

PETROLEUM AND GAS
IN A
NATIONAL EMERGENCY

AN ANALYSIS OF GOVERNMENT PLANNING

A REPORT OF THE
NATIONAL PETROLEUM COUNCIL

1964

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IN A

NATIONAL EMERGENCY

An Analysis of Government Planning

July 28, 1964

A Report of the
National Petroleum Council's
Committee on Emergency Preparedness
for the Petroleum Industry

Albert L. Nickerson, Chairman
with the Assistance of the
Subcommittee for EPGA Manuals
Charles F. Scott, Chairman

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FOR THE PETROLEUM INDUSTRY (1964)

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PREFACE

The National Petroleum Council was established by the Secretary of the Interior on June 18, 1946, pursuant to a directive of the President of the United States. The purpose of the Council is solely to advise, inform and make recommendations to the Secretary of the Interior with respect to any matter relating to petroleum or the petroleum industry submitted to it by the Secretary.

The Secretary of the Interior, from time to time, has sought the advice of the Council on various aspects of government and industry preparedness for a national emergency. The Council has prepared two reports this year which are more comprehensive and in greater depth than its previous studies in this area. "Emergency Planning for the Petroleum and Gas Industries" is the first report. This, the second, is concerned with an analysis of government plans. As alternate sides of the same problem, these companion reports provide, on the one hand, guidance to industry on company emergency planning and, on the other hand, advice and recommendations to Government on its emergency planning.

INTRODUCTION

The petroleum and gas industries were successfully mobilized in World War II and the Korean conflict through the joint efforts of the Government and the industry, via the organizational pattern provided by the Petroleum Administration for War (PAW), the Petroleum Administration for Defense (PAD), and the Petroleum Industry War Council. The industry, working with and under the coordination of the PAW and the PAD, conducted its operations efficiently and with dedication. No less will be expected of the industry and the Emergency Petroleum and Gas Administration in any future emergency.

Historical mobilization experience cannot be relied upon entirely in preparing for a future emergency. The nature of the next emergency could be vastly different from either World War II or the Korean conflict. Moreover, the scope and complexity of oil and gas operations, world-wide, have increased significantly since the war years.

The President has promulgated a National Plan for Emergency Preparedness which recognizes that a future emergency might range in seriousness from international tension to limited conventional warfare involving U.S. forces, or even to surprise nuclear attack on the continental United States. The possibility of massive attack on the United States with nuclear weapons presents a decidedly different situation from that which confronted PAW and PAD. The design and responsibilities of EPGA, therefore, must differ in certain respects from those of PAW and PAD.

The PAW and PAD were established following declarations of national emergencies, and several months were required before they could function effectively. The EPGA must be organized, and have action plans ready to implement, prior to the outset of the next emergency. In any nuclear war of the future, time will be as precious as men and materials, and the Nation will be able to buy time only at the frightful price of devastation and the risk of defeat.

PAW and PAD operations were directed for the most part from a national headquarters in Washington. The possibility of a nuclear attack on the United States requires that EPGA be able to operate both geographically and administratively on a decentralized basis to reduce vulnerability to nuclear attack. If EPGA's national headquarters is destroyed or rendered temporarily inoperable, surviving EPGA field offices must be able to carry on their activities independently until central coordination is re-established.

The possibility of widespread nuclear damage to the oil and gas industries' producing, refining, transportation and distribution facilities adds still another dimension to the challenge facing EPGA. The more serious problems that confronted PAW and PAD were those involving dislocations of petroleum supplies. EPGA may be required to solve not only such problems as these, but also those involving significant loss of personnel, product, inventories and facilities. Such additional complexities require that the EPGA be even more resourceful and flexible than its predecessor agencies.

The oil and gas industries have grown dramatically in size and importance in recent years. At the close of World War II, U.S. production of crude oil was at the rate of 4,695,000 barrels per day. In 1963, U. S. crude oil production was 7,542,000 barrels per day. The entire crude oil production of the Free World in 1945 was only 6,516,000 barrels per day; by 1962, this production had tripled, to 20,133,000 barrels per day.

Oil is now the most universal of all the commercial energy sources. In 1950, about 40 percent of the Free World's energy requirements, and some 55 percent of U.S. energy needs were supplied by oil and gas. By 1961, oil and gas were the sources for almost 60 percent of the Free World's consumption of primary commercial energy, and supplied over 2/3 of U.S. energy requirements.

Clearly, the oil and gas industries have assumed steadily increasing importance since World War II and the Korean conflict. This means that in any major future emergency, the demands placed upon EPGA will probably be vastly greater than those placed upon PAW and PAD.

The scope, magnitude, complexity, and significance of the problems facing the EPGA and the oil and gas industries in event of a nuclear war are awesome. The development of wise policies and effective planning by our Government, supported by the petroleum and gas industries in a teamwork endeavor, is essential if the problems of national security with respect to petroleum and gas are to be met.

SCOPE OF THIS STUDY

A. Formation of Study Group

On March 15, 1963, the Assistant Secretary of the Interior for Mineral Resources, Honorable John M. Kelly, asked the National Petroleum Council to make a comprehensive review of an outline developed by the Office of Oil and Gas covering information which should be available in convenient form in the Office of the Emergency Petroleum and Gas Administration in event of a national emergency. The outline is to serve as the basis for a series of EPGA manuals and operating instructions.

The National Petroleum Council, at its meeting on March 22, 1963, unanimously agreed to undertake the study as requested by Assistant Secretary Kelly. To carry out the assignment, R. G. Follis, Chairman of the Council, with the approval of the Department of the Interior established an 18 member Committee on Emergency Preparedness for the Petroleum Industry. He designated Albert L. Nickerson, Chairman of the Board, Socony Mobil Oil Company, Inc., as Chairman of this Committee. The Co-Chairman of the Committee was John Ricca, Assistant Director of the Office of Oil and Gas, Department of the Interior.

The Committee subsequently decided to set up a subcommittee to assist it. Accordingly, the Subcommittee for EPGA Manuals, whose findings are described in the following report, was established to review the Government's plans respecting the petroleum and gas industries' operations in a national emergency, and in light thereof to review the outline developed by the Office of Oil and Gas. This Subcommittee, composed of 9 members, completed its task under the Chairmanship of Charles F. Scott, Executive Vice President of Mobil Petroleum Company Inc. Co-Chairman for the Subcommittee was Paul L. Hopper, Coordinator of Defense Mobilization in the Office of Oil and Gas, Department of the Interior.

B. The Specific Assignment

At a meeting of the Council's Agenda Committee on March 21, 1963, Interior officials further explained Assistant Secretary Kelly's request to the Council concerning the Emergency Petroleum and Gas Administration. The Committee was told that the Office of Oil and Gas was in the process of organizing the EPGA and that it had developed a general outline to serve as a guide for the development of information and procedures which would be needed to carry out the emergency operations of EPGA. The Department of the Interior requested that the Council analyze the outline and advise

whether it would be appropriate for the petroleum and gas industries to undertake the preparation of information on any of the topics or items listed for inclusion in a series of manuals and operating instructions.

Later, on June 14, Assistant Secretary Kelly further explained his request to the Council. He stated that the Department of the Interior needed to review with the industry the practicability of its concept of EPGA, as well as the usefulness of accompanying detailed procedures. He requested the Council's assistance in thinking through with the Department of the Interior the EPGA concepts, and asked that the Council give guidance to Interior on any changes that might be advisable in the EPGA plan.

Thus, on the basis of Assistant Secretary Kelly's original request and subsequent statements made by Interior officials, the specific assignment given the Subcommittee for EPGA Manuals can be stated as follows:

1. Review, analyze, and comment on current Government plans and concepts relating to the organization, functions, and administration of the Emergency Petroleum and Gas Administration.
2. In light thereof, review and analyze for adequacy and comprehensiveness the list of topics (as presented in the Office of Oil and Gas outline) which is to serve as the basis for a series of EPGA organization, operation and administration manuals. In addition, advise whether industry might appropriately prepare any of these manuals.

C. Organization of the Report

The report herein constitutes the findings of the Committee and its Subcommittee for EPGA Manuals. It is divided into two major sections. The principal conclusions and recommendations, based on analysis of present Government plans relating to EPGA, are presented in Part One. In Part Two appears the detailed review, analysis, and rationale for such plans, on which the Committee has based its conclusions.

The Supplement to the report is also divided into two major sections. Part One contains a detailed list of the basic data and information needed by EPGA immediately at the outset of an emergency. In Part Two appears the Committee's itemized suggestions regarding its review of the list of topics developed by the Office of Oil and Gas to serve as the basis for a series of manuals and operating instructions for EPGA.

PART ONE

CONCLUSIONS AND RECOMMENDATIONS

PART ONE

CONCLUSIONS AND RECOMMENDATIONS

The major conclusions and recommendations of the National Petroleum Council's Committee on Emergency Preparedness for the Petroleum Industry, assisted by the Subcommittee for EPGA Manuals, are presented herein. The Committee's findings are discussed at greater length in Part Two.

This study is the result of an intensive and thorough analysis, requiring a year for completion. It represents the consensus of the Committee as to the most realistic and workable form of an emergency petroleum and gas agency.

Both the conclusions (Part One) and the detailed supporting discussion (Part Two) are arranged in the same order, and fall into five categories:

1. Summary of current Government and petroleum and gas industries emergency planning.
2. Basic principles and concepts of the Emergency Petroleum and Gas Administration.
3. Authorities required for the effective functioning of the EPGA.
4. The administration and organization of the EPGA.
5. Specific requirements for EPGA's pre-emergency readiness and post-emergency operations.

CHAPTER 1

CURRENT GOVERNMENT AND PETROLEUM AND GAS INDUSTRIES EMERGENCY PLANNING

A. PRINCIPAL CONCLUSIONS AND RECOMMENDATIONS:

1. COORDINATION OF EPGA PLANS WITH ALL OTHER NATIONAL EMERGENCY PREPARATIONS SHOULD BE EMPHASIZED.

Sound emergency planning for the petroleum and gas industries cannot be conceived and developed without constant awareness of, and coordination with, the emergency planning being done for the entire U.S. civilian, industrial, and military complex. The petroleum and gas industries are interrelated and interdependent with many other areas of the economy.

In an emergency, the operations of EPGA must of necessity interrelate and be compatible with those of a variety of other government agencies. The EPGA will be subject to the broad national coordination exercised by the Office of Emergency Planning. On the one hand, the EPGA will be the resource agency to supply the fuel and energy requirements of other agencies. On the other hand, the EPGA will be dependent on many of these agencies as a claimant for materials (Business and Defense Services Administration), transportation (Office of Emergency Transportation, including the Maritime Administration and the Interstate Commerce Commission), manpower (Department of Labor), and communications (Federal Communications Commission). The establishment of authority and mechanisms for priority and allocation systems for resource management require close inter-agency coordination.

Survival and recovery during an immediate post-attack period will depend heavily on pre-emergency planning and preparedness measures taken by the state and local governments. The EPGA, must therefore be prepared also to coordinate with state and local emergency authorities and to furnish them with advice and guidance in the development of their petroleum and gas mobilization plans.

The Committee recommends that the Department of the Interior give increasing emphasis to the coordination of EPGA

planning with the emergency plans being developed by other government agencies that relate to the responsibility or operations of EPGA. Clarification of jurisdictions or duties seem necessary and appropriate in a number of instances.* It is urged that these be obtained as rapidly as possible.

* A specific example which can be cited by way of illustration concerns petrochemicals. By definition the Secretary of Interior's emergency planning responsibility for petroleum includes production of petrochemicals in facilities 50% or better owned or operated by oil and gas companies, but excludes the production of carbon black, ammonia and synthetic rubber. Distribution of petrochemicals and production, other than that for which the Secretary of Interior is responsible, falls under the jurisdiction of the Secretary of Commerce. Jurisdictional arrangements based on ownership of facilities may prove difficult to administer. A petrochemical facility that is more closely allied to the petroleum industry than to some other industry might better come within the jurisdiction of EPGA regardless of ownership. This type of situation, involving possible jurisdictional overlaps, requires delineation of responsibilities, mutually agreed upon by the Department of the Interior and the Department of Commerce.

CHAPTER 2

THE EMERGENCY PETROLEUM AND GAS ADMINISTRATION - BASIC PRINCIPLES AND CONCEPTS

A. PRINCIPAL CONCLUSIONS AND RECOMMENDATIONS:

1. THE UNIQUE CHARACTERISTICS OF THE PETROLEUM AND GAS INDUSTRIES NECESSITATE A SINGLE SPECIALIZED FEDERAL AGENCY FOR THEIR COORDINATION AND DIRECTION IN AN EMERGENCY.

The facilities and operations of the petroleum and gas industries are far-flung and generally complex. They are tied together by an intricate series of complicated gathering, processing, transportation and distribution systems. This operating structure inherently necessitates that, in time of national emergency, these industries be guided and directed on a unified basis by one Federal organization thoroughly familiar with these industries and so specialized as to be able to deal with their internal problems in all branches of their operations.

This basic principle has been given recognition by the Government in its planning for an Emergency Petroleum and Gas Administration. The Committee believes that no organization other than one of this character, reporting directly to the Secretary of the Interior, could achieve its objectives.

2. THE ORGANIZATION OF THE EPGA SHOULD PARALLEL THE FUNCTIONAL LINES OF THE PETROLEUM AND GAS INDUSTRIES.

Petroleum and gas operations are carried out within or through major functional lines--production, refining, supply and transportation, distribution and marketing. Most vertically integrated oil and gas companies are organized along these functional lines for effective administration and coordination of their operations.

The Committee believes that EPGA should be organized along similar lines to facilitate coordination of the oil and gas complex. This principle has been recognized in the plans set forth by the Department of the Interior.

3. THE EPGA SHOULD BE AN INDEPENDENT AGENCY.

In establishing the EPGA on a stand-by basis, the Secretary of the Interior did not delineate the relationship of EPGA (when activated) to the traditional organization structure of the Department of the Interior.

Both the PAW and the PAD functioned as independent agencies with ties to the Department of the Interior only through the Administrator. This status was exceedingly important, because the seasoned petroleum and gas executives who largely staffed these agencies were removed from inhibitions of protocol, prior jurisdictional struggles, and peacetime budgetary and administrative control systems. This gave these organizations flexibility, a dedication of purpose, and an opportunity to concentrate on getting to the heart of the problem. PAW executives were able to contact top officials in the military, the War Production Board, and other agencies, to obtain prompt action on matters vital to petroleum and gas operations to support the war effort.

Most of EPGA's problems will be non-traditional and far removed from the ordinary activities of Government. The powers will be broad and frequently ill-defined. Improvisation by the EPGA's own staff will be critical to successful administration.

The Committee recommends that the EPGA should become, upon activation, an independent agency headed by a National Administrator, who would be the Secretary of the Interior.

4. EPGA SHOULD EMPLOY SIMPLE, SELF-ADMINISTERING REGULATIONS AS GUIDELINES TO INDUSTRY.

The petroleum and gas industries embrace much creative and productive talent. In any future emergency this should be harnessed through joint government-industry effort, as it was in World War II and the Korean conflict. Solutions for the future unpredictable situations which another emergency will inevitably bring can best be found by mobilizing the initiative and resourcefulness of individuals throughout the industry.

While considerable curtailment of personal and corporate freedom may be required in future emergencies, it is believed that best results can be obtained if controls are held to a minimum. As an efficient and workable means by which EPGA

could coordinate and direct the oil and gas complex, the Committee recommends use, to the maximum extent feasible, of simple, self-administering regulations to serve as guidelines and constraints for the industry. This would avoid entangling the EPGA and the industry in massive detail. This would permit EPGA to concentrate on serious coordination problems not covered by its broad, general regulations, and at the same time provide the oil and gas industries the latitude required to adapt their traditional operations with maximum effectiveness to evolving circumstances.

5. COMPLEXITY OF INDUSTRY REQUIRES EPGA BE STAFFED
PRIMARILY WITH INDUSTRY PERSONNEL.

The petroleum and gas industries are technically oriented, of major size, widely dispersed, and structurally complex. These industries make up a huge system, with facilities and technology developed around the manufacture and handling of a multiplicity of products through intricate processing techniques. Coordination and direction of this vast system can be accomplished only if EPGA is staffed primarily with individuals possessing thorough experience in oil and gas operations. Such a program would provide a ready organization staffed with individuals who are equipped with a daily working knowledge of the techniques for which they have been thoroughly trained. Since such individuals are found primarily within the industry itself, the Department of Interior has recognized that the EPGA should continue to draw most of its staff from the petroleum and gas industries.

CHAPTER 3

AUTHORITIES REQUIRED FOR EFFECTIVE FUNCTIONING OF THE EPGA

A. PRINCIPAL CONCLUSIONS AND RECOMMENDATIONS:

1. THE AUTHORITY NEEDED BY EPGA SHOULD BE DEFINED AND
FORMALIZED PRIOR TO AN EMERGENCY.

Delay in defining and providing the authorities required by an emergency petroleum and gas agency severely restricts the actions it can take to do its job. Such delays occurred at the outset of World War II with respect to PAW.

In a future emergency, if EPGA is to commence functioning immediately to assure vital supplies of petroleum and gas, it should not be delayed by the transfer of needed authorities. The Committee's analysis revealed specific authorities EPGA will need to act effectively. These authorities should be defined in advance of an emergency. Actual provision should then be made for EPGA to exercise such authorities immediately upon its activation.

2. PRIORITIES AND ALLOCATION POWERS OVER MATERIALS
NEED TO BE SUB-DELEGATED TO EPGA.

The Secretary of the Interior was assigned the responsibility, in Executive Order 10997, of preparing plans to claim materials, manpower, equipment, supplies and services needed in support of his primary responsibility for petroleum and gas supplies. Such materials and services will be claimed from the appropriate agency, and the Secretary is "to work with such agencies in developing programs to insure availability of such resources in an emergency".

The Secretary of Commerce has been assigned primary authority for allocating most materials and equipment required for support of the petroleum and gas industries' operations. During World War II similar primary authority rested with the War Production Board. PAW received formal sub-delegations from the WPB granting PAW the power to authorize preference ratings, allotments, and the use of materials in all branches of

the petroleum industry, and to manufacturers of specialized petroleum industry equipment. In addition these sub-delegations permitted PAW to direct the deliveries of particular materials designed for petroleum and gas operations without review by the WPB, and in some instances permitted PAW to maintain independent scheduling of equipment for petroleum and gas industry use.

The Committee notes that the Business and Defense Services Administration of the Department of Commerce, has already indicated willingness to make sub-delegations, retaining of course primary authority for the distribution of such materials. Since no specific sub-delegations exist between the Department of Commerce and the EPGA, it is recommended that EPGA receive formal sub-delegation of priorities and allocations powers over materials requisite to petroleum and gas industry operations, subject to the primary authority of the Department of Commerce.

3. METHOD OF IMPLEMENTING REQUISITIONING POWER IN AN EMERGENCY NEEDS CLARIFICATION

There is a need for requisitioning authority during a national emergency involving widespread destruction. This authority is needed to permit the restoration of damaged vital facilities, and in the petroleum industry the need to cannibalize refining and other petroleum and gas facilities.

The Federal Civil Defense Act of 1950 provides for the requisitioning of materials and facilities for the Civil Defense effort when an attack upon the United States is anticipated or has occurred. This power remains, at present, in the President. In an emergency such power might possibly be delegated to the Secretary of Defense.

The effectiveness of the power to requisition facilities of the petroleum and gas industries, however, will depend upon the arrangements developed with the Secretary of the Interior. It is necessary to insure that the authorities vested with requisitioning power are guided by rehabilitation plans that have technical feasibility.

This is a matter that could affect other industries. The Committee recommends that the Department of the Interior refer the matter to the Office of Emergency Planning for consideration.

4. GOVERNMENT EMERGENCY POWERS SHOULD BE EXERCISED TO MINIMIZE DISTURBANCE OF RELATIVE COMPETITIVE POSITIONS OF COMPANIES.

The exercise of emergency powers by the EPGA and other government agencies, particularly requisitioning powers, could substantially alter the relative pre-emergency competitive position of petroleum and gas companies. While such actions may be required by overriding considerations of national interest, they should be exercised in such a manner to minimize disturbance of the relative competitive position of companies. No company should stand to gain a more favorable position in the industry or profit inequitably from a national disaster. Upon termination of an emergency, the relative competitive pre-emergency position of companies should be restored insofar as possible. This is also a question that affects all industries and, therefore, the Committee suggests that the matter be referred to the Office of Emergency Planning for appropriate study and action.

B. OTHER CONCLUSIONS AND RECOMMENDATIONS:

1. EPGA SHOULD BE SUB-DELEGATED "SLATING" AUTHORITY OVER TANKERS ALLOCATED TO USES UNDER ITS CONTROL.

It seems fairly clear that the generalized overseeing authority to allocate transportation services between industries and the military should remain with the Office of Emergency Transportation, and with the National Shipping Authority for ocean tankers, and with the Interstate Commerce Commission for tank cars, tank trucks and barges. This appears essential since these powers of allocation affect all industries, as well as petroleum and gas.

In the event of shortages of transportation capacity, government plans provide that allocations of capacity will be made to claimant agencies such as the EPGA according to priority national needs. Capacity so allocated to EPGA would then be sub-allocated to industry users, based on EPGA's determination of priorities. These plans do not appear to require additional authority for the EPGA to be able to do its job except perhaps for

tanker "slating".* Within the broad allocation of tanker tonnage assigned for movement of petroleum under approved EPGA supply programs, the Committee considers that the slating of such vessels as are made available could be done more effectively by the EPGA. Slates prepared by the EPGA would be subject to adjustment by the National Shipping Authority in view of convoying, deck cargoes, and other considerations beyond straight petroleum operations. Subject to the overriding veto of the National Shipping Authority, a formal sub-delegation should be made to the EPGA for "slating".

* "Slating" is the matching of available tanker tonnage against approved crude and product movements in such a manner as to achieve maximum supply capability.

CHAPTER 4

ADMINISTRATION AND ORGANIZATION OF THE EPGA*

A. PRINCIPAL CONCLUSIONS AND RECOMMENDATIONS:

1. EPGA SHOULD BE DIRECTED BY A NATIONAL ADMINISTRATOR (THE SECRETARY OF THE INTERIOR) AND A DEPUTY ADMINISTRATOR REPORTING DIRECTLY TO HIM.

The national headquarters organization structure presently provides for a National Administrator who will be the Secretary of the Interior, an Associate Administrator who will be the Assistant Secretary of the Interior for Mineral Resources, and a Deputy Administrator who would initially be the Director of the Office of Oil and Gas. This structure differs from previous mobilization efforts (PAW and PAD) in which the position of Deputy Administrator was the top operating position, reporting directly to the National Administrator.

The Committee concludes that EPGA would have the greatest prospects of equaling the success of PAW and PAD in an emergency if it were structured, staffed and operated along similar lines to those agencies. Hence, there should be no position between the National and Deputy Administrators. The existence of the Associate Administrator position between the National and Deputy Administrators to be filled *ex officio* by the Assistant Secretary of the Interior for Mineral Resources, would necessarily downgrade the Deputy Administrator and detract from his effectiveness, to the detriment of the agency.

2. THE POSITION OF DEPUTY ADMINISTRATOR SHOULD NOT BE DESIGNATED, EX OFFICIO, TO EITHER THE ASSISTANT SECRETARY OF THE INTERIOR FOR MINERAL RESOURCES OR THE DIRECTOR OF THE OFFICE OF OIL AND GAS.

In PAW and PAD, the position of Deputy Administrator, the top operating position, and most of the key positions below him

* See EPGA Headquarters and Regional Organization charts following Part One. These charts show the changes as proposed by the recommendations contained in this Chapter.

were filled with seasoned petroleum and gas executives widely known and highly regarded throughout the industries. Because of their stature, contacts and experience, these men were able to break bottlenecks, to recruit high-caliber men for the PAW/PAD and for the many industry advisory committees that contributed so much to the success of these agencies, and to accomplish by persuasion that which would not otherwise have been so easily done. The same intimate understanding of the industry enabled them to shape directives and operational procedures in the simplest and the most practical manner.

It may well be that, in an emergency, the individuals then holding the positions of Assistant Secretary of the Interior for Mineral Resources or the Director of the Office of Oil and Gas might have the requisite background, contacts, prestige, ability, physical stamina and drive to fill the position of Deputy Administrator. On the other hand, it is quite possible that, at the time an emergency occurs, neither such Interior official, however qualified for his peacetime job, would have the qualifications necessary to be a successful EPGA Deputy Administrator. The ability of the EPGA to meet national needs, particularly in a surprise nuclear attack situation, is so dependent on this one choice that a mistake cannot be risked. For these reasons, solutions are suggested for alternatives to a pattern of ex officio selections.

The selection of a Deputy Administrator might be left open until the necessity of activating the EPGA is at hand. At that time, it is possible that the Assistant Secretary of the Interior for Mineral Resources or the Director of the Office of Oil and Gas will have the personal qualifications to make him an excellent choice for consideration as Deputy Administrator. Even so, the selection of a more qualified man should not be foreclosed by prior ex officio designations. If the Assistant Secretary for Mineral Resources were selected to assume full-time direction of EPGA as Deputy Administrator, he should be relieved of the many non-petroleum responsibilities with which he would be burdened in doubling as Assistant Secretary of the Interior for Mineral Resources.

The Director of the Office of Oil and Gas, by reason of his responsibility for bringing the standby EPGA organization to an adequate stage of readiness to cope with a national emergency, is in effect, filling the pre-emergency functions of the Deputy

Administrator. An industry executive of the caliber desired for the Deputy Administrator's position may not have the time to participate effectively in pre-emergency training and other preparedness measures. There remains, however, the possibility that a qualified executive, willing and able to assume the pre-emergency, as well as emergency responsibilities of Deputy Administrator, may be available--possibly a newly retired chief executive of a petroleum company. Such a selection would considerably enhance the pre-emergency position of EPGA and enable it to be more immediately effective in mobilizing the petroleum industry at the outset of an emergency.

Key positions below that of the Deputy Administrator should not be assigned ex officio to government personnel. It is especially important that these responsibilities be assigned to highly qualified individuals who have demonstrated their capabilities through years of successful performance.

In light of the foregoing conclusions, the Committee recommends that ex officio designations not be made for the position of Deputy Administrator and that such designations for other key positions be made only on a carefully selected basis.

3. EPGA SHOULD HAVE ITS OWN SEPARATE AND INDEPENDENT LEGAL AND FINANCIAL COUNSELOR STAFFS.

Problems of a petroleum and gas organization structured to meet a national emergency will be non-traditional and far removed from the ordinary activities of Government. Powers will be broad and frequently ill-defined. Improvisation by the agency's own staff will be a critical element to successful administration. Only an independent legal operation can effectively carry out powers requiring a variety of special arrangements, and only a separate financial function can make the kind of arrangements regarding prices, amortization schedules, loans, and the like with speed, efficiency, and singleness of purpose.

The Committee concludes that EPGA legal and financial counseling can not be adequately carried out by the established legal and financial staffs of the Department of the Interior, whose responsibilities extend to the several divisions of the Department. It is recommended, therefore, that the EPGA, upon activation, have its own separate and independent legal and financial counsel, as was the case with PAW and PAD.

B. OTHER CONCLUSIONS AND RECOMMENDATIONS:

1. PROVISION SHOULD BE MADE FOR A SECRETARIAT.

A secretariat should be included at least in the national headquarters organization. It would act to assist the National and Deputy Administrators in the task of formulating, coordinating, and following through on major policies and decisions and providing secretariat services for committees. The secretariat would significantly strengthen the administrative machinery of EPGA by ensuring that all aspects of decisions are brought together in an orderly, coordinated fashion for deliberation and decision by the National and Deputy Administrators.

2. PLANS SHOULD BE DEVELOPED TO ESTABLISH EPGA RELATIONSHIPS WITH INDUSTRY, OTHER FEDERAL AND STATE AGENCIES, FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS.

The emergency plans of other organizations and those of EPGA need to be meshed to form a coordinated and effective system. Procedures to this end should be developed jointly by the Department of the Interior and government and industry organizations as their respective emergency plans take on a more detailed form. In many instances, relationships would be established formally through committees. Although a skeleton plan for committees should be developed prior to an emergency as a part of the EPGA organization plan, actual committees should be instituted only as the need for their activity is demonstrated. A brief description of the basic committees in which PAW participated and which might again be required in the event of a full-scale activation of EPGA is contained in Chapter 4, Part Two.

3. THE ORGANIZATIONAL STRUCTURE OF EPGA SHOULD BE HIGHLY FLEXIBLE, TO MEET VARIOUS EMERGENCY CONDITIONS.

While the basic mission of EPGA would be the same as that of the PAW and PAD, the conditions under which that mission would have to be discharged would be vastly different in the event of a massive nuclear attack on the United States. In such a case, widespread destruction and damage might well be coupled with serious disruption of communications, possibly for an extended period of time. Accordingly, the success of the EPGA would depend to a high degree on the ability of its individual field representatives, operating on their own initiative under broad guidelines such as those contained in Defense Mobilization Order 8500.1.

