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**OPINION OF THE UNITED STATES COURT  
OF APPEALS FOR THE FIFTH CIRCUIT  
(DECEMBER 2, 2021)**

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UNITED STATES COURT OF APPEALS  
FOR THE FIFTH CIRCUIT

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AL-WALEED KHALID ABU AL-WALEED AL  
HOOD AL-QARQANI; AHMED KHALID ABU AL-  
WALEED AL HOOD AL-QARQANI; NAOUM AL-  
DOHA KHALID ABU AL-WALEED AL HOOD AL-  
QARQANI; HEIRS OF KHALID ABU AL-WALEED  
AL HOOD AL-QARQANI; SHAHA KHALID ABU  
AL-WALEED AL HOOD AL QARQANI; NISREEN  
MUSTAFA JAWAD ZIKRI,

*Plaintiffs-Appellants,*

v.

SAUDI ARABIAN OIL COMPANY,

*Defendant-Appellee.*

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No. 21-20034

Appeal from the United States District Court  
for the Southern District of Texas  
USDC No. 4:18-CV-1807

Before: JOLLY, HAYNES, and OLDHAM,  
Circuit Judges.

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E. GRADY JOLLY, Circuit Judge:

The historical narrative behind the arbitral award at issue in this case is exotic and complicated. Plaintiffs claim rights under a 1933 agreement between Standard Oil of California and the Kingdom of Saudi Arabia and a 1949 agreement between the purported ancestors of the plaintiffs and the Arabian American Oil Company. In this proceeding, the plaintiffs seek to enforce an arbitral award against defendant, Saudi Arabian Oil Company, which they were awarded by an Egyptian arbitration panel. Notwithstanding the complexity of the underlying historical facts, and notwithstanding the alleged shenanigans underlying the arbitration proceedings, we can resolve this appeal with clarity: there is no agreement for us to enforce, thus bringing this appeal to a quick end. Defendant Saudi Arabian Oil Company is an instrumentality of a foreign state and is therefore immune from suit under the Foreign Sovereign Immunities Act of 1976, 28 U.S.C. §§ 1602-1611, which generally provides that federal courts have no jurisdiction over sovereigns. Consequently, we VACATE the judgment of the district court and REMAND this case with instructions to the district court to dismiss for lack of jurisdiction.

I.

The background that sets up this case begins in 1949 in Saudi Arabia when the purported ancestors of the plaintiffs entered into an agreement with the Arabian American Oil Company concerning certain oil-rich land in their possession. The plaintiffs contend that this agreement was a lease, that their ancestors never surrendered ownership, and that they are the rightful owners of the land by inheritance. They fur-

ther contend that the term of the lease expired a number of years ago and that they are owed rents for the use of the land from the date on which the lease expired.

The plaintiffs brought these claims before a Saudi tribunal in 2011, which rejected them. A Saudi Legal Committee ruled that the 1949 agreement was an outright sale, not a lease, and that therefore the plaintiffs had no legitimate claim to the land or any rents derived therefrom. The plaintiffs were apparently unfazed and, in 2014, took their claims to an organization calling itself the International Arbitration Centre, or IAC, in Cairo, Egypt. There they initiated arbitral proceedings, to which all of the respondents, including the Saudi Arabian Oil Company, promptly objected.

The arbitration that occurred was, to put it charitably, irregular. Multiple arbitrators resigned during the course of the proceedings. The tribunal finally issued a ruling that it lacked jurisdiction over the dispute. That was not the end of the matter, however, because the IAC then replaced one of the arbitrators and reopened proceedings. Eventually a second ruling was issued that awarded \$18 billion to the plaintiffs and roughly \$23 million in fees to the IAC itself. Following these proceedings, the Egyptian General Prosecutor brought criminal charges against the arbitrators on the panel that issued the second award and two other members of the IAC for attempting to defraud the respondents. The members of the panel were convicted and sentenced to three-year terms of imprisonment.

## II.

Nevertheless, after the Egyptian arbitration concluded, the plaintiffs sought to enforce the award in the United States. They brought parallel actions against different respondents in the Northern District of California and in the Southern District of Texas.<sup>1</sup> This appeal is from the action that was brought in Texas against Saudi Arabian Oil Company, better known as Saudi Aramco.

The district court denied the petition for enforcement, finding that the arbitration clause invoked by the plaintiffs, which is contained in an agreement to which they are not signatories, did not encompass the dispute at issue. In doing so, the district court observed that “[t]he arbitration proceeding was conducted in direct contravention of the agreement’s explicit procedural terms and was so riddled with irregularities that it resulted in criminal convictions for several of the arbitrators involved.”

Four weeks after the district court entered an order denying their petition, the plaintiffs filed a motion for reconsideration. Then on December 23, 2020, eight days after the motion for reconsideration was filed, the district court entered an order striking

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<sup>1</sup> The plaintiffs have had no success in California either. *See Al-Qarqani v. Chevron Corp.*, 2019 WL 4729467 (N.D. Cal. Sept. 24, 2019), *aff’d Al-Qarqani v. Chevron Corp.*, 8 F.4th 1018 (9th Cir. 2021). We briefly note, however, that that case is a completely different case brought against different parties and it has little legal relevance to the issues presented to this appeal. In the California case, plaintiffs sought to enforce an arbitral award against Chevron Corporation and Chevron U.S.A., Inc.; the Ninth Circuit affirmed the district court’s holding that there was no binding agreement to arbitrate. *Al-Qarqani*, 8 F.4th at 1025-26.

that motion for failure to comply with two of the court's procedural rules. Twenty-nine days later, on January 21, 2021, or sixty-five days after the court denied their petition, the plaintiffs filed a notice that they were appealing that denial order.

### III.

We review the existence of jurisdiction under the Foreign Sovereign Immunities Act ("FSIA") *de novo*. *United States v. Moats*, 961 F.2d 1198, 1205 (5th Cir. 1992).

### IV.

#### A.

First, we must consider whether we have jurisdiction over this appeal, which, in part, turns on whether the plaintiffs timely filed their notice of appeal. Although it may seem like a small matter in the context of all that has occurred in this case, a failure to timely file would deprive this court of jurisdiction and end our part in this saga. *See Bowles v. Russell*, 551 U.S. 205, 214 (2007).

Federal Rule of Appellate Procedure 4(a) provides that a private party, in a civil case, has thirty days from the entry of the judgment or order appealed from to file a notice of appeal. On the face of the record, this requirement was not satisfied. The plaintiffs filed their notice of appeal sixty-five days after the district court denied their petition. Ordinarily, however, a motion for reconsideration, which indeed was filed in this case, will toll the period for filing a notice of appeal. *Moody Nat'l Bank of Galveston v. GE Life & Annuity Assurance Co.*, 383 F.3d 249, 250 (5th Cir. 2004).

The respondents here contend, however, that because the district court struck the motion for reconsideration for failure to comply with local rules, it did not serve this tolling function.

This matter is a determinative point because the filing of the notice was timely if the motion for reconsideration tolled the thirty-day filing period. Federal Rule of Appellate Procedure 4(a)(4)(A) provides that “the time to file an appeal runs for all parties from the entry of the order disposing of the last [qualifying motion].”<sup>2</sup> The plaintiffs filed their notice of appeal twenty-nine days after the district court entered an order striking, for procedural reasons, their motion for reconsideration; so their filing would be within the thirty-day window if the instant motion for reconsideration did in fact toll the period for filing.

## B.

Saudi Aramco’s argument that this motion for reconsideration did not toll the filing period rests on two unpublished Fifth Circuit opinions *Franklin v. Burlington N. & Santa Fe Ry.*, 522 F. App’x 220 (5th Cir. 2013) (per curiam) (unpublished) and *Hoffman v. Meckling*, 139 F.3d 899 (5th Cir. 1998) (per curiam) (unpublished)—and one out-of-circuit opinion—*Bunn v. Perdue*, 966 F.3d 1094, 1095–98 (10th Cir. 2020), which held that struck motions for reconsideration did not toll the period for filing a notice of appeal. These opinions, in turn, trace their reasoning back to *Air Line Pilots Ass’n v. Precision Valley Aviation, Inc.*,

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<sup>2</sup> A motion “to alter or amend the judgment under Rule 59,” which was filed here, is one of the enumerated motions. Fed. R. App. P. 4(a)(4)(A)(iv).



26 F.3d 220 (1st Cir. 1994). Each of these cases, however, failed to note a critical revision of the law that occurred after *Air Line Pilots* was decided. Federal Rule of Civil Procedure 83(a) was revised to add a second paragraph which provides that “[a] local rule imposing a requirement of form must not be enforced in a way that causes a party to lose any right because of a nonwillful failure to comply.” Fed. R. Civ. P. 83 (a)(2).

We conclude that it would be contrary to Federal Rule of Civil Procedure 83(a)(2) to follow our practice reflected in the non-precedential cases of *Franklin* and *Hoffman*. The plaintiffs’ motion for reconsideration was struck for non-compliance with Court Procedures 6(C)(2)–(3). Court Procedure 6(C)(2) requires that all motions contain a certificate of conference “stating that counsel and pro se parties have conferred regarding the substance of the relief requested, and stating whether the relief is opposed or denied.” Court Procedure 6(C)(3) requires that almost all motions be accompanied by a proposed order, which was not submitted here. We think these requirements are, however, merely formal.

Not only do Court Procedures 6(C)(2)–(3) seem on their face to deal with matters of form, but, as Saudi Aramco itself points out, they largely reproduce Local Rules 7.1(C)-(D), which are labeled under the heading “Form.” Moreover, it is undisputed that the plaintiffs’ non-compliance was nonwillful. We therefore conclude that the plaintiffs’ motion for reconsideration tolled the period for filing a notice of appeal, consistent with Federal Rule of Civil Procedure 83(a)(2). The filing period thus began to run upon entry of the

order striking that motion, and the plaintiffs' notice of appeal was timely filed.

V.

A.

Our jurisdictional analysis does not end there, however. “The Foreign Sovereign Immunities Act provides the sole basis for obtaining jurisdiction over a foreign state in the courts of this country.” *Saudi Arabia P. Nelson*, 507 U.S. 349, 355 (1993) (quoting *Argentine Republic P. Amerada Hess Shipping Corp.*, 488 U.S. 428, 443 (1989)). A “foreign state,” within the meaning of the FSIA, “includes a political subdivision of a foreign state or an agency or instrumentality of a foreign state.” 28 U.S.C. § 1603(a). An “agency or instrumentality of a foreign state” includes “any entity . . . which is a separate legal person, corporate or otherwise, and . . . a majority of whose shares or other ownership interest is owned by a foreign state or political subdivision thereof, and . . . is neither a citizen of a State of the United States . . . nor created under the laws of any third country.” 28 U.S.C. § 1603(b).

We hold that Saudi Aramco is a “foreign state” for purposes of the FSIA. It is a distinct legal entity incorporated under Saudi law, a majority of whose shares are owned by the Kingdom of Saudi Arabia and whose principal place of business is in Saudi Arabia. That satisfies the definition of “foreign state” set forth in the FSIA. 28 U.S.C. § 1603. As a foreign state, Saudi Aramco is presumptively immune from suit in the courts of the United States. 28 U.S.C. § 1604.

**B.**

There are, however, a number of exceptions to this general rule of immunity. 28 U.S.C. § 1605. Once a party invoking immunity makes a prima facie case that it is a “foreign state,” the burden shifts to the opponent to show that an FSIA exception applies. *See Moats*, 961 F.2d at 1205. In the district court, the plaintiffs argued that four different FSIA exceptions applied, namely those set forth at 28 U.S.C. § 1605(a)(1)–(3); (6). We examine each in turn. Although the district court did not expressly address this FSIA issue, and it was not extensively briefed on appeal, we must determine whether we have jurisdiction before reaching the merits of the case.

Section 1605(a)(1) provides that “[a] foreign state shall not be immune . . . in any case . . . in which the foreign state has waived its immunity. . . .” 28 U.S.C. § 1605(a)(1). The plaintiffs contend that Saudi Aramco waived immunity by entering into a 1933 agreement that gave Standard Oil of California exclusive rights to exploit mineral resources in Saudi Arabia. This assertion does not convince for a number of reasons, a few of which are that Saudi Aramco did not exist in 1933 and that the plaintiffs are not parties to that agreement. This agreement is discussed more fully below, but it suffices to say that the Kingdom of Saudi Arabia thereby waived immunity only to the extent a dispute is governed by the arbitration provision in that agreement, and the dispute underlying the arbitral award at issue in this case is clearly outside its scope.

Next, we turn to the exception found at 28 U.S.C. § 1605(a)(2):

A foreign state shall not be immune . . . in any case . . . in which the action is based upon a commercial activity carried on in the United States by the foreign state; or upon an act performed in the United States in connection with a commercial activity of the foreign state elsewhere; or upon an act outside the territory of the United States in connection with a commercial activity of the foreign state elsewhere and that act causes a direct effect in the United States.

This exception does not apply. The plaintiffs' argument in the district court appears to have been that Saudi Aramco conducts business in the United States and that therefore its immunity is waived under this provision of the FSIA. But this case arises out of an arbitration that took place in Egypt. This arbitration did not cause a "direct effect" in the United States. The plaintiffs merely seek to enforce the resulting award in this country.

We next consider the exception at 28 U.S.C. § 1605(a)(3):

A foreign state shall not be immune . . . in any case . . . in which rights in property taken in violation of international law are in issue and that property or any property exchanged for such property is present in the United States in connection with a commercial activity carried on in the United States by the foreign state; or that property or any property exchanged for such property is owned or operated by an agency or instrumentality of the foreign state and that agency or instrumentality is engaged in a

commercial activity in the United States. . . .

This exception does not apply because, even assuming that Saudi Aramco unlawfully expropriated the plaintiffs' land, what is at issue in this case is the enforcement of an arbitral award and not litigation of a property dispute involving international law. Moreover, because the property at issue is not located in the United States, the plaintiffs would have to establish that Saudi Aramco "is engaged in commercial activity in the United States," which they have not done. Finally, to the extent the plaintiffs are Saudi nationals, as they appear to be,<sup>3</sup> the expropriation of their land by the Saudi government or its instrumentalities would not violate international law. *See de Sanchez v. Banco Central De Nicaragua*, 770 F.2d 1385, 1395 (5th Cir. 1985) ("With a few limited exceptions, international law delineates minimum standards for the protection only of aliens; it does not purport to interfere with the relations between a nation and its own citizens.").

Now we turn to the exception at 28 U.S.C. § 1605(a)(6):

A foreign state shall not be immune . . . in any case . . . in which the action is brought, either to enforce an agreement made by the foreign state with or for the benefit of a

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<sup>3</sup> "The Appellants are the children and heirs of Sheikh Khalid Abu Al-Waleed Al Hood Al-Qarqani, an advisor to His Majesties King Abdulaziz, King Saud and King Faisal of the Kingdom of Saudi Arabia." Saudi Aramco describes the individuals who brought the action before the Saudi Legal Committee as "Saudi nationals," but it seems that some Egyptian nationals may have joined the IAC proceedings.

private party to submit to arbitration all or any differences which have arisen or which may arise between the parties with respect to a defined legal relationship, whether contractual or not, concerning a subject matter capable of settlement by arbitration under the laws of the United States, or to confirm an award made pursuant to such an agreement to arbitrate, if . . . (B) the agreement or award is or may be governed by a treaty or other international agreement in force for the United States calling for the recognition and enforcement of arbitral awards. . . .

This exception is really the essential jurisdictional point in this case. The plaintiffs contend that the second IAC award was issued pursuant to a valid arbitration agreement and that the recognition and enforcement of the award is governed by the New York Convention, an international treaty to which both the United States and Saudi Arabia are parties. We hold that no such arbitration agreement exists.

It is undisputed that there is no agreement to arbitrate signed by both the plaintiffs and Saudi Aramco. Instead, the plaintiffs rely on an arbitration clause contained in a 1933 agreement between Standard Oil of California and the Kingdom of Saudi Arabia. The plaintiffs argue that somehow that clause binds Saudi Aramco to arbitrate this dispute, but their arguments are totally unpersuasive.

The 1949 agreement between the purported ancestors of the plaintiffs and the Arabian American Oil Company does not so much as mention arbitration. It does mention the 1933 agreement, but not the article containing the arbitration clause, Article 31. It

references only Article 25 of that agreement, which deals with the acquisition and transfer of surface rights and that says nothing whatsoever about arbitration. Because there exists no agreement among the parties to arbitrate, this FSIA exception does not apply.

Having found that Saudi Aramco is a “foreign state” for purposes of the FSIA and that no exception to the general rule of immunity for foreign states is applicable, we conclude that we lack jurisdiction to hear this appeal.

## VI.

The district court’s analysis of this case was quite accurate. The arbitral proceedings give every appearance of having been a sham, and there exists no agreement among these parties to arbitrate this dispute, or anything else for that matter. We think, however, that instead of denying the petition for enforcement, the case is more properly dismissed for lack of jurisdiction, given that Saudi Aramco qualifies as a foreign state for purposes of the Foreign Sovereign Immunities Act. Therefore, we vacate the judgment of the district court and remand this case with instructions to the district court to dismiss for lack of jurisdiction.

VACATED AND REMANDED.

**ORDER OF THE UNITED STATES COURT  
OF APPEALS FOR THE FIFTH CIRCUIT  
(DECEMBER 2, 2021)**

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UNITED STATES COURT OF APPEALS  
FOR THE FIFTH CIRCUIT

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AL-WALEED KHALID ABU AL-WALEED AL  
HOOD AL-QARQANI; AHMED KHALID ABU AL-  
WALEED AL HOOD AL-QARQANI; NAOUM AL-  
DOHA KHALID ABU AL-WALEED AL HOOD AL-  
QARQANI; HEIRS OF KHALID ABU AL-WALEED  
AL HOOD AL-QARQANI; SHAHA KHALID ABU  
AL-WALEED AL HOOD AL QARQANI; NISREEN  
MUSTAFA JAWAD ZIKRI,

*Plaintiffs-Appellants,*

v.

SAUDI ARABIAN OIL COMPANY, A FOREIGN  
BASED CORPORATION, LOCATED IN DHARAM,  
SAUDI ARABIA AND ALL ITS PREDECESSOR,  
SUCCESSOR AND RELATED ENTITIES,  
ALSO KNOWN AS SAUDI ARAMCO, ALSO KNOWN AS  
ARABIAN-AMERICAN OIL COMPANY,  
ALSO KNOWN AS ARAMCO,

*Defendant-Appellee.*

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No. 21-20034



Appeal from the United States District Court  
for the Southern District of Texas  
USDC No. 4:18-CV-1807

Before: E. Grady JOLLY,  
United State Circuit Judge.

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ORDER:

IT IS ORDERED that Appellee's motion to amend  
the caption as outlined in the motion is GRANTED.

/s/ E. Grady Jolly  
United States Circuit Judge

December 02, 2021

MEMORANDUM TO COUNSEL OR PARTIES  
LISTED BELOW:

No. 21-20034

Al-Qarqani v. Saudi Arabian Oil

USDC No. 4:18-CV-1807

Enclosed is an order entered in this case.

Sincerely,

Lyle W. Cayce, Clerk

By: /s/ Charles B. Whitney,  
Deputy Clerk  
504-310-7679

P.S. to Counsel: A revised copy of the caption is enclosed for future filings.

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Case No. 21-20034

Al-Waleed Khalid Abu Al-Waleed Al Hood Al-Qarqani; Ahmed Khalid Abu Al-Waleed Al Hood Al-Qarqani; Naoum Al-Doha Khalid Abu Al-Waleed Al Hood Al-Qarqani; Heirs of Khalid Abu Al-Waleed Al Hood Al-Qarqani; Shaha Khalid Abu Al-Waleed Al Hood Al Qarqani; Nisreen Mustafa Jawad Zikri,

*Plaintiffs-Appellants,*

v.

Saudi Arabian Oil Company,

*Defendant-Appellee.*

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**ORDER OF DISMISSAL OF THE  
UNITED STATES DISTRICT COURT FOR  
THE SOUTHERN DISTRICT OF TEXAS  
(JANUARY 17, 2022)**

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

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WALEED BIN AL-QARQANI, ET AL.,

*Plaintiffs,*

v.

ARAB AMERICAN OIL COMPANY, ET AL.,

*Defendants.*

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Civil Action No. 4:18-CV-1807

Before: George C. HANKS, JR.,  
United States District Judge.

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**ORDER OF DISMISSAL**

The Fifth Circuit has instructed this Court to dismiss this case for lack of jurisdiction. (Dkt. 146). Accordingly, this case is **DISMISSED WITHOUT PREJUDICE** pursuant to the Fifth Circuit's opinion.

**THIS IS A FINAL JUDGMENT.** Each party shall bear its own fees and costs. **SIGNED** at Houston, Texas, this 14th day of January, 2022.

/s/ George C. Hanks, Jr.  
United States District Judge

**SUA SPONTE ORDER OF THE UNITED  
STATES DISTRICT COURT FOR THE  
SOUTHERN DISTRICT OF TEXAS STRIKING  
APPELLANTS POST JUDGMENT MOTION  
FOR RECONSIDERATION  
(DECEMBER 23, 2020)**

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

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WALEED BIN AL-QARQANI, ET AL.,

*Plaintiffs,*

v.

ARAB AMERICAN OIL COMPANY, ET AL.,

*Defendants.*

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Civil Action No. 4:18-CV-1807

Before: George C. HANKS, JR.,  
United States District Judge.

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**ORDER STRIKING DOCUMENT**

Pending before the Court is Petitioners' Motion for Reconsideration and Motion to Amend Findings of the November 17, 2020 Court Order and Judgment. (Dkt. 135) The instrument is deficient for the following reason(s):

- The motion does not comply with the Court's Procedures section 6(C)(2), which requires a certificate of conference for all motions.
- The motion does not comply with the Court's Procedures section 6(C)(3), which requires a separate proposed order for all motions except those filed under Federal Rule of Civil Procedure 56.

The Clerk is hereby ORDERED to strike docket entry 135 from the record and notify counsel of such action.

SIGNED at Houston, Texas, this 23rd day of December, 2020.

/s/ George C. Hanks, Jr.  
United States District Judge

**MEMORANDUM OPINION AND ORDER  
OF THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
(NOVEMBER 17, 2020)**

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

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WALEED BIN AL-QARQANI, ET AL.,

*Plaintiffs,*

v.

ARAB AMERICAN OIL COMPANY, ET AL.,

*Defendants.*

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Civil Action No. 4:18-CV-1807

Before: George C. HANKS, JR.,  
United States District Judge.

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**MEMORANDUM AND ORDER**

This is a proceeding to enforce a foreign arbitration award under the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards of June 10, 1958 (“the Convention”). (Dkt. 77 at p. 2) Before the Court is Petitioners’ Second Amended Petition for Enforcement of Foreign Arbitral Award against Respondent Saudi Arabian Oil Company (“Saudi Aramco”). (Dkt. 108) The parties have compiled

and presented an extensive record and thorough briefing on the relevant issues, and the Court has reviewed all the parties' filings and documents submitted in the record.

The record establishes that, over the strenuous objections of the parties to an arbitration agreement, Petitioners, who are nonsignatories to this agreement, used the agreement to arbitrate a dispute that fell outside of the scope of the agreement. The arbitration proceeding was conducted in direct contravention of the agreement's explicit procedural terms and was so riddled with irregularities that it resulted in criminal convictions for several of the arbitrators involved. For the reasons discussed in greater detail below, the Court will not confirm the arbitration award and Petitioners' motion (Dkt. 108) is DENIED.

### **FACTUAL AND PROCEDURAL BACKGROUND**

The petitioners claim to be “the private landowner and titleholders of plots of rich oil land located in Ras Tournah, Saudi Arabia.” (Dkt. 77 at p. 4) They have initiated two proceedings, this case and a case in the Northern District of California (“the California case”), to confirm and enforce an \$18 billion arbitration award that they obtained in Egypt against “Chevron Company of USA, Chevron Saudi Arabia<sup>1</sup> and Aramco” in 2015. (Dkt. 77 at pp. 3-4; Dkt. 77-2 at p. 6) The petitioners contend that an arbitral panel properly found that they own land on which the oil companies

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<sup>1</sup> The Court will collectively refer to all companies with “Chevron” in their names as “the Chevron entities.” The Chevron entities were the respondents in the California case.

are conducting operations and that the oil companies owe the petitioners “rental value” for use of that land. (Dkt. 77 at p. 3) The claimed basis for the arbitral panel’s jurisdiction is an arbitration clause contained in an agreement executed in 1933 (“the 1933 agreement” or “the Saudi Arabian Concession”) by the Saudi Arabian government (“the Government”) and Standard Oil Company of California (“SoCal”) under which the Government gave SoCal “the absolute right for a period of sixty years” to, among other things, search for oil in Saudi Arabia. (Dkt. 77-1 at p. 3) The arbitration clause was Article 31 of the 1933 agreement. (Dkt. 77-1 at pp. 16-17)

According to the petitioners’ translation of the 1933 agreement,<sup>2</sup> the arbitration clause stated:

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<sup>2</sup> The parties agree that the 1933 agreement was signed in two iterations, one in Arabic and one in English. (Dkt. 111 at pp. 40-41; Dkt. 119 at pp. 26-27) The petitioners concede that they have not provided the English-language version and have instead provided an English translation of the Arabic-language version. (Dkt. 119 at pp. 26-27) Saudi Aramco does not agree that the translation is accurate. (Dkt. 111 at p. 12) The petitioners’ translation of the 1933 agreement notably stipulates that “the English version shall prevail”—and, again, the Court does not have the English version—if there is “a difference on the interpretation relating to the Company’s obligations[.]” (Dkt. 77-1 at p. 18) The Court finds that, under these circumstances, the petitioners’ failure to provide the original or a duly certified copy of the English-language version of the 1933 agreement warrants the denial of this petition under Article IV of the Convention, which allows a petitioner to rely on a translation to prove up the pertinent arbitration agreement only “[i]f the . . . agreement is not made in an official language of the country in which the award is relied upon[.]” *See* 21 U.S.T. at 2519-20. Judge White of the Northern District of California, after examining the same documents that the petitioners presented to this Court, concluded in the California case that denial was required under Article IV. *Al-*



Should any doubt, difficulty or difference arise between the Government and the Company in interpreting this Agreement, the execution thereof or the interpretation or execution of any of it or with regard to any matter that is related to it or the rights of either of the two parties or the consequences thereof, and the two parties fail to agree on the settlement of the same in another way, then the issue shall be referred to two arbitrators with each party appointing one of the two arbitrators and with the two arbitrators appointing an umpire prior to proceeding to arbitration. Each party shall appoint its arbitrator within thirty days of the date of the application made to it in writing by the other party. Should the two arbitrators fail to appoint

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*Qarqani v. Chevron Corp.*, No. 4:18-CV-3297, 2019 WL 4729467, at \*5 (N.D. Cal. Sept. 24, 2019). Judge White’s holding that a failure to comply with Article IV of the Convention mandates denial of a petition to enforce an arbitration award is persuasive and supported by caselaw. See *China Minmetals Materials Import and Export Company, Ltd. v. Chi Mei Corp.*, 334 F.3d 274, 293-94 (3d Cir. 2003) (Alito, J., concurring) (“The better reading of Article IV—which comports with fundamental principles of arbitration—requires that the party seeking enforcement both (1) supply a document purporting to be the agreement to arbitrate the parties’ dispute and (2) prove to the court where enforcement is sought that such document is in fact an ‘agreement in writing’ within the meaning of Article II, Section 2. In the present case, accordingly, [the petitioner] was required to demonstrate to the District Court that an officer of [the respondent] signed the purported nickel contracts.”). Nevertheless, the Court will proceed to address this petition under the assumption that the petitioners’ translation is accurate and sufficient to satisfy Article IV of the Convention. Assuming the accuracy and sufficiency of their translation, the petitioners still do not prevail.

the umpire, then the Government and the Company shall at that point appoint an umpire by consent and should both of them fail to agree, then they should apply to the President of the Permanent International Court of Justice to appoint an umpire. The award passed by the two arbitrators in the case shall be final. However, if they failed to agree, then the award of the arbitrators in the case shall be final.<sup>3</sup> As regards the place of arbitration, the two parties shall agree on it and if they failed to agree to that then it shall be in the Hague (Holland).

Dkt. 77-1 at pp. 16-17.

The 1933 agreement defined “the Government” as “the Government of Saudi Arabia” and defined “the Company” as “Standard Oil of California Company[.]” (Dkt. 77-1 at p. 3) The 1933 agreement specified that it was an “[a]greement . . . between the Government and the Company[.]” (Dkt. 77-1 at p. 3) No other party was included in the agreement, except that: (1) SoCal could “assign its rights or obligations

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<sup>3</sup> This sentence is difficult to comprehend in the context of the arbitration clause and may be a mistranslation; it seems that the phrase “award of the arbitrators” should read “award of the umpire.” Elsewhere in the record, this part of the arbitration clause is quoted as using the term “deciding arbitrator” instead of the term “umpire” and saying that “[t]he ruling of the two arbitrators shall be considered absolute; if they do not agree among themselves in opinion, then the ruling of the deciding arbitrator shall be considered final.” (Dkt. 111-4 at pp. 113-14) The possible mistranslation has no effect on the Court’s reasoning but does help illustrate why the English version of the 1933 agreement is required to sufficiently prove up the agreement to arbitrate under Article IV of the Convention.

specified in this Agreement” with the Government’s consent; and (2) SoCal could “transfer its rights and obligations provided for in this agreement to a company to be set up by it for this project after notifying the Government of the same.” (Dkt. 77-1 at pp. 3, 17) It is undisputed that the petitioners are nonsignatories to the 1933 agreement. It is further undisputed that Saudi Aramco, which did not exist in 1933, is a nonsignatory to the 1933 agreement.

In claiming the right to invoke the arbitration provisions of the 1933 agreement, the petitioners argue that the arbitration provisions were incorporated into a separate agreement signed sixteen years later by the petitioners’ ancestors and a subsidiary of SoCal. Under Article 25 of the 1933 agreement, the Government authorized SoCal “to obtain from the owner of the land the surface rights of the lands which the Company deem[ed] necessary for use in its works pertaining to this project, provided that the Company [was required to] pay to the occupant of the lands an allowance in consideration for abandoning the use of such lands.” (Dkt. 77-1 at p. 14) In 1949, the petitioners’ ancestors transferred land rights to a SoCal subsidiary, Arabian American Oil Company (“Aramco”),<sup>4</sup> as part of the petroleum exploration project. (Dkt. 77-3) The transfer was memorialized in a deed (“the 1949 deed”). (Dkt. 77-3) The petitioners contend that the following language from the 1949 deed incorporated the arbitration provisions of the 1933 agreement:

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<sup>4</sup> SoCal assigned the 1933 agreement to a subsidiary, California Arabian Standard Oil Company, which changed its name to Arabian American Oil Company. (Dkt. 111-2 at pp. 27-31)

For the good and valuable consideration to be paid to us, we the undersigned, for our property under the Deed No. 124, in connection with the Plots of Land stated in such Deed, we hereby give and transfer, each for himself and on behalf of his heirs, guardians and lawful representatives, to the Arab American Oil Company, being the Company referred to in the said Deed, its successor and whomever it appoints, the right to use and occupy the mentioned Plots of Land, for the purposes of the Saudi Arabian Concession,<sup>5</sup> concluded on 4 Safar 1352 H., corresponding to 29 July 1933 G, and any additional agreements that may be annexed thereto. We hereby declare and affirm that the rights of the said Company, as to using and occupying the said Plots of Land, are based on the requirements of Article (25) of the said Concession, and we hereby further agree to safeguard the said Company, its successors and whomever it may appoint, against all claims, in the past, at present and in future, by any person claiming ownership or interest in any one of the said Plots of Land.

Dkt. 77 at p. 6; Dkt. 77-3 at p. 6.

The 1949 deed made no explicit reference to either arbitration or Article 31 of the 1933 agreement.

