

WHY IS THE STATE DEPARTMENT “HUNTING” FOR DEALS FOR BUSH’S OIL BUDDY?

Man, Condi Rice has got to be tired of getting damning letters from Henry Waxman.

This one shows that, despite very specific denials from the Bush Administration that they knew anything about Bush buddy and uber-donor Ray Hunt scoring one of the first oil deals with Kurdish Iraq, the State Department was in fact very well informed about the deal.

Documents obtained by the Committee indicate that contrary to the denials of Administration officials, advisors to the President and officials in the State and Commerce Departments knew about Hunt Oil’s interest in the Kurdish region months before the contract was executed.

The documents show:

- *On June 12 and 15, 2007, Hunt Oil officials met with officials from the U.S. Regional Reconstruction Team (RRT) for the Kurdistan region, located in Erbil, "to investigate investment prospects" in the Kurdish region.⁶ During the June 15 meeting, the Hunt Oil officials "specifically asked if the [U.S.] had a policy toward*

companies entering contracts with the KRG.⁷ According to notes taken by Hunt Oil officials, they were told the "U.S. has no policy, for nor against."⁸ Synopses of these meetings were sent to the U.S. Embassy in Baghdad as part of weekly situation reports on June 14 and 21, 2007.⁹

- On July 12, 2007, Ray Hunt, president and CEO of Hunt Oil, sent a letter to the President's Foreign Intelligence Advisory Board, of which he was a member, making clear his intentions to pursue oil exploration in Kurdistan. Mr. Hunt disclosed that Hunt Oil was "approached a month or so ago by representatives of a private group in Kurdistan as to the possibility of our becoming interested in that region."¹⁰ He went on to describe the visit of an oil survey team and stated that

"we were encouraged by what we saw. We have a larger team going back to Kurdistan this week."¹¹

- In August 2007, Hunt Oil representatives exchanged e-mails with State Department personnel discussing their return to Kurdistan in late August to "assess business opportunities in Kurdistan."¹²
- On August 30, 2007, Ray Hunt sent a second letter to the President's Foreign Intelligence Advisory Board informing the board that he would be traveling to Kurdistan during the week of September 3, 2007, to meet with members of the Kurdistan Regional Government, including the President, Prime Minister, and Oil Minister.¹³
- On September 5, 2007 – three days prior to the contract's execution – Hunt Oil's general manager informed the RRT in Erbil that "Hunt

is expecting to sign an exploration contract" with the Kurdistan Regional Government.¹⁴ That same day, the RRT leader sent an e-mail summary of the meeting to the Embassy in Baghdad and the State Department headquarters in Washington.¹⁵ A second synopsis of the meeting was sent to the Embassy in Baghdad in a situation report the following day. ¹⁶

That's all bad enough. But I'm particularly interested in why someone from the State Department is busy tipping off Hunt Oil to other oil and gas deals in Iraq?

Other correspondence provided by Hunt Oil also casts doubt on the State Department's claim that it disapproved Hunt Oil's deal with Kurdistan. Five days after the announcement of that contract, on September 13, 2007, a State Department official in southern Iraq made contact with a Hunt Oil representative to suggest another business opportunity in Iraq, in this case a project to develop a liquefied natural gas refinery in southern Iraq, writing: "This seems like it would be a good opportunity for Hunt. ... If you all are not aware of this and would like some more information ... let me know." ²¹ A Hunt Oil official forwarded the State Department e-mail to Ray Hunt, the head of Hunt Oil, noting: "This is really good for us... I find it a huge

compliment that he is 'tipping' us off about this. He certainly doesn't have to... This is a lucky break. 22 [my emphasis]

Since when did our diplomatic corps turn into the business development wing of one of the company of one of Bush's best donors?

Don't answer that.

When this deal first went through, I tried to imagine WTF the Bush Administration was thinking when it let this deal go forward.

What I don't know is how to interpret the deal. Perhaps it means nothing more than that Ray Hunt, having reviewed BushCo's plans and the real underlying intelligence personally, is sufficiently comfortable that Kurdistan will exist as a viable entity, with the oil laws in Iraq remaining as they are, with sufficient security, to conduct oil exploration over the long term (and this is oil exploration, so we are talking a long term indeed). Or perhaps Hunt has signed this deal as a favor to Bush, to push other, publicly held oil companies (which might—out of concern for shareholder value—hesitate before signing such a deal) to invest in Iraqi oil. The NYT article suggests both may be factors in this deal.

Despite Iraq's vast oil reserves, major international companies have sat on the sidelines, not only for security reasons but because of the absence of legislation governing the industry and offering protection for investments.

A draft oil law for all of Iraq has been bogged down for months, in part because of disputes over who will control the proceeds.

In August, however, the Kurdish self-governing region in northern Iraq enacted its own law governing foreign oil investments. The move angered the central government in Baghdad, but the Kurds are determined to push ahead with oil exploration.

Most interestingly, this deal suggests those close to Bush believe the US will retain its ties with Kurdistan, as a distinct entity, for some time.

I still don't know the answer to that question. But I'd say that the State Department approval of the deal sure suggests they don't give a damn about Iraq's so-called "sovereignty."