

TRANSCRIPT OF PROCEEDINGS

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DEPARTMENT OF THE INTERIOR

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NATIONAL PETROLEUM COUNCIL MEETING

Departmental Auditorium,

Washington, D. C.,

TUESDAY, January 25, 1955.

The meeting convened at 10:00 o'clock a.m.

WALTER S. HALLANAN, President, Plymouth
Oil Company, presiding.

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P R O C E E D I N G S

CHAIRMAN HALLANAN: The Council will please come to order.

Gentlemen, this is the first meeting of the newly appointed Council for the calendar year 1955.

The secretary will please call the roll of the membership.

(The following members answered the roll call:

Mr. Hines H. Baker
Mr. Munger T. Ball
Mr. Fred E. Bergfors
Mr. Jacob Blaustein
Mr. Paul G. Blazer
Mr. Reid Brazell
Mr. J. S. Bridwell
Mr. Bruce K. Brown
Mr. Russell B. Brown
Mr. H. S. M. Burns
Mr. Charles A. Chipman
Mr. J. P. Coleman
Mr. Stuart M. Crocker
Mr. Netry
Mr. J. C. Donnell, II
Mr. Fayette B. Dow
Mr. Warwick M. Downing

Mr. Wesley E. Downing
Mr. Gordon Duke
Mr. J. V. Dunbar
Mr. Rodney S. Durkee ✓
Mr. Paul Endacott
Mr. W. W. Flenniken
Mr. R. G. Follis
Mr. Clyde T. Foster
Mr. Stark Fox
Mr. B. C. Graves
Mr. B. I. Graves
Mr. Walter S. Hallanan
Mr. Jake L. Hamon
Mr. W. R. Pierce
Mr. B. A. Hardey
Mr. John Harper
Mr. Don B. Hearin, Jr.
Mr. Harry B. Hilts
Mr. Jack Rathbone
Mr. A. Jacobsen
Mr. B. Brewster Jennings
Mr. Charles S. Jones
Mr. W. Alton Jones
Mr. Paul Kayser
Mr. Johnson

Mr. W. W. Keeler
Mr. Richard Gray Lawton
Mr. J. Sayles Leach
Mr. L. F. McCollum
Mr. J. P. Gasser
Mr. B. L. Majewski
Mr. J. Howard Marshall
Mr. A. C. Mattei
Mr. George T. Naff
Mr. Glenn E. Nielson
Mr. S. F. Niness
Mr. Maston Nixon
Mr. J. L. Nolan
Mr. John F. O'Shaughnessy
Mr. J. R. Parten
Mr. Frank M. Perry
Mr. Frank M. Porter
Mr. O'Hara
Mr. A. S. Ritchie
Mr. M. H. Robineau
Mr. James Crawford
Mr. Roland V. Rodman
Mr. P. C. Spencer
Mr. D. T. Staples
Mr. Henderson Supplee, Jr.

R.L. Milligan, President, The Pure Oil Company,
Pure Oil Building, Chicago, Illinois.)

CHAIRMAN HALLANAN: Mr. Milligan, will you please
rise. I want to present a new member of the Council. Mr.
Milligan, President of the Pure Oil Company.

May I say to you, you follow some very notable repre-
sentation from your company who served as members of this
Council. First, Mr. Henry Daws who, for many years, was one
of our members, and later Mr. Wescott.

We are delighted to have you here. We know that
you will serve in a very effective way.

MR. MILLIGAN: Thank you, Mr. Hallanan.

(The roll call continued and the following
members answered as present:

Mr. Barton

Mr. W. W. Vandever

Mr. William M. Vaughey

Mr. W. G. Violette.)

CHAIRMAN HALLANAN: Mr. Violette, will you please
rise.

Mr. Violette has previously been a member of the
Council, but this is the first opportunity he has had to
attend a meeting.

We are delighted to have you. In Mr. Violette we
have the largest oil jobber in the United States as a member

of our group. We are delighted to welcome you to the membership of the Council.

MR. VIOLETTE: Thank you.

(The roll call continued, as follows:

Mr. J. Ed Warren

Mr. William K. Warren

Mr. John H. White

Mr. Robert E. Wilson

Mr. Robert F. Windfohr

Mr. Jack Woodward

Mr. John M. Wrather

Mr. C. H. Wright)

CHAIRMAN HALLANAN: Gentlemen, this is a well attended meeting. May I call attention to the fact that at the committee meetings yesterday we had the very unusual and unique distinction of having one hundred percent attendance on the part of both committees, which certainly indicates the sustained interest in the committee work of this organization.

You have previously received copies of the minutes of the last meeting of October 19. They were mailed to the members on November 10.

(On motion duly made and seconded, the minutes of the last meeting of the National Petroleum Council were unanimously adopted)

CHAIRMAN HALLANAN: The report of the Secretary-Treasurer.

(On motion duly made and seconded, the report of the secretary-treasurer was unanimously adopted)

MR. BROWN: During the calendar year 1954, the receipts from contribution of members were \$109,850. Other revenue brought the total receipts to \$110,590.

Total disbursements, \$99,781, of which eighteen thousand dollars was transferred to reserve.

The balance at the beginning of the period was \$23,056. Therefore, we have on hand at the end of the calendar \$33,931 for our general fund.

The reserve fund is ninety-five thousand dollars, practically all of it invested in United States Bonds.

CHAIRMAN HALLANAN: You have heard the report.

Any comment?

The Chair recognizes Mr. J. S. Bridwell for motion.

MR. BRIDWELL: I move the appointment of a nominating committee of five for the officers of the ensuing year.

(The motion duly made and seconded, was adopted)

CHAIRMAN HALLANAN: The motion is adopted. The Chair will appoint as members of the nominating committee Mr. Bridwell, as chairman; Mr. Paul Gasser, Mr. Jacob Blaustein, Mr. Stuart M. Crocker, and Mr. Stuart Vockel to submit their

report at a later time in the morning session.

We were, of course, quite disappointed last night that Secretary McKay was unable to be with us at the social session to get together.

Mr. Secretary, we had two very fine fellows representing you and your Under Secretary and your Assistant Secretary. They did a grand job. We were aware, of course, of your previous commitment and knew you were unable to be with us. We knew that you were with us in spirit, Mr. Secretary. This is your Council. You have appointed it. We are here in response to your appointment to serve in whatever we conceive to be a proper and effective way in the continuance of this government-industry teamwork.

I know that we are here at the moment when the world situation looks pretty dark. We are here at a time that is most critical in the history of our country and in the history of the world.

I think it is well that we have carried forward this organization that came forth from the last war as the Petroleum Industry War Council.

I think the situation that confronts us today, the threat, is a vindication of the judgment of those who wanted to see this effort carried on.

We are here because we feel that there is a job to be done; a job that is important for the economy of the

country and for the national defense of the country.

We are proud to serve under your leadership.

Gentlemen, I take pleasure in presenting our leader, Secretary of the Interior, Honorable Douglas McKay.

(Applause)

ADDRESS OF THE HONORABLE DOUGLAS MC KAY,
SECRETARY OF THE INTERIOR.

SECRETARY McKAY: Chairman Walter, ladies and gentlemen:

Thank you for that very cordial reception. I, too, was very sorry last night, Walter, that I had a previous engagement that "Over Secretary" that I have made a few days earlier. I have an Under Secretary and four Assistant Secretaries, and the "over secretary" was my wife. It was a good show we saw. Katherine Cornell is a great actress. I don't know what the show was all about, but it was very interesting.

This is the second show I have seen since I have been in Washington. I never have time to go to shows. But it was unfortunate I was unable to get here. I sent the brains of the Department, Clarence Davis and Felix Wormser.