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<sup>5</sup> The parties agree that the reference to the “Saudi Arabian Concession” is a reference to the 1933 agreement. (Dkt. 77 at p. 6; Dkt. 111 at p. 13)

During the decades after the execution of the 1949 deed, the Government began buying Aramco's assets. (Dkt. 111-1 at pp. 136, 140) By 1988, the Government had bought all of Aramco's assets and had created Saudi Aramco. (Dkt. 111-1 at pp. 136, 140, 159, 161) Aramco dissolved in 1990. (Dkt. 111-1 at pp. 175, 205)

In 2011, more than sixty years after the execution of the 1949 deed, the petitioners initiated legal proceedings against Saudi Aramco in the Saudi Arabian courts, contending that the 1949 deed memorialized a lease, not a sale. (Dkt. 111-1 at pp. 13-14, 243-44, 296-97) The petitioners' characterization of the 1949 transaction as a lease rather than a sale provides the foundation for their contentions that they now own the land discussed in the 1949 deed and that Saudi Aramco and the Chevron entities owe the petitioners "rental value" for the period beginning at the time the 1933 agreement expired. (Dkt. 77 at p. 3) A Saudi Legal Committee and the President of the Council of Ministers rejected the petitioners' claim and found that the 1949 deed memorialized a sale. (Dkt. 111-1 at pp. 13-14, 243-44, 296-97) The proceedings determined that the Government, which had long since bought all of Aramco's assets, owned the land discussed in the 1949 deed. (Dkt. 111-1 at pp. 13-14, 243-44, 296-97)

The petitioners then initiated an arbitration proceeding in Egypt against Saudi Aramco and the Chevron entities using an entity called the International Arbitration Center ("IAC"). After receiving notice of the arbitration from the IAC, Saudi Aramco wrote a letter to the IAC saying that it would not participate. (Dkt. 128-4 at p. 140) In its

letter, Saudi Aramco “reject[ed] the arbitration” as “null and void in [its] entirety.” (Dkt. 128-4 at p. 140) Saudi Aramco stated in its letter that it had no arbitration agreement with the petitioners and that the land discussed in the 1949 deed belonged to the Government. (Dkt. 128-4 at p. 140) In a letter of their own, the Chevron entities also objected to the arbitration and argued that no valid arbitration agreement between them and the petitioners existed, though the Chevron entities, “as a precautionary measure,” nominated an arbitrator. (Dkt. 111-4 at p. 37) Over these protests, the petitioners pushed forward with the IAC arbitration in Egypt.

Even setting aside the fact that every single respondent vigorously objected to the proceeding and denied the existence of any arbitration agreement, the IAC arbitration progressed in a manner that can only be described as concerning. At least three arbitrators resigned during the proceeding, with two of them doing so via a joint letter that expressed a “lack of confidence in the ability of [the IAC] to be entrusted with the administration of the required arbitration.” (Dkt. 77-2 at pp. 9-17; Dkt. 111-4 at p. 53) Remarkably, one of the arbitrators who signed the joint resignation letter expressing a lack of confidence in the IAC had been selected by the IAC on behalf of the petitioners. (Dkt. 77-2 at p. 9; Dkt. 111-4 at p. 53) At least seven different arbitrators ultimately participated in the proceeding at one point or another, and at least three different combinations of arbitrators filled the three seats on the arbitration panel. (Dkt. 77-2 at pp. 9-17) The disjointed proceeding produced a disjointed result: the tribunal issued an opinion holding that it lacked jurisdiction over the

dispute, then, with different members, reopened the arbitration and issued a second opinion holding not only that it had jurisdiction but that the petitioners were entitled to \$18 billion. (Dkt. 77-2; Dkt. 111-4 at pp. 104-15) Perhaps most telling, the second opinion also held that the IAC itself was entitled to “arbitration fees” totaling 1/8 of one percent “of the total value of the Claims of the [petitioners]”— about \$23 million. (Dkt. 77-2 at p. 35)

The second opinion, and in particular the IAC’s award of a staggeringly large fee to itself, attracted the attention of Egyptian prosecutors, who concluded that the second opinion was part of a “criminal plan” to “obtain the arbitration fees, representing a percentage of the award[.]” (Dkt. 111-3 at pp. 87, 105-06) An Egyptian court convicted two IAC administrators and three arbitrators of fraud, forgery, and similar crimes for their roles in reopening the arbitration and issuing the \$18 billion award. (Dkt. 111-3 at pp. 203-15) The Egyptian court found that, “[d]espite the fact that an award definitively ending the fabricated case—which concluded that the Arbitration Tribunal did not have jurisdiction to hear it—had already been issued, the [IAC administrators and arbitrators] nevertheless insisted on issuing [a] falsified award” with the aim of “fabricat[ing] a proof of debt against the . . . companies in order to misappropriate their assets.” (Dkt. 111-3 at pp. 203-04)

It is not surprising that the petitioners’ quest to confirm their award has thus far come up empty. Two federal district judges have examined the award, and neither confirmed it. The California case, in which the petitioners named various Chevron entities

as respondents, has been dismissed in its entirety by Judge White of the Northern District of California and is on appeal before the Ninth Circuit. *See Al-Qarqani v. Chevron Corp.*, No. 4:18-CV-3297, 2019 WL 4729467 (N.D. Cal. Sept. 24, 2019); *see also* Ninth Circuit Docket Number 19-17074. In this case, in which the petitioners originally named Aramco Services Company (“ASC”) and Aramco as respondents, Judge Miller of the Southern District of Texas granted ASC’s motion to dismiss because “ASC is not bound to the arbitration agreement and none of the theories to bind a nonsignatory apply.” (Dkt. 47 at p. 7) The dismissal rulings by Judge Miller and Judge White left as the lone remaining named respondent Aramco, which, as Judge Miller noted, dissolved 25 years before the arbitration proceeding at issue. (Dkt. 47 at p. 1) This case was then reassigned to the undersigned judge.

Since Aramco has not existed for decades, the petitioners sought leave from the Court to amend their petition to name Saudi Aramco as a respondent. (Dkt. 50 at p. 14) The Court granted leave to amend. (Dkt. 55)

## **THE NEW YORK CONVENTION**

United States District Courts have federal question jurisdiction over petitions to confirm awards under the Convention. *See* 9 U.S.C. § 203; *see also* 28 U.S.C. § 1331. The text of the Convention is contained at pages 2517 to 2566 of Volume 21 of a United States Department of State publication entitled United States Treaties and Other International Agreements. *See* 21 U.S.T. 2517. The legislation implementing the Convention is contained in Chapter 2 of the Federal Arbitra-



tion Act (“the FAA”). *GE Energy Power Conversion France SAS, Corp. v. Outokumpu Stainless USA, LLC*, 140 S. Ct. 1637, 1644 (2020).

An action to confirm an international arbitration award is not “an ordinary civil action” but “a summary procedure in the nature of federal motion practice[.]” *Imperial Ethiopian Government v. Baruch-Foster Corp.*, 535 F.2d 334, 335, 337 & n.2 (5th Cir. 1976). “The court shall confirm the award unless it finds one of the grounds for refusal or deferral of recognition or enforcement of the award specified in the said Convention.” 9 U.S.C. § 207. The Court has examined the evidence in the record and will not confirm the IAC arbitration award. The Court finds that the following three grounds for refusal to confirm exist:

- (1) There was no agreement to arbitrate between the petitioners and Saudi Aramco;
- (2) The question of whether the 1949 deed memorialized a lease or a sale fell outside the scope of the arbitration clause invoked by the petitioners; and
- (3) The IAC proceeding did not conform to the procedures outlined in the arbitration clause invoked by the petitioners.

**A. The Court Will Not Confirm the Petitioners’ Award Because There Was No Agreement to Arbitrate Between the Petitioners and Saudi Aramco.**

In United States federal courts, the absence of a valid agreement to arbitrate is a ground for refusing to confirm an arbitration award under the Convention. *In re Arbitration between Exceed International Limited*

*v. DSL Corp.*, No. 4:13-CV-2572, 2014 WL 1761264, at \*4-5 (S.D. Tex. Apr. 30, 2014) (Atlas, J.) (discussing *Sarhank Group v. Oracle Corp.*, 404 F.3d 657, 662 (2d Cir. 2005); *China Minmetals Materials Import and Export Company, Ltd. v. Chi Mei Corp.*, 334 F.3d 274, 286 (3d Cir. 2003); and *VRG Linhas Aereas S.A. v. MatlinPatterson Global Opportunities Partners II, L.P.*, 717 F.3d 322, 325 (2d Cir. 2013)). That ground for refusal is found in Article V(2) of the Convention, which provides that a United States federal court is not required to confirm an award when the subject matter of the parties' difference is not capable of settlement by arbitration under United States law or when enforcement would be contrary to the public policy of the United States. *Id.*; see also Article V(2) of the Convention, 21 U.S.T. at 2520 ("Recognition and enforcement of an arbitral award may also be refused if the competent authority in the country where recognition and enforcement is sought finds that . . . [t]he subject matter of the difference is not capable of settlement by arbitration under the law of that country . . . or . . . [t]he recognition or enforcement of the award would be contrary to the public policy of that country."). Under United States law, a valid agreement to arbitrate is a prerequisite for an enforceable arbitration award; and the enforcement of an arbitration award when there was no valid agreement to arbitrate is contrary to the public policy of the United States. *Exceed*, 2014 WL 1761264 at \*4-5.

Here, there was no agreement to arbitrate. The petitioners rely on the arbitration provisions of the 1933 agreement to establish the existence of an arbitration agreement between them and Saudi Aramco. It is undisputed that the petitioners and Saudi Aramco

are nonsignatories to the 1933 agreement. Although nonsignatories can, under certain circumstances, enforce and be bound by arbitration agreements, the petitioners here cannot enforce the arbitration provisions of the 1933 agreement, even assuming that Saudi Aramco is bound by those provisions.

As a preliminary matter, the Court notes that Chapter 1 of the FAA applies to proceedings that are brought under Chapter 2 to the extent that Chapter 1 is not in conflict with Chapter 2 or the Convention. *GE Energy*, 140 S. Ct. at 1644; *see also* 9 U.S.C. § 208. Chapter 1 and Chapter 2 are not in conflict on the question of whether a nonsignatory to an arbitration agreement, like petitioners and Saudi Aramco here, can invoke or be bound by that agreement. *Todd v. Steamship Mutual Underwriting Association (Bermuda) Limited*, 601 F.3d 329, 334-35 & n.10 (5th Cir. 2010). Rather, “in both FAA and Convention cases, courts have largely relied on the same common law contract and agency principles to determine whether nonsignatories must arbitrate[.] Consequently, . . . cases discussing whether nonsignatories can be compelled to arbitrate under the FAA are relevant for this case governed by the New York Convention.” *Id.* at 334-35.

“The federal policy favoring arbitration does not apply to the determination of whether there is a valid agreement to arbitrate between the parties.” *Morrison v. Amway Corp.*, 517 F.3d 248, 254 (5th Cir. 2008) (quotation marks omitted). Moreover, “[a]rbitration agreements apply to nonsignatories only in rare circumstances.” *Bridas S.A.P.I.C. v. Government of Turkmenistan*, 345 F.3d 347, 358 (5th Cir. 2003). So, “[w]here the very existence of any agreement is dis-

puted, it is for the courts to decide at the outset whether an agreement was reached, applying state-law principles of contract.” *Will-Drill Resources, Inc. v. Samson Resources Company*, 352 F.3d 211, 218 (5th Cir. 2003). “Courts addressing whether a non-signatory can enforce an arbitration agreement are guided by traditional principles of state law, which allow a contract to be enforced by or against nonparties to the contract through assumption, piercing the corporate veil, alter ego, incorporation by reference, third-party beneficiary theories, waiver and estoppel.” *Halliburton Energy Services, Inc. v. Ironshore Specialty Insurance Company*, 921 F.3d 522, 531 (5th Cir. 2019) (quotation marks omitted).

With these bedrock guidelines in mind, the Court will analyze the question of whether the petitioners can invoke the arbitration provisions of the 1933 agreement using “Texas law, which is the law of the forum, there having been no showing that the law of any other arguably more appropriate state materially differs in respect to the present issue.” *Morrison*, 517 F.3d at 254; *see also Exceed*, 2014 WL 1761264 at \*6-7 (applying Texas law in a proceeding to enforce an arbitration award under the Convention). Under Texas law, “[w]ho is bound by an arbitration agreement is normally a function of the parties’ intent, as expressed in the agreement’s terms.” *Jody James Farms, JV v. Altman Group, Inc.*, 547 S.W.3d 624, 633 (Tex. 2018). When addressing the matter of whether nonsignatories are bound by an arbitration agreement, Texas courts “endeavor to keep [Texas substantive law] consistent with federal law.” *In re Labatt Food Service, L.P.*, 279 S.W.3d 640, 643 (Tex. 2009). Drawing on federal law, the Texas Supreme

Court has “articulated six scenarios in which arbitration with non-signatories may be required: (1) incorporation by reference, (2) assumption, (3) agency, (4) alter ego, (5) equitable estoppel, and (6) third-party beneficiary.” *Jody James Farms*, 547 S.W.3d at 633; *see also In re Kellogg Brown & Root Inc.*, 166 S.W.3d 732, 739 (Tex. 2005).

The petitioners have provided a lengthy discourse on Texas contract law but have not put forward a viable basis on which they can establish entitlement to enforce the arbitration provisions of the 1933 agreement. (Dkt. 119 at pp. 11-24) They argue that the following three principles listed in *Jody James Farms* allow them to enforce the arbitration provisions: incorporation by reference; equitable estoppel; and third-party beneficiary. (Dkt. 119 at pp. 16-22) The petitioners also argue, citing *Labatt*, that their claims are derivative of the Government’s rights. (Dkt. 119 at pp. 22-23) The Court disagrees with all of the petitioners’ contentions.

### **i. Incorporation By Reference**

The first principle allowing nonsignatory enforcement that the petitioners invoke is incorporation by reference. The petitioners argue that the 1949 deed incorporated the arbitration provisions of the 1933 agreement through the two references to the 1933 agreement in the following language:

For the good and valuable consideration to be paid to us, we the undersigned, for our property under the Deed No. 124, in connection with the Plots of Land stated in such Deed, we hereby give and transfer, each for himself and on behalf of his heirs, guardians

and lawful representatives, to the Arab American Oil Company, being the Company referred to in the said Deed, its successor and whomever it appoints, the right to use and occupy the mentioned Plots of Land, for the purposes of the Saudi Arabian Concession, concluded on 4 Safar 1352 H., corresponding to 29 July 1933 G. and any additional agreements that may be annexed thereto. We hereby declare and affirm that the rights of the said Company, as to using and occupying the said Plots of Land, are based on the requirements of Article (25) of the said Concession, and we hereby further agree to safeguard the said Company, its successors and whomever it may appoint, against all claims, in the past, at present and in future, by any person claiming ownership or interest in any one of the said Plots of Land.

Dkt. 77 at p. 6; Dkt. 77-3 at p. 6.

The Court finds this argument unpersuasive. Under Texas law, a party arguing that a contract incorporated an arbitration provision from another contract must show “express incorporation of binding arbitration” and a “clear, unequivocal and unconditional agreement to arbitrate[.]” *Cerveceria Cuauhtemoc Moctezuma S.A. de C.V. v. Montana Beverage Co.*, 330 F.3d 284, 287 (5th Cir. 2003); *see also Seale v. Roy M. Mitchell Contracting Co.*, 321 S.W.2d 149, 150–51 (Tex. Civ. App.—Austin 1959, writ ref’d)<sup>6</sup> (holdi-

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<sup>6</sup> The Texas Supreme Court assigned *Seale* a “writ ref’d” notation, which means that, although the opinion was issued by an intermediate appellate court, the Texas Supreme Court adopted the opinion and judgment as its own. *In re Smith Barney, Inc.*,

ng that contracting parties will be deemed to have incorporated the arbitration provisions of a separate contract “only when the terms of their contract are clear and certain in showing that they had such intention”). Neither the “Saudi Arabian Concession” reference nor the more specific reference to Article 25 of the 1933 agreement was sufficient to incorporate the arbitration provisions of the 1933 agreement.

Take the reference to Article 25. In its entirety, Article 25 read:

The Government authorizes to [sic] company to obtain from the owner of the land the surface rights of the lands which the Company deems necessary for use in its works pertaining to this project, provided that the Company shall pay to the occupant of the lands an allowance in consideration for abandoning the use of such lands. However, the amount to be paid to it (occupant) must be fair and based on the benefit which the occupant of the land obtains from it. The Government shall extend to the Company all reasonable assistance in case of difficulties arising out of obtaining the rights from the occupant of the surface of the land. Naturally, the Company shall have no right to obtain the holy sites nor occupy them. Dkt. 77-1 at p. 14.

Incorporation of this language, which only discusses the acquisition and transfer of surface rights to

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975 S.W.2d 593, 596 (Tex. 1998). In other words, *Seale* has the same precedential weight as an opinion of the Texas Supreme Court.

land, did not constitute incorporation of any arbitration provisions. The 1933 agreement's arbitration provisions were contained in Article 31, not Article 25, and Article 25 of the 1933 agreement did not mention either Article 31 or arbitration. (Dkt. 77-1 at pp. 14, 16–17) Furthermore, the language from the 1949 deed did not mention either arbitration or Article 31 of the 1933 agreement; and Article 31 of the 1933 agreement did not mention arbitration involving anyone but the Government and SoCal. (Dkt. 77-1 at pp. 16–17; Dkt. 77-3 at p. 6) The Court finds that these arguments attempting to link the 1949 deed to Article 31 of the 1933 agreement through a reference in the 1949 deed to Article 25 of the 1933 agreement cannot establish a “clear, unequivocal and unconditional agreement to arbitrate” under Texas law. *Cerveceria*, 330 F.3d at 287.

The petitioners also cannot rely on the “Saudi Arabian Concession” reference, meaning the 1949 deed's statement that it transferred to Aramco “the right to use and occupy the mentioned Plots of Land, for the purposes of the Saudi Arabian Concession[.]” (Dkt. 77-3 at p. 6) Read in context, the “Saudi Arabian Concession” reference was merely another reference to Article 25.

*Seale* provides a helpful analogy. In *Seale*, a contractor argued that a subcontract incorporated the arbitration provisions of a principal contract, even though the principal contract only “contained provisions for arbitrating disputes between the [contractor's client] and [the contractor.]” *Seale*, 321 S.W.2d at 149-50. The contractor based his argument on language in the subcontract providing that the subcontractor would “comply with all terms and con-



ditions pertaining to his part of the work as contained in the [principal] contract . . . , as attached to the plans and specifications and made a part of the contract of which is herein included in this agreement.” *Id.* at 150 (emphasis removed). The *Seale* Court disagreed with the contractor and held that “the only terms and provisions of the main contract incorporated in the subcontract by its terms were those provisions which relate to the performance of the work [the subcontractor] contracted to do.” *Id.* at 151. “The arbitration provisions d[id] not fit th[at] classification.” *Id.* Accordingly, there was “no clear incorporation of the arbitration provisions of the principal contract into the subcontract[.]” *Id.*

So it is here with the “Saudi Arabian Concession” reference; the reference incorporated, if anything, only the terms of the 1933 agreement discussing Aramco’s “right to use and occupy the mentioned Plots of Land”—namely, Article 25. (Dkt. 77-3 at p. 6) The arbitration provisions of Article 31, which only contained provisions discussing dispute resolution between the Government and SoCal, were certainly not clearly included in that reference. The “Saudi Arabian Concession” reference did not demonstrate a clear incorporation of the 1933 agreement’s arbitration provisions into the 1949 deed.

Under these circumstances, the 1949 deed’s two references to the 1933 agreement did not constitute an express incorporation of binding arbitration or a clear, unequivocal, and unconditional agreement to arbitrate.

## ii. Equitable Estoppel

The petitioners next argue that they may enforce the arbitration provisions of the 1933 agreement under the principle of equitable estoppel. (Dkt. 119 at pp. 12, 19-21) Equitable estoppel is a matter of judicial discretion and can be a difficult doctrine to articulate and apply in the arbitration context. *Bridas*, 345 F.3d at 360-61 & n.12; *see also Grigson v. Creative Artists Agency, L.L.C.*, 210 F.3d 524, 531 (5th Cir. 2000) (Dennis, J., dissenting) (quoting 4 Richard A. Lord, *Williston on Contracts* § 8.5, at 73 (4th ed. 1992)) (“[N]early anything can be called estoppel. When a lawyer or a judge does not know what other name to give for his decision to decide a case in a certain way, he says there is an estoppel.”). Even so, the caselaw defines two specific theories of equitable estoppel mentioned by the petitioners: “direct benefits” estoppel and “intertwined claims” estoppel. (Dkt. 119 at pp. 12, 19-21) “Direct benefits estoppel applies when a nonsignatory knowingly exploits the agreement containing the arbitration clause.” *Bridas*, 345 F.3d at 361-62 (quotation marks omitted). Under the intertwined claims estoppel theory, “non-signatories can successfully compel arbitration when (1) they have a close relationship with a signatory to a contract with an arbitration agreement and (2) the claims are intimately founded in and intertwined with the underlying contract obligations.” *Jody James Farms*, 547 S.W.3d at 639 (quotation marks omitted).

Regardless of the name the petitioners use for it, the Court declines to apply any equitable estoppel theory here for one fundamental reason: no one has sued the petitioners on the 1933 agreement. Equitable estoppel theories exist to prevent a “*plaintiff* from

relying upon the *defendants'* status as a nonsignatory to prevent the *defendants* from compelling arbitration under the agreement." *Bridas*, 345 F.3d at 360 (emphasis on first two italicized words added); see also *Jody James Farms*, 547 S.W.3d at 637 ("In the archetypal direct-benefits case, the party *opposing* arbitration seeks to enforce the terms of an agreement with an arbitration clause.") (emphasis added). Courts applying equitable estoppel recognize that a "plaintiff cannot, on the one hand, seek to hold the nonsignatory liable pursuant to duties imposed by the agreement, which contains an arbitration provision, but, on the other hand, deny arbitration's applicability because the defendant is a nonsignatory." *Bridas*, 345 F.3d at 361. That did not happen here; no plaintiff ever sought to hold the petitioners liable pursuant to duties imposed by the 1933 agreement. In the 2011 proceedings in the Saudi Arabian courts, the petitioners were the ones seeking to hold Saudi Aramco liable—and those proceedings were based on the 1949 deed.

Recognizing this problem, the petitioners argue that "Aramco and Saudi Aramco" have sought indemnity from the petitioners in the past for "harm, encumbrances, or damages they do to the land or third-party adjacent lands." (Dkt. 119 at p. 21) The petitioners point to letters in the record that they claim show that Aramco and Saudi Aramco "have been sued in Saudi Courts for damages" in the past and have asked the petitioners "to pay for damages and indemnify them, or defend them in Saudi Court." (Dkt. 119 at p. 21; Dkt. 121-2) However, the letters provided by the petitioners do not show that anyone, much less Aramco or Saudi Aramco specifically, ever invoked the 1933 agreement against them; when the

letters requested indemnification, they did so pursuant to the 1949 deed. (Dkt. 121-2 at pp. 7, 29, 31) The 1933 agreement did not even contain any provisions addressing indemnification of SoCal, the Government, or their successors by landowners. (Dkt. 77-1) The petitioners' equitable estoppel argument, in other words, is a recasting of their already-rejected argument that the 1949 deed incorporated the 1933 agreement by reference. Accordingly, the Court will not apply equitable estoppel to allow the petitioners to invoke the arbitration provisions of the 1933 agreement.

### **iii. Third-Party Beneficiary**

The petitioners next argue that they can enforce the arbitration provisions of the 1933 agreement using the third-party beneficiary doctrine. (Dkt. 119 at pp. 21-22) The Court also finds this argument unpersuasive.

“Parties are presumed to be contracting for themselves only. This presumption may be overcome only if the intent to make someone a third-party beneficiary is clearly written or evidenced in the contract.” *Bridas*, 345 F.3d at 362 (citation and quotation marks omitted). Texas third-party beneficiary law comports with the Fifth Circuit’s general statement in *Bridas*:

Like other contracts, arbitration agreements may also be enforced by third-party beneficiaries, so long as the parties to the contract intended to secure a benefit to that third party and entered into the contract directly for the third party’s benefit. The benefit must be more than incidental, and

the contracting parties' intent to confer a direct benefit to a third party must be clearly and fully spelled out or enforcement by the third party must be denied. Whether the third party intended or expected to benefit from the contract is irrelevant, because only the intention of the contracting parties in this respect is of controlling importance.

*Jody James Farms*, 547 S.W.3d at 635 (footnotes and quotation marks omitted).

The petitioners do not specify any language in the 1933 agreement indicating that the Government and SoCal entered into the 1933 agreement directly for the petitioners' benefit, and the Court can find no such language on its own. The provisions of Article 25 regarding the acquisition of surface rights did nothing more than allocate the responsibilities for such acquisition between the Government and SoCal; they did not, for instance, "identify a specific sum which the [Government and SoCal were to] pay to a certain person or entity" or "illustrate a clear intent to repay a debt owed[,]" so they cannot rebut the presumption that the Government and SoCal contracted for themselves only. *Tawes v. Barnes*, 340 S.W.3d 419, 426-29 (Tex. 2011) ("The [oil and gas operating] Agreements demonstrate that the clear intent of the signatories thereto was to allocate responsibilities for the payment of operating expenses for the specific purpose of maintaining each . . . lease, not to directly benefit [a nonsignatory lessor who was claiming third-party beneficiary status]."); *see also Brown v. Fullenweider*, 52 S.W.3d 169, 170 (Tex. 2001) (holding that a decree of divorce was not a third-

party beneficiary agreement in favor of one party's attorney because the decree did not name the attorney and merely allocated responsibility for the payment of his fees, along with other financial obligations, between the parties). At best, the petitioners were incidental beneficiaries of the 1933 agreement, which does not entitle them to utilize the third-party beneficiary doctrine.

#### **iv. Derivative Claims**

Finally, the petitioners argue that they can enforce the arbitration provisions of the 1933 agreement because their claims are derivative of the Government's rights. (Dkt. 119 at pp. 22-23) For this proposition, the petitioners cite *Labatt*, in which the Texas Supreme Court held that wrongful death beneficiaries are bound by a decedent's agreement to arbitrate because the beneficiaries "stand in [the decedent's] legal shoes[.]" *Labatt*, 279 S.W.3d at 645-47.

The Court disagrees with petitioners' argument. The principle established by *Labatt* is not applicable under the facts of this case. The Texas wrongful-death statutes provide a "right of statutory beneficiaries to maintain a wrongful death action [that] is entirely derivative of the decedent's right to have sued for his own injuries immediately prior to his death." *Id.* at 644. By contrast, the petitioners' claims were in no way derivative of any claimed right of the Government to sue for unpaid rent. To the contrary, the petitioners have consistently argued that they, and not the Government, own the land discussed in the 1949 deed. In fact, the reason the petitioners initiated this arbitration in the first place was to circumvent the findings of a Saudi Legal Committee and the President of the

Council of Ministers that the Government owns the land at issue. (Dkt. 111-1 at pp. 13-14, 243-44, 296-97) Under these facts, the petitioners cannot use *Labatt* to establish an agreement to arbitrate.

There was no agreement to arbitrate between the petitioners and Saudi Aramco. Accordingly, under Article V(2) of the Convention, the Court refuses to confirm the petitioners' arbitration award.

**B. The Court Will Not Confirm the Petitioners' Award Because the Question of Whether the 1949 Deed Memorialized a Lease or a Sale Fell Outside the Scope of the Arbitration Clause Invoked By the Petitioners.**

A second ground for refusing to confirm an award under the Convention is listed in Article V(1)(c). Under Article V(1)(c), a court may refuse to confirm an award upon “proof that . . . [t]he award deals with a difference not contemplated by or not falling within the terms of the submission to arbitration, or it contains decisions on matters beyond the scope of the submission to arbitration[.]” *See* 21 U.S.T. 2520. That ground applies here.

As Judge White found in the California case, the scope of the 1933 agreement “was limited to the grant of rights in the extraction of hydrocarbons on public and private lands as granted by the Kingdom of Saudi Arabia.” *Chevron*, 2019 WL 4729467 at \*7. The 1933 agreement's arbitration clause “does not purport to cover a dispute concerning money allegedly owed under a deed transferring private rights and the title of land to another party.” *Id.* The Court agrees with Judge White. The question of whether the 1949 deed memorialized a lease or a sale fell out-

side the scope of the 1933 agreement's arbitration provisions. Accordingly, under Article V(1)(c) of the Convention, the Court refuses to confirm the petitioners' arbitration award.

**C. The Court Will Not Confirm the Petitioners' Award Because the IAC Proceeding Did Not Conform to the Procedures Outlined in the Arbitration Clause Invoked By the Petitioners.**

A third ground for refusing to confirm an award under the Convention is listed in Article V(1)(d). Under Article V(1)(d), a court may refuse to confirm an award upon "proof that . . . [t]he composition of the arbitral authority or the arbitral procedure was not in accordance with the agreement of the parties[.]" See 21 U.S.T. 2520. That ground applies here.

The arbitration provisions of the 1933 agreement explicitly set out an *ad hoc* process whereby:

the issue shall be referred to two arbitrators with each party appointing one of the two arbitrators and with the two arbitrators appointing an umpire prior to proceeding to arbitration. Each party shall appoint its arbitrator within thirty days of the date of the application made to it in writing by the other party. Should the two arbitrators fail to appoint the umpire, then the Government and the Company shall at that point appoint an umpire by consent and should both of them fail to agree, then they should apply to the President of the Permanent International Court of Justice to appoint an umpire. The award passed by the two arbitrators in the



case shall be final. However, if they failed to agree, then the award of the arbitrators in the case shall be final.<sup>7</sup> As regards the place of arbitration, the two parties shall agree on it and if they failed to agree to that then it shall be in the Hague (Holland).

Dkt. 77-1 at pp. 16-17.

As Judge White succinctly found in the California case, “[n]one of these procedures were followed as required.” *Chevron*, 2019 WL 4729467 at \*6. Instead of pursuing an *ad hoc* arbitration in Holland, the petitioners unilaterally commenced an institutional arbitration in Egypt through the IAC over the objections of all of the respondents, including Saudi Aramco. *Id.* The makeup of the arbitral panel did not conform to the requirements of the arbitration clause, as the arbitrators and umpire were not properly selected; “[t]here were multiple resignations of appointed arbitrators, some in protest of the proceedings, and a rotating cast of arbitrators filled the positions vacated by others.” *Id.* Most alarmingly of all, the tribunal issued an opinion holding that it lacked jurisdiction over the dispute, then, with different members, reopened the arbitration and issued a second opinion holding not only that it had jurisdiction but that the petitioners were entitled to \$18 billion. *Id.* The record in this case supports every one of Judge White’s findings under Article V(1)(d) in the California case, and this Court seconds those findings.

The IAC proceeding did not conform to the procedures outlined in the 1933 agreement’s arbitration pro-

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<sup>7</sup> As previously noted, it seems that the phrase “award of the arbitrators” in this sentence should read “award of the umpire.”

visions. Accordingly, under Article V(1)(d) of the Convention, the Court refuses to confirm the petitioners' arbitration award.

### CONCLUSION

The Court will not confirm the petitioners' arbitration award under Articles V(1)(c), V(1)(d), and V(2) of the Convention, irrespective of whether the respondent is Saudi Aramco or any other party. The petitioners' motion to confirm their award (Dkt. 108) is DENIED, and this matter is DISMISSED. All other motions are denied as moot. The Court will issue a final judgment simultaneously with this opinion.

SIGNED at Houston, Texas, this 17th day of November, 2020.

/s/ George C. Hanks, Jr.  
United States District Judge

**FINAL JUDGMENT OF THE  
UNITED STATES DISTRICT COURT FOR  
THE SOUTHERN DISTRICT OF TEXAS  
(NOVEMBER 17, 2020)**

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION

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WALEED BIN AL-QARQANI, ET AL.,

*Plaintiffs,*

v.

ARAB AMERICAN OIL COMPANY, ET AL.,

*Defendants.*

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Civil Action No. 4:18-CV-1807

Before: George C. HANKS, JR.,  
United States District Judge.

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**FINAL JUDGMENT**

For the reasons set forth in the Court's simultaneously issued Memorandum Opinion and Order, Petitioners' Second Amended Petition for Enforcement of Foreign Arbitral Award (Dkt. 108) is DENIED, and this matter is DISMISSED. All other motions are DENIED as moot. THIS IS A FINAL, APPEALABLE JUDGMENT.

