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September 27, 2012

The Honorable Dana Rohrabacher  
Member, U.S. House of Representatives  
2300 Rayburn House Office Building  
Washington, DC 20515-0546

Dear Congressman Rohrabacher,

This law firm represents Watan Oil and Gas Afghanistan Limited, an oil and gas exploration and development company organized under the laws of the Islamic Republic of Afghanistan ("Watan"). We are writing this letter in reference to your letter addressed to The Honorable Hillary R. Clinton, Secretary of State, and The Honorable Leon E. Panetta, Secretary of Defense, dated June 13, 2012, a copy of which is attached hereto for your convenience. Please note that we have copied Secretaries Clinton and Panetta so that they are apprised of the facts set forth in this letter.

Please be advised that in the above referenced letter you have made a number of assertions about Watan which were erroneous and inappropriate. The purpose of this letter is to set the record straight and to respectfully ask you to take the appropriate steps to correct the record. We draw your attention to the following specific statements made in your letter.

1. You have asserted that the owners of Watan Group, the Popal brothers, are "cousins of President Hamid Karzai." This is not accurate. Although both families originally come from the Popalzai tribe, there is absolutely no relationship between the two families either through blood or marriage. The Popalzai tribe is a large tribe spread across different parts of Afghanistan. President Hamid Karzai's family is from Karz Village in Dand District, Kandahar Province, located in Southern Afghanistan. The Popal family comes from Paghman District in Kabul Province.

2. You have asserted that Qayum Karzai, the brother of President Hamid Karzai, is the "largest shareholder in Watan Group." This is not accurate. In fact, the books and records of all Watan Group companies are on file with the Afghanistan Investment Support Agency and the Afghan Ministry of Commerce and Industry. These records show that all (100%) of the shares of the companies comprising Watan Group are owned by Ahmad Rateb Popal and Rashid Popal. There is no interest held by Qayum Karzai or any other member of President Karzai's family in any of the Watan Group companies.

3. You have indicated that the Amu Darya Basin oil contract was awarded by the Government of Afghanistan to China National Petroleum Corporation ("CNPC") and Watan based on a "non-commercial bid" and that the "Chinese and Karzai family company beat out a private sector American oil company." Please be advised that your assertions in this regard are wrong on several fronts. First, the Amu Darya oil contract was awarded pursuant to a transparent bidding process handled by international advisers, including a prestigious New York based law firm and an international accounting firm, representing the Ministry of Mines of Afghanistan. Moreover, the process was overseen by U.S. Department of Defense advisors who provide technical support to the Ministry of Mines. Second, it is widely recognized that the CNPC Watan joint venture submitted by far the best bid both from both technical and commercial viewpoints. Again, this information is readily obtainable as the relevant provisions of the Amu Darya Basin contract have been published by the Ministry of Mines. Third, it is our understanding that there were no American oil companies that participated in the bidding process for the Amu Darya Basin contract. We draw your attention to the Ministry of Mines' announcement of qualified bidders dated April 6, 2011, published on Ministry of Mines' website <http://mom.gov.af/en/news/1083>:

*The Afghanistan Ministry of Mines is pleased to announce the qualification of four bidders for oil exploration and production in the Amu Darya Basin of northern Afghanistan. The companies are Buccaneer Energy of Australia (ASX: BCC), CNPC International Ltd., Petroleum Exploration (Pvt) Limited of Pakistan (a subsidiary of the Shahzad Group), Schlumberger Limited of France (NYSE: SLB), and Tethys Petroleum of the United Kingdom (TSX: TPL). They are each experienced international oil companies with substantial operations.*

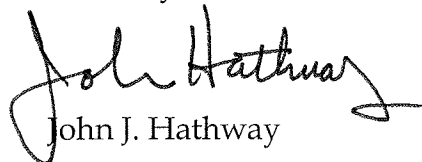
Fourth, the Amu Darya contract was not awarded to Watan. It was awarded to a joint venture company owned by CNPC and Watan. A primary reason why Watan and CNPC formed a joint venture was because of CNPC's oil exploration and development experience and Watan's experience and capabilities in Afghanistan, including expertise

in the areas of logistics, security and construction all of which are relevant for undertaking a project of this magnitude.

4. You have asserted that the "Warlord, Inc." report exposed Watan as "having paid bribe money to the Taliban while they had contracts to truck U.S. supplies in Afghanistan." Please be advised that there are two fundamental inaccuracies in this assertion. First, Watan never had any contracts to provide trucking services to the U.S. Army. Watan Risk Management provided convoy security to various trucking companies that provided trucking services to the U.S. Military. Second, Watan categorically denies payment of any bribe money to the Taliban. In fact, after that allegation was made, Watan opened up all of its books and records to the U.S. Government investigators and no charges were filed to this affect against Watan.

