



MINISTRY OF NATURAL RESOURCES | KURDISTAN REGIONAL GOVERNMENT
وزارتتی سامانه سروشتیه‌گان | حکومه‌تی هه‌ریمی کوردستان

Oilfield Service Company (OSC) Registration & AVL Listing

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OSC Registration & AVL Listing Instructions

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Ministerial Instructions pertaining to the registration and AVL listing of OSCs

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**INSTRUCTIONS (NO. 1) OF 2016 ON THE REGISTRATION AND AVL LISTING OF OIL AND
GAS SERVICE COMPANIES**

In reliance upon the powers conferred on us by Articles 6, 7, 8, 53 and 60 of the Oil and Gas Law of the Kurdistan Region/Iraq No. 22 of 2007, we have decided to issue the following Instructions:

Definitions

First Article

In these Instructions:

1. “the Region” means the Kurdistan Region of Iraq and “Regional” shall be construed accordingly;
2. “Ministry” means the Ministry of Natural Resources of the Kurdistan Regional Government;
3. “Minister” means the Minister of Natural Resources of the Kurdistan Regional Government;
4. “Joint Committee” means the committee established under the 20th Article;
5. “Petroleum Company” means a petroleum (gas or oil) exploration or production company working within the Kurdistan Region of Iraq and having a contractual interest in at least one block;

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6. “Oil and Gas Service Company” or “Service Company” means a company that provides services to Petroleum Companies;
7. “Local Service Company” means a Service Company that is majority owned and controlled by persons who hold Iraqi citizenship issued in the Kurdistan Region or the Kirkuk province, but shall include or exclude such types of entities as may be specified by the Ministry;
8. “Approved Vendors List” or “AVL” means a list, kept by the Ministry, of approved vendors for each type of services that may be provided by Service Companies to Petroleum Companies;
9. “MNR licence” or “licence” means a licence issued by the Ministry under these Instructions which signifies the matters set out in the 4th Article and “licensed”, “licensing”, “unlicensed” and “licence-holder” shall be construed accordingly;
10. “registration” is the first part of the MNR licensing process, whereby a Service Company is registered with the Ministry as a Service Company and “registered” shall be construed accordingly;
11. “listing” on an AVL is the second part of the MNR licensing process, whereby a Service Company is listed on an AVL for the provision of specified services and “list” and “listed” shall be construed accordingly;
12. “delisting” means the Ministry’s removal of a Service Company from an AVL and “delist” shall be construed accordingly;

13. “the Suspended List” means a list, kept by the Ministry, of all the Service Companies that are the subject of a suspension under the 17th Article;
14. “the Registration Standard” has the meaning given to it in the 9th Article;
15. “the AVL Standard” has the meaning given to it in the 10th Article;
16. “prescribed fees” mean such fees as may be set from time to time by the Ministry;
17. “Article” means an Article of these Instructions;
18. “day” means a calendar day.

Purpose of these Instructions

Second Article

These Instructions specify the Ministry’s requirements and procedures for the registration and AVL listing of Oil and Gas Service Companies, and are intended to achieve the Ministry’s objectives of:

1. encouraging new entrants to the Region and enhancing the Region’s reputation as a dependable place to do business;
2. encouraging local economic growth;
3. reinforcing industry performance standards;
4. improving transparency, equal opportunity and professionalism in the Region’s oil & gas sector;
5. realising better regulation of the service sector, including by imposing obligations on them regarding local workforce development and environmental protection; and
6. minimising the potential for, and perception of, corruption.

Requirement for an MNR licence

Third Article

No Service Company may provide any services to Petroleum Companies in the Region unless the Service Company holds a valid MNR licence for the services in question.

Fourth Article

An MNR licence confirms that:

1. the licence-holder is registered with the Ministry as a Service Company;
2. the licence-holder is listed on the AVL(s) for the provision of the services specified in the licence; and
3. the licence-holder is therefore approved to provide the specified services, subject to the licence-holder's compliance with all other applicable requirements imposed under national and Regional laws.

