



## Stabilization Clauses in the Kurdistan Regional Government's Petroleum Contracts

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### ABSTRACT

Petroleum contracts, including those signed by the Kurdistan Region Government (KRG), are typically long-term contracts that involve substantial economic, financial, and legal risks. Given the dynamic political and regulatory environment, it is expected that significant changes may occur during the life of these contracts. Shifts in the KRG's policies, fiscal regimes, or legal frameworks can have significant impacts on International Petroleum Companies. To mitigate such risks, companies rely on contractual guarantees such as stabilization and renegotiation clauses, which aim to preserve the legal and economic equilibrium of the contract by limiting unilateral changes. This study adopts a qualitative approach to define and categorize stabilization clauses, and examine how these clauses are implemented in the KRG's petroleum contracts? The findings suggest that both classic (freezing clauses) and modern (economic equilibrium clauses) approaches are employed. While the modern approach of the clauses gives power to the Kurdistan Region Government to modify its legal framework in the Contracts, however, it requires the consent of the contracting companies, thereby providing a degree of investment protection.

### 1. Introduction

Investing in the oil and gas sector involves exceptionally high capital costs, long development timelines, and significant risks at every stage—from exploration through to production. Oil companies face uncertainties including the potential failure to discover commercially viable reserves, technological challenges in field development, operational risks, and fluctuations in global oil prices. Given these factors, it is essential for oil companies to operate within a stable legal and contractual environment that ensures the recovery of their investments and making profit over the life of a project.

To mitigate legal and regulatory uncertainties, investors often rely on stabilization clauses—particularly the so-called “classic” stabilization approach—which aim to protect them from unilateral changes in laws or policies by the host government. In contrast, host states (oil owner states), such as the Kurdistan Regional Government



(KRG), seek to maintain regulatory flexibility through the inclusion of modern approach of stabilization clauses or renegotiation clauses that allow for adjustments in response to evolving legal, fiscal, or environmental priorities. This creates a tension between the interests of international oil companies and the sovereign rights of host states over their natural resources.

In this paper, a qualitative method has been adopted to define and categorize different types of stabilization clauses, and to examine the way of drafting stabilization clauses in the KRG's Production Sharing Contracts (PSCs). It explores the extent to which the interests of both parties—international investors and the KRG—are reflected in the contractual language, and whether a balance has been achieved between investment protection and state sovereignty.

### 1.1. Research Problem

Petroleum companies seek to keep their legal and financial position throughout the duration of their contracts with host states, as established at the time of contract concluding. Conversely, based on sovereignty principal host states have the right to enact and amend laws and regulations, including those affecting petroleum companies. This leads to create legal and financial uncertainty for International Oil Companies operating under Kurdistan Regional Government Production Sharing Contracts, particularly considering potential legislative and fiscal changes. Therefore, this study examines the effectiveness of stabilization clauses drafted in KRG Production Sharing Contracts in protecting International Oil Companies' interest against adverse legal and fiscal changes during the contract life.

### 1.2. Research Questions

This paper tries to address the following questions:

- 1- What is the meaning of stabilization clause?
- 2- What is the importance of drafting stabilization clauses in oil and gas contracts?
- 3- What are the types of stabilization clauses?
- 4- What is the legal qualification of stabilization clause?
- 5- What is the impact of drafting stabilization clauses in the KRG Petroleum Contracts?
- 6- To what extent these conditions affect the state's legislative sovereignty and its privileges as a public authority?

### 1.3. Research Methodology

This study adopts a qualitative approach, combining a descriptive method to define and categorize stabilization clauses, and analytical method to examine how these clauses have been drafted in KRG Petroleum Contracts.

### 1.4. The Importance of Research

The importance of this study lies in investigating the role of stabilization clauses in keeping balance between the right of Kurdistan Region to enact or amend the new law and the legal and financial positions of the International Oil Companies affected by these new laws and regulation.

### 1.5. The Aim of Research



The aim of this research is to examine the extent to which stabilization clauses contained in Kurdistan Regional Government (KRG) Production Sharing Contracts protect the legal and financial interests of international oil companies against adverse legislative and fiscal changes during the contract term. The study seeks to analyze the effectiveness of these contractual mechanisms in balancing the sovereign right of the KRG to enact and amend its laws with the need to keep legal and economic stability for petroleum companies.

## 1.6. the Research Plan

To conduct our research study, we follow the following plan:

### 1. Introduction

### 2.The KRG Model of Contract

#### 2.1. Ownership of the Oil

#### 2.2. Distribution of the Financial Aspects

### 3.Stabilization Clauses

#### 3.1. Types of Stabilization Clauses

#### 3.2. Stabilization Clauses in the KRG's Petroleum Contracts

#### 3.3. The Validity of Stabilization Clauses

#### 3.4. Renegotiation Clause

### 4. Conclusion

## 2.The KRG Model of Contract

The Kurdistan Regional Government (KRG) issued Oil and Gas Law No. 22 of the Year 2007, Production Sharing Contract (PSC) is the only model has been introduced under that Law to deal with the international oil companies (IOCs).<sup>1</sup> At the moment of preparing this research the number of concluding oil and gas contracts to develop the oil and gas sector in Kurdistan Region by the KRG with the IOCs has been exceeded 50 petroleum contracts, all these contracts are PSCs.<sup>2</sup> The main reasons behind adopting this kind of contract by the KRG is firstly, to attract foreign companies and conclude contract with them quickly for securing an independent economy.<sup>3</sup> Secondly, the petroleum resources were unproved and the KRG didn't have financial resources and necessary skills to develop that resources at the time of signing its Contracts. The Companies, therefore, hold the whole costs and risks of exploration, if the oil was discovered the company will be paid back, otherwise no cost is returned to the company.<sup>4</sup>

PSC is the most common model of oil and gas contract used by developing countries, in this part some financial aspects and features of the KRG Oil Contracts are discussed in detail. Because, commonly the disputes that are going to appear between the partis of

<sup>1</sup> Ministry of Natural Resources, "A New PSC", <http://mnr.krg.org/index.php/en/the-ministry/contracts/new-psc>, accessed 22 October 2024.

<sup>2</sup> D Tas, 'Petroleum Development in the Kurdistan Region of Iraq: A Struggle over Competency'[2011] IELR 215, 218.

<sup>3</sup> Bechtel, USAID, and the Iraq Infrastructure Reconstruction Program: Accomplishments and Challenges (2006)[online]. Available at: [http://pdf.usaid.gov/pdf\\_docs/PDACH484.pdf](http://pdf.usaid.gov/pdf_docs/PDACH484.pdf) accessed 25 October 2024.

