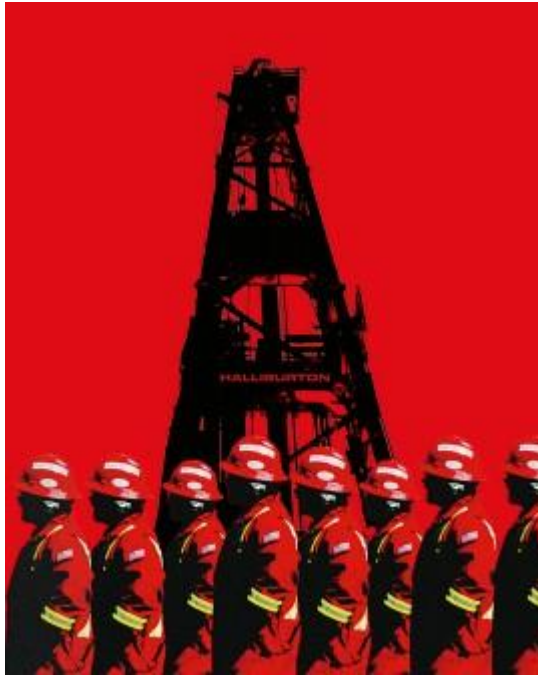


COVER STORY

The Revival of Big Red



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Not long ago, Halliburton was synonymous with inside deals, Dick Cheney, and the war in Iraq. But now, thanks to America’s “fracking” boom, the company’s fortunes have rebounded, and even the Obama administration is taking notice

By [Coral Davenport](#) and [Yochi J. Dreazen](#)

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Ohio’s governor, John Kasich, stood proudly before nearly 100 local political and business leaders on a windswept day in April to celebrate the arrival of a major new employer in Zanesville, a

work-starved town where the unemployment rate rests at 11 percent. The occasion was a groundbreaking ceremony for companies drilling in eastern Ohio's potentially vast shale-gas reserves.

Kasich had every reason to be bullish. Hydraulic fracturing—a drilling process commonly known as “fracking”—has created thousands of jobs across the country and boosted state and local tax revenues. It has also brought controversy: The technique used to extract oil and gas from shale involves injecting a cocktail of sand and chemicals deep underground to crack open the shale rock and release the fuel. Environmentalists believe that if performed unsafely, fracking can contaminate water supplies and release methane, a potent greenhouse gas, into the air. Fracking has even been linked to a string of small earthquakes.

If Kasich was concerned that day about the potential dangers of fracking, he didn't show it. He effusively praised the company that was bringing the promise of new prosperity to his state.

Standing in front of a banner reading “Jobs Ohio,” the governor told his audience, “If you don't have a job, come to Halliburton. If you want to have a good career, come to Halliburton.... If you are in college and want to figure out what to do, come to Halliburton.” Shale gas, Kasich added, was a great thing for Ohio. “I am happy Halliburton is here.”

A clutch of local government and company officials donned red hard hats—the deep blush red of the Halliburton logo—and posed with shovels, smiling, in front of a Halliburton banner.

It was an astounding moment. Just a few years ago, you would have been hard-pressed to find any politician willing to share a stage with representatives of this company, let alone one willing to sing its praises as a job creator and a community asset. During the Iraq war, Halliburton became so inextricably linked in the public mind with its former CEO, then-Vice President Dick Cheney, that it became a sort of shorthand for the Bush administration's largesse and overreach.

"If you don't have a job, come to Halliburton. If you want to have a good career, come to Halliburton."—Ohio Gov. John Kasich

More recently, the corporation was hit by a criminal probe and a massive civil suit for its role in the 2010 catastrophic oil spill in the Gulf of Mexico. Its very name remains so toxic that the Reputation Institute, an analysis firm that tracks the public perception of the 150 biggest businesses in America, found that Halliburton has the fourth-worst reputation—coming in behind Bank of America, Citigroup, and American International Group, the companies that directly contributed to the 2008 financial meltdown.

Now, Halliburton's fortunes are back on the rise, and in dramatic fashion. In 2007, corporate leaders sold off KBR, its much-reviled defense-contracting arm that had worked on behalf of the Bush administration in Iraq, and refocused Halliburton purely as an energy-services and technology company. Now, it sits at the heart of an oil and gas technology revolution that has swept across the United States in the past five years, a phenomenon that experts call the "shale gale."

