

DEPARTMENT OF THE INTERIOR

TRANSCRIPT OF PROCEEDINGS

In the Matter of:

NATIONAL PETROLEUM COUNCIL MEETING

Date: **July 15, 1954**

Place: **Washington, D. C.**

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NATIONAL PETROLEUM COUNCIL MEETING

July 15, 1954

Conference Rooms A and B,
Inter-Departmental Auditorium,
Washington, D. C.

The Council convened at 10:00 a.m., Walter S.
Hallanan, Chairman.

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CHAIRMAN HALLANAN: The council will please come
to order.

The Secretary will call the roll.

MR. BROWN: May I say at this time if there are
alternates here representing some member who may be absent,
when I come to that member's name, would the alternate please
rise and give his name, so that the reporter can get it on
the record.

Robert O. Anderson

(Absent)

MR. BROWN: Hines H. Baker.

(Absent)

MR. BROWN: Max W. Ball.

MR. BALL: Present.

MR. BROWN: Munger T. Ball.

(Absent)

MR. BROWN: T. H. Barton.

(Absent)

MR. BROWN: Paul G. Benedum.

MR. BENEDUM: Present.

MR. BROWN: Fred E. Bergfors.

MR. BERGFORS: Present.

MR. BROWN: Jacob Blaustein.

MR. BLAUSTEIN: Present.

MR. BROWN: Paul G. Blazer.

(Absent)

MR. BROWN: Reid Brazell.

MR. BRAZELL: Present.

MR. BROWN: J. S. Bridwell.

MR. BRIDWELL: Present.

MR. BROWN: Bruce K. Brown.

MR. BROWN: Present.

MR. BROWN: Russell B. Brown.

MR. BROWN: Present.

MR. BROWN: H. S. M. Burns.

MR. HAYES: Frank Hayes, for Mr. Burns.

MR. BROWN: Charles A. Chipman.

MR. CHIPMAN: President.

MR. BROWN: J. P. Coleman.

MR. JONES: J. P. Jones for Mr. Coleman.

MR. BROWN: Howard A. Cowden.

(Absent)

MR. BROWN: Stuart M. Crocker.

MR. CROCKER: Present.

MR. BROWN: John F. Cummins.

(Absent)

MR. BROWN: J. C. Donnell II.

MR. KENNEDY: H. L. Kennedy, for Mr. Donnell.

MR. BROWN: Fayette B. Dow.

MR. DOW: Present.

MR. BROWN: Warwick M. Downing.

MR. DOWNING: Present.

MR. BROWN: Wesley E. Downing.

MR. DOWNING: Present.

MR. BROWN: Gordon Duke.

(Absent.)

MR. BROWN: James P. Dunnigan.

MR. BATZELL: E. Batzell, for Mr. Dunnigan.

MR. BROWN: Rodney S. Durkee.

MR. BOVAIRD: D. S. Bovaird for Mr. Durkee.

MR. BROWN: Paul Endacott.

MR. ENDACOTT: Present.

MR. BROWN: Max M. Fisher.

MR. SCHILLER: M. S. Schiller for Mr. Fisher.

MR. BROWN: W. W. Flenniken.

(Absent)

MR. BROWN: R. G. Follis.

(Absent)

MR. BROWN: Clyde T. Foster.

MR. FOSTER: Present.

MR. BROWN: Stark Fox.

MR. FOX: Present.

MR. BROWN: B. C. Graves.

MR. GRAVES: Present.

MR. BROWN: B. I. Graves.

MR. GRAVES: Present.

MR. BROWN: Walter S. Hallanan.

MR. HALLANAN: Present.

MR. BROWN: Jake L. Hamon.

(Absent)

MR. BROWN: George J. Hanks.

MR. FALLIN: E. H. Fallin for Mr. Hanks.

MR. BROWN: B. A. Hardey.

(Absent)

MR. BROWN: John Harper.

MR. HARPER: Present.

MR. BROWN: I. W. Hartman

(Absent)

MR. BROWN: Don B. Hearin, Jr., President,
National Tank Truck Carriers, Inc., of Hearin Tank Lines,
Baton Rouge, Louisiana, a new member.

CHAIRMAN HALLANAN: I desire to present, gentlemen,
a new member of the Council, Mr. Don B. Hearin, president

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of the National Tank Truck Carriers, Inc., of Baton Rouge,
Louisiana. We are glad to extend a welcome to you in
membership to the Council.

(Applause)

MR. BROWN: Harry B. Hilts.

MR. HILTS: Present.

MR. BROWN: Eugene Holman

MR. RATHBONE: Jack Rathbone for Mr. Holman.

MR. BROWN: D. A. Hulcy.

(Absent)

MR. BROWN: A. Jacobsen.

MR. JACOBSEN: Present.

MR. BROWN: B. Brewster Jennings.

MR. JENNINGS: Present.

MR. BROWN: Charles S. Jones.

(Absent.)

MR. BROWN: W. Alton Jones.

MR. WATSON: B. S. Watson for Mr. Jones.

MR. BROWN: Paul Kayser.

MR. KAYSER: Present.

MR. BROWN: William M. Keck.

(Absent)

MR. BROWN: W. W. Keeler, Military Petroleum
Advisory Board, c/o Phillips Petroleum Corporation,
Bartlesville, Oklahoma.

MR. KEELER: Present.

CHAIRMAN HALLANAN: Mr. Keeler, I desire to present the new member of the Council, Mr. W. W. Keeler, Chairman of the Military Petroleum Advisory Board, of the Phillips Petroleum Corporation of Bartlesville, Oklahoma. We are delighted to have you as a member of the Council.

(Applause.)

MR. BROWN: L. F. McCollum.

MR. COSGROVE: J. J. Cosgrove for Mr. McCollum.

MR. BROWN: R. W. McDowell.

(Absent)

MR. BROWN: N. C. McGowen.

(Absent)

MR. BROWN: William G. Maguire.

MR. MAGUIRE: Present.

MR. BROWN: B. L. Majewski.

MR. MAJEWSKI: Present.

MR. BROWN: J. Howard Marshall.

(Absent)

MR. BROWN: A. C. Mattei.

(Absent)

MR. BROWN: Nelson Maynard.

(Absent)

MR. BROWN: W. A. Moncrief.

(Absent)

MR. BROWN: S. B. Mosher.

MR. MOSHER: Present.

MR. BROWN: George T. Naff.

MR. NAFF: Present.

MR. BROWN: Glenn E. Nielson

MR. NIELSON: Present.

MR. BROWN: S. F. Niness.

MR. NINESS: Present.

MR. BROWN: Maston Nixon.

MR. NIXON: Present.

MR. BROWN: J. L. Nolan.

(Absent)

MR. BROWN: John F. O'Shaughnessy.

(Absent)

MR. BROWN: J. R. Parten.

MR. PARTEN: Present.

MR. BROWN: Frank M. Perry.

MR. PERRY: Present.

MR. BROWN: Joseph E. Pogue.

MR. POGUE: Present.

MR. BROWN: Frank M. Porter.

MR. PORTER: Present.

MR. BROWN: Walter R. Reitz.

(Absent)

MR. BROWN: Sid W. Richardson.

MR. RICHARDSON: Present.

MR. BROWN: A. S. Ritchie.

MR. RITCHIE: Present.

MR. BROWN: M. H. Robineau.

MR. BATZELL: E. Batzell for Mr. Robineau.

MR. BROWN: J. Franch Robinson.

MR. ROBINSON: Present.

MR. BROWN: Roland V. Rodman.

MR. RODMAN: Present.

MR. BROWN: A. H. Rowan.

(Absent)

MR. BROWN: A. W. Scott.

MR. O'HARA: Dan O'Hara for Mr. Scott.

MR. BROWN: W. G. Skelly.

MR. RAE: Colin Rae for Mr. Skelly.

MR. BROWN: P. C. Spencer.

MR. SPENCER: Present.

MR. BROWN: D. T. Staples.

MR. STAPLES: Present.

MR. BROWN: Henderson Supplee, Jr., President,
The Atlantic Refining Company, Philadelphia, Pennsylvania.

CHAIRMAN HALLANAN: Mr. Supplee, will you please
rise. I desire to present Mr. Supplee, President of the
Atlantic Refining Company, a new member of the Council. We
are delighted to welcome you to membership.

(Applause.)

MR. BROWN: Sidney A. Swensrud.

MR. SWENSRUD: Present.

MR. BROWN: Reese H. Taylor.

(Absent)

MR. BROWN: Roy J. Thompson, Otis Ellis, alternate.

(Absent)

MR. BROWN: W. W. Vendeveer.

MR. VANDEVEER: Present.

MR. BROWN: William M. Vaughey.

MR. VAUGHEY: Present.

MR. BROWN: W. G. Violette.

(Absent)

MR. BROWN: S. M. Vockel.

(Absent)

MR. BROWN: J. Ed Warren

MR. WARREN: Present.

MR. BROWN: William K. Warren.

MR. JAMES: Allen James for Mr. Warren.

MR. BROWN: L. W. Wescoat.

MR. WESCOAT: Present.

MR. BROWN: John H. White.

MR. WHITE: Present.

MR. BROWN: Robert E. Wilson.

(Absent)

MR. BROWN: Robert F. Windfohr.

(Absent)

MR. BROWN: Jack Woodward, President, Texas Independent Producers & Royalty Owners Association, Dallas, Texas.

CHAIRMAN HALLANAN: Mr. Woodward, would you please rise, sir? I desire to present, gentlemen, a new member of the Council, Mr. Jack Woodward, President of the Texas Independent Producers & Royalty Owners Association of Dallas, Texas. We are delighted to have you as a member.

(Applause)

MR. BROWN: John Wrather.

(Absent)

MR. BROWN: C. H. Wright.

MR. WRIGHT: Present.

CHAIRMAN HALLANAN: Gentlemen, I may say in view of the present weather conditions and the fact that many are on vacation that is a remarkable response of attendance of the members of the Council. I certainly feel it is an evidence of your continued interest in the work that this Council has been carrying forward.

You received some time ago a copy of the minutes of the last meeting, the meeting of March 23, 1954. You received the copy of the minutes mailed on April 26.

Are there any remarks? If not, may we have a

motion of approval.

(The motion was duly made and seconded.)