The Committee concludes that the common organization pattern for EPGA, as presently formulated by the Department of the Interior, with major functions paralleling industry operations and provision

for decentralized control and direction at regional, state and local levels, should enable EPGA to be employed successfully in a wide range of emergency situations, if competently manned.

4. EPGA OFFICES SHOULD BE LOCATED NEAR THOSE OF RELATED GOVERNMENT AGENCIES.

There is a question whether the EPGA offices should be located in keeping with industry concentrations and the natural functioning of the petroleum economy or at the general location of other, related government offices.

The essential functions of EPGA are two-fold: a resource agency for allocation to claimant government agencies of petroleum and gas for military and essential civilian uses; and a claimant agency on other government agencies to obtain such supporting resources as materials, manpower, transportation and communications. For effective and rapid decision making and execution, the very nature of EPGA's basic functions requires close and continuous association with other government agencies at all levels, as well as convenient and ready access to government communication networks and other facilities at seats of emergency government operations.

If EPGA were to operate the petroleum and gas industries, the need of certain offices located strategically with respect to these industries might well arise. However, the function of EPGA is not to operate the industries, but to provide such controls and direction as are required in the national interest. These controls and direction can be exercised from seats of government by use of communication facilities and meetings with industry advisory and executory committees without undue loss of efficiency.

The plans of the Department of the Interior provide that EPGA offices be located at or near the offices of related government emergency agencies at national, regional, state and local levels. The Committee endorses these plans.

5. EPGA REGIONAL BOUNDARIES SHOULD COINCIDE WITH THE OEP/OCD REGIONAL BOUNDARIES, WITH CROSS-DELEGATION OF RESPONSIBILITIES WHERE NEEDED.

For administrative reasons PAW divided the United States into five districts to reflect the natural geographical regions of the petroleum economy. While no boundary line can be satisfactory from every standpoint, five districts provided a workable arrangement in World War II and the division has been maintained to the present for statistical and other purposes. On the other

hand, the boundaries of the EPGA have been drawn to coincide with those of the eight OEP/OCD regions which have been accepted by other government agencies as well. With regard to petroleum and gas operations several problems are presented by this arrangement. The boundary of OEP/OCD regions 1 and 2 divides the New Jersey-Pennsylvania refining area, while OEP/OCD regions 3 and 5 divorce Mississippi production from that of Louisiana and Texas.

The Committee concludes that during the disruption resulting from a major attack on the United States--the so-called survival period--the overriding consideration is the need of coordination by the EPGA with other Federal and local authorities in a common effort to solve regional problems. The authority of the EPGA regional offices should, therefore, cover the same territory as the other regional governmental organizations conforming to the OEP/OCD boundaries. Where an EPGA function should be coordinated by a single region, as illustrated above, the Committee proposes that such problems be resolved by cross-boundary delegations of responsibility between regions to permit proper administration by one region. At a later stage, when rehabilitation and recovery are in full swing, and emphasis has shifted from immediate regional survival needs to broad national programs, EPGA boundaries could well be adjusted to accommodate the logistic requirements of the interrelated pattern of industry operations.

6. DEGREE OF ACTIVATION OF EPGA OFFICES SHOULD DEPEND ON THE NATURE OF THE EMERGENCY.

While not endeavoring to prejudge the nature of an emergency and to decide on the extent of activation of the organization to fit an assumed pattern, the Committee recognized that different types of emergencies can present a wide range of circumstances. The Committee concludes that provisions for activation must provide a high degree of flexibility. Direct nuclear attack on the U.S. presents critical problems calling for widespread need of regional and state offices; hence a provision for general activation is made under such circumstances. In certain instances of conventional war emergencies, only limited activation would be required, and provision is made for bringing into existence such offices or divisions of offices as are needed. Executive reservists would be called upon to man units as activated. The provisions referred to for general and limited activation are detailed in Chapter 4 of Part Two.

7. EPGA'S RELATIONSHIPS WITH STATE REGULATORY AND EMERGENCY RESOURCE AGENCIES SHOULD BE CLARIFIED.

As decentralized outposts of the national organization, the EPGA regional and state offices, working closely with appropriate state authorities, should provide the means for coping with regional and state needs during disruption of the national network and facilitating achievement of national objectives thereafter. It is not clear, however, how the state petroleum conservation and regulatory agencies are to mesh their functions and authority with EPGA. The representatives of the Office of Oil and Gas suggest that a member of the regional office staff concerned be attached to each regulatory body, or even that a member of the regulatory agency be appointed a federal executive reservist, if such an arrangement is acceptable to the state authorities. In any event, there would appear to be a potential conflict of authority in this area and thus a need to establish proper working relationships. On both scores the Committee proposes that the Office of Oil and Gas clarify the situation and reach an understanding with the state officials.

The Committee has also found that separate state EPGA organizations and the states' own petroleum and gas emergency resource organizations, may lead to over-organizing the management of petroleum and gas resources by local offices and an overlapping of activities on certain matters such as damage assessment. In recognition of these problems, some states, at the suggestion of the Office of Oil and Gas, have agreed to the appointment of federal executive reservists in key positions in the state's organization. This will enable individuals to exercise both federal and state responsibilities. This arrangement also simplifies matters for industry operators. It does give rise, however, to possible conflict between federal and state supervision of individuals vested with authority from both sources. On balance, the Committee favors the approach taken by the Office of Oil and Gas to encourage the establishment of combined federal-state agencies at the state level. The Committee recognizes, however, that the individual states have the option to subscribe to such an arrangement, or to set up, as a number have done, their own state petroleum and gas resource organization without any member's also being a federal executive reservist.

CHAPTER 5

SPECIFIC REQUIREMENTS FOR EPGA OPERATIONS

A. PRINCIPAL CONCLUSIONS AND RECOMMENDATIONS:

1. IMPLEMENTATION OF THE EXECUTIVE RESERVE PROGRAM FOR EPGA SHOULD PROCEED WITHOUT DELAY.

In past emergencies, most industry personnel were recruited to staff war agencies after the emergency developed. The next emergency could develop rapidly, and even include a surprise nuclear attack upon the United States. To meet such contingencies, nucleus staffs must be appointed, assigned positions, and trained prior to the onset of any emergency.

A National Defense Executive Reserve was established by the President in 1956. The Committee believes that the EPGA Executive Reserve program--recruitment through training--has not reached a satisfactory level of completion. The Executive Reserve program of the Office of Oil and Gas calls for filling 250 key positions by assignments to EPGA, together with one or two alternates. This number of positions represents a bare minimum, should EPGA be fully activated. To date, 155 reservists have been appointed. Only six of these have received specific assignments--the six regional administrators who have been designated. Training of reservists has been only nominal. The Petroleum and Gas Executive Reserve should not, at this time, be considered prepared to perform its mission effectively at the outset of an emergency. The Committee recommends that a definite program of selection, assignment, and training of reservists be pursued by the Department of the Interior with all reasonable speed.

2. THE EMERGENCY PREPAREDNESS PROGRAMS REQUIRE MORE ACTIVE PARTICIPATION BY THE OIL AND GAS INDUSTRIES.

If members of industry are to be ready to staff EPGA in a sudden emergency, industry must assume a more active role, largely through key executive reservists already appointed. It must work closely with the Office of Oil and Gas in the build-up of the overall petroleum and gas mobilization readiness effort.

In Part Two the Committee outlines a minimum program to achieve the state of readiness desirable. A definite program should be established, time-phased to assure steady progress toward completion. Many aspects of the program, such as training, should be undertaken by the reservists themselves as a practical and feasible means of accomplishing the objectives.

3. A STANDING EMERGENCY PLANNING COMMITTEE IS DESIRABLE.

In other conclusions in Part One, and with considerable elaboration in Part Two, the Committee makes suggestions with respect to early achievement of a pre-emergency readiness posture for EPGA, and "tools" which EPGA will require to carry out its responsibilities, if activated. These matters include recruitment of executive reservists; a definite training program for the reservists under supervision of the Office of Oil and Gas; advance preparation of informational, organizational and operation manuals for the EPGA; and gathering, analysis and maintenance of a minimum amount of data and information on the petroleum and gas industries and their operations.

The Committee realizes that accomplishment of all the goals suggested by its recommendations will require an impressive effort, in terms of talent, manhours and funds. It believes the petroleum and gas industries should advise and assist Interior in reaching these objectives. The Committee recommends that the Secretary of the Interior consider establishing a standing committee to provide him with advice and assistance in connection with the EPGA on a continuous "as needed" basis. Such a standing committee could advise and assist the Department of the Interior during the development period of the overall Emergency Petroleum and Gas Administration program. The necessity for continuation of this Committee would be re-examined at yearly intervals.

A precedent for this arrangement is noted in the existence of the Emergency Advisory Committee for Natural Gas, established by the Department of the Interior on a year-to-year basis. Its function is to focus entirely on emergency preparedness activities as related to natural gas transmission.

4. A STANDING COMMITTEE OR SUBCOMMITTEE ON EMERGENCY COMMUNICATIONS MAY BE DESIRABLE.

Numerous problems will arise requiring the advice of individuals familiar with the technical and organizational aspects of the petroleum and natural gas industries' communications systems. In developing plans for meeting EPGA's emergency communications needs and in providing guidance to the members of the industry in making their plans for emergency communications, a group to provide liaison between Government and industry is needed.

The Federal Communications Commission's responsibilities for emergency plans for communications are analogous to those of the Department of the Interior for petroleum and natural gas. The FCC has appointed a National Industry Advisory Committee (NIAC), a subgroup of which is responsible for advising FCC on the emergency communications problems of the petroleum and natural gas industries. It would be desirable for the Secretary of the Interior to appoint a standing committee or subcommittee to advise the Office of Oil and Gas and EPGA on communications matters and having liaison with the NIAC group advising the FCC on petroleum and gas communications matters in order that that group be responsive to the policies and needs of EPGA.

An important element of EPGA's and the petroleum and gas industry's emergency communications plans will be to ensure the technical compatibility of any emergency communications system furnished EPGA by the efforts of members of the petroleum and gas industry with the system supplied EPGA by the Defense Communications Agency. An emergency communications committee or subcommittee would have access to the detailed information of the industry systems.

Such a group would be helpful on each of the following:

a. Intra-EPGA communications needs

Advance joint planning by EPGA or OOG and the Defense Communications Agency is essential to ensure that appropriate facilities are available for EPGA.

b. EPGA-Industry communications needs

Joint actions by EPGA or OOG, the Federal Communications Commission, the communications common carrier companies, and the petroleum and natural gas companies are necessary.

c. Industry communications needs

The companies in the petroleum and natural gas industries have extensive communications facilities, partly owned and partly leased, which are adequate for normal use. They require substantial additions and modifications if they are to be adequate after being subjected to severe damage.

B. OTHER CONCLUSIONS AND RECOMMENDATIONS:

1. EPGA EXECUTIVE RESERVISTS SHOULD BECOME FEDERAL EMPLOYEES AUTOMATICALLY UPON DECLARATION OF A NATIONAL EMERGENCY.

There appear to be no legal difficulties involved in industry personnel's accepting standby executive reserve status prior to an emergency. It is not clear, however, that plans for reservists automatically to become full-time federal employees have been satisfactorily provided for by appropriate statute or executive order. The Committee points out that if reservists, upon activation, cannot immediately act as federal officials, the intent of the reservists program would be seriously jeopardized, particularly in a nuclear attack situation.

2. THE CONFLICT OF INTEREST STATUTES UNDULY RESTRICT EPGA OPERATIONS.

Whenever an executive reservist becomes a government officer or employee, the manner and extent to which he may properly perform his government duties are subject to certain restrictions contained in the Conflict of Interest Statutes. Such a person cannot, for example, act on behalf of the government in direct dealings with his previous industrial employer. This is sound for obvious reasons. But where decisions affect entire segments of the industry, including a prior industrial employer, the activated reservist is not even free to participate in such decisions. This latter restriction may have the effect of seriously hampering the decision making functions of EPGA since the EPGA will be staffed largely by former industry personnel.

During emergency periods, general decisions must constantly be made and, inevitably, in the petroleum industry these affect a wide range of individual organizations. If reservists cannot

participate in such general decisions, the greater portion of their usefulness is lost, and the operations of the EPGA will be seriously curtailed. On the other hand, reservists should not be permitted to participate in decisions specifically directed to a particular situation in which the companies by which they were previously employed, or in which they may hold a financial interest, are peculiarly affected.

The Government has authority to exempt EPGA reservists from some of the restrictions of the Conflict of Interest Statutes which it should exercise to permit activated reservists to participate in general decision making of the EPGA, even though such decisions might necessarily affect a company by which such reservists previously were employed, or in which the reservists may hold a financial interest.

The Committee believes that, under Section 208(b) of the Conflict of Interest Statutes, two methods could be utilized by government to do this: (a) individual determinations by the Government that the reservist's financial interest is not so substantial as to be deemed likely to affect the integrity of the services he performs for the government; or, (b) by general rule or regulation the reservist's financial interest is exempted because it is too remote or too inconsequential to affect the integrity of his government services. While exemption of EPGA reservists is a matter for the Secretary of the Interior, this problem applies equally to other emergency government agencies and hence warrants the attention of the Office of Emergency Planning in coordinating the government-wide executive reserve program.

3. PROSPECTIVE EPGA RESERVISTS SHOULD KNOW THE CONDITIONS OF THEIR EMPLOYMENT.

The present arrangement for appointment of reservists is silent on the matter of job assignments and compensation and other benefits to be paid by government to the executive reservist in event of full-time federal employment. The Committee recommends that the Government indicate in advance the type of employment and the level of perquisites that would be offered during an emergency.

4. EPGA RESERVISTS, WHEN ACTIVATED, SHOULD BE ENTITLED TO THE SAME EMPLOYER PERQUISITES AS INDUCTEES INTO MILITARY SERVICE.

A reservist who becomes a regular government employee receiving government compensation is prohibited by Section 209(a) of the Conflict of Interest Statutes from receiving any perquisites from his industrial employer other than continuation of participation in his industrial employer's formal benefit plans. A lump-sum payment before a reservist becomes a government employee would probably not be in violation of the Section. The limitation of Section 209(a) during an emergency may be difficult to meet and may not permit a satisfactory arrangement for the employee. Much more practical handling could be made available to industry and the reservist if Section 209(a) were made inapplicable throughout emergency periods. This would accord to such employees the same right to continuation of employer perquisites as inductees into military service.

5. SELECTED DATA AND INFORMATION MUST BE COMPILED IN ADVANCE AND MAINTAINED AT EPGA OFFICES FOR USE IN AN EMERGENCY.

EPGA must have available at national and regional headquarters a minimum of basic information to function effectively. The Committee has compiled a listing of such information, which appears in the Supplement to this report. Some of this information is readily available. Other would have to be compiled. The National Petroleum Council, on specific request of the Department of the Interior, has prepared certain reports--on productive capacity, storage facilities and capacity, manpower requirements, transportation facilities, etc.,--which contain the type of information needed. What is now required is to fill in the gaps not covered by existing compilations, directed specifically to the needs of the EPGA, and to provide for updating information periodically as appropriate. The Office of Oil and Gas will need the assistance primarily of the Council. Other government agencies and executive reservists may be of some help. If this task is to be accomplished competently, however, it will require a greater expenditure of time and effort by the Council than it has devoted previously to such matters.

6. FOUR BASIC EPGA MANUALS ARE REQUIRED.

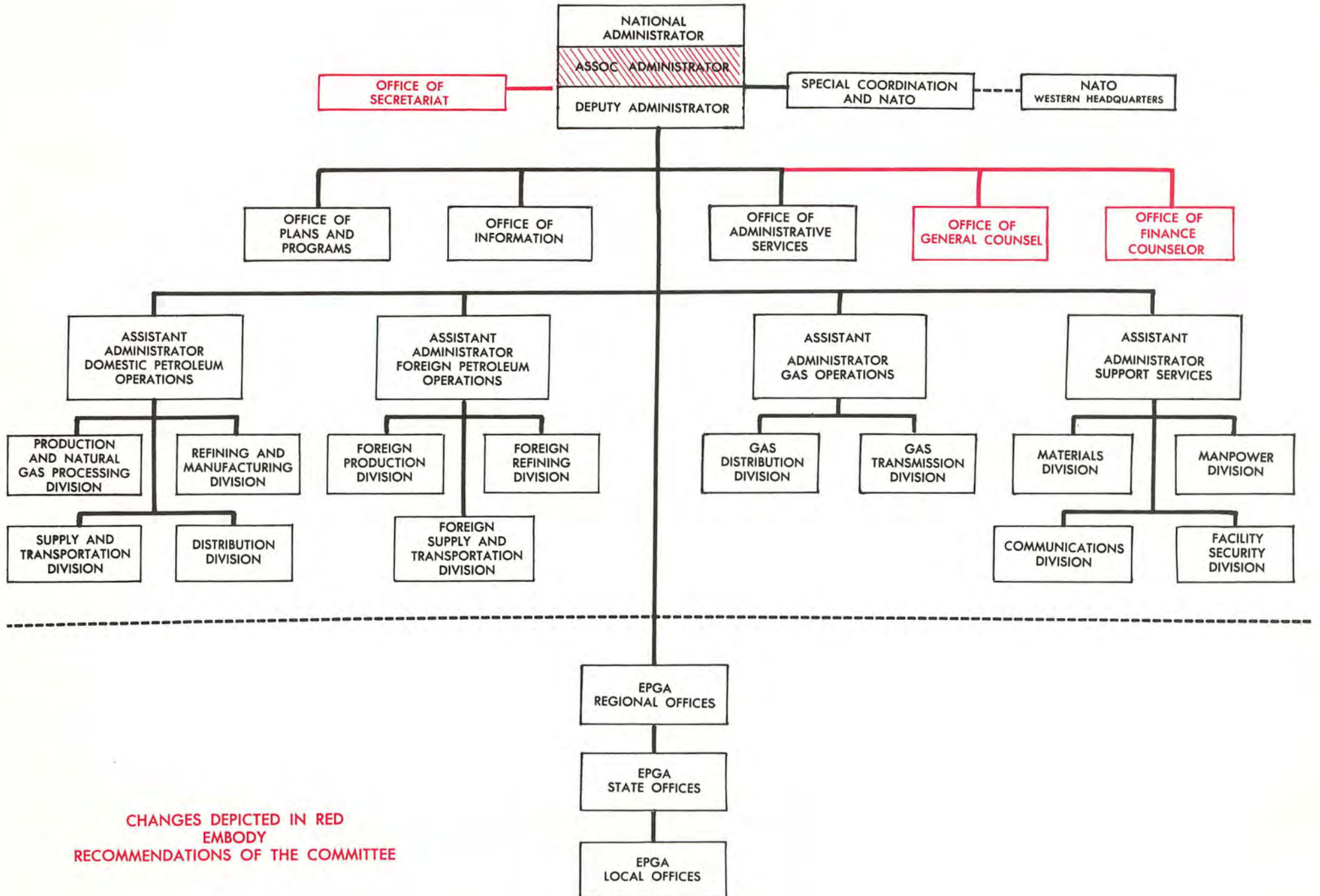
The Committee proposes that four types of manuals be prepared:

- a. Manual designed for wide distribution to interested industry and government personnel
 - (1) EPGA General Information Handbook
- b. Manuals for EPGA's internal use
 - (2) Organization Manual
 - (3) Administration Manual
 - (4) Series of Operating Manuals

A suggested table of contents for the general information handbook, and for the organization and operating manuals has been developed by the Committee, and is set forth in the Supplement to this report.

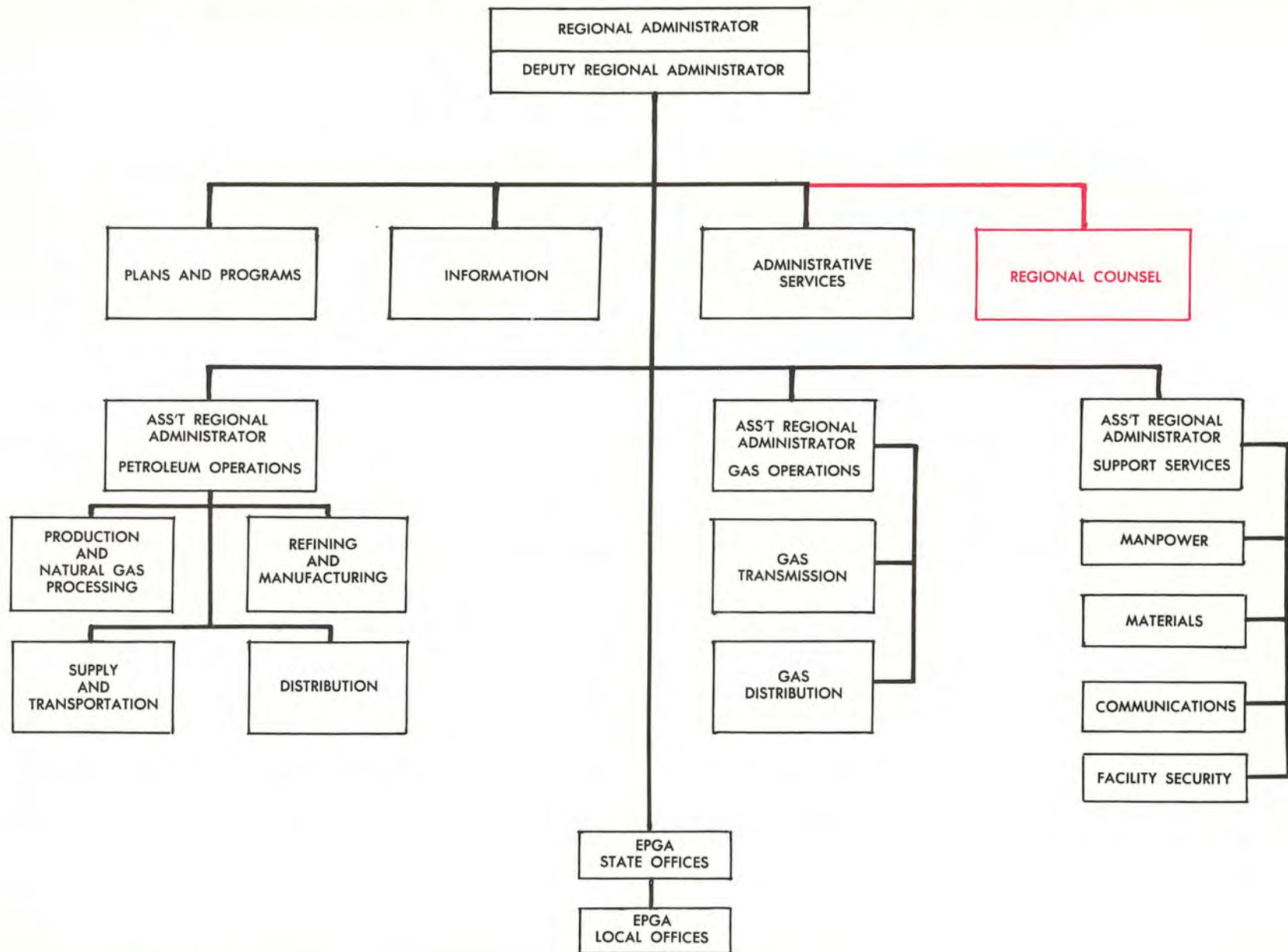
Operating manuals for major EPGA functions involve a series of practical operating problems. It is, therefore, most appropriate that an industry group undertake the preparation of these manuals. The Committee also feels that an industry group could appropriately assist the Department of the Interior in preparing the general information handbook and organization manual. The EPGA administration manual, however, would contain mainly internal "house-keeping matters" closely related to current governmental procedures and practices. Hence it should be prepared by the Office of Oil and Gas with suggestions and comments by industry on substantive problems such as the conditions of personnel employment mentioned above.

HEADQUARTERS AND FIELD ORGANIZATION — EMERGENCY PETROLEUM AND GAS ADMINISTRATION

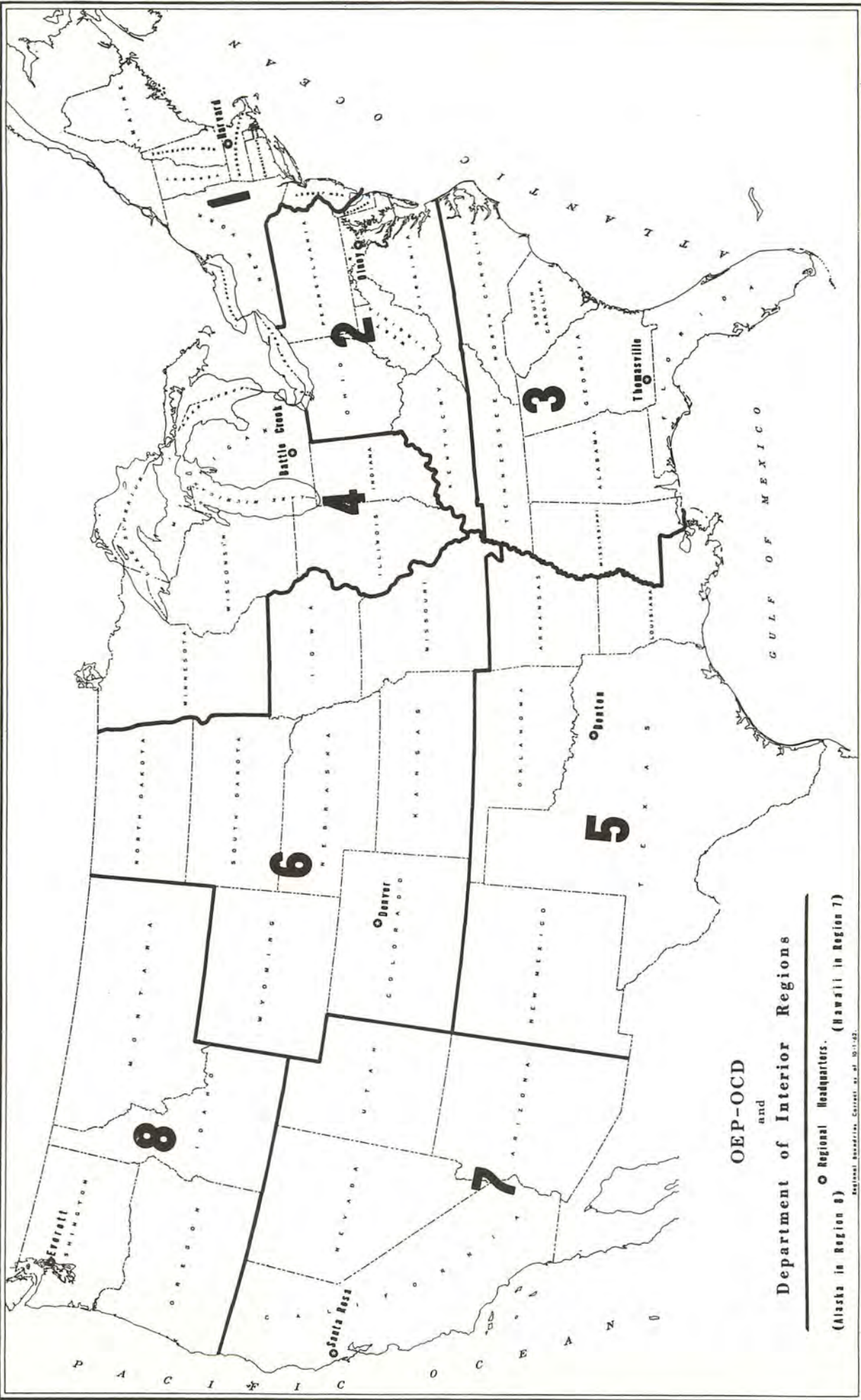


CHANGES DEPICTED IN RED
EMBODY
RECOMMENDATIONS OF THE COMMITTEE

REGIONAL ORGANIZATION – EMERGENCY PETROLEUM AND GAS ADMINISTRATION



CHANGES DEPICTED IN RED
EMBODY
RECOMMENDATIONS OF THE COMMITTEE



OEP-OCD
and
Department of Interior Regions

○ Regional Headquarters. (Hawaii in Region 7)
(Alaska in Region 8)

Regional Headquarters, Current as of 10-1-62.

PART TWO

REVIEW AND ANALYSIS
OF
CURRENT GOVERNMENT PLANNING

PART TWO
REVIEW AND ANALYSIS OF CURRENT
GOVERNMENT PLANNING

CHAPTER 1
SUMMARY OF GOVERNMENT AND PETROLEUM
AND GAS INDUSTRIES' PLANNING

Advance preparations for a national emergency encompass the entire U. S. civilian, industrial and military complex. A review, in general terms, of the Nation's emergency planning efforts will facilitate relating petroleum and gas to the overall objectives of complete emergency readiness. Accordingly, Chapter 1 is designed to place the subsequent chapters relating to an emergency petroleum and gas agency in perspective with the national effort. Present federal, state, local and industry plans and efforts are summarized below.

