

IRAQI HYDROCARBON LAW

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 10, 2007

Mr. KUCINICH. Madam Speaker, I submit the following for the RECORD:

READ THE IRAQI PARLIAMENT'S HYDROCARBON LAW: THE IRAQI "HYDROCARBON LAW" CONTAINS THREE SENTENCES ON OIL REVENUE SHARING AND 33 PAGES ON PRIVATIZATION

Dear Colleague: An issue of critical importance, the Iraqi "Hydrocarbon Law", was again broached yesterday for the third time in the Democratic Caucus and I want to provide you the facts and evidence to support the concerns I have expressed.

As you know, the Administration set several benchmarks for the Iraqi government, including passage of the "Hydrocarbon Law" by the Iraqi Parliament. The Administration misled Congress by emphasizing only a small part of this law, the "fair" distribution of oil revenues. Consider the fact that the Iraqi "Hydrocarbon Law" contains a mere three sentences that generally discuss the "fair" distribution of oil.

Except for three scant lines, the entire 33 page "Hydrocarbon Law" is about creating a complex legal structure to facilitate the privatization of Iraqi oil. As such, it is imperative that all of us carefully read the Iraqi Parliament's bill because the FY07 Iraq Supplemental puts Congress on the record in promoting oil privatization.

The U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act of 2007, released yesterday, contains Sec. 1330(2)(A) requiring a report by the President on "whether the Government of Iraq has enacted a broadly accepted hydro-carbon law that equitably shares oil revenues among all Iraqis." The Iraqi "Hydrocarbon Law" is not broadly accepted and does far more than share revenues. The final 3 months of war funding are tied to the favorable completion of this report and a favorable vote by Congress.

It is also important to highlight Sec. 1311(2) of the Supplemental bill, which prohibits funds "to exercise United States control over any oil resource of Iraq." The crucial issue is not the U.S. government control of Iraqi oil resources. Rather the issue is Congress passing a measure that pressures Iraq to pass their "Hydrocarbon Act" so that multinational oil corporations (many based in the U.S.) will exercise control over Iraqi oil resources.

Here are the annotated facts, according to reliable media sources:

FOREIGN OIL COMPANY CONTROL

"The law, if passed, is expected to open the country's billions of barrels of proven oil reserves, the world's third largest, to foreign investors."

"Under the new law, the Iraq National Oil Company would have exclusive control of only about 17 of Iraq's approximately 80 known oil fields."

"The law would also allow the government to negotiate different kinds of exploration and production contracts with foreign oil companies, including Production Sharing Agreements, or PSAs. Energy lawyers favor these because they allow oil companies to secure long-term deals and book oil reserves as assets on their company balance sheets."

"The proposal would provide for production sharing agreements that would give international firms 70 per cent of the oil revenues to recover their initial investments and subsequently allow them 20 per cent of

the profits without any tax or restrictions on the transferring of funds abroad.

"Energy lawyers agree. "Pretty much all the major oil companies are taking a very close interest in the future potential in Iraq," says Mathew Kidwell, a partner in the Dubai office of Fulbright & Jaworski. "We have certainly had discussions with a number of our oil industry clients about the legal framework..."

IRAQI SELF GOVERNANCE THREATENED

The unions were kept in the dark, as were most members of Iraq's parliament, until the draft law was leaked to the media. Even then it was still out of the reach of most of Iraq's citizens.

"Iraq will not be capable of controlling the levels—the limits of production, which means that Iraq cannot be a part of OPEC anymore. And Iraq will have this very complicated institution called the Federal Oil and Gas Council, that will have representatives from the foreign oil companies on the board of it, so representatives from, let's say, ExxonMobil and Shell and British Petroleum will be on the federal board of Iraq approving their own contracts."

"Under the proposed law, foreign companies would not have to invest their earnings in Iraq, hire Iraqi workers, or partner with Iraqi companies."

"Iraq's oil unions have threatened to shutdown production if foreign companies are allowed too much control."

"The Iraq National Oil Co. would restart but compete with foreign oil companies, who could win contracts giving them partial ownership of the respective fields."

PERSUASION BY FOREIGN OCCUPIERS

"The British Government intervened to help UK and US energy giants in their attempts to secure lucrative contracts to exploit Iraq's ruined oilfields."

