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Bush Officials Condoned Regional Iraqi Oil Deal

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Contract Contradicted State Dept.'s Public Stance

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Bush administration officials told Hunt Oil last summer that they did not object to its efforts to reach an oil deal with the Kurdish regional government in northern Iraq, even while the [State Department](#) was publicly expressing concern that such contracts could undermine a national Iraqi petroleum law, according to documents obtained by a House committee.

Last fall, after the deal was announced, the State Department said that it had tried to dissuade Hunt Oil from signing the contract with Kurdish regional authorities but that the company had proceeded "regardless of our advice." Although Hunt Oil's chief executive has been a major fundraiser for [President Bush](#), the president said he knew nothing about the deal.

Yesterday, however, [Henry A. Waxman \(D-Calif.\)](#), chairman of the [House Committee on Oversight and Government Reform](#), released documents and e-mails showing that for nearly four months, State and Commerce department officials knew about Hunt Oil's negotiations and had told company officials that there were no objections. In one note, a [Commerce Department](#) official even wished them "a fruitful visit to Kurdistan" and invited them to contact him "in case you need any support."

That guidance contradicted the administration's public posture. The Bush administration made an Iraqi national petroleum law, which has still not been adopted, a top priority last year in the hope it would more tightly bind the country's regions together and open the way for international oil companies to invest in much larger oil fields south of Iraq's Kurdish region. The State Department said, and continues to assert, that it opposes any contract with a regional Iraqi authority in the absence of a national petroleum law.

The Hunt Oil deal was seen by Kurdish officials as a key victory because the company's chief executive, Ray L. Hunt, was not only a major backer of Bush but also a member of the President's Foreign Intelligence Advisory Board. After the deal was completed, a dozen other foreign firms signed oil contracts with Kurdish authorities.

State Department spokesman [Tom Casey](#) said yesterday that "we continue to stand by our previous statements that the U.S. government made its objections to this arrangement known both to the company as well as to the KRG [[Kurdistan Regional Government](#)]."

But in a letter to Secretary of State [Condoleezza Rice](#), Waxman said documents his committee had obtained "tell a different story about the role of Administration officials."

The documents show that as early as June 12, 2007, Hunt Oil officials met with members of the State Department's Regional Reconstruction Team for the Kurdistan region in Erbil and on June 15 specifically asked whether there was a policy about companies entering contracts with Kurdish authorities. According to notes taken by Hunt Oil officials, they were told that the "U.S. has no policy,

for nor against."

The documents also include an e-mail from Hunt Oil's general manager for the region stating, "There was no communication to me or in my presence made by any of the 9 state department officials with whom I met . . . that Hunt should not pursue our course of action leading to a contract. In fact, there was ample opportunity to do so, but it did not happen."

The State Department officials in Erbil sent summaries of Hunt Oil activities to the embassy in Baghdad and to Laird Treiber, the economic coordinator in the State Department's office of Iraq affairs in Washington.

Separately, Ray Hunt on July 12 and again on Aug. 30 wrote letters to Stefanie R. Osburn, the executive director of the President's Foreign Intelligence Advisory Board, describing his contacts with Kurdish officials.

On Sept. 5, three days before the Hunt Oil contract was signed, the State Department's regional coordinator and deputy team leader in Erbil informed Treiber in Washington that the deal was imminent. The note recounts a conversation with Hunt Oil's regional manager, David McDonald. "Asked about concerns over potential conflicts between the recently passed KRG hydrocarbon law and an [sic] national law, he said the 'significant opportunity' outweighs the legal ambiguity," the note said.

Treiber replied, "Thanks for the heads up; getting an American company to sign a deal with the KRG will make big news back here. Please keep us posted."

It did make big news, and Bush himself was asked about it. On Sept. 20, he said, "Our embassy also expressed concern about it. I knew nothing about the deal." He continued, "I need to know exactly how it happened. To the extent that it does undermine the ability for the government to come up with a oil revenue-sharing plan that unifies the country, obviously I'm -- if it undermines that, I'm concerned."

Later, at a State Department briefing, Casey said, "We certainly are discouraging individuals and companies, as well as the government of Kurdistan, the regional government of the Kurdish region, to engage in these kinds of contracts." Referring specifically to Hunt Oil, he added that the "company decided to sign a contract regardless of our advice, but that is their decision."

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