A. Federal Plans

The National Plan for Emergency Preparedness (August 1963), is the overall plan for the non-military defense and recovery of the Nation in event of a national emergency. It sets forth the basic principles, policies, and responsibilities of civil government in an emergency. The plan specifies and interrelates the roles of the federal government, the states, and their political subdivisions, as well as non-governmental organizations and individual citizens where applicable.

However, the National Plan is neither an operations manual nor a detailed technical guide. Such plans and guidance are being developed and issued by the appropriate federal agencies in accordance with their Presidentially assigned responsibilities and in general consistency with the National Plan.^{1/}

In September 1961, the President of the United States established the Office of Emergency Planning (OEP) as a staff arm of his Executive Office. OEP is to advise and assist the President regarding the status, shortcomings and strengths of emergency planning activities undertaken

^{1/} Chapter 10 of the National Plan covers fuel and energy and contains a section bearing on the petroleum and gas segment of the economy.

by federal agencies, and it is the central point of leadership and coordination for all phases of non-military defense. OEP is not an operational unit. It provides emergency planning guidance, coordination and review on behalf of the President.

Thirty other Federal departments and agencies have been assigned specific emergency planning responsibilities by a series of 18 Executive Orders issued by the President since 1961.* One such Executive Order assigned the operational functions of civil defense to the Secretary of Defense, who has redelegate this responsibility to the Secretary of the Army.

Another Executive Order, Number 10997, dated February 16, 1962, (see Appendix No. 1) defines the areas of emergency planning responsibility of the Secretary of the Interior, including petroleum and natural gas, viz.:

1. Petroleum - crude oil and synthetic liquid fuel, their products and associated hydrocarbons, including pipelines for their movement and facilities specially designed for their storage.**
2. Gas - natural gas (including helium) and manufactured gas, including pipelines for the movement and facilities specially designed for their storage.

Under this order, the Secretary of the Interior is to develop plans for the coordination and direction of the oil and gas industries in the event of a national emergency. In order to carry out these responsibilities, the Secretary of the Interior established the Emergency Petroleum and Gas Administration on August 28, 1963 (see Appendix No. 2).

The Office of Oil and Gas (OOG) is responsible for Interior's peacetime emergency preparedness functions relating to oil and gas, and has the responsibility for bringing EPGA to the appropriate level of pre-emergency readiness.

The OOG views the EPGA as the key government organization to coordinate and, where necessary, to direct operations of the petroleum and gas industries during an emergency. The staff of OOG will automatically become members of the EPGA upon its activation. OOG is responsible for the selection and training of executive reservists drawn from industry who will comprise the bulk of the EPGA staff.

* The emergency preparedness responsibilities of the federal resource agencies for particular resources are delineated in OEP circular 8500.4 (July 5, 1963) entitled "Designation of Federal Claimant Agencies for Emergency Preparedness Planning."

** This also includes production of petrochemicals in facilities 50% or better owned or operated by oil and gas companies, but excludes production of carbon black, ammonia and synthetic rubber.

At the present time, OOG has formulated an organizational design for EPGA. Consideration is being given to the establishment of a relocation site for the EPGA National Headquarters. Progress has been made in NATO oil planning. In addition, the Office of Emergency Planning, the Department of the Interior, other delegate agencies and the Office of Civil Defense are making preparations to assure that key data on major industries, including the petroleum and gas industries, will be available at the National Resources Evaluation Center for initial estimates of damage assessment and resource management operations.

Finally, industry groups such as the National Petroleum Council, the Emergency Advisory Committee for Natural Gas, and the Petroleum Security Subcommittee of the Foreign Petroleum Supply Committee are providing the Department of the Interior and OOG with advice, comment, factual materials and reports dealing with many phases of oil and gas operations.

In addition to OEP, the Department of Defense (OCD), and the Department of the Interior, whose emergency preparation responsibilities have been described, other Federal agencies dealing with materials, manpower, transportation, and communications will have a direct influence on EPGA's activities. The following is a brief summary of the status of emergency planning conducted in these areas.

1. Materials (Department of Commerce)

Most of the priorities and allocations powers contained in the Defense Production Act (with certain specific exceptions such as food, solid fuels, electric power, transportation, etc.) have been delegated to the Secretary of Commerce, who in turn has redelegated them to the Administrator of the Business and Defense Services Administration (BDSA) of the Department of Commerce. The powers exercised by BDSA relate virtually to all industrial production and construction. Allocations and priorities powers with respect to petroleum and gas supplies, however, have been delegated to the Secretary of the Interior, who has redelegated them to EPGA.

The basic framework of BDSA's system of controls, regulations, and orders is in the form of the Defense Materials System. This System is to be distinguished from the emergency preparedness responsibilities of the several Federal resource agencies referred to above. Under the Defense Materials System, in an emergency, claimant agencies representing various segments of the economy (i.e. EPGA representing the oil and gas industries) would claim critical materials on behalf of the segments of the economy under their respective jurisdictions. BDSA would allocate the available supply of critical materials among the various claimant agencies. Conflicts between BDSA and the claimant agencies would be referred to OEP for resolution. The claimant agencies would coordinate the distribution of the materials which they were allotted to the individual companies under their jurisdictions. One of the most important features of the BDSA control system is the provision for the release of materials during an immediate post-attack period. This will be accomplished through a standby emergency regulation

designed to be self-operative on a decentralized basis to meet the needs of industry in such period, when it may not be possible to apply centralized national controls in certain areas of the U. S.

2. Manpower (Department of Labor)

The Department of Labor plans and administers programs for the emergency mobilization of civilian manpower, including manpower recruitment, selection and referral, training, utilization, and employment stabilization. The decisions of Department of Labor officials in the administration of the emergency manpower program would be governed by relative urgencies determined by the Office of Emergency Planning, with advice from advisory committees composed, in part, of representatives of claimant agencies such as EPGA. The relative-urgency determinations would be translated into manpower priorities by local manpower officials, upon whom the petroleum and gas industries would be dependent to obtain or retain required manpower.

3. Transportation (Office of Emergency Transportation)

The Secretary of Commerce has assigned to the Office of Emergency Transportation responsibility for development and coordination of overall policies and plans to control the use of all types of civil transportation in an emergency (except petroleum and gas pipelines).

The Office of Emergency Transportation has established the Transportation Allocations, Priorities and Controls Committee (TAPAC) to apportion civil transportation capacity among the several claimant agencies, which will in turn apportion their allotments to the essential needs within their respective jurisdictions.

The Maritime Administration established a standby emergency unit, the U. S. National Shipping Authority, to control all U.S.-flag ocean-going merchant ships, including tankers, as well as other shipping available to the U. S. Among the functions of the Authority are the following: (1) representing the U. S. on the NATO Defense Shipping Authority; (2) allocating ocean-going merchant ships as required to meet the needs of Department of Defense and other federal programs; and (3) scheduling the movement of cargoes and administering priorities for the transportation of cargoes on ocean-going merchant ships.

The Interstate Commerce Commission (ICC) is developing separate standby emergency organizations, for rail, motor and inland water carriers. In each state, joint ICC-state emergency motor transport boards would give unified direction to both interstate and intrastate motor transport. They would also administer the priorities and allocations system applicable to motor transport.

4. Communications (Director of Telecommunication and Federal Communications Commission)

The Director of Telecommunications, who is an Assistant Director of OEP, would exercise the President's authority to assign radio frequencies to Government agencies and to coordinate and administer the National telecommunication resources in an emergency. The Federal Communications Commission is responsible for preparing emergency plans and programs for non-Government telecommunications.

B. State and Local Plans

Survival and recovery during the immediate post-attack period will be heavily dependent upon pre-emergency planning and preparedness measures taken by the State and local governments.

In 1962, the Office of Emergency Planning set forth the "Comprehensive Program of Survival of Government and Management of Resources". This plan is based on the concept that the Federal Government may not be able to assume its emergency management responsibilities in many areas immediately following a nuclear attack on the United States, and that surviving units of local government, military, industry and other units would have to assume temporarily such responsibilities in the immediate locality of disaster areas. Thus local units are to be prepared to conserve, in a manner consistent with national policies, vital resources and to direct the use of these resources to essential activities, including civil defense operations, maintenance of the population, military operations, and the restoration of industry and production.

The OEP has recommended that State and local governments take the following steps in preparing for their emergency responsibilities:

1. Appoint an emergency planning director to give executive direction to the State programs.
2. Establish a State emergency resources planning committee broadly representative of government, industry, commerce, finance, labor, agriculture, and other major interests to coordinate and direct State planning programs.
3. Establish task groups to support the emergency resource planning committee, covering the following fields:

| | |
|--------------------------|--------------------|
| Construction and Housing | Production |
| Economic Stabilization | Public Information |
| Electric Power | Service Trades |
| Food | Solid Fuels |
| Health | Telecommunications |
| Manpower | Transportation |
| Petroleum and Gas | Water |

4. In cooperation with appropriate federal departments and agencies, develop state action plans to manage these resources.
5. Complete the over-all state emergency resource management plan, including the task group plans, enabling documents, operating procedures, and organizing and staffing arrangements.*

In keeping with the above recommendations of OEP, every state has appointed an emergency planning director, and most states have set up emergency resources planning committees. In the case of the supporting task groups, some states have established such task groups for all the resource areas involved, and many additional states have designated some of their task groups.

Jurisdictional problems arise in connection with state or local versus federal management of resources and services planning. Steps are being taken by some government agencies to clarify the jurisdictional complexities involved. For example, the Director of OEP and the Assistant Secretary of Defense (Civil Defense), Department of Defense, have reached an agreement regarding the federal-state relationship in an emergency. This was published as a "Memorandum of Understanding" on January 14, 1964.** In general terms, this memorandum endeavors to define primary resources which would be planned for management by the federal government where possible, and secondary resources planned for management by state and local governments in an emergency. The OEP, together with federal resource agencies, will assist state governments in the development of specific state resource management plans, including those centering around state capabilities to manage primary resources and resupply of secondary resources should federal direction or capability be disrupted or unavailable in an attack situation (termed a "cutoff" situation).

The "Memorandum of Understanding" is a step toward the solution of practical working relationships between federal and state governments, although there still remain some areas of possible conflicts. Notwithstanding this, a few States, such as California, Minnesota, New Jersey, New York and Wisconsin, have moved steadily forward toward developing adequate state emergency planning programs. Many states, however, have accomplished little on their own and place considerable dependence for their programs upon federal leadership, technical assistance and financial support.

An additional problem is presented by the lack of clarification of the working relationships between EPGA and the states' emergency petroleum and gas organizations, particularly in a "cutoff" situation. An effort to clarify the relationship has been attempted in a few states by assigning both federal and state authority to a single individual.

* See OEP - Example of State Plans for Emergency Management of Resources, Part B - Resources Sections, Sections V-Gas and IX Petroleum, issued May, 1964.

** See Appendix No. 3.

The counties and cities are in turn considerably dependent upon progress at state and national levels. There are several examples of well developed emergency preparedness plans at the local level, such as the Petroleum Emergency Supply Division organization for civil defense for the metropolitan New York City area. This organization, comprised almost entirely of representatives from industry, has been working closely and actively with the civil defense directors of New York and bordering counties and has developed a high degree of operational readiness.

C. Status of Industry Emergency Planning Efforts

The National Plan for Emergency Preparedness sets forth industry's responsibility for emergency planning as follows:

"The leaders of industry....are responsible, in cooperation with appropriate government agencies, for planning and executing measures designed to assure the continued functioning or rapid restoration of the essential elements of the national economy."

There has been a wide range of response by oil and gas companies to the responsibility for emergency planning assigned to the petroleum and gas industries by the National Plan. Some companies have developed comprehensive programs to cope with a national emergency. Others are in the initial phase of developing such a program.

In the event of a sudden emergency, the smooth integration of government coordination and direction with industry operations will be an important factor in the survival of the nation and winning the war. It is apparent that a sound company planning effort enables oil and natural gas companies to benefit from, as well as contribute to local, state and national defense efforts.

The National Petroleum Council has recently issued practical planning guides for the industry in its publication "Emergency Planning for the Petroleum and Gas Industries," and the companion publication "Sample Emergency Plans for the Petroleum and Gas Industries." These guides clarify many of the uncertainties concerning an adequate company emergency program and provide a means to gauge the costs of such a program. Some oil and gas companies have developed emergency planning programs that include in various forms the essential elements of the plans recommended in the two NPC publications. Concerning the petroleum and gas industries in general, however, further progress in individual company planning would give more adequate assurance that the leaders of these industries, in a national emergency, could discharge their responsibilities to employees, stockholders and, under the National Plan, to the nation for the continued functioning or rapid restoration of their companies. Adequate emergency preparedness by industry to ensure the survival of employees, facilities and equipment will simplify post-attack rehabilitation and resources management problems.

C H A P T E R 2

T H E E M E R G E N C Y P E T R O L E U M A N D G A S A D M I N I S T R A T I O N - B A S I C P R I N C I P L E S A N D C O N C E P T S

A. Primary Purposes and Functions

In establishing the EPGA, the Secretary of the Interior indicated that the agency has two primary purposes:

1. To assist the Department in the pre-emergency performance of its emergency preparedness functions relating to petroleum and gas as assigned to the Secretary of the Interior by the President; and
2. To have an organization in being and known to federal and state government agencies and to the industry, which is ready and authorized to discharge promptly the defense responsibilities of the Secretary of the Interior for petroleum and gas in the event of a national or civil defense emergency.

EPGA's primary function in an actual emergency is to assist, coordinate and direct, where necessary, the petroleum and gas industries, in order to assure that domestic and foreign supply of petroleum and gas will meet military and essential civilian requirements of the nation. In discharging this broad function, among the activities EPGA will have to perform are the following:

1. Formulate and coordinate the implementation of petroleum and gas supply programs required to meet the military and essential civilian demand for petroleum and gas.
2. Represent the petroleum and gas industries before other government agencies as a claimant for the purpose of obtaining supporting resources such as manpower, materials, transportation and funds needed by operators to carry out vital programs.
3. Coordinate and direct the allocation and distribution of petroleum through the primary inventory level, and gas up to the "city gates".
4. Establish and maintain communications with the oil and gas industries and with other agencies, as necessary to perform the above functions.

The functions of EPGA do not include the physical operations related to the production, processing, and distribution of petroleum, petroleum products, and natural gas. Rather, EPGA will rely on industry to implement plans and programs and to carry out all of the physical operations of the petroleum and gas industries.

B. Fundamental Principles

The experiences of World War II and Korea and the characteristics of the petroleum and gas industries indicate that four basic principles should be followed by the government in mobilizing the industries to serve the nation with maximum efficiency during another emergency period.

1. A Specialized Agency Organized Along Functional Lines

The unique characteristics of the petroleum and gas industries necessitate a single, specialized federal agency for their coordination and direction in an emergency. This agency should be so organized as to parallel the functional lines of the industries.

The distance from indigenous sources of crude oil and natural gas through the processing phase to the point of consumption of the finished products averages over a thousand miles. An intricate series of gathering, processing, transportation and distribution systems tie them together. In a national emergency, it would be imperative that the oil and gas industries be guided and directed on a unified basis by an organization thoroughly familiar with its far-flung and complex operations and facilities.

Every major refinery and most gas transmission lines serve many different cities usually in several different states. To have individual refineries, terminals, transmission, or distribution systems of the oil and gas industries subject to the orders of several federal agencies or of various state or local officials unfamiliar with industry operations would result in chaos.

The industries' operating structure necessitates a specialized vertical rather than a general horizontal government organization to deal with the internal problems of the petroleum and gas industries in all their branches of operations. "Vertical," as used here, signifies the consolidation, for purposes of direction and coordination in a national emergency, of all phases or stages of the petroleum and gas industries operations (producing, refining, transporting and distribution) under one central government agency specialized exclusively in the problems of the oil and gas industries. This is contrasted to a "horizontal" structure, in which each phase or stage of the industries' operations would be treated as a separate operation or unit of the industrial economy, each subject to a different federal agency's jurisdiction.

The intricate problems of petroleum and gas production, transportation, refining, storage, processing and distribution cannot be handled successfully in an emergency on a horizontal basis by a general industrial authority, such as the War Production Board of World War II. In fact, even under normal conditions, most of the facilities of the petroleum industry (oil wells, pipelines, tankers, refineries, etc.) are usable only in petroleum industry operations and can therefore be coordinated more readily on a vertical basis without serious conflict with other industries.

This first principle has been given recognition by the government in its planning for an Emergency Petroleum and Gas Administration, with the Secretary of the Interior to serve as Administrator. EPGA is designed as a specialized vertical rather than a general horizontal organization. The Committee believes that no organization could achieve its objectives other than one of an independent and vertical character administered directly by the Secretary of the Interior as National Administrator.

Most vertically integrated oil and gas companies are organized along functional lines (i.e. production, refining, supply and transportation, distribution and marketing). These companies have adopted this form of organization because it has proved the most effective structure for the administration and coordination of their operations. It is only logical that EPGA should be organized along similar functional lines to facilitate its coordination of the oil and gas complex. This principle has also been recognized in the plans set forth by the Department of the Interior.

2. An Independent Agency

The order establishing the EPGA is silent concerning the relationship of the organization (when activated) to the Department of the Interior. The Committee recommends that EPGA be an independent agency.

As an independent agency, with no ties to Interior except through the Administrator, EPGA would be removed from inhibitions of protocol, prior jurisdictional struggles, and tight peacetime budgetary and administrative controls. This was demonstrated by the experience in PAW and PAD, both of which were independent agencies. PAW executives were able to contact top officials in the Military, War Production Board, and other agencies, to obtain prompt action on matters vital to petroleum and gas operations.

Independent agency status facilitates development of a closely knit organization which is vertically integrated and thus equipped to deal with the problems in every branch and aspect of petroleum and gas operations, ranging from field administration to world programming. As an independent agency, EPGA would not be burdened with forms of organizations or general rules of procedure designed for other industries.

Accountability for results should be squarely placed upon the Administrator and Deputy Administrator, who should have authority to deal effectively, either directly or by redelegation to members of the staff, with virtually every aspect of oil and gas problems.

3. Government-Industry Cooperation

In any future emergency, the great amount of creative and productive talent in the petroleum and gas industries must be harnessed through the type of industry-government partnership which existed during World War II and the Korean War. It is recognized

that future emergencies may require considerable curtailment of personal and corporate freedom. However, best results can be obtained if controls are held to a minimum. Government should not undertake the management of industry operating functions. This was vividly demonstrated by PAW in World War II.

When PAW first began to operate during the early part of World War II, the agency had little experience to draw upon in establishing policies for the coordination of the petroleum and gas industries, and it had delegated to it inadequate authority to carry out effectively its responsibilities. As a result, PAW was forced to participate with other agencies in the rather direct and detailed control of some oil and gas operations. Such attempts failed--largely due to the sheer volume of paperwork and centralized decision-making required. Only after considerable trial and error was PAW able to arrive at an efficient and workable means of coordinating and directing the oil and gas complex. A major characteristic of this system was the extensive use of simple, self-administering regulations which served as effective guidelines and constraints for industry.

For example, the War Production Board attempted to allocate materials for the drilling of oil wells by having each operator submit a request to Washington for each well he wished to drill. This failed completely. Later, WPB delegated to PAW the authority to allocate materials for oil wells, whereupon PAW successfully allocated these materials by establishing a simple, self-administering regulation. Any operator who agreed to drill a well on 40-acre or greater spacing was automatically granted a priority for the materials required for the well. Of course, PAW took steps to assure that operators were conforming to the self-administering regulations.

EPGA, to the extent feasible, should coordinate and direct, where necessary, Industry operations in an emergency through the establishment of over-all goals and a framework of simple and practical regulations within which industry can operate with maximum freedom. It is imperative to the success of the regulatory process that the procedures be so designed as to avoid entanglement of the EPGA - and the industry - in massive detail. This would permit EPGA to concentrate on bottle-necks and on serious coordination problems not covered by the broad, general regulations, and would provide industry the latitude required to adapt its traditional operations with maximum effectiveness to evolving circumstances.

4. An Agency Staffed Primarily With Industry Personnel

As previously described, the petroleum and gas industries are technically oriented, extremely large in size, widely dispersed, and structurally complex. Effective coordination and direction of the huge system can be accomplished only by an agency staffed primarily with persons possessing thorough experience in oil and gas operations, facilities, and technology. Such experienced

individuals can be found in quantity only within the industry itself. Therefore, EPGA should continue to be staffed largely with personnel selected from the petroleum and gas industries in accordance with the staffing program being developed currently by the Office of Oil and Gas. The Committee believes that mobilizing the initiative and resourcefulness of individuals throughout the industry will provide the best solutions for the unpredictable situations another emergency will inevitably bring to the Nation and its petroleum and gas industries.

CHAPTER 3

AUTHORITIES REQUIRED FOR THE EFFECTIVE FUNCTIONING OF EPGA

In order for the EPGA to carry out its mission it must have whatever authority is necessary to take required actions. Accordingly a determination should be made by the Government, in advance of any emergency, of the specific authorities this agency will need to exercise its responsibilities effectively. Provision should then be made for EPGA to be able to exercise such authorities immediately upon its activation.

The consequences of delay in defining and providing the authorities required by an emergency petroleum and gas agency were made painfully clear at the outset of World War II. For several months after PAW was established and staffed, the agency was highly restricted with regard to the actions it could take. Not until much valuable time had elapsed was PAW provided the authorities it required in order to coordinate effectively the activities of the oil and gas industries. It is apparent that in future emergencies, no time can be allowed for delay in the transfer of needed authorities to EPGA, if it is to commence functioning immediately to assure vital supplies of petroleum and gas.

A. The Statutes

There are two principal statutes which must be reviewed in assessing the authority of EPGA. The first of these is the Defense Production Act of 1950, which authorizes the President to allocate all materials and facilities, as necessary, to promote the national defense. As originally enacted, this statute also contained provisions authorizing the President, under certain conditions, to requisition property. This provision has expired.

The Civil Defense Act of 1950, the second principal statute, does contain broad powers to requisition materials and facilities for the civil defense effort. The use of these powers, however, seems to be limited to those situations when an attack upon the U. S. is anticipated, or is occurring or has happened. In the absence of such situations, there is no statutory requisitioning powers which may be used solely for the broad purpose of increasing defense production as distinguished from a limited and more immediate civil defense purpose. The effect of these statutes is discussed more fully below:

1. The Defense Production Act

Section 101 of the Defense Production Act (50 U.S.C. App. Sec. 2071), provides:

"(a) The President is authorized (1) to require that performance under contracts or orders (other than contracts of employment) which he deems necessary or appropriate to promote the national defense shall take priority over performance under any other contract or order, and, for the purpose of assuring

such priority, to require acceptance and performance of such contracts or orders in preference to other contracts or orders by any person he finds to be capable of their performance, and (2) to allocate materials and facilities in such manner, upon such conditions, and to such extent as he shall deem necessary or appropriate to promote the national defense.

"(b) The powers granted in this section shall not be used to control the general distribution of any material in the civilian market unless the President finds (1) that such material is a scarce and critical material essential to the national defense, and (2) that the requirements of the national defense for such material cannot otherwise be met without creating a significant dislocation of the normal distribution of such material in the civilian market to such a degree as to create appreciable hardship."

In Executive Order 10480, as amended, the President delegated the functions conferred upon him by this section of the Act to the Director of the Office of Emergency Planning, which Director,

"shall, in carrying out the said functions, provide by redelegation or otherwise for their performance, subject to the provisions of section 101 of this order, by

"(1) The Secretary of the Interior with respect to petroleum, gas, solid fuels and electric power

(Section 601 defines both "petroleum" and "gas" as including pipelines for movement thereof).

"(4) The Secretary of Commerce with respect to all other materials and facilities.

"(b) Findings made under or pursuant to and for the purposes of section 101(b) of the Act (section 2071(b) of this Appendix) shall not be effective until approved by the Director of the Office of Emergency Planning."

Defense Mobilization Order 1-7 in 1953 carried out the redelegation of priorities and allocation authorities to the Secretaries of the Interior and Commerce.

After the formation of EPGA, the functions conferred upon the Secretary of the Interior by DMO 1-7 (superseded by DMO 8400.1 on November 6, 1963)^{1/} were redelegated on August 23, 1963 to the officials of EPGA to be exercisable in the event of a civil defense emergency (as defined in section 301 of the Federal Civil Defense Act of 1950), as amended (50 U.S.C., App. Sec. 2291), or in the event of attack upon the U. S. By this action, EPGA is empowered

^{1/} See Appendix No. 4

to exercise the allocation power over petroleum and gas in accordance with the provisions of Sec. 101 (Title I of the Defense Production Act).

2. Civil Defense Act of 1950

Separate from the Defense Production Act of 1950, as amended, is the Federal Civil Defense Act of 1950 which, amongst other things, provides for the requisitioning or "taking" of materials and facilities.^{2/}

^{2/} Until 1953, additional authority for requisitioning equipment, supplies, materials and their component parts was found in the Defense Production Act (50 U.S.C. App. Sec. 2081). That section provided:

"(a) Whenever the President determines (1) that the use of any equipment, supplies, or component parts thereof, or materials or facilities necessary for the manufacture, servicing, or operation of such equipment, supplies, or component parts, is needed for the national defense, (2) that such need is immediate and impending and such as will not admit of delay or resort to any other source of supply, and (3) that all other means of obtaining the use of such property for the defense of the United States upon fair and reasonable terms have been exhausted, he is authorized to requisition such property or the use thereof for the defense of the United States upon the payment of just compensation for such property or the use thereof to be determined as hereinafter provided. The President shall promptly determine the amount of the compensation to be paid for any property or the use thereof requisitioned pursuant to this title but each such determination shall be made as of the time it is requisitioned in accordance with the provision for just compensation in the Fifth Amendment to the Constitution of the United States. . ."

A more limited power of condemnation of "real property, including facilities" was also conferred. Both powers expired on June 30, 1953.

Section 201(h) of the Civil Defense Act (50 U.S.C. App. Sec. 2281(h)) authorizes the Administrator to:

"Procure by condemnation or otherwise, construct, lease, transport, store, maintain, renovate or distribute materials and facilities for civil defense, with the right to take immediate possession thereof: Provided, that facilities acquired by purchase, donation, or other means of transfer may be occupied, used, and improved for the purpose of this Act (sections 2251-2297 of this Appendix), prior to the approval of title by the Attorney General as required by section 355 of the Revised Statutes, as amended (section 255 of Title 40); Provided further, that the Administrator shall report not less often than quarterly to the Congress all property acquisitions made pursuant to this subsection: Provided further, that the Administrator is authorized to lease real property required for the purpose of carrying out the provisions of this subsection, but shall not acquire fee title to property unless specifically authorized by Act of Congress. . ."

During the period of an emergency (when "an attack upon the United States has occurred or is anticipated"), the Administrator is authorized by 50 U.S.C. App. Sec. 2293 to exercise the authority of 2281(h) "without regard to the limitation of any existing law. . ." This power has not been delegated to anyone. It remains in the President, and was vested in him by the Reorganization Act of 1958.^{3/} But other authority under the Civil Defense Act has been delegated to the Secretary of Defense by Executive Order 10952. The Secretary of Defense might possibly, in a future emergency, be delegated the requisitioning power set forth in Sec. 2293.

Viewing these statutes, the Committee is able to make certain observations. The powers of the Civil Defense Act which have been reserved to the President, and which he has not yet delegated, might possibly be delegated to the Secretary of Defense. This would mean that after an attack on the U.S., the power to cannibalize a refinery, for example, may be in the Secretary of Defense.

^{3/} The Reorganization Act of 1958 transferred to the President all functions vested by law in the Office of Defense Mobilization and the Federal Civil Defense Administrator. The plan also gave the President power to delegate the functions so vested.

The effectiveness of the power to requisition facilities of the petroleum and gas industries, however, will depend upon the arrangements developed with the Secretary of the Interior. It is necessary to insure that the authorities vested with requisitioning power are guided by rehabilitation plans that have technical feasibility.

This is a matter that could affect other industries. The Committee recommends that the Department of the Interior refer the matter to the Office of Emergency Planning for consideration.

The exercise of requisitioning powers and other actions taken by government agencies during the emergency period, as well as the damage caused by nuclear attack, may considerably alter the relative competitive situation that prevailed between companies before the emergency. Upon termination of an emergency, the relative competitive pre-emergency positions of companies should be restored insofar as possible. No company should gain a more favorable position in the industry or profit inequitably from a national disaster. Since this is also a question that involves all industries, the Committee suggests that consideration of the matter be referred to the Office of Emergency Planning for appropriate study and action.

