder or should be available only in quantities less than those required by the Government from time to time, the Company accepts no responsibility for providing any alternative for such gas except in so far as may be specifically agreed in relation to any particular project or projects.

ARTICLE 9

The Government shall have the right to make available to another party for use in accordance with the terms of this Agreement gas to which the Government may from time to time be entitled hereunder, and the Government shall procure that any such party to whom gas is delivered direct by the Company at the

request of the Government shall be bound by the provisions of this Agreement and shall conform thereto. However, nothing in this Article shall absolve the Government or the Company from their respective obligations to each other under this Agreement, and the Government agrees that it will not assign to any other party any of its rights or obligations under this Agreement except to such extent as may be necessary for the establishment of a Government Agency that would be concerned inter alia with the Government's utilization of gas.

ARTICLE 10

If at any time any doubt, difference or dispute shall arise between the Government and the Company concerning the interpretation or execution of this Agreement or anything contained herein or connected herewith or any of the rights or liabilities hereunder, the same shall, failing any agreement to settle it in any other way, be decided in accordance with the provisions of paragraph 1 and 2 of Article 11 of the 1964 Supplemental Agreement which provisions so far as not inconsistent herewith shall be deemed to be incorporated herein.

ARTICLE 11

This Agreement shall continue in force for so long as the Convention remains in force and shall be ratified by Decree.

IN WITNESS whereof the representatives of the parties have hereunto set their hands on the day and in the year mentioned in the preamble.

For and on behalf of the GOVERNMENT OF QATAR	Sd/-
Witness Sd/-
For and on behalf of the QATAR PETROLEUM CO. LTD.	Sd/-
Witness Sd/-
For and on behalf of QATAR NATIONAL CEMENT CO. (S.A.Q.) for the purpose solely of determining the Q.N.C.C. Agreement as hereinbefore mentioned Sd/-
Witness Sd/-

SCHEDULE 1

- (a) 'the Convention' means and includes the Agreement dated 17th May 1935 made between Shaikh Abdulla bin Qasim Al Thani (then the Ruler of Qatar) of the one part and Charles Clark Mylles on behalf of Anglo-Persian Oil Company Limited of the other part, the respective rights and obligations of which two parties therunder are now vested respectively in the Government and the Company, and all agreements (including those mentioned in sub-paragraphs (b), (c) and (d) of this Schedule) and exchanges of letters in force and affecting the said Agreement of 17th May 1935 at the date of signature hereof.
- (b) 'the 1964 Supplemental Agreement' means the Agreement between the Company and the Government dated 31st December 1964.
- (c) 'the 1970 Supplemental Agreement' means the Agreement between the Government and the Company dated 21st October 1970.
- (d) 'the Amended 1952 Agreement' means Agreement between the Ruler of Qatar and the Company (under its then name of Petroleum Development (Qatar) Limited) dated 1st September 1952 as amended by the 1964 Supplemental Agreement and the 1970 Supplemental Agreement.
- (e) Any expression used in this Agreement to which a specific meaning has been assigned in any of the above - mentioned Agreements shall have the same meaning unless the context otherwise requires.
- (f) 'gas' means natural gas produced by the Company in Qatar in association with the production of crude oil in a manner consistent with good oil field practice, in the state and at the pressure at which such gas may exist from time to time.
- (g) 'stream' means the quantity in millions of standard cubic feet per day (herein referred to as 'MM.s.c.f.d.') of gas estimated from time to time by the Company to be available from the specific source in excess of the Company's requirement for its operations under the Convention for or in connection with the production transport conservation and export of crude oil in accordance with good oil field practice and for or in connection with the manufacture and export of Exported NGLS.
- (h) 'reserved stream' in relation to a stream means a quantity (in MM.s.c.f.d.) of gas reserved out of that stream for the Government pursuant to the provisions of this Agreement.
- (i) 'surplus stream' means in relation to a stream the quantity (in MM.s.c.f.d.) of gas estimated from time to time by the Company to be available to the Government and its nominees from that stream in excess of the relevant reserved streams.
- (j) 'day' means a period of twenty-four (24) consecutive hours beginning at 0800 Qatar local time on each calendar day and ending at 0800 Qatar local time on the following day.
- (k) 'year' and 'month' shall respectively be construed in relation to the Gregorian calendar.

- (I) 'standard cubic foot' means the volume of gas which occupies one cubic foot of space when such gas is at a temperature of 60°F. and at an absolute pressure of 14.696 pounds per square inch.
- (m) 'British Thermal Unit' or its abbreviation 'b.t.u.' means the heat required to raise the temperature of one pound of water at its maximum density one degree Fahrenheit.
- (n) 'force majeure' means any happening affecting the Company's operations in Qatar which is due to circumstances beyond its control such as but not limited to Act of God, war, threat of imminent war, strikes, riots, civil commotions, sabotage, storms, explosions, fires and earthquakes.
- (o) 'delivery point' means in relation to any particular reserved stream such point as the Company may after consultation with the Government specify for the delivery of such reserved stream.
- (p) This Agreement means and includes this Agreement and any agreements as may from time to time be entered into between the parties pursuant to Article 4 of this Agreement.

SCHEDULE 2

State of Qatar - Gas Requirements

1. The reserved stream will be as follows :
 - (a) For delivery as **FIRST STAGE SEPARATOR GAS** at the degassing stations in the Dukhan Field in proportions to be decided by the Company according to operational requirements or,

- (b) in the event that a Natural Gas Liquid plant is installed, for the delivery in part or in whole as **NGL PLANT RESIDUE GAS** at the fence of the NGL stripping plant installation and/or at the NGL fractionation plant in quantities containing the same number of b.t.u.'s per day as reserved in paragraph (a) above.

2. The Government has estimated that its total requirements from the reserved stream referred to in 1 (a) above will for the period indicated be :

	1971	1972	1973	1974	1975	1976	1977
Mms.c.f.d.	65	95	110	140	150	160	170

In the Name of God the Merciful

This Agreement was made on the 29th day of November, 1952, corresponding to the 12th day of Rabie el Awal, 1372, between His Excellency Sheikh Ali bin Abdulla bin Qasim al Thani, Ruler of Qatar (hereinafter called "the Sheikh" which expression shall include his successors and assigns) on the one part, and George Ormsby Higgins on behalf of "Shell" Overseas Exploration Company Limited, a company incorporated under the law of England and having its registered office at St. Halen's Court, Great St. Halen's, London, E. C. 3 (hereinafter called "the Company", which expression shall include its assigns), on the other part.

Whereby it is agreed between the Sheikh and the Company as follows :—

ARTICLE 1

In this Agreement unless inconsistent with the subject or context:—

"Concession Area" means and includes, subject to any rights which may be established under any existing concession (i) all the seabed and subsoil underlying the spring tide of the waters of the Persian Gulf which fall within the jurisdiction of the Sheikh and which lie beyond territorial waters (as hereinafter defined) and (ii) any and all islands, islets, shoals and bars which may after the 6th day of August, 1952, corresponding to the 15th day of Dhiel Qidaa, 1371, rise from accumulate build up or otherwise be created by nature or by the Company, above spring tide of the waters within the area defined in (i) above.

When the precise boundaries of this area shall hereafter be determined a map shall be prepared showing the agreed boundaries which shall be attached to this Agreement and shall be a part thereof.

"Territorial Waters" means the waters contiguous to and extending from the Mainland and Island of Qatar existing on the 6th day of August, 1952, corresponding to the 15th day of Dhiel Qidaa, 1371 which shall for the purposes of this Agreement be calculated on a basis of three nautical miles from the mean low-water spring tide level.

"The Substances" means crude oil, asphalt, ozokerite and natural gas and everything which is extracted therefrom.

"Ton" means English ton of two thousand two hundred and forty pounds.

"Year" and "Month" shall respectively be construed by reference to the English Solar Calendar.

"Date of commencement of regular exports of oil" means the date from which export of the Substances produced by the Company in the Concession Area first reaches an average rate of 2,000 tons per day measured over a period of thirty consecutive days.

"Convention Payments" means in relation to any period the sums which the Company is liable to pay to the Sheikh in respect of that period pursuant to the provisions of this Agreement (except any sums payable pursuant to the provisions of Articles 4 and 19 hereof and by way of Qatar income Tax and by way of "make-up payment" as hereinafter defined) and any other payments, rentals, duties, imposts and other exactions of a like nature payable by the Company to the Sheikh in respect of such period.

"Initial Period" means the period, if any, between the Date of commencement of regular exports of oil and the 31st day of December next following.

"Exported Oil" means crude oil produced by the Company in Concession Area freed of water and foreign substances and exported from Qatar.

"Qatar Income Tax" means in relation to any year the total amounts receivable by the Sheikh in respect of that year by way of income tax, based on the profits or gains of that year arising out of operations and transactions in respect of Exported Oil, exported asphalt, ozokerite and natural gas or any of them whether such income tax payable by the Company or by any other person or body.

"Qatar" means all the territories of the Sheikh including the territorial waters thereof and all other areas over which he has jurisdiction.

"Posted Prices" means the prices (expressed in shillings per ton) f. o. b. seaboard terminal for Qatar crude oil of the gravity and quality concerned arrived at by reference to free market prices for individual

commercial sales of full cargoes and in accordance with the procedure set out in the Schedule hereto.

"Border Value" means the value (expressed in shillings per ton) of Qatar crude oil at point of export determined in accordance with the procedure under Article 9 hereof which is based on applicable posted prices and takes into account average realisations from cargo sales and long-term contract sales.

"Make-up Payment" shall have the meaning assigned to it in Article 8 (3) hereof.

ARTICLE 2

1. The Sheikh grants to the Company for a period of 75 years from the 6th day of August 1952 corresponding to the 15th day of Dhiel Qidaa 1371,
 - (a) the sole and exclusive right within the Concession Area to explore for, drill for, develop and produce the Substances, and
 - (b) the right within the Concession Area and elsewhere within the State of Qatar to transport, dispose of and export the Substances.
2. In the exercise of the right specified in clause 1 (b) above the Company will have due regard to the prior rights of Petroleum Development (Qatar) Ltd. under the Agreement dated the 17th day of May 1935 corresponding to the 14th day of Safar 1354.
3. Nothing contained in this Agreement shall prevent the Sheikh from granting any rights to any other person or company to explore or drill for or to extract or produce or develop anything other than the Substances, or to build or construct anything within the Concession Area or in or on or over the waters covering the same so long as such rights do not interfere with the rights granted to the Company or its operations under this Agreement.

ARTICLE 3

On the date of signature of this Agreement the Company will pay to the Sheikh as consideration for the execution of this Agreement the sum

of £ 231,976 ^{not 5 w 2 ?} sterling which sum together with the amount of £ 131,976 sterling paid to the Sheikh on the 19th day of May 1952 corresponding to the 24th day of Shabaan 1371 shall not be returnable by the Sheikh under any circumstances whatever.

ARTICLE 4

As from the 6th day of August 1952 corresponding to the 15th day of Dhiel Qidaa 1371 the Company will pay to the Sheikh an annual rental, at the rate of £ 75,415 sterling, per annum up to the date of commencement of regular exports of oil, and at the rate of £ 37,707 sterling per annum thereafter until the termination of this Agreement. Such rental shall accrue from day to day and shall be payable annually in arrear on the 6th day of August of every year.

ARTICLE 5

The Company will commence to explore for the Substances within the Concession Area within nine months from the date of signature of this Agreement and will commence operations in connection with the drilling of a test well within the Concession Area within two years from the said date, provided that the Company has the right to extend the said period of two years by two successive periods of one year each on payment of the sum of £ 37,707 sterling for each such extension.

ARTICLE 6

1. The Company will pay to the Sheikh royalty as follows:—

- ✓(a) In respect of each ton of exported oil the sum of four shillings and six pence sterling.
- ✓(b) In respect of each ton of asphalt or ozokerite produced by the Company and exported the sum of two shillings and three pence sterling.
- ✓(c) In respect of each 1,000 cubic feet of natural gas produced by the Company and sold the sum of two and one quarter pence sterling.

No royalty shall be payable by the Company in respect of the Substances used within the Concession Area or elsewhere within the State of Qatar by or on behalf of the Company or its employees for the purpose of carrying on its operations under this Agreement

Prior to the Date of commencement of regular exports of oil any royalty due to the Sheikh in any year in accordance with this Article will be paid at the same time as the rental payment for that year is paid to the Sheikh pursuant to Article 4 hereof, and at the same time the Company will furnish to the Sheikh a statement showing the quantities of the Substance if any exported during such year.

After the date of commencement of regular exports of oil royalty due to the Sheikh in any year under this Article will be paid in accordance with the procedure set out in Article 10 hereof.

All measurement of the Substances required to be made under this Article or otherwise pursuant to the provisions of this Agreement shall be made at the point of export (or in the case of natural gas at the point of sale) of the Substances. In the case of such Substances as are liquid measurement shall be by dipping tanks or by measuring instruments and in the case of such Substances as are solid shall be by weight. The Sheikh has the right to appoint an authorised agent to be present to inspect such measurement in accordance with normal practice.

ARTICLE 7

✓ The Company will pay a taxation commutation of sixpence sterling per ton of the Substances exported and upon which royalty is payable in accordance with Article 6 hereof in consideration of which the Company will be entitled from the date of signature of this Agreement:—

- ✓(a) to import free of all import customs and other duties, water petroleum and any of its derivatives, fuel, machinery, motor cars, lorries, aeroplanes, equipment, line pipe, tank plates, instruments, wood, utensils, iron ware, building materials, medicines, office equipment, household furniture and all

other things of any nature whatsoever required by the Company or by its employees for its operations. The Company shall, however, pay the ordinary duty applicable to British merchants in the State of Qatar on all personal effects, piece-goods, general merchandise, and provisions which it imports for the personal use of its employees. Nothing imported free of duty shall be sold for use in the State of Qatar except as provided for in paragraph (b) hereof.

- (b) to supply imported bunkers and other imported petroleum products to the Company's ships and to any ships loading the Substances and to export all the Substances and their derivatives and goods already imported by the Company under paragraph (a) above and such supply and export shall be free of all export customs and other duties.
- (c) to exemption, subject to the provision of clause 2 of this Article from all taxation of whatever nature whether State or municipal and whether already imposed or hereafter to be imposed on its operations, capital, income, profits, borings, plant and properties (including buildings), whether owned by the Company or on lease from any other person or persons and on the Substances before and after their removal from the ground and upon the technical processes their carried out upon or utilised in connection with the Substances.

2. Notwithstanding the provisions of clause 1 (c) of this Article the Company shall not be exempted from liability to Qatar Income Tax in respect of any year or part of a year after the Date of commencement of regular exports of oil.

ARTICLE 8

- ✓1. The Company undertakes that as from the date of commencement of regular exports of oil the Sheikh shall receive 50 per cent of the oil Profits.
- ✓2. (a) The Company further undertakes that if, in respect of the initial period and three following years, the Sheikh's receipts

under the provisions of clause 1 above are at a rate less than the rate of £ 650,000 sterling per annum the Company shall pay to the sheikh in sterling, at the times and in the manner provided for Make-up Payments in Article 10, a sum equal to the difference.

- ✓(b) The Company shall have the right to treat such sums as an advance against Convention Payments which become payable after the Company has completed the fulfilment of its undertaking under paragraph (a) of this clause.

A The undertaking under clause 1 shall, in respect of any year, be satisfied by the receipt by the Sheikh of :—

- (a) Qatar Income Tax in respect of that year,
(b) Convention Payments in respect of that year, and
(c) such sum, if the total of (a) and (b) is less than an amount equal to 50 per cent. of the oil Profit during that year, as is equal to the deficiency (herein called a "Make-up Payment") This sum will be paid in sterling in the manner provided in Article 10.

4 In this Article and hereafter in this Agreement the following expressions shall have the meanings respectively assigned to them below :—

"Oil Profit" means the profit arising in Qatar on Exported Oil and on asphalt, ozokerite and natural gas produced by the Company in the Concession area freed of water and foreign substances and exported from Qatar.

"Profit arising in Qatar on Exported Oil" means, for the Initial Period and for each year thereafter, the difference between the Border Value per ton of the Exported Oil in such period or year and the cost per ton of such oil multiplied by the number of tons so exported ascertained in each case in accordance with the provisions of Article 9 hereof.

ARTICLE 9

1. (a) The Border Value as at the date of signature of this Agreement of crude oil of 40.° A. P. I. and of the quality then being exported from Qatar established in accordance with definition of Border Value in Article 1 hereof is eighty-two shillings and three pence sterling per ton, and such Border Value will be adjusted by the amount in shillings per ton by which the Posted Price of such oil increases or decreases after the date of signature of this Agreement. Such Border Value as so adjusted from time to time will be the Border Value of Exported Oil of the like gravity and quality.
 - (b) In respect of Exported Oil of any other gravity or quality the Border Value shall be ascertained by adding to or subtracting from the Border Value on the day in question of Exported Oil of 40.° A. P. I. mentioned in paragraph (a) above the amount in shillings per ton by which the relevant Posted Price for the actual gravity and quality of the Exported Oil concerned is greater or less than the relevant Posted Price for Exported Oil of 40.° A. P. I. Border Values established in accordance with this paragraph will be appropriately adjusted by the amount in shillings per ton by which the relevant Posted Prices increase or decrease after the date on which such Border Values are first ascertained.
 - (c) The Border Value shall be ascertained for each day and shall be applied to the tonnage of Exported Oil on that day.
2. ✓ The tonnage of Exported Oil shall be ascertained in respect of each day.
 3. ✓ The cost of Exported Oil shall be ascertained by sound and consistent accounting methods as follows :—
 - (a) By determining the total of all costs and expenses of the Company (but excluding any sum in respect of Convention Payments, Qatar Income Tax and any taxation on income or profits levied outside Qatar) for the Initial Period and for

each year thereafter which are fairly and properly attributable to the operations of the Company in the Concession Area and elsewhere in Qatar for the purpose of producing and exporting therefrom crude oil (freed of water and foreign substances). Such costs and expenses shall consist of :


- (i) Operating expenses and overheads,
 - (ii) amortisation of survey exploration and development costs incurred by the Company prior to the date on which the Company commences the installation of storage and oil loading facilities for the purpose of making regular exports of oil (such date to be advised to the Sheikh by the Company in writing) at a rate not exceeding 15 per cent. per annum until such expenditure is fully written off, and amortisation of all other survey exploration and development costs and other capital expenditure at the rate of 5 per cent. per annum and depreciation of all physical assets at 10 per cent. per annum until such expenditure and assets are fully written off.
- (b) The Auditors for the time being of the Company and of the Sheikh shall within six months after the end of the Initial Period and of each year thereafter agree in writing the total of all costs and expenses of the Company for such period or year as the case may be calculated under paragraph (a) above.
 - (c) The figures so agreed under paragraph (b) above divided by the number of tons of Exported Oil during the period to which such agreed figures relate (ascertained in accordance with clause 2 of this Article) shall constitute the cost per ton of such oil for such period or year.
 - (d) In the event of disagreement between the Auditors of the Company and of the Sheikh under paragraph (b) above a dispute shall be deemed to have arisen under Article 28 hereof and shall if no agreement can be arrived at for settling

it by any other method be referred to arbitration in accordance with the said Article.

- (e) If there shall be no Auditor appointed by the Sheikh for the purposes of this Article then the Auditors for time being of the Company shall certify in writing the total of all costs and expenses of the Company calculated under paragraph (a) above, and the figures so certified shall be deemed to have been agreed as provided in paragraph (b) above.
- (f) The Auditors appointed by the Sheikh shall be an internationally recognised firm of accountants.

ARTICLE 10

As from the Date of commencement of regular exports of oil :

- 
1. (a) the Company shall within seven days after the end of each quarter ending on the last day of March, June, September and December in each year, submit to the Sheikh a provisional tonnage statement showing the quantity of Exported oil during such quarter or (in the case of the first Provisional tonnage statement) during the period which has elapsed since the Date of commencement of regular exports of oil and containing all such other information as may be reasonably required to enable the Sheikh to calculate the amount of the Convention Payments due in respect of such quarter or period and to assess the Profit arising in Qatar on Exported Oil in such quarter or period for which purpose the cost of such Exported Oil shall be the Company's estimate thereof.
 - (b) The Company shall within six months after the end of each calendar year submit to the Sheikh a final tonnage statement containing in respect of that year or (in the case of the first final tonnage statement) of the Initial Period the information required to be stated in a provisional tonnage statement except that the cost of the Exported Oil to which it relates shall be the cost thereof as agreed or deemed to have been agreed pursuant to Article 9 (3) hereof. The final tonnage statement either as submitted or as subsequently varied by agreement shall become conclusive not later than the 31st

day of July next following the year or Period to which it relates unless one party hereto has prior to that date by notice in writing to the other requested that any dispute be referred to arbitration for decision.

Convention Payments shown to be due in a provisional tonnage statement shall be paid and satisfied by the Company at the time such provisional tonnage statement is submitted. If as a result of a conclusive final tonnage statement or of any such arbitration decision any further sum is found to be due to the Sheikh in respect of the Convention Payments to which it relates the Company shall forthwith pay the same, and if as a result of a conclusive final tonnage statement or arbitration decision as aforesaid the amount paid by the Company in respect of such Convention Payments is found to have exceeded the amount which ought to have been paid, such excess shall be treated as an advance by the Company against further Convention Payments.

Any Make-up Payment in respect of any year shall be paid by four approximately equal and (if necessary) provisional quarterly payments on the dates on which instalments of Qatar Income Tax are payable in respect of that year, but if, when the total amount payable by the Company under Article 8 (1) hereof in respect of that year is finally determined, provisional payments as aforesaid are found to be less in the aggregate than the Make-up Payment, the Company shall forthwith make good the deficiency. If such provisional payments as aforesaid are found in the aggregate to have exceeded the Make-up Payment, such excess shall be treated as an advance against further Convention Payments.

ARTICLE 11

All payments to be made by the Company to the Sheikh under this Agreement except the payment to be made pursuant to Article 3 hereof on signature of this Agreement shall be made and satisfied by payment in sterling to the Eastern Bank Limited (or other Bank nominated by the Sheikh in the Sterling Area being the Scheduled

territories as defined in the United Kingdom Exchange Control Act, 1947, and regulations made thereunder' for credit of the account in Doha of the Sheikh of Qatar.

2. The payment referred to in clause 1 to be made pursuant to Article 3 hereof shall be made and satisfied by the payment to the Sheikh of Indian Rupees.

ARTICLE 12

The Company shall have, without hindrance, all reasonable rights and facilities within the Concession Area and elsewhere in Qatar for the purposes of its operations under this Agreement including (but not limited to) :—

- (a) The right to build, construct, maintain, operate and use all types of buildings, installations, staff facilities, communication and transport systems and engineering works of every description.
 - (b) The right to use free of all payments to the Sheikh earth, stone, sand, gravel, lime, gypsum, clay and similar substances and water that may be available and may be required for its operations provided always that the inhabitants of Qatar shall not thereby be deprived of their usual requirements of these materials, that irrigation is not prejudiced, that no land, habitation or watering place for animals is deprived of a reasonable supply of water and that the water supply of the inhabitants is not endangered.
2. No substances taken by the Company pursuant to the provisions of clause 1 (b) of this Article shall be exported by the Company for use outside Qatar.

ARTICLE 13

1. The Sheikh will, to the extent that he can reasonably do so, place at the disposal of the Company free of all charge such Government-owned lands as may be required by the Company for the conduct of its operations under this Agreement.

2. The Company will not operate in places such as religious lands, cemeteries, lands occupied by religious buildings or by essential enterprise existing on the date of signature of this Agreement or any normal extensions thereto indicated to the Company by the Sheikh, or on any other lands which the Sheikh may reasonably request should be excepted.

3. If the Company requires for the conduct of its operations under this Agreement any land in Qatar which is owned by a private individual the Sheikh will lend all reasonable assistance to the Company to acquire such land at prices not greater than those ruling at the time for similar land in the same area.

4. The Company will not enter into negotiations for the purchase or rental of building in Qatar without previous consultation with the Sheikh.

5. Until such time as the Company has constructed and commences to use its own harbour facilities, the port of Doha, and when suitable Government-owned facilities are available in the area of Umm Said, such port also, shall be the authorised ports of entry for all imports brought by the Company into Qatar by sea. The Company may, however, at all times deliver imports needed for its operations, direct from ships to its off-shore marine installations, and may also unload directly over the shore any where on the coast of Qatar except in places which the Sheikh may reasonably stipulate should not be so used such materials, equipment and stores as it cannot reasonably be expected to handle through the above ports.

ARTICLE 14

1. The Company undertakes to respect the rights, privileges and sovereignty of the Sheikh and the persons, property and rights of his subjects, and to refrain from doing or causing to be done any act which offends against the laws and customs of the country.
2. The Company shall conduct its operations with due regard to the laws and customs governing the high seas and navigation thereon,

and to the safety of shipping and aircraft and fishing and pearling operations in and on the waters covering the Concession Area. It shall as much as possible avoid interference with such operations, and shall comply with all regulations, instructions and orders issued by the Sheikh or his duly authorised Representative for their protection.

ARTICLE 15

The Company will as soon as practicable establish and maintain its local headquarters in Qatar. Until the date of commencement of regular exports of oil such headquarters will be located in or in the outskirts of Doha.

ARTICLE 16

The Sheikh shall have the right to use free of charge the Company's roads and, in case of need, for its personal business and for Governmental purposes such wharf and other loading and unloading facilities as have been constructed by the Company other than those specially used for handling the Substances. He shall also have, in cases of emergency, the right to use, free of charge, the Company's vessels and other means of transport and telegraph, wireless and telephone facilities, and to all possible assistance which the Company can reasonably be expected to give in the circumstances, provided always that such rights shall be exercised in a manner which will not place unreasonable obstacles in the way of the operations of the Company or expose them to danger.

ARTICLE 17

The Company will furnish free of cost to the Sheikh for his own requirements each year from the date of signature of this Agreement 40,000 gallons of motor gasoline.

ARTICLE 18

The Company recognising that its operations will involve an increase in the duties and responsibilities of the Sheikh and his representa-

... will make to him a monthly payment of four thousand rupees (Rs. 4,000) as from the date of signature of this Agreement. Provided always that if there is an appreciable increase in such duties and responsibilities the Company will review with the Sheikh the sum payable under in the light of such increase.

ARTICLE 19

The Sheikh will exercise his authority to afford the necessary assistance to the Company to carry out this Agreement and to protect the Company's operations, employees and property so far as in his power lies, but he cannot accept responsibility to the Company for the consequences of unforeseen circumstances, such as an act of war, unavoidable accident or any circumstances beyond control. He will appoint and provide at his own expense from time to time as may be necessary sufficient regular police of the State of Qatar for these purposes. Such police will be trained and administered by the proper officials of the Sheikh's Government. The Company will provide free of charge suitable furnished quarters, light and water for such police in the areas occupied by the Company for the purpose of its operations.

So long as such police are duly provided and perform their duties in accordance with this Article the Company will make payments to the Sheikh quarterly in arrears in such case at the following rates :-

- (a) For a period of twelve months from the date on which the police first take up their duties at the rate of £ 5,000 sterling per annum.
- (b) From the end of the period stipulated in (a) above until the Company commences operations in connection with the drilling of a test well in the Concession Area at the rate of £ 7,000 sterling per annum.
- (c) From the date on which the Company commences operations in connection with the drilling of a test well in the Concession

Area until the Date of commencement of regular Exports of oil at the rate of £ 15,000 sterling per annum.

- (d) From the date of commencement of regular exports of oil at the rate of £ 20,000 sterling per annum. Provided always that if after the Date of commencement of regular exports of oil there is appreciable change in the Company's requirements for police the Company will review the sum of £ 20,000 sterling per annum with the Government in the light of such revised requirement.

ARTICLE 20

1. The Company will place requests with the Sheikh to provide such labourers as are required but the Company has the right to decide as to the qualifications and suitability of any such labourers for a particular job.
2. If the Sheikh is unable to supply the required number of labourers with the required qualifications the Company may bring them from outside Qatar after first obtaining the Sheikh's approval.
3. The Company may bring in from outside Qatar technicians and administrative and other personnel not available in Qatar subject to the approval of the Sheikh to the bringing in of any particular individual which approval shall not be unreasonably withheld.
4. The Company shall dismiss from its employment in Qatar any employee whose retention is disapproved by the Sheikh if the Sheikh has observed any irregular conduct on his part.
5. Upon the dismissal from the service of the Company of any Qatari subject the Company shall forward to the Sheikh a written copy of the reason for dismissal.