I am very proud of the staff we have in the Department of the Interior. I would like to give you a little history.

Clarence Davis is particularly well informed on the

water resources and power of the Department of Interior. Clarence, one time when he was younger, was an Attorney General of the State of Nebraska. He was a Harvard graduate. It did not hurt him any. He got to be a great power company attorney.

Then when the State of Nebraska wanted all public power, they wanted to hire the best attorney in the state for that job, so they hired Clarence.

So he has been on both sides of the picture of the controversy, private versus public power.

In addition to living out in that part of the country he has been well informed on the water resources and Missouri Valley development. He knows a little bit about oil, more than I do.

All I know about oil is buying it from you fellows and I have been buying it for thirty-five years. My associations with you gentlemen since I have been in Washington have been very, very cordial. I have enjoyed it ever so much.

I know of no industry in the United States that is better organized today than the petroleum business; I mean organized for an emergency, if such should arise. There is no industry better organized than you gentlemen are. If we should run into any kind of trouble, this is an outfit that is ready to go immediately.

Now, I personally never get excited about these

things. We are living in a dangerous time, of course, and things change from day to day, but I have a philosophy that yesterday is gone and tomorrow may never come; today is today. You had better do the best job you can each day.

I also believe, myself, that these people have been bluffing. I still believe it. But, of course, I happened to have been present to see the attack on Pearl Harbor and it is a very devastating experience to see your Navy sunk to the bottom of the sea, and there is nothing to do about it.

So I have no confidence in the bandits that are running loose today. Things like that can happen and you may rest assured, if they felt they could lick us, I am satisfied that is just what they would do.

I think they realize that we people in America have demonstrated in a couple of times in a big way the American people will die to the last man, woman and child, to protect their freedom. I think they all agree on that.

We would rather live one year as free men than a hundred as slaves.

But the sad thing is that with modern warfare and so forth, if we get into another war, I am fearful that we might be set back a thousand years civilizationwise. I am an optimist, or I would not have put thirty-five years in the automobile business. I am an optimist. I feel that we are very fortunate to have a man like President Eisenhower at the

head of the country today, who knows not only the military affairs, but the international affairs around the world.

People have confidence in him everywhere. I have traveled with him in a plane out West in the Rocky Mountain area. It is a really revelation to fly all day and stop at a little town and see the people who drive several hundred miles just to get a look at him. They love him; he has the common touch with people in addition to all this background of experience internationally and domestically.

The amazing thing is how much the man knows about the details of the country. I always knew that after his forty-someyears in the Army as staff officer and general officer, the philosophy of the government is well in hand, but it is amazing the capacity of the man to know all the little details of the government, in addition to international affairs.

I think he is the strongest man in the world internationally.

So it gives you a sense of security to follow a man like that.

The Secretary of State is the man that is running it, not me. I am the Secretary of Interior, but I say again I think the people in the country and the world naturally have raised their sights in their appraisal of Foster Dulles.

Another young man who has come to Washington recently that I have a very high regard for is Herbert Hoover,

Jr. I have sat on several committees with him; the Energy Committee last night, but he is a very, very smart young fellow. He does not know it. He is a very unassuming young man and one of the brightest boys in Washington. He is only forty or forty-five.

Another bright young boy from Texas, Bob Anderson. I take off my hat to that fellow, and he is one of the greatest men that the President has brought to Washington. I think Bob Anderson is one of the greatest men in Washington today.

Regardless of the fact that he is a former member of this Council and is in the oil business, or has been, you will not find a man more fair and honorable in his dealings any place. I sat with him when we had this battle in 1953 on the submerged land they call tidelands. I sat there and that is where I first became acquainted with him and came to regard him so highly, his ability and his integrity.

By the way, I kind of felt good when we got those bids opened down there. One boy made a mistake. I told them I didn't give back money; I just took it in. The only place I can pay money is to the United States Treasury.

But they got it back. We wouldn't want to rob anybody. But I think in the future, everybody had better sharpen their pencils.

We got \$144 million for the right to go down there

and rent someland from sixty to one hundred twenty-five feet underwater and spend a million bucks on a platform and so forth, more or less to try to find some oil. To me it was very enlightening, \$144 million, a bonus, if you please, and we get one-sixth of the royalties, as you know.

So I think that vindicates our position of a couple years ago.

The geologists of USGS tell me about eighty-five percent of the oil is out in the federally owned land. I am glad to see that because we have the bulk of the land; we got the bulk of the oil, the federal government has, and we didn't have to rob any state to get it.

So I am very proud of that situation.

Now, the question is about the rest of the oil, I haven't made up my mind as to how best to gyp you boys. We have quite a lot out there. We are going to try to do a good job of leasing it so that your companies will pay us the most possible and yet you have a chance to make a profit.

We want you to make a profit. At the close let me say this -- I got off on this subject about the world situation -- I am one of those who believe, and I believe in the American people, there is no need of being excited. I have not seen the paper this morning. I had a breakfast this morning with some of my Congressmen and I have not had a chance to read the paper, but I will venture a guess that the stock market

did not bobble any, did it?

The American people are pretty resigned; they are not excited over these things.

Sure, we are facing danger. We have faced danger every year of our history and you read history; people are always in trouble, but they were not excited and jittery about it.

There is no occasion for us to be jittery today. You may be sure that the government is in good hands and the Congress and executive department will be cooperative on their foreign policies. I see no occasion for anybody being jittery at all.

I think the time has come when we Americans must return to the faith of our fathers, the faith in God and faith in this country and a faith in each other and faith in ourselves. That is the thing that built this country, and return to those fundamental principles as prescribed in the Constitution of the United States and the Declaration of Independence. And we have no fear of anything. *H*

We go about and do our business and do our job the very best we can each day, and we have nothing to fear whatever.

Now, I do not want to take your time. I say again I am very proud of this organization, and I want to congratulate you gentlemen on your contribution to this organization.

It is a great contribution.

One of the joys of my job in Washington is the cooperation that I am able to get from people all over the United States, everywhere. I say again, and I have said before, I say to you: Whenever I have asked anybody in America to render a service to this country -- and I mean it seriously, because these people working for us work at a very small salary compared to what they make in private enterprise -- never yet have they turned me down, or any time have I been turned down, the reason they gave me, I could not help but agree with them.

It is amazing to find that in what some other people are trying to call big business, ruthless and so forth, are some of the most patriotic people in America. Big business has helped me a lot in loaning me men.

Here is one right here, Felix. But Felix was loaned to us from a great corporation. He has spend his lifetime in the minerals business. All the way through Felix has been loaned to us.

I borrowed a man from the Southern Pacific. We have a railroad up in Alaska. We borrowed a man that knows how to run a railroad. He ran a railroad that had been going in the red and he made a profit the first year.

So the people we borrow from industry to help us in a job, do a good job. I don't care what anybody says about

it. Somebody says in Oregon I was the lousiest Secretary of Interior since Ballinger; that I am the lousiest one since then, Walter. So I could not agree with him.

At least they skip another one that I know of.

Thankyou very much.

(Applause)

CHAIRMAN HALLANAN: The next order of business, gentlemen, is the report of the agenda committee, Mr. Jacobsen, chairman.

(The following report of the Agenda Committee

was submitted by the Committee Chairman, A.

Jacobsen)

CHAIRMAN HALLANAN: Mr. Majewski, will you come forward and take the Chair and receive the report of the nominating committee, please?

MR. MAJEWSKI: Is the committee on nominations ready to report?

MR. BRIDWELL: Yes, sir.

Mr. Acting Chairman, Barney, Mr. Chairman, your committee had quite a scramble trying to decide who should be chairman this year. There was brought into the discussion the fact that our chairman gave us an awfully good feed last night and had the fountains running pretty faithfully during the social hour. I think we were all conscious of that fact when we decided that we had the best chairman that we could possibly select.