App.50a

SIGNED at Houston, Texas, this 17th day of  
November, 2020.

/s/ George C. Hanks, Jr.  
United States District Judge

**HEARING MINUTE ORDER GRANTING  
APPELLANTS LEAVE TO AMEND PETITION  
(NOVEMBER 15, 2019)**

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WALEED BIN AL-QARQANI, ET AL.,

v.

ARAB AMERICAN OIL COMPANY, ET AL.,

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Cause No. 4:18-CV-1807

Hearing Type: Status conference

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**HEARING MINUTES**

At the hearing, the following rulings were made as stated on the record:

A status conference was held as stated on the record. The Court GRANTS the petitioners' request for leave to amend their petition to add Saudi Aramco and ORDERS the petitioners to serve Saudi Aramco by December 15, 2019. The Court will hold a status conference on December 23, 2019 at 10:00 a.m. The Court ORDERS the petitioners to serve Saudi Aramco with notice of the status conference.

**ORDER OF THE UNITED STATES COURT  
OF APPEALS FOR THE FIFTH CIRCUIT  
DENYING PETITION FOR REHEARING  
(JANUARY 4, 2022)**

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UNITED STATES COURT OF APPEALS  
FOR THE FIFTH CIRCUIT

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AL-WALEED KHALID ABU AL-WALEED AL  
HOOD AL-QARQANI; AHMED KHALID ABU AL-  
WALEED AL HOOD AL-QARQANI; NAOUM AL-  
DOHA KHALID ABU AL-WALEED AL HOOD AL-  
QARQANI; HEIRS OF KHALID ABU AL-WALEED  
AL HOOD AL-QARQANI; SHAHA KHALID ABU  
AL-WALEED AL HOOD AL QARQANI; NISREEN  
MUSTAFA JAWAD ZIKRI,

*Plaintiffs-Appellants,*

v.

SAUDI ARABIAN OIL COMPANY,

*Defendant-Appellee.*

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No. 21-20034

Appeal from the United States District Court  
for the Southern District of Texas  
USDC No. 4:18-CV-1807

Before: JOLLY, HAYNES, and OLDHAM,  
Circuit Judges.

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PER CURIAM:

The petition for panel rehearing is DENIED. Because no member of the panel or judge in regular active service requested that the court be polled on rehearing en banc (Fed. R. App. P. 35 and 5th Cir. R. 35), the petition for rehearing en banc is DENIED.

Judges Carolyn Dineen King, Jacques L. Wiener, Jr., and James L. Dennis, did not participate in the consideration of the rehearing en banc.

**NEW YORK CONVENTION ON THE  
RECOGNITION AND ENFORCEMENT  
OF FOREIGN ARBITRAL AWARDS  
(JUNE 10, 1958)**

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**NEW YORK CONVENTION OF 1958  
PRINTED SECTIONS OF TREATY**

**Article I**

1. This Convention shall apply to the recognition and enforcement of arbitral awards made in the territory of a State other than the State where the recognition and enforcement of such awards are sought, and arising out of differences between persons, whether physical or legal. It shall also apply to arbitral awards not considered as domestic awards in the State where their recognition and enforcement are sought.

2. The term “arbitral awards” shall include not only awards made by arbitrators appointed for each case but also those made by permanent arbitral bodies to which the parties have submitted.

3. When signing, ratifying or acceding to this Convention, or notifying extension under article X hereof, any State may on the basis of reciprocity declare that it will apply the Convention to the recognition and enforcement of awards made only in the territory of another Contracting State. It may also declare that it will apply the Convention only to differences arising out of legal relationships, whether contractual or not, which are considered as commercial under the national law of the State making such declaration.



## **Article II**

1. Each Contracting State shall recognize an agreement in writing under which the parties undertake to submit to arbitration all or any differences which have arisen or which may arise between them in respect of a defined legal relationship, whether contractual or not, concerning a subject matter capable of settlement by arbitration.

2. The term “agreement in writing” shall include an arbitral clause in a contract or an arbitration agreement, signed by the parties or contained in an exchange of letters or telegrams.

3. The court of a Contracting State, when seized of an action in a matter in respect of which the parties have made an agreement within the meaning of this article, shall, at the request of one of the parties, refer the parties to arbitration, unless it finds that the said agreement is null and void, inoperative or incapable of being performed.

## **Article III**

Each Contracting State shall recognize arbitral awards as binding and enforce them in accordance with the rules of procedure of the territory where the award is relied upon, under the conditions laid down in the following articles. There shall not be imposed substantially more onerous conditions or higher fees or charges on the recognition or enforcement of arbitral awards to which this Convention applies than are imposed on the recognition or enforcement of domestic arbitral awards.

#### **Article IV**

1. To obtain the recognition and enforcement mentioned in the preceding article, the party applying for recognition and enforcement shall, at the time of the application, supply:

- (a) The duly authenticated original award or a duly certified copy thereof;
- (b) The original agreement referred to in article II or a duly certified copy thereof.

2. If the said award or agreement is not made in an official language of the country in which the award is relied upon, the party applying for the recognition and enforcement of the award shall produce a translation of these documents into such language. The translation shall be certified by an official or sworn translator or by a diplomatic or consular agent.

#### **Article V**

1. Recognition and enforcement of the award may be refused, at the request of the party against whom it is invoked, only if that party furnishes to the competent authority where the recognition and enforcement is sought, proof that:

- (a) The parties to the agreement referred to in article II were, under the law applicable to them, under some incapacity, or the said agreement is not valid under the law to which the parties have subjected it or, failing any indication thereon, under the law of the country where the award was made; or
- (b) The party against whom the award is invoked was not given proper notice of the appoint-

ment of the arbitrator or of the arbitration proceedings or was otherwise unable to present his case; or

- (c) The award deals with a difference not contemplated by or not falling within the terms of the submission to arbitration, or it contains decisions on matters beyond the scope of the submission to arbitration, provided that, if the decisions on matters submitted to arbitration can be separated from those not so submitted, that part of the award which contains decisions on matters submitted to arbitration may be recognized and enforced; or
- (d) The composition of the arbitral authority or the arbitral procedure was not in accordance with the agreement of the parties, or, failing such agreement, was not in accordance with the law of the country where the arbitration took place; or
- (e) The award has not yet become binding on the parties, or has been set aside or suspended by a competent authority of the country in which, or under the law of which, that award was made.

2. Recognition and enforcement of an arbitral award may also be refused if the competent authority in the country where recognition and enforcement is sought finds that:

- (a) The subject matter of the difference is not capable of settlement by arbitration under the law of that country; or

- (b) The recognition or enforcement of the award would be contrary to the public policy of that country.

## **Article VI**

If an application for the setting aside or suspension of the award has been made to a competent authority referred to in article V(1)(e), the authority before which the award is sought to be relied upon may, if it considers it proper, adjourn the decision on the enforcement of the award and may also, on the application of the party claiming enforcement of the award, order the other party to give suitable security.

## **Article VII**

1. The provisions of the present Convention shall not affect the validity of multilateral or bilateral agreements concerning the recognition and enforcement of arbitral awards entered into by the Contracting States nor deprive any interested party of any right he may have to avail himself of an arbitral award in the manner and to the extent allowed by the law or the treaties of the country where such award is sought to be relied upon.

2. The Geneva Protocol on Arbitration Clauses of 1923 and the Geneva Convention on the Execution of Foreign Arbitral Awards of 1927 shall cease to have effect between Contracting States on their becoming bound and to the extent that they become bound, by this Convention.

## **Article VIII**

1. This Convention shall be open until 31 December 1958 for signature on behalf of any Member of the

United Nations and also on behalf of any other State which is or hereafter becomes a member of any specialized agency of the United Nations, or which is or hereafter becomes a party to the Statute of the International Court of Justice, or any other State to which an invitation has been addressed by the General Assembly of the United Nations.

2. This Convention shall be ratified and the instrument of ratification shall be deposited with the Secretary-General of the United Nations.

### **Article IX**

1. This Convention shall be open for accession to all States referred to in article VIII.

2. Accession shall be effected by the deposit of an instrument of accession with the Secretary-General of the United Nations.

### **Article X**

1. Any State may, at the time of signature, ratification or accession, declare that this Convention shall extend to all or any of the territories for the international relations of which it is responsible. Such a declaration shall take effect when the Convention enters into force for the State concerned.

2. At any time thereafter any such extension shall be made by notification addressed to the Secretary-General of the United Nations and shall take effect as from the ninetieth day after the day of receipt by the Secretary-General of the United Nations of this notification, or as from the date of entry into force of the Convention for the State concerned, whichever is the later.

3. With respect to those territories to which this Convention is not extended at the time of signature, ratification or accession, each State concerned shall consider the possibility of taking the necessary steps in order to extend the application of this Convention to such territories, subject, where necessary for constitutional reasons, to the consent of the Governments of such territories.

## **Article XI**

In the case of a federal or non-unitary State, the following provisions shall apply:

- (a) With respect to those articles of this Convention that come within the legislative jurisdiction of the federal authority, the obligations of the federal Government shall to this extent be the same as those of Contracting States which are not federal States;
- (b) With respect to those articles of this Convention that come within the legislative jurisdiction of constituent states or provinces which are not, under the constitutional system of the federation, bound to take legislative action, the federal Government shall bring such articles with a favorable recommendation to the notice of the appropriate authorities of constituent states or provinces at the earliest possible moment;
- (c) A federal State Party to this Convention shall, at the request of any other Contracting State transmitted through the Secretary-General of the United Nations, supply a statement of the law and practice of the

federation and its constituent units in regard to any particular provision of this Convention, showing the extent to which effect has been given to that provision by legislative or other action.

## **Article XII**

1. This Convention shall come into force on the ninetieth day following the date of deposit of the third instrument of ratification or accession.

2. For each State ratifying or acceding to this Convention after the deposit of the third instrument of ratification or accession, this Convention shall enter into force on the ninetieth day after deposit by such State of its instrument of ratification or accession.

## **Article XIII**

1. Any Contracting State may denounce this Convention by a written notification to the Secretary-General of the United Nations. Denunciation shall take effect one year after the date of receipt of the notification by the Secretary-General.

2. Any State which has made a declaration or notification under article X may, at any time thereafter, by notification to the Secretary-General of the United Nations, declare that this Convention shall cease to extend to the territory concerned one year after the date of the receipt of the notification by the Secretary-General.

3. This Convention shall continue to be applicable to arbitral awards in respect of which recognition or enforcement proceedings have been instituted before the denunciation takes effect.

#### **Article XIV**

A Contracting State shall not be entitled to avail itself of the present Convention against other Contracting States except to the extent that it is itself bound to apply the Convention.

#### **Article XV**

The Secretary-General of the United Nations shall notify the States contemplated in article VIII of the following:

- (a) Signatures and ratifications in accordance with article VIII;
- (b) Accessions in accordance with article IX;
- (c) Declarations and notifications under articles I, X and XI;
- (d) The date upon which this Convention enters into force in accordance with article XII;
- (e) Denunciations and notifications in accordance with article XIII.

#### **Article XVI**

1. This Convention, of which the Chinese, English, French, Russian and Spanish texts shall be equally authentic, shall be deposited in the archives of the United Nations.

2. The Secretary-General of the United Nations shall transmit a certified copy of this Convention to the States contemplated in article VIII.



**UNITED NATIONS CONVENTION ON  
JURISDICTIONAL IMMUNITIES OF  
STATES AND THEIR PROPERTY  
(DECEMBER 2, 2004)**

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*The States Parties to the present Convention,*

*Considering* that the jurisdictional immunities of States and their property are generally accepted as a principle of customary international law,

*Having in mind* the principles of international law embodied in the Charter of the United Nations,

*Believing* that an international convention on the jurisdictional immunities of States and their property would enhance the rule of law and legal certainty, particularly in dealings of States with natural or juridical persons, and would contribute to the codification and development of international law and the harmonization of practice in this area,

*Taking into account* developments in State practice with regard to the jurisdictional immunities of States and their property,

*Affirming* that the rules of customary international law continue to govern matters not regulated by the provisions of the present Convention,

*Have agreed as follows:*

**Part I  
Introduction**

**Article 1  
Scope of the present Convention**

The present Convention applies to the immunity of a State and its property from the jurisdiction of the courts of another State.

## Article 2

### Use of terms

1. For the purposes of the present Convention:
  - (a) “court” means any organ of a State, however named, entitled to exercise judicial functions;
  - (b) “State” means:
    - (i) the State and its various organs of government;
    - (ii) constituent units of a federal State or political subdivisions of the State, which are entitled to perform acts in the exercise of sovereign authority, and are acting in that capacity;
    - (iii) agencies or instrumentalities of the State or other entities, to the extent that they are entitled to perform and are actually performing acts in the exercise of sovereign authority of the State;
    - (iv) representatives of the State acting in that capacity;
  - (c) “commercial transaction” means:
    - (i) any commercial contract or transaction for the sale of goods or supply of services;
    - (ii) any contract for a loan or other transaction of a financial nature, including any obligation of guarantee or of indem-

nity in respect of any such loan or transaction;

- (iii) any other contract or transaction of a commercial, industrial, trading or professional nature, but not including a contract of employment of persons.

(2) In determining whether a contract or transaction is a “commercial transaction” under paragraph 1(c), reference should be made primarily to the nature of the contract or transaction, but its purpose should also be taken into account if the parties to the contract or transaction have so agreed, or if, in the practice of the State of the forum, that purpose is relevant to determining the non-commercial character of the contract or transaction.

(3) The provisions of paragraphs 1 and 2 regarding the use of terms in the present Convention are without prejudice to the use of those terms or to the meanings which may be given to them in other international instruments or in the internal law of any State.

### **Article 3**

#### **Privileges and immunities not affected by the present Convention**

1. The present Convention is without prejudice to the privileges and immunities enjoyed by a State under international law in relation to the exercise of the functions of:

- (a) its diplomatic missions, consular posts, special missions, missions to international organizations or delegations to organs of international

organizations or to international conferences;  
and

(b) persons connected with them.

2. The present Convention is without prejudice to privileges and immunities accorded under international law to heads of State *ratione personae*.

3. The present Convention is without prejudice to the immunities enjoyed by a State under international law with respect to aircraft or space objects owned or operated by a State.

#### **Article 4**

##### **Non-retroactivity of the present Convention**

Without prejudice to the application of any rules set forth in the present Convention to which jurisdictional immunities of States and their property are subject under international law independently of the present Convention, the present Convention shall not apply to any question of jurisdictional immunities of States or their property arising in a proceeding instituted against a State before a court of another State prior to the entry into force of the present Convention for the States concerned.

#### **Part II**

##### **General principles**

#### **Article 5**

##### **State immunity**

A State enjoys immunity, in respect of itself and its property, from the jurisdiction of the courts of another State subject to the provisions of the present Convention.

## **Article 6**

### **Modalities for giving effect to State immunity**

1. A State shall give effect to State immunity under article 5 by refraining from exercising jurisdiction in a proceeding before its courts against another State and to that end shall ensure that its courts determine on their own initiative that the immunity of that other State under article 5 is respected.

2. A proceeding before a court of a State shall be considered to have been instituted against another State if that other State:

- (a) is named as a party to that proceeding; or
- (b) is not named as a party to the proceeding but the proceeding in effect seeks to affect the property, rights, interests or activities of that other State.

## **Article 7**

### **Express consent to exercise of jurisdiction**

1. A State cannot invoke immunity from jurisdiction in a proceeding before a court of another State with regard to a matter or case if it has expressly consented to the exercise of jurisdiction by the court with regard to the matter or case:

- (a) by international agreement;
- (b) in a written contract; or
- (c) by a declaration before the court or by a written communication in a specific proceeding.

2. Agreement by a State for the application of the law of another State shall not be interpreted as

consent to the exercise of jurisdiction by the courts of that other State.

## **Article 8**

### **Effect of participation in a proceeding before a court**

1. A State cannot invoke immunity from jurisdiction in a proceeding before a court of another State if it has:

- (a) itself instituted the proceeding; or
- (b) intervened in the proceeding or taken any other step relating to the merits. However, if the State satisfies the court that it could not have acquired knowledge of facts on which a claim to immunity can be based until after it took such a step, it can claim immunity based on those facts, provided it does so at the earliest possible moment.

2. A State shall not be considered to have consented to the exercise of jurisdiction by a court of another State if it intervenes in a proceeding or takes any other step for the sole purpose of:

- (a) invoking immunity; or
- (b) asserting a right or interest in property at issue in the proceeding.

3. The appearance of a representative of a State before a court of another State as a witness shall not be interpreted as consent by the former State to the exercise of jurisdiction by the court.

4. Failure on the part of a State to enter an appearance in a proceeding before a court of another

State shall not be interpreted as consent by the former State to the exercise of jurisdiction by the court.

## **Article 9**

### **Counterclaims**

1. A State instituting a proceeding before a court of another State cannot invoke immunity from the jurisdiction of the court in respect of any counterclaim arising out of the same legal relationship or facts as the principal claim.

2. A State intervening to present a claim in a proceeding before a court of another State cannot invoke immunity from the jurisdiction of the court in respect of any counterclaim arising out of the same legal relationship or facts as the claim presented by the State.

3. A State making a counterclaim in a proceeding instituted against it before a court of another State cannot invoke immunity from the jurisdiction of the court in respect of the principal claim.

## **Part III**

### **Proceedings in which State immunity cannot be invoked**

## **Article 10**

### **Commercial transactions**

1. If a State engages in a commercial transaction with a foreign natural or juridical person and, by virtue of the applicable rules of private international law, differences relating to the commercial transaction fall within the jurisdiction of a court of another State, the State cannot invoke immunity from that

jurisdiction in a proceeding arising out of that commercial transaction.

2. Paragraph 1 does not apply:

- (a) in the case of a commercial transaction between States; or
- (b) if the parties to the commercial transaction have expressly agreed otherwise.

3. Where a State enterprise or other entity established by a State which has an independent legal personality and is capable of:

- (a) suing or being sued; and
- (b) acquiring, owning or possessing and disposing of property, including property which that State has authorized it to operate or manage,

is involved in a proceeding which relates to a commercial transaction in which that entity is engaged, the immunity from jurisdiction enjoyed by that State shall not be affected.

## **Article 11**

### **Contracts of employment**

1. Unless otherwise agreed between the States concerned, a State cannot invoke immunity from jurisdiction before a court of another State which is otherwise competent in a proceeding which relates to a contract of employment between the State and an individual for work performed or to be performed, in whole or in part, in the territory of that other State.

2. Paragraph 1 does not apply if:



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- (a) the employee has been recruited to perform particular functions in the exercise of governmental authority;
- (b) the employee is:
  - (i) a diplomatic agent, as defined in the Vienna Convention on Diplomatic Relations of 1961;
  - (ii) a consular officer, as defined in the Vienna Convention on Consular Relations of 1963;
  - (iii) a member of the diplomatic staff of a permanent mission to an international organization or of a special mission, or is recruited to represent a State at an international conference; or
  - (iv) any other person enjoying diplomatic immunity;
- (c) the subject-matter of the proceeding is the recruitment, renewal of employment or reinstatement of an individual;
- (d) the subject-matter of the proceeding is the dismissal or termination of employment of an individual and, as determined by the head of State, the head of Government or the Minister for Foreign Affairs of the employer State, such a proceeding would interfere with the security interests of that State;
- (e) the employee is a national of the employer State at the time when the proceeding is instituted, unless this person has the per-

manent residence in the State of the forum;  
or

- (f) the employer State and the employee have otherwise agreed in writing, subject to any considerations of public policy conferring on the courts of the State of the forum exclusive jurisdiction by reason of the subject-matter of the proceeding.

### **Article 12**

#### **Personal injuries and damage to property**

Unless otherwise agreed between the States concerned, a State cannot invoke immunity from jurisdiction before a court of another State which is otherwise competent in a proceeding which relates to pecuniary compensation for death or injury to the person, or damage to or loss of tangible property, caused by an act or omission which is alleged to be attributable to the State, if the act or omission occurred in whole or in part in the territory of that other State and if the author of the act or omission was present in that territory at the time of the act or omission.

### **Article 13**

#### **Ownership, possession and use of property**

Unless otherwise agreed between the States concerned, a State cannot invoke immunity from jurisdiction before a court of another State which is otherwise competent in a proceeding which relates to the determination of:

- (a) any right or interest of the State in, or its possession or use of, or any obligation of the

State arising out of its interest in, or its possession or use of, immovable property situated in the State of the forum;

- (b) any right or interest of the State in movable or immovable property arising by way of succession, gift or *bona vacantia*; or
- (c) any right or interest of the State in the administration of property, such as trust property, the estate of a bankrupt or the property of a company in the event of its winding up.

#### **Article 14**

#### **Intellectual and industrial property**

Unless otherwise agreed between the States concerned, a State cannot invoke immunity from jurisdiction before a court of another State which is otherwise competent in a proceeding which relates to:

- (a) the determination of any right of the State in a patent, industrial design, trade name or business name, trademark, copyright or any other form of intellectual or industrial property which enjoys a measure of legal protection, even if provisional, in the State of the forum; or
- (b) an alleged infringement by the State, in the territory of the State of the forum, of a right of the nature mentioned in subparagraph (a) which belongs to a third person and is protected in the State of the forum.

## **Article 15**

### **Participation in companies or other collective bodies**

1. A State cannot invoke immunity from jurisdiction before a court of another State which is otherwise competent in a proceeding which relates to its participation in a company or other collective body, whether incorporated or unincorporated, being a proceeding concerning the relationship between the State and the body or the other participants therein, provided that the body:

- (a) has participants other than States or international organizations; and
- (b) is incorporated or constituted under the law of the State of the forum or has its seat or principal place of business in that State.

2. A State can, however, invoke immunity from jurisdiction in such a proceeding if the States concerned have so agreed or if the parties to the dispute have so provided by an agreement in writing or if the instrument establishing or regulating the body in question contains provisions to that effect.

## **Article 16**

### **Ships owned or operated by a State**

1. Unless otherwise agreed between the States concerned, a State which owns or operates a ship cannot invoke immunity from jurisdiction before a court of another State which is otherwise competent in a proceeding which relates to the operation of that ship if, at the time the cause of action arose, the ship was used for other than government non-commercial purposes.

2. Paragraph 1 does not apply to warships, or naval auxiliaries, nor does it apply to other vessels owned or operated by a State and used, for the time being, only on government non-commercial service.

3. Unless otherwise agreed between the States concerned, a State cannot invoke immunity from jurisdiction before a court of another State which is otherwise competent in a proceeding which relates to the carriage of cargo on board a ship owned or operated by that State if, at the time the cause of action arose, the ship was used for other than government non-commercial purposes.

4. Paragraph 3 does not apply to any cargo carried on board the ships referred to in paragraph 2, nor does it apply to any cargo owned by a State and used or intended for use exclusively for government non-commercial purposes.

5. States may plead all measures of defence, prescription and limitation of liability which are available to private ships and cargoes and their owners.

6. If in a proceeding there arises a question relating to the government and non-commercial character of a ship owned or operated by a State or cargo owned by a State, a certificate signed by a diplomatic representative or other competent authority of that State and communicated to the court shall serve as evidence of the character of that ship or cargo.

## **Article 17**

### **Effect of an arbitration agreement**

If a State enters into an agreement in writing with a foreign natural or juridical person to submit to arbitration differences relating to a commercial

transaction, that State cannot invoke immunity from jurisdiction before a court of another State which is otherwise competent in a proceeding which relates to:

- (a) the validity, interpretation or application of the arbitration agreement;
- (b) the arbitration procedure; or
- (c) the confirmation or the setting aside of the award,

unless the arbitration agreement otherwise provides.

#### **Part IV**

#### **State immunity from measures of constraint in connection with proceedings before a court**

#### **Article 18**

#### **State immunity from pre-judgment measures of constraint**

No pre-judgment measures of constraint, such as attachment or arrest, against property of a State may be taken in connection with a proceeding before a court of another State unless and except to the extent that:

- (a) the State has expressly consented to the taking of such measures as indicated:
  - (i) by international agreement;
  - (ii) by an arbitration agreement or in a written contract; or
  - (iii) by a declaration before the court or by a written communication after a dispute between the parties has arisen; or

- (b) the State has allocated or earmarked property for the satisfaction of the claim which is the object of that proceeding.

## **Article 19**

### **State immunity from post-judgment measures of constraint**

No post-judgment measures of constraint, such as attachment, arrest or execution, against property of a State may be taken in connection with a proceeding before a court of another State unless and except to the extent that:

- (a) the State has expressly consented to the taking of such measures as indicated:
  - (i) by international agreement;
  - (ii) by an arbitration agreement or in a written contract; or
  - (iii) by a declaration before the court or by a written communication after a dispute between the parties has arisen; or
- (b) the State has allocated or earmarked property for the satisfaction of the claim which is the object of that proceeding; or
- (c) it has been established that the property is specifically in use or intended for use by the State for other than government non-commercial purposes and is in the territory of the State of the forum, provided that post-judgment measures of constraint may only be taken against property that has a connection with the entity against which the proceeding was directed.

## **Article 20**

### **Effect of consent to jurisdiction to measures of constraint**

Where consent to the measures of constraint is required under articles 18 and 19, consent to the exercise of jurisdiction under article 7 shall not imply consent to the taking of measures of constraint.

## **Article 21**

### **Specific categories of property**

1. The following categories, in particular, of property of a State shall not be considered as property specifically in use or intended for use by the State for other than government non-commercial purposes under article 19, subparagraph (c):

- (a) property, including any bank account, which is used or intended for use in the performance of the functions of the diplomatic mission of the State or its consular posts, special missions, missions to international organizations or delegations to organs of international organizations or to international conferences;
- (b) property of a military character or used or intended for use in the performance of military functions;
- (c) property of the central bank or other monetary authority of the State;
- (d) property forming part of the cultural heritage of the State or part of its archives and not placed or intended to be placed on sale;
- (e) property forming part of an exhibition of objects of scientific, cultural or historical



interest and not placed or intended to be placed on sale.

2. Paragraph 1 is without prejudice to article 18 and article 19, subparagraphs (a) and (b).

**Part V**  
**Miscellaneous provisions**

**Article 22**  
**Service of process**

1. Service of process by writ or other document instituting a proceeding against a State shall be effected:

- (a) in accordance with any applicable international convention binding on the State of the forum and the State concerned; or
- (b) in accordance with any special arrangement for service between the claimant and the State concerned, if not precluded by the law of the State of the forum; or
- (c) in the absence of such a convention or special arrangement:
  - (i) by transmission through diplomatic channels to the Ministry of Foreign Affairs of the State concerned; or
  - (ii) by any other means accepted by the State concerned, if not precluded by the law of the State of the forum.

2. Service of process referred to in paragraph 1 (c) (i) is deemed to have been effected by receipt of the documents by the Ministry of Foreign Affairs.

3 These documents shall be accompanied, if necessary, by a translation into the official language, or one of the official languages, of the State concerned.

4. Any State that enters an appearance on the merits in a proceeding instituted against it may not thereafter assert that service of process did not comply with the provisions of paragraphs 1 and 3.

## **Article 23**

### **Default judgment**

1. A default judgment shall not be rendered against a State unless the court has found that:

- (a) the requirements laid down in article 22, paragraphs 1 and 3, have been complied with;
- (b) a period of not less than four months has expired from the date on which the service of the writ or other document instituting a proceeding has been effected or deemed to have been effected in accordance with article 22, paragraphs 1 and 2; and
- (c) the present Convention does not preclude it from exercising jurisdiction.

2. A copy of any default judgment rendered against a State, accompanied if necessary by a translation into the official language or one of the official languages of the State concerned, shall be transmitted to it through one of the means specified in article 22, paragraph 1, and in accordance with the provisions of that paragraph.

3. The time-limit for applying to have a default judgment set aside shall not be less than four months

and shall begin to run from the date on which the copy of the judgment is received or is deemed to have been received by the State concerned.

#### **Article 24**

#### **Privileges and immunities during court proceedings**

1. Any failure or refusal by a State to comply with an order of a court of another State enjoining it to perform or refrain from performing a specific act or to produce any document or disclose any other information for the purposes of a proceeding shall entail no consequences other than those which may result from such conduct in relation to the merits of the case. In particular, no fine or penalty shall be imposed on the State by reason of such failure or refusal.

2. A State shall not be required to provide any security, bond or deposit, however described, to guarantee the payment of judicial costs or expenses in any proceeding to which it is a respondent party before a court of another State.

#### **Part VI**

#### **Final clauses**

#### **Article 25**

#### **Annex**

The annex to the present Convention forms an integral part of the Convention.

#### **Article 26**

#### **Other international agreements**

Nothing in the present Convention shall affect the rights and obligations of States Parties under existing international agreements which relate to matters dealt with in the present Convention as between the parties to those agreements.

## **Article 27**

### **Settlement of disputes**

1. States Parties shall endeavour to settle disputes concerning the interpretation or application of the present Convention through negotiation.

2. Any dispute between two or more States Parties concerning the interpretation or application of the present Convention which cannot be settled through negotiation within six months shall, at the request of any of those States Parties, be submitted to arbitration. If, six months after the date of the request for arbitration, those States Parties are unable to agree on the organization of the arbitration, any of those States Parties may refer the dispute to the International Court of Justice by request in accordance with the Statute of the Court.

3. Each State Party may, at the time of signature, ratification, acceptance or approval of, or accession to, the present Convention, declare that it does not consider itself bound by paragraph 2. The other States Parties shall not be bound by paragraph 2 with respect to any State Party which has made such a declaration.

4. Any State Party that has made a declaration in accordance with paragraph 3 may at any time withdraw that declaration by notification to the Secretary-General of the United Nations.

**Article 28**  
**Signature**

The present Convention shall be open for signature by all States until 17 January 2007, at United Nations Headquarters, New York.

**Article 29**  
**Ratification, acceptance, approval or accession**

1. The present Convention shall be subject to ratification, acceptance or approval.

2. The present Convention shall remain open for accession by any State.

3. The instruments of ratification, acceptance, approval or accession shall be deposited with the Secretary-General of the United Nations.

**Article 30**  
**Entry into force**

1. The present Convention shall enter into force on the thirtieth day following the date of deposit of the thirtieth instrument of ratification, acceptance, approval or accession with the Secretary-General of the United Nations.

2. For each State ratifying, accepting, approving or acceding to the present Convention after the deposit of the thirtieth instrument of ratification, acceptance, approval or accession, the Convention shall enter into force on the thirtieth day after the deposit by such State of its instrument of ratification, acceptance, approval or accession.

**Article 31**  
**Denunciation**

1. Any State Party may denounce the present Convention by written notification to the Secretary-General of the United Nations.

2. Denunciation shall take effect one year following the date on which notification is received by the Secretary-General of the United Nations. The present Convention shall, however, continue to apply to any question of jurisdictional immunities of States or their property arising in a proceeding instituted against a State before a court of another State prior to the date on which the denunciation takes effect for any of the States concerned.

3. The denunciation shall not in any way affect the duty of any State Party to fulfil any obligation embodied in the present Convention to which it would be subject under international law independently of the present Convention.

## **Article 32**

### **Depositary and notifications**

1. The Secretary-General of the United Nations is designated the depositary of the present Convention.

2. As depositary of the present Convention, the Secretary-General of the United Nations shall inform all States of the following:

- (a) signatures of the present Convention and the deposit of instruments of ratification, acceptance, approval or accession or notifications of denunciation, in accordance with articles 29 and 31;

- (b) the date on which the present Convention will enter into force, in accordance with article 30;
- (c) any acts, notifications or communications relating to the present Convention.

### **Article 33**

#### **Authentic texts**

The Arabic, Chinese, English, French, Russian and Spanish texts of the present Convention are equally authentic.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto by their respective Governments, have signed this Convention opened for signature at United Nations Headquarters in New York on 17 January 2005.

### **Annex to the Convention**

#### **Understandings with respect to certain provisions of the Convention**

The present annex is for the purpose of setting out understandings relating to the provisions concerned.

#### **With respect to article 10**

The term “immunity” in article 10 is to be understood in the context of the present Convention as a whole.

Article 10, paragraph 3, does not prejudice the question of “piercing the corporate veil”, questions relating to a situation where a State entity has deliberately misrepresented its financial position or sub-

sequently reduced its assets to avoid satisfying a claim, or other related issues.