Licensing and AVL listing procedure

Fifth Article

A Service Company may apply for an MNR licence by:

1. completing and submitting the general registration form prescribed by the Ministry;
2. completing and submitting the application forms prescribed by the Ministry for each of the AVLS that the company wishes to be listed on;
3. providing any additional information and documentation necessary or required by the Ministry; and
4. paying the prescribed fees.

Sixth Article

The Ministry may refuse to license a Service Company if:

1. the Ministry refuses to register the company as a Service Company, because the Ministry is not satisfied that the company meets the Registration Standard;

2. the Ministry decides to refuse, under the 8th Article, all AVL listing applications submitted by the company;
3. the company has failed to duly complete all the prescribed forms, submit all the required information or pay the prescribed fees;
4. the Ministry believes that the forms or any related documentation submitted by the company contain incomplete, false or misleading information; or
5. the company is on the Suspended List.

Seventh Article

A Service Company who is a licence-holder may at any time apply to the Ministry to be listed on an additional AVL by:

1. completing and submitting the application forms prescribed by the Ministry for the AVL that the company wishes to be listed on;
2. providing any additional information and documentation necessary or required by the Ministry; and
3. paying the prescribed fees.

Eighth Article

The Ministry may refuse to list a Service Company on an AVL if:

1. Paragraph 3, 4 or 5 of the 6th Article applies; or
2. the Ministry is not satisfied that the company meets the AVL Standard for the services to which the AVL relates.

Ninth Article

The Registration Standard is that the Service Company is able and willing to operate in the Region in a manner that is:

1. compliant with all relevant Instructions, guidelines, codes of conduct or practice issued, and any other relevant requirements imposed, by the Ministry;

2. compliant with all applicable national and Regional laws and regulations, in particular those governing security and anti-corruption;
3. safe, competent and professional;
4. economically, environmentally and socially responsible; and
5. in accordance with international standards of quality.

Tenth Article

The AVL Standard in relation to each AVL is that the Service Company is able and willing to provide the services in question in a manner that meets the requirements in Paragraphs 1 to 6 of the 9th Article, and in particular has the requisite:

1. technical expertise and experience;
2. licences and permits; and
3. equipment and other resources.

Eleventh Article

For the avoidance of doubt, in considering whether a Service Company meets the Registration Standard or the AVL Standard, the Ministry may take into account all relevant factors, including the company's financial ability, management systems, past performance, regulatory compliance history, and any relevant information received from third parties.

On-going obligations of licensed Service Companies

Twelfth Article

As soon as a licence-holder becomes aware of any of the matters set out in Paragraphs 1 to 7 of this Article, it must inform the Ministry in writing and submit sufficient information to the Ministry to clarify the exact nature and significance of the matter in question, including submitting such information to any prescribed information system that the Ministry may employ:

1. A change in the company's contact information;
2. A change in the company's ability lawfully to operate in the Region or provide services to Petroleum Companies (including the variation or revocation of any licences, approvals or permits held by the Service Company);
3. If for the purpose of its listing on an AVL, the Service Company has identified key personnel providing the services to which the AVL relates, any changes in the said personnel or in their ability lawfully to provide the services in question;
4. If for the purpose of its listing on an AVL, the Service Company has submitted to the Ministry an inventory of equipment available in Kurdistan, any changes in that inventory;
5. Any new litigation involving the Service Company as well as the conclusion of any outstanding litigation involving the company;
6. Any false or misleading information that the Service Company has previously submitted to the Ministry in relation to its MNR licence or an AVL listing, including information posted to a prescribed MNR information system; or
7. Any mergers or acquisitions involving the Service Company.

Expiry and revocation of an MNR licence and AVL delisting

Thirteenth Article An MNR licence automatically expires on the earlier of the following:

1. one day before the one-year anniversary of its issuance;

2. upon the grant of a new MNR licence to the licence-holder;
3. upon the licence-holder no longer being listed on any AVL;
4. upon a merger or acquisition involving the licence-holder, subject to Paragraph 2 of the 19th Article;
5. upon the inclusion of the licence-holder on the Suspended List; or
6. upon the licence-holder ceasing to be registered in the Region as a company.

