

## LEGAL ANALYSIS AND ECONOMIC IMPACT OF IRAN'S PETROLEUM NEW CONTRACTS (IPC)

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### ABSTRACT

*Oil industry in Iran needs modern technology for economic development and flourishing of the country and reaching these goals is dependent on investment attraction and requires modern contracts in this domain. The current essay seeks to study Iranian new petroleum contract regarding its legal and economic impact and its benefits and risks taking into consideration the debates made by the proponents and opponents as well as various views and the tough policies of higher laws and the limitations of the Constitution. The present descriptive-analytic study shows the inefficiency of IPC (Iranian Petroleum Contracts) based on a number of reasons including the danger of penetration and domination of the foreigners into/over the national resources, concessions given to the foreign party and long term presence of the foreign investor in megaprojects, ambiguities in the transfer of developed technology, continuation of sanctions, prolonged return of the investment and conflict with resistance economy and so on and so forth. To avoid the latter problems, the authors have proposed a model as well as a number of methods that are in line with the technical, human, legal and political capabilities of the country.*

**Keywords:** IPC, Petroleum Contracts, Foreign Investment, Resistance Economy, Oil based Economy.

### INTRODUCTION

Iran Petroleum Contracts (IPC) represents a new model of contract that was designed in the Ministry of Petroleum of the Eleventh Government of Islamic Republic of Iran for making the contracts more attractive for the foreign companies. The design of this model that was simultaneous with the Nuclear Deal with P5+1 better known as JCPOA triggered serious debates between the proponents and opponents due to various reasons to which we will turn in the present article. Moreover, as long as the economy is dependent on oil and the country is administered based on a product specific economy, particularly focused on those resources that one day will be exhausted, and due to the governance of world organizations like OPEC (the Organization of Petroleum Exporting Countries) as well as the export of crude oil without changing it to products under the influence of foreign policies of the powerful countries, Iran will remain entangled in the vicious circle of exporting crude oil for low prices and importing oil products with expensive prices. All these reasons and sensitive backgrounds of IPC show that despite numerous revisions this model is still very far from being a desirable model that would guarantee the national interests. One of the goals of the mentioned contract is taking advantage of the maximum potentials of investment and technical services. In other words, this type of contract does not merely seek to attract the foreign investment rather it also struggles to

renovate the nation's knowledge and technology in this field. Thus, in line with this policy and agreement with IPC, Mohammadi (2017) believes that the implementation of this type of contracts despite their weaknesses is effective as it accelerates the movement of petroleum industry following the overflow of the soft technology thanks to the circulation of management and knowledge transfer and creation of integrity in the petroleum systems and products.

Mir Torabi (2015) defends this contract and refers to the increase of Iran's bargaining power in the event of an international tension against Iran and the possible sanctions in the oil and gas sector.

Khayamian (2017) also argues that IPC contracts can create hundred thousands of jobs.

SadeqiZiazi and Shafaqati (2017) believe that fourth generation of joint venture or IPC can be effective in the field of attraction of foreign investors and pave the ground for the fulfillment of the goals of the Sixth Plan of Development.

Derakhshan (2016) as one of the opponents of IPC is of the belief that National Petroleum Company will suffer a heavy blow after the implementation of this contract.

Rezaei (2016) has considered this contract to be dangerous because it implies certain obligations for us that impose numerous damages if the other party takes a suit to the court against us.

Ibrahimi (2014) describes IPC a kind of appeasement to the foreigners in return of JCPOA which can impose heavy losses to Iran following the new sanctions and the foreign companies leave.

Mousavi (2017) contends that the designers of this model have tried to design a long term and win-win relation between Iran National Petroleum Company and international petroleum companies but the reality is that there is no such thing as win-win equation in petroleum contracts because every party struggles to maximize its interests and meanwhile contractual conditions, particularly from the perspective of taskmaster, should be concerned with such issues as price, time, quality and transparency.