<sup>4</sup> L Ycoup, RECONSTRUCTING THE GOVERNANCE OF IRAQI OIL (2003-2013) – Distribution of Oil Revenues Among Kurdistan and Iraq's Provinces, PhD diss, the University of Sheffield, U.K, 2015, p. 176.



the contract are mostly related to the financial rights of the oil companies, therefore, the main features that are examined are:

### 2.1. Ownership of the Oil

Under PSC model, a specific state invites a company as a contractor to explore, produce and develop the petroleum by providing technical and financial skills; however, the ownership of the resources is kept by the state. The whole exploration cost risk is always assumed by the company; a certain share of produced oil is given to the company as cost recovery for the entire processes so called operation and investment costs performed by the company.

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### 2.2. Distribution of the Financial Aspects, it includes:

First: royalty in the KRG Oil Contracts has been assigned for 10% from produced oil which is deducted and given to the KRG.<sup>2</sup> After deduction 10% of royalty from the total oil produced, the remaining oil is called net available oil, up to 40% of the net available can be paid to the company as cost recovery of the oil, then total profit oil is split between the KRG and contractor which 85% is the share of the KRG and 15% is going to the company.<sup>3</sup>

Second: Bonus which is another financial feature of the KRG Petroleum Contracts, it varies, for instance in a contract between KRG and DNO Iraq AS Company for Tawke Block in 2008, no signature and capacity building bonus shall pay to the KRG,<sup>4</sup> in contrast to a contract concluded by the KRG with Shamaran Petroleum B.V. for the Arbat Area, the Contractor shall pay (US \$2,500,000) as a signature bonus to the KRG during 60 days of the effective day, and also pay (US \$17,500,000) as a capacity building bonus during 60 days of effective time of the Contract.<sup>5</sup>

Third: Surface Rent, according to KRG's PSCs a surface exploration rental which have been determined for (US \$10) for one square kilometre, should be paid by the contractor at the time of exploration, then such amount will be part of a recoverable cost. Moreover, upon 30 days warning, the company has right to leave the exploration process at any time, presuming that all tasks linked to the current sub period or made a suitable payment to the KRG have been achieved.<sup>6</sup>

### 3. Stabilization Clauses

<sup>1</sup> P Nutavoot , 'Partnerships in oil and gas production-sharing contracts' (2004) 5 IJPSM 17, 432.

<sup>2</sup> Ministry of Natural Resources, "A New PSC", <http://mnr.krg.org/index.php/en/the-ministry/contracts/new-psc>, accessed 25 October 2024.

<sup>3</sup> Ministry of Natural Resources, op. cit.

<sup>4</sup> Article 32 of the KRG Model of Oil Contract available at website <http://cabinet.gov.krd/p/p.aspx?l=12&r=296&h=1&s=030000&p=21>, accessed on 5 November 2024.

<sup>5</sup> Article 32 of the KRG Model of Oil Contract available at website <http://cabinet.gov.krd/p/p.aspx?l=12&r=296&h=1&s=030000&p=70>, accessed on 6 November 2024.

<sup>6</sup> R Zdalis, the Legal Dimensions of Oil and Gas in Iraq Current Reality and Future Prospects (Cambridge University Press, USA 2009) 116-117.



International companies in general and petroleum companies in particular would not inter to a specific state for the investment purpose if they are not given a sort of warranty about their investment. They, hence, attempt to reduce the risks that they face to the lowest level through contract clauses. However, several risks cannot be managed and controlled through contract, such as geological matters (no oil being found), technical problems (failure of the installations to perform as planned), and natural disasters. A serious worries are that the host country might expropriate or nationalise the company's investment, or increase the tax rate, or impose extra obligations on the investor through enacting or amendment of a law, or change economic policy. This might happen directly, by legislation, or indirectly, through controlling the investors' freedom to make a profit. The companies require assurance to avoid any uncertainty. Assurances are normally decided by law or in specific agreement clauses which is called stabilization clause.<sup>1</sup>

A stabilization clause, in the framework of petroleum contracts, refers to specific obligation that a host state must adhere to prevent from changing the terms of international oil and gas contracts through changes in laws, regulations, or other means, without obtaining consent from the other contracting parties which normally refers to a petroleum company. According to an author, the origins of stabilization clauses can be traced back to the period between World War I and World War II, when the U.S. corporations started to include them in concession agreements due to the wave of nationalisations occurring in Latin America.<sup>2</sup>

In practice, there are more than one sort of stabilisation clause, therefore, it is difficult to define stabilisation clause in one form. Stabilisation clauses are a warranty by the host government not to change the content of the contract by law without the agreement of the other parties,<sup>3</sup> which usually refers to a company. It is also can be defined as “the contractual clauses in private contracts between investors and host states that address the issue of changes in law in the host state during the life of the project”.<sup>4</sup> Moreover, Stabilization clause can be considered as a contractual risk controlling means that purposes to keep legal and economic balance of the investment project by avoiding unilateral actions of the host state in practicing its sovereign roles.<sup>5</sup> From researcher point of view, stabilization clauses can be defined as a condition that will be desired by the companies to draft within concluded investment contracts with the host states to

<sup>1</sup> T Al- Emadi, 'Stabilization clauses in international joint venture agreements' (2010) 3 ILER 54-63.

<sup>2</sup> B Doak, International Arbitration of Petroleum Disputes: The Development of a Lex Petrolea, Rocky Mountain Mineral Law Foundation of International Energy and Minerals Arbitration Law Series 2-18,18(2002) 28.

<sup>3</sup> E Chioma, 'Examining the crucial impact of a well-drafted stabilisation and renegotiation clause on production-sharing agreements' (2015) 5 ILER 4.

<sup>4</sup> S Andrea, Stabilization Clauses and Human Rights: A research project conducted for IFC and the United Nations Special Representative to the Secretary-General on Business and Human Rights (11 March 2008) <https://documents1.worldbank.org/curated/en/502401468157193496/pdf/452340WP0Box331ation1Paper01PUBLIC1.pdf> accessed 18 December 2024.

<sup>5</sup> J Singh, 'Stabilization Clauses in Investment Contracts in Developing Countries' (2015). Available at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2658185](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2658185). Accessed on 20 December 2024.



maintain their legal and financial position, if the host states will enact or amend a law or regulation that has adversely impact on petroleum investment operations.