I don't know of any man in this group that would work as conscientiously and as devotedly as has Walter Hallanan during the many years that he has served as chairman.

Walter, it was not only the feed last night; it was the devotion with which you have worked, both in the interest of the industry and the government, that we unanimously recommend you as Chairman of the Council for the ensuing year.

I move his nomination.

(The motion, being duly made and seconded, was put to a vote and carried)

MR. BRIDWELL: The committee also recommends the reelection of R. G. Follis as Chairman of the Council for the ensuing year.

(The motion, being duly made and seconded,
was put to a vote and carried)

MR. BRIDWELL: For Mr. Follis' benefit I must say that we discussed the fact that he had not fed us any time during the year, nor had he wined us.

The committee recommends the following as the agenda committee, headed by our good friend Jacobsen, familiarly known by all of us as Jake; Mr. Jacobsen as Chairman; Hines Baker, Russell Brown, B. A. Hardey, Walton Jones, Majewski, J. Howard Marshall, A. C. Mattei, A. L. McCollum, J. L. Hartman and C. G. Spencer.

(The motion, being duly made and seconded,
was put to a vote and carried)

MR. MAJEWSKI: I have a question as to whether the agenda is functioning as a secret committee or not. I raise the question in case anybody wants to change any members.

MR. BRIDWELL: Your committee also recommends an appointment committee as follows:

Frank Porter, Chairman; Bridwell, J. C. Donnell, II; B. Brewster Jennings, Sayles Leach; Mc Gowen, M. H. Rabineau, Rodman, Reese Taylor, Bob Windfohr, and D. T. Staples, Mr. Staples being a new member of the committee.

(The motion, being duly made and seconded,
was put to a vote and carried.)

MR. BRIDWELL: Mr. Chairman, I wonder if it is our responsibility to recommend a secretary-treasurer. We did not do that. We did not take that into consideration, but I believe we have to have one.

CHAIRMAN HALLANAN: That is an appointment by the Chairman.

MR. MAJEWSKI: Thank you for the report, Mr. Bridwell. Your committee labored long and wisely.

Walter, it is a great deal of pleasure that I turn over this gavel for the 'steenth time. May God bless and keep you in good health and vigor for many years to come.

CHAIRMAN HALLANAN: Thank you very much.

Gentlemen, all I wish to say is to say very simply and very sincerely that I thank you from the bottom of my heart for this expression of your continued confidence. All that I can promise to you is that I shall continue to give my very best that the Council's work and objectives may be accomplished successfully in the future, as I have done during the past when you have honored me with this fine recognition. Thank you very much.

Dr. Wilson, do you desire at this time to make a verbal report in connection with the work of your oil and gas emergency defense organization committee?

THE FOLLOWING REPORT OF THE COMMITTEE ON
OIL AND GAS EMERGENCY DEFENSE ORGANIZATION
WAS SUBMITTED BY DR. ROBERT E. WILSON, CHAIRMAN.

DR. WILSON: Mr. Chairman, I have only a verbal report, but I think especially in view of the new members we might review a little history with regard to the work of our committee.

We were appointed about a year ago to consider the question of what type of emergency organization should be set up to insure the proper functioning of the petroleum industry within the available facilities that might be available after an emergency promptly, to take care of the vital supply of petroleum products to the country in the event of a bombing on our nation.

We found that the present set up of the government agencies was such that every refinery in the country, every terminal, would be under the jurisdiction of the local state defense organizations.

Well, now, you know that the petroleum industry cannot operate on an intrastate basis. Sometimes we wish we could.

But there are obvious difficulties. That would mean that the (blank) refinery would be under the jurisdiction of the State of Indiana.

In spite of the fact that it is the main supply of

Chicago, it might easily be decided that Indiana needs were preeminent and their product must go through.

We pointed out in our report on July 15 that neither the emergency setup under the defense organizations, nor the proposal to set up an organization in Washington along the lines of the PAD or PAW, would take care of this emergency situation in the first few weeks of getting oil supplies to the maximum extent and ability into the hands of the people that needed them for war and other purposes.

We suggested specifically in our recommendations that there be set up in each region of the country -- that is, the recommendation of the Secretary of the Interior -- of the five PAD regions, emergency committees set up on refining, on transportation, and on distribution, to handle these matters on an emergency basis until other means could be set up, to be given authority to do so only by a Presidential proclamation that an emergency had arisen to put this into action; to have these committees named with alternates so that if one individual, or more, were killed in the attack, others would be available to step in.

We believe on that basis it would be possible to get going in a hurry and with such facilities as we have to do the best job possible in a hurry.

The Secretary said this morning that the oil industry was ready to go ahead on a moment's notice. Frankly,

it is not. I went out to tell him that, because nothing has been done as yet with regard to the setting up of these committees, publicizing this existence and setting up sort of means of activating them by a Presidential proclamation, when and if an emergency should arise.

You must remember that the emergency could arise without notice. We have superiority over our enemy in the number of atomic bombs, but practically all of that is neutralized by the fact that he can attack without warning and we cannot.

Such an attack without warning would be sure to create devastation.

Therefore, we cannot ignore it. We suggested setting up some emergency stockpiling of mobile transportation equipment, of various types which would be needed in an emergency.

We suggested that some other industry had set up committees to give first recommendations as to the means of providing for the continuity of company operations in an emergency; that is, actually setting up emergency manning tables as to who should take charge.

We have faced a situation which we have never faced before. The entire board of directors of a company might be wiped out.

We have made some suggestions along that line.

Second, we pointed out that certain of the industries, particularly the steel and chemical industry, had gotten out booklets on what things should be done in advance of an attack to minimize damage and get things in operation as quickly as possible, if you should happen to be in one of the fringe area.

If you are not in a fringe area, there is nothing you can do; you might as well forget that refinery.

As the area of complete devastation expands, the fringe area expands.

So as there is more complete devastation, there is more and more of the fringe area.

Those two committees we discussed. We didn't particularly urge their appointment, but we said if you want to complete the job this is probably the next thing to do. Those two committees have been set up, one on advance preparation, under the chairmanship of W. G. Horner of Sinclair, functioning as subcommittee of this committee, I should say, and one on emergency, the continuity of cooperations, under Mr. Mengel Stanff of the Jersey Company.

They had a joint meeting here in Washington in which they were given a rather thorough briefing by Defense and other officials, as to the nature of the threat that we face and they are now engaged in working up a joint oil industry manual for passing out to indicate to the companies what they

could do in preparation for such a situation.

But as yet if an attack came tomorrow, our industry would not be in good shape. We would have chaos because of this individual defense control and the time required to set up any central organization to handle the tremendous problems that would arise.

Mr. Stewart has said he will give a verbal report on the status of those recommendations.

CHAIRMAN HALLANAN: Are there any questions you would like to submit to Dr. Wilson, gentlemen, in connection with this interesting statement?

Thank you very much, Doctor.

Gentlemen, Mr. Hugh Stewart, of the Oil and Gas Division.

REMARKS OF HUGH A. STEWART, DIRECTOR,
OIL AND GAS DIVISION.

MR. STEWART: Mr. Chairman and gentlemen, some of the problems that we have met in undertaking to establish the committee structure for emergency operation, the ones recommended by Dr. Wilson's committee, are proving to be somewhat complex. We do have the Federal Civil Defense Act and the it grants a wide range of authority to that organization and that organization in turn has delegated to states a large amount of authority, but so far as we can determine little is clearly defined.

As a result we have been carrying on discussions with the Federal Civil Defense staff and trying to work out what would amount to a delegation to the Secretary of the Interior of the final authority over the handling of oil and gas matters.

