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The Rights and Obligations of the Host Country to Produce Natural Gas and Oil

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Abstract

The host country is the primary party in regulating and exploiting oil and natural gas resources, as it holds permanent sovereignty over its natural wealth. The host country's rights include controlling exploration and production operations, establishing legal and regulatory frameworks, and receiving financial returns through taxes, royalties, and production shares, in addition to ensuring environmental protection and achieving sustainable development. Its rights also include stipulating technology transfer, training national personnel, and promoting local content. In return, the host country is committed to provide stable and attractive investment climate, respecting contracts and agreements concluded with operating companies, guaranteeing legal protection for investments, and facilitating the administrative and technical procedures which are essential for production operations. It also bears the responsibility of balancing its sovereign interests with the requirements of investors in order to ensure the continuity of production and the efficient exploitation of resources.

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حقوق والتزامات الدولة المضيفة في إنتاج الغاز الطبيعي والنفط

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الخلاصة

تُعد الدولة المضيفة الطرف الأساسي في تنظيم واستغلال موارد النفط والغاز الطبيعي، باعتبارها صاحبة السيادة الدائمة على ثرواتها الطبيعية. وتتمثل حقوق الدولة المضيفة في التحكم في عمليات الاستكشاف والإنتاج، وفرض الأطر القانونية والتنظيمية، والحصول على العوائد المالية من خلال الضرائب والإتاوات وحصص الإنتاج، إضافة إلى ضمان حماية البيئة وتحقيق التنمية المستدامة. كما تشمل حقوقها اشتراط نقل التكنولوجيا، وتدريب الكوادر الوطنية، وتعزيز المحتوى المحلي، في المقابل، تلتزم الدولة المضيفة بتوفير مناخ استثماري مستقر وجاذب، واحترام العقود والاتفاقيات المبرمة مع الشركات العاملة، وضمان الحماية القانونية للاستثمارات، وتسهيل الإجراءات الإدارية والفنية اللازمة لعمليات الإنتاج. كما تتحمل مسؤولية تحقيق التوازن بين مصالحها السيادية ومتطلبات المستثمرين، بما يضمن استمرارية الإنتاج وكفاءة استغلال الموارد.

الكلمات المفتاحية: الغاز الطبيعي ، اتفاقيات الاستثمار ، حقوق الملكية ،الشركات الأجنبية، الدول المضيفة.

كيفية الاستشهاد بهذا البحث:

Zainab Jabbar Hammoud, Maha Muhammad Ayoub, The Rights and Obligations of the Host Country to Produce Natural Gas and Oil., Researcher Journal for Legal Sciences. Vol. 7 No. 1, 2026, Pages 227-241.

1. introduction

The oil and natural gas sector are one of the most important strategic sectors upon which countries rely to achieve economic development and strengthen their sovereignty over their natural resources. The host country plays a pivotal role in regulating exploration and production operations by establishing legal and contractual frameworks that define its rights and obligations towards national and foreign companies operating in this field. The host country's rights include control over its natural resources, obtaining fair financial returns, enforcing laws and regulations, ensuring environmental protection, technology transfer, and national capacity building. In return, the country is committed to providing a stable investment environment, protecting investors' rights, respecting signed agreements, and facilitating operations in accordance with approved technical and legal standards. The balance between the host country's rights and obligations aims to achieve the optimal exploitation of oil and gas resources, ensure their sustainability, and serve the interests of both the state and investors, in line with the principles of permanent sovereignty over natural resources and sustainable development.

2. The rights of host countries to produce natural gas

The host country for the production of oil and natural gas enjoys many rights, whether those regulated by national legislation, or through the provisions contained in the agreements, in addition to a number of other rights that have become internationally recognized principles, and that these rights differ according to the different forms of oil agreements. And natural gas, including the right to ownership and sovereignty over oil, after this right was a monopoly of foreign companies under the old oil concession agreements, and after that this right became for the producing state alone in light of the service and direct investment agreements, and in addition to these rights there are other important rights that the side enjoys. The national level within the scope of oil wealth management, which we will discuss in the following sections:

2. 1. The right to ownership of the gas produced and its preparation for marketing:

The United Nations General Assembly affirmed the right of the sovereign state to regulate the ownership, exploitation and marketing of its natural resources and wealth, and its right to set rules without violating the rules of international law, in Resolution No.

(1803) on December 14, 1962[(1)], as international law does not impose on the host country any legal obligation to enable the foreign investing company to own the gas produced within its territory. Rather, on the contrary, it recognizes every country with broad freedom in regulating the ownership, exploitation and marketing of oil and natural gas. Within these territories [(2)], and has the right to set whatever rules and restrictions it wishes without violating the rules of international law. As a result, the host state has the authority to regulate the movements of foreigners during their stay within its borders in the absence of a treaty stipulating this, and it has included the majority Natural gas agreements stipulate the need for the concessionaire to conduct training programs for national workers on specialized technical and

(1) Official Records of the General Assembly, Seventeenth Session, Document No. (A/RES/1803/(XVII).
(2) Dr. Osama Muhammad Amara, previous source, p. 105 et seq

administrative work to create advanced skills that allow the implementation of contractual conditions for replacing foreigners with citizens [(1)]

The concession agreements signed between the State of Kuwait and the Arabian Oil Company Limited in 1958 indicated the company's pledge that 70% of its workers and employees inside Kuwait would be Kuwaiti nationals Or the people of Arab countries and 30% of foreign nationals, and that this right is fixed for the host countries, and that it is one of the common matters in the oil concession contract[(2)] .

