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United States Senate

COMMITTEE ON ARMED SERVICES

WASHINGTON, DC 20510-6050

July 11, 2008

Honorable Stephen J. Hadley
Assistant to the President for National Security Affairs
National Security Council
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. Hadley:

Thank you for your July 4, 2008, response to my previous letter. However, I remain concerned about the signing of oil deals in Iraq in the absence of national hydrocarbon legislation and the lack of a clearly stated U.S. government policy regarding such deals.

Published reports indicate that the Government of Iraq is in negotiations with five Western oil companies for no-bid "technical service" contracts. These reports were followed on July 1st with news that Iraq intends to award contracts to develop six oil fields and two natural gas fields.

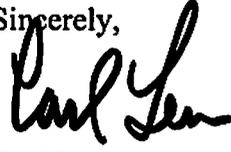
These contracts would appear to circumvent the national hydrocarbon legislation currently under consideration and risk further complicating what are already delicate negotiations. Furthermore, continued failure by the Iraqi Government to pass national hydrocarbon legislation, a political benchmark set by the Iraqis for themselves, risks fracturing the country.

I am concerned by the Administration's silence on the potential signing of technical service and oil field development contracts by the Iraqi government prior to passing national hydrocarbon legislation and would appreciate your response to the following questions:

- 1.) Is there an official U.S. policy with regard to the technical service contracts currently under negotiation by the Iraqi Government?
- 2.) Is there an official U.S. policy with regard to the oil field development contracts being considered by the Iraqi Government?
- 3.) Is it the Administration's view that the technical service contracts or the oil field development contracts under consideration by the Iraqi Government will complicate efforts to pass national hydrocarbon legislation? If so, have you expressed these concerns to the Iraqi Government or to oil companies seeking to do business in Iraq?

Thank you for your prompt assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Carl Levin". The signature is written in a cursive style with a large initial "C" and "L".

Carl Levin
Chairman