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June 13, 2004

The Honorable Richard B. Cheney
Vice President of the United States
The Eisenhower Executive Office Building
Washington, DC 20501

Dear Mr. Vice President:

In late 2002 and early 2003, the Defense Department awarded Halliburton two contracts involving Iraq's oil fields: (1) on November 11, 2002, the Defense Department awarded Halliburton a task order to develop a secret contingency plan to restore and operate Iraq's oil infrastructure, and (2) four months later, on March 8, 2003, the Defense Department awarded Halliburton a sole-source contract worth up to $7 billion to implement the secret contingency plan.

The public first learned about these contracts on March 24, 2003. Ever since then, you and other Administration officials have consistently maintained that there were absolutely no contacts between your office and the government officials responsible for these awards. Indeed, you stated on national television that you had "absolutely no . . . knowledge of in any way, shape or form of contracts led by the Corps of Engineers or anybody else in the federal government."

I have learned, however, that your chief of staff, I. Lewis "Scooter" Libby, was briefed in October 2002 about the proposal to issue the November 11 task order to Halliburton. This briefing was provided by a senior Defense Department official at a meeting of the "Deputies Committee," a committee comprised of the Deputy Secretary of Defense, the Deputy Secretary of State, the Deputy Director of the CIA, and equivalent leaders from other agencies. In addition to Mr. Libby, other White House officials were also present, including Deputy National Security Advisor Stephen Hadley, who chaired the meeting.

Your staff was also informed prior to the award of the March 8, 2003, sole-source contract. Recent press accounts disclosed the existence of a Pentagon e-mail indicating that your office "coordinated" action on the sole-source contract in the days before it was awarded. I have since learned that the involvement of the Vice President's office was discussed at a March 5 meeting between Douglas Feith, the Under Secretary of Defense for Policy, and the author of the e-mail, Stephen Browning of the Army Corps of Engineers.

The meeting with Mr. Libby and the additional details about the March 2003 e-mail were revealed at a June 8, 2004, briefing that Defense Department officials gave to the Committee staff. At this briefing, the Defense Department also revealed that initial planning for the Iraqi oil work, as well as the selection of Halliburton to execute it, was led not by career civil service officials, but by political appointees within the Bush Administration. In particular, these decisions were made by the Energy Infrastructure Planning Group, a task force headed by Michael Mobbs, a "special adviser" to Under Secretary Feith. Mr. Mobbs is a former law partner of Mr. Feith[1] and was employed by International Advisors, Incorporated, a lobbying firm formed by Richard Perle.[2] In addition to planning the Halliburton oil contract, Mr. Mobbs heads the Detainee Policy Group, an office within the Office of the Secretary of Defense that handles all matters relating to detainees in the war on terror.[3] Mr. Mobbs was the lead briefer at the meeting with Committee staff on June 8.

In addition, the June 8 Defense Department briefing and a May 26, 2004, briefing by the General Accounting Office disclosed that a career lawyer at the Army Materiel Command objected to the award of the November 8, 2002, task order to Halliburton. These objections were overruled, however, after the intervention of a senior Defense Department lawyer advising Mr. Mobbs.

These new disclosures appear to contradict your assertions that you were not informed about the Halliburton contracts. They also seem to contradict the Administration's repeated assertions that political appointees were not involved in the award of the contracts to Halliburton. To help clarify these important matters, I urge you to disclose all contacts between your office and the Defense Department relating to the Halliburton contracts.

Previous Bush Administration Statements

On November 11, 2002, the Army Materiel Command awarded Halliburton a task order under an existing logistical support contract known as the LOGCAP contract to develop a secret contingency plan to restore and operate the Iraqi oil infrastructure. The final version of this contingency plan was submitted by Halliburton on February 4, 2003. On March 8, 2003, the Defense Department awarded Halliburton a sole-source contract worth up to $7 billion to implement the contingency plan.

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[1] *In the Loop,* Washington Post (May 9, 2003).

[2] *New Questions about Feith,* Washington Watch (May 13, 2001); *Turkey, Israel and the U.S.,* Nation (Aug. 23, 2002).

[3] *Lawyer is Invisible Force in Terror War,* Houston Chronicle (Oct. 6, 2002).

After details of these actions became public, you maintained consistently that you had absolutely no involvement in this process. Appearing on *Meet the Press* on September 14, 2003, you made the following statement:

> [S]ince I left Halliburton to become George Bush's vice president, I've severed all my ties with the company, gotten rid of all my financial interests. I have no financial interest in Halliburton of any kind and haven't had now for over three years. And as vice president, I have absolutely no influence of, involvement of, knowledge of in any way, shape or form of contracts led by the Corps of Engineers or anybody else in the federal government.[4]

When you were asked about why there was no competitive bidding for the Iraqi oil work, you replied: "I have no idea. Go ask the Corps of Engineers.... I don't know any of the details of the contract because I deliberately stayed away from any information on that.""

