Senate Democratic Policy Committee Hearing

"An Oversight Hearing on Waste, Fraud, and Abuse in U.S. Government Contracting in Iraq"

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Lloyd-Owen International was tasked to provide the entire management for this project.

Since June of 2004 the amount of fuel has increased to a massive 3 million liters per day. This exercise requires the supply of approximately 650 fuel tankers, supplied by 4 or 5 trucking companies at any one time. This achievement requires the approximate loading of 100 tankers per day, which will result in a daily fuel convoy into Iraq of anywhere between 100 and 130 tankers.

By being able to monitor and manage the fuel supply in the south of Iraq, our role has become instrumental in normalizing relations between Iraq authorities, the population and Coalition Forces.

For example, if there should be an occasion where there is a shortage of fuel, the primary cause to blame is the US via whatever Coalition Forces are based in the region. Equally, long fuel lines WILL cause civil unrest.

In one example, in December last year Gary and I delivered fuel to Najaf during an anti-Coalition Demonstration. We were the only two westerners in our fuel convoy and demonstrators all on the brink of violence surrounded the entire convoy, but with the assistance of our Iraqi teams we informed everyone that we were bringing Iraqi fuel to Najaf for Iraqis. This was not fuel for the Coalition, but directly for the Iraqi people. The demonstration subsided and the participants assisted in the delivery and resumed after we had left - safely.

It is interesting to note that the previous fuel contract operated by KBR and their nominated transporter Al-Tannmiya was apparently run from an illegal site for which Al-Tanmiya have been successfully sued, allegedly being asked to pay restitution of over some 2 million KWD ($6 million).

Over the past year Lloyd-Owen has encountered a number of difficulties when attempting to traverse the Kuwait/Iraq border military crossing operated by KBR.

The reason why Lloyd-Owen uses this facility is two fold:

- The contracts is between respective Governments and not individuals;
- It is not possible on a logistical or practical basis to transport over 120 fuel tankers per day through the Kuwait/Iraq civilian border crossing.

As an example of the difficulties encountered, in 2004 KBR shut the border access to Lloyd-Owen citing that because Lloyd-Owen (nor Geotech) did not have a valid US Military contract – they denied us the privilege of using the Military crossing.

Following hurried and emergency negotiations between various parties, a sense of reality was placed back into the situation, in that the fuel is Iraqi Government fuel on a Government-to-Government contract and the border should be immediately re-opened to Lloyd-Owen and Geotech. LOI are simply the facilitators of this project.

Recently officials of the US Embassy have inexplicably stated that the allowing of Lloyd-Owen to process the departure of Iraqi purchased fuel into Iraq via a strategic and secure route (the military crossing) is not valid and is possibly illegal and is only being allowed as a favor and in practical terms the fuel should pass through the civilian crossing.

It will in fact be an absolute impossibility to get this many fuel tankers through the civilian Kuwait/Iraq border on a daily and continuing basis in order to maintain the fuel status quo inside Iraq. It would take approximately 30 minutes per truck to traverse the system or 60 hours per day – it would not work - with predictable and dire consequences for the situation and stability of Southern Iraq.

As Lloyd-Owen delivers fuel to nearly every refinery or depot in Southern Iraq, we find ourselves frequently encountering examples of poor equipment, no equipment or complaints from Iraqi staff concerning western assistance.

We have recently been approached to supply equipment to the Khor Zubayer oil terminal where we discovered, missing, broken, old or non-operational equipment apparently supplied by KBR.

It is the claim of the Iraqi staff that this equipment, which was installed, was provided by KBR. Upon investigating the operational effectiveness of said equipment, we found at least three pumping and generating systems that were not operational due to old or incorrect requirements.

Further, the Iraq management also informed us that equipment had been delivered for installation but had been transported out following a signature being obtained. It has to be stated that this is at this time unsubstantiated and we have been asked to investigate.

A further and possibly more disturbing incident involving Lloyd Owen personnel occurred on the 9th of June 2005.

Lloyd-Owen undertook a high-risk task to delivery dining construction goods to KBR at Taqqadum (TQ – Fallujah). The primary reason for this is to apply for some kind of accreditation or DOD ID card.

On arriving in the Habbaniyah region, our convoy was ambushed approximately 2 kilometers from the US Base and we suffered serious casualties in a near four-hour fight. We lost 3 individuals to direct fire, 7 individuals were injured and on arrival at the US Base, one US Military person was also sadly injured in an attempt to assist.

Once inside the US Base (TQ) our team had to regroup and prepare for the return journey. It must be strenuously emphasized that the assistance granted by the US Military (USMC and Navy personnel) was of the highest caliber and is a credit to their uniform and their nation.

However, it has now come to our attention while investigating the incident that KBR Management had taken an extraordinary decision to instruct their on site staff to offer no assistance to the Lloyd-Owen personnel in order to unload KBR goods or prepare for the return journey; as evidenced by this email exchange here.

Certain KBR staff defied their Management directions and immediately rendered assistance to Lloyd-Owen in a very difficult situation.

We would like to thank all of you for allowing us this time to appear before you here today and I hope something of which we have said is of some use to your enquiries.