We have a meeting scheduled for early next month at which time we will have the chief counsel in and some of their "patients". By then I hope we can get things a little better crystalized.

Some things on this matter of appointing emergency committees may require special legislation. Some recommendations to that effect have been made. A lot of it will tie into the extension of the Defense Production Act.

I understand that that act, that the proposed amendment to that act, is now under final discussion and presumably will be in a position to go to Congress before very many days.

Within the Oil and Gas Division, we are building toward the point where if we can get some of these technicalities straightened out, we can proceed with the selection of committees.

In the meantime we are relying on the committee structure set up under the Military Petroleum Advisory Board as our first line emergency organization, if it is required in advance of the conclusion of these other arrangements.

So that I think we are probably in not too bad condition, but we certainly do need to have the local level supply and distribution problems clearly set up and clearly understood by all agencies, the state and local included.

Thank you.

CHAIRMAN HALLANAN: Thank you, Mr. Stewart.

DR. WILSON: I hope the manuals will be available for review by this Council and thereafter for distribution if the Council so orders at the next meeting.

MR. JAMES BROWN: About the manual, Dr. Wilson, there has been some discussion as to whether or not the Council would duplicate or print this manual, I believe the one you have in mind.

DR. WILSON: There are two manuals. There is one we have been hoping for two years would be printed. That is the one that is already on the docket, protection against sabotage and things of that kind.

MR. STEWART: One is a manual on internal security, plant and facilities.

But the manual that Dr. Wilson is talking about now is this overall manual recommending what companies can do in a broader scale.

DR. WILSON: The one on internal security we are interested in, too, and we think that should be gotten out as soon as possible.

MR. BROWN: If this Council is to do the duplicating, it probably calls for an action by the Council, Mr. Chairman, and when we are ready I would like that discussed.

CHAIRMAN HALLANAN: Doctor, I think it would be entirely appropriate for you to suggest what steps you think the Council should take in providing these manuals.

DR. WILSON: As you know, our committee had nothing to do with the drafting of that manual. It was done by Bill Porter, Director of Facilities Security, but our committee on advance preparation of plans feels that that should be gotten out so as to avoid duplication with our manual. That deals primarily with protection against sabotage and things of that kind, and internal security measures in plants.

We feel it should be published and would like to see it published.

I would like to move that it be published.

FROM THE FLOOR: What does this cost?

CHAIRMAN HALLANAN: I don't think the cost will be large at all.

MR. BROWN: I have no idea what this is like. I have not yet seen a copy and do not know what would be involved.

Perhaps Mr. Stewart could give us some idea. Then there has been some indication that some outfits may want five hundred copies or so. If it is not taking too much of your

time, I would like to get cleared up because I am completely in the fog as to what it is that is to be published. It is a government document, as I understand it, that we are discussing now.

First, there is the propriety of our Council duplicating such a document. If that is proper, then I would like to know what is involved. Is it ten pages, one hundred pages?

FROM THE FLOOR: If it is a government document, and it is in print, I think we could buy it.

FROM THE FLOOR: I think at one time this Council more or less moved that this internal security document ought to be published. The authority on general security and sabotage matters was never given to the National Petroleum Council. I guess it was O.D.M. Boyd and his industry group worked together on a manual. It was not ours to put out. We had to persuade them to let us write them. It was stuck over in government somewhere.

I think we once resolved to try to get it printed. What happened since then?

MR. STEWART: It has been cleared for us to proceed with the publication.

FROM THE FLOOR: What is lacking? The Congressional authority to print it?

CHAIRMAN HALLANAN: He said it had been cleared.

MR. STEWART: It has been cleared.

FROM THE FLOOR: It has been cleared, but there is no money.

MR. STEWART: We don't have the money.

FROM THE FLOOR: Would it be OCD's job to put it up?

MR. STEWART: Yes.

FROM THE FLOOR: A lot of people worked on this manual a few years ago from many of the companies. I don't know what it will cost. Otherwise, the thing will be utterly wasted.

MR. STEWART: It will not be to exceed a two hundred page manual of more or less of a pocket book size, about six by eight.

FROM THE FLOOR: Do you think if the Council wanted to print it that none of us would go to jail for doing it?

MR. STEWART: I think it can be done.

CHAIRMAN HALLANAN: May I suggest as a matter of procedure that Dr. Wilson, Mr. Jim Brown, Jim Stewart, and Bruce Brown be constituted as a committee to work this problem out and see what is necessary to do?

(The motion being duly made and seconded was put to a vote and unanimously carried)

CHAIRMAN HALLANAN: We now proceed to the presentation of the committee on petroleum productive capacity, Mr.

Mr. McCollum, chairman.

**(The following report of the National
Petroleum Council Committee on Petroleum and
Productive Capacity, was submitted by Mr.
L. F. McCollum, Chairman)**

MR. MC COLLUM: You might turn to the tabulation and I will take a moment to explain it. You will see it is made up by PAD districts, giving the availability of crude oil, then total, giving production on the same basis and the resultant is the reserve productive capacity, showing as of July 1954 the reserve for productive capacity of 2,212,000 barrels, broken down as indicated.

As you might suspect in a report of this sort, in the committee that worked on this there was considerable discussion on how it should be put together. There is a footnote that shows the result of availability if you took the June production instead of the July production.

I think it is worth commenting to say as we came out of World War II the industry was faced with a very small reserve productive capacity. The report was made by API which shows that the reserve capacity was about seven hundred thousand barrels per day.

Later an NPC report showed a reserve productive capacity of 955 thousand barrels per day. That was as of January 1, 1953.

You see, this report shows reserve productive capacity of 2,212,000 barrels, or 1,936,000, depending on which production you might take.

It takes only just a little arithmetic to show that during this past period, the period of this report, that there

was an increase and reserve for productive capacity per month of 150 thousand barrels per day.

For the preceding period the report was made that same figure was thirty-six thousand barrels per day.

Also, during 1954, the report showed forty-two thousand wells drilled; previous to that thirty-eight thousand, which was an increase of sixteen percent over the three-year average prior to this report.

Another thing I might point out, not shown in here, is that this increased reserve capacity shown in here was obtained partially at the expense of rate of increase of reserves.

I will put it this way: The reserves, crude reserves of the U.S., have not increased the same percentage rate as has been the case of our reserve productive capacity, meaning, perhaps, that increased technology, improved production methods, and conservation will have to account for the increase in productive capacity over the increase in reserves.

It is also worth pointing out perhaps that 1954, despite the increase in productive capacity, the production of the United States increased two percent only.

I think it can be said in conclusion that the additional security afforded by the reserve productive capacity, the financial burden of which has been borne by the industry, should be a source of satisfaction to the American public.

Mr. Chairman, I move you the adoption of this report.

(The motion being duly made and seconded, was put to a vote and carried)

MR. SPENCER: Mr. Chairman, as a member of the committee which submitted the report, I would like to make this suggestion for consideration:

If the division or the department intends to request additional reports of this character and bringing the information down to date, and I assume they will want to request additional data as time goes on, I would like to suggest to the department or the division, that the request be made broad enough so that the committee may, if it desires, interpret the figures.

This figure of so much excess productive available capacity means a lot of different things to a lot of different people. I think some of the impressions that are derived by this particular figure are quite erroneous.

It might be very helpful in our next report if it was interpreted to some reasonable extent. I think we would have considered it at this time if the request had been broad enough to permit it.

Do you agree with that, Mr. Chairman?

MR. MC COLLUM: Mr. Chairman, my comment about a lot of arguments with the committee was directed largely at this

comment of Mr. Spencer. Numerous members of the committee urged that we interpret this report.

You will notice the transmittal letter was very short. I have a half dozen transmittal letters, but we boiled it down to this and that is the official transmittal letter and the official report.

