

The d'Arcy Oil Concession

Between the Government of His Imperial Majesty the Shah of Persia, of the one part, and William Knox d'Arcy, of independent means, residing in London at No. 42, Grosvenor Square (hereinafter called "the Concessionnaire") of the other part;

The following has by these presents been agreed on and arranged-viz.:

Article 1. The Government of His Imperial Majesty the Shah grants to the concessionnaire by these presents a special and exclusive privilege to search for, obtain, exploit, develop, render suitable for trade, carry away and sell natural gas petroleum, asphalt and ozokerite throughout the whole extent of the Persian Empire for a term of sixty years as from the date of these presents.

Article 2. This privilege shall comprise the exclusive right of laying the pipelines necessary from the deposits where there may be found one or several of the said products up to the Persian Gulf, as also the necessary distributing branches. It shall also comprise the right of constructing and maintaining all and any wells, reservoirs, stations, pump services, accumulation services and distribution services, factories and other works and arrangements that may be deemed necessary.

Article 3. The Imperial Persian Government grants gratuitously to the concessionnaire all uncultivated lands belonging to the State which the concessionnaire's engineers may deem necessary for the construction of the whole or any part of the above-mentioned works. As for cultivated lands belonging to the State, the concessionnaire must purchase them at the fair and current price of the province.

The Government also grants to the concessionnaire the right of acquiring all and any other lands or buildings necessary for the said purpose, with the consent of the proprietors, on such conditions as may be arranged between him and them without their being allowed to make demands of a nature to surcharge the prices ordinarily current for lands situate in their respective localities.

Holy places with all their dependencies within a radius of 200 Persian archines are formally excluded.

Article 4. As three petroleum mines situate at Schouster, Kassre-Chirine, in the Province of Kermanschah, and Daleki, near Bouchir, are at present let to private persons and produce an annual revenue of two thousand tomans for the benefit of the Government, it has been agreed that the three aforesaid mines shall be comprised in the Deed of Concession in conformity with Article 1, on condition that, over and above the 16 per cent mentioned in Article 10, the concessionnaire shall pay every year the fixed sum of 2,000 (two thousand) tomans to the Imperial Government.

Article 5. The course of the pipe-lines shall be fixed by the concessionnaire and his engineers.

Article 6. Notwithstanding what is above set forth, the privilege granted by these presents shall not extend to the provinces of Azerbadjan, Ghilan, Mazendaran, Asdrabad, and Khorassan, but on the express condition that the Persian Imperial Government shall not grant to any other person the right of constructing a pipe-line to the southern rivers or to the South coast of Persia.

Article 7. All lands granted by these presents to the concessionnaire or that may be acquired by him in the manner provided for in Articles 3 and 4 of these presents, as also all products exported, shall be free of all imposts and taxes during the term of the present concession. All material and apparatuses necessary for the exploration, working and development of the deposits, and for the construction and development of the pipe-lines, shall enter Persia free of all taxes and Custom-House duties.

Article 8. The concessionnaire shall immediately send out to Persia and at his own cost one or several experts with a view to their exploring the region in which there exist, as he believes, the said products, and in the event of the report of the expert being in the opinion of the concessionnaire of a satisfactory nature, the latter shall immediately send to Persia and at his own cost all the technical staff necessary, with the working plant and machinery required for boring and sinking wells and ascertaining the value of the property.

Article 9. The Imperial Persian Government authorises the concessionnaire to found one or several companies for the working of the concession.

The names, "statutes" and capital of the said companies shall be fixed by the concessionnaire, and the directors shall be chosen by him on the express condition that, on the formation of each company, the concessionnaire shall give official notice of such information to the Imperial Government, through the medium of the Imperial Commissioner, and shall forward the "statutes", with information as to the places at which such company is to operate. Such company or companies shall enjoy all the rights and privileges granted to the concessionnaire, but they must assume all his engagements and responsibilities.

Article 10. It shall be stipulated in the contract between the concessionaire, of the one part, and the company, of the other part, that the latter is, within the term of one month as from the date of the formation of the first exploitation company, to pay the Imperial Persian Government the sum of 20,000 sterling in cash, and an additional sum of 20,000 sterling in paid-up shares of the first company founded by virtue of the foregoing article. It shall also pay the said Government annually a sum equal to 16 per cent of the annual net profits of any company or companies that may be formed in accordance with the said article.

Article 11. The said Government shall be free to appoint an Imperial Commissioner, who shall be consulted by the concessionaire and the directors of the companies to be formed. He shall supply all and any useful information at his disposal, and he shall inform them of the best course to be adopted in the interest of the undertaking. He shall establish, by agreement with the concessionaire, such supervision as he may deem expedient to safeguard the interests of the Imperial Government.

The aforesaid powers of the Imperial Commissioner shall be set forth in the "statutes" of the companies created.

The concessionaire shall pay the Commissioner thus appointed an annual sum of 1,000 sterling for his services as from the date of the formation of the first company.

Article 12. The workmen employed in the service of the company shall be subject to His Imperial Majesty the Shah, except the technical staff, such as the managers, engineers, borers and foremen.

Article 13. At any place in which it may be proved that the inhabitants of the country now obtain petroleum for their own use, the company must supply them gratuitously with the quantity of petroleum that they themselves got previously. Such quantity shall be fixed according to their own declarations, subject to the supervision of the local authority.

Article 14. The Imperial Government binds itself to take all and any necessary measures to secure the safety and the carrying out of the object of this concession of the plant and of the apparatuses, of which mention is made, for the purposes of the undertaking of the company, and to protect the representatives, agents and servants of the company. The Imperial Government having thus fulfilled its engagements, the concessionaire and the companies created by him shall not have power, under any pretext whatever, to claim damages from the Persian Government.

Article 15. On the expiration of the term of the present concession, all materials, buildings and apparatuses then used by the company for the exploitation of its industry shall become the property of the said Government, and the company shall have no right to any indemnity in this connection.

Article 16. If within the term of two years as from the present date the concessionaire shall not have established the first said companies authorised by Article 9 of the present agreement, the present concession shall become null and void.

Article 17. In the event of there arising between the parties to the present concession any dispute of difference in respect of its interpretation or the rights or responsibilities of one or the other of the parties therefrom resulting, such dispute or difference shall be submitted to two arbitrators at Tehran, one of whom shall be named by each of the parties, and to an umpire who shall be appointed by the arbitrators before the proceed to arbitrate. The decision of the arbitrators or, in the event of the latter disagreeing, that of the umpire shall be final.

Article 18. This Act of Concession, made in duplicate, is written in the French language and translated into Persian with the same meaning.

But, in the event of there being any dispute in relation to such meaning, the French text shall alone prevail.

From James Gelvin, *The Modern Middle East* (New York: Oxford University Press, 2005), 154-156.