### **With respect to article 11**

The reference in article 11, paragraph 2 (d), to the “security interests” of the employer State is intended primarily to address matters of national security and the security of diplomatic missions and consular posts.

Under article 41 of the 1961 Vienna Convention on Diplomatic Relations and article 55 of the 1963 Vienna Convention on Consular Relations, all persons referred to in those articles have the duty to respect the laws and regulations, including labour laws, of the host country. At the same time, under article 38 of the 1961 Vienna Convention on Diplomatic Relations and article 71 of the 1963 Vienna Convention on Consular Relations, the receiving State has a duty to exercise its jurisdiction in such a manner as not to interfere unduly with the performance of the functions of the mission or the consular post.

### **With respect to articles 13 and 14**

The expression “determination” is used to refer not only to the ascertainment or verification of the existence of the rights protected, but also to the evaluation or assessment of the substance, including content, scope and extent, of such rights.

### **With respect to article 17**

The expression “commercial transaction” includes investment matters.



**With respect to article 19**

The expression “entity” in subparagraph (c) means the State as an independent legal personality, a constituent unit of a federal State, a subdivision of a State, an agency or instrumentality of a State or other entity, which enjoys independent legal personality.

The words “property that has a connection with the entity” in subparagraph (c) are to be understood as broader than ownership or possession.

Article 19 does not prejudice the question of “piercing the corporate veil”, questions relating to a situation where a State entity has deliberately misrepresented its financial position or subsequently reduced its assets to avoid satisfying a claim, or other related issues.

**FIRST PETROLEUM AGREEMENT  
("THE CONCESSION AGREEMENT"),  
CERTIFIED TRANSCRIPT  
(MAY 30, 1933)**

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**Certificate**

The Translation Department of the Law Office of Hassan Mahassni hereby certifies that it is licensed to perform translation from and into English and Arabic and that the translation of the attached document is a full and correct translation.

Jeddah on 23 Jun 2015

/s/ Hassan Mahassni



**PHOTOCOPY OF THE FIRST PETROLEUM AGREEMENT**

**SIGNED IN 1933**

**SERIAL NUMBER: 22**

Stamps appears with the following words:

Ministry of Finance of the Kingdom of Saudi Arabia  
Sheikh Sulaiman Al Hamdan  
5 Safar, 1352 H. (30th May, 1993)



**KINGDOM OF SAUDI ARABIA**  
**MINISTRY OF FINANCE**  
**PRIVATE BUREAU**

This Agreement has been concluded between His excellency Abdullah Al-Sulaiman Al-Hamdan, Minister of finance of the Kingdom of Saudi Arabia on behalf of the Government of Saudi Arabia, herein-after referred to as the (Government) First Party—and L.N. Hamilton of behalf of Standard Oil of California Company, herein after referred to as the (Company) Second Party. Agreement has been reached between the Government and the Company in the following manner.

**Article 1:**

Under this Agreement and subject to the terms and conditions to be subsequently detailed which pertains to the area bounded below, the Government

confers upon the Company the absolute right for a period of sixty years starting as of the date of the coming into effect of the Agreement to investing, explore, drill, produce, process, manufactures, transport, handle, take and export petroleum, asphalt naphtha, natural lubricants, . . . wax, other carbon liquids and the extracts of all these products. However, it is understood that this right shall not include the granting of the absolute right for the sale of crude or refined products within the area detailed below or inside the Kingdom of Saudi Arabia.

**Article 2:**

The area covered by the absolute right mentioned under Article 1 of this Agreement shall be entire eastern parts of the kingdom of Saudi Arabia from its eastern boundaries (including the marine islands and coastal waters) to the end of the western edge of Al-Dahna'a, and from the northern borders to the end of the southern borders of the Kingdom of Saudi Arabia, provided that from the northern end of the western edge of Al-Dahna'a, this western boundary of the area referred to shall continue in a straight line in the direction of the north with a deviation of thirty degree westwards until the point of convergence of the northern borders of the Kingdom of Saudi Arabia, and that from the southern end of western edge of Al-Dahna'a, this western boundary of the area referred to shall continue in a straight line southwards with a thirty degrees deviation eastwards until the point of convergence of the southern borders of Kingdom of Saudi Arabia. For the sake of simplicity (easy reference), this area shall be called the (Covered Zone).

**Article 3:**

In addition to the granting of the (Covered Zone) specified in Article 2 of this Agreement, the Government hereby also grants to the Company the priority right to obtain an (Oil Concession) that shall include the rest of the eastern parts of the Kingdom of Saudi Arabia extending to the west from the western borders of the (Covered Zone) to the point where the sedimentary lands meet with the *igneous layers*. This right of priority includes such rights as the Government now has and what it will have after now in what is called the neutral zone bordering the Persian Gulf and lying to the South of Kuwait the description of this right of priority shall be agreed upon later on. The expression of (Oil Concession) contained in this article is intended to mean an overall concession of all the products mentioned in this Agreement. In addition to this, the company geologist shall have the right to inspect the area covered by the aforementioned priority right (with the exception of the above mentioned neutral zone; if such inspection is necessary or useful to explore the geological nature of the (Covered Zone).

**Article 4:**

Within the period agreed upon in Article Eighteen of this Agreement the Company shall extend to the Government a preliminary loan of Thirty Thousand English Gold Guineas or the equivalent thereof.

**Article 5:**

The Company shall annually pay to the Government the amount of five thousand English Gold Guineas or the equivalent thereof. For the sake of simplicity (easy reference), this payment shall be

expressed as an (annual rent) and this rent shall be paid in advance. The rent for the first year shall be paid within the period agreed upon in Article Eighteen of this Agreement. Thereafter, and while this contract shall not be invalidated, the annual rent shall continue to be paid at the beginning of every year as of the date of the coming into effect of this Agreement and it must be paid within 30 Days of the date of the start of every year, provided that upon the discovery of oil in commercial quantities no other annual rents shall be claimed nor shall they be payable.

**Article 6:**

If this Agreement is not ended within a period of eighteen months starting from the date of its validity, the company shall extend to the Government a second loan amounting to Twenty Thousand English Gold Guineas or the equivalent thereof. The Maturity date of this loan shall be after the lapse of eighteen months from the data of the validity of this Agreement, but the company shall have a period of grace of fifteen days from the date of hereby in order to extend this loan within that period.

**Article 7:**

During the validity of this Agreement, the Government shall not be required to repay the preliminary loan amounting to thirty thousand English Gold Guineas or the equivalent thereof nor the second loan amounting to twenty thousand English Gold Guineas or the equivalent thereof. However, the Company shall have the right to recover the amounts of these two loans by deduction from half of the

proceeds due to the Government. If the Company had not recovered the amounts of these two loans in full or any part thereof in this way before the expiry of this Agreement, the Government shall pay back the amounts which were not recovered in four annual installments. The first installment shall be paid within one year as of the date of expiry of this Agreement. In addition to this, the priority right referred to in Article Three of this Agreement shall remain valid with the company until the Government shall have paid all of the amounts that were not recovered.

**Article 8:**

Upon the coming into effect of this Agreement the company shall start planning work and preparation for the geological work; and the works shall be so arranged as to take advantage of the cool climate in order to carry out effective field works, whereas the hot climate shall be utilized for office work such as information collection and reports. In any case, the start of the real field work shall not be beyond the end of the month of September 1933, and this work shall continue diligently and vigorously until the drilling operation start and until the Agreement comes to an end.

**Article 9:**

Within ninety days of the date of commencement of the drilling operations, the Company shall abandon to the Government plots (of land) from the Covered Zone in respect of which it had decided at the time not to pursue the same or not to use in another way related to this project. The Company shall also abandon to the Government from time to time during the sub-

sistence of the Agreement other plots in the Covered Zone which the Company might have decided at the time not to proceed with the discovery, exploration or the use thereof in what is related to this project. All of the Plots which the Company had abandoned shall be released from terms and conditions of this Agreement; however, the Company shall have the permanent right to use these abandoned lands in facilitating transport and communications throughout the validity of this Agreement, provided that such use shall have little to do with the other way in which these sections abandoned by the Company, might be used.

### **Article 10**

The Company shall commence the operations relating to drilling as soon as the site appropriate for it has been found. In any case, if the Company failed to commence the drilling operations within three years as of the end of the September 1933 (subject to the provisions of Article twenty-seven of this Agreement), it shall be permissible for Government to terminate this contract. When the Company Starts the drilling works, it must maintain active perseverance until such time as it has discovered oil in commercial quantities or until such time as this Agreement has been terminated. If the Company defaulted to announce on time the discovery of oil in commercial quantities, then the date which will be marked as the date when oil was discovered in commercial quantities would be the date when the Company had completed the drilling of one or more wells, tested them and found them capable of producing not less than two thousand tons of crude



oil per day for 30 consecutive days pursuant to the applicable usages in first class oil territories.

Operation relating to drilling shall include the requisition of tools and equipment and the shipping thereof to the Saudi Arabian Territories and shall comprise building of roads, camping, structures installations, communications, and the fitting and operation of machinery, equipment and means for the drilling of wells . . . etc.

**Article 11:**

Upon the discovery of oil in commercial quantities, the Company shall loan the Government the amount of Fifty Thousand English Gold Guineas or the equivalent thereof, and one year thereafter it will loan the Government another amount of Fifty Thousand English Gold Guineas or the equivalent thereof. The date of extending the first loan shall be the date of the discovery of oil in commercial quantities as provided for under Article (10) of this Agreement. The date of extending the second loan shall be one year after the lapse of that date, and in both cases the Company shall be given a period of grace of sixty days following the maturity date so that within that period the loan shall be extended. Both of these two loans shall be on account of the proceeds which will be due to the Government, and accordingly the Company shall have the right to recover them in the form of deductions from one half of the proceeds due to the Government.

**Article 12:**

As it has been agreed that the annual rent of Five Thousand English Gold Guineas or the equivalent

thereof shall be paid until the date of the discovery of oil in commercial quantities, and as it has been agreed also that the payment of this annual rent shall be made in advance, then it shall be permissible for the last annual rent paid before the date of the discovery of oil in large quantities shall include a period exceeding this date of discovery and therefore if such period was equal one 1/5 of the year or more then the corresponding percentage to be attained from the amount of the Five Thousand English Gold Guineas or the equivalent thereof ...

**Article 13:**

Until such time as it becomes practicable that is to say the Company is given reasonable time for requisitioning and shipping additional tools and equipment to the Territory of Saudi Arabia (as well as the commencement of additional work) after the date of the discovery of oil in commercial quantities the Company shall continue the drilling operations using at least two of the equipment and such operations shall continue with the vigor and perseverance until such time as the prescribed area has been drilled pursuant to what takes place in the first class oil lands or until the agreement ends.

**Article 14:**

The Company shall pay to the Government in income in respect of all of the crude oil produced and reserved that is flowing from the field storage has in after extracting from it:

1. Water and extraneous material;

2. Oils that are necessary for the ordinary works in the installation of the company in the Kingdom of Saudi Arabia
3. Oils that are necessary to manufacture quantities of gasoline and kerosene to be given free of charge to the Government each year in accordance with Article Nineteen of this Agreement. The value of the proceeds for every net ton of crude oil shall either be;
  - a. Four Gold Shillings or the equivalent thereof, or
  - b. As per the Company's discretion at the time of payment of each installment of the proceeds. It shall be one dollar of the currency of the united states of America on each net ton of crude oil to which dollar there shall be added the difference that might exist in the exchange rate between the quantity which is equivalent to Four Gold Shillings pursuant to the average rate of exchange during the three months that immediately precede the date of payment of the installment and one dollar and ten cents of the Unites States currency.

[ . . . ]

**Article 15:**

If the Company was extracting preserving and selling any type of natural gasses then it shall pay the Government and income which equivalent to one eight (1/8) of the proceeds of the sale of such natural gasses. However, it is understood that the company

shall not be required to produce, preserve, sell or dispose of any natural gas and it is also understood that it shall not be required to pay any income on the gasses that it might use in the normal works at its installation of Kingdom of Saudi Arabia.

**Article 16:**

The Government shall have the right, through its duly authorized representatives to inspect and scrutinize the works carried out by the company according to the provisions of this Agreement during the normal working hours, and to review and verify the quantities of production carried out by the Company in gauging the quantities of oil extracted which are preserved and flowing from the field storage reservoir pursuant to the common practices in the first class oil fields, and keep them as true and correct accounts. The same shall also apply to the natural gases which might be extracted, reserved and sold by it. The duly authorized representatives of the government shall have the right at all appropriate times to inspect such accounts. The Company shall deliver to the Government within three months after completion of every half year starting from the date of discovery of oil in commercial quantities, a summary of the accounts of half of that year and a statement of the amount if the proceeds due to the Government in respect of half of that year. The Government shall, treat these accounts and statements confidentially with the exception of the figures which the government feels are needed to be published for financial purpose. The Proceeds due to the Government shall be paid at the end of every half year starting from the date of the discovery of oil in commercial quantities within three months as of the end of that half year. In case

of any difference relating to the amount of the proceeds due for that half year, the Company shall deliver to the Government that part of the proceeds account in respect of which there was no differences during within the period indicated above, and thereafter the question of the existing differences shall be settled with the agreement of the two parties. If no agreement was reached in this form the difference shall be settled by arbitration as provided for in this contract. Any amount that is payable to the Government as a result of such settlement, shall be paid within the sixty days of the date of such determination.

**Article 17:**

...XXXXXXXXXXXX

**Article 18:**

All payment provided for in this Agreement which ought to be paid to the Government shall be paid to it either directly or by depositing in in its name in one of the banks designed in writing by the Government. The Government shall have the right to change this bank from time to time provided that it shall inform the Company of such change in writing so that the company shall have ample time to make future payment to the new bank.

It has been agreed that the Government shall designate that bank either in the territory of Saudi Arabia, the United States of America, England or Holland, provided that no bank shall be so designated in the territory of the Saudi Arabia unless it had offices in the United States of America, England,

Holland, through which money can be transferred to the territory of Saudi Arabia. In Case the Company made due payment to the Government or deposited the amount belonging to it in one of the banks or if it that had paid that amount to the offices of a bank for the purpose of transferring it to the Territory of Saudi Arabia, the company shall be free of liability in regard to that payment. It has been agreed that the first payment amounting to Thirty Five English Gold Guineas or the equivalent thereof (which is the preliminary loan and rent of the first year), shall be paid within fifteen days of the coming into effect of this Agreement to the offices of the Dutch Commercial Company in Jeddah (Territory of Saudi Arabia) which are in New York or London for the transfer thereof at the Company's expense without delay to the said commercial Company to be delivered to the Government against obtaining from the Government a proper receipt for this payment. If this first payment is not paid in gold . . .

**Article 19:**

Following the discovery of oil in commercial quantities and within a reasonable time, the company shall select an area inside the Territory of Saudi Arabia to set up a factory for the manufacturing of a sufficient quantity of gasoline and gas to meet the ordinary requirements of the Government provided that the nature of crude oil available shall be conductive to the manufacturing of these product on commercial basis through the use of customary refining methods, and provided that the invested quantities of oil are sufficient for the purpose.

## App.101a

It is understood that the ordinary requirements of the Government shall not include the sale. On its part, inside the country not outside and that the company shall expedite the construction of this factory after completion of the necessary preliminary arrangements and as soon as it has obtained the approval of the Government for the site proposed by it. Every year following the date of completion of this factory the company shall provide the Government free of charge with a quantity of gasoline amounting to *two hundred thousand* unpacked American gallons and a quantity of gas amounting to *one hundred thousand* unpacked American gallons. It is understood that the means that are to be used by the Government for receiving these quantities shall not impede or expose the works of the Company to danger.

### **Article 20:**

The Company Shall employ at its own expense the necessary number of guards and watchmen for the purpose of looking after its representatives, camps and installations. However, the Government promises to extend all the help to the Company in providing the best of soldiers and men at its disposal and charge them with the responsibility of undertaking this work and shall extend to the Company all reasonable care at wages that are not in excess of the usual wages paid by the Government or by any other persons for similar services. It is understood that the expenses for such services shall be paid by the Company to the Government.

**Article 21:**

In consideration of the obligations undertaken by the Company under this Agreement, and in lieu of the payments required from the Company pursuant to this Agreement the Company and the project shall be exempted from all direct or indirect taxes, excise, dues, wages, and fees (including customs dues in respect of exports and imports). It is understood that this advantage shall not include the sale of the products inside the Territory or the private needs of the staff of the Company. It shall not be permissible for the Company to sell inside the Territory any of the items imported for it in respect of which no customs dues were collected without first paying the customs dues that are payable for the same.

**Article 22:**

Naturally, it is understood that the Company shall have the right to use all means and facilities which it considers necessary or recommended in order to help it to enjoy the rights that are granted to it under this Agreement and to enable it to carry out the objects of this project—which include inter alia the construction and use of roads, camps buildings, fixtures, all means of transportation and to set up and operate machines equipment and means that are related to the drilling of wells, transportation, storage, processing, manufacturing, handling or to the exportation of petroleum and its products or which relate to the camps, buildings, and accommodation of the staff of the company. The Company shall have the right to build and use basins, reservoirs, tanks and utensils, It shall have the right to build harbors, quays and lines for marine loading and operate the



same as well as all other port facilities and to use all type of means for the transport of the staff equipment, petroleum and the extracts thereof.

It is understood however, that the use of aircraft inside the Territory shall be subject to a separate agreement, and the Company alone shall also have the right to invest take and use water. It shall also have the rights to take and use any water that belongs to the Government for the purpose of Managing the work relating to the project provided that its work shall not cause damage to irrigation not deprive the lands, house or resources used to provide sufficient water to cattle from time to time. The Company may also take and use for its activities provided for in this project other natural products belonging to the Government such as surface dust, timber, stones, limes, gypsum, and the like.

The employees and agents of the Government (while carrying out official duties) shall have the right to use means of transportation and transport set up by the Company, provided that such use shall not impede or obstruct the works of the company mentioned in this Agreement nor cause the Company to incur any material expenses. The use by the Government if the means of the Transportations and transport belonging to the company during national emergencies would make it possible for the company to obtain fair compensation for any loss sustained by it as a result of that use in respect of damage afflicting the Company's means or equipment or installations or for impeding or obstructing its works.

**Article 23:**

The project mentioned in this Agreement shall be managed and controlled by Americans who shall employ as far as possible and practicable citizens of the Kingdom of Saudi Arabia. Should the Company be able to find suitable employees from the citizens of the Government of Saudi Arabia, then it shall not employ the nationals of any other government. However, the treatment of the workers by the Company shall be subject to the laws prevailing in the Territory (which are usually applied to the employees of any other industrial project)

**Article 24:**

The Company shall reserve for itself the right to investigate other materials and products other than those provided for in this Agreement and to procure the same within the Covered Zone of this Agreement except such lands that are occupied by the wells and installations of the Company. It is always stipulated that this right which is reserved for the Government, Shall be applied in such a manner as not to violate the rights of the Company that are granted to it nor expose its operations to danger and for that (purpose) it is stipulated also that the government pay to the Company fair compensation for each and every damage sustained by the Company as a result of these rights which are reserved for it. Upon granting these rights which are reserved by the Government for itself the holder of the Concession shall be bound by the provisions of this Article.

**Article 25:**

The Government authorizes to company to obtain from the owner of the land the surface rights of the lands which the company deems necessary for use in its works pertaining to this project provided that the company shall pay to the occupant of the lands an allowance in consideration for abandoning the use of such lands. However, the amount to be paid to it (occupant) must be fair and based on the benefit which the occupant of the land obtains from it. The Government shall extend to the Company all reasonable assistance in case of difficulties arising out of obtaining the rights from the occupant of the surface of the land. Naturally, the Company shall have no right to obtain the holy sites nor occupy them.

**Article 26:**

The Company shall present to the Government copies of all the typographical maps and geological reports in their final form ratified by the Company which relate to frequenting and utilizing the area covered by this Agreement, and the Company shall also submit to the Government within four months from the end of every year (starting as of the date of discovering oil in commercial quantities) a report on its works that are provided for in this Agreement in that year provided that the Government shall treat these maps and reports confidentially.

**Article 27:**

Any default or omission perpetrated by the Company in implementing any of the conditions of this Agreement or the execution of its provisions

shall not confer upon the Government the right to request compensation from the Company or even to treat that as a violation of this Agreement when such default or omission arose out of force majeure. Should the performance of any condition or provision of this Agreement be delayed because of force majeure then the period of delay must be added to the period which might be necessary to rectify any damage occasioned during such delay, to the period and conditions outlined in this Agreement.

**Article 28:**

The Company may terminate this Agreement at anytime it chooses by giving the Government prior to doing so, a written notice of thirty days in a letter or cable, provided that the telegraphic notices shall be confirmed in writing. When terminating this Agreement by serving the said notice or by any other means each of the Government and the Company shall thereafter not be bound by any other obligations under this Agreement with the exception of the following:

1. The immovable properties of the Company such as roads, water wells, or oil wells with the pipeline thereof as well as the fixed buildings and installation etc. shall become the ownership of the Government free of charge.
2. The Company shall give time to the Government to buy the moveable belonging of the projects in the Territory of Saudi Arabia at a fair value equal to the value of the replacement of such properties at that time with a depreciation of the value against use.

Any difference arising in connection with determining the fair value shall be settled by arbitration in the same manner as provided for in Article (31) of the Agreement. If the Government refused or failed to buy those moveable properties within two months of the date of terminating this contract or if the Government failed to provide the value within thirty days after the termination thereof either by agreeing to it or by arbitration, the Company shall have the right to transport its properties within a period of six months.

3. Should the Company have due amounts remaining and unrecovered pursuant to Article (7) of this Agreement then the reservation of the said Article (7) shall remain valid until the obligations provided to ex for therein shall have been executed.

**Article 29:**

Should the Company break its undertaking to extend the second loan amounting to Twenty English Gold Guineas or the equivalent thereof as stipulated in Article Six of this Agreement or its undertaking to start works relating to the drilling as stipulated in Article Ten of this Agreement or its undertaking to extend the two loans each one of which amounting to Fifty Thousand English Gold Guineas or the equivalent thereof as provided for in Article Eleven of this agreement, or its undertaking pursuant to Article Thirty of this Agreement in connection with the payment of any compensation that may be imposed on the Company, then the Government handling of

this revocation shall be its right to notify the Company of that revocation immediately and if the Company failed to take expeditious measures to honor the revoked undertakings, the Government shall have the right to terminate this Agreement.

**Article 30:**

The penalty to be imposed on the Company for violating any of its undertakings provided for in this Agreement (with the exception of the conditions specified in Article Twenty Nine) shall be a fine to be paid by the Company to the Government under the following conditions;

The Government shall immediately inform the Company of Any revocation attributed to it, and the Government shall explain to the Company the nature of that revocation. Any difference that might arise as to whether the Company had committed the revocation attributed to it or not, shall be settled in the manner specified in this Agreement so that if it was proven that the company had committed the revocation then its default in carrying out the expeditious measures to deal with the same shall make it liable to pay compensation for that damage to the Government. If no agreement is reached on amount of these compensation then they shall be determined by arbitration in the manner specified in this Agreement, and the Company shall pay to the government the prescribed amounts of compensation in the manner stated within sixty days of the date of that decision.

**Article 31:**

Should any doubt, difficulty or difference arise between the Government and the Company in

interpreting this Agreement, the execution thereof or the interpretation or execution of any of it or with regard to any matter that is related to it or the rights of either of the two parties or the consequences thereof, and the two parties fail to agree on the settlement of the same in another way, then the issue shall be referred to two arbitrators with each party appointing one of the two arbitrators and with the two arbitrators appointing an umpire prior to proceeding to arbitration. Each party shall appoint its arbitrator within thirty days of the date of the application made to it in writing by the other party should the two arbitrators fail to appoint the umpire, then the Government and the Company shall at that point appoint an umpire by consent and should both of them fail to agree, then they should apply to the president if the permanent International Court of Justice to appoint an umpire. The award passed by the two arbitrators in the case shall be final. However, if they failed to agree then the award of the arbitrators in the case shall be final. As regards the place of arbitration the two parties shall agree on it and if they failed to agree to that then it shall be in the Hague (Holland).

**Article 32:**

The Company shall have no right to assign its rights or obligations specified in this Agreement to whosoever without the consent of the Government except that it is understood the Company shall have the right to transfer its rights and obligations provided for in this agreement to a company to be set up by it for this project after notifying the Government of the same. The Company shall have the right also to form other companies or establishments such as this whenever it is useful or necessary for it to do so

as to carry out the objects of this project. Such companies or establishments shall upon assuming some of the rights and obligations provided for in this Agreement or all of them and after notifying the Government of the same shall become subject to the terms and conditions of this Agreement. However, if the Company or the establishment that is newly formed issue shares for sale to the public then the inhabitants of the Kingdom of Saudi Arabia shall be given reasonable time to subscribe (under the same conditions that are offered to others) for at least 20% of the shares issued and offered for sale to the public.

**Article 33:**

It is understood that the periods referred to in this Agreement shall be computed on the basis of the solar calendar.

**Article 34:**

The date on which this Agreement shall be considered to come into effect shall be date on which it shall be published in the Kingdom of Saudi Arabia following the conclusion of this Agreement by the Company.

**Article 35**

This Agreement has been executed both in Arabic and English each of them has the same value. However, as most of the obligations that are provided for in it fall on the company, and as the interpretation of the English version especially the technical obligations and requirements referring to the oil industry are expressions that are based on solid rules after long practice and tests in agreements that



are similar to this Agreement then it is agreed that the two versions shall have the same value In Case of Difference in the Interpretation relating to the Company's obligation provided for in it then the English version shall prevail.

**Article 36:**

For the avoidance of any confusion it is abundantly clear that neither the Company nor any company affiliated or related to it shall have the right to interfere in the administrative, political or religious affairs in the Kingdom of Saudi Arabia.

**Article 37:**

It is understood that this Agreement, following the signing thereof in the country of Saudi Arabia shall be offered for the conclusion of it by the Company at its head office in San Francisco in the State of California before becoming valid. Following the signing of Two versions of this Agreement in two counterparts in the Kingdom of Saudi Arabia, the signed counterparts shall be sent by the company by registered mail to the headquarters of the Company in San Francisco, California within fifteen days of the receipt thereof the Company has to send its consent otherwise by cable to the Government to conclude this Agreement. If the Company did not conclude the Agreement within fifteen days of that date, this Agreement shall be null and void and shall have no effect or other consequence.

Similarly, if the preliminary loan and the rent for the first year had not been paid to the Government within the time agreed upon in Article Eighteen of this Agreement the Government shall have the right to declare this Agreement null and void and to

consider it thereafter invalid upon the conclusion of it by the company so that the Company shall return to the Government one copy of the two signed versions with the necessary proof showing the conclusion of the Agreement by the Company. Upon conclusion by the company of this Agreement it will be published in Saudi Arabia in the usual way.

This agreement has been executed this fourth day of the month of Safar in the year one Thousand Three Hundred Fifty-Two After Hijrah, corresponding to the twenty ninth of May in the year one Thousand Nine Hundred Thirty-Three Anno Domini.

For the Government of the Kingdom of Saudi Arabia  
Minister of Finance  
(Signed)

For Standard Oil of California  
L.N. Hamilton  
(Signed)

**ARBITRATION AWARD ISSUED BY THE  
INTERNATIONAL ARBITRATION CENTER,  
CERTIFIED TRANSLATION  
(JUNE 3, 2015)**

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16 MAY 2018

**ARBITRATION AWARD ISSUED BY THE  
INTERNATIONAL ARBITRATION CENTER  
LOCATED AT 14 ISMAIL AL-MAZNI STREET,  
EL-NOZHA, CAIRO, EGYPT**

**Cairo on June 3<sup>rd</sup> 2015G., corresponding to  
Sha'aban 16<sup>th</sup>, 1436H.,**

By the Arbitration Panel composed of:

1. Mr. Mohammad Al-Shahaat Al-Sayed Hasanain, attorney at the Courts of Cassation, of Egyptian nationality, with his office located at 257, Al-Hejaz Street, El-Nozha, Heliopolis, Cairo.

(Chairman of the Arbitration Panel)

2. Mr. Mohammad Arsheed Abdullah Aldeiri, Lawyer, of Jordanian nationality, with his office located at Villa No. 32, Abdullah Ghosha Street, Amman, Jordan.

(Arbitrator nominated by the Claimants)

3. Dr. Abul-Ela Ali Abul-Ela Al-Nimr. Professor and Head of Private International Law at the Faculty of Law. Ain Shams University, Attorney at the Courts of Cassation, an Arbitrator approved under a Resolution by the Minister of Justice, of Egyptian nationality, with his office located at the 8th Floor, 10, Al-Oboor Buildings, Salah Salem Road, Cairo.

(Arbitrator nominated by the Defendant)

**The Arbitration Case Is Filed by:**

**First:** Mr. Waleed Bin Khalid Abu Al-Waleed Al-Qarqani, in his personal capacity, and as Agent of the heirs of late/ Khalid Abu Al-Waleed Al-Qarqani, who are the heirs of late Khalid Abu Al-Waleed Al Hood Al-Qarqani, as evidenced by Bab Bin Ghesheer Court of First Instance, Commitments and Shari'ah Wills Department at the General People Committee for Justice in the Great Socialist People's Libyan Arab Jamahiriya dated 13.09.2010 G as per Order No. 360-2010, evidencing the death of late/ Khalid Abu Al-Waleed Al Hood Al-Qarqani on 15.09.1971G.

His inheritance is limited to:

1. Mr. Al-Waleed Khalid Abu Al-Waleed Al Hood Al-Qarqani,
2. Mr. Ahmed Khalid Abu Al-Waleed Al Hood Al-Qarqani,
3. Mrs. Shaha Khalid Abu Al-Waleed Al Hood Al-Qarqani,
4. Mrs. Naoum Al-Doha Khalid Abu Al-Waleed Al Hood Al-Qarqani,

5. Heirs of late/ Badriah So'ad Khalid Abu Al-Waleed Al Hood Al-Qarqani, (His daughter), and her inheritance is limited to her above mentioned brothers.
6. Heirs of late/ Badi'ah Khalid Abu Al-Waleed Al Hood Al-Qarqani (His daughter), and her inheritance is limited to her above mentioned brothers.
7. Heirs of late/ Nadeemah Khalid Abu Al-Waleed Al Hood Al-Qarqani (His daughter) and her inheritance is limited to her above mentioned brothers
8. Heirs of late/ Jameelah Abdullah Mohammad (his wife),  
They are the same heirs of late/ Khalid Abu Al-Waleed Al Hood Al-Qarqani as above mentioned
9. Heirs of late/ Laila Naeema Khalid Abu Al-Waleed Al Hood Al-Qarqani,  
Her death was evidenced on 25.06.1995G, and her inheritance is limited to her son Mustafa Jawad Zikri,
10. Mr./Mustafa Jawad Zikri  
All the above named are of Saudi Nationality
11. Heirs of late/ Mariam Mai Khalid Abu Al-Waleed Al Hood Al-Qarqani  
Her death was evidenced on 08.03.2007G, and her inheritance is limited to her sons, namely:
12. Heirs of late/ Omar Abdul-Rahman Azzam:
13. Mr./Khalid Omar Abdul-Rahman Azzam,
14. Mrs. Fatima Omar Abdul-Rahman Azzam,

15. Mr. Omar Abdul-Rahman Omar Abdul-Rahman Azzam,
16. Mrs. Najlaa Omar Abdul-Rahman Azzam,
17. Mrs. Laila Omar Abdul-Fattah Azzam (his wife)  
All the above named are of Egyptian Nationality
18. Heirs of Her Royal Highness Late/ Mona Bint Abdul-Rahman Bin Hasan Azzam,  
Statement of the Heirs No. 1, as per Deed No. 101/1, dated 11.05.1435H. Her death was evidenced on 19.04.1435H. Her heirs are as follows:
19. HRH Prince Mohammad, Bin King Faisal Bin Abdulaziz Al Saud,
20. HRH Prince Amr Bin Mohammed Bin King Faisal Bin Abdulaziz Al Saud,
21. HRH Princess Maha Bint Mohammad Bin King Faisal Bin Abdulaziz Al Saud,
22. HRH Princess Reem Bint Mohammad Bin King Faisal Bin Abdulaziz Al Saud  
All the above named are of Saudi Nationality
23. Heirs of late/ Essam Abdul-Rahman Azzam (of Egyptian nationality) who has no children. His inheritance is limited to the above mentioned heirs.