Attraction of foreign investment if takes place in a fair manner has an indispensable role in the job creation, competitive production, improvement of domestic products, transfer of updated knowledge and technology and the positive interactions of the national and international experts and maximum use of human and natural resources in line with resistance economy and blossoming of production and economic flourishing. The current essay intends to express the points of strength and weakness of IPC in order to come up with conclusions that can practically contribute to the improvement of the efficiency of the contracts in serving national interests. It is also noteworthy that the subject matter of current research is fully new and related to a significant issue of our present day life insofar as the concerns related to it have caused the sensitivity of elites and devoted supporters of Revolution, regime and people particularly the Supreme Leader. The necessity of research depends on two factors of "time" and "space". Here the subject of research is significant both from time and space points of view (as it addresses an issue related to the present historical epoch and the energy resources of Iran) and many scholars endorse this. In fact, the current article is aimed at challenging the clear and hidden aspects of one of the most important petroleum contracts of the contemporary history. Generally speaking, this discussion will be helpful in the enlightenment of the minds of the decision makers and policy makers and provides the path for solving the problems and making the desirable use of the natural resources.



### *Legal Nature of IPC*

Given the fact that IPC is a contract and every contract is the product of the agreement of one or a number of real and legal individuals on certain issue one can say that IPC is not an exception and it is subjected to the general rules of contracts. Nevertheless, if one can say that IPC is defendable or not based on the Article 10 of Civil Code according to which "private contracts are binding for the ones who have signed them if they are not contradicting law"? The Civil Code has simultaneously referred to agreement and contract. In fact, it seeks to expand the inclusiveness of covenant. It is needless to say that lexically speaking there is not so much difference between contract and agreement. If we want to distinguish agreements from contracts in view of the common interpretation that is made of Civil Code one can state that there is the logical relation of "absolute generality and specialty" between these two terms in the sense that every contract is an agreement while an agreement can be a contract or not because the types of transactions mentioned in the Civil Code do not contain all agreements.

Given the principle of governance of will and freedom in contracts IPC can seemingly be discussed under the Article 10 of Civil Code but the word "private" in this article brings about a new legal challenge. IPC is of national relevance and addresses the rights of a nation and for this reason it cannot be included under the Article 10.

Sometimes governments would present themselves as juridical persons and parties to certain contracts in order to be competent to be subject to the Article 10 of Civil Code but governmental contracts have other meaning too. According to definition, every contract in which one party is administrative organizations including governmental ministries, institutions and companies or municipalities is considered to be an example of governmental contract.

In private contracts freedom of will of the parties except in certain exceptional cases is taken for granted. But the managers of governmental organization are the representatives of their organization not the owner of what is under their administration. The representative has just the jurisdiction that has been endowed upon him and recognized by law. Here there is no freedom of will because presidency is other than ownership. Having said these, one can conclude that in public law contrary to private law the limitation and non-competency serve as the principles unless it has been stipulated in the law.

Although it seems that in the compilation of IPC contract all governmental jurisdictions and advantages have been used in an excessive way in the name of creation of attractiveness for foreign companies there is no sign of observation of legal restrictions by government and this is absolutely against national interests.

Accordingly, one can summarize the nature of IPC as follows:

- A. Since IPC is a platform where various public and private wills meet and reach agreement it is undoubtedly of the features of a contract.
- B. The situation on the ground suggests that the contract enjoys international features. Then, it is subject to the same conditions and restrictions that have been predicted in Iranian Constitution concerning international contracts unless all international huge petroleum companies are defined without taking the political governance and their government into account and simple-mindedly call them fully private industrial giants.
- C. In the event of conclusion of an international contract the government is required according to the principles of the international law to provide all legal and administrative grounds for the agreement and due to its international nature all



elements of the government are committed as a single juridical person to fulfill their obligations before the foreign party and cannot evade these under the pretext of contradiction of these obligations with the internal legislations.

- D. This contract is compound and multilateral and involves juridical persons including the public and private companies in various obligations.
- E. IPC is not a simple transaction rather it is a contract between Iranian government and a consortium of international petroleum companies in the field of oil and gas resources of Iran.
- F. IPC is an issue related to public law and requires the governance implementation for the sake of long term supervision and control of the contract.
- G. Another distinguished aspect of IPC lies in its prolongation and this makes its nature different from other governmental contracts that are normally concluded and this issue brings about extensive obligations for the next governments.

Various ideas have been propounded regarding the legal nature of petroleum contracts including private state of petroleum contracts, public theory of petroleum contracts, international theory and finally the semi-international theory. To uncover the legal nature of a contract one needs to study the parties and subject of the contract. One party of the petroleum contracts is always the National Petroleum Company or its affiliates which completely insist on the jurisdiction of the legal system of the government while the other party is an international petroleum company that is not interested to follow the legal codes of the hosting government and at least in the domain of conflict resolution they would never accept the jurisdiction of the courts of oil producing states. The subject of contract is the hydrocarbon resources of the government that is so important in the international law that one cannot consider it to be separated from the legal regime of the ruling government and would never allow it to follow another state's legal regime.