If I can measure the reaction of the committee it would be that they would like to offer the interpretation of the figures and they perhaps could best be interpreted by members of the industry who have had a lot of experience and are responsible for the preparation of the report.

MR. BAKER: On that point I think the earlier reports of the availability committee did do just that, interpreted the figures they used.

So the meaning of the figures was clear. I do not think there would be any doubt about the power or authority of the committee under the previous action to make its own interpretation of the figures which it puts forth.

CHAIRMAN HALLANAN: As a matter of fact, I see nothing restrictive in the language of this request which would present that.

MR. MC COLLUM: Perhaps it is not, but we finally concluded it was.

We also thought that the figures might incite the department to request interpretation.

MR. JACOBSEN: My understanding is that it was not a question of authority; it was just because the committee of which I was a member could not ^{agree on what} think of that to say.

MR. MC COLLUM: We had many arguments; I don't know whether that is right or wrong.

CHAIRMAN HALLANAN: Mr. Stewart, would you have any comment to make upon the suggestion of Mr. Spencer? You see no objection to the letter being made sufficiently broad to cover the interpretative views?

MR. STEWART: This request will have to be repeated periodically. I think we will undertake to make the next request sufficiently broad to permit the inclusion of any comments or any views that the Council sees fit to present.

We have tried to present this request so that it would be broad enough to elicit the comments. I agree thoroughly that the people who put this report together are the ones who understand it the best and who are in the best position to interpret it.

I also know that the bald statement that we have two million barrels reserve production capacity can be used against us. That is something that we are going to have to try to protect in our own interpretations of those figures. We would be reenforced if we had the Council's own interpretation.

DR. WILSON: If that is the situation, why do we wait for the next time? Why don't we do it now?

CHAIRMAN HALLANAN: You mean to authorize the continuance of this committee to make --

DR. WILSON: Ask the committee to comment on these figures and their significance.

CHAIRMAN HALLANAN: That motion would be entirely in order.

MR. MC COLLUM: I have three-quarters of an inch of comments.

MR. MAJEWSKI: He did not mean to give it today, but put it in writing.

DR. WILSON: I think Jake has probably put his finger on the correct answer.

CHAIRMAN HALLANAN: There would be no objection from the Chairman. I would suggest that the committee be continued and at the next meeting of the Council such additional report be filed, if you think it entirely proper, as reflecting the views of the committee in the interpretation of your report.

MR. MC COLLUM: Far be it from me to be a parliamentarian or lawyer, but if that is proper, is legal, Mr. Baker, and, of course, I am looking for another job, I guess the committee would continue on. But I think it is highly important, Mr. Chairman, the interpretation -- I use the word correct interpretation, be placed on this data. If this com-

mittee can agree on this interpretation, it would probably be correct.

CHAIRMAN HALLANAN: With the hope that you can overcome the difficulties. Mr. Jacobsen refers to --

MR. RITCHIE: Mr. Chairman, these comments have certainly aroused my curiosity as I am sure they have a great many men in this room, about this report. I think it is one of the most important things we have had, second only to the action the agenda committee took a little while ago with reference to imports.

I would like to hear comments from the committee, or agenda staff.

If we had the opportunity, I think the Council would -- I know I would, and I am sure a great many other members -- would be glad to hear what they have to say.

MR. MAJEWSKI: I would like to suggest that instead of having this a debating society, that if we are going to interpret the figures we ought to put them in writing. There is no need to wait three months for the next meeting.

It seems to me we have the authority. Hines Baker said, why don't we do what we did in the previous reports, instruct and empower the committee to interpret the report and send out a supplementary in the mail, adopting this report as a partial report and then suggesting that the committee put out a supplementary report of interpretation of

these figures.

I so move.

FROM THE FLOOR: Seconded.

CHAIRMAN HALLANAN: Under that procedure, of course, it would come back to the next meeting of the Council for consideration.

MR. MAJEWSKI: No.

CHAIRMAN HALLANAN: I think so, otherwise it would not have any official status.

MR. MAJEWSKI: Let me address myself to that. You release this and you will get so many interpretations, with this question of imports, before the Congress and the industry, that you will be sorry that you did not do the job now. Don't adopt this one day until you are ready to release it with the interpretations, because if you do not, everybody will put their own interpretation on it and by the time you get it up you will be so balled up that you will regret that you did this today.

MR. SPENCER: Mr. Chairman, I did not mean to start a lot of arguments about this. Undoubtedly, Hines Baker is correct; that if the committee so desired it could put out the interpretation it has in mind with respect to those figures.

But, personally, and I agree with Jake, there is a difference of opinion, some of the interpretations I would

like to put on it if we did it now could be described as self-serving declarations of the industry.

I would much prefer rather than volunteer a lot of interpretations at this point, if the oil and gas division feels it is sufficiently important for them to have it, I would rather have the request come from them to do it and then go ahead pursuant to that request.

One of the things that I raise in the committee, and it was circularized and we did not do it, there is a question, you say we have two million excess available productive capacity. How long would it last under the production.?

We don't want any illusions about that and I have two or three other questions along that line.

The thing has to go back to the field to be decided.

CHAIRMAN HALLANAN: Mr. Majewski, following your suggestion, the report has already been adopted by the Council as submitted by Mr. McCollum.

It seems to me if we want to follow through and have this committee continued, that we can do that and the comments can be sent to the members in the interim for your further consideration, just as this report was mailed to you prior to the time you had it today, but the finalization has to come before a meeting of the Council.

MR. MAJEWSKI: My only action was that you could

reconsider the action adopting this report, but I cannot see why you wait three months.

This report will be used in many places in the Congressional Halls and people will put their own interpretations on it and you will regret the delay because of protocol. I see no reason for delay.

You have the authority now, as I remember it, to interpret these figures, but because you had a different opinion you did not do it.

CHAIRMAN HALLANAN: I think the only way we could channel that consideration would be for Mr. McCollum to have his committee meet. We certainly could not do it in an ex parte proceeding here.

Mr. McCollum, what is your wish about the matter?

MR. MC COLLUM: Let me offer a possible solution. Could we reconsider the action of this Council in adopting this report, holding its adoption in abeyance, with a request from the proper source that an interpretation be placed on these figures before they are released? We can get that back to you before three months. What you do with it, of course, will be your decision.

MR. JONES: Does that not simply involve withholding the publication of the report, withholding the publication of the report until the interpretations have been supplied by the committee? If it is in order, I so move.

CHAIRMAN HALLANAN: Mr. Jones, the first motion would be the reconsideration of the motion.

MR. JONES: No, I don't think I would suggest the reconsideration of the report. It is in our hands already; we have it. So far as it goes, we have adopted it, but to withhold its publication. That is what is worrying Barney.

MR. MAJEWSKI: I think we have to reconsider the action you took so as to make this for the time being invalid.

You mean withholding publication? Each one of us has it. I am not going to interpret it with the action you are taking that you are going to interpret it.

Certainly a man is a fool to make his interpretation when the committee is going to do it.

I second the motion to reconsider the action taken in approving this report.

MR. MC COLLUM: If you do not reconsider withholding the report, it seems to me you ought to reconsider and not adopt the report and then you can instruct us if you so wish to interpret it.

CHAIRMAN HALLANAN: Mr. McCollum moves that the vote by which this report was adopted be rescinded.

MR. MAJEWSKI: I second that.

MR. JACOBSEN: Does that mean Mr. Stewart cannot use the information?

CHAIRMAN HALLANAN: I do not think it precludes Mr.

Stewart from having access to the report. It certainly means that the report has not become a final adoption of the Council.

All in favor of Mr. McCollum's motion will indicate by saying aye.