Their elected domicile is the Law Office of Dr. Abdul-Haleem Mandoor, Attorney at the Courts of Cassation, located at 36, Rushdi Street, Abdeen District, Cairo, Arab Republic of Egypt.

**Second: Heirs of late Sheikh/ Adbullah Al-Solaiman Al-Hamdan, namely:**

App.117a

1. Mr. Ahmed Abdullah Bin Al-Solaiman Al-Hamdan, in his personal capacity, delegated Mr. Ahmed Abdul-Hayy Ghanem, the attorney, as per the Special Power of Attorney, issued at Rodh El-Faraj Notarization Office, dated 13.12.2014G, and in his capacity as the Agent of:
2. Heirs of late/ Khadijah Saleh Al-Fadhl (his wife)  
Her inheritance is evidenced as per Deed of Inheritance, issued at Jeddah Court under No. 56/10, on 07.06.1427H, namely:
3. Mr. Abdulaziz Abdullah Al-Solaiman Al-Hamdan,
4. Heirs of late/ Dala' Adil Abdul-Qader Qabbani  
Her inheritance is evidenced as per Deed of Inheritance No. 776, issued at Jeddah Court on 29.07.1385H, and she was inherited by her brother as per the Deed of Inheritance No. 22/16, issued on 11.05.1431 H, Volume No. 1/16, issued at the General Court of Taif Governorate, and he is:
5. Mr. Mazen Bin Adil Bin Abdul-Qader Qabbani,
6. Heirs of late/ Fahad Abdullah Al-Solaiman Al-Hamdan,  
His inheritance is evidenced as per Shari'ah Deed No. 31/326/1, issued at Jeddah Court on 21.08.1420 H. The heirs are:
7. Mrs. Shafia' Saif Ahmed Abu Halail (his wife),
8. Mr. Abdullah Fahad Abdullah Al-Solaiman Al-Hamdan,

9. Mr. Zaid Fahad Abdullah Al-Solaiman Al-Hamdan,
10. Mrs. Sumayyah Fahad Abdullah Al-Solaiman Al-Hamdan,
11. Heirs of late/ Mohammad Abdullah Al-Solaiman Al-Hamdan

His inheritance is evidenced as per Shari'ah Deed No. 35/13, issued at Jeddah Court on 25.02.1424 H, Volume No. 4/13. The heirs are:

12. Mrs. Hayat Yahya Abdullah Noori (his wife),
13. Mr. Salah Mohammad Abdullah Al-Solaiman,
14. Mrs. Khadijah Mohammad Abdullah Al-Solaiman,
15. Mrs. Laila Mohammad Abdullah Al-Solaiman,

Whose inheritance is evidenced as per Shari'ah Deed No. 776, issued on 21.07.1385 H, and as per the Deed of Will No. 154/1/5, dated 25/08/1408 H. The heirs are:

16. Mr. Faisal Majed Mohammad Al-Solaiman,
17. Mrs. Sarah Majed Mohammad Al-Solaiman,
18. Heirs of late/ Khalid Abdullah Al-Solaiman Al-Hamdan

Whose inheritance is evidenced as per Shari'ah Deed No. 51/12, issued at Jeddah Court, Volume No. 1/12, on 17/08/1427 H. The heirs are:

19. Mrs. Laila Ibrahim Abu Samrah (his wife),
20. Mr. Yazeed Khalid Abdullah Al-Solaiman Al-Hamdan



21. Mr. Waleed Khalid Abdullah Al-Solaiman Al-Hamdan,
22. Mr. Tariq Khalid Abdullah Al-Solaiman Al-Hamdan,
23. Heirs of late/ Loulwa Abdullah Al-Solaiman Al-Hamdan

Her inheritance was evidenced as per Deed No. 88/136/15, issued at Jeddah Court on 12.07.1411 H. The heir are:

24. Mrs. Ruqayyah Abdul-Rahman Al-Rasheed,
25. Heirs of late/ Mohammad Abdul-Rahman Al-Rasheed

His inheritance was evidenced as per Deed of Inheritance No. 237414071175310427, issued at Jeddah General Court on 25.10.1431 H. The heirs are:

26. Mrs. Asma' Bint Abdullah Mohammad Al-Rasheed (his wife),
27. Mr. Bandar Bin Mohammad Bin Abdul-Rahman Al-Rasheed,
28. Mr. Sultan Mohammad Abdul-Rahman Al-Rasheed,
29. Mr. Majed Bin Mohammad Abdul-Rahman Al-Rasheed,
30. Mrs. Nada Bint Mohammad Abdul-Rahman Al-Rasheed,
31. Mrs. Basmah Bint Mohammad Abdul-Rahman Al-Rasheed,

32. Heirs of late/ Madhawi Bint Abdullah Al-Solaiman Al-Hamdan

Whose inheritance after her father, late/Abdullah Al-Solaiman Al-Hamdan, is evidenced as per Shari'ah Deed No. 776, issued on 29.07.1385 H, and her inheritance is evidenced as per Deed No. 3470745, issued on 09.08.1434 H. The heirs are:

33. Mrs. Munawwar Ateeq Mohammad Al-Solaiman Al-Hamdan,  
34. Mrs. Fattoum Ateeq Mohammad Al-Solaiman Al-Hamdan,  
35. Heirs of late/ Asma' Abdullah Al-Solaiman Al-Hamdan

Whose inheritance after her father, late/ Abdullah Al-Solaiman Al-Hamdan, is evidenced as per Shari'ah Deed No. 776, issued on 29.07.1385 H, and her inheritance is evidenced as per Deed No. 8/262/1, issued at Jeddah Court on 29.01.1416 H. The heirs are:

36. Mr. Hamad Bin Saad Bin Hamad Al-Solaiman,  
37. Mrs. Basmah Hashim Saeed Hashim,  
38. Mrs. Fatimah Abdullah Al-Solaiman Al-Hamdan,  
Whose inheritance after her father, is evidenced as per Deed No. 776, issued on 29.07.1385H.  
39. Mrs. Hind Bint Abdullah Al-Solaiman Al-Hamdan,  
Whose inheritance after her father, is evidenced as per Deed No. 776, issued on 29.07.1385H.

All of them are of Saudi Nationality

They are all residing in the Building of Sheikh/ Abdullah Al-Sulaimn Al-Hamdan, Al-Ikhlass Street, Al-Hamra District, Jeddah, Kingdom of Saudi Arabia.

Their elected domicile is the Office of Dr. Abdul-Haleem Mandoor, Attorney at Courts of Cassation, located at 36, Rushdi Street, Abdeen, Cairo, Arab Republic Egypt.

(First Party – Claimants)

## AGAINST

### **Second:**

Chevron Entities (Chevron Company of USA, Chevron Saudi Arabia and Aramco), having their main offices at 6001. Bolinga Road, Canyon San Romano, CA, 94583-2324, United State of America, represented by Mr. Carry H. Andreas, in his capacity as Assistant Secretary and legally authorized, having their elected domicile at the Law Office of Al-Ebrashi and Co., located at the 4th Floor. 4, Al-Sadd Al-Aali Street, Dokki District, Cairo–12311, Arab Republic of Egypt, and the Office of Zulfaqqar & Co. for Legal Consultancy and Advocacy, located at the 8th Floor, the Southern Tower, Nile City Towers, 2005 (A), Nile Cornice, Ramlat Bolaq, Cairo, Egypt.

(Second Party – Respondents)

### **First: Facts**

1. On 20.09.1368H, the heirs of the Claimants, namely: Late Sheikh/Abdullah Al-Solaiman Al-Hamdan. Late Sheikh/Hammad Bin El Solaiman Al Hamdan and late Sheikh/ Khalid Abu

Al-Waleed Al-Qarqani, owned as per the order issued by His Highness Prince/ Saud Bin Jalawi. No. 1687/5022 dated 20.09.1368H, an area of land with the boundaries and landmarks shown in the Title Deed No, 124, Volume 2 for the Year 1368H, and on the map enclosed to the reverend said Order, provided that late Sheikh/ Abdullah Solaiman Al-Hamdan and late Sheikh/ Hamad Al-Soiainan Al-Hamdan own three-quarters (3/4) of such area of land, and late/ Khalid Abu Al-Waleed Al-Qarqani owns the remaining quarter of such area.

Subject Title Deed No. 124, Volume 2 of 1368H, stipulates:

The land, the subject matter of this sale has become a pure ownership and right for each of Their Excellencies/ Abdullah and Hamad Bin Al-Solaiman Al-Hamdan and Khalid Abu Al-Waleed Al-Qarqani, provided that three-quarters (3/4) of such land shall be owned by each of Their Excellencies Sheikh/ Abdullah and Sheikh/ Hamad Al-Solaiman Al-Hamdan, and the fourth quarter shall be for Khalid Abu Al-Waleed. They shall have the right to act on their respective land as owners of the same without anyone objecting or disputing them in that regard . . . .”

2. On 29th July 1933G, the Saudi Government, represented by His Excellency/Abdullah Al-Solaiman Al-Hamdan, in his capacity as Minister of Finance, concluded, with the Arab American Oil Company (Standard Oil of California), the first Petroleum Agreement (the “Concession Agreement”). As per Article 1 of such Agreement:

“The Government hereby grants the Company the absolute right, for a period of sixty (60) years, as of the effective date hereof, to investigate, explore, drill, extract, process, manufacture, transport, handle, take and export oil, asphalt, natural greases, wax and other carbonic fluids and extracts of all such products, in connection with the area specified in the Annex of this Agreement”.

Such Agreement was called “Concession Agreement for Oil Extraction”.

3. On the First of Jumada Al-Thani 1368H that corresponds to 20.03.1949G, the representative of the Arab American Oil Company (Standard Oil of California), the predecessors of the Respondents, sent a letter to the owners of the land—subject of Title Deed No. 124, Volume 2 of 1368H—setting the areas the Company needed from the land that belong to them, in order to carry out its obligations as set forth in the Concession Agreement concluded with the Saudi Government on 29th July 1933G.
4. The above mentioned Title Deed No. 124, Volume 2 of 1368H, included under the title “Transfer to the Arab American Oil Company”, what states:

“Against the good compensation that would be paid to us, we, the undersigned, as per our ownership right under Deed No. 154/8, of the plots of land stated thereof, we hereby grant and transfer, each for himself and for his heirs, guardians and lawful representatives, to the Arab American Oil Company, referred to in subject Deed, or its successors and who-

ever it appoints, the right to use and occupy said plots of land for the purposes of the Saudi Arabian Concession, dated 4th Safar 1352H that corresponds to, 29th July 1933G, and any additional agreements to be annexed thereto. We, hereby, declare and prove that the rights of the said Company to use and occupy subject land arise in accordance with Article 25 of the said Concession, and we hereby also agree to safeguard the said Company, its successors and whoever it appoints against all claims, whether in the past, present or in future, against anyone claiming title or interest in any or the said plots of land".

(This was signed by each of Khalid Abu Al-Waleed, Hamad Al-Solaiman and Abdullah Al-Solaiman).

5. On 08.07.1375H, pursuant to the aforementioned Deed of Sale No. 128, His Excellency Sheikh Hamad Al-Solaiman Al-Hamdan assigned his share in the land subject to the above mentioned Deed to his brother, Sheikh/ Abdullah Al-Solaiman as per the Deed issued from Makkah Al-Mukarrah Notary Public No. 765 on 08.07.1375H.

Consequently, the owners of the land, the subject matter of Deed of Sale No. 124, have become Sheikh/ Abdullah Al-Solaiman at three-quarters (3/4) and Khalid Abu Al-Waleed at one-quarter (1/4).

6. Article 25 of the Concession Agreement concluded on 26th July 1933G stipulates:

“The Saudi Government authorizes the Arab American Oil Company (Standard Oil of Cali-

for) to obtain from the owner of the land, the surface rights of the land that the Company believe in the need of using them in the project related works provided that the Company shall pay to the occupant of the land an amount for assigning the use of such lands. As for the amount to be paid to such occupant, it shall be fair and based on the benefit the occupant obtains from such land. The Government shall extend to the Company all possible assistance in case of any difficulties arising from obtaining the rights of the occupant of the land surface . . . .”

7. There are many letters and correspondence submitted and kept in the file of this Case, issued by the claimants to all concerned authorities in the Kingdom of Saudi Arabia claiming to obtain their rights represented in the price of the land, subject matter of arbitration, its rental value and compensating them for not benefitting by the land for so many years.

However, the Claimants received no response from any concerned authority in that regard, a matter that made them resort to this arbitration in execution of Article 31 of the Concession Agreement, concluded on 29th July 1933G.

### **Second: Procedures**

1. On 24.05.2014G, Mr. Ahmed Abdullah Al-Solaiman, in his personal capacity, and as the Agent of Mr. Waleed Bin Khalid Abu Al-Waleed Al-Qarqani and others, applied to the International Arbitration Center requesting approval for conducting arbitration procedures and resolving

the dispute arising between them and Chevron Saudi Arabia Company as well as their entities (Respondents), through the International Arbitration Center, in execution of Article 31 of the Concession Agreement, dated 31st July 1933G.

2. On 27.05.2014G, the International Arbitration Center sent a letter to Mr. Waleed Bin Khalid Al-Waleed Al-Qarqani and others (Claimants) informing them of its approval to conduct arbitration in the above mentioned dispute, and taking its necessary measures in accordance with its regulations. In this letter, the International Arbitration Center requested the Parties of Arbitration to select their Arbitrators.
3. On 28.05.2014G, the Claimants sent a letter to the International Arbitration Center requesting that the Center appoint, on their behalf, an Arbitrator from amongst the list of arbitrators accredited to the Center.
4. On 02.06.2014G, the International Arbitration Center sent a letter to the Claimants informing them of selecting Dr. Ahmed Sadiq Al-Qushairi as their Arbitrator, being one of the accredited arbitrators in the Center's List. The Center also informed them that Mr. Al-Qushairi has already been notified of such selection and that he has accepted over the phone such nomination.
5. On 05.06.2014G, the International Arbitration Center sent a letter to Chevron Saudi Arabia Company and its entities requesting them to appoint their Arbitrator in respect of the dispute arising between them and the Claimants within a period of no more than thirty (30) days as of



the date of receiving such letter, and that in case such period lapses without appointing their Arbitrator, then the Center shall nominate him in accordance with the Center's Regulations, and thereupon the arbitration procedures shall commence.

6. On 05.07.2014G, Ibrachy and Partner Legal Consultancy Firm, as the selected domicile for Chevron Saudi Arabia Company and its entities, sent a letter (to the International Arbitration Center) including his rejection for nominating it to consider the above mention arbitration in accordance with its regulations.

In the same letter, Chevron Company and its entities, as a precautionary measure, nominate Dr. Mohammad Abdul-Wahab, of Egyptian Nationality, as an arbitrator on their behalf, and that his address is: 8th Floor, the Southern Tower, Nile City Towers, and Dr. Abdul Wahab.

7. On 19.08.2014G, the International Arbitration Center sent a notice to Dr. Mohammad Salah Abdul-Wahab informing him that as per the letter sent from Chevron Company to the International Arbitration Center dated 05.07.2014G, Chevron Company and its entities appointed him as Arbitrator on their behalf. Dr. Mohamed Salah Abdul-Wahab was informed in the same letter that the Claimants have selected Dr. Ahmed Sadiq Al-Qushairi as an arbitrator on their behalf.
8. On 21.08.2014 G., Dr. Mohammad Salah Abdul-Wahab sent a letter to the International Arbitration Center informing it of his approval of

being appointed as an arbitrator by Chevron Company and its entities.

9. On 26.08.2014G., the International Arbitration Center sent a letter to Dr. Mohammad Salah Abdul-Wahab, the Arbitrator appointed for Respondents that included the nomination of a number of arbitrators registered in the Center's List in order for him to select one of them to be the Umpire. Such letter also stated that such names were brought before Mr. Ahmed Sadiq Al-Qushairi to select one of them to be the Umpire.
10. On 31.08.2014G., the International Arbitration Center sent a letter to Dr. Mohammad Salah Abdul-Wahab informing him that Dr. Ahmed Sadiq Al-Qushairi nominated Dr. Mohammad Ahmed Ali Ghali, of Sudanese Nationality, Assistant to the Minister of Justice in the Sudan, to be the Umpire.
11. On 31.08.2014G, Dr. Mohammad Salah Abdul-Wahab sent a letter to the International Arbitration Center informing it that he was in the process of coordinating with Dr. Ahmed Sadiq Al-Qushairi with regards the appointment of the Umpire.
12. On 01.09.2014G, the International Arbitration Center sent a letter to Dr. Mohammad Salah Abdul-Wahab repeating that Dr. Ahmed Sadiq Al-Qushairi has selected Dr. Mohammad Ahmed Ali Al-Ghali to be the Umpire, and in this letter also the Center asked Dr. Mohammad Salah Abdul-Wahab to approve the selection of subject Umpire.

13. On 02.09.2014G, both Dr. Ahmed Sadiq Al-Qushairi and Dr. Mohammad Salah Abdul-Wahab sent a joint letter to the Center deciding their withdrawal from the above mentioned Arbitration Case.
14. On 04.09.2014G, Mr. Waleed Bin Khalid Abu Al-Waleed Al-Qarqani, in his personal capacity and as the Agent of the other Claimants, sent a letter to Mr. Mohammad Arsheed Abdullah Aldeiri, the attorney, of Jordanian Nationality, appointing him as Arbitrator for on their behalf instead of Dr. Ahmed Sadiq Al-Qushairi who decided to withdraw from the arbitration and notified the Claimants of such withdrawal. Such letter emphasized as well that Dr. Mohammad Salah Abdul-Wahab was still the Arbitrator of the Respondents as they did not send any letter confirming his withdrawal from the arbitration.
15. On 07.09.2014G, Mr. Mohammad Arsheed Aldeiri sent a letter to the Claimants informing them that he approved his appointment as Arbitrator on their behalf in subject Arbitration Case.
16. On 07.09.2014G, the Claimants sent a letter to the Saudi Arabian Oil Company, Chevron Company and its entities and Chevron Saudi Arabia informing them of the nomination of Mr. Mohammad Arsheed Aldeiri as their Arbitrator instead of Dr. Ahmed Sadiq Al-Qushairi who apologized for discontinuing in the Arbitration Case.
17. On 07.09.2014G, the International Arbitration Center sent a letter to Dr. Mohammad Salah Abdul-Wahab informing him that the Claimants selected Mr. Mohammad Arsheed Aldeiri as

their Arbitrator instead of Dr. Ahmed Sadiq Al-Qushairi who apologized for discontinuing as Arbitrator in this Arbitration Case.

18. On 15.09.2014G, Mr. Mohammad Arsheed Aldeiri sent a letter to the International Arbitration Center informing it that he agreed, over the phone, with Dr. Mohammad Salah Abdul-Wahab, the Arbitrator for the Claimants to meet him in Cairo on 14.09.2014G, in order to select the Umpire. However, only on 13.09.2014G, Dr. Abdul-Wahab apologized for meeting him. Consequently, Mr. Mohammad Arsheed Aldeiri demanded the International Arbitration Center to apply its regulations and select an Umpire from amongst the arbitrators registered in the Center's list as he could not agree with Dr. Mohammad Salah Abdul-Wahab on selecting the Umpire.
19. On 16.09.2014G, the International Arbitration Center sent a letter to Dr. Hamdy Abdul-Rahman Ahmed informing him that the Center nominated him as Umpire in the said Arbitration Case, as being one of the arbitrators registered in the Center's list as the other two Arbitrators failed to agree on selecting the Umpire.
20. On 17.09.2014G, Dr. Hamdy Abdul-Rahman Ahmed sent a letter to the International Arbitration Center advising his consent to be appointed as Umpire in the said Arbitration Case, and he declared that he is neutral and independent from the two Parties of this Case.
21. On 18.09.2014G, the International Arbitration Center sent a letter to Mr. Mohammad Arsheed Aldeiri, the Arbitrator nominated by the Claim-

ants informing him to attend the meeting of the Arbitration Panel, composed of Dr. Hamdy Abdul-Rahman Ahmed as Umpire, Dr. Mohammad Salah Abdul-Wahab, the Arbitrator nominated the Respondents and himself, which meeting was to be held in the premises of the Center on 20.09.2014G in order to set a time for the proceedings Hearing.

22. On 18.09.2014G, Dr. Hamdy Abdul-Rahman Ahmed, the Umpire, sent a letter to Dr. Mohammad Salah Abdul-Wahab and Mr. Mohammad Arsheed Aldeiri inviting them to a meeting in the premises of the Arbitration Center, in their capacity as Arbitrators, on 20.09.2014G, in order to set the time for the proceedings Hearing.

On the same date, the International Arbitration Center sent a letter to Dr. Mohammad Salah Abdul-Wahab and Mr. Mohammad Arsheed Aldeiri with the same content of above mentioned letter that was sent to them by Dr. Hamdy Abdul-Rahman Ahmed, the Umpire.

23. On 20.09.2014G, the Arbitration Panel held a meeting in the premises of the International Arbitration Center, at 12:00 p.m. The meeting was attended by Dr. Hamdy Abdul-Rahman Ahmed, the Umpire, and Mr. Mohammad Arsheed Aldeiri, the Arbitrator appointed the Claimants, however, Dr. Mohammad Salah Abdul-Wahab, the Arbitrator appointed by the Respondent failed to attend that Hearing although he was duly and legally notified. The Arbitration Panel set a Hearing to be held on 23.09.2014G in order to consider the Arbitration Case, and notified Dr. Mohammad Salah Abdul-Wahab of the

Minutes of the Hearing held on 20/09/2014 G, and of the time set for the Hearing to be held on 23.09.2014G.

24. On 23.09.2014G, the Arbitration Panel held a Hearing which was attended by Dr. Hamdy Abdul-Rahman Ahmed, the Umpire, and Mr. Mohammad Arsheed Aldeiri, the Arbitrator appointed by the Claimant, however, Dr. Mohammad Salah Abdul-Wahab, the Arbitrator appointed Respondents failed to attend the Hearing although he was duly and legally notified. The Hearing for considering the Case was adjourned to 18.10.2014G. The two Parties and Dr. Mohammad Salah Abdul-Wahab were notified of the date of the upcoming Hearing.
25. On 24.09.2014G, the International Arbitration Center notified the Respondents of the Hearing to be held on 18.10.2014G.
26. On 30.09.2014G, the International Arbitration Center notified Dr. Mohammad Salah Abdul-Wahab, the Arbitrator appointed by the Respondents of the Hearing to be held on 18.10.2014G.
27. On 18.10.2014G, the Arbitration Panel held a Hearing which was attended by Dr. Hamdy Abdul-Rahman Ahmed, the Umpire, and Mr. Mohammad Arsheed Aldeiri, the Arbitrator appointed the Claimant, and again Dr. Mohammad Salah Abdul-Wahab, the Arbitrator appointed by the Respondents, failed to attend although he was duly and legally notified. The Hearing was also attended by the Agents of the Claimants who were delegated as per Powers of Attorney which were recorded and proved to

entitle them the right to attend before Arbitration Panels. The Panel reviewed the originals then returned them to the Agents after keeping a copy of them in the Case File. The Arbitration Panel stated in the minutes of that Hearing that Dr. Mohammad Salah Abdul-Wahab confirmed his apology for not participating in the exiting Arbitration Case. Thereupon, the Arbitration Panel decided to appoint the Legal Consultant, Mr. Abdul-Nasir Mohammad Abdul-Hameed Khattab, the Deputy Chairman of the Administrative Prosecution Board, as Arbitrator for the Respondent instead of Dr. Mohammad Salah Abdul-Wahab, and notified him of the following Hearing that would be held on 15.11.2014G.

28. On 28.10.2014G, the International Arbitration Center sent a letter to the Legal Consultant, the Chairman of the Administrative Prosecution Board, notifying him that the Center selected the Legal Consultant, Abdul-Nasir Mohammad Abdul-Hameed Khattab, the Deputy Chairman of the Administrative Prosecution Board, to be an Arbitrator for the Respondents, and requested the approval of the Legal Consultant, Chairman of the Administrative Prosecution Board, for the appointment of the Legal Consultant, Abdul-Nasir Mohammad Abdul-Hameed Khattab, as Arbitrator for the Respondents.
29. On 30.10.2014G, the International Arbitration Center sent a letter to the entities of Chevron, the Respondents, notifying them that the Center selected the Legal Consultant, Abdul-Nasir Mohammad Abdul-Hameed Khattab, to be their

Arbitrator instead of Dr. Mohammad Salah Abdul-Wahab.

30. On 30.10.2014G, the International Arbitration Center notified the Claimants and the Respondents of the Hearing to be held on 15.11.2014G.
31. On 01.11.2014G, the Legal Consultant, the Minister of Justice, passed his Resolution No. 8866 for the Year 2014G, delegating, under Article 4 thereof, the Legal Consultant, Abdul-Nasir Mohammad Abdul-Hameed Khattab, Deputy Chairman of the Administrative Prosecution Board, to act as Arbitrator for the entities of Chevron, as Respondents, in the Arbitration Case filed by Mr. Khalid Abu Al-Waleed Al-Qarqani and others, in their capacity as Claimants.
32. On 15.11.2014G, the Arbitration Panel held a Hearing in the premises of the International Arbitration Center. The Hearing was attended by Dr. Hamdy Abdul-Rahman, as Umpire, Mr. Mohammad Arsheed Aldeiri, as Arbitrator appointed by the Claimants, and the Legal Consultant Abdul-Nasir Mohammad Abdul-Hameed Khattab, as Arbitrator appointed for the Respondents. The Hearing was also attended by the agents of the Claimants as per Powers of Attorney, which were requested by the Panel and recorded in the Minutes of the Hearing. No one attended for the Respondents although they were soundly notified of the time for the Hearing. The Arbitration Panel decided to adjourn the Hearing to 06.12.2014G for submission of copies of relevant documents, the originals of which



were reviewed by the Panel, and for providing a detailed statement of the Powers of Attorney and to match the them with the Minutes of the Hearing.

33. On 16.11.2014G, the Claimants and the Respondents were notified of the Hearing to be held at 1:00 pm on 06.12.2014G.
34. On 06.12.2014G, the Arbitration Panel held a Hearing in the premises of the International Arbitration Center. The Hearing was attended by Dr. Hamdy Abdul-Rahman, the Umpire, Mr. Mohammad Arsheed Aldeiri, the Arbitrator appointed by the Claimants and the Legal Consultant, Abdul-Nasir Mohammad Abdul-Hameed Khattab, the Arbitrator appointed for Respondents. The Hearing was also attended by the agents of the Claimants as per Powers of Attorneys that were reviewed by the Panel and the Panel made sure of the capacity of the attendants and the capacity of the heirs. No one attended for the Respondents although they were duly and legally notified of the time set for the Hearing. At this Hearing, the Arbitration Panel decided to adjourn the Hearing to 21.02.2015G for submission of relevant documents and memoranda and for the verbal argument. The Panel decided to notify the Respondents of such Hearing. The Panel indicated that there were two warnings addressed to the International Arbitration Center and to the members of Arbitration Panel from the Respondents and the attendants were notified of their content.
35. On 07.12.2014G, the International Arbitration Center notified the Respondents of the minutes

of the Hearing of 06.12.2014G and of the time set for the following Hearing which would to be held on 21.02.2015G.

36. On 21.02.2015G, the Arbitration Panel held a Hearing in the premises of the International Arbitration Center. The Hearing was attended by the Claimants and the Arbitration Panel while the Respondents failed to attend although they were duly notified of the time set for such Hearing. The Arbitration Panel decided to adjourn the Hearing to 28.03.2015G for argument, comments and briefs for whoever wishes, and decided to notify the Respondents of the adjournment decision and of the documents and briefs submitted in the Hearing of that day.
37. On 22.02.2015G, the International Arbitration Center notified the Respondents of the transcript of the Hearing of 21.02.2015G and of the time of the Hearing to be held on 28.03.2015G.
38. On 08.03.2015G, the International Arbitration Center notified the Respondents of reports prepared by experts in respect of a similar dispute over a plot of land, adjacent to the plot of land, subject matter of this dispute, owned by the Claimants, regarding the estimation of the rental value and the price due for the square meter in the land, subject matter of this dispute, and asked them to answer such reports, taking into account that such reports were prepared by valuer experts upon the request of the Claimants.
39. On 28.03.2015G, the Arbitration Panel held a Hearing. The Hearing was attended by Dr. Hamdy Abdul-Rahman, the Umpire, and the Legal Con-

sultant, Abdul-Nasir Mohammad Abdul-Hameed Khattab, the Arbitrator appointed for the Respondents while Mr. Mohammad Arsheed Aldeiri, the Arbitrator appointed by the Claimants, failed to attend due to some critical health conditions following which he was admitted to a hospital. The Agents of Claimants attended the Hearing while the Respondents failed to attend although they were duly notified of the time set for the Hearing. The Arbitration Panel decided, in this Hearing, to adjourn to a Hearing on 06.04.2015G due to the illness of Mr. Mohammad Arsheed Aldeiri, the Arbitrator appointed by the Claimants.

40. On 29.03.2015G, the International Arbitration Center notified the Respondents of the transcript of the Hearing of 28.03.2015G and the adjournment of the Hearing to 06.04.2015G.
41. On 06.04.2015G, the Arbitration Panel held a Hearing. The hearing was attended by its three (3) members and the Claimants while the Respondents failed to attend although they were duly notified of the transcript of the Hearing held on 28.03.2015G and of the adjournment decision to the Hearing of today, 06.04.2015G. At that Hearing, the Arbitration Panel decided to apply the Saudi Arbitration Law (as there was no agreement between the Parties of the dispute as to the applicable law to be adopted on the subject matter of the dispute, on basis that the Saudi Law is the most relevant law to the dispute) and would be complementary to the Rules of the International Arbitration Center applicable to the proceedings of the dispute, and

the Panel decided to retain the Case for an award at the Hearing of 11.05.2015G.

42. On 06.05.2015G, the Legal Consultant, Abdul-Nasir Abdul-Hameed Khattab, the Arbitrator appointed for the Respondents, sent a letter to the International Arbitration Center apologizing for being unable to continue in the Arbitration Case as he was engaged in finalizing the formalities of the family of late Legal Consultant, Enani Abdulaziz, Chairman of the Administrative Prosecution Board, in addition to the burdens of his position that make it impossible for him to perform his duties as Arbitrator in the existing Arbitration.
43. On 07.05.2015G, the Legal Consultant Abdul-Nasir Mohammad Abdul-Hameed Khattab, served a warning notice, through a summon server, to the International Arbitration Center, that was delivered on 12.05.2015G, notifying the Center of his withdrawal from carrying out his duties as Arbitrator for Chevron Company and its entities, and declaring that he did not conduct any deliberations nor make any agreement on the form of the award to be given in such dispute, particularly since Mr. Mohammad Arsheed Aldeiri lives outside Egypt because he is Jordanian Nationality.
44. On 11.05.2015G, the Arbitration Panel held a Hearing for giving the award, in the presence of Dr. Hamdy Abdul-Rahman Ahmed, the Umpire, and Mr. Mohammad Arsheed Aldeiri, the Arbitrator appointed by the Claimants while the Legal Consultant, Abdul-Nasir Mohammad Abdul-Hameed Khattab, the Arbitrator appointed for

the Respondents did not attend the Hearing. The Panel reviewed the letter of apology by Mr. Abdul-Nasir Mohammad Abdul-Hameed Khattab apologizing for being unable to continue as Arbitrator in the existing Arbitration, which letter was received by the International Arbitration Center on 06.05.2015G. The Hearing remained held until 1:30 p.m. waiting for the Legal Consultant, Abdul-Nasir Mohammad Abdul-Hameed Khattab, who did not appear although he was informed of the time of such Hearing. Thereupon, the Arbitration Panel decided to postpone the award to the Hearing of 18.05.2015G, at 1:00 p.m.