"The Foreign Office delivered a report by the International Tax and Investment Center (ITIC)—a Washington-based think-tank backed by a host of multinationals, including oil companies such as Shell and BP—to Iraqi officials in Baghdad, it has emerged."

"The British ambassador to Iraq formally sent the 'road-map' study on the Iraqi oil industry to the then Iraqi minister of finance, according to documents seen by The Independent on Sunday. The study recommended the Iraqi government sign long-term production-sharing agreements with foreign oil companies."

"The ITIC hosted a conference in Beirut in January 2005 to give a formal presentation to Iraqi ministers. Executives from BP, Shell, ChevronTexaco, the Italian oil company ENI and its French rival Total attended."

If the above quotes are not persuasive, then I highly encourage you to read the Iraqi "Hydrocarbon Law" yourself. It is available, not because the Iraqi government released it, but because the Kurds released it. This version passed the Iraq Cabinet, and was referred to the Parliament. http://web.krg.org/uploads/documents/Draft%20Iraq%20Oil%20and%20Gas%20Law%20English_2007_03_09_h17m2s47.pdf

The following highlights are the major concerns of the Iraqi "Hydrocarbon Law":

The legislation ensures that the "Chief Executives of important related petroleum companies" are represented on the Federal Oil and Gas Council, which approves oil and gas contracts. This is akin to the foreign oil companies approving their own contracts.

The legislation ensures the Iraq National Oil Company has no exclusive rights for exploration, development, production, transportation, and marketing. The Iraq National Oil Company must compete against foreign oil companies with rules that benefit the foreign oil companies.

The legislation gives the Iraq National Oil Company some control of developed oil fields and "rights to participate" in undeveloped oil fields in Annex I and II, but these Annexes have never been made public.

The legislation gives the Iraq National Oil Company temporary control of the oil pipelines and export terminals, but then directs the Federal Oil and Gas Council to turn these assets over to any entity with no further instructions. The opportunity for a foreign oil company to have control over the Iraqi oil pipeline and export terminals would give that company enormous control of the Iraqi oil market.

The legislation demands that "contracts must guarantee the best levels of coordination" with the Oil Ministry, Iraq National Oil Company, the regions and oil companies. The legislation mandates that undeveloped oil fields be developed quickly and oil companies are given explicit authority to "collaborate."

The legislation does not require contracts to be published for public review up to two months after the approval.

The legislation contains only three sentences in regards to the fair distribution of oil, but do not resolve any of the issues facing this challenge. The legislation simply requires that future legislation be submitted for approval. Thus, this legislation does not even meet the President's benchmark.

The legislation provides up to 35 years of exclusive control over oil fields for foreign oil companies.

The legislation provides for a preference to Iraqis for jobs and services, but only if these benefits do not place extra costs or inconveniences on the foreign oil companies.

This war was about oil. We must not be party to the Administration's blatant attempt to set the stage for multinational oil companies to take over Iraq's oil resources. The war in Iraq is a stain on American history. Let us not further besmirch our nation by participating in the outrageous exploitation of a nation which is in shambles due to U.S. intervention.

Please join me in seeking to remove any reference to the Iraqi "Hydrocarbon Law" in the war spending bill.

Sincerely,

DENNIS J. KUCINICH,
Member of Congress.

TRIBUTE TO MR. HUGO A. GUTIERREZ, SR.

HON. HENRY CUELLAR

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 10, 2007

Mr. CUELLAR. Madam Speaker, I rise today to honor Mr. Hugo A. Gutierrez, Sr., an American hero—a soldier, a father, a husband, and a great leader in the city of Laredo, who recently passed away on March 27, 2007, after a courageous battle with cancer.

Mr. Hugo A. Gutierrez, Sr., was born on August 1, 1925, as the seventh of his parents' twelve children in Nuevo Laredo, Mexico. His family moved to Laredo, Texas, when he was a small child, and thus began his great love for the city and its people. His father passed away when he was only 14 and Hugo started working to provide for his family. Two years later, when his eldest brother, Adolfo, passed away from complications from appendicitis, Hugo began work as an electrician with the Koenig Electric Company so that he could

earn more money to feed and clothe his family.

