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Energy: Oil & Gas 2016

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Qatar

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1. General Structure of Petroleum Ownership and Regulation

1.1 System of Petroleum Ownership

Article 29 of the Constitution of Qatar states that all natural wealth and resources, which includes all petroleum, are the property of the state. This is reiterated in Article 2 of Law No 3 of 2007 regarding the exploitation of natural wealth and resources which states: "All natural resources are deemed to be State property."

1.2 Regulatory Bodies

The government controls all aspects of the development of Qatar's petroleum resources. Certain actions, such as the granting of a licence to a foreign party and the promulgation of the decree laws described under **Laws & Regulations**, are made or approved by the Emir of Qatar or a person authorised to act on behalf of the Emir (such as the Deputy Emir). Qatar also has a Ministry of Energy and Industry, headed by the Minister of Energy and Industry, which exercises governmental authority in the energy sector. As described in **National Companies**, Qatar has a national oil and gas company, Qatar Petroleum. The State of Qatar has appointed Qatar Petroleum as its representative to exercise the rights of the State of Qatar under many of the licences and agreements with foreign parties in the energy sector. The scope of Qatar Petroleum's responsibilities and authority is addressed in **National Companies**.

1.3 National Companies

Qatar has a national oil and gas company, Qatar Petroleum (www.qp.com.qa). Qatar Petroleum was established pursuant to Law No 10 of 1974 and is wholly owned by the State of Qatar. Law No 10 of 1974 authorises Qatar Petroleum to engage in all aspects of the petroleum industry within and outside Qatar, including exploration, production, refining, transport, storage and trading in petroleum products. Pursuant to that statutory authorisation, Qatar Petroleum manages the state's interests in all oil, gas, petrochemical and refining enterprises in Qatar. Whether directly or indirectly, Qatar Petroleum owns the majority of shares in the companies in Qatar that produce natural gas, liquefied natural gas ("LNG"), gas-to-liquids ("GTL") products, refined products, commodity petroleum products, and chemicals and petrochemicals.

Decree Law No 4 of 1977 mandates Qatar Petroleum to exercise oversight authority over all petroleum operations in Qatar. In respect of the exploitation of natural wealth and resources, Law No 3 of 2007 grants Qatar Petroleum the exclusive right to explore for and produce oil, gas and other petroleum, and the power to authorise entities to undertake petroleum operations in Qatar.

In Qatar, as a general rule, primary legislation is high level, and is supplemented by implementing laws and regulations promulgated by the competent governmental and regulatory authorities. In addition, judicial authority is exercised by the courts and governmental regulatory bodies. However, Article 10 of Decree Law No 4 of 1977 in effect grants Qatar Petroleum (a commercial, not governmental entity) the legislative authority to promulgate the implementation of rules and regulations under the law. Furthermore, Article 8 of Decree Law No 4 of 1977 grants judicial powers to Qatar Petroleum for the purposes of implementing the law. (It is not clear if Qatar Petroleum has ever exercised this legislative and judicial authority or, if it has done so, how the exercise of such authority would be consistent with that exercised by Qatar governmental entities like the courts, government ministries and regulatory bodies.)

Under Article 6 of Decree Law No 4 of 1977, any entity conducting petroleum operations in Qatar must have its project reviewed and recommended by Qatar Petroleum, with that recommendation becoming final upon the approval of the Minister of Energy and Industry.

Certain Qatar Petroleum authorities described above are also stated in Law No 3 of 2007 regarding the exploitation of natural wealth and resources.

Finally, Qatar Petroleum is often a party to the contractual arrangements with entities conducting petroleum operations, in which case it has rights in its own name, and may exercise rights of the State of Qatar, under these contractual arrangements.

1.4 Laws and Regulations

Article 29 of the Constitution of Qatar states that all natural wealth and resources, which includes all petroleum, are the property of the state.

Law No 10 of 1974 addresses the establishment of, and authority to be exercised by, Qatar Petroleum, the national oil and gas company.

Decree Law No 4 of 1977 addresses the conservation of petroleum resources and the conduct of petroleum operations within Qatar in addition to Qatar Petroleum's authorities.

Law No 3 of 2007 addresses the exploitation of natural wealth and resources, and covers mineral resources and mining as well as petroleum and petroleum operations.

Decree Law No 15 of 2007 mandates Tasweeq (see**Allowed Private Investment** below) exclusively market and sell for export commodity petroleum products produced in Qatar.