ARTICLE 21

After the Date of commencement of regular exports of oil the Company will provide reasonable facilities for training nationals of the State of Qatar employed by the Company so that such nationals may

become qualified to perform clerical, technical and administrative duties with the Company at higher levels.

ARTICLE 22

1. The Company will keep the Sheikh informed as to the progress and result of any drilling operations and will give to the Sheikh, in the form of maps and periodical reports, information which it may obtain during the exploration, drilling and exploitation periods.
2. The Company undertakes to keep in Qatar basic geological records relating to the Concession Area, which shall at all reasonable times be made available for inspection by the duly authorised representative of the Sheikh.
3. All such information, maps and records shall be treated as confidential by the Sheikh and by his representatives.
4. If in the course of its operation the Company discovers deposits of minerals other than the Substances or of other things of commercial value it shall report such discovery to the Sheikh.

ARTICLE 23

1. If the Company :
 - (a) delays payment for more than 60 days after the due date of any amount to be paid in accordance with the terms of this Agreement, or
 - (b) fails to fulfil any of its obligations under Article 5 of this Agreement, the Sheikh may warn the Company to make such payment or to perform such obligation as the case may be; and if the Company fails within the next 120 days to pay what is due or to perform or commence to perform such obligation then provided the matter has not been referred to arbitration in accordance with Article 28 hereof, the Sheikh shall have the right to terminate this Agreement and take without payment the property of the Company in the Concession Area or elsewhere in Qatar.

2. The Sheikh shall also have the right to terminate this Agreement and to take without payment the property of the Company in the Concession Area or elsewhere in Qatar if the Company fails to comply with the terms of an Arbitration Award given pursuant to Article 28 hereof.

ARTICLE 24

The Company may terminate this Agreement at any time after the expiration of three years from the commencement of operations by giving six months previous notice in writing, provided that nothing in this Article contained shall prevent the Company from terminating this Agreement before the expiration of the said three years with the consent of the Sheikh in which event one of the conditions that will be imposed by the Sheikh will be that the provisions of Article 25 (e) shall apply.

ARTICLE 25

On termination of this Agreement, as provided under Article 24 or upon expiry thereof, both the Sheikh and the Company shall be entirely free from any further obligations hereunder except that :—

- (a) The Company shall pay all amounts due or that have accrued due by it to the Sheikh hereunder up to the actual date of termination.
- (b) The immovable properties of the Company in the Concession Area or else where in Qatar, such as roads, water and oil wells, and their casing, permanent buildings and erections, shall become the property of the Sheikh free of charge.
- (c) If the termination of the Agreement takes place before the expiry of ten years from the date of signature, the movable properties of the Company in the Concession Area or elsewhere in Qatar shall be offered to the Sheikh to purchase at a price to be agreed with the Company provided that if no agreement as to price has been reached within six months of the date of termination of this Agreement the Sheikh shall be deemed to have decided not to purchase them. If the Sheikh

does not desire to purchase such movable properties the Company shall have a period of six months from the date on which the Sheikh declines or is deemed to have declined to purchase them within which to remove them, and if not removed in that period they shall become the property of the Sheikh free of charge.

- (d) If the termination of this Agreement takes place after the expiry of 10 years and before the expiry of thirty-five years from the date of signature the provisions of clause (c) of this Article shall apply but the price to be agreed shall be based on the written down value at which such movables stand in the books of account of the Company in Qatar, and their condition and serviceability shall also be taken into consideration.
- (e) If the termination of this Agreement takes place after the expiry of 35 years from the date of signature all the movable properties of the Company in the Concession Area or elsewhere in Qatar shall become the property of the Sheikh free of charge .

ARTICLE 26

The Sheikh agrees that the Company may assign all its rights, privileges and obligations under this Agreement to a company incorporated for the purpose of operating this Concession and shall inform the Sheikh if it does so, but the Company shall not otherwise assign such rights, privileges and obligations except with the approval of the Sheikh which approval shall not be unreasonably withheld if the assignee Company is able and willing specifically to assume all these same rights, privileges and obligations under this Agreement.

The Company is authorised to form or use such other Companies as it may deem necessary to perform ancillary operations hereunder and in respect of such ancillary operations such other companies shall enjoy the same rights and privileges as the Company has in respect thereof under this Agreement.

3. In delegating or subcontracting its ancillary operations in Qatar to other persons or companies the Company shall give preference to such persons or companies in Qatar as can efficiently perform such operations at reasonably competitive cost and shall so delegate or subcontract only to such persons or companies as are permitted by the Sheikh to operate in Qatar.

ARTICLE 27

1. Failure on the part of the Company to fulfil any obligations under this Agreement shall not give the Sheikh any claim against the Company or be deemed to be a breach of this Agreement in so far as such failure arises from Force Majeure, and in such case the period of this Agreement and of the things to be done thereunder shall be extended by a period equivalent to the period of such failure and of the period required to repair damage and/or start or resume any stoppage of work caused by reason of the Force Majeure under reference.
2. "Force Majeure" as understood in this Agreement means any happening affecting the Company's operations in Qatar which the Company could not prevent or control and against the consequences of which it could not reasonably be expected to make advance provisions, Act of God, war, the threat of imminent war, restraints imposed by Governments, strikes, riots, civil commotions, insurrection, tides, storms, tidal waves, floods, lightning, explosion, fire or earthquake.

ARTICLE 28

1. If any doubt or dispute shall arise between the Sheikh and the Company concerning the interpretation of this Agreement or concerning the rights or liabilities of either party, and if the two parties fail to settle it in any other way, the matter shall be referred to two arbitrators, one of whom shall be chosen by each party, and to a referee chosen by the arbitrators before proceeding to arbitration.

Either party shall nominate its own arbitrator within 30 days after the delivery of a request to do so by the other party failing which its arbitrator may at the request of the other party be designated by the British Political Resident in the Persian Gulf. In the event of the arbitrators failing to agree upon a referee within 60 days after being chosen or designated, the British Political Resident in the Persian Gulf may appoint a referee at the request of the arbitrators or either of them.

3. The decision of the arbitrators or, in the case of a difference of opinion between them, the decision of the referee shall be final and binding upon the Sheikh and upon the Company.

4. In giving a decision the arbitrators or the referee as the case may be shall specify an adequate period of time during which the party against whom the decision is given shall conform to the decision and that party shall be in default only if that party has failed to conform to the decision prior to the expiry of the period and not otherwise.

5. The place of arbitration shall be in Qatar unless the parties otherwise agree.

ARTICLE 29

The Sheikh and the Company shall not make any alterations in the terms of this Agreement save by mutual agreement to secure their joint advantage, and except with the approval of Her Britannic Majesty's Government

ARTICLE 30

This Agreement shall be binding upon both parties and their successors and assigns. It has been written in Arabic and English and all due care has been taken to make the two texts identical in meaning. If however, any difference should arise at any time as to the meaning or interpretation of any article the Arabic text is to be relied upon.

The Schedule Referred to

1. "Posted prices" for Qatar crude oil for each day shall be the sellers' posted prices applicable to that day f.o.b. seaboard terminal (expressed in shillings per ton) as quoted from time to time by Platts Oilgram for the quality and gravity concerned adjusted if necessary as set out below.
2. If more than one sellers' posted price is quoted for Qatar crude oil of the same quality and gravity the simple arithmetic average of all such postings shall be used.
3. If any sellers' posted price is quoted for units other than "tons", it shall be converted to a price per "ton" by using the conversion factor (as laid down in the Institute of Petroleum's tables for measurement of oil dated July 1945 or subsequent revisions thereof) applicable to the actual gravity of the crude oil to which the quotation relates.
4. "Posted price" shall be rounded off to the nearest one penny per ton; e. g., 0.5000d. to 1.4999d. inclusive shall be considered as 1d.
5. If Platts Oilgrams is discontinued or no longer quotes applicable sellers' posted prices, some other internationally accepted index of such prices as agreed between the parties shall be used for the purpose of this Schedule.

In witness whereof the parties to this Agreement have set their hands the day and year first above written.

(Sgd.) Ali Bin Abdulla Al Thani
Ruler of Qatar

(Sgd.) G. O. Higgins
On behalf of "Shell" Overseas
Exploration Company, Limited.

Witness : Abdulla Darwish
Witness : W. J. Heyting

Signature A. J. Miller
Signature G. H. Savill

Signed before me (Sgd.) C. T. E. Ewart-Biggs
Her Majesty's Political Officer, Qatar.

Letter, dated November 29, 1952, from Shell Overseas Exploration Company to the Ruler of Qatar giving some Undertakings additional to the Agreement (No. 6) above, and Requesting the Ruler's written acceptance of them.

I have the honour to refer to the Agreement between Your Excellency and the Company which I represent, signed today, and am pleased to record below the understanding reached between us on the following matters:—

1. My Company acknowledges and respects Your Excellency's authority and rights as Ruler of Qatar and is pleased to record its understanding with Your Excellency that both parties have entered into this Agreement in a spirit of understanding and good faith, and with the intention of interpreting its meaning in a manner consistent therewith.
2. My Company undertakes to warn all its employees that they must give heed to and respect the general law and religious customs of the State of Qatar, and that they should not display in public forbidden things such as intoxicating liquors.
3. My Company will keep Your Excellency informed of any lands or buildings which it may, from time to time, require to occupy and also those which it no longer requires to occupy for the purpose of its operations.
4. When Your Excellency, in consultation with my Company, decides that the scale of operations and, in particular, the number of labourers employed by it in the State of Qatar makes desirable the appointment of an Emir to represent Your Excellency, my Company will adopt the practice then being followed in this connection by other Oil Companies operating in Qatar, in regard to the payment of the salary of such Emir and his assistants.
5. When my Company has constructed and is using its own harbour facilities in Qatar, my Company will, if such harbour facilities are not in an area where Customs Officers are already stationed,

adopt the practice being followed at the time by other Oil Companies operating in the State of Qatar in regard to the provision of adequate accommodation for, and the payment of the salary, at the customary rate, of a Customs Officer to be appointed by Your Excellency's Government and to be stationed in the vicinity of such harbour.

6. My Company agrees that to the extent that any materials and supplies required by it are available in Qatar of the necessary quality and at reasonably competitive prices, it will give preference in making such purchases to local suppliers.
7. My Company agrees that after the Date of commencement of regular export of oil, Your Excellency shall be entitled to appoint a representative to be present as an observer at local Management meetings held in Qatar at which general operating programmes and budgets are considered.
8. If by reason of "Force Majeure" my Company finds it necessary to suspend its operations in Qatar, my Company will immediately inform Your Excellency and will discuss with you the measures both will take having regard to the normal practice of Oil Companies in similar circumstances, for the protection of Your Excellency's interests and to recompense those of my Company's employees in Qatar whose services it may become necessary to terminate.

I request Your Excellency to be kind enough to signify your agreement with the foregoing by signing and returning to me the attached duplicate of this communication.

Signed **G. O. Higgins**
"Shell" Overseas Exploration Company, Ltd.

Agreed
(Sgd.) **Ali Bin Abdulla Al Thani**
(Ruler of Qatar)

(b)

Letter, dated November 29, 1952, from Shell Overseas Exploration Company to the Ruler of Qatar regarding payments to be made to the latter under the Concession Agreement.

With reference to the provisions of Article 11 Clause 1 of the Agreement between Your Excellency and the Company I represent, signed to-day, I record our verbal understanding that my Company agrees in principle, and will confirm to you in a further letter, that, to the extent that any amounts paid by my Company to the credit of Your Excellency's account in Doha in accordance with the abovementioned Clause may be converted by you from Sterling currency of the United Kingdom into Indian Rupees, my Company will make good to Your Excellency the loss to you, if any, represented by the buying rate for such Sterling currency being different from the Indian Rupees/Sterling par rate.

(Sgd.) **G. O. Higgins**

(c)

Letter, dated November 29, 1952, from Shell Overseas Exploration Company to the Representative of the Ruler of Qatar, stating that in accordance with the terms of the Concession Agreement all the Personnel, Staff and Equipment of the Company would be transferred from Bahrain to Doha by June 30, 1953.

Subject to the accommodation suitable to the Company being available in Doha the Company will transfer the majority of its personnel from Bahrain to Doha by the 31st day of December 1952 and will move the remaining staff, equipment, and the stores which have been purchased for the operations to be carried out under the Agreement between His Excellency and the Company and signed today and which are at present in Bahrain, to Doha as soon as possible and in any event before the 30th day of June 1953.

(d)

Letter, dated March 25, 1954, from Shell Overseas Exploration Company to the Ruler of Qatar about Computation of Income for the purposes of the Qatar Income Tax Decree*

My Company undertakes in computing its income for purposes of the Qatar Income Tax Decree to apply as the total of the deductions allowable under Article 4 of the said Decree in respect of any year or period the total of its costs and expenses for the same year or period as finally determined under Article 9, Clause 3 (a) of its Agreement with Your Excellency dated 29th November, 1952. My Company understands that Your Excellency agrees to accept the total of such costs and expenses as the total of the said deductions to be allowed in computing income under the Qatar Income Tax Decree.

I should be grateful if Your Excellency would be good enough to confirm that the above understanding is correct.

* See Qatar Queen's Regulation No. 1 of 1954.

(e)

Letter, dated March 28, 1954, from the Ruler of Qatar to Shell Overseas Exploration Company replying to (d) above.

I refer to your letter No. RT/1 dated 25th March, 1954.

I am satisfied that your company undertakes in computing its income for the purpose of the Qatar Income Tax Decree to apply as the total of deductions allowable under Article 4 of the aforementioned Decree, in relation to any year or period the total of its costs and expenses for the same year or period as finally determined between us under Article 9, clause 3 (a) of your Agreement with me, dated 29th November, 1952, and I do further confirm that your company's understanding, that I agree to accept the total costs or expenses of such nature as being the total aforementioned deductions allowable when computing the income under Qatar Income Tax Decree, is a true understanding, provided the total costs and expenses are identical to what the agreement dated 29th November, 1952, sets forth and in accordance with the established procedures.

(No. 7)

Agreement between Her Majesty's Government and Shell Overseas Exploration Company Limited Relating to the Off-Shore Oil Concession Agreement of November 29, 1952, (No. 6 above), dated December 15, 1952.

This Agreement dated the 15th day of December one thousand nine hundred and fifty-two is made between Her Majesty's Government in the United Kingdom of Great Britain and Northern Ireland (hereinafter called "Her Majesty's Government") of the one part and "Shell" Overseas Exploration Company Limited (hereinafter called "the Company" which expression shall include its assigns) of the other part.

Whereas upon the Company concluding with the Sheikh of Qatar (hereinafter called "the Sheikh") an oil agreement (hereinafter referred to as "the Concession") for the exploitation of the oil resources of the seabed and subsoil of Qatar, certain responsibilities devolve on Her Majesty's Government.

The Company has agreed with Her Majesty's Government as follows, notwithstanding anything contained in the Concession :-

1. The Company, any transferee Company and any subsidiary or operating company that may be created in connection with the Company's operations under the Concession shall, except with the prior consent in writing of Her Majesty's Government, be and remain a Company incorporated in Great Britain and having its principal place of business in Great Britain.
2. The obligations or benefits of the concession shall not be transferred without the prior consent in writing of Her Majesty's Government.
3. The employees of the Company in Qatar shall at all times be British subjects or Netherlands subjects or subjects of the Sheikh ; provided that, with the consent of the Political Resident, Persian Gulf, persons of other nationalities may be employed if in the opinion of the Company they are required for the efficient carrying on of the operation of the Concession.
4. One of the senior local employees of the Company shall be designated chief local representative of the Company in Qatar. The approval of Her Majesty's Government shall be required for the person so designated but such approval shall not be unreasonably

withheld. He shall be ordinarily resident in Qatar and will be responsible for the local relations of the Company with the Qatar authorities which shall, except in routine or unimportant matters be conducted through Her Majesty's representative in Qatar.

5. Subject to the terms of the Concession the Company shall at all times pay due regard to the advice of the Political Resident Persian Gulf, and the Political Officers subordinate to him. The Company will recognise the jurisdiction exercised in Qatar under the Qatar Order in Council.
6. The right given to the Company by the Concession to utilise means of transportation by air shall be subject to any regulations regarding civil aviation in force in Qatar.
7. The Company shall not construct any landing-ground without the prior consent of Her Majesty's Government and the Sheikh and except in accordance with the terms and conditions of such consent, and any landing-ground so constructed shall be used only in accordance with such terms and conditions as may be laid down by Her Majesty's Government and the Sheikh.
8. The Company shall have the right to use or occupy, and shall not include in the areas selected for the purposes of the operation of the Concession, any sites which may have been selected by or on behalf of the Sheikh or Her Majesty's Government for defence purposes, for airfields, aircraft bases or for wireless or telegraph installations or in connection with the development of harbours, provided that with the consent of Her Majesty's Government which shall not be unreasonably withheld the Company shall have the right to use for the purposes of the operation of the Concession such harbours as may be developed by the Sheikh or Her Majesty's Government if there is not reasonable harbour accommodation available elsewhere. Harbours and sea terminals, and the docks and other facilities in connection therewith, developed by the Company shall, in so far as Her Majesty's Government are concerned, be under the complete and exclusive control of the Company

Telegraph, wireless and telephone installations, if any, maintained by the Company shall be for use only in its business and as provided in the Concession and shall be so constructed and operated that their operations shall not interfere with the operations of such wireless, telegraph or telephone installations as may be established by the Sheikh or Her Majesty's Government or other agents.

9. The Company shall do nothing to prejudice the fixing of the boundaries of the seabed area appertaining to Qatar and shall not dispute with the Sheikh or Her Majesty's Government regarding these boundaries. Until the fixing of the seabed boundaries, the Company shall refrain from any drilling operations or other works permanently affecting the seabed or subsoil in any area or areas which the Sheikh or Her Majesty's Government may define.
10. The Company's operations shall be carried out with due regard to the character of high seas of the waters overlaying the seabed appertaining to Qatar outside territorial waters. In particular, the Company shall, in the exercise of its rights and in the fulfilment of its obligations under the Concession, interfere to the minimum extent possible with, and take adequate precautions for the protection of, navigation, fishing and pearling; and it shall comply with all reasonable requirements of Her Majesty's Government and of the competent authorities of Qatar affecting fishing pearling and the navigation of ships and aircraft.
11. Should the Company propose to construct a refinery in Qatar, it will inform Her Majesty's Government and, if required to do so, will consult with Her Majesty's Government about the details of its proposals.
12. In the event of a state of national emergency or war (of the existence of either of which Her Majesty's Government shall be the sole judge), Her Majesty's Government shall have the right of pre-emption, in accordance with the terms of the Schedule hereto, of all crude oil and products thereof produced under the Concession
13. The Company acknowledges the special treaty relations now existing between Her Majesty's Government and the Sheikh and

- the right obligations devolving therefrom with regard to the Sheikdom of Qatar.
15. (1) In the event of any breach by the Company of the terms of the present Agreement, Her Majesty's Government may give the Company written notice to comply with its terms within a specified reasonable time.
- (2) If the Company fails to comply, within the specified time, with the terms of a written notice served on it in accordance with paragraph (1) of this Article, Her Majesty's Government may apply to the Lord Chief Justice of England to appoint an arbitrator who shall decide whether the Company has acted or is acting in breach of the present Agreement, Her Majesty's Government shall inform the Company of any such application to the Lord Chief Justice.
- (3) The provisions of the Arbitration Act, 1950 shall govern the proceedings in any arbitration under this Article.
- (4) If the arbitrator finds that the Company has failed to comply with any of the terms of this Agreement, he may order the Company to take such measures as he may decide (including, if appropriate, payment of compensation) to put an end to or remedy the breach and the damage caused by it.
- (5) Subject to any right of appeal given under the Arbitration Act, 1950, the parties hereto undertake to submit to the decision of arbitrator appointed under this Article and to carry out any order made by him.
- (6) The order of the arbitrator may, if necessary, be enforced in Qatar in the same manner as an order of a Court established under the Qatar Order in Council.
- (7) If the arbitrator finds that the Company has failed to comply with the terms of Articles 1, 2 or 10 of the present Agreement, Her Majesty's Government may request the Sheikh to terminate the Concession and any such request shall be regarded as a ground on which the Sheikh may terminate the

Concession, provided that, in the event of the Company exercising any right of appeal which it may have under the Arbitration Act, 1950, against the arbitrator's order, no such request shall be made before the decision has been given on such appeal.

- (8) Reference in this Article to the Arbitration Act, 1950 shall be deemed to include any amendments thereof which may from time to time be enacted and any enactment replacing it

The Schedule above Referred to—

In the event of a state of national emergency or war (of the existence of which Her Majesty's Government shall be the sole judge)—

- (1) Her Majesty's Government shall have the right of pre-emption of all crude oil obtained under the concession and all the products thereof and shall have the right to require Company to the extent of any refining capacity it may have in Qatar to produce oil fuel that shall comply with the Admiralty specifications at the time provided that Qatar oil be of suitable kind and quality for this purpose. ✓
- (2) The Company shall use its utmost endeavours to increase as far as reasonably possible with existing facilities the supply of oil and products thereof for Her Majesty's Government to the extent required by Her Majesty's Government. ✓
- (3) The Company shall with every reasonable expedition and so as to avoid demurrage on the vessel or vessels engaged to convey the same, do its utmost to deliver all oil or products of oil purchased by Her Majesty's Government under their said right of pre-emption in the quantities at the time and in the manner required by Her Majesty's Government at a convenient place of shipment or at a place of storage in Qatar to be determined by Her Majesty's Government. In the event of a vessel employed to carry any such oil or products thereof on behalf of Her Majesty's Government being detained on demurrage at the port of loading the Company shall be responsible for the payment of the amount due for demurrage according to the terms of the charter party and / or the rates of loading previously

agreed with the Company unless the delay is due to causes beyond the control of the Company or of any other Company associated with it in the operation of the concession. Any dispute which may arise as to whether the delay is due to such causes shall be settled by agreement between Her Majesty's Government and the Company and, in default of such agreement, the question shall be referred to two arbitrators, one to be chosen by Her Majesty's Government (or the Political Resident) and the other by the Company, with power to appoint an umpire in case of disagreement, such arbitration to be held in England and to be deemed a reference to arbitration under the provisions of the Arbitration Act, 1950 as it may be modified by further legislation from time to time or by any enactment replacing the same.

- (4) The price to be paid for all oil or products of the refining or treatment of oil taken in pre-emption by Her Majesty's Government shall be either (a) as specified in a separate agreement, or (b) if no such agreement shall have been entered into, a fair price for the time being at the point of delivery as same shall be settled by agreement between Her Majesty's Government and the Company, or in default of such agreement by arbitration in the manner provided by paragraph (3) above. To assist in arriving at a fair price at the point of delivery the Company shall furnish for the confidential information of Her Majesty's Government original oil or products thereof sold to other customers, and of contracts or charter parties entered into for carriage and shall exhibit to Her Majesty's Government original or authenticated copies of contracts or charter parties entered into for the sale and/or carriage of such oil or products thereof.
- (5) Her Majesty's Government shall be at liberty to take control of any works, plant and premises of the Company in Qatar, and in such event the Company shall conform to and obey all directions issued by or on behalf of Her Majesty's Government. Compensation shall be paid to the Company for any loss or damage that may be proved to have been sustained by the Company by reason of the exercise by Her Majesty's Government of the powers conferred

by this paragraph. Any such compensation shall be settled by agreement between Her Majesty's Government and the Company or, in default of agreement, by arbitration in the manner provided by paragraph (3).

In witness whereof Sir Reginald James Bowker, K. C. M. G., on behalf of Her Majesty's Government, has hereunto set his hand and the "Shell" Overseas Exploration Company Limited has hereunto caused its Common Seal to be affixed the day and year first written above.

Signed and delivered by the said Sir Reginald

James Bowker.

James Bowker, K. C. M. G., on behalf of Her

Majesty's Government in the presence of :

M. P. Hanagar

The Common Seal of the "Shell" Overseas Exploration Company Limited was hereunto affixed in the presence of :

(Sgd.) **F. Godber,**

Director

(Sgd.) **J. H. Loudon**

Director

(Sgd.) **Gordon Kerr,**

Secretary.

(a)

Letter, dated December 22, 1953, from the Political Officer, Qatar, to the Ruler of Qatar on the subject of the Political Agreement.

I have the honour to state that Her Majesty's Government have been furnished with a copy of an Agreement signed by you on 29th November 1952 granting to Shell Overseas Exploration Co. Ltd. an oil concession over the sea-bed and sub-soil beneath the waters of the Persian Gulf which lie beyond the territorial waters of your State and fall within your jurisdiction.

Under instruction from Her Majesty's Government I now enclose a copy of an Agreement which was concluded between Her Majesty's Government and Shell Overseas Exploration Co. Ltd. on 15th December 1952.

It is desirable that there should be a clear understanding as to the position which would arise in certain eventualities in connection with these two agreements. This has already been discussed with you and I understand that you have already agreed orally to arrangements similar to those made in 1953 in respect of the Agreement which you then concluded with the Anglo-Persian Oil Company. I am now therefore to request that you will let me have a reply to this letter confirming your agreement to the arrangements set out below :—

- (i) Should any of the terms of the Agreement between you and Shell Overseas Exploration Co. Ltd. be inconsistent with or conflicting with the terms of the Agreement between Shell Overseas Exploration Co. Ltd. and Her Majesty's Government signed on 15th December 1952. The Agreement between you and Shell Overseas Exploration Co. Ltd. will, to the extent of any such conflict or inconsistency, be subordinate to and controlled by the terms of the Agreement between Shell Overseas Exploration Co. Ltd. and Her Majesty's Government.

- (i) Should it be necessary, under the terms of Clause 7 of Article 15 of the Agreement between Shell Overseas Exploration Co. Ltd. and Her Majesty's Government to request you to terminate your Agreement with Shell Overseas Exploration Co. Ltd. you will accept the advice of Her Majesty's Government in this respect.

- (ii) Upon receipt of your confirmation that you understand and agree to these arrangements Shell Overseas Exploration Co. Ltd. will be informed accordingly and you will be notified of Her Majesty's Government's approval of your Agreement with the Company.

THE SHELL COMPANY OF QATAR LTD

Ref : 1277

8th June, 1963

His Highness Shaikh Ahmed Bin Ali Al-Thani,
Ruler of Qatar,
DOHA

Your Highness,

Greetings and Respects,

- (1) We take great pleasure in referring to the meeting we had with Your Highness towards the end of April 1962, at which we offered to relinquish nearly 1½ million acres of our Concessions Area as shown on the map which we then gave to your Highness. You may recall that we took this initiative in order to try to be of help to Your Highness, since at that time you were offering two other areas for concession bidding. You will also recall that, while you expressed interest in this offer or relinquishment on our part, you asked us to keep the matter strictly to ourselves until such time as you would see fit to discuss it with us again.

Recently, on the 16th May, 1963, and at your request, we had a meeting with Your Highness in the presence of Dr. Hassan Kamel, at which we reiterated our willingness to relinquish the area in question, and at which you intimated that the time had come for us to submit to you formal documents embodying our offer of relinquishment.

- (2) In line with the above, we hereby confirm our offer to relinquish that portion of our Concession Area as defined by our mutual agreement of 29th Novem-

ber 1952, which portion (with the exception of an enclave mentioned below) lies south of straight lines drawn between points A, B, C and D described as follows :—

- Point A. Intersection of latitude 25° 49' N with the line delineating the limit of the territorial waters as defined in the Concession Agreement.
- Point B. Latitude 25° 49' N Longitude 52° 00' E;
- Point C. Latitude 25° 17' N Longitude 52° 00' E;
- Point D. Intersection of latitude 25° 17' N with the limits of the Eastermost boundary of our Concession Area.

