

TOM DAVIS, VIRGINIA,  
CHAIRMAN

DAN BURTON, INDIANA  
CHRISTOPHER SHAYS, CONNECTICUT  
ILEANA ROS-LEHTINEN, FLORIDA  
JOHN M. McHUGH, NEW YORK  
JOHN L. MICA, FLORIDA  
MARK E. SOUDER, INDIANA  
STEVEN C. LATOURETTE, OHIO  
DOUG OSE, CALIFORNIA  
RON LEWIS, KENTUCKY  
JO ANN DAVIS, VIRGINIA  
TODD RUSSELL PLATTS, PENNSYLVANIA  
CHRIS CANNON, UTAH  
ADAM H. PUTNAM, FLORIDA  
EDWARD L. SCHROCK, VIRGINIA  
JOHN J. DUNCAN, JR., TENNESSEE  
JOHN SULLIVAN, OKLAHOMA  
NATHAN DEAL, GEORGIA  
CANDICE MILLER, MICHIGAN  
TIM MURPHY, PENNSYLVANIA  
MICHAEL R. TURNER, OHIO  
JOHN R. CARTER, TEXAS  
WILLIAM J. JANKLOW, SOUTH DAKOTA  
MARSHA BLACKBURN, TENNESSEE

ONE HUNDRED EIGHTH CONGRESS

# Congress of the United States

## House of Representatives

COMMITTEE ON GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5074  
FACSIMILE (202) 225-3974  
MINORITY (202) 225-5051  
TTY (202) 225-6852

[www.house.gov/reform](http://www.house.gov/reform)

April 10, 2003

HENRY A. WAXMAN, CALIFORNIA,  
RANKING MINORITY MEMBER

TOM LANTOS, CALIFORNIA  
MAJOR R. OWENS, NEW YORK  
EDOLPHUS TOWNS, NEW YORK  
PAUL E. KANJORSKI, PENNSYLVANIA  
CAROLYN B. MALONEY, NEW YORK  
ELIJAH E. CUMMINGS, MARYLAND  
DENNIS K. KUCINICH, OHIO  
DANNY K. DAVIS, ILLINOIS  
JOHN F. TIERNEY, MASSACHUSETTS  
Wm. LACY CLAY, MISSOURI  
DIANE E. WATSON, CALIFORNIA  
STEPHEN F. LYNCH, MASSACHUSETTS  
CHRIS VAN HOLLEN, MARYLAND  
LINDA T. SANCHEZ, CALIFORNIA  
C.A. DUTCH RUPPERSBERGER,  
MARYLAND  
ELEANOR HOLMES NORTON,  
DISTRICT OF COLUMBIA  
JIM COOPER, TENNESSEE  
CHRIS BELL, TEXAS

BERNARD SANDERS, VERMONT,  
INDEPENDENT

Lt. Gen. Robert Flowers  
ATTN: Office of the Principal Assistant  
Responsible for Contracting  
U.S. Army Corps of Engineers  
441 G St, NW  
Washington, DC 20314

Dear General Flowers:

Thank you for responding to my letter of March 26, 2003, about the Army Corps of Engineers' contract with the Halliburton subsidiary Kellogg Brown & Root. Your letter answers many of the questions I raised, which I greatly appreciate.

Your response also raises some new questions. I hope you will also be able to respond to these new questions as well.

Your letter reveals that the contract has a term of two years and a total estimated cost of up to \$7 billion. It also indicates that Brown & Root can earn as much as 7% profit from the contract, which is up to \$490 million in profits. But your letter does not specify the scope of the work that can be done under the contract. Instead, your letter seems to indicate that the contract to repair and continue operations of Iraq's oil infrastructure can encompass "services necessary to support the mission in the near term," which is a potentially broad and open-ended directive.

It may be the case that the Administration had valid reasons for granting a sole-source contract for emergency work during armed hostilities. It is harder to understand, however, what the rationale would be for a sole-source contract that has a multi-year duration and a multi-billion dollar price tag. Yet this appears to be the type of contract that was awarded to Brown & Root.

In addition, you state that the Army tasked Brown & Root to develop a fire fighting plan because (1) inviting others to do so "would have been a wasteful duplication of effort" and (2) the competition and obtaining of security clearances would have delayed the war planning process. While offering other companies the opportunity to prepare contingency plans may

have involved duplication of effort, this is always the case when competitive bids are solicited. Moreover, competition would not necessarily have been “wasteful” — rather, it would have allowed the Army to ensure that it was receiving the best plan at the best price. Furthermore, it is not clear from your letter when the Army tasked Brown & Root to develop its plan, or when it decided that the plan needed to be implemented. It is also surprising to learn that Brown & Root is apparently the only company capable of performing this work in possession of the requisite security clearances.

Finally, you say that the award fee will be used to ensure that Brown & Root minimizes costs and maximizes quality of performance. However, it is difficult for those managing a contract to determine whether a contractor has minimized costs when the estimated costs themselves are unclear or are only negotiated after work has begun.

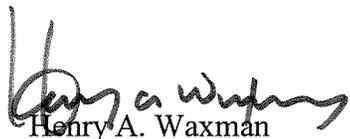
To clarify these issues, I would appreciate your answering the following questions:

1. Why did the Army Corps issue a two-year, \$7-billion contract to perform work that is intended to be short-term and limited in nature?
2. What is the exact nature of the work that Brown & Root is expected to be asked to perform under the contract?
3. How soon after the end of hostilities does the Army Corps expect to replace the current Brown & Root contract with a competitively issued contract or contracts?
4. When did the Army task Brown & Root to develop its contingency plan? Who made this decision?
5. When did the Army decide to issue a contract to Brown & Root to implement its plan? Who made this decision?
6. How much time would it have taken the Army to solicit bids competitively for either the development or the implementation of the contingency plan?
7. Were there any other companies in possession of the requisite security clearances that could have bid on either the development or the implementation of the contingency plan?
8. How is the Army determining the “negotiated total estimated cost” of the work performed? Is this determination made prior to the contractor being issued a task order?

Lt. Gen. Robert Flowers  
April 10, 2003  
Page 3

Again, thank you for your cooperation in answering my initial questions. I would appreciate receiving a response to these followup questions by April 18, 2003.

Sincerely,

A handwritten signature in black ink, appearing to read "Henry A. Waxman". The signature is fluid and cursive, with the first name being the most prominent.

Henry A. Waxman  
Ranking Minority Member