Big Red's Recovery

Halliburton's stock soared out of the 2007-09 recession as the company retrenched.

Halliburton Company's weekly adjusted closing stock price (April 2012 dollars)



For decades, geologists have known that vast reserves of oil and gas were locked in unconventional shale-rock formations beneath the surface of Arkansas, Montana, North Dakota, Ohio, Pennsylvania, and a handful of other states. But the technology didn't exist to extract it, at least not affordably. That changed over the past decade, when a wave of technological advances finally cracked the code for fracking unconventional shale cheaply.

The breakthrough has had far-reaching repercussions: By some estimates, fracking could allow the U.S. to become the biggest energy producer in the world within the next decade. According to a 2011 study by IHS Global Insight, by 2035 the shale-gas industry will generate more than 1.6 million U.S. jobs, \$231 billion in gross domestic product, and \$933 billion in tax and royalty revenues; it will also contribute to a 10 percent drop in electricity costs. And while fracking raises plenty of environmental concerns, it also brings a potentially huge benefit.

When used to generate electricity, natural gas emits only half the carbon pollution of coal. Fracking could unleash enough cheap natural gas to allow the United States to dramatically slow its contribution to global warming—without pulling a hand brake on the economy.

In the midst of this boom, Halliburton has become the nation's biggest fracker, and its bottom line is soaring. Last year, the company posted record revenues of \$25 billion, based almost entirely on the growth of its U.S. shale explorations, and it is on pace to top that this year, with first-quarter revenue of \$6.9 billion. Halliburton's newest technology initiative, which has quickly become an unofficial company motto, is called "Frac the Future."

Just about anyplace in the country where there's new fracking, there's Halliburton. Oil and gas companies such as Exxon Mobil and Chesapeake Energy will ultimately own the fuel sources fracked from the ground, but they hire energy service providers—most often Halliburton—to do the extracting. These days, Big Red, as the company is known in the industry, is everywhere.

Halliburton-red trucks and rigs, and workers in red coveralls and red hard hats populate fracking sites from Williamsport, Pa., to the Bakken region of North Dakota. And that red army is growing. Wherever Halliburton fracks, it hires. Last year, for example, the company said it would hire 11,000 workers in North Dakota alone within a year.

None of this has gone unnoticed by a White House desperate to tout good economic news. After the Gulf spill, President Obama

publicly slammed Halliburton, along with BP and Transocean, for unleashing the disaster. But today, White House advisers realize that the shale gale is having a profound impact on the nation's energy production, the economy, and, possibly, Obama's political future.

The president came into office backed by a team of energy aides who were deeply wary of the oil and gas industry—and, of course, Halliburton in particular. But the promise of shale energy has shifted the administration's worldview. In his State of the Union speech this year, Obama celebrated the promise of natural gas, and he touted the fact that, for the first time in more than a decade, the U.S. now imports less than half its oil from foreign sources. That's a direct result of the fracking boom.

Home Run

Halliburton's fracking work in the United States has fueled the company.

Halliburton 2011 revenue by geographic region



Source: Halliburton 10-K SEC filing

Obama's team knows that. White House officials have held a series of meetings with Halliburton—something that may have been unthinkable to the legions of liberals who backed the president four years ago. The company has also found favor in the State Department as part of Secretary Hillary Rodham Clinton's

initiative to expand fracking abroad. U.S. diplomats see tremendous opportunity in the prospect of promoting natural gas, rather than coal, in China and India, where such a switch could go a long way toward curbing climate-change emissions.

The president discovered, as his predecessor did before him, that he needs Halliburton. And even though the company was once nearly synonymous with the George W. Bush administration, it's entirely possible that Halliburton's relationship with the Obama administration could prove more fruitful to both sides.

"It's quite ironic, given Cheney's connection, but it's the reality," said Daniel Yergin, a Pulitzer Prize-winning energy historian and author of *The Quest: Energy, Security, and the Remaking of the Modern World*. "It's a great story for the administration, and it's this corporation that's creating the technology that allows it all to happen."

QUAGMIRE

To truly appreciate Halliburton's resurgence, it's useful to recall how low it had fallen just a few years ago.

