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Halliburton Looking for Middle East Investors

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DUBAI, United Arab Emirates -- Halliburton Co., the Houston, Texas-based oil services company, is shifting the company's focus and capital investments away from North America and toward the oil and gas-rich Middle East, its chief executive Dave Lesar said here Tuesday.

Lesar, starting his first week running the company from his new headquarters in Dubai, said Halliburton would quickly expand its Mideast operations as it targets \$80 billion in new business over the next five years — 75 percent of which lies in the eastern hemisphere, mainly the Middle East.

"Halliburton is committed to this part of the world," Lesar told a group of Dubai-based reporters.

The company seeks Arab investors and a share listing on Dubai's new international stock exchange, Lesar said. Halliburton has already hired 4,800 of the 14,000 new workers it plans to bring aboard this year, many of them in the Arab world, he said.

"We're looking for as many young Arab and Asian engineers, technicians and professionals to come and join our organization," Lesar said while swigging a Coke in a swanky hotel meeting room.

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"As we build up our headquarters offices here it's not going to be by transferring people from the U.S., it's going to be by hiring locals," he said. "Unlike the States, there are more people in this part of the world who are interested in careers in the oil and gas industry."

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Lesar said his goal was to achieve a 50-50 split between Halliburton's business in the Western Hemisphere and the booming new markets in the Eastern Hemisphere, primarily the Mideast. Currently, 65 percent of Halliburton's business and as much as 70 percent of its capital spending lie in North and South America.

Lesar said the company will shift some 70 percent of its capital investment over the next five years to the Eastern Hemisphere, which includes oil and gas zones in the Middle East, Russia, Africa, the North Sea and East Asia. There is already great regional demand for Halliburton's drilling and exploration tools, he said.

Lesar said the company was relieved to have shed prickly relationships that brought unwanted scrutiny. In April, Halliburton completed the sell-off of its KBR construction and services unit, which has been under fire for overcharging the U.S. military in Iraq.

"It was purely a commercial decision that has been well-reflected in the marketplace," Lesar said. "Halliburton is an oilfield services company. That's where we started 80 years ago and that's what we're back to."

With KBR gone, Halliburton has no current business in Iraq. But Lesar said Halliburton would look to partner with oil firms doing exploration in Iraq once an investment law is in place.

Security permitting, he said, "sure, we'd be interested in going in there. But I'm not going to put my people at risk."

Also in April, Halliburton stopped work in Iran, where a Dubai-based Halliburton subsidiary operated for years. Lesar said the company wasn't taking any more Iran business.

"Iran and Iraq are clearly two countries with big opportunities but our broader base is in countries outside of those two," he said.

And, in a year and a half, the company's much-discussed ties to the Bush administration will end when Bush leaves office. U.S. Vice President Dick Cheney was Halliburton's previous chief executive.

"We do have a link to the current administration that will cure itself in the very near future," Lesar said.

Lesar arrived in Dubai on Saturday to begin his stewardship of the company from this Persian Gulf boomtown, home to dozens of international banks and corporations, including U.S. giants like General Electric, Microsoft, Goldman Sachs and Citibank. Halliburton is the first major western corporation to move its chief executive here.

The Dubai office allows him to be closer to the world's largest oil companies, like Saudi Aramco and the

Abu Dhabi National Oil Co., whose leaders he seeks to court.

Lesar said the company is negotiating for a new Dubai headquarters office while he shops for a home in the city's cutthroat housing market.

Halliburton's remaining top executives will probably stay in Houston, although the company plans to hold some of its board meetings in Dubai, Lesar said.

"This isn't a giant transplant from Houston to Dubai," Lesar said. "I don't see the need to have my senior executives sitting 10 feet from me."

Halliburton will continue to pay U.S. taxes on its global earnings, although Lesar and other Americans may have personal tax savings from working in tax-free Dubai and the company could save on capital purchases made here.

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