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'AGREEMENT relating to the Sharjah Oil Concession'

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About this record

The file consists of an agreement between the British Government and Petroleum Concessions Limited, consisting of eleven clauses which lay down conditions relating to the Sharjah Oil Concession.

'AGREEMENT relating to the Sharjah Oil Concession' [1r] (1/4)

P.Z. 7053/34.

BOOK COPY Memo. B. 460.

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T H I S A G R E E M E N T dated the twelfth day of November One thousand nine hundred and thirty seven is made B E T W E E N HIS MAJESTY'S GOVERNMENT IN THE UNITED KINGDOM (hereinafter called "His Majesty's Government") of the one part and PETROLEUM CONCESSIONS LIMITED (hereinafter called "the Company" which expression shall where the context so admits be deemed to include its successors and/or assignees and shall also be deemed to include any subsidiary Company) of the other part.

W H E R E A S Petroleum Development (Trucial Coast) Ltd. is a Subsidiary Company of Petroleum Concessions Limited.

A N D WHEREAS in the event of the Company obtaining a concession from the Sheikh of Sharjah (hereinafter called "the Sheikh") certain responsibilities will devolve on His Majesty's Government, the Company has agreed with His Majesty's Government as follows:-

1. Petroleum Concessions Limited and any subsidiary company shall be and remain a British company registered in Great Britain and having its principal place of business in Great Britain, and its Chairman shall at all times be a British subject.
2. THE Agreement between the Company and the Sheikh shall not be transferred to any other company without the prior consent in writing of His Majesty's Government, and any other company to which that agreement may be transferred shall be and remain a British company registered in Great Britain and having its principal place of business in Great Britain, and its Chairman shall at all times be a British subject.
3. THE employees of the Company in Sharjah shall at all times be British subjects or subjects of the Sheikh, provided that, with the consent of His Majesty's Government, such persons of other nationality as are required for the efficient carrying on of the undertaking may be employed.

NOTWITHSTANDING anything contained in the Agreement between the Company and the Sheikh, the importation of foreign native labour shall be subject to the approval of the Political Resident in the Persian Gulf.
4. THE Company in all except unimportant or routine matters shall deal with the Sharjah Authorities through a Chief Local Representative in the Persian Gulf, who shall be a British subject. The approval of His Majesty's Government shall be required for the person so designated. He will be ordinarily resident in Sharjah or Bahrein and will be responsible for the Company's local relations with the Sharjah authorities, which shall, except in routine or unimportant matters, be conducted through the political representative of His Majesty's Government in Bahrein or through any other person whom the Political Resident in the Persian Gulf may from time to time designate.
5. SUBJECT to the terms of the Agreement between the Company and the Sheikh the Company undertakes at all times to pay due deference to the wishes of the Sheikh and to the advice of the Political Resident in the Persian Gulf and of the Political Officers subordinate to him.
6. ANY right given to the Company under its agreement with the Sheikh to utilise means of transportation by air shall be subject to any general regulations for civil aircraft made by the Sheikh on the advice of His Majesty's Government, and to any instructions which may be issued by the Political Resident in the Persian Gulf.
7. NOTWITHSTANDING anything contained in the Agreement between the Company and the Sheikh the Company shall not have the right to use or occupy, and shall not include in the areas to be acquired or utilised for the purposes of its operations, any sites which may have been selected by or on behalf of the Sheikh or His Majesty's Government for defence purposes, for aerodromes, aeroplane or seaplane bases or for wireless and

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telegraph installations or in connection with the development of harbours, provided that with the consent of His Majesty's Government which shall not be unreasonably withheld the Company shall have the right to use for the purposes of its operations such harbours as may be developed by the Sheikh or His Majesty's Government if there is not reasonable harbour accommodation available elsewhere. Subject to the terms of the agreement between the Company and the Sheikh harbours developed by the Company shall be under its complete and exclusive control.

8. TELEGRAPH, wireless and telephone installations, if any, maintained by the Company shall be for use only in its business and as provided in the concession, and shall be so constructed and operated that their operations shall not interfere with the operations of such wireless, telegraph or telephone installations as may be established by the Sheikh or His Majesty's Government, or their agent.
9. IN the event of a state of national emergency or war (of the existence of either of which His Majesty's Government shall be the sole judge) His Majesty's Government shall have the right of pre-emption of all the oil produced in Sharjah in accordance with the terms of the Schedule hereto.
10. THE Company shall obtain the prior permission of the Sheikh before working in any particular area, in order that the Sheikh may be in a position to fulfil his responsibilities for the protection of the Company. The Sheikh shall not unreasonably withhold such permission, and in any case in which the Company feels that the free movement of its personnel within the concession area is being unnecessarily restricted the matter shall be referred for decision to the Political Resident.
11. IN the event of notice of termination of the Agreement between the Company and the Sheikh being given on the ground that the Company has failed to observe any of the terms of the present Agreement between the Company and His Majesty's Government, the arbitration provisions of the said Agreement between the Company and the Sheikh shall apply if the Company considers that notice of termination on such grounds is not justified, and in that event the Sheikh shall not cancel the said Agreement until arbitration takes place in accordance with the said provisions and unless the Company fails to comply with the award of the arbitrators within the reasonable time which shall be fixed by the arbitrators for so doing.