The fundamental aim of stabilization clauses is to maintain the overall stability of the contractual framework by protecting foreign oil companies (FOCs) from any future legal or tax regulations change that could negatively impact on the contract. In essence, these clauses seek to mitigate potential risks by "freezing or neutralising the host state's ability to unilaterally change the regulatory regime [in place] at the time of the contract". It allows the FOC to control the political and legal risks associated with the investment and to mitigate any extra fiscal uncertainties related to the project. Fiscal uncertainty, which entails the possibility of unforeseen increases in fiscal responsibilities, can significantly negatively affect the project's timing and direction.<sup>1</sup> Moreover, stabilization clause provides investment companies – and their lenders – some guarantee that the investment project will not be subject to unpredictable and costly changes in legislation – for instance, regarding to the level of taxation that should be paid by the investors. However, they may also have negative influences on the host state by, for instance, limiting its power to maintain opportunity to amend financial and political situations.<sup>2</sup>

From the above, it can be concluded that the reasons and importance that lead the foreign investors to ask drafting the stabilization clauses in their contracts with host states is the lack of confidence in the contractual relationship resulted from the host states right to make legislative amendments to their laws. This, in turn, leads the foreign investor in front of the of two options: either refraining from concluding such contracts that harm its interests, or remaining in the same state as it was at the time of concluding the contract.

In addition, the stabilization clause has impact on reducing the state's role in its legislative power. This legislation is related to investment of the international contracts. Hence, the stabilization clause can be considered as a tool to mitigate sovereign risks against investors in the context of oil and gas investment. In the past, if the stabilization clause has been mainly used to protect the foreign investment projects in petroleum and mining sector from the wave of nationalization, however, nowadays it uses particularly to attract and motivate international petroleum companies for investment by address the legislation risks that a state might take against the investor in terms of nationalization, expropriation, contract termination, changing environmental, tax and physical legislations.

### 3.1. Types of Stabilization Clauses

There are different kinds of stabilization clauses as follows:

1- "*stricto sensu*" it is also known as classical approach, according to this clause the legal jurisdiction related to operations under an agreement between investment corporation and a host state should be those of the state at the time the agreement was concluded. In other meaning, it aims to guarantee that the future legislations of the host state will not negatively impact on the contractual relationship. This clause is also known freezing clause, which normally includes all tax regime amendments that might affect the tax

<sup>1</sup> E Chiomam op. cit., p. 4.

<sup>2</sup> Negotiation Support Portal for Host Government, Stabilization Clause, available at <http://negotiationsupport.org/glossary/stabilization-clause> accessed 21 December 2024.



condition of an investment project (and hence its profitability), whether such taxes are drafted in the contract or not.<sup>1</sup> This kind of stabilization clause can be comprehensive or limited. Both are different from each other in terms of nature and legal effect. The first means all the provisions of the agreement are deprived from any subsequent change proposing by legislation of the host country which has negative impact on the position of oil company during the life the contract. However, limited stabilization clause means all limited range of agreement provisions are protected from any subsequent modification of laws. These could be related to the provisions like taxes, social security, exportation and import, the free transferability of currency and environmental law which are issued by the host state and has negative impact on the rights and obligations of the oil company. The limited scope of stabilisation clauses is particularly appealing to developing countries because they do not restrict legislative authority.<sup>2</sup>

An example text of stabilisation clause *stricto sensu*, has been drafted in the Article (13) of the Iraqi Investment Law No. 13 of 2006 Amended which states: “Any amendment to this Law shall not have any retroactive affect regarding the guarantees, exemptions, and rights recognized by this Law.” According to this Article the concluded contract under this Law must remain in effect, the state must not amend it, and if the state does amend or change any law, this amendment must not diminish the guarantees, exemptions, and rights acquired and established under the old law. Section 5(3) of the Deep Offshore & Inland Basin Production Sharing Contracts (Amendment) Act, 2019 (amending the original 2004 Act in Nigerian ) is another law in which this type of stabilization clause has been drafted within, it provides that “the terms and conditions of a petroleum lease shall remain stable during the period of the lease ... and shall not be altered to the disadvantage of the lessee during the period of the lease”.

It should be noted that there a lack of available tribunal decisions from the Kurdistan Courts to address the stabilization cluses<sup>3</sup>. In *Texaco Overseas Petroleum Company v. Libya*, when the Libyan Government decided to nationalise its oil, the arbitral tribunal affirmed that stabilization clauses serve to limit the Libyan State’s ability to unilaterally change the legal framework governing petroleum contracts. therefore, the Tribunal imposed on Libyan Government to compensate the Texaco Overseas Petroleum Company and the compensation was oil instead of money.<sup>4</sup>

The stabilisation clause “*stricto sensu*” claims to keep the investment company from legislative amendment (for example, the amendment of the contractual system via a legislative act). Thus, the clause aims to restrict the legislative power of the host state in

<sup>1</sup> M Mansour and C Nakhle, *Fiscal Stabilization in Oil and Gas Contracts: Evidence and Implications* (Oxford Institute for Energy Studies, London 2016) 14-15.

<sup>2</sup> D Kakembo, ‘Stabilisation Clauses in International Petroleum Contracts: Illusion or safeguard?’ (2014). available online at [https://www2.deloitte.com/content/dam/Deloitte/ug/Documents/tax/tax\\_StabilisationClauses\\_2014.pdf](https://www2.deloitte.com/content/dam/Deloitte/ug/Documents/tax/tax_StabilisationClauses_2014.pdf) accessed on 22 December 2024.

<sup>3</sup> this is because under the Article 50 Second 3 of the Oil and Gas Law of the Kurdistan Region- Iraq NO. 22 - 2007 Any arbitration between the Minister and an Authorised Person shall be conducted, by agreement between the Parties, in accordance with ...., which all are the international tribunals.

<sup>4</sup> *Texaco Overseas Petroleum Co and California Asiatic Oil Co v Government of the Libyan Arab Republic* (Award, 19 January 1977) 17 ILM 1.



relation to the contractual relationship between the parties, and it thereby prevents the implementation of subsequent modification in the contracting state's legislation.<sup>1</sup> A view in Western legal doctrine holds that this type of stabilization clauses provides a greater guarantee to the investor compared to other types of stabilization clauses, because the first one may be ruled unlawful or unconstitutional if they conflict with mandatory rules subsequently enacted by the national legislator.<sup>2</sup>

From my point of view, under this type of stabilization clause, it can be mentioned that in the case of having a contradiction between the new law and the provisions of oil and gas contract, the priority is given to the provisions of the contract if the new law is not in favour of the company. However, the company can hold the new law if it provides better right comparing to the provisions of the contract. In addition, the researcher considers that drafting this type of stabilization clause leads to rise a critical constitutional dilemma, as how can a governmental body like ministry of oil or natural resources, which enter to a contract with the petroleum companies, prevents implementing any amendment or laws issued by the legislative authority through a contractual clause between itself and the contracting company? In this case, this clause cannot be valid, because it was issued by an incompetent body and that encroaches on the legislative authority. Therefore, it is considered a violation of the provisions of the constitution, and this clause has no legal effect, unless the concluded contract that includes the stabilization clause will be presented to the legislative authority and ratified by it, then the clause will be valid.