CHAIRMAN HALLANAN: It has been moved and seconded that the minutes of the last meeting be approved. All in favor, "aye"; contrary minded, "no". The minutes are approved.

Next is the report of the Secretary-Treasurer.

REPORT OF SECRETARY-TREASURER.

MR. BROWN: For the first six months of the year, the period ending June 30, our receipts from contributions, publications and others, \$108,987. Our disbursements were \$57,039. We started out with \$23,056. That leaves us at the present time with \$75,005 in our general fund. Our reserve fund at the present time is \$95,000.

CHAIRMAN HALLANAN: You have heard the report. If there is no objection, the report will be received and approved.

As we move along, gentlemen, this morning, and I know many are anxious to make departures as early as possible today, I wish at this time to call upon Mr. Jacobsen, Chairman of the Agenda Committee, to submit the report of that committee.

REPORT OF THE AGENDA COMMITTEE

MR. JACOBSEN: Under date of July 14, 1954, Mr. H. A. Stewart, Acting Director, Oil and Gas Division, Department of

the Interior, addressed a letter (copy of which is attached hereto) to Mr. Walter S. Hallanan, Chairman of the National Petroleum Council, requesting that the Council undertake another study of the U. S. Availability and Production, as of July 1, 1954, furnishing the data, by the PAD districts, on availability of crude oils, natural gas liquids, and all oils; similar data on production; and on the reserve producing capacity.

The letter to which reference has just been made is as follows:

"Mr. Walter S. Hallanan

"Chairman, National Petroleum Council

"1625 K Street, N. W.

"Washington, D. C.

"Dear Mr. Hallanan:

"On May 28, 1953, the National Petroleum Council submitted a report on the United States availability and production of petroleum as of January 1953.

"It is desirable that Government have more recent information on the productive capacity of crude oil and natural gas liquids. Therefore, it will be appreciated if the National Petroleum Council will undertake to make another study of the U. S. availability and production of petroleum, as of July 1, 1954, furnishing the data, by the PAD Districts, on availability of crude oils, natural gas

liquids, and all oils; similar data on production; and on the reserve producing capacity.

"The Council is requested to submit a report with such recommendations as the Council deems appropriate.

"Sincerely yours, H. A. Stewart, Acting Director."

As provided in the Articles of Organization of the Council this letter was considered at a meeting of the Agenda Committee on July 14, 1954, in Washington, D. C., at which meeting it was unanimously agreed to recommend to the Council the appointment or reactivation of a Committee to make the study as requested by Mr. Stewart in his letter of July 14, 1954, and to report to the Council.

Also, on July 14, 1954, Mr. H. A. Stewart, Acting Director of the Oil and Gas Division, addressed a letter to Mr. Hallanan (copy of letter attached) having further reference to his letter to Mr. Hallanan, dated March 22, 1954, (copy attached), in which he requested the National Petroleum Council to make a study on means or organization that might best be employed to meet the situation resulting from attack damage on the Continental United States which might affect petroleum and gas facilities. Mr. Stewart requested that the Committee on Oil and Gas Emergency Defense Organization, which has already been established by the Council, consider certain aspects of plans as outlined in his letter for post-attack rehabilitation of the petroleum

and gas industries to assure that this Nation will have available adequate supplies of petroleum and gas following enemy attack.

The text of the letter just referred to is as follows:

"With further reference to my letter of March 22, 1954, requesting that the National Petroleum Council make a study on means or organization that might best be employed to meet the situation resulting from attack damage on the continental United States which might affect petroleum and gas facilities, it is requested that the National Petroleum Council's Committee on Oil and Gas Emergency Defense Organization consider the following aspects of plans for postattack rehabilitation of the petroleum and gas industries to assure that this Nation will have available adequate supplies of petroleum and gas following any enemy attack:

1. Government-Industry organization best suited to appraise the effect of enemy damage to petroleum and gas facilities.

2. Relationship of the Government-Industry organization with other governmental regular and wartime agencies.

3. Feasibility of, and means for, including stockpiling, having available in advance for enemy attack reasonable quantities of critical materials and equipment to

rehabilitate damaged petroleum and gas facilities.

4. Government-Industry organization best suited to assure petroleum and gas supplies to a damaged area with minimum impact on petroleum and gas supplies required in other areas.

5. Actions which industry can take to minimize effect on petroleum and gas supply following enemy damage to petroleum and gas facilities.

"It is further requested that the National Petroleum Council submit a report with such recommendations as it deems appropriate.

"Sincerely yours, H. A. Stewart, Acting Director."

Mr. Stewart's letter was considered at the meeting of the Agenda Committee on July 14, 1954, in Washington, D. C. at which meeting it was unanimously agreed to recommend to the Council that the Committee on Oil and Gas Emergency Defense Organization be advised to proceed with this study as requested by Mr. Stewart in his letter of July 14, 1954, and to report to the Council.

Respectfully submitted, A. Jacobsen, Chairman,
Agenda Committee.

Mr. Chairman, I recommend the adoption of this report.

CHAIRMAN HALLANAN: You have heard the report of the Agenda Committee as submitted by Mr. Jacobsen. Are there any remarks? Mr. Jacobsen moves the adoption of the report. Is

there a second?

(The motion was duly seconded.)

CHAIRMAN HALLANAN: All in favor, indicate by "aye"; opposed, "no". The report is unanimously adopted.

At the last meeting of the Council, authorization was given in response to the request of the Director of the Oil and Gas Division for the appointment of a special committee on oil and gas emergency defense organization. I was happy to be able to persuade Dr. Wilson to accept the leadership of that committee, and it has been engaged in this very important defense study. The letter submitted yesterday by the Director of the Oil and Gas Division, which calls for a greater detail of information in relation to this same subject was approved by the Agenda Committee, and it contemplates that the committee as presently constituted will continue its studies, and that the report of the committee which will be submitted by the Chairman, Dr. Wilson, is to be accepted today as a preliminary or as an interim report.

This committee has been charged with a very important function, and I feel that it is in a position to continue this study with great diligence.

At this time Dr. Wilson, may I call upon you to present the interim report of your committee?

REPORT OF THE COMMITTEE ON OIL AND GAS
EMERGENCY DEFENSE ORGANIZATION

DR. WILSON: I am afraid it is necessary to read a rather long report, because there are so many policy questions that need to be decided by the Council at this time as to the scope of further work in this field. If we decide to undertake some, you are going to be called on to supply some men who will devote a good deal of time to it.

Under date of April 2, 1954, the undersigned Committee was appointed to make a study and present a recommendation as to the means of organization that might best be employed in reducing and overcoming the effects of attack damage on the Continental United States which might affect oil and gas facilities. The Committee was appointed in response to a request dated March 22, 1954, from Mr. H. A. Stewart, Acting Deputy Administrator of the Petroleum Administration for Defense.

The Acting Deputy Administrator, in asking for the study, said: "It is important that the Federal Government have realistic postattack policies . . . for petroleum and gas. Therefore, a study including all levels, from the Federal Government down to and including the community level, is required in order to provide information and make recommendations to the Office of Defense Mobilization on plans for the reduction and overcoming of attack damage to

petroleum and gas facilities. To be effective, these studies must be . . . designed to assure necessary supplies of petroleum and gas to meet essential military, civilian, and industrial requirements under emergency conditions."

We understand that the MPAB has already been assigned the primary responsibility for advising the armed services on the availability of military petroleum needs in the event of war. The question that has been asked our committee might have been asked of the MPAB. However, since the problem of civilian supply and the problem of military supply in wartime are both dependent on the same industry and the same transportation facilities, and the MPAB has no operating authority, the views of this committee as to the handling of emergency situations may be considered as covering military as well as civilian supply.

The Chairman asked the Committee members to give serious consideration in advance of the meeting to the various problems involved. He also interviewed several Washington officials to try to get some picture of Washington thinking on these problems, and contacted representatives of similar committees in the steel and chemical industries, to get the benefit of their views. A draft of a possible report was circulated to all members in advance.

At its meeting on July 14, 1954, the Committee,

after thorough discussion, reached the following conclusions:

I may say at Mr. Stewart's request we spelled out some things that are fairly obvious to you about the character of the industry so that non-members of the industry reading it, particularly Defense officials and Civil Defense officials and people of that kind, would understand a little more clearly some of the problems that we face and why it is not feasible to have the oil industry run by the local Civil Defense authorities as they propose to do in certain industries.

(1) In considering the type of organization necessary to handle the emergency situations resulting from nuclear attack, it is necessary to keep in mind the integrated character of the oil and gas industry, with crude oil and natural gas sources averaging over a thousand miles from point of consumption of the finished products, and a whole series of complicated transportation and distribution systems tying them together. To assure prompt and efficient action in a serious emergency it is necessary that the industry be guided and directed on a unified basis by men who are thoroughly familiar with its far-flung and varied operations and facilities.

To have individual refineries, terminals, or distribution systems of oil and gas subject to the orders of state or local officials unfamiliar with industry operations

would result in chaos. Furthermore, every major refinery serves many different cities usually in several different states, and the same can be said for many gas transmission lines. However, we fully recognize that close cooperation with local officials in taking care of disaster situations would be essential.

(2) There are so many possible eventualities in so many different areas which might result from an atomic attack that it does not seem at all feasible to set up any detailed planning as to just what could or should be done under various hypotheses. However, consideration should be given to alternate sources of supply of petroleum products in case of complete loss of one of the five major refining areas: Jersey Area, Calumet Area, Houston-Port Arthur Area, Los Angeles Area, and San Francisco Area.

(3) The destructive power of the modern atomic or hydrogen bomb is so devastating that there are almost no precautions by way of design or construction that a refinery or other major petroleum installation could reasonably undertake in an effort to minimize damage in the event of a nearby atomic attack. Refineries can and probably should be shut down promptly and most of the personnel allowed to disperse if adequate early warning of threatened attack is available.

Our government planners are looking forward in the

not too distant future to a warning of about four hours for any part of the United States. Something of that order of magnitude to our mind is essential if we are going to do anything effective in the way of both shutting down operations and dispersing civilian population.