45. On 18.05.2015G, the International Arbitration Center notified Dr. Hamdy Abdul-Rahman Ahmed and Mr. Mohammad Arsheed Aldeiri of the notice received from the Third Arbitrator, the Legal Consultant, Abdul-Nasir Khattab, confirming his withdrawal from the existing arbitration and confirming that he did not deliberate on this arbitration and did not make any agreement as to the form of the award to be given, and the Center stated that it appointed, instead of him, a new arbitrator, namely: Dr. Abu Al-Ela Ali Abu Al-Ela Al-Nimr, for the Respondents. He is a Law Professor and Head of the Private International Law Section at the Faculty of Law, Ain Shams University, and an Attorney at the Courts of Cassation. Dr. Al-Nimr received the notice of his appointment as a replacement Arbitrator on 14.05.2015G. On 18.05.2015G, he notified the International Arbitration Center of his acceptance of the assignment and declared that he is neutral and independent.

46. On 18.05.2015G, Dr. Hamdy Abdul-Rahman Ahmed, the Umpire, Mr. Mohammad Arsheed Aldeiri, the Arbitrator representing the Claimants and Dr. Abu Al-Ela Ali Abu Al-Ela Al-Nimr, the Arbitrator for the Respondents, convened in the premises of the Arbitration Center. A meeting was held in the Hall of Deliberations at the premises of the International Arbitration Center. On that date, a Hearing transcript was drafted in which the attendance of Dr. Hamdy Abdul-Rahman, the Umpire, and Mohammad Arsheed Aldeiri, the Arbitrator appointed by the Claimants was recorded. The transcript of that Hearing was signed by each of them, in addition to Dr. Abu Al-Ela Ali Abu Al-Ela Al-Nimr, the Arbitrator appointed for the Respondents as he attended the Hearing with the approval of the Umpire, Dr. Hamdy Abdul-Rahman after submitting the letter of his appointment as Arbitrator for the Respondents and a declaration of his neutrality and independence. The Umpire agreed to have Dr. Abu Al-Ela Al-Nimr as Member of the Arbitration Panel, received from him the above mentioned documents. Such documents were recorded in the transcript of the Hearing. The hearing lasted for (1) hour and ten minutes.

The Panel discussed the issue of joining Dr. Abu Al-Ela Ali Abu Al-Ela Al-Nimr in the Arbitration Panel in replacement of the Legal Consultant, Abdul-Nasir Mohammad Abdul-Hameed Khattab, who withdrew from considering the existing Arbitration. Mr. Mohammad Arsheed Aldeiri, the Arbitrator appointed by the Claimants, accepted the appointment of such replacement Arbitrator

whereas Dr. Hamdy Abdul-Rahman Ahmed, the Umpire (after a period of deliberations for more than one (1) hour and ten minutes) objected to this appointment. The Arbitrator appointed by the Claimants asked the Umpire not to issue the award because a new member had joined the Panel, and such member should hear the argument, and asked him to open the door for argument in a subsequent Hearing in order for the new member to hear the argument in the Case in accordance with the established litigation procedures whether before arbitration panels or judicial bodies, as it is legally established that the person who has heard the argument would issue the award. However, the Umpire refused such request and insisted that he would issue the award. In that regard, he relied, as established in the transcript of the Hearing of 18.05.2015G, on the notice submitted by the International Arbitration Center as being sent by the Legal Consultant, Abdul-Nasir Mohammad Abdul-Hameed Khattab, which notice was unclear and that he had the right to solely issue the award in accordance with the Arbitration Agreement provided for under Article 31 of the Agreement concluded in 1933G. He also held on the fact that he had already prepared the award and the reasoning thereof in four (4) pages only, to which the Arbitrator appointed by the Claimants reviewed. At the end of the meeting, the Umpire declared that he had fulfilled his assignment and left the premises of the International Arbitration Center without legally delivering the Award to the management of the International Arbitration

Center, as he did not draft a legal filing transcript for the delivery of the award.

47. On 18.05.2015G, a transcript had been drafted for the Hearing attended by Mr. Mohammad Arsheed Aldeiri, the Arbitrator appointed by the Claimants, and Dr. Abu Al-Ela Ali Abu Al-Ela Al-Nimr, the Arbitrator appointed for the Respondents in order to consider taking the necessary legal procedures so as to proceed with considering the existing Arbitration in the light of the withdrawal of the Legal Consultant, Abdul-Nasir Mohammad Abdul-Hameed Khattab from considering this Arbitration and based on the refusal by Dr. Hamdy Abdul-Rahman Ahmed, the Umpire, to re-open the door for the argument due to the appointment of a new arbitrator, and also to consider selecting an Umpire instead of Dr. Hamdy Abdul-Rahman Ahmed. The two arbitrators attending at this meeting decided to select Mr. Mohammad Al-Shahaat Al-Sayed Hasanain, Attorney at the Courts of Cassation, as Umpire, and instructing the International Arbitration Center to notify him of such selection, and to set the time for a Hearing to be held on 19.05.2015G, at 2:00 p.m. as a Procedural Hearing in order to complete the formation of the Arbitration Panel.
48. On 18.05.2015G, Mr. Mohammad Al-Shahaat Al-Sayed Hasanain, Attorney at the Courts of Cassation, was notified of the decision of appointing him as Umpire in the existing Arbitration.
49. On 19.05.2015G, Mr. Mohammad Al-Shahaat Al-Sayed Hasanain accepted the selection decision



as Umpire, and declared that he is neutral and independent from the two sides of the dispute.

50. On 19.05.2015G, the Arbitration Panel held a Procedural Hearing attended by Mr. Mohammad Al-Shahaat Al-Sayed Hasanain, the Umpire, Mr. Mohammad Arsheed Aldeiri the Arbitrator appointed by the Claimants, and Dr. Abu Al-Ela Ali Abu Al-Ela Al-Nimr, the Arbitrator appointed for the Respondents. At such Hearing, the Arbitration Panel decided re-opening the door for argument at a Hearing to be held on 27.05.2015G, and instructing the International Arbitration Center to notify the two (2) Parties of the Arbitration in order to attend such Hearing and express their respective written and oral defenses.
51. On 19.05.2015G, the International Arbitration Center notified the Respondents of the decision to open the door for argument at a Hearing to be held on 27.05.2015G, and of the new formation of the Arbitration Panel.

### **Third: Arbitration Agreement**

The Arbitration Agreement was set forth in Article 31 of the First Petroleum Agreement dated 29th July 1938G. This Article stipulated:

“In case any doubt, controversy or difference arise between the Government and the Company, as to the execution of this Agreement or the interpretation or implementation of any provision thereof, or in relation thereto, or in connection with the rights or responsibilities of either Party, and the two Parties fail to agree on a settlement by another means, the Case shall

be referred to two (2) arbitrators, one to be selected by each Party, and one Umpire shall be selected jointly by the two arbitrators, before proceeding with the arbitration. Each Party shall appoint its Arbitrator within a period of thirty (30) days as of the date of being so requested in writing by the other Party. If the two (2) arbitrators fail to agree on appointing the Umpire, then the Government and the Company shall jointly appoint such umpire. If the Government and the Company fail to agree on the umpire, then they shall ask the President of the Permanent International Court of Justice to appoint the umpire. The award to be given by the two (2) Arbitrators in the Case shall be conclusive. However, in case they fail to agree on an award, then the award to be given by the Umpire in the Case shall be final. As for the venue of arbitration, the two (2) Parties shall agree on such place. If they fail to so agree, then Arbitration shall be conducted in La Hague (Netherlands)”.

#### **Fourth: Adverse Party’s Briefs, Defense & Documents**

The Arbitration Panel presents a statement of the briefs and Documents Submitted by the Claimants

#### **Fourth/First: Briefs, Documents, Defenses and Claims of the Claimants:**

##### **1. Claimants’ Briefs and Defenses**

The Claimants submitted a Statement of their Arbitration citation and a closing brief of their

defense. In such documents, they stated the facts of the existing dispute and the phases it had passed through since the time of concluding the Concession Agreement between the Government of Saudi Arabia and Standard Oil of California Company and the possession of the heirs of the owners of the land subject matter of the dispute by virtue of a grant from His Majesty the King which title is evidenced by Deed No. 124, Volume 2 of 1368H. They referred as well to the Lease Contract included in subject Deed between the Principals of the Claimants and the Respondents. The area of the leased land amounted to (39,885,000) square meter (Thirty Nine Million Eight Hundred Eighty-Five Thousand Square Meters). The Principals of the Claimants stated that the Lease Contract expired in 2005G by the end of the above mentioned Concession Agreement, and that the Respondents have been refraining from handing over the land, the subject matter of this Arbitration, to the heirs of the owners of the land up till now. The Claimants initiated this Case—as stated in the in their Statement of the case and the closing argument brief—based on a number of legal and judicial grounds, represented in: 1—The Arbitration Panel is competent body to review the dispute under the Ownership Contract of Al-Solaiman & Co. The Lease Contract concluded between the Principals of the Claimants and the Respondents referred to the Concession Agreement concluded between the Saudi Government and the Arab American Oil Company on 29th July 1933G that provided in Article (31) thereof for an Arbitration Clause. Accordingly, such reference is to be deemed an arbitration agreement and the defense of the Claimants relied on the provisions of the Saudi Arbitration Law No. 34, dated 24.05.1433H, and in

particular Article (9) thereof, as well as the Egyptian Arbitration Law No. 27 of 1994G, in particular Article (10) thereof. They also relied, in this regard, on court judgments issued in Egypt and some other Arab countries as to arbitration by referral. Moreover, they relied on opinions of Arab and Western Jurisprudence in that regard. 2—Extending the Arbitration Clause from the Concession Agreement to the Lease Contract because they form one contractual set and the existence of an Arbitration Clause in one of them should extend to the other one. The Claimants relied in that regard on court judgments issued by the French judiciary and published in the Arbitration Magazine published in the French language, in particular what was published in such Magazine in 1984G, page 363, and in 1989G, page 691. 3—The Respondents have no right to refrain from attending the Arbitration Hearings on the justification that there is no Arbitration, and the Claimants based their defense, in this regard, on the rule which says “Competence by Competence”, which grants the Arbitration Panel the competence or the defenses relating to whether or not there is an agreement on arbitration. They based their defense, in that respect, on the provision of Article (22) of the Egyptian Arbitration Law No. 27 of 1994G and the provision of Article 20 of the Saudi Arbitration Law No. 34, dated 24.05.1433H. In that regard, they held on the Egyptian jurisprudence opinions and some other judgments issued by the Egyptian Court of Cassation. In their Statement of Claim and the Closing Defense Brief, the Claimants explained the characterization of the Contract concluded between the Claimants and the Respondents. They stated that the Contract is the support of the claim out of the

set of contracts and that the Deed (the Registered Contract) certified at the Public Notary Office (the notarization body of the Kingdom of Saudi Arabia) No. 124, included two Contracts, namely: the Title Contract of the Principals of the Claimants for the plot of land which area amounts to Four Thousand Four Hundred Ninety-Five and One-Half Hectare (Hec. 4,495), and the Lease Contract concluded between the Principals of the Claimants and the Respondents, in connection with the area of said land, as stipulated in the Deed No. 124, Volume 2 for the Year 1368H. The defense of the Claimants mentioned the provisions relating to such two Contracts in the said Deed, and referred to several pieces of evidence proving the existence of a lease relationship between the Principals of the Claimants and the Respondents. The Arbitration Panel shall provide the documents that contain such pieces of evidence when presenting the documents submitted by the Claimants. The defense of the Claimants insisted on the expiry of the Lease Contract concluded between their Principals and the Respondents due to the expiry of the Concession Agreement in at 2005G after the lapse of the sixty (60)-year period agreed upon under the Concession Agreement made on 29th July 1933G. They also presented the provisions included in the Deed (the Registered Contract) No. 124. Volume 2, of 1368H, in respect of the provisions of the above mentioned Lease Contract.

The defense of the Claimants claimed their right in compensation for the damages they incurred due to the non-handing over of the land, subject matter of this dispute, to them after the expiry of the term of the Lease Contract. In that respect, they relied to opinions of Egyptian jurisprudence scholars, provisions of the

Egyptian Civil Code and some judgments issued in that regard by the Board of Grievances in the Kingdom of Saudi Arabia.

## **2. Documents of the Claimants**

The Claimants filed several documents supporting their Claim, which documents shall be addressed by the Arbitration Panel as a whole as their originals of such documents are kept in the Case File. These documents are as follows:

- The First Petroleum Agreement signed between the Saudi Government and Standard Oil of California Company dated 29th July 1933G.
- The Title Contract of the plot of land—subject matter of the dispute—that proves the ownership of the Principals of the Claimants. It is the Deed (Registered Contract) No. 124, Volume 2 of 1368H.
- A letter dated 04.05.1388H issued by the Arab American Oil Company in which it explicitly declare that the land, subject of the Deed No. 124, Volume 2 of 1368H, had been leased from their owners Khalid Abu Al-Waleed and late Hamad and Abdullah Al-Solaiman, throughout the term of the Concession Agreement.
- A letter dated 26.05.1388H issued by the Arab American Oil Company that includes an acknowledgement of leasing the land, subject of the Deed, (Contract) No. 124, the subject matter of the dispute.
- A letter dated 05.02.1389H issued by the Arab American Oil Company to the heirs of Al-Solaiman, that includes an acknowledgement of leasing the land, subject matter of the Deed No.124., that is the subject matter of the dispute.

- A letter dated 05.03.1389H issued by the Arab American Oil Company, that includes an acknowledgement of leasing the land, subject matter of the Deed No.124., that is the subject matter of the dispute.
- A letter dated 03.11.1390H issued by the Arab American Oil Company and addressed to the heirs of Al-Solaiman, the Claimants, declaring that it is leasing the land, the subject matter of dispute, which is owned by those heirs.
- A letter dated 23rd Ramadan 1407 H sent by the Company, the Respondents, to the Heirs of the Claimants, declaring that it is leasing the land owned by the Heirs, subject of the Deed No. 124, Volume 2 of 1368H, the land subject matter of the dispute.
- The transcript of the Trespasses Removal Committee that reports to the Eastern Province Administration in the Ministry of Interior, dated 15.05.1414H in which such Committee stated that the land, the subject matter of dispute, is owned by the Heirs of Al-Solaiman, and is leased to Aramco Company. This transcript is signed by a representative of Al-Solaiman Heirs and a representative of Aramco Company.
- A letter dated 13.04.1417H issued by the Governor of the Eastern Province that is addressed from the Crown Prince, Deputy Premier, stating the ownership of the land, the subject matter of dispute, by the Al-Solaiman family and that such land is leased to Aramco Company.
- An undated letter, sent from Aramco Company to Sheikh/ Abdulaziz Abdullah Al-Solaiman, one of

the Heirs of Abdullah Al-Solaiman, the Principal of the Claimants, in which it declares that it is leasing the plot of land owned by the Heirs of Al-Solaiman. In this letter, Aramco Company stated the following: “Aramco Company showed no tolerance in defending its right as Lessee and your right as Lessors”.

- An undated letter, addressed by Aramco Company to the Principal of the Claimants, stating its approval to lease the land, the subject matter of the dispute, from its Owners, the Heirs of the Claimants.
- An undated letter issued from Aramco Company to the Heirs of Abdullah Al-Solaiman, declaring that the land, the subject matter of dispute, is leased to the company by its Owners, Principals of the Claimants, namely: Late/ Abdullah Al-Solaiman, late/ Hamad Al-Solaiman and late/ Khalid Abu Al-Waleed.

Moreover, the Claimants submitted a number of documents showing that their Principals owned the land, subject matter of dispute, these are:

- On 05.07.1376H, a judgment was passed in the Case No. 497 dated 05.07.1376H, deciding that: “The land, subject matter of the Deed No. 124 dated 23.09.1368 is owned by Bin Solaiman & Partners and it is leased to Aramco Co.”.
- A letter dated 24th Safar 1407H sent from Aramco Company to the Heirs of the Claimants, declaring thereby that the Claimants are the owners of the land, the subject matter of dispute, as per Deed No. 124, dated 20th Ramadan 1368H.



- The final Judgment No. 171/200/20, issued on 18.07.1407H establishing that the land, subject matter of dispute, is a pure ownership of Heirs of Abdullah Al-Solaiman, in the Estate Division Case, filed by the Heirs of Hamad Al-Solaiman.
- The order issued from His Royal Highness, late/ Prince Naif Bin Abdulaziz Al Saud, the Crown Prince, Minister of Interior, and Deputy Premier of the Kingdom of Saudi Arabia, as per Cable No. 32346, dated 22.03.1433H, circulated to three Governmental Departments, to instruct Aramco Company to pay the delayed rental payment since the expiry of the Concession Agreement, and to handover the land to the Heirs of the Claimants or to compensate them.
- The Claimants also submitted several documents supporting the value of compensation they claim for failure to hand them over the land they own, the subject matter of dispute. These documents are as follows:
  - A scientific study, prepared by Saudi banks, estimating the growth of the land value in the Kingdom of Saudi Arabia at a rate ranging between 7% and 9% annually in the last ten (10) years. The documents are prepared in the English language.
  - A letter for agricultural land expropriation representing a case similar to the Case of the land owned by the Claimants.
  - A letter dated 22.03.1433H sent from the Minister of Petroleum to His Majesty the King of the Kingdom of Saudi Arabia, admitting the ownership of the land, the subject matter of

dispute, by Al-Solaiman family and stating compensating them for the non recovery of the land would cost the State Billions of Riyals.

- A set of letters of various dates, sent from the Claimants to Aramco Company and to several concerned authorities in the Kingdom claiming the rental value of the land, subject matter of the existing dispute, and requesting compensation for non-recovery of the land, as Owners thereof, these are:
  - A letter to His Excellency the Minister of Petroleum, dated 07.02.1428H.
  - A letter to His Royal Highness Prince Naif Bin Abdulaziz, Minister of Interior, Deputy Premier and Second Deputy of the Custodian of the Two Holy Mosques of the Kingdom of Saudi Arabia dated 07.04.2011G.
  - A letter sent to His Royal Highness Prince Naif Bin Abdulaziz, Minister of Interior, Deputy Premier and Second Deputy of the Custodian of the Two Holy Mosques of the Kingdom of Saudi Arabia dated 08.01.2012G.
  - A letter sent to His Royal Highness Prince Naif Bin Abdulaziz, Minister of Interior, Deputy Premier and Second Deputy of the Custodian of the Two Holy Mosques of the Kingdom of Saudi Arabia, dated 26.04.2012G.
- Reports prepared by real estate experts in the Kingdom of Saudi Arabia, submitted by the Claimants to the International Arbitration Center on 07.03.2015G. True copies of such reports were delivered to the selected domicile of the Claimants in Cairo, and the Respondents were

notified of such reports on 11.03.2015G by express mail (DHL), in connection with the evaluation of the rental value (per square meter) of the land, subject matter of this dispute. Such reports were submitted in a file of documents to the Arbitration Panel in its Hearing held on 28.03.2015G.

- Reports prepared by real estate experts in the Kingdom of Saudi Arabia submitted by the Claimants to the International Arbitration Center on 07.05.2015G. Such reports were delivered to the selected domicile of the Respondents in Cairo, and they were notified thereof on 11.03.2015G by express mail company (DHL), with regard to the evaluation of the price per square meter of the land, subject matter of dispute. Such reports were submitted in a documents file to the Arbitration Panel at the Hearing of 28.03.2015G.
- A plan of the location showing the boundaries of the plots of land, subject matter of dispute.
- A “*Fatwa*” (*Shari’ah* opinion) issued by “*Dar Al-Ifta*” (House of Legal Opinions), in the Arab Republic of Egypt, addressing the Lease Relationship under Islamic *Shari’ah*, dated 02.06.1998G submitted to the International Arbitration Center on 19.03.2015G. Such document was delivered to the Respondents at their selected domicile in Cairo, and they were notified accordingly on 21.03.2015G, by express mail (DHL).
- Elements of the Lease Contract of the land, subject matter of dispute and a receipt of rental value payment covering the period during which the land was leased to Aramco Co. by the Principal of the Claimants.

- Details of the Seaport of Ras Tanourah which is located inside the land, subject matter of dispute.
- Volume of the Saudi oil out of the total volume of international oil.

### **3. Claims of the Claimants**

The closing claims of the Claimants, as stated in their closing Defense Brief, are as follows:

#### **First:**

Binding the company, the Respondents, jointly with their successors to pay a sum of SR. 35,896,500,000 (Thirty-Five Billion Eight Hundred Ninety-Six Million Five Hundred Thousand Saudi Riyals) as compensation for the value of the land, the subject matter of dispute, which area amounts to 39,885,000 m<sup>2</sup> (Thirty-Nine Million Eight Hundred Eighty-Five Thousand Square Meters) for the impossibility of handing over the land to the Claimants.

#### **Second:**

Binding the Respondents jointly with their successors to pay a sum of SR. 3,589,650,000 (Three Billion Five Hundred Eighty-Nine Million and Six Hundred-Fifty Thousand Saudi Riyals) per annum as compensation against the rental value of the right of use (usufruct) since the 2005G, being the date of expiry of the Contract until the complete execution. Accordingly, the total value of ten (10) years would be SR. 35,896,500,000 (Thirty-Five Billion Eight Hundred Ninety-Six Million five Hundred Thousand Saudi Riyals)

**Third:**

Binding the Respondents jointly with their successors to pay a sum of SR. 3,589,650,000 (Three Billion Five Hundred Eighty-Nine Million Six Hundred-Fifty Thousand Saudi Riyals) per annum. According, the total value for ten (10) years would be SR. 35,896,500,000 (Thirty-Five Billion Eight Hundred Ninety-Six Million Five Hundred Thousand Saudi Riyals) as compensation against the usufruct or a part of the land totaling 3,200,000 m<sup>2</sup> (Three Million Two Hundred Thousand Square Meters) representing the area of Ras Tanourah Seaport. This is the part which was for sure exploited of the land since the Year 1949G, the date of the Lease Contract until the complete execution since the Lease Contract did not provide for granting the Respondents the power to exploit the land.

**Fourth**

Binding the Respondents jointly with their successors to pay a sum of SR 1000,000,000 (One Billion Saudi Riyals) as compensation against the physical and moral damages incurred.

**Fifth:**

The invalidity of any action carried out based on the fact of the Company's existence on the land since the date of the Lease Contract until the complete execution.

**Sixth**

The enforcement of the award, with all its elements, against the successors of the Respondents.

**Seventh:**

Binding the Company—the Respondents—to pay all arbitration and legal fees.

**Fourth/Second-Briefs, Documents, Defense and Claims of the Respondents**

**1. Briefs, Defense and Documents of the Respondents**

The Respondents failed to appear in any of the Arbitration Hearings although they were notified of all the Hearings, the transcripts thereof and the defense briefs and documents submitted thereat. However, they submitted Defense Brief and failed to submit any other documents supporting their defense. Such briefs are as follows:

- On 05.07.2014G, Al-Ebrashi & Co. Law Firm submitted a defense brief for the Respondents. Under such brief, it objected to the admissibility of the claims and the competence of the Arbitration Panel that would be selected in accordance with the appointment notice issued on 05.07.2014G. Said Office relied, in such defense, on the fact that the notices sent to the Respondents did not specify who are the Claimants in such Arbitration, and objected also to the fact that the Claimants used the letterhead of the International Arbitration Center in their correspondence. It requested the said Center to confirm that it is neutral, independent and is not favoring either Party of the dispute. The Respondents' defiance also confirmed in its brief that the notices it received did not specify the alleged contractual rights

and failed to produce any supporting evidence. The Respondents' defense added that no contact information was provided with regard to the Claimants or their legal advisors and also the Claimants did not send Chevron Entities any request for arbitration giving the causes therefore. The Respondents' defense further indicated that the Claimants did not provide, with the notices, neither the Concession Agreement of 03.05.1933G nor the alleged Lease Contract. The Respondents' defense objected as well to involving Chevron Entities in any arbitration agreement with those Claimants, and added that no agreement was reached as to the place or language of arbitration, or the rules to be applied. The Respondents' defense stated that Chevron Entities were never, at any time, a party in any disputes.

The defense of the Respondents added, in item No. 9 of the above mentioned brief, under the title "Appointment of an Arbitrator", that Chevron Entities, as a precautionary measure, nominates Prof. Mohammad Abdul-Wahab as Arbitrator, and stated his address, electronic mail and phone numbers.

Such brief was signed by a person called "Mohammad Madkooor".

- On 21.08.2014G, Zulfaqqar & Co. Legal Consultants and Advocates sent a letter to the International Arbitration Center, signed by Dr. Mohammad Salah El-Deen Abdul-Wahab, the Arbitrator appointed for the Respondents, "Chevron Entities", and agreed to be appointed as Arbitrator for the Respondents and asked

the International Arbitration Center to provide some clarifications. These are:

- Clarifying the procedural rules and the subjective law applicable to the dispute.
- Sending the Arbitration Notice and the attachments thereof, in addition to any answer submitted by the Respondents, stating the language and place of arbitration and clarifying whether Dr. Ahmad Sadiq Al-Qushairy agreed to be appointed as arbitrator for the Claimants.
- On 31st August 2014, Zulfaqqar & Co. Legal Consultants and Advocates sent a letter to the International Arbitration Center, signed by Dr. Mohammad Salah Eldeen Abdul-Wahab, the Arbitrator appointed for the Respondents, stating that he was in the process of reviewing the notice sent to him by the International Arbitration Center and that he would notify this Center of the appointment of the Umpire in due course, after coordination with Dr. Ahmad Sadiq Al-Qushairy, the Arbitrator appointed by the Claimants.

The defense of the Respondents did not provide any documents.

## **2. Claims by the Respondents**

The briefs of the above mentioned Respondents contained a formal claim, namely: insisting that Chevron Entities are not a party in any arbitration agreement or in the contract brought before the Arbitration Panel, and that the International Arbitration Center has no competence to consider this dispute.



### **Fifth: The Arbitration Panel**

After reviewing the briefs and documents contained in the Case File, Hearing the verbal arguments and legally conducted deliberations, the Arbitration Panel hereby gives the following Award:

With regard the form of the existing Arbitration Case, the Arbitration Panel shall address the scope of effectiveness of the Arbitration Clause, provided for under Article 31 of the Concession Agreement concluded between the Saudi Government and the Saudi Arabian Oil Company (Standard Oil of California), in term of the persons and the subject, and shall decide thereof.

The Arbitration Panel shall also address the Parties to the Arbitration Case brought before it in order to specify them.

The Arbitration Panel shall address the law applicable to the procedures and subject of this Arbitration Case, the language of arbitration and the place of convening the Arbitration Panel in order to decide on the same before deciding on the subject of the Case.

As for the enforcement of the above mentioned Arbitration Clause on Parties of Arbitration, the Arbitration Panel hereby paves the way for its judges to present the approach of judicial bodies in that regard.

It is established under judicial judgments and arbitration awards that the Arbitration Clause extends to each person participating in the execution of the contract providing for such Clause and has not physically signed it. The participation by a person in the execution of the Lease Contract is deemed full

acceptance by such person and consent by him/it to the Arbitration Clause provided for therein (Judgment by the Court of the International Chamber of Commerce, issued on 23rd September 1982G, published in the Arbitration Magazine, issued in the French language in the year 1984G—Page 137). (Judgment by the Court of Appeal, Paris, issued on 21st October 1983G published in the Arbitration Magazine, issued in the French language—1984, Page 98). (The Judgment issued in the Arbitration Case No. 109 of 1988, issued by Cairo Regional Office for International Commercial Arbitration, at the Hearing of 11.03.1999G. Arab Arbitration Magazine, 1999, Issue 2—Page 224) (Egyptian Court of Cassation—the two challenges No. 4729 of 72G and 4730 of 1972G, respectively, the Hearing of 22.06.2004G, Section 55, Page 638) (Legal Principles of the Court of Cassation in the Commercial Arbitration, Judges Club, Issue of the year 2014G, Page 58).

The Jurisprudence supports such judiciary as it states that sharing in the execution a contract containing an arbitration clause means that there is a real will of the Parties to such contract to accept the enforcement of said clause on whoever shares in the execution thereof, without physically signing it. At the same time this means that there is a real will of the person sharing in execution and his consent to be included in the arbitration clause and to accepts the same (Dr. Fathi Wali, Arbitration Between Theory and Application, Version of 2007G., Page 100, “Dar Al-Ma’arif”, Alexandria).

By applying the principle of extending the Arbitration Clause, provided for under the Contract, to any person sharing in the execution, to the facts of

the existing dispute, it is evident, and established by the documents, that the Principals of the Claimants actually and really shared in the execution of the Concession Agreement, which contains the Arbitration Clause in its Article 31, as they assigned the use of the land, subject matter of the concession, to the Company that was granted the concession in order to enable the Company to execute its obligations under the Concession Agreement, as established under Item 25 of the Said Agreement, and under the Registered Contract (the Title Deed) No. 124, Volume 2 of 1368H, as without such assignment, the Company holding the Concession would have not been able to execute its obligations.

Such actual and real participation by the Principals of the Claimants in the execution of the Concession Agreement, which contains the Arbitration Clause, leads to extending such Clause to that Principal, and from him to his heirs, a matter that enforces the said Clause on the Claimants, and the Arbitration Panel hereby so decides, without stating the same in the text of its Award.

As for the enforcement of the Clause, provided for in Article 31 of the Concession Agreement, concluded on 29th July 1933G, between the Saudi Government and the Saudi Arabian Oil Company (Standard Oil of California), as being the Respondents, it is established under the Registered Contract (the Title Deed) No. 124, Volume 2 of 1368H, that the rights were conveyed in favor of the Company holding the Concession, namely: The Arab American Oil Company, and the said Deed provides under the title "Transfer in favor of the Arab American Oil Company", what stipulates:

“In consideration of the good compensation to be paid to us, we the undersigned, for our property under the Deed No. 154/8, for the plots of land set forth above, each of us, in his personal capacity and on behalf of his heirs, guardians and lawful representatives, hereby grant and transfers to the Arab American Oil Company, referred to in the Deed above, *its successors and whomever it appoints, the right to use and occupy the plots of land mentioned above, for all the purposes of the Saudi Arabian Concession Agreement, dated 4th Safar 1352H that corresponds to 29th July 1933G, and any other agreements to be annexed thereto. We hereby further declare and state that the rights of the Company (the Arab American Company) to use and occupy the said plots of land arise pursuant to Article 25 of the said Concession Agreement . . . .*”

Pursuant to such provision, Standard Oil of California Company is itself the Arab American Oil Company (Aramco), *i.e.*: the Concession Agreement concluded between the Saudi Government and the Saudi Arabian Oil Company, and accordingly the Arbitration Clause, provided for in Article 31 of such Agreement, applies thereto, and also applies to its successors.

Therefore, and whereas it is evidenced on the official website of Chevron Company:

“Since the Arab American Oil Company has started its second century, it has become one of the leading companies in the United States of America, and it owns the Trademark “Chevron” which has become famous and reputable world-

wide, and Chevron Company, by the year 1993, has become the first major western oil company”,

This means that Chevron Company was established and affiliated several entities, of which are the Arab American Oil Company (Aramco), the Saudi Arabian Chevron Company and Chevron Company, as it is evidenced under the Deed No. 124, Volume 2 of 1368H, that the owners of the land, the subject matter of that Deed, granted the Arab American Oil Company or whatever succeeds it the right to use the land, the subject matter of the said Deed, and therefore Chevron Entities, being part of the said entities, are deemed to be a party to the Arbitration Clause provided for under Article 31 of the above mentioned Concession Agreement.

It is established under jurisprudence and judicial principles that the Arbitration Clause provided for in a contract concluded with a company extends to the other companies affiliated with such company, and is deemed one of its entities, if all such entities shared in the execution of such contract. (Dr. Mohammad Noor Shehatah, “Concept of Third Parties in Arbitration”, Version of 2001 G., Page 130, the Arab Dar Al-Nahdah).

(Judgment of the French Court of Cassation passed on 27th March 2007G and published in the Commercial Law Seasonal Magazine 2007G, Page 677).

