



## UPDATE: Lawmaker Eyes Energy Bill To Halt CNOOC-Unocal Deal

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WASHINGTON (Dow Jones) -- Rep. Richard Pombo, R-Calif., will try to add language to a broad energy bill requiring an immediate review of the proposed merger between the Chinese state-owned CNOOC and [Unocal Corp.](#), in an effort to derail the bid.

The board of Southern California-based [Unocal](#) (UCL) could decide as early as Thursday whether to accept the \$18.5 billion proposal by CNOOC (CEO), topping a \$16 billion bid that [Unocal](#) already has accepted from [Chevron Corp.](#) (CVX).

Pombo, the chairman of the House Resources Committee, sent a letter Thursday outlining his proposal and his intent to offer an amendment to Rep. Joe Barton, R-Texas, who will oversee House-Senate energy negotiations starting this week.

In addition, Pombo wants the U.S. Energy Department to carry out a study before an interagency panel, called the Committee on Foreign Investment in the United States, so it can begin its review of the merger's national security impacts. The committee has the authority to approve or reject proposed acquisitions by entities controlled by a foreign government.

"It is critically important that the administration and the Congress have a complete understanding of the strategic, national security, economic security and defense ramifications of China's growing demand for energy resources. ... We must assess these matters now," Pombo said in his letter.

The lawmaker's proposal would require the Energy Department to identify all of the energy assets China has sought to invest in; review whether China's investments in energy assets have been done on market-based terms free of government subsidies; and whether China's investments have impacted U.S. control of dual-use technologies.

Pombo is one of 53 House members appointed Thursday to negotiate a compromise on energy legislation with the Senate. House and Senate energy bill negotiators will meet for the first time on Thursday.

CNOOC's bid for [Unocal](#) has prompted negative reactions from scores of lawmakers and mounted calls for Congress to intervene. Members of the House Armed Services Committee said Wednesday that an acquisition of [Unocal](#) by CNOOC would give Beijing

access to a strategically vital asset and should be blocked. The panel's chairman said he is looking at legislative options to stall the merger.

Barton, a vocal critic of the proposal, has scheduled a hearing next Tuesday before the House Energy and Commerce Committee to look at the deal's potential impact on the U.S. economy.

Sens. Chuck Grassley, R-Iowa, and Max Baucus, D-Mont., the chairman and ranking member of the Senate Finance Committee, respectively, called on Wednesday for the interagency review to closely scrutinize the "significant subsidies" behind the CNOOC offer for Unocal.

In June, the House passed a bill expressing the sense of the chamber that the proposed takeover of Unocal by CNOOC would impair U.S. national-security interests.

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