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DEPARTMENT OF THE INTERIOR

IN THE MATTER OF:

MEETING OF NATIONAL PETROLEUM COUNCIL

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DEPARTMENT OF THE INTERIOR

MEETING OF NATIONAL PETROLEUM COUNCIL

Department of Interior Auditorium
Washington, D. C.
Friday, March 22, 1963

MEMBERS OF THE NATIONAL PETROLEUM COUNCIL:

Mr. R. G. Follis, Chairman (Presiding)

Robert O. Anderson

Earl Baldrige

Munger T. Ball

F. M. Banks

Perry R. Bass

Paul G. Benedum

Fred E. Bergfors, Sr.

Jacob Blaustein

Reid Brazell

J. S. Bridwell

E. D. Brockett

Bruce K. Brown

E. O. Buck

Mark V. Burlingame

Orville S. Carpenter

James Comerford

George R. Copeland

Howard A. Cowden

William F. Crossett

Morgan J. Davis

Harold Decker

J. C. Donnell, II

Warwick M. Downing

James P. Dunnigan

Paul Endacott

Thomas J. Fountain, Jr.

Stark Fox

George F. Getty, II

George T. Goggin

E. I. Graves

Russell H. Green

Jake L. Hamon

B. A. Hardey

John Harper

John E. Heyko, Jr.,

(President, American Gas Association)

Paul N. Howell

Frank N. Ikard

(President, American Petroleum Institute)

Harry A. Jackson

A. Jacobsen

Charles S. Jones

J. Paul Jones

Paul Kayser

W. W. Keeler

L. E. Kincannon

John M. Kindle

Arthur C. Kreutzer

- Augustus C. Long
- D. K. Ludwig
- H. M. McClure, Jr.
- L. F. McCollum
- D. A. McGee
- W. J. McWilliams
- William G. McGuire
- B. L. Majewski
- J. Howard Marshall
- Don H. Miller
- R. L. Milligan
- J. Mitchell
- Charles H. Murphy, Jr.
- Albert L. Nickerson
- Glenn E. Nielson
- S. F. Niness
- John F. O'Shaughnessy
- Ed Parkes
- J. R. Parten
- L. T. Potter
- M. J. Rathbone
- C. Pratt Rather
- A. S. Ritchie
- M. H. Robineau
- Roland V. Rodman

A. H. Rowan

A. C. Rubel

Thomas J. Scott

E. Morris Seydell

W. C. Smith

Monroe E. Spaght

Charles E. Spahr

E. L. Steiniger

F. M. Stevenson

(President, American Association of Oilwell Drilling
Contractors)

Henderson Supplee, Jr.

John E. Swearingen

H. A. True, Jr.

(President, Rocky Mountain Oil & Gas Association)

W. W. Vandever

William M. Vaughey

(President, Mid-Continent Oil and Gas Association)

Richard L. Vockel

H. R. Wagner

J. Ed Warren

Everett F. Wells

W. C. Whaley

John H. White

S. D. Whiteman

J. H. Williams, Jr.
(President, National Oil Jobbers Council, Inc.)

Robert F. Windfohr

John G. Winger

George S. Young

Also Present:

Hon. Stewart L. Udall, Secretary of the Interior

Hon. John M. Kelly, Assistant Secretary - Mineral Resources
(Office of Oil and Gas)

Jerome J. O'Brien, Director of Office of Oil and Gas

Hon. K. E. Belieu, Assistant Secretary of Navy

Vincent Brown, Secretary, National Petroleum Council

P R O C E E D I N G S

CHAIRMAN FOLLIS: Gentlemen, the meeting will come to order, please.

We will have the roll call. We have several new members, and when their names are called I would appreciate it if they would stand so that I can introduce them.

MR. V. BROWN: If you are here as an observer for a Council member, would you give me your name, please?

MR. HEYKE: *Joseph Lackey*
~~John Heyke~~, for Robert Anderson.

MR. V. BROWN: Mr. Baldrige.

~~MR. BALDRIDGE: Here.~~ *not present*
Mr. Ball - here

MR. V. BROWN: Mr. Banks.

Mr. Bass.

Mr. Benedum.

Mr. Fred Bergfors.

MR. BERGFORS: Fred Bergfors, Jr., representing Fred, Sr.

MR. V. BROWN: Mr. Blaustein.

~~MR. BLAUSTEIN: Here.~~

MR. V. BROWN: Mr. Brazell.

~~MR. BRAZELL: Here.~~

MR. V. BROWN: Mr. Bridwell.

Mr. Brockett.

Mr. Bruce Brown.

~~MR. B. BROWN: Here.~~

MR. V. BROWN: Mr. Buck.

— MR. BUCK: Here.

MR. V. BROWN: Mr. Burlingame.

— MR. BURLINGAME: Here.

MR. V. BROWN: Mr. Carpenter.

— MR. CARPENTER: Here.

MR. V. BROWN: Mr. Comerford. — *alt. Richard J. Murdy*

Mr. Copeland.

Mr. Cowden.

— MR. COWDEN: Here.

MR. V. BROWN: Mr. Crossett.

Mr. Davis.

— MR. DAVIS: Here.

MR. V. BROWN: Mr. Decker.

MR. JAMISON: Minor Jamison, for Harold Decker.

MR. V. BROWN: Mr. Donnell.

MR. KIMBLE: *Harold L. Kennedy*
~~Earl Kimble~~, for Mr. Donnell.

MR. V. BROWN: Mr. Downing.

— MR. DOWNING: Here.

MR. V. BROWN: Mr. Dunnigan.

MR. MYERS: *Norman*
~~Herman~~ Myers for Mr. Dunnigan.

MR. V. BROWN: Mr. Endacott.

— MR. ENDACOTT: Here.

MR. V. BROWN: Mr. Follis.

— CHAIRMAN FOLLIS: Here.

MR. V. BROWN: Mr. Fountain.

Mr. Fox.

Mr. Getty.

MR. ^{J. A. Rankin}~~RANKIN~~: Mr. Rankin for George Getty.

MR. V. BROWN: George Coggin.

Mr. Graves.

Mr. Green.

— MR. GREEN: Here.

MR. V. BROWN: Mr. Hamon.

— MR. HARDEY. ^{came late} — present

Mr. Harper.

MR. HARPER: Here.

MR. V. BROWN: John Heyke.

MR. WISE: Frank Wise, for Mr. Heyke.

MR. V. BROWN: Thank you.

Mr. Howell.

MR. HOWELL: Here.

MR. V. BROWN: Mr. Ikard.

MR. IKARD. Here.

CHAIRMAN FOLLIS: Mr. Ikard, would you stand up?

Mr. Ikard is President of the American Petroleum
Institute.

We welcome you to the Council, Mr. Ikard.

MR. V. BROWN: Mr. Jackson.

MR. KOSSEW: ^{Casden}~~J. Kossew~~ for Mr. Jackson.

MR. V. BROWN: Mr. Jacobsen.

Mr. Jones -- that is Mr. Charles Jones.

J. Paul Jones.

Mr. Kayser.

Mr. Keeler.

Mr. Kincannon.

MR. O'HARA: ^{Donald C.} John O'Hara. for Mr. Kincannon

MR. V. BROWN: Mr. Kreutzer. Mr. Kindle.

Mr. Long.

MR. PITKIN: ^{James H.} Pitkin for Mr. Long, who is on a trip
out of the country.

MR. V. BROWN: Mr. Ludwig.

Mr. McClure. - Here (late)

Mr. McCollum.

MR. MC COLLUM: Here.

MR. V. BROWN: Mr. McGee.

Mr. McWilliams.

MR. MC WILLIAMS: Here.

MR. V. BROWN: Mr. Maguire.

MR. PAUL: ^{Falch} Edward Paul for Mr. Maguire.

MR. V. BROWN: Mr. Majewski.

MR. MAJEWSKI: Here.

MR. V. BROWN: Mr. Marshall.

MR. MARSHALL: Here.

MR. V. BROWN: Mr. Miller. - Here

Mr. Milligan.

MR. MILLIGAN: Here.

MR. V. BROWN: Mr. Mitchell.

Mr. Murphy.

MR. MURPHY: Here.

MR. V. BROWN: Mr. Nickerson.

Mr. Nielson.

Mr. Niness.

MR. NINESS: Here.

MR. V. BROWN: Mr. O'Shaughnessy.

Mr. Parkes.

Mr. Parten.

Mr. Potter.

Mr. Rathbone.

MR. RATHBONE: Here.

MR. V. BROWN: Mr. Rather.

Mr. Ritchie.

Mr. Robineau.

MR. ROBINEAU: Here.

MR. V. BROWN: Mr. Rodman.

Mr. Rowan.

Mr. Rubel.

Mr. Scott.

MR. SCOTT: Here.

MR. V. BROWN: Mr. Seydell.

MR. SEYDELL: Here.

MR. V. BROWN: Mr. Smith.

Mr. Spaght.

MR. KAY: *J. Hayes*
Frank Kay, for Mr. Spaght.

MR. V. BROWN: Mr. Spahr.

MR. MC CONNELL: *E. B.*
~~L. A.~~ McConnell for Mr. Spahr.

MR. V. BROWN: Mr. Steiniger.

MR. STEINIGER: Here.

MR. V. BROWN: Mr. Stevenson.

MR. STEVENSON: Here.

CHAIRMAN FOLLIS: Mr. Stevenson, would you stand,
please?

Mr. Stevenson is President of the American Association of Oilwell Drilling Contractors.

MR. V. BROWN: Mr. Supplee.

MR. WEBB: *Leslie A.*
Mr. Webb for Henderson Supplee.

MR. V. BROWN: Mr. Swearingen.

MR. FARRELL: R. J. Farrell for John Swearingen.

MR. V. BROWN: Mr. True.

MR. TRUE: Here.

CHAIRMAN FOLLIS: Mr. True, would you stand?

Mr. True is President of the Rocky Mountain Oil and Gas Association.

MR. V. BROWN: Mr. Vandever.

Mr. Vaughey.

Mr. Vockel.

MR. VOCKEL: Here.

MR. V. BROWN: Mr. Wagner.

MR. WAGNER: Here.

MR. V. BROWN: Mr. Warren.

MR. WARREN: Here.

MR. V. BROWN: Mr. Wells.

MR. WELLS: Here.

MR. V. BROWN: Mr. Whaley.

Mr. White.

Mr. Whiteman.

MR. WHITEMAN: Here.

MR. V. BROWN: Mr. Williams.

Mr. Windfohr.

Mr. Winger.

MR. WINGER: Here.

MR. V. BROWN: Mr. Young.

CHAIRMAN FOLLIS: Gentlemen, that is the roll call.

You have all had the minutes of the last meeting.

If there are no additions or corrections, does
somebody care to move approval of this?

MR. MAJEWSKI: I so move.

FROM THE FLOOR: Second.

CHAIRMAN FOLLIS: All in favor say Aye.

(Chorus of Ayes)

CHAIRMAN FOLLIS: Opposed.

(No response)

CHAIRMAN FOLLIS: At the last meeting, gentlemen, you may remember I appointed a committee headed by Mr. Majewski to prepare a statement of the appreciation and affection of this Council to Walter Hallanan for the years of service and devotion that he had given to it, and for the friendship that he had given to all of us.

Last December Mr. Hallanan passed away, and I was obliged to ask Mr. Majewski to change his statement which we had hoped would be ⁱⁿ on a very personal vein, and which might be read at a dinner which Secretary Kelly and I had planned to hold after this meeting in honor of Walter Hallanan.

However, that was not to be, and Mr. Majewski has a memorial resolution which I would like to ask him to read.

cmc 1
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MR. MAJEWSKI: ^{Sims} Walter Sims Hallahan, a

valued and highly respected member of the oil and gas fraternity, passed away after a long illness on Friday, December 28, 1962, thus bringing to a close fifty-five years of useful and devoted service to the people of America and to the Government of the United States. He was laid to rest in the Spring Hill Cemetery after services at Christ's Methodist Church, ^{at Charleston, W. Va.} since its creation in 1946.