The company reaped record profits during the Iraq war, with about \$20 billion flowing into its coffers between 2002 and 2011, when the last U.S. troops streamed out of the war zone. But its work in Iraq was controversial from the start, and it ended up all but destroying Halliburton's public image. Just as the word "Blackwater" became synonymous with out-of-control, heavily armed Western security contractors racing through the streets of

Baghdad, “Halliburton” became synonymous with multibillion-dollar contracts awarded, without bids or competition, to close allies of the Bush administration.

The controversy dates back to 2003, when Halliburton’s Kellogg, Brown & Root unit won a secret five-year, \$7 billion military contract to restore Iraq’s oil fields left decrepit after the U.S. invasion. Halliburton wrote the terms of the contract in such a way that it was the only company capable of bidding on the deal. Critics noted that the giant corporation had maintained extraordinarily close ties to the Bush White House. Cheney served as CEO until 2000, and Halliburton executives had contributed nearly \$2 million to the GOP between 1999 and 2002.

The size of the contract, Halliburton’s ability to win it without facing competing bids, and the company’s close ties to the administration coalesced into an unusually high—and unusually negative—public profile. In a March 2003 episode of Comedy Central’s *Daily Show*, host Jon Stewart said that news of Halliburton’s massive oil deal made him “feel like the government just took a shit on my chest.” On his own comedy show, Stephen Colbert said that the only word capable of fully capturing Halliburton’s maneuvering was an imaginary German term meaning “to throw one’s hands up in mute horror and in this state of paralyzing dread to realize that those you need to trust most have instead confirmed your darkest fears.” Halliburton, in other words, had quite literally become a punch line.

The oil contract also embroiled the company in a multiyear legal battle over whether it had used its political muscle to silence a

government whistle-blower, Bunnatine (Bunny) Greenhouse, a senior contracting official at the Army Corps of Engineers. Greenhouse complained that having Halliburton do its own cost estimates and then carry out the work itself, left the government with no basis for cost comparison and cleared the way for the company to inflate its prices.

Greenhouse first raised her concerns internally and then testified before Congress in 2005. A short time later, she was kicked out of the elite Senior Executive Service and lost her security clearance, effectively ending her government career and making it difficult for her to find jobs in the private sector.

Greenhouse sued the government, claiming retaliation. The case dragged on for six years, finally coming to a close last July, when a federal District Court in Washington ruled that the government owed Greenhouse nearly \$1 million in lost wages and legal fees. “They took away my career,” Greenhouse says today. “I tried for jobs and I was blackballed for every position I applied for. It just destroyed my professional life.”

Despite the accusations of inside dealing, Halliburton continued to reap billions from other military contracts, including a deal to support U.S. troops in Iraq with laundry, food, housing, and other logistical services. Between July 2005 and May 2006, the company’s KBR subsidiary received approximately \$5 billion from the deal, part of the \$6.3 billion it earned during 2003 and 2004. The contract, like the one with the oil industry, was awarded without competitive bidding and included a sizable profit margin.

Halliburton received more money from the U.S. military—by far—than any other company during the wars in Iraq and Afghanistan.

That deal sparked a new round of congressional scrutiny of the company's performance and the prices it charged the government. A Democratic Policy Committee report in June 2005 accused Halliburton of charging the military \$45 for cases of soda and \$100 for cleaning 15-pound bags of laundry. An earlier investigation by *The New York Times* used government data to show that Halliburton was charging \$2.64 a gallon to import gasoline and oil into Iraq even though the wholesale cost of the fuel was just 71 cents per gallon.

“Halliburton got special treatment in Iraq, wasted a lot of taxpayer dollars, and failed to live up to their contractual obligations,” Rep. Henry Waxman, the ranking member of the House Oversight and Government Reform Committee, and a fierce critic of the company, says now. “They’re the poster child of everything that went wrong in Iraq reconstruction.”

Stuart Bowen, the special inspector general for Iraq reconstruction, said that his office's audits into KBR's work in Iraq found what he described as “enormous problems,” including charges for fuel that hadn't yet arrived in Iraq. He credited the company with working to fix problems once inspectors identified them, but said he worried that the sheer size of its operations in Iraq made it impossible to fully monitor its work.

“The question is, how many places didn’t get looked at and had similar problems?” he said in an interview. “Given how much they were paid, that’s the great unknown of Iraq.”

Halliburton declined to comment for this story on any aspect of its work in Iraq. It has previously defended its prices by pointing to the dangers and logistical difficulties of importing fuel, food, and other supplies into a war zone. It has also pointed to the human toll of its work in Iraq, which resulted in the killing or maiming of dozens of its employees.