Appearing on *60 Minutes* in the month after the contract was publicly disclosed, the chief counsel of the Army Corps of Engineers claimed that political appointees had no influence over the process of developing and awarding the sole-source oil infrastructure contract:

> The procurement of this particular contract was done by career civil servants. And I know that it's a perception that those at the very highest level of the administration, Democrat and Republican, get involved in procurement issues. It can happen, but for the very most part, the procurement system is designed to keep those judgments with the career public servants.[5]

Similarly, during an October 2003 press conference, Assistant Secretary of State Robert Boucher broadly asserted: "The decisions are made by career procurement officials. There's a separation, a wall, between them and political-level questions when they're doing the contracts."[6]

Other Administration officials have been equally explicit in denying that there were any contacts between your office and Pentagon officials responsible for awarding the Iraqi oil work.

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[4] *Meet the Press,* NBC News (Sept. 14, 2003) (emphasis added).

[5] Statement of Robert Anderson, Chief Counsel, U.S. Army Corps of Engineers, *60 Minutes,* CBS News (Apr. 27, 2003) (emphasis added).

[6] U.S. Department of State, *News Briefing by Ambassador Richard A. Boucher, Assistant Secretary of State for Public Affairs* (Oct. 30, 2003).

White House spokesman Ari Fleischer said on April 11, 2003, that "the White House does not get involved or dictate to agencies on how to award contracts."[7]

During a March 11, 2004, hearing before the Government Reform Committee, Rep. Tom Davis, the chairman of the Committee, asked seven Defense Department and Coalition Provisional Authority officials whether their offices had any contacts with your office before the Iraqi oil contract and other reconstruction contracts were awarded. All of them testified, under oath, that there had been none:

> Chairman TOM 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?
>
> General STROCK. No, I have not.
>
> General KERN. No, sir, I have not.
>
> General MCMANUS. No, sir, I have not.
>
> Ms. BALLARD: No, sir, I have not . . . .
>
> Mr. ZAKHEIM: No, sir, I have not.
>
> Mr. REED: No, sir, I have not.
>
> Admiral NASH: No, sir, I have not.[8]

These broad and unequivocal denials by you and other Administration officials appear to be inconsistent with the new information recently provided to the Committee.

Pre-Award Contacts with the Vice President's Office

On June 8, 2004, Committee staff received a briefing from several Defense Department officials, including Michael Mobbs, a senior political appointee acting as "special advisor" to Under Secretary for Policy Douglas Feith. Mr. Mobbs began the briefing by explaining that the

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[7] Press Conference with White House Press Secretary Ari Fleischer (Apr. 11, 2003).

[8] House Committee on Government Reform, *Hearings on the Complex Task of Coordinating Contracts Amid Chaos: The Challenges of Rebuilding a Broken Iraq* (Mar, 11, 2004).

formative decisions relating to the Iraqi oil work, including the decision to award the oil contracts exclusively to Halliburton, were made not by career civil servants or contracting officials, but by a special team he directed within the Pentagon called the Energy Infrastructure Planning Group. This team was established in the summer of 2002 and was charged with developing a plan to restore and operate Iraq's oil infrastructure should the United States become an occupying power.

According to Mr. Mobbs, after he realized that his group was ill-equipped to develop such a plan, he sought informal input from inside and outside the government about which private contractors might be able to perform this function. Mr. Mobbs said he spoke with officials in executive agencies, such as the Department of Energy, and with former industry executives. In these discussions, he was told that three companies could potentially perform the work: Halliburton, Bechtel, and Fluor.

Based on these conversations, Mr. Mobbs concluded that the oil infrastructure work should go to Halliburton. Mr. Mobbs stated that he felt Halliburton was qualified to perform the work because Halliburton officials were familiar with the operational plans being developed by U.S. Central Command. He acknowledged that other agencies were also coordinating with Central Command during this time. USAID, for example, was developing a parallel plan for the restoration of the electricity infrastructure under a contract that was ultimately awarded to Bechtel. Nonetheless, Mr. Mobbs indicated that Bechtel and Fluor were not allowed to make proposals on the oil infrastructure work.

Mr. Mobbs informed us that he briefed your chief of staff Mr. Libby and other senior White House and Administration officials about the proposal to award the contingency contract to Halliburton without giving other companies an opportunity to compete. According to Mr. Mobbs, this briefing occurred before the contract was awarded and was provided so that Mr. Libby and the other officials would have an opportunity to object.

According to Mr. Mobbs, this briefing occurred in late October 2002 at a meeting of the "Deputies Committee," a group of senior-level deputy secretaries from various executive agencies who had been meeting to discuss Iraq. Also at this meeting were White House officials, including your chief of staff Mr. Libby, Deputy National Security Advisor Stephen Hadley, and officials from the Office of Management and Budget. Shortly after this meeting, Mr. Hadley informed Mr. Feith that the Deputies Committee had no objections to the proposal.