Decree Law No 11 of 2012 mandates Muntajat (see **Allowed Private Investment** below) exclusively market and sell chemical and petrochemical products produced in Qatar.

2. Private Investment in Petroleum – Upstream

2.1 Allowed Private Investment in Upstream Interests

Private/foreign investors obtain upstream interests based on a decision of the government and Qatar Petroleum. With some relatively minor exceptions, for example, some minority equity interests in early LNG projects, and small equity interests in some of Qatar's crude oil production, the foreign investors in upstream projects are large international oil companies. These investors negotiate the terms of their investments.

Although foreign investors generally negotiate the terms of their investments, on 6 May 2015, Qatar Petroleum issued an invitation to a group of international oil and gas companies, including the current licence-holder and field operator (Maersk), to compete for the production and field operator rights for the Al-Shaheed oil field, Qatar's largest producing oil field, commencing in mid-2017. Accordingly, the terms of that licence will be determined in part by the tender process.

2.2 Upstream Licences

In the LNG, GTL and domestic gas sectors, joint-venture companies are established with majority ownership by Qatar Petroleum and minority ownership by foreign investor(s) who are international oil companies. The joint-venture company enters into a development and fiscal agreement ("DFA") with the State of Qatar and/or Qatar Petroleum, and the licence to conduct petroleum operations is contained in the DFA. The terms of the DFA will be approved by the government. In the crude oil sector, the licence to conduct petroleum operations is contained in: (i) an exploration and production-sharing agreement ("EPSA") which grants the right to explore for oil in a specified area and, if oil is discovered, to appraise and develop the field; or (ii) a development and production-sharing agreement ("DPSA" and, together with EPSAs, referred to herein as a production-sharing agreement or "PSA") which grants the right to appraise and develop a field in which there are known reserves. In each case, the PSA is entered into between the State of Qatar and/or Qatar Petroleum and the entity which has been granted the licence. The terms of the PSA are to be approved by the government. There is no requirement for the holder of an upstream licence, whether a Qatar joint-venture company or a licence-holder in the crude oil sector, to have or act through a local agent.

Qatari law provides that a licence to benefit from or exploit state property may be cancelled before the expiry of its term but compensation must be paid to the licence-holder.

2.3 Typical Fiscal Licence Terms

Qatar does not have a statutory regime in which common terms set out by law are applicable to all exploration/development and production-sharing licences. The terms of upstream licences are individual, complex, highly negotiated and confidential. However, as a general rule:

Royalties, in cash or as a physical product, may be payable to the State of Qatar in respect of petroleum extracted from Qatar's onshore and offshore oil and gas fields, for example, royalties on natural gas, condensates and/or liquid petroleum gases. When the petroleum extracted is utilised (for example, natural gas used to produce LNG or GTL products) and/or sold by a joint-venture company (between Qatar Petroleum and a foreign shareholder as described in response to **Upstream Licences** above), the foreign shareholder is entitled to their negotiated share of the profits of that joint-venture company.

In the case of exploration/development licences for oil and/or gas, the licence-holder is compensated through the sharing of physical crude oil or gas production. An initial allocation of crude oil or gas production is made to compensate the licence-holder for the costs of conducting petroleum operations (exploration, development and operations' costs). A separate allocation of crude oil or gas production is made to provide to the licence-holder the agreed percentage of remaining (called profit) crude oil or gas.

2.4 Tax Regime

Holders of licences to conduct upstream petroleum operations are subject to taxation. The taxes, and tax rates, may be determined pursuant to Qatar's tax law and regulations, or they may be set out in the licensing document (the DFA or PSA). In addition, in some cases it has been agreed that: (i) the foreign party will be exempt from specified taxes or duties (such as customs' duties); or (ii) the foreign party's tax obligations will be paid by the government or by Qatar Petroleum with the effect that the foreign party is afforded a tax holiday or exemption. Any such arrangements would be negotiated between the licence-holder and Qatar Petroleum and/or the government.

2.5 Special Rights to National Companies

As noted in **National Companies** above, Qatar Petroleum manages the state's interests in all oil, gas, petrochemical and refining enterprises in Qatar. It does this pursuant to various sources of authority. Qatar Petroleum: (i) is designated as the representative of the state in agreements, for example licensing documents such as DFAs and PSAs, to which the State of Qatar is a party; and (ii) may have its own contractual rights under such agreements. Qatar Petroleum has rights as the majority shareholder in joint-venture companies with international oil companies that are licensed to conduct upstream petroleum operations. And Decree Law No 4 of 1977 mandates Qatar Petroleum to exercise oversight authority over all petroleum operations in Qatar.