The enclave which we intend to retain is that area contained within straight lines drawn through points E, F, G, and H, and these points are described as follows :—

- Point E. Intersection of latitude 25° 12' N with the territorial waters limit;
- Point F. Latitude 25° 12' N Longitude 51 44' E;
- Point G. Latitude 25° 29' S Longitude 51 44' E;
- Point H. Intersection of latitude 25° 29' N with the territorial waters limit.
- (3) For the sake of clarity, we attach a map (No. 1309) showing the points referred to above.

The area proposed to be relinquished by us, as described above, appears in shaded lines on this enclosed map. It shall be understood, however, that this area extends in an outward direction upto the actual outermost limits of our Concession Area in accordance with our Concession Agreement of November 29th, 1952, and shall be without prejudice to these actual outermost limits.

- (4) On the basis of the above, we now propose that the effective date of relinquishment shall be that of our receipt of Your Highness's written acceptance of our above offer regarding the said relinquishment.

Accordingly, as from the effective date mentioned, the relinquished portion shall cease to be considered part of our Concession Area, and shall consequently be released from the terms and conditions of the Agreement of 29th November, 1952. Nevertheless, it shall be mutually understood that :—

- (a) For the duration of the said Agreement, our Company shall, in respect of the said relinquished portion, continue to enjoy those rights and facilities which it is entitled, under the said Agreement, to exercise in respect of areas falling outside our Concession Area in accordance with the said Concession Agreement.
- (b) In the exercise of the abovementioned rights, our Company shall interfere as little as practicable with any use to which the relinquished portion may be put.
- (5) The Agreement of 29th November, 1952, together with all arrangements supplemental thereto, shall in all other respects continue in full force and effect, and this letter and Your Highness's reply, to it shall be considered as supplemental to the said Agreement.

We beg to remain,
Your Highness' Most Obedient
Servants,

For THE SHELL COMPANY OF QATAR LTD.
This relinquishment was accepted according to His Highness the Ruler's letter No. 423-1-123 dated 11-9-1963.

THE SHELL COMPANY OF QATAR LTD.
CONFIDENTIAL

31st August 1963

Ref. 15889

His Highness Sheikh Ahmed Bin Ali Al-Thani,
Ruler of Qatar,
Doha

Your Highness,

Greetings and Respects

1. We have great pleasure in referring to the meeting of the 21st August, 1963, in which we offered a further relinquishment of an additional part of our concession area. You will recall that we showed Your Highness a map of the additional area which we were prepared to relinquish, which is bounded by the traight lines joining points A,B,I, J and K and lying West of the straight line joining points K and J and the straight line joining points X and B. These points can be described as follows :

Point A. Intersection of latitude 25° 49' N with the line delineating the limit of the territorial waters as defined in the Concession Agreement,

Point B. Latitude 25° 49' N Longitude 52° 00' E.

Point I. Latitude 26° 11' 39" N Longitude 52° 00' E.

Point J. Latitude 26° 11' 39" N, Longitude 51° 35' 24" E.

Point K. Intersection of Longitude 51° 35, 24" E with the limit of the northernmost boundary of our Concession.

2. For the sake of clarity we attach a map, drawing No. 1394 showing the referred to above.

The area proposed to be relinquished by us, as described

above, is shown covered by interrupted lines on the enclosed map. It should be understood, however, that this area extends in a westerly direction upto the actual outermost limits of our Concession Area, without prejudice to the said outermost limits, in accordance with our concession agreement of 29th November 1952.

3. On the basis of the above, we now propose that the effective date of relinquishment shall be that of our receipt of Your Highness's written acceptance of our above offer regarding the said relinquishment.

Accordingly, as from the effective date mentioned, the relinquished portion shall cease to be considered part of our Concession Area, and shall consequently be released from the terms and conditions of the Agreement of 29th November, 1952. Nevertheless, it shall be mutually understood that:—

- (a) For the duration of the said Agreement, our Company shall, in respect of the said relinquished portion, continue to enjoy those rights and facilities which it is entitled, under the said Agreement, to exercise in respect of areas falling outside our Concession Area in accordance with the said Concession Agreement.
 - (b) In the exercise of the above-mentioned rights, our Company shall interfere as little as practicable with any use to which the relinquished portion may be put.
4. The Agreement of 29th November, 1952, together with all arrangements supplemental thereto, shall in all other respects continue in full force and effect, and this letter and Your Highness's reply to it shall be considered as supplemental to the said Agreement.

We beg to remain,
Your Highness' Most Obedient
Servants,

FOR THE SHELL COMPANY OF QATAR LTD

This relinquishment was accepted by His Highness the Ruler's letter No. 423-1-133 dated 4-9-1963.

IN THE NAME OF GOD THE MERCIFUL

THIS SUPPLEMENTAL AGREEMENT was made on the 31st December 1964 corresponding to 27th day of Shaban 1384 between His Highness Shaikh Ahmed bin Ali al Thani, Ruler of Qatar, representing the Government of Qatar (hereinafter called "the Government" which expression shall include its successors and assigns) on the part and Alan Oswald Twigg on behalf of The Shell Company of Qatar Limited, a company incorporated under the law of England and having its registered office at Shell Centre, London, S. E. 1, England (hereinafter called "the Company" which expression shall include its successors and assigns) on the other part.

WHEREAS an Agreement, with three related letters, (hereinafter together called "the Principal Agreement") was made on the 29th day of November 1952 corresponding to the 12th day of Rabie el Awal 1372 between the Ruler and "Shell" Overseas Exploration Company Limited.

AND WHEREAS the Principal Agreement was assigned by "Shell" Overseas Exploration Company Limited to the Company on the 17th day of August 1954, corresponding to the 18th day of El Haj 1373 and as a result of such assignment the Company became "the Company" for the purposes of the Principal Agreement.

AND WHEREAS at the request of the Government negotiations have taken place between representatives of the Government and representatives of the Company as a result of which the Government and the Company have agreed that the Principal Agreement shall be supplemented and amended in the manner hereinafter appearing :

ARTICLE 1

In this Supplemental Agreement

Any expression used in this Supplemental Agreement to which a specific meaning has been assigned in the Principal Agreement shall have the same meaning in this Supplemental Agreement unless the context otherwise requires.

2. "The Qatar Income Tax Decrees" means the Qatar Income Tax Decree 1954 as amended by the Qatar Income Tax Amendment Decree 1955.
3. Reference to payments of Qatar Income tax to the Government shall include payment to the Director of Income Tax on its behalf.
4. "Trading Company" means and includes any body corporate other than the Company carrying on a trade or business in Qatar of dealing in crude oil produced by the Company in Qatar or in rights thereto.
5. "The Effective Date" means the date on which this Supplemental Agreement comes into force pursuant to the provisions of Article 12, provided that if such date is a date not later than 26th January 1965 references in this Supplemental Agreement to "the first day of January of the year in which the Effective Date occurs" shall be deemed to be references to the first day of January 1964.

ARTICLE 2

The Principal Agreement shall, from the 1st day of January 1964, be altered as follows :

1. The definition of "Border Value" in Article 1 of the Principal Agreement shall be deleted and the following substituted, namely :
 " "Border Value" means the value (expressed in shillings per ton) of Exported Oil at point of export being the applicable Posted Price for the quality and gravity of the oil exported less a deduction in respect of selling expenses equal to the sterling equivalent of $\frac{1}{2}$ U. S. cent per barrel."
2. Sub-paragraph (a) in Article 6 of the Principal Agreement shall be deleted and the following substituted, namely :
 "(a) On each ton of Exported Oil a sum equal to 12% of the Posted Price of such oil. The Posted Price shall be ascertained for each day and shall be applied to the tonnage of Exported Oil on that day".

The words at the beginning of Article 7 of the Principal Agreement, namely :

"The Company will pay a taxation commutation of six pence sterling per ton of the Substances exported and upon which Royalty is payable in accordance with Article 6 hereof, in consideration of which the Company will be entitled from the date of signature of this Agreement :"

shall be deleted and the following substituted, namely :

"The Company will pay a taxation commutation payment of £ 20,000 per annum payable by equal quarterly instalments during the year to which it relates on the dates upon which payments of Convention Payments are made, but such payment shall not be a Convention Payment ; in consideration of which the Company will be entitled from the date of signature of this Agreement :"

Paragraph 1 of Article 9 shall be deleted and the following substituted, namely :

"The Border Value shall be ascertained for each day and shall be applied to the tonnage of Exported Oil on that day".

Paragraphs 4 and 5 of the Schedule to the Principal Agreement shall be deleted and the following substituted, namely :

"4. If any sellers' posted price is quoted in a currency other than Sterling it shall be converted to Sterling on the basis of the par value at the time concerned established under the Articles of Agreement of the International Monetary Fund or, if no par value is established for one or more of the relevant currencies or if the International Monetary Fund is discontinued, then on the basis of the appropriate rate or rates of exchange recognised by an internationally accepted authority."

"5. 'Posted Prices' shall be rounded off to the nearest one penny per ton : e. g. 0.5000d to 1.4999d inclusive shall be considered as 1d. A similar rounding off shall apply to the deduction in respect of selling expenses required to be made

as a result of the definition of Border Value and to subparagraph (a) in Article 6 of this Agreement".

- "6. If Platts Oilgram is discontinued or no longer quotes applicable sellers' posted prices, some other internationally accepted index of such prices as agreed between the parties shall be used for the purpose of this Schedule."

ARTICLE 3

In respect of each year as from the first day of January of the year in which the Effective Date occurs :

1. The Government's share shall mean
 - (a) the sum of
 - (i) the amount receivable in respect of that year by the Government under paragraph 1 of Article 8 of the Principal Agreement ; and
 - (ii) the Royalty on Exported Oil payable in respect of that year ;or
 - (b) for as long as it is applicable, the amount provided for in paragraph 2 of Article 8 of the Principal Agreement ;whichever is the greater.
2. In calculating the "Profit arising in Qatar on Exported Oil" pursuant to paragraph 4 of Article 8 of the Principal Agreement
 - (a) notwithstanding the provisions of paragraph 3 of Article 9 of the Principal Agreement there shall be included in the total of all costs and expenses of the Company pursuant to that Article an amount equal to Royalty on Exported Oil for the year in question ; and
 - (b) the allowance provided for by Article 4 of this Supplemental Agreement shall be applied.
3. For the purpose of giving effect to the preceding paragraphs of this Article the provisions of paragraph 3 (c) of Article 8 of the Principal Agreement shall be read and construed as if the reference to "an

amount equal to 50% of the Oil Profit" were a reference to "the Government's share", defined in paragraph 1 of this Article.

ARTICLE 4

In order to ensure that Exported Oil shall be competitive with oil from other sources the Government agrees to consult with the Company from time to time with a view to agreeing and determining allowances to be deducted from the Border Value, as well as rates, formulae and periods for such allowances to be applied in determining the Profit arising in Qatar on Exported Oil.

Pursuant to paragraph 1 of this Article the Government and the Company hereby agree an allowance (hereinafter called "the allowance") to be applied, as provided for by Article 3 of this Supplemental Agreement, to Exported Oil which shall initially be at the rate of 8½ per cent of the applicable Posted Price. Any other allowances that may be applicable under paragraph 1 of this Article shall be in addition to the allowance.

The allowance applicable to Exported Oil may be changed from time to time by the Company to whatever rate it elects upon giving to the Government notice in writing of such change provided that the rate so elected shall at no time exceed 8½ per cent. A rate so notified shall remain in effect until a further notice of change is given to the Government.

Notwithstanding any other provisions of this Supplemental Agreement or the Principal Agreement, paragraph 5, 6 and 7 of this Article shall become effective only if the Government and the Company so agree in writing in which event all the provisions of such paragraphs shall become effective on the 1st day of January, 1965.

The maximum rates of the allowance elected by the Company pursuant to paragraph 3 of this Article shall be such that :

- (a) the maximum monetary amount of the allowance for Exported Oil for the year 1965 shall be equal to 7½ per cent of the applicable Posted Prices, plus U. S. \$0.0013235 per barrel

for each full degree of API gravity by which such oil exceeds 27° API gravity.

- (b) The maximum monetary amount of the allowance for Exported Oil for the year 1966 shall be equal to, and for the years after 1966 shall not be greater than, 6½ per cent of the applicable Posted Prices plus U. S. \$0.0026470 per barrel for each full degree of API gravity by which such oil exceeds 27° API gravity.

6 (a) The Company shall from time to time determine whether the rate of the allowance applicable to Exported Oil should be changed in respect of a year or years after 1966. Each such determination by the Company shall be made in the light of the competitive, economic and market situation of the oil concerned which is expected at the time of such determination to prevail during the then reasonably foreseeable future as compared with the competitive, economic and market situation in 1964 of the oil which was produced by the Company and the Company agrees that the allowance shall be eliminated at the time and in the event that its elimination is justified by changes from the competitive, economic and market situation in 1964. Subject to the condition stated in sub-paragraph (b) of this paragraph 6 the rate of the allowance applicable to Exported Oil shall not be changed by the Company to a rate greater than the rate of the allowance applicable to such oil immediately prior to such change.

- (b) The condition referred to in sub-paragraph (a) of this paragraph 6 is that, if the Company has reduced the rate of the allowance applicable to Exported Oil as a result of circumstances which in its judgment are extraordinary and provided that when making such reduction the Company in notifying the Government of such reduction has referred to this condition, the Company may when such extraordinary circumstances have in its judgment ceased to exist and notwithstanding any other provision of this Article increase the

rate of the allowance applicable to Exported Oil to a rate not greater than that existing immediately prior to such reduction

If and when a change is requested by the Government in the rate of the allowance applicable in respect of a year or years after 1966 to Exported Oil, the Company shall consult with the Government and consider such data and views put forward by the Government as are relevant to the comparison referred to below in this paragraph 7 and the Company shall then notify the Government of its determination as to the change required if any in the light of the competitive, economic and market situation of the oil concerned which is expected to prevail during such year or years as compared with the competitive, economic and market situation in 1964 of the oil which was produced by the Company.

ARTICLE 5

As from the Effective Date the Government shall have the right to purchase crude oil produced by the Company in Qatar for delivery on board ship at the seaboard terminal or terminals of the Company in accordance with the provisions of the following paragraphs of this Article.

The price at which the crude oil referred to in paragraph 1 above may be purchased by the Government shall be the Border Value of the crude oil so purchased less the allowance applicable to the oil so purchased.

The purchase price of crude oil purchased by the Government under this Article and delivered during any quarter shall be set off against any sums payable by the Company to the Government in respect of that quarter under the Principal Agreement and this Supplemental Agreement.

The maximum quantity of crude oil which the Government shall be entitled to purchase in any year under this Article shall be the quantity the value of which at the price provided for by paragraph 2 above is equivalent to the value of Royalty payable in such year

on all Exported Oil provided that for the purpose only of calculating such maximum quantity the quantity purchased by the Government under this Article shall be excluded from the total of Exported Oil.

5. The crude oil which the Government is entitled to purchase under this Article shall be sold to the Government by the Company or by any Trading Company as the Company shall determine. Liftings of crude oil so purchased must be spread evenly over each year.
6. All matters required for the implementation of this Article and not therein specifically provided shall be determined in such manner as the Government and the Company may from time to time agree in writing.

ARTICLE 6

1. For the purposes of this Article :
 - (a) "applicable Agreements" means the Principal Agreement, all other related agreements and this Supplemental Agreement
 - (b) "other arrangements" means arrangements applicable to any enterprise engaged in producing and/or exporting crude oil in any area subject to the jurisdiction of the Government (other than the enterprise carried on by the Company and any Trading Company) and includes but is not limited to agreements, Qatar income tax legislation and rates of discount applicable to such other enterprise from time to time.
2. Whereas the Principal Agreement is being amended by the provisions of this Supplemental Agreement to the Government's financial advantage the Government agrees that :
 - (a) Subject to the provisions of sub-paragraph (d) of paragraph 2 of this Article, the Company and any Trading Company shall not be required to make in respect of any year total payments to the Government in respect of crude oil produced by the Company which when aggregated would be greater than the aggregate amounts which would be paid by the

Company and any Trading Company in respect of such crude oil if there were applicable to the Company and any Trading Company in respect of any such year whichever of the other arrangements would be most favourable to the Company and any Trading Company.

- (b) The Government and the Company shall upon request by the Company discuss and exchange information regarding the pertinent facts and circumstances applicable to, as well as the provisions of, each of the other arrangements.
- (c) In order that a fair comparison can be made between the amounts which but for the operation of this Article would be payable by the Company and any Trading Company and the amounts which would be payable under any of the other arrangements the amounts so payable shall be equitably adjusted in the computation made for the purposes of such comparison. In making such equitable adjustment the Government and the Company shall give due regard to the basic differences between the provisions of the applicable Agreements and the Qatar income tax legislation and the provisions of the other arrangements and to the circumstances related to the activities or operations of the Company and any Trading Company on the one hand and the other enterprises referred to above on the other hand, under the applicable Agreements or other arrangements as the case may be, including but not limited to any burdens directly or indirectly relating to or arising out of such activities or operations.
- (d) The aggregate amount payable in respect of any year under applicable Agreements and under Qatar income tax legislation, in respect of crude oil produced by the Company, shall not as a result of the application of the provisions of this Article be less than the aggregate of the payments which the Company and any Trading Company would have been obliged to make to the Government in respect of such year in respect of such oil, calculated in accordance with the provisions of the agreements and Qatar income tax legislation

as in force immediately prior to the Effective Date, namely, the Principal Agreement as amended by Article 2 of this Supplemental Agreement, all other related agreements and the Qatar Income Tax Decrees.

- (e) There shall be excluded from any computation made pursuant to the provisions of this Article any payments or amounts payable in respect of natural gas.
- (f) If following the discussions referred to in sub-paragraph 2 (b) of this Article the total amounts paid under applicable Agreements and the Qatar income tax legislation in respect of the Government's share in respect of any year are found to be in excess of the maximum amount required to be paid as limited by the other provisions of this Article the excess to the extent that it consists of payments by any Trading Company under the Qatar income tax legislation shall be applied against any other income tax obligation of that Trading Company as it may determine and when so applied shall constitute a payment by that Trading Company and receipt by the Government of income tax for the year for which it is applied and any balance of such excess shall be applied as the Company may determine against any future obligation of the Company to the Government and when so applied shall constitute a payment by the Company and receipt by the Government for the year for which it is applied.

ARTICLE 7

The total income to the Government and its entities in respect of the production, dealings in oil or rights thereto, sale, export, shipments and profits (and distribution therefrom) of crude oil produced in Qatar by the Company and sold by the Company or any Trading Company for export from Qatar shall be equal in respect of any year to the amount which the Government would have been entitled to receive in respect of such year calculated in accordance with applicable Agreements as defined in Article 6

ARTICLE 8

The execution of this Supplemental Agreement constitutes a preliminary settlement and final approval of the outcome of negotiations on all matters referred to in the letter No. 433/4/185 dated 20th January 1984 from the Director General of the Government of Qatar to the Company.

ARTICLE 9

The provisions of this Supplemental Agreement so far as they relate to any Trading Company shall be of the same force and effect as if it were a party hereto. If any dispute arises concerning the Principal Agreement or any related agreement or this Supplemental Agreement in relation to any such company the Company may proceed under Article 13 on behalf of such Trading Company as if it were a party hereto.

ARTICLE 10

This Supplemental Agreement shall be supplemental to the Principal Agreement and all other related agreements which shall, subject to the provisions of this Supplemental Agreement, continue in full force and effect and references in the Principal Agreement or in any related agreement to "the Sheikh", "Your Excellency" or "Your Highness" shall be construed as references to "the Government". The rights and remedies available to the Government and the Company and any Trading Company under the provisions of this Supplemental Agreement shall be in addition to any other rights and remedies under the Principal Agreement and all other related agreements.

ARTICLE 11

The Government intends to amend the Qatar Income Tax Decrees as provided for in the Schedule hereto with effect from the first day of January of the year in which the Effective Date occurs.

2. Having regard to the provisions of Article 7 of this Supplemental Agreement the Company and any Trading Company shall have satisfied all its obligations in respect of income tax under Qatar income tax legislation for the year in which the Effective Date occurs and each subsequent year throughout the term of the Principal Agreement as amended by this Supplemental Agreement, if it has paid an amount of income tax for each such year computed in accordance with the provisions and rates set forth in the Qatar Income Tax Decrees as amended by the enactment of the provisions in the Schedule hereto, subject only to such variation of the amount of income tax as may be required to give effect to the provisions of this Supplemental Agreement.

ARTICLE 12

1. This Supplemental Agreement shall be given the force of law in Qatar.
2. This Supplemental Agreement shall come into force as soon as all of the following events have occurred, namely :
- (a) This Supplemental Agreement has been executed by the parties hereto,
 - (b) this Supplemental Agreement has been enacted as part of the law of Qatar,
 - (c) the amendments to the Qatar Income Tax Decrees referred to in Article 11 and in the Schedule hereto have been enacted as part of the law of Qatar ;

save that the provisions of Article 2 shall come into force upon execution of this Supplemental Agreement.

ARTICLE 13

1. (a) If at any time any difference or dispute shall arise between the Government and the Company or between the Government and any Trading Company concerning the interpretation or execution of the Principal Agreement or this Supplemental

Agreement, or anything therein contained or in connection therewith, or any of the rights or liabilities thereunder, the same shall, failing any agreement to settle it in any other way, be referred to two arbitrators, one of whom shall be chosen by each party hereto, and a referee, who shall be chosen by the arbitrators before proceeding to arbitration.

- (b) Each party hereto shall nominate its own arbitrator within sixty (60) days after the delivery of a request so to do by the other party, failing which its arbitrator may at the request of the other party be designated by the President of the International Court of Justice. In the event of the arbitrators failing to agree upon the referee within sixty (60) days after being chosen or designated, the President of the International Court of Justice may appoint a referee at the request of the arbitrators or of either of them.
- (c) If the President of the International Court of Justice is a national of Qatar or of Great Britain or The Netherlands, he shall not make the appointments referred to in sub-paragraph (b) of paragraph 1 of this Article. If for this or any other reason whatsoever the appointment of an arbitrator or a referee is not made in accordance with sub-paragraph (b) of paragraph 1 of this Article then, unless the parties shall have otherwise agreed in writing, such appointment may be made by the President of the Swiss Federal Tribunal at the request of either of the parties (if such appointment is of an arbitrator) or of the arbitrators or either of them (if such appointment is of a referee).
- (d) The procedure of arbitration shall be determined by the parties, or in case they shall fail to agree, by the referee. The parties shall extend to the arbitrators and referee all facilities for obtaining any information required for the proper determination of the dispute. The absence or default of any party to an arbitration shall not be permitted to prevent or hinder the arbitration procedure in any or all of its stages.

- (e) The decision of the arbitrators, or in the case of a difference of opinion between them, the decision of the referee, shall be final and binding upon all parties to the difference or dispute.
- (f) In giving a decision the arbitrators or the referee shall specify an adequate period of delay during which the party to the difference or dispute against whom the decision is given shall conform to the decision, and that party shall be in default if that party has failed to conform to the decision prior to the expiry of that period and not otherwise.
- (g) The place of arbitration shall be such as may be agreed by the parties hereto and in default of agreement shall be Geneva.
- (h) If any arbitrator or referee dies or becomes unable or unwilling to enter upon or to complete the determination of the dispute a substitute may be appointed in accordance with the foregoing provisions of this clause as if such appointment of a substitute was an original appointment.
2. The parties declare that they base their relations with regard to this Supplemental Agreement on the principles of goodwill and good faith. Taking account of their different nationalities this Supplemental Agreement and the Principal Agreement and all other related agreements shall be given effect and must be interpreted and applied in conformity with the principles of law normally recognised by civilised states in general including those which have been applied by International Tribunals.
3. As from the Effective Date the provisions of paragraph 1 of this Article shall have effect in substitution for the provisions of Article 28 of the Principal Agreement.

ARTICLE 14

If any sum of money in the Principal Agreement, as amended by this Supplemental Agreement or in any related agreement, is quoted in a currency other than sterling it shall be converted to Sterling on the basis of the par value at the time concerned established under the Articles of

Agreement of the International Monetary Fund, or, if no par value is established for one or more of the relevant currencies or if the International Monetary Fund is discontinued, then on the basis of the appropriate rate or rates of exchange recognised by an internationally accepted authority.

THE SCHEDULE

AMENDMENT OF QATAR INCOME TAX DECREE

The Qatar Income Tax Decree of 1954, as amended by Qatar Income Tax Amendemnt Decree of 1955, shall as from the date of this Decree be amended in the manner set out below and income tax shall in respect of any financial year ending on or after the date hereof be paid in accordance with the provisions of the Decree as so amended provided that if enacted on or before 26th January 1965 these amendments shall have effect in respect of the taxable period ending 31st December 1964.

AMENDMENTS TO QATAR INCOME TAX DECREE, 1954 AS AMENDED BY QATAR INCOME TAX AMENDMENT DECREE, 1955

ARTICLE 2

Insert after the word "royalties" in sub-paragraph (a) the following

"(except royalties on crude petroleum equal to one-eighth of the value, at the applicable posted price in Qatar, of crude petroleum produced within Qatar and exported therefrom)".

ARTICLE 3

Re-number paragraph (2) as sub-paragraph (2) (a) and insert new sub-paragraph (b) in paragraph (2) as follows :-

“(b) Where a body corporate produces goods under an agreement with the Ruler and is a chargeable person entitled to exemption from liability to income tax chargeable under this Decree then :

(i) for the purpose of paragraph (1) of this Article, notwithstanding the provisions in sub-paragraph (2) (a) of this Article, the credit aggregate for a taxable year of a chargeable person purchasing from such body corporate and selling in Qatar goods or rights thereto, shall be deemed to be increased by the amount of the credit aggregate for that taxable year of such body corporate, and

(ii) for the purpose of determining the income of such purchasing chargeable person the total of the deductions allowable under Article 4 of this Decree for a taxable year of such chargeable person shall be deemed to be increased by the amount by which the total of all items allowable as deductions calculated for that taxable year for such body corporate under Article 4 of this Decree exceeds the income of such body corporate before any such deductions are made :

provided that :

(aa) the amounts specified under (i) and (ii) of this sub-paragraph (b) shall only be included in such purchasing chargeable person's credit aggregate and deductions respectively to the extent that such body corporate certifies such amounts as being attributable to the goods or rights thereto sold to such purchasing chargeable person in that taxable year, and

(bb) the total of the amounts so certified by such body corporate to all such purchasing chargeable persons shall not exceed the total amounts specified under (i) and (ii) respectively of this sub-paragraph (b).”

ARTICLE 4

(a) Insert new sub-paragraph (e) as follows :—

“(e) Royalties paid by the chargeable person on crude petroleum equal to one-eighth of the value, at the applicable posted price in Qatar, of crude petroleum produced within Qatar and exported therefrom.”

(b) Insert the following at end of Article 4 after new sub-paragraph (e) :—

“Provided always that there shall be excluded from the deductions under the above sub-paragraphs in this Article 4 from the credit aggregate any payment made to the Ruler in satisfaction of an undertaking in any agreement with the Ruler to make up the Ruler's share of profits on goods produced thereunder to the total amount of such share as therein specified ; and any sum or the aggregate of any sums received as such or as a part of the sales proceeds from goods or rights thereto by such chargeable person for the purpose of discharging its obligation for any such payment shall not form part of the income of that chargeable person”.

IN WITNESS WHEREOF the parties to this Supplemental Agreement have set their hands the day and year first above written.

Ahmed bin Ali Al Thani

Ruler of Qatar
on behalf of
the Government

Dr. Hassan Kamel

A. O. Twigg

On behalf of
The shell Company
of Qatar Limited

Witness

B. W. B. Webster

THE SHELL COMPANY OF QATAR LTD.

Ref : 1542

11th December, 1968

His Highness Sheikh Ahmed Bin Ali Al-Thani,
Ruler of Qatar,
DOHA

Your Highness,

Greetings and Respects,

We have pleasure in referring to our letter 1541 of 11-12-1968 addressed to your Highness offering to relinquish a piece of land situated at Ras Abu Abboud.

In the course of studying our land requirements at Ras Abu Abboud it has now become evident to us that we no longer require the area of land delineated in green on the enclosed map No. R. 844A. The points indicated on this map can be described as follows :—

Area B is indicated by the marks 1,2,3,4,5, and 6.

