THE HALLIBURTON AGENDA

The Politics of Oil and Money

DAN BRIODY

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JOHN WILEY & SONS, INC.

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Photograph of Texas oil pump courtesy of PhotoDisc/Getty Images.

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PROLOGUE

When he was asked, during the 2000 vice-presidential debate with Joe Lieberman, about his financial success during his time as Halliburton's CEO, Dick Cheney responded, "I can tell you, Joe, the government had absolutely nothing to do with it." But even Dick Cheney himself didn't really believe that.

Four years earlier, in his second year as CEO, Cheney wrote the foreword in a Halliburton corporate biography entitled *The Legend of Halliburton*. In it he said, "But no matter how well we position ourselves in the market, I am struck by the extent to which the success or failure of a project is as much of a political decision as it is an engineering decision. Many times the engineering and technical aspects of a project can be relatively easy, but the project may be thwarted by unresolved political issues."

The truth is that Dick Cheney's appointment as CEO of Halliburton had everything to do with the government. Having been a lifelong public servant with no business experience, Cheney was hired by Halliburton in 1995 because of his understanding of the nation's political tendencies and his extensive contacts both on Capitol Hill and at the Pentagon. And he delivered on that expectation. In the five years of his stewardship,

Halliburton increased its government-backed loans from the Export-Import Bank from $100 million the five years prior to his arrival to $1.5 billion over his tenure. The company's government contract business nearly doubled, from $1.2 billion to $2.3 billion over that same period. Halliburton went from seventy-third to eighteenth on the Pentagon's list of top contractors. It is the embodiment of the *Iron Triangle,* the nexus of the government, military, and big business that President Eisenhower warned America about in his farewell speech. America has seen crony capitalism in action before. Indeed this behavior as exhibited by the Carlyle Group was the subject of my previous book.

But Halliburton has taken military industrialization to a whole new level, and as you'll read in this book, the company has had decades to hone its skills and cultivate beneficial relationships within our government. *The Halliburton Agenda* untangles a decades old web of political back scratching from one of the world's most powerful and connected companies. The chapters that follow chronicle the rise of Halliburton from its meager beginnings in 1920s' Texas to a monolithic corporation that has become a crucial vendor to the U.S. military that reached its pinnacle with the appointment of former Halliburton CEO Dick Cheney as vice president of the United States.

Since Cheney left the company to become George W. Bush's vice presidential running mate late in the summer of 2000, Halliburton has been hit with a wave of government agency investigations and political criticism that has vaulted the company from the relative obscurity of an oil-field services business to a lightening rod of political controversy and a symbol of profiteering to the antiwar crowd. The Securities and Exchange Commission (SEC) is currently investigating

accounting changes that were made at Halliburton during Cheney's time as CEO that significantly increased the company's reported earnings—changes that were not reported to shareholders. It was also investigated by the U.S. Attorney's office in Sacramento for possible criminal activity in overcharging the government for work done at Fort Ord in 1997 in California—the criminal investigation was dropped, but in 2002, Kellogg Brown & Root (KBR) paid $2 million to settle a civil case. The company was also under investigation by the Nigerian government for a bribe it paid to a tax official in that country. The company admitted to paying the bribe.

Today, Halliburton, because of its ties to Cheney, is under a microscope the likes of which no military contractor has ever seen. The company has been excoriated by lawmakers for the business it did in Iraq, Iran, and Libya while Cheney was CEO just six years ago, between Cheney's first and second wars with Iraq—first as secretary of defense in 1991, then as vice president in 2003. Every move Halliburton makes in Iraq today is being watched by dozens of journalists, waiting for them to overcharge the taxpayer, as the Pentagon suspects they have done in importing fuel from Kuwait. Halliburton has transcended its existence as an unromantic provider of oil-well cementing and Army logistics support to become a political chess piece in a match that won't be decided until November 2004.

Though Cheney took the game to a new level, it's always been played this way, at least by KBR, the subsidiary of Halliburton that is attracting all the political attention with its role in the $2 billion (and counting) contract to rebuild Iraq's oil infrastructure. KBR was first formed (then called Brown & Root) in 1919, and the company was a political animal from the very beginning. Building roads in rural central Texas, Herman and

George Brown learned early how to influence public officials in pursuit of lucrative county contracts. Their relentless and brazen brand of politicking evolved steadily over the years and culminated in their relationship with Lyndon Johnson, an unprecedented business and political association that propelled both the Browns and Johnson to the top of their respective professions.