These contracts are called governmental contracts because one of the parties to the contract is government. Sometimes the government directly enters into this type of contract but in most cases a legal institution which is under the control of the government or is owned by the government is the party and signatory to the contract. In such cases, this legal institution usually acts in the form of a company with a juridical personality independent from the government. Control and supervision of these companies is done through the ministries (Mousavi 2017).

#### ***Definition of IPC Model***

Petroleum contracts are complicated and multidimensional phenomena. Their knowledge requires the study of the model governing them from various points of view. Part of this knowledge is resulted from the analysis of the nature and classification of contract in view of its type and the other part deals with the goals and strategies intended by the governing model of contracts (Mousavi 2017).

Briefly speaking, the major features of IPC model consist of optimization of buy back contracts, movement toward known models and global standards, creation of balance between risk and reward, creation of various encouragements for foreign investor, interconnectedness of discovery, development and production, priorities of shared fields and flexibility in costs. It should be noted that simultaneous production, long term sustainable production and technology transfer can be regarded an important part of the goals of the contract. New



contracts will be implemented step by step and there is no clear ceiling. In the stage of "exploration" "if it is unsuccessful all costs will be on the international company. If the exploration is successful all costs will be summed and referred to the "Development Office". Reward is in dollar per barrel and proportionate to the production rate and is payable when the goals are fulfilled. Then, proper payment will be done in a determinate time range and success rate.

### *IPC and Transfer of Operation of Double Fields*

Transfer of operation of the oil and gas fields to foreigners is against the Article 2 of the Act of Executive Policies of Principle 44 of Constitution which has exclusively limited the "extraction and production of crude oil and gas companies" to the governmental sector and has banned the transfer of it to private sector regardless of its being domestic or foreign. Transfer of production to the foreigners is a clear attestation of inability of the realization of the independence seeking ideals of the forces of petroleum industry in the past forty years and returning to the Pahlavi era and a type of move back. By transferring production to foreign companies the control of National Petroleum Company of Iran over the production will turn impossible by the new contracts and as a result its control over the sustainable production will be impossible too. On the other hand, re-transfer of production to foreigners besides "retreat" is also associated with "humiliation". Iran has more than a hundred years of valuable experiences in petroleum and does not need the transfer of operation sector to foreign contractors. In IPC the transfer of operation to foreign companies has been underlined while this question is raised that why operation that is a symbol of national sovereignty should be transferred to foreigners? In 1974 by adoption of Petroleum Law the production and operation were eliminated from petroleum contracts as the exclusive right of National Petroleum Company of Iran. However, Cabinet has lately passed a bill in which there is a tremendous emphasis on the transfer of production and operation to foreign companies. In the article 2 of the bill adopted by the cabinet petroleum contracts are divided into three groups and all three methods of "operation" has become an inseparable part of these methods. Now the last symbol of petroleum in the hands of government is operation the transfer of which to the foreigners is indeed a true threat to the national interests. In fact, IPC will be a step backward in the petroleum sector. Moreover, this can lead to the unnecessary increase of production costs in conditions that the oil price is low and can reduce the national revenues to considerable degrees. The designers of IPC instead of identification and overcoming the factors of weakness in national petroleum industry in order to pave the ground for the full fulfillment of independence in this industry are just erasing the problem and under the pretext of inability of the country of sustainable production of oil in fields and also lack of investment and technology tile the path for the foreigners. Thus a major part of the national oil industry is transferred to the foreign companies through a legal procedure and in future due to the weaknesses of this model the foreign companies can violate the nation's rights.

### *IPC and Contracts of Buying Petroleum Service*

The main goal of the designers of IPC is the priority of reforming the previously experienced models in order to increase the attraction of presence of renowned foreign companies in the huge projects of Iran oil and gas industries upon the request of Ministry of Petroleum. But the energy experts believe that there are numerous weaknesses and ambiguities which have caused the emergence of severe critical atmosphere in media following the public





announcement of the new model. The serious warnings of the supervising institutions like Parliament and General Inspection Office to Ministry of Petroleum caused some revisions. Despite numerous meetings and revisions, the basic objections regarding the negative consequences of the implementation of this model were not taken serious and the model was implemented. The experts say that it is not clear what is the logic based on which the Ministry of Petroleum decided to replace IPC with the main buy back model. Ministry of Petroleum considers IPC to be a type of buy back contract but there are also numerous experts who contend that it is similar to shared production contracts that impose more costs as compared to technical service contracts to national economy. Foreign companies due to their capabilities particularly in the domain of financial resources which are provided through finance of powerful banks more focus on management for implementation of transfer projects and this is a great weakness of national petroleum and gas companies.