Firefighting equipment and personnel would be of value only if a refinery happened to be in a fringe area. We should remember in that case that as the area of complete destruction goes up with these modern bombs, the fringe area also increases. You may have a zone ten miles in diameter of almost complete destruction, but you have a much larger zone outside of that in which there would be partial destruction. Since the refineries are not located too close to the cities, there is quite a possibility that the refineries would be located in that area.

(4) The greatest asset of the industry in the event of such attack would be its executives in various branches of industry who could quickly draft emergency plans for utilizing whatever facilities remained after the bombing, and get them back into operation in minimum time. To accomplish this would require the working together of men from different companies and different branches of the industry. In our opinion, the key to prompt and effective action to get all possible facilities mobilized promptly after a bombing would be to set up emergency committees,

one to deal with oil problems and one to deal with gas problems, in each of the five PAD districts into which the country was divided during World War II.

The PAD districts are not quite as logical for gas as for oil, but it seems essential that we have close cooperation between them. Therefore, the only feasible way seems to have the gas committees set up in the same areas as the oil committees. We gave some consideration to having a single committee with possibly a subcommittee on gas, but we believe two independent committees with liaison are preferable.

Men in these areas became accustomed to working together to solve all sorts of shortage and other problems during that period.

(5) In order to make possible prompt and effective action by these emergency committees in the event of a disaster, it is desirable that, without waiting for further international developments, they be appointed promptly, together with suitable alternates, and that their names and proposed functions be made known to the industry generally.

Our whole scheme will fall if that is not done. That is some thing that the Oil and Gas Division in the Department and the Secretary of Interior must work out.

(6) Such emergency committees would get into operation much more quickly than could any centralized

directing organization. However, a PAD type of organization should be set up in Washington as quickly as possible after an attack, along lines which have previously been recommended to the National Petroleum Council, Mr. Jennings' committee.

In the light of these conclusions, the committee recommends that the following specific steps be taken, under the general direction and with the concurrence of the Oil and Gas Division of the Department of Interior, possibly with the continuing advice of this committee until the proposed emergency committees have been set up.

(1) The National Petroleum Council should recommend to the Secretary of the Interior that he immediately name, for each of the five PAD districts, emergency committees, one to deal with oil problems and one to deal with gas problems, of capable industry men, each with one or more alternates, who would be able to guide emergency operations of the industry on a decentralized basis in the event of an atomic bomb attack. The emergency committees named would be similar in duties and general makeup to the district general committees which functioned in the PAW districts during the World War II. They should have the right to appoint subcommittees as needed depending on the situation in each area. For the oil committees, subcommittees on supply and transportation, on refining, and on distribution, would appear needed in all cases. Subcommittees on production might

not be needed in the first instance since producing activities are so widely dispersed, and refinery capacity likely to be the bottleneck in event of any serious attack. It is understood that steps were taken by PAD prior to its dissolution to set up a roster of key personnel in the industry. Such material should be reviewed and utilized, where possible, in naming the emergency committees.

(2) The composition of these emergency committees should be publicized so that the oil and gas industry is aware of the plans. Each of them should have one or more meetings soon after appointment to set up preliminary plans for their functioning and cooperating with local officials in the event of disaster. To insure good coordination, the chairman of the regional oil committee or his nominee should be invited to sit in on meetings of the regional gas committee and vice versa. Arrangements might well be made whereby the emergency committees would either hold in remote storage, or could be sure of quickly getting from the various companies, the necessary detailed plans of the oil and gas industry facilities in their region. That particularly applies to pipe lines, terminations and things of that kind. Also, the Oil and Gas Division should supply the emergency committees with regular, detailed, up to date statistical reports on industry operations, capacities, etc., as needed to carry out their assignments.

(3) A mechanism should be worked out now whereby the whole program could be set in action by a Presidential Proclamation immediately after an attack. Such a proclamation should give the emergency committees power, if necessary, to requisition materials, supplies, crude oil or products, and natural gas necessary to meet the situation. They should also have the power to set up special subcommittees and delegate limited authority to them. A list of priorities to be observed in allocating products should also be set up without delay by the Government acting with the advice of industry representatives.

(4) To provide intelligent central guidance and planning, a PAD type of organization should be reconstituted as promptly as possible after an attack, reporting directly to the Secretary of the Interior. The PAD organization would thereafter guide the operations of the emergency committees, and would make proper provisions for a permanent district setup, including staff and quarters. If the Secretary of the Interior should so desire, the present or some other Council Committee might, pending the setting up of PAD, function as a temporary coordinating and advisory body.

(5) Since the industry can do so little to minimize damage in the event of attack in any one locality, oil companies are strongly urged to consider further decentralization when adding any new refining or storage

facilities. Oil companies should also consider the interconnection of their refining facilities and terminals in different areas by product pipelines to the extent feasible. Consideration should be given by gas companies to expansion of underground storage facilities and interconnection of transportation and distribution systems. Such decentralizing and interconnecting facilities should be given the encouragement of rapid tax amortization.

Those are all things for individual company consideration, and I think they merit serious consideration.

(6) Since any major disruption of refining centers or oil distribution facilities will put a big extra load on transportation facilities at a time when military demands will also be burgeoning, and since pipelines are useful only if the facilities at each end are serviceable, encouragement should also be given to building up of reserves of mobile transportation equipment, particularly tankers, but including tank cars, barges, and tank trucks as well. Only such mobile facilities could be relied upon to get crude and products from where they were available to where they were needed in case major refining or distribution facilities were destroyed.

I think there is a great potential weakness that we need to do something about.

This preliminary report does not cover two items of importance which some other industries -- notably the steel

and chemical industries have covered in their reports. This for example is a report called "The Industrial Defense Planning Manual" which the steel industry has gotten out as a result of a lot of work and contains a great many suggestions and advice and plans for handling emergency shut-downs, rehabilitation, and things of that kind, for the steel industry. Just how useful that would be in the event of attack is hard to make sure. That is one of the things that we are putting up to the Council as to their recommendations. The approval of the Agenda Committee of this request to the Secretary of Interior indicates that we probably should do something of the sort.

These two things which are not covered are (1) Recommendations as to methods of providing continuity of company operations in the event of disaster. As you know, some companies have made elaborate plans for temporary headquarters or replacements two or three deep for each department or operating head, and detailed plans for how to get going in an emergency which might wipe out the entire headquarters staff of the company.

(2) Recommendations as to advance preparations which might reasonably be made to reduce damage to, and facilitate the rehabilitation of refineries and terminals in the event of disaster. If the Council and the Oil and Gas Division wish such work to be undertaken it will be necessary

to appoint two working subcommittees to study these problems and report thereon. If this is to be done, our committee should be continued, and the emergency district committees should also report to it their conclusions on the basis of their meetings and study of regional problems.

Respectfully submitted, Robert E. Wilson, Chairman,
Committee on Oil and Gas Emergency Defense Organization.

This committee was hoping to complete their job and get discharged, but with this last letter of the Oil and Gas Division, I doubt if it is going to be feasible. I would like to separate our report into two sections. First the specific recommendations which we make, the six specific recommendations, and then second the question of whether we should take up these further studies.

CHAIRMAN HALLANAN: Gentlemen, you have heard the report submitted by Dr. Wilson.

MR. BRUCE BROWN: I move the six recommendations be accepted.

(The motion was duly seconded.)

CHAIRMAN HALLANAN: That would embrace the adoption of the first recommendations, and also the continuance of this committee.

MR. BRUCE BROWN: Dr. Wilson asked that it be divided, and I was trying to comply with his suggestion. I move we accept the first six recommendations.

CHAIRMAN HALLANAN: It has been seconded. All in favor "aye"; opposed, "no".

The first six recommendations embraced in the report have been unanimously adopted.

What is your further pleasure with respect to the continuance of the committee for the consideration of other matters related to this same subject?

DR. WILSON: I would like to comment on that. I am not sure that the very large amount of work put into the preparation of a manual of this kind is going to bear fruit. I don't think in the event of atomic attack there is going to be much time to dig out big manuals and read them through. I think the main value of it, actually, and there is value, is the preliminary thinking that is done by the members of the various companies in going into the working out of such plans and in what they put into their own company planning based on the results of the study. From that standpoint, I think it might be well worthwhile. Even then I don't think we need to give the oil industry detailed discussion of how to shut down a refinery in an emergency or things of that kind. But there are a good many types of things that thought might well be given to and we aren't giving frankly industry generally in oil, which would be one of the main targets of attack, enough thought to the terrific problems that would arise in the event of a

thermonuclear attack.

If this is to be done, the members of the committee and other large companies will be asked to contribute a man to work on one or the other of these two subcommittees, probably I should say 30 to 60 days.

We will have to have a good working subcommittee to go over the mass of material that is available and consider what is reasonably applicable to our industry and place that before the members. Therefore, don't vote for this unless you feel it is worthwhile to assign some men for a substantial period of time, men of the order of chief engineer of a refinery in some cases, and somewhat different type of men for the question of continuity of company operations which is a separate job.

If that is done, if you feel we should do that, obviously this committee must be continued, and the Oil and Gas Division request will apparently call for something of that kind.

CHAIRMAN HALLANAN: Will you rise and state your motion, Mr. Majewski?

MR. MAJEWSKI: I would like to move that we concur in Dr. Wilson's recommendation, and that this new work be delegated to his committee, and it be continued.

CHAIRMAN HALLANAN: You have heard Mr. Majewski's motion. Is there a second?

(The motion was duly seconded.)

MR. BALL: May I supplement that? Since Dr. Wilson has raised the question as to whether the preparation of such an extensive manual is worthwhile, that it be continued to such an extent as the committee deems wise.

CHAIRMAN HALLANAN: In other words, it is within the discretion of this committee to continue to work to the point where it seems it has done a satisfactory job.

Certainly at this time I don't think we could terminate it in view of the latest request, because it would be a job only half done.

DR. WILSON: I think we should have a little discussion on this, Mr. Chairman, because it is an important thing, and there may be contrary views. I confess I am not too sure as to the right action and I will welcome comments from those who are not on the committee.

MR. BRUCE BROWN: I am on the committee. May I make a comment anyway? I would like to recommend the Council and the Oil and Gas Division that a manual was written a year or so ago which is not four square with this but provides a great deal of the raw material. That was the Facilities Security Manual, which was intended to outline the methods of securing facilities which is quite akin to this. So you have another piece of raw material to work with as well as the steel and chemical committee reports on

what to do after the bomb drops. A good many of the points are the same, although there is no relation whatever between that report and the other question of maintaining a continuity of company operations.