Throughout its whole existence—from the early road contracts to their current role in Iraq—KBR has lived with charges of political influence peddling. Even Donald Rumsfeld, as an Illinois congressman in the 1970s, accused the company of currying favor with politicians through campaign donations in exchange for government contracts. Meanwhile, Halliburton, KBR's parent company since 1962, has remained relatively free of controversy until recently, at least in its core business of oil-well cementing. In Part I of this book, you'll be introduced to Erle Halliburton, who founded the company in 1919. Ironically, given the reputation of his company today, Erle was an honorable, hard-working man who intensely disliked politicians and built his company on the backs of roughnecks and roustabouts like himself. He was a man who would never have allowed his company, and his surname, to be associated in the public's mind with war-profiteering and political influence.

Yet, the story of Halliburton, and more accurately KBR, is more than just a tale of the confluence of business and politics in America. It is also the story of how government contracting and outsourcing has evolved over the past 100 years, and how the military came to advocate the privatization trend. What we are seeing today in Iraq—the secret letting of no-bid contracts, the strange and arcane bureaucracy behind military outsourcing, the army's dangerous dependency on KBR—all can be

explained by following the trajectory of KBR, from its early days of Navy shipbuilding in World War II to its role in building air strips and prisoner cells in Vietnam. The cycles of KBR's war business are repetitive, but distinct. During World War II, no one criticized the company for the role it played in supporting the war effort. Vietnam brought with it heavy criticism from the antiwar, antiprofiteering element, but little talk of the company's ties to prominent politicians. The Iraq War has cast a light on the potential for politicians to influence the government contracting process.

In all of the controversy surrounding Halliburton, some subtleties, and quite possibly the real danger of the current situation in Iraq have been lost. Whether Dick Cheney had a hand in doling out contracts to his former company is unimportant, not to mention unprovable. Everyone in the industry and the military, with few exceptions, agrees that Halliburton was the right company for the job in Iraq because of its experience and the speed with which it was able to operate. The real issue for taxpayers is that of cost overages, an issue of little concern to the people in the Pentagon who are more interested in getting the job done quickly. As you'll read, this is a pattern repeated by Halliburton throughout its history. And the question that no one has been asking is: How did Halliburton become the only company with a realistic chance of doing this work—in essence chasing other worthy competitors out of the market?

The whole purpose of privatization in the military, as with any industry, is to encourage open competition between profit-driven companies, thereby ensuring the government gets the most effective service at the best price. But in the case of Halliburton and the monster army logistical support contract

known as LOGCAP, the idea of free competition has been virtually abandoned. It is true that the LOGCAP contract is put out for bid by the U.S. Army, but it has never been a fair competition. KBR designed the contract in the first place, giving the firm an unfair advantage in competing for it. And the contract was designed so that only two, possibly three, companies in the world would have been able to fulfill it.

Since then, the army has found that it is nearly impossible to give its support work to anyone but KBR. When, in 1997, KBR lost the overall LOGCAP contract to Dyncorp, the majority of the support work, mostly in Bosnia, was carved out of LOGCAP and kept in the hands of KBR until the company won back the contract in 2001. Peter Singer, author of *Corporate Warriors: The Rise of the Privatized Military Industry,* told me that the two incentives that keep the free market an efficient economic model—competition and penalties—have been lost when it comes to KBR because the army has become so dependent on them. "In the free market, when a company works with someone, there is a competition incentive," says Singer. "Once a company gets a contract, the competition incentive falls by the wayside, and the job is to avoid the penalties. But there is no record of penalties in this case. They never have to pay, because the army can't penalize them. Then, if you have a built-in profit margin, and you know you're never going to lose this contract, there is no price to pay for not doing the job. We have forgotten the two corrective forces of the market."

Kellogg Brown & Root holds the LOGCAP contract for the next 10 years, and holds similar contracts with both the U.S. Navy and U.S. Air Force. It is entirely likely that no other company will ever again be able to compete seriously with KBR for military logistical support, a market that will only grow in the

coming years. KBR is essentially the newest branch of the U.S. military.

Partisan interests will continue to pick apart the Halliburton story over the course of the next year at least. What history can teach us is that eventually the story will die down, elections will be won and lost, Halliburton may pay a fine, and life will go on as it has for the better part of a century. Time will pass, new conflicts will arise, and Halliburton will again find itself the target of political watchdogs. But as you will learn from the history divulged in this book, the company will rest easy, as it does now, in the knowledge that this cycle has been repeated several times over the course of its existence, and nothing has been able to bring it down.