(The motion, duly made and seconded, that the vote by which the report was adopted be reconsidered, was unanimously adopted)

CHAIRMAN HALLANAN: Gentlemen, that leaves us in the position where the report is before us, but without action. Mr. Jones now moves that the committee be continued for the purpose of giving its interpretation to the factual data embraced in the report.

FROM THE FLOOR: Seconded.

CHAIRMAN HALLANAN: All in favor will indicate by saying aye.

(The motion, duly made and seconded, that the committee be continued for the purpose of giving its interpretation to the factual data in the report, was unanimously adopted)

MR. BROWN: We will take every step possible to avoid the release of this report, but there probably are one hundred seventy-five of them scattered around now, so it is a practical impossibility to avoid the release of these figures.

MR. MC COLLUM: What is that, Jim?

MR. BROWN: There are probably one hundred seventy-

five of these reports scattered around on top of having gone out to your committee.

In fact, the figures are being used in some other reports to come out.

Anyway, I want you to recognize the practical problem of avoiding public distribution.

MR. MAJEWSKI: What harm would it do in appearing as a preliminary report in the press when you have not adopted the report? That is the reason you took this action. You don't have to say to the press anything. Just say this is not the final adoption of it.

CHAIRMAN HALLANAN: It is not the report of the Council.

We will do the best we can under those circumstances. That is all we can do.

Then in this hectic time of atomic energy and hydrogen energy and radio and radar, we have had a committee that has given a great deal of time to the study of the use of radio and radar in the petroleum industry.

It has been a terrific undertaking, but one whose importance I think will impress you in connection with the report which is now being given to you.

I want to express my appreciation and gratitude to the members of this committee who have gone into this very technical subject so thoroughly.

Mr. Littell is chairman of this committee on use of radio and radar. Will you now, Mr. Littell, present the report of this committee?

(The report of the National Petroleum Council's Committee on the Use of Radio and Radar was submitted by F. W. Littell, chairman, and is as follows:)

CHAIRMAN HALLANAN: Gentlemen, you have heard the recommendations embraced in the report submitted by Mr. Littell.

Are there any remarks?

MR. JONES: The report does not really need the approval of the Council. It is a very voluminous thing. I think the order of business would be to receive the report.

CHAIRMAN HALLANAN: In the ordinary procedure we adopt the report as the work of the committee of the counsel.

However, it can be received or treated in such a way as you see fit.

I will say Mr. Littell and Joe Keller have done a great amount of reserach work and have given a lot of time and effort to this report. I think it represents a very worthwhile document.

MR. JONES: I don't suggest that we wouldn't approve it, but it is a very formidable document.

CHAIRMAN HALLANAN: I do not think there is much they could convict us on here. The question is the adoption of the report. Mr. Jones moves its adoption.

(On motion duly made and seconded, the report of the National Petroleum Council's Committee of the use of Radio and Radar was unanimously adopted)

CHAIRMAN HALLANAN: Now, we pass to the report of the Committee on Shale Oil Policy, Mr. B. A. Hardey.

(The report of the National Petroleum Council's Committee on Shale Oil Policy was submitted by B. A. Hardey, chairman, and is as follows:)

MR. HARDEY: I move the adoption of the report.

CHAIRMAN HALLANAN: You have heard the report of the committee on shale oil policy as presented by the chairman, Mr. Hardey.

Motion has been made for the adoption of the report.

(On motion duly made and seconded, the report of the National Petroleum Council's Committee on Shale Oil Policy was adopted with the following members voting in the negative:

Mr. Majewski

Mr. Robineau

Mr. Warwick Downing).

CHAIRMAN HALLANAN: Thank you very much, Mr. Hardey.

MR. MAJEWSKI: The word on the second page in the last paragraph should be changed from "soley" to "solely". That is the Chinese way of saying solely.

CHAIRMAN HALLANAN: We now pass to the report of the committee on tank truck transportation, Mr. Sam Niness, chairman.

(The following report of the Committee on Tank Truck Transportation was submitted by S. F. Niness, Chairman)

MR. NINESS: Mr. Chairman, this is a progress report. Your committee on tank truck transportation has had

several meetings. We have reviewed the various facilities available for making a census on the number and capacity of tank trucks in the country. We decided on the following plan and have the concurrence of Hugh Stewart. The 1954 census of business as of 12-31-54, now being conducted by the Bureau of the Census, Department of Commerce, covers in detail all the information we need except for one segment of the transportation, namely, the for hire charge.

We are now conducting this survey of the for hire carriers and will combine this with the information secured through the Bureau of Census.

This we believe will be the most accurate and will provide all the data necessary to complete the assignment of our committee.

We are advised that the Bureau of Census figures on tank trucks will be available by midsummer this year.

I want to thank Frank Porter and two members of his staff, Dr. Fry and Jim Brown, for valuable assistance in working out this plan.

That is my report, Mr. Chairman.

CHAIRMAN HALLANAN: Thank you very much, Mr. Niness. You will have another report at a later date, as an interim report.

MR. NINESS: We certainly will.

CHAIRMAN HALLANAN: Thank you very much.

Is Mr. Ed Warren in the room?

MR. WARREN: Here.

CHAIRMAN HALLANAN: Mr. Warren, do you have any comment to make at this time on the cabinet committee on energy supplies and resources policy?

(Comments on Cabinet Committee on Energy and Supplies and Resources Policy by J. Ed Warren, Task Force Committee (Oil and Gas Area).

MR. WARREN: All I can report, Mr. Hallanan, is that the task force is doing the job for the cabinet committee. We have concluded our work. It is on a confidential basis.

I think the only thing good about this report is that it is short and snappy.

Thank you.

CHAIRMAN HALLANAN: In connection with the subject of military petroleum requirements, I would like to present Brigadier General White, Staff Director for the Petroleum Logistics Division, Office of Assistant Secretary of Defense, for Supply and Logistics.

(Comments on Military Petroleum Requirements by Brigadier General W. W. White, Staff Director, Petroleum Logistics Division, office of Assistant Secretary of Defense for Supply and Logistics)

General White: Mr. Chairman and gentlemen:

I am not going to have much to pontificate about

today, primarily because the two industry committees who have been working so ably on our problems are in the throes of completing their reports on which we will have considerable to say, I am sure, at the next meeting.

I want to just take this opportunity, however, to publicly thank all of those people in the Military Petroleum Advisory Board and its several committees for the continuous and very hard labor that they have been performing to bring the new supply and demand study to a conclusion within the deadline that they were asked to accomplish it.

I also want to take this opportunity to thank the members of the Foreign Petroleum Supply Committee for the really monumental job that they did for the Department of Defense in assembling an atlas of petroleum storage facilities worldwide which will cover, or has covered over three thousand pages of data.

As a matter of fact, the books that are being assembled now I understand are going to weigh a ton and a half, so that the material must be extremely heavy.

Thank you, gentlemen.

CHAIRMAN HALLANAN: Thank you, General.

In connection with the subject of military petroleum procurement we are delighted again to have Colonel Arnold C. Gillam, Director of the Armed Services Petroleum Purchasing Agency, with us. I know Colonel Gillam indiscussing the matter

last night indicated that beyond the general scope of this session there were some matters that he regarded as more or less personal that he felt he probably should touch upon in his remarks this morning.

Gentlemen, I am happy to present Colonel Gilliam.

REMARKS OF COLONEL ARNOLD C. GILLIAM,
DIRECTOR OF ARMED SERVICES PETROLEUM
PURCHASING AGENCY, ON THE SUBJECT OF
MILITARY PETROLEUM PROCUREMENT.