B. Executive Orders

In a series of executive orders, the President acting under authority of the Reorganization Plan No. 1 of 1958, in February of 1962, assigned to the executive departments and independent agencies emergency planning functions.

In Executive Order 10997, the Secretary of the interior was assigned responsibility to:

". . .prepare national emergency plans and develop preparedness programs covering (1) electric power; (2) petroleum and gas;* (3) solid fuels; and (4) minerals. These plans and programs shall be designed to provide a state of readiness in these resource areas with respect to all conditions of national emergency, including attack upon the United States. . ."

"Sec. 3. Resource Functions. With respect to the resources defined above, the Secretary shall:

"(a) Priorities and allocations. Develop systems for the emergency application of priorities and allocations to the production and distribution of assigned resources.

"(b) Requirements. Periodically assemble, develop as appropriate, and evaluate requirements for power, petroleum, gas and solid fuels, taking into account estimated needs for military, civilian, and foreign purposes. Such evaluation shall take into consideration geographical distribution of requirements under emergency conditions.

"(c) Resources. Periodically assess assigned resources available from all sources in order to estimate availability under an emergency situation, 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. Provide data and assistance before and after attack for national resource evaluation purposes of the Office of Emergency Planning.

"(d) Claimancy. Prepare plans to claim materials, manpower, equipment, supplies and services needed in support of assigned responsibilities and other essential functions of the Department before the appropriate agency, and work with such agencies in developing programs to insure availability of such resources in an emergency. . ."

In Executive Order 10999, the President delegated to the Secretary of Commerce the responsibility to prepare national emergency plans and preparedness programs covering:

* The proposed National Plan (Chapter 10) further defines the Department of the Interior's jurisdiction with respect to petrochemicals. Under this Plan, the Department of the Interior is given authority over the production of petrochemicals defined to include those petrochemicals made in facilities which are owned 50% or more by petroleum and gas companies. Carbon black, ammonia and synthetic rubber, however, are specifically excluded from the definition. Petrochemicals not falling within the definition are under the jurisdiction of the Department of Commerce.

"(c) The production and distribution of all materials, the use of all production facilities, the control of all construction materials, and the furnishing of basic industrial services except the following:

"(1) Production and distribution of and use of facilities for petroleum, solid fuels, gas, and electric power;"

Other emergency planning assignments went to such other agencies and departments as the Federal Power Commission, the Interstate Commerce Commission and the Labor Department, each of which has authority in fields affecting petroleum or gas.

A reading of the relevant Executive Orders reveals that assignments and responsibilities of the agencies overlap in certain areas, and that, with respect to the petroleum and gas industries, the authority and responsibility are divided. Under Executive Orders 10997 and 10999, the Secretary of the Interior is delegated "planning and preparedness" authority for petroleum and gas, while the Secretary of Commerce is assigned similar authority over certain specified materials allocation which vitally affects the petroleum industry as well as other industries. With respect to the transportation of petroleum or gas, both the Office of Emergency Transportation and the Maritime Administration, under the Department of Commerce, have the primary responsibility. In addition, the Federal Power Commission, pursuant to Executive Order 11095, was assigned the task of assisting the Department of the Interior in connection with emergency preparedness functions for natural gas, further delineated in a "Memorandum of Agreement" between the Secretary of the Interior and the Federal Power Commission (August 9, 1962). In like manner, the Federal Communications Commission is assigned the responsibility for emergency plans involving non federal users of communication facilities.

The diffusion in responsibility is clearly demonstrated by the situation with respect to materials allocation. Through its powers under the Defense Production Act, the Department of Commerce has primary responsibility for allocation of most materials:

"These priorities and allocation powers are administered by the Business and Defense Services Administration under delegation from the Secretary of Commerce to whom they have been delegated by the President through the Director of the Office of Emergency Planning. The administration of these powers is accomplished through a series of regulations and orders designated as the Defense Materials System (DMS) . . . The DMS not only insures that current defense and atomic energy production and construction will remain on schedule but also

provides an established system for prompt and effective use in controlling the Nation's economic resources in the event of war."*

The very broadness of the delegations under the executive orders to the several agencies concerned plainly suggests that EPGA should plan workable techniques for the petroleum and gas industries, and consult with other agencies and departments for their implementation. Specific sub-delegations should be worked out prior to an emergency if EPGA is to function with clear-cut and unquestioned authority.

Precedents for obtaining such clear-cut responsibility can be found in the techniques worked out during World War II. The Office of the Petroleum Coordinator (later succeeded by the Petroleum Administration for War) was faced with a similar gap between authority and responsibility vis-a-vis the War Production Board. Initially, the WPB issued necessary orders, upon the recommendation of OPC, delegating authority to OPC to administer such controls. Following Executive Order 9276, establishing PAW on December 2, 1942, a series of letters "established the following basic understandings:

"(a) The Petroleum Administrator would issue in his own name directives and orders to the petroleum industry covering the production, refining, treating, storage, shipment, receipt, and distribution within the industry of petroleum and its products as defined in Executive Order 9276.

"(b) The Administrator would, under delegations to be issued, act through the War Production Board in matters relating to the distribution of materials to the petroleum industry, including the grant or denial of priority, allocation or preference rating assistance.

"(c) The Administrator would give the War Production Board advance notice of any directive or orders covering petroleum, its products or materials for the industry, except where emergencies were to be met or individual directives to separate companies or persons were to be issued.

"For its part, the WPB agreed to give the Petroleum Administrator advance notice and opportunity to comment in respect to all orders or directives which might affect the petroleum industry."**

Finally, after further delegations under Directives 30 and 18,

"under the terms of Executive Order 9276 the powers of PAW to authorize independently so-called affirmative priorities assistance

* Thirteenth Annual Report of the Activities of the Joint Committee on Defense Production, House Report No. 1095 (January 13, 1964).

** Frey and Ide, A History of the PAW (1946), p. 46.

(preference ratings, material allotments, and the like) were exceedingly limited. It was necessary, therefore, to provide a series of supplemental delegations enabling PAW, acting in the name of the WPB, to grant such affirmative assistance not only to the industry but also to related manufacturers.

"Well over 100 such delegations were granted and used, their scope ranging from authority to issue preference ratings to petroleum operators to directions to manufacturers to deliver equipment required in the petroleum program. In essence, these delegations granted PAW the power, with some limitations, to authorize preference ratings, allotments, and the use of materials in all branches of the petroleum industry, and to manufacturers of specialized petroleum-industry equipment. Further, these delegations permitted PAW to direct deliveries of particular materials destined for petroleum operations without review by the WPB, and in instances permitted PAW to maintain independent scheduling of equipment for petroleum-industry use."*

The generalized overseeing authority to distribute most materials, and to allocate transportation, communications and other services between industries and the military, should remain with Commerce and agencies such as the Office of Emergency Transportation and the Maritime Administration. By so doing, the distribution of materials and the allocation of transportation services can best be directed toward achieving national goals. This seems essential since these resources are used by all industries, as well as petroleum and gas. However, based upon World War II experience, it is recommended that EPGA should, subject to the primary authority of the delegate agency responsible, receive formal sub-delegation of priorities and allocation powers over materials requisite to petroleum and gas industry operations.

It is recommended that EPGA be sub-delegated "slating"** authority over tankers allocated to services under its surveillance in a time of national emergency, recognizing the National Shipping Authority's (Department of Commerce) ultimate responsibility for manning and maintenance of tankers, as well as its ultimate veto power over slating of such vessels. Basic allocation authority for tankers would, of course, remain with the Department of Commerce.

The rationale for all such sub-delegations is that EPGA would be the agency best qualified through personnel, experience and its overall coordination mission to allocate and assign within the petroleum and gas industries the amount of material and transportation services made available to the industries as a whole. Sub-delegation, leaving the allocation power as a matter of ultimate control in the hands of a single agency, seems preferable from an administrative point of view to any further

* Ibid., p. 49.

** "Slating" is the matching of available tanker tonnage against approved crude and product movements in such a manner as to achieve maximum supply capability.

issuance of executive orders or directives such as Defense Mobilization Orders further defining the roles of Commerce, Interior, etc., in the allocation process. It should be noted that the Department of Commerce and other agencies have already indicated their willingness to make such further sub-delegation.

CHAPTER 4
ADMINISTRATION AND ORGANIZATION
OF THE EPGA

One common organizational pattern for EPGA can be successfully employed in a wide range of emergency situations. Possible future emergencies, including nuclear attack upon the United States, present to EPGA problems differing from those of conventional emergencies only in degree, not in fundamental nature.

In either a nuclear war or a conventional emergency, EPGA would have to deal with the same primary problem areas, namely:

1. The availability of petroleum and natural gas required to meet military and essential civilian needs.
2. The availability of refining capacity to refine and process the required petroleum products.
3. The availability of supporting resources, such as transportation, materials and manpower, required to meet program levels for production, manufacturing, distribution and storage.
4. The determination of the quantities of petroleum products and natural gas required to sustain the military and civilian effort for running the war, survival, and recovery.

The degree of severity of the problems in the above areas would be influenced, of course, by the nature of the emergency and the damage suffered by the U. S. and its Allies. Regardless of these variables, however, the key problem areas would remain much the same in any emergency. Hence, the broad functions of an EPGA organization are similar in all emergencies, and a single, flexible organizational pattern to serve for differing emergency circumstances can be described.

As presently formulated by the Department of the Interior, the structure of EPGA is similar in many respects, to that of the PAW and PAD. The agency is headed by an Administrator of Cabinet level, the Secretary of the Interior. The top executive official administering the agency is the Deputy Administrator.

Functions of EPGA are divided into four main categories, paralleling industry operations, which in turn have the following logical subdivisions:

1. Domestic Petroleum Operations
 - a. Production and natural gas processing
 - b. Refining and manufacturing
 - c. Supply and transportation
 - d. Distribution

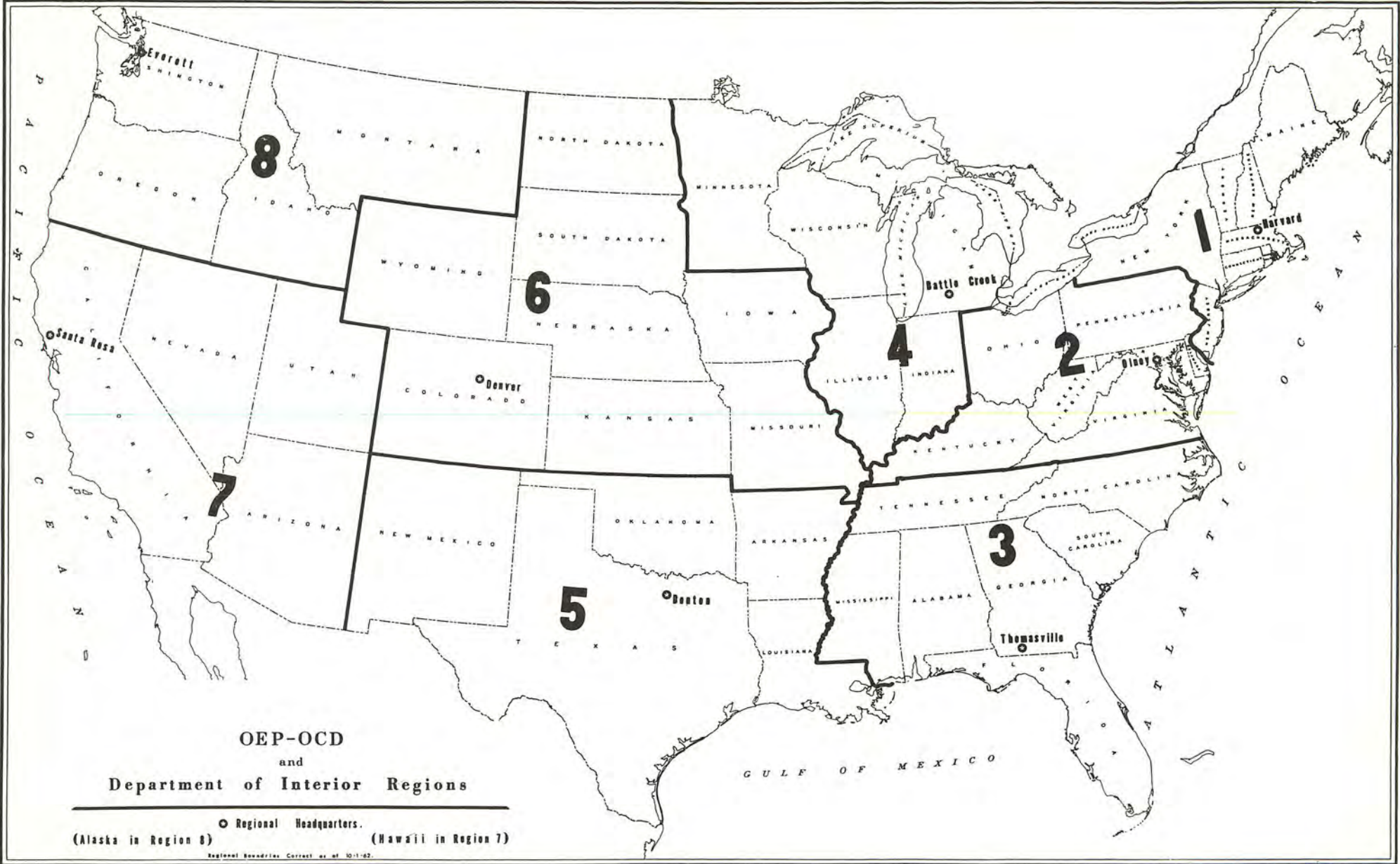
2. Foreign Petroleum Operations
 - a. Production
 - b. Refining
 - c. Supply and transportation
3. Gas Operations
 - a. Gas transmission
 - b. Gas distribution
4. Support Services
 - a. Materials
 - b. Manpower
 - c. Communications
 - d. Facility security

In addition, offices are provided for:

- a. Plans and programs
- b. Information
- c. Administrative services

A major difference in the organization of EPGA, as compared with its predecessor organizations, PAW and PAD, is the provision for greater decentralization. Under conditions of a general conventional war, as in World War II, PAW divided the United States into five districts--each served by a district office. This moderate amount of decentralization was required for administrative reasons, mainly to handle local problems close to the scene of operation and to serve as a link with the extensive industry committee organization. Under limited conventional war, as in the case of the Korean Conflict, PAD followed the same pattern but district activities were on a much reduced scale.

It is assumed that in a future general war with initial nuclear assault and possible repeated attacks on the United States, national direction, control and support by centralized Washington agencies would be badly disrupted in many areas for some period of time. Local and regional self-reliance and decentralized Federal direction would be required in many areas in the attack and early post-attack periods. To meet this contingency, the Federal Government has provided for eight regional offices and for emergency organizations at the State level. EPGA has conformed to these plans, thereby extending in greater depth the concept of PAW-PAD. Instead of five districts and five district offices, EPGA has eight regions and eight regional offices, with regional boundaries and office locations corresponding with those of the OEP-OCD regional organization (see map on page 51). Further support for decentralized operations is the provision for a State EPGA office in each State and such local offices within the State as are warranted. In the case of natural gas, consideration is being given to nine area group offices throughout the United States to direct gas transmission operations.



A. EPGA National Headquarters

EPGA can best discharge its responsibility for providing central coordination and direction to the industries' widely dispersed activities through a soundly organized and highly developed national headquarters office.

A majority of the coordination problems which will face EPGA in an emergency after the immediate post-attack period will be national in scope. If possible, these problems should be handled at the national level of the EPGA organization. This becomes apparent when one recognizes that major oil and gas producing areas, pipeline networks, key processing and supply points, and distribution mechanisms are far-flung, do not lend themselves naturally to direction within artificial state or regional divisions, and can best be coordinated on a unified basis from a centralized point, namely a national headquarters administrator. Thus EPGA must possess a national headquarters capable of effective centralized coordination and direction of the petroleum and gas industries. To this end the Committee recommends that several revisions be made to the organization as formulated by the Office of Oil and Gas. These revisions are indicated in red on the organization chart of the EPGA Headquarters on page 57.*

The remainder of this section on the EPGA national headquarters is divided into two major parts. The first part presents the Committee's rationale in recommending major revisions to OOG's proposed organization for the EPGA Headquarters Office. The second part presents the Committee's recommendations regarding EPGA internal and external relationships, as established through the committee mechanism.

1. Analysis of OOG's Proposed Organization for EPGA Headquarters.

a. Headquarters Administration

The organization of EPGA provides that the Administrator will be the Secretary of the Interior, with which provision the Committee is in complete accord. However, the departmental order of August 28, 1963, establishing the EPGA, raises a matter of uncertainty by providing for an "Associate Administrator". It is not clear whether the intent may be to allow for an alternate or "Vice-Administrator" in the absence or inability of the Administrator to function, or whether it may be to follow traditional Interior organizational lines of authority, so that the Deputy Administrator of EPGA reports and functions through the Associate Administrator.

* Specific provinces and functions for EPGA Headquarters Staff Offices, Operating Divisions, and Support Divisions are set forth in detail in the Supplement to this report. The Committee recommends that this material in the Supplement serve as the basis of a manual describing the EPGA plan of organization.

This Committee believes that the operations of the EPGA should be under the charge of a competent Deputy Administrator of wide oil and gas experience, reporting directly to, and being directly under the authority of, the Secretary of the Interior.

In the two previous emergency petroleum mobilization efforts (PAW and PAD), the position of Deputy Administrator was the top operating position. Most of the key positions below him were filled with seasoned petroleum executives widely known and highly regarded throughout the industry. Men of this type were able to break bottlenecks, recruit high caliber men for the PAW/PAD and for the many industry advisory committees that contributed so much to the success of the PAW/PAD. They accomplished much by persuasion that could not otherwise have been so easily done or done in a spirit of cooperation, absent their stature, contacts and experience. That same intimate understanding of the problems of the industry and of how it functioned enabled them to shape directives and operational procedures in a way to meet the necessities of the situation in the simplest and most practical manner.

The existence of the position of "Associate Administrator", whether or not filled ex officio by the Assistant Secretary of the Interior for Mineral Resources under present plans, would necessarily downgrade the Deputy Administrator in his personal effectiveness and authority to the detriment of the EPGA. The office of Assistant Secretary of the Interior for Mineral Resources carries with it a large number of non-petroleum and gas responsibilities, with which it would be burdened in an emergency, thus militating against this office being charged at the same time with overseeing the direction of EPGA. Similarly, the Director of the Office of Oil and Gas should not be designated, ex officio, as the Deputy Administrator of the EPGA.

The Committee is cognizant that individual incumbents of these positions (Assistant Secretary for Mineral Resources and Director, Office of Oil and Gas), at any given time, might have the requisite background, contacts, prestige, physical stamina and drive to fill the vastly different, larger and more difficult position of Deputy Administrator of the EPGA during a national emergency. On the other hand, the entire success of the EPGA is so dependent on the choice of the individual to fill the post of Deputy Administrator, that it is felt that it would be a considerable risk to designate these officials initially on merit, and subsequently have the position fall into a pattern of strictly ex officio selections.

It would appear preferable to leave the selection of the Deputy Administrator open until the necessity is at hand.

Key positions below that of the Deputy Administrator should not be assigned ex officio to government personnel. It is especially important that these responsibilities be assigned to highly qualified individuals who have demonstrated their capabilities through years of successful performance.

b. Headquarters Staff Offices

As in the case of PAW and PAD, the EPGA provides for staff offices for Plans and Programs, Information and Administrative Services. These offices are essential. Omitted in the EPGA organization, however, are the Offices of General Counsel and Finance Counsel and a Secretariat. The Committee believes that these offices are also essential.

General and Finance Counsels for EPGA

The Committee does not believe that either EPGA legal or financial counseling can be adequately carried out by an established general and financial counsel staff whose responsibilities extend to the several divisions of the Department of the Interior. There are two basic reasons for the Committee's view on this matter. They are:

1. The General and Financial Counsels in many cases will have to depart from traditional arrangements and procedures in exercising their responsibilities. Carrying out emergency powers effectively requires a variety of special arrangements with a number of other agencies and groups: those controlling materials, those involved in transportation, those concerned with international relationships -- to name only a few. These special arrangements inevitably cut across traditional government lines, yet their prompt accomplishment and cooperative administration must not be frustrated by existing jurisdictional feelings and disputes. Only an independent legal operation can discharge effectively such responsibilities, and only a separate financial function can make the kind of arrangements regarding prices, amortization schedules, loans, and the like, which will accomplish the jobs that have to be done in an emergency with speed, efficiency, and singleness of purpose.
2. The large size, complexity, and unique characteristics of the oil and gas industry require that experienced and specialized talent be brought to bear upon the legal and financial problems involving EPGA.

The tools of allocation, directive powers, expropriation, and the like, must be balanced and must be carried out through a variety of techniques peculiarly adapted to the various parts of the industry and its unique characteristics, and balanced in terms of an overall policy and program. This cannot be done effectively without experienced legal

assistance competent in its specific knowledge of the oil and gas industries and prepared to provide the type of legal advice required in these relatively unfamiliar and specialized areas.

The coordination and regulation of the oil and gas industries in an emergency would involve a number of specialized tax problems, standards of administration particularly adapted to the industry, price problems, relationships of price arrangements to allocation authorities and powers, transportation or distribution techniques, etc. Establishing the many such specialized arrangements which must be tailored specifically to the oil and gas industries is sufficiently complex to require that legal and financial advice be obtained from an independent office fully familiar with the industrial processes involved.

EPGA Secretariat

A Secretariat will significantly strengthen the administrative machinery of EPGA and should be included at least in the national headquarters organization. The activation of the EPGA under emergency conditions will be difficult and complex. Certain government officials will provide an initial nucleus for the EPGA. The bulk of the EPGA staff will be industry Executive Reservists reporting in to take up their unaccustomed responsibilities and duties. There will be considerable pressure and burden on this mixture of government and industry executives to organize and to provide quick decisions and action. Under these conditions a Secretariat would be of great value to ease the pressures and burdens of the top executives.

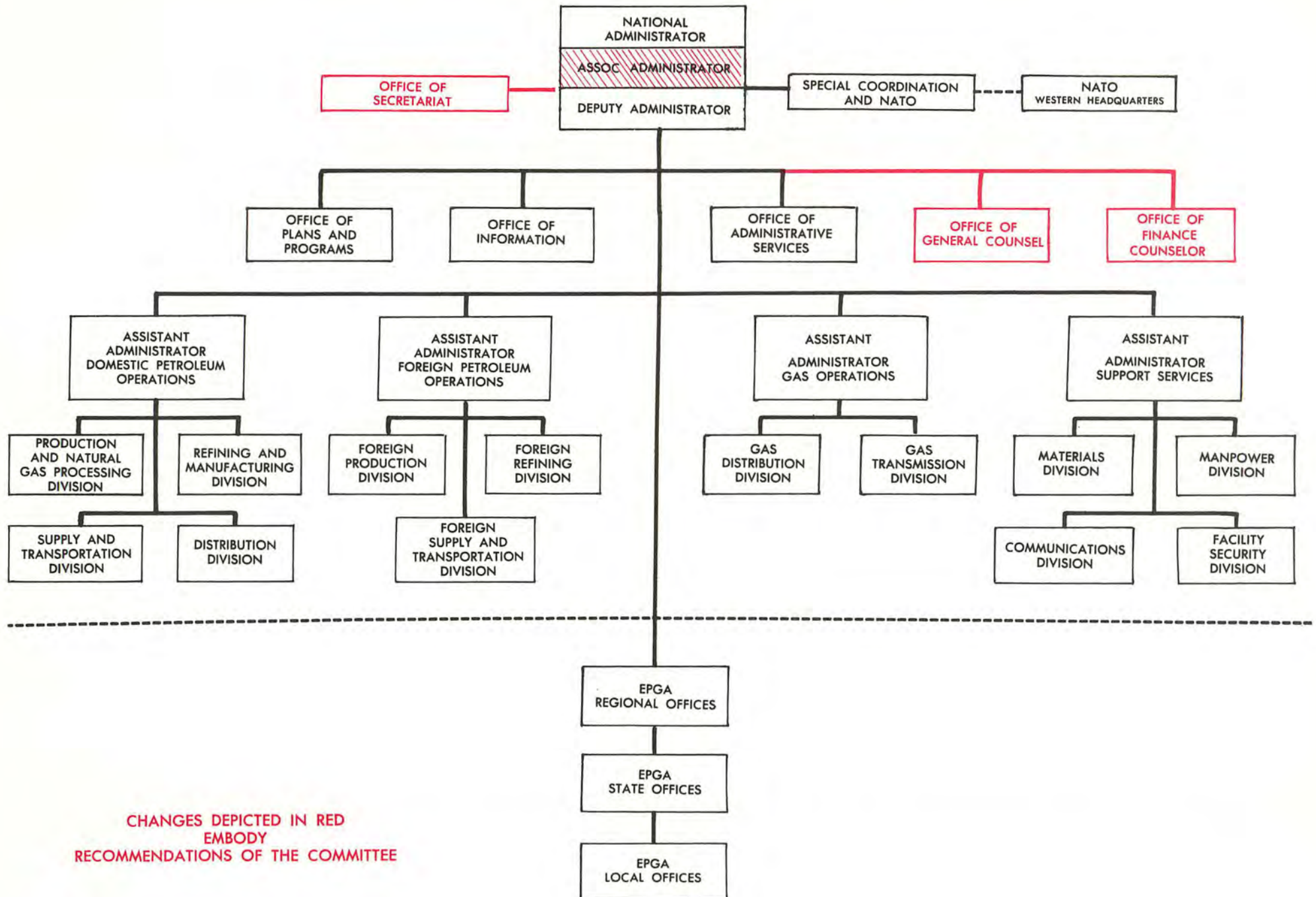
A Secretariat would facilitate the administration of the national office of EPGA. Under direction of the National Administrator and the Deputy Administrator, the Secretariat would act to assist these administrators in the task of formulating, coordinating, following through on major policies and decisions and providing secretariat services for committees.

There are no substantive responsibilities of the Secretariat requiring, or authorizing, the position to initiate programs in any area. The Secretariat would have no function which in itself requires the office to formulate or implement EPGA policies. Rather, the Secretariat would provide the National and Deputy Administrators staff assistance by ensuring that all aspects of a decision are brought together in an orderly, coordinated fashion for their deliberation and decision.

2. EPGA Relationships

In exercising its emergency responsibilities, EPGA will have to establish relationships with the oil and gas industry, other Federal Agencies, foreign governments and international organizations. EPGA is only one of many emergency agencies and organizations which are currently being designed and readied for emergency responsibilities. In the end, the detailed emergency plans of other organizations and those of EPGA will have to be meshed together to form a coordinated and effective system. However, in many instances, the planning activities being conducted

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by agencies and organizations other than EPGA are not yet complete. Thus, many of the specific procedures which would be employed by EPGA in working with these other organizations cannot be set forth at this time. Such procedures will have to be developed jointly by EPGA and the other organizations as their respective emergency plans take on a more detailed focus and are further refined.

In many instances, these relationships would be established formally through committees. In addition, certain internal EPGA matters could best be handled through the committee mechanism.

Each committee will be most effective if its size is limited to the bare minimums required to carry out its responsibilities. Since there may be a natural tendency toward the proliferation of committees, it would be desirable to bring into being as few permanent committees as possible. In dealing with "special" problems requiring committee action, only temporary arrangements should be established with the objective of disbanding the group as quickly as the need prompting its existence has disappeared. If the need seems to be one of long duration, the problem should be fitted, if at all possible, into one or more of the established committees, either as a panel of the committee or as a regular committee function.

Although a skeleton plan for committees should be developed prior to an emergency as a part of the EPGA organization plan, actual committees should be instituted only as the need for their activation is demonstrated. It may be that during an immediate emergency period only a few over-all coordination committees should be brought into being.

The following is a brief description of the basic committees. Some of these and possibly others might be required in the event of the full-scale activation of EPGA. The names chosen to identify these committees are employed only to facilitate the discussion and are not offered as recommendations.

INTERNATIONAL COMMITTEES

These committees would exist only at the national headquarters level.

Foreign Program Committee

Composition: representatives of agencies of the United States concerned with oil supply outside the United States (including EPGA) and representatives of friendly foreign governments and international alliances whose petroleum needs would have to be taken into account. The purpose of this committee would be to establish and coordinate overall foreign petroleum supply programs and to evaluate the ability of individual nations and alliances to meet the requirements. Targets would be

set for individual nations and alliances, and performance in meeting these targets would be evaluated regularly by the Committee.

Foreign Oil Procurement and Allocation Committee

Composition: representatives of agencies of the United States concerned with oil supply outside the United States and representatives of alliances and allied and friendly foreign powers. EPGA would be represented on such a committee in the event that EPGA is called upon to:

1. Allocate and arrange for the delivery of oil, oil products and related materials in U. S. control to alliances of which the U. S. is a member, or to allies of the U. S. and to friendly foreign governments.
2. In case of shortages of oil in the U. S., act as claimant for oil, oil products, and oil-related materials to the agency designated as the authority to request and procure such materials from alliances and allied and friendly powers.