Throughout its history, Halliburton, in its defense, has consistently played the patriotic card. But the fact that a company is profiting from its military outsourcing business does not excuse the manner in which that business was gained or how it was carried out. All it means is that they are doing their job, a job that pays them a guaranteed profit.

As for the role of politics in Halliburton's business, that too is not likely to change. When Dick Cheney was addressing a crowd as the Halliburton CEO at an oil conference in 1997, he aptly characterized the revolving door of Washington, DC, "The biggest problem I faced as Secretary of Defense was the United States Congress," he said. "Now that I'm chairman and CEO of Halliburton, the biggest problem I face is the United States Congress."

Ironically, as vice president of the United States, the biggest problem Dick Cheney has faced so far is Halliburton.

PART I

The Early Years

1

Erle P. Halliburton and the Million-Dollar Boast

Before there was a $13 billion company, before the World Wars and the Texas oil boom, before there were pet presidents and vice presidents, campaign contributions and government contracts, union busting and sanction dodging, there was simply a man, fiercely struggling to escape poverty, doggedly pursuing his piece of America's manifest destiny. At the time of his birth, September 22, 1892, in a small farming town on the outskirts of Memphis, Tennessee, the name Erle Palmer Halliburton stirred no national emotion. It held no political intrigue. It had no impact on government or business. It was only the name of one of five sons of Edwin Gray Halliburton, an anonymous jack-of-all-trades, who would not live to see Erle's thirteenth birthday. Halliburton, as a name, meant virtually nothing to anyone outside of Henning, Tennessee. But Erle Halliburton was determined to change all of that.

As a young boy, Erle Halliburton showed a natural inclination toward mechanics, often dismantling and reassembling devices for pure recreation. While boys his age in Henning were playing with toy trucks in sand boxes, Erle was tinkering with gears and repairing simple machines. His curiosity drove him to understand how things worked. He was an excellent student, completing both elementary and high school courses over an eight-year span by age fourteen. Yet, even then, Erle Halliburton was uninterested in the idle trappings of youth. In what would become one of his trademark characteristics, he was intensely focused on higher aims.

After his father passed away in 1904, the Halliburton family was left with little money and even less opportunity. Two years later, hopelessly impoverished at age fourteen, Erle decided it was time he left home and pursued his fortunes elsewhere. Diminutive in stature at just 5 foot 5 inches, the future of the Halliburton clan was resting on Erle's narrow shoulders, the new man of the house. But he brimmed with confidence, promising his family he would not return to Henning until he had pocketed a million dollars, a claim that no one could have taken seriously at the time. Underestimating Erle Halliburton would be a mistake that many of his contemporaries would repeat over the years, for as author and Texas historian J. Evetts Haley put it, Halliburton was "fired by the stern disciplines of hunger and want."

Alone, directionless, and penniless, Halliburton embarked on a worldwide journey that would take him from Brooklyn to Manila, working dozens of jobs as varied as driving a locomotive to selling automatic stokers. At age eighteen, he joined the U.S. Navy and received the first formal training of his young life, serving two tours and working engineering and hydraulics

before leaving the service in 1915. The work suited Halliburton's mechanical mind, and he ultimately ended up in Los Angeles, running a pressure irrigation project for the Dominguez Irrigation Company, pulling down $100 a month. It was there that Erle met and married his wife Vida Taber, and settled in—for the moment. It was a far cry from the $1 million he had vowed to earn, but for a dirt-poor kid from Henning, Tennessee, it was good work and a good life.

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At about this time, life in America was changing dramatically. While Halliburton had found himself a quiet, decent living in the easy climes of California, the real action was taking place all around him, as oil fever gripped the nation. In the late 1860s, after Edwin L. Drake first struck oil in the hills overlooking Oil Creek in Titusville, Pennsylvania, localized oil booms had sprung up like wildfires, first in Ohio in the 1880s, then in California, and finally in Texas, when a strange-looking hill called Spindletop in Beaumont spewed 75,000 barrels of Texas crude into the sky on January 10, 1901.