These agreements recognize this right to the extent and extent required by their operations, and more than that, some agreements grant the concessionaire the right to own lands privately owned by a person, provided that he agrees with the landowner on the amount of compensation. In the event that this agreement is not reached, the host country seeks to achieve This is by acquiring lands.

The private information that the franchisor needs to carry out its operations, considering it necessary for the public interest and placing it at the disposal of the franchisor [(3)].

The researcher believes that the oil-producing countries must include in their laws prohibiting companies from owning oil and natural gas found in the ground, but rather they must be entrusted with the right to invest in the gas produced only.

2.2. The authority to monitor and direct various aspects of corporate activity

The state has the right to supervise the implementation of the agreement concluded between it and the natural gas producing company by monitoring the agreement during its implementation to ensure and verify that its implementation is in accordance with the conditions specified therein. The state has oversight authority in two forms. The first is only monitoring the stages of implementation and reminding the contractor of the terms of the agreement. The second: The state, through its executive agencies, directs the work and chooses the method of implementation that it deems appropriate.

The right of the state to monitor the implementation of the agreement emanating from the agreement in the first form is established as a general principle with regard to international agreements, whether that is stipulated in the agreement or not. As for its right in the second form, it is not established as a general principle in all agreements, as it is established as a general principle. In public works contracts, even if it is not stipulated in the agreement, but in the supply agreement, it is not determined as a general principle in the event that it is not stipulated, that is, it is determined as a general principle when it is stipulated in the agreement [(4)].

The right of oversight also allows the state, represented by one of its executive bodies, to intervene to a greater extent than ensuring the proper implementation of the agreement during its implementation, in the event that the administration uses the right of oversight to interfere in the conditions of implementation of

(1) D. Ali Sadiq Abu Haif: Public International Law, Atlas Press, Cairo, 1972, p. 147.
(2) See Ahmed Abdel Hamid Ashoush, Oil Law..., previous source, p. 89.
(3) See the Arabian Oil Company Limited concession agreement published in Al-Kuwait Al-Youm newspaper, the aforementioned source.
(4) Dr. Mahmoud Khalaf Al-Jubouri, Administrative Contracts, Dar Al-Thaqafa Publishing and Distribution Library, Amman 1998, p. 110.

the agreement and change some conditions in cases not explicitly stipulated in the agreement. Because the right to control is not the right to amend, and this includes, for example, the administration intervening and requesting the use of a method of implementation other than the one resorted to by the contracting party with the state. Here, control becomes equivalent to directing the contractor [(1)].

Through this text, it becomes clear to us that the agreements that dealt with the extent of the authority of the state or the administration to interfere in the conditions of implementation of the agreement, as the state may not give up its right to control as it is a condition recorded in the agreement between it and the other party, and the general characteristic of oil and natural gas agreements It is predominately international in nature, and hence the state's right to monitor and direct, as international agreements are related to public utilities, including oil and natural gas[(2)] , and it follows that the state has the authority to supervise and direct the implementation of the agreements, and it always has the right to change the terms of the agreement and add new conditions as it may deem fit. It is more consistent with the public interest without the other party invoking the rule that the contract is the law of the contracting parties [(3)].

We conclude from the above that the host state has the authority to terminate the agreement if it deems that this is what the public interest requires, and the other party only has the right to compensation if it is necessary.

2. 3. The state's right to sovereignty over natural resources

Territorial sovereignty is considered one of the most important and stable principles in international law. The state's territory is considered one of its most basic components, as it exercises absolute sovereignty over it within the framework of international law, and all elements of the territory and what is in it are considered its property [(4)], and the existing public or individual ownership system does not affect this. In every country, the right of state ownership of its natural wealth is part of the international public order that may not be violated. The issue of states' sovereignty over the sources of their wealth and natural resources was one of the topics that the United Nations General Assembly was concerned with and calls on states to work to respect and adhere to it, in the use and exploitation of their natural wealth and not It is subject to the control of another country, directly or indirectly.

