



Ministry of Natural Resources
Health, Safety and Environment Department

Consultation:

Instructions on Abandonment and Reclamation

Opening: 8th October 2014

Closing: 20th November 2014

INTRODUCTION

Under the Oil and Gas Law of the Kurdistan Region (Law No. 22 of 2007), the Ministry of Natural Resources (“the Ministry”) is responsible for regulating petroleum operations in the Region¹ and must exercise its powers and functions under the said Law so as to secure:

- (a) the sound management of the Region’s petroleum resources; and
- (b) the development of the petroleum industry in a manner that minimises damage to the environment, secures sustainable economical growth, encourages investment, contributes to the Region’s long-term development plans, and is reasonable and consistent with best oil industry practices.²

Law No. 22 gives the Ministry an express power to issue Instructions as necessary for the implementation of Law No. 22, and in particular relating to (amongst other matters) occupational health and safety, protection and restoration of the environment, resource management, clean-up operations and other appropriate methods of remedying the effects of the escape of petroleum, and abandonment and decommissioning of operations. Law No. 22 also contains additional requirements in respect of environmental protection.

Health, safety and environmental (“HSE”) obligations are also imposed in the Production Sharing Contracts entered into by the KRG and in other Kurdistan Region laws including the Law for the Protection and Improvement of the Environment in the Kurdistan Region – Iraq (Law No. 8 of 2008).

The Ministry is committed to ensuring that it regulates the Region’s petroleum industry in a manner that fulfils the Ministry’s statutory functions under Law No. 22 and best promotes the objectives set out in the said Law. The Health, Safety and Environment Department (“the Department”) of the Ministry has primary responsibility for the Ministry’s regulatory activities in relation to health, safety and the environment. The Department’s activities are aimed at protecting the Region’s environment and promoting safe and environmentally sound practices in the industry, whilst encouraging the optimal exploitation of the Region’s natural resources.

¹ Article 6 of Law No. 22.

² Article 7 of Law No. 22.

THE DRAFT INSTRUCTIONS

The manner in which operators abandon land and wells used for the exploration or production of oil and gas has significant HSE as well as economic implications for the local area and the Region as a whole. The Ministry therefore takes that process seriously and strives to ensure that the attendant HSE risks are minimised and the abandonment is executed in a manner that best facilitates eventual ecosystem restoration. The Ministry expects that when operators abandon a well, they leave it in a condition that is safe and stable and protects natural resources. When operators abandon a site, they must restore and rehabilitate it to a condition that approximates and blends in with the surrounding land and in which the site's ability to support various land uses is similar to the ability that existed prior to the commencement of petroleum operations on it.

Following an internal review of existing policies and procedures, and in order to put the Ministry's requirements on a more accessible, formal and consistent footing, His Excellency Dr Ashti Hawrami, the Minister of Natural Resources, has decided to issue Instructions, under Articles 53 and 60 of Law No. 22, setting out the Ministry's requirements in respect of the abandonment of oil and gas wells and the restoration and reclamation of land used for petroleum operations.

Accordingly, the Ministry has drafted the Instructions that are enclosed and are the subject of this consultation. The Instructions have five key chapters:

- The "Definitions" chapter contains a description of the key terms used in the Instructions. A proper understanding of these terms, and in particular the definitions of "abandonment", "temporary abandonment", "permanent abandonment", "Abandonment Date", "restoration" and "rehabilitation" is crucial for a correct reading of the substantive obligations in the Instructions.
- The chapter entitled "Abandonment of Oil and Gas Wells" sets out the process that must be followed whenever an oil or gas well is abandoned, either temporarily or permanently.
- The "Reclamation" chapter sets out the measures that must be undertaken by operators in respect of the restoration and rehabilitation of a site or portion of a site (i.e., any land) used for petroleum operations. The over-arching reclamation obligations commence as soon as the land is disturbed. There are also specific obligations that are triggered by the permanent abandonment of a site or portion of a site – including any land used for wells.

- The chapter headed “Transitional provisions” addresses those wells and sites that have already been abandoned. Importantly, the obligations imposed in these Instructions also apply to those wells and sites, albeit with different deadlines.
- Finally, the chapter entitled “Supplementary provisions” contains a number of important subsidiary provisions including a limited scope for exemptions and an internal appeal process.

It is important to bear in mind that these Instructions are solely concerned with the Ministry’s requirements and procedures regarding abandonment and reclamation pursuant to its functions and duties as set out in Law No. 22 of 2007. They are entirely separate from, and do not in any way affect, obligations imposed by other Regional laws or competent authorities. Similarly, where a Petroleum Sharing Contract imposes abandonment, reclamation or decommissioning obligations, the operator concerned must comply with both those obligations and the requirements in these Instructions.

YOUR VIEWS

Before issuing the Instructions, the Ministry wishes to consult businesses within the petroleum industry as well as other interested organisations, agencies and individuals on the content of the Instructions. Any feedback received during the consultation will be conscientiously considered in the finalisation of the Instructions.

We encourage you to give careful thought to the Instructions and provide your considered views by reference to the following questions:

1. Do you agree that the abandonment and reclamation requirements set out in the draft Instructions are appropriate? If you do not, please provide reasons.
2. By reference to each of the provisions in the draft Instructions, do you agree that the provision is appropriate? If you do not, please provide reasons.
3. Is there any aspect of the Instructions which you consider to be (a) unclear or (b) in need of further elaboration? If so, please explain.
4. Do you have any other comments or suggestions?

Where appropriate, we encourage you to supplement your answers with relevant evidence, reports, references and data.

Please send your views **BY NO LATER THAN THURSDAY, 20TH NOVEMBER 2014** to:

Dr Hallo Askari

Ministry of Natural Resources

Kurdistan Regional Government

Erbil, Iraq

[Email: hallo.askari@mnr.krg.org](mailto:hallo.askari@mnr.krg.org)