Taking the following conditions into account one would ask that why does Ministry of Petroleum insist on the use of IPC instead of technical service contract and imposes such heavy costs to the country? In this regard we should say:

Firstly: there are numerous foreign companies that are ready to directly take part in different sections of the projects related to the development of oil fields and have had many negotiations with Iranian counterpart including high officials of Petroleum Ministry and even the companies affiliated to the National Petroleum Company. On the other hand, most of these services can be also provided by Iranian companies too.

Secondly: national companies can undertake the implementation of the projects instead of the foreign companies and repair their weaknesses with the consultations that they get from the foreign companies. In other words, management weaknesses can be repaired without resorting to foreign companies in projects.

Thirdly: if native companies undertake the projects in lieu of the foreign companies many executive services related to the implementation of the projects will be naturally transferred to Iranian companies. Accordingly, inattention of Ministry of Petroleum to the use of technical service contracts model and insistence on the use of IPC which has numerous ambiguities and imposes heavy costs to the nation's economy is alarming.

As to the presence of Iranian companies in the contract it is noteworthy that this Iranian petroleum company is not part of the National Petroleum Company rather it is bargaining with the Iran National Petroleum Company beside the foreign company as the second party to the contract. It seems that all costs of this Iranian company will be paid from the field exactly like the costs of the foreign company. As a result, they are similar to foreign petroleum companies in view of their motivations, interests, goals and strategies. It is not logical to accept that such Iranian companies can play in role in the future of the huge petroleum and gas industry. Now by the implementation of this contract National Petroleum Company will lose a major part of its experienced experts. No other contract in the history of Iran petroleum industry has so beautifully targeted the heart of the National Petroleum Company (Derakhshan 2015).

#### ***IPC and JCPOA (Joint Comprehensive Plan of Action)***

Historically speaking, petroleum contract in general are challenging and the source of serious disputes regardless of the fact that due to the regional situation of Iran and the experiences of past non-transparent relations of Iranian governments with the foreign states have caused the nation not to be optimistic of these issues. As we mentioned in the previous parts of the



research, most of the experts including the lawyers and experts from various fields are always critical of the periodical petroleum contracts under different titles and even those experts who defend this type of contracts endorse its weaknesses. Of course, these proponents of this model believe that we need to interact with the world and should justify the weaknesses of this model relying on the necessity of development of the fields.

By JCPOA the government accepted to limit or shut down many nuclear facilities in Iran and in return the sanctions to be lifted. In sanctions time, foreign petroleum companies had left Iran and the government sought to take advantage of the post-sanction atmosphere to bring them back to Iran. Government believed that foreign companies are not interested to resume their activities in Iran and we have to make the petroleum contracts more attractive for them. Government sought to connect Iranian economy with world economy and pave the ground for opening new routes between Iranian banks and foreign banks and allow the foreign companies to invest throughout Iran. To this end, a committee was formed to review the petroleum contracts. The final result of the efforts of this committee was IPC that triggered numerous heated debates of proponents and opponents.

This contract has strong proponents, on the one hand, who believe that this contract is the best petroleum contract in the history insofar as after the initial confirmation of IPC it was declared a magnificent achievement and congratulated the parties. On the other hand, there are also serious opponents who believe that this is a colonial contract not an achievement. It will pave the path for corruption, brokerage, bribery, strengthening of petroleum Mafia, and mere damage for the country. It is clearly in conflict with the Constitution and resistance economy and the result of its implementation is the dominion of the foreigners over the huge national reserves. Perhaps it was due to these concerns and intellectual conflicts that this model was adopted by the cabinet after revisions for 54 times and the quality of its final design is still unclear. Supreme Leader in his speech on June 2016 spoke of the issue of petroleum contracts and expressed his ideas in the following clear words: "... as to these new petroleum contracts which have triggered so many debates nothing is adopted yet; there is still no certain thing in this regard... sixteen times the quality of contracts and this report is edited; it has been continuously revised... then until these revisions are not done and national interests are not secured no such contract will be concluded..."

### ***IPC and Constitution***

There are numerous points in post-Revolution Iranian Constitution regarding international contracts and agreements and they can be taken into consideration as to the petroleum contracts. Many experts believe that such contracts should be passed in the Parliament.