He was ^{West} a ~~Virginia~~ Virginian, who, although a national industrial and political figure for many years, still maintained his home and his interests in his native state.

The son of a country doctor, Walter Hallahan was born in Huntington, West Virginia, April 28, 1890. He attended the public schools there, and later attended Morris Harvey College, which ^{was then} ~~is~~ a small Methodist school located in ^{Near Barboursville} ~~or near Barboursville~~, but now a large institution of higher learning in the capital city of Charleston.

At the age of 17 he became a cub reporter on the Huntington Herald. Two years later he was managing editor of that newspaper, a position he held until 1913 when he became Secretary to Governor H. D. Hatfield of West Virginia .

In 1917 at the close of Governor Hatfield's term of office he was appointed State Tax Commissioner.

At the conclusion of his six-year tenure in that

Walter Sims Hallahan, Chairman of the Petroleum Council

office, he became identified with the oil and gas industry, and in 1923 ^{M.} ~~William~~ L. Benedum, and others, organized the Plymouth Oil Company. ←

He was elected its first president and served continuously in that capacity for 37 years. Under his management Plymouth ^{grew} ~~grew~~ into one of the larger and more successful independent ~~and~~ integrated oil companies of this country.

Walter Hallanan's interest in politics and public ~~office~~ affairs did not cease with his entry into the oil business. He was elected to the West Virginia State Senate in 1926, and in 1928 was elected as West Virginia's member of the Republican National Committee, a post he held until his death. ↗

He was Chairman of the Committee on Arrangements of the Republican National Convention of 1948 and 1952, and presided at the ¹⁹52 Republican National Convention which nominated President Eisenhower to that position.

During World War II he served on the Petroleum Industry War Council, and when its peacetime successor, the National Petroleum Council, was established in 1946, he was elected its first Chairman and reelected ~~for~~ fifteen consecutive times, resigning last summer for reasons of health.

"The goal is nothing, the road ^{you} ~~to~~ travel to win, is everything."

Sims
Verily this truism applies to Walter Sims Hallanan,

who properly insisted on and maintained ^{the} National Petroleum Council's independence.

He came by ^{that} the insistence naturally, even by birth.

A long time back The people of West Virginia chose as their State motto, "ⁱ Montana ^{er} ^{id} Semp^re Lib^ra" -- "Mountain men are always free."

Surely Walter Hallanan qualif^{ied} ~~ies~~ as a mountain man. He was an independent, among independents in the industry. That prov^d to be an excellent asset. From his vantage point he was able to so guide the Council that he ^{kept} ~~took~~ normally rugged individualists from large companies and small ⁱⁿ ~~from~~ every part of the nation and made of them an efficiently working whole.

The National Petroleum Council became a group of experts who could and did give invaluable service to their government by furnishing information and advice on those matters where petroleum was involved in national security and in national defense.

Far beyond being an industry independent, though, Walter Hallanan was an American independent, a man born with a love of freedom and with a dedication to the rights of his fellowmen.

^o These are virtues, indeed, in these days.

When Walter Hallanan was chosen as presiding officer at the inception of the Council, he said firmly, "I want it

understood, though, that this is a temporary position which I am assuming." Perhaps never before in history has there been such a permanent temporary position, *and*

↳ Subsequent actions and events proved beyond doubt this has been all *to* for the good *for both* of the Council and *for* the government, that the Council has so ably helped.

The great contribution he made personally to building an outstanding government-industry team has been lauded by all.

At the beginning there was more than a smattering of opposition to the formation of the Council. Industry and Government has ^d come through the days of World War II with the excellent help of the Petroleum Industry War Council, but the war was over, and there were many who wanted to close up shop and go home.

They could not see the slightest excuse for a peacetime equivalent of the ^ppetroleum ⁱindustry War Council.

Some looked on the suggestion of government and industry might cooperate in solving mutual problems as they *would* look on the suggestion that the lion and the lamb get together for ^a game of tag.

Many were openly loudly suspicious that the government was plotting to dictate to the industry if not to take over completely. There were many others, though, who were convinced that both government and industry could

profit by establishment of a forum of ^{the} ~~this~~ sort, that the National Petroleum Council has so successfully become for the past 16 years.

Fortunately it was these men of faith, and surely Walter Hallanan was in the forefront among them, who carried th ~~this~~ day.

He early demonstrated his own confidence in the ^{close, effective} ideals of ~~beneficial~~ cooperation between government and industry. At the very time that many leaders in the oil industry were predicting that the Council would "wither on the vine" in a matter of months, he signed a five-year lease on office space in Washington.

His courage and his confidence have had their justification now that the Council has become an enduring institution helping both the government and industry.

Walter Hallanan's ^{tact, his understanding, his firm} ~~staunch independence~~ carried the Council through many perilous days. Patience) and his

He kept controversial issues from disrupting the Council and excluded politics completely from Council activities. Always he insisted that there be a focusing on the major issues, the ones that really mattered,

The result ^{has been} ~~being~~ that the Council now commands, as it ~~s~~ deserves, the trust of the industry and of the government, both the legislative and executive branches,

Walter Hallanan gave ^{of} himself unstintingly to this

work, and personally to the several Secretaries of the Interior, and to the Petroleum Administrator for Defense.

The Honorable Oscar L. Chapman, Secretary of the Interior, said to the Council on one occasion, "I have been impressed and inspired by the way you men assume and discharge the responsibilities that ^{came} ~~come~~ when you accepted appointment to this Council. Your work has made this government-industry ^{team} ~~in~~ ^{of} outstanding ~~all~~ ever Washington. I am likewise impressed and inspired by the devotion Walter Hallanan has shown as your leader."

~~The~~ ^{He left} influence of his friendliness, ^{his} willingness and ^{his} helpfulness upon every person with whom he ^{came} ~~had come~~ in contact. ~~However~~ trite as it might sound, yet because of its essential truth, it should be said of him here.

"You achieved success; you filled your niche in life, accomplished your task, and left the world better than you found it. You looked for the best in others, and gave them the best you had."

^{This} ~~The following~~ little poem written years ago by a Catholic Priest, Father Ryan, we are sure depicts our feelings here to day in the loss we have sustained by the passing of our friend and leader, Walter ^{Sims} ~~Hallanan~~.

"There never was a river without its wisps of grass, ^{mist} ~~grass~~,
There never was a forest without its fallen ^{leaf} ~~leaves~~,
and ^{joy may} ~~join in~~ walk beside us down the winding of our way,

When, lo! There sounds a footstep and we meet
 the face that ~~greet~~ ^{of grief,} greets us.

It is with deep personal affection we pay this
 tribute to the memory of a cherished friend.

We do so in abiding faith that we shall be re-
 united some day in some other realm that will be happier
 because he will be there,

and That ^{faith} ~~face~~ ^{occasion} removes from this ~~case~~ all sadness
~~gives~~ ^{fills it with} and gloom and ^{sweetness} and comfort and ~~life~~ ^{light,}

^a faith to which all must cling with more stead-
 fastness because we realize reunion may not be long

deferred for some of us, but we may await ~~on the certain~~ ^{uncertain}

^{though inevitable} ~~A~~ ^{inevitable} call, with calmness and assurance, ~~for reunion with~~
~~our friend Walter.~~ ^{for we know it will summon}
~~us to such a reunion with our friend Walter.~~

Therefore, be it resolved, that the deepest
 sympathy of the National Petroleum Council, and of its

members, be extended to the widow ^{and} daughter and son of the
 deceased in their ^{bereavement and great loss,} ~~great loss,~~ and be it further resolved ~~that~~

this memorial and resolution be spread upon the records
 of the Council, and that an ^{engraved} copy thereof be sent to ~~his~~ ^{the}
 widow and family of Walter ^{Sumins} Hallanan as an expression of the
 deep and heartfelt sympathy.

Mr. Chairman, I would like to suggest the resolution
 be adopted by a solemn standing vote and silent prayer.

(All standing.)

CHAIRMAN FOLLIS: During the interval since last Council meeting, we lost another great member of our industry and loyal and devoted worker of this Council, Frank Porter.

Frank Porter, as you know, was Chairman of the Appointments Committee of the Council when he passed away, and through the years has made many contributions, not only in work but in friendship and in sound judgment and in an effort in every way to contribute to this industry, this country, and this Council.

Mr. Rathbone has prepared an amendment memorial *resolution* for the memory of Mr. Frank Porter.

Mr. Rathbone?

MR. RATHBONE: Mr. Chairman, Mr. Secretary, Gentlemen of the Council.

It is my privilege to present to you this resolution.

The members of the National Petroleum Council, with a sense of the most profound sorrow, note the passing on November 30, 1962, of a beloved colleague, a mighty figure in the oil industry, and their dear friend, Frank M. Porter.

They recognize with deep appreciation the outstanding contribution made by Frank Porter to the work and purpose of the Council -- cooperation between the petroleum industry and the U. S. Government in the interest of this nation's

welfare and security.

As a member of this body since its organization in 1946, he became one of its wisest and most respected members. He served as Chairman of the Appointment Committee for 14 years, and never ceased to give spontaneously and generously of his understanding and good counsel whenever called upon.

Frank Porter had boundless energy and ability, embellished with a genial and warmhearted nature. Through more than three decades in the petroleum industry -- as an independent oil producer, as President of the Mid-Continent Oil and Gas Association, and as President of the American Petroleum Institute since 1950, his gracious and winsome personality won for him the esteem of all who came to know him.

He was, then, a leader among men; an independent oil man respected and loved by all oil men; a true American genuinely proud of his heritage; and always a man devoted and loyal to his family.

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Now, therefore, Be it Resolved that on this, the 22nd day of March, 1963, the members of the National Petroleum Council, meeting in Washington, D. C., express their sincere appreciation for Frank Porter's outstanding contributions; record their very deep sense of loss at his death, and extend their sympathy of his family.

It is
~~and be it~~ further resolved that this resolution be entered upon the permanent records of the Council, and that an appropriate copy thereof be delivered to his family as a remembrance of the love, admiration, and respect which we shall always have for him.

Gentlemen, I offer this resolution.

CHAIRMAN FOLLIS: Gentlemen, you have heard the resolution.

Is there a second?

FROM THE FLOOR: Seconded.

CHAIRMAN FOLLIS: I think it would be appropriate if we accepted the resolution with a standing vote.

(Resolution accepted by a standing vote.)

CHAIRMAN FOLLIS: We have a very full agenda today, gentlemen. We have a number of reports which are now ready.

We have a number of people whom we will have an opportunity to hear, and we have several matters involving our by-laws and ~~our~~ general administration of our Council business, which I wish to discuss with you,

However, in deference to our distinguished visitors, and particularly to our Co-Chairman, I would like to defer that and call on our Co-Chairman, who requires no introduction, Secretary Udall.

(Applause)

STATEMENT OF THE HONORABLE STEWART L. UDALL,
SECRETARY OF THE INTERIOR

SECRETARY UDALL: Thank you very much, Chairman Follis.

I particularly appreciated the opportunity to be present at the testimony and tributes that were presented to Walter Hallanan and Frank Porter, and I should like to add my own sentiments.

I worked closer with and knew Walter better than Frank, but each of them in his own way was a stalwart, each it seemed to me represented the very best of the American business community. They were public-spirited men who gave unstintingly of their effort, and I think that these are the type of men that have made our country as strong as it is.

I should like also to add another tribute to those, if I may, because another loss that was sustained to the country and to your industry was that of Senator Bob Kerr, who died a couple of months ago unexpectedly.

We had him as a Member of Congress, and as Secretary, I knew him, I worked closely with him, I was on the stump

with him in Oklahoma. I had an opportunity once to go down to his ranch and spend a weekend with him, and I think I knew him quite well.

Here, again, we had a man who was a country boy, basically. That was one of the things I liked about him. He climbed the ladder from the bottom to about as close to the top as you can get.

