

Opening Statement
Senator Byron L. Dorgan
Chairman, Democratic Policy Committee

**An Oversight Hearing on Whether Halliburton Has Failed to Provide
Clean Water to U.S. Troops In Iraq
Monday, January 23, 2006**

Today, the Democratic Policy Committee is holding the seventh in a series of hearings on serious problems with Iraq contracting practices.

Two former Halliburton employees are coming forward to say that Halliburton supplied unsafe water to our troops in Iraq. This was contaminated water that our troops used to shower, wash their hands and their faces, brush their teeth, make coffee, and wash their clothes.

These whistleblowers allege that they informed Halliburton of the problem, and the company failed to take corrective action. When confronted with the fact that unsafe water could endanger our troops, Halliburton's immediate reaction was "see no evil, hear no evil, speak no evil."

We take no pleasure in calling this hearing. Our purpose is not to say "gotcha." But these allegations involve the health and safety of our troops, and potential waste and abuse of taxpayer dollars. We owe it to our troops and to the American taxpayer to get to the bottom of this.

Several of our previous hearings have involved whistleblowers from Halliburton. That is not because we are seeking to cast Halliburton in a bad light. Rather, it is because Halliburton has obtained the lion's share of contracts in Iraq, and a number of whistleblowers have come forward to report problems.

We heard, for instance, about the billing of 42,000 meals a day for the troops, where only 14,000 meals were served. We heard about Halliburton overcharging for fuel deliveries, at several times the price that other suppliers were offering – overcharges adding up to hundreds of millions of dollars.

We heard about brand new \$85,000 trucks abandoned or “torched” if they got a flat tire or experienced minor mechanical problems, just because the company had a cost-plus contract, and therefore couldn’t be bothered to fix the problems. And we have heard about over \$1.4 billion dollars in unreasonable or unsubstantiated charges by Halliburton for its work in Iraq.

But that’s not to say that Halliburton has been the only contractor in Iraq against whom serious allegations of fraud, waste, and abuse have been lodged.

For instance, we’ve heard testimony about a company called Custer Battles, which the Bush Administration awarded over \$100 million in contracts to provide security in Iraq. We have seen a photograph of \$2 million in cash being placed in plastic bags, as the Government’s down payment to the company. And we have heard how Custer Battles went on to defraud the Pentagon, massively overbilling it through sham companies in the Cayman Islands.

Today, however, our focus is on specific allegations of impropriety by Halliburton, relating to the supply of water to our troops.

The two whistleblowers appearing today worked for Halliburton subsidiary KBR at the camp known as Junction City in Ar Ramadi, Iraq.

The first whistleblower, Ben Carter, was a water treatment specialist at the camp, and had first-hand knowledge of the problems with the water supplied by Halliburton.

The second whistleblower, Ken May, served as an administration specialist, and not only became aware of the problems with the water supply, but also was familiar with Halliburton’s billing and contracting practices during the performance of this contract.

We have obtained corroboration of the allegations brought forward by these former Halliburton employees, from a source with current and first-hand knowledge of the situation. That source declined to appear at a public hearing, but would otherwise reaffirm what we will hear from today’s witnesses.

We will also hear today from Erik Olson, a senior attorney and water quality expert from the Natural Resources Defense Council. He will testify about the potentially dangerous pathogens to which our troops may have been exposed at Junction City and elsewhere in Iraq, and the short- and long-term health consequences of exposure to such waterborne pathogens.

I should note that we also sought to invite Halliburton to this hearing.

Before turning to our witnesses, I would observe that we have requested additional information from the Defense Department. We will also be turning over to the Pentagon any information that arises from today's hearing.