COLONEL GILLIAM: Mr. Chairman, gentlemen:

Someone made the remark last night I am not getting any smaller. You know it has taken me three years getting down from three hundred pounds to two hundred fifty, but with many more fine meals like last night, I will be up to three hundred.

Much as I enjoyed it, I have to watch that waist line.

Since I was privileged to address the Council last fall, ASPPA has almost completed its purchases for 1955 fiscal year petroleum requirements. The current contract coverage for five major groups of fuels is shown on the chart in red, superimposed on the total requirements for this year.

Well, one of my secrets has already dropped off, which I was going to give you later, but often the question comes up about, well, the government is not a very good customer, we are

not buying all the production that you plan to, or get up and tell the Council.

By this top figure you can see our total requirements, this year being Navy special and other residuals, diesel oil, motor gasoline, jet fuel, and oil aviation products, except jet fuel.

You will notice we have actually placed contracts for about better than ninety-five percent of what our anticipated requirement was for the 1955 year.

the difference is not due to lack of offers, but to the department's desire to retain a small degree of purchase flexibility to provide for storage capabilities or unforeseen requirements changes.

For example, on jet fuel, a week ago Friday we opened bids for about thirty million barrels of jet fuel. The response from industry was almost twice that of our requirements.

It should, however, be understood that this thirty million barrel invitation covered a six-month period, from April 1 through 30 September. Our purpose in this purchase schedule is to level out the workload, not only for ASPPA, but, we hope, for industry as well.

From now on avgas contracts will usually be on a July-January basis; jet fuels on April-October.

We realize that there are certain disadvantages,

mostly statistical, in purchasing on other than a fiscal or semifiscal year basis.

However, we believe from our experience with handling regional contracts for deliveries to posts, camps, and stations, that the advantages in staggering the contract periods will much more than offset the disadvantages.

Now, for some fresh news: Today we are able to give you a glimpse of the 1956 fiscal year requirements for the major bulk fuels. It is not yet possible to quote firm figures, since budget details are still classified. But on the chart you can see the requirement trends between 1955 fiscal year and 1956.

Take the first one on aviation gasoline for one hundred, one hundred fifteen, and ninety-one. You can see that the requirements have changed very little.

However, in a discussion with General White I would like to make an observation to you gentlemen which I think is important, that that requirement of aviation fuels consisted better than sixty-five percent of one hundred fifteen.

On the jet fuel you will notice that the 1956 fiscal year shows an increase of about twenty percent over last year.

Motor gasoline is to be decreased twenty percent parallel to the reduction in troop strength and changes in type of activities.

Diesel oils and residuals, including Navy special, show little change.

Overall, an increase of about seven percent is indicated, due primarily to the growing requirements for jet fuel. This increased military demand for jet fuel should be of interest particularly to small refineries, most of whom have, at best, limited facilities to make high octane avgas or combat grade motor gas.

Although ASPPA buys less than seven percent of total U.S. output of products of the petroleum industry, our purchases from many small refiners are a much larger percentage of their total output. This is a healthy situation, for the government, as well as for industry, since it provides a broader mobilization base.

However, for these smaller refineries to be of real value in the mobilization base, they should be modern. As you well know, modernization of refineries make them better able to compete for current commercial and government business.

It also means that they can do a better job for the country when the chips are down.

In this connection, during the past several years, many refiners, both large and small, were allowed rapid amortization for tax purposes and also were given assistance in obtaining priorities for materials. This governmental

policy helped to stimulate the building of an efficient, modern industry. We in ASPPA were happy to see this, as were all military people concerned with petroleum capabilities for war.

Regarding our current purchasing activities, I should like to mention briefly a couple of matters that should be of interest to industry. The first is the matter of compliance with instructions when submitting formally advertised bids. We try to screen the bids for apparent mistakes, but, with our growing workload, the job is becoming more difficult. Examples of the type of mistakes we try to catch are:

a. Unit prices are entered in the bid exclusive of all taxes when the invitation provides that unit prices are to include certain taxes.

I remember one incident that happened a few weeks ago, that one could almost lose an approximately three million barrel jet bid on account of that one mistake. Fortunately Mr. Lafortune was in town and called my attention to it. We were able to get a general counsel ruling and he got the bid.

I am pointing this out to show the importance of complying with the instructions.

b. The bid price is entered on the wrong line and hence is applicable to a different item than

intended by the bidder.

c. The bid price entered is applicable to a different kind, type, or grade of product than is specified in the invitation.

Such mistakes can be costly to a bidder. He may fail to receive an award which would have been his if the mistake had not been made; or he may receive the award as low bidder on an item for which he did not intend to bid.

Other mistakes which may be costly are late bids which, of course, ASPPA cannot consider, and failure of a contractor to serve prompt notice on the contracting officer of application of a change in posted prices.

Although ASPPA will continue to do its best to screen all bids for mistakes, such screening requires time and results in delay in making awards. Therefore, since the bidder has the primary responsibility and interest for screening mistakes, I earnestly request that you emphasize to your employees who prepare bids to check them carefully for accuracy.

Yesterday afternoon I was called over into the office of the Secretary of Defense on a matter on which there has been a great deal of concern, which Mr. Hallanan mentioned a while ago. We have had a series of complaints recently from the petroleum industry. One of the things I promised when I took over as Director of the agency is that ^{at} all times I would

do my very utmost to see that all was given fair play treatment.

But these complaints coming up, a series of them recently, of course, I am greatly concerned as well as the office of Department of Defense. Some of these complaints are procedures or administrative matters which I strive to better.

I feel as far as the market conditions I am the one man that is your contact, but often when I hear these things lately, I don't know which way the attack is coming from.

I have set up with the approval of Mr. Hallanan the date of the 25th of February when I would like to have representatives from any companies that feel that we might sit down around a table and try to work up a better system of procedures.

If we have been guilty of unethical procedures, or it may appear that way, we certainly want that clarified because you are the people that are furnishing us our requirements and it is not any intent on my part, or, I think, anyone else in government, to use any unethical practices, but sometimes they may appear that way when they have not been properly aired out.

Since I have been in ASPPA I have had many complaints and when we sat down around the table, got to the bottom of it, and looked at both sides of the picture, we have

been able to resolve it.

So, number one, I would like to encourage the one principle that my door is always open. I have recently issued a policy to all my buyers and key officers that any time anyone from the industry comes in and has a complaint, I want to take time to sit down and talk it over.

So I would like to encourage all of you that may have something administratively or in any other way that we can help make a better relationship, to send someone from your marketing, from your personnel, that deals with government, to meet with me on the 25th of February at which time I would like to know if anyone that is designated to represent you is coming in to attend this meeting.

If There is anything we can do to better that situation, I am all for it.

Another matter of present concern is cutting down on paperwork. This, as you know, our invitation bid contract, et cetera, have several pages of standard contract provisions. In other words, we send you out five copies of contracts and we attach to each one of them a complete set of these standard provisions, which just increases our administrative workload.

I am going to sit down and write every man on our bidders' list a letter enclosing three copies of these standard clauses which we request that you maintain in your files permanently and from then on out we will not burden you

with sending out these standard provisions.

I hope what I have had to say today will be helpful in our relations with you.

I also hope that you will see fit to invite me back to the next Council meeting. It is certainly now, as always, a pleasure for me to meet with you gentlemen of the petroleum industry.

Thank you.

(Applause)

CHAIRMAN HALLANAN: Colonel, do I understand, then, that you have definitely set this date at which time you will ask anyone who has a complaint or suggestion.

COLONEL GILLIAM: Yes, sir; February 25, ten o'clock in the morning.

CHAIRMAN HALLANAN: Will you notify the companies?

COLONEL GILLIAM: I would like this to be the announcement. If they will notify me I will set up the agenda.

CHAIRMAN HALLANAN: Thank you very much, Colonel Gilliam.

