

Red Carpet Rollout for General Petraeus Shale Gas Fracking Field Trip

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North Dakota Treasurer [Kelly Schmidt](#) has responded to DeSmogBlog's investigation of the [Bakken Shale](#) basin [fracking field trip her office facilitated for former CIA Director Gen. David Petraeus](#), who now works at the Manhattan-based private equity firm [Kohlberg Kravis Roberts \(KKR\)](#).

Schmidt expanded on the [initial comments she provided to DeSmogBlog](#) in response to our findings obtained via North Dakota Open Records Statute. Among other things, she described the blurred lines existing between the North Dakota government, the oil industry and private equity firms like KKR as “not unusual.”

[Schmidt's comments came on May 23](#) on [WDAY's Jay Thomas Show](#), guest hosted that day by [Rob Port](#), just over three weeks after her office hosted Petraeus.

[DeSmogBlog's May 22 investigative piece revealed that KKR](#) — which has ties to North Dakota's [hydraulic fracturing \(“fracking”\)](#) boom via Samson Resources and The Ridge housing complex and considers itself a “[mini oil and gas company](#)” — wrote the [press release for the Office of North Dakota State Treasurer](#) announcing Petraeus' visit, closely counseled Schmidt's office on media strategy and hosted Schmidt on a company chartered private jet.

Radio host Port was the “winner of the [Americans For Prosperity](#) Award for Online Excellence” according to his biography on his “[Say Anything](#)” blog, and is also a policy fellow for the [North Dakota Policy Council](#), a wing of the [State Policy Network “stink tanks.”](#)



Rob Port; Photo Credit: [Facebook](#)

Prior to interviewing Schmidt, Port had [previously written an article on the same day](#) the DeSmogBlog piece was published in response to it, [exonerating Schmidt for what unfolded during the trip](#). His interview with Schmidt on the Jay Thomas Show did much the same.

KKR Press Release Writing “Not Unusual”

After explaining how she initially met Petraeus — who on top of his role at the KKR Global Institute, [also works as an adjunct professor teaching KKR’s curriculum](#) at CUNY Honors College, USC and Harvard University — Schmidt responded to a question by Port, saying it was “not something unusual” for KKR to draft the press release now published on the treasurer’s office website.

“We worked collaboratively with KKR to set things up. When you’re working with someone who has the caliber and in some cases security issues that I may not be aware of nor my staff, we always work together with staff of someone who’s coming to visit or someone of his caliber,” she said. “So to have them create a press release was not something unusual.”



Kelly Schimidt; Photo Credit: [Office of North Dakota State Treasurer](#)

Schmidt also cited another tie Petraeus has to North Dakota, which served as a major impetus for KKR and the treasurer’s office to co-manage the media scrupulously: Paula Broadwell.

Schmidt Thanks ND National Guard for Oil War

Petraeus resigned from the CIA in November 2012 after it got out that he had an extramarital affair with his biographer, [Paula Broadwell](#).



David Petraeus (L), Paula Broadwell (R); Photo Credit: [Wikimedia Commons](#)

Broadwell — author of the book, “[All In: The Education of General David Petraeus](#)” — is a [native of Bismarck, ND](#), the final destination of Petraeus’ late-April trip to the state.

Bismarck, in turn, was a key part of the trip. While there, [Petraeus gave a lecture on leadership to the North Dakota National Guard](#).

In introducing Petraeus at the National Guard event, Schmidt thanked the troops in attendance for fighting in a war “over there for the oil we all need.”



Schmidt introduces Petraeus; Photo Credit: North Dakota National Guard; photo via YouTube screenshot; video obtained via FOIA

“David and I have been out in the western portion of North Dakota where we have shared with him the challenges we’ve been facing to help make our nation and our world an energy independent country so that you and your fellow officers and enlisted folks never have to go over there again in order to fight for the oil we all need,” said Schmidt in a [video obtained via Freedom of Information request by DeSmogBlog](#) from the North Dakota National Guard.

Schmidt also told Port the North Dakota treasurer’s office was happy to do the media bidding of both Petraeus and KKR to ensure the National Guard speaking event went smoothly.

“Most people are familiar with the indiscretion that [Petraeus] had and its relationship to North Dakota,” she told Port. “And I was concerned this would take on legs and have a life of

its own and that was something none of us wanted to see happen...I did not want this to become something it was never intended to be.”

“Smell Test”

Port also said on the show that DeSmogBlog’s alleged claim that “[Petraeus] was kept from the media doesn’t pass the smell test.”

He cited the one-hour radio show appearance Petraeus did on [“Energy Matters” — which broadcasts on KFYZ](#) and is co-hosted by Tim Fisher and Steve Bakken — as a case in point.

One problem: [Tim Fisher works for the oil and gas industry](#) through a consultancy he set up called [Bakken Energy Services](#). And [Steve Bakken](#) works for [Larson Engineering](#), which has [performs oil and gas services](#) nationwide, [including in the Bakken](#).

Another problem: DeSmogBlog never claimed Petraeus was kept from the media. Rather, the [article demonstrated that the North Dakota treasurer’s office and KKR worked synergistically](#) to manage the media behind the scenes in a way ultimately favoring KKR’s image.

“I Will Do Everything I Can”

Asked by Port about the meetings Petraeus and KKR officials had with top-ranking officials at the North Dakota State Investment Board and the North Dakota Department of Lands Trust during their stay — both of which Schmidt is a board member of — Schmidt stated that meetings of these sorts are “not uncommon.”

A major part of the premise for Schmidt [receiving legal clearance](#) from Assistant Attorney General [Janilyn Murtha](#) — who [serves as legal counsel for an arm of the State Investment Board](#) — was that KKR was not in the state to talk business with the board. But in her interview with Port, Schmidt said the total opposite, and boasted of it:

“This is not uncommon to have people come to North Dakota and visit with people from the retirement and investment board and the land department relating to an opportunity to do business with North Dakota.

And I would also like to add, I will do everything I can to bring people of David Petraeus’ caliber and bring North Dakota to the forefront, because I truly believe that we need to have these types of quality investors come into our state...so that bringing the United States of America into an energy independent status does not fall on the backs of North Dakotans.

We need to continue to do what we can to bring people to the state that can elevate this and can show that this is not going to end anytime soon and we need assistance in developing our infrastructure. Our taxpayers cannot foot the bill for all of this.”

“Very Disappointing”

After saying she had never heard of DeSmogBlog until “this came up” to Port, Schmidt called the fruits of the investigation “very disappointing”:

“All I can say is it’s very disappointing because we are trying to do the very best we can here in North Dakota and there’s always going to be someone who

is going to second guess or look for something wrong with what we've intended and we can't do anything about that. We can just continue to plug along and do what we need to do and continue to follow our ethics and our laws and our roles that's exactly what happened in this situation."

Disappointment, though, is in the eyes of the beholder. [Don Morrison](#), executive director of [North Dakota Resource Council](#), told DeSmogBlog he has a grievance for entirely different reasons than Schmidt's.

"Current state officials like Schmidt have systematically ignored the growing impacts of fracking the Bakken on people and livelihoods," he said. "They see themselves as promoters of the oil industry and have taken on the role of providing services to the oil industry. Everyone else can be collateral damage."

Photo Credit: Office of North Dakota State Treasurer, obtained via ND Open Records Statute

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