As you will remember, not long back, he aspired, and probably with the breaks a little bit differently, might have gotten the nomination to run for the Presidency of the United States.

But here was a vigorous man, one who fought hard and fought well, and many of us said at various times, privately and some publicly, that there was not on Capitol Hill a mind that was quicker or that could get to the heart of any problem faster than Senator Kerr's.

We all miss him. We miss him because of what he added personally with his vigor and imagination, but he also made a contribution, both in public life and in his private life in the industry which he served.

I think it only appropriate to have these comments here this morning.

I think I can be very brief, Mr. Chairman, in what I have to say this morning.

We have had, since our last meeting, a confrontation

-- I refer to the events of last October -- that certainly underscores the importance of this Council. The truth of the matter is our side prevailed, and despite some of the recent things that have been taking place, I think history will record what happened as one of the significant events of this decade, and probably century. But we prevailed on our side because we were ready. This is about the sense of it. We were ready. We had courage as a people, as a country. We stood together. And because we had unity of purpose and determination the countries in this hemisphere and the other countries allied with us stood behind us solidly, and this was the essence of it.

I think this underscores the importance of the work and the activity of this Council, because its readiness, its knowing what our capacity is, its knowing what the problems are, and knowing what our potential is that enables us to meet the problems ahead.

In the past few weeks and months our Department, our people, have spent considerable time on trade policy, the whole subject of trade policy, particularly reflecting on petroleum.

Of course, the import program in crude oil and residual oil, I have despaired to make anyone happy as far as some of these programs are concerned, but I think at least maybe we have some stability, and I hope that this will prove

to be something that is beneficial in the long run.

We have in the past few months been concentrating some of our own studies and effort in this field on studies of energy, the whole energy field, and our policy staff study, entitled "Supplies, Costs, and Uses of Fossil Fuels," I am sure many of you have read. I think all of you would find many things of interest in it.

I realize a little better now than I did previously, as the result of a trip I took to the Soviet Union early last fall, the overriding importance of the whole energy field as far as this great world struggle is concerned.

There is no question at all in my mind but that this is the big decisive thing, and it was very apparent to me, in my conversation with Mr. Khrushchev and with his people, that they are very much aware of this fact, that power and strength ultimately derives from the amount of energy that a nation has at its disposal.

Incidentally, Mr. Chairman, I brought back with me a film which was presented to me at my request by Mr. Khrushchev, which covers the electric power field, but you get in this their effort in electric power their philosophy with regard to energy and resources generally. At some future meeting some of you would be quite interested in seeing this presented.

But this is a very vital element of our national

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b1

strength, and I think the studies and the efforts of the Council are going to be needed, and probably more intensively than before, if we prepare properly.

There have been many developments of interest in recent months. I think the big contest that we face always in the energy field is in doing a better job of conservation, because if we conserve our resources better it means we can hold costs down, we can be more efficient, we can be more competitive. It is just almost that simple, to me.

There have been reports, and they will undoubtedly continue, of efforts being made, for example, in the field by the Soviet Union in their attempting to use oil as a bargaining weapon in the economic field, and it was our feeling, and is our feeling in the Department, that your recent report -- I think if I were asked to point to anything the Council has done in the last year, I would say the report on Soviet oil has been of very wide interest in this city, and, among those who make policy. It is the type of careful, thorough analysis that does credit to the Council and those who participated in this study. This is a field that is going to continue to be in the news, I am sure.

There are things on the domestic side which encourage me, too. One of the major companies, one of the members of this Council, presented to me personally this week a study based on research and a lot of additional

research has got to be done considering extraction of oil from the great shale fields in the West. And if this can be pulled out, if it can be done, again we will have an enlargement of our total energy resources available in the country.

It is these types of things, and this type of effort, that I think enables us to look forward in the energy field with optimism, and it is this type of effort that will continue to make our country strong.

So I am very pleased to be with you this morning, Mr. Chairman, all of the members. I hope you have a successful session, and I want to thank you for all the fine work that you have done.

(Applause.)

CHAIRMAN FOLLIS: Gentlemen, we have another distinguished visitor today, Kenneth Belieu, Assistant Secretary of the Navy.

Mr. Belieu, I think this is your first visit to the Council.

Mr. Belieu. That is right.

CHAIRMAN FOLLIS: I am prompted to tell you a little about the Council.

This Council consists of some 90 people who are the chief officers of 90 oil^{and} gas companies and associations. They were appointed by the Secretary of the Interior. They operate on a voluntary basis to render service to the

Government in the field in which they are experts. The result of the reports that have been made on an advisory basis, or factual basis, ^{as} ~~is~~ the result of a request from the Secretary of the Interior, have mounted in man-hours I am sure into the thousands.

Scores of reports have been made and thousands of man-hours of people in the oil and gas industry have been put into the development of those reports.

In addition to that, this Council meets here at its own expense several times a year, and besides rendering its report it has the opportunity to hear from people in Government as to the problems of Government with respect to oil and gas, and therefore hopefully make itself more useful to the country as a whole.

So we are very happy to have you here, and perhaps to hear a word from you, sir.

(Applause.)

MR. BELIEU: Mr. Chairman, gentlemen. It is a privilege to be here to represent the Secretary of the Navy. This is my first opportunity, although I am not too unfamiliar with your activities.

I notice this is an advisory council to the Secretary of the Interior. I, too, have been privileged to receive advice, and it has been most worth while.

I guess we are one of the leading stockholders

in our natural resources, because of the role the Navy plays in some of our petroleum stockpiling, I guess you might call it; I am not too familiar with the terms. Although when John ^{Cornally} ~~Conley~~ was Secretary, this was the Secretary's responsibility. Someone seemed to think that John had a conflict of interest, and made some noise like that. He asked me if I would do it. I said, well, I would, if I could give up my credit cards, because I didn't want a conflict of interest, either. Since then I have learned more about your business.

I cannot help but second some of the remarks Secretary Udall made. We tend sometimes in our daily business to become mundane and routine. You gentlemen know your field of profession. I am on the military side, the Naval side of the military. It doesn't do us any harm once in a while, though, to reaffirm the faith, and look to why we are here.

This business of cooperation between industry and Government is a thing that we must nurture and foster. We cannot succeed in our way of life or our Government if we do not do this. It must be a partnership between you gentlemen and those of us who have the red tape in Washington.

Without your sage advice, compassion at times, and certainly helping hand, we cannot do the job here that we need to do.

From the military side we should re-analyze this bit of energy. We only have to look out on the streets at 7:30 and 8 in the morning, in any town in this country, and

realize what would happen if every gas spigot were turned off and every gasoline pump suddenly stopped.

We must do more than we have, I am certain, in the future to develop our resources, protect and cherish them, and protect our free institutions that also do this for us. We in the Navy are proud to be associated with you. It is a privilege to be with you this morning, gentlemen.

Thank you.

(Applause.)

CHAIRMAN FOLLIS: Now we have our ~~Co~~-chairman, our acting ~~Co~~-Chairman, Secretary ^{John} ~~Don~~ Kelly, and the ~~Secretary~~ who certainly needs no introduction to this Council.

MR. KELLY: Thank you, Mr. Chairman.

I think, as you know, it is always a great pleasure to be with the Council.

I would think, Mr. Chairman, I would like to call to your attention that of the various Government agencies that have sent representatives to be with us this morning, in Interior we are quite strongly represented, as you might guess. The Office of Oil and Gas, Geological Survey, the Bureau of Mines, Solicitor's Office is here to keep us legal, Bureau of Land Management, the ~~Office of~~ Import Administration, and I see Mr. ^{Fleming} ~~Feunic~~, the Office of Minerals Exploration. I don't know whether ^{George} ~~Joe~~ is going to try to get his hard rock exploration program and add a little oil to

it, or not, but I notice he is here with us.

From other departments we have representatives from Agriculture, from Justice, from ~~Commerce~~ ^{and} State. We have, of course, Defense, O.E.T., the C.I.A., the F.P.C.; I notice Mr. Swidler has a representative here. Then from the Hill we have one or two people representing the legislative committees on the Hill from both the Senate and the House. So, Mr. Chairman, our meeting is well covered by various Government departments that have an interest in our problems. They have told me after other meetings that they obtain a great deal of information here that is valuable to them in discharging of their duties.

So with your permission, sir, I welcome them here today.

The tone of our meeting, due to the events of the past few months -- we will sort of direct our attention and labors to increasingly the defense supporting studies, both direct and indirect studies.

We have stepped up within the Department our efforts in this field, and we will tell you about them and ask for your guidance.

Of course your recent studies have provided quite a bit of factual information on which expert judgment could be made upon the critical phases of oil and gas. The active support of the Department of Defense, as just has been

stated by Assistant Secretary of the Navy, as a result of the competent work, I think it is quite obvious that we have been and will, and feel we will continue to be, called upon by the Department of Defense to implement and up-date their work. I am quite sure Admiral Biggs, a little later in the program, will go more in detail on this.

The Secretary praised the Soviet study we made last year. I would like to carry that a little further. He talked a little about its use here within the Department in this country. I have been, as you know, quite active in the NATO organization in Europe, and I would like to say that this study was made available to this organization, and was received with a great deal of interest from them, and the expression from Ambassador Finletter, our representative in Paris, in acknowledging the receipt of the study, he stated that this was the first time that he and his organization had in one book the factual data that they needed to answer the queries that were raised in the NATO conference.

He was quite strong in his support of the document, and that it be continually updated on a reasonable basis, time basis, in order that this information would be available to his people.

Another study, of course, we made last year, the study on the transportation of oil and gas. This study has already been incorporated into the comprehensive analysis

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system at the Office of Emergency Planning, which they use, and is up-dated.

The study and the maps that went with it, as we know, are the most comprehensive and complete in detail as to the oil and gas transportation system in the United States.

I think a request from that Committee, Mr. Chairman, was that at least the maps be up-dated on at least an annual basis in order that they could be kept up to the top use, and you presented us with the base maps for our files, and we assure you that it is our intention to maintain these maps in current condition, with your help.

Of course, the Office of Oil and Gas will continue to ask the various companies that contributed to the study to make available to them current information, and this will be placed on the maps so they will be in a state of constant up-dating and readiness.

The report, of course -- we will hear today reports from the Committee on Storage Capacity, and also petrochemicals, and I hope an interim report on manpower and tubular goods, these other things being requested at the last meeting.

I also would like to call to your attention the request that was made to the Agenda Committee yesterday, and I hope and request your approval of this request. This

request was for expert assistance in the complex and I might say somewhat sometimes frustrating task of mobilization planning.

The Secretary touched on the confrontation we were faced with last fall. At that time we here in Government placed into operation a certain section of our mobilization planning. We found in oil and gas that we had a very good base to operate from, but we also found that our manuals and our operating instructions were dated, I believe, around 1955 or 1956, and since that time, as we all know, the concept of modern warfare has changed, and we feel this is the time to update these manuals and the company plans -- that is, prototype planning ^{for} ~~of~~ mobilization, as it applies to the oil and gas industry, and as it applies to individual companies.

So it is my hope that through the resources of the Council that a viable plan can be developed which will define the major aspects of organization that can be placed into immediate use should a dire emergency arise.

I think that this planning enterprise, making use of the personnel of the Office of Oil and Gas and the company personnel, can develop a most effective scheme that can usefully and practically isolate the problems in which the oil and gas industry would be faced, and which the Government as a whole ^{would} ~~would~~ face in time of dire emergency, and in which the Government -- here in Government we should

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give high priority to aid the industry in doing its job. As requested by the Agenda Committee and approved by the Agenda Committee yesterday, I hope that you will see fit to approve this study.

Mr. Chairman, I believe this concludes my little report on our activities here, and I wish to thank you and the members of the Council for attending this meeting and advising with myself and staff, and I hope that if any of the members of the Council have problems that they think Interior should be giving some time to, we would be glad to take them now and try to analyze them. If they are problems that should fit into the working of the Council, we can make recommendations to you at the next meeting.