2.6 Local Content Requirements

Licensing documentation for upstream petroleum operations may include a variety of provisions regarding the use of local goods and services, local employment and training programmes. The training and employment of Qatari nationals, within joint-venture companies or from Qatar Petroleum, is a common undertaking of licence-holders. In addition, as a matter of government policy, and also adopted as a matter of corporate policy by companies in the energy sector, there is a "Qatarisation" initiative in which the government has a target of 50% participation of the national workforce in the energy sector. Licensing documentation may also require a preference for local goods and services and for the use of local marine transportation services, and may permit the costs of such goods and services to exceed by a specified percentage (typically 5-10%) the cost of competing goods and services from non-local suppliers or service providers.

2.7 Development and Production Requirements

PSAs specify time periods for exploration and appraisal. Exploration and appraisal programmes and budgets must be approved by Qatar Petroleum. The PSAs also specify minimum amounts that must be spent by the licence-holder on exploration, and a specified minimum work programme. Within the specified time periods, the licence-holder may elect to move into development or cease exploration activities and surrender its rights to further exploration in the relevant area. Development and production plans must also be approved by Qatar Petroleum.

2.8 Other Key Terms of Upstream Licences

The terms of the PSAs are confidential and therefore cannot be disclosed.

2.9 Requirements for Transfers of Interest

Any transfer of an interest in an upstream licence, or the transfer of an equity interest in a joint-venture company that is authorised to conduct upstream petroleum operations, requires approval from the government of Qatar.

2.10 Mineral Title System

No content has been provided

2.11 Calculation of Royalties

No content has been provided

3. Private Investment in Petroleum – Downstream

3.1 Allowed Private Investment

The legal regime regarding private/foreign investment in downstream petroleum operations is substantially the same as that governing upstream investment. Private/foreign investment occurs through joint-venture companies which, as previously described, is the way in which investment is implemented in upstream sectors (other than the oil and gas exploration and development sector, where investment is implemented through PSAs). Private investors obtain downstream interests based on a decision made by the government and Qatar Petroleum. Foreign investors in downstream projects are large international companies. Their investment is implemented through minority equity ownership in joint-venture companies that are majority-owned by Qatar Petroleum. The investors negotiate the terms of their investments.

In addition, in 2003 Qatar Petroleum established a subsidiary called Industries Qatar and transferred into Industries Qatar its shares in several downstream ventures: Qatar Fertiliser Company, Qatar Petrochemical Company and Qatar Fuel Additives Company Ltd, all joint-venture companies in the chemical and petrochemical sector. Industries Qatar was partially privatised in 2003 by means of listing on the Qatar Stock Exchange and a public equity offering (with Qatar Petroleum maintaining majority ownership). Non-Qataris are permitted to purchase shares in Industries Qatar up to a specified cap on the foreign ownership of the company.

There are two companies, wholly owned by the State of Qatar, which are mandated by law to market and sell specified petroleum products.

Decree Law No 15 of 2007 mandates Qatar International Petroleum Marketing Company Limited (Tasweeq) Q.J.S.C. (commonly referred to as Tasweeq, which means “marketing” in Arabic) exclusively market and sell for export the following commodity products: all liquefied petroleum gas (mainly propane and butane), all products produced by petroleum refineries (but excluding speciality products produced from Qatar’s two gas-to-liquids projects), all field and plant condensates, and sulphur. Tasweeq’s mandate was later expanded to include the marketing for export of: (a) naphtha produced from GTL projects in Qatar; and (b) any blend of neat kerosene produced in GTL projects in Qatar from conventional kerosene or jet fuel, with the intention of producing specification jet fuel (together “Commodity Regulated Products”). Pursuant to contractual arrangements, Tasweeq also markets the State of Qatar’s entitlement to crude oil and certain other crude oil produced in Qatar. Web address: www.tasweeq.com.qa