INTER-AGENCY COMMITTEES

(Such committees would not ordinarily be established at the regional level unless a particular problem required local handling.)

Foreign Petroleum Policy Coordination Committee

Composition: representatives of principal U. S. agencies concerned with foreign petroleum affairs. The purpose of this committee would be to ascertain, clarify and integrate the policies of the various agencies relating to foreign petroleum; to agree upon overall materials budgets for the development of foreign production, refining and distribution capacity; and to study specific problems relating to essential foreign petroleum activities, so that necessary, coordinated action may be taken by the appropriate agencies. Quantitative determinations by this committee regarding foreign materials budgets and facilities programs would be referred to the intra-agency Materials and Facilities Committees (described below) for inclusion in their studies.

Petroleum Allocation Committee and Natural Gas Allocation Committee

Composition: EPGA representatives (as chairmen) and representatives of claimant agencies seeking allotments of petroleum (including petroleum products and related materials) or natural gas. The purpose of these committees would be to allocate available supplies of petroleum and natural gas among United States claimant agencies. The committees would be charged with establishing standards for evaluating needs of various claimant agencies and authorizing quantities of petroleum and natural gas for essential uses.

Other Inter-Agency Committees

In an emergency, it is likely that other Federal agencies (such as the Department of Commerce, Department of Labor, the Federal Communications Commission, etc.) will sponsor committees whose decisions and activities will influence EPGA. EPGA should be represented, as necessary, in such committees. An example would be:

Materials Allocation Committee

Composition: representatives of claimant agencies seeking allotments of critical materials. The purpose of this committee would be to allocate critical materials among the various claimant agencies, including EPGA. The committee would be charged with establishing standards for evaluating the needs of the various claimant agencies and authorizing quantities of materials for essential uses.

INDUSTRY COMMITTEES - ADVISORY COMMITTEES

Industry advisory committees should be set up as needed through the National Petroleum Council. The existing framework for establishing industry advisory committees in this manner is well-established and it is susceptible to expansion. The purpose of such committees would be to advise, inform and make recommendations to the EPGA with regard to the Agency's policies and programs.

Executory Committees

Industry groups under Industry - Government co-chairmanship should be established as needed in order to assist in carrying out voluntary plans and programs for the achievement of emergency objectives on the basis of cooperation rather than mandatory administration. Such a system of industry executory committees might parallel in organizational structure the design of EPGA. For example, if an emergency situation warranted such a system of industry committees, industry executory committees might be established for production, refining, distribution and marketing, etc.

INTRA-AGENCY COMMITTEES

Senior Staff Committee

Composition: all senior executives of EPGA from Assistant Division Directors up and inclusive of counsellors and special assistants. The purpose of this committee would be to keep key EPGA officials informed of critical developments and provide an overall view of Agency activities.

Executive Committee

Composition: Deputy Administrator, all Assistant Deputy Administrators and General Counsel. This committee would coordinate programs, decide policy, review and reconcile major program and policy differences

and, through a separate panel, act as a review group on appeals from Agency actions. This committee would establish basic programs and policies to be carried out by the several Divisions.

Operating Committees

Composition: each branch (i.e. Domestic Petroleum, Foreign Petroleum, Natural Gas, and Support) would establish one such committee composed of the Assistant Deputy Administrator and the Division Directors of the branch. The purpose of these committees would be to coordinate the branch phases of overall policies and programs and to review and reconcile program and policy differences. The programs and policies established by each of these committees would be further coordinated at the Executive Committee level.

Materials Committee

Composition: Assistant Deputy Administrator, Director of Materials Division, and a representative of each Operating Committee. The purpose of this committee would be to develop a coordinated program of materials requirements for presentation by EPGA as a claimant agency before the Materials Allocation Committee, to allocate materials granted EPGA among EPGA operating branches, and to determine means of refining materials distribution mechanisms.

Facilities Review Committee

Composition: representatives from the various operating divisions with the chairman independent of any operating division. The purpose of the committee would be to establish standards for determining the essentiality and relative urgency of facilities construction proposals, and to consider, approve or reject facility construction proposals on the basis of such standards. The Executive Committee, acting in its review capacity, would review the findings of this Committee.

Review Committee

It may be necessary, in connection with the granting of certain exceptions or special authorities, to establish a review staff which would act as an initial review group from which appeals would be taken to the Executive Committee and to the Administrator. The General Counsel could appropriately be chairman and, depending upon the type of review, provision could be made for one or more representatives chosen from different operating or service divisions for the purpose of assuring objective and equitable handling of relief grants under orders and regulations administered by the agency.

B. EPGA Regional Offices

The Need for EPGA Regional Offices

In order for EPGA to carry out its responsibilities and functions in a major emergency, regional offices are required for the following reasons:

1. A nuclear attack might destroy or render temporarily inoperable any single EPGA office, such as the national headquarters. In order to provide adequate assurance that the EPGA organization could continue functioning after an attack, regional offices should be established.
2. The scope of duties and problems to be acted on by the national EPGA headquarters, particularly in a serious emergency situation, would be extensive.

The existence of geographically distributed staff focal points, in the form of regional offices, will enable the EPGA Headquarters to deal more rapidly and effectively with such situations by sub-delegating to the offices the detail of execution and administration of major plans and programs.

3. Units of other government agencies will be located at OEP-OCD regional office locations, and EPGA should have representatives at these sites to facilitate allocation of petroleum products, to assist in obtaining supporting resources for the oil and gas industries, to utilize OEP-OCD communication facilities, and to exchange information with other agencies regarding the status of the region after an attack.
4. Regional EPGA offices would be required in the event of the establishment of an industry committee system at the national and regional levels similar to the Petroleum Industry War Council (PIWC) of World War II. During World War II, PIWC committees worked with oil and gas companies and PAW at the national and "district" levels. PIWC was instrumental in formulating and administering voluntary industry programs, and the PIWC committee system contributed greatly to the mobilization of the nation's oil and gas resources.

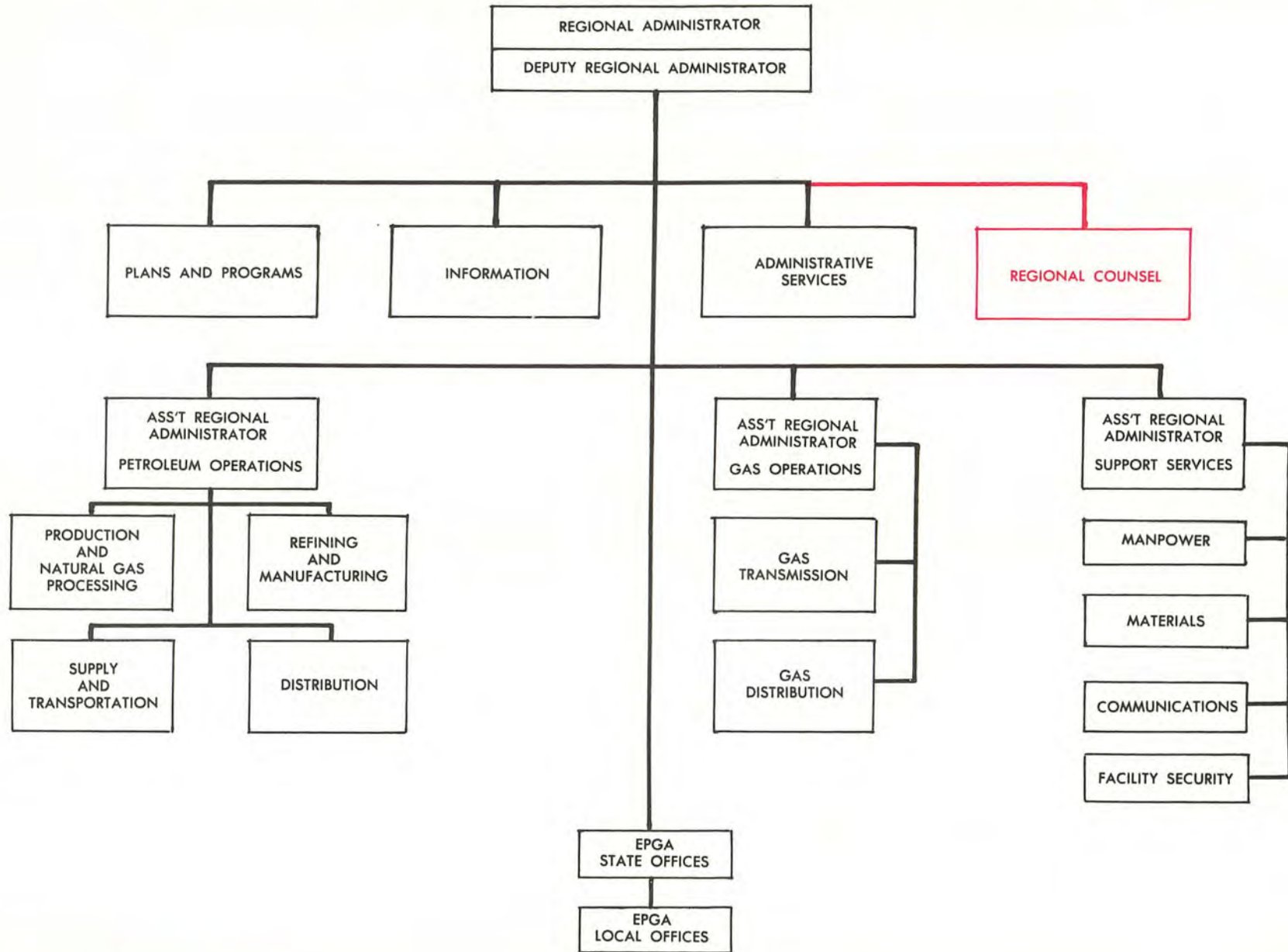
5. The nation's gas transmission systems have been so located as to transport gas from the production areas to the areas of utilization. They are not so located as to lend themselves readily to coordination and control on the basis of the OEP-OCD regional concept. In many cases the transmission lines are located in and cross more than one OEP-OCD region, with production and utilization areas being located in widely separated regions. They logically fall into nine groups, each group serving its own general market area. Each of the nine groups of transmission systems delivers gas from points of natural gas supply to distribution companies within its market area, and each group performs this function independently of adjacent groups. For control and coordination of the transmission functions during an emergency and the recovery period, the Emergency Advisory Committee for Natural Gas is proposing that nine EPGA gas group offices be established. Each gas group office will report to a specified EPGA regional office with responsibilities, however, crossing regional boundaries in conformance with the location of the group's facilities.

Organizational Structure of EPGA Regional Offices

Under some emergency circumstances, regional EPGA offices would not require full activation. However, under full activation, the regional office organization structure (see regional organization chart on page 65) would be generally similar to that of the national headquarters. That is, the regional office would be organized along functional lines (production and gas processing, refining and manufacturing, supply and transportation, distribution and marketing, support services). The major units of the regional office would correspond generally to the Domestic Operating and Support Divisions of the national headquarters office.*

* When it appears necessary to include an operating unit in the organization of a regional office (i.e. a regional production "section", which would correspond to the national production division), the organization plan for the counterpart national division, which has been described in the Supplement to this report, will provide a guide to the organization and functions of that regional section.

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Certain units of regional offices, such as an information or a production section, may not be required in all regions. Such units would be activated only as the need is clearly demonstrated, though activation of certain regional sections may automatically require activation of other regional sections. If a production section were activated in Region 5, certain supporting sections (e.g. a materials section) are likely to be required.

The type and depth of staffing of any unit within the regional organization should be commensurate with an estimate of the effort required to solve problems or to provide services for which the unit is directly responsible.

Under certain circumstances, several of the national-level committees described earlier, such as the Petroleum Allocation, Natural Gas Allocation, Industry Advisory, and Industry Executory Committees, might establish parallel panels at the regional level. Furthermore, other agencies might sponsor regional-level committees on which EPGA would need to be represented. At the outset of an emergency, however, there would seem to be little need for such formalism. The chief value of regional committees would probably exist in instances of a long-range operation where either (1) there were peculiar regional problems which required special handling at the regional level, or (2) each region would have to operate autonomously due to a breakdown in communications with the national headquarters.

EPGA Regional Office Locations and Regional Boundaries

During the disruption that would result from a major attack on the United States, a primary consideration is the need for coordination of EPGA activities with those of other federal emergency agencies. EPGA regional staffs will be located at OEP-OCD regional office sites. This will facilitate close contact and communication between representatives of the various emergency agencies. In addition, boundaries of EPGA regions have been drawn to coincide with the boundaries of OEP-OCD regions. Thus, under present plans, the geographical jurisdictions of EPGA regional offices will be the same as those of other emergency agencies, and the regional agency staffs will be able to work together with a minimum of confusion in solving regional problems.

In some instances, however, the OEP-OCD regional boundaries are not ideally suited to the needs of the oil and gas industries and EPGA. In such cases, consideration should be given to cross-boundary delegations of responsibility between EPGA regions so that EPGA regional jurisdictions will correspond more closely to the needs of the oil and gas industries.

For example, the boundary of OEP-OCD regions 1 and 2 divides the New Jersey-Pennsylvania refinery area. In an emergency, the activities of this group of refineries should be coordinated as a single inter-related unit with respect to such functions as scheduling refinery runs to meet product demand. To facilitate coordinated scheduling, responsibility for the function should be consolidated in one region through cross-boundary delegation. In this case Region 1 could delegate to Region 2 the responsibility for refinery scheduling and other problems requiring coordination of the area as a whole.

Similarly, emergency administration for production in Mississippi should be combined with that of Texas and Louisiana by delegation from Region 3 to Region 5.

Other situations may arise which warrant alterations of regional jurisdiction either by cross-boundary delegations or other suitable means, when this would not impair cooperative efforts between EPGA and other emergency agencies. For instance, to facilitate the coordination of the oil and gas industries in a conventional emergency, consideration may be given to making EPGA regional boundaries conform more closely to the logistical and operational requirements of the industries, as was done in PAW and PAD.

To be protected against nuclear attack on the U. S., EPGA regional offices should be located in "hardened" sites. When protection is not the primary consideration for location, EPGA regional personnel could be deployed at new locations, if such locations would facilitate the discharge of the functions of the regional offices.

Activation of EPGA

In order to facilitate a description of the circumstances under which EPGA might be activated, it will be useful to consider the various types of emergency situations which might arise. The seriousness of a future emergency might range from international tension to direct nuclear attack on the United States, and the spectrum of possible future emergency situations cannot be divided rigorously into clear-cut categories. For the purposes of the following discussion, it will be useful to consider two major types of emergency situations and the responses which EPGA might make to such situations. With respect to

any emergency situation, however, activation of EPGA would be consistent with the alerting system and defense readiness conditions established by the Department of Defense and reported by the National Warning Center to the Department of the Interior.

1. Conventional Warfare

Such an emergency situation might roughly resemble those of World War II or the Korean War. Under such circumstances, EPGA would organizationally and operationally resemble PAW or PAD. The national headquarters of EPGA for the most part would direct EPGA operations largely on a centralized basis. Depending upon the emergency situation, some regional offices might remain unstaffed and inactive. However, because conventional conflict outside the U. S. could deteriorate rapidly into a nuclear war involving the United States, EPGA should retain a high degree of organizational flexibility and should be prepared to activate on short notice a full-scale field office framework.

2. Direct Attack Upon the Continental United States

For the purposes of this report it is useful to think in terms of two phases of an emergency situation involving an attack upon the United States. These are defined as follows:

PHASE I is the period commencing with actual attack upon the United States, and ending for each EPGA regional organization when adequate communications have been reestablished with national headquarters, permitting effective direction and guidance by the national office. An EPGA regional office would, therefore, be operating under Phase I conditions when its ability to execute its responsibilities under central coordination and direction was significantly restricted due to either inadequate communications with the National office or chaotic conditions of the oil and gas operations in the field.

PHASE II is the condition characterized by the existence of communications between an EPGA regional organization and national headquarters, adequate to permit effective central coordination and direction of the regional organization's activities. As conditions improve during this period, national direction by EPGA headquarters would be reestablished over all regions.

These phases for each region would correspond in a very rough sense to what is generally termed a period of survival (Phase I) and a period of rehabilitation and reconstruction (Phase II).

Obviously, any emergency situation involving attack on the U. S. will be characterized by continual evolution of conditions from the time the attack occurs to the period when order is fully restored and recovery is generally complete. Neither Phase I nor Phase II is a period when conditions are static, nor are they clearly separated by a sudden change. The key event distinguishing Phase I from Phase II in each of the regions is the reestablishment of national headquarters control over EPGA regional programs.

Not all sections of the Nation are likely to suffer the same degree of damage from enemy action. Some areas might not be damaged at all. Thus some sections of the U. S. experiencing direct enemy attack could be in Phase I, and at the same time, other areas of the Nation suffering no significant damage could be in Phase II.

PHASE I

During Phase I, the principal functions of the EPGA regional offices would include:

1. Restoration of Communication

Reestablishment of administrative channels of communication would be a critical function of the regional office immediately after an attack. Until communication is available to allow a survey of regional needs, and remaining supply inventories and productive capacities, the EPGA would be limited in the actions it could take to promote availability of products within a region or to contribute to the needs of the Nation.

2. Stocktaking: (allocation, consolidation, and analysis of oil and gas industry damage survey reports and assessment of status of region with regard to petroleum and gas supplies.)

The regional EPGA office would receive oil and gas industry damage survey reports and information on the status of petroleum and gas supplies from EPGA personnel in the field, industry groups, and other government agencies, to the extent permitted by existing communications. The EPGA regional office would consolidate the damage assessment information and ascertain which immediate restoration and repair programs would be required to rehabilitate the region's oil and gas industries. Consolidated damage assessment reports, petroleum and gas supply status reports, and an analysis of the region's situation would be forwarded to the national EPGA headquarters by the regional EPGA offices as soon as contact could be reestablished with the national office.

3. Coordinate Regional Transfers of Primary Petroleum and Gas Supplies and Coordinate the EPGA State Offices' Administration of Primary Inventories.

To the extent permitted by existing communications between EPGA regional and state offices, the regional office would (a) determine petroleum and gas surplus and deficit areas within the region; (b) coordinate the transfer of primary petroleum and gas supplies from surplus to deficit areas; (c) coordinate the EPGA state offices' releasing of primary inventories to secondary inventories; and (d) to the extent possible arrange and coordinate inter-regional transfers of primary petroleum and gas supplies with adjacent EPGA regional or state offices. In performing (b), (c), and (d) above without the benefit of National direction, the EPGA regional office would base its actions on the resource use priorities and guidelines contained in Defense Mobilization Order 8500.1 (see Appendix No. 5) or similar regulations, but focusing specifically on oil and gas priorities. Adherence to such prearranged guidelines would continue until directed otherwise by higher authority.

4. Provide Assistance to Regional Civil Defense and/or Military Personnel in Charge of Immediate Recovery Operations.

The regional EPGA office would exchange damage assessment information relating to oil and gas inventories and facilities with regional Civil Defense and/or military officials in charge of immediate civil defense recovery operations and also coordinate with such officials the methods by which EPGA would expedite the recovery and restoration of the region's oil and gas industries.

5. Provide Assistance to the Oil and Gas Operators With Respect to the Repair of Facilities Requiring Immediate Attention After an Attack.

In coordination with Civil Defense and/or military organizations in charge of immediate civil defense restoration activities, the EPGA regional office would assist oil and gas operators in obtaining the required materials, equipment, manpower and other items of support required for the immediate repair of facilities damaged by refinery fires, well blowouts, etc.

In Phase I, regional offices would concentrate on the activities described above. Upon completion of Phase I, their emphasis would shift to accommodate the different needs of Phase II.

PHASE II

During Phase II, EPGA regional offices would perform the following broad functions:

1. Coordinate the transfer of crude oil, natural gas, and refined products from surplus to deficit areas within the region and assist in coordinating the transfer of petroleum and gas from surplus regions to deficit regions in accordance with direction from EPGA national headquarters.

2. Program and coordinate Regional repair and expansion activities, in accordance with policies and direction from the EPGA National Headquarters. As appropriate, represent the petroleum and gas operators before other agencies for the purpose of securing supporting resources such as the materials and manpower required by the operators to carry out essential programs.

3. Advise and assist the petroleum and gas operators and other emergency agencies having Regional Offices with respect to petroleum and gas matters.

4. Take steps to assure that petroleum and gas companies and operators within the Region are conforming to the standards set forth in self-administering regulations established by EPGA.

As conditions further improve during Phase II, transfer of various Regional responsibilities to the National EPGA Headquarters may be possible. De-activation of unneeded Regional units will characterize the latter stages of Phase II, as EPGA takes on some of the characteristics of a PAW or PAD-type organization.

C. EPGA State and Local Organizations

According to present Federal Government plans, the EPGA organization at the National and Regional levels would coordinate and direct, where necessary, petroleum and natural gasoline production, refining, pipeline operations and primary inventories, natural gas production, processing, underground storage and transmission line operations. State EPGA Offices, in accordance with such National and Regional direction as is available, would (a) administer the transfer of petroleum products from "primary" inventories to "secondary" inventories and (b) administer the release of natural gas from transmission lines to local gas utility companies and to industrial plants served directly by gas transmission lines. Current Federal plans call for the establishment of one EPGA State Office in each State and the establishment of as many local EPGA offices as are decided upon jointly by the EPGA State Manager, and the EPGA Regional Administrator.

In each State there is to be a State Petroleum Director or a State Gas Director who will be in charge of petroleum and gas resources and services. The State petroleum and gas resource organization, operated by the State Government (not the Federal Government) will be responsible for the release of petroleum products from "secondary" inventories and gas beyond the "city gates" to consumers within the State.

The State petroleum and gas resource organization may have under it "district" petroleum and gas resource organizations responsible for several counties and "local" resource organizations serving individual counties or cities.

Role of EPGA State and Local Offices in an Emergency

Conventional Warfare

In an emergency characterized by conventional warfare, state and local EPGA offices may not be required. EPGA probably would direct the allocation of available petroleum and gas supplies from the national headquarters, much as did PAW during World War II. Petroleum and gas available for civilian consumption could be further allocated by EPGA regions according to the urgency and essentiality of each region's requirements. Through the use of self-administering regulations, EPGA could release available products from "primary" inventories to secondary distributors on an equitable basis.

Direct Attack Upon the United States

Phase I (for definitions of Phases I and II, see page 69).

In Phase I of an emergency involving a massive nuclear attack on the United States, some communication links between EPGA national, regional, state, and local offices would undoubtedly be disrupted for some period of time. During the early post-attack period, some EPGA state and local Offices would have to act on their own initiative to solve state and local petroleum and gas problems requiring immediate attention. The EPGA state organization would arrange appropriate working relationships with such counterpart petroleum and gas emergency organizations as has been established by the state government for mutual assistance in the accomplishment of their respective functions. The EPGA state and local offices would perform the following functions during such a period:

1. Administer the Transfer of Petroleum Products from Primary Inventories to Secondary Inventories and Administer the Release of Natural Gas from Transmission Lines to Local Gas Utility Companies and to Industrial Plants Served Directly by Transmission Lines.

Immediately following attack on the U. S., the geographical distribution of remaining primary supplies of petroleum and gas in the 50 states will almost certainly not coincide with relative needs of the states. Thus, supplies located in a given state must be released only to meet that state's vital needs, in order to conserve any surpluses for use in other states having lesser supplies in relation to their vital needs.

With communications disrupted by an attack, EPGA state and local officials will probably know only the status and requirements of limited areas. Thus, the EPGA personnel in each state or locality will have to carry out their inventory administration responsibilities under considerable uncertainty regarding the region's or nation's over-all needs.

While operating under such uncertainty, EPGA personnel should prevent non-essential consumption of primary supplies of petroleum and gas by releasing petroleum and gas only for uses vital to the survival of the population and the defense economy.

In the situation in which EPGA state and local officials are unable to receive regional or national direction, they should base their priorities and allocations decisions on the priorities and guidelines contained in Defense Mobilization Order 8500.1* (or a regulation equivalent to DMO 8500.1, but focusing more directly on petroleum and gas use priorities). Adherence to such pre-arranged guidelines would continue until directed otherwise upon the reestablishment of national or regional control.

2. Restoration of Communications

Reestablishment of administrative channels of communication would be a critical function of EPGA state offices immediately after an attack. As just described, until communication is available to allow regional and national coordination of petroleum and gas supply movement, state EPGA offices would be limited in the actions they could appropriately take with respect to primary petroleum and gas supplies.

3. Stocktaking: Collection and Consolidation of Oil and Gas Industry Damage Reports and Assessment of the Status of the State With Regard to Petroleum and Gas Supplies and Requirements.

State and local EPGA personnel should collect oil and gas industry damage information from oil and gas companies in the state. EPGA personnel would exchange such information with Civil Defense and/or military officials in charge of immediate recovery operations, and point out to these officials petroleum and gas facilities which require immediate repair. The state EPGA office would submit its damage report, together with its assessment of the state's petroleum and gas supply/demand status, to the EPGA regional office as soon as contact could be established.

4. Provide Assistance With Regard to Petroleum and Gas Matters to State and Local Civil Defense and/or Military Personnel in Charge of Immediate Recovery Operations.

EPGA personnel would assist Civil Defense and military personnel in any way that would speed the recovery and restoration of the state's oil and gas resources and operations and contribute to the survival of the population. This would include locating well blowouts and fires, etc., and exchanging with Civil Defense and military officials oil and gas industry damage survey information.

* See Appendix No. 5.

5. Provide Assistance to the Oil and Gas Companies in the State With Respect to the Repair of Facilities Requiring Immediate Attention After an Attack.

In cooperation with Civil Defense and/or military organizations in charge of immediate civil defense restoration operations, the EPGA state office would assist the oil and gas operators in the state in obtaining materials and manpower required for critical repairs (i.e. control of well blowouts, petroleum fires, etc.).

Phase II (for definitions of Phases I and II, see page 69).

During the initial part of Phase II, when communications and order are generally restored, EPGA state offices would:

1. Administer primary petroleum and gas supplies in accordance with directions received from EPGA regional offices.
2. Continue to assist Civil Defense and/or military personnel involved with the restoration of the petroleum and gas industries.

As conditions further improve during Phase II, some EPGA state and local offices may be placed on a standby status or deactivated. Centralized coordination at the regional and national level, increased use of self-administering regulations, and perhaps an industry committee system similar to the PIWC of World War II, may replace some EPGA state and local office functions.

As previously suggested in Chapter 1, jurisdictional problems arise in connection with state or local versus federal management of resources and services. Additional problems may well develop because of the lack of clarification of the working relationships between EPGA and the states' emergency petroleum and gas resource organizations, particularly in a "cut-off" situation. An effort to clarify the relationship has been attempted in a few states by assigning the responsibilities of state petroleum director to the same individual who is to serve as EPGA State Manager. The Committee believes this to be a desirable step, where feasible. It recognizes, however, that the individual states have the option to subscribe to such an arrangement, or to set up their own organization with a separate state petroleum director.

FRAMEWORK FOR RECOVERY - THE EMERGENCY PETROLEUM AND GAS ADMINISTRATION

(Sequence of assumed events beginning with a nuclear attack and rational responses thereto)

Underlying the specific measures stated in the framework is the following overall objective:

To supply oil, gas, and products temporarily from inventory while the fundamental first responsibility of rehabilitating the petroleum and gas industry proceeds. Rehabilitation of the industry will make it possible to supply the nation's petroleum and gas requirements on a long-term continuing basis.

Because some large areas of the U.S. do not have sufficient indigenous petroleum and gas, EPGA cannot assure supply to the nation with offices whose capabilities are only regional. Yet planning for regional, state, and local organizations has received great attention since it is vital to the successful reestablishment of a national system disrupted by nuclear attack. The extensive coverage given regional and state organization, necessary because of the nuclear threat, should not obscure the fact that effective discharge of EPGA responsibilities can be accomplished only by an office that is national in scope.

In reviewing the chart below it is apparent there is a logical sequence in the description, both vertically and horizontally. The downward progression of either column follows the evolution of a nuclear emergency from the alert preceding attack through ultimate recovery. In chronological order it gives the changes in conditions and the corresponding shifts in the objectives of the EPGA and the industry.