Chevron Entities explicitly admitted that they are a genuine party to the existing arbitration and they produced a power of attorney on 15th October 2014G, for which a deposit transcript was made under No. 1408/A, on 2nd February 2015G, at Shubra Notarization Office, in favor of a group of attorneys

at Al-Ebrashi & Co. Law Firm. The text of said power of attorney provided for the following:

“On Wednesday that corresponds to 15th October 2014G, we Chevron Corporation, a corporation established in accordance with the laws of the State of Delaware, United States of America (Principal), operating in the field of energy in the United States of America, with its head office located at 6001, Bolinga Canyon San Romano Road, CA, 94583-2324. United State of America, represented by Mr. Garry H. Andreas, in his capacity as Assistant Secretary, legally authorized to produce this power of attorney, hereby constitute and authorize Mr. Ashraf Hassan Zaki Al-Ebrashi, Mr. Mohammad Yasir Jadallah, Mr. Mohammad Ahmed Hani Madkoor, Mrs. Deemah Ziyad Abdul-Fallah Haijer, Mrs. Deemah Tariq Mohammad Al-Janzouri and Mr. Hatim Hassan Tulbah Mohammed, with their office located at 4, Al-Sadd Al-A’ali Street, Al-Dokki, Guiza 12311, Egypt, Jointly or severally, to represent the Principal and to attend, on its behalf, in the Arbitration Case filed by Al-Qarqani and others against Armco, Chevron, Chevron Saudi Arabia and others . . . .”

The fact that Chevron Entities authorized lawyers to represent them and to attend on their behalf in the Arbitration Case filed by Al-Qarqani and others against Aramco, Chevron, Chevron Saudi Arabia and others, means two things:

**The First:** Chevron Entities explicitly admitted that they are a genuine party in the existing Arbitration because issuing the power of attorney in favor of attorneys to represent them and to attend on

their behalf in this Arbitration Case only means that such entities declare and admit that they are a genuine party to the said Arbitration Case, because according to the well-established principles in litigation in arbitration, it is impermissible to interfere with or include in arbitration, and attending in Arbitration Case is exclusively limited to the parties subject to the arbitration clause, and the term “Chevron Entities”, as clarified previously by the Arbitration Panels, are Chevron of USA, Chevron Saudi Arabia and Aramco.

**The Second:** Such power of attorney assigns attorneys to attend in the said Arbitration Case and to plead for Chevron Entities, including Aramco, Chevron of USA, Chevron Saudi Arabia, as per the wording of the said power of attorney because such case is filed against them all.

This means that such entities have the genuine capacity as Respondents in this Arbitration Case.

Based on the above, Chevron Corporation, together with its entities (“Chevron Entities”) have become a genuine party to the Arbitration Clause provided for under Article 31 of the Concession Agreement, signed on 29th July 1933G and such Clause applies to them and they should comply therewith. The Arbitration Panel hereby so decides, without stating that in the text of its award.

This judgment is considered an answer to the defense raised by Chevron Corporation, stated in its brief sent to the International Arbitration Center on 05.07.2014G, whereby it alleges that it is neither a party to any contract brought before the Arbitration Panel nor a party to the above mentioned Arbitration Clause.

The Arbitration Panel hereby rejects such defense, without the need to repeat this judgment in the text of its award.

As for determining the Claimants, it is established under the Title Deed No.124, Volume 2 of 1368H that His Excellency Sheikh/ Hamad Al-Solaiman Al-Hamdan assigned his share of the said land, stated under the said Deed, to his brother Sheikh/ Abdullah Al-Solaiman Al-Hamdan, as per the Deed issued at Makkah Public Notary Office under No. 865 KH, dated 08.07.1375H.

Accordingly, three-quarters (3/4) of the land, the subject matter of the Deed No 124, Volume 2 of 1368H has become the ownership of Sheikh/ Abdullah Al-Solaiman Al-Hamdan, and the remaining one-quarter (1/4) has become the ownership of Khalid Abu Al-Waleed Al-Qarqani (Principals of the Claimants), and thus the Claimants have become the heirs of late Khalid Abu Al-Waleed Al-Qarqani and the heirs of late Abdullah Al-Solaiman Al-Hamdan.

The Claimants submitted a detailed statement, as heirs of late Sheikh/ Abdullah Al-Solaiman and late Khalid, and also submitted *Shari'ah* Deeds of Inheritance proving their right in the estate. They attended, in person and in their capacity, and submitted powers of attorney for their representatives to attend in this Arbitration. All Parties to the Arbitration are mentioned by name at the beginning of this Award, and also all their particulars are attached.

As for the competence of the International Arbitration Center to consider the existing dispute, the two Parties to the dispute agreed that it is so competent. The Respondents have appointed, as



their Arbitrator, Dr. Mohammad Salah Abdul-Wahab who accepted such appointment. This fact is confirmed by the Respondents as his acceptance was received on the letterhead of the Law Office, namely: Zulfaqqar & Co. Consultants % Advocates, in its capacity as the attorney for the Respondents. This is not to be prejudiced by the objection expressed under the defense of the Respondents as per the brief sent to the International Arbitration Center on 05.07.2014G.

Furthermore, the appointment of Dr. Mohammad Salah Al-Deen Abdul-Wahab, as Arbitrator for the Respondents, his acceptance of such appointment and the request of documents from the International Arbitration Center, all that constitutes a waiver by such Parties of all such objections. All the above mentioned objections are related to alleging that the Respondents have never been a party to the Arbitration Clause or to any of the contracts brought before the Arbitration Panel. The Arbitration Panel previously refused all these defenses, and hereby refers to its previous views, without need to repeat that in the text of its award.

With regard to determining the law applicable to the procedures and to the subject of the dispute, it is established under all comparative laws that the issue depends on the agreement of the Parties. In case they fail to agree, the Arbitration Panel determines such applicable laws.

Paragraph 2 of Article 25 of the Saudi Arbitration Law, issued under the Royal Decree No. M/34, dated 24.05.1433H provides for the following: "If there is no agreement as to the arbitration procedures, then the Arbitration Panel shall select the arbitration procedures it deems appropriate".

Therefore, and as the two Parties failed to agree on such procedures, the Arbitration Panel selected the procedures provided for under the said Arbitration Law, supplemented by the regulations of the International Arbitration Center, as being the most appropriate procedures for passing an award on this dispute, taking into account that the Parties to the dispute are of the Saudi nationality and the land, the subject matter of the exiting dispute, is in the Kingdom of Saudi Arabia. Accordingly, the Arbitration Panel's decision in that regard came in compliance with the proper law as the Panel deemed such procedural rules appropriate for the case. Furthermore, Article 28 of the above mentioned Saudi Arbitration Law provides that in case the two parties fail to agree on the place of holding the arbitration, then the Arbitration Panel shall determine such place. The Arbitration Panel selected the city of Cairo, Arab Republic of Egypt, as the place for conducting the arbitration. In that regard also its decision came in compliance with the provision of law.

As for determining the language of Arbitration, Article 29 of the Saudi Arbitration Law provides that arbitration should be conducted in the Arabic language unless the Arbitration Panel decides, or the two relevant parties to the arbitration agree on, another language.

Therefore, the exiting arbitration was conducted in the Arabic language, and this is deemed in compliance with the general principle provided for under the above mentioned Article 29 which provides that the general principle is that the arbitration language is to be the Arabic language.

As for determining the law applicable to the subject matter of the exiting arbitration, the Arbitration Panel decided to apply the provisions of the Saudi laws because the two Parties failed to agree on such law, taking into account that such provisions are most relevant to the subject matter under dispute because the Claimants and the Respondents are of the Saudi nationality, and the place of dispute is in the Kingdom of Saudi Arabia, and it was so decided in application of Paragraph 3 of Article 38 of the Saudi Arbitration Law which provides for the following:

“If the Iwo parties to the arbitration fail to agree on the supervisory rules applicable to the subject matter of dispute, then the Arbitration Panel shall apply the objective rules in the law which it deems most relevant to the subject matter of dispute . . . .”

As for the procedures of the exiting Arbitration Case, the Arbitration Panel hereby decides that such procedures were conducted pursuant to the valid law. It is decided under the law and well established judicial practice that in case of change of a member of the Arbitration Panel, and replacing him with another arbitrator, at the time of keeping the case for giving an award, the Arbitration Panel shall reopen the door for argument in application of the legal rule provided for in all comparative laws, which rule provides that the persons who give the award should have heard the arguments, and this is provided for under the Saudi *Shari'ah* Pleadings Law, issued under the Royal Decree No. M/1, dated 22.03.1435H under Article 160 thereof. Such Article provides for the following:

“If there is more than one judge, then deliberations on passing the judgments should be confidential. Except for the provision of Article 62 of this Law, deliberations should be conducted only among the judges who heard the argument”.

The concept of this provision is also stated in Article 167 of the Egyptian Procedural Law. Such Article provides for the following:

“Only the judges who heard the argument have the right to participate in the deliberations, otherwise the judgment shall be invalid”.

When applying this principle, decided under the law and established according to jurisprudence and judicial rules, on the facts of the exiting dispute, it is evident, according to the papers of the exiting case, and the contents of the transcript of the Hearing held on 18.05.2015G that the Legal Consultant, Abdul-Nasir Mohammad Abdul-Hameed Khattab, sent a notice to the International Arbitration Center, before giving the award in this Arbitration Case, notifying the Center that he withdrew from considering that Case, and stated that he did not conduct any deliberations with the members of the other Arbitration Panel and did not agree on any form or content of the Award to be given, particularly as one of the Panel’s members is of Jordanian nationality and resides in Jordan outside the Arab Republic of Egypt, and therefore the Arbitration Panel had to re-open the door for argument and to suspend giving the award in order for the replacement Arbitrator to hear the argument, particularly as such replacement Arbitrator, namely Dr. Abu Al-Ela Ali Abu Al-Ela Al-

Nimr, was appointed, accepted the assignment and declared that he is neutral and independent before the convening of the Hearing of 18.05.2015G and the Arbitration Panel and the Umpire knew all that. However, the Umpire acted in violation of this rule provided for under all comparative procedural laws in that regard, and the Umpire of the Arbitration Panel issued the Award although he had access to such notice sent by the Legal Consultant, Abdul Nasir Mohammad Khattab, and although he was aware of the appointment of the replacement Arbitrator and his acceptance of the assignment before the Hearing of 18.05.2015G. All such events are established in the transcript of the Hearing of 18.05.2015G which are signed by all members of the Panel, including the Arbitrator appointed by the Respondents, namely Dr. Abu Al-Ela Al-Nimr. Therefore, the Award given by the Umpire of the Arbitration Panel unilaterally has become totally null and void, without any legal effect, and the issue thereof does not end the arbitration procedures. Moreover, such Award was not lodged with the International Arbitration Center pursuant to the applicable legal procedures for lodging awards of arbitration as provided for under the above mentioned Article 44 of the Saudi Arbitration Law.

The other two Arbitrators held a Hearing on 18.05.2015G at which they selected as new Umpire, Mr. Mohammad Al-Shahhat Al-Sayed, an attorney at the Courts of Cassation. The newly formed Arbitration Panel held a Hearing on 19.05.2015G at which it decided to re-open the door for argument at a Hearing to be held on 27.05.2015G. At such Hearing, the Arbitration Panel decided to close the door for

argument and to keep the Case for giving its Award at a Hearing to be held on 03.06.2015G.

Consequently, and based on all the foregoing, the Arbitration Panel hereby decides that the procedures for conducting the arbitration are valid and proper and that it is competent to consider the exiting Arbitration Case in execution or the principle of “Competence by Competence”, according to which the Arbitration Panel is deemed competent to decide with regard to its competence, as will be stated in the text of the Award.

As for the non-appearance of the Respondents in the Arbitration Hearings, it is established under the documents submitted and kept in the file of the Case that they were properly and legally notified of all such Hearings and the documents submitted thereat but they failed to appear.

Since Article 34/2 of the Saudi Arbitration Law, applicable to the procedures of this Arbitration, provides for the following:

“If the defendant fails to submit a written answer containing his defense, pursuant to paragraph 2 of Article 30 of the said Law, then the Arbitration Panel should continue in the arbitration procedures unless the two Parties to the arbitration agree otherwise. If either Party fails to attend a Hearing after notifying him, or fail to submit the documents required from him, then the Arbitration Panel may continue the procedures of arbitration and give an award in the dispute relying on the supporting elements available to the Panel”.

In application of such provision, the Arbitration Panel, having ascertained that the Respondents were duly notified of all the Arbitration Hearings and all the documents submitted thereat, decided to continue the Arbitration procedures and to give an Award in respect thereof relying on the supporting elements available thereto. Accordingly, the Arbitration Panel hereby decides that it is rightful in continuing the procedures and that it is rightful in relying on such supporting elements available thereto, without need to state that in the text of the Award.

As for the possibility of subjecting the exiting dispute to arbitration, the claims expressed by the Claimants are represented in compensation for their non-recovery of the land, the subject matter of this Case, and the failure of the Respondents to pay the due and payable rental value for using such land, and these are financial claims that reconciliation may be made in respect thereof. Accordingly, arbitration can be applied in this regard in application of the provision of Article 2 of the Saudi Arbitration Law which provides for the following:

“The provisions of this Law do not apply to disputes relating to family affairs and issues in respect of which reconciliation may not be made”.

Based on the violation concept, issues in respect of which reconciliation may be made, they may also be subject to arbitration.

As for the fifth claim of the Claimants, namely: deciding the invalidity of any actions made based on the Company’s existence on the land, since the date of the Lease Contract and until the complete execution,

this claim relates to real estate real rights in respect of which reconciliation may not be made, consequently, the Arbitration Panel provides the non-acceptance of this claim as will be clarified in the text of the award.

As for the subject of the Case and the claims filed in connection therewith, the issue brought before the Arbitration Panel, in respect of such subject and such claims, is the compensation for the breach by the Respondents of their obligations stated under two contracts, namely: The Contract of Ownership by the Claimants of the land, the subject matter of this Case, and the Lease Contract concluded between them and the Respondents.

The Arbitration Panel shall first decide on the existence of such two Contracts and how far they are valid before deciding on the claims submitted by the Claimants in relation to such two Contracts.

As for the said Lease Contract, it is one of the voluntarily-made contracts in respect of which the rulings of Islamic *Shari'ah* do not require drafting it in a certain form, and accordingly it may be established with all means of proof. It is confirmed under the documents included in this Case file that such contract exists, is valid and satisfies all required elements and conditions. This Contract was concluded between the Claimants and the Respondents in the form of the Title Deed of the leased land No. 124, Volume 2 of 1368H. Under the title "Transfer to the Arab American Oil Company", the following is stated in such Deed:

"In consideration of the good compensation to be paid to us, we the undersigned, for our property under the Deed No. 154/8, for the



plots of land set forth above, each of us, in his personal capacity and on behalf of his heirs, guardians and lawful representatives, hereby grant and transfers to the Arab American Oil Company, referred to in the Deed above, its successors and whomever it appoints, the right to use and occupy the plots of land mentioned above, for all the purposes of the Saudi Arabian Concession Agreement, dated 4th Safar 1352H that corresponds to 29th July 1933G, and any other agreements to be annexed thereto. We hereby further declare and state that the rights of the Company to use and occupy the said plots of land arise pursuant to Article 25 of the said Concession Agreement and we hereby also agree to safeguard the said Company, its successors and whomever it appoints against all claims, whether in the past, present time or in future, by anyone claiming interest in any of the said plots of land”

Such text included all elements and items of the Lease Contract concluded between the Claimants and the Respondents, in terms of the Parties to such Contract, its place, the due and payable rental value and the obligations to be borne by each of the two Parties thereto. It specifies the Parties, namely the Principals of the Claimants (Lessors) and the Arab American Oil Company (Lessee), and thus the said Lease Contract passed to the Respondents.

Based on the above, the two parties to such Contract are the Principals of the Claimants and the Respondents. The subject matter of such Contract is

the plots of land stated in the Title Deed No. 124, Volume 2 of 1368H, the rental value agreed upon is a good and valuable consideration, and it is subject to evaluation. It is decided under the rulings of Islamic *Shari'ah* that the rental value may be evaluated or can be evaluated. As for the valid term of such Contract, it commenced on 20.03.1949G as stated in the said Title Deed and ended in the year 2005, being the expiry date of the term of the Concession Agreement. Moreover, the above mentioned Lease Contract provided for a commitment on the part of the Principals of the Claimants to ensure the non-legal obstruction to the Lessee Company.

All the correspondence exchanged between the Claimants and the Respondents conclusively proves that the predecessor of the Respondents is the Arab American Oil Company, being the Lessee. The latter Company, in its capacity as Lessee, admitted that fact in several correspondence signed and issued by it. All such documents were listed when the Arbitration Panel addressed the documents submitted by the two Parties. Furthermore, all official authorities in the Kingdom of Saudi Arabia admitted the existence of such Lease Contract. The Arbitration Panel, in this regard, refers to the documents it listed above in this Award in order to avoid repetition.

Therefore, the Lease Contract made between the Principals of the Claimants and the Respondents satisfies all required elements proving its existence, and meets all *Shari'ah* and legal requirements in order to be deemed valid and proper.

Based on the above and since the said Lease Contract was properly concluded, in terms of all its elements, the Arbitration Panel hereby decides that

it is valid and effective, without stating that in the text of the Award, provided that this shall be complementary to the text of the award and forms an integral part thereof.

**With Regard to the  
First Claim of the Claimants**

In respect of the ownership of the Claimants to the plots of land, the subject matter of this Arbitration Case, it is established under the Registered Contract (the Title Deed) No. 124, Volume 2 of 1368H that they fully own such plots of land. According to correspondence, in relating to such ownership, kept in the Case file, it is established that the ownership of the Claimants of such plots of land are still existing up to the date hereof. There are several letters exchanged between the Claimants and several governmental authorities in the Kingdom of Saudi Arabia, claiming compensation for the non-recovery of such plots of land. Such authorities instructed the concerned parties to finish and resolve such issue. However, this never happened. There is a letter issued by the Saudi Minister of Petroleum, dated 04.02.2012G kept in the Case file, which does not deny the ownership of the Claimants to such plots of land nor their right in compensation as a result of their non-recovery thereof, but refused such compensation relying on one reason, explicitly stated in the said letter, namely: That the compensation for such plots of land would cost the State billions of Riyals.

The ownership of the Claimants to the plots of land, the subject matter of this Case, is established under documents, and no one can dispute their ownership of such land. However, since it is absolutely

impossible for the Claimants to recover such plots of land, due to the construction of buildings thereon and the huge petroleum projects executed on such land, the Claimants requested that they be compensated for the non-recovery of such land, and assessed such compensation, according to their final claims, at a sum of SR. 35,896,500,000 (Thirty-Five Billion Eight Hundred Ninety-Six Million Five Hundred Thousand Saudi Riyals) as a price for an area of 39,885,000 m<sup>2</sup> (Thirty-Nine Million Eight Hundred Eighty-Five Thousand Square Meters). Whereas no one has disputed the ownership of the Claimants to such area of land, therefore the Arbitration Panel shall decide on the price payable for such area as compensation for the Claimants for the non-recovery thereof.

Since the Respondents did not return the said land to the Claimants up to the date hereof, therefore they are deemed to have breached their obligation set forth under the Lease Contract concluded between the two sides on 21st March 1949G as by so acting the Respondents are deemed to be illegally maintaining such land and hence they are committed to pay the price thereof.

Since Articles 17 and 18 of the Basic Law of Governance in the Kingdom of Saudi Arabia provide that ownership should be safeguarded, therefore the claim by the Claimants of compensation for the non-recovery of the land they own came in conformity with the proper Islamic *Shari'ah* and the Saudi Basic Law of Governance.

The Claimants submitted three (3) reports, prepared by real estate experts in the Kingdom of Saudi Arabia, all of which are kept in the exiting Case file. One of such reports assessed the value per

square meter at a sum of SR. 1,000, the second at a sum of SR. 900 and the third at SR. 850.

The Arbitration Panel shall adopt the report assessing the value per square meter at SR. 850, by multiplying that price by the total area of the land amounting to 39,885,000 m<sup>2</sup> (Thirty-Nine Million Eight Hundred Eighty-Five Square Meters) then the total price being the compensation for the non-recovery of such area of land, becomes SR. 33,902,250,000 (Thirty-Three Billion Nine Hundred Two Million Two Hundred Fifty Thousand Saudi Riyals).

Based on the foregoing, the Arbitration Panel hereby commits the Respondents to pay to the Claimants a sum of SR. 33,902,250,000 (Thirty-Three Billion Nine Hundred Two Million Two Hundred Fifty Thousand Saudi Riyals) as compensation for the non-recovery of the plots of land, the subject matter of this Case as set forth in the text of the Award.

### **With Regard to the Second Claim of the Claimants**

Based on the foregoing, the Arbitration Panel hereby decides that the Claimants are entitled to the rental value due and payable thereto by the Respondents (Lessee) for the period from the year 2005 until the full settlement, taking into consideration that it is not established, under the documents submitted in this Case, that the Respondents paid such rental value since the year 2005 and up to date, and further the Respondents failed to submit any reply as to this claim, and therefore the Arbitration Panel hereby decides to commit the Respondents to pay such rental value for the such period.

As for the rental value due and payable to the Claimants by the Respondents, for the period from 2005 until the complete execution, the Claimants submitted a report prepared by the Golden Towers Office for Real Estate Development in the Kingdom (real estate experts), which report stated that the rental value of the leased land is about SR 85 (Eighty-Five Saudi Riyals) per square meter per annum, another report was submitted by the Claimants in that regard, which report assessed the said rental value at SR 90 (Ninety Saudi Riyals) per square meter per annum, prepared by Al-Khuzaim for Real Estate Services, and they submitted a third report prepared by Ibn Ashlan Real Estate Office, which report estimated the rental value per square meter per annum at SR 100 (One Hundred Saudi Riyals).

The Respondents were notified of such three (3) reports but failed to respond, and did not raise any objection as to the assessment of the rental value.

According to the discretionary power of the Arbitration Panel in that regard, being the higher expert, the Arbitration Panel hereby adopts the report which estimated the rental value at SR 85 (Eighty-Five Saudi Riyals) per square meter per annum based on the reasons given therein.

Since the total area of the land leased to the Respondents totals 39,885,000 square meters (Thirty-Nine Million Eight Hundred Eighty-Five Square Meters), therefore the total rental value due and payable to the Claimants, by the Respondents, for a period of ten (10) years, commencing from 2005G until the year 2015G., at the rate of SR 85 (Eighty-Five Saudi Riyals) annually per square meter become only SR 33,390,225,000 (Thirty-Three Billion Three

Hundred Ninety Million Two Hundred Twenty-Five Thousand Saudi Riyals), as will be stated in the text of the Award.

**With Regard to the  
Third Claim by the Claimants**

As for the Claim by the Claimants that the Respondents be committed to pay to the Claimants a sum of SR. 3,589,650,000 (Three Billion Five Hundred Eighty-Nine Million Six Hundred Fifty Thousand Saudi Riyals) as compensation for exploiting a part of the land at an area of 3,200,000 m<sup>2</sup> (Three Million Two Hundred Thousand Square Meters) representing the area of Ras Tanoura Seaport, the Arbitration Panel hereby rejects such Claim because such plot of land constitute a part of the total area of the land owned by the Claimants, and the compensation for the exploitation thereof by the Respondents is included in the compensation referred to above, and deciding compensation for the exploitation of such part of the land separately is deemed duplication of compensation, which matter is hereby rejected by the Arbitration Panel as will be stated in the text of the Award.

**With Regard to the  
Fourth Claim by the Claimants**

As for the claim of the Claimants that the Respondents be committed to pay a sum of SR 1,000,000,000 (One Billion Saudi Riyals) as compensation for the physical and moral damages they incurred, the Arbitration Panel hereby rejects such claim based on that the amount decided as compensation for the non-recovery by the Claimants of the land is deemed to be covering all the physical and moral damages

sustained by the Claimants as a result of the non-recovery of the land they own, particularly as the value of such land was assessed at the rate of today, and therefore the Arbitration Panel hereby rejects such Claim as will be stated in the text of the Award.

**With Regard to the  
Fifth Claim by the Claimants**

As for the Claim of the Claimants that any actions taken based on the occupation by the Company of the land, since the date of the Lease Contract until the complete execution, be rendered invalid, the Arbitration Panel hereby decides non-acceptance of that Claim because it is an issue of those in respect of which no arbitration may be conducted as it relates to real estate real rights in respect of which no settlement may be made, and consequently no arbitration may be conducted in respect thereof. Therefore, the Arbitration Panel hereby decides non-acceptance of this Claim as will be stated in the text of the Award.

**With Regard to the  
Sixth Claim by the Claimants**

As for the Claim of the Claimants that this Award, together with all the elements thereof, be valid and effective against the successors of the Respondents, such Claim does not need giving an independent award because at the time being there is no successor of the Respondents, and when there is a successor, this Award Shall be valid and enforced as against it in application of the general rules of the transfer of rights and obligations, the subject matter of Arbitration, together with all the consequences, to the



successor of the Respondents, and accordingly this Claim should be rejected.

**With Regard to the  
Seventh Claim by the Claimants**

As for the Claim of the Claimants that the Respondents be committed to pay all the arbitration and attorney's fees, the Arbitration Panel hereby decides that the Respondents and the Claimants are committed to share the Arbitration fees (50/50). Such arbitration fees shall be assessed based on one-eighth percent (1/8%) of the total value of the Claims of the Claimants, as will be stated in the text of the Award. Regarding the attorney's fees, each Party shall pay the fees of his/its attorney's, as will be stated in the text of the Award.

**For All the Foregoing Reasons**

**The Arbitration Panel hereby ruled the followings:**

**First:** The Arbitration Panel has the competence to consider this Arbitration Case.

**Second:** The Respondents are hereby committed to pay to the Claimants a sum of SR 33,902,250,000 (Thirty-Three Billion Nine Hundred Two Million and Two Hundred Fifty Thousand Saudi Riyals) as compensation for the non-recovery of the plots of land totaling an area of 39,885,000 m<sup>2</sup> (Thirty-Nine Million Eight Hundred Eighty-Five Square Meters).

**Third:** The Respondents are hereby committed to pay to the Claimants a sum of SR 33,390,225,000 (Thirty-Three Billion Three Hundred Ninety Million Two Hundred Twenty-Five Thousand Saudi Riyals)

as rental value due and payable by the Respondents to the Claimants since the year 2005 G, until the date of giving this Award.

**Fourth:** Rejection of the Third Claim stated in the final defense brief of the Claimants.

**Fifth:** Rejection of the Fourth Claim stated in the final defense brief of the Claimants.

**Sixth:** Non-acceptance of the Fifth Claim stated in the final defense brief of the Claimants.

**Seventh:** Rejection of the Sixth Claim stated in the final defense brief of the Claimants.

**Eighth:** The Claimants and the Respondents are committed to equally share the arbitration fees, assessed at one-eighth percent (1/8%) of the total value of the Claims of the Claimant.

**Ninth:** Each of the Claimants and the Respondents is committed to bear their respective attorney's fees.

**Tenth:** Rejection of all other Claims.

**ARBITRATION PANEL**

---

Mr. Mohammad Al-Shahhat  
Al-Sayed Hasanain  
(signature)  
The Umpire  
(Chairman of the Arbitration Panel)

Dr. Abu Al-Ela Ali  
Abu Al-Ela Al-Nimr  
(signature)  
Arbitrator for the Respondents

Mr. Mohammad Arsheed  
Abdullah Aldeiri  
(signature)  
Arbitrator for the Claimants

Cairo on 3rd June 2015G that corresponds to 16th  
Sha'ban 1436H.

**Remarks:**

- The following stamp appears on each page of the document:  
“(Logo) Arab Republic of Egypt  
(Logo) The International Arbitration Center”



16 MAY 2018

- Each page is initialed by the Members of the Arbitration Panel.

**CONTENT OF THE GIVEN AWARD**

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**In the Arbitration Case filed by:**

Heirs of late/Khalid Abu Al-Waleed Al-Qarqani and  
heirs of late Sheikh/Abdullah Solaiman Al-Hamdan,

*("Claimants")*

Against

Chevron Entities (Aramco, Chevron of USA and  
Chevron Saudi Arabia)

*("Respondents")*

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**KINGDOM OF SAUDI ARABIA,  
MINISTRY OF JUSTICE DEED NO. 124  
ISSUED BY PUBLIC NOTARY OFFICE,  
AL-AHSA, CERTIFIED TRANSLATION OF THE  
TRUE CERTIFIED COPY OF THE ORIGINAL  
(JULY 16, 1949)**

---

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Kingdom of Saudi Arabia

**Certificate**

The Translation Department of the Law Office of Hassan Mahassni hereby certifies that it is licensed to perform translation from and into English and Arabic and that the translation of the attached document is a full and correct translation.