Halliburton quite literally became a punch line for the likes of Stephen Colbert and Jon Stewart.

Even Halliburton’s harshest critics, moreover, acknowledge that the company provided essential services across Iraq under extraordinarily difficult circumstances. On most large bases, the contractor ran laundry services that returned troops’ uniforms freshly cleaned and pressed within days; large and well-equipped fitness centers; recreational centers equipped with video-game consoles and flat-screen TVs; and dining halls so well stocked with steak, lobster tails, pizza, and other favorites that many troops actually gained weight while deployed.

Despite the enormous size of its contracts, however, Halliburton frequently pushed the envelope in pursuit of even larger profits. In 2008, an investigation by *The Boston Globe* found that KBR had avoided paying hundreds of millions of dollars in federal payroll taxes by hiring its 10,000 American workers through a pair of shell companies in the Cayman Islands. Neither company, the newspaper reported, had an office or a phone number.

KBR officials acknowledged using the tactic to dodge Social Security and Medicare taxes, telling The Globe that the motivation was “to reduce certain tax obligations of the company and its employees.” They also stressed that the practice was perfectly legal.

That assertion drew the attention of an ambitious young senator named Barack Obama. In April 2008, Obama teamed with Sen. John Kerry to craft legislation barring companies like Halliburton from using offshore shell companies to avoid paying payroll taxes. The bill would require U.S. firms with overseas subsidiaries to pay Social Security and Medicare taxes for employees, regardless of where they were working. Obama criticized KBR by name for using the practice. The measure passed Congress, and President Bush signed it into law.

Halliburton and its war-torn subsidiary made for an easy target then. But the company swiftly took steps to ensure that it wouldn't stay stuck in that position.

RED GIANT

With the United States still mired in Iraq, David Lesar, the CEO who had overseen the boom-and-bust cycle during the Bush years, made a decision that would come to redefine the company: Halliburton would spin off KBR, ending its nearly half-century involvement in government and defense contracting. The company would refocus on its core business—cementing, fracking, drilling—and it would research and develop the technologies at the forefront of energy exploration. Signaling the company's

revamped profile, Lesar looked outside to hire a new slate of senior directors, bringing in top technology innovators from the aerospace and renewable-energy industries.

It was, in a very real sense, a return to Halliburton's roots. Erle P. Halliburton, an Oklahoma wildcatter, founded the company in 1919, and in its earliest years, it did just one thing: cementing. Oil and gas companies would hire Halliburton to do the cement casing and sealing for their drilling wells. Soon, it expanded to providing other on-the-ground energy services that go with drilling. Energy companies in the early 1940s began experimenting with a new way to extract oil and gas—hydraulic fracturing. In 1944, Halliburton became the first company to frack a commercial well. Over the next decades, as the business's fortunes grew, so did its ambitions. It acquired logging and construction companies, including the one that would eventually become KBR.

Halliburton's gleaming new corporate headquarters on the outskirts of Houston reflect Lesar's vision of the future. Behind a black security fence, the 164-acre campus is studded with sleek, airy, light-filled structures of glass and sustainable wood (most of them LEED-certified energy-efficient green buildings). The compound features grassy glades planted with local wildflowers, and songbirds chirp among thickets of trees. It looks more like a campus of a Silicon Valley technology firm than an old-line oil-services company.

There are more signs that this is not Dick Cheney's Halliburton: an employee "Life Center" that includes a gym, yoga classes, and

massages for employees, plus a cafeteria serving organic, locally sourced produce. The new day-care center will open soon. But the heart of the campus is a new multimillion-dollar technology center, which opened in March.

On a tour of the center last month—the first look given to any reporter—Mike Watts, Halliburton’s director of fracture stimulation, and Ron Hyden, the director of technology and production enhancement, showed off enormous, state-of-the-art labs. Here, research teams are developing technologies for exploring shale formations, including underground X-rays that can show the makeup of shale down to the molecular level; a machine that can analyze the different properties of shale rocks flown in from around the world; a facility devoted to researching cement blends for sealing wells; and a giant, shaking machine that stimulates the pressure of a frack job.

“You really need to understand these rocks,” Watts says. “A shale is not a shale is not a shale; each shale play is like a new frontier. It really is rocket science.”

“No, the rocket scientists have it easy,” Hyden says. “They can see what they’re doing.”