When read horizontally, the sequence describes first an event which creates certain conditions; those events and conditions, in turn, determine the objectives for the EPGA and industry. These objectives and the actions required to achieve them are given to the right, opposite the initiating conditions. In the chart below, the first three periods correspond to Phase I in the preceding description; the fourth, to Phase II.

| Environmental Conditions in the Evolution of a Nuclear Emergency | Response Necessary from EPGA and the Petroleum and Gas Industries |
|---|--|
| <p>1. <u>Period of attack:</u> Nuclear destruction in the United States - widespread radioactivity.</p> | <p>1. <u>Objective:</u> Protect facilities and personnel. <u>Required Action:</u> Both EPGA and the industry should secure their respective installations against attack. EPGA reservists should report to their posts as soon as possible.</p> |
| <p>2. <u>Period of local communications:</u> Communication not possible beyond immediate vicinity in many areas - widespread damage - radioactivity declined sufficiently to allow some movement - fires persist - wells and processes may be out of control.</p> | <p>2. A. <u>Objective:</u> Restore communications. <u>Required Action:</u> EPGA personnel at state and local levels establish contact with industry, with Civil Defense officials, and with state and local officials in charge of the allocation and release of manpower and materials. Then attempt to establish contact with EPGA regional headquarters. EPGA regional headquarters attempt to establish contact with national headquarters, state EPGA offices and other regional EPGA offices. Industry should contact state and local EPGA offices.</p> <p>B. <u>Objective:</u> Halt further damage. <u>Required Action:</u> Industry should extinguish fires and bring processes under control, making such immediate repairs as are necessary. EPGA state and local offices should assist industry in retaining or acquiring materials, manpower, and services required to arrest damage.</p> <p>C. <u>Objective:</u> Damage assessment and assay of situation. <u>Required Action:</u> Industry should appraise extent of damage at individual locations and determine requirements for restoring productive capacity. EPGA regional and state personnel should collect reports from industry and consolidate data for use in formulating restoration and logistic programs.</p> <p>D. <u>Objective:</u> Administration of primary petroleum inventories and transmission line gas. <u>Required Action:</u> EPGA state and local offices, in accordance with prearranged priorities for the use of petroleum and gas (such as DMO 8500.1), should authorize the release of primary inventories and transmission line gas for essential uses. For unusual circumstances in which the prearranged priority schedule would be inappropriate, EPGA state and local officials should take responsibility for authorizing limited departure from the priority schedule. When national coordination is reestablished, national direction would replace prearranged use priorities. Industry should release primary inventories and transmission line gas in accordance with EPGA authorizations.</p> |
| <p>3. <u>Period of regional communications (500 miles or less):</u> Fires extinguished and industrial processes under control - industrial facilities awaiting repair or ready for operation - original secondary resource inventories depleted, limited product shipments within region under way.</p> | <p>3. <u>Objective:</u> Restore industry operations. Integrate and coordinate industry and EPGA activities within the region and with adjacent regions. <u>Required Action:</u> Industry should begin operation of existing facilities and, on EPGA direction, should begin distributing products to "deficit" areas within the region when communications permit accurate assessment of region's requirements. Industry should determine requirements for restoring damaged facilities and should forward this information to EPGA.</p> |
| | <p>At the regional level, EPGA should coordinate the distribution of products to deficit areas within the region and with adjacent regions. It should coordinate the utilization of transportation facilities under its jurisdiction. The EPGA regional office should begin to formulate industry restoration and expansion programs and should assist industry in obtaining the materials, manpower, and services required for the implementation of these programs. The EPGA regional office should coordinate and direct the EPGA state offices' administration of primary inventories and transmission line gas. EPGA should make every effort to establish communications on a nationwide scale, through the use of federal emergency communication systems and industry communication networks.</p> <p>Adjacent regions that can communicate with each other should begin to coordinate their activities to overcome deficits by inter-regional transfers of petroleum and gas, materials, manpower and services.</p> |
| <p>4. <u>Period of nationwide communications:</u> Surviving industrial capacity in operation - unified action toward achievement of plans and programs awaits national coordination.</p> | <p>4. <u>Objective:</u> Formulate and implement coordinated national restoration and expansion programs and petroleum and gas supply programs. <u>Required Action:</u> EPGA should be operated on relatively centralized basis, with over-all plans and programs being established at the EPGA national headquarters. EPGA direction should take the form of self-administering regulations. State and local offices and some regional functions would go on a standby status, or would be deactivated. Industry would rebuild essential facilities which were damaged and would undertake the construction of required new facilities in accordance with EPGA programs.</p> |

CHAPTER 5
SPECIFIC REQUIREMENTS
FOR EPGA OPERATIONS

A. Personnel

1. Executive Reserve Program

In past emergencies, most industry personnel were recruited to man war agencies after the emergency developed. The next emergency, however, could include a surprise nuclear attack upon the United States, and there might be little or no time to appoint and train industry personnel for emergency responsibilities after an emergency is declared. Thus, nucleus staffs for emergency agencies must be appointed and trained prior to the existence of any future emergency situation.

In recognition of this need, the National Defense Executive Reserve was established by the President in 1956 under the authority of an amendment to the Defense Production Act of 1950. By Presidential executive order, the Office of Emergency Planning coordinates the government-wide reserve program on behalf of the President. There are currently fourteen departments and agencies of the Federal Government that have established units of the Executive Reserve. Approximately 3,000 reservists participate in emergency preparedness programs of these departments and agencies. Each department and agency is responsible for the selection and emergency assignment of members of their executive reserve unit and to institute programs for their training and readiness. The OEP effects coordination of the program by means of an Interagency National Defense Executive Reserve Committee. A national one-day conference of all executive reservists was held by the OEP in October, 1962. Another such conference is tentatively planned for 1965. Essentially, however, OEP looks to and expects the delegate agencies to carry out the program for their respective units.

A basic requirement of EPGA for activation and operation in an emergency is a sufficient number of trained reservists to meet immediately the executive manpower requirements of the agency at national, regional and state offices. The executive reserve program of the Office of Oil and Gas calls for the filling of 250 key positions by assignments to EPGA together with one or two alternates. This number of key positions would be a bare minimum if the agency were to be fully activated. In event of a nuclear attack, the total EPGA complement, once immediate survival is past and rehabilitation is underway, might exceed that of PAW which, in July, 1943, consisted of 908 employees at headquarters and 530 at five District Offices for a total of 1,438.

In 1959, at the request of the Department of the Interior, the National Petroleum Council compiled a roster of 868 qualified personnel in the petroleum industry from which the government might

select individuals to fill headquarters and regional positions in the then proposed emergency petroleum and gas agency. Many of the nominee in this group, however, hold key positions in various oil and gas companies. Accordingly, some of them would probably not be available to participate actively in the executive reserve program before an emergency. To date, 155 reservists have been appointed. Six regional administrators have been designated and specific assignments for the remaining reservists are being reviewed. Training of reservists has been only nominal. A three-day exercise for petroleum and gas reservists was conducted in Battle Creek, Michigan in December, 1962, but arrangements for continuing systematic orientation and training have not been inaugurated. The petroleum and gas executive reserve should not, at this time, be considered prepared to perform its mission effectively at the outset of an emergency.

Immediate Objectives

Sufficient priority should be given the executive reserve program to achieve an acceptable state of readiness of the petroleum and gas unit within a reasonable time. Prospects for the accomplishment of this objective would be markedly improved by:

a. Selection

The selection and appointment of 250 first line reservists backed up by the selection and appointment of 250 second line reserve alternates.

b. Assignment

A specific assignment for each first and second line reservist.

c. Training

A minimum of three days' group or individual orientation and training each year for each appointee.

Program

To accomplish the objectives of selection, assignment, and training, a definite program should be established, time-phased to achieve effective readiness of the petroleum and gas executive reserve unit by a pre-determined date --say, January 1, 1966. Should international tensions build up in any marked degree, the target date should be advanced and the program expedited accordingly.

If the petroleum and gas industries are to be adequately prepared to continue their own operations and to staff the EPGA in a national emergency, it will be necessary for them to assume a more positive role in the build-up of petroleum and gas mobilization readiness. Increased industry participation in

emergency preparations should, however, be coupled with augmented OOG capability to provide guidance and direction to industry, as well as to state and local governments, in developing arrangements for the emergency management of oil and gas. The rate of progress attained in this field will be governed by the government funds made available for the support of oil and gas mobilization activities.

It is recognized that appointment and training of executives for some top positions may be difficult prior to an emergency. However, reservists should be appointed and trained for as many positions as possible. Preparations should at least identify candidates and alternate candidates for every position which cannot be filled prior to an emergency.

As a first step, regional administrators should be selected and appointed by OOG for the two regions lacking EPGA heads. The program for bringing the regional standby organizations to an acceptable state of operational readiness could then be reviewed by the Office of Oil and Gas with the eight regional administrators. Each regional administrator should be requested to assume leadership for the selection, assignment and training of his regional staff with approval authority remaining with the Office of Oil and Gas. In carrying out this task, the EPGA regional administrator would be assisted by the Office of Oil and Gas field representatives*, but substantial reliance should also be placed on a small nucleus staff of interested reservists selected by each regional administrator and appointed WOC's (government employees without compensation). Initially these nuclei might be composed of the reservists assigned to fill the positions of Deputy Regional Administrator, Regional Executive Secretary and Assistant Regional Administrator for Support Services. The group could be expanded as the need arose in carrying out the executive reserve program. If a regional administrator does not have sufficient time to assume full responsibility for directing this effort, a deputy should be selected to whom much of the responsibility can be delegated.

The Director of the Office of Oil and Gas should assume, with respect to the national EPGA headquarters, a peacetime role similar to that of the regional administrator's leadership at the regional level.

A first priority for the Office of Oil and Gas and the regional administrators is to select and assign the remaining reservists required to bring the key staffing of EPGA headquarters, regional and state offices to appropriate strength. State EPGA managers in turn would be expected to select and assign their staffs.

A second priority would be arrangements for the conduct of training, which is by and large the most important type of support to be given the regional administrator. One member of the WOC

* The table of organization of OOG provides for a field representative at each of the eight OEP-OCD regions. As only four of these positions are presently filled, consideration should be given to filling the remaining positions promptly.

group could act as director of training with the full support of the OOG field representative and collaboration of the other WOC's in the preparation of training materials and conduct of test exercises. Conferences under Office of Oil and Gas direction, should be held initially as follows:

- a. National Headquarters staff, with regional administrators and their deputies attending. This conference should be held at the planned location site of the headquarters if such site exists.
- b. Regional staffs, with EPGA State managers and their deputies attending. Each regional staff conference should be held at the OEP/OCD Regional Office concerned.
- c. State EPGA staffs, with regional administrator or his deputy attending. Each State EPGA conference should be held at the State Emergency Operating Center of the State concerned. The State Director of Emergency Planning (in many cases he is also the State Civil Defense Director), key personnel of his staff responsible for resources management, and the key members of the State Petroleum and Gas Organization should also be invited to attend.

These conferences would be arranged and conducted by government personnel with the assistance of reservists and other industry people at the various conference locations. The conferences would provide the reservists with the opportunity to familiarize themselves with the mission of the particular unit to which they would report in an emergency, their associates with whom they would be working, the physical facilities at the units' locations and the tools available there such as communications and informational materials maintained for their use. The conference programs should include representatives of other government agencies with which the EPGA will have direct relationship in a national emergency who can brief the reservists on those aspects of their agency's emergency plans which relate to EPGA operations. As nearly as possible, this initial series of conferences at national, regional and State levels should simulate the environment and relationships which would exist upon activation of the EPGA, including individual assignments where feasible.

Depending upon the time reservists are willing to give to training, a series of functional conferences or workshop seminars could be held to include headquarters, regional and when appropriate, State EPGA reservists. In this manner reservists assigned to, for example, distribution, or production or materials could meet together to review their separate functional responsibilities, duties, operations and procedures. Training materials prepared for such conferences should include exercises to solve the types of problems with which the reservists would expect to meet in an actual emergency.

A third priority is the selection, assignment and training of the backup alternates at headquarters, regional and State offices. This part of the executive reserve program should be carried out in the same manner as outlined above for first line reservists. The alternates would be a source of replacement for first line reservists who no longer participate in the executive reserve program for one reason or another.

Finally, it is of importance that when an acceptable state of readiness of the petroleum and gas executive reserve unit is achieved that this condition be sustained. The Office of Oil and Gas has the overall responsibility for maintaining the petroleum and gas executive reserve unit at adequate strength, assigning reservists to specific positions and assuring that they are adequately trained with particular emphasis on key headquarters staff and the eight regional administrators. The regional administrators should provide the leadership and initiative to this same end with respect to their regional office staffs and the EPGA State managers of the States in their regions. In turn, the State EPGA managers should provide the same leadership with respect to their staffs. Basic orientation and training for new reservists and updating of training for all reservists should be provided periodically on a continuing basis.

2. Conditions of Employment

It is of paramount importance that the EPGA and each of the other government agencies having an interest in oil and gas have on its staff competent petroleum people. It is therefore recommended that the Office of Oil and Gas and the EPGA have sufficient latitude with respect to conditions of employment covering EPGA personnel, so that men and women of the required capabilities may be induced to serve without prejudice to their pre-emergency industrial employment or their assumed post-emergency return to such employment.

It is submitted that, if faithful full-time service is given by individuals recruited from industry for positions of policy making or executive responsibility, these individuals should not be required, for a possibly prolonged emergency, to divest themselves of annuity or insurance benefits or perquisites, leave of absence pay, or investment, provided, always, that such individuals should not be required or permitted to act for government in direct dealings with their prior industrial employers.

a. Status of Executive Reservists

The Department of the Interior appoints Executive Reservists on a standby basis, to serve with EPGA. These appointees are to become full-time government employees upon declaration of a national emergency and/or activation of the EPGA. As an Executive Reservist under subsection (e) of section 710 of the Defense Production Act of 1950,

as amended (50 U.S.C., App. 2160(e), such an individual is considered as a "trainee", and is not an officer or employee of the United States.

On February 9, 1962, the President issued a memorandum concerning conflicts of interest on the part of advisers and consultants of the Government. In a memorandum dated February 20, 1962, the Deputy General Counsel, Office of Emergency Planning, said that "the President's memorandum of February 9, 1962, concerning conflicts of interest on the part of advisers and consultants of the government does not have any effect on Executive Reservists as such. Such individuals would be subject to the specifications of the memorandum only if they should become consultants or advisers of the government on a WAE* or WOC basis."

There appear to be no legal difficulties involved in industry personnel accepting standby Executive Reserve status prior to an emergency. The Committee is not clear as to whether the plans of the agencies for Executive Reservists to become, automatically, full-time Federal employees has been completely and satisfactorily provided for by appropriate statute or executive order. If, following declaration of a national emergency, Executive Reservists were required to take an appointment oath, complete prescribed documents, etc., before becoming authorized to act as Federal officials, then the entire intent of the Reservist program would be seriously hampered or jeopardized, particularly in a nuclear attack situation.

Should at any time an Executive Reservist become "substantially a government officer or employee" his ability to perform his government functions is circumscribed by the Conflict of Interests Statute.

Section 208 of the Conflict of Interests Statute says that, with minor exceptions,

"whoever, being an officer or employee of the executive branch of the United States Government, or any independent agency . . . including a special government employee, participates personally and substantially as a government officer or employee . . . in a . . . particular matter in which, to his knowledge . . . any organization in which he is serving as . . . employee, or . . . with whom he . . . has any arrangement concerning prospective employment, has a financial interest--shall be fined not more than \$10,000 or imprisoned not more than two years, or both."

* When actually employed.

This section does not apply when the employee makes full disclosure of his arrangements with his employer and receives a determination that "the interest is not so substantial as to be deemed likely to affect the integrity of the service . . ."

This does not permit an employee, upon making full disclosure, to perform work for the government which might have an effect upon his particular employer, even though his decisions affect the industry as a whole. To obviate this limitation on his government activities, the government should under Section 208(b) exempt "by general rule or regulation published in the Federal Register" any "financial interest" where the interest is too remote or too inconsequential to affect the integrity of the reservist's government services. While the determination of exemptions for EPGA personnel is a matter for the Secretary of the Interior, this problem is common to other emergency government agencies and hence warrants the attention of the Office of Emergency Planning in coordinating the government-wide executive reserve program.

b. Facilitating Recruitment of Executive Reservists

Careful analysis has been given to the problem of utilizing, expeditiously and effectively, petroleum and gas industry personnel to staff the EPGA in time of emergency. This analysis disclosed several impediments to effective utilization of industry personnel, which are referred to below, together with suggested steps which would be necessary to remove these impediments.

(1) Release of Industry Employees

At such time as an emergency may occur, employers will be faced with calls on their personnel by the armed forces and various civilian government agencies. At the same time, of course, employers will need proper manning of their own organizations. To assist employers in their manpower planning to reconcile the anticipated demands from these various sources, it would be most helpful to have the government's recruitment of appointees to the National Defense Executive Reserve accomplished through direct request to the employers in the first instance rather than by government solicitation of employees.

(2) Acceptance by Industry Employees

Before an industry employee can intelligently decide whether to accept an appointment to the executive reserve (anticipating that he would be available not only during peacetime, but also in emergency periods), he would probably want to know what he would receive as perquisites from the government and industry employer together, if he accepts.

(a) Government Perquisites

The Committee believes it would be helpful for all parties concerned if the government indicated in advance the type of employment and the level of perquisites the individual could expect to be offered by the government during emergency periods. The "Statement of Understanding" which is currently used is silent on the matter of job assignment, compensation and references to expenses or benefits protection, by the government.

(b) Employer Perquisites

The recently amended Conflict of Interests Statute, in distinguishing between a regular government employee and a "special" government employee describes the latter as an officer or employee of the government -

"employed to perform, with or without compensation, for not to exceed 130 days during any period of 365 consecutive days, temporary duties either on a full-time or intermittent basis . . ."

There is no bar to a "special government employee" receiving perquisites from his employer for the first 130 days in any 365-day period (whether or not he is also paid by the government), nor is there a bar to a regular government employee working on a "no-government-compensation" basis for a longer period. However, a regular government employee receiving government compensation is prohibited, by Section 209(a) of the Conflict of Interests Statute, from receiving any perquisites from his employer other than continuation of participation in his employer's formal benefit plans. A lump sum payment before a reservist becomes a regular government employee would appear permissible.

These limitations on employer perquisites during an emergency period may be difficult to meet and may not permit the most satisfactory arrangements for the employee. Much more practical handling could be made available to industry and the executive reserve members if Section 209(a) were made inapplicable throughout emergency periods. If this were done, civilian government employees would have the same right

to continuation of employer perquisites as inductees into military service with respect to whom the Universal Military Training and Service Act provides that:

" . . . any person who is inducted into the armed forces under this Act . . . and who, before being inducted was receiving compensation from any person may, while serving under that induction, receive compensation from that person."

Of lesser importance, but illustrative of the desirability for clarification, is the following type of situation. The employer, believing the employee will not be in government service for more than 130 days, decides to pay some compensation to the employee while he is a special government employee. During the course of the 365-day period, circumstances could arise causing the government to ask for the employee to become a regular government employee on the government payroll. Section 209(a) would put both the employer and employee in a position where continuation of the employee in government service would be a violation of law, the avoidance of which could only be accomplished by the employee withdrawing from government service. This obviously might be very impracticable and not in the best national interest. Appropriate governmental regulation or interpretation, or even statutory amendment, to start a new 365-day period with the time the employee goes on the government payroll, would obviate this difficulty.

Solutions to the problems discussed above should be considered and resolved in advance, so that an emergency period will find industry and government in a position to combine their efforts to face the crisis unhampered by distracting details.

B. Data and Information Required by EPGA

EPGA must have available to it a certain minimum amount of information regarding the characteristics and requirements of the oil and gas industry to function effectively. Additional detailed information, which may be required by the agency in the event of an emergency, should not be gathered prior to the emergency.

It is not feasible to gather and maintain the vast quantity of information which would be necessary in order for the EPGA to be

completely prepared in advance for every possible situation which might arise during an emergency. The gathering of highly detailed information concerning specific problems under EPGA's jurisdiction should be deferred until the time that these occur and their characteristics become known. At that time, EPGA can require that affected industry segments submit such detailed information as is directly relevant to and required for the solution of the problems which have arisen. The collection of data for which EPGA may have no specific or well-defined need should be avoided.

Each EPGA field office should be furnished, as a minimum, with that portion of the data listed in the Supplement which pertains to industry operations within its geographical and operational jurisdiction. In addition, each EPGA organizational unit should be provided EPGA Organizational Manuals and Operational and Administrative Manuals pertaining to its sphere of activity and responsibility.

The Subcommittee has itemized in the Supplement to this report what it believes are the minimum essentials of information and data which will be needed on an "on hand" basis by the EPGA in the event of its activation in an emergency of major proportions. The list indicates the frequency with which the Subcommittee feels these materials should be kept up-to-date.

Unless data is maintained in useable form, the initial collection effort is not justified.

This information, as shown in the Supplement, is categorized according to Operating and Support Divisions of the EPGA National Headquarters. Staff Offices of the National Headquarters (i.e. Office of Plans and Programs, Office of Administrative Services, etc.) should require no routinely-maintained information beyond that listed for the Operating and Support Divisions.

In the event that the National Headquarters is destroyed or rendered temporarily inoperable by an enemy attack, an alternate Headquarters (perhaps one of the Regional Offices) would be required to assume the function of the National Headquarters. For this reason, it will be necessary for the alternate Headquarters to have in its possession the basic information and data necessary for the operation of the National Headquarters. Some of this data is readily available from such sources as the Bureau of Mines in the Department of the Interior and other government and private sources. The National Petroleum Council, upon specific request of the Department of the Interior, has prepared, from time to time, reports which contain the type of information listed. What is still required is to fill the gaps not covered by existing compilations, directed specifically to the needs of EPGA, and to provide for updating information as indicated in the list.

The Committee believes that the best source of additional information and data needed for EPGA operations, including expert compilation thereof, is the industry itself. It further observes that, in most cases, the appropriate mechanism by which the Department of the Interior can obtain such data and information is available to it through the National Petroleum Council. The Committee recommends therefore, that

consideration be given by the Department of the Interior to the full utilization of the Council in this regard, with collection of needed statistics and information being carried out pursuant to a general plan for assembly of such material, as suggested on the list provided in the Supplement. Requests made to the Council would then be on the basis that the initial data first be prepared by the Council and thereafter periodically updated, rather than be developed on an ad hoc basis as in the past.

C. Communications

Accomplishments of a modern petroleum organization are highly dependent on prompt transmission of information. The study of past emergencies shows that authoritative direction of operating personnel is an absolute essential.

Communication facilities could be severely disrupted. It is essential, therefore, that EPGA and the petroleum and gas industries make advance preparations to assure the minimum essential communications at all levels.* Each operational phase of the industry depends on the others. Distances between operations may vary from a few miles to several hundred miles. Communications over a variety of distances require a separate study for each range.

The effectiveness of EPGA in discharging its responsibility for coordinating the operations of the petroleum and gas industries, in a national emergency, is inherently dependent not only on EPGA's ability to communicate with operators, but equally on the ability of operators to communicate with their own units as well as with other operators. Accordingly, the Committee deems it essential to discuss here the full range of the communication problems, based on present facilities, capabilities and planning in this important area.

1. Communications Within the Petroleum and Gas Industries

There are several general categories of basic communication requirements to continue or reinstate petroleum operations. Communications facilities must be provided:

- between local company management and local civil defense officials for personnel protection and plant security.
- between headquarters company management and all field points, including overseas points, to assay conditions and restore operations.
- between company management and the Emergency Petroleum and Gas Administration (EPGA) regional, state and local headquarters.

* Reference should be made to DMO 3000.1 of November 8, 1963, entitled "Procedures for Obtaining Telecommunications Resources for Use During a National Emergency."

- between headquarters of different petroleum companies to coordinate facilities and supplies to insure delivery of the vital petroleum products.
- between the various operating groups on a local basis to use most efficiently men and material.

The petroleum and gas industry operates extensive communications systems, largely on an individual company basis but with some joint usage. These are discussed herein by five major segments.

First, a large portion of many of these systems consists of point-to-point wireline networks, usually employing carrier current multiplex. These wirelines are partly company-owned and partly leased from communications common carriers. In general, the owned and leased portions of the system are fully interconnected. Access to common carrier toll systems and local exchanges is frequently physically provided but restricted in usage by some tariff terms.

Communications common carrier telephone facilities have incorporated a number of safeguards. In spite of these, the possibility of severe damage cannot be ignored in realistic planning. The priority of essential leased wirelines must be established with the common carriers in advance; otherwise there is no priority of restoration. Central office trunks will be under line-load control, a system under which all non-priority trunks may be simultaneously disconnected at the telephone company exchange offices in an emergency. Each company should, under this line-load control program, establish its priority with the local telephone company.

In the case of leased lines between points relatively widely spaced, arrangements should be made with the telephone company to provide diversity of routing of these lines. Thus if one route is inoperative because of damage in a given area, an alternate route not passing through that area may escape damage. In each of these cases, a realistic advance appraisal of the importance of the various communication needs must be made and protection in terms of diversity, priority, etc. must reasonably conform to the importance. At the moment, the priority which a petroleum company can legitimately claim appears to be quite low. The Office of Oil and Gas is studying the problem of securing a more useful priority.

A second segment of many petroleum communications networks consists of point-to-point microwave relay. While microwave relay systems are physically quite different from wireline systems, they are, in normal circumstances, operationally interchangeable. As dependable as microwave normally is, it is highly vulnerable to damage and is largely dependent on continued availability of commercial electric power. Microwave systems, some of which are quite extensive, do not lend themselves readily to interconnection to

other systems without advance planning, expensive construction, and proper licensing and operating agreements.

A third segment, which because of regulatory conditions is rather small, consists of point-to-point relay via radio using the 72-76 MC band.

All three of these point-to-point segments share with the communications common carrier network acute vulnerability to damage by nature, attack and sabotage. This vulnerability is increased by the fact that in nearly all cases the systems are multi-channel involving multiplex equipment without which the capacity of the system is reduced to a small fraction of normal. Unfortunately, the particular stations housing the multiplex equipment are almost inevitably at major traffic centers and so are likely to be in high priority target areas. Thus the apparent advantage of the remote locations of many microwave relay stations is somewhat illusory.

The fourth, and numerically largest, segment consists of VHF and UHF base and mobile radio stations. These are widely scattered. The mobile stations can be relocated on very short notice. This segment provides a backlog of equipment which is comparatively secure. Although continued operation of base stations is largely contingent on continued availability of commercial power, with proper planning it can serve local emergency communications needs rather quickly after an emergency arises. It does have two serious limitations that confine its utility largely to local areas. The basic limitation is its relatively short range of a few tens of miles. The second limitation lies in the technical quality of its modulation and demodulation circuits, arising from economic considerations, as well as low signal-to-noise ratio in fringe areas. These factors play no role in normal operations but make impossible long distance circuits by multi-hop relay as has been accomplished by FM broadcast stations. Of course, where VHF or UHF stations are connected to microwave or wireline cross-country systems which are operable, they provide coverage at points laterally within VHF or UHF range of the cross-country relay stations.

The final segment consists of a limited number of high frequency channels with strict limitations on usage. These, unfortunately, are at the lower end of the HF band and have limited range. No suites of HF channels are currently available which would provide reliable, 24-hour direct communications at long distances, even on a strictly emergency basis. For example, the range required to communicate from one edge of an EPGA region to a diagonally opposite point cannot be attained by the existing HF channels on a 24-hour basis.

Should an emergency arise, for example by extensive sabotage or by nuclear bombing, resulting in the loss of all normal long-range communication systems, such as wirelines and microwave owned by a communications common carrier or by petroleum companies, connecting

an area to the rest of the United States, a serious problem would result. For a period of a few hours to many days, the area might be sufficiently occupied with its local problems that long distance communications might not be essential. But ultimately, they would be essential, probably long before the normal channels could be repaired. Under these conditions, additional HF channels in spite of the shortcomings would be vitally needed.

Unfortunately, a statement of broad policy issued by OEP on January 13, 1963, says:

"The continuing policy of the Government is to restrict the use of the high-frequency part of the spectrum to communication with overseas or foreign points where wires and cables may not exist or suffice.

"Planning for emergency communication should therefore exclude the use of high-frequency for back-up purposes."

Unless this policy can be modified so that HF can be used during the limited period of emergency where domestic "wires and cables may not exist or suffice" because of their destruction by enemy action, petroleum operations in certain areas will be sharply curtailed below the attainable level for the days or weeks needed for restoration of the previously existing facilities.

The basic problem in the design of emergency communications is to determine the networks that need to exist, in terms of the points with which to exchange information and the types of information to be exchanged. EPGA and each company, in making the emergency plans for the various segments, should give specific consideration to its communication needs under postulated emergency conditions. This should be done jointly by the affected operating personnel and the appropriate communication personnel.

The operations of domestic petroleum companies are closely interrelated with foreign operations and in a time of national emergency, these relationships would become even more critical. In normal times, communications between domestic and overseas points are handled via communications common carriers. Consideration should be given to the establishment of adequate priority to insure the continuity of essential communications in time of emergency. The possibility of utilizing Department of Defense and Department of State circuits should be investigated.