Fourteenth Article

At any time, the Ministry may:

1. revoke an MNR licence, if:
 - a. the Ministry is no longer satisfied that the company meets the Registration Standard;
 - b. Paragraph 4 of the 6th Article applies; or
 - c. the Service Company fails to comply with the 12th Article.
2. delist a Service Company from an AVL if Paragraph 2 of the 8th Article applies.

Fifteenth Article

The expiry or revocation of a Service Company's MNR licence results in the automatic delisting of that company from all AVLS.

Sixteenth Article

Notwithstanding the 3rd Article, a Service Company whose licence expires under Paragraph 1 of the 13th Article may continue to provide services to Petroleum Companies pending the Ministry's decision on the Service Company's application for a new licence if:

1. the Service Company submitted a valid and complete application for a new licence no later than thirty days before the expiry of its previous licence; and

2. the Ministry failed to make a decision on the application by the date on which the previous licence expired.

The Suspended List

Seventeenth Article

The Ministry may place a Service Company on the Suspended List for a period of no more than five years at any one time if it is satisfied that it would be inappropriate to allow the Service Company to provide services in the Region because the company has:

1. committed a deliberate, egregious or repeated violation of these Instructions or other national or Regional laws;
2. deliberately provided false or misleading information to the Ministry, other government bodies or Petroleum Companies;
3. engaged in fraudulent or other criminal conduct;
4. conducted itself in a manner that falls considerably short of the Registration Standard or the AVL Standard; or
5. has merged with, has acquired, or has been acquired by, a company on the Suspended List.

Eighteenth Article

The placing of a Service Company on the Suspended List:

1. results in the automatic expiry of that company's MNR licence (if it holds such a licence);
2. disqualifies that company from applying for an MNR licence for the duration of the suspension; and
3. means that any provision of services by that company to Petroleum Companies in the Region would be a breach of these Instructions.

Mergers and acquisitions

Nineteenth Article

In the case of a merger or acquisition involving two or more Service Companies:

1. Subject to Paragraph 2 of this Article, any MNR licences held by the companies involved in the merger or acquisition will automatically expire upon the merger or acquisition.
2. Where a single company emerges from the merger or acquisition, it will inherit any MNR licence and AVL listings of the companies it has succeeded, if:
 - a. the emerging company submits an application for registration under Paragraph 1 of the 5th Article within ten days of the merger or acquisition, identifying the companies it has succeeded and the AVL listings it wishes to inherit; and
 - b. the Ministry approves the registration application.

Joint Committee

Twentieth Article

A Joint Committee shall be established to perform the functions assigned to it under these Instructions and such other functions as the Minister may call upon it to perform for the purposes of these Instructions.

Twenty-first Article

The Joint Committee shall be constituted in accordance with the following provisions:

1. The Committee shall consist of:
 - a. three voting members annually nominated by the Ministry;
 - b. three voting members annually nominated by Petroleum Companies on a rotating basis upon the

Ministry's invitation, subject to Paragraphs 2 to 4 of this Article; and

- c. a Committee Chairperson, who shall be a secondee from a Petroleum Company and annually appointed by the Ministry upon the Joint Committee's recommendation, and who shall have no voting rights except in the event of a voting deadlock in the Committee.

In the absence of an approved secondee from a Petroleum Company, the Minister will appoint a Ministry representative to be the Committee Chairperson.

2. A member is appointed to the Committee under Paragraph 1(b) of this Article only upon the Minister's approval of their nomination;
3. The Minister may, at his discretion, reject the nomination of a person for membership of the Committee under Paragraph 1(b) of this Article, or remove an existing member from the Committee;
4. If the Minister rejects a person's nomination under Paragraph 1(b) of this Article or removes a person appointed under that Paragraph from the Committee, the Petroleum Company who nominated that person may nominate a different person, failing which the Minister will invite another Petroleum Company to nominate a member;
5. The Committee or the Ministry may invite observers to attend the proceedings of the committee.