Decree Law No 11 of 2012 mandates Qatar Chemical and Petrochemical Marketing and Distribution Company Limited (Muntajat) Q.J.S.C. (commonly referred to as Muntajat, which means “product” in Arabic), exclusively market and sell chemical and petrochemical products produced in Qatar. Decree Law No 11 of 2012 contained an initial list of chemical and petrochemical products covered by the Law. However, the government subsequently promulgated a list of all chemical and petrochemical products that are currently being produced, and that are likely to be produced in Qatar in the future, and decided that all such products are covered by Decree Law No 11 of 2012 and must be marketed by Muntajat (these products are referred to as “Chemical and Petrochemical Regulated Products” and, together with Commodity Regulated Products, “Regulated Products”). It should also be noted that Muntajat has the authority under Decree Law No 11 of 2012 to enter into, just as transitional arrangements at the time Muntajat was established did enter into, agreements pursuant to which certain Regulated Products are being marketed for a set term by affiliates of the foreign shareholders in several of the chemical and petrochemical-producing companies. Finally, Muntajat is also permitted to engage in the trading of chemicals and petrochemicals produced outside Qatar. Web address: www.muntajat.qa

3.2 Rights and Terms of Access to Downstream Operation Run by National Monopoly

Under the laws establishing both Tasweeq and Muntajat, the government mandated those companies to promulgate the terms and conditions on which they purchase Regulated Products from companies producing Regulated Products in Qatar. These terms and conditions are considered by Tasweeq and Muntajat to be appropriate in light of the particular commercial risks assumed (and not assumed) by Tasweeq and Muntajat. However, it is likely that these terms would not be considered reflective of market terms reached in an open negotiation between two commercial parties.

The laws establishing Tasweeq and Muntajat also require an annual evaluation of the companies that includes an assessment of the companies' commercial performance against international benchmark prices for each of the Regulated Products they market.

3.3 Downstream Licences

As noted in response to **Rights and Terms of Access to Downstream Operation Run by National Monopoly**, investment in the downstream sector is implemented through minority equity ownership in joint-venture companies that are majority-owned by Qatar Petroleum. Foreign investors are selected based on decisions by Qatar Petroleum and the State of Qatar regarding utilisation of the state's petroleum resources and the technologies and capabilities of the foreign investor. Once a decision has been made to proceed with a downstream project with a particular foreign investor, Qatar Petroleum, and the joint-venture company when established, will facilitate the obtainment of all necessary Qatar permits and approvals.

3.4 Typical Fiscal Terms

The terms of foreign investor participation in downstream petroleum projects are individual, complex, highly negotiated and confidential. However, as a general rule:

The foreign investor contributes intellectual property and experienced personnel to the joint-venture company, and receives its share of the profits of the joint-venture company based on its negotiated equity interest in the company.

The State of Qatar, through Qatar Petroleum, grants the joint-venture company land in one of two industrial cities, access to export port facilities and, most importantly from a commercial perspective, feedstock petroleum (generally natural gas). Rental payments are made to Qatar Petroleum under the land lease agreements. Various tariffs and charges are payable under the port user agreements. The joint-venture companies may also be provided with access to facilities shared with other projects and other services provided by Qatar Petroleum or their affiliates.

In addition, the joint-venture companies established between Qatar Petroleum and foreign investors are formed under Article 68 of the Commercial Companies Law. This provision of Qatar law stipulates that the agreements and undertakings entered into between Qatar Petroleum and the foreign investor at the time the company is established, which would include the company's articles of association and the joint-venture documentation between Qatar Petroleum and the foreign investor, supersede any contrary provisions of the Commercial Companies Law. As a general rule, outside the energy sector corporate structures and forms of doing business in Qatar are less complex than those available in more developed economies. Thus, Article 68 of the Commercial Companies Law permits Qatar Petroleum and the foreign investor to agree to commercial terms, including corporate structure and fiscal terms, on a project-by-project basis and in a manner appropriate for each complex and expensive downstream project.

3.5 Tax Regime

The same tax regime and key taxes apply to downstream operations as are applicable to upstream. The foreign shareholders' share of profits from the joint-venture companies that conduct downstream petroleum operations are subject to taxation. The taxes, and tax rates, may be determined pursuant to Qatar's tax law and regulations, or they may be addressed in the joint-venture documentation. In addition, in some cases, it has been agreed that: (i) the foreign party will be exempt from specified taxes or duties (such as customs duties); or (ii) the foreign party's tax obligations will be paid by the government or by Qatar Petroleum, with the effect that the foreign party is afforded a tax holiday or exemption. Any such arrangements would be negotiated between the foreign party in the joint-venture company and Qatar Petroleum and/or the government.