2. Government Emergency Communications Systems

The Federal Government is responsible for disseminating a civil defense warning to certain points throughout the United States. From these points, the state and local governments are responsible for warning the public. This national warning system (NAWAS) connects 80 CD warning centers, located at major North American Air Defense Command (NORAD) installations, with 500 strategically located warning points. This government network is a special

voice communications system over which direct warning can be sent simultaneously within a few seconds to each of the 500 warning points. These warning points are at key Federal locations, state capitals, and in numerous cities from which the warnings can be sent via state and local warning systems to the public.

The FCC has established an Emergency Broadcast System (EBS) to provide the President and the Federal Government, as well as state and local governments, with a means of communicating with the general public through non-government broadcast stations during the period preceding, during, and following an enemy attack. Mass communications from such sources might include, but not be limited to, messages from the President or other Federal officials, national, regional, state and local area instructions, news and information. The EBS will rely upon the use of approximately 1,700 radio stations to give daytime and nighttime coverage enabling 98 per cent of the population to receive radio information.

The EBS has been designed to provide operational capability for local, state and national (including regional) units of the government to communicate with the general public within their respective jurisdictions. The plan provides for utilizing facilities and personnel of the entire non-government communications industry on a voluntary basis to provide the nation with a functional system to be operated by industry under appropriate regulation and in a controlled manner consistent with national security requirements during a national emergency.

The National Communications System No. I (NACOM I) is the basic means for transmitting emergency government operational communications. This system is under the operational and management direction of the Defense Communications Agency, Department of Defense. It consists of a licensed teletype network, with alternate telephone capability, connecting OCD national and regional headquarters and all state civil defense offices except Hawaii. Its connections extend to emergency relocation sites of selected Federal agencies and portions of the system accommodate data transmission of the National Resource Evaluation Center. The National Communications System No. II (NACOM II) is a back-up system for NACOM I and consists of a high-frequency radio network for voice and for code transmission by radioteletypewriter methods. Control facilities for stations in this system are located in the same area as NACOM I facilities to provide fast routing of messages over either system.

3. EPGA Communications

It is assumed that communication needs between EPGA and other governmental agencies will be strictly local and in most instances can be handled by common carrier exchange facilities or, in the extreme, by messenger. In those cases, such as the Department of Defense, where the highest priority is attached to immediate communication, VHF or UHF radio should be provided.

Under normal conditions the entire communications of EPGA should be provided for by leased circuits from communications common carriers. Attention should be given to providing sufficient alternative routes to provide some measure of redundancy in the intermediate stage of emergency. Upon severe emergency conditions EPGA perhaps should have access to a network composed of petroleum industry microwave and wireline systems interconnected by leased common carrier lines and have a large number of alternate routes to provide redundancy. This network should, of course, be established well in advance of the emergency.

Immediately following attack, however, some EPGA locations may find that they have no access to other EPGA stations with which they must communicate either by normal communications common carrier circuits or the emergency petroleum industry system. Under these circumstances it would appear that the only practical means by which the office can make and maintain contact with the remainder of the EPGA is by an HF network.

The following sequence of circumstances may well exist in certain localities immediately following the attack and the office must depend on the HF network. As soon after the attack as the EPGA office is tied into the basic EPGA network, the high frequency channel should be closed except to communicate with another EPGA office still isolated. As soon as possible under existing conditions, the communications common carrier network serving EPGA should be restored to minimal adequate service and the use of the industry network restricted to those offices not yet serviced by the communications common carrier network.

To provide for the communications between EPGA and various petroleum companies, communications common carrier leased lines should be established to link appropriate EPGA offices to selected points on each petroleum company's network. The number, location and degree of redundancy of such ties would depend on the size, nature and geographical area of operations of the company.

Immediately following attack, each major segment of the company network which is isolated from other segments of the company network and from EPGA offices should communicate with the appropriate EPGA office by whatever mode is possible and under certain circumstances this will require the use of HF radio and the EPGA network frequency should be utilized. When repairs and priorities permit, the common carrier networks should be used to contact EPGA. The use of HF should be discontinued as soon as possible. Each petroleum company, as a part of its emergency planning, should provide an appropriate measure of redundancy in its communications network, adding either company-owned links or acquiring leased lines from the communications common carrier.

Where segments of the company's network are isolated from other segments beyond VHF and UHF range during the period immediately following the attack, the HF, utilizing industry emergency frequencies, must be depended upon to contact other segments. During

the second stage, as quickly as practical, the breaks from the company's major network should be bridged by repairs, by emergency stations, by arrangements with other petroleum companies, and by arrangements with communications common carriers. The use of HF should be discontinued as soon as an alternative method is operable. Likewise, as soon as priorities permit, the network should be restored to a predetermined minimal condition.

Under normal conditions the communications between one petroleum company and another will be by means of communications common carrier facilities. Even in the period immediately following an attack, it is highly probable that emergency communications between petroleum companies would be on a local basis. Either VHF or UHF radio should be adequate. In the rare cases where long range communications directly between companies is essential, the industry high frequency network should be used. VHF radio may continue to be used until some direct interconnection by wireline or microwave is provided. As soon as priorities permit, the use of the common carrier facilities should be resumed. Communications between government agencies other than EPGA and a petroleum company would be expected to be handled through EPGA during the period immediately following an attack and in the early stages of recovery. During these periods, if there should be necessity for direct communication between a government agency other than EPGA and a particular petroleum company, this would almost certainly be on a local basis. It is questionable whether specific means should be provided for such communications. In the continuing period of emergency there might well be such direct communications, but these doubtless should be handled by common carrier network.

If the emergency means of communications are to be useful in the time of actual emergency, it is essential that drills simulating each stage be conducted at adequate intervals. These drills should cover both the assembling and operating of the communications networks which would be involved.

D. Types and Contents of Manuals

The Committee carefully reviewed and analyzed the list of topics submitted in outline form by the Department of the Interior in the request letter to the National Petroleum Council of March 15, 1963. This outline, in six parts, was intended to serve as a guide for the development of EPGA manuals which would be needed to carry out the operation of the EPGA in an emergency. The Council was asked in its review of the outline to add or delete topics and to advise whether it would be appropriate for the Council to prepare information on any of the listed items.

The Committee has concerned itself with only the first three parts of the six part outline. Part IV of the OOG outline deals with industry survival planning. The Committee considers that this part of the outline has been adequately treated by the Council in its recent two volume report, "Emergency Planning for the Petroleum and Gas Industries." Part V of the OOG outline, on responsibilities of state and local governments, concerns the development of state and local government plans for the

management of petroleum and gas resources in an emergency. Substantive problems in this area are covered in the preceding chapters of this report. Matters exclusively within the province of state and local governments appear to be outside the scope of the Committee's assignment with respect to the type and contents of appropriate manuals for the EPGA, except insofar as the EPGA relates to the state organizations. The development of prototype manuals for state and local government petroleum and gas organizations, as implied by the Department of the Interior outline, is a task more appropriately reserved for later consideration should the Department of the Interior wish the advice of the National Petroleum Council to assist in providing guidance to the states on this matter. Part VI of the OOG outline concerns the NATO emergency petroleum and gas organizations. Here again, the subject matter does not lend itself to the treatment suggested by the Department of the Interior outline except insofar as the EPGA operations involve liaison arrangements with NATO. The Committee therefore did not undertake to include in its consideration of EPGA manuals specific reference to NATO petroleum and gas emergency organizations, objectives and functions. In any event, such information is generally classified and unavailable to the Committee.

With respect to Parts I, II and III of the OOG outline, the Committee concluded that the indicated subject matter should be presented in the format of two separate categories. The first category is a general information handbook describing the government plans for petroleum and gas in an emergency, with particular reference to the Emergency Petroleum and Gas Administration. This handbook should be designed for wide distribution to interested government and industry persons concerned with petroleum and gas emergency planning, especially prospective claimants for petroleum products and gas, recruits for the petroleum unit of the executive reserve, and members of state and local government emergency petroleum and gas organizations.

The second category is a series of manuals for the internal use of the EPGA. These manuals might well be published in a uniform single format but subdivided for convenient reference to include an organizational manual, an administrative manual, and a group of separate operating manuals corresponding to the functional units of the EPGA organization. The detailed tables of contents of both the informational handbook and the EPGA manuals are set forth in the Supplement to this report. These tables of contents are based on the Department of the Interior's outline as modified by deletions and considerable amplification in accordance with the assignment the Committee was requested to undertake.

With respect to the actual preparation of the information to be contained in the handbook and manuals recommended, the Committee concluded that the National Petroleum Council could appropriately assist the Department of the Interior in completing this project. The general informational handbook and the EPGA organizational and operating manuals

cover information accessible to industry representatives. Operating manuals for EPGA functions involve a variety of practical operating problems. Hence it is especially appropriate that industry experts undertake the preparation of these manuals. The EPGA administration manual, on the other hand, would contain mainly matters closely related to current government procedures and practices. This information is readily available to and understood by government employees; hence the EPGA administration manual should be prepared by the Office of Oil and Gas. Suggestions and comments should be obtained from industry on substantive problems such as the conditions of personnel employment analyzed above in the report.

APPENDICES

APPENDIX NO. 1

Executive Order 10997

"Assigning Emergency Preparedness Functions
to the Secretary of the Interior"

* * *

February 16, 1962

Executive Order 10997

ASSIGNING EMERGENCY PREPAREDNESS FUNCTIONS TO THE SECRETARY OF THE INTERIOR

By virtue of the authority vested in me as President of the United States, including authority vested in me by Reorganization Plan No. 1 of 1958 (72 Stat. 1799), it is hereby ordered as follows:

SECTION 1. Scope. The Secretary of the Interior (hereinafter referred to as the Secretary) shall prepare national emergency plans and develop preparedness programs covering (1) electric power; (2) petroleum and gas; (3) solid fuels; and (4) minerals. These plans and programs shall be designed to provide a state of readiness in these resource areas with respect to all conditions of national emergency, including attack upon the United States.

SEC. 2. Definitions. As used in this order:

(a) The term "electric power" means all forms of electric power and energy, including the generation, transmission, distribution, and utilization thereof.

(b) The term "petroleum" means crude oil and synthetic liquid fuel, their products, and associated hydrocarbons, including pipelines for their movement and facilities specially designed for their storage.

(c) The term "gas" means natural gas (including helium) and manufactured gas, including pipelines for the movement and facilities specially designed for their storage.

(d) The term "solid fuels" means all forms of anthracite, bituminous, sub-bituminous, and lignitic coals, coke, and coal chemicals produced in the coke making process.

(e) The term "minerals" means all raw materials of mineral origin (except petroleum, gas, solid fuels, and source materials as defined in the Atomic Energy Act of 1954, as amended) obtained by mining and like operations and processed through the stages specified and at the facilities designated in an agreement between the Secretary of the Interior and the Secretary of Commerce as being within the emergency preparedness responsibilities of the Secretary of the Interior.

SEC. 3. Resource Functions. With respect to the resources defined above, the Secretary shall:

(a) *Priorities and allocations.* Develop systems for the emergency application of priorities and allocations to the production and distribution of assigned resources.

(b) *Requirements.* Periodically assemble, develop as appropriate, and evaluate requirements for power, petroleum, gas and solid fuels, taking into account estimated needs for military, civilian, and foreign purposes. Such evaluation shall take into consideration geographical distribution of requirements under emergency conditions.

(c) *Resources.* Periodically assess assigned resources available from all sources in order to estimate availability under an emergency situation, 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. Provide data and assistance before and after attack for national resource evaluation purposes of the Office of Emergency Planning.

(d) *Claimancy.* Prepare plans to claim materials, manpower, equipment, supplies and services needed in support of assigned responsibilities and other essential functions of the Department before the appropriate agency, and work with such agencies in developing programs to insure availability of such resources in an emergency.

(e) *Minerals development.* Develop programs and encourage the exploration, development and mining of strategic and critical minerals for emergency purposes.

(f) *Production.* Provide guidance and leadership to assigned industries in the development of plans and programs to insure the con-

tinuity of production in the event of an attack, and cooperate with the Department of Commerce in the identification and rating of essential facilities.

(g) *Stockpiles.* Assist the Offices of Emergency Planning in formulating and carrying out plans and programs for the stockpiling of strategic and critical materials, and survival items.

(h) *Salvage and rehabilitation.* Develop plans for the salvage of stocks and rehabilitation of producing facilities for assigned products after attack.

(i) *Economic stabilization.* Cooperate with the Office of Emergency Planning in the development of economic stabilization policies as they might affect the power, fuels and assigned minerals supply, production, and marketing programs, and the conservation of essential commodities in an emergency, including rationing of power and fuel.

(j) *Financial aid.* Develop plans and procedures for financial and credit assistance to producers, processors, and distributors who might need such assistance in various mobilization conditions.

SEC. 4. *Cooperation with Department of Defense.* In consonance with national civil defense plans, programs and operations of the Department of Defense, under Executive Order No. 10952, the Secretary shall:

(a) *Facilities protection.* Provide industry protection guidance material adapted to needs of industries concerned with assigned products, and promote a national program to stimulate disaster preparedness and control in order to minimize the effects of overt or covert attack and maintain continuity of production and capacity to serve essential users in an emergency. Guidance shall include but not be limited to: organizing and training facility personnel, personnel shelters, evacuation plans, records protection, continuity of management, emergency repair, deconcentration or dispersal of facilities, and mutual aid associations for emergency.

(b) *Chemical, biological and radiological warfare.* Provide for the detection, identification, monitoring and reporting of chemical, biological and radiological agents at selected facilities operated or controlled by the Department of the Interior.

(c) *Damage assessment.* Maintain a capability to assess the effects of attack on assigned products, producing facilities, and departmental installations both at national and field levels, and provide data to the Department of Defense.

SEC. 5. *Research.* Within the framework of Federal research objectives, the Secretary shall supervise or conduct research directly concerned with carrying out emergency preparedness responsibilities, designate representatives for necessary ad hoc or task force groups, and provide advice and assistance to other agencies in planning for research in areas involving the Department's interest.

SEC. 6. *Functional Guidance.* The Secretary, in carrying out the functions assigned in this order, shall be guided by the following:

(a) *Interagency cooperation.* The Secretary shall assume the initiative in developing joint plans for the coordination of emergency fuel, energy, and assigned mineral programs of those departments and agencies which have the responsibility for any segment of such activities. He shall utilize to the maximum those capabilities of other agencies qualified to perform or assist in the performance of assigned functions by contractual or other agreements.

(b) *Presidential coordination.* The Director of the Office of Emergency Planning shall advise and assist the President in determining policy for, and assist him in coordinating the performance of functions under this order with the total national preparedness program.

(c) *Emergency planning.* Emergency plans and programs, and emergency organization structure required thereby, shall be developed as an integral part of the continuing activities of the Department of the Interior on the basis that it will have the responsibility for carrying out such programs during an emergency. The Secretary shall be prepared to implement all appropriate plans developed under this order.

Modifications, and temporary organizational changes, based on emergency conditions, will be in accordance with policy determination by the President.

SEC. 7. *Emergency Actions.* Nothing in this order shall be construed as conferring authority under Title III of the Federal Civil Defense Act of 1950, as amended, or otherwise, to put into effect any emergency plan, procedure, policy, program, or course of action prepared or developed pursuant to this order. Such authority is reserved to the President.

SEC. 8. *Redelegation.* The Secretary is hereby authorized to redelegate within the Department of the Interior the functions hereinabove assigned to him.

SEC. 9. *Prior Actions.* To the extent of any inconsistency between the provisions of any prior order and the provisions of this order, the latter shall control. Emergency Preparedness Order No. 7 (heretofore issued by the Director, Office of Civil and Defense Mobilization) (26 F.R. 659-660), is hereby revoked.

JOHN F. KENNEDY

THE WHITE HOUSE,
February 16, 1962.

[F.R. Doc. 62-1803; Filed, Feb. 19, 1962; 10:46 a.m.]

APPENDIX NO. 2

Organization and Delegation of Authority -
Emergency Petroleum and Gas Administration

by

Hon. Stewart L. Udall
Secretary of the Interior

* * *

August 28, 1963

UNITED STATES
DEPARTMENT OF THE INTERIOR

DEPARTMENTAL MANUAL

TRANSMITTAL SHEET

Release
Number:

626

Date: August 28, 1963

Part: 111 DM 12
205 DM 4.6

Subject: ORGANIZATION AND DELEGATION
OF AUTHORITY
Emergency Petroleum and
Gas Administration

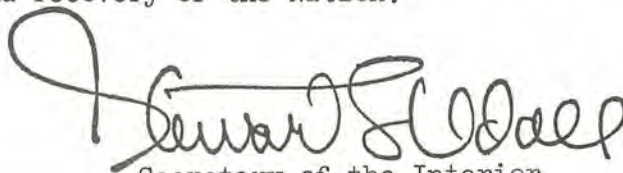
EXPLANATION OF MATERIAL TRANSMITTED:

This release establishes the Emergency Petroleum and Gas Administration (111 DM 12) and delegates emergency authority to officials of the organization (205 DM 4.6). The EPGA will fill the need for an organization in being, known to Federal and State government agencies and to industry, ready and authorized to discharge promptly the defense responsibilities of the Secretary of the Interior for petroleum and gas in the event of a civil defense emergency declared by the President or the Congress, or an attack upon the United States. Also, it will assist this Department in the pre-emergency performance, in all geographic areas, of the emergency preparedness functions relating to petroleum and gas which the President has assigned to the Secretary of the Interior.

While the EPGA headquarters and field organizations will be staffed largely by National Defense Executive Reservists presently engaged in the petroleum and gas industries, individual staff members of the Office of Oil and Gas, which in peacetime performs the above-mentioned emergency preparedness functions, will be given pre-emergency assignments to specific positions or functional units in the EPGA.

The delegation of authority will permit EPGA officials to exercise the authority of the Secretary of the Interior in the event of a declared civil defense emergency or an attack upon the United States.

The existence and continuous development of the Emergency Petroleum and Gas Administration will contribute significantly to the preparedness of the Federal Government to assure that, if the United States ever should suffer a nuclear attack, petroleum and gas resources would be utilized most effectively for purposes of national defense and the survival and recovery of the Nation.



Secretary of the Interior

FILING INSTRUCTIONS:

Remove:

None

None

Insert:

111 DM 12
(7 Sheets)

205 DM 4.6
(1 Sheet)

Note: Reference and filing should be by Part, Chapter, and Paragraph number as shown in the upper right hand corner of the page. Sheet numbers are not shown on the individual pages of this release.

Department of the Interior
DEPARTMENTAL MANUAL

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| Organization | Part 111 Other Departmental Offices |
| Chapter 12 | Emergency Petroleum and Gas Administration (EPGA) |
| | 111.12.1 |

.1 Creation. The Emergency Petroleum and Gas Administration (EPGA) is established in order:

A. To provide an organization in being, known to Federal and State government agencies and to industry, ready and authorized to discharge promptly the defense responsibilities of the Secretary of the Interior for petroleum and gas in the event of a civil defense emergency declared by the President or the Congress, or an attack upon the United States.

B. To facilitate and make more effective the work of the Department of the Interior in carrying out, in all geographic areas, the emergency preparedness functions pertaining to petroleum and gas set forth in Executive Order No. 10997, Assigning Emergency Preparedness Functions to the Secretary of the Interior, dated February 16, 1962.

.2 Composition. The Emergency Petroleum and Gas Administration consists of a headquarters office in Washington, D. C., eight regional offices, and 50 State offices (one in each State). Responsibilities of the EPGA affecting U. S. possessions and territories, the Trust Territory of the Pacific Islands, Puerto Rico, and the District of Columbia will be discharged by designated EPGA regional offices as indicated in the list of regional offices in 111 DM 12.7A. In addition, local offices of the EPGA may be established under the direction of EPGA State offices where the importance of petroleum and gas facilities and operations warrants their establishment.

A. All of these offices are to be staffed largely by persons presently engaged in the petroleum and gas industries who have been, or will be, designated as members of the National Defense Executive Reserve established pursuant to Section 710(e) of the Defense Production Act of 1950, as amended. All present National Defense Executive Reservists are to be assigned immediately to specific positions in the EPGA, and those newly-designated in the future are to be so assigned when they become National Defense Executive Reservists. Prior to an emergency, all National Defense Executive Reservists will be given personnel action papers to enable their becoming full-time Federal employees in the same positions immediately upon the occurrence of a declared civil defense emergency or an attack upon the United States.

B. A number of these National Defense Executive Reservists are to be appointed also as "special Government employees", WOC (without compensation), in order that the appointees, as WOC employees, may also perform peacetime duties of the nature outlined in 111 DM 12.3A and 3B as distinguished from the emergency duties they would perform in their assigned positions as full-time Federal employees in the event of a declared civil defense emergency or an attack upon the United States.

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| Chapter 12 Emergency Petroleum and Gas Administration (EPGA) | 111.12.2C |

C. Individual staff members of the Office of Oil and Gas in Washington, D. C., will be given pre-emergency assignments to specific positions or functional units in the EPGA, in order that the staff of that Office may serve as the nucleus of the EPGA headquarters. Full-time staff members of the Office of Oil and Gas who are Regional Mobilization Representatives stationed at regional offices of the Office of Emergency Planning and Office of Civil Defense (Department of Defense) will become members of the regional staffs of the EPGA in the event of a declared civil defense emergency or an attack upon the United States. When employees of the Office of Oil and Gas are assigned for emergency service in the EPGA, personnel action papers will be issued to them, making their transfers to the EPGA effective upon the occurrence of such an emergency.

D. The Office of Oil and Gas shall make mutually agreeable arrangements with other bureaus and offices of the Department and of other Federal agencies for assignment to the EPGA of employees having knowledge and experience useful in the conduct of emergency petroleum and gas operations. These employees will be given emergency assignments to specific positions in the EPGA, either in the headquarters or in field offices. When they are assigned for emergency service in the EPGA, personnel action papers will be issued to them, making their transfers to the EPGA effective upon the occurrence of a declared civil defense emergency or an attack upon the United States.

.3 Emergency Preparedness Functions. In peacetime the Office of Oil and Gas performs the emergency preparedness functions with respect to petroleum and gas assigned to the Secretary of the Interior by Executive Order 10997 and other Executive Orders and delegations of authority. These functions include the recruiting and training of personnel for staffing of the EPGA field and headquarters organization.

A. Headquarters personnel of the EPGA appointed as WOC employees, among other duties as assigned, will, as requested, assist the Office of Oil and Gas in: (1) developing emergency plans, (2) advancing the petroleum and gas industries' knowledge of these plans, and (3) encouraging full readiness of these industries for continuity of operations in the event of a declared civil defense emergency or an attack upon the United States.

B. Field personnel of the EPGA appointed as WOC employees, among other duties as assigned, will, as requested, assist the Office of Oil and Gas and its full-time Regional Mobilization Representatives in carrying on, within their areas, activities similar to those indicated for headquarters personnel. In addition, they will assist in work with State and local governments to develop State and local emergency plans and programs for petroleum and gas, consistent with the responsibilities and functions of Federal, State and local governments in an emergency as set forth in official national plans and guidelines.

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| | Gas Administration (EPGA) |
| | 111.12.4 |

.4 Operations in Emergency. The EPGA will become fully operative immediately upon the declaration of a civil defense emergency by the President or the Congress or upon attack on the United States. (In the event of severe international tension or a national defense emergency other than one involving a declared civil defense emergency or an attack upon the United States, the extent of the operations of the EPGA will be specified by the Secretary of the Interior.) Until the persons drawn from industry to fill positions in the EPGA report for duty in a civil defense emergency or after enemy attack, members of the headquarters and field staffs of the Office of Oil and Gas who have assignments to positions in the EPGA will take actions to discharge the defense mobilization responsibilities of the Secretary of the Interior with respect to petroleum and gas.

A. Headquarters and field officials of the EPGA to whom emergency authorities and functions of the Secretary of the Interior have been delegated will in an emergency exercise such authorities and perform such functions to assure, insofar as possible, that adequate supplies of petroleum products and gas are available, at the right times and places, to meet the needs for national defense and the survival and recovery of the Nation. They will take actions in accordance with emergency plans and procedures previously adopted, insofar as circumstances permit.

B. Regional offices of the EPGA, subject to such direction by headquarters as availability of communications will permit, will be responsible for EPGA operations within their respective regions and will be the official channels for EPGA contact and liaison with the corresponding regional offices of the Office of Emergency Planning, the Office of Civil Defense (Department of Defense), and other Federal agencies.

C. State and local offices of the EPGA, subject to such direction by the appropriate EPGA regional office as availability of communications will permit, will be responsible for EPGA operations within their respective areas. Among the major functions of the State and local offices of the EPGA will be (1) the control of releases from primary inventories of petroleum products and the allocation of products to secondary inventories, the distribution of which will be controlled by State and local governments, and (2) the allocation of gas from transmission lines to local gas utilities and industrial plants served directly by transmission lines, leaving the control of distribution of gas by local utilities to consumers to be exercised by State and local governments--such control of distribution of petroleum products and gas by State and local governments to be subject to guidance and determinations as to priorities and relative urgency of uses furnished, either directly or through the EPGA, by the Office of Emergency Planning of the Office of Civil Defense (Department of Defense).

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| <u>Organization</u> | <u>Part 111 Other Departmental Offices</u> |
| Chapter 12 <u>Emergency Petroleum and Gas Administration (EPGA)</u> | <u>111.12.5</u> |

.5 Emergency Authority. A delegation of the authority of the Secretary of the Interior to EPGA officials for their use in the event of a declared civil defense emergency or an attack upon the United States is contained in 205 DM 4.6 of the Departmental Manual.

.6 Headquarters Organization. Although the headquarters of the EPGA is located in Washington, D. C., it may be relocated in a period of severe international tension, upon declaration of a civil defense emergency, or in the wake of a nuclear attack. Every effort will be made prior to any such emergency to notify all persons, on a "need to know" basis, concerning the geographic location of a relocation site, or alternative sites, and the means of communication.

A. When the headquarters organization of the EPGA (see chart) become fully operative in an emergency, the principal officials and their respective responsibilities for headquarters functions will be as follows:

(1) Office of the National Administrator. The National Administrator is responsible for the direction and supervision of the EPGA. This includes the coordination of its activities with those of international agencies concerned with petroleum and gas supply (including the North Atlantic Treaty Organization) and the supervision of activities of regional and State offices of the EPGA. He is assisted by an Associate Administrator, a Deputy Administrator who will be responsible for operations, a Director of Information, a Director of Plans and Programs, a Director of Administrative Services, and four Assistant Administrators responsible for supervising operating divisions as indicated below. Each operating division is headed by a Director responsible to an Assistant Administrator.

(2) Assistant Administrator (Domestic Petroleum Operations)--supervises the following EPGA divisions: Production and National Gas Processing; Refining and Manufacturing; Supply and Transportation; and Distribution.

(3) Assistant Administrator (Foreign Petroleum Operations)--supervises the following EPGA divisions: Foreign Production; Foreign Refining; and Foreign Supply and Transportation.

(4) Assistant Administrator (Gas Operations)--supervises the Gas Transmission Division and the Gas Distribution Division.

(5) Assistant Administrator (Support Services)--supervises the following EPGA divisions: Materials; Manpower; Communications; and Facility Security.

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| Chapter 12 Emergency Petroleum and Gas Administration (EPGA) | 111.12.7 |

.7 Field Organization. The field organization consists of the eight EPGA regional offices and the State and local offices of the EPGA to be established.

A. Location of Field Offices. The EPGA regional offices will generally be at or in the vicinity of the regional offices of both the Office of Emergency Planning and the Office of Civil Defense (Department of Defense), and the boundaries and numbering of the EPGA regions conform to those mutually adopted by both of these agencies (see map). Locations of the EPGA regional offices are listed below:

- Region I - Harvard, Massachusetts
(Including, in addition to certain States,
Puerto Rico and the Virgin Islands)
- Region II - Olney, Maryland
(Including, in addition to certain States,
the District of Columbia)
- Region III - Thomasville, Georgia
- Region IV - Battle Creek, Michigan
- Region V - Denton, Texas
- Region VI - Denver, Colorado
- Region VII - Santa Rosa, California
(Including, in addition to certain States,
Guam, American Samoa, and the Trust Territory
of the Pacific Islands)
- Region VIII - Everett, Washington

The locations of State and local offices of the EPGA are to be determined in consultation with officials of the affected State and local governments concerned with preparedness for operations in a civil defense emergency and post-attack management of resources, and other agencies.

B. Organization Structure of Regional Offices. The organization structure of the EPGA regional offices (see chart) will be generally similar to that of the EPGA headquarters although the organization of regional offices may vary from region to region depending upon the emphasis accorded different petroleum and gas operations.

(1) The principal officials in each EPGA region will be the Regional Administrator, the Deputy Regional Administrator, the Assistant Regional Administrator (Petroleum Operations), the Assistant Regional Administrator (Gas Operations), and the Assistant Regional Administrator (Support Services). The functions of these officials correspond within the regions to those of officials with similar titles in the headquarters organization. The Regional Administrator will supervise the activities of State offices of the EPGA within his region.