Mark 1 : lies 4 ft. from pp 23 towards pp 24.

Mark 2 : is indicated as S. W. corner point.

Mark 3 : is indicated as S. E. corner Point.

Mark 4 : lies 311 ft. from pp 3 towards pp 2.

Mark 5 : lies 1740ft. from line pp 24 pp 23 bearing 36°33' on the intersection of the line 5-6 with the Northwest side of the existing road leading to the Power House.

Mark 6. lies 1740 ft. from Mark 1, bearing 36° 33'.

The boundary line between mark 4 and mark 5 follows the curve of the existing fence line between these marks.

It occurs to us that Your Highness might also be interested in the relinquishment of this area. We accordingly have plea-

sure in offering to relinquish the area described to Your Highness.

Your Highness will recall that the land area at Ras Abu Abboud was purchased by the Company on 1st. April 1953 for £65,000 and Rupees 20,000. We should accordingly appreciate Your Highness' consent to write-off in the year of relinquishment the proportionate book value of the area of land relinquished.

We propose that the relinquishment of this area of land shall become effective from the date on which we receive Your Highness' written acceptance of this offer to relinquish the said area and agree that from that date the said piece of land shall cease to be regarded as the property of the Company and the ownership thereof shall revert to Your Highness.

We beg to remain,
Your Highness' Most Obedient Servants

For/THE SHELL COMPANY OF QATAR LTD.

This relinquishment was accepted by His Highness letter No. A 2-62-335 dated 14-12-1968.

SHELL COMPANY OF QATAR LTD

CONFIDENTIAL

279

15th March 1969

His Highness Sheikh Ahmed Bin Ali Al Thani,
Ruler of Qatar,
DOHA

Your Highness,

Greetings and respects,

We would like to refer to our letter to Your Highness of 8th June, 1963, No. 1277, and to Your Highness' reply to that letter on 11th June 1963, No. 423-1/123.

The above correspondence dealt with and defined the relinquishment of part of our original Concession Area and also mentioned the enclave (situated within the relinquished area) which we have retained to this date.

This enclave was defined as the area contained within straight lines drawn through points. E, F, G and H which were described as follows:

- Point E.** Intersection of latitude 25°12' N with the territorial waters limit;
- Point F.** Latitude 25°12' N Longitude 51°44' E;
- Point G.** Latitude 25°29' Longitude 51°44' E;
- Point H.** Intersection of latitude 25°29' N with the territorial waters limit.

For the sake of clarity, we attach a map (No. 2764) showing the points referred to above.

We now beg to inform Your Highness that we wish to offer for relinquishment the above defined enclave under the same terms as were agreed between us in respect of the relinquishment effected by the forementioned correspondence of June 1963.

We also propose to Your Highness that the effective date of relinquishment of the said enclave will be that of our receipt of Your Highness' written acceptance of our above offer of relinquishment of the enclave.

The Agreement of 29th November 1952, together with all arrangements supplemental thereto, shall in all other respects continue in full force and effect, and this letter and Your Highness reply to it shall be considered as supplemental to the said Agreement.

We beg to remain,
Your Highness' most Obedient Servant

Sd/-
A. O. Twigg

For/THE SHELL COMPANY OF QATAR LTD.

cc: Dr. Hassan Kamel, Adviser to Qatar. Govt.
This relinquishment was accepted by His Highness the Deputy Ruler's letter No. 8-1-1-579 dated 3-5-1969.

Ref : 359

27th May 1969

CONFIDENTIAL

His Highness Sheikh Ahmed Bin Ali Al-Thani,

Ruler of Qatar,

DOHA

Your Highness,

Greeting and respects,

We refer to our letter No. 280 of 15th March 1969 wherein we requested Your Highness to agree to the inclusion of Halul Island and its Territorial Waters in the Concession Area of the Company.

Your Highness has kindly indicated your agreement on behalf of the Government to this request and we should now like to record the following amendment of Article 1 of the principal Agreement (as defined in the Supplemental Agreement dated the 31st December 1964 and amended thereby).

"Whereas Article 1 of the Principal Agreement specifically excluded from the Concession Area the Mainland and Islands of Qatar and the Territorial waters of the Mainland and Islands of Qatar it is now agreed that the Concession Area referred to in Article 1 and elsewhere of the Principal Agreement will from the fifteenth day of March 1969 include Halul Island and its Territorial Waters".

In consideration of the foregoing amendment to Article 1 of the Principal Agreement, the following obligation will be assumed by the Company in respect of the area of Halul Island and its Territorial Waters as cross-shaded on map No. 2792 submitted to Your Highness with our letter No. 358 of 27th May 1969 (hereinafter called "The Area").

1. The Sum of Pounds Sterling 100,000 will be paid to the account of the Government of Qatar within 30 days of having received Your Highness' agreement to this letter
2. As soon as the Company first makes a discovery of oil in The Area, the Company shall notify and consult with the Government on the feasibility of developing such discovery. If as a result of such consultation a decision is reached that the said discovery is commercial, the Company shall within 30 days thereafter pay Pounds Sterling 100,000 to the Government.
3. When the level of exports from Qatar of crude oil produced by the Company from The Area first reaches and is maintained at an average daily rate of 50,000 barrels per day during 30 consecutive days the Company shall notify the Government forthwith and pay Pounds Sterling 400,000 to the Government of Qatar's account within 30 days thereafter.
4. When the level of exports from Qatar of crude oil produced by the Company from The Area first reaches and is maintained at an average daily rate of 100,000 barrels per day during 30 consecutive days, the Company shall notify the Government forthwith and pay Pounds Sterling 500,000 to the Government of Qatar's account within 30 days thereafter.

sums referred to in obligation 1, 2, 3 and 4 above shall be treated in the same way as payments made under Article 3 of the Principal Agreement.

The Principal Agreement and the Supplemental Agreement, together with all arrangements supplemental thereto, shall in all other respects continue in full force and effect and this letter and Your Highness' reply to it on behalf of the Government shall be considered as supplemental thereto.

We beg to remain Your Highness' most obedient Servants.

FOR : THE SHELL COMPANY OF QATAR LTD.

cc: Dr. Hassan Kamel,
Adviser to the Government,
of Qatar, Doha.

Ref : No. 8/1/1-579

2nd June, 1969

General Manager,
Shell Company of Qatar Ltd.,
P. O. Box No. 47,
Doha.

We refer to your letter No. 359 dated 27th May, 1969 in which you request that Halul and its Territorial Waters be included in your Concession Area defined in Article (1) of your Principal Agreement .

We have pleasure in informing you of the Government's agreement to this inclusion under the terms of the offer stipulated in your abovementioned letter.

The Government also agrees to consider your aforesaid letter and this letter of ours as Supplemental to the Principal Agreement and the Supplemental Agreement, together with all arrangements supplemental thereto.

With kind regards.

Khalifa Bin Hamad Al-Thani,
Deputy Ruler of Qatar

AGREEMENT FOR THE AMORTIZATION OF EXPLORATION EXPENDITURE AND DRILLING EXPENDITURE

THIS AGREEMENT is made the twenty sixth day of Shawal 1390 corresponding to the Twenty fourth day of December 1970 BETWEEN THE GOVERNMENT OF QATAR (hereinafter called "the Government") of the one part and THE SHELL COMPANY OF QATAR LIMITED (hereinafter called "the Company" which expression includes its successors and assigns) of the other part.

ARTICLE 1

In this Agreement

- (a) "the Principal Agreement" means the Agreement between the Ruler of Qatar and "Shell" Overseas Exploration Company Limited dated 29th November, 1952.
- (b) "the Supplemental Agreement" means the Agreement between the Government and the Company dated 31st December, 1964.
- (c) Any expression used in this Agreement to which a specific meaning has been assigned in the Principal Agreement or the Supplemental Agreement shall have the same meaning unless the context otherwise requires or the expression is otherwise defined herein.
- (d) "the Qatar Income Tax Decrees" means the Qatar Income Tax Decree, 1954, as amended by the Qatar Income Tax Amendment Decree dated 23rd September, 1955, as further amended by the Qatar Income Tax Amendment Decree dated 31st December, 1964.
- (e) "the Effective Date" means the first day of January of the year in which this Agreement comes into force pursuant to the provisions of Article 5.
- (f) The expressions "Exploration Expenditure" and "Drilling Expenditure" shall have the meaning attributed to those expressions respectively in the First Schedule hereto.

ARTICLE 2

- A. As from the Effective Date, for the purpose of ascertaining the cost of exported oil pursuant to paragraph 3 of Article 9 of the Principal Agreement, Exploration Expenditure and Drilling Expenditure shall constitute capital expenditure.
- B. For the purpose of establishing the deductions to be allowed for amortisation referred to in paragraph (c) of Article 4 of the Qatar Income Tax Decree the reasonable amount in respect of Exploration Expenditure and Drilling Expenditure shall be whichever is the higher of 10% of such capital expenditure or such percentage thereof as shall result from amortising the same in equal annual instalments over the unexpired residue of the period of years referred to in Article 2 of the Principal Agreement save and except that:
- (i) in the event of Exploration Expenditure having been incurred in any area which is relinquished by the Company the unamortised balance of such Exploration Expenditure shall be written off to the cost of exported oil of the Company in the year in which such area is relinquished;
 - (ii) in respect of abandoned wells, or wells in any area relinquished by the Company as aforesaid, the unamortised balance of Drilling Expenditure shall be written off to the cost of exported oil of the Company in the year in which the well is abandoned or the area relinquished.
- C. In the period between the date of commencement of the installation of storage and oil loading facilities for the purpose of making regular exports of oil and the Effective Date the Company has treated as capital expenditure the cost of geological, geophysical and topographic survey parties and has amortised such costs at 5% per annum. For the purpose of establishing the deductions to be allowed for amortisation referred to in paragraph (c) of Article 4 of the Qatar Income Tax Decrees the reasonable amount in respect of such expenditure shall as from the Effective Date be whichever is the higher of 5% of such capital expenditure or such percentage

thereof as shall result from amortising the same in equal annual instalments over the unexpired residue of the period of years referred to in Article 2 of the Principal Agreement save and except that in the event of such expenditure having been incurred in any area which is relinquished by the Company the unamortised balance of this expenditure shall be written off to the cost of exported oil of the Company in the year in which such area is relinquished.

- D. This Agreement shall be deemed to be an agreement of the kind referred to in paragraphs (b) and (c) of Article 4 of the Qatar Income Tax Decrees as amended by the enactment of the provisions in the Second Schedule here to.

ARTICLE 3

This Agreement shall be supplemental to the Principal Agreement and the Supplemental Agreement which shall, subject to the provisions of this Agreement, continue in full force and effect and references in the Supplemental Agreement to the Qatar Income Tax Decrees shall as from the effective Date and in respect of any period commencing on or after the effective date be read and construed as references to the Qatar Income Tax Decrees (as defined herein) as amended by the enactment of the provisions in the Second Schedule hereto.

ARTICLE 4

If any doubt, difference or dispute shall arise between the Government and the Company or between the Government and any Trading Company concerning the interpretation or execution of any provision hereof or anything herein contained or in connection herewith the same shall, failing any agreement to settle it in any other way, be decided by arbitration in the manner provided by Article 13 of the Supplemental Agreement and the provisions of that Article so far as not inconsistent herewith shall be deemed to be incorporated herein and the Company may proceed under that Article on behalf of a Trading Company.

ARTICLE 5

- (a) This Agreement shall have the force of Law.
- (b) This agreement shall come into force as soon as all of the following events have occurred namely :—
- (1) This Agreement has been executed by the parties hereto.
 - (2) This Agreement has been ratified by a Decree of His Highness the Ruler of Qatar.
 - (3) The amendments to the Qatar Income Tax Decrees referred to in the Second Schedule hereto have been enacted as part of the Law of Qatar for the purpose of implementing the provisions of this Agreement.

In witness whereof the representatives of the parties to this Agreement have hereunto set their hands on the day and year mentioned in the preamble.

For and on behalf of
The Government of Qatar

Sd.

Khalifa Bin Hamad

Witness

Sd.

For and on behalf of
The Shell Company of Qatar
Limited

Sd.

B. R. Suttill

Witness

Sd.

THE FIRST SCHEDULE

- A. Exploration Expenditure for the purposes of this Agreement shall mean all direct costs of geological, geophysical and topographic survey parties incurred by the Company after the Effective Date in the State of Qatar and shall exclude all indirect costs including inter alia mobilisation and demobilisation costs, service fees and Qatar office costs.
- B. Drilling Expenditure for the purposes of this Agreement shall mean all direct costs incurred by the Company after the Effective Date on specific wells including inter alia costs of (a) moving drilling rigs within a field or a prospect and preparing them for drilling, (b) drilling, (c) well-site supervision, and shall exclude all indirect costs, including inter alia mobilisation and demobilisation costs, service fees and Qatar office costs. Costs of remedial or repair work carried out on any well including but not limited to, deepening within the same horizon and acid treating of completed wells and drilling of relief wells are production costs and shall be excluded from Drilling Expenditure.

THE SECOND SCHEDULE
QATAR INCOME TAX AMENDMENT

The Qatar Income Tax Decree of 1954, as amended by the Qatar Income Tax Amendment Decree of 1955 and as further amended by the Qatar Income Tax Amendment Decree of 1964, shall as from the date of this Decree be amended in the manner set out in the Annexure hereto and income tax shall in respect of any financial year ending on or after the date hereof be paid in accordance with the provisions of the Decree as so amended.

AMENDMENT TO QATAR INCOME TAX DECREE, 1954
AS AMENDED BY QATAR INCOME TAX DECREE, 1955 AND
AS FURTHER AMENDED BY QATAR INCOME TAX AMEND-
MENT DECREE, 1964

In Article 4 paragraph (b) thereof insert after the expression "oil properties in Qatar" but before the semi-colon the following bracketed words :

"(other than any such expenditure which shall be deemed to be capital expenditure by the provisions of any agreement with the Ruler under which such chargeable person is carrying on business in Qatar)".

SHELL COMPANY OF QATAR LIMITED.

Ref: 1868

30th December, 1970.

His Excellency Shaikh Khalifa bin Hamad Al-Thani,
Deputy Duler and Prime Minister,
Government of Qatar,
DOHA.

Your Excellency,

Greetings and respects.

1. Further to our discussions, we have the honour to refer to Principal Agreement between the Ruler of Qatar and "Shell" Overseas Exploration Company Limited, dated 29th November 1952, and to the Supplemental Agreement, dated 31st December 1964, between the Government of Qatar and the Shell Company of Qatar Limited, together with all arrangements supplemental thereto, and to set out hereunder the amendments which shall be made to the said Agreements, subject to the provisions of paragraph 4 of this letter.
 - (a) Article 8, paragraph 1, of the Principal Agreement shall be re-numbered 1 (a) and amended as follows "the Company undertakes that in respect of the Oil Profit derived from exports over the period from the commencement of regular exports of oil up to and including the thirteenth day of November 1970 the Government shall receive 50% of such Oil Profit."
 - (b) A new paragraph 1 (b) shall be added to Article 8 of the Principal Agreement and shall read "the Company undertakes that in respect of the Oil Profit derived from exports made on or after the fourteenth day of November 1970 the Government shall receive 55% of such Oil Profit."

2. We understand it is the intention of the Government to enact amendments to the Qatar Income Tax Decree.
3. The Government agrees that its additional revenue resulting from the amendments set out in paragraph 1 to the said Agreements constitutes a fair, appropriate and final settlement of all claims by the Government against the Company in computing Oil Profit prior to the fourteenth day of November 1970
4. The amendments set out in paragraph 1 to the said Agreements shall come into effect as soon as both the following events shall have occurred :—
 - (a) the legislation referred to in paragraph 2 above shall have been enacted and published in the Official Gazette.
 - (b) the Company receives from the Government an official letter confirming that this letter correctly records the agreement reached between the Government and the Company.

We beg to remain Your Excellency's most Obedient Servants,

For THE SHELL COMPANY OF QATAR LIMITED
(Sd.)

Published in Official Gazette No. 1 of 1971

**LAW NO. (21) OF YEAR 1970
AMENDING CERTAIN PROVISIONS OF
QATAR INCOME TAX DECREE**

We, Khalifa Bin Hamad Al Thani, the Deputy Ruler of Qatar,

Having seen the Provisional Constitution of Qatar particularly Articles 21, 23 and 37 thereof.

And Qatar Income Tax Decree issued in 1954, as amended in 1955 and by Decree No. 15 of 1964 and Law No. 20 of 1970,

And Decree No. 125 of 1970 ratifying the resolutions of the 21st Conference of OPEC,

And the Draft Law submitted by the Cabinet,
Have decreed the following Law :—

Article (1)

Article (3) of the said Decree shall be amended by inserting the following additional paragraph :

3—(a) Should a chargeable person derive its income or any part of its income from operation relating to the production and export of petroleum from Qatar or from the sale or resale of Petroleum exported from Qatar, such income shall, notwithstanding the provisions of Article (2) and the provision of paragraph (1) of this Article, be chargeable to tax at the rate of 55% (fifty-five per cent). The amount of the tax so determined shall be reduced by a sum equal to the credit

aggregate of that chargeable person for the taxable years. The provisions of paragraph (2) of this Article shall be applied to the income of the chargeable person provided that the rate of 50 per cent stated in clause

(a) hereof become 55 percent.

(b) For the application of the provisions of this Law, the term "petroleum" means crude oil or any other hydrocarbon substances.

Article (2)

This Law shall come in force retroactively with effect from the fourteenth of November 1970.

Article (3)

All competent authorities, each within its own competence, shall execute this Law which shall be published in the Official Gazette.

Khalifa Bin Hamad Al Thani,
Deputy Ruler of Qatar

Issued on 4-11-1390 A. H.
Corresp. to 31-12-1970 A. D.

"C" QATAR OIL COMPANY LTD.
(JAPAN)

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EXHIBIT "A" MAP OF THE CONCESSION AREA NO. 3

EXHIBIT "B" BOUNDARIES OF THE CONCESSION AREA ZONE 3

**CONCESSION AGREEMENT
For QATAR MARINE ARFA
Covering app. 7,300 S. kilometers**

This Agreement made in Doha, Qatar this day of 1st of Muharram, 1389 Hijra corresponding to this day of 20th of March, 1969 by and between the Government of Qatar (hereinafter called the "Government") of the one part and Fuji Oil Company, Limited, a corporation organized and existing under the laws of Japan, with its principal place of business in Tokyo; The Kansai Oil Company, Limited, a corporation organized and existing under the laws of Japan, with its principal place of business in Osaka, Japan; Tokyo Electric Power Company, Incorporated, a corporation organized and existing under the laws of Japan, with its principal place of business in Tokyo, Japan, and the Kansai Electric Power Company Incorporated, a corporation organized and existing under the laws of Japan, with its principal place of business in Osaka, Japan, all four of whom are hereinafter collectively referred to as the "Companies" and individually to as "Company" (which expression shall include their successors and assigns) parties of the second part,

WHEREBY it is agreed between the Government and the Companies as follows:

ARTICLE I — DEFINITIONS

In this Agreement, unless specifically defined otherwise or the context otherwise requires,

- A. "Concession Area" means the offshore area called Area No. 3, generally shown on the map attached hereto as Exhibit "A" and more precisely defined by the document attached hereto as Exhibit "B", all made an integral part hereof.
- B. "Qatar Income Tax Law" means the Qatar Income Tax Decree of 1954 as amended by Qatar Income Tax Amendment Decree of 1955 and further amended by Decree No. (15) of 1964.
- C. "Petroleum" Means crude oil, natural gas, or ozokerite and all other hydrocarbon substances, products, by-products and derivatives.

- D. "Crude Oil" means crude petroleum, asphalt and all liquid hydrocarbons in their natural state or obtained from natural gas by condensation or extraction.
- E. "Natural Gas" means wet gas, dry gas, all other gaseous hydrocarbons produced from oil or gas wells and residue gas remaining after the extraction of liquid hydrocarbon from wet gas.
- F. "Effective Date" shall mean the date upon which both Parties to this Agreement affixed their signatures hereto.
- G. "Barrel" means a barrel of forty-two (42) standard United States gallons at sixty degrees Fahrenheit (60°F).
- H. Oil shall have been discovered in "Commercial Quantities" when a well or wells within the Concession Area has or have been completed and tested in accordance with good oilfield practices and found capable of producing five thousand (5,000) barrels per day of Crude Oil for a period of thirty (30) consecutive days.
- I. "Posted Price" means the f.o.b. price published for each grade, gravity and quality of Crude Oil offered for sale to buyers generally for export at the relevant point of export in Qatar, which price shall be a price mutually agreed upon by the two Parties and established with due regard to any posted prices for Crude Oil of comparable grade, gravity and quality in Qatar and other areas of the Arabian Gulf and having regard to geographical location.

In calculating Posted prices for the purpose of this Agreement prices quoted in currencies other than U.S. dollars shall be converted into U.S. dollars on the basis of par values for the time being established under the Article of Agreement of the International Monetary Fund and if the International Monetary Fund is discontinued then on the basis of the appropriate rate or rates of exchange recognized by any other internationally accepted authority.

1. "Export Commencement Date" means the date on which the Companies commence regular exports of Crude Oil.

2. "Year" means the period of time commencing with a specific day in any year of the Gregorian Calendar and terminating with the preceding day in the next succeeding year.

3. "Calendar Year" means the period commencing January 1 and ending December 31 of the same year. All dates herein shall be fixed and all periods of time computed in accordance with the Gregorian calendar.

ARTICLE II — GRANT

The Government hereby grants to the Companies on the terms hereinafter set forth :

- A. The exclusive right within the Concession Area to explore, search for, drill for and to produce Petroleum .
- B. The right to store, transport, sell for use in Qatar or for export and to export or otherwise to deal with or dispose of any and all Petroleum.

The above rights include all functions normally associated with the above operations.

ARTICLE III — TERM

The term of this Agreement shall be a period of thirty-five (35) years, from the Effective Date of this Agreement. However, on the request of the Companies the Government may, at its sole discretion, extend the term of this Agreement for ten (10) years thereafter on terms then to be negotiated.

ARTICLE IV — RESERVATION

The Government reserves the right to search for and obtain any substances other than those exclusively granted by this agreement, within the Concession Area, excepting only those areas occupied by wells or

other necessary installations of the Companies, provided always that the right thus preserved by the Government shall be exercised so as not to endanger or interfere with the operations and rights of the Companies hereinunder. In any grant of such rights so reserved by the Government, the grantee shall be bound by the provisions of this Article.

ARTICLE V — WORK OBLIGATIONS

A. The Companies shall commence to explore for Petroleum within six (6) months of the Effective Date and shall within eighteen (18) months after the Effective Date complete initial geophysical operations in the Concession Area for the purpose of assessing the prospects of the area for the production of Petroleum.

B. The Companies shall within twenty four (24) months from the Effective Date report to the Government the location or locations of the first exploratory well or wells to be drilled, provided that the Companies shall commence drilling the first exploratory well within thirty (30) months from the Effective Date.

Having commenced drilling an exploratory well or wells the Companies shall proceed with utmost diligence in accordance with good oilfield practices to completion thereof and to completion of any other exploratory well or wells they may at any time thereafter drill in the Concession Area ; provided also that within eight (8) years from the Effective Date the aggregate depth of such well or wells shall in no event be less than forty thousand (40,000) feet (hereinafter referred to as "Minimum Depth Requirement"). At least one exploratory well shall go three hundred (300) feet through the Khuff formation.

C. The Companies undertake to spend on prospecting, exploration, drilling or development operations even though Petroleum may have been discovered in Commercial Quantities, at least twenty four million U.S. dollars (\$24,000,000) during the eight (8) years from the Effective Date as shown hereinunder :

- 1) In the First year after Effective Date one and half million U.S. dollars (\$1,500,000).

- 2) In the Second year after Effective Date one and half million U.S. dollars (\$1,500,000).
- 3) In the Third year after Effective Date three million U.S. dollars (\$3,000,000).
- 4) In the Fourth year after Effective Date three million U.S. dollars (\$3,000,000).
- 5) In the Fifth year after Effective Date three million U.S. dollars (\$3,000,000).
- 6) In the Sixth year after Effective Date four million U.S. dollars (\$4,000,000).
- 7) In the Seventh year after Effective Date four million U.S. dollars (\$4,000,000).
- 8) In the Eighth year after Effective Date four million U.S. dollars (\$4,000,000).

D. If the expenditure in any year shall be less than the amounts specified above for such year, the Companies shall be obligated to expend the deficiency of such expenditure during the next succeeding year or years in addition to the amount specified for that year or years. In the event that the expenditure in any year shall be greater than that required for such year, such excess shall be credited against expenditure obligations for any succeeding year or years.

E. If this Agreement is terminated by the Companies at any time within eight (8) years from the Effective Date the Companies shall pay to the Government any amounts not spent during the period or periods preceding the date of termination.

ARTICLE VI - DEVELOPMENT AND PRODUCTION

After discovery of Crude Oil in Commercial Quantities in the Concession Area, the Companies shall proceed to develop in accordance with good oilfield practices all productive structures, to install the facilities which are necessary to production, storage and transportation, and to produce

Crude Oil therefrom in reasonably substantial quantities having regard to the world demand for Crude Oil and the economic exploitation of the petroleum of the Concession Area.

ARTICLE VII — OTHER MATERIALS

If the Companies shall discover in the course of their operations any deposits of minerals other than Petroleum, such as gold, silver, copper, lead, potash, sulphur and salt, the Companies shall not work or appropriate the same but shall forthwith inform the Government of such discovery.

ARTICLE VIII — DILIGENT AND WORKMANLIKE OPERATIONS

The Companies shall conduct their operations in the Concession Area with utmost diligence and in a workmanlike manner and in accordance with accepted methods and standards of the petroleum industry.

The Companies shall take whatever practical measures are necessary to prevent any injurious excess of water and damage of any kind to any petroleum bearing formations which may be encountered while drilling operations are in progress or upon abandonment of any well. The Companies shall take all responsible precautions against fire and any unwarranted wasting of crude oil or natural gas.

ARTICLE IX — BONUS PAYMENTS

The Companies shall pay to the Government a non-amortizable total bonus of eleven million U.S. dollars (\$11,000,000) in the manner and subject to the conditions hereinafter specified.

- a) Two million U.S. dollars (\$2,000,000) within sixty (60) days from the Effective Date.
- b) Two million U.S. dollars (\$2,000,000) within sixty (60) days from the date of discovery of crude oil in Commercial Quantities
- c) Three million U.S. dollars (\$3,000,000) within sixty (60) days from the date in which regular exports of crude oil shall have first reached and maintained an average daily rate of one hundred thousand (100,000) barrels for thirty (30) consecutive days.

- d) Four million U.S. dollars (\$4,000,000) within sixty (60) days from the date on which regular exports of crude oil shall have first reached and maintained an average daily rate of two hundred thousand (200,000) barrels for thirty (30) consecutive days.

ARTICLE X — ANNUAL RENTALS

The Companies shall pay to the Government the following non-amortizable amounts as annual rentals at the time and in the manner stated :

- a) One hundred thousand U.S. dollars (\$100,000) within sixty (60) days from the Effective Date of this Agreement.
- b) One hundred thousand U.S. dollars (\$100,000) within sixty (60) days after each anniversary date of this Agreement to and including the anniversary date preceding the date of first shipment of crude oil.

ARTICLE XI — RELINQUISHMENT

1. The Companies shall relinquish to the Government not less than thirty percent (30%) of the Concession Area within five (5) years from the Effective Date and shall further relinquish twenty five percent (25%) of the original size of the Concession Area within eight (8) years from the Effective Date, and shall further relinquish twenty percent (20%) of the original size of the Concession Area within ten (10) years of the Effective Date.
2. The portion or portions so relinquished shall so far as reasonably possible be a block or blocks of sufficient size and convenient shape, taking into account contiguous areas which have already been relinquished and are not the subject of a further concession, to enable oil operations to be carried out thereon, and upon relinquishment, it or they, as the case may be, shall cease to be part of the Concession Area.
3. The Companies may at any time relinquish to the Government all or any part of the Concession Area upon giving three (3) months notice in writing of its intention to do so.