While I am on my feet, I think the appointment of a working subcommittee to review these industry reports that the Doctor referred to, and the one I referred to, and to come out with a document for the oil industry, would be richly worthwhile for the reason that Dr. Wilson has suggested, namely, that the practice that is involved is good. If a group of people from the various companies consider what these problems are, think about them and talk about them among themselves, some of them are going to stick with the survivors after the attack and something useful is going to be done, even if the manuals are all burned up in the process.

CHAIRMAN HALLANAN: Any further comment?

MR. RATHBONE: Mr. Chairman, our company has done a good deal of work already on the two topics covered by Dr. Wilson in his last recommendation. I think your feeling is that if the bomb makes a direct hit, we don't need to worry much about it. But the possibility of a non-direct hit, fringe damage, as well as sabotage, are probably two things that should be very important in the consideration of this question.

In the work we have done we have found many things

that have come up that we really had not appreciated before about the possibilities of minimizing damage and reestablishing operations. I think that certainly it is a very fruitful field for us to do some work in. I want to support Mr. Majewski's motion.

CHAIRMAN HALLANAN: Thank you, Mr. Rathbone. Mr. Spencer, do you have any comment to make?

MR. SPENCER: I wonder if the Chairman had any advice as to whether Mr. Stewart would like to speak from the standpoint of the government on the importance of the study?

CHAIRMAN HALLANAN: Mr. Stewart has spoken in the letter we received yesterday.

MR. SPENCER: Maybe he has something further to add.

MR. STEWART: Walter, I would like to make this comment. Both Dr. Wilson and Bruce Brown stressed the importance on the industry's side on the mental exercise and thinking that a thoroughgoing study would bring in the industry. I think that there would be a similar value within the government circles. I can assure you that in all of the government agencies directly connected with potential mobilization planning there is a keen interest in these particular subjects. That is company continuity and the rehabilitation as two incidents in the overall recommendations that Dr. Wilson gives you.

If we can get planted in the government the best

thinking of the industry of things that can be done, and the things that should be done, and the things that the government should do, I think the government planning will be far better, much more realistic, and we will have more people in government understanding what it is all about. I think that the overall benefit will be well worth while.

CHAIRMAN HALLANAN: Is there any further discussion? If not, the motion is that submitted by Mr. Majewski providing for the continuance of the committee and for the setting up of the subcommittees as recommended therein. Is there a second to Mr. Majewski's motion?

(The motion was duly seconded.)

CHAIRMAN HALLANAN: All in favor, indicate by "aye"; opposed, "no".

MR. BROWN: Mr. Chairman, there is a slightly physical problem arises. The Doctor separated his report, but I presume it will be all right to release it as one report?

DR. WILSON: Yes, I think so, as long as both have been approved.

(The motion was carried.)

DR. WILSON: I would like to suggest, this is purely informal and not official, and I don't know how it would work out, but in the course of our discussion it became apparent that if one area like Chicago had been bombed out,

and had to be supplied from a long distance, the load on transportation would be something far greater than any transportation problems we had in the last war. The need for mobile transportation equipment in that event would be very large. I think it is quite possible that the committee might come up with a recommendation that a provision of some sort which would have to have government support be set up to establish such an emergency pool. I do urge that before scrapping any tank cars or tankers or anything of that kind, you try to hold onto them for a few months and see if there might not be some way to put them in an emergency pool. You cannot afford to maintain a pool of new equipment, but you might well afford to pay just above scrap value for equipment that still has some useful life, and maintain it for such an emergency.

CHAIRMAN HALLANAN: Thank you very much, Doctor.

The Committee on Petroleum Storage Capacity, Mr. Wescoat, Chairman. Do you desire to submit a report at this time?

REPORT OF COMMITTEE ON PETROLEUM
STORAGE CAPACITY.

MR. WESCOAT: Mr. Chairman, this is in the nature of an interim report. As you will recall, the request was considerably broader in terms of breakdown of the various areas which necessitated the making of entirely new forms,

which took some time. However, we expect to have all the reports in from the companies by the first of August, and should be in a position to make a final report at the next meeting of the council.

CHAIRMAN HALLANAN: Thank you very much.

MR. MAJEWSKI: I have a question. Does Mr. Wescoat's committee cooperate and work closely with the Bureau of Mines in gathering this information?

MR. WESCOAT: It is purely company information as to their storage facilities which they have.

MR. MAJEWSKI: I was wondering if there would not be considerable value if the Bureau of Mines could be invited to participate.

MR. WESCOAT: The information is checked through them.

CHAIRMAN HALLANAN: That is a very good suggestion, Mr. Majewski. We will now pass to the report of the Committee on Use of Radio and Radar, which will be presented by Mr. Joe Keller.

REPORT OF COMMITTEE ON USE OF RADIO AND RADAR

MR. KELLER: Mr. Chairman, the committee met in Washington on June 8, and all of the assignments were made at that time for the report. We are going to make it a comprehensive one, and we have set the tentative deadline for the first of September for the submission of the various drafts of the report. That had in mind having the report

ready for our October meeting.

I would like to point out that since I last appeared here we have increased the number of stations in the petroleum industry to somewhat over 34,000 stations. I would suggest respectfully to Dr. Wilson's committee that the communications aspects of this emergency problem be considered very carefully. I would suggest that perhaps in the event of atomic attack you may not be able to even get your emergency committees together unless you have emergency communications facilities. There is no better way to meet that need than through the mobile communications facilities that radio provides. You have not the difficulty of getting together the large wire line facilities and the power units and that sort of thing that will be necessary to have in connection with it.

Our communications committee certainly would be glad to cooperate in any way with Dr. Wilson's committee, and I believe as the Doctor suggested, with the oil company subcommittees on supply and transportation, on refining and on distribution would appear to be needed in all cases.

I am reading from the Doctor's report. I would respectfully suggest that subcommittees also be included on communications. The extent to which your pipe line facilities rely on communications today is tremendous and all of your distribution facilities would depend on that.

If I may take one other brief moment to point out a trend to the Council. I would suggest to you that we feel as communications people and as those who are dealing with the legal problems of communications, that the petroleum industry ought to consider very carefully the tremendous drive being made by common carrier facilities in the United States to make all radiofacilities common carrier facilities and to abolish the so-called private communications systems which are represented to such a large extent in the petroleum industry. The American Telephone and Telegraph Company itself and the associated companies are making intensive drives in all of the companies, large and small, in the petroleum business to try to get those facilities and operate them, because they claim, and they make a very cogent argument based on this theme, that the petroleum industry is in the refining business, and they are in the communications business, why don't you let us do the things we are trained to do, and you do the things you are trained to do.

The whole burden of our argument before the Federal Communications Commission when we established the petroleum radio facility was the tremendous importance for private control of those facilities and the fact that communications, common carriers who had to serve all people, could not tailor their services sufficiently to the needs of the petroleum industry to do an effective job from our

standpoint.

I suggest that if the petroleum industry were to go in any large measure for the common carriers supplying facilities to the petroleum industry that we would indeed be in a very serious position, not only in the event, for instance, of an attack we are talking about here, but any labor disturbance in the communications industry would completely disrupt operations in the petroleum industry itself.

There are many other arguments on this point, Mr. Chairman, which I won't take time to bring to the Council now, We will have them covered fully in our report and we hope to have it ready for you at the next meeting in October.

Thank you very much.

CHAIRMAN HALLANAN: Thank you, Mr. Keller. 

Mr. Porter, are you prepared to present the report of your special committee at this time?

MR. PORTER: Mr. Chairman, we do not have a report at this time. We have had quite a bit of difficulty in getting a compilation of names and also as to the type of award. So I am very hopeful that we will have something for you at the next meeting.

CHAIRMAN HALLANAN: You are making progress, Mr. Porter, are you

MR. PORTER: Yes, sir.

CHAIRMAN HALLANAN: We will look forward to it at the next meeting, if possible.

Mr. Stewart, are you prepared at this time to give to the Council the outline of your oil and gas organization setup?

MR. STEWART: Yes.

CHAIRMAN HALLANAN: I think we would all be interested in knowing just what your organization contemplates so that we may cooperate on the best possible basis. *Hugh A. Stewart
Acting Director, Oil and Gas Division*

MR. STEWART: The Secretary of the Interior terminated the Petroleum Administration for Defense at the end of April, and at the same time reestablished the Oil and Gas Division to carry on the functions which the Oil and Gas Division had carried on from its inception, and to include the defense responsibilities delegated to the Secretary on oil and gas, those responsibilities which had been carried by the PAD.

The only important responsibility that was not delegated to the Oil and Gas Division was the authority to issue orders and directives, which was, of course, entirely in keeping with the basic planning for the Division.

The Oil and Gas Division as planned consists of a small group of technical experts and specialists -- men experienced in current up to date industry operations. The industry is so complex and it is so broad, covering all phases

of domestic economy and the worldwide problems, that no one man is competent to cover much more than one particular line of specialty in which he has had ample experience.

As a result in planning an organization for the Oil and Gas Division we set up under the Director two assistant directors, one to cover all phases of operation, the other to cover what we in the government call programming, which consists of the supply and demand problems, the studies, the forecasts, and the tie-in of all of that with military planning for potential war.

Under these two assistant directors, we set up 10 experts. All of them would be technical experts, two of them would be experts in programming work.

The eight experts in operations were designed as two for production, one covering the domestic field and having the responsibility for the administration of the Economy Act, and the other covering foreign production.

In transportation and storage, we set up one man to cover domestic matters, primarily pipe line, tankers, barges, tank trucks and other means of inland transportation. The other man to cover foreign transportation, which would include mostly of course tankers, but pipelines to the extent those were available here, and there, through the world.

Under refining, instead of splitting it up into

two branches, domestic and foreign -- because the foreign refining detail is not materially different from the domestic -- we planned for three experts. One man to handle general refining problems, one man to handle refining specialties, We were thinking particularly of aviation gasoline, of lubricants, of petroleum chemicals, and other specialties, which in wartime are critical.