It is not surprising that Halliburton did not immediately recognize the impact of oil on the average American, and indeed, the worldwide economic landscape. Oil was originally produced for illumination, to replace the expensive and increasingly scarce whale oil that powered most lamps in the home. With Thomas Edison's new invention, the heat-resistant incandescent light bulb, it seemed for a time that the oil boom was destined to be nothing but a short-lived frenzy, a mineral-based Internet boom, as the price of oil fluctuated wildly and the number of light bulbs in use soared from just 250,000 in 1885

to 18 million in 1902. Kerosene, the by-product of refined oil that was to be the future of illumination, was quickly relegated to a rural niche necessity, severely limiting its market potential and throwing the future of the oil industry into doubt.

But the predicted demise of oil was so short-lived that it was practically unnoticeable. At the same time as the specter of electric light loomed over the kerosene industry, a market with almost the same amount of potential as electric illumination was springing to life: the internal combustion engine. The "horseless carriage" had slowly begun to insinuate itself onto the muddy, bumpy American roads by 1905. At first, the noisy, smelly contraptions were not taken seriously, often met with derisive shouts of "Get a horse!" from disgusted onlookers.

Up to this point, gasoline had been a largely useless, and sometimes cumbersome, by-product of the oil-refining process on the way to making quality kerosene. Refiners were lucky to unload it for two cents a gallon as fuel for stoves. With the explosion of the automobile onto the scene, however, gasoline, the ugly stepchild of oil refining, was revitalized. Automobile registrations in the United States ballooned from 8,000 in 1900 to 902,000 in 1912. The oil industry was back, and the automobile was its impetus. It was a rapid turn of events that would forever change the life of young Erle Halliburton.

After nine years of wanderlust and job-hopping, Erle Halliburton found the oil industry. In 1918, he took a job as a driver in the Perkins Oil Well Cementing Company in California. Though oil well drilling was still a nascent industry, it had already seen several waves of change since the first successful well was drilled at Oil Creek. The first wells, like that of Colonel Drake, had steam-powered cable-tool rigs, crude machines that repeatedly pounded through rock and dirt with a massive chisel

on the end of what looked like a giant see-saw. These early rigs literally punched holes in the ground. It was effective for the rocky terrain in rural Pennsylvania, but in the softer sands and clay of the Southwest, the cable-tool method of drilling was futile because the unstable earth around the hole caved in and filled the hole as quickly as it was made. This resulted in a great deal of extra work since drillers or roughnecks needed to constantly remove the cuttings from the drill hole, severely slowing down the process.

By the 1920s, cable-tool drill rigs were approaching obsolescence as rotary drilling emerged as its successor. Rotary drilling uses a drill bit with teeth attached to a long, hollow pipe that turns and grinds, lifting the earth up as its weight pushes the drill bit further and further down. As the bit bores ever deeper, roughnecks add lengths of pipe to the drill, extending its reach. The biggest advantage to rotary drilling was that highly pressurized fluid, called drilling mud, could be pushed down the hollow piping and out of the drill bit, forcing the cuttings back up to the surface, while cooling and lubricating the bit.

The early days of oil drilling were riddled with problems, stemming from the fact that few in the industry had a good understanding of how oil reservoirs worked, where they were to be found, and how to best mine the oil. Wildcatters peppered the landscape of every oil discovery, randomly drilling every inch of the earth in a desperate attempt to strike it rich. Entire oil fields were pumped dry in weeks, leaving much of the valuable crude still locked in the pores of the earth. Often, careless drilling allowed water and underground gases to seep into wells and contaminate the oil, rendering it useless. It was a time of wild speculation, trial and error, and many dashed dreams.

It was in this frenzied environment that Erle Halliburton now found himself, working for Almond A. Perkins and his oil well cementing company. At the time, oil well cementing was unheard of, and the oil industry regarded the practice with skepticism. The process consists of forcing a cement "slurry" down the hollow pipe of a rotary drill, forcing the cement back up through the walls of the hole, and sealing out the water and other unwanted contaminants from the well. It also served to stabilize the drill itself.

After laboring as a truck driver for Perkins, Erle was soon promoted to cementer and learned the craft of oil well cementing firsthand. It's hard to imagine a less romantic job, but the work excited Halliburton and his enthusiasm for the oil business fired his imagination. He began to relentlessly offer suggestions to his new boss on ways to improve the company, but Perkins was not a man open to suggestion, and Halliburton, just one year later, found himself between jobs once again. As it turned out, this break was exactly what Halliburton needed, as he himself would go on to say, "The two best things that ever happened to me were being hired, then fired, by the Perkins Oil Well Cementing Company."

