

NATIONAL PETROLEUM COUNCIL MEETING,

Washington, D.C.

October 29, 1955.

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C O N F I D E N T I A L

NATIONAL PETROLEUM COUNCIL MEETING

THURSDAY, OCTOBER 20, 1955

Washington, D. C.

The meeting was called to order by Mr. Walter S. Hallanan, Chairman of the National Petroleum Council, at nine-thirty a.m., in Room 5160, Interior Department Building.

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October 20, 1955

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PROCEEDINGS

1
2 THE CHAIRMAN: The Council will please come to
3 order.

4 Gentlemen, we have a request here from the repre-
5 sentatives of the Independent Petroleum Association to take a
6 photograph of the Council as a group this morning. I know we
7 are in rather crowded and somewhat difficult headquarters here
8 this morning, but I think everybody is agreeable to it, and if
9 there is no objection, we will tell the photographers to
10 proceed.

11 (A photograph was taken.)

12 THE CHAIRMAN: The secretary will please call the
13 roll.

14 ROLL CALL

15 SECRETARY JAMES V. BROWN: May I first ask that you
16 men who are here as observers at the request of some member
17 who is absent, as I come to that member's name on the roll,
18 will the observer please rise and give his name, so that we
19 may have it for the record.

20 Mr. Anderson?

21 MR. ROBERT O. ANDERSON: Here.

22 SECRETARY BROWN: Mr. Baker?

23 MR. HINES H. BAKER: Here.

24 SECRETARY BROWN: Mr. Ball? Mr. Barton? Mr. Benedum?

25 MR. PAUL G. BENEDUM: Here.

1 SECRETARY BROWN: Mr. Bergfors?
2 MR. FRED E. BERGFORS: Here.
3 SECRETARY BROWN: Mr. Blaustein? Mr. Blazer?
4 MR. PAUL G. BLAZER: Here.
5 SECRETARY BROWN: Mr. Brazell?
6 MR. REID BRAZELL: Here.
7 SECRETARY BROWN: Mr. Bridwell?
8 MR. J. S. BRIDWELL: Here.
9 SECRETARY BROWN: Mr. Bruce K. Brown?
10 MR. BRUCE K. BROWN: Here.
11 SECRETARY BROWN: Mr. Russell B. Brown?
12 MR. RUSSELL B. BROWN: Here.
13 SECRETARY BROWN: Mr. Burns?
14 MR. FRANK HAYES: I am here in his place.
15 SECRETARY BROWN: Mr. Chipman?
16 MR. CHARLES A. CHIPMAN: Here.
17 SECRETARY BROWN: Mr. Coleman? Mr. Cowden? Mr.
18 Crocker?
19 MR. STUART M. CROCKER: Here.
20 SECRETARY BROWN: Mr. Cummings?
21 MR. JOHN F. CUMMINGS: Here.
22 SECRETARY BROWN: Mr. Donnell?
23 MR. J. C. DONNELL, II: Here.
24 SECRETARY BROWN: Mr. Dow?
25 MR. FAYETTE B. DOW: Here.

1 SECRETARY BROWN: Mr. Warwick M. Downing?

2 MR. WARWICK M. DOWNING: Here.

3 SECRETARY BROWN: Mr. Wesley E. Downing?

4 MR. WESLEY E. DOWNING: Here.

5 SECRETARY BROWN: Mr. Duke?

6 MR. GORDON DUKE: Here.

7 SECRETARY BROWN: Mr. Dunnigan?

8 MR. FISHER: I am here in his place.

9 SECRETARY BROWN: Mr. Endacott?

10 MR. PAUL ENDACOTT: Here.

11 SECRETARY BROWN: Mr. Fisher?

12 MR. M. S. SCHILLER: I am here in his place.

13 SECRETARY BROWN: Mr. Follis?

14 MR. R. G. FOLLIS: Here.

15 SECRETARY BROWN: Mr. Foster?

16 MR. CLYDE T. FOSTER: Here.

17 SECRETARY BROWN: Mr. Fox? Mr. B. C. Graves?

18 MR. B. C. GRAVES: Here.

19 SECRETARY BROWN: Mr. B. I. Graves?

20 MR. B. I. GRAVES: Here.

21 SECRETARY BROWN: Chairman Hallenan?

22 THE CHAIRMAN: Here.

23 SECRETARY BROWN: Mr. Hamon?

24 MR. JAKE L. HAMON: Here.

25 SECRETARY BROWN: Mr. Hanks?

1 MR. DON O'HARA: I am here in his place.

2 SECRETARY BROWN: Mr. Hardey? Mr. Harper?

3 MR. JOHN HARPER: Here.

4 SECRETARY BROWN: Mr. Hartman?

5 MR. I. W. HARTMAN: Here.

6 SECRETARY BROWN: Mr. Hawley?

7 THE CHAIRMAN: Mr. Hawley, will you please rise?

8 Gentlemen, I desire to present to you a new member
9 of the Council, Mr. Cash B. Hawley, president of the National
10 Congress of Petroleum Retailers, Inc., of Detroit, Michigan.