Thank you.

(Applause.)

CHAIRMAN FOLLIS: Gentlemen, our next guest is Mr. Saunders, who is substituting for Justice H. Chambers, Deputy Director of the Office of Emergency Planning.

Mr. Saunders.

MR. SAUNDERS: Mr. Chairman, Secretary Kelly, gentlemen. Colonel Chambers, not Colonel Chapman, wished I would express his regrets he could not be here with you today. He is at the Bethesda Naval Hospital conducting a little personal emergency planning.

I think it has been about three years since a

representative of O.E.P. or its predecessor has appeared before this distinguished group, and I welcome the opportunity to bring the group up to date on the organizational, functional, and program changes since that time.

I am sure you are thoroughly familiar with the functions of ODM and ~~SBA~~^{FCDA}. In 1958 FCDA and ODM merged into a new agency called the Office of Civil^{and} Defense Mobilization. This innovation sought to eliminate overlapping functions, and a knowledge of the facts, and mobilization planning, and civil defense were of equal importance.

I think more importantly the consolidation suggested quite correctly that ^{the} States and local communities could not be expected to shoulder the entire burden. That the Federal Government must exercise a vital and simple responsibility in conjunction with the local governments.

As you probably know, ~~FCDM~~^{OCDM} did not function entirely effectively due to several basic weaknesses, one and of primary importance, of course, is the lack of funds. Second, inconsistent leadership from its chief executive. And, third, ineffective utilization of federal agencies.

Also, important planning in the mobilization field began to slip. In order to get this question properly arranged, the President spun-off the day-to-day civil defense operational responsibilities and assigned them to the Department of Defense, ^W while he retained the

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coordination of the total non-military defense within his Executive Office.

At this time I would like to make it crystal clear when we speak of the operational functions of the Department of Defense, that is, the Civil Defense functions of the Department of Defense, or the overall planning activities residing in the Office of Emergency Planning/ in final analysis, the responsibility does rest with the President. We must be sure there are no major gaps in the program, and also that all parts of the program are meshed and moving in concert.

We are sure this responsibility is carried out, and to clarify the O.E.P. position, the President issued an Executive Order last year designating the Director of the Office of Emergency Planning to "advise and assist the President in the coordination of and the determination of policy for emergency plans and preparedness assignments of the federal departments and agencies designed to make possible at federal, ^S State, and local levels the mobilization of human, natural, and industrial resources of the nation to be all conditioned to national emergency, including an attack on the United States."

In essence, the President vested in O.E.P. the authority to serve as the central point ^{of} leadership and coordination in the resources field, and in civil defense activities of the Federal Government. The purpose of this

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delegation is to facilitate at all levels of Government the maximum effective mobilization of all assets of the nation to satisfy military and civilian requirements, and to meet every danger and difficulty, including ~~again~~ attack on the United States.

We are a planning agency. We are not -- we do not operate programs. But we are in effect a Presidential unit which evaluates the work of other departments, assuring against duplication of effort, and keeps the entire non-military defense emergency preparedness effort of the Federal Government abreast with the changing requirements. In other words, we act as a clearing house or a point of coordination.

To give you an example, let me take the Cuban crisis. In a period of increasing tension, such as we had last October, the prime considerations as the situation first developed ^{were} ~~are~~ diplomatic and military. In these two fields, basic decisions must be made, but behind these decisions there are many other national factors. These decisions, military and diplomatic, must be supported by readiness of the civil agencies of Government, federal, ^e State, and local.

The effects of military and diplomatic decisions upon the American economy, the people, and the Government, must be appraised. Conversely, the effects of the actions of the civil economy, whether governmental or private,

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follow diplomatic and military situations, are of great significance.

The Director of OEP participated in those meetings with the President prior to his decision about the action on the Russian build-up in Cuba. The Director's concern was with those actions which might be necessary by civil authorities, and particularly the initial readiness actions ~~with~~ ^{of} agencies of the Federal Government that might be taken under specific situations.

We had to consider in particular what economic and resource management action might be necessary if the conflict grew.

The plans and capabilities of Government were carefully reviewed during the days just before the President made his nationwide telecast. At the request of the President, the Director chaired a group of non-military cabinet members, which met at the period of great tension, to consider those civilian actions appropriate at the time and under those circumstances. Included in the group were the Secretaries of Agriculture, Commerce, Health, Education and Welfare, Interior, Labor, and the Postmaster General, and the Under Secretary. *attorney General?*

Many of the departments had their plans necessary for action, and it was vital that close coordination be exercised. This is an important function of O.E.P. Actions

taken by ^Ffederal agencies had to be consistent with and support the national strategy. There was not a single instance in the Cuban crisis of a move of a federal departmentor agency, either in Washington or the field, which upset the tenor of the diplomatic negotiations, and the President personally expressed his appreciation to the heads of the departments and agencies that were involved.

As you probably know, by Executive Order, the number is 10997, issued last February, 1962 -- the President assigned certain emergency preparedness functions to the Secretary of Interior, directing him to undertake plans and programs in the fields among others of petroleum and gas designed to develop a state of readiness with respect to all conditions of national emergency.

I would like to now quote a few of these assignments in the Executive Order which would be of specific interest to you. This is under section 3, resources functions.

With respect to resources, defined above, and that is power, petroleum, gas, and solid fuels, the Secretary shall develop systems for the emergency application of priorities and allocation to the production and distribution of assigned resources. Periodically assemble, develop as appropriate, and evaluate requirements for power, petroleum, gas, solid fuels, taking into account estimated needs of military, civilian, and foreign purposes.

Periodically assess, assign resources available from all sources in order to estimate availability under an emergency situation. And analyze resource estimates in relation to estimated requirements in order to identify problem areas, and develop appropriate recommendations and programs, including those necessary for the maintenance of an adequate mobilization base.

Also, he is to provide data and assistance before and after an attack for resource evaluation purposes of the Office of Emergency Planning.

The Director of O.E.P. in keeping with the new role of the agency, is to advise and assist the President in determining policy, and assist him in coordinating Interior's performance, a function under the order with the total national preparedness effort.

In general war, with attack on this country, the Department of Interior shall plan, direct, and control the operation of petroleum and gas industries to assure available adequate supplies of petroleum and gas so that all essential needs are met.

In this regard, ^{that} I should mention the order covering the Department of Interior is similar in nature to 20 other Executive Orders which were issued which cover some 30 departments of the ^Federal establishment.

Now, since the splitting up of ^{OCDM} O.C.E.M. into ^{OEP} O.E.P.

and ^{the} Office of Civil Defense, O.E.P. has embarked upon what we call a comprehensive program for survival of Government and management of resources. We have staked out three immediate objectives in this program for ^{the} State and local emergency planning.

During the emergency period, immediately following an attack, the Federal Government may be unable to function effectively. The ^P States must be prepared to continue the functions of government, help conserve and for a time even allocate and control production, distribution, and the use of the central resources, ^{and} temporarily stabilize the economy and control and preserve monetary and credit systems.

In plain fact, there is no substitute for State and local planning as a supplement to the national planning. It is the only realistic approach to the problem which offers no past experience.

This brings me to a point at which time I would like to emphasize that your assistance at this level, that is, at the ^{the} State and local level, of planning would be extremely beneficial. However, before I get to that, let me first say that the studies and ^{reports} products of the National Petroleum Council in the past have provided much of the basis for petroleum, oil and gas emergency preparedness. We are grateful for the help which you have provided us, and we will need it more than ever today.

Among some of the efforts which immediately come to mind are the very useful report, Oil and Transportation Facilities, and your Petroleum Storage Facilities report.

The Department of the Interior is indeed fortunate to have the Council for such a vital study, and for providing advice in connection with this oil and mobilization readiness program.

Let me hasten to say, however, that we should not rest on our laurels here, but we should push ahead to complete the essential emergency preparedness program, both in industry and in Government. I would like to emphasize another important contribution in the State and local emergency planning that your industry could make.

Some of the States have formed, and all the States will form, what we call "Resources Management Task Forces." One of these task forces will be concerned with the developing of a program to manage petroleum and gas, particularly for the period immediately following an attack. Others will develop the local capability in such vital fields as power, food, transportation, etc. It should be emphasized that a task force dealing with one commodity cannot formulate plans and function independently of all of the other task forces. It stands to reason that oil requirements have a decisive impact on transportation requirements, and on operation of utilities.

The main fact is that every facet of our economy interacts with every other component, and the complex inter-relationship must be dealt with in the work of the specific task force. We recognize that in the first few days following an attack, that the real job of survival in many cases will be accomplished at the local level. For this reason it is doubly important that the States and local levels have a thoroughly developed ^{and} tested plan to cope with the most probable contingencies in a post-attack.

Specifically it is urged that you assist the ^R States and communities in developing emergency petroleum rationing. In many ^S States and communities the leaders of an industry, such as yourselves, will be asked to participate in and in some cases share these task forces.

Now, I do not suggest that your planning on a national level, or your assistance to the Federal Government, be decreased in any way whatsoever, but I do urge that the efforts be augmented increasingly at the ^R State and local level, in order to balance out total emergency preparedness.

(Applause.)

CHAIRMAN FOLLIS: Gentlemen, I don't think we can classify him as a distinguished visitor, but there is one person here in the room that didn't have an opportunity to be introduced at that last meeting, and that is our ^V Vice-Chairman, Mr. Orville Carpenter.

Mr. Carpenter, will you stand.

(Applause.)

CHAIRMAN FOLLIS: Now, the first report we have is the report of the agenda committee. I might say Mr. Jacobsen had planned to be here, but he had an eye operation which is coming along fine, he tells me, but a little bit slower than he anticipated. So that Mr. Ed Warren has offered to substitute for him as Chairman of the Agenda Committee.

Mr. Warren.

MR. WARREN: Mr. Chairman, Mr. Secretary, the Agenda Committee met yesterday at the call of Mr. Follis and Mr. Kelly, and in the absence of Mr. Jacobsen, as pointed out, I served as temporary Chairman.

Pursuant to the call of the meeting of the Agenda Committee of the National Petroleum Council, made by the Committee's chairman, Mr. A. Jacobsen, in his wire to the members on March 8, 1963, and with the approval of the meeting and its agenda having been obtained from the Honorable John M. Kelly, Assistant Secretary of the Interior, and Government Co-Chairman of the Committee, the Agenda Committee met on March 21, 1963, at 3 p. m. in the office of the National Petroleum Council in Washington, D. C.

Under date of March 15, 1963, the Honorable John M. Kelly addressed a letter, a copy of which is attached

hereto, to Mr. R. G. Follis, Chairman of the National Petroleum Council, requesting the Council to undertake the following assignment which is in three parts:

1. Make a comprehensive review of an outline developed by the Office of Oil and Gas covering information which should be available in convenient form to the Emergency Petroleum and Gas Agency in event of a national emergency. The outline is to serve as the basis for a series of manuals and operating instructions.

2. Produce a prototype company survival plan to serve as an example of what preparations an oil or gas company should undertake to achieve mobilization readiness in event of a national emergency.

3. Update the Disaster Planning and Security Principles manuals for the oil and gas industries, published by the Council in May, 1955.

As provided in the Articles of Organization of the Council, this letter was considered at the above-mentioned meeting of the Agenda Committee, at which meeting it was unanimously agreed to recommend to the Council the appointment of a committee or committees to make the study as requested by Secretary Kelly, and to report to the Council. The committee or committees undertaking the study should not suggest plans or programs, but should confine reports to findings of fact.

Mr. Chairman, in moving the adoption of this Committee's report to the Council, I would like to say also in support of the studies contemplated, that many members of the Agenda Committee commented that this seems to be the sort of thing that the Council members from industry could make a contribution ~~into~~^{to} the defense effort of the Department of the Interior.

I move the adoption of the report.

FROM FLOOR: Second.

CHAIRMAN FOLLIS: It has been moved and seconded.

Is there any question?