4. Notice of relinquishment shall be accompanied by a map, all the pertinent information and a description indicating the precise extent of the area to be relinquished and of the area to be retained.
5. As to the portions so relinquished, this Agreement shall absolutely terminate on the date fixed for such termination in the aforesaid notice, but the Companies shall continue during the duration of this Agreement to enjoy the rights to use the portions so relinquished for transportation and communication facilities and to do so in a manner which shall interfere as little as practicable with any other use to which the relinquished portions may be put.

ARTICLE XII — ROYALTY PAYMENT

1. The Companies shall pay to the Government a fully expensed royalty equal to twelve and one-half (12½) per cent of the Posted Price of Crude Oil produced and saved in the Concession Area each year, as gauged at the point of export after deducting the basic sediments and water. The royalty herein provided shall be paid in whole or in part in kind or in cash at the election of the Government. The election of the Government to take all or part of royalty in kind shall be given by notice in writing to the Companies not less than three (3) calendar months prior to the beginning of the calendar year to which such notice applies.

If the production of crude oil within the Concession Area during any year exceeds an average of fifty thousand (50,000) barrels per day then an additional sum equal to 0.5 per centum of posted price of such excess shall be paid and be fully expensed.

If the production of crude oil within the Concession Area during any year exceeds one hundred thousand (100,000) barrels per day then an additional sum equal to 1.5 per centum of the posted price of such excess shall be paid and be fully expensed.

2. The Companies shall in addition pay to the Government a fully expensed royalty equal to twelve and one-half (12½) per cent of the proceeds of sale of all Petroleum, other than Crude Oil provided for above, sold or exported by the Companies.

3. The royalties herein provided shall be paid on quarterly basis. The royalties occurring to the Government in any given calendar quarter shall be paid by the Companies on or before the 30th day of the following month.

ARTICLE XIII — CONSERVATION AND NATURAL GAS

- A. Companies shall be required to conduct their operations in accordance with the best conservation practices, bearing in mind the long-term interests of the country. To this end, the Government shall draw up written instructions detailing the conservation rules to be followed generally by the Companies within the Concession Area.
- B. Natural Gas produced by the Companies as a result of operations under this Agreement shall be conserved to the maximum extent possible in the circumstances and in the best manner consistent with the accepted methods and standards of the petroleum industry and shall be flared only to the extent which is consistent with practices generally followed in the petroleum industry.
- C. The Companies shall make the best possible use of natural, associated or non-associated gas. However, if such gas or any part of it is not utilized by the Companies then it shall be the property of the Government at the points of source.

ARTICLE XIV — MEASUREMENT OF PETROLEUM AND NATURAL GAS

The Companies shall measure at the points of production, storage, export or sale by a method customarily used in good oilfield practice all Crude Oil produced and saved and all natural gas sold or exported and the Government by its duly authorized representative shall have the right to examine such measuring and to examine and test whatever appliances may be used for such measuring. If upon such examination or testing any such appliance shall be found to be out of order the Government may request that the same be put in order by and at the expense of the Companies and if within a reasonable time such request be not complied with the

Government may cause the said appliance to be put in order and may recover the expense of so doing from the Companies and if upon such examination as aforesaid any error shall be discovered in any such appliance such error shall if the Government so decides after hearing the Companies explanation be considered to have existed for three (3) calendar months prior to discovery thereof or from the last occasion of examining the same in case such occasion shall be within such period of three (3) calendar months and the quantity shall be adjusted accordingly. If the Companies should find it necessary to alter any measuring appliance they shall give immediate notice to the Government to enable its representative to be present during such operations.

The Companies shall keep full and correct accounts of all Crude Oil measured as aforesaid and of the natural gas sold or exported and the said representative of the Government shall have access at all reasonable times to the books of the Companies containing such accounts and shall be at liberty to make extracts therefrom.

ARTICLE XV — TAXATION

The Companies shall, with respect to their net income from operations authorized under this Agreement, be subject to taxation in accordance with the Qatar Income Tax Law subject to the following provisions :

First :

1. The total of taxable income reported by the Companies shall not be less than the amount computed in the following manner :
 - a) The amount which results from multiplying the number of barrels of Crude Oil exported or sold or delivered to the Government as royalty in kind during the taxable year by the applicable Posted Prices less the amount provided for under the following sub-paragraphs (i) and (ii) :
 - i) a marketing allowance equal to one-half ($\frac{1}{2}$) U.S. cent per barrel of Crude Oil exported.
 - ii) Percentage and gravity allowances per barrel of crude oil exported in the years 1969 to 1974 inclusive as hereunder shown.

Year	Percentage Allowance	Gravity Allowances	
		A cent p. b.	B cent p. b.
1969	4 $\frac{1}{2}$ %	.2647	.119118
1970	3 $\frac{1}{4}$ %	.2647	.178677
1971	2%	.2647	.238236
1972	0%	.2647	.297795
1973	0%	.176467	.198530
1974	0%	.088233	.099265
1975	0%	0	0

The sum of two components each to be applied to different gravity ranges noted below :

A	B
cent p. b.	cent p. b.
.119118	.178677
.238236	.297795
.198530	.099265
0	0

Columns "A" & "B" — Amount per barrel for each full degree of A.P.I. gravity by which the A.P.I. gravity of such crude oil or crude equivalent exceeds 27°; provided that commencing from year 1969, all crudes with A.P.I. gravity in excess of 37° A.P.I. shall be treated as if they were 37° A.P.I. gravity.

- plus b) Other actual proceeds including sale or export of all Petroleum other than Crude Oil .
- less c) Royalties and all other costs and expenses in accordance with Qatar income Tax Law and the provisions of this Agreement and in the manner to be agreed upon by the two Parties.
2. In the determination of taxable income, nothing in this Agreement shall be construed as permitting the deduction of the following items of costs and expenses :
 - a) Foreign taxation paid on income derived from sources within Qatar.

- b) Interest or other consideration paid or suffered by any Company in respect of financing of its operations in Qatar.
- c) All expenses paid or incurred before discovery of Crude Oil in commercial quantities.
- d) Bonuses paid to the Government under ARTICLE IX of this Agreement.
- e) Rentals paid to the Government under ARTICLE X of this Agreement.

Second :

The Government has the right to appoint auditors to examine the books of the Companies on its behalf. The Companies shall allow access to their books and registers at all reasonable times.

Third :

Within thirty (30) days of the end of each quarter of the taxable year, each Company shall estimate and pay the amount of income tax due to the Government in respect of that quarter. Such estimate shall be based on the latest information of costs, expenses, quantities and prices and shall be cumulative for the taxable year in question, so that in estimating the amount payable in respect of each quarter there shall be deducted the total amount of any payment for previous quarters of such taxable year. On or before the 15th day of the fourth month following the end of each taxable year each Company shall file its income declaration for the year at the office of Director of Income Tax. If as a result of such declaration any amount shall be found to be due to the Government, the Company shall pay the balance forthwith. If as a result of such declaration any amount shall be found to have been overpaid to the Government by a Company, it shall be carried forward and treated as a payment for the current taxable year.

ARTICLE XVI — LIMIT OF TAXATION

Except for payments provided for in ARTICLE XV hereof, no other or higher taxes, impositions, duties, fees or charges shall be imposed upon the Companies or upon their property, privileges or employees or upon the latter's property, privileges or employees within Qatar other

than those ordinarily imposed and generally applicable to other companies engaged in similar operations in Qatar. No tax, impositions, duty, fee, charge or levy shall be imposed upon the borings, products, materials, equipment, installations or plants of the Companies in Qatar, or upon any of the substances comprised in ARTICLE XIX hereof and used by the Companies for the purpose of their operations authorized by this Agreement ; or upon any distribution by the Companies of their income from operations authorized by this Agreement.

ARTICLE XVII — IMPORTS, EXPORTS AND CUSTOMS

A. The Companies and their contractors shall be entitled to import free of customs, or any other import, sales, or use or excise tax now existing or which may later exist, all material which the Companies may need in conducting the operations authorised by this Agreement but excluding goods for personal use of their employees and materials mentioned in paragraph B of this ARTICLE XVII. Neither the Companies nor their contractors shall import such goods or materials if the same are available in Qatar. Any sale or transfer of material imported free of the aforementioned duties and taxes to persons and companies shall be reported to the proper authorities of the Government and the applicable duties and taxes shall be payable on the depreciated value of the material on the date of resale. Each Company shall be entitled to export Petroleum produced or manufactured in Qatar free of custom duties or any export, sales, or use or excise taxes now existing or which may later exist. The Companies and their contractors shall also be entitled to export free of custom duties or any export, sales, use or excise taxes all materials imported free of duties, taxes and charges under the provisions of this Article XVII.

- B. The classes of materials on which custom duties are payable are:
1. foodstuffs.
 2. tobacco .
 3. materials used in the construction and maintenance of residential and welfare buildings which includes such items as paint nails, cement, timber, windows, doors, wiring, fitting etc.

4. domestic and welfare consumable supplies such as cooking utensils, bedding, linnen, curtains, etc.
5. special equipment such as tents, air conditioning equipment, furniture, cinema, and refrigerating equipment, and cold store etc.
6. personal effects imported by Company employees for their personal use such as radios, cameras etc.
7. transport vehicles under 3 ton load carrying capacity including wagons, pick-ups, etc.

ARTICLE XVIII — CONTRACTORS

- A. Subject to the laws of Qatar the Companies shall have the right to entrust to contractors the execution of such of the operations which they are entitled to perform under this Agreement.
- B. In selecting contractors, the Companies shall, where possible, select contractors who are nationals of Qatar provided that the Companies are reasonably satisfied with their ability to perform the work entrusted to them and provided that their terms and conditions are competitive with those of other contractors tendering for such work.
- C. Such contractors, shall to the extent that they are performing service for the Companies under this Agreement, enjoy the right and be bound by the obligations of the Companies hereinunder. Such contractors (except for nationals of Qatar) shall be liable to pay only those customs and excise duties on the classes of materials for which the Companies themselves are liable as defined in paragraph B of article XVIII of this Agreement.

ARTICLE XIX — USE OF MATERIALS AND WATER

The Companies may remove, subject to the rights of third parties and applicable laws and regulations then in effect and upon payment of reasonable compensation and the usual charges, if any, such surface soil, lime stone, gypsum, clay, ballast, timber, and similar substances

belonging to the Government but not used by the Government or others, may be necessary for the Companies' operations hereinunder.

The Companies also may take away or use any water belonging to the Government that may be necessary for the Companies' operations hereinunder upon the payment of the usual charges, if any, and subject to the approval of the Government.

ARTICLE XX — CONSTRUCTION AND OPERATION OF FACILITIES BY THE COMPANIES

Subject to the right of third parties and applicable laws and regulations then in effect, the Companies may construct and operate power house, workshops, tank depots, stores, and other facilities required for their operations in Qatar under this Agreement.

The Companies may take, sink, drive, build, construct, exact, lay and operate such pits, shafts, wells, trenches, excavations, dams, drains, water course, factories, plants, tanks, reservoirs, pipelines, pumping stations, offices, houses, buildings, wharfs and other terminal facilities, vessels, conveyances, ferries, bridges, roads, and other works whether of the nature hereinbefore mentioned, as may be necessary for their operations under this Agreement ; provided that before constructing any of the facilities comprised in this ARTICLE XX, otherwise than within the Concession Area, the Companies shall submit plans of the same to the Government for its approval. In granting its approval for constructing of any causeway, bridge, road or other facilities suitable for public use, the Government may require that the same be available for public use free of charge provided that such use does not interfere with the operations of the Companies.

ARTICLE XXI — USE OF LAND BY THE COMPANIES

- A. Subject to the right of third parties and subject to the consent of the Government in writing the Companies may enjoy free of charge the full use and occupation of such uncultivated lands of Qatar as the Companies may need for the purpose of their operations.

- B. If the Companies require for the purposes of their operations any private owned or cultivated land in Qatar, the Companies may buy or lease with the permission of the Government such land on terms to be arranged with the owners thereof.
- C. The Companies shall not carry on any operations within areas occupied by or devoted to the purpose of mosques, sacred buildings, graveyards, or archeological sites or in the immediate vicinity thereof.
- D. The Companies shall not have the right to use or occupy, and shall not in the area selected for the purpose of the operations. The this Agreement, any sites which may have been selected by include behalf of the Government for defense purposes, for airfield under or for wireless or telegraph installations and other areas or on selected by the Government for other public purposes.

ARTICLE XXII — EMPLOYMENT OF PERSONNEL

Subject to the applicable laws and regulations in Qatar the Government and the Companies agree that in selection of employees of various nationalities the efficiency of the operations must be given due consideration. The Companies, at all times, shall give employment according to the following order priorities :

- Citizens of Qatar
- Other citizens of the Federation of Arab Emirates
- Other Arabs
- Other nationalities in friendly relations with Qatar.

ARTICLE XXIII — COMPANIES' USE OF TRANSPORTATION, COMMUNICATION AND PORT FACILITIES

The Companies shall be entitled to use in their operations under this Agreement any form of transport whether by land, water, or air for the movement of their employees, equipment or material subject to the due observance of all laws and regulations covering the use of such transport.

ARTICLE XXIV — TRAINING PROGRAMME

On the starting of the Concession the Companies shall prepare and carry out a specialized theoretical and practical training programme for citizens of Qatar relating to the various aspects of oil industry including supervisory and management training with the view to replace its expatriate staff by nationals of Qatar according to a schedule to be agreed upon.

ARTICLE XXV — ACCOUNTS AND INFORMATION

- A. The Companies shall be required to keep within the country clear and accurate accounts and records of their operations, which shall at all times be available to the Government Auditors, upon request. Such accounts shall be kept in accordance with the Government's written instructions, which shall conform to commonly accepted principles of accounting. The Companies shall promptly make available, in a meaningful form, all such information related to their operations as the Government may reasonably require. The Government shall have the right at all reasonable times to inspect all records and documents of the Companies.
- B. The Companies shall keep the Government fully informed as to the progress and results of all their operations in Qatar and shall give to it in the form of maps, technical data, interpretation data and of weekly, monthly and annual reports, information concerning those operations which they obtain as a result thereof. The Companies shall also furnish to the Government such technical and economic reports as may be prepared from time to time.
- C. All such information, maps, etc... shall be treated as confidential by the Government except insofar as they are required for the settlement by arbitration of a dispute between the parties to this Agreement, and except those which are commonly published in the Petroleum industry.

ARTICLE XXVI — LOSS OR DAMAGE TO THIRD PARTIES

The Companies shall be responsible in the manner prescribed by laws for any loss or damage to third parties caused by their wrongful

or negligent acts or omissions and will indemnify the Government against all claims and liabilities in respect thereof.

ARTICLE XXVII — SECURITY

- A. The Government shall give to the Companies, their agents, and their employees and property all the protection in its power from theft, highway robbery, assault, willful damage and destruction
- B. The Government shall, in consultation with the Companies, retain and pay trustworthy guards of its choice for the Companies' benefit, and the Companies shall reimburse the Government for the cost thereof.
- C. Such guards shall be trained and supervised by the appropriate officers of the Government.
- D. The Companies shall provide such guards free of charge with such accommodations and services as are reasonably necessary and suitable for their duties at such places as the Companies shall select with the approval of the Government, such approval not to be unreasonably withheld.

ARTICLE XXVIII — FLAG AND OBSERVANCE OF LAWS

- A. The Companies shall fly the flag of Qatar within the state and off-shore of Qatar.
- B. The right of the Companies under this Agreement shall be exercised in a lawful manner subject to the laws and regulations applicable in Qatar.

ARTICLE XXIX — DISPOSITION OF MOVABLE AND IMMOVABLE PROPERTY

- A. Whenever the Companies relinquished any part of the Concession Area, all the Companies' movable property located within the part of the Concession Area so relinquished may be removed to any part of the Concession Area which has been retained.
- B. On the termination of this Agreement, or relinquishment of all the Concession Area by the Companies, at any time, all movable and immovable property of whatever nature of the Companies located in Qatar or its off-shore shall be handed over to the Government free of charge.

- C. Any immovable property found to be unnecessary to the Companies in Qatar or its off-shore during the currency of this Agreement shall be handed over to the Government free of charge. The Government shall have the preferential right to purchase any movable property, found to be unnecessary to the Companies located in Qatar or its off-shore during the currency of this Agreement at its book value or at a price mutually agreed upon.

ARTICLE XXX — GOVERNMENT REPRESENTATIVE

- A. The Government may from time to time nominate a representative to act for it in all matters relating to this Agreement.
- B. The Government may nominate one or two members of the Board of Directors of the body for the time being operating this Agreement

ARTICLE XXXI — FORCE MAJEURE

If the Companies hereafter are delayed or prevented from carrying out their work or in fulfilling any of their obligations under this Agreement by force majeure in Qatar or elsewhere, the Companies shall not be liable in respect of any such failure or delay, and if through force majeure the fulfillment by the Companies of any of the conditions of this Agreement be delayed the period of such delay together with such period as may be necessary for the restoration of any damage done during such delay shall be added to the period fixed by this Agreement, provided that no addition shall be made to the period fixed in ARTICLE III hereof unless the production or export of Crude Oil by the Companies shall be totally suspended for more than sixty (60) consecutive days through force majeure occurring within Qatar. "Force Majeure" as used in this Agreement shall mean and be limited to the cause set out below :

- a) war ; act of war, invasion, hostilities, embargo, blockade, any other enemy action ;
- b) revolution, rebellion, civil commotion ;
- c) earthquake, flood, fire, storm and any other natural physical disaster ;
- d) strike ;

- e) expropriation and confiscation of facilities or any act of Government affecting the supply, availability or use of materials or labour ;
- f) epidemic ;
- g) negligence or malice of any third party over which neither party has control.

ARTICLE XXXII — DAMAGES

The penalty for breach of any covenant or condition in this Agreement for which no provision herein or in the income tax law is made shall be damages. The amount of such damages shall be fixed by agreement of the Government and the Companies, or failing agreement in accordance with the provisions of ARTICLE XXXIV hereof.

ARTICLE XXXIII — AMENDMENTS

Without prejudice to the Government's power of eminent domain the mutual consent of the Government and the Companies shall be required to annul, amend or modify the provisions of this Agreement.

ARTICLE XXXIV — ARBITRATION

If any doubt, difference or dispute shall arise at any time between the Government and the Companies concerning the application, interpretation or performance of this Agreement or any other matter herein contained, or in connection herewith, or the rights and liabilities of either party hereinunder, the same shall failing any agreement to settle it by any other method be referred to two arbitrators, one of whom shall be chosen by each party and to a referee who shall be chosen by the two arbitrators before proceeding to arbitration.

Each party shall nominate its own arbitrator within sixty (60) days after the delivery of a request so to do by the other party, failing which its arbitrator may at the request of the other party be designated by the President of the International Court of Justice. In the event the arbitrators fail to agree upon a third arbitrator within sixty (60) days after being chosen or designated, the Government and the Companies

shall, in agreement, appoint such a third arbitrator; in the event they fail to agree on such third arbitrator they shall request the President of the International Court of Justice to appoint him.

The decision of the arbitrators, or in the case of a difference of opinion between them, the decision of the majority shall be final and binding upon both parties. The award shall specify a period within which it shall be carried out. The place of arbitration shall be Qatar or elsewhere at the discretion of the arbitrators.

ARTICLE XXXV — TERMINATION BY THE GOVERNMENT

The Government have the right to terminate this Agreement and to take without payment all property of whatever nature of the Companies in Qatar or off-shore of Qatar if the Companies shall fail to:

- a) make any of the payments prescribed in this Agreement on the dates prescribed for such payments, or
- b) fulfill the obligations provided for in ARTICLE V hereof,
- c) conform to the provisions of an arbitration award under ARTICLE XXXIV hereof within the period stipulated in such award, or
- d) discover Petroleum in Commercial Quantities within eight (8) years of the Effective date.

ARTICLE XXXVI — ASSIGNMENT OF RIGHTS

If the Companies desire to sell, convey, or transfer any or all of their rights, powers, or interests under this Agreement, they shall first obtain the written permission of the Government, provided, however, the Companies shall have the right to assign, within sixty (60) days from the Effective Date and without any additional remuneration to the Government of Qatar, all of their rights and obligations under this Agreement to a Japanese corporation to be created exclusively for the purpose of operating this Agreement and owned by the Companies alone or together with other Japanese companies that may be selected by the Companies after consultation with the Government. Upon such assignment the assignee shall succeed to and be substituted for the assignors with the

same effect as though the assignee had been assignors and the assignors shall surrender at the same time all their rights and obligations under this agreement.

ARTICLE XXXVII — INVESTMENT

For any calendar year during which crude oil productions from the Concession Area has exceeded the average of one hundred and fifty thousand (150,000) barrels per day the Companies shall invest an amount of one million U.S. dollars (\$1,000,000) during the following year at the discretion of the Government in Qatar or outside Qatar in feasible economic projects.

ARTICLE XXXVIII — WELFARE CONTRIBUTIONS

The Companies shall contribute within reasonable limits to the cause of the welfare of the people of Qatar by providing various facilities pertaining to educational, medical and other services to be agreed upon with the Government.

ARTICLE XXXIX — BETTER TERMS

If, in the future, arrangements are made between the Government of Qatar or any other Middle Eastern Government or any agent of such Government and any other company regarding the development of oil field, production and marketing of Petroleum which results in an increase in benefits to be received by such Government or its agent, the Government and the Companies shall review and discuss the changed circumstances within the industry as aforementioned taking into consideration operating conditions within Qatar in order to decide whether any alteration to the terms of this Agreement would be equitable to both parties.

ARTICLE XL — CURRENCY

A. All payments to be made under this Agreement by the Companies to the Government shall be made in the Sterling Pound equivalent to United States Dollar amounts in which the terms of this Agreement would otherwise require them to be made. Conversion from United States Dollar amounts into Sterling Pound shall be accomplished by using the respective par values of the two currencies, as

of the date of payment, established under the Article of Agreement of the International Monetary Fund, or, if the International Monetary Fund is discontinued, then on the basis of the rate of exchange for such currencies, quoted for such date by any other internationally recognized banking agency.

B. The Companies shall have the right to :

- i) maintain and operate bank accounts in whatsoever currency and wheresoever situated and freely retain or dispose of any funds therein.
- ii) freely import and export currencies and foreign exchange.
- iii) freely exchange such currencies and foreign exchange into other currencies.
- iv) freely maintain and operate accounts in their books or records in the name of other persons wheresoever situated.
- v) freely maintain and operate accounts in the books and records of other persons wheresoever situated and freely retain or dispose of any funds or assets outside Qatar, including such funds or assets as may result from their activities in Qatar.

ARTICLE XLI — GOVERNMENT'S PARTICIPATION

- A. within a period of one (1) year from the date of discovery of Crude Oil in Commercial Quantities, the Government may, by notice in writing to the Companies accompanied by payment of the sum referred to in paragraph B below, elect either by itself or by an entity assigned by it to acquire undivided participating interest of fifty percent (50%) or such lesser percentage as the Government may then determine in all rights and obligations under this Agreement.
- B. The Government shall pay for such participating interest a sum equal to such participating interest share of the total costs and expenses incurred by the Companies up to the date of discovery of Crude Oil in Commercial Quantities, excluding the bonus and and rentals paid by the Companies before the

discovery of Crude Oil in Commercial Quantities. The Companies shall notify the Government within a period of thirty (30) days from the date of discovery of Crude Oil in Commercial Quantities of the total amount of such payment in order to enable the Government to ascertain the sum to be paid by the Government if an election under this ARTICLE XLI is made. The Government has the right to examine the books of the Companies. The company shall allow access to their books and registers at all reasonable times. The payment of such sum by the Government may be made in equal annual installments over ten (10) years with a rate of interest to be agreed upon. The Government may, at its own discretion, make all or any part of such payment in kind in lieu of cash; in that event the evaluation shall be made at a price to be agreed upon taking into consideration the prices prevailing at the time.

If the Government elects to pay in cash then the payments pursuant to paragraph B shall be paid to the bank or banks designated by the Companies in said notice to the Government and receipt of such bank or banks shall be a good and sufficient discharge for the Government in respect of the sum stated in such receipt. Such payments shall be made in Sterling Pound and shall be converted into Sterling Pound as of the date of each installment in the manner provided in paragraph A of ARTICLE XL of this Agreement.

- C. If the Government shall acquire a participating interest under this Agreement pursuant to this ARTICLE XLI, the terms and conditions upon which operations are conducted shall be determined by an operating agreement to be entered into between the Government and the Companies.

ARTICLE XLII — NOTICES AND OFFICE

Within six (6) months after the Effective Date of this Agreement the Companies shall open an office in Doha in the charge of a person empowered to transact business with the Government. All plans, notices and other communications required hereunder to be sent to the Government

shall be sent to such person as the Government may from time to time nominate; all communications required to be sent to the Companies shall be sent to the said office of the Companies in Doha. Any such plans, notice or communication shall be deemed to be delivered if the sender thereof obtains from addressee a receipt for the same.

ARTICLE XLIII — TELEGRAPH, WIRELESS & TELEPHONE INSTALLATIONS

Telegraph, wireless and telephone installations, if any maintained by the Companies shall be for use only in their business and shall be so constructed and operated that their operations shall not interfere with the operations of such telegraph, wireless and telephone installations as may be established by the Government or its agents. The Government shall have the right to use such facilities provided such use does not interfere with the operations of the Companies.

ARTICLE XLIV — OPERATIONS OF COMPANIES

- A. The Companies shall keep the Government fully informed with regard to their plans. The limits within which the Companies shall be free to operate shall be the limits of the Concession Area, as defined in paragraph A of ARTICLE I, save that where operations in a specific area might in the opinion of the Government result in disputes with a neighbouring State or States, the Government may lay down operating limits within the Concession Area. In such case the Companies shall not operate outside the operating limits as defined by the Government except with the written approval of the Government.
- B. Government personnel related to the Companies' operations shall be provided with offices, accommodation, transport and any other local facilities at the operations sites and field camps on equal basis with the Companies employees.

ARTICLE XLV ARABIC AND ENGLISH TEXTS

The Agreement is written in both Arabic and English, both texts being authentic. In the event of any discrepancy between the two texts, the English text shall prevail.

IN WITNESS WHEREOF, the parties have hereunto set their hands on the day and in the year first above written.

FOR THE GOVERNMENT OF QATAR

Witness

SD/
Ali Jaidah

Witness

SD/
Seign Tanaka

SD/—
H. E. Sheikh Khalifa Bin Hamad Al Thani
Minister of Finance

SD/—
For Fuji Oil Company, Limited

SD/—
For Kansai Oil Company, Limited

SD/—
For Tokyo Electric Power Company, Incorporated

SD/—
For kansai Electric Power Company,
Incorporated

Exhibit "B"

BOUNDARIES OF THE CONCESSION AREA — ZONE 3

The Concession Area consists of all the offshore area, including all the islands and shoals, located within the lines connecting the following points :

From Point A, where the latitudinal line at 26° 00' 00" N intersects with the three mile territorial waters line, on a latitudinal line to :

Point B at 26° 00' 00" N, 52° 00' 00" E, thence on a meridian line southward to :

Point 25 at 25° 17' 00" N, 52° 00' 00" E, thence on latitudinal line to :

Point 4 at 25° 17' 00" N, 52' 32' 07" E, thence on a geodesic line to :

Point 3 at 25° 00' 00" N, 52° 20' 00" E, thence on a geodesic line to :

Point C at 24° 55' 00" N, 52° 13' 28" E, thence on a meridian line southward to :

Point C1 where the meridian line at 52° 13' 28" E, intersects with the geodesic line joining Point K at 24° 48' 40" N, 52° 16' 20" E and Point D at 24° 38' 20" N, 51° 28' 05" E, thence on a geodesic line to :

Point D as described above, thence on a line coincidental with the three mile territorial waters line to :

Point 44, where the latitudinal line at 25° 12' 00" N intersects with the three mile territorial waters line, thence on a latitudinal line at 25° 12' 00" N to :

Point 43 at 25° 12' 00" N, 51° 44' 00" E, thence on a meridian line at 51° 44' 00" E northward to :

Point 42 at 25° 29' 00" N, 51° 44' 00" E, thence on a latitudinal line at 25° 29' 00" N to :

Point 41, where the latitudinal line at 25° 29' 00" N intersects with the three mile territorial waters line, thence on a line coincidental with the three mile territorial waters line back to Point A mentioned above.