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Down on his luck, but bitten by the oil bug, Halliburton and his wife Vida picked up and moved to Wichita Falls, Texas, a place that had already been thoroughly gripped by oil fever. Two nearby oil fields were in full swing, and Halliburton, armed with his new knowledge of oil well cementing, aimed to capitalize in full. He began working the Burkburnett oil fields, selling drillers on what he called the "Halliburton process."

Halliburton was a tireless salesman, constantly figuring and refiguring ways to build his young business up. Nevertheless, business went "a-begging." Drillers were a salty, greedy, distrustful bunch, and to them it looked as if this nervous little man from Tennessee was trying to sell them nothing more than snake oil. Besides, the wildcatters who had struck oil were already rich and didn't need any help, and the ones that hadn't struck oil were as poor as Halliburton himself. Boomtowns attracted every kind of would-be entrepreneur and scam artist, and to the drillers and rig owners, it was impossible to tell into which category Halliburton fit. There were even clairvoyants who claimed they could sniff out oil, for the right price. His was one voice of a thousand trying to sell everything from oil barrels to drill bits.

Even in the face of this adversity, Halliburton would not back down. His stubbornness and ambition intact, he again moved his wife and two kids to another boomtown, Wilson, Oklahoma. The town was already overrun with wildcatters and roughnecks, so the Halliburton family set up shop in a one-room house on the side of the road, built in two days by Erle himself, where they lived and worked. The conditions were atrocious and the rent for the land astronomical. No electricity, water, or gas. Just a telephone and a makeshift office, which Vida ran. She dutifully answered business calls and kept the books, all while raising their kids. Oil towns in those days were no place to raise a family. Whiskey-fueled fights broke out nightly, some ending in death, and many of the workers ended up in jail over weekends. The Halliburtons seemed to have hit rock bottom. Still, Erle was undeterred. "At any other time and place, his self-confidence, radiating in fluent, cocky self-assurance from his tiny frame, might have been insufferable.

But in this feverish rush for fortune, time was of the essence, and nothing counted but success," says the historian Haley.

Erle bought a wagon and pump, convinced some friends to invest $1,000, and called his new project the New Method Oil Well Cementing Company. Business was not forthcoming. It was a hectic time, as prospectors "drilled, drained, and abandoned site after site." Halliburton was chasing down business all over the region, driving endless days and nights through mud-drenched roads, to little or no avail. Money had gotten so tight, that Vida would later recall their bank account was "low, seriously low. . . . The lamp shone on my ring and I sat there admiring it when the thought came to me, 'Here is the money we need.'" Erle reluctantly agreed to pawn Vida's wedding ring as a last attempt at saving the business.

With the money from the ring, Halliburton bought materials to enhance the oil well cementing process, despite the almost total lack of interest in the process from the drillers. His belief in the process, fostered during his year stint with Perkins, was unshakeable. He designed a measuring line that could gauge the depth of the cement in the well, adding more precision to cementing. He patented the measuring line, which would eventually become a standard device in the oil well cementing business. But still, the family struggled to make ends meet, selling off its furniture to pay its workers on one occasion. Halliburton needed something to happen, and he needed it soon. They had very little left to sell. As far as he had come since leaving Henning, Tennessee, he was rapidly approaching utter poverty. The Halliburtons were, once again, broke. The company had a balance of only $50.27, a mere $999,949.73 short of the $1 million Erle was still aiming for.

Halliburton's unyielding faith in his business and process paid off in January 1920. As was common in those days, an oil well was spewing oil into the air, wasting thousands of dollars worth of crude. The well, in Hewitt Field, outside of Wilson, Oklahoma, belonged to William G. Skelly, president of the Skelly Oil Company, and he was losing money by the barrelful. Erle Halliburton called Skelly and offered to subdue the well using the Halliburton process of oil well cementing. Skelly, not in a position to argue, gave the cocky little man the go-ahead, and shortly thereafter, the well was under control and Skelly was regulating the flow of oil with precision. It had worked. Oil well cementing really worked. And word began to spread throughout the drilling communities in Oklahoma and into Texas that a fiery Tennessean had a new method to control their wells. The Halliburtons had their first big break, and poverty would never again show its sallow face in their house.