The third man we planned to be an individual who could cover natural gas processing, the recovery of the natural gasoline, and other natural gas liquids, who could cover all tax amortization work and review all applications for government defense loans with respect to all refining facilities.

This same man who properly is a refining engineer would be available to work on materials problems in connection particularly with the refining industry.

Then because natural gas today is one of the most important fuels -- it is spread far and wide throughout the country, it is depended upon in many areas completely, and absolutely, for domestic fuel, and it has had a big use as a commercial and industrial fuel -- in time of war the essential industrial demand and, of course, the civilian domestic demand would be highly critical. So we provided for a gas expert who would cover gas transmission and distribution. Gas covers both natural gas and manufactured

gas to the extent that that enters into the supply problem.

In the programming, we provide for one man to handle the domestic data, one man to handle the foreign. These men in programming will be the men who make the supply-demand studies, who would study the trends in demand, would forecast the problem requirements, both peacetime and in war, and both domestic ally and worldwide. In our present defense pattern we have to consider the requirements of the friendly foreign nations essentially on the same basis as we consider our own domestic requirements.

These men in carrying out their supply-demand studies, and in close coordination with the industry experts on operations decide what the probable demand will be, and the operations men advise on what the probable supply is or could be. Between them they work out the probable availability and areas of deficiency, if there are any.

They also work out the ways and means by which those deficiencies can be either overcome entirely or at least alleviated. That phase of the Division's work is probably the most important overall phase in serving its function as an effective government tool for oil and gas planning in national security.

Now, backing up these ten experts and specialists, we plan a very small supporting staff. That staff would consist of secretaries, a few statistical analysts and clerical

help, but it would be very small and would really amount to the direct personal staff of these individuals.

The reason that we can do that is that if we staff the Division with competent technical experts and specialists men of experience, ability, and men who have had wide acquaintanceship in the industry, and men whom the industry knows and has confidence in, we can get not only from the various government publications, such as the Bureau of Mines, the Maritime Commission of the Department of Commerce, other agencies in Commerce, Federal Power Commission, the Interstate Commerce Commission, and any other government agency that collects data -- we have that available. But that is historical. It seldom is right up to date. We have to have current information. Not only current information by way of figures, but we have to have current information and advice on trends and probabilities.

We get that through industry councils, boards and committees. The Oil and Gas Division has available to it the services of the National Petroleum Council, and you men know how effective your work has been in the development of special studies and the preparation of special reports, which I believe now total up to date some 122. Some of the problems were perhaps minor. Some of the questions required an enormous amount of study. Your Council is now launched on a very important and a very big job in the study that

Dr. Wilson's committee is undertaking.

Your Council can work on broad matters that affect the national interest in oil and gas. There is a second phase of wartime planning which has to be carried on on a confidential basis. It deals with military programs, military thinking and military planning. To meet that need, the Secretary on May 1 reestablished and reactivated the Military Petroleum Advisory Board. That Board has had two organizational meetings, one yesterday at which it completed its organization, and it has elected W. W. Keeler, Chairman, J. Ed Warren as Vice Chairman. Mr. Keeler is here and he will give you some idea of what they have set up and how they propose to operate.

It in effect is a reactivation of the old MPAB which went out of commission because its activities were almost all taken over by the Petroleum Administration for Defense. There is an excellent reason why PAD took over the activities of that committee.

Along beginning about September of 1950, we began to draft in one or another of the MPAB committees and sub-committees until finally we had most of the MPAB group working for the government in Washington. So they could not work very well under two hats.

In addition to those two groups, we have the services of the Gas Industry Advisory Council. That council

is available to us, and counsel on broad problems in connection with gas availability, gas transmission and gas distribution.

We have a fourth agency in the foreign field that is invaluable. That is the Foreign Control Supply Committee, functioning under a voluntary agreement to assure petroleum supplies for friendly foreign nations. That committee works altogether on confidential material. It deals with statistics, with petroleum supply and demand problems throughout the world. Because of its constitution, comprising representatives of all of the companies having major foreign operations, and having available also the assistance of representatives of the important foreign companies, such as the British and Dutch companies, it can provide detailed, positive and factual information on all phases of petroleum supply and demand problems abroad.

The information which that committee is continually gathering -- and they have two studies under way right now -- serves to give us in the foreign field -- and when I say give us, I mean give particularly to the military and the Department of Interior -- a mass of information in the foreign field which is completely impossible for the government to obtain any other way. It is not in the cards or humanly possible for the government to do it. We get it done as a common project, and it gives us the benefit of the combined industry thinking on what is ahead.

Now, with that group of industry contacts, the

problems facing the Oil and Gas Division are relatively simple. As a result, a small Oil and Gas Division staff can serve the purpose. We don't need broad statistical gathering services. There are a lot of things we don't need. You know what your Council furnishes. You know the hundreds of men that you use all the time on committee work. The Military Petroleum Advisory Board will run to 250 or 300 members of committees and subcommittees. We get the very best industry information, advice and consultation through those routes.

To do that we have to have in the Division, however, the technical experts and specialists who are outstanding men. I think I can brief the thing by saying that what we want is \$20,000 to \$50,000 men who will come in and work for the government at a starting salary which we hope we can peg at \$10,800 a year. That is asking a lot. But I am sure we will get those men one way or another.

I can tell you now that we are going to have to have specific help in rounding up some of them, because there are few of us left today who can put their finger on qualified individuals. / These men have to be men of personality. In addition to their technical background, their acquaintance in the industry and the confidence that the industry has in them, they have to have personality to deal with government officials and government bodies. They

deal with officials who range from staff men in one or another department or agency, up to cabinet level. They have to be men who can generate within government confidence in their fairness, confidence in their knowledge and in their judgment.

As of today we have one assistant director for domestic operations. That is Carroll Fentress who sits over here. Will you take a rise and look at it?

~~(Applause.)~~

~~MR. STEWART:~~ We do not now have the other assistant director to cover programming. For part of the work which will be assigned to that job, however, we have the services of Franz von Schilling, who is in government service on a WOC basis, and who gives us assistance in connection with foreign petroleum matters. Is von Schilling here this morning?

~~(Applause.)~~

~~MR. STEWART:~~ Von Schilling's superior told me in New York the other week that we could have him a little longer, but he would like awfully well to get him back.

Going through the line of specialists we have four men as of now. We have Paul Whitney.

~~(Applause.)~~

~~MR. STEWART:~~ He is in charge of domestic production and since Ed Swanson retired, he has assumed the

supervision of the administration of the Economy Act, to the extent that it is done out of the Washington office.

We have John A. Poulin, production man covering all foreign matters. John, will you rise and let them see you?

~~(Applause.)~~

MR. STEWART: He has been and is continuing to double in brass on a variety of governmental committees dealing with oil and gas, and has spent a lot of time working with the Department of Commerce Committees on export control of critical materials, which includes beyond oil and gas all manner of equipment and everything else that enters into modern petroleum operations.

We have Forrest Transon, who is serving in the gas transmission work.

~~(Applause.)~~

MR. STEWART: We have fallen heir to Forrest through the gas operations group which formed the big right hand in PAD.

We have also Bred Lock, who handles the domestic programming work in the division. Bred, can you get to your feet?

~~(Applause)~~

MR. STEWART: Bred tried to break a leg over the holiday weekend, and doesn't rise too easily. Bred has working for him one experienced statistical man, Frank Jordan.

~~(Applause.)~~

MR. STEWART: That, gentlemen, covers the technical staff that we currently have available. We have one other highly important staff member who most of you know, Miss Bernice Kirchling, who is listed as special assistant to the director, fills a post that is very hard to define in the Oil and Gas Division, just as it was, but I am sure that the three assistant deputies found her highly advantageous, highly helpful, and if I didn't have her right now with the problems involved in getting OGD organized and getting it on the track, we would be in a bad way. Miss Kirchling.

~~(Applause)~~

MR. STEWART: That group constitutes the people we can consider as reasonably permanent. We have on loan a refining specialist, Mr. John Roebuck.

~~(Applause.)~~

MR. STEWART: Mr. Roebuck came in here on July 1 to help out on all tax amortization work in connection with refining facilities and natural gasoline plants. He had had experience in PAD -- in fact, he was a PAD veteran -- and his company permitted him to come in on a without compensation basis for a 60 day period to give us a little time to recruit a regular staff man.

That, gentlemen, covers the men we have. You see,

with four jobs filled in the ranks, one assistant director job open, and with one man serving temporarily, we have need for six additional men. The budget request that we sent up to support that sort of a staff was for \$300,000. The Congress finally appropriated \$250,000 for the purpose. To do the job, we are going to have to do if we are going to keep abreast of these modern problems which include all of this defense planning, we have got to have that full staff of ten technical men. We will have money enough to hire three men and perhaps four. I have passed around a short writeup on each of these men and attached to it is an organizational chart showing these various functions.

We will need a man to fill that job which is listed as No. 6, transportation and storage, domestic. We want to hire him. We are going to have to find some man willing to come in on government salary to fill that job.

We would like to get a transportation and storage man to cover the foreign problems and we would like to get him in here on a without compensation basis. That is particularly important in connection with all of the tanker problems that we have.

In refining we need a salaried man, government paid, on the job that is listed as No. 10, which includes the tax amortization. It is desirable that the man filling that job be on government salary.

We will have funds enough to hire a refining man for special products. We will have to appeal to industry for a WOC to cover a refining general. I have hopes that Mr. Transom will be able to carry the burden in gas transmission and distribution. He may need help. We may have to appeal to the gas industry to assist us in recruiting suitable men.

On the programming side, that work is so specialized that as of today we have to get an assistant director for programming. As of yesterday I have a tentative promise for a highly qualified man to head up that group on a WOC basis. We have Fred Lock to cover the domestic program, and we need another man to cover the foreign. The two fields are so diverse that we don't believe that the domestic man can properly be burdened with the foreign and give us what we need.

Now, gentlemen, that gives you briefly and by reviewing the chart you can see what type of men we think we want, and what type of jobs we have for them. I want to speak to the services of the Council of the Committee on Government Personnel to assist us in filling the domestic transportation and storage job, the refining specialist job, and the refining and natural gas line job, and the tax amortization work. I also want to -- assuming that this tentative promise of a WOC assistant director for programming

stands up -- appeal for a programming man to head up the foreign field.