In the briefing to Committee staff, Mr. Mobbs stated that he never experienced inappropriate influence from you or your office during the process of awarding this task order and the sole-source contract. He did confirm, however, that political appointees — not career civil servants — developed the proposal to exclude all companies other than Halliburton. And he confirmed that your office had a clear opportunity to exert influence over this proposal. Indeed, he said his central purpose in bringing the plan to the attention of Mr. Libby and others at

the Deputies Committee was to make sure there was no objection to it. He said that if anyone had raised an objection to selecting Halliburton without any competition, he would have gone back and reconsidered his approach.

Other Contacts with the Vice President's Office

At the June 8 briefing for Committee staff, the Defense Department also made available Stephen Browning, the Director of Regional Programs for the South Pacific Division of the U.S. Army Corps of Engineers. Mr. Browning disclosed that he is the author of a March 5, 2003, e-mail that stated that your office "coordinated" action on the sole-source contract before it was awarded on March 8, 2003. Mr. Browning also provided a memorandum he prepared on June 7, 2004, to explain the context and background of his March 5, 2003, e-mail. The information provided by Mr. Browning raised more questions than it answered.

According to Mr. Browning, Halliburton expressed concern in early March 2003 that it would not be able to adequately coordinate with potential subcontractors unless portions of the sole-source contract were declassified. Between March 1 and 5, Mr. Browning prepared an action memo recommending that Under Secretary Feith declassify several pertinent details. On March 5, Mr. Browning met with Mr. Feith to present his request in person. Mr. Feith approved the declassification request, "subject to informing Congress and the White House prior to the decision being announced." After that meeting, Mr. Browning sent an e-mail stating that he anticipated no objections from the White House "since action has been coordinated w VP's office."

At the June 8 briefing, Mr. Browning stated that the involvement of the Vice President's office was discussed at the March 5 meeting, but he did not know, or could not recall, the precise nature of the coordination with your office. He "speculated" that it may have been related to efforts to inform your public affairs office about the details of the sole-source contract before they were disclosed to the public. Mr. Browning could not identify the officials from your office who were engaged in this coordination, and he could not rule out that others in your office may have been involved. Mr. Browning explained: "My understanding was that the Office of the Vice President had previously been informed." Mr. Browning also stated that he personally was not aware of any "influence or pressure exerted by anyone in the Administration," including your office, regarding the contact.

These disclosures mean that your office was informed about the Halliburton contracts at least twice at key moments: in October 2002, before the contingency planning task order was awarded, and in March 2003, before the sole-source contract was awarded. The Defense Department officials at the June 8 briefing did not know whether there were additional contacts between Defense Department officials and your office.

Additional Indications of Irregular Procedure

Questions were also raised at the June 8 Pentagon briefing regarding other irregularities in the contracting process. According to Mr. Mobbs, after the Energy Infrastructure Planning Group concluded that the Iraqi oil infrastructure work should go exclusively to Halliburton, he sought out a contract vehicle through which to award it. Mr. Mobbs proposed that the contract be awarded as a task order under a preexisting contract between Halliburton and the Defense Department to provide logistical support to military services worldwide (the LOGCAP contract).

According to Mr. Mobbs, this proposal encountered resistance from lawyers with the Army Material Command, who are charged with providing legal guidance on the LOGCAP contract. A career lawyer issued a memorandum concluding that the LOGCAP contract, which ordinarily deals with providing support such as meals and laundry services to troops, should not be read to encompass contingency planning for the operation of Iraq's entire oil infrastructure. According to Mr. Mobbs, this memorandum was forwarded to the Deputy General Counsel for the Army, who was inclined to agree with the interpretation.

These legal reservations were overruled, however, after the intervention of an attorney in office of the General Counsel for the Department of Defense. This attorney, who was tasked with assisting Mr. Mobbs's group, concluded that the contingency planning task order could be lawfully issued under LOGCAP.

This account is corroborated by the General Accounting Office. In a briefing to Committee staff on May 26, 2004, GAO stated its view that the award of the contingency planning contract to Halliburton was outside the scope of the LOGCAP contract and that the Administration's actions violated federal procurement law. It is my understanding that GAO will issue its final report on this subject on June 14, 2004.

Conclusion

The facts recently disclosed to Committee staff depict a very different set of circumstances than you have described publicly. It now appears that despite your previous denials, your office had contacts with Defense Department officials in October 2002, prior to the award of the contingency planning task order, and in March 2003, prior to the award of the sole-source contract. In addition, Defense Department officials could not rule out the possibility that other pre-award contacts with your office may still come to light.

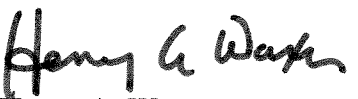
I urge you to clarify the nature of your involvement in the award of the oil contracts to Halliburton. Specifically, I request that you provide the following information to the Committee:

(1) All communications (whether written, electronic, or oral) with any officials or staff within the Office of the Vice President relating to the contingency planning task order or the sole-source contract awarded to Halliburton; and

(2) All minutes, reports, action memoranda, and other documentation from meetings of the Deputies Committee relating to the contingency planning task order or the sole-source contract awarded to Halliburton.

I would appreciate a prompt reply to this request.

Sincerely,



Henry A. Waxman
Ranking Minority Member