3.6 Special Rights for National Companies

The national oil or gas company receives the same special rights for downstream licences as for upstream. As noted in **National Companies** and **Special Rights to National Companies** above, Qatar Petroleum manages the state's interests in all oil, gas, petrochemical and refining enterprises in Qatar. It does this pursuant to various sources of authority. Qatar Petroleum is a party to the joint-venture documentation for downstream ventures and has rights as the majority shareholder in the joint-venture companies. Qatar Petroleum also exercises oversight authority over all petroleum operations in Qatar.

3.7 Local Content Requirements

The local content requirements applicable to downstream operations are the same as for upstream. Joint-venture agreements for companies conducting downstream petroleum operations may include a variety of provisions regarding the use of local goods and services, local employment, and training programmes. Training and employment of Qatari nationals, within the joint-venture company or from Qatar Petroleum, is a common undertaking of foreign shareholders. In addition, as a matter of government policy, and also adopted as a matter of corporate policy by companies in the energy sector, there is a "Qatarisation" initiative in which the government is targeting 50% participation of the workforce in the energy sector. Joint-venture documentation may also require a preference for local goods and services, and the use of local marine transportation services, and may permit the costs of such goods and services to exceed by a specified percentage (typically 5-10%) the cost of competing goods and services from non-local suppliers or service providers.

3.8 Other Key Terms

The terms of these licences are confidential and therefore cannot be disclosed.

3.9 Condemnation/Eminent Domain Rights

The State of Qatar has eminent domain rights. However, in practice this is not an issue in the energy sector in Qatar. The land where petroleum and port operations are conducted is owned by the State of Qatar. Qatar Petroleum is authorised to act for the state in respect of this land, and also operates the ports, and accordingly enters into lease and port user agreements with the downstream joint-venture companies to provide them with the necessary land and access to port facilities.

3.10 Third Party Access to Infrastructure

All infrastructure related to petroleum operations in Qatar is owned by the State of Qatar, Qatar Petroleum, subsidiaries of Qatar Petroleum (including the downstream joint-venture companies), or holders of PSAs. A great deal of the infrastructure is located in two industrial cities: the Ras Laffan Industrial City and the associated Port of Ras Laffan, and the Mesaieed Industrial City and the associated Port of Mesaieed. Substantial operational co-ordination and optimisation takes place between (and pursuant to inter-company agreements, amongst) the various companies in the energy sector with respect to shared infrastructure.

3.11 Restrictions on Product Sales into Local Markets

The supply of petroleum to the domestic market is handled by various entities including:

(a) Wholly owned government entities: Qatar Petroleum supplies natural gas to utilities and other customers in Qatar. Importation of oil for the domestic market and domestic supply to WOQOD (described below) is handled by Tasweeq as agent for Qatar Petroleum.

(b) Downstream producing entities: there are multiple arrangements amongst companies in the downstream chemicals sector to supply each other with chemical products.

(c) Downstream distribution: Qatar Fuel (WOQOD), a company listed on the Qatar Stock Exchange, is responsible for the distribution of diesel and gasoline for vehicles, boats and industry in Qatar.

3.12 Requirements for Transfer of Interest

The requirements for transfers of interest in downstream licences is the same as for upstream licences. As a general rule, any transfer of an interest in a joint-venture company conducting downstream petroleum operations requires approval from the government of Qatar.

4. Private Investment in Petroleum – Midstream and Downstream

4.1 Forms of Private Investment in Midstream Operations

No content has been provided

4.2 Typical Forms of Private Investment in Downstream Operations

No content has been provided

4.3 Commercial Arrangements for Midstream Operations

No content has been provided

4.4 Commercial Operations for Downstream Operations

No content has been provided

4.5 Tax Regimes

No content has been provided

4.6 Local Content Requirements

No content has been provided

4.7 Condemnation/Eminent Domain Rights

No content has been provided

4.8 Third Party Access to Infratstructure

No content has been provided

4.9 Restriction in Product Sales in Local Market

No content has been provided

4.10 Transfer Between Private Owners

No content has been provided

5. Foreign Investment

5.1 Foreign Investment Rules

A foreign investor holding a licence to extract, exploit or manage natural resources is exempt from Qatar's Foreign Investment Law and its investment is governed by the terms of its licence or, as applicable, joint-venture agreements.