(Mr. Chairman, that gives briefly the main problems that we face and a general outline of how we are preparing to carry on.)

CHAIRMAN HALLANAN: Thank you very much, Mr. Stewart, and you have made available these charts.

MR. STEWART: Yes, sir, and the descriptions of the individual jobs.

CHAIRMAN HALLANAN: Gentlemen, I know in line with what our policy of the past has been, it would certainly be desirable to render every cooperation to the director of the Oil and Gas Division in furnishing competent industry assistance. I hope we will all bear in mind that since we have passed from the defense organization, the Petroleum Administration for Defense, into the Oil and Gas Division, there is still a very critical need for high class men to carry on the work if it is to succeed as it has in the past.

I know, Mr. Stewart, the committee of which Mr. Jones is chairman will be glad to cooperate with you.

Gentlemen, as I explained last night at our get-together dinner, Secretary of Interior McKay regretted very much that he would be unable to be present at this meeting today of the Council. It is the first meeting that he has missed. Due to the fact that he had planned this

inspection trip to Alaska, which was scheduled, he had to forego being here for this meeting. I know you agree with me that he left his organization in good hands.

We were delighted last night when Secretary Wormser came with us and made that very wonderful statement, that very stirring statement to our informal gathering. He laid down some high principles which we very warmly took unto our heart. Here today he is with us, Secretary in charge of the mineral resources, and the representative of Secretary McKay. I know he is conscious that the oil industry is not free from some pretty serious problems as of this time. I know he wants to render every possible cooperation. I know that he would be very glad at this time to answer any questions that any members of the Council would desire to propound to him.

I take pleasure at this time in presenting to your our very distinguished guest speaker of last night, Secretary Felix Wormser.

(Standing applause.)

*Felix Wormser
Assistant Secretary for
Mineral Resources*

MR. WORMSER: Mr. Chairman and gentlemen, it is certainly heartwarming to have that glowing introduction. I am sorry, too, Mr. Chairman, that the Secretary is not here, but as I told you last night, he is making a first visit of the Secretary of Interior to Alaska in 22 years.

I am conscious, too, of the fact that this marks

a bit of a change for me, compared with my previous appearance before you. Heretofore, I had the comfortable feeling, well, after all, this was not my responsibility. The chain of command led directly to the Office of the Secretary of Interior. Now that I am compelled by the force of events to take a more minute look at your industry, I found myself gradually getting thrust deeper and deeper into your problems. I welcome it. I am happy because I feel that after all there is a common denominator, with all the mineral industries that are so essential for the defense and the prosperity of our country.

" I cannot help but think that these serious problems that my office particularly faces often give us a chance to benefit by experience, and how we help other industries and where the role of the government to assist really lies.

" In the last year, you might say, my office has had to wrestle with the problems of a depressed lead and zinc industry. That has not been solved yet, but we are well on our way. As a matter of fact, in that case the situation was so serious that the Congress of the United States ordered an examination of the industry so that the facts could be presented to Congress. I don't know at this moment just what the final answer is.

" In addition, we have industries that are competitive with yours -- the coal industry, the anthracite industry and

the bituminous industry -- who place their predicament in the lap of the Secretary of Interior. We are wrestling with those problems.

" I am glad to say that those industries, when they come to us, have taken the attitude that they would like to avoid anything resembling a government subsidy. They would like, if possible, to stand on their own feet.

" I now find that your industry has its problems, also perhaps generated in part at least by the good old working of the law of supply and demand, where certain of your products are in excess supply, and the market is not there at the moment to absorb them.

" I don't know naturally what the answer is to all of your problems, but I do feel that the government by virtue of the vast amount of information it collects and distributes to you does help, and also what the trade supplies through the excellent trade papers that serve you, so that you must have a vast amount of information that will enable you individually to use your best judgment as to what should be done to help correct any unsatisfactory situation.

" As I said, and I would like to repeat at this moment, it would be presumption for me to tell you that I know the answers to all your problems. All I can tell you at this moment is that I am happy to work with you, and we will give

you in my shop the utmost cooperation to help you solve them.

Thank you.

(Applause.)

CHAIRMAN HALLANAN: Are there any questions that any members of the Council would like to direct to Secretary Wormser?

(No response.)

CHAIRMAN HALLANAN: Gentlemen, as we have been engaged this morning in the discussion of problems relating to our national defense and security, it is very gratifying to me to be able to present to the Council one who is not only an Assistant Secretary of Defense, but who also is one of our own oil group, recently a very outstanding citizen of California, a man who has made a great record for himself in private business, was appointed as Assistant Secretary of Defense. He came from the oil drilling end of the petroleum industry. I know that you will be happy to meet him and hear him this morning. He has come here as the representative of the military department, Secretary Wilson and Deputy Secretary Anderson. You may be interested to know, Mr. Secretary, that Deputy Secretary Anderson was formerly a member of this council. I am happy to present to the Council the Assistant Secretary of Defense, Honorable Thomas B. Pike, of California.

(Applause.)

Herbert Thomas B. Wiley
Assistant Secretary for Defense 58

MR. PIKE: "Thank you, Mr. Chairman, and gentlemen.

It is a real pleasure for me to be able to be with you here this morning and to wish you a word of greeting and welcome on behalf of Secretary of Defense Wilson. It is a particularly delightful experience to get out of this new role of bureaucrat that I have been in for about nine months and have a chance to meet briefly with a group of businessmen. I left your group about nine months ago to enter this government of ours and believe there is quite a difference between being an oil well drilling contractor -- I thought that was a tough business--- and getting into the Defense Department, as I have done,

"Believe it or not, I came along last October to help my old friend, Charles S. Thomas, who I have known for many years in southern California, who at that time had been in my present position for about a month and a half. The office had just been created in August 1953. I came to help him to organize and get some men together and carry out the responsibilities that were assigned under the new Reorganization Plan No. 6 last year, to the newly created Office of Assistant Secretary of Defense for Supply and Logistics.

"Let me first say I am complimented by your Chairman when he says that I am a member of your group, but it has not always been said that a man who has had experience as I have

had, seven years in the oil well supply business, and 17 years in the oil well drilling contracting business, that he is a member of the oil industry. So I am honored by that reference.

“ Let me tell you that the oil industry has been long close to my heart. My mother and dad both of them started out in the oil well business in 1908. My dad went into the oil well supply business at that time, and in 1914 he became one of the pioneer rotary drilling contractors in California. He got out of that business in 1924 and continued on in the supply business. I have been in the business since I graduated from college, and so you can see that this industry has not only been my life and my living, but also, believe me, my love. It has been close to my heart.

“ Gentlemen, I am well aware of the outstanding contribution that this Council has made to the government of this country since its formation shortly after World War II. I want to tell you that from the standpoint of the Department of Defense, I am certainly delighted to have the advantage of the advice and help and guidance of this group. I think we come as a sort of second claimant which primarily belongs to the Secretary of Interior. But we in Defense, as you all know, have a very keen and vital interest in petroleum and all its ramifications and aspects.

“ I thought perhaps you might be interested this

morning in hearing a little bit about how we are organized and what we are supposed to do in the Department of Defense in my particular area. I will presume to take a few minutes of your time here on the assumption that perhaps you are not too familiar with this new reorganization and what has taken place.

I mentioned that Mr. Thomas became the first Assistant Secretary of Defense for Supply and Logistics, which was one of the nine Assistant Secretaries of Defense which were set up early last year.

The responsibilities of this office are these. They are generally to advise the Secretary of Defense with regard to policy and procedure on matters relating to military requirements and their review and analysis. This is a brand new civilian type of function, and I think a quite significant one.

Secondly, in regard to mobilization planning. You have already heard some plans this morning that have been outlined as to what part of that responsibility your group is going to help us fulfill.

Going from there we have responsibility in the general area of procurement and production policy.

Next, the general supply management area of storage, distribution and disposal, and as subsidiary to that, responsibility for the federal cataloging, standardization

and inspection program, and then lastly, but certainly not leastly, we have responsibility in the remendous areas of communication and transportation.

On top of this we are also charged with seeing to it that the small business of this country gets its fair portion of the defense procurement dollar, and we are charged additionally with the responsibility of seeing to it that the Army and Navy and Air Force get out of those commercial and industrial activities in which they are competing with private enterprise.

You can see from this brief rundown that we have a rather imposing and far-reaching task. In going about discharging a job like this, I think Charlie Thomas and I did about the same thing that most any one of youmen would have done -- you would have cut it up into manageable segments, and you would have thought first and foremost as we did of people, of getting the best people that you could possibly find to head up these various areas.

We did just that. I think that you might be interested to know a little bit about the type and caliber of men that we were able to get. I know that your organization as one of its many contributions has been of great assistance in getting good competent able men out of industry into government positions here.

We have, for instance, as our Director for Planning

and Review a man by the name of Bob Lampher. He was president of the electric company at Springfield, Illinois. This has plants in Toronto, Canada, and London. He is a graduate engineer. He is experience as a production man. He is a good two fisted practical hard dollar sort of fellow. Bob, I have just asked to be my deputy. We are currently looking for a replacement for him in this area.

" Our Director for Procurement and Production we have secured the services of a very able person by the name of Warren Webster, Jr. He comes as president of the Warren Webster Manufacturing Company of New Jersey, a firm that engages in the manufacture of heating specialties. During World War II he engaged in the manufacture of ammunition for the Ordnance Department of the Army.

" In our central supply management area for storage distribution and disposal, we have been extremely fortunate in securing the services of one Albert Drake. Al Drake founded the Lehigh Warehousing and Transportation Company in 1919, and built that firm up into a very large and very successful business. He retired just a couple of years ago. The business is now being run by his two sons. Al Drake in addition served in World War II as colonel and under General Summerville had charge of all of the Army's storage and warehousing problems. He is bringing real experience and know how and drive into this very important area.

Next in the cataloging, standardization and inspection we got from the American Can Company this vice president in charge of production, Roger Heppenstahl. He has done an outstanding job in taking this federal cataloging program which has been kicked around a good deal in the last few years. A lot of money has been spent on it. He finally has that thing in perspective and on the tracks, and I predict within a matter of a very few years, we will have a completed common language of supply by virtue of a completed federal catalog for the Armed Services.