SUPPLEMENTAL CONCESSION AGREEMENT

This Supplemental Agreement, made and entered into in Doha, Qatar this 22nd day of Rabie Al Awal, 1389 Hijra corresponding to 7th day of June, 1969 by and between the Government of Qatar (hereinafter called the "Government") and Qatar Oil Company, Limited (Japan) hereinafter called the "Company"), a corporation organized and existing under the laws of Japan, with its principal place of business in Tokyo, Japan.

WITNESSETH:

Whereas, the Government and Fuji Oil Company, Limited, The Kansai Oil Company, Limited, Tokyo Electric Power Company, Incorporated and the Kansai Electric Power Company, Incorporated (hereinafter collectively called the "Companies") entered into an agreement entitled "Concession Agreement for Qatar Marine Area covering approximately 7,300 square kilometers" as of 1st of Muharram 1389 Hijra corresponding to 20th of March, 1969 (hereinafter called the "Original Agreement"); and

Whereas, the rights and obligations of the Companies under the Original Agreement were assigned, with the consent of the Government, to the Company all in accordance with the stipulations of Article XXXVI of the Original Agreement; and

Whereas, both the Government and the Company are desirous of extending the Concession Area granted to the Company by the Original Agreement,

Now, therefore, in consideration of the premises and the mutual covenants herein contained, the parties agree as follows:

1. The Concession Area defined in Article I A. of the Original Agreement shall be extended to cover two additional districts

presently known as Open Area No. 3, generally shown on the map attached hereto as Exhibit "A" and more precisely defined by the document attached hereto as Exhibit "B", but excluding the area of the Bundug Oil Field to be defined later by the Government and Dayina Island and its territorial waters, (hereinafter called the "Additional Area") all made an integral part hereof.

The Company shall pay to the Government a non-amortizable total additional bonus of one million and five hundred thousand U.S. dollars (\$1,500,000) in the manner and subject to the conditions hereinafter specified:

- a) Two hundred and fifty thousand U.S. dollars (\$250,000) within sixty (60) days from the date upon which both parties affixed their signatures to this Supplemental Agreement.
- b) Two hundred and fifty thousand U.S. dollars (\$250,000) within sixty (60) days from the date of discovery of crude oil in commercial quantities as set forth in Article IX (b) of the Original Agreement.
- c) Five hundred thousand U.S. dollars (\$500,000) within sixty (60) days from the date on which regular exports of crude oil shall have first reached and Maintained an average daily rate of one hundred thousand (100,000) barrels for Thirty (30) consecutive days as set forth in Article IX (c) of the Original Agreement.
- d) Five hundred thousand U.S. dollars (\$500,000) within sixty (60) days from the date on which regular exports of crude oil shall have first reached and maintained an average daily rate of two hundred thousand (200,000) barrels for thirty (30) consecutive days as set forth in Article IX (d) of the Original Agreement.

The Company undertakes to spend on prospecting, exploration drilling or development operations even though petroleum may have been discovered in Commercial Quantities as set forth in Article V of the Original Agreement the sum of two million four

hundred thousand U.S. dollars (\$2,400,000) in addition to that set forth in paragraph (c) of the said Article as shown hereunder :

- 1) In the First year after Effective Date one hundred and fifty thousand U.S. dollars (\$150,000).
 - 2) In the Second year after Effective Date one hundred and fifty thousand U.S. dollars (\$150,000).
 - 3) In the Third year after Effective Date three hundred thousand U.S. dollars (\$300,000).
 - 4) In the Fourth year after Effective Date three hundred thousand U.S. dollars (\$300,000).
 - 5) In the Fifth year after Effective Date three hundred thousand U.S. dollars (\$300,000).
 - 6) In the Sixth year after Effective Date four hundred thousand U.S. dollars (\$400,000).
 - 7) In the Seventh year after Effective Date four hundred thousand U.S. dollars (\$400,000).
 - 8) In the Eighth year after Effective Date four hundred thousand U.S. dollars (\$400,000).
4. As supplemented and modified by the foregoing provisions this supplemental Agreement, the Original Agreement shall continue in full force and effect (excepting to the extent to which certain provisions of the Original Agreement shall have already been complied with and are therefore of no further validity) to the intent that, as from the date of signature of this Supplemental Agreement, both documents shall be read together as and shall form one agreement.

In Witness whereof, the parties have hereunto set their hands on the day and in the year first above written.

FOR THE GOVERNMENT OF GATAR

Witness

H. E. Sheikh Khalifa Bin Hamad AlThani
Minister of Finance

FOR QATAR OIL COMPANY, LTD. (JAPAN)

Witness

Jiro Oka
President

Annex 'B'

BOUNDARIES OF THE ADDITIONAL CONCESSION AREA

(OPEN AREA NO. 3)

The Extended Concession Area consists of two additional districts all the offshore area, including all the islands and shoals, located within the lines connecting the following points :

District A

From Point 41, where the latitudinal line at 25°29' 00" N intersects the three mile territorial waters line, on a latitudinal line to :

Point 42 at 25°29'00" N, 51°44'00" E, thence on a meridian line at 51°44'00" E southward to :

Point 43 at 25°12'00" N, 51°44'00" E, thence on a latitudinal line at 25°12'00" N to :

Point 44, where the latitudinal line at 25°12'00" N intersects with the three mile territorial waters line, thence on a line coincidental with the three mile territorial waters line back to Point 41 mentioned above.

District B

From Point C1 where the meridian line at 52°13'28" E intersects with the geodesic line Joining point CK at 24°48'40" N, 52°16'20" E and Point D at 24°38'20" N, 51°28'05" E, thence on a geodesic line to :

Point K as defined hereinabove.

Thence on a geodesic line to point 5 at 25°05'54.79" N, 52°36' 50'98" E, which coincides with the location of al bunduq well No. 1, thence on a geodesic line to point 6 where the latitudinal line at 25°17' 00" N intersects the geodesic line joining point 5 as defined hereinabove and point 7 at 25°31'50" N, 53°02' 05" E,

Thence on a latitudinal line at 25°17'00" E to point 4 at 25°17'00" N, 52°32' 07" E, thence on a geodesic line to point 3 at 25°00' 00" N, 52°20' 00" E, thence on a geodesic line to point C at 24°55' 00" N, 52°13' 28" E, thence on a meridian line at 52°13' 28" E southward to point C1 as defined hereinabove.

Excluded from this area are:—

- a) Any part of the Al Bunduq field that may lie on the Qatari side of the geodesic line joining the points K, 5 and 6 as defined herein above .
- b) Any part of the 3 miles limit of the territorial waters of Dayna Island that may lie on the Qatari side of the geodesic line joining point K and point 5 as defined herein above.

(D) Agreements and Laws concerning all
concessionaires in (Qatar)

QATAR INCOME TAX LAW

DECREE No. 1. 1954 AS AMENDED
BY DECREES No. 6/1955 & 15/1964
and LAWS No. 20/1970 & 21/1970

Article (1)

" There shall be imposed for each taxable year ending after the date of this Decree on every body corporate, wheresoever incorporated, carrying on trade or business in Qatar at any time during such year, income tax in respect of the income of such body corporate for the taxable year." (1)

Article (2)

When used in this Decree—

- (a) the term "credit aggregate" (2) means the aggregate of all royalties (except royalties on crude petroleum equal to one eighth of the value, at the applicable posted price in Qatar, of crude oil produced within Qatar and exported therefrom) (3) and rentals, and of all taxes (other than the tax imposed by this Decree), duties, imposts, and other exactions of a like nature and of any payments in lieu of any tax or by which any tax is compounded which accrue to, or are received by, the Ruler of Qatar from a chargeable person in connection with the carrying on of trade or business in Qatar;
- (b) the term "duties" does not include duties payable in respect of imports for the personal use of employees of the chargeable person, or for the purposes of the chargeable person if the imports are subsequently sold in Qatar;

1) as amended by Decree No. 6/1955
2) " " " No. 6/1955
3) " " " No. 16/1964

- (c) the term "body corporate, wheresoever incorporated, carrying on trade or business in Qatar" (4) includes any body corporate carrying on trade or business in Qatar either directly or through an agent provided such an agent is a body corporate and also any body corporate carrying on trade or business in Qatar as an agent for others;
- (d) the term "chargeable person" means any body corporate, specified in Article (1) whether or not entitled to exemption from liability to income tax chargeable under this Decree; (5).
- (e) the term "income" means gains and profits, arising in Qatar, of a chargeable person derived from carrying on trade or business in Qatar. Where the income of any chargeable person for any taxable year, computed without regard to this sentence, is less than Rs. 70,000 the income of that chargeable person for such year shall be deemed to be nil; (6)
- (f) the terms "carrying on trade or business in Qatar" and "the carrying on of trade or business in Qatar" include : (7)
- (i) the purchasing and selling in Qatar of goods, or rights thereto, and maintaining a permanent office in Qatar,
 - (ii) the operating of any other manufacturing, industrial or commercial enterprise in Qatar,
 - (iii) the letting of any property located in Qatar, and
 - (iv) the rendering of services in Qatar,
- but do not include the mere purchasing in Qatar of goods, or rights thereto,
- (g) the terms "property" or "properties" mean any tangible or intangible asset or assets, purchased or created by capital expenditure;

(4), (5), (6) & (7) amended by Decree No. 6/1955

- (h) the term "Director" means the Director of Income Tax, who shall be appointed by the Ruler;
- (i) the term "personnel of the Director" means the officials and other persons employed by the Director in the carrying out of the duties of the office of the Director;
- (j) the terms "year" and "month" shall respectively be construed as referring to the English Calendar and not any other;
- (k) the term "Qatar" means all the territories of the Ruler including the territorial waters thereof and all other areas over which he has jurisdiction;
- (l) the term "appropriate percentage of the income of a chargeable person" means the percentage shown in the following table :—

On an income :—

Exceeding	But not Exceeding	rupees	The Percentage shall be
	70,000	Nil	
70,000	250,000	"	5
250,000	500,000	"	10
500,000	750,000	"	15
750,000	1,000,000	"	20
1,000,000	1,500,000	"	25
1,500,000	2,000,000	"	30
2,000,000	3,000,000	"	35
3,000,000	4,000,000	"	40
4,000,000	5,000,000	"	45
5,000,000		"	50

Article (3)

- (1) Subject to the provisions of paragraph (2) of this Article the income tax payable by a chargeable person in respect of a taxable year shall be whichever the

less of the amounts under sub-paragraphs (a) and (b) below after reduction of such amount by a sum equal to the credit aggregate, if any, of that chargeable person for the taxable year :—(8)

- (a) Compute the appropriate percentage of the income of the chargeable person for the taxable year, such percentage being determined under Article 2 (1) in accordance with the bracket in which the income of the chargeable person falls.
 - (b) Compute the appropriate percentage of the maximum amount of income falling into the Article 2 (1) bracket immediately below that applicable to the chargeable person for the taxable year and add to the sum resulting from such computation the excess of the income of the chargeable person for the taxable year over such aforesaid maximum amount of income.
- (2) (a) Where a chargeable person derives the whole or part of its income for a taxable year from the sale of goods produced in Qatar to one or more more chargeable persons deriving income from the resale thereof or the sale of rights thereto and the credit aggregate of the first-mentioned chargeable person for that year exceeds 50 per cent of its income for that year computed in accordance with the provisions of this Decree, then for the purposes of paragraph (1) of this Article each purchasing chargeable person's credit aggregate for that taxable year shall be deemed to be increased by an amount certified by the first mentioned chargeable person to be attributable to the goods sold to such purchasing chargeable person in that taxable year but so that the total of the amounts certified by the first mentioned chargeable person as attributable to the total of such goods sold in that year by such chargeable person shall not exceed the

8) Decree No. 6/1955

amount by which the credit aggregate of such chargeable person exceeds 50 percent of its income.

- (b) Where a body corporate produces goods in Qatar under an agreement with the Ruler and is a chargeable person entitled to exemption from liability to income tax chargeable under this Decree then: (9)
 - (i) For the purposes of paragraph (1) of this Article, and notwithstanding the provisions in sub-paragraph 2 (a) of this Article, the credit aggregate for a taxable year of a chargeable person purchasing from such body corporate and selling in Qatar goods or rights thereto, shall be deemed to be increased by the amount of the credit aggregate for that taxable year of such body corporate, and
 - (ii) For the purpose of determining the income of such purchasing chargeable person, the total of the deductions allowable under Article (4) of this Decree for a taxable year of such chargeable person shall be deemed to be increased by the amount by which the total of all items allowable as deductions calculated for that taxable year for such body corporate under Article (4) of this Decree exceeds the income of such body corporate before any such deductions are made; provided that the amounts specified under (i) and (ii) of this sub-paragraph (b) shall only be included in such purchasing chargeable person's credit aggregate and deductions respectively to the extent that such body corporate certifies such amounts as being attributable to the goods or rights thereto sold to such purchasing chargeable person in that taxable year, and that the total of the amounts so certified by such body corporate to all such purchasing chargeable persons shall

9) amended by Decree No. 15/1964

not exceed the total amounts specified under (i) and (ii) respectively of this sub-paragraph (b).

- (3) (a) Should a chargeable person derive its income or any part of its income from operations relating to the production and export of petroleum from Qatar or from the sale or resale of petroleum exported from Qatar, such income shall, notwithstanding the provisions of Article (2) and the provisions of paragraph (1) of this Article, be chargeable to tax at the rate of 55% (fifty-five per cent). The amount of the tax so determined shall be reduced by a sum equal to the credit aggregate of that chargeable person for the taxable year. The provisions of paragraph (2) of this Article shall be applied to the income of the chargeable person provided that the rate of 50 per cent stated in clause (a) hereof shall become 55 per cent (10)
- (b) For the application of the provisions of this Law, the term "petroleum" means crude oil or any other hydrocarbon substances.

Article (4)

In the computation of income in accordance with the principles of Article (7) below the following items, wheresoever incurred, shall be allowed as deductions:—(11)

- (a) The cost to the chargeable person of goods sold, or of services rendered, by the chargeable person in connection with the carrying on of trade or business in Qatar.
- (b) Expenses (exclusive of capital expenditure, of income tax payable by virtue of this Decree, of amounts in-

10) Law No. 21/1970
11) Decree No. 6/1955

cluded in the credit aggregate and of any amounts which are included in cost under sub-paragraph (a) of this Article) which accrue against or are paid by the chargeable person in the taxable year for the purpose of the carrying on of trade or business in Qatar, including, without in any way limiting the generality of the foregoing, expenditure in respect of exploration drilling or development of oil properties in Qatar " (other than any such expenditure which shall be deemed to be capital expenditure by the provisions of any agreement with the Ruler under which such chargeable person is carrying on business in Qatar)" (12); administrative, overhead and establishment expenses; contributions; expenditure made for the welfare of employees; and remunerations or rewards for services rendered by others, whether they accrue or are paid directly to the persons rendering the services or to other persons in respect of insurance, pension or other plans established for the benefit of the persons rendering the services.

- (c) A reasonable amount in each taxable year in respect of the depreciation, obsolescence or exhaustion during that year of properties used in the carrying on of trade or business in Qatar and in respect of the amortization of capital expenditure made for the purpose of such trade or business and not resulting in the acquisition or creation of any property; provided that no deduction under this sub-paragraph shall be given for any taxable year in respect of a property if the deduction when added to the deductions under this sub-paragraph and sub-paragraph (d) of this Article in respect of that property for previous taxable years, will make the aggregate amount of the deductions exceed the actual cost of the property to the chargeable person, including any expenditure

12) Law No. 20/1970

in the nature of capital expenditure on the property by way of renewal, improvement or reinstatement. Where a chargeable person is engaged in the trade or business of producing goods in Qatar under an agreement with the Ruler and the agreement prescribes a basis for the calculation of depreciation, obsolescence or exhaustion of properties used for the purpose of the said trade or business or for the amortization of capital expenditure, the amount arrived at on such basis shall be deemed to be a reasonable amount for the purpose of this sub-paragraph. Amounts shall not be deducted under this sub-paragraph if they are included in cost under sub-paragraph (a) of this Article.

- (d) Losses sustained in the taxable year in connection with the carrying on of trade or business in Qatar and not compensated for by insurance or otherwise, including, without in any way limiting the generality of the foregoing, bad debts, losses arising out of claims for damage against the chargeable person and losses resulting from damage to or the destruction or loss of stock in trade or any property used in carrying on of trade or business in Qatar.
- (e) Royalties paid by the chargeable person on crude petroleum equal to one eighth of the value at the applicable posted price in Qatar, of crude petroleum produced within Qatar and exported therefrom. (13)
- (f) Provided always that there shall be excluded from the deductions under the above sub-paragraphs in this Article (4) and from the credit aggregate any payment made to the Ruler in satisfaction of an undertaking in any agreement with the Ruler to make up

the Ruler's share of profits on goods produced thereunder to the total amounts of such share as therein specified; and any sum or the aggregate of any sums received as such or as part of the sales proceeds from goods or rights thereto by such chargeable person for the purpose of discharging its obligations for any such payment shall not form part of the income of that chargeable person. (14)

Article (5)

- (1) The value of properties, on the basis of which the amount of deductions for property losses under Article 4 (d) is determined, shall be the original cost of the property, increased by the amount of all expenditure chargeable to capital account and decreased by losses and by the aggregate of the amounts previously deductible in respect of depreciation, obsolescence, exhaustion or amortization in respect of the property.
- (2) In the case of property acquired prior to the date of this Decree the income tax imposed by this Decree shall be deemed to have been in full force and effect and to have been applicable during the period the property was owned prior to the date of this Decree for the purpose of computing:—
 - (i) deduction under Article 4 (c),
 - (ii) property losses under Article 4 (d)

Article (6)

The chargeable person shall keep its records on the basis of the English Calendar year ending on the 31st day of December, unless the Director, upon the chargeable person's request has authorised the chargeable person to keep its records on the

basis of a different annual accounting period. The taxable year for which income tax is imposed shall be the annual accounting period as aforesaid used by the chargeable person in keeping its records, except that, if such annual accounting period begins prior to the date of this Decree the first taxable year shall include only the portion thereof which begins on the date of this Decree.

Article (7)

Income shall be computed as provided by this Decree and in accordance with the method of commercial accounting regularly employed by the chargeable person in keeping its records. If the method so employed does not fairly reflect the chargeable person's income, the computation shall be made in accordance with such method as does fairly reflect its income. The accrual method of commercial accounting (that is, the method under which items of deduction are taken into account in the taxable year in which they accrue, that is to say, in which the right thereto or the liability therefor arises and the amount thereof becomes reasonably determinable) shall be considered as fairly reflecting income. The chargeable person shall be entitled to use the method regularly followed in its records for converting one currency to another, if such method is generally recognised in commercial accounting.

The terms "accrue to or are received by", "accrue against or are paid by", "accrue or are paid", "incurred" and "derived", when used in this Decree, shall be applied and construed in accordance with the method of commercial accounting upon the basis of which income is computed. Accordingly, if income is computed on the accrual method of commercial accounting, all items of incomings shall be taken into account for the taxable year in which they accrue to the chargeable person and all items of deduction shall be deducted for the taxable year in which they accrue against the chargeable person, while, if income is computed on the cash receipts and disbursements, method of

commercial accounting, all items of incomings shall be taken into account for the taxable year in which they are received and all items of deduction shall be deducted for the taxable year in which they are paid by the chargeable person.

Article (8)

- (1) On or before the last day of the third month following the end of the taxable year every chargeable person who is not exempt from liability to income tax chargeable under this Decree shall file with the Director at his office in Doha a provisional income tax declaration for the taxable year provided that a chargeable person whose income for any taxable year, computed without regard to the last sentence of Article 2 (e) is less than Rs. 70,000 shall not be required to file an income tax declaration unless directed by the Director so to do. Subject to the provisions of paragraph (2) of this Article, every chargeable person who is not so exempt from liability to income tax shall pay to the Director for the account of the Ruler, in pounds sterling (United Kingdom), the amount of income tax shown thereon in four equal instalments. The instalments shall be due, respectively, on the last day of the third, sixth, ninth and twelfth months following the end of the taxable year.
- (2) On or before the last day of the ninth month following the end of the taxable year every such chargeable person shall file with the Director at his office in Doha a final income tax declaration for the taxable year. If the amount of income tax shown on the provisional declaration exceeds the amount shown on the final declaration, the instalment due under paragraph (1) of this Article on the last day of the twelfth month following the end of the taxable year shall be increased by the amount of the excess, and, if the amount

of income tax shown on the final declaration is less than the amount shown on the provisional declaration, the said instalment shall be reduced as far as may be by the amount of the deficiency and any tax overpaid for the taxable year shall be repaid.

- (3) The Director may grant reasonable extensions of time for filing the declarations required and paying the income tax imposed by this Decree, when the chargeable person shows that such extensions are necessary. In case of failure to file the declaration or to pay the amount of income tax due in accordance with the provisions of this Article, except where such failure is due to reasonable cause, there shall be added to the amounts due a fine calculated at the rate of one per cent (1%) for each thirty days or fraction thereof during which such failure continues. (15)

Article (9)

The chargeable person shall enter in the records of its accounts all items of incomings and of expenditure and all other items affecting its income. The chargeable person shall file its final declaration on the basis of records which are correct and which fairly reflect its income. If a public or chartered accountant who is a member of an internationally recognised firm of accountants approved by the Director (which approval shall not be unreasonably withheld) certifies that the records for the taxable year are correct and fairly reflect the chargeable person's income for the taxable year and that the final declaration is in conformity with such records, such declaration shall, in the absence of evidence to the contrary accepted by the chargeable person, or by the Courts be accepted as correct for the purposes of this Decree, and the income tax shown by such declaration shall be taken to be finally determined. In default of the certification for which provision is made in this Article, the Director may accept the chargeable

(15) Decree No. 6/1966

person's final declaration as correct, or when required by the established facts, may decide that it is necessary to adjust the amount of income tax stated in such declaration. In no event shall the amount stated in the final declaration be increased except as a result of adjudication by the Courts unless the chargeable person so agrees.

Article (10)

The Director is charged with the execution of this Decree. He shall collect the income taxes due and pay them promptly to the Ruler. He shall deliver to the chargeable person a receipt for each payment of income tax certifying the amount paid and the year or years for which the payment was made.

Article (11)

Declarations shall be confidential and shall not without the consent of the chargeable person be open to examination or inspection by any person other than the Director and his personnel. It shall be unlawful for them, without such consent, to divulge or make known in any manner whatever to any person other than themselves the amount or particulars of items of any incomings, or deduction, or other items set forth or disclosed in any declaration or in the chargeable person's records and books, or to permit any declaration or copy thereof or any record or book containing any abstract or any particulars thereof to be seen or examined by any person other than themselves. Any offence against the foregoing provisions shall be punishable by fine not exceeding 1,500 rupees.

Article (12)

The chargeable person's relevant records and books shall upon request of the Director be made available for inspection by the Director and his personnel when necessary for the purpose of carrying out the provisions of this Decree.

Article (13)

Any person who knowingly (a) falsifies the chargeable person's records, or (b) makes any false statement affecting any declaration or certificate required for the purposes of this Decree shall be guilty of an offence against this Decree and on conviction shall be liable to imprisonment for a period not exceeding two years or to a fine or to both such imprisonment and fine.

If the records of any chargeable person have been so falsified or if any false statement has been so made affecting the declaration or certificate of such chargeable person by any person for whose conduct the chargeable person is legally responsible, then the chargeable person shall be guilty of an offence against this Decree and on conviction shall be liable to a fine.

Except at the request of the chargeable person no prosecution shall be initiated under this Article unless and until it has been agreed by the chargeable person or decided under Article (14) that the chargeable person's records or the statement affecting any declaration or certificate were or was false.

Article (14)

Any dispute between the Director and a chargeable person arising in respect of the administration of this Decree, or of the amounts of income tax due thereunder, may be referred by either party to the Courts for adjudication, unless the dispute has by agreement between the parties been submitted to arbitration.

TEHRAN AGREEMENT

Abu Dhabi, Iran, Iraq, Kuwait, Qatar and Saudi Arabia (the said six States being hereinafter know as "the Gulf States" insofar as their exports from the Gulf are concerned) and the Companies listed in Annexe 1 and their affiliates (hereinafter known as "the Companies"), to establish security of supply and stability in financial arrangements agree :

1. The existing arrangements between each of the Gulf States and each of the Companies to which this Agreement is an overall amendment, will continue to be valid in accordance with their terms.
2. The following provisions constitute a settlement of the terms relating to government take and other financial obligations of the Companies operation in the Gulf States as to the subject matters referred to in OPEC Resolutions and as regards oil exported from the Gulf, for a period from 15th February, 1971 through 31st December, 1975. These provisions shall be binding on both the Gulf States and the Companies for the said period.
3. These provisions are :—
 - (a) During this Agreement no Gulf State will seek any increase in government take or other financial obligations over that now agreed regarding Gulf production, as a result of :—
 - (1) The application of different terms in :—
 - (i) any Gulf State as a Mediterranean exporter; or
 - (ii) any Mediterranean producer; or
 - (iii) any producer from any other area ; or

No Leap-frogging

- (2) The breach of contract through unilateral action by any Government in the Gulf; or
- (3) The elimination of existing disparities in the Gulf under paragraph (c) (2) (iv) or any settlement under paragraph (c) (3) THIRDLY; or
- (4) The application of different terms to any future agreement in any country bordering on the Gulf.

No
Embargo

(b) The requirements of the six member Countries of OPEC bordering the Gulf under OPEC Resolutions XXI 120 and XXII 131 are satisfied by the terms of this Agreement. During the period of this Agreement the Gulf States shall not take any action in the Gulf to support any OPEC member which may demand either any increase in government take above the terms now agreed, or any increase in government take or any other matter not covered by Resolution XXI. 120.

Financil
Terms to
meet OPEC
Resolution
XXI 120
OPEC 120
Paragraph 1

(c) (1) Total tax rates on income shall be stabilized in accordance with existing arrangements, except that insofar as present tax laws provide for total rates lower than 55 per cent, the Companies concerned will submit to an amendment to the relevant income tax laws raising the total rates to 55 per cent.

- (2) In satisfaction of the several claims arising out of paragraph 2 and 3 of OPEC Resolution XXI.120
- (i) Each of the Companies shall uniformly increase as from the effective date its crude posted prices at the Gulf terminals of the Gulf States by 33 cent per barrel.

(ii) (aa) Each of the Companies shall make further upward adjustments to its crude posted prices to the nearest tenth* of a cent per barrel by increasing on 1st June, 1971 each of such posted prices by an amount equal to 2½% of such posted price on the day following the effective date. On 1st January of each of the years 1973 through 1975 a further increase to the nearest tenth of a cent shall be made in each such posted price equivalent to 2½% of the posted price prevailing on 31st December of the preceding year.

(ii) (bb) Each of the Companies shall increase its crude posted prices on 1st June, 1971 by 5 cent per barrel and by a further increase of 5 cent per barrel on 1st January in each of the years 1973 - 1975.

(ii) (cc) Each of the Companies shall further increase its crude posted prices as from the effective date by 2 cent per barrel which, together with paragraph 3 (d) is in satisfaction of claims related to freight disparities.

(iii) The increases included in (ii) above shall be in satisfaction of claims in respect of freight, escalation and of inflation under both OPEC Resolution XXI.120 and OPEC Resolution XXI.122, and also in satisfaction of certain other economic considerations raised by the Gulf States.

(iv) Each of the Gulf States having an existing claim under negotiation based on posted price disparity

* For each decimal fraction of a cent of 0.05 cents or above the amount is to be increased to the next higher whole 0.1 cent. For each decimal fraction of a cent below 0.05 cents the amount is decreased by this fraction.

has discussed and resolved such claim with the Companies exporting the crude grade concerned as follows :

In the case of Iranian Heavy, Saudi Arab Medium and Kuwait, the posted prices shall each be increased by the Companies concerned by one cent with effect from the effective date. In the case of Basrah after the adjustment provided for in (3) **FIRSTLY** the posted price will be \$1.805 for 35° API.