In December 1952 AD, the General Assembly issued Resolution No. (1) affirming the state's sovereignty and public freedom, based on a proposal from the Human Rights Committee, which explicitly stipulates the freedom of peoples to dispose of their wealth and natural resources so that this does not conflict with the obligations arising from international economic cooperation that are based on the law. International[(5)] , and on December 12, 1958 AD, the General Assembly established, pursuant to its resolution (No. 1314), a special committee charged with studying the issue of the permanent sovereignty of nations and peoples

(1) Dr. Suleiman Muhammad Al-Tamawi, General Foundations of Administrative Contracts, 1st edition, Dar Al-Fikr Al-Arabi, Cairo, 1991, p. 454.
(2) Dr. Atef Suleiman, The rights of the sovereign state and their impact on the legal system of petroleum concessions, Arab Petroleum and Gas Journal, Issue 1, Year 2, 1966, p. 26.
(3) Osama Muhammad Amara, previous source, p. 55.
(4) Dr. Mahmoud Khalaf Al-Jubouri, previous source, p. 113.
(5) Dr. Ali Sadiq Abu Haif, previous source, p. 101.

over their natural resources[1] , and the committee's report was the basis for the issuance of Resolution No. (1803) of 1963 AD, in which all Peoples and nations to exercise their permanent sovereignty over their natural wealth and resources[2] , and this decision is an important turning point in this field, and the most important thing it stated is the right of peoples and nations to permanent sovereignty over their natural wealth and in a manner consistent with the national development of their people, and that the extraction and exploitation of wealth is consistent with what the peoples decide. From the rules.

There is no doubt that the United Nations' interest in the issue of economic development and determining the right of countries to full sovereignty over their natural resources and working to establish a global economic system is mainly due to the success of developing countries and their numerical superiority over industrially developed countries. This decision was the starting point for many decisions, including Resolution No. (3281). (Dated December 12, 1974) under which the Charter of Economic Rights and Duties was issued, including the principle of the sovereignty of states over their natural wealth through Article (1/2), which stipulates that ((Every state has complete and permanent sovereignty that it freely exercises over all its natural wealth and resources. And its economic activities, including its ownership, use and disposal), as the principle developed and the phrase permanent sovereignty over economic activities was used instead of the state's sovereignty over its natural resources within the Declaration of the International Economic System. The reason behind this is to expand the scope of sovereignty to include all activities and industries related to natural resources and the ability to Imposing control on multinational companies, in addition to the resolutions issued by the United Nations General Assembly in this regard. The United Nations Conference on Trade and Development (UNCTAD) Resolution No. 88 dated October 19, 1972 affirmed the principle of the state's sovereignty over its natural wealth, just as the state's sovereignty over its wealth Naturalness does not mean ownership, and despite the difference between the two ideas, if they come together in the state in the case of its ownership of oil wealth, then each of the two ideas prevails over the other[3] , and there is another aspect that gives the state ownership rights over those wealth, whether the state's rights are sovereign or ownership rights, and the dimensions of the character of public authority The state has the right of ownership over oil wealth due to its importance in the state's economy and to ensure legal protection. In 1970, Resolution No. (2625) of the United Nations General Assembly [4] was issued calling on states to refrain from taking any economic, political or Others that constitute pressure on another country with the aim of controlling the free exercise of its right to sovereignty over its natural wealth and resources [5].

It is also worth noting that Article 12 of the Declaration issued in 1975 by the General Assembly establishing a new international economic order stated that it is based on two basic principles: equality of sovereignty between countries and sovereignty over the sources of its wealth and natural resources.

The state enjoys the wealth and natural resources found in its territory and has unique and exclusive ownership rights that are not shared by any other state. With regard to the production of oil and natural gas, it is the private property of the host state. It has a sovereign right over the oil and gas fields and

(1) Dr. Ahmed Abdel Hamid Ashoush, The Legal System for Petroleum Agreements in the Arab Countries, previous source, p.207.
(2) Official Records of the General Assembly, Eighth Session, Document No. (E/CN.4/L.24).
(3) Official Records of the General Assembly, Thirteenth Session, Document No. (A/RES/1314 (XIII).
(4) Official Records of the General Assembly, Seventeenth Session, Document No. (A/RES/1803 (XVIII).
(5) D. Muhammad Maghribi, previous source, p. 57.

installations located on its territory [(1)], so failure to exploit them does not affect Her failure to protest against another country exploiting her without her consent does not constitute a waiver of these rights.

In light of the above, we see that the state has absolute freedom to exploit or not to exploit the oil wealth inherent in its territory. This right is established for every state, and in exercising it it is not necessary to take any specific legal steps or undertake a special legal action or procedure.

2. 4. The right of the host country to receive financial taxes

International law recognizes the right of sovereign states to impose taxes, fees, and other financial charges of a similar nature on natural and legal persons residing in their territory, on funds within their jurisdiction, and on profits and incomes.

Resulting from sources within its borders, whether the investor is national or foreign, as long as there is a close connection between the product and the tax base.