At 18, Hugo served for 2½ years in World War II. He helped detect land mines to protect his fellow soldiers. After the war, he returned to Laredo and soon met his late wife, Ofelia Alvarado. Together they started a family. In 1959, he started his own electrical company, Hugo's Electric Company, in 1959.

Mr. Gutierrez's four sons, Hugo A. Gutierrez, Jr., Ricardo, Aldolfo, and Roberto learned the value of entrepreneurship by working with their father. In 1995, Mr. Gutierrez and his sons purchased a majority interest in what was then Falcon National Bank. At this point he became chairman of the board, and his son, Adolfo, took on the role of president and CEO of Falcon International Bank. Under their leadership, the bank became one of the premier financial institutions in south Texas.

Mr. Gutierrez was loved and respected by hundreds in the city of Laredo. He is survived by his four sons, sisters Mela Serna, Esperanza Pena, Rosa Smith, brothers Arnoldo, Hector and Feliciano and his 15 grandchildren.

Madam Speaker, I am honored to have had this time to recognize Mr. Hugo A. Gutierrez, Sr.

IN RECOGNITION OF THE 100TH ANNIVERSARY OF THE CENTRAL ASSEMBLY OF GOD CHURCH

HON. ROY BLUNT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 10, 2007

Mr. BLUNT. Madam Speaker, I rise today to recognize an institution celebrating its centennial milestone this month. The Central Assembly of God Church in Springfield, MO, has been at the center of the Pentecostal movement in Springfield since the turn of the 20th century.

Early in 1907, a woman, who had attended a California revival, came to Springfield and spent a week with Mr. and Mrs. J. J. Corum. She related the stories from the revival in Los Angeles and told them God was sending a refreshing message. Mrs. Corum began reading material from the revival. On June 1, 1907, Mrs. Corum received a spiritual awakening.

Prayer meetings resulted from this spiritual outpouring. Hearing about a revival, a group of friends from Joplin came to Springfield to join the prayer meetings. From 1907 to 1914, this band of Spirit-filled believers met in various places, including a large tent. The first pastor, Reverend Sig Eaton, was elected on December 7, 1914.

During the spring of 1918 the Assemblies of God International headquarters moved from St. Louis, MO, to Springfield, increasing the number in the local church. Because of the larger congregation, the group erected a 40 x 60 foot building, which was completed and occupied on July 1, 1920.

In December 1929, that building burned to the ground. The new church was erected in 1930. The church complex now covers 200,000 square feet, offering an assortment of services and activities for every age group. The latest renovation, completed in 2004, includes four levels of children's ministries classrooms; construction began on a new

22,000 square foot Youth and Community Center that includes a 350-seat youth chapel, wood floor gymnasium, cafeteria, kitchen, computer lab, game area, classrooms and an office wing. The retrofitted old sanctuary has become a spacious 16,000 square foot multi-purpose hall that houses a large area for KidZone/Children's Church, as well as a facility with seating for some 700 people at round tables for other churchwide events. A large industrial kitchen and children's game area were also included in this space.

The congregation of Central Assembly has a rich tradition of not just meeting the spiritual needs of the community; but the physical needs as well. Currently, through initiatives such as a food pantry, strategic relationships with Pipkin Middle School, Boyd and Weaver Elementary Schools, and other community efforts, Central Assembly has expanded its influence beyond the walls of the church.

Central Assembly sent out its first foreign missionary, Forest Coover, on September 1, 1926 to Tibet. That international ministry continues today. The church has an impact that is global in its work and mission. Due to its strategic location in close proximity to the Assemblies of God headquarters and universities, Central has played an important role in the development of young leaders who now lead ministry and relief efforts around the world.

The group of congregants, today more than 2,000 strong, has come a long way from the early and humble beginnings of those who met in prayer meetings with the Corums. The Central family is thankful to the Lord for the evidence of His blessing through the years, keenly aware that the Church is made up not of bricks and stained glass but of born-again believers, with a desire to connect with God, with each other, and with their purpose in life.

I congratulate the Central Assemblies of God Church on their special anniversary and pray the congregation's future is filled with success in the spiritual missions that are the foundation of the church.