(5) **FIRSTLY** For crude oil API gravity 30.0° to 39.9° OPEC 120 with effect from the effective date each posted price Paragraph 4 shall be further increased by the Companies by $\frac{1}{2}$ c per barrel for each degree such crude is less than API° 40. A table showing the resulting increases before taking into account the settlement of disparities under (c) (2) (iv) is attached (Annex 2) and forms part of this Agreement.

SECONDLY Posted prices shall apply to shipments falling within the range of .0 to .09 degrees of any full degree of API gravity and shall be subject to a gravity differential on the basis of 0.15 cent per barrel for each full 0.1 degree API.

THIRDLY In the case of crudes under 30° API the Governments and Companies shall agree on a basis for adjusting the posted price. However, if no such agreement is reached the same principles applied in **FIRSTLY** and **SECONDLY** above shall apply.

OPEC Paragraph 5
The existing per cent allowance, the gravity allowance and the $\frac{1}{2}$ cent perbarrel marketing allowance shall be eliminated as from the effective date of this Agreement.

- (d) If Libya is receiving a premium for short haul crude which premium is to fluctuate according to freight conditions in accordance with a freight formula and if in respect of any period the premium applied by any major oil company which has production in Libya the Gulf States exceeds for any reason the lowest level permitted by such formula for such period the Gulf States shall be entitled to additional payments as set out in Annex 3.
4. "Affiliate" shall mean in relation to any Company, any company which is wholly or partly owned directly or indirectly by that Company.
5. Each of the Gulf States accepts that the Companies' undertakings hereunder constitute a fair appropriate and final settlement between each of them, and those of the Companies operating within their respective jurisdictions, of all matters related to the applicable bases of taxation and the levels of posted prices up to the effective date.
6. The effective date of this Agreement shall be 15th February, 1971.

Done this 14th of February, 1971 at
Tehran, Iran.

For the Gulf States :

Abu Dhabi

Iran

Iraq

Kuwait

Qatar

Saudi Arabia

For the Companies :

Strathalmond

George T. Piercy

A. C. DeCrane, Jr.

John E. Kircher

W. P. Tavoulaareas

Annex 1

The British Petroleum Company Limited
 Compagnie Francaise des Petroles
 Gulf Oil Corporation
 Mobil Oil Corporation
 The Shell Petroleum Company Limited and
 Shell Petroleum N. V.
 Standard Oil Company of California
 Standard Oil Company (New Jersey)
 Texaco Inc.
 Continental Oil Company
 Standard Oil Company (Ohio)
 Hispanica de Petroleos S. A.
 American Independent Oil Company of Iran
 Signal (Iran) Petroleum Company

ANNEX 2

Crude	°API	Present	$\frac{1}{2}$ pb x	Adjusted
		Posting	Degrees of Gravity	Posted
		\$ pb	under 40°	Price 1
Qatar	40	1.95	.0	1.95
Abu Dhabi	39	1.88	.005	1.885
Abu Dhabi Marine	37	1.86	.015	1.875
Qatar Marine	36	1.85	.02	1.85
Basrah	35	1.72	.025	1.745
Arabian Light	34	1.80	.03	1.850
Iran Light	34	1.79	.03	1.820
Iran Heavy	31	1.72	.045	1.765
Kuwait	31	1.68	.045	1.725
Arab Medium	31	1.68	.045	1.725

The crude below API Gravity 30° is not covered by this table.

(1) Subject to paragraph 3 (c) (2) (iv)

Annex 3

Short Haul Freight

The following provisions shall apply with respect to the implementation of paragraph 3 (d) of the Agreement to which this Annex 3 is attached.

- (1) Any major oil company concerned shall pay to each Gulf State (as a supplemental payment) that proportion of a "balancing amount" as such Company's crude production exported from Gulf terminals (including Arabia/Bahrain pipeline) in such Gulf State bear to the total of such Company's crude exports in such period from all Gulf States in the Gulf.
- (2) The "balancing amount" will be equal to the monetary amount by which the Company's payments to Libya for the period exceed the monetary amount which the Company would have paid to Libya for the period if it had effected the full reduction of premium permitted by its agreement with Libya or if it had effected a reduction in premium equal to 21½ cent/B which is agreed with the Gulf States to be the short haul premium, whichever reduction is smaller.
- (3) "Major Oil Company" for the above purpose means any of Esso, Texaco, Socal, Gulf, Mobil, BP, Shell and CFP.
- (4) Illustrative examples of the implementation of the terms of this annex are shown in Exhibit A, attached.

EXHIBIT A

ILLUSTRATIVE EXAMPLE OF "BALANCING AMOUNT"

	Cents/BBL			
Shorthaul Premium agreed with the Gulf States	21.5	21.5	21.5	21.5
Libya "Premium" for illustrative purposes :	18.0	21.5	24.0	30.0
Lesser of Under-Reduction of Libyan Freight Premium or 21½ cent /B:	<hr/>			
1. Libyan Premium should be reduced by 25% but is not	4.5	5.375	6.0	7.5
2. Libyan Premium should be reduced by 50% but is not	9.0	10.75	12.0	15.0
3. Libyan Premium should be reduced by 100% but is not	18.0	21.5	21.5	21.5
4. Libyan Premium should be reduced by 100% but was only reduced to 50%	9.0	10.75	12.0	15.0
5. Libyan Premium should be reduced by 100% but was only reduced by 25%	13.5	16.125	18.0	21.5

To obtain balancing amount :

- (a) Multiply figure given under 1-5 by the total Libyan tax rate on income plus (100 per cent minus such rate) applied to the royalty, all as applicable to the producer concerned.
- (b) Multiply resultant dollar/B figure in (a) by the barrels of the major company's crude production exported from Libya.

GENEVA—AGREEMENT

Abu Dhabi, Iran, Iraq, Kuwait, Qatar, and Saudi Arabia (hereinafter referred to as the "Gulf States") and the Companies listed in Annexe I hereto and their Affiliates (hereinafter referred to as "the Companies") have previously entered into various arrangements including the following agreements:

Agreement dated February 14, 1971 between the Gulf States and certain of the Companies concerning oil exported from the Gulf; Agreement dated May 14, 1971 between Kuwait and Saudi Arabia and Arabian Oil Company concerning oil exported from the Gulf; East Mediterranean Agreement dated June 7, 1971 between Iraq and certain of the Companies; and Agreements dated June 23, 1971 between Saudi Arabia and Arabian American Oil Company concerning crude oil sold for delivery at Sidon, Lebanon and relating to the February 14, 1971 agreement as it concerns crude oil sold by Aramco for export from the Gulf. (All of the foregoing are herein referred to as "Related Agreement".)

The parties have agreed to supplement such arrangements to the extent and in the manner hereinafter provided.

Accordingly it is now agreed between the parties as follows:

1. This Agreement is supplemental to and incorporated in existing arrangements between each of the Gulf States and each of the Companies, including the Related Agreements referred to above. All such arrangements continue to be valid in accordance with their terms which, including paragraph 3 (a) and paragraph 3 (b) of the above mentioned February 14, 1971 Agreement extended to apply to Gulf States' crude exports from

Eastern Mediterranean terminals (hereinafter called "Eastern Mediterranean export"), shall apply to the subject matters of this Agreement. Iraq and Saudi Arabia shall however be entitled to seek and the Companies concerned shall examine in good faith and not unreasonably withhold additional adjustments to prices applicable to Eastern Mediterranean exports, if

- (a) any agreement dealing with the same subject matters as this Agreement and amending an existing agreement, is entered into between a Mediterranean producer and a major oil company (as defined in the above mentioned February 14, 1971 Agreement); and
 - (b) such agreement provides for increases in posted prices greater when expressed as a percentage than the percentage increases resulting from application of Annexe 2 to Eastern Mediterranean exports; and
 - (c) such agreement provides for increases in posted prices greater than those calculated on the basis of a formula generally similar in concept to that set out in Annex 2, after allowing for different factors and other relevant differences if any.
2. The Companies undertake to supplement the adjustments to crude oil posted prices provided for in the Related Agreements, including the periodic increases provided therein, by such additional adjustments to crude oil posted prices as may be required by Annex 2 attached hereto and hereby made a part of this Agreement.
3. (a) For the purposes of the arrangements under which each of the companies carries on its operations within the jurisdiction of any of the Gulf States for converting posted prices posted in currencies other than

sterling and for converting into the currencies of payment sums due to governments or their agencies which are calculated or expressed in any currencies other than the currencies of payment.

- (i) the rate of exchange to be used in respect of any month for currencies other than the currency of the State concerned shall be the arithmetic average as certified by the National Westminster Bank London (or other bank mutually agreed by the parties concerned) of the mean of the buying and selling rates in respect of telegraphic transfers for the currencies in question quoted by the Bank at 10-30 a.m. G.M.T. on those days in such month on which the London foreign exchange market is open, and
 - (ii) the rate of exchange to be used in respect of any month for the currency of the State concerned shall be the weighted average monthly rate of exchange at which such currency was purchased by the Company during that month.
- (b) Each company shall be entitled to buy local currency require for the discharge of its obligations under existing agreements at commercial monetary rates generally available on a non-discriminatory basis.
4. Each of the Gulf States accepts that the Companies' undertakings hereunder and under the Related Agreements referred to above constitute a fair, appropriate and final settlement of all claims and objectives of the Gulf States with regard to changes in the value of any currency whether in terms of a common denominator or in terms of any other currency that have occurred or may hereafter occur and in the purchasing power or real value of revenues related to oil exported from the

Gulf States during the period through December 31, 1975 including the claims and objectives related to these matters and stated or referred to in OPEC's resolutions (particularly Resolutions 32,90,103,122, 131 and 140).

5. Each Gulf State shall adopt within its jurisdiction such measures as may be necessary to implement the provisions of this Agreement.
6. Any Company party hereto that was not a party to any of the Related Agreements mentioned above by its becoming a party to this Agreement thereby adopts and adheres to the provisions of the above-mentioned February 14, 1971 agreement from the date of this Agreement so far as its operations within the jurisdiction of any of the Gulf States are concerned.
7. "Affiliate" shall mean in relation to any Company, any company which is wholly or partly owned directly or indirectly by that Company.
8. The Effective Date hereof is January 20, 1972.

Done this 20th day of January 1972 at Geneva, Switzerland.
For the Gulf States : For the Companies :

Abu Dhabi

G. T. Piercy

Iran

B. A. Carlisle

Iraq

A. C. DeCrane, Jr.

Kuwait

J. W. Simmons

Qatar

J. W. R. Sutcliffe

Saudi Arabia

ANNEXE 1

The British Petroleum Company Limited
Compagnie Francaise des Petroles
Gulf Oil Corporation
Mobil Oil Corporation
The Shell Petroleum Company Limited and
Shell Petroleum N. V.
Standard Oil Company of California
Standard Oil Company (New Jersey)
Texaco Inc.
Continental Oil Company
Atlantic Richfield Company
Standard Oil Company (Ohio)
Hispanica de Petroleos S. A.
American Independent Oil Company of Iran
Signal (Iran) Petroleum Company
Arabian Oil Company Limited
Phillips Petroleum Company

ANNEX 2

1. As of the Effective Date the present posted price for each crude oil exported from the Gulf States will be increased by 8.49%. With regard to posted prices for Eastern Mediterranean Exports, the increase will be applied separately to the posted prices (excluding Suez Allowances and Temporary Freight Premium) and to whatever Suez Canal Allowances and Temporary Freight premium is applicable from time to time.
2. Thereafter posted prices will be further adjusted as follows:
 - (a) The arithmetic average of the Exchange Rate changes of the nine other Group of Ten currencies is 11.02% against the U. S. Dollar (in terms of central rates against 30th April, 1971 IMF parities) as shown in attachment "A", and such arithmetic average is hereinafter referred to as the "Starting Average".
 - (b) On the 1st of March, 1st of June, 1st of September, and 1st of December in each year the arithmetic average of the Exchange Rate change of the said nine currencies against the U. S. Dollar against the April 30, 1971 IMF parities shall be recalculated. If such recalculation shows a variation of two whole points or more up or down from the Starting Average (or the latest Effect Average, as the case may be) the new average resulting from such recalculation shall become the Effective Average commencing on the first day of the following calendar quarter. "Exchange Rate" as used herein means the rate of exchange existing between any one of the nine currencies by virtue of that currency's rate and the rate for the U.S. Dollar, notified to the IMF resulting from the realignment of exchange

rates agreed by the Group of Ten countries or any successors to such rates. If any of the nine currencies concerned is hereafter permitted to float in relation to the Dollar (that is to say it is no longer being maintained by the Central Bank of the country concerned within the margins of general application to members of the IMF) the Exchange Rate for that currency to be used in the aforesaid calculation shall be the arithmetic average as certified by the National Westminster Bank Limited in London of the mean of the buying and selling rates in respect of telegraphic transfers for the currency concerned into U. S. Dollars quoted by the Bank at 10.30 a.m. G.M.T. for those days in the calendar month preceding the month of calculation on which the London Foreign Exchange Market is open.

- (c) Effective with establishment of a new Effective Average the posted price for each crude oil shall be adjusted in the manner indicated below :

- (i) With respect to posted prices of crude oils exported from the Gulf :

Posted price (including the effect of all periodic increases which have become applicable as provided for in the appropriate Related Agreement) that would have applied on first day of the quarter absent this latest adjustment

$$\text{Posted price} + .0849 \left(\frac{\text{Tx} - \text{B} - \text{A}}{11.02} \right) = \text{adjusted price}$$

- (ii) With respect to posted prices for Eastern Mediterranean exports formula set forth in (i) above shall be performed separately for the posted prices (excluding any Suez Canal and Temporary Freight Allowances but including the effect of all periodic increases which have become applicable as provided for in the appropriate Related

Agreement. The sum of such allowances whenever applicable, shall be multiplied by the following formula and the result added to the separate posted price calculation performed under the first sentence of the subparagraph (c) (ii) :

Adjusted Suez Canal Allowance plus Temporary Freight Premium	Suez Canal Allowance and Temporary Freight Premium as determined under appropriate Related Agreement, excluding the effect of any adjustments under this Agreement	$\times \left(1 + \frac{\text{B} \times .0849}{11.02} \right)$
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Where T = Posted price as of day before the Effective Date as provided under the appropriate Related Agreement.

A = The most recent prior Effective Average preceding the currency change (or the Starting Average if no prior Effective Average had superceded it), and

B = The new Effective Average

- (d) Notwithstanding sub-paragraph (c) above, no posted price in respect of any period shall be below the level which would have prevailed in respect of that period under the appropriate Related Agreement excluding the effect of any adjustment under this Agreement. If the calculation in sub-paragraph (c) produces an adjusted posted price below such level the calculation will continue to be made from time to time as if the posted price had been reduced to this adjusted posted price and the posted price will be adjusted whenever the calculation again produces an adjusted posted price exceeding such level.

Attachment "A" to Annex 2

**Exchange Rate Changes Against U. S. Dollar :
Central Rates as of Effective Date
Against April 30, 1971 IMF Rates**

Belgium	+	11.57%
France	+	8.57
Germany	+	13.58
Italy	+	7.48
Japan	+	16.88
Netherlands	+	11.57
Sweden	+	7.49
United Kingdom	+	8.57
Switzerland	+	13.50
		<u>99.21</u>

$$\text{Arithmetic average} = \frac{99.21}{9} = \underline{11.02\%}$$

LAW NO. 1 OF YEAR 1972

**IMPOSING PORT DUES ON
OIL TANKERS.**

Article (1)

Port dues shall be imposed on every oil vessel (tanker) which loads hydrocarbon substances at one or more ports or petroleum loading facilities in the state of Qatar including the islands and offshore areas attached to the State of Qatar. Such dues shall be calculated on the basis of multiplying the gross registered tonnage of any such tanker by 60 (sixty) Q.D. Dirhams petroleum loading facilities areas attached to the State of Qatar. Such shall be calculated on the basis of multiplying the gross registered tonnage of any such tanker by 60 (sixty) QD.

In case where a tanker takes part-loading of hydrocarbon substances at any of the ports mentioned above, the amount of cargo actually loaded shall be calculated on the basis of the percentage of that loading out of the dead weight tonnage of the vessel and the dues shall be paid on the basis of the following percentage out of the aggregate tariff specified in Article (1) of this Law.

Percentage of Tonnage	Percentage Payable
From 0 to 40	40
" 40 to 50	50
" 50 to 60	60
" 60 to 70	70
" 70 to 80	80
" 80 to 90	90
" 90 and above	100

Provided that in cases where a tanker takes, during the same voyage, part-loadings at two or more ports in the State of Qatar, it shall not be liable to pay as total port dues an amount exceeding the rate of tariff applicable to the total cargo loaded.

Article (3)

Vessels which, within a period of one year from the date of effectiveness of this Law, enter any of the afore-mentioned ports for the sole purpose of purchasing fuel whatsoever to be used by these vessels for their own consumption, shall be exempt from payment of the above mentioned ports dues. Such exemption shall continue for further periods of one year each, which shall be automatically renewed unless such exemption is amended, altered or ceased. Yet, during any such period of exemption, these vessels shall pay all fees and wages which were payable before the date of effectiveness of this Law.

Article (4)

All competent authorities, each within its own competence, shall execute this Law which shall be effective from the ninth day of Jamadi Thani, 1391, (corresponding to the 1st of August 1971) and shall be published in the Official Gazette.

Issued on 29-11-1391
Corresp. to 15-1-1972

GENERAL PARTICIPATION AGREEMENT

This General Agreement ("Agreement") sets forth provisions covering participation and is made between the Gulf States listed in Column 1 of Annex 1 and the Companies listed in Columns 2 and 3 of Annex 1.

Preamble

Whereas the Conference of the Organization of Petroleum Exporting Countries (OPEC) has passed certain resolutions demanding participation in respect of existing crude oil Concessions within such countries; and

Whereas the Companies listed in Column 2 of Annex 1 have previously expressed their agreement in principle to participation by the Gulf States party to this Agreement in the Concessions held by such Companies, subject to mutually satisfactory resolution of certain related issues;

Now, therefore, the parties agree as follows :

Article One

- (a) This Agreement applies to each crude oil Concession within the jurisdiction of each Gulf State listed in Column 1 of Annex 1 now held by any one or more of the Companies listed in Column 2 of Annex 1 ("Concession").
- (b) The provisions of this Agreement shall take effect as to create rights and obligations only between the Gulf State grantor of each Concession and the Company or Companies (and their successors and assigns) concerned therein.

Article Two

- (a) Promptly after the signing of this Agreement, negotiations shall be undertaken between each Gulf State listed in Column 1 of Annex 1 and the appropriate Company or Companies listed in columns 2 and 3 of Annex 1 to conclude a separate agreement applicable to each Concession ("Implementing Agreement") which shall implement the provisions of this Agreement and cover other matters

related to participation, whether reserved in this Agreement for resolution in the Implementing Agreement or not dealt with in this Agreement.

- (b) Each such Implementing Agreement shall include provision for the structural, organization or corporate arrangements for the ownership and operation of the Concession concerned. While this Agreement has been prepared in contemplation of an undivided interest form of concession ownership and operation between the Company or Companies concerned and the Gulf State participant, if the corporate form is adopted, the principles and terms of this Agreement shall be adapted in the applicable Implementing Agreement to the corporate form.

Article Three

- (a) Each Gulf State shall have an initial percentage level of participation equal to twenty-five percent (25%) in each Concession as provided in paragraph (b) of this Article; thereafter, it shall have the right to acquire percentage increments and resulting percentage levels of participation in accordance with Annex 2, provided the obligations of the Gulf State under the provisions of Article Four and Annexes 2 and 4 applicable to it then existing percentage level of participation have been currently met.
- (b) As a participant in a Concession, each Gulf State shall have an interest, directly or indirectly, as the case may be, in that Concession's crude oil concession rights, in the crude oil produced therefrom, and in the Concession's crude oil production facilities, whether such facilities are tangible or intangible, situated within such Gulf State's jurisdiction, equal to its percentage level of participation from time to time in that Concession. In this Agreement, the term "crude oil production facilities" shall include, without limitation, exploration, development, production, pipeline, storage, delivery and export facilities as shall be defined in the applicable Implementing Agreement. For the purposes of this Article and Article Four, the term "crude oil" shall include both crude oil and natural gas; matters relating to natural gas (other than in connection

with crude oil production) shall be dealt with, where necessary, by separate agreement between the Gulf State and the Company or Companies concerned. Unless otherwise provided in this Agreement, the Company or Companies concerned shall be relieved of all related concession obligations to the extent of the Gulf State's percentage level. In respect of each Concession, the Gulf State may call upon the Company or Companies concerned to discuss whether and on what terms such Gulf State will also participate in rights and facilities of the Concession within such Gulf State's jurisdiction other than crude oil concession rights and crude oil facilities. Such other rights and facilities shall include, without limitation, those relating to refining and gas processing (other than in connection with crude oil production).

Article Four

- (a) (1) Consideration for the initial percentage level of participation in each Concession shall be an amount equal to twenty-five percent (25%) of the Book Value of the crude oil production facilities (whether in existence or under construction) and of exploration and intangible development (whether complete or in process) of such Concession on the day before the Effective Date for Participation, as determined from the books as used for fiscal purposes in the Gulf State of the Company or Companies listed in Column 2 of Annex 1 holding such Concession pursuant to paragraph (a) (2) of this Article, such determination to be certified by an internationally recognized firm of public accountants to be agreed upon between the Gulf State and the Company or Companies concerned prior to or concurrently with the execution of the applicable Implementing Agreement.
- (2) For the purposes of this Article, Book Value shall be computed as follows:
- (i) for each year of such Concession calculate the difference (whether positive or negative) between capitalized expenditures (including for this purpose all exploration and intangible development costs

not capitalized) made in such year and the amount by which the revenue of the Gulf State concerned in respect of such year was reduced as a result of depreciation and amortization (including exploration and intangible development costs for those years in which such costs were fully amortized or written-off as incurred) allowed for such year;

- (ii) apply to each of the paragraph (a) (2) (i) calculations for years prior to 1945 a multiplier of 1.00 and for 1945 and subsequent years the appropriate multiplier shown in the Middle East Construction Price Factors table set forth in Annex 5,
 - (iii) determine the sum of all paragraph (a) (2) (ii) calculations.
- (b) Consideration for each percentage increment of participation in each Concession shall be an amount equal to a fraction (of which the numerator shall be the percentage increment being acquired and the denominator the percentage interest of the Company or Companies concerned on the day before the date of acquisition of such increment) of the Book Value of such percentage interest of the Company or Companies concerned in the crude oil production facilities (whether in existence or under construction) and the exploration and intangible development (whether complete or in process) of such Concession on the day before the date of acquisition of such increment as determined from the books as used for fiscal purpose in the Gulf State of the Company or Companies concerned pursuant to paragraph (a) (2) of this Article, except that all calculations shall be brought forward to the date of acquisition of such increment, and certified by an internationally recognized firm of public accounts to be agreed upon between the Gulf State and the Company or Companies concerned.
- (c) For the purposes of computation made under paragraphs (a) (1), (a) (2) (i) and (b) of this Article, any amounts originally stated in sterling shall be converted and restated in U.S. dollars in respect of each year at the

average rate of exchange used for the purpose of computing tax liabilities for such year. In any year when no tax liabilities arose, the average commercial rate of exchange in such year shall apply.

- (d) In respect of each Concession, the amounts computed under paragraphs (a) and (b) if this Article shall be paid by the Gulf State concerned to the Company or Companies concerned in accordance with Annex 4.
- (e) For the purposes of calculations to be made under paragraph (b) of this Article, a continuation of the Middle East Construction Price Factors table set forth in Annex 5 will be prepared by the firm of Haskins & Sells, unless by mutual agreement between the Gulf States and the Companies such preparation is assigned to a different firm of international reputation and with appropriate competence.

Article Five

- (a) During each full calendar year each Gulf State as a participant shall have a Basic Right to a percentage of each grade of crude oil available at each specified offtake point equal to its percentage level of participation for such year. During each such year the Company or Companies (considered as a group for administrative purposes) concerned in a Concession shall retain the Basic Right to a percentage of each grade of crude oil available at each specified offtake point equal to the difference between one hundred percent (100%) of such crude oil available at such point and the Gulf State's Basic Right percentage thereof.
- (b) "Crude oil available" means, in respect of each grade at each specified offtake point in each calendar year, the quantity of that grade of crude oil which installed facilities are capable of producing and delivering during such year at such offtake point. In computing said quantity, relevant operating factors, including *force majeure*, which apply during such year shall be taken into account.
- (c) Each Implementing Agreement shall contain detailed procedure appropriate to the particular circumstance in the

Gulf State or relating to the Concession concerned and consistent with those outlined in Annex 3, governing the exercise of Basic Rights. Such procedures, among other things, shall specify offtake points for the total of each grade of crude oil produced in the relevant Concession and shall provide in detail for the exercise of Basic Rights at substantially even rates during each full calendar year.

- (d) Under contracts to be entered into in respect of each Concession between each Gulf State and the Company or Companies concerned or their designated subsidiaries (acting either individually or collectively as they may elect in the applicable Implementing Agreement), such Company or Companies or their designated subsidiaries shall purchase and the Gulf State shall sell certain quantities of "bridging" crude oil, of each grade at each specified offtake point, out of the Gulf State's Basic Right to such crude oil in respect of the Concession concerned. Unless arrangements more appropriate to the Concession concerned are mutually agreed, the purchase contracts for bridging crude oil in respect of the Gulf State's initial percentage level of participation, shall be for seventy-five percent (75%) of its Basic Right to such grade of crude oil at such specified offtake point during the first year, fifty percent (50%) during the second year, and twenty-five percent (25%) during the third year. The price to be charged by the Gulf State concerned and the conditions of payment for each grade of bridging crude oil shall be specified in a collateral agreement to be executed with respect to each Concession by the Gulf State and the Company or Companies concerned prior to or concurrently with the execution of this Agreement.
- (e) In response to the requirements of the Gulf State, the Company or Companies concerned or their designated subsidiaries (acting either individually or collectively as they may elect in the applicable Implementing Agreement) shall purchase from the Gulf State, for each year specified in Paragraph E of Annex 3, certain quantities of "phase-in" crude oil, of each grade at each specified offtake point, pursuant to the provisions and procedures

in Paragraph E of Annex 3, in addition to the quantities of bridging crude oil to be purchased under paragraph (d) of this Article.

- (f) In respect of any Concession the obligations of the Company or Companies concerned to purchase crude oil from the Gulf State pursuant to this Agreement will be satisfied by the contracts to be entered into, and duly performed, under paragraphs (d) and (e) of this Article and Paragraphs D and E of Annex 3.
- (g) With effect from the Effective Date for Participation:
- (1) Where any Company or Companies concerned in respect of any Concession is or are, immediately prior to the Effective Date for Participation, under obligation to supply crude oil for domestic consumption requirements in the Gulf State concerned, the Gulf State participant shall supply in any year, out of the crude oil to which it has a Basic Right in respect of such Concession, that proportion of such supplies which the total quantity of its Basic Right crude oil bears to the total of both parties' Basic Right crude oil in respect of such Concession.
 - (2) The sum of
 - (i) the quantity of crude oil, by grade and specified offtake point, taken by any Gulf State pursuant to its Basic Right in respect of any Concession in any year, and
 - (ii) the quantity of such crude oil taken by such Gulf State pursuant to its right to take royalty in kind in such Concession in such year shall not exceed such 51% of the total of such grade of crude oil available at offtake point during such year.
 - (3) Existing barter oil obligations of the Company or Companies concerned shall terminate.