2- intangibility clauses, which means that the host government cannot unilaterally change or terminate the provisions of the contract. These clauses are sometimes viewed as a specific form of freezing clauses, with the key difference being that they freeze the contract itself rather than the law. They are based on the principle that the terms of a petroleum agreement cannot be altered or terminated unless both parties explicitly agree to do so. This approach offers an advantage, as it relies on a procedural mechanism that emphasizes negotiation and mutual discussion between the parties regarding any potential changes to the contract's future<sup>3</sup>.

This clause does not explicitly waive the host state's legislative authority; instead, it aims to restrict the state's ability to unilaterally alter the terms of the contract. An example of this clause is as follows:

*“This contract shall not be annulled, amended or modified in any respect, except by the mutual consent in writing of the parties hereto”<sup>4</sup>*

The legal nature of this clause indicates that it is fundamentally based on mutual agreement, as any modification to the contractual obligations requires the consent of

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<sup>1</sup> T Al-Emadi, op. cit., p. 2.

<sup>2</sup> Z Gao, International Petroleum Contracts: Current Trends and New Direction (London, Graham & Trotman/Martinus Nijhoff, 1994) 13–14.

<sup>3</sup> E Baiye, ‘A Legal Examination of Stabilization Clauses in Petroleum Contracts in Cameroon’ (2004)2,1, LRA, 6.

<sup>4</sup> Art. 17.2 of the Production Sharing Contract of Indonesia between Pertamina and Overseas Petroleum Investment Corporation and Treasure Bay Enterprise Limited 1995, Basic Oil Laws and Concession Contracts, Barrows Supplement (Asia and Australasia) Supplement No. 149.



both parties of the contract. The key distinction between a freezing stabilization clause and an intangibility clause lies in their focus: while a freezing stabilization clause is designed to protect petroleum companies from legislative changes by the host state—such as amendments to existing laws or the enactment of new legislation—an intangibility clause is intended to protect petroleum companies from unilateral administrative actions by the state that would alter the contract. In essence, a Freezing stabilization clause restricts the state's legislative authority, whereas an intangibility clause protects investors against the state's excessive administrative powers when acting in its capacity as a public authority.<sup>1</sup>

The researcher finds that this type has the benefit that it brings a procedural mechanism for discussion and probably negotiation between the parties about the future of the concluded contract.

3- economic Equilibrium Clause, according to this clause the contract should be carried out with appropriate "good will" or "good faith". Embedded in this philosophy is economic stabilisation clauses, which works as compensation clauses providing stability to the economic equilibrium of the contract by confirming appropriate compensation that should be paid to the investment company if the host state takes any actions that unfavourably affect the underlying economics of the relevant project.<sup>2</sup>

This category of stabilization clause provides that if a new law or administrative measures are adopted by the host state that increase the project's costs, the parties are either obligated to consult the assessment of the economic implications of such changes, or the contract terms will be automatically adjusted, with the host state compensating the investor as necessary. As such, these clauses do not limit the state's legislative authority but rather serve to alleviate the negative financial impact on the investor resulting from such changes.<sup>3</sup> For instance, the West African Gas Pipeline Agreement states that the parties of the contract shall “*endeavor in good faith to negotiate a solution which restores the Company and/or its shareholders to the same or an economically equivalent position it was, or they were in prior to*” a change to the fiscal and legal regimes ruling the project.<sup>4</sup>

In conclusion, this type simply aims to compensate the international petroleum companies, if any actions taken by the host state negatively impact on the project's economics to the disadvantage of the international oil and gas company. Since international law does not prevent nationalization but does ask compensation to be paid in the case of nationalization, this sort of stabilisation clause can provide the investor

<sup>1</sup> A Faruque, Stability in Petroleum Contracts: Rhetoric and Reality (Lessons from the Experiences of Selected Developing Countries and Economies in Transition 1980–2002) (PhD thesis, University of Dundee 2003) 99.

<sup>2</sup> E Chioma, op. cit., p.5.

<sup>3</sup> Michael Polkinghorne, CCNG 2015: [STABILIZATION CLAUSES AND PERIODIC REVIEW OUTLINE] (paper presented at Energy Charter Secretariat, 2015) (on file with Energy Charter Secretariat), accessed 11 March 2025, available at [https://www.energycharter.org/fileadmin/DocumentsMedia/Events/CCNG\\_2015\\_Michael\\_Polkinghorne.pdf](https://www.energycharter.org/fileadmin/DocumentsMedia/Events/CCNG_2015_Michael_Polkinghorne.pdf). Accessed 20 February 2025.

<sup>4</sup> West African Gas Pipeline Agreement: International Project Agreement, 22 May 2003, cl 36.2(a), cited in Peter Cameron, International Energy Investment Law: The Pursuit of Stability (Oxford University Press 2010) p 44-45.



some kind of safeguard in the event of nationalization, i.e. compensation. In addition, this type of stabilization clause can guarantee continues of the contractual relationship between the host states and the petroleum companies who have petroleum contract with the state.

4- hybrid Clause, as the name suggests, combines elements of both the freezing clause and the economic equilibrium clause. This type of stabilization clause obligates the host state to restore the investor to the same position as they were in prior to any legal changes. The hybrid clause also has two categories: the full hybrid clause and the limited hybrid clause. A full hybrid clause protects investors from financial consequences resulting from legal changes by guaranteeing compensation, while a limited hybrid clause only protects investors from the financial impact of certain, specific legal changes.<sup>1</sup> Therefore, it can be stated that according to this type of stabilization clause some core obligations like taxation are considered as frozen, while others like environmental laws can be amended or changed with giving compensation to the investors.