5.2 Investment Protections

Qatar law provides that the state can only take private property if compensation is paid to the affected person. Article 27 of the Qatar Constitution states: "Private property is inviolable; no citizen shall be deprived of his/her property except where deemed necessary in the public interest and in the cases prescribed by the Law and in the manner stated therein, provided that the person concerned is fairly compensated."

Although, as stated above, a foreign investor exploiting natural resources is exempt from Qatar's Foreign Investment Law, it is worth noting that Article 8 of the Foreign Investment Law states: "The foreign investments shall not be subject, either directly or indirectly, to expropriation or any measure with similar effect, unless it is done in the public interest and in a non-discriminatory manner, and in return for a speedy and appropriate compensation."

Finally, Qatar is a party to bilateral investment treaties with other countries that address protection of private investments in the two countries.

6. Environmental, Health and Safety (EHS)

6.1 Principal Environmental Laws and Regulators

Qatar has a Ministry of Environment (www.moe.gov.qa/) which is responsible for environmental protection and sustainable development of the country's natural resources. The principal law is Law No 30 of 2002 for Environment Protection which addresses conservation of the environment, anti-pollution measures and the protection of biodiversity and human health. However, the Ministry of Environment is not an active regulator of the oil and gas sector. In addition, Qatar's laws and regulations addressing environmental issues are limited in comparison to more developed jurisdictions, both generally and particularly with reference to the oil and gas sector.

There is a grant of authority to Qatar Petroleum. Decree Law No 4 of 1977, which mandates Qatar Petroleum to exercise oversight authority over all petroleum operations in Qatar, includes the following provision: "The Operator [of petroleum operations] shall take all preventative precautions and the necessary arrangements to avoid any damage or loss or damage arising out of its operations that may affect human life, public health, properties or natural resources, coasts, tourism areas, religious facilities, graveyards or others. Also, the Operator shall avoid all that may lead to environmental pollution in general, or air or surface or underground waters in particular." (Article 4) This suggests that Qatar Petroleum's regulatory oversight authority of the oil and gas sector extends to environmental protection.

In practice in the oil and gas sector, environmental protections relating to emission, discharge, handling, storage, transportation, treatment, disposal, import and export of hazardous waste and material are implemented in three key ways. First, they are often addressed on a project-by-project basis, in or pursuant to the licensing or joint-venture documentation. That documentation may contain environmental undertakings, or may require the licence-holder or joint-venture company to develop an environmental regime for approval by Qatar Petroleum and/or the government. Second, and also on a project-by-project basis, the licence-holder under a PSA, or the foreign shareholder in a joint-venture company, may work with Qatar Petroleum to implement industry standard, or best practices, environmental policies and procedures. Third, Qatar Petroleum, the two industrial cities (Ras Laffan Industrial City and Mesaieed Industrial City), and the two ports (the Ports of Ras Laffan and Mesaieed) impose their own environmental requirements of general application.

6.2 Principal Health and Safety Laws and Regulators

The principal law is the Labour Law (Law No 14 of 2004) which is administered by the Qatar Ministry of Labour and Social Affairs. Article 100 of the Labour Law requires employers to “take all precautionary measures” to protect workers from injury and from accident, defect or breakdown of machinery and equipment, and from fire.

Substantial changes in labour laws, in particular to address health and safety issues, have occurred since the award to Qatar of the 2022 FIFA World Cup. In 2011 a National Committee on Occupational Health and Safety was established within the Ministry of Labour with the mandate of developing occupational health and safety rules and regulations. In 2014, the Qatar 2022 Supreme Committee announced a “workers’ charter” which addresses health and safety issues.

With respect to the oil and gas sector, as a preliminary point, it is the case that: (i) occupational health and safety standards are higher in the energy sector than other sectors, due to the application of world-class policies and procedures by Qatar Petroleum and its international oil company joint-venture partners; and (ii) Qatar Petroleum, and certain other state-owned entities (for example, Muntajat) are exempt from the Qatar Labour Law.

In practice in the oil and gas sector, the situation with respect to health and safety laws and regulations is similar to that for environmental laws and regulations described above. There is a grant of authority to Qatar Petroleum under Decree Law No 4 of 1977. Article 5 states: “All systems, equipment and materials used in petroleum operations shall conform to international standard specification, with safety requirements, industrial safety and other technical conditions. All of that shall be consistent with the best standards applicable in the petroleum industry.”