Jeddah on 23 Jun 2015

/s/ Hassan Mahassni



In the Name of God, the Most Merciful,  
the Most Compassionate

**KINGDOM OF SAUDI ARABIA  
MINISTRY OF JUSTICE**

**DEEDS ISSUED BY PUBLIC NOTARIES**

**Declaration**

**No.: 124**

Upon the order received from His Highness Prince Saud Bin Jalawi the Great, under No. 1679/5022, dated 20/09/1368 H., accompanied by the whole file concerning the request by the Company to inform Their Excellencies Sheik/Abdullah and Sheikh/Hamad Al-Suleiman and Sheikh/Khaled Abul-Walid about the necessary area of the land required for its operations out of the plots of land located at Al-Qateef Province, being Rahima and Al-Sabkha, located between Al-Awamiya and Safwa, as per the plan attached to the Venerable Order under which such plots of land were granted to the aforesaid Their Excellencies Sheikh/Abdullah and Sheikh/Hamad Al-Suleiman, at the rate of three-quarters, and Sheikh Khaled Abul-Walid at the rate of one-quarter, as granted by His Majesty the Great King, while the rest of the plots of land shall remain the property of the Sunna Government, pursuant to the text of the Venerable Royal Order quoted below. In implementation of the Venerable Order numbered above, there appeared before me, Ahmed Bin Mohammed Al-Melhem, a Public Notary at Al-Ahsa, His Excellency Sheikh/Saleh Islam, Head of Al-Ahsa Treasury and the Areas Annexed Thereto, and he, willingly and voluntarily, declared, being in his full legal capacity, and his acts being accepted under Shari'ah, in the

presence of the Al-Ahsa Treasury Director, Sheikh/Tawfeeq Muqaddam, saying: A Venerable Royal Order under No. 2/138321 dated 01/06/1368 H., was issued by Abdul-Aziz Bin Abdul-Rahman Al Faisal to His Excellency Saud Bin Jalawi stating: *Quote* “May the peace, mercy and blessing of God be upon you. With regard to the land located at Al-Qateef Province, namely: Rahima and Al-Sabkha, located between Al-Awamiya and safwa, which we granted to our servants, Abdullah and Hamad Al-Suleiman, at the rate of three-quarters, and to Khaled Abul-Walid at the rate of one-quarter, they were asked by the company for the necessary area of land for its operation, as per the attached plan, under this Order of Ours, such area requested by the company shall be deemed a pure ownership of Abdullah and Hamad Al-Suleiman at the rate of three-quarters, and of Khaled Abdul-Walid at the rate of one-quarter, and the rest of the said land should remain the ownership of Government. Accordingly, in instruct whomever concerned at your end to have this recorded and established. Made in our Palace in Riyadh, on Wednesday 1st Jumad Al-Thani 1368 H.” *Unquote* The above was served on us by His Highness Prince Saudi Bin Jalawi under No. 1353 on 09/06/1368 H. Whereas the area of Land requested by the Company from those granted the land, as stated in the Venerable Royal Will, was clarified by the Company, as per its Letter, dated 3 Ramadan 1368 H., corresponding to 28 June 1949 G., addressed to the Head of Al-Ahsa State Properties, Sheikh/Saleh Islam, stating as follows: *Quote* “Sheikh/Saleh Islam, General Treasurer, Al-Ahsa in Dammam, Kingdom of Saudi Arabia, greetings: Please find herewith enclosed a copy of our Plan No. DP-11352/1 of the plots of land, located at Al-Qateef Province, called “Rahima” at Ras



Tanura and "Al-Sabkha", located between Al-Awamiya and Safwa. Your Excellency told us such land was granted by His Majesty the King, under the Royal Order No. 2/21/1387, issued on the 1 Jumad Al-Thani 1368 H., corresponding to 20 March 1949 G., to Sheikh/Abdullah Al-Suleiman, Sheikh/Hamad Al-Suleiman and Sheikh/Kahled Abul-Walid. We clarified, in different colors on the Plan, the Plots needed by the Company of such land. We also clarified the Plots which we do not need. The colors indicate the following: Plot No. (1), colored in light green, is needed for the Company in order to maintain an easement in order to pass and carry materials through it only, Plot No. (2), colored in dark green, is not needed to be maintained by the Company, and the Company needs only an absolute right to control the water flow-out, to drill water wells therein and to use water therefrom, the Plots No. (3), (4), (5) and (6), colored in red, are all needed to be kept by the Company for its operations within the Area of its Concession, and for any future expansion and amendments, and the Company also needs to maintain the full right to use such Plots. As for the Plots No. (7) and (8), colored in blue, these are the Plots which are not needed by the Company for the time being, and accordingly the Company has no interest in maintaining any right in such land, at the time being. Finally, please accept our respect and regards. Truly Yours: W. Barley—Representative of the Company" *Unquote*. Based on the above, the Plots needed by the Company from the above mentioned persons are the Plots No. (3), (4) (5) and (6), colored in red on the attached Plan, identified as Plan No. DPB 11352/1. Whereas the Plot No. (3) at Rahima totals an area of (3,100) Three Thousand One Hundred Hectares, the Plot No. (4), between

Safwa and Al-Awamiya, colored in red, totals an area of (127.5) One Hundred Twenty Seven and One-Half Hectares, the Plot No. (5), between Safwa and Al-Awamiya, colored in red, totals an area of (870) Eight Hundred Seventy Hectares and the Plot No. (6), colored in red, totals an area of (395) Three Hundred Ninety-Five Hectares, they all total an area of (4,495.5) Four Thousand Four Hundred Ninety-Five and One-Half Hectares, and the Company needs to maintain a full absolute right to use such Plots of Land, throughout the Concession Period and any extension and amendment to be made therein, and whereas under the Venerable Will, numbered above, such Plots have become a pure property and right of each of His Excellency Abdullah and Hamad Al-Suleiman and Khaled Abul-Walid, at the rate of three-quarters to be property of each of His Excellency Abdullah and Sheikh/Hamad Al-Suleiman and the last quarter to be the property of Sheikh/Khaled Abul-Walid, enjoying the right, in that regard, to act as owners of such land, without anyone objecting or disputing their respective ownership. It should be known that the rest of the land, being four (4) Plots, are not reserved for the Company, as it does not need them, being two Plots in Rahima, and it is the Plot No. (1), colored in light green, with regard to which the Company reserves only an easement and the right to move materials through it, and the area of such land is (2,076) Two Thousand Seventy-Six Hectares, and the Plot No. (2), colored in dark green, which is not needed for the Company, and it only reserves the right of absolute control of the water therein and the right to use such water, and the area of such Plot is (756) Seven Hundred Fifty-Six Hectares. Such two Plots of Land are at Al-Sabkha, between Safwa and Al-Awamiya

and both are colored in blue, as referred to in the Letter of the Company. The Plots of Land No. (7) and (8) are not needed for the Company at the time being. The area of Plot No. (7) totals (433) Four Hundred Thirty-Three Hectares and the area of Plot No. (8) is (402) Four Hundred Two Hectares, and these four (4) Plots of Land, totaling (3,667) Three Thousand Six Hundred Sixty-Seven Hectares, were returned to the Sunna Government and became part of the Government properties. With regard to such land, the above mentioned persons have no right, as provided under the Venerable Royal Will. With regard to Plot No. (1), the Company shall reserve its right of easement in that Plot of Land, and with regard to Plot No. (2), the Company shall reserve its absolute right to use the water. This was also declared to us by Al-Ahsa Properties Director, Sheikh/Tawfiq Muqaddam, and he stated that these remaining four (4) Plots of the Land referred to above, the dimensions of which are known, were recorded in the Register of the State Properties. Thereupon, all the above was read to each of Sheikh/Saleh Islam and Sheikh/Tawfiq Muqaddam, in the presence of Mr. Rashid Al-Harshan and Sheikh/Hasan Bin Abdul-Rahman, as witnesses, and they were told the meaning of the above and the results thereof. The above was recorded and signed by each of them, willingly and voluntarily, together with the two witnesses, before us. Thereupon, this Deed was drawn and recorded to act in compliance therewith. Made on the Twenty-Third of Ramadan of the Year 1363 H. Al-Ahsa Public Notary

**Stamp:** “Ministry of Justice—Al-Ahsa Notary Public  
Office—True Copy of the Original”

### **Transfer to the Arab American Oil Company**

For the good and valuable consideration to be paid to us, we the undersigned, for our property under the Deed No. 124, in connection with the Plots of Land stated in such Deed, we hereby give and transfer, each for himself and on behalf of his heirs, guardians and lawful representatives, to the Arab American Oil Company, being the Company referred to in the said Deed, its successor and whomever it appoints, the right to use and occupy the mentioned Plot of Land, for the purposes of the Saudi Arabian Concession, concluded on 4 Safar 1352 H., corresponding to 29 July 1933 G, and any additional agreements that may be annexed thereto. We hereby declare and affirm that the right of the said Company, as to using and occupying the said Plots of Land, are based on the requirements of Article (25) of the said concession, and we hereby further agree to safeguard the said company, its successors and whomever it may appoint, against all claims, in the past, at present and in future, by any person claiming ownership or interest in any one of the said Plots of Land.

(Signature)

Khaled Abul-Walid

(Signature)

Hamad Al-Suleiman

(Signature)

Abdullah Al-Suleiman

Witnesses:

Mohammed Suroor Al-Sabban

**Stamp:** "Ministry of Justice–Public Notary Office–Al-Ahsa Governorate True copy of the Original"

Based on the notation shown above by His Excellency Sheikh/Abdullah and Hamad Al-Suleiman, and Khalid Abul-Walid, in the presence of the two witnesses, namely: Mohammed Suroor Al-Sabban and Mohammed Bahareth, under their respective Signature, there appeared before me, Ahmed Bin Mohammed Al-Melhem, Public notary at Al-Ahsa, His Excellency Head of the State Properties al Al-Ahsa, Sheikh/Saleh Mustafa Islam, and stated the following, in his capacity as attorney for Their Excellencies Sheikh/Abdullah and Sheikh/Hamad Al-Suleiman and Khaled Abul-Walid, and there appeared with him for confirmation, a representative of the Arab American Oil company, Jordan T.O. Hanlen, in his capacity as attorney for the said Company, accompanied by a translator of the Translation Office at the Arab American Oil Co., Hasan Al-Khidr. After being identified under Shari'ah, by Abdullah Al-Nasir Al-Swaidan and Ali Bin Hussein Al-Taweel, to whom they are known, His Excellency Head of the tale Properties at Al-Ahsa, Sheikh/Saleh Mustafa Islam, being in his full legal capacity, stated saying: As attorney for my principals mentioned above, and in the light of their notification above, I handed over to this person, present with us in this Shari'ah session Jordan Hanlen, acting for the Company referred to above, all the Plots of Land owned by my principals as per this Deed, located at Al-Qateef Area, called "Rahima" at Tas Tanura, and Al-Sabkha, located between Al-Awamiya and Safwa, which are known to us under Shari'ah, in a way which denies any "Jahala" (Ignorance), as they are, and he took delivery of the same for the said Company, and such Plots of Land have become at the disposal of the said Company, or whomever it appoints. After that Jordan T.O. Hanlen confirmed that fact, in his capacity as attorney for

the said Company, and he approved all what the Head of the State Properties, Sheikh/Saleh Islam, declared, based on the delegation mentioned above. Then, this was read in public to the declarant and translator mentioned above, in the presence of the two witnesses, and they all were told the meaning and results of the above, and they confirmed the same, thereupon, it was recorded and signed by each of them willingly and voluntarily, together with the two witnesses. Drawn on the 17th Day of the Month of Zul-Qe'da of the Year 1368 H.

Signed and Stamped:

***“Ministry of Justice  
Public Notary Office  
Al-Ahsa Governorate  
True copy of the Original”***

His Excellency Sheikh/Abdullah Al-Suleiman and his Partners Hamad Al-Suleiman and Khaled Abul-Walid assigned the above described two Plots of Land No. (1) and (2), in favor of the State as per the Shari'ah Deed of Assignment, issued at Dammam Court under No. 518/2, dated 07/08/1379 H., Volume 1 of its Register for the Year 1379 H. This is hereby notated and notarized.

Al-Ahsa Public Notary Stamp:

***“Ministry of Justice  
Public Notary Office  
Al-Ahsa Governorate  
True copy of the Original”***

No. 609/28/7/1379 H.

Public Notary of Al-Ahsa

His Excellency Sheikh/Abdullah Al-Suleiman, who is entitled to three-quarters of the entire Land specified under this Deed, assigned the two Plot of Land No. (1) and (2), located at Rahima, having an area as follows: To the North at 5651.01 ft., to the East at 6,439.15 ft., from the North to the South, following the West, at 2,396.20 ft., then it deviates to the East at 4,140.43 ft., then it continues to the south at 2,805.54 ft., then it deviates to the East at 1,800 ft., then it continues to the south at 829.03 ft., and to the south at 5,567.22 ft., having a total area 253.88 Hectares, assigned such land in favor of the State under the Deed No. 424, dated 22/07/1379 H., this is hereby notated.

Public Notary Stamp:

***“Ministry of Justice  
Public Notary Office  
Al-Ahsa Governorate  
True copy of the Original”***

Praise be to God - It is hereby declared that the share of Sheikh/Hamad Al-Suleiman Al-Hamdan of the Land mentioned in this Deed was transferred to his brother, Sheikh/Abdullah Al-Suleiman Al-Hamdan, under the Deed issued by Makkah Public Notary under No. 865, dated 08/07/1375 H. Drawn on 14/02/1389 H. Stated by the person who dictated it—Chief Judge of Al-Ahsa Court.

Public Notary Stamp:

***“Ministry of Justice  
Public Notary Office  
Al-Ahsa Governorate  
True copy of the Original”***

Praise be to God Alone - This copy was issued, in Lieu of a lost Deed, based on the application of the attorney of the heirs of Abdullah Al-Suleiman and the attorney of the heirs of Khaled Abul-Walid, and it is recorded at our end, under No. 4991/26 on 27/06/1426 H., and announced in "Al-Yom" Newspaper, in its Issue No. 11656, dated 06/03/1426 H., and Issue No. 11786, on 17/08/1426 H., and based on the notice by the Saudi Arabian Monetary Agency No. 31753/MAR/1402, dated 10/09/1426 H., issued under my and with my order and with my knowledge, I, Assistant President of the First Public Notary Office.at Al-Ahsa.

Signed and Stamped  
Khaled Bin Abdul-Rahman Al-Mussalam

Stamp:

***"Ministry of Justice  
[LOGO]  
First Public Notary Office  
Al-Ahsa Governorate"***

Matched and found valid and conforming to the Register thereof.

Made on 13/08/1431 H., and this can be relied upon for conveyance

Stamp:

***"Ministry of Justice  
First Public Notary Office, Al-Ahsa  
True Copy of the Original"***

The following appears on the backside of the Deed:



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“Drawn under No. 124-1,2 and 3 of Vol. (2) Drafts-Declarations for the Year 1368 H. Registered under No. 124, pages 94, 95, 96 and 97 of Vol. (2) for the Year 1368 H.

Registrar

“Signed”

Checker

(Habib Abdullah Al Shaba)

**ARTICLES OF INCORPORATION OF  
THE SAUDI ARABIAN OIL COMPANY,  
ORIGINAL COMPANY TRANSLATION  
(NOVEMBER 25, 1988)**

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Umm al-Qura No. 3236  
16 Rabi' II 1409

Royal Decree Sanctioning the Articles of the  
Saudi Arabian Oil Company

Royal Decree No. M/8  
Dated 4 Rabi' II 1409 (13 November 1988)

With the help of God Almighty;

We, Fahd ibn Abd al-Aziz Al Saud, King of Saudi  
Arabia;

After reviewing Articles 19 and 20 of the Regula-  
tions of the Council of Ministers, issued under Royal  
Decree No. 38, dated 22 Shawwal 1377 (11 May 1958);  
and

After reviewing Council of Ministers' Decision  
No. 40, dated 29 Rabi' II 1409 (8 November 1988);

Decree as follows:

- First: The Articles of the Saudi Arabian Oil Com-  
pany (Saudi Aramco) shall be approved in  
the form attached.
- Second: The Vice President of the council of Ministers  
and the Ministers, each within his jurisdic-  
tion, shall implement this decree of ours.

**TRANSLATION**

Decision No. 40, Dated 29 Rabi' I 1409  
(8 November 1988)

The Council of Ministers;

After reviewing letter No 378/M, dated 19 Rabi' I 1409 [29 October 1988], of the Minister of Petroleum and Mineral Resources regarding the Articles of the Saudi Arabian Oil Company (Saudi Aramco), the provision of the entity necessary for the Company to carry out its role in world petroleum markets and realize the Integrated petroleum Industry sought by the Government, the provision of the flexibility necessary to carry out its functions, and his request for the approval of the said Company's Articles, the issuance of the Royal Decree sanctioning said Articles, as well as the endorsement of a general guideline whereby the status of the Saudi Arabian Oil Company shall always be taken into consideration when making any decision or issuing instruction affecting the Company's activities and the carrying out of its responsibilities as set forth in the Articles; and

After reviewing the minutes of the meeting held on 19 Rabi' I 1409 [29 October 1988] by the ministerial committee formed pursuant to telegraph High Order No. 16971, dated 25 Dhu al-Qa'dah 1407 [21 July 1987], of HE the Minister of Petroleum and Mineral Resources, HE the Minister of Finance and National Economy, HE the Minister of Commerce; HE the Minister of State and Controller General, and the head of the Exports Section, which approved the Articles of revision thereto, and stressed that proper implementation of the Articles to enable the Company to realize all the hopes placed on it requires constant

observance of the Company's goals and objectives whenever any decisions or instructions are issued or Implemented; and

After reviewing recommendation No. 42/M, dated 22 Rabi' I 1409 [1 November 1988], of the Council of Ministers General Committee;

**Decides as follows:**

1. The Articles of the Said Arabian Oil Company (Saudi Aramco) are hereby approved in the form attached. A draft Royal Decree has been duly prepared, the text of which is enclosed.

2. The provisions of these Articles and the said Company's status shall be taken into consideration whenever any decisions or instructions related to companies are Issued.

President of the Council of Ministers

## **THE ARTICLES OF THE SAUDI ARABIAN OIL COMPANY (SAUDI ARAMCO)**

### **Article I**

A Saudi Arabian Company shall be established under these Articles which shall be owned by the Government of the Kingdom of Saudi Arabia and called the Saudi Arabian Oil Company and be known as “Saudi Aramco”, and which shall have a juristic personality and an independent financial responsibility and shall enjoy full competence for the realization of its objects.

### **Article II**

The Company’s head office shall be in Dhahran, Kingdom of Saudi Arabia, and it may establish branches, offices and agencies both inside or outside the Kingdom.

### **Article III**

The duration of the Company shall be indefinite, and it may be disclosed or liquidated only by a Royal Decree.

### **Article IV**

The objects of the Company shall be to engage in activities relating to all phases of the oil industry and its other associated and complementary industries in the kingdom and abroad. These activities shall include, but not be limited to, prospecting, exploring, drilling for, extracting, processing, manufacturing, refining, transporting, storing, exporting, marketing, purchasing, exchanging, trading, and dealing in any way with hydrocarbon substances, including crude

oil, natural gas, liquefied gas, asphalt, Sulphur, and any or all other hydrocarbon substances, products, by-products and derivatives.

## **Article V**

The company shall have the right to perform all lawful actions for the realization of its objects including, but not limited to, the following:

- (a) Establish, independently or with other companies or organizations, companies or projects inside or outside the kingdom.
- (b) Acquire an interest in, or participate in and form whatsoever with, other companies or organizations engaged in similar kinds of work or activities related thereto, or which may assist the company in realizing its objects, whether inside or outside the Kingdom. It may buy, annex, or incorporate such companies
- (c) Conduct, on its own or through others, studies and research, and provide or obtain consulting services that relate directly or indirectly to its operations and activities.
- (d) Invest its funds.
- (e) Carry out technical, scientific, financial, and commercial operations and all forms of activity which help it, directly or indirectly, to realize its objects including support operations, and contracting therefor.
- (f) Enjoy all other lawful powers, including the right to litigate; to acquire, own, possess, sell or dispose of rights and real and movable

property; and to undertake or assume liabilities and obligations of all kinds related thereto.

## **Article VI**

The Company shall conduct its activities on a commercial basis and for the purpose of profit as is done by private commercial companies.

## **Article VII**

The capital of the Company shall be sixty thousand (60,000) million Saudi Riyals and shall be totally subscribed for by the Government of the kingdom of Saudi Arabia and shall be represented by all tangible and intangible oil and gas rights and assets Owned by the Government and managed by the Arabian American Oil Company. The value of said rights and assets shall be verified upon transfer to the Company. Any net value in excess of the above-stated capital shall be allocated in whole or in part, as directed by the Supreme Council, either to increase the capital of the Company or to credit the reserves provided for under Article X herein.

## **Article VIII**

The Company's funds shall be obtained from:

- (a) Its capital.
- (b) Its reserves.
- (c) Such other real and movable property it may acquire.
- (d) Loans it contracts.
- (e) Its income.

## **Article IX**

The Company alone shall be responsible for its debts and obligations.

## **Article X**

The Company's income shall be allocated as follows:

- a) The Company shall, in accordance with a decision from the Board of Directors, maintain an amount not exceeding in total ten percent (10%) of the Company's capital as a contingency reserve. This percentage may, when necessary, be amended by decision of the Supreme Council.
- b) After deducting all general expenses and costs, including depreciation, in accordance with recognized accounting principles, royalty, income taxes and any other fiscal obligations, the remaining cash funds, after providing for approved capital investments, shall be paid on a current basis to the Saudi Arabian monetary Agency to the account of the ministry of Finance and National Economy. The Ministry of Finance and National Economy, and the Ministry of Petroleum and mineral Resources shall agree on the banks through which such funds will be deposited and on the payment dates.

## **Article XI**

The Company shall be obligated to pay the royalty and the income tax imposed on companies engaging in production of hydrocarbon materials in



the Kingdom of Saudi Arabia, in accordance with the Royal Decrees, decisions and agreements mentioned below and any amendments thereto from time to time:

- a) Royalty according to the Concession Agreement of the Arabian American Oil Company dated 4 Safer 1352 [29 May 1933], and all supplementary letters and agreements.
- b) Income tax according to Royal Decree No. 17/2/28/7634, dated 17 Rabi' I 1370 [27 December 1950], Royal Decree No. M/28, dated 29 Shawwal 1390 [28 December 1970], Council of Ministers Decision 1028, dated 30 Shawwal 1390 [29 December 1970], and Royal Decree No. M/65, dated 13 Dhu al-Qa'dah 1394" [27 November 1974]. Declarations required for the assessment of tax shall be submitted to the Department of Zakah and Income Tax, in accordance with said Royal Decrees and any amendments thereto, through the Ministry of Petroleum and Mineral Resources.

## **Article XII**

The Supreme Council of the company shall be constituted under the chairmanship of the president of the council of Ministers or his designated representative and shall have ten members appointed by Royal Order.

## **Article XIII**

The Supreme Council shall convene in an ordinary meeting one or more time during each year and the first meeting shall be held within the six months

following the end of the fiscal year. It may convene an extraordinary meeting at the request of the chairman of the council or at the request of the Board of Directors or the Auditors with the approval of the Chairman of the Supreme Council. Invitations to a meeting shall be by a letter from the Chairman of the Board of Directors sent before the scheduled date of the meeting. The letter shall contain an agenda and state whether the meeting is an ordinary or extraordinary meeting. The Supreme Council shall hold its meeting at the head office of the Company unless the Chairman of the council designates another place for the meeting.

#### **Article XIV**

The Meeting of the Supreme Council shall be valid only if attended by at least six including the Chairman of the Council or his designated representative. Resolutions of the Council shall be adopted by majority vote of those present and the side on which the Chairman votes shall prevail in case of tie.

#### **Article XV**

The Supreme Council shall determine the general policy of the Company and shall specified:

- (a) Endorse the Company's five-year business plan, including its program for crude oil production, and its program for exploration and development of new hydrocarbon reserves.
- (b) Endorse the Company's five-year program for future capital investments.
- (c) Appoint a President for the Company at the nomination of the Board of Directors.

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- (d) Appoint the Auditor and determine his remuneration.
- (e) Discuss the Auditor's Report and approve the Company's balance sheet and profit and loss accounts.
- (f) Approve the annual report of the Board of Directors and grant releases to the members of the Board for their management for the applicable year.
- (g) Decide on increasing or decreasing the Company's capital or the participation by others therein.
- (h) Determine the remuneration of the Chairman and members of the Board.
- (i) Resolve all other matters presented by the Board of Directors.

### **Article XVI**

The Board of Directors of the Company shall be constituted under the Chairmanship of the minister of Petroleum and Mineral Resources and shall have a minimum of eight members appointed by Royal Order based on the recommendation of the Minister of Petroleum and Mineral Resources. Four of the members shall be officers of the Company, including the President. A member's term shall be three years, subject to renewal or extension.

### **Article XVII**

The Board of the Directors shall meet at least twice during each year at the invitation of its chairman. The Chairman shall convene a meeting of the Board

if so requested by at least half of the members of the Board of Directors. The Board of Directors shall meet at the Company's head office or at any other place designated by the chairman of the Board. The Board of Director's meeting shall be valid only if attended by a majority of the Directors, including the Chairman. The Board of Directors may invite to its meeting any persons whose knowledge or expertise it wished to enlist, without such persons having the right to vote.

### **Article XVII**

Resolutions of the Board of Directors shall be adopted by majority vote of the members present, and the side on which the Chairman votes shall prevail in case of a tie. Resolutions of the Board of Directors shall be recorded in minutes signed by the Chairman and the Secretary.

In exceptional cases, the Board of Directors may adopt resolutions without a meeting, if consent in writing, setting forth the decision to be taken, shall be signed by all members. Such resolutions shall be presented to the Board of Directors at its first following meeting for inclusion in the minutes of the meeting.

### **Article XIX**

Without prejudice to the provisions of Articles XV herein, the Board of Directors shall have the authority to discharge the Company's functions and to manage the Company on a purely commercial basis. Specifically, and without limitation, the Board of Directors shall be empowered to:

- (a) Establish by-laws for its own operations.

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- (b) Nominate a President of the Company who has experience and competence in the oil industry, and appoint such other officers as the Board deems necessary or appropriate, establish their duties and set their remuneration.
- (c) Approve the Company's internal, financial, administrative, technical, and personnel policies and regulations. The Company's personnel shall be subject to the Labor Regulations and the Social Insurance Regulations.
- (d) Authorize the Company's officers to sign on behalf of the company within the limits of the rules established by the Board of Directors.
- (e) Establish committees and assign them powers as deemed appropriate by the Board for the Prompt resolution of matters brought before them.
- (f) Coordinate between the various committees of the Board of Directors.
- (g) Approve the establishment of subsidiaries, branches, offices and agencies of the company.
- (h) Authorize the contracting of loans and mortgages.
- (i) Authorize the investment of the Company's liquid assets
- (j) Review the Company's business plan and approve its annual budgets.

## **Article XX**

During the four months following the end of the fiscal year, the Board of Directors shall prepare an annual report of the Company's operations which shall include the Company's balance sheet, profit and loss accounts, and the Auditor's report, and shall submit the report to the Supreme Council with a copy to the Minister of Petroleum and Mineral Resources.

## **Article XXI**

Neither the Chairman of the Board of Directors of any of its members, nor the other officers of the Company may have a direct or indirect personal interest in the Company's contracts or projects. Without authorization of the Supreme Council, a Director may not personally participate in any business in competition with the company, or personally engage in the same commercial activities carried on by the Company. Officers of the Company shall not engage in trade.

Contracting with an international company with extensive experience in the oil industry shall not be considered a "personal interest" for the member of the Board who works in that company.

## **Article XXII**

The Company shall be represented before the judiciary by the President or his authorized representative.

## **Article XXIII**

The President of the Company shall exercise the following powers:

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- (a) Prepare for Board of Directors' meetings.
- (b) Implement Board of Directors' resolutions.
- (c) Prepare the Company's balance sheet, profit and loss accounts, and annual budgets.
- (d) Supervise the Company's officers and personnel as prescribed by the rules.
- (e) Issue orders pertaining to expenditures of the company in accordance with the approved annual budget; and he may authorize others to do so.
- (f) Exercise whatever powers are vested in him by resolutions of the Board of Directors and the Company's rules and regulations.
- (g) Delegate functions to other officers of the Company as he may deem advisable, within the limits of the Company's rules and regulations.

### **Article XXIV**

The Company and its wholly owned subsidiaries, for their duration as companies, shall enjoy all the privileges and rights provided for under the Arabian American Oil Company's Concession Agreement of 4 Safar 1352 (29 May 1933) and all its supplementary documents and agreements, as well as Governmental orders and decisions.

### **Article XXV**

The fiscal year of the Company shall start on one January and end at the end of December of each year. However, the first fiscal year shall start on one January following the date of formation at the conclu-

sion of the current fiscal year of the Arabian American Oil Company. The Company's budgets shall be drawn up in accordance with generally recognized commercial principles and in accordance with the by—laws approved by the Board of Directors.

### **Article XXVI**

The Company's accounts shall be examined by one or more auditors appointed annually by the Supreme Council. The Auditor may be reappointed from year to year. The auditor shall specifically ascertain that the balance sheet and profit and loss accounts correspond to the accounting records, and that they present fairly the Company's financial position in accordance with generally accepted accounting principles. The Auditor shall have full access to the Company's books, records and other documents and shall be entitled to request such data and clarifications as he considers necessary to verify the assets and liabilities of the Company. The President Shall see that the Auditor is enabled to perform his duties. The Auditor shall report on the Board of Directors any difficulties he encounters in the performance of his duties. If the Board of Directors fails to facilitate the performance of the Auditor's duties, the Auditor shall be entitled to call a meeting of the Supreme Council to review the matter. The Auditor shall present his Report annually to the Supreme Council, including information on the attitude of the Company's officers in enabling him to obtain the data and clarifications requested, any violations of these Articles he discovered, and his opinion on the extent to which the Company's accounts reflect the Company's actual financial position. The Company shall send a copy



of the Auditor's Report to the Minister of Petroleum and Mineral Resources.

### **Article XXVII**

The Ministry of Petroleum and Mineral Resources shall oversee all the technical activities of the Company and shall monitor all its revenues and expenditures. The Ministry of Petroleum and Mineral Resources shall see that the Company fulfills the Government's oil policies and that the Company continues to conduct its operations in a diligent, efficient and economic and professional manner in accordance with first-class oil industry practices to insure conservation of the petroleum resources.

### **Article XXVIII**

The Bureau of the Controller General shall review the Company's accounts in accordance with these Articles and the Company's own financial rules. In order to accomplish this, the Bureau may:

- a) Examine the financial statements to ascertain that they include the necessary information that must be highlighted therein, that they accurately reflect the net profit or loss for each fiscal year, and that they present fairly the Company's financial position.
- b) Examine the Auditor's reports on the balance sheet and profit and loss account, discuss his reservations and ascertain the justifications therefor, and follow up on what is to be done in respect thereof.

If examination of the documents mentioned in paragraphs a and b above indicates that it is necessary

to examine the Company's books and records, then the Bureau may do so in coordination with the Minister of petroleum and Mineral Resources.

The Bureau may exercise its above responsibilities through an accounting firm which it will contract for this purpose.

### **Article XXIX**

The Company shall indemnify its Directors and officers against all expenses and amounts reasonably incurred or paid by them in connection with any action or proceeding against them by reason of their actions or service as Director or officer of the company. However, such Indemnification shall not extend to matters where it has been adjudged that a negligence or misconduct in the performance of his duties

### **Article XXX**

To maintain the highest level of efficiency and safety principles and to ascertain that the Company's operations are Carried out in accordance with first-class oil industry practices, and until the Board of Directors approves the Company's internal regulations pursuant to Paragraph (c) of Article XIX hereof, the Company shall function under the organizational and management structure, including policies, and procedures, and financial and administrative control system, in effect in the Arabian American Oil Company.

**ARAMCO TRADEMARK REGISTRATION**  
**(JUNE 3, 2014)**

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*United States of America*  
United States Patent and Trademark Office

**ARAMCO**

Reg. No. 4,541,437  
Registered June 3, 2014  
Int. Cl.: 4



TRADEMARK  
PRINCIPAL REGISTER

*Michelle K. Lee*  
Deputy Director of the United States  
Patent and Trademark Office

Saudi Arabian Oil Company  
(Saudi Arabia a Company of Limited Liability  
Created by Royal Decree According To the Laws of  
the Kingdom of Saudi Arabia)  
1 Eastern Avenue  
Dhahran, Saudi Arabia 31311

For Fuel and Lubricants Derived from Petroleum  
Crude Oil; Refined Petroleum Products, Namely, Lique-  
fied Petroleum Gas, Petroleum Jelly for Industrial  
Purposes, Kerosene; Petroleum and Petroleum Pro-  
ducts, Namely, Industrial Oils and Greases, Lubri-  
cating Oils and Greases, Motor Oils, Petroleum and  
Mineral Waxes and Wax Compounds; Hydrocarbon  
Fuels in Liquid and Gaseous Form, Automotive Fuels,  
Diesel Fuel, Gasoline,, Aviation Fuel, Ethane, Butane  
and Propane Fuel Gas; Petroleum Illuminants; Synthe-  
tic Lubricants, In Class 4 (U.S.. Cls. 1, 6 and 15).

The Mark Consists of Standard Characters Without Claim to Any Particular Font, Style, Size, or Color.

Owner of Saudi Arabia Reg. No. 99720,

Dated 6-22-2008, Expires 6-22-2018.

Ser. No. 85-582,727, Filed 3-28-2012.

Tarah Hardy, Examining Attorney

**REQUIREMENTS TO MAINTAIN YOUR  
FEDERAL TRADEMARK REGISTRATION**

**WARNING:  
YOUR REGISTRATION WILL BE  
CANCELLED IF YOU DO NOT FILE THE  
DOCUMENTS BELOW DURING THE  
SPECIFIED TIME PERIODS.**

**Requirements in the First Ten Years\*  
What and When to File:**

*First Filing Deadline:* You must file a Declaration of Use (or Excusable Nonuse) between the 5th and 6th years after the registration date. *See* 15 U.S.C. §§ 1058, 1141k. If the declaration is accepted, the registration will continue in force for the remainder of the ten-year period, calculated from the registration date, unless cancelled by an order of the Commissioner for Trademarks or a federal court.

*Second Filing Deadline:* You must file a Declaration of Use (or Excusable Nonuse) and an Application for Renewal between the 9th and 10th years after the registration date.\* *See* 15 U.S.C. § 1059.

**Requirements in Successive Ten-Year Periods\*  
What and When to File:**

You must file a Declaration of Use (or Excusable Nonuse) and an Application for Renewal between every 9th and 10th-year period, calculated from the registration date.\*

**Grace Period Filings\***

The above documents will be accepted as timely if filed within six months after the deadlines listed above with the payment of an additional fee.

**The United States Patent and Trademark Office (USPTO) will NOT send you any future notice or reminder of these filing requirements.**

**\* ATTENTION MADRID PROTOCOL  
REGISTRANTS:**

The holder of an international registration with an extension of protection to the United States under the Madrid Protocol must timely file the Declarations of Use (or Excusable Nonuse) referenced above directly with the USPTO. The time periods for filing are based on the U.S. registration date (not the international registration date). The deadlines and grace periods for the Declarations of Use (or Excusable Nonuse) are identical to those for nationally issued registrations. *See* 15 U.S.C. §§ 1058, 1141k. However, owners of international registrations do not file renewal applications at the USPTO. Instead, the holder must file a renewal of the underlying international registration at the International Bureau of the World Intellectual

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Property Organization, under Article 7 of the Madrid Protocol, before the expiration of each ten-year term of protection, calculated from the date of the international registration. *See* 15 U.S.C. § 1141j. For more information and renewal forms for the international registration, see <http://www.wipo.int/madrid/en/>.

NOTE: Fees and requirements for maintaining registrations are subject to change. Please check the USPTO website for further information. With the exception of renewal applications for registered extensions of protection, you can file the registration maintenance documents referenced above online at <http://www.uspto.gov>.