These various kinds of stabilisation clause are a result of the attempts to link the gap between the conflicting interests of host states and foreign investors. Additionally, their development is closely tied to changes in the bargaining power between these two parties, leading to the emergence of diverse forms of these clauses.<sup>2</sup>

From the above, the author can mention that firstly, the stabilization clause can be used as a motivation and guarantee tool which is offered by the host state or its representative for the benefit of the investing companies, its aim is to encourage the companies to invest in the host state. Secondly, it has an economic function, its aim is to reduce several kinds of risk that companies may face during the execution of the contract. Thirdly, it plays a central role in the stability and continuing the contract. Finally, the author suggests that economic equilibrium clauses will be adopted instead of the classic approach including freezing clauses and intangibility clauses. The main reason is that economic equilibrium clauses do not stop the state from changing its laws. Instead, they only require the state to compensate investors if those changes cause economic harm. This is often described as a win-win solution, since governments can update their laws for everyone, while investors remain protected through compensation. Therefore, in this way the contractual relation will continue and be stable.

This was followed by the tribunal in the case *Duke v Peru*, as the result of drafting intangibility clauses in the contracts between them, the tribunal didn't ask the Peru's Government to implement the previous law. Rather, it ordered Peru to compensate the company for the financial loss suffered because of the change in the law. The company was, therefore, returned to the same financial position as it would have been in if the change had not happened.<sup>3</sup>

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<sup>1</sup> All Answers ltd, 'Impact of Stabilization Clause on Petroleum Agreements' (Lawteacher.net, March 2025) <<https://www.lawteacher.net/free-law-essays/commercial-law/impact-of-stabilization-clause-on-petroleum-agreements-commercial-law-essay.php?vref=1>> accessed 23 March 2025.

<sup>2</sup> T Al-Emadi, op. cit., p. 3.

<sup>3</sup> *Duke Energy International Peru Investments No 1 Ltd v Republic of Peru (Award) ICSID Case No ARB/03/28 (18 August 2008).*



### 3.2. Stabilization Clauses in the KRG's Petroleum Contracts

The Freezing stabilisation clause "*stricto sensu*" and intangible clauses have been known as a "classic approach" to contract stability for investment companies, and the third type of stabilization clause is considered as "modern approach".<sup>1</sup> The "classic approach" suggests that the international company held significant bargaining power, leading to the inclusion of a clause intended to stop the host state from unilaterally changing or enacting laws that could affect negatively the contract. Therefore, the political stability of the host state played a crucial role—if not the primary role—in shaping the clause and influencing the bargaining power of both parties.<sup>2</sup>

Considering the concluded Kurdistan Region Oil and Gas Contracts, it can be observed that the term of "stabilization clause" has not been explicitly used as it is, however, instead the clause has been pointed under various titles like "FISCAL STABILIZATION" "STABILIZATION" and "AMENDMENTS".

The notion of stabilization clause has been touched through the Articles 43.2, 43.3 43.7 of the KRG Model of Oil and Gas Contracts, which the same text has been drafted in all concluded KRG Oil and Gas Contracts with the International Oil Companies.

Article 43.2 and 43.3 of the KGS's Production Sharing Contracts Model state "*the obligations of the CONTRACTOR in respect of this contract shall not be changed by the GOVERNMENT and the general and overall equilibrium between the parties under this Contract shall not be affected in substantial and lasting manner*", "*the GOVERNMENT guarantees for the entire duration of this Contract, that it will maintain the stability of the legal, fiscal and economic conditions of this Contract, as they result from this Contract and they result from the laws and regulations in force on the date of signature of this Contract. The CONTRACTOR has entered into this Contract on the basis of legal, fiscal and economic framework prevailing at the Effective Date. ...*"<sup>3</sup>, and Article 43.7 states that "*any amendment to this Contract shall be the subject of a formal amendment, duly approved in writing by the parties and subject to the same conditions of validity as this Contract*"<sup>4</sup>,

As it can be clearly found from the Articles given above, classic approach Freezing clauses "*stricto sensu*" and intangible clauses have been primarily focused to constrain the KRG's ability to change the contract terms through legislative or administrative measures without the agreement of the International Petroleum Companies. Based on the Article 43.7, the amendment of the Contracts needs mutual acceptance of the parties of contract, and it cannot be committed by the KRG alone. Therefore, the contract suggests classic approach which is intangible clause.

Drafting these clauses in the KRG's Petroleum Contracts, however, doesn't to a huge extent achieve the aims of classic approach of stabilization clause, because one can argue that the alternative clause to freezing clauses is the modern approach, which include economic equilibrium clauses, and a number of these include negotiation provisions, compensation, sometimes vested with recourse to a third party (arbitration) to

<sup>1</sup> K Gehne & R Brillo, "Stabilization Clauses in International Investment Law: Beyond Balancing and Fair and Equitable Treatment" (2014) 46, FNSNF, 4.

<sup>2</sup> T Al-Emadi, op. cit., p. 3.

<sup>3</sup> Ibid.

<sup>4</sup> Ministry of Natural Resources, the KRG's Production Sharing Contracts, available online at <http://mnr.krg.org/index.php/en/the-ministry/contracts/pacs-signed> accessed 5 April 2025.



determine adaptation,<sup>1</sup> and these clauses can be clearly found in the Second Part of Article 43.3 stipulates “...*If, at any time after the Effective Date, there is any change in the legal, fiscal, and/ or economic framework under the Kurdistan Region Law... the terms and conditions of the Contract shall be altered so as to restore the CONTRACTOR... to the same overall economic position....*”<sup>2</sup> and Article 43.4 declares “*if the Contractor believes that its economic position, or the economic position of a CONTRACT Entity or...has been determinately affected as provided in Article 43.3,... the Parties shall meet to agree on any necessary measures or making any appropriate amendments to the terms of this Contract to re-establishing the equilibrium....Should the parties be unable to agree on the merit of amending this Contract and/ or on any amendments to be made to this Contract... the Contractor may refer the matter in dispute to arbitration as provided in Article 42.1...*”<sup>3</sup>

From the Articles provided above, it can be concluded that parallel to the classic approach, the modern approach of stabilization clauses as a form of economic equilibrium clause has also been considered. This leads to ensures that the KRG maintains its complete and sovereign authority to modify its legislation and issue regulations that could affect agreements with international investors. It acts as a guarantee for implementing appropriate actions to restore economic balance, rather than attempting to control the exercise of sovereign authority. In other words, it protects oil and gas companies from being influenced by potential changes in the KRG’s internal policies and provide result of advanced and civilised negotiations between International Oil and Gas Companies and the KRG that are nowadays more developed politically and economically.