All those in favor, say "aye."

Opposed.

So ordered.

(Carried unanimously.)

CHAIRMAN FOLLIS: Thank you, Mr. Warren.

At the last meeting I appointed a committee to review the by-laws. The principal thing that prompted that was the enactment of Executive Order No. 11007, but in addition to that, there were one or two areas in which we had felt that the by-laws were somewhat out of line with what would be a better practice in industry and in the Council.

Mr. J. Howard Marshall was appointed Chairman of that Committee.

Mr. Marshall, will you report on the by-laws of the

Committee?

MR. MARSHALL: Mr. Chairman, all of you will find in your folder a document which looks like so (indicating), which constitutes a recitation of the recommended changes that your committee proposed to the Council be made in the so-called by-laws of the National Petroleum Council.

I always debate as to how to handle something of this character. There are various ways to do it. From my experience, the worst way to do it is to start in at the beginning of the by-laws and read them in their entirety, underlining each and every change that is proposed.

In terms of our corporate management, whenever my own legal department starts this, I tell them to go over and sit down, we will presume that the members of the board have read the minutes or the resolution if it is long and complicated.

So what we have done here is to summarize in this piece of paper that is in the folder that all of you have the changes that we propose to make, and the reasons for making them.

As to the procedure that we adopted in reaching these conclusions, I might report to you that first of all the Chairman sat down informally with Assistant Secretary Kelly, Mr. Bruce Wright, of the Solicitors Office of the Interior Department, Jerry O'Brien, and one or two others,

and prepared an initial draft of the changes that we thought were necessary. At least, as far as we could see in terms of making the by-laws of the Council conform to Executive Order 11007, which is the Executive Order that was issued by the President last summer dealing with the procedures and rules that should apply to advisory committees drawn from industry.

After that was done, and a copy thereof sent to each member of the Council, we then assembled the committee of the Council and reviewed the preliminary draft in the light of the comments that various of the lawyers for the industry had made on the basis of our original draft. We had comments and suggestions from Mr. Keleher, who is ^{of} General ^{sel} Council of the Standard Oil Company of New Jersey. Mr. Tanhouser of Continental. From Mr. Al Tanner of Philadelphia, Gray, Madison & Suchow, representing the Chairman's company. From Mr. Dumbros of I almost say the Ohio Oil Company, but, of course, today it is ^{Marathon} Meridal. Mr. Keleher of the Standard Oil Company of New Jersey sat with us at our meeting yesterday, where we made certain minor modifications and improvements to the draft that was sent to each member of the Council, which are now embodied in this document.

As is always the case, we are lawyers, and I can say to you, because I am a deformed [?] one, myself, you can get as many different versions of language on any document as

there are lawyers who look at it. However, in this case, such differences as there were were easily and readily resolved, and I think resulted in improvement in terms of the original document that was put up.

Mr. Bruce Brown, who is also a deformed lawyer, said to me he thought the simplest solution to this problem was to strike all the verbs from the document then we couldn't do anything. I told him that reminded me of the yarn that went around years ago about assuming we ought to have currency again in view of some of the problems that we now face under the Robinson-Patman Act. I still remember the picture of the harassed Executive hanging on the telephone just after the Robinson-Patman Act was passed, and he was saying, "You say the legal department says the only way we can be safe is not to sell anything to anybody?"

And I suppose on any of these documents, if one is looking for what is called absolute security, that it doesn't exist in this world. But I hope this comes as close to it from at least the security from at least some of the things that people seem to fear as we can get to it.

With this man of an introduction, then, if you will grab a piece of paper that I mentioned, we turn first to Article I.

I might say facetiously that the one place that everybody, about which no lawyer had any dissent, was that

we should strike section 1(a) of section 1, because it referred to the Petroleum Administration for Defense, which no longer exists. There were no arguments about striking that.

The main part of the section, where it describes the purpose of the National Petroleum Council, this is short enough for me to read, and I will indicate the change that was made.

In section 1, the purpose of the National Petroleum Council is solely -- and I underline the word "solely" -- to advise, inform, and make recommendations -- we have added the words "and make recommendations" ~~to~~ to the Secretary of the Interior, ^{or} the Director of the Office of Oil and Gas, with respect to any matters relating to petroleum or the petroleum industry submitted to it by or approved by the Secretary of ~~the Interior --~~ Secretary or Director.

This really represents no change in substance. It is the procedure that the Council has followed from the beginning, but the language reflects probably a little bit better the sense of section 4 of the new Executive Order 11007.

As I say, we delete section 1(a).

In Article ~~II~~², it is proposed to add the following sentence at the end of the article: "Neither the Council nor its committees, ~~or~~ subcommittees, shall receive, compile, or discuss data or reports showing current or projected

commercial operations of identified enterprises."

This language is lifted verbatim from the Executive Order to which I have referred.

I might add that the lawyers, and all of us, have debated in our own mind what the words "commercial operations" mean. Mr. Bruce Wright, of the Solicitors Office of the Interior Department, has indicated to us that this can and is being solved, bit by bit, by definitions or interpretations of that phrase issued by the Secretary.

On the lighter side, Mr. Tanouser said, the language, if literally construed, might even mean that the committees could not refer to the reports of the Bureau of Mines, or the United States Geological Survey, since some of these relate to current or projected commercial operations. Obviously, the Department does not intend to carry it that far, and we have been assured that by the Secretary's interpretation of the meaning of the words, that this can be made workable.

In any event, we do not have any choice of course, but to include the words directly in our own by-laws, since they are a requirement of the Executive Order, itself.

Article ~~IX~~³. Add the following sentence at the end of the second paragraph of the article: "All meetings of the Council shall be held in the presence of the co-chairman of the Council."

That has always been done, anyway. It is now a requirement of the Executive Order to which I have referred, so it is put in here as a formal matter. Obviously, it represents no change from our method of operation in the past, anyway.

Article ~~VI~~⁶. In the second sentence, the first paragraph, dealing with the right of the ~~Co~~^C-Chairman to call a meeting, to close. We propose to delete the phrase "it being closed because the chairman feels it is being improperly used," and substitute the words "considers adjournment to be in the public interest."

Again, this is the exact terminology of the Executive Order to which we have -- about which we have been talking, and simply tracks the language of that order.

I think, again, the actual operation of the Council and its committees under this phraseology will be precisely the same as under the other language that we previously had.

The next section dealing with the members of the committee, are purely formal matters of English between committees and subcommittees, and I don't think it is necessary, really, to read them. They are just matters of housekeeping, so that the language of the document includes both the Council, the committees, and subcommittees.

Article ~~IX~~⁹. Amend the article by deleting the

entire second sentence, which provided for quarterly meetings of the Council, and substitute the following sentence in its place: "The Council shall meet at least twice a year." This is really a policy matter, rather than Executive Order problem. After conferences with the Chairman, and the Interior Department, it was felt that the requirement of a meeting, or of meetings, should be as a minimum at least twice a year, rather than formally on a quarterly basis, and such special meetings which, of course, are authorized by the Council as the chairman and the co-chairman decide to call when there is something specific to take up.

Also, in Article IX, add the words ~~the~~ "the agenda for each meeting must be approved by the co-chairman." This is something that again is required by the Executive Order.

Also in Article IX, as to the place of meeting of the Council, I forget just how it was worded before, but it was an inflexible thing, and it was suggested now that it be worded "all meetings of the Council shall be held in Washington, D. C., at such place as may be designated by the Secretary of the Interior, or the co-chairman."

As you know, our meeting places have had to shift around. They used to be in the Secretary's conference room. Then they were over in the Governmental Auditorium, and other than the fact that they are held in Washington we thought it desirable to allow the place of the meeting in

effect to be designated by the Secretary of the Interior or the co-chairman.

Article ~~XI~~¹¹. The one change suggested in it is that a quorum of the Council should consist of a third of the membership, rather than a majority, as heretofore. As you all know, upon occasions we have had difficulty getting quorums. It was thought by everybody that we allow ourselves a little more flexibility if we reduced the majority to a third. It still, of course, takes a majority of those present to carry any action on the part of the Council.

I won't go through the labor of reading the long proposed amendments to Article ~~XIV~~¹⁴, but simply to say to you that they conform the procedures with respect to the committees and subcommittees of the Council to the Executive Order, and the rest of the document, as we have had to change.

Article ~~XVI~~¹⁶, while a little long, the proposed amendments in ~~XVI~~¹⁶, I think maybe I should read them, because they are matters that are in a sense new and are compelled by section 6, paragraph (d) of Executive Order 11007. Without underlining the changes, supposing I just read what we propose to put in these articles, in Article XVI.

"Comprehensive minutes of each meeting of the Council shall be kept and the accuracy of such minutes shall be certified to by a full-time salaried employee of the

Department of the Interior present during the meeting.

One duplicate original copy of the minutes shall be kept in the custody of the Chairman, and one in the custody of the *Co-Chairman* committee.

I might say that the Executive Order does not flatly require that the accuracy of the minutes be certified by a full-time salaried employee of the Department of the Interior. We had had that provision in the articles of the Council for the simple reason that sometimes the transcript is not completely accurate, and unless one wanted to completely revise the transcript, the way defects in the transcript have been cured has been to get the proper statement of what the Council did in the minutes, and get that certified to, or reviewed by a full-time employee of the Department, so that we would always be in the position of having someone say impartially, this is actually what the Council did.

A further amendment to Article ~~XVI~~¹⁶ -- and this does track the Executive Order -- a verbatim transcript shall be kept of all proceedings of the Council, and ~~each~~ meeting of a committee or subcommittee of the Council, including the names of all persons present, their affiliation, and the capacity in which they attend, unless the Secretary of the Interior formally determines that a verbatim transcript would interfere with the proper functioning of such committee or subcommittee, or would be impractical, ^{all} and

that waiver of the requirement of a verbatim transcript is in the public interest.

Reviewing this matter with the Interior Department people, let me say parenthetically they would expect this procedure of waiver would be rather extensively used, particularly in matters of meetings of subcommittees, where you are compiling statistical data, or doing hundreds of things involving many man-hours which our subcommittees have done. I think they expect a waiver in these cases will be a rather regular thing -- it would be rather burdensome to take all this down in the form of a verbatim transcript. wks-3
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In those instances in which the requirement of a verbatim transcript is waived, minutes shall be kept, which shall, as a minimum, contain a record of persons present, a description of matters discussed, and conclusions reached, and copies of all reports received, issued, or approved by the committee, or subcommittee. The accuracy of such minutes shall be certified to by a full-time officer or employee of the Government present during the proceedings reported.

The latter, this last sentence, obviously being for the protection of both the committee and the Government.

Section 16(a), a new section, again commanded by the Executive Order: "All records and files of the Council, its committees and subcommittees, including agenda, transcripts, or notes of ^{meetings} studies, analyses, reports, or other

compilations of data or working papers, made available to or prepared by or for the Council, or any of its committees or subcommittees, will be made available, upon request of the Attorney General, ^{to} through his duly authorized representatives, subject to such security restrictions as may be properly imposed on the materials involved.

Article ~~XVIII~~¹⁸. Again, a minor matter, but which the business office of the Council requests.

At the Council's organization meeting in each year, the secretary-treasurer of the Council shall present a suggested budget for the ensuing fiscal year. It used to be done on an annual basis, but actually we operate on a fiscal basis, so that is the reason for the change.

Article ~~XX~~²⁰. A new article, again, which paraphrases the provisions of the Executive Order.

"The Council shall terminate not later than two years after July 1, 1962, unless the Secretary of the Interior determines in writing not more than 60 days prior to the expiration of such two-year period, that the continued existence of the Council is in the public interest. The Council shall terminate at the end of any subsequent two-year period unless a like determination has been made."

Again, this is just the language that has to be in there in the light of the Executive Order, and assuming the Council continues to be of the same service in the

future as we all hope it has been in the past, I imagine the Secretary will make that finding of determination within the 60-day period as required by the Order.

Are there any questions, gentlemen?