Twenty-second Article The Joint Committee shall formulate its own policies and regulate its own procedures, subject to any directives from the Minister.

Provisions relating to local capacity development

Twenty-third Article In the interests of the development of the Region's local workforce and local enterprise, the Ministry may make special provisions (including as to fees) for the purpose of the licensing of Local Service Companies, including for the avoidance of doubt:

1. providing tailored registration and AVL listing options that are only open to Local Service Companies or certain types of Local Service Companies; and
2. exempting certain types of Local Service Companies from compliance with aspects of the Registration Standard or the AVL Standard.

Twenty-fourth Article The Ministry shall establish a fund for the purpose of the development of the Region's local workforce and enterprise, which fund shall:

1. be financed from registration and AVL listing fees; and
2. administered by the Ministry, in accordance with policies and decisions approved by the Joint Committee.

Appeals

Twenty-fifth Article If the Ministry decides to:

1. refuse to license a Service Company under the 6th Article;
2. refuse to list a Service Company on an AVL under the 8th Article;
3. revoke a Service Company's MNR licence under Paragraph 1 of the 14th Article;

4. delist a Service Company from one or more AVLs under Paragraph 2 of the 14th Article; or
5. place a Service Company on the Suspended List under the 17th Article;

the Service Company may appeal to the Joint Committee against that decision.

Twenty-sixth Article

Any appeal application under the 25th Article must:

1. be made within thirty days of the date on which the decision being appealed is communicated to the Service Company;
2. contain a clear and concise statement of the reasons for the application; and
3. include any supporting documentation.

Twenty-seventh Article

The Joint Committee shall consider any appeal under the 25th Article and make a determination on it within thirty days, which determination shall be final.

Transitional provisions

Twenty-eighth Article

Subject to the grace period provided in the 29th Article, these Instructions apply to all Service Companies whether or not they have already satisfied the Ministry's existing registration requirements or are already listed on an AVL on the date on which these Instructions become effective.

Twenty-ninth Article

A Service Company that, on the date on which these Instructions become effective, is already listed on an AVL is deemed to be so listed and to hold an MNR licence under these Instructions for a period of ninety days from the said date.

Supplementary provisions

Thirtieth Article

In exceptional circumstances and upon the Joint Committee's recommendation, the Minister may exempt a Service Company from compliance with the 3rd Article for a specified period of time if the Minister is satisfied that denying the exemption would cause unacceptable harm to the Region's interests or the interests of innocent third parties.

Thirty-first Article

At any time, for the purpose of making any decisions under or assessing compliance with these Instructions, the Ministry may:

1. require a Service Company to submit such information and evidence as the Ministry considers appropriate (including evidence to demonstrate that any information submitted is complete and accurate);
2. consult the Joint Committee; and
3. undertake any monitoring and auditing activities that it considers appropriate in respect of any Service Companies.

Thirty-second Article

Service Companies must:

1. direct all queries or other communication regarding the MNR registration and AVL listing process (including any appeal under the 25th Article or request for exemption under the 30th Article) and Service Company tenders to the Ministry's Registration and AVL Listing Department in accordance with the contact details published by the Ministry; and
2. not direct any such queries or other communication to the Joint Committee or to any Management Committees, government officials or departments of the Ministry or the

Kurdistan Regional Government other than the Ministry's
Registration and AVL Listing Department.

Thirty-third Article The Ministry may delegate any aspects of the MNR registration and AVL listing process to external organisations and use any online portals, information systems or other tools and mechanisms for administering the said process.

Thirty-fourth Article The Ministry may issue any technical, procedural or system guidelines or codes of conduct or practice that it considers appropriate in relation to any aspect of these Instructions.

Thirty-fifth Article These Instructions shall be effective from the date on which they are published in the official Kurdistan Gazette.

Dr Ashti Hawrami

Minister of Natural Resources