Hence, parties to oil and gas agreements nowadays when drafting a stabilisation clause should consider the fact that the classic stabilisation clauses have undergone significant change and development, and modern stabilization clause has several advantages in that:

1. the clause is no longer aimed at the state’s legislative authority. Instead, it acts as a commitment to create a contractual mechanism to protect against financial risks rather than political ones.
2. the clause is sought by the international petroleum companies to avoid financial uncertainty and therefore, it gives the international companies greater legal protection.
3. the clause no longer aims to prohibit an expropriation or to invalidate nationalisation or to make it unlawful. Instead, it simply indicates that if actions taken by the host state negatively impact the project's financial viability for the international oil and gas company, the provisions of the contract should be modified to ensure that the company maintains the same financial position as it had at the time the contract was concluded.
4. the clause can help in avoiding any misinterpretation by the arbitral tribunal. That means the arbitral tribunal will no longer question the lawfulness of the subsequent modifications in legislation applicable to the agreement, nor would the tribunal be in a position to judge on the applicability of the law selected by the parties to the agreement. Instead, the tribunal will merely have to think about the amount of compensation which the international company deserves because of the host state's act and:
5. the clause makes damages awarded by an arbitration tribunal more certain.

<sup>1</sup> K Gehne & R Brillo, op. cit., p. 3.

<sup>2</sup> Ministry of Natural Resources, the KRG’s Production Sharing Contracts, available online at <http://mnr.krg.org/index.php/en/the-ministry/contracts/pscs-signed> accessed 20 April 2025.

<sup>3</sup> *ibid*



In conclusion, the research considers that the modern approach of stabilization clauses will make the petroleum contract remain stable, continuing the relation between the host state and petroleum companies and create friendly investment atmosphere. Because, as we previously stated that this clause is often described as a win-win solution.

### 3.3. The Validity of Stabilization Clauses

The main purpose of drafting stabilization clauses in all kinds of investment contracts in general and petroleum contracts in particular is to protect the legal and financial position of IOCs, and this can be obtained through restricting the powers of the host state to issue a new legislation that changes of the contract legal situation during its period, and this leads to stable the contractual relation between the IOCs and the host state.

The jurisprudences have different views about the effectiveness of stabilization clauses on restricting the legislative powers of the host state to amend that law covering the contract during its concluding. The first view which believes that host countries cannot be stopped from amending or changing the existing legal regime since it is a power granted by the constitution.<sup>1</sup>

It is a fundamental norm of public international law that states may not abandon sovereign privileges, the management of which is a means to the achievement of the country's necessity public goals. A stabilization clause contradicting mandatory rules of international law may not, therefore, have its typical influences. The principle of permanent sovereignty of each state over its natural resources supposes in this context of a significant relevance.<sup>2</sup>

This view is based on a more objective reasoning, specifically that state contracts do not qualify as international treaties, and there is no established customary international rule that renders stabilization clauses pertinent when assessing the legality of unilaterally terminating a contract. It should be noted that the principle of permanent sovereignty of each state over its natural resources has significant relevance in this respect. The importance of a state's sovereignty as permanent leads states to believe that their right to manage natural resources is definitive and cannot be restricted or hindered by traditional actions taken in relation to other states or private entities.<sup>3</sup>

The second perspective contends that when there is an obligation to maintain the legal relationship between parties, a state will not be able to invoke its sovereignty to disregard commitments made to foreign investment companies or to unilaterally alter or terminate their contractual rights. A stabilization clause would distinguish the contract from others and render its unilateral termination an internationally unlawful act, which would not be the case without such a clause. This viewpoint is supported by subjective arguments regarding the state's ability to bind itself—implying that if a state can limit its powers via a treaty, it can also do so through a contract. Additionally, it includes an

<sup>1</sup> S Jagriti, *Stabilization Clauses in Investment Contracts in Developing Countries* (September 9, 2015). Available at SSRN: <http://dx.doi.org/10.2139/ssrn.2658185>. Accessed on 1 June 2025.

<sup>2</sup> P Bernardini, "Stabilization and Adaptation in Oil and Gas Investments" (2008) 1, *J.W.E.L.B.* 98-112.

<sup>3</sup> P Pusceddu "Contractual Stability in the Oil and Gas Industry: Stabilization, Renegotiation and Unilateral State's Undertakings" (2014)2, *I.E.L.R.*, 58-67.



objective argument related to the legitimate expectations of the parties, as well as principles such as good faith.<sup>1</sup>

The third view is like some kind of balance between the two previous views, states that stabilization clause cannot be considered as an assurance against legal nationalization, for that matter, in the case like of legal expropriation, the stabilization clause establishes an obligation on the state to act in good faith and leads to bind the state with compensations in the case of breaching it.<sup>2</sup> Moreover, in several last cases, it has been confirmed by arbitral tribunals that the idea of stabilization clause is not contradict to the nationalization or stopping the host state from enacting or amending the law. For instance, in *Libyan American Oil Co. (LIAMCO) v. Libyan Arab Republic*, the arbitrator held that a stabilization clause does not prevent the host state from carrying out a lawful nationalisation, where such nationalisation is adopted in the public interest, it does not constitute a breach of the stabilisation clause. The clause is considered as the source of obligation of the state to compensate the investor.<sup>3</sup> Similarly, in *Liberian Eastern Timber Corporation (LETCO) v Liberia*, the tribunal, while emphasising that stabilisation clauses must be considered, stated that breaching of a stabilisation clauses could only be allowed by nationalization.<sup>4</sup>

When it comes to the validity of stabilization clause in the KRG's Petroleum Contracts, the researcher considers that the Third View is more accepted. Because, first as it was showed in the previous section, the modern approach of stabilization clause has been considered parallel to the classic approach, and under the modern approach the parties of the contract shall have a meeting to approve any needed procedures or bringing any appropriate modification to the provisions of this contract to re-establishing the equilibrium, this is what the Third View requires. Second, the stabilization clauses are not a warranty against legitimacy nationalization or, for that matter, lawful expropriation and the KRG is not an independent state, it is a federal region in Iraq and its Petroleum Contracts have not yet been constitutionality recognised by the Iraqi Federal Government .Therefore, nationalization of oil located in Kurdistan and termination or amendment of the KRG Petroleum Contract is possible at any time by the Iraqi Federal Government, as the Iraqi Supreme Federal Court in its decision in February 2022 stated the unconstitutionality of the Kurdistan Regional Government's Oil and Gas Law No. (22) of 2007 and its cancellation for violating the provisions of Articles (110, 111, 112, 115, 121 and 130) of the Constitution of the Republic of Iraq for the year 2005. This is congruent with what the Third View stated. In addition, based on the above perspective, the Iraqi Federal Government could reduce the cost of oil exploration and production in the Kurdistan Region—from 40% of the produced oil's value to \$16 per barrel—under an agreement concluded in September 2025 between the Iraqi Federal Government, the Kurdistan Regional Government (KRG), and the

<sup>1</sup> Ibid.