Watts and Hyden, both of whom have been with the company for more than 20 years, are clearly proud to work on the cutting edge of an energy revolution. But they, like other officials, declined to talk about KBR, the Gulf oil spill, or the company’s recent history. And if they had their way, other people would stop talking about all of that, too. “We’re a technology company that’s making a hell

of a difference. But people don't know who we are," Watts said. "Shale gas wouldn't be sitting here if it weren't for the work we've done. We were out there in the early days, horizontal fracking when other people thought we were crazy. We were out there getting our knuckles busted. It's disheartening. I wish we could get seen as the true technology company that we are."

The public may not have yet noted the changes at Halliburton, but the Obama administration has. In 2010, Joseph Aldy, the special assistant to the president for energy and environment, began convening White House working groups on shale gas. He invited regulatory agencies, environmental groups, and energy companies—including Halliburton—to the discussion. By all accounts, the conversations were friendly and respectful, and they kicked off an ongoing, productive relationship from which all sides have already heavily benefited.

Shale gale has bred a new abundance of cheap, low-polluting natural gas, and it has come just as the Obama administration has rolled out a slate of tough regulations aimed at curbing toxic and global-warming pollution from coal-fired power plants. The regulations, which will probably halt new coal-fired generation in the U.S., have come under fierce political fire from Republicans, who say they'll lead to a huge jump in energy costs. But their arguments have largely been undercut. Electric utilities say that the abundance of cheap new gas means it will be easy and affordable to meet the regulations by building natural-gas generators instead of coal generators. In a relationship replete with irony, this might be the most counterintuitive aspect:

Frackers such as Halliburton are making it easier for Obama to combat climate change.

At the same time, the president has pushed Congress to pass a slew of bills to create further incentives for natural-gas production. And last month, in a sign that the administration is listening to Halliburton and its industry allies, EPA rolled out new regulations on fracking and air pollution that weren't as restrictive as many had forecast. Overall, industry groups said they liked the rules, while environmentalists complained that they weren't strict enough.

In April, the White House formed an interagency working group to coordinate an ongoing review of fracking oversight, a move that industry groups applauded. Heather Zichal, the top White House energy aide, who has held dozens of meetings with heads of fracking and natural-gas companies, leads the group. In a sign of the new warmth between the White House and industry on fracking issues, Zichal spoke at a May 14 hydraulic-fracturing workshop sponsored by the American Petroleum Institute. At the event, Zichal said that the administration should have worked harder, in previous years, to reach out to the fracking industry.

“As an administration, we probably could have been doing a lot more outreach in the beginning, and we have worked over the last few months to try and set a better dialogue and create a better working relationship,” she said. “Because what the industry is doing is important from a job-creating perspective and it’s important from an energy-security perspective.”

To be sure, the White House and Halliburton don't see eye to eye on everything. For instance, the administration wants to close the so-called "Halliburton loophole," a Cheney-backed provision passed by Congress in 2005 that exempted fracking from major federal water-safety regulations in spite of the possible threat to water tables. The White House also wants to do away with tax breaks that favor the oil and gas industry. And for its part, Halliburton, as a campaign donor, still overwhelmingly favors the GOP.

GLOBAL SCALE

That being said, the fracking boom could also serve the White House's interests abroad, even though, at present, the shale gale is almost entirely confined to North America.

In 2010, David Goldwyn, then the State Department's coordinator for international energy affairs, launched the Global Shale Gas Initiative, aimed at helping other countries tap into the promise of shale gas, with help from Halliburton and other American companies. In the fight against climate change, one of the biggest challenges has been slowing global carbon emissions without curbing economic growth. The U.S. and China, the world's biggest greenhouse-gas contributors, have been at an impasse for years over how to move toward that goal. Today, much of China's economic growth is tied to coal-fired electricity, but the thinking is that if U.S. companies could help China find and frack new natural gas, the giant Asian economy could continue to grow at the same pace—but drastically curb its carbon pollution.

In Eastern Europe, hiring American companies to frack shale gas could advance a different set of strategic goals. Today, Russia is the world's largest exporter of natural gas. The country's state-owned energy company, Gazprom, supplies about 25 percent of the fuel that keeps the lights and heat on in the European Union; it flows through a pipeline in Ukraine to reach the rest of Europe.