If not, I move the adoption of a resolution embodying the recommended changes to the by-laws of the National Petroleum Council as made by your special committee.

FROM FLOOR: Second.

CHAIRMAN FOLLIS: It has been moved and seconded.

I think our situation right now highlights at least one feature of the change in the by-laws, and that is the matter of quorum, because the Secretary informs me that we don't have a quorum.

Now, our co-chairman and I have discussed this, and he feels that it would be satisfactory to the Government if we vote on this with a majority, and if we then send these papers to the other members of the Council and get a mail vote to meet the requirements before us. If that is satisfactory to the Council, we will vote on this -- these by-law changes -- and we will carry out that procedure.

Is there any question?

FROM FLOOR: Mr. Chairman, just as a matter of information. Do we have a third of the Council here?

CHAIRMAN FOLLIS: Yes, we have more than a third.

Are you ready for the question?

All those in favor, please say "aye."

Opposed.

So ordered.

Now, we have the report on the Committee on
Petroleum Storage Capacity, Mr. Milligan.

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MR. MILLIGAN: Mr. Chairman, Mr. Co-Chairman, honored guests, and fellow members:

For the sixth time in a fourteen-year period the Department of the Interior has requested the National Petroleum Council to make a review of the principal petroleum storage capacity in the United States, the inventory carried in this tankage, and the amount of inventory that is available for ready use.

The most recent request was made by the Honorable John M. Kelly, Assistant Secretary of the Interior, and in addition to data on crude oil and the major petroleum products to which the previous reports were limited, requested that information be gathered with respect to natural gas liquids.

The first such study was made in 1948, and subsequent studies were made at two-year intervals until 1954. The fifth study was made in 1957, and none has been made between that date and the present study.

All five previous reports were at March 31, except that for 1950, which was as of June 30. While there are some advantages in respect of comparability from the use of the same date in each report, we have in the current study chosen to use September 30 because of the desirability of presenting information that is as current as possible.

Considering the number of previous studies that

have been made, it also seemed advantageous to be able to observe information at a widely contrasting date to get the full impact of the seasonal factor.

In the first four reports, data was furnished for crude oil, residual fuel oil, and the clean product group as a whole. In the 1957 report, while clean products were shown as a group for purposes of comparability, and because of the interchangeability factor in the use of storage for these products, in that year for the first time we broke the clean product group into gasoline, kerosene and distillates. This same plan has been carried into this present report.

The current report includes operations within the States of Alaska and Hawaii for the first time. They are included as a part of the West Coast District V data, but are also shown separately in the tabular data appended to the report.

The present report also reflects the change in the Bureau of Mines' method of reporting of gasoline inventories effective as of January 1, 1962, as a result of which unfinished gasoline has been omitted from the gasoline category.

We pursued the same general methods of gathering information as has been used successfully in the past. Questionnaires were sent along with the necessary maps showing district outlines, definitions, and other explanations, to all holders of crude oil, natural gas liquids, and the

principal petroleum products inventories at refineries, pipe lines, tank farms and bulk terminals.

No data with respect to inventories or storage capacity, if any, in the hands and control of the military was requested or included in this report.

The extremely pleasing response of the industry is indicated by very high percentage of stocks included in our report.

In comparison with inventories reported by the Bureau of Mines, as of September 30, 1962, the data^e which information for our report was gathered, the crude oil section represents 97.2 percent of the refinery, pipeline, and tank farm stocks, and crude oil in transit.

The gasoline figures reported to the survey total 98 percent of all of the products reported in inventories, while Kerosene covered 97-1/2 percent, distillate fuel oils 98 percent, residual 98-1/2 percent.

These inventories reported as either available or unavailable. Unavailable inventories include tank bottoms, pipeline fills, in transit, operating stocks.

The available inventories include both those that could be shipped currently for immediate consumption and those that have been accumulated against the normal seasonal requirements.

The Committee has prepared a quite comprehensive

report, so I will not attempt to review it, in I hope too great detail, because copies of it are available to you.

A few of the highlights in respect of each of the principal sections, crude oil, clean products and residual may be of interest.

The total storage capacity assigned to crude oil on September 30 amounted to about 395 million barrels, or some 20 million barrels less than at March 31, 1957.

As a matter of fact, this was the first time in the six surveys it showed crude storage capacity dropping ^{ed} below the 400 million barrel level. This storage contained as of September 30th about 163 million barrels of crude oil, or slightly over 41 percent of capacity.

Total crude stocks have increased only 4 million barrels during the 14-year period. This is an increase of only two percent during the time periods when total crude runs to the refineries have increased 49 percent. This reduction in available crude oil inventories has been possible because of present ready availability of crude oil to the refineries of the country resulting from reserve producing capacity and increased transportation efficiency.

Out of a total of 217 million barrels of crude oil stocks reported, 159 million barrels, or 73 percent, are unavailable. In other words, only about 58 million barrels are available for use. The balance is tied up in the

^{up}
industries~~es~~ far-flung operating system and probably represents the minimum necessary to assure continuous processing, handling and blending of the various types of crude oil. The unavailable stocks must remain in the system if the industry is to operate efficiently and well.

It is interesting to note over the 14-year period while total stocks have increased only 14 million barrels, unavailable stocks have increased 28 million barrels. Of this amount 21 million barrels are tied up in increased pipeline fill, an additional 7 million is unavailable in pipelines, and amounts required to assure continuous operations.

Total clean products storage, September 30, 1962, is 656 million barrels, ^{roughly} roughly double that fourteen years ago, when this survey was first undertaken.

However, unavailable stocks in this storage have increased from 75 million to 99 million barrels in the present survey.

It is at this point that the seasonal factor produces material differences in the statistics, and the following information for gasoline as against kerosene and distillates is of interest. These figures are for March 31, 1957, and September 30, 1962, the only dates at which separate data for these products is available.

Gasoline inventories reported to the survey at

September 30th are 23 million barrels below those reported March 31, 1957. This reflects the seasonal factor and a change in method of reporting inventories to the Bureau of Mines effective January 1, 1962.

The net result of these factors on a comparable basis indicates that finished gasoline stocks have increased only about 13 million barrels between March 31, '57, and September 30, '62. A significant part of this buildup is to accommodate the larger volume of business now being transacted.

Kerosene and distillate fuel oils, on the other hand, reflect the industry buildup for the heating season. In comparing September 30th with March 31st, 1957, the present Survey shows kerosene stocks up 16 million barrels with available stocks up 14 million barrels, and distillate heating oil stocks at 99 million barrels with available stocks up 94 million barrels. These increases aggregating 115 million barrels are in line with the seasonal inventory buildup between March 31, '62, and September 30, 1962, as reported by the Bureau of Mines.

On the other hand, unavailable inventories increased only 7 million barrels. Thus, the effective inventory level has changed little over the five-year period.

No significant change in storage capacity has occurred during the last five years. However, stocks increased 17 million barrels between March 31, 1957, and September 30,

1962. The increase in this inventory indicates some degree of seasonal buildup and probably an increase in imports.

At least, it is interesting to note that the increase between March 31st and September 30th of '57 and '62, respectively, were approximately the same.

In summary, there are two important facts which these petroleum storage capacity surveys have reiterated over the now fourteen years they have been developed. The current survey reaffirms them in every important detail.

First, it is amply evident the industry must maintain two barrels of storage capacity for each barrel of actual inventory in the tanks. This relationship is essential to the flexibility required in our complex industry to assure the consumers of our products adequate supplies at the various number of points of consumption. We cannot emphasize too strongly that the unused tankage capacity amounting roughly to fifty percent on an overall basis is in no sense taken as an indication of available storage space.

Second, there is a substantial and relatively inflexible amount of inventory, particularly in respect of crude oil, but also substantial for refined products which are at all times unavailable.

This has tended to increase somewhat over the years, and particularly as additional pipelines are built and put into use will further tend to grow.

This unavailable inventory is not greatly affected by seasonable variations in the available stock. The committee's report carries full details by Bureau of Mines refining districts for crude oil in each of the principal products, and all of the individual items which compose the unavailable stocks.

This report also contains in some detail comparative data for all six surveys running back to '48.

In the request received from the Honorable John M. Kelly, Assistant Secretary of the Interior, data with respect to natural gas liquids was also included. Information on these products was not included in any of the previous reports and is not included in the present, in any detail. However, for the first time data have been gathered for natural gas liquids in the present survey by our committee.

The information presently at our disposal indicates that approximately 90 percent of the inventory classified as liquefied petroleum gas and liquefied refinery gas in the various Bureau of Mines' reports, represents available inventory and 80 percent of that classified as other natural gas liquids also is available.

Because the data in respect of these products now gathered for the first time are not as complete as the committee desires, further study is being made. If the amended results show materially different figures for these

products a supplemental report will be made to the council.

It seems evident, however, that from the relatively substantial amount of data available to us, unavailable stocks will not be shown to represent an important percentage of the total inventories of these products. Subject to this small amount of additional review we will make of LPG products, the work of our committee is concluded with this report.

I would like to pay tribute to the Technical Subcommittee which has really compiled this report. Its Chairman, W. J. Arnold -- Joe is here, and I would like to ask Joe to stand up.

(Applause)

MR. MILLIGAN: The Government co-chairman is Mr. Earl G. Ellebrake, Office of the Oil and Gas of the U. S. Department of the Interior.

Is Mr. Ellebrake here?

(Applause)

MR. MILLIGAN: The other members of the committee are J. G. Benton of Signal Oil and Gas, C. J. Carlton of Standard of California, Henry G. Corry, Jr., Continental, C. B. Horky of Pure, R. R. Lindley of Phillips, J. R. McCleary, Standard Oil of Ohio, W. H. Nichols of Skelly, W. S. Spangler of Plantation Pipelines.

The secretary of this committee is the secretary

of the National Petroleum Council, Mr. Vincent M. Brown.

I would like to pay particular tribute to Mr. Brown and his staff for the very able, efficient, and expeditious manner in which they have received and compiled these reports preparatory to the report of our committee.

I would like to make a somewhat gratuitous statement but I believe it is apropos, in that I feel that tribute is due our industry. We have experienced one of the coldest, if not the coldest heating season in the past century, yet the obligations of the supplying of heating oils was fully met in respect of crippling freezing weather such as in the Mississippi River system. I believe there was no suffering for lack of heating oils.

Messrs. Chairmen, I would like to recommend and move adoption of the Report of the Committee on Capacities.

CHAIRMAN FOLLIS: Gentlemen, you have heard the motion.

FROM THE FLOOR: Second.

CHAIRMAN FOLLIS: Seconded.

It is moved and seconded. Will all those in favor please say Aye.

(Chorus of Ayes)

CHAIRMAN FOLLIS: Opposed.

(No response)

(Carried unanimously)

CHAIRMAN FOLLIS: Thank you, Mr. Milligan.

MR. MILLIGAN: Thank you.

CHAIRMAN FOLLIS: Now we have the Report of the Committee on Petrochemicals, Mr. Bruce Brown.

MR. B. BROWN: Mr. Chairman, members of the Council.

This is a final report of the Council Committee which was first put into motion several years ago, as the result of an inquiry from the then Secretary of the Interior, to see this done. Some of the work was delayed. I hope this is the final document this morning. The committee was kept busy and now we have the report.

I would like to call your attention, you can find this yourself in Appendix A, in the bound report which has been sent out to all members of the Council, ~~This~~ This is not Bruce Brown's report, this is Vincent Brown's report.

If you will go back to Appendix A, I will mention what to have in mind, so you don't really have to go back. You will find the Secretary of Interior asked the Council to determine what petrochemicals were being made in the United States by what companies, and in what quantities at the time, and what their plans were for the future.

This was a rather technical question, because the index for petrochemicals, when I was a student, it was that way, they must be 15 or 20 feet long now, in names of chemicals.

So when they asked us what chemicals we make, bearing in mind the fundamental research of the API has identified thousands of them, you have to have an interpreter in order to be able to make an answer to it.

