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'[Pre-Emption] Agreement... between His Majesty's Government in the United Kingdom... and Petroleum Development (Oman and Dhofar) Limited'

Holding Institution	British Library: India Office Records and Private Papers
Reference	IOR/L/PS/18/B470A
Date(s)	27 Sep 1938 (CE, Gregorian)
Written in	English in Latin
Extent and Format	1 file (2 folios)
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About this record

The file is concerned with a 'pre-emption' agreement between the British Government and Petroleum Development (Oman and Dhofar) Limited, which relates to the commercial agreement obtained by the petroleum company for drilling for oil in the Sultanate of Muscat and Oman and the district of Dhofar, and to the political agreement the company later made with the British Government (see IOR/L/PS/18/B470 for further details). This particular agreement is relevant in the event of a state of national emergency or war; it states that His Majesty's Government should have the right of pre-emption of all oil produced in the Sultanate of Muscat and Oman, excluding Gwadar. The full terms and conditions of this statement are fully outlined in the document.

It is signed by Leonard Day Wakely, Deputy Under-Secretary of State for India, on behalf of the Government and witnessed by Sir Alexander Colin Burlington Symon, the Assistant Principal for the Political Department in the India Office. It is also sealed by the petroleum company.

['Pre-Emption'] Agreement... between His Majesty's Government in the United Kingdom... and Petroleum Development (Oman and Dhofar) Limited' [1r] (1/4)

Memo B. 470 A

Stamp
10/-

T H I S A G R E E M E N T dated the Twenty seventh day of September One thousand nine hundred and thirty eight 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 DEVELOPMENT (OMAN AND DHOFAR) 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 Concessions Limited has obtained concessions dated the Twenty fourth June, One thousand nine hundred and thirty seven, from His Highness the Sultan of Muscat and Oman (hereinafter called "the Sultan") (A) in respect of the Sultanate of Muscat and Oman excluding Dhofar and Gwadar (B) in respect of the District called Dhofar, AND WHEREAS the said Concessions have been assigned by the said Petroleum Concessions Limited to the Company, the Company has agreed with His Majesty's Government as follows:-

I N 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 the Sultanate of Muscat and Oman excluding Gwadar in accordance with the following terms, namely:-

(1) His Majesty's Government shall have the right of pre-emption of all crude oil gotten under the Concessions granted by the Sultan 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 the Sultanate of Muscat and Oman to produce oil fuel that shall comply with the Admiralty specifications at the time provided that Muscat 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.

(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 the Sultanate of Muscat and Oman 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 Parliament of the United Kingdom, 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

(1)

PZ.3179/38.

'[Pre-Emption] Agreement... between His Majesty's Government in the United Kingdom... and Petroleum Development (Oman and Dhofar) Limited' [1v] (2/4)

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 Muscat 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 the Sultanate of Muscat and Oman, 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).

IN WITNESS whereof Sir Leonard Day Wakely K.C.I.E.,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.