The Kremlin has shown no compunction about using the resource as a weapon. After Ukraine's 2005 presidential election yielded a victory for the Kremlin-backed candidate Viktor Yanukovich, Ukrainians protested in the streets for weeks. In what became known as the "Orange Revolution," the Ukrainian Supreme Court determined that Yanukovich's victory had been a fraud, and a runoff election gave the victory to the Western-leaning opposition leader, Victor Yushenko.

That spring, Russia hiked the price of natural gas to Ukraine, and on Jan. 1, 2006, one year after the Orange Revolution, in a move that was widely viewed as Moscow's retaliation for the ouster of Yanukovich, Gazprom cut off the natural-gas supply to the Ukraine pipeline and thus to 18 other countries. After a three-day standoff, Gazprom reopened the spigot—having made its point crystal clear. In the intervening years, Russia and Ukraine have come to the brink of a gas shutoff almost every winter.

When Goldwyn convened a series of meetings with international delegations and U.S. fracking companies to push the initiative forward, countries were banging on the doors at Foggy Bottom to be included. Halliburton was in a position to help. The relationship quickly blossomed. One company official said,

“Kudos to Secretary Clinton and to David [Goldwyn], for their vision and appreciation for the oncoming and game-changing unconventional oil and gas revolution.”

In the months that followed, the United States signed memorandums of understanding with China and India that allowed the U.S. Geological Survey to begin mapping shale deposits, paving the way for American fracking companies to follow. The USGS found that China has the biggest shale-gas deposits in the world. The State Department has also brought delegations of energy officials from China, Georgia, India, Morocco, and Poland to U.S. fracking sites, with Halliburton a welcoming host.

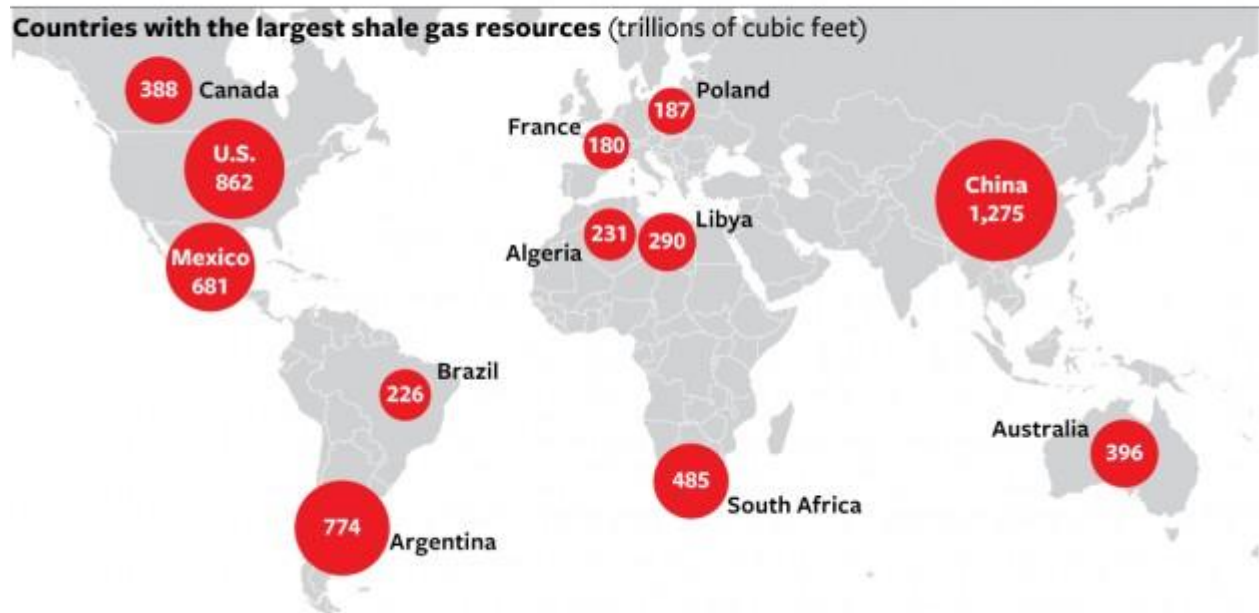
“The international community is starving for that technology,” Jim Brown, Halliburton’s Western Hemisphere president, said on CNBC last year. The company is now putting out feelers to begin fracking throughout Europe, Asia, and the Middle East. In 2010, Halliburton fracked the first-ever shale well in Kozienice, Poland, for PGNiG, the state-owned oil and gas company.