Natural gas agreements also have a nature that distinguishes them from other productive activities, and this distinctive nature is evident in the nature of the activity itself after it cuts off part of the state's territory and in the various stages of the oil and gas industry, which begins with research and exploration and its possibilities and ends with production. Accordingly, the financial benefits that the host country earns are many and varied. From the investing party to a degree that is also distinguished from the financial burdens it imposes on other types of investment activities. Perhaps the most prominent types of financial obligations are fees, rent, royalties or rents, and taxes [(2)], and their details are as follows:

2. 4. 1. The initial fee:

It is the common name for the fee paid to the state upon signing the agreement without depending on the start of the actual exploration operations or the success of these operations. However, if the fee is paid after a period of signing, it is then called the Pest Signature fee, and it may stipulate the concessions are based on linking the date of payment to the beginning of the implementation process of the agreement, so it is paid upon discovery bonus or upon the start of production, and it is then called the production fee. The majority of OPEC countries' oil concessions stipulate essentially the initial fee and may add to it the exploration fee or production fee [(3)].

2. 4. 2. Periodic rent

It is an amount that the host country receives in its capacity as the owner of the area in which the oil field is located. The foreign oil company pays for the use of this plot of land, so its value varies depending on the area and location of the area. Usually, the rental amount is paid periodically after a period of time determined by the agreement [(4)], and ends at the beginning of production. Regular oil production or the

(1) Official Records of the General Assembly, Twenty-Ninth Session, Document No. (A/RES/3281(XXIX).

(2) See, Abdel Razzaq Ahmed Al-Sanhouri, Al-Wasit fi Sharh Al-Civil Law, The Right to Ownership with a Detailed Explanation of Objects and Money, Part 8, Mansha'at Al-Ma'arif, Alexandria, 2004, p. 110.

(3) Official Records of the General Assembly, Twenty-sixth Session, Document No. (A/RES/2625(XXIX).

(4) Dr. Muhammad Maghribi, previous source, p. 59.

start of export, according to what is specified in the text in the concession, as it is replaced by other financial duties, represented by a royalty on the oil produced.

2.4.3. Rent

International law stipulates that the state has the right to impose taxes on the natural or legal person residing on its territory. Oppenheim, one of the jurists, expressed his opinion that (nothing prevents the imposition of taxes on foreigners residing on the territory of the state or their exemption from taxes to which the people of the country are subject) [(1)], and in contrast to the tax The rent is not affected by the profits made by the oil company. Rather, it is a specific lump sum that is separate from the profits, but it is sometimes linked to the amount of extraction. The rent remains on the company whether the profits are achieved or not. As for the tax, it is linked to the profits. The rent is therefore the consideration that the oil company pays to the state in cash or in kind. For every unit of oil production achieved by the company, the rent is linked to the state's ownership of the oil produced, and the state's share is based on the fact that oil is a depleted natural resource and that what it obtains as a share in the rent partially compensates it for the depletion of that wealth and is considered a price for it independent of the cost of production as this money is used. To search for new fields and develop them, even in countries The consumer - the importer - also receives a portion of the revenue, and after excluding production costs and the profits of intermediary companies[(2)] , through the taxes that it imposes within its territory on the consumption of petroleum derivatives, it receives a royalty from the owner of the land who has the right to grant the right to dispose of it, whether he is a natural or legal person. Including the state [(3)].

If the governments in the OPEC countries are the ones that receive a quarter, this is because the ownership of the interior of the land belongs to them, unlike in the United States. Therefore, the rent is independent of the tax. This duality in the state's right to receive the tax and the rent has led to companies considering the rent as a supplement to the tax, and therefore it is not the state has the right to receive more than 50% of the profit achieved by the company, which is included in spending the rents.

2. 4. 4. Taxes

At the beginning of the era of investment in the production of oil and natural gas, work was done to exempt foreign companies from paying any tax to the host country, such as the agreement concluded between Iraq and the Iraq Petroleum Company Limited in 1925, in exchange for the royalty that the company pays to the host country for each production unit. However, this situation changed after... World War II, as countries producing oil and natural gas began imposing taxes on foreign companies due to the huge rise in crude oil prices and the increase in the difference between the profits achieved by companies and the revenues earned by the host countries [(4)].

(1) Dr. Hassan Atiyatallah, previous source, p. 49.
(2) Review the concession granted by the State of Qatar-to-Qatar Petroleum Company in 1935 and Article (4/A), review the website, date of last visit 6/7/2022 www.almeezan.com.
(3) The concession granted by the Kingdom of Saudi Arabia to Oxerab Company, Article (18), see the website, date of last visit: 7/7/2022 www.eastlaw.com
(4) For example, the Venezuelan Petroleum Law of 1952 (Articles 43-46), which imposes a duty on the foreign producing company on the production of natural gas, refined products, and asphalt.

The attempt to impose taxes on foreign oil companies began through negotiations or legislation, and the companies opposed it at first [(1)], then the situation stabilized after that, and imposing taxes became a stable principle in the relations of the host country with the company working for it in the field of oil. It can be said that the host countries are in the process of Traditional oil concessions had limited legal relations with the foreign investor (the operating oil company) as a tax collector, but this role changed after the concessions were amended and included new conditions, as the state often had the upper hand in making decisions regarding all stages of the oil industry, and it turned into an effective partner[(2)] .