We recognize that you have a long history of involvement in Afghanistan and Afghan politics, and that in the course of your involvement in Afghanistan affairs you have developed personal relationships and affinities with certain individuals and groups. Moreover, we recognize that you have a biased opinion against the current Government in Afghanistan and its leadership. As a member of Congress, you are entitled to your opinion. However, we respectfully urge you to leave Watan and its shareholders and affiliates out of your politics. Your erroneous assertions and misstatements are inappropriate. When a public official uses the public forum to make such claims without having conducted an adequate investigation into the accuracy of such claims, it amounts to abuse. We respectfully request that you correct the above assertions by a follow up letter to the Secretaries of State and Defense.

Sincerely,



John J. Hathway

cc: The Honorable Hillary Rodham Clinton  
Secretary of State  
Washington, DC 20520

DANA ROHRBACHER  
46th District, California

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**Congress of the United States**  
**House of Representatives**

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June 13, 2012

The Honorable Hillary R. Clinton  
Secretary of State  
US Department of State  
2201 C Street, NW  
Washington, DC 20520

The Honorable Leon E. Panetta  
Secretary of Defense  
US Department of Defense  
1000 Defense Pentagon  
Washington, DC 20310

Dear Secretaries Clinton and Panetta,

In December 2011 the China National Petroleum Corporation, a state owned enterprise, was approved by the Afghan national government to develop three oil fields in Afghanistan located in Sar-e Pul and Faryab provinces, which is estimated to hold 87 million barrels of oil. The winning offer was a widely reported non-commercial bid for a 25-year contract was a joint effort between CNPC and the Watan Group, a conglomerate owned by the Popel brothers who are cousins of President Hamid Karzai. Qayum Karzai, President Karzai's brother, is reported to be the largest shareholder in the Watan Group. The Watan Group has never before been involved in upstream oil field exploration and development. Moreover, the Chinese and Karzai family company beat out a private sector American oil company to win the bid.

According to reports of a Afghan Security Council meeting, General Abdul Rashid Dostum's supporters—which means Uzbeks who live in these provinces—are being accused of interfering with the Chinese engineers. As you know General Dostum is an important member of the National Front, the most significant opposition group in the country. He has expressed his concerns as well as many Afghans that the benefits of such energy development must accrue to the Afghan people and not a corrupt Afghan leader who sees the Afghan government as a family business. That the Afghan government in Kabul has threatened to possibly arrest Dostum and his followers is a transparent move against the Uzbek people of these provinces for challenging the corruption and the Chinese oil company which supports such corruption and is yet another indication of President Karzai's anti-non-Pashtun stance and efforts at ethnic division as a method of rule. There is a very real possibility that Karzai could seek retribution against Dostum considering last week's assassination attempt on Haji Mohammad Mohaqiq, another member of the National Front, who accused the Afghan government for the failed attack on his life.

This situation raises three very troubling issues; why is the United States continuing to support President Karzai and his obviously corrupt regime and why are Chinese state owned companies, not American companies, being allowed to develop the resources in Afghanistan? But more significantly, why is our Government ignoring a growing movement of Afghan people turning against President Karzai and his corrupt ways.

The Watan Group is one of the many vehicles the Karzai family is using to enrich themselves off of the war in Afghanistan. The Watan Group was implicated in the 2012 "Warlord, Inc." report and was exposed as having paid bribe money to the Taliban while they had contracts to truck US supplies in Afghanistan. Our tolerance of high-level Karzai family corruption undercuts all American credibility and fundamentally weakens our position in the region. The CNPC is also not the first Chinese state owned corporation to operate in Afghanistan. The Metallurgical Corporation of China won the contract to exploit the massive Aynak copper mine, again out bidding a US company with non-commercial terms.

Why are Americans dying, why is our country going deeper into debt to help secure resources for the Communist Party of China?

General Dostum is one of the ethnic leaders which made up the Northern Alliance who originally defeated the Taliban in 2001. He is doing exactly the right thing challenging a corrupt Karzai government and the companies that support such corruption in Afghanistan. It has been a tragedy that the US has backed the corrupt and ineffective Karzai government for so long. Karzai now embraces the Communist Chinese and the radicals in Iran and Pakistan in order to maintain his own hold on power. Our current strategy must be changed in order to justify our troops remaining in Afghanistan. To salvage the situation the United States should again form an alliance with the Uzbek, Tajik, Hazara, Turkmen, and Baloch ethnic groups, as well as the non-Taliban Pashtuns and support their long-standing call for a more decentralized, federal form of government.

Sincerely,

A handwritten signature in black ink that reads "Dana Rohrabacher". The signature is written in a cursive, slightly slanted style.

Dana Rohrabacher  
Member of Congress