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It was an exciting time for Erle, Vida, and their children. Orders began to come in from the dozens of oil fields dotting the landscape. Halliburton kept busy driving from town to town, field to field, throughout the Southwest. Vida handled the financial side of the business while Erle racked up miles on the family truck. It was not uncommon for Erle to drive for days to reach a potential customer, sometimes putting 700 miles behind him before bedding down for the night. Outfitted in his corduroy cap and leather jacket, Erle was as much a roughneck as he was an entrepreneur, lending him the credibility he needed when cutting deals with his peers. He did business over

a scotch-whiskey, and he was more at home in the mud and grime of the drilling floor than he was in the office crunching numbers and doling out payroll to his crews.

The work itself was brutal but relatively simple. Each job consisted of first getting a cement truck to the well site, no easy task with the deplorable state of Texas roads in the 1920s. Often, entire days were lost wrenching a truck out of waist-high mud. Once at the site, the roughnecks mixed bags of cement with water and rushed to funnel the slurry into the well hole before it hardened. Halliburton, always working on ways to refine the process, would eventually patent the Jet Mixer or Halliburton Cement Mixer, which allowed workers to pour large amounts of concrete mix into a tub that automatically added the water. What seems like an obvious invention today, was nothing short of a revolution in oil well cementing at the time. Halliburton and his New Method Oil Well Cementing Company quickly gained a reputation for innovation and diligence throughout the industry.

While Halliburton devised a number of ingenious enhancements to the cementing process, one fundamental problem with his business remained: Erle Halliburton had not invented oil well cementing. In fact, his old boss Almond Perkins had patented the process long before Halliburton brought the idea to the Southwest. When Perkins got wind of Halliburton's New Method Oil Well Cementing Company, he filed suit for patent infringement. Halliburton did not deny that he had infringed on Perkins' patent. Rather, he was quoted as often telling his own patent attorney, "Don't ever tell me I cannot do something because it will infringe somebody's patent. I started in business infringing." The dispute was settled when Erle gave Perkins

rights to his Jet Mixer process in California, while Perkins conceded the oil well cementing process to New Method in the Southwest. This would not be the last time that Halliburton tangled with patent attorneys.

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Though Halliburton had gained a reputation for a hard-nosed, blue-collar work ethic, he was equally effective at negotiating deals. In the year 1920 alone, his crews cemented 500 wells. Halliburton was astute at following the money, moving the company and his family once again to new oil fields in Duncan, Oklahoma, in 1921. There he continued to grow the company from just three cementing trucks in 1920 to twenty in 1923. Even so, business was still shaky and inconsistent, and payment often relied on the success of a given well. Erle himself was earning only $260 a month, less than some of his employees were making. Halliburton knew that he would have to provide some stability and steady cash flow to his business. He had proven the value of oil well cementing, now he needed a more solid commitment from the industry. In 1924, Halliburton engineered a deal that would secure the future of his company and prove that his business acumen was grossly underrated.

The solution came when Halliburton convinced his seven largest customers, the biggest oil producers in the area, to invest in his business. He issued 3,500 shares of stock at $100 a share, and renamed the company the Halliburton Oil Well Cementing Company, or Howco. Magnolia, Texas Company, Gulf, Humble, Pure, and Atlantic were in for 200 shares apiece,

while Sun bought 100 shares. The Halliburton family owned 1,700 shares, and the Republic National Bank of Dallas held the rest in trust.

By inviting his customers in as investors, Erle Halliburton increased his salary from $260 a month to $15,000 a year. He also took $130,000 in exchange for the use of his patents and used that money to further build the business. Howco now employed 57 people and had achieved the stability and cash flow the company so desperately needed. Suddenly, Erle's million-dollar boast was starting to look more attainable.

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With his investors secured, and his position as president of Howco settled, Halliburton set about the business of building a truly professional corporation. For a company that employed mostly roustabouts and roughnecks, this was no easy task. But Halliburton's hands-on approach and gritty reputation earned the respect of his employees. While his personal fortune grew, Halliburton never lost touch with his down-and-out roots, and his work ethic and diligence remained intact. Howco was a successful company, and its books, now kept by professional accountants, were evidence of that.

A year after the company was incorporated in 1924, it paid a dividend of $30 per share. By 1927, the dividend had increased to $100 per share. With 1,700 shares of their own, the Halliburton's were becoming a wealthy family. They continued to expand the business and bring in other family members. Erle's brothers Paul and George founded the Halliburton Oil Well Cementing Company, Ltd., of Canada. They even began