We called together a very talented subcommittee of people in the oil industry who are concerned with petrochemicals, Tom Cabbage, Vice President of Phillips Chemical Company, was heading the work, and they met several times in Washington, worked hard several days at a time. I know because I was with them. Bertetti of Crown Central, Wheeler, Bonine, Granville, Humphreys, Krause, Lewis, and others.

So this committee decided which chemicals the Secretary ^{meant} ~~must admit~~ when he asked the question, to make that out I think it was a list of 86.

An inquiry was sent out to all of the companies who operate refineries and natural gasoline plants, and some of the gas companies, and asked them if they would kindly tell the Council which of these things they made, and in what quantity and how much electric power it took to make them, and how much manpower it took, and where the plants were located by latitude and longitude, so that the defense of the United States can be properly taken into account.

The questionnaire went out. Reports came back, and here in this Table 4 of this report you will find the principal chemicals made by oil and gas companies identified,

actual production in 1960, and something about the plants.

This list is only those chemicals made by three or more companies, to preserve secrecy from the competitive standpoint. You don't find out who makes these chemicals or where they are made, you merely find out what the total was.

Now, this was a Defense Planning Project, and the governmental plan for mobilization of industry hasn't changed much, in some basic points, since World War II. If we go to war again, the Department of the Interior has mobilization responsibility with respect to the oil industry, and the Department of Commerce has mobilization responsibility with respect to most other manufacturing business.

Now, since these inquiries were being made for defense purposes, the Interior Department could only properly ask those private enterprises that were under its jurisdiction to answer the question. It couldn't go ask the chemical companies, which were not controlled by the oil people, because that was in the jurisdiction of the Department of Commerce.

So here we have a report which is very complete about our business, and nothing about the chemical companies as to what they are doing. But I hope it is useful. It is the last one that will ever be written, because this Council has just adopted an amendment to its by-laws which

says that no subcommittee shall receive, compile, or discuss data or reports showing the current or projected commercial operations of identified enterprises.

It takes a pretty fancy interpretation of that language to get a group of people together to talk about what chemicals are made by what people. So I think it will be useful.

Thank you.

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CHAIRMAN FOLLIS: Mr. Brown, do you want to move
its adoption?

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Bruce?

MR. B. BROWN: I move its adoption.

CHAIRMAN FOLLIS: Second?

VOICE: Second.

CHAIRMAN FOLLIS: All those in favor please
say Aye.

Oposed?

(Motion carried.)

CHAIRMAN FOLLIS: Thank you, Mr. Brown.

Now we have the Committee on Petroleum and
Gas Industry Manpower requirements, Mr. Morgan Davis.

MR. DAVIS: Mr. Chairman, Mr. Secretary, distinguished
guests, members of the Council.

As I passed the aisle, he said I had an easy one,
I am inclined to agree.

This is an interim report on the National
Petroleum Council's study on Petroleum and Gas industry
requirements.

On October 4, 1962, the Council agreed to the
appointment of a committee to make a study of domestic manpower
requirements as of July 1, 1962, throughout the petroleum
and gas industries, as requested by Secretary Kelly.

Subsequently, on November 9, R. D. Follis

appointed this committee consisting of 23 Council members and designated myself as Chairman.

In January, 1963, the Committee established a working subcommittee consisting of ten organizations and personnel experts, and two representatives of related oil and gas associations under the Chairmanship of Mr. George ^{Dempster} ~~Demster~~

^e Of the Shell Oil Company, with Mr. Frederick S. Lott of the Office of Oil and Gas, as co-chairmen.

On February 5, the meeting of this working subcommittee was held in the Council's office for the purpose of assessing its assignment and determining the best method of securing the manpower data which had been requested by the Department of the Interior.

Representatives from the Office of Oil and Gas, and the Office of Emergency Planning, were present, and gave more specific guidance to the broad language of the original October 4, 1962 request.

I might say at this point it was decided at that meeting ^{not} to preserve the type and scope of the 1956 report on this same subject, and plans were do adopted accordingly.

Certain conclusions and recommendations acceptable to the Government representatives present were set down in a statement of proceedings which were subsequently circulated to the members of the main committee.

Since then various data sources have been evaluated and arrangements have been made to obtain the statistical information required without the use of direct questionnaires in most cases.

I would like to say at this point that this stage of the study somewhat to the surprise of some of us, we find that the data which is available in the various government offices and agencies which received periodic reports from our industry, such as for example the Bureau of Employment Security, that spot-checks would indicate that these sources of data are sufficiently accurate^{te} to provide the required information without involved questionnaires going to every unit of the petroleum industry.

In Some special cases, such as some of the gas companies, and particularly with the help of the independent gas association, we will be able to get supplemental information to add to that available from the other sources.

Various aspects of this study have been assigned to the individual subcommittee members and to the Council office staff.

Review of these study tests are scheduled for the last half of April, and it is anticipated that the subcommittee can complete a report at least in ^ddraft form by the first part or the middle part of May.

It has been my privilege to be associated with a

number of studies prepared under the Council's direction.

Each time I am amazed again at the effectiveness and diligence with which these working subcommittees operate. It is certainly gratifying to be associated with these industry men who enter into these tasks with such enthusiasm and in such an effective way.

I would like at this time also to express the cooperation of the main committee and ^{the Working} ~~the Working~~ subcommittee for the very fine cooperation which has been accorded us from the Department of the Interior people and other government agencies, particularly expressing appreciation to Mr. Lot for his helpful guidance in his capacity as chairman.

I don't believe, since this is an interim report, Mr. Chairman, it is appropriate at this time to move adoption of this interim report.

However, if you rule otherwise, I shall do so.

CHAIRMAN FOLLIS: No, I think we will have to wait until the next meeting for that.

Thank you, Mr. Davis.

We have now the report of the Committee on Oil Country Tubular Goods, Mr. Steiniger.

MR. STEINIGER: Mr. Chairman, Mr. Secretary.

This committee, appointed to study all tubular goods, at the request of the Secretary Kelly, under

September 1962. It is made up of 27 members, appointed by Mr. Kelly, and appointed myself as Chairman.

The subcommittee found it desirable immediately of people knowledgeable in this area. It is made up of 24 members ^{and} duly appointed by Mr. Kelly, and includes people that are petroleum engineers, petroleum agents, and similar type of people knowledgeable in the use of the material, types of material, in tubular goods, and geographically spread throughout the country, and employed by oil companies, transmission companies, drilling contractors, et cetera.

We do have a very comprehensive group comprising the working subcommittee. They are competent in their own right in their own respective areas.

They took a rather good bit of time getting started on the work, because the tubular goods, the name of the charge is most misleading. That covers about anything or everything that you want, or it could be limited if the name would be followed literally to simply casing tubular products.

The first problem was to sit down and find out what precisely should be included in this.

I do have a short report I would like to read at this time.

January 10, 1963, in Washington, D. C. The Chairman, co-chairman and Secretary, met with members of the

Office of Oil and Gas, Department of the Interior, and other government representatives to clarify the scope of the requested study and report.

It was the consensus that the Assistant Secretary's request be interpreted to include all equipment or materials, that is, tubular goods, equipment, supplies, et cetera, necessary in the exploration and production of oil and gas reserves in the United States, including current annual requirements for geophysical drilling, less operations, and field oil and gas processing facilities.

Chairman Steiniger's letter of January 3, transmitted ~~to~~ the subcommittee chairman's January 1963 report ~~of the~~ transportation to members of the current Committee.

Subsequently a discussion was held in Washington on February 6, with representatives of the Business and Defense ^{Service} Sales Administration, Department of Commerce, as to information available from their files in previous BDSA survey which might be of assistance in the study.

On February 12, the working subcommittee held its first meeting in Dallas, Texas, the detailed minutes of which are a matter of record and on file in the Department of the Interior, ^{and ?} in the National Petroleum Council also.

At this ^{meeting} ~~committee~~ the subcommittee members were involved in the interpretation of the scope of the survey, and work assignments were allocated to all members.

Certain information was distributed and discussed.

Following a discussion of the said assignments, including questions, answers, and clarification, the meeting adjourned.

On February 25, the Chairman of the Subcommittee forwarded all members a finalized assignment list, and additional information regarding the survey. General guide lines were also suggested as to the method of procuring information and analyzing the commodities surveyed.

It is anticipated that the final report to the parent committee will reflect the number of major commodities assumed in the United States in 1962, announcing the controlled material utilized in each.

There have since been numerous conversations of clarifications between the chairman and co-ordinating members of the subcommittee. All this survey is in initial stages, but considerable progress has been made and being made.

The completed report should be forthcoming without undue delay.

In a conversation yesterday with the Chairman of the subcommittee, he informs ^{me} ~~he~~ they expect to have in the hands of the parent committee a report by the first days of June.

I will say this, they got on with their work very promptly, Mr. Chairman, and because of the makeup of the committee and the geographical area they covered with these

different individuals, they are able to get the job done rather quickly, and I think it will be a rather complete and good report.

That is all I have, thank you.

CHAIRMAN FOLLIS: Thank you, Mr. Steiniger.

That completes the reports of our committees.

Now I would like to call on Mr. Jerome O'Brien, Director of the Office of Oil and Gas.

MR. O'BRIEN: Mr. Chairman, Secretary Kelly, members of the Council.

I believe in addition to the Governmental agencies which Mr. Kelly named, I think we have a representative of the Atomic Energy Commission with us today.

On behalf of the office of Oil and Gas, I wish to join in the expression of appreciation to the Council that was so aptly made by Secretary Udall and Secretary Kelly. As the primary beneficiary of this good work we in the Office of Oil and Gas recognize its importance and the value that comes thereof.

With reference to the study which your agenda committee has approved, and the Council has adopted here today, in the preparation of a ^{companion} survival plan and an operating manual, I would like to say that this is a companion study to one that is being made by our ^{Emergency} ~~Emergency~~ ^{Advisory Committee for} Natural Gas Committee, and I think it would be well if they worked in

unison with each other.

I think we are fortunate in having as members of the Council some of the members of that gas committee.

I think it would also be appropriate to mention that the Interior has asked all of the other agencies that are involved to comment on our helium program, and their potential needs for this product in the future.

They are also requesting the exploration people to report any discoveries of helium in the contents of their gases, so that the estimates of the reserves of this product can be maintained.

I appreciate -- I want again to say I appreciate the work which you have done in the past, and I look forward enthusiastically to working with you in the future.

Thank you.

(APPLAUSE.)

CHAIRMAN FOLLIS: Now, Vice Admiral Burton Biggs, ~~the~~
Director of the ^{Office of} Petroleum Logistics Policy, Office of the
Assistant Secretary of Defense.

Admiral Biggs.

ADMIRAL BIGGS: Mr. Chairman, Mr. Secretary.

It is as usual a privilege to talk to this outfit.

I don't know whether it is always a pleasure for them to listen to me or not, as I get conflicting reports on that.

The Secretary of Defense, for reasons that might be immediately apparent, and his assistants, were not able to be here today.

I would like to express my feelings a little bit about our friends Walter Hallanan and Frank Porter.

As quite a few of you gentlemen are aware, I was Deputy Executive Officer of the old Army and Navy Petroleum Board when the more or less interesting maneuvers that went on to form this Council took place. It was quite a party.

The 17 years that I have been associated with this Council ^{have} ~~has~~ been extremely interesting, and also very helpful.

I might say in the case of the studies, that your Soviet ^{Oil} Study has developed into a "best seller."

I have trouble meeting the requirements, and I think Secretary Kelly and Jerry O'Brien found themselves in the same position.

The same is practically true of the ^{report} ~~volume~~ Transportation. It is in considerable demand in the military departments and ⁱⁿ the Joint Chief of Staffs organizations, I think I have them quieted by the number of copies you furnished me, thank you very much.

Now, in the matter of transportation, we have had some rather interesting transportation activities in the Department of Defense.

Among my other minor duties I am supposedly the Defense Department representative on the NATO pipeline Committee in Paris.