<sup>2</sup> M Polkinghorne, op. cit., p. 4.

<sup>3</sup> *Libyan American Oil Co (LIAMCO) v Libyan Arab Republic* (Award, 12 April 1977) 53 ILR 389.

<sup>4</sup> *Liberian Eastern Timber Corporation (LETCO) v Republic of Liberia* (ICSID Case No ARB/83/2) Award, 31 March 1986.



involved Companies. This agreement aims to re-export the oil produced in the Kurdistan Region to Turkey via the Ceyhan pipeline.

### 3.4. Renegotiation Clause

The drafting of renegotiation clauses to attain stability and flexibility in long-term international commercial contracts, particularly in petroleum development agreements between host governments and investment companies, has recently recorded widespread acceptance. These clauses are viewed as a more effective alternative to traditional stabilization clauses in this context.<sup>1</sup> The renegotiation provision, either alone or in conjunction with a stabilisation clause, may provide both parties with protection against the hardship that would be incurred by either party as a result of a change in the circumstances that existed at the time the agreement is concluded. In the event of such a change, the state (or the state organisation) commits to negotiating with the private investor rather than unilaterally changing the terms of the agreement by promising to renegotiate in good faith.<sup>2</sup>

A renegotiation clause is described as a provision that requires the parties involved to reassess the terms of the agreement when specific events occur, with the aim of adjusting the contract accordingly. These clauses acknowledge that investments in oil and gas rely on reasonable speculation and assumptions over extended periods, rather than on definitive scientific certainties.<sup>3</sup> Renegotiation clauses do not specifically set out what a change in the "economic equilibrium" means and, given that "an obligation to negotiate is not an obligation to agree", renegotiation clauses do not impose obligations on the parties to come to a particular agreement (meaning that a failure to agree may not amount to a breach of the relevant clause). To this extent, a party could effectively use a renegotiation clause as a "ransom tool" thereby promoting uncertainty which, in turn, increases the risks to petroleum operations.<sup>4</sup>

In contrast to the traditional stabilisation clause, the renegotiation clause gives the investor the opportunity to renegotiate the contract with the goal of preserving the project's initial financial premises and economies while allowing the host government to exercise its regulatory and sovereign powers by passing legislation or taking other actions that may have an impact on the petroleum development contract. Thus, it ensures the preservation of the financial foundation upon which the investor's contractual commitments are based while preserving the sovereignty of the host government. By doing this, the host government's demand for a flexible and adaptable contract and the investor's requirement for stability and predictability are met amicably.<sup>5</sup>

The primary characteristic of a renegotiation clause is that it can be used as an alternative to a stabilization clause. However, unlike a stabilization clause, it is more like a private law agreement between the parties. This type of clause allows for the contractual framework to be adjusted during the life of the contract if the host country makes changes that impact the economic balance of the contract through its sovereign

<sup>1</sup> B Nwete, "To what extent can renegotiation clauses achieve stability and flexibility in petroleum development contracts?" (2006)2, I.E.L.T.R. 56-63

<sup>2</sup> P Bernardini, op. cit., p. 101-102.

<sup>3</sup> E Chioma, op. cit., p. 6

<sup>4</sup> Ibid.

<sup>5</sup> B Nwete, op. p. 56-63



powers.<sup>1</sup> In addition, another feature of renegotiation is good faith. Under a renegotiation clause, parties agree to renegotiate the contract "in good faith" in the event of a change in circumstances. Though, recognised as a moral standard, the notion of good faith converts a moral or ethical precept into a legal standard by the application of the rigor of the law to strike a balance between legal certainty and substantive justice (also achieving equitable solutions in exceptional cases).<sup>2</sup>

Considering the KRG's PSCs, in spite the Contracts are long term, 30 years and they can be extended for another 5 years, and the Contracts have not been recognised legally and constitutionality by the Iraqi Federal Government, however, renegotiation clause has not been drafted within the KRG's Contracts. While, drafting it was helpful to have a successful commercial relation between the KRG and Petroleum Companies. Eventually, this is regarded as one of lack of such Contracts. As a result, this shortcoming may lead to the weakening of the Kurdistan Region's position against oil companies.

#### 4. Conclusion

The conclusion of this paper can be demonstrated through both findings and recommendations as follows:

##### 4.1. Findings

- 1- The main reason for adopting production sharing agreements by Kurdistan in dealing with the oil companies was lack of the financial and technology skills to develop that sector, and this could be considered that the KRG would not adopted the renegotiation clause in it's concluded contracts with the IOCs.
- 2- The stabilization clauses emerged as a means of protecting foreign investors from the legal and financial changes that are going to be taken by the host state. The latter, as the sovereign and powerful state, seeks to prioritize the public interest over the private interest of the investor in the event of a conflict between both interests. The investor finds that the stabilization clauses as a means of keeping balance.
- 3- To achieve a balance between the desire of the host state to exercise its regulatory and sovereign powers and oil companies to freeze the contracts, it is common that both stabilization and renegotiation clauses are drafted in petroleum development contracts.
- 4- There are four kinds of stabilization clauses including freezing clauses, intangibility clauses, which are known classic approach, economic equilibrium which is called modern approach and hybrid clauses.
- 5- The KRG has mainly depended on the classic approach rather than the modern approach in its concluded Petroleum Contracts with the IOCs. However, recently reduction of the oil cost in KRG's Concluded Oil Contracts with the IOCs the modern approach has been depended on.
- 6- There are three different jurisprudences views regarding the effectiveness of stabilization clauses, the first view states that the host states have the right to amend and change its legal regimes, that is based on constitution and international law, which give the states perm permanent sovereignty over natural

<sup>1</sup> P Pusceddu, op. cit.,cp.4

<sup>2</sup> E Chioma, op. p. 7



resources. The second view does not allow the states to change its legal regimes that have negative impact on legal financial oil companies, that is based on the stabilization clauses if they have been drafted in oil contracts. The third view marks that stabilization clause cannot be considered as an assurance against legal nationalization or, for that matter, legal expropriation, it establishes an obligation on the state to act in good faith and leads to bind the state with compensations in the case of breaching it. This view is more applicable on the KRG's Petroleum Contracts comparing with the two other views.