IN WITNESS whereof John Charles Walton C.B. on behalf of His Majesty's Government has hereunto set his hand and seal and the Company has hereunto caused its Common Seal to be affixed the day and year first above written

THE SCHEDULE above referred to

Pre-emption Clause.

In the event of a state of national emergency or war (of the existence of which His Majesty's Government shall be the sole judge) -

(1) His Majesty's Government shall have the right of pre-emption of all crude oil gotten under the Concession granted by the Sheikh to the Company and of all the products thereof and shall have the right to require the Company to the extent of any refining capacity it may have in Sharjah to produce oil fuel that shall comply with the Admiralty specifications at the time provided that Sharjah oil be of a suitable kind and quality for this purpose.

(2) The Company shall use its utmost endeavours to increase so far as reasonably possible with existing facilities the supply of oil and/or products thereof for the Government to the extent required by the Government.

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(3) The Company shall with every reasonable expedition and so as to avoid demurrage on the vessel or vessels engaged to convey the same, do its utmost to deliver all oil or products of oil purchased by the Government under their said right of pre-emption in the quantities at the time and in the manner required by the Government at a convenient place of shipment or at a place of storage in Sharjah to be determined by His Majesty's Government. In the event of a vessel employed to carry any such oil or products thereof on behalf of His Majesty being detained on demurrage at the port of loading the Company shall pay the amount due for demurrage according to the terms of the charter party and/or the rates of loading previously agreed with the Company unless the delay is due to causes beyond the control of the Company. Any dispute which may arise as to whether the delay is due to causes beyond the control of the Company shall be settled by agreement between His Majesty's Government and the Company, and, in default of such agreement, the question shall be referred to two arbitrators, one to be chosen by His Majesty's Government (or the Political Resident) and the other by the Company, with power to appoint an umpire in case of disagreement, such arbitration to be held in England and to be deemed a reference to Arbitration under the provisions of the Arbitration Acts 1889 to 1934 (52 and 53 Vict. c.49; 24 and 25 Geo.V. c.14) of the Imperial Parliament, or any statutory modification or re-enactment thereof for the time being in force.

(4) The price to be paid for all oil or products of the refining or treatment of oil taken in pre-emption by His Majesty's Government shall be either (a) as specified in a separate agreement or (b) if no such agreement shall have been entered into, a fair price for the time being at the point of delivery as the same shall be settled by agreement between His Majesty's Government and the Company, or in default of such agreement by arbitration in the manner provided by the last preceding sub-clause.

To assist in arriving at a fair price at the point of delivery the Company shall furnish for the confidential information of His Majesty's Government, if so required, particulars of the quantities, descriptions and prices of Sharjah oil or products sold to other customers and of charters or contracts entered into for carriage and shall exhibit to His Majesty's Government original or authenticated copies of contracts or charter parties entered into for the sale and/or carriage of such oil or products.

(5) His Majesty's Government shall be at liberty to take control of the works, plant and premises of the Company in Sharjah, and in such event the Company shall conform to and obey all directions issued by or on behalf of His Majesty's Government. Compensation shall be paid to the Company for any loss or damage that may be proved to have been sustained by the Company by reason of the exercise by His Majesty's Government of the powers conferred by this sub-clause. Any such compensation shall be settled by agreement between His Majesty's Government and the Company or, in default of agreement, by arbitration in the manner provided by sub-clause (3).

SIGNED SEALED AND DELIVERED by)
the said John Charles Walton C.B.)
on behalf of His Majesty's)
Government in the presence of:-)

J. C. WALTON (L.S.)

A.C.B. SYMON

India Office.

THE COMMON SEAL of Petroleum)
Concessions Limited was here-)
unto affixed in the presence)
of:-)

(SEAL)

W. FRASER Director

E.J. BROWN Secretary

(3)

'AGREEMENT relating to the Sharjah Oil Concession' [2v] (4/4)

DATED 12th November 1937

HIS MAJESTY'S GOVERNMENT IN THE
UNITED KINGDOM

- and -

PETROLEUM CONCESSIONS LIMITED

A G R E E M E N T
relating to the Sharjah Oil
Concession.