In addition, health and safety issues in the oil and gas sector are implemented in three key ways. First, they are often addressed on a project-by-project basis in, or pursuant to, the licensing or joint-venture documentation. Second, and also on a project-by-project basis, the licence-holder under a PSA, or the foreign shareholder in a joint-venture company, may work with Qatar Petroleum to implement industry standard, or best practices, health and safety policies and procedures. Third, Qatar Petroleum, the two industrial cities (Ras Laffan Industrial City and Mesaieed Industrial City), and the two ports (the Ports of Ras Laffan and Mesaieed) impose their own health and safety requirements of general application.

6.3 EHS in Offshore Development

The responses to **Principal Environmental Laws and Regulators** and **Principal Health and Safety Laws and Regulators** apply to offshore development.

6.4 Environmental Obligations

This will generally be determined in, or pursuant to, the PSAs or joint-venture documentation and involves an environmental plan, the content of which to be approved by Qatar Petroleum or the government. For new projects, an environmental plan may need to be approved by Qatar Petroleum or the government prior to the award of an EPC contract for the project.

6.5 Requirements for Decommissioning

Licences to conduct petroleum operations, whether embodied in a PSA or in joint-venture documentation, are granted on a long-term basis and run for 25 to 30 years. Some PSAs and joint-venture documentation address the topic of decommissioning, some do not. Where addressed, the provisions are relatively high level, requiring agreement with Qatar Petroleum and/or the government at a specified time (for example, in the development plan, or at some point during the term of the project) on a decommissioning programme and a mechanism for funding decommissioning activities. Where decommissioning is not explicitly addressed, the process is likely to be the same, ie agreement with Qatar Petroleum and/or the government on a decommissioning programme.

7. Miscellaneous

7.1 Unconventional Upstream Interests

No content has been provided

7.2 Liquefied Natural Gas (LNG) Projects

Qatar is one of the world’s leading LNG exporters, producing 77 million tons per year (“mtpy”). There are two groups of companies involved in LNG production. They are commonly referred to as the RasGas companies (short for Ras Laffan LNG Company Limited) and the Qatargas companies (short for Qatar Liquefied Gas Company

Limited).

There are three RasGas companies established separately, mainly for financing purposes. RasGas (the first company) has two LNG-producing trains with a nameplate capacity of 3.3 mtpy. RasGas II has three LNG-producing trains with a nameplate capacity of 4.7 mtpy. RasGas 3 has two so-called "mega-trains" with a nameplate capacity of 7.8 million tons per year. These companies are all established as Article 68 companies (see response to question **3.4** above) and are joint ventures of Qatar Petroleum and Exxon Mobil. The three RasGas LNG-producing companies are operated by RasGas Operating Company, which is also a Qatar Petroleum and Exxon Mobil joint venture.

There are four Qatargas companies with a similar structure. Qatargas (the first company), in which ExxonMobil is the principal minority shareholder, has three 3.3 mtpy LNG trains. Qatargas 2, in which ExxonMobil is the minority shareholder, has two 7.8 mtpy LNG trains. Qatargas 3, in which ConocoPhillips is the principal minority shareholder, and Qatargas 4, in which Shell is the minority shareholder; each have one 7.8 mtpy LNG train. The Qatargas companies are all established as Article 68 companies (see response to **Typical Fiscal Terms**). The four Qatargas LNG-producing companies are operated by Qatargas Operating Company, a joint venture of Qatar Petroleum, and the foreign investors in the four Qatargas LNG-producing companies.

7.3 Additional Interesting Features

No content has been provided

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Country Profile

Qatar is classified as a high-income economy by the World Bank and the country has been one of the fastest-growing in the world in recent years. Qatar has significant natural gas and oil reserves, and its small population and abundant natural resources mean it has extremely low poverty and unemployment rates. Oil and gas account for 50% of the country's GDP and Qatar has the richest reserves of natural gas in the Middle East.

In order to prevent over-reliance on oil and natural gas, the Qatari government has implemented various initiatives to allow foreign investment in the development of gas fields as well as other non-energy sectors in a bid to diversify the economy.

Qatar is ranked 48 of 189 countries in the World Bank's Ease of Doing Business Rankings. Whilst it scores highly on certain areas, such as the payment of taxes, it performs poorly in the rankings when it comes to getting credit and protecting investors. There is a sponsorship requirement for foreign investors.