Then on transportation and communications, we reached out to General Mills and were able to secure their vice president in charge of transportation, Mr. Earl Smith. Charlie Thomas was able to get Earl Smith as one of a list of five men that various transportation companies throughout the country recommended to him as being the top people in the country.

Now, these are five directors. We have in addition about half a dozen other men that we have selected from industry for their competence and know-how in the particular area involved. I mention this to you because I am rather proud of the fact that we have been able to get these kinds of men together. It is my firm belief and conviction, gentlemen, that the old adage is a true one, that any organization is but the length and shadow of its

leader or leaders. I think that only in this tremendous Department of Defense and our one segment of it are we going to be able to achieve some accomplishment and success with this type of men. So I have very strong sympathy for Mr. Stewart's plea for men which he needs in his organization.

We are also extremely fortunate in having on our staff General Will White, who will speak to you shortly. I won't attempt to go into what we do in the petroleum logistics field, except to tell you very briefly that petroleum defense-wise is considered so important that we have one office which addresses itself to each one of these across the board phases of supply and logistics that I outlined a little earlier, all the way from requirements and review and analysis and mobilization planning through procurement straight across the board.

// Gentlemen, it has been a pleasure to be here with you. In addition to expressing appreciation again for the work and the contribution that you have made, may I say that we not only will continue to count on your help, but I would like you all to feel free that I personally would welcome any guidance or any suggestions that you may have if you think in your considered judgment that any of our programs or policies in the Department of Defense with regard to petroleum are not on the right track. It is nice to be with you, gentlemen. Thank you.!!

(Applause)

CHAIRMAN HALLANAN: In the field of public lands, Indian Affairs, and the problems of that nature, the Secretary of Interior has been most fortunate in being able to secure the services of a great citizen, another Assistant Secretary of the Interior, who has been charged with this important part of work connected with the public domain, and has come to be with us and sit in with us this morning. I know that there are a lot of problems that are piling up on him at this time that relate directly to the development of the oil reserves of the nation, and we are delighted to have him here to hear from him. I present at this time the Assistant Secretary of Interior, Honorable Orme Lewis.

(Standing applause.)

*Honorable Orme Lewis
Assistant Secretary of the Interior*

MR. LEWIS: "Mr. Chairman, thank you. I find myself in a very different position than Mr. Pike. He comes out at least of a part of the oil industry, and from definitely an oil area. I come from the practice of law, and from a state where you know exactly what is going to happen to you when you drill an oil well. You get a duster. I am from Arizona. Generally you get a duster anyway, even though you are hunting for water, when you drill for one of those wells. We drill our water wells out there about as deep as you drill your oil wells.

" I think what Tom Pike has told you gives me an

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opportunity to go into a description of my part of the work in the Department of Interior. I had come over here to listen and not to speak, and what I have to say will be very short, but it does give me a thought because I realize that while many of you are quite familiar with the phase of the Department in which I work, there are some of you who for various reasons such as no public land in Texas, and a few of those who don't come in contact with our part of the Department.

" The public lands are but one phase of my shop. The public domain of course affects the entire western part of the United States, and is beginning to affect other parts of the United States. All of you who deal with such lands of course work with our part of the Department, which I think in a sense of the word from your point of view is being the opportunity or perhaps the risk part of the game. When you get down to Felix, you usually find it when you are dealing with me. *Felix*

" Another phase of the department which is in many respects quite a headache and is becoming increasingly interesting to you are the Indians. There are quite a bit of their lands that were given to them, I assume, many years ago with the idea that they were the least valuable lands that we had, and for that reason we should shove them off onto them, and now are turning out to be, well, the Williston Basin, or the like.

// Then we have national parks, which are touched by this in a very tiny fraction. But we do have some headaches there, and some interest on the part of the oil industry down in the Everglades, for example. The Fish and Wildlife is another field where a considerable number of disputes arise because of philosophies of use.

// Recently release was granted on one of those reserves, and right nearby recently we had a discovery. That was in Nevada. I might tell you that when one of those things happen, I hope that those of you who are dealing with us at the time will bear with us, because we had 900 applications in the Bureau of Land Management in that one area in one day's time, and we are already about two years behind in our application handling. When you throw 900 in, when you are accustomed to having three or four a day in an office like that, you are a bit burdened.

// Then we have territories. That interests you particularly in Alaska where there have been some very interesting developments, and where a considerable amount of work is going ahead in southern Alaska now, and some possibility of operation in the northern part of Alaska.

// We have one other field, and I don't intend to get into it, but I will mention it because right now I think there is rather considerable interest in it, and I am a little bit interested in what happened yesterday in some bidding

that went on down in Louisiana. That is the outer continental shelf. That brings to mind also -- and the fact that I mentioned something about being a lawyer -- that we have with us today Mr. James Perry, who is Assistant Solicitor and handles the legal matters there that are of particular interest to you. I would like to introduce him. I imagine he had to go. I saw him back here just a moment ago. I am sorry.

I have not had an occasion to work with you as a group, but I have had occasion to work with quite a number of you in these various fields, particularly with a number of western groups recently. I think out of that has come something that may be of a great deal of help to all of those interested in public lands. In the reorganization of the Bureau of Land Management, which is a rather far-reaching reorganization, there was considerable consternation at the time it was done because of the thought that it was going to complicate procedures. Out of our discussion it was found that was not true, but the need for some group with whom we work developed. I believe out of that has come an industry committee that will be of great help both to the industry interested in public lands, and to the Department itself. I believe the temporary chairman of it is Judge Downing. He was in the room a minute ago.

One development came out of that, and I will end

with this. It was not the purpose of the reorganization to do anything in this particular field, but it was discovered as the result of the reorganization, and it was a very fortunate discovery. The reorganization did away with a system of area offices as being offices for any purpose other than for coordination. Before they had been a step through which you had to go which we felt delayed things somewhat. So we broke it down into state offices, so you could deal directly there, and so the authority would all exist there.

“ In doing that, and in staffing those offices, we discovered that there must have been a hiatus of some 10 or 15 years in the Bureau of Land Management in which men were not brought on who were skilled in these fields in which we worked, such as lands and minerals and the like. We had a death in the department and it brought to our attention even more forcibly that fact. We found that we had a number of men reaching retirement age who were outstanding and recognized in all of these fields that have to do with public land, but the work had been pushed on them more and more and nobody had been brought up to take their place. They were all concentrated in Washington. There were very few men in the field.

“ Then there were some very young men who apparently in the last few years have been brought in. As a result of that, we have caught it, I hope, in time, and I mention it now merely to ask your indulgence during this reorganization

period that we will be going through a period of educating men in these various state offices. Your help will be greatly appreciated, and it will redound to your benefit, I assure you, because otherwise within a few years these top men would have been gone and the Bureau of Land Management would have been up against very grave difficulties.

" It is very good to meet with you. I hope that we can be of service to you, even more than in the past. If you have suggestions to make to our part of the Department, we certainly will gratefully receive them and work with you at all times. Thank you."

(Applause.)

CHAIRMAN HALLANAN: Thank you very much, Mr. Secretary. We know we will have to see a lot of you from here in. It is always a pleasure to have the representatives of the Military here before the Council, and on this occasion I am delighted to present to you Brigadier General W. W. White, Staff Director, Petroleum Logistics, Office of Assistant Secretary of Defense for Supply and Logistics. (Applause.)

~~MILITARY PETROLEUM PROCUREMENT~~ (Brig. Gen. W. W. White)

GENERAL WHITE: " Mr. Chairman, gentlemen, today I am going to try to take a little bit of the curse off the Department of Defense, which in previous years I have helped to heap on it. We have complained, I know, in the oil industry that the Department of Defense gets its head under its arms

so firmly that it does not tell enough about what it needs in connection with petroleum, and maybe some other things, too. As a result of those complaints, we have been able to get clearance on a rather hypothetical study which we have been making in the Petroleum Logistics Division in order to give you a quick rundown and glimpse of the order of magnitude of the aviation fuel requirements.

We have done this on the basis of no war plan whatever. Obviously it allows us to talk about it, since there is no plan in existence on which this is based. It will, I hope, give you more than an inkling of the magnitude of the foreseeable requirements, and if you will bear in mind the fact that these figures and these data which I am presenting to you are not war figures, maybe my aim will be achieved.

First let us take a look at the current peacetime demands of the various aviation fuels. You probably remember that during the fiscal year 1954 just passed, about 600 million dollars were spent for petroleum products for the Defense Department. Aviation fuels this year in fiscal 1955 will run just about \$650 million. That means about 65 per cent of the Department of Defense moneys for petroleum will be spent for aviation products in a year of peace. Only a small portion of that will go into storage. Most of it will be burned as an expendable item.

((According to the present estimates the Air Force will use 80 per cent of the total aviation fuels and the other services the remaining 20 per cent.

' At your last meeting, Colonel Brown told you about the tremendous upsurge in requirements for jet fuel. I think you will recall that he mentioned the figure of 83 million barrels as the planned procurement for the coming fiscal year. After a re-evaluation of the figures, however, it turned out to be around 70 million barrels rather than 83 million, which will be purchased during the year, starting the first of this month.

' The requirements for aviation gasoline will remain fairly constant, and at about the same order of magnitude as last year. On the long range forecast, based on no war plan, which is in existence, we think that the aviation gasoline requirements of the military will increase through 1956 and possibly 1957, and then will start quantitatively gradually to decrease. Qualitatively, however, the demands will be more and more for the higher octane fuel, 115, 145 grade, which means that the calculation use will stay put, in our opinion.

' On the other hand, the U. S. civilian and foreign demands are indicated to continually increase. They have been increasing at the rate of about 18 per cent a year, and with the orders in hand for piston engined aircraft here and

abroad for transport purposes, the indication is that any decrease in military out-take of aviation gasoline will be more than made up by an increase in the foreign and civilian transport demand.

" We have guessed that aviation gasoline demand will increase from a current figure of about 275,000 barrels a day to in the neighborhood of 300,000 barrels a day by next year, and then our guess says that those requirements will remain about constant through 1962, which is as far ahead as we have tried to use our crystal ball.

DR. WILSON: "Does that include foreign?"