Article Six

- (a) Each Gulf State as a participant in a Concession shall have the right to take an active part with the Company or Companies concerned in management. Major management

decisions shall require the approval of an agreed number (which may be all) of the parties concerned holding, directly or indirectly, a total agreed percentage interest in the Concession, as may be provided in the Implementing Agreement. Major management decisions are those which relate to the following matters and any other matters which may be specified in the applicable Implementing Agreement :

- (1) Sale or disposition of assets above a value to be specified in the applicable Implementing Agreement.
 - (2) Capital and operating expenditures and disposition of funds above a value or of a type to be specified in the applicable Implementing Agreement.
 - (3) Exploration and development programs and construction of new facilities.
 - (4) Selection of key personnel, and
 - (5) Employee compensation and benefit plans.
- Modification or termination of any Concession and related agreements, or of the corporate or other arrangements provided in the applicable Implementing Agreement for the ownership and operation of the Concession concerned, shall require the approval of the Gulf State concerned and the Company or Companies concerned listed in Columns 2 and 3 of Annex I; provided, however, that in any case where any Company or Companies listed in Column 2 of Annex I have an existing right of termination or abandonment of a Concession, such Company or Companies shall continue to have such right.
- (b) If the undivided interest form of concession ownership and operation between the Company or Companies concerned and the Gulf State participant is not adopted in the applicable Implementing Agreement, such Agreement shall contain a provision to protect the interests of all shareholders, whatever their percentage holdings of the total shares may be, in respect of the declaration and payment of dividends.

- (c) Matters relating to negotiation between any Gulf State, as the grantor of a Concession, and the Company or Companies concerned shall be handled as provided in the applicable Implementing Agreement, which will also provide that no party holding an interest in a Concession shall interfere with or prevent any other party from exercising any remedies under existing agreements in relation to the settlement of disputes.
- (d) Decisions relating to relinquishment of Concession areas pursuant to existing agreements, including, without limitation, designation of the areas to be relinquished, shall be made by the Company or Companies concerned after consultation with the Gulf State participant.

Article Seven

- (a) In accordance with provisions to be included in the applicable Implementing Agreement, each Gulf State and the Company or Companies concerned (considered as a group for administrative purposes) shall bear the costs associated with the production and delivery of crude oil in respect of each Concession as follows :
 - (1) Capital requirements, including advances for working funds, in accordance with their respective percentage interests from time to time in the Concession concerned.
 - (2) All other costs, including without limitation depreciation and overhead, in the proportion that their respective liftings bear to total liftings by grade and oftake point where appropriate. A party's liftings shall include any quantities sold by it as bridging, phase-in, and forward avails crude oil and any quantities for which it is paid the overlift price as provided in Paragraphs F and G Annex 3.
- (d) The applicable Implementing Agreement shall provide that if any Company or Companies concerned have failed to pay, when due, any obligation under paragraph (a) (1) of this Article, the Gulf State participant concerned shall have the right to make such payment on behalf of such

Company or Companies and to reduce by the same amount any financial obligation to such Company or Companies, individually or collectively at the Gulf State's discretion. Such Company or Companies shall have a similar right to make payment and set-off against any financial obligation to such Gulf State participant if the latter fails to pay, when due, any obligation under paragraph (a) (1) of this Article; provided that no financial obligation of such Company or Companies to the Gulf State concerned other than in its capacity as a participant hereunder shall be affected.

Article Eight

- (a) Each applicable Implementing Agreement shall contain provisions pursuant to which, following ratification of such agreement, the concerned Gulf State may transfer or assign the whole or part of its participation interest in the concerned Concession. Each Gulf State undertakes that any such transfer or assignment shall be to its existing national oil company, or to any entity at least 51% owned by the concerned Gulf State or by its existing national oil company, and the balance of which is owned, directly or indirectly, by individuals who are nationals of such Gulf State. Notwithstanding any such assignment, the whole of such interest, as it may exist from time to time, and the owners or holders thereof, shall be considered as a unit and shall be represented in relation to the Company or Companies concerned by either the concerned Gulf State or its existing national oil company.
- (b) Any transferee or assignee of an interest in any Concession, shall assume and be subject to the concessionary and related obligations, fiscal and otherwise, in proportion to its percentage level of participation.
- (c) Each Gulf State shall guarantee the performance and obligations of its transferee or assignee.

Article Nine

Each Gulf State and the Company or Companies presently holding a Concession agree that all existing agreements between them in respect of such Concession shall remain in full

force and effect in accordance with their terms, the terms of this Agreement and the applicable Implementing Agreement. Each State and the Company or Companies concerned shall cause all steps to be taken to perform their respective obligations in respect of the relevant Concession.

Article Ten

In respect of each Concession, the applicable Implementing Agreement shall include appropriate provisions for the settlement of any difference or dispute which may arise concerning the interpretation or performance of such agreement between any transferee or assignee of the Gulf State's interest and the Company or Companies specified therein.

Article Eleven

All Annexes referred to in this Agreement shall be considered as fully a part hereof as though repeated herein verbatim.

Article Twelve

The Effective Date for Participation under this Agreement shall be 1 January 1973 and the term of this Agreement in respect of each Concession concerned shall continue until the end of such Concession.

Done this 5th of January 1973 (for Shell) & 10th of January 1973 (for Q. P. C.) at Doha, in both Arabic and English texts (the Arabic text being in eight pages, including the signature pages).

For the State of Qatar :
Sgd.) ABD EL AZIZ BIN KHALIFA AL THANI
Minister of Finance and Petroleum

For the Companies

- (1) **The Shell Company of Qatar Limited**
The Shell Petroleum Company Limited
Shell Petroleum N. V.
- (2) **Qatar Petroleum Company Limited**
British Petroleum Company Limited.
Compagnie Francaise des Petroles
Exxon Corporation
Mobil Oil Corporation
Shell Petroleum Company Limited
Shell Petroleum N. V.,
Participation and Exploration Corporation

ANNEX 1

Column 1	Column 2	Column 3
COUNTRIES	CONCESSION HOLDERS OR PARTIES TO GOVERNMENT AGREEMENTS	SHAREHOLDERS DIRECT OR INDIRECT, OF CONCESSION HOLDERS OR OF PARTIES TO GOVERNMENT AGREEMENTS
1. QATAR	The Shell Company of Qatar Limited.	The Shell Petroleum Company Limited. Shell Petroleum N V.
2.	Qatar Petroleum Company Limited.	British Petroleum Company Ltd. Compagnie Francaise des Petroles Exxon Corporation Mobil Oil Corporation Shell Petroleum Company Ltd. Shell Petroleum N. V. Participation and Exploration Corporation

ANNEX 2

Increments and Percentage Levels of Participation

Increment	Percentage Increments	Percentage Levels of Participation	Earliest Dates for Acquisition of Percentage Increments
First	5%	30%	1 January 1978
Second	5%	35%	1 January 1979
Third	5%	40%	1 January 1980
Fourth	5%	45%	1 January 1981
Fifth	6%	51%	1 January 1982

In respect of each percentage increment each Gulf State will give notice to the Company or Companies concerned of its intention to exercise its right to acquire such increment, such notice to be given on or before the date on which notice of the phase-in quantities is given pursuant to Paragraph E (2) (b) of Annex 3 for the year when such increment is to become effective. Only one percentage increment may be acquired in any one year and the Effective Date for each increment shall be 1 January. If a Gulf State has not given notice as above provided, or has not satisfied all payment obligations due under paragraphs (c) (i) and (ii) and (d) of Annex 4 and paragraph (a) of Article Seven prior to 31 December of the year preceding the year when such increment would have become effective, the earliest date for acquisition of such increment and for each succeeding percentage increment shall be postponed one year.

Outline of Procedures

Governing Exercise of Basic Rights

and Prices relative to Disposition of Crude Oil

- A. Each year the Gulf State and the Company or Companies concerned (considered as a group for administrative purposes) shall simultaneously table their respective offtake requirements by grade and specified offtake point for the year three years forward ("planned year"), such tablings to be made on or before an agreed date prior to 1 January, e.g., prior to 1 January 1974, for 1977. Quantities to be purchased pursuant to paragraphs (d) and (e) of Article Five shall be included in the Gulf State's tabled requirements.
- B. Each party may table its requirements in any one of the following forms :
- (1) Any quantity;
 - (2) A quantity with a proviso for automatic reduction if necessary to insure that its requirements shall not exceed its Basic Right percentage of the total quantity tabled by both parties; or
 - (3) A quantity with a proviso for automatic increase if necessary to insure that its requirements shall not be less than its Basic Right percentage of the total quantity tabled by both parties.
- C. "Planned Capacity" for each grade and specified offtake point shall be set, if feasible, at a level not less than the total quantity tabled by both parties plus a margin taking into account appropriate operational and seasonal factors, unless otherwise agreed in the applicable Implementing Agreement. If such is not feasible, Planned Capacity shall be set at the maximum reasonably feasible. In such event, tabled requirements shall be cut back to equal Planned

Capacity after allowance for operational and seasonal factors, with cut-backs falling first upon the party which tabled more than its Basic Right percentage of total tabled requirements until its revised tabled requirements are equal to its Basic Right percentage of the sum of its revised requirements and the tabled requirements of the other party, and thereafter in accordance with Basic Right percentages.

- D. (1) For each grade at each specified offtake point the amount of the excess, if any, of either party's tabled requirements, adjusted if necessary under Paragraph C, over its Basic Right percentage of the greater of (a) total tabled requirements for such year for that grade and specified offtake point, adjusted if necessary under Paragraph C ("Total Requirements") or (b) Planned Capacity for the preceding year, shall be known as "forward avails". (If Planned Capacity for the planned year is by reason of operational factors less than Planned Capacity for the preceding year, Planned Capacity for the planned year shall be used for this computation). Under contracts to be entered into between the Gulf State concerned, on the one hand, and the Company or Companies concerned or their designated subsidiaries (acting either individually or collectively as they may elect in the applicable Implementing Agreement), on the other hand, whichever party tabled above such Basic Right percentage ("overtabler") shall purchase from the other party ("undertabler"), and such other party shall sell the forward avails established in respect of each year under this Paragraph D (1) and Paragraph D (2), subject to adjustment with respect to quantities under Paragraph D (3), at the price provided in Paragraph D (4).
- (2) If in respect of any planned year the tabling procedures in Paragraphs A, B and C result in the establishment of forward avails under Paragraph D (1), then a quantity of forward avails for each grade and specified offtake point shall be calculated for each of the four succeeding years equal, respectively, to 4/5, 3/5, 2/5 and 1/5, of the quantity of forward avails calculated for such planned year. In tabling requirements for

each succeeding year after the planned year, each party shall take account of the quantities calculated for each such succeeding year, with the initial under-tabler including the relevant quantities (4/5, 3/5, 2/5 or 1/5 as the case may be) in its tabled requirements, and the initial overtabler excluding the relevant quantities from its tabled requirements.

- (3) (a) At the conclusion of the lifting year, a quantity of forward avails shall be computed for each party by grade and specified offtake point as follows :
- (i) Calculate such party's Basic Right share of the total crude oil of the grade concerned available in the lifting year;
 - (ii) Determine the cumulative sum of forward avails, calculated according to Paragraphs D (1) and D (2) in respect of such lifting year;
 - (iii) Multiply the quantity determined under paragraph (ii) by a fraction of which the numerator is the quantity of the grade of crude oil concerned (excluding purchases of such grade of phase-in crude oil and any other purchases other than forward avails) taken by such party and the denominator the total of the quantities determined under paragraphs (i) and (ii);
- (b) The quantity of forward avails which such party shall purchase, and the other party shall sell to such party, shall be the quantity determined in paragraph (3) (a) (iii).
- (4) The price (" contract price ") for each grade forward avails crude oil and the conditions of payment shall be specified in a collateral agreement to be executed with respect to each Concession by the Gulf State and the Company or Companies concerned prior to or concurrently with the execution of this Agreement.

- (5) If a Gulf State gives notice of its intention to acquire a percentage increment of participation as provided in Annex 2 but for any reason does not acquire such increment on the date stated in such notice, any contracts for the purchase of forward avails crude oil which were entered into by the Company or Companies concerned or their designated subsidiaries in reliance on such notice may be cancelled or modified at the option of the purchasers so as to exclude therefrom a total amount of crude oil equal to the anticipated increase in the Gulf State's Basic Right which did not materialize because of the postponement provisions of Annex 2.

- E. (1) (a) Pursuant to the provisions of paragraph (e) of Article Five, the quantities of " phas-in " crude oil, of each grade at each specified offtake point in respect of the Gulf State's initial percentage level of participation, shall be as specified pursuant to Paragraph E (2) below, but shall not exceed the following stated percentage of the Gulf State's Basic Right to such crude oil in the particular participation year:

First year	15%
Second year	30%
Third year	50%
Fourth year	70%
Fifth year	65%
Sixth year	60%
Seventh year	50%
Eighth year	40%
Ninth year	30%
Tenth year	10%

In respect of the year 1976 and any subsequent year, the percentage stated above shall be applied for the purposes of this Paragraph E (1) (a) only to the quantity of crude oil available to the Gulf State as its Basic Right in the Concession concerned in the year 1975.

- (b) Pursuant to the provisions of paragraph (e) of Article Five, the quantities of phase-in crude oil, of each grade at each specified offtake point, in respect of each increase in the Gulf State's Basic Right to crude oil arising out of the acquisition of percentage increments and resulting percentage levels of participation, shall be as specified pursuant to Paragraph E (2) below, subject always to the right of either party to give the notices as provided in paragraph K. The applicable percentages, in respect of each such increment, shall for the ten-year period immediately following the Effective Date for each such increment be:

First year	90%
Second year	80%
Third year	75%
Fourth year	70%
Fifth year	65%
Sixth year	60%
Seventh year	50%
Eighth year	40%
Ninth year	30%
Tenth year	10%

For each year in the table above, the phase-in quantity in respect of each such increment shall not exceed the quantity obtained by applying the applicable percentage increment of participation to the quantity of crude oil available in the Concession concerned in the year 1975 and multiplying the result by the percentage stated in the table above in respect of such year.

- (2) (a) Prior to the Effective Date for Participation for each Concession, each Gulf State shall give notice in respect of that Concession of the annual amounts of phase-in crude oil which it requires the Company or Companies concerned to take for each of the first four calendar years

beginning with such Effective Date. Amounts of phase-in crude oil may be expressed in such notices, and in any subsequent notices, either as a quantity or as a percentage of the Gulf State's Basic Right, both subject to the overall limitation of the percentages stated in Paragraph E (1) (a).

- (b) In each year (including the first year of participation), at least one month before tablings of requirements are due under Paragraph A, each Gulf State shall give notice of the amount of phase-in crude oil which it requires the Company or Companies concerned to take during the fourth calendar year ("planned year") after the year in which such notice is given, e.g., in 1973 for the year 1977.
- (c) Each Gulf State undertakes that, except as may be permitted by the scheduled reductions in Paragraphs E (1) (a) and E (1) (b), the amount of phase-in crude oil specified in each such notice for any planned year will not be less than three-fourths (3/4) of the amount of phase-in crude oil it requires the Company or Companies to take during the calendar year immediately preceding the planned year; provided however that each Gulf State shall have the right, in any notice duly given in respect of any planned year, i.e. any calendar year after the first four calendar years beginning with the Effective Date for Participation, to reduce the amounts of phase-in crude oil which it requires the Company or Companies concerned to take to zero over a four-year period, beginning with such planned year, in steps not exceeding 25% of the amount it requires the Company or Companies concerned to take during the calendar year immediately preceding such planned year (i.e. the notice would specify an amount for such planned year not less than 75% of the

amount specified for the year immediately preceding the planned year, 50% in the first year following the planned year, 25% in the second year following the planned year, and zero in the third year following the planned year).

- (3) In any calendar quarter the quarterly quantities of phase-in crude oil, i.e. one-quarter of the annual amount arrived at pursuant to Paragraphs E (1) and E (2), may, at the election of the Gulf State concerned and by notice given not less than one year before the beginning of such quarter, be increased or decreased by 10%, subject always to the overall limitation of the percentages stated in Paragraphs E (1) (a) and E (1) (b).
 - (4) The price ("contract price") to be charged by the Gulf State concerned and the conditions of payment for each grade of phase-in crude oil shall be specified in a collateral agreement to be executed with respect to each Concession by the Gulf State and the Companies concerned prior to or concurrently with the execution of this Agreement.
- F. If, at the end of any calendar year, in respect of each Concession, either the Gulf State, or the Company or Companies concerned or their designated subsidiaries (regarded for this purpose as a group for administrative purposes), has lifted in total a quantity of a grade of crude oil in excess of its total Basic Right to such grade of crude oil at all specified offtake points ("overlift" crude oil), the party so overlifting shall pay to the other party the overlift price (as defined in Paragraph G) for each overlifted barrel. Total quantities of each grade of crude oil contracted for under paragraphs (d) and (e) of Article Five and Paragraph D of this Annex shall be included in the liftings of the seller.
- G. The term "overlift price" of a barrel of crude oil means
- (1) through year-end 1975, either
 - (a) that amount equal to the sum of the total costs (exclusive of taxes and royalties) and taxes and

royalties payable by the Company or Companies concerned, and their designated subsidiaries, in respect of an identical barrel if sold by it or them for export, plus a margin equal to twenty-five percent (25%) of the difference between such sum and the posted price of such barrel determined in accordance with the Teheran Agreement of February 14, 1971, and related agreements as supplemented by the Geneva Agreement of January 20, 1972; or

- (b) that lesser amount equal to the sum of the total per barrel costs (exclusive of taxes and royalties) determined under Paragraph G (1) (a), and the royalties payable in respect of such barrel, plus such amount which, when multiplied by the difference between one hundred percent (100%) and the applicable percentage tax rate, would equal the margin determined pursuant to Paragraph G (1) (a); and
- (2) beginning 1 January 1976, either
- (a) an amount such as shall equal the sum of the total costs (exclusive of taxes and royalties) and taxes and royalties then payable by the Company or Companies concerned, and their designated subsidiaries, in respect of an identical barrel if then sold by it or them for export, plus a margin equal to twenty-five percent (25%) of the difference which would have been determinable for 1975, pursuant to Paragraph G (1) (a), for an identical barrel had it been overlifted on 31 December 1975, or
 - (b) that lesser amount equal to the sum of the total per barrel costs (exclusive of taxes and royalties) determined under Paragraph G (2) (a) and the royalties payable in respect of such barrel, plus such amount which, when multiplied by the difference between one hundred percent (100%) and the applicable percentage tax rate, would equal the margin determined pursuant to Paragraph G (2) (a).

Which of the foregoing alternative overlift prices shall apply in respect of each Concession shall be determined according to principles to be set forth in the applicable Implementing Agreement.

H. The term "contract price" of a barrel of crude oil means either :

- (1) the sum of the total per barrel costs (exclusive of taxes and royalties) and taxes and royalties payable by the Company or Companies concerned, and their designated subsidiaries in respect of an identical barrel if sold by it or them for export, plus the applicable margin agreed for the Concession concerned between the Gulf State and the Company or Companies concerned; or
- (2) that lesser amount equal to the sum of the total per barrel costs (exclusive of taxes and royalties) determined under Paragraph H (1), and the royalties payable in respect of such barrel, plus such amount which, when multiplied by the difference between one hundred percent (100%) and the applicable percentage tax rate, would equal the applicable margin agreed for the Concession concerned pursuant to Paragraph H (1).

Which of the foregoing alternative contract prices shall apply in respect of each Concession shall be determined according to principles to be set forth in the applicable Implementing Agreement.

1. (1) Except as provided in paragraph (2) (a) below, the Company or Companies concerned in each Concession and their designated subsidiaries, and each of them, shall be relieved of any and all obligations to the concerned Gulf State in respect of the crude oil included within such Gulf State's Basic Right, other than the obligation to pay the applicable price for any such crude oil purchased or overlifted by any of them.
- (2) If the overlift price is as defined in Paragraphs G (1) (b) or G (2) (b), or if the contract price is as defined

in Paragraph H (2) of this Annex, the Company or Companies concerned and their designated subsidiaries shall :

- (a) remain subject to the obligation under the applicable tax laws and applicable agreements to pay tax, in respect of any Gulf State's Basic Right crude oil purchased or overlifted by them or their designated subsidiaries, on the difference between the applicable posted price and such purchase price; and
- (b) be relieved of any obligation to pay tax in respect of crude oil overlifted by the Gulf State pursuant to Paragraph F of this Annex on the difference between the price received from such Gulf State for such crude oil and the applicable posted price.

J. The terms "tax" and "taxes" mean the imposed under applicable tax laws as well as amounts equivalent to and in lieu of such taxes payable to the Gulf State concerned under applicable agreements, and the term "tax rate" means the tax rate under applicable income tax laws as well as the rate used under applicable agreements for determining equivalent amounts.

- K. (1) Each Implementing Agreement will provide that either party to such Implementing Agreement (i.e., the Gulf State or the Company or Companies concerned) may by giving written notice to the other party not later than 1 March 1976 request the other party's agreement to a revision of the margin for phase-in, forward avails, and overlift crude oil (or any of them) to be effective 1 July 1976 and thereafter. Similar requests may be made at three-year intervals thereafter, i.e., not later than 1 March 1979 to be effective 1 July 1979 and thereafter, etc.
- (2) If after any such request the parties fail to agree upon a revised margin by the 1 May before the 1 July when the revision, if any, is to be effective, the existing

price arrangements shall continue unaffected (subject always to the right of either party to give notice not later than the 1 March of the third year forward, as provided in Paragraph K (1)).

- (3) If, however, by 1 June either party gives to the other party written notice of dissatisfaction requesting an increase or decrease in the margin for the types of crude oil concerned (i.e., phase-in, forward avails, or overlift), then
- (a) If such notice requested an increase, the party receiving such notice shall have the option, exercisable by giving written notice on or before the 1 July in question, to continue arrangements for the type of crude oil concerned (subject always to the right of either party to give notice as provided in Paragraph K (1)) with an increase in the margin of four U.S. cents per barrel for phase-in and forward avails and three U. S. cents per barrel for overlift;
- (b) If such notice requested a decrease, the party receiving such notice shall have the option, exercisable by giving written notice on or before the 1 July in question, to continue the arrangements for the type of crude oil concerned (subject always to the right of either party to give notice as provided in Paragraph K (1)) with a reduction in the margin of two U. S. cents per barrel. If however as a result of cumulative reductions in the margin pursuant to this Paragraph K (3) (b) a further exercise of the option under this Paragraph would have the effect of reducing the margin to a level of twenty percent (20%) or more below the margin applicable as of the Effective Date for Participation, any party receiving a notice of dissatisfaction requesting a further decrease shall have the option to continue the arrangements for the type of crude oil concerned at a margin equal to the margin applic-

able as of the Effective Date for Participation reduced by twenty percent (20%);

- (c) If each party has given notice of dissatisfaction, and if both parties duly exercise the options available to them under (a) and (b), the arrangements for the type of crude oil concerned shall continue (subject always to the right of either party to give notice as provided in Paragraph K (1)) with the margin increased by an amount equal to half the difference between the increase and decrease specified in such options (i.e., one U. S. cent per barrel for phase-in and forward avails and one-half U. S. cent per barrel for overlift).
- (d) If neither of the options in (a) or (b) is exercised on or before the 1 July in question, either party may then elect, by written notice given on or before 31 July, with no change in price arrangements, to
- (i) continue any affected phase-in crude oil arrangements for three calendar years following the current calendar year, phasing out such arrangements at quantities equal to three-fourths for the first year, one-half in the second year, and one-fourth in the third year, of the quantities of phase-in crude oil committed for the current calendar year;
- (ii) continue any affected forward avails arrangements for a period sufficient to satisfy, in the first three subsequent calendar years the existing obligations between the parties which have arisen pursuant to Paragraph D of this Annex, and to phase out such forward avails arrangements at quantities equal to two-thirds in the fourth subsequent calendar year, and one-third in the fifth subsequent calendar year, of the cumulative quantity of forward avails crude oil purchased in the third subsequent calendar year following the notice year.

- (e) If none of the options in (a), (b) or (d) is exercised, the service of such notice of dissatisfaction shall operate effectively to terminate the existing arrangements for the type of crude oil concerned at the end of that current calendar year.
- (4) The term "margin" as used in this Paragraph K means the margin referred to in Paragraph G or H, as the case may be, of this Annex.
- L. The provisions and definitions in respect of prices continued in this Annex and in the Agreement shall be incorporated in the applicable Implementing Agreement and shall apply only to crude oil delivered at offtake points in the Gulf area.

ANNEX 4

Payment of Consideration

Each amount to be paid by each Gulf State pursuant to Paragraphs (a) and (b) of Article Four shall be:

- (a) Determined and expressed in United States Dollars;
- (b) Paid in United States Dollars or Sterling as specified in the applicable Implementing Agreement. If any such sum or any portion thereof is to be paid in Sterling, the rate of exchange to be used in respect of such Sterling payment shall be that rate determined pursuant to the provisions of paragraph 3 (a) (i) of the Agreement executed in Geneva, Switzerland, on 20 January 1972, by representatives of certain Gulf States and certain companies, for the month prior to the month of payment;
- (c) Paid in a lump sum;
 - (i) in the case of the amount to be paid pursuant to paragraph (a) of Article Four, it shall be paid within thirty (30) days following the Effective Date for Participation;
 - (ii) in the case of each amount to be paid pursuant to paragraph (b) of Article Four, it shall be paid on or before the December 31 preceding the date for acquisition of the percentage increment concerned;
- (d) Notwithstanding (c) (i) above, the applicable Implementing Agreement may, if the Gulf State concerned so requests, provide that the amount to be paid pursuant to paragraph (a) of Article Four may be paid in three (3) instalments. These three instalments shall be paid as follows:
 - (i) the first instalment shall equal thirty percent (30%) of the total amount agreed to pursuant to paragraph (a) of Article Four and shall be paid within thirty (30) days following the Effective Date for Participation;

- (ii) the second instalment shall be paid on or before the anniversary of the date of payment of the first instalment in the year following the Effective Date for Participation and shall equal thirty-five percent (35%) of the aforesaid total amount; and
 - (iii) the third instalment shall be paid on or before the anniversary of the date of payment of the first instalment in the second year following the Effective Date for Participation and shall equal thirty-five percent (35%) of the aforesaid total amount.
- (e) If payment is to be made in instalments as provided for in paragraph (d) above, the amount of principal to be paid by the Gulf State concerned shall bear interest at the rate of interest specified in paragraph (h) below. Such interest shall be calculated separately for the six month period commencing on the thirty-first (31st) day following the Effective Date for Participation and for each succeeding period of six months until the final instalment is paid. Each such calculation shall be in respect of the amount of principal outstanding at the beginning of the period concerned and the amount of interest shall be payable on the last day of the six month period concerned. If such payment due date falls on a day which is not a business day, then the interest payment shall become due on the first succeeding business day.
- (f) The amounts payable by the Gulf State concerned shall be:
- (i) paid into a bank designated by the Company or Companies receiving payment of such sums;
 - (ii) free of any tax or other financial imposition by such Gulf State.
- (g) The amounts to be paid pursuant to paragraphs (a) and (b) of Article Four shall, if a corporate form of concession ownership and operation is adopted and if such amounts be paid to such corporation, be increased sufficiently so

that the portions attributable, within such corporation, to the interests of all the shareholders other than the Gulf State will be equal to such amounts.

- (h) The interest rate referred to in paragraph (e) above shall be equal to one percent (1%) per annum above the rate at which U.S. dollar deposits for six months are offered in the interbank deposit market in London, such rate to be certified by the National Westminster Bank, London, for each period of six months or less that such interest is due, as the rate at which such deposits are offered to it at noon on the first day of such period, or in the event that such first day is not a business day then on the first succeeding business day.

MIDDLE EAST CONSTRUCTION PRICE FACTORS

Index Numbers and Derived Multiplier Factors

Year	Index	Multiplier
1972	140	1.00
1971	126	1.11
1970	117	1.20
1969	114	1.23
1968	108	1.30
1967	102	1.37
1966	100	1.40
1965	97	1.44
1964	94.2	1.49
1963	91.5	1.53
1962	88.9	1.57
1961	88.1	1.59
1960	87.5	1.60
1959	87.5	1.60
1958	83.8	1.67
1957	81.4	1.72
1956	79.0	1.77
1955	74.1	1.89
1954	70.6	1.98
1953	67.3	2.08
1952	65.4	2.14
1951	62	2.26
1950	58.8	2.38
1949	58	2.41
1948	58	2.41
1947	51	2.75
1946	38	3.68
1945	32	4.37