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C. Organization Structure of State Offices of the EPGA. The principal officials in each State office of the EPGA will be the Manager (to be referred to as the "EPGA State Manager") and the Deputy Manager. The size and nature of the organization under the EPGA State Manager will vary from State to State, depending upon the scale and character of petroleum and gas operations normally conducted in the State, the types of post-attack petroleum and gas supply problems envisaged, the emergency organization and procedures adopted by the State Government as related to petroleum and gas, and other factors. The EPGA State Manager will supervise the activities of local officers of the EPGA within his State.

D. Organization Structure of Local Offices of the EPGA. The organization structure and staffing pattern of local offices of the EPGA, which are to be established where needed within a State, will be developed by the EPGA State Manager in consultation with appropriate officials of State and local governments and the Regional Administrator of the EPGA.

.8 Succession. Since the functions, direction, and supervision of the EPGA would have to be performed on a continuous, uninterrupted basis in a declared civil defense emergency or upon attack on the United States, the following provisions, effective upon the occurrence of such an emergency, are hereby made for automatic succession by headquarters and field officials to the position of National Administrator, to the position of Regional Administrator, and to the position of State Manager:

A. Succession to Position of National Administrator. In case of the death, disability, or unavailability of the National Administrator, the following designated headquarters officials and field officials shall, in the order of succession indicated, act as National Administrator until a successor to the National Administrator is appointed or the disability or unavailability of the National Administrator shall cease:

(1) Headquarters Officials

- (a) Associate Administrator
- (b) Deputy Administrator
- (c) Assistant Administrator (Domestic Petroleum Operations)
- (d) Assistant Administrator (Foreign Petroleum Operations)
- (e) Assistant Administrator (Gas Operations)
- (f) Assistant Administrator (Support Services)

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(2) Field Officials

- (a) Regional Administrator, Region V (Denton, Texas)
- (b) Regional Administrator, Region III (Thomasville, Georgia)
- (c) Regional Administrator, Region I (Harvard, Mass.)
- (d) Regional Administrator, Region IV (Battle Creek, Mich.)
- (e) Regional Administrator, Region VII (Santa Rosa, Calif.)
- (f) Regional Administrator, Region VIII (Everett, Wash.)
- (g) Regional Administrator, Region VI (Denver, Colorado)
- (h) Regional Administrator, Region II (Olney, Maryland)

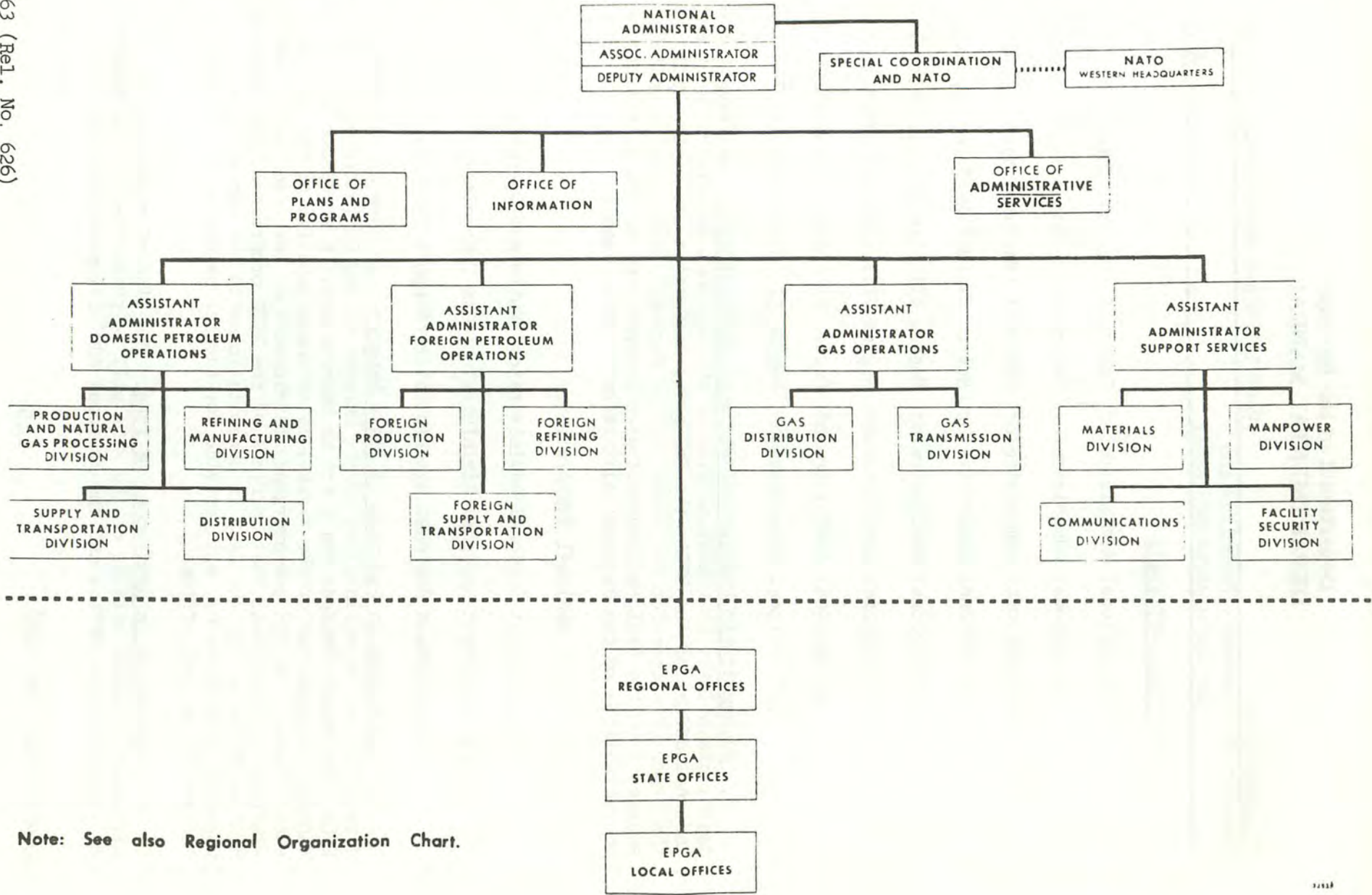
B. Succession to Position of Regional Administrator. In case of the death, disability, or unavailability of the Regional Administrator of any regional office of the EPGA, the following designated officials shall, in the order of succession indicated, act as Regional Administrator until a successor to the Regional Administrator is appointed or the disability or unavailability of the Regional Administrator shall cease:

- (1) Deputy Regional Administrator
- (2) Assistant Regional Administrator (Petroleum Operations)
- (3) Assistant Regional Administrator (Gas Operations)
- (4) Assistant Regional Administrator (Support Services)

C. Succession to Position of State Manager. In case of the death, disability, or unavailability of the Manager of any State office of the EPGA, the Deputy Manager shall act as Manager until a successor to the Manager is appointed or the disability or unavailability of the Manager shall cease. (As the pre-emergency development of the organization and staffing of individual State offices of the EPGA progresses, the Director of the Office of Oil and Gas, in consultation with the appropriate Regional Administrator, will provide for further extension of the line of succession in such offices.)

D. Succession in EPGA Local Offices. The line of succession of officials in local offices of the EPGA will be prescribed by the Manager of the EPGA State Office and the Regional Administrator concerned.

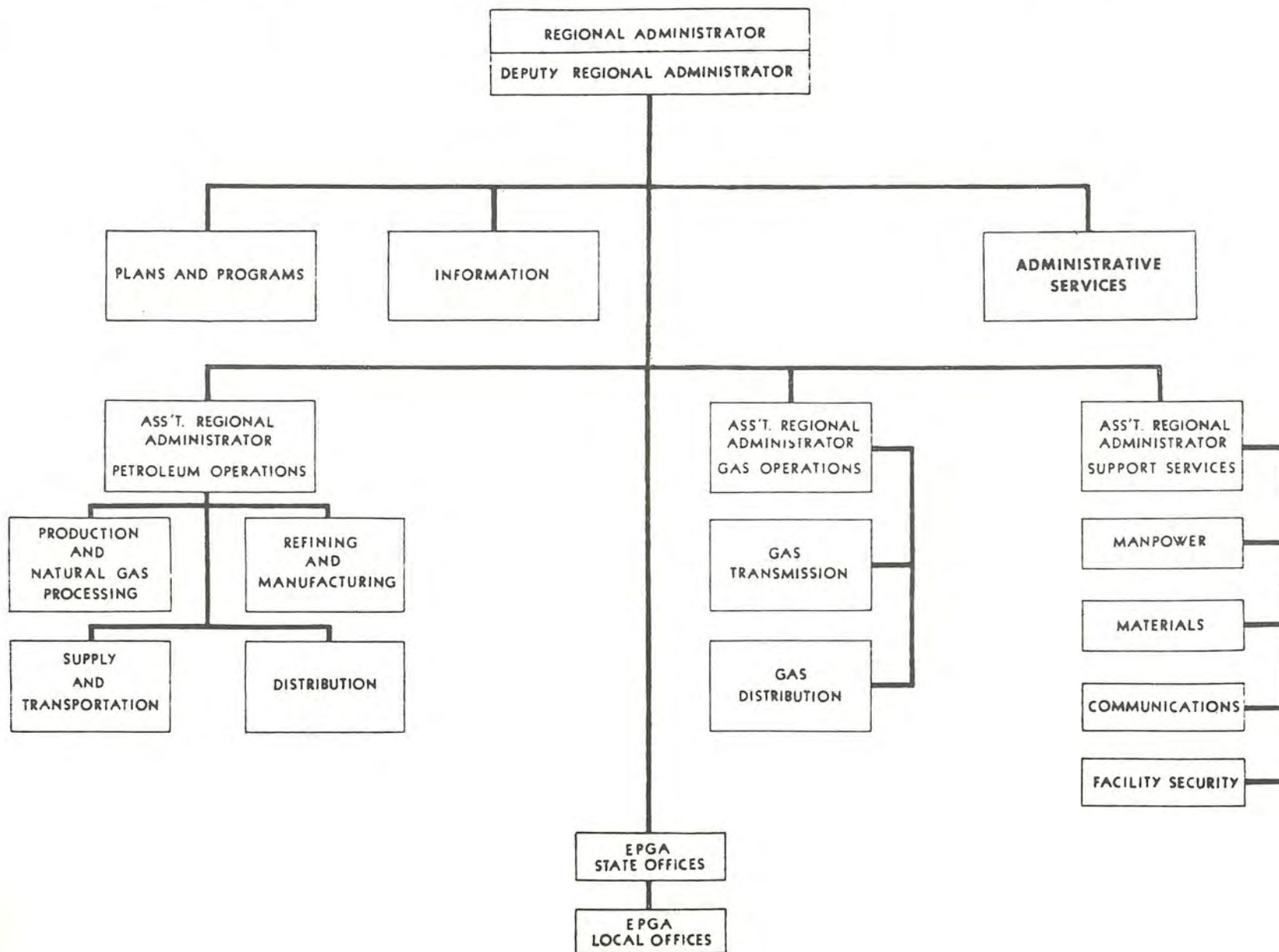
HEADQUARTERS AND FIELD ORGANIZATION - EMERGENCY PETROLEUM AND GAS ADMINISTRATION



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Note: See also Regional Organization Chart.

REGIONAL ORGANIZATION — EMERGENCY PETROLEUM AND GAS ADMINISTRATION



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Delegation Series

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Chapter 4 Authority in Civil Defense Emergencies

205.4.6

.6 Delegation of Authority to Headquarters and Field Officials of the
Emergency Petroleum and Gas Administration.

A. In the event of a civil defense emergency, as defined in section 301 of the Federal Civil Defense Act of 1950, as amended (50 U.S.C., App., sec. 2291), or an attack upon the United States, and subject to the limitations stated in subparagraph 205 DM 4.6B, the National Administrator, Associate Administrator, Deputy Administrator, and Assistant Administrators and the Regional Administrators, Deputy Regional Administrators, and Assistant Regional Administrators and the EPGA State Managers of the Emergency Petroleum and Gas Administration (EPGA) may severally exercise all of the authority of the Secretary of the Interior with respect to petroleum and gas under

(1) the Defense Production Act of 1950, as amended (50 U.S.C., App., secs. 2061 et seq.), including but not limited to

(a) the priorities and allocation powers in Title I of the Act,

(b) the authority, provided by section 704 of the Act, to make such rules, regulations, and orders as are deemed necessary to carry out the provisions of the Act (including but not limited to documents which are additions to, or amendments of such additions to, the Code of Federal Regulations), and

(c) the authority to employ civilian personnel for duty in the United States provided by section 703(a) of the Act, except as limited by subparagraph B(3)(c) of this delegation;

(2) any other law pursuant to which the Secretary has been delegated functions or powers by virtue of authority delegated to him under the Defense Production Act; and

(3) any law which may be enacted, or any delegation to the Secretary of the authority of the President, extending similar or providing additional defense mobilization authority.

B. Limitations.

(1) Each of the officials designated in subparagraph 205 DM 4.6A shall exercise his authority only as appropriate and necessary to the performance of the emergency duties assigned to his position and subject to such guidance and direction as may be received from superior officials in the EPGA.

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205.4.6B(2)

(2) Officials of the EPGA regional offices and EPGA State offices shall exercise their authority subject also to guidance and determinations provided by regional officials of the Office of Emergency Planning and the Office of Civil Defense (Department of Defense) and officials of State governments pursuant to their respective responsibilities and functions as set forth in official national plans, orders, agreements, and procedures adopted prior to the emergency, until such time as these EPGA officials may be advised that provisions of any such documents have been modified following the onset of the emergency.

(3) The delegation of authority made in subparagraph 205 DM 4.6A does not authorize any official of the EPGA to:

(a) perform any function or exercise any power which cannot be redelegated by the Secretary of the Interior under the provisions of a delegation of authority to the Secretary;

(b) redelegate any power or function to any person other than an official or employee of the EPGA; or

(c) appoint or employ any person under section 710 of the Defense Production Act of 1950, as amended.

C. Redelegation. During a civil defense emergency or after an attack upon the United States, the authority delegated in subparagraph 205 DM 4.6A may be redelegated to subordinate EPGA officials with power successively to redelegate. Such redelegations may be made prior to a civil defense emergency or attack on the United States, to become effective upon the occurrence of such an emergency, but any such redelegations issued prior to an emergency must have the approval of the Director of the Office of Oil and Gas and be published in the Federal Register.

APPENDIX NO. 3

Memorandum of Understanding
with respect to
"Federal-State Relationships in an Emergency"
(Management of Materials and Services)

between
Office of Emergency Planning
and
Office of Civil Defense, Department of Defense

* * *

January 14, 1964

MEMORANDUM OF UNDERSTANDING

As agreed by the undersigned, there follows a general description of those materials and services which are planned for management, where possible, by the Federal Government and those which are planned for management by State and local governments in an immediate nuclear attack emergency situation. The former are those resources, generally interstate wholesale stocks and manufacturers' inventories, which by their nature have a national or major interstate use and are referred to as primary resources. The latter are the secondary resources which generally include retail stocks and intrastate wholesale stocks to meet essential needs within a single State.

It is intended that States work out the specific application of these general terms in each resource section of State Emergency Resource Management Plans, with the assistance of the various Federal agencies. In the same way, refinements in procedures, including claimancy, would be developed consistent with Federal policy.

To define further the Federal-State relationship in the development of overall State Emergency Resource Management Plans:

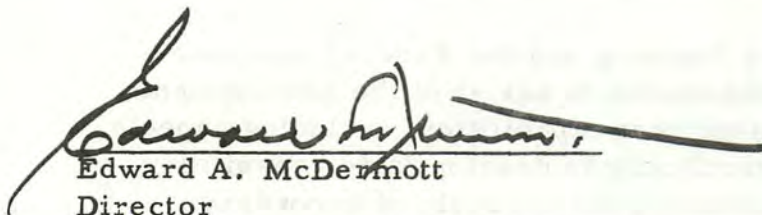
(a) The Office of Emergency Planning and the Federal resource agencies will work with State governments to assist in the development of State emergency resource management capabilities, including aspects of economic stabilization, and specifically to develop State capabilities to manage primary resources, including the resupply of secondary resources, where a Federal capability might be temporarily unavailable in the event of an attack.

(b) The Office of Civil Defense and the Federal agencies will work with State and local governments in the revision and updating of Operational Survival Plans as a part of overall State emergency planning consistent with Federal policies. The Office of Civil Defense and the Federal agencies will guide and assist State and local governments in preparation of plans for the conservation, distribution and use of secondary resources to meet essential needs in the event of attack, including the development of procedures to claim for the resupply of secondary resources from primary sources under either Federal or State jurisdiction. The Office of Civil Defense and the Federal agencies will also provide for inclusion in State and local plans procedures for the redistribution of secondary resources from one locality to meet urgent needs in other localities in that State or other nearby States.

The Congress has appropriated funds which will enable the Office of Emergency Planning to assist the States in developing State Emergency Resource Management Plans as a part of overall State emergency plans and preparations. In addition, the Office of Emergency Planning and the States will be responsible for financing the development of State capabilities to manage primary resources. Those resource plans developed under Office of Emergency Planning guidance must be identifiable and subject to separate evaluation for consistency with Federal policies and standards for the emergency management of resources.

The Office of Civil Defense will assist State and local governments through the Personnel and Administrative Expenses Program, under Section 205 of the Federal Civil Defense Act of 1950, as amended, to accomplish preparations at the State and local level for the use of secondary resources.

This understanding will also be reflected in the National Plan For Emergency Preparedness, the Federal Civil Defense Guide and in other guidance issued by the Federal Government.



Edward A. McDermott
Director
Office of Emergency Planning



Steuart L. Pittman
Assistant Secretary of
Defense (Civil Defense)

Effective Date: January 14, 1964

APPENDIX NO. 4

Defense Mobilization Order 8400.1

* * *

November 6, 1963

Defense Mobilization Order 8400.1
(formerly DMO I-7 and DMO VII-3)
November 6, 1963

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF EMERGENCY PLANNING
Washington, D. C. 20504

DEFENSE MOBILIZATION ORDER 8400.1

TO: Federal Departments and Agencies

SUBJECT: (1) Policy guidance with regard to the use of the
Priorities and Allocations Authority of title 1 of
the Defense Production Act of 1950, as amended,
and,
(2) Delegation of such authority to certain officers
and agencies.

1. Purpose. This Order (1) establishes policy guidance in accordance with section 101 of Executive Order 10480 and section 401 of Executive Order 11051, (2) delegates authority in accordance with section 201 of Executive Order 10480, as amended, and (3) delegates other authorities under the Defense Production Act of 1950, as amended.

2. Cancellation. This Order supersedes Defense Mobilization Order I-7, dated August 14, 1953 (18 F. R. 5366) (Redesignated at 18 F. R. 6737, October 23, 1953); Defense Mobilization Order I-7, Amendment 1, Revised, dated November 12, 1954 (19 F. R. 7348); Defense Mobilization Order VII-3, Revised, dated January 10, 1956 (21 F. R. 253); and Defense Mobilization Order VII-3, Supplement 1, dated August 27, 1955 (20 F. R. 6339).

3. Policies.

a. Authority of title I of the Defense Production Act of 1950, as amended, to control the distribution and use of materials and facilities, shall not be used except to require preference in the performance of contracts and orders and to allocate materials and facilities to accomplish the following:

(1) Direct military and atomic energy programs.

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(2) Other programs and activities which are related to the military and atomic energy programs and which are certified by the Department of Defense or the Atomic Energy Commission and specifically authorized by the Office of Emergency Planning.

(3) Deliveries, production, and construction in industry required to fulfill direct military and atomic energy programs and the related programs and activities authorized under (2) above.

(4) The general distribution in the civilian market of materials found to be scarce and critical pursuant to the provisions of section 101(b) of the Defense Production Act of 1950, as amended, and approved by the Director of the Office of Emergency Planning under section 201(b) of Executive Order 10480, as amended.

(5) Assistance in providing materials and facilities for the restoration of productive capacity damaged or destroyed by a major disaster as defined and determined under the provisions of Public Law 875, 81st Congress (42 U. S. C. 1855):

(a) Whenever the facility to be restored has delivery orders identified by authorized program identification symbols under the Defense Materials System.

(b) Whenever failure to restore the facility would result in failure to meet a defense delivery schedule.

(c) Whenever failure to restore the facility would prevent the provision of a service necessary to meet a defense delivery schedule.

(d) When and to the extent that assistance is necessary to restore mobilization base capacity for the production of defense items including materials and services covered by the Office of Emergency Planning expansion goals whether or not such goals remain open.

b. The distribution of steel, copper, aluminum and nickel alloys for military and atomic energy and authorized related programs and activities shall assure:

(1) That supplies of these materials are available to those programs and activities on time and in proper quantity.

(2) That demands of these programs and activities shall be distributed among suppliers on a generally fair and equitable basis.

(3) That allotments are not made in excess of actual current requirements of these programs and activities.

These criteria shall also apply to the maximum practicable extent to the use of priorities for materials other than steel, copper, aluminum and nickel alloys in support of direct military and atomic energy programs and other authorized programs and activities.

c. The Office of Emergency Planning shall review requirements and issue program determinations approving programs and making allotments of steel, copper, aluminum and nickel alloys to the Department of Defense and the Atomic Energy Commission for direct military and atomic energy programs and related programs and activities that have been authorized and assigned to these agencies for purposes of establishing them as programs eligible for priorities and allocations support, in accordance with the Business and Defense Services Administration regulations issued pursuant to title 1 of the Defense Production Act of 1950, as amended.

d. All agencies now or hereafter designated by the Director of the Office of Emergency Planning to furnish supply and requirements data shall be responsible for the provision of such data and shall be entitled to be heard in connection with the determination of programs by the Director. The evaluation of supply and requirements data and the determination of programs shall be the function of the Director of Economic Affairs of the Office of Emergency Planning with right of appeal to the Director of the Office of Emergency Planning by any designated agency.

e. Exceptions to the foregoing basic policy may be made in the interests of the national defense by or with the authority of the Director of the Office of Emergency Planning.

4. Delegation of authority.

a. The functions of the Director of the Office of Emergency Planning under title 1 of the Defense Production Act of 1950, as amended, are hereby delegated to those officers and agencies named in section 201 of Executive Order 10480, as amended, with respect to the areas of responsibilities designated, and subject to the limitations prescribed in that section.

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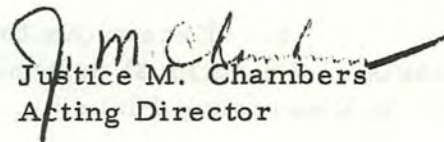
b. The functions conferred upon the Director of the Office of Emergency Planning by section 310(b) and 311(b) of Executive Order 10480, as amended, to certify the essentiality of loans to the Secretary of the Treasury and the Export-Import Bank of Washington are hereby delegated to the Administrator of General Services to the extent that such loans are a part of and in accordance with the terms of programs certified by the Director of the Office of Emergency Planning pursuant to section 312 of Executive Order 10480.

c. The functions conferred upon the Director of the Office of Emergency Planning by section 304 of Executive Order 10480, as amended, relative to the encouragement of exploration, development and mining of strategic and critical metals and minerals are hereby delegated to the Secretary of the Interior.

d. The functions delegated by this order may be redelegated with or without authority for further redelegation, and redelegations on the date hereof shall continue in effect until rescinded or modified by appropriate authority.

e. Officers and agencies performing the functions delegated by this Order or redelegated by, or by authority of, the delegates hereunder shall perform such functions subject to the direction and control of the Director of the Office of Emergency Planning as provided by section 101 of Executive Order 10480, as amended. Such officers and agencies shall furnish such reports on the use of the authority as the Director may require.

5. Effective date. This Order is effective the date of issuance.


Justice M. Chambers
Acting Director

APPENDIX NO. 5

Defense Mobilization Order 8500.1

* * *

April 24, 1964

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF EMERGENCY PLANNING
WASHINGTON, D. C. 20504

DEFENSE MOBILIZATION ORDER 8500.1

To: Federal Departments and Agencies

Subject: Guidance on Priority Use of Resources in
Immediate Postattack Period

1. Purpose. This Order (1) states the policy of the Government on use of resources in the period immediately following a nuclear attack on the United States (2) provides general guidance for Federal, State and local government officials on activities to be accorded priority in the use of postattack resources, and (3) lists those items essential to national survival in the immediate period.

2. Cancellation. This Order supersedes Appendix 1 of Annex 25 of The National Plan for Civil and Defense Mobilization, "Guidance on Priority Emergency Use of Resources", dated December 1960.

3. General Policy. In an immediate postattack period all decisions regarding the use of resources will be directed to the objective of national survival and recovery. In order to achieve this objective, postattack resources will be assigned to activities concerned with the maintenance and saving of lives, immediate military defense and retaliatory operations, and economic activities essential to continued survival and recovery.

This guidance is designed to achieve a degree of national equity in the use of resources and to assign and conserve resources effectively in the immediate postattack period. Until more specific instructions are available, these are the general guidelines within which managerial judgment and common sense must be used to achieve national objectives under widely differing emergency conditions.

4. Responsibilities. As stated in The National Plan for Emergency Preparedness, the direction of resources mobilization is a Federal responsibility. However, in the period immediately following an attack, certain geographical areas may be temporarily isolated, and

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April 24, 1964

State and local governments will have to assume responsibility for the use of resources remaining in such areas until effective Federal authority can be restored. State and local governments will not assume responsibility for resources under the jurisdiction of a Federal agency where the Federal agency is able to function.

As soon as possible after attack and until specific national direction and guidance on the use of resources is provided, Federal, State and local officials will determine what resources are available, to what needs they can be applied, how they are to be used, and the extent to which resources are deficient or in excess of survival needs. They will base determinations as to the relative urgency for use of resources primarily upon the importance of specific needs to defense, survival and recovery.

5. Priority Activities in Immediate Postattack Period. The following activities are to be accorded priority over all other claims for resources. There is no significance in the order of the listing-- all are important. The order in which and the extent to which they are supported locally may vary with local conditions and circumstances. If local conditions necessitate the establishment of an order of priority among these activities, that order shall be based on determinations of relative urgency among the activities listed, the availability of resources for achieving the actions required, and the feasibility and timeliness of the activities in making the most rapid and effective contribution to national survival.

a. The immediate defense and retaliatory combat operations of the Armed Forces of the United States and its Allies. This includes support of military personnel and the production and distribution of military and atomic weapons, materials and equipment required to carry out these immediate defense and retaliatory combat operations.

b. Maintenance or reestablishment of Government authority and control to restore and preserve order and to assure direction of emergency operations essential for the safety and protection of the people. This includes:

- (1) Police protection and movement direction;
- (2) Fire defense, rescue and debris clearance;

- (3) Warnings;
- (4) Emergency information and instructions;
- (5) Radiological detection, monitoring, and decontamination.

c. Production and distribution of survival items and provision of services essential to continued survival and rapid recovery. (For list of survival items see Appendix 1, Annex 35, of the National Plan for Civil Defense and Defense Mobilization dated February 1960.) These include:

- (1) Expedient shelter;
- (2) Food, including necessary processing and storage;
- (3) Feeding, clothing, lodging and other welfare services;
- (4) Emergency housing and community services;
- (5) Emergency health services, including medical care, public health and sanitation;
- (6) Water, fuel, and power supply;
- (7) Emergency repair and restoration of damaged vital facilities.

d. Essential communications and transportation services needed to carry out the above activities.

e. Provision of supplies, equipment, and repair parts to produce and distribute goods needed for the above activities.

6. Assignment of Resources. Resources required for essential uses, including manpower, will be assigned to meet the emergency requirements of the priority activities indicated above. The principal objectives are to use available resources to serve essential needs promptly and effectively, and to:

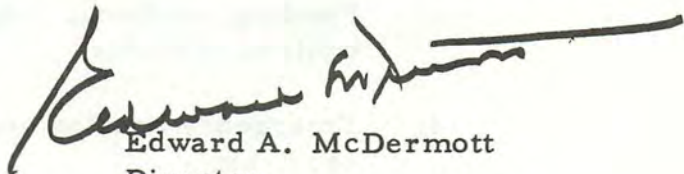
a. Protect and to prevent waste or dissipation of resources prior to their assignment to priority activities;

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b. Support production of essential goods. Other production will be permitted to continue only from inventories on hand and when there is no emergency requirement for the resources vital to this production.

c. Support construction for emergency repair and restoration, construction of facilities needed for survival, or the conversion of facilities to survival use, where this can be accomplished quickly. Other construction already under way should be stopped, and no new construction started unless it can be used immediately for essential purposes upon completion.

7. Effective Date. This Order is effective the date of issuance.



Edward A. McDermott
Director