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June 1, 2004

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The Honorable Donald H. Rumsfeld
Secretary of Defense
1000 Defense Pentagon
Washington, DC 20301

Dear Mr. Secretary:

New information from the General Accounting Office and from news reports raises questions regarding who in the Department of Defense and White House was involved in the decision to award Halliburton a sole source contract worth billions of dollars to rebuild Iraq's oil infrastructure.

On March 8, 2003, the Army awarded a sole source contract to Halliburton worth up to \$7 billion to restore Iraqi oil fields destroyed during hostilities and to substantially rebuild the oil infrastructure inside Iraq. The rationale for excluding all other contractors was that Halliburton had already done the contingency planning for this work and that additional competition "would have been a wasteful duplication of effort."¹ Halliburton did the planning for the oil infrastructure work under a task order issued under an existing contract with the Army: the Logistics Civil Augmentation Program (LOGCAP) contract.

According to briefings my staff has received from GAO, however, the initial decision to award Halliburton a task order to develop the oil infrastructure plan violated federal acquisition regulations. According to GAO, this planning work was outside the scope of the LOGCAP contract and should not have been awarded to Halliburton without competition, or without at least a formal justification for eliminating competition. GAO informed us that the Army also believed this planning work was outside the scope of the LOGCAP contract, but that your office overruled the Army and directed Army officials to issue the task order to Halliburton.

Recent accounts in the news media raise additional questions. In December 2003, the *New York Times* reported that the decision to award the oil infrastructure contract to Halliburton

¹ Letter from Lt. Gen. Robert B. Flowers, Commander, U.S. Army Corps of Engineers, to Rep. Henry A. Waxman (Apr. 8, 2003).

was taken up “to the highest levels of the administration.”² Just this past weekend, *Time Magazine* reported that an internal Pentagon e-mail dated March 5, 2003, stated that “action” on the Halliburton contract was “coordinated” with the Vice President’s office.³ The e-mail also describes involvement by Deputy Secretary of Defense Paul Wolfowitz and Under Secretary for Policy Douglas Feith in approving the contract.

These new developments raise questions about who approved both the contingency planning task order and the sole source contract to Halliburton. In a briefing on March 3, 2004, Defense Department officials told Committee staff that the scope and acquisition strategy for the oil infrastructure contract was determined by an Acquisition Strategy Group, which consisted of contracting officers and other specialists. No mention was made of involvement by Vice President Cheney, Deputy Secretary Wolfowitz, or Under Secretary Feith.⁴

Moreover, this new information raises questions about the testimony of senior Defense Department officials before the Committee on March 11, 2004. During that hearing, Chairman Tom Davis questioned each witness about previous contacts with the Vice President’s office, and each witness claimed there were none:

CHAIRMAN DAVIS: I want to get this on the record, and everybody is under oath. Have you or anyone in your office ever discussed with the Vice President or with his office the award of a contract for Iraqi reconstruction prior to any contract being awarded?

GEN. STROCK: No, I have not.

GEN. KERN: No, sir, I have not.

MS. BALLARD: No, sir, I have not.

MR. LUCKE: No, sir, I have not.

MR. ZAKHEIM: No, sir, I have not.

ADM. NASH: No, sir, I have not.

MR. REED: No, sir, I have not.⁵

² *Halliburton Contracts in Iraq: The Struggle to Manage Costs*, New York Times (Dec. 29, 2003).

³ *The Paper Trail: Did Cheney Okay a Deal?*, Time (May 30, 2004).

⁴ Briefing by Tina Ballard, Deputy Assistant Secretary of the Army for Policy and Procurement, et al., to Committee on Government Reform staff (Mar. 4, 2004).

⁵ *Hearing on “The Complex Task of Coordinating Contracts Amid Chaos: The Challenges of Rebuilding a Broken Iraq,”* Committee on Government Reform (Mar. 11, 2004) (unofficial transcript).

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To help clarify these questions, I ask that you provide:

- (1) A list of the officials in the Department of Defense who reviewed and signed off on the contingency planning task order and sole source contract awarded to Halliburton;
- (2) A description of the White House role in reviewing the contingency planning task order and sole source contract awarded to Halliburton, including the names of any officials involved and the nature of the White House review;
- (3) A list of all officials on, or advisors to, the Acquisition Strategy Board that determined the scope of the oil infrastructure contract or the manner in which the contract was awarded; and
- (4) Unredacted copies of all communications between DOD and the White House regarding the contingency planning and sole source contracts awarded to Halliburton.

Your prompt attention to this request is respectfully requested.

Sincerely,

A handwritten signature in black ink that reads "Henry A. Waxman". The signature is written in a cursive, flowing style.

Henry A. Waxman
Ranking Minority Member