The researcher believes that the change in the position of oil-exporting countries in the oil trade equation led to the creation of new forms of relations, not between these countries and oil and gas companies, but rather between these countries themselves, which resulted in a change in the new economic relations, which necessitated the reconsideration of the implications of these new relations in The field of modern legal frameworks regulating it.

2. 5. The right of the host country to amend gas production agreements

What corresponds to the right of guarantee for producing companies is the right of the host country to amend oil and natural gas agreements. There is no doubt that the most important right of the host country is its right to amend the gas or oil production agreement if circumstances exist that would make the continuation of the agreement in its initial form harmful to its interests. This right comes in line with The principle of sovereignty over natural resources, the principle of the right to self-determination of peoples, the principle of the supreme national interest and the principle of changing circumstances, and then maintaining Unfair conditions cannot continue indefinitely, as the time will come when agreements that did not take the will of the host country into account must be amended.

According to Resolution No. 3281 issued by the United Nations General Assembly in 1975 AD, relating to the economic rights and duties of states[(3)] , which indicated in its second article that (every state has the right to regulate foreign investments according to its laws and regulations and in accordance with its national goals and priorities), and Resolution No. (1803) indicated (issued in 1962 AD by the General Assembly to extend permanent sovereignty to include the natural wealth and resources of all concerned countries), and it appears that the Charter has tended towards expanding the concept of sovereignty over natural resources, and the development of this concept of sovereignty was one of the important legal foundations on which the host country relied. To amend or even cancel the traditional concession agreements [(4)], and there is no doubt that restoring the economic balance to the parties to the oil and gas investment agreement is an important and necessary issue in order to achieve the greatest degree of equality in rights and obligations and to continue the project. Therefore, it has become the host country’s right to request the amendment of the traditional oil concession agreements. Which was concluded under

(1) Dr. Muhammad Youssef Alwan, previous reference, p. 43.

(2) According to the amended Libyan Oil Law of 1961, Article (12) of it stipulates that, in the event that oil is found, the company has the right to recover the rent it paid to the government in application of the tax on profits. After amending the Oil Law on February 2, 1965, Article (9) of it was considered the rent is part of the expenses, and therefore the company recovers half of it.

(3) Dr. Ahmed Abdel Hamid Ashoush and Dr. Omar Abu Bakr, The Legal System of Petroleum Agreements in the Gulf Cooperation Council Countries, A Comparative Study, University Youth Foundation, Alexandria 1997, reviews the concession granted by the Kingdom of Saudi Arabia to Aramco in 1933, Article (5), p. 203.

(4) Oppenheim International Law and Treaties Volume 1.1967 p.608.

political conditions imposed by foreign occupation and did not have a free will that could negotiate on an equal footing with an occupying party.

The state adhered to the principle of changing circumstances as the basis for its demand to amend the oil and gas agreements that it concluded at the time of occupation, as the theory of changing circumstances in international law recognizes with the possibility of amending economic development agreements [(1)], and in accordance with the first paragraph of Article (No. 95) of the agreement.

"Vienna" in 1969 AD, it is not permissible to rely on a fundamental, unexpected change in the circumstances that prevailed when the treaty was concluded as a reason for terminating the treaty or withdrawing from it unless the following two conditions are met:

1- If the existence of these circumstances constituted an important basis for the parties' consent to abide by the agreement.

2- If the change results in a necessary change in the scope of the obligations that must be implemented in accordance with the agreement.

Accordingly, the conditions that must be met in order to rely on a fundamental change in circumstances are that these circumstances be unexpected when concluding the treaty, that they be an important basis motivating its conclusion, and that they result in a radical change in the scope of obligations that have not yet been implemented, so that they are not a pretext to conceal the demolition of the principle of the sanctity of contracts. And the agreements. There is no doubt that there is a fundamental change in circumstances that applies to traditional oil and gas agreements.

Hence, recognizing the dual international nature of oil and natural gas production agreements would allow the host state to control the sources of its national wealth through the control and internal powers it exercises as previously stated [(2)].

This also ensures the training of national expertise and facilitates the foreign marketing process. Also, with regard to the foreign party, it provides confidence and security. Therefore, concluding agreements to produce natural gas is one of the most prominent features of amending these agreements and has met with increasing acceptance. Moreover, it includes many intertwined topics. It has a dual international nature, and these issues entail mutual obligations on both parties to the agreement, and the agreement is partly related to the internal law of the host country and the other side is related to international elements that go beyond the scope of the state.

The researcher believes that amending oil and natural gas production agreements becomes necessary if the conditions that were in place when the agreement was signed change, as it is one of the best theories that must be relied upon to amend the agreement and that is a justification for that.

(1) Dr. Muhammad Labib Shuqair and the owner of gold, previous source, p. 87.
(2) Net production is the quantities of crude oil extracted from the concession area, Pierre Terzian, previous source, p. 67.