Principle 77 of the Constitution of Islamic Republic of Iran reads as follows:

"International agreements, contracts and deals should be adopted (finalized) in the Parliament".

According to the aforementioned principle it seems that IPC contract due to its international nature and relationship with long term national projects needs to be adopted in the Parliament. But the opponents have different views and they refer to the interpretation of the Guardian Council regarding the Principle 139 of the Constitution concerning contracts that are not in an international agreement. According to Guardian Council:



"Those contracts in which one party is a ministry or a governmental institution or company and the other party is a foreign private company is not considered an international treaty and does not fall under the Principle 77 of the Constitution."

The interpretation of Guardian Council has been provided in particular time condition and in response to a question as to the governmental transactions with foreign companies that is a temporary affair and it should not be generalized to IPC that is concerned with national interests. This long term petroleum contract belongs to public area and has its own specific legal and jurisprudential considerations.

#### *IPC from the Point of View of Jurisprudence*

The aforementioned negative and restricting policy of the Constitution is concerned with the ban of foreign investment that leads to the domination of foreigners. More particularly, this is frequently underlined in the principles 43, 81 and 153 of the Constitution and Shia jurisprudence. Accordingly, one should say that IPC contracts violate the jurisprudential principle of denial of domination of infidels over the believers.

#### *IPC and Higher Laws*

Following the victory of Islamic Revolution of Iran in 1979 all petroleum contracts that breached the law of nationalization of petroleum industry of Iran were annulled. According to the single Article passed on January 9, 1981 "All petroleum contracts that are found in some way in conflict with the law of nationalization of petroleum industry in Iran are declared annulled". This Act of Revolution Council shows that its goal had been the beginning of the revival of the unnoticed requests of people concerning the law of nationalization of petroleum industry and in fact ousting the foreign companies and bringing the native companies and experts into the petroleum industries. The function of oil sector is clear after the Islamic Revolution and the committed and professional experts are numerous. It is indeed these experts who managed the magnificent petroleum industry during the 8 years of imposed war without requesting any help from the foreign companies either in short term or long term form. One of the most important jobs that were applauded by the world was the repairing of oil rig and prevention from oil leak and extinguishing the massive fire in Noruz Oil Field during imposed war by the native experts without relying on the foreigners. This field had a number of fire accidents due to oil leakage. Due to these events, 80 million barrels of oil entered Persian Gulf. War conditions made the repair of rig very dangerous and difficult. With several martyrs and after months of efforts on September 1983 the fire was extinguished with the least costs. The Noruz Rigs operation was recorded as one of the glorious victories in the history of war and creation of new technology by Iranian artisans in the field of petroleum.<sup>5</sup> oil rigs were repaired and closed with less than 1 million dollars while now one rig can be closed at least with 30 million dollars.

Thus, according to the views of experts, this contract is in conflict with the spirit of nationalization of petroleum industry as well as the values of Islamic Revolution among which one can refer to putting an end on all types of contracts that are not in line with nationalization of petroleum industry. IPC is supposed to lay the grounds of the long term presence of foreign colonial petroleum companies in Iran. It seems we are reviving the colonial times in the name of attraction of foreign investment.





## DISCUSSION AND CONCLUSION

Numerous past debates and the overall discussions of the current research which are pathologic show that the main problem in attraction of foreign investment is not the content of petroleum contracts which is revised for making them more attractive for the foreign companies rather the major problem is the continuous violation of obligations by the foreigners in the historical eras. The main problem is the insatiable greed of western countries which had the majority of investments in Iran and they are not committed to most of their obligations even in those contracts which are totally in their interests. They always seek after more interests and concessions. This is an unchanging principle that they do not care about the interests of the target country. They are not honest and serious in transferring the technology and knowledge. On the contrary, they do everything not to transfer the technology and at best they would allow an outdated technology to be transferred so that the country to remain depended on them.

The officials should be first mindful of the native potencies because as long as we do not have a powerful economy foreigner will bring no good to the country because a foreign investment works when the country is powerful. Through investment western countries seek to find a aperture to penetrate in all aspects of economy and make the country dependent on west from economic, cultural and political aspects. Of course, economy is the infrastructure. In other words, giant multinational companies are serving the colonial causes and seek to increase the economic influence and political domination. The active role of British Petroleum in the coup of 1954 against Mosadeq is a clear example of the latter point.