GENERAL WHITE: "Yes, sir, that is the total free world. The U. S. military demand is expected to increase from a current 120,000 barrels a day to somewhere in the neighborhood of 132,000 or 133,000 barrels a day, and then will gradually decrease, as I mentioned, quantitatively to a figure in the neighborhood of about 95,000 barrels a day, where it will fairly well level off.

MR. BRUCE BROWN: "General, what was the figure of 275,000 this year that will be 300,000 next year? Wasn't that the military?"

GENERAL WHITE: "No, sir, that is the entire aviation demand of the free world."

MR. BRUCE BROWN: "Piston engines, civilian and military?"

GENERAL WHITE: " Yes, sir. Some of you may question our forecast of 95,000 barrels a day for aviation gasoline for the military as far ahead of 1962, since all of you are very conscious as we are of the fact that jet aircraft are so rapidly coming to be the main line of combat force. The primary reason we believe that the future military aviation gasoline requirements will remain so high is that we are still buying and will continue to buy and use large transport and support type aircraft, which are very large consumers of aviation gasoline, and incidentally of the 115 and 145 grade.

" As an example, just the transport type are now using about 45 per cent of the military aviation gasoline today. In fiscal year 1956 we estimate that the transport aircraft alone will probably consume in the neighborhood of 60 per cent of the total military requirement.

" I think all of us recognize that meeting military requirements for jet fuel is becoming an increasingly interesting and maybe troublesome problem to us. Starting out at the end of World War II at the rate of 100 barrels a day, which was all burned for experimental purposes, we have come to this year when we are going to purchase 70 million barrels. The rate of climb since 1946 is quite a steep one, as you can see. We are guessing that the increase in jet fuel requirements will increase to about 240,000 barrels a day

in fiscal 1956, which is an increase of 200 per cent over fiscal 1953, and over 2,000 per cent over fiscal 1950.

" If the present world situation does not change materially, we think that the consumption of jet fuel will level off at around somewhere between 250 and 300 thousand barrels a day. We can't quite pin ourselves down any closer than that.

// Foreign jet requirements are about 50,000 barrels per day, and they can be expected to increase to somewhere around 125,000 barrels a day by 1960, we think. That will give us a total free world jet requirement of about 400,000 barrels a day in 1960.

" Again I would like to stress if the situation does not change materially.

// Of course, the explanation for this tremendous increase is the magnitude of the jet consumption per hour. The reciprocating engine aircraft consume as little as five gallons to 1,000 gallons per hour, whereas a military aircraft powered by jet engines consumes from 400 to 2500 gallons per hour. One of the largest of our present jet aircraft consumes in one hour just about the same quantity of fuel as that used by the average automobile in three years. In fact, it will consume enough in an hour to take a good automobile from the Northwest Territory down to the southern tip of South America and back again.

So far we have been talking about peacetime requirements of aviation fuel. Now let us talk in general terms and in ball park figures about our estimates and wartime fuel requirements for aviation. The worldwide aviation gasoline requirements, including civilian, we think will just about double present consumption. That would make them somewhere in the neighborhood of 500,000 barrels a day in time of war. As I mentioned before, the quality of the fuel is continually going up, so that it requires more allocation capacity than it used to to produce the same number of barrels as all of you know.

On the other hand, the guess is that at the beginning of any future war, which might take place in the reasonably near future, we will need about 400,000 barrels a day to start, and that will increase for ourselves and our friendly nations to somewhere in the neighborhood of a million and a half barrels per day if the war continues for any length of time, and we pick ourselves up off the floor after the first shock that Dr. Wilson was talking about earlier this morning.

When we start using supersonic jet aircraft, we really get into some astronomical figures, and we are really crystal ball gazing on this, but we visualize that if there are any appreciable number of supersonic jet aircraft, the figure might very easily get up as high as 2 million

barrels a day.

(That is a thumbnail sketch, and a view of the order of magnitude of the way fuel would be expended by the aircraft only of ourselves and our friends in case of an early war, something that is going to be hard to do, if we do have any trouble. I know that all of you want to think about those figures as ball park figures based on no war plan.)

(Applause.)

CHAIRMAN HALLANAN: General White, may I say to you that those figures that you have presented to us are really fantastic, but they make us conscious of the tremendous responsibility which this industry might face in the course of the future, and all the more reason that we should be on notice of what the measure of that responsibility would be. We are very grateful to you for the information that you have conveyed to us.

Gentlemen, as the successor of Colonel Brown, we have the representative of the Armed Services Petroleum Purchasing Agency, and I now desire to present Colonel Arnold C. Gilliam, Director, Military Petroleum Procurement, of the Armed Services Petroleum Purchasing Agency.

(Applause.)

COLONEL GILLIAM: //Mr. Chairman, gentlemen, it is certainly a great deal a pleasure for me to meet with the Council today. You know it is my first appearance here, before

you, and with you, as the new Director of ASPPA.

" For several years I have observed visible evidence of many benefits obtained from these industry and government meetings where items of mutual interest are discussed, such as we do here today. I was particularly impressed with the meeting I was permitted to sit in on with the National Petroleum Advisory Board, and to witness the fine work those men are trying to do.

" I don't know whether I should say I am pleased to be able to get up in front of you gentlemen and say I am happy to say that we have sufficient quantities of petroleum products today or not. Sometimes I wonder whether it would be better and my job would be easier if we were a little short instead of being over.

" I told Colonel Brown before he left, I said I envy you leaving at this time, because before allyou did was go over and place your problem in the laps of PAD and let them do the worrying for you. I said now it works a little different in my case. But since there is sufficient product available, the least I can do during my tour of duty is to promise all you gentlemen fair and just consideration in all your dealings with me and the agency.

" At the of the Council, Colonel Brown presented to you the general purchase program of the three departments as reflected at this time. General White, of

course, covered that downward trend from 83 million to 69 or 70 million, but I would like to make one simple clarification of that figure. That may be a little less, but it will depend on our storage capabilities. The other figure given you in March by Colonel Brown remains the same. I did see some gentlemen out with pencil and paper, and I would review it shortly. There are only six principal items. I will review those figures for you.

The 115-145, fiscal year 1955, 28,114,000; 130, 14,103,000. JP460, 9,020,000. Motor gas, 12,929,000. Diesel, 19,226,000. Navy special fuel oil, 44,292,000.

ASPP has been pleased with the prompt fashion in which the refineries are meeting our change in jet fuel. This recent change which was principally concerned with the inhibition of rust, was requested by the military departments for delivery as soon as possible after July 1. Since our request for bids last spring did not provide for this inhibitor, there was not much opportunity to give other than very short notice to suppliers. However, only a few contractors have reported any difficulties in modifying their operations and obtaining necessary supplies. It is now indicated that all refineries will be able to comply with the new specification by 1 August.

It was indicated to us at the last meeting the military requirements other than high octane aviation gasoline

were purchased by formal advertisement. Results of this method of purchase have been quite favorable, not only from the government's interest in obtaining extensive competition, but apparently from industry as well, since many favorable reports have been received from prospective suppliers.

Gentlemen, that just about covers all the remarks I have. General White, I think, covered much more and there is no need of me duplicating anything General White has said.

Again, I would like to express my pleasure in being here and meeting with the Council. I would like to say that I shall always be happy to discuss any item of mutual interest any time any of you are in Washington. I would like to take also this opportunity to express my appreciation for the privilege of being with you last evening and hope to see you all at the API this fall.

(Applause.)

CHAIRMAN HALLANAN: Thank you very much, Colonel.

Gentlemen, you are familiar with the recent reactivation of the Military Petroleum Advisory Board. I think at this time I should like to present the Chairman of the Board, who was recently elected, and whom I know will be glad to work cooperatively with the Council as that organization did under the leadership of Mr. Bruce Brown. I want him to know that he will have our support in every respect. Mr. William W. Keeler, Chairman of the Military Petroleum

Advisory Board. Mr. Keeler. (~~Applause~~)

*See table in WSK
multidirection*

MR. KEELER: " Mr. Chairman, I want you to know that I am very happy to have the opportunity of joining this Council today. I consider it a great honor. I realize that it was principally by virtue of my recent challenging job that I have been given as Chairman of this Military Petroleum Advisory Board, but I certainly consider it an honor to join this group.

" Gentlemen, I don't have a report to make to you this morning. So far, our Board has been in the process of organization. Outside of setting up some panels, the biggest job that we have had to date is to try to set up our regional committees, and those particular groups where it will be necessary to get the security clearances. We are rushing against the military to try to be in shape with all of our manpower and our organization set up by the time General White gives us something to get our teeth into.

" At the present time it appears that our Board will have definite problems by early September. Between that time and now we will continue setting up the regional committees, and we will be calling on some of our companies to assist with some of those regional men.

" I do want to take this opportunity on behalf of the Board to express to Secretary Wormser, Secretary Pike, to you, Mr. Stewart, to our very able consultants Bruce Brown and

(A motion was duly made and seconded.)

CHAIRMAN HALLANAN: All in favor say "aye"; opposed,
"no".

It is so ordered.

(The motion was carried.)

CHAIRMAN HALLANAN: Is there any further business,
gentlemen?

(No response.)

CHAIRMAN HALLANAN: If not, thank you very much for
your coming here for this meeting. The Council is adjourned.

(Thereupon at 12:40 p.m., the meeting was concluded.)

Al Frame, to the Council itself, for the help in the selection of the men. I want to thank you on behalf of the Board for all the help we have had to date. We are eager, we are champing at the bit. As soon as we have some definite problems to report on, we will be back here, Mr. Chairman, and give you a report. Thank you."

(Applause.)

CHAIRMAN HALLANAN: Is there any new business?

MR. BROWN: Yes, Mr. Chairman. When the Council was first formed, you authorized a bank account at the Riggs National Bank here in Washington, and we have maintained an account there ever since. From time to time I inquired at the banks around town if they lacked a little money on savings accounts. For years they were not a bit interested. There has been a little competition lately, and I find they will pay a little interest, and I proceeded to open a temporary account as a savings account, and was informed I would have to have a resolution from this organization to do so. The form is exactly the same as the one which we filed originally. But I find that the Secretary's name on that one is not mine. It was a temporary Secretary at that time. I would ask, Mr. Chairman, if I might have a resolution from this Council authorizing me to open a savings account or file the usual form with the Riggs National Bank.