3. Obligations of the host country to produce natural gas

When foreign companies resort to concluding agreements to produce natural gas with the host country, these agreements include provisions regulating the rights and obligations of both parties, and at the same time they include many of the unusual guarantees enjoyed by the production subject of the agreement, which are in fact an exception to the legal system for production in The State Perhaps one of the most important exceptional guarantees that oil and gas companies obtain from producing countries under the terms of the natural gas production agreement is the establishment of the legal rules for gas production, and the guarantee condition under which the state pledges not to terminate or amend the agreement of its own volition, and in order to determine those obligations, we will discuss these two guarantees. In the following two sections: -

3. 1. Commitment to the requirement of legislative consistency

The condition of legislative stability actually includes a pledge from the producing country to stabilize the legal, economic and financial system for the production subject of the agreement. According to this pledge, the foreign company is immune from the application of any legislation.

A new legal order issued by the state during the implementation period of the agreement it concluded with the state [(1)]. In other words, the condition of stability means freezing the legislative rules in the state in favor of foreign companies in the state they were in at the time of concluding the agreement with the aim of protecting these companies from new legislative risks. The state pledges not to issue new legislation applies to the agreement concluded between it and the foreign party contracting with it, in a way that leads to a disruption of the economic balance of the agreement and harm to the foreign party. The confirmation may include the entirety of the legal rules that regulate production and may be limited to some of them but not others.

Some of them stipulate the protection of not subjecting the investment project to taxes and fees imposed after the entry into force of the agreement. An example of the conditions for legislative stability in oil and natural gas production agreements is the agreement concluded in 1975 between the State of Cameroon and a gas exploration and exploitation company[(2)] , as Article 15 stipulates: (It cannot be applied to the company Without its prior approval, the amendments that occur to the provisions of the texts mentioned later during the term of the agreement[(3)] , as well as what was stipulated in Article (Fourth) of the agreement concluded between the Mauritanian company (Texaco) and the government of Mauritania for the year 1971 AD, provided that: (The government guarantees to the company, throughout the duration of the current agreement, the stability of the general legal, economic, financial and tax conditions under which the company carries out its activity, as they are derived from the legislation and rules in force on the date of signing this agreement). As for the judiciary level, There are many judicial applications of the legislative requirements for stability, including, for example, the decision of the French Court of Cassation, which supports the confirmation of the legal system of the agreement in its ruling issued on

(1) An example of this is Article (21) of the agreement concluded by the Kingdom of Saudi Arabia with Aramco in 1933.
(2) An example of this is the Libyan Oil Law No. 25 of 1955, which approved a tax of 10% in 1975, up to 65%. Before that, in 1948, Venezuela issued a tax on the profits of oil companies operating in its territory, so that the share of the companies' profits was not less than 50%. See D. Muhammad Yusuf Alwan, previous source, p. 123.
(3) Pierre Terzian, previous source, p. 85.

6/15/1935 in the case of the agreement concluded between a French buyer and an industrial company in the Alsace region, as it was stated in the ruling (Because the agreement concluded between the two parties is subject only to the law of the place and time in which it was agreed[1] .

As for the arbitration rulings issued by the arbitration courts formed in oil and gas agreement disputes that arise between a number of oil and gas producing countries and private foreign companies operating in this field, which confirm this condition, we mention, for example: the ruling issued in the case of Texasco and Liamco. Against the Libyan government. The facts of this case are that the royal Libyan government granted the two former American companies, in 1965, privileges in the field of oil and gas extraction and exploitation. In the years 1973 and 1974, the new Libyan government nationalized these two companies in two stages, in accordance with Law No. (66) of 1973, under which (51%) of the funds, rights, and properties of the two companies and a number of other companies were nationalized, and after that, Law No. (11) of 1974 was issued, according to which all the funds, rights, and properties of the two companies were nationalized[2] . These two laws stipulate compensation for the damages sustained

The damages were determined by a committee consisting of three members appointed by the Libyan government. These two companies refused nationalization and resorted to an arbitration clause based on the text of Article (20) of the Libyan Oil Law No. (25) of 1955 and Article (28) of this Model Concession Agreement. Appendix to the Oil and Gas Law, arbitrators in cases have been exposed to many important legal issues, including the issue of the validity of the conditions of stability and inviolability and the effects resulting from them, especially the impact resulting from including the validity of the conditions of stability mentioned in Article (16) of the agreement that is the subject of the dispute, as well as the state's right to Taking nationalization measures. The two arbitrators stated that the state's right to take nationalization measures is no longer up for debate and that it is considered an expression of its sovereignty. Despite this, the state may not cling to its sovereignty in order to repudiate the pledges it agreed to of its own free will within the framework of this same sovereignty [3].

It is not permissible for it to rely on its internal laws alone and waste the rights of the other party. Accordingly, the arbitrators recognized the validity of the stability conditions, and also recognized that these conditions and the principle of the sanctity of contracts do not prevent the state from putting an end to the agreement by nationalizing its natural resources, which is considered a sovereign right, before the agreed-upon date arrives. between the parties, if it does not have a discriminatory nature or is accompanied by illegal conduct or conduct and the state is obligated to provide fair compensation, and accordingly, the two arbitrators concluded that the Texaco and Liamco concession agreements concluded with the Libyan government are binding on both parties and may not be terminated except in certain cases, including the case mentioned. Non-discriminatory nationalization and the state's obligation to pay fair compensation. Most foreign companies seek to avoid choosing a law

(1) Dr. Muhammad Maghribi, previous source, p. 65.
(2) Official Records of the General Assembly, Twenty-ninth Session, Document No. (XXIX) A/RES.3281).
(3) Official Records of the General Assembly, Seventeenth Session, Document No. (A/RES/1803 (XVIII).