I have not been to Paris.

I have not had any reports from the Comptroller General, however, of my telephone bill.

We found ourselves in the interesting position of having to bail out various and sundry heating oil suppliers in South Germany and various other spots in Central Europe. We had a pipeline.

Now, I also received recently a memorandum from Colonel Armstrong in the NATO organization, Ambassador Finletter's place in Paris, saying that he had subscribed in my name to an operation known as "Coals to Newcastle."

This, my friend, was pumping ~~the~~ water to Rotterdam, through the NATO pipeline. The reason ^{is that} it was awful cold. The fresh water on top insisted on freezing, and the only water that was coming in underneath was salt. I am sure you people know you don't run the fresh water inside of a refinery with salt water -- not for long.

For some 20-odd days we pumped considerable amounts of fresh water into Rotterdam to keep the refinery going.

Now, in connection with the NATO pipeline, it also has other ramifications.

It runs at a deficit.

The United States pays some 39.6 per cent of the said deficit, which amounts to approximately a million dollars a year.

Now, most people say, well, what is a million dollars in the defense appropriation?

It is a lot if you don't have it.

This program which has been called by certain irreverent people the "fog program," otherwise known as the flow of gold, or of some more irreverent purpose calling it the "^{bebop}rebob" program, the balance of payments.

We have quite a little difficulty with that at times, and nobody has incipient heart attacks, in this place, I hope, because there was an interim directive went out the other day from the Department of Defense dated the first of ^March, 1963, to explore in all directions a possible barter operation for overseas purchases, for items used overseas. It might be that gasoline and jet fuel are classified as an item.

We tried this once, it did not work for various reasons.

Some of the reasons we think have been extracted the/efrom through the cooperation of the Agriculture Department.

So some of the sales division of your companies may be faced with taking another look at this possibility.

I appreciate the position you might be in if somebody wanted to swap you coffee for oil somewhere else.

However, this is a trial operation that probably will be tried out in the not too distant future.

I think that is about all, Mr. Chairman, that I have. I would like to thank you all very much, and look forward to further operations similar, and some of more joyful nature, perchance.

(Applause.)

CHAIRMAN FOLLIS: Thank you, Admiral Biggs.

Gentlemen, I mentioned earlier there were a few matters in relation to the business of the Council that I wished to report to you on. The first of those is the retirement of James Brown, which took place on January 1. You all know Mr. Brown was Secretary ~~and~~ Treasurer of the Council through its life of 17 years, and I believe we all owe Mr. Brown an expression of appreciation for the work and loyalty and help that he contributed to the Council during those years.

Now, Mr. Brown, had a contract with the ^{Council} ~~company~~ in relation to his pension. That contract of course became activated on his retirement.

I have arranged for him to be paid under the terms of the contract on a current basis until we could have a meeting and put this on a more formal basis, and what

I would like to propose today is that we do just that, that we fund the pension that Mr. Brown has under contract so that the money will be set aside and will be available to him in spite of what might happen to the Council in the future in the way of elimination of the Council, or something else that could possibly happen. So that we do have sufficient funds to do this. I would like to, as I say, set up funds with an insurance Company, covering this obligation.

This is one of several things that I asked the Committee on Organization, Mr. Hamon's Committee, to review in detail, with the thought that they are difficult things for a large group of people to study in sufficient depth, and later Mr. Hamon's Organization Committee will report and make a recommendation on this matter.

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The other matter that they ^w will also report and make a recommendation on ^{has} ~~was~~ to do with the current organization of the Council. It seemed to me this was an appropriate time, with a new Secretary ~~and~~ Treasurer coming in, to make a real review of the salaried administration, the workload administration, and a human relations administration of the Council's staff. We will have that one.

Out of that I might say we have set up what I think is a good orderly business-like salary scale, and we have what I believe also is an orderly workload organization in spite of the very ^{erratic} ~~erratic~~ workload that is inherent in the Council.

When it came to the matter, though, of ^a benefits package, we might call it, we found outside of this special agreement with Mr. Brown there was really no recognition given at all to the people on the staff. It seems to me it is proper and orderly that the staff of the Council have the same sort of general level of human relations treatment that is in effect in similar organizations with whom we compete.

So as a result of that, I arranged to have a benefit package put together, which is not competitive with those of the oil companies, themselves, but is competitive with the type of benefit package that is used in associations of a similar kind. For example, the American Petroleum

Institute.

It will be my recommendation that we approve the installation of such a benefit package which I don't think is excessive. It would amount to a little over 13 percent on the pay roll, which as I say is considerably less than most of us pay in our own companies, but still in line with the general level of associations. So when the Committee on Organization reports, they will give you a report of their analysis of these two proposals, and ask you to vote as to whether or not you wish to endorse them.

Now, before I call on Mr. McCollum, who is acting as Chairman of the Committee on Organization, I want to say that Mr. Hamon was here yesterday and participated in our discussions and deliberations on this matter, and later in the day, during the Agenda Committee meeting, he was called ~~off~~ home on an emergency. I got a message a few moments ago this emergency is quite serious, as his daughter is desperately ill. The doctors don't know what is the matter with her. He is there with her. And it seemed to me that it would be appropriate if the Council wished to do it for you to authorize me to send a wire of sympathy and encouragement to Mr. Hamon after this meeting.

FROM FLOOR: I so move.

FROM FLOOR: Second.

CHAIRMAN POLLIS: All right, I will do that.

Now, I would like to call on Mr. McCollum, who was kind enough to substitute for Mr. Hamon.

MR. MCCOLLUM: Mr. Chairman, distinguished guests, and members of the Council: The Chairman has outlined to you a part of my report.

This Committee on the ~~Re~~^{Re}organization of the National Petroleum Council ~~have~~^{has} met on numerous occasions. It has thoroughly gone into these problems, and with the special assistance of the Chairman and Mr. Hamon's organizations, the study has been complete and thorough, and these recommendations are coming as a result of their studies.

Reference was made to Mr. Jim ^BBrown's situation, and I think quite clearly outlined to you. This organization has an obligation agreement with Mr. Brown to pay an annuity. Part of it has been paid since his retirement. After a thorough study, particularly by the Chairman and Mr. Hamon, and discussed with the Committee, it was the unanimous consensus that this obligation be funded, so you have here a resolution which I don't think I need to read in its entirety, but simply states that it asks for authority for the Treasurer of the Council be authorized to expend from the fund of the Council approximately \$129,000 for the acquisition of an annuity covering that agreement between this Council and Mr. Brown.

So, Mr. Chairman, I recommend and submit to you the

action on this specific resolution.

FROM FLOOR: Second.

CHAIRMAN FOLLIS: It has been moved and seconded.

Is there any discussion?

If not, all those in favor please say "aye."

Response ?
Opposed.

Thank you ?
Thank you.

MR. McCOLLUM: There are two other actions, the second of which was outlined by your Chairman, namely, the adoption of the benefit program of NPC employees. The outline and study has been thoroughly made.

Again, this Committee agrees with the recommendations as outlined in this instance by the Chairman, and we might have a resolution covering this course of action. I think it worth while to give you the detail of it, most of which was recited to you by the Chairman.

In other words, there will be placed into action the following program benefits for all Council employees in full operation and effect. There are four headings to this.

First, it will be a form of contributory plan, eligibility of participation shall be at least three years' service with the Council, and which will produce an annual annuity for each eligible employee at the normal retirement age of 65, at one and one-fourth percent of the employee's

earnings subject to Social Security, plus two and one-quarter percent of the employees' earnings over that amount, multiplied by the number of years of service. That is a little complex, I will try to clarify it in a moment.

The second item provides ^{for} that a purchase of life insurance on each employee, the face amount of which shall be equivalent to one year's gross salary after ten years of service, scaled down to the equivalent of three months' salary at the end of one year's service.

Third, hospital and medical insurance for each employee, consisting of (a) the Preferred Plans written by Group Hospitalization, Inc., and (b) basic major medical insurance.

Fourth, employer's share of Federal Old Age Benefit taxes on each employee's earnings and unemployment compensation coverage as required by law.

Now, it is requested that the Chairman of the Council be, and he is hereby authorized, to spend Council funds to meet the cost of this program, which amount to the figure of 13-1/2 percent of gross salaries of each employee of the Council referred to by the Chairman. We arrived at this conclusion and this recommendation is made on the basis of studies and comparisons which were referred to,

The Committee unanimously backs this proposal, and I recommend and move the adoption of this proposed resolution

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for a benefit to the National Council employees.

FROM FLOOR: I second.

CHAIRMAN FOLLIS: It has been moved and seconded.

Is there any discussion?

If not, will all those in favor please say "aye."

Responced 3,
Those opposed.

(Carried unanimously.)

MR. McCOLLUM: One third item. After Mr. Frank Porter's untimely demise, who was Chairman of the Appointment Committee of this Council, we find the Council not only short of a chairman, but also short of one member. After due deliberation your Committee nominates Mr. J. C. Donnell, II, as Chairman of the Appointments Committee, and, in addition, we nominate Frank H. ~~Heard~~ *Heard* of the Petroleum Institute as a member of the Appointment Committee.

Mr. Chairman, I move these nominations be closed and the Council elect Mr. Donnell as chairman and Mr. ~~Heard~~ *Heard* a member of the Committee.

FROM FLOOR: Second.

CHAIRMAN FOLLIS: Gentlemen, it has been moved and seconded. Any other nominations?

If not, all those in favor, please say "aye."

Those opposed.

Thank you.

(Unanimously carried.)

CHAIRMAN FOLLIS: Thank you, Mr. McCollum.

We will have the report of the secretary-treasurer, Mr. Vincent Brown.

MR. V. BROWN: Gentlemen, I reported basically as to the finances, but I thought you might be interested to know with reference to the Soviet Oil study, we have since the last meeting distributed in response to a direct request 2,300 copies of the Russian oil study, 1700 of these were Volume I, 1100 were Volume II.

FROM FLOOR: Did you make money on them?

MR. V. BROWN: We are taking in some money on them.

Forty percent of these copies went to agencies of both the United States Government and the governments of allied nations.

With respect to the finances of the Council, as of January 1, 1962, there was a balance of \$60,904 in the General Funds. During the calendar year 1962, the total receipts from contributions and other sources amounted to \$120,474.

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Disbursements totaled 154,¹²⁵000, exceeding receipts, primarily due to heavier than normal expenses incurred in the compilation and turning out of the Soviet oil reports. The balance therefore in the general fund at the end of 1962 was \$27,253.

Now in keeping with Mr. ^Follis' letter to you on January 18th of this year, an amount of \$60,000 was budgeted for Council operations for the period January 1 through June 30, 1963.

A budget for the fiscal year of 1963-64 will be proposed by the Chairman following the appointment of the members for that period by ~~the~~ Assistant Secretary of Interior Kelly.

For the two-month period ended February 28, 1963, receipts totaled \$59,256, and disbursements were \$18,¹⁹840. So the balance in the general fund at the end of February was \$66,670.

In addition, the value of bonds and savings constituting the reserve fund totaled \$183,246, on February 28, and a large portion of this will be needed to meet the pension commitment.

Thank you, that is all.

CHAIRMAN FOLLIS: Thank you, Vincent.

I might supplement, that I thought every way I possibly could to avoid sending you two bills this year,

because I know how important two bills are to most companies, but there just didn't seem to be any way to switch from the calendar basis to the fiscal year basis in view of the fact that the Council will be reappointed in July, and the membership might not be exactly the same as it is now.

So I just wanted to remind you we are sorry we have to put upon you that burden.

Gentlemen, that is our agenda. Unless the Co-Chairman has something he would like to bring up, a motion to adjourn will be in order.

FROM THE FLOOR: I move we adjourn.

CHAIRMAN FOLLIS: Will the Chairmen of the Committees please stay, for the Committees that made their reports please stay for the press conference.

(Whereupon, at 12:22 o'clock p.m., the Council was adjourned.)