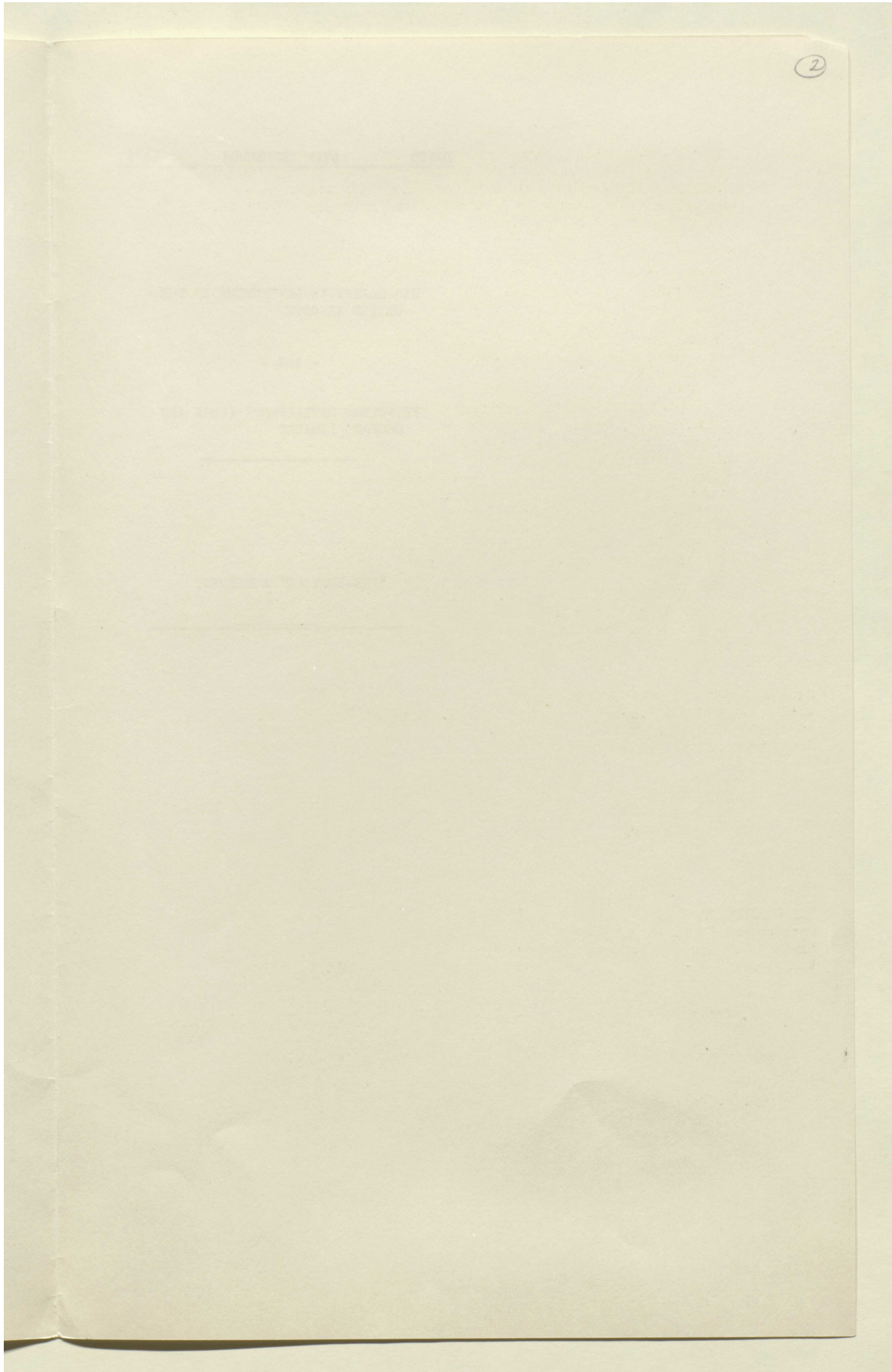
SIGNED SEALED AND DELIVERED by the)
said Leonard Day Wakely) L. D. WAKELY (L.S)
on behalf of His Majesty's)
Government in the presence of:-)

A.C.B. SYMON
India Office.

THE COMMON SEAL of Petroleum)
Development (Oman and Dhofar)
Limited was hereunto affixed in) (SEAL)
the presence of:-)

W. FRASER
Director.
E. J. BROWN
Secretary.

'[Pre-Emption'] Agreement... between His Majesty's Government in the United Kingdom... and Petroleum Development (Oman and Dhofar) Limited' [2r] (3/4)



'[Pre-Emption] Agreement... between His Majesty's Government in the United Kingdom... and Petroleum Development (Oman and Dhofar) Limited' [2v] (4/4)

DATED 27th SEPTEMBER 1938

HIS MAJESTY'S GOVERNMENT IN THE
UNITED KINGDOM

- and -

PETROLEUM DEVELOPMENT (OMAN AND
DHOFAR) LIMITED

"PRE-EMPTION" AGREEMENT