The producing country, in order to avoid the dangers resulting from this, which is represented by the agreement being subject to changes and amendments that may occur to internal laws (1), therefore resorts to having this condition stipulated in the body of the agreement.

The researcher believes that stability conditions have various forms and that their application is one of the most important guarantees and factors that work to attract foreign investments to developing countries to increase production, including Iraq.

3. 2. Commitment to the condition of inviolability

The condition of constancy is often accompanied by the condition of inviolability as a complement to it, as the requirement of this rule is that the agreement may not be annulled or amended except by agreement of the two parties or for reasons determined by the law. It may not be terminated or modified by either party as long as it is the result of two free wills, etc. It is complicated by two wills that cannot be solved by one will, and if this rule is known within the scope of legal rules, it is not applied in agreements to which the state is a party, as we mentioned previously. Agreements for the production of oil or natural gas often include a guarantor clause that ties the host state's hand in terminating or amending the agreement by its own volition, without the consent of the other party, using the privileges of public authority that it enjoys towards the other party.

In terms of its effects, it corresponds to the law of the escape clause stipulated in a group of international trade agreements(2) , and the guarantee clause is included in the form of a clause in the agreement concluded between the host country and the foreign company and is called the contractual stability clause, and this condition has been known in oil concession agreements since the beginning of the century. The past, as stipulated in Article (21) of the agreement concluded between the Iraqi government and the Mosul Oil Company Limited in the year 1932, which states: (This agreement shall be final and binding between the parties as soon as the two parties sign it, and it may not be amended or changed except with the written approval of the two parties by mutual consent)(3) .

In this same direction came the agreement concluded between the Sultanate of Oman and the Petroleum Concession Company in 1933 AD, as well as the agreement concluded between Kuwait and the Kuwait Oil Company in 1934 AD, and then the tensions of oil and gas agreements in general to include this condition, and this trend appears clearly in the contracts concluded after the war. This is what was stipulated in Article (21) of the contract concluded in 1967 between the Saudi General Corporation "Petromin" and the Italian company AGIP, as it stipulated that "this contract shall be a final and binding agreement between the two parties once the two parties sign it and it may not be amended or modified." Change it except with the written approval of both parties by mutual consent(4) , and also what is stipulated in Article (20) of the agreement concluded between the Egyptian government, the Egyptian General Petroleum Corporation and Pan America, as paragraph (b) stipulates that (rights and obligations The Corporation and that America and the government contained in this agreement and valid throughout

(1) Dr. Ahmed Abdel Hamid Ashoush, Oil Law..., previous source - pp. 30-32.

(2) What is meant by the principle of changing circumstances is (that if a fundamental change in circumstances occurs, that gives the injured party the right to request the termination or amendment of the agreements), see, Muhammad Yusef Alwan, a previous source, p. 87.

(3) Dr. Ahmed Abdel Hamid Ashoush, Oil Law..., previous source, p. 28.

(4) Dr . Osama Muhammad Amara, previous source, p. 37.

its term are subject to the provisions of this agreement and in accordance with it and cannot be amended or changed except by mutual agreement between the contracting parties(1) .

In fact, the condition of stability has no relation to the laws and procedures taken by the contracting state as long as they do not include termination or amendment of the agreement, because the two parties agree on the condition of stability and to exclude legislative or executive measures taken by the state that are not consistent with the terms of the agreement only, and an example: this agreement. The agreement concluded between the Egyptian government, the Egyptian Petroleum Corporation and Philips Company in partnership in 1963 AD, which stipulates that the Corporation and Philips Company shall abide by Law No. (66) of 1953, amended by Law No. (89) of 1956 and its executive regulations to the extent that the aforementioned law or its executive regulations do not conflict with provisions of this agreement) and is often accompanied by the non-prejudice condition of legislative stability(2) , despite the clear difference between them. The first is a legislative condition that grants the investing company immunity against the advantages enjoyed by the state as a legislative authority and is stipulated in the national law of the state granting the concession under which it undertakes to The state does not apply any new legislative text to the agreement after its conclusion, and the second: an agreement condition originating from the agreement concluded between the two parties, under which the state undertakes not to amend or terminate the agreement of its own volition as an executive authority(3) .