The Heritage Foundation's 2014 Index of Economic Freedom places Qatar 30th of 178 countries, 3rd of all countries in the Middle East and North Africa region, its highest ever score in the history of the index. The report points out that Qatar boasts extremely low corruption levels and *"the rule of law has been solidly respected."* However, there are concerns that the judiciary *"is susceptible to political influence and can be bureaucratic."*

Business Culture

Qatari business culture is similar to business culture across the Middle East. However, the Qatari business community is very international: a recent statistic suggests that up to 80% of Qatari residents are expats. One source points out that it is a *"very, very international and global marketplace, and the way business is done is the same as in the West."* However, there are certain cultural and societal norms which should be observed. One source advises that the Qatari culture is *"hyper-formalistic"* and should be approached with care.

Personal relationships are extremely important in Qatar. It is common practice for business players embarking on a new venture to arrange several meetings to build trust before even addressing business issues. It is essential to show interest in the other party, make small talk and enquire as to the health of their family. Qataris themselves have a relaxed approach to time and may turn up late, but it is still essential to arrive on time.

The style of communication in Qatar is quite indirect. An interviewee advises *“the only thing to note is that decision making can take a little longer than in the West, just because there are more people who need to be consulted and so on.”* Negotiation is done in a roundabout and evasive fashion, and Qataris will not express disagreement or decline a request in an obvious fashion.

It is considered rude to approach negotiations in an adversarial fashion and foreign investors should mimic the style of communication used by local business partners. Furthermore, verbal promises are held in extremely high esteem in Qatar and foreign players should honour their word to avoid offending local counterparts. *“They have a 'word is bond'” type of approach,”* advises a key player, *“so once you have built good foundations that goes a long way.”*

Although personal relationships are considered extremely important in Qatar, sources were quick to point out that *“it is not a place where you need connections to operate well.”* An experienced source points out *“it has improved very significantly and the public bodies are following that.”*

The Legal Market

Qatari law is based on both Shari'a law and the civil code. Both systems are in operation but are allied to different courts. The civil code governs commercial matters whilst Shari'a law is used for civil matters. Only Qatari-licensed advocates can appear before the courts.

Prior to 2006 there were strict restrictions on international firms operating in the Qatari market, which meant that few did so. However, in the past few years many international firms have opened offices in Qatar, either with or without the participation of a local partner firm. International firms require a licence to practice from the Ministry of Justice or the Qatari Financial Centre, where many banks, insurance firms and law firms operate. However, commercial international firms established in the QFC cannot practice Qatari law without establishing a tie-up with a local firm.

Legal firms operating in Qatar have particular strengths in finance, projects and capital markets work. There are a number of highly-ranked local and international firms operating in the local market. *“There is a large choice of firms here”*, points out one experienced source. *“There's no problem with getting good advice.”* Interviewees remark that local firms always have a presence on cross-border work, but in some cases *“they report to the international firms”* who act as co-counsel. *“The local law firm's office will often be involved in due diligence and things like that,”* adds a source.

In addition to the presence of various international firms *“with boots on the ground,”* some of their legal teams operate out of London and Dubai. *“The heavyweight lawyers are often in London and the bulk of the work is done from there,”* comments a key player. When it comes to distinguishing between both types of firm, a commentator suggests: *“If you're dealing with a local legal matter I'd go to a local lawyer, but if you're dealing with something like international financing they just wouldn't have the same level of experience as an international outfit.”*

Legal Fees and Billing Methods

When it comes to billing structures, hourly rates tend to prevail, particularly for M&A, corporate finance and projects work. Sources suggest that the hourly rate for a senior partner at an international firm would be USD550-900 and USD300-475 for an associate. At top local firms, a new client could expect to pay between USD400-700 per hour for an experienced partner and between USD230-350 for an associate.

“This is a very competitive market,” points out an experienced source, “*so for international litigation, hourly blended rates have been accepted, or we have a capped arrangement for each month.*” Interviewees suggest that in some cases firms will agree to fixed fees, or “*capped fees in combination with an hourly rate.*”

One commentator points out that although headline rates are *“very high,”* firms will agree a capped fee and then renegotiate if this cap is breached. *“The local firms we have worked with are very reasonable, both in terms of the rates and the ability to negotiate fixed fee arrangements,”* advises a foreign market player. *“Local firms might be up to 25% cheaper than the rates charged by international firms, whilst the rates charged by international partners are London rates reduced by 15%,”* remarks a locally-based source.

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