- 7- It is important to emphasize that, to effectively balance the "stability" and "flexibility" needs of both international oil companies and the host government, a renegotiation clause plays a crucial role. A well-drafted renegotiation clause can establish the necessary economic equilibrium for the overall effectiveness of production sharing contracts (PSCs). In fact, it can be argued that it maintains a fair balance between the host state and the foreign investor. However, it has not been drafted in the KRG's Petroleum Contracts. This provides the Oil Companies with an enormous guarantee for stabilization their concluded Contracts with the KRG. However, it is a lack from the side of the KRG.

#### 4.2. Recommendations

- 1- We recommend to the KRG that only modern approach of stabilization clauses will be drafted in the next contracts with the IOCs.
- 2- For the next contracts that the KRG will plan to conclude, renegotiation approach is a vital need to be drafted clearly in its deal with the IOCs to maintain its relationship with such companies.

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## برگه‌کانی سه‌قامگیری له گریه‌سته نه‌وتیه‌کانی هه‌ریمی کوردستان

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### پوخته

گریه‌سته نه‌وتیه‌کان به گریه‌سته‌کانی نه‌وت و غازی هه‌ریمی کوردستانیشه‌وه گریه‌ستی درپژخایه‌ن، وه پرۆسه‌ی وه‌به‌ره‌ینانی نه‌وت وغاز به‌گشتی و له کوردستان به‌تایه‌تی روه‌پوری مه‌ترسییه‌گه‌وره‌کان ده‌بنه‌وه له روه‌ی ئابووری و دارایی و یاساییه‌وه. هیچ شتیکی سه‌یر نییه‌ که له ماوه‌ی ته‌مه‌نی گریه‌سته‌کاندا گۆرانکاری زۆر روه‌ده‌دات، ره‌نگه‌ حکومه‌تی هه‌ریم هه‌ندیک له‌سیاسه‌ت و سیسته‌مه‌ داراییه‌کان و یاسا و رینمایه‌کانی بگۆریت، ئەم جۆره‌ گۆرانکاریانه‌ ده‌یته‌ هۆی کاریگه‌ری به‌رچا و له‌سه‌ر کۆمپانیاکانی نه‌وت. له‌ئه‌نجامدا کۆمپانیاکان پتویستیان به‌جۆرێک له‌خۆ پاراستن هه‌یه‌ له‌به‌رامبه‌ر ئەو جۆره‌ گۆرانکاریانه‌. بۆ ئەو مه‌به‌سته‌ش به‌شپوه‌یه‌کی سه‌ره‌کی کۆمپانیاکان پشت به‌مه‌رجی جیگه‌ری گریه‌ستی وه‌ک برگه‌ی سه‌قامگیری و دوباره‌ دانوستاندن ده‌به‌ستن، بۆ پاراستنی هاوسه‌نگی یاسایی و پیکه‌ی ئابووری خۆیان به‌ریگه‌کردن له‌کرده‌وه‌ی تاکلايه‌نه‌ له‌لایه‌ن حکومه‌تی هه‌ریمه‌وه‌. ئەم توێژینه‌وه‌به‌باس له‌شپوازی دارشتنی برگه‌کانی سه‌قامگیری دوباره‌ دانوستاندن له‌گریه‌سته‌ نه‌وتیه‌کانی حکومه‌تی هه‌ریمی کوردستان ده‌کات، ئەمه‌ش له‌ریگه‌ی به‌کاره‌ینانی رینمازی یاسایی و شیکاری یاسایی. ده‌رئه‌نجامی ئەم توێژینه‌وه‌ ئاماژه‌ به‌وه‌ ده‌کات که هه‌ردوو شپوازی کۆن که بریتیه‌ له‌مه‌رجی به‌ستن، شپوازی نوی که خۆی ده‌بینیته‌وه‌ له‌مه‌رجی هاوسه‌نگی ئابووری و دوباره‌ دانوستان له‌گریسته‌ نه‌وتیه‌کانی حکومه‌تی هه‌ریم ئامژه‌یان پیدراوه‌. شپوازی نوی مه‌رجه‌کان ده‌سه‌لات به‌حکومه‌تی هه‌ریم ده‌دا که گریه‌سته‌کان هه‌موار بکاته‌وه‌ به‌لام به‌مه‌رجی ره‌زانه‌ندی کۆمپانیاکان، به‌مه‌ش شپوازی له‌پاریزه‌دنیا بۆ دا‌بین ده‌کات.

کلله‌ ووشه‌کان: گریه‌ستی هاوبه‌شی به‌ره‌مه‌ینان، حکومه‌تی هه‌ریمی کوردستان، برگه‌کانی سه‌قامگیری، برگه‌کانی دوباره‌ دانوستاندن، حکومه‌تی میواندار، کۆمپانیاکانی نێوده‌وله‌تی نه‌وت، سیسته‌می یاسایی و دارایی.

## بنود الاستقرار في عقود النفط لحكومة إقليم كردستان

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### الملخص

إن عقود النفط والغاز في إقليم كردستان هي عقود طويلة الأجل، وعملية الاستثمار في النفط بشكل عام وفي إقليم كردستان بشكل خاص تنطوي على مخاطر كبيرة من الناحية الاقتصادية والمالية والقانونية. وليس من المستغرب أن تحدث العديد من التغييرات خلال عمر العقود. فقد تغيرت حكومة إقليم كردستان بعض سياساتها وأنظمتها المالية ولوائحها، وقد



تؤدي مثل هذه التغييرات إلى إحداث تأثير كبير على شركات النفط. ونتيجة لذلك، تحتاج الشركات إلى الحصول على نوع من الحماية ضد مثل هذه التغييرات. ولهذا الغرض، تعتمد بشكل أساسي على الضمانات التعاقدية مثل بنود الاستقرار وإعادة التفاوض لحماية التوازن القانوني والاقتصادي للشركات من خلال منع الإجراءات الأحادية الجانب التي تتخذها حكومة إقليم كردستان. ستناقش هذه الورقة العلمية طريقة صياغة بنود الاتقرار وإعادة التفاوض في عقود النفط لحكومة إقليم كردستان من خلال النهج الوصفي والتحليلي القانوني.

الكلمات المفتاحية: عقد مشاركة في الإنتاج، حكومة إقليم كردستان، بنود الثبات التشريعي، بنود إعادة التفاوض، حكومة المضيفة، الشركات النفط الدولية، النظام القانوني والمالي.