However, their goal is the same, which is to preserve the agreement and not harm it, and that the condition of legislative stability alone does not achieve the legal security of the agreement unless it is not possible to violate it. Therefore, the problem that arises with regard to both types of conditions remains the same, and the inclusion of such conditions in The agreement provides a guarantee to the foreign investor that guarantees the protection of his investments from the host country and gives foreign companies a kind of reassurance and confidence by immunizing the contract from any interference by the state based on the sovereign advantages enjoyed by the state, and since the inclusion of conditions of stability and inviolability in the concluded agreements between countries and foreign companies there is a great interest for contracting foreign companies, and this condition allows the state if a fundamental change in circumstances occurs or if the public interest requires reviewing the terms of the contract, it has the right to invite foreign companies to negotiate and review the contract by mutual consent.

The contracting company may not refuse to negotiate in good faith on the pretext that the contract includes conditions of stability and inviolability. This is what is stipulated in Article (17) of the oil and gas investment agreement concluded between the government of Guinea. and Bougainville Copperltd Company) in 1974, provided that the parties shall meet with each other every 7 years in order to examine in good faith whether the agreement concluded between them has achieved the desired goal for both of

(1) A. Ismat Muhammad Al-Khayyat, Oil State Contracts in Public International Law, Master's thesis, Faculty of Law, Kuwait, 1997, p. 183.

(2) Dr. Duraid Mahmoud Al-Samarrai, Foreign Investment Obstacles and Legal Guarantees, Center for Arab Unity Studies, Beirut 2006, p. 241.

(3) This meaning was expressed by Pierre Cavin in the case of the agreement concluded between the Iranian government and the Sapphire Company. He stated that, under the agreement, the company provides Iran with financial and technical assistance and investments that include responsibilities and risks, and therefore it must be protected from being subject to any new legislation that affects the rights of the parties. It also gives them a legal guarantee, which is difficult to achieve if Iranian law is applied to the agreement, as the Iranian state authority has the right to amend and change it. For more details: see: Dr. Hafiza Al-Sayyid Haddad, Contracts concluded between foreign countries and persons, previous source, p. 325.

them in an acceptable manner. In the event that the agreement fails to achieve that goal, adequate diligence shall be exercised. Agreement to make the necessary amendments to the agreement [(1)].

However, if the company refuses to negotiate in good faith for the purpose of amending the agreement, which includes the conditions for review, for the purpose of amending the agreement to suit the new circumstances, then the state may use its legislative powers to achieve contractual balance and terminate the agreement, and the company has no choice but to The right to request fair compensation for all damages sustained and in this way the interests of both parties can be achieved at the same time.

4. Conclusion

After completing this study, which dealt with the issue of the rights and obligations of host countries to produce natural gas, by explaining everything related to this topic, we have reached the following conclusions and proposals:

4. 1. conclusions

1.The lack of agreement on a specific method of production from oil and natural gas fields shared between Iraq and neighboring countries constitutes a stumbling block to normalizing relations with those countries and moving them in the right direction.

2. In the absence of international legal rules governing the production of natural gas and clearly defining the method and manner of that production and the basis for dividing its production and its standard, both the general principles of law and the principles of justice and fairness have played an important and effective role in regulating this aspect, as they are essentially among the sources stipulated in Article (38) of The basic system of the International Court of Justice, in addition to its use in many agreements that dealt with the issue of common fields. Principles such as non-arbitrariness in the use of the right, the principle of unjust enrichment, and other principles had the greatest impact in creating a general legal framework governing the production of this wealth. These principles were sometimes Basically, to compensate the state for the damage caused to it as a result of production from a shared oil field without its knowledge or approval, and at other times, a specific criterion for dividing the reserve of the shared reservoir between the countries in whose territories it extends.

3. Countries hosting foreign companies must take care to include in their agreements sufficient obligations that guarantee production in light of globally applicable specifications, and in return take into account the rights of foreign companies, so that this will be an attractive factor for the largest companies producing natural gas in the world.

(1)In the same direction, Article (14) of the agreement concluded by the State of Togo and the Benin Mines Company stipulates, “In the event that legislative or regulatory amendments occur to the jurisdiction of the independent Republic of Togo, the latter undertakes to guarantee, with a special exception, the benefit of the Benin Mines Company.” Of the previous provisions related to the system of mining materials and the corresponding mining rights granted to the company, unless they adhere to the new provisions (see Dr. Duraid Mahmoud Al-Samarrai, previous reference, p. 341, and this is also stipulated in Article (41) of the agreement concluded between the government of Ecuador and Texaco Petroleum, signed in 1964 by the parties to the petroleum and mining laws in force at the time of signing the agreement.......) See Dr . Siraj Hussein Abu Zaid, previous reference, p. 112.

4. 2. Proposals

1.Working to develop the rules contained in the agreements that addressed the issue of joint fields, especially those that took one of the joint production systems into more specific international rules that regulate production in joint oil installations and have an effective impact on the development of international oil law.

2. We suggest that production not begin in the joint fields of oil and natural gas except with the agreement of the countries concerned, and that negotiations on production lead to a final agreement on the features of the joint field, its dimensions, how to produce it, and the criterion for dividing its reserves, on the basis of the rules of justice and taking into account the common interests of the parties, to prevent the occurrence of disputes between countries later.

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