TRIBUTE TO RIVERSIDE COUNTY'S RECIPIENTS OF OPERATION RECOGNITION

HON. KEN CALVERT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 10, 2007

Mr. CALVERT. Madam Speaker, I rise today to honor and pay tribute to a group of individuals—heroes—who are receiving the recognition and honor they deserve for their service to our country. Operation Recognition is operated by the Riverside County Office of Education with assistance from the Riverside County Department of Veterans' Services. The program awards high school diplomas to veterans who missed completing high school due to military service in World War II, the Korean War, or the Vietnam War, or due to internment in WWII Japanese-American relocation camps.

A recognition ceremony will be held on Wednesday, May 16, 2007, for the following individuals who received their high school diplomas through Operation Recognition: David Gregory Aguilera, Benjamin Alcala, Walter Morton Anderson, John Angelo Jr., Ronnie D. Archer, William Armstrong, Luis Velos Aviles Sr., Herb Bacon, Thomas Louis Baier, David

H. Bartash, Paul W. Bennett, Ronald C. Bissey, Alec Carson Boatman, David A. Bravo, William A. Bray, Aaron E. Bulin, James Elroy Butler, Robert Lee Chaffin, Arthur Charton, Israel Chavez, Gordon Michael Cody, Doyle L. Conklin, Ezra L. Craycraft, Donald Edward Davis, Moses F. Diaz, Howard Ellis, Scott Leslie Faust, John P. Flanagan, Frederick Lopez, Frank Garces, Benjamin Garcia, Robert George Greene, Patrick Roy Guaydakan, Gordon LeRoy Hall, Charles R. Hansen, Allen Hartley, William R. Haskin, Jimmy L. Henry, Arthur F. Hill, Ramon D. Holguin, Jerome Stephen Huggins, Barney M. Jensen, William Johnson, William L. Klaasen, Robert L. Knechtel, Edward Knight, Lonnie L. Lambeth, Joseph A. Landry, George Jefferson Lawrence Jr., Richard S. Leivas, August J. Liberino, Thomas John Martin, William Maycock Sr., Walter Maykulsky, Ray George McClintock, Eleuterio E. Medina, Forrest Leroy Mitchell, Frank R. Montejano, Curtis L. Murphy, William J. Murray, Jack I. Odell, Donald E. Pechous, Donald Edward Pedersen, Donald R. Phillips, Jerome Kern Pittman, John T.R. Pollock, John Puz, Walter S. Pynn, Gilberto Ramos, Rex Lee Reed, Richard M. Rego, Russell William Reichert, Alexander "A" Reyes, Raymond F. Reyes, William Leonard Robey, Juan M. Rodriguez, Luis Alfredo Rosado, Leo Marty Schlocker, Ernest George Schrader, Donald Clifford Secory, Robert Lewis Smith, Cecil T. Spires, Ronald Stiff, Steve P. Stone, John W. Swanson, Thomas Joseph Tarpai, Anthony R. Travers, David Scott VanNyhuis, Ralph Watkins, Michael L. Weir, Alvin Wilkiewicz, Donald Wohlt and Saturnino James Zabala.

Our country owes a debt of gratitude to all the above recipients for their service and sacrifice. I salute all the above individuals and congratulate them on receiving their high school diploma.

TRIBUTE TO HAROLD SNYDER

HON. NITA M. LOWEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, May 10, 2007

Mrs. LOWEY. Madam Speaker, I rise today to honor Harold Snyder on his 85th birthday. Harold was born on April 25th, 1922, in New York City. The son of immigrants, he has lived the American dream, ascending from a poor childhood through hard work to a successful career, and continues to give back to his community.

In 1941, he proudly enlisted in the U.S. Army Air Corps and served as a gunner and radio operator of B-17s in the 301st Squadron.

After his service ended, Harold attended college on a GI Bill and received an undergraduate degree from New York University. He then pursued a Masters degree in Natural Sciences from Columbia University.

In 1963, Harold founded Biocraft Laboratories. A pioneer of the pharmaceutical industry, Harold has devoted his career to providing affordable prescription drugs to Americans. As the cost of health care has skyrocketed, Harold Snyder has fought to ensure that American consumers have access to the medications they need by leading the charge to develop less expensive, safe, effective generic pharmaceuticals.