“This is a chance for Poland to change our future,” Rafal Jarosz, an economic attaché with the Polish Embassy in Washington, told *National Journal*. “For Poland, shale gas is very important—it will change our relations with Russia. Shale gas could change the entire political situation in Europe,” he added. “And Halliburton is the leading company helping with that... We are glad to have Halliburton in Poland.”

Goldwyn acknowledged that as long as it's in the U.S. interest to promote shale gas abroad, Halliburton will have an exploding new market for its services. "No matter what happens," he said, "Halliburton always wins."

A Global Playing Field

Some of the largest shale-gas basins are found in countries not known as big energy producers.



Source: Energy Information Administration/Advanced Resources International, Inc.

DARK SHADOWS

Well, maybe not always. In 2010, BP contracted with Halliburton to do what it had supposedly done better than anyone for 91 years: cement an oil well. Its workers mixed the cement that would seal a new ultra-deepwater well called Macondo 5,000 feet below the surface of the Gulf of Mexico. Halliburton's seal failed, and the well exploded, killing 11 workers and sending more than 100 million gallons of oil spewing into the sea.

The National Commission on the BP Deepwater Horizon Spill and Offshore Drilling concluded that “primary cement failure was a direct cause of the blowout,” and specifically cited Halliburton employees for using poor judgment and trying to cut costs when they delivered an unstable cement blend. In June 2010, the Justice Department launched a criminal investigation of the company for its involvement in the spill.

Halliburton won't talk about the incident, but even in the midst of the company's current natural-gas boom, the outcome of the BP probe hovers darkly over its future. In its annual report to shareholders, Halliburton conceded, “Certain matters relating to the Macondo well incident, including increased regulation of the United States offshore drilling industry, and similar catastrophic events could have a material adverse effect on our liquidity, consolidated results of operations, and consolidated financial condition.”

Fracking poses another potential risk. Fracking today is subject to a patchwork of state and federal regulations, but environmentalists say that as new, unconventional shale fracking booms, existing rules aren't enough to protect the water tables beneath fracking sites. EPA is expected to begin crafting new fracking rules aimed at improving water safety if Obama is reelected. In the meantime, however, environmentalists warn that poorly regulated fracking could one day wreak even more havoc than the Gulf spill by contaminating underground water tables with toxic chemicals.

Nor has Halliburton entirely escaped the long shadow cast by its Iraq work. Two little-known but potentially explosive lawsuits involving members of the Indiana, Oregon, Texas, and West Virginia National Guards charge that the company, through KBR, exposed the troops to toxic chemicals in Iraq.

In 2003, KBR was hired to restart operations at the Qarmat Ali water-treatment plant near Basra, a key facility in Iraq's oil infrastructure. The U.S. soldiers were sent to the plant as bodyguards. In late August, Lt. Col. James Gentry, the commander of the Indiana troops, noticed that the KBR personnel had begun wearing masks and other protective gear. No such equipment was issued to the National Guard soldiers, who had been experiencing respiratory problems, migraines, and nosebleeds. Gentry alerted his superiors and pulled his troops off the assignment. But his order came too late: Gentry, a man with no history of lung cancer, died from the disease in 2008. Sgt. David Moore, another soldier who served at Qarmat Ali, succumbed to lung problems a short time later.

The Indiana Guard soldiers sued KBR in 2009; the other affected troops filed suits in 2010. The plaintiffs accused the company of knowing that the plant was contaminated with large quantities of a toxic material called sodium dichromate but failing to relay that information to the troops or give them protective gear.

“They knew before the war started that there were massive amounts of this chemical in badly maintained canisters—not months later,” said plaintiffs attorney Michael Doyle in an interview. “And they spent years lying about it.”

The suit involving the Indiana, Texas, and West Virginia units is scheduled to go to trial in September, and a separate Oregon trial is set to begin the following month. Doyle declined to discuss how much money his clients stand to gain if they won both cases, but he said the amount could “be ‘Erin Brockovich’-sized.” Halliburton declined to comment on any aspect of the suits.

While the BP/Macondo case remains the biggest threat to the resurgent company, large verdicts in either of the two National Guard trials would bring new attention to Halliburton’s Iraq work, an era that the company would rather the public forgot. And such outcomes would reanimate the public image that the company—with the help of its new allies in the Obama administration—has been working so feverishly to bury.

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