## SOLUTION AND SUGGESTIONS

1. It is more than 110 years now petroleum is produced in Iran. We have one century of experience in this field and this experience should be the basis for future decisions and policies based on the internal human resources. The equation should be in the interest of Iran. We can make plans that would convince the foreign companies to line up for presence in Iran and compete with each other.
2. New contracts model should be oriented toward shared fields so that we keep the pace with the rivals and if the foreign company violates its obligations we would suffer fewer losses.
3. The country should have a powerful diplomacy in oil field in order to have the upper hand in the serious debates that it can have with the neighboring countries particularly the 8 countries with which it has shared oil and gas fields. If an agreement is reached between these countries huge regional companies can be established that will be able to compete with multinational companies in the world. It is in this condition that the investment is easily attracted and the investor does not dare to violate its obligations because there are numerous countries and the legal position is stronger.
4. Petroleum industry has brought both benefits and troubles for the country. If the economy was not, simply dependent upon petroleum we could stop selling it and reserve it for next generations. The single product economy is always in some way dependent upon foreigners. On the other hand, we are selling the strategic oil resources in crude form for cheap prices and import foreign products which are not necessary

and this destroys the economy with consumerism. Which country would ever do this with its national capital? If one day, the oil resources expire what will happen to the country? The foreigners will not be surely so compassionate with us.

Supreme Leader in the Noruz of 2013 in the Holy Shrine of Imam Reza referred to the necessity of putting an end to the dependency of country to petroleum as a wish for three decades: I told the government officials almost 17 years ago that you should do something that we would be able to close our rigs whenever we will. The technocrats laughed and told who could a thing like that?!

5. The Supreme Leader has informed the officials of the needs of the nation. Unfortunately, no positive step has been taken yet toward the realization of these aspirations. The final word in this paragraph would be that Iran due to its geopolitical situation is called the juncture of the world. We can provide the required infrastructure inside the country to change Iran into an economic superpower and after it the petroleum contracts can be based on the national interests and attract the foreign investors.

6. The other way for attraction of investment is avoiding crude sale. This is really a big problem that we still sell the oil in crude form. We can change the crude to tens of products that can help the economy flourish.

There is a point in IPC that justifies the long term presence of foreigners even for more than thirty years. The major reason is the participation of foreigners in exploration and development and production while this is not in the interest of the national economy and burns the native opportunities. In such conditions Iranian experts will be abused by the foreigners and turned to their workers and servants. This is a truth in the contract that should not be neglected. The solution is that now we need the investment then it should be canalized toward the production and let the native experts to do the identification and exploration because firstly, participation and investment in production do not require long term presence which has its own risks, secondly, participation in production attracts the investment sooner than exploration. This type of investment paves the ground for the growth and creates jobs.

7. Petroleum contracts should be concluded in a form that Iran could supervise and control the projects from the start to the end as well as the production. The share of foreign companies should be less than 50 percent in order to preserve the lobbying power for the country and keep petroleum reserves under the control of Iran National Petroleum Company.
8. Establishing a powerful and serious supervising institution that inspects these contracts along with the features of an efficient control and supervision system in a scientific and technical way and not just as formalities. This institution should be able to monitor the contracts from the start of operation to its end so that the national reserves to be protected.
9. The existing undeniable structural deficiencies and shortcomings in the national petroleum company and ministry of petroleum as well as the insufficiency of national resources should not cause the officials to be passive before the foreigners. The solution is not the design of a new contract form which is weaker than the previous generation of contracts. This would add to the margins and weaken the national petroleum



company. We should not return to the pre-Revolution times in the name of attraction of foreign investment or fear of the disinterestedness of foreign companies and the falling behind the rivals. The historical events as to the prolonged presence of foreigners in petroleum industry show that the foreigners have never brought growth, technology, job and skill with themselves. Instead of being an importer of the petroleum technology and knowledge we can be its exporter particularly for the oil producing countries. A huge part of the need to foreign investment is due to the need for renovation of facilities and lack of the required technology. This is really a disgrace for a nation with a century of history of petroleum production and as one of the countries that own the richest resources of petroleum and gas in the world. We need still the foreigners for exploration, excavation, development, production and operation. The revolution was indeed for putting an end to this. The last word is that every great goal has its own costs. We should start from somewhere so that oil brings not trouble and curse instead of welfare. Forty years have passed since the Revolution and it is more than 120 years now that we product petroleum. What have we done with national resources? If we do not reconsider our past the future generations will judge us.

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