Gentlemen, the Military Petroleum Advisory Board, of course, has continued its operations. We are always glad to be advised as much as we consistently can in view of the security regulations, of the progress being made by that organization.

Mr. Keeler is chairman of the Military Petroleum Advisory Board.

Mr. Keeler, do you have any report to make to us this morning?

(Remarks of William W. Keeler, Chairman,
Military Petroleum Advisory Board)

MR. KEELER: Mr. Chairman, tomorrow will be a milestone for the Military Petroleum Advisory Board. We will have together for the first time a complete balance of all of the facts and figures that go together to make up our report to the military.

In view of our discussion this morning on the availability report, I feel sure we will want to draw a pretty fine bead on all of the interpretations we will start making tomorrow because I figure that it is going to be complicated in view of the fact that we have worldwide balance to consider and we also have in addition to the production, the transportation and refining situation, to try to reconcile and get it down in a report that will be usable to the military and will represent actually the facts of what the oil industry will be able to do.

I am sure that as soon as that report is in their hands that they may or may not, but I am sure they will probably want to make a report to the Council.

Thank you for the opportunity to make this statement.

CHAIRMAN HALLANAN: Thank you, Mr. Keeler.

Secretary Wormser, you have had an opportunity to listen to various reports and comments that have been presented this morning. I know they have covered a pretty wide field of interest and activity.

We are delighted to have you here as representative of the Interior Department. Certainly we shall be glad to have any advice or suggestions or comments from you in relation to the work of the Council, or anything that you think we might do to expand or improve our activity.

Gentlemen, I am happy to present Secretary Wormser.

(Applause)

**REMARKS OF HONORABLE FELIX WORMSER, ASSISTANT
SECRETARY OF THE INTERIOR (MINERAL RESOURCES)**

MR. WORMSER: Mr. Chairman and friends:

18, ~~I~~ I think I have trespassed enough on your time last night, so I don't propose to take more than a minute today.

But I do want to express my appreciation for these fine reports which keep up to the standard of excellence to which I have grown accustomed in the year I have been down here. They are of inestimable help to us.

As you can imagine, when you put your professional, economic, scientific thinking behind some of these problems that plague us and give us the benefit of your judgment, it saves us an enormous amount of time. I and the Secretary are

deeply appreciative.

Let me conclude by correcting some misapprehensions that you may have had from the Secretary's remarks earlier this morning.

In fact, I am glad he is not here, so I can say this. We have a great Secretary of the Interior. Despite his disparaging remarks. It is a great privilege to be associated with him. I have seen the year and a half that I have been down here his courage, and you have seen it exemplified in the various areas over which his responsibility extends. It has been not only a privilege to see his Americanism at work, his fearlessness in coming to grips with problems that are painful at times, that we know will bring about political repercussions, but, after all, with the serious predicament of this country, internationally, not to say the areas in which this present administration disagrees with things that have been done heretofore, to my mind it is a wonderful thing to have Douglas McKay at our head.

I merely want to take this opportunity publicly to say so.

Thank you, Mr. Chairman.

(Applause)

CHAIRMAN HALLANAN: Mr. Hugh Stewart, do you have some report to make as director of the oil and gas division.

(Remarks of Hugh A. Stewart, Director, Oil and Gas Division)

MR. STEWART: Mr. Chairman and gentlemen:

19. // I will try to keep my comments very brief, because I really don't have too much to say to this Council.

You notice there was one request for additional studies, that on imports. We have other requests which I know are coming up and which will lead to additional requests to the Council.

But in the view of the vast amount of work which the Military Petroleum Advisory Board has been carrying on for the past five months, those requests have not been properly defined. That board tomorrow takes up its first study, the first report under its new charter. Out of that I am sure will come a series of problems.

Because of the pressure that the board has been under to try to complete its work and to meet the deadlines established by the military, they have had to make certain assumptions, those assumptions would appear to be entirely within the limits of probable required action.

However, because we are facing problems today under threat of atomic or nuclear energy attack, we have to make an entirely different type of study than we ever did in the past.

As a result, we probably will not have sufficiently detailed or accurate information in many areas. Consequently,

as soon as the board's final report is fully digested, we undoubtedly will ask for additional reports.

Referring to the interim report presented by Mr. Niness on the tank truck survey, it developed in the early stages of that program that the Bureau of Census was already undertaking one survey or one census that would require, if duplicated, a tremendous amount of work on the part of your tank truck survey committee, and your work could not hope to be as complete in detail as we expect to get through the census.

As a result, it appeared most desirable to relieve your committee of that one phase of detail and to have that committee work with the Bureau of the Census to make sure that the information that could be derived from their work would be available at an early time and would be set up in a form that would be most helpful to our current needs.

In line with that Mr. Niness and I have an appointment with Director Albright of the Census on Friday morning to work out the details of just how they can cooperate with us in getting the results that we need.

One other point, I wish to reinforce and supplement and add to and do anything I can to back up the comments made by General White with respect to the work of the Military Petroleum Advisory Board and the foreign petroleum supply committee.

We have had in recent weeks committee after committee

and panel after panel of the Petroleum Advisory Board in the offices and I have found those men working most any time of the night trying to get the work completed. When you watch them you think that they are working for industry instead of working for the government because that is the way I have seen them work in the days gone by. They are working that way now. All day today they will be at work trying to get ready for the meeting tomorrow.

I am looking forward to tomorrow with a great deal of interest.

As the last point, next Friday morning, Secretary Wormser and I have the privilege of going before the House Appropriations Subcommittee to present the budget for the oil and gas division and for the administration of the economy act.

This year for the economy act enforcement we are requesting one hundred and forty thousand dollars, which is the same appropriation given us last year and for the oil and gas division, two hundred and fifty thousand dollars, which is the amount that the Congress appropriated last year.

We will be in the laps of the Appropriations Committee as to our future. //

Thank you.

CHAIRMAN HALLANAN: Mr. Brown, will you present your recommendations as to the budget?

(Remarks of James V. Brown, Secretary-Treasurer,
National Petroleum Council)

MR. BROWN: You just mentioned the budget. I have that problem right now and would like to ask you to authorize a budget of eighty-five thousand dollars for this current calendar year.

During the past year you may recall I said our disbursements were \$99,716, but eighteen thousand dollars of that was a transfer.

So our actual expenditures during the year were about eighty-two thousand dollars.

You authorized eighty-five thousand dollars last year. I have lived within that. I would like to be a little bit more extravagant if I may this year and spend eighty-five thousand dollars.

Perhaps you may have observed we had quite a trick getting these reports out yesterday. It looks like we made a few mistakes. We are a little bit handicapped for manpower and I might need another person.

I even need over eighty-five thousand, but if you authorize eighty-five thousand I assure you I will live within it.

MR. JONES: I move the approval.

FROM THE FLOOR: Seconded.

(The motion, being duly made and seconded, was

put to a vote and unanimously carried)

CHAIRMAN HALLANAN: Is there any new business before the Council?

MR. JONES: I move we adjourn.

CHAIRMAN HALLANAN: Before that motion is put, I would like to know your reaction to the thought I have that our future meetings, that we should attempt to convene them at nine-thirty in the morning instead of ten o'clock.

Is there anyone who would have violence done to them by any such change?

I think perhaps we could get started a little earlier. I know there are many who would like to get away during one session.

If it meets with your approval, I think in the future we will try to convene our meetings at nine-thirty in the morning.

MR. JONES: Would you like a motion?

CHAIRMAN HALLANAN: No motion. A motion to adjourn is in order. All in favor signify by saying aye.

(Thereupon, at 12:15 o'clock p.m., on motion duly made and seconded, put to a vote and carried, the Council was adjourned).

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