11 We are glad to welcome you to the Council, Mr.
12 Hawley.

13 MR. CASH B. HAWLEY: Thank you, sir.

14 SECRETARY BROWN: Mr. Healy.

15 THE CHAIRMAN: Mr. Healy, will you rise?

16 Gentlemen, I desire to present another new member of
17 the Council, the new president of the Rocky Mountain Oil and
18 Gas Association, Mr. Harold H. Healy, of Casper, Wyoming.

19 We are happy to welcome you, Mr. Healy.

20 MR. HAROLD H. HEALY: Thank you.

21 SECRETARY BROWN: If I may interrupt a moment, there
22 are two or three seats down here for you gentlemen, if you
23 would like to come up here.

24 Mr. Hilts?

25 MR. HARRY B. HILTS: Here.

1 SECRETARY BROWN: Mr. Holman?

2 MR. EUGENE HOLMAN: Here.

3 SECRETARY BROWN: Mr. Hulcy? Mr. Hunter?

4 THE CHAIRMAN: Mr. Hunter, will you please stand up?

5 Gentlemen, I wish to present another new member of
6 the Council, Mr. G. B. Hunter, president of the National
7 Petroleum Association, of Oil City, Pennsylvania. We are very
8 pleased to have you as a member of our Council.

9 MR. G. B. HUNTER: Thank you.

10 SECRETARY BROWN: Mr. Jacobsen?

11 MR. A. JACOBSEN: Here.

12 SECRETARY BROWN: Mr. Jennings?

13 MR. A. L. NICKERSON: I am here in his place.

14 SECRETARY BROWN: Mr. Jones, that is Charles S.

15 Jones? Mr. W. Alton Jones?

16 MR. B. WATSON: I am here for Mr. W. Alton Jones.

17 SECRETARY BROWN: Mr. Kayser? Mr. Keck? Mr.

18 Keeler?

19 MR. W. W. KEELER: Here.

20 SECRETARY BROWN: Mr. King? Mr. Lawton? Mr. Leach?

21 MR. J. SAYLES LEACH: Here.

22 SECRETARY BROWN: Mr. Ludwig? Mr. McGallen? Mr.

23 McCollum?

24 MR. L. F. MCCOLLUM: Here.

25 SECRETARY BROWN: Mr. McDowell? Mr. McFarland?

1 MR. RUSSELL S. McFARLAND: Here.

2 SECRETARY BROWN: Mr. McGowen? Mr. Maguire?

3 MR. WILLIAM G. MAGUIRE: Here.

4 SECRETARY BROWN: Mr. Majewski?

5 MR. B. L. MAJEWSKI: Present.

6 SECRETARY BROWN: Mr. Marshall?

7 MR. J. HOWARD MARSHALL: Here.

8 SECRETARY BROWN: Mr. Mattei? Mr. Milligan?

9 MR. R. L. MILLIGAN: Here.

10 SECRETARY BROWN: Mr. Moncrief? Mr. Montrose?

11 THE CHAIRMAN: Will you rise, Mr. Montrose, please,
12 sir?

13 Gentlemen, another new member of the Council whom I
14 desire to introduce at this time, Mr. M. E. Montrose, presi-
15 dent of the Petroleum Equipment Suppliers Association, of
16 Houston, Texas.

17 We are happy to have you with us, Mr. Montrose.

18 MR. M. E. MONTROSE: Thank you.

19 SECRETARY BROWN: Mr. Mosher? Mr. Mount? Mr. Naff?

20 MR. R. M. PYBURN: I am here for Mr. Naff.

21 SECRETARY BROWN: Mr. Nielsen?

22 MR. M. R. McARTHUR: I am here for Mr. Nielsen.

23 SECRETARY BROWN: Mr. Niness?

24 MR. S. F. NINESS: Here.

25 SECRETARY BROWN: Mr. Nixon?

1 MR. MASTON NIXON: Here.

2 SECRETARY BROWN: Mr. Nolan?

3 MR. J. L. NOLAN: Here.

4 SECRETARY BROWN: Mr. O'Shaughnessy? Mr. Parten?

5 MR. J. R. PARTEN: Here.

6 SECRETARY BROWN: Mr. Pogue?

7 MR. JOSEPH E. POGUE: Here.

8 SECRETARY BROWN: Mr. Porter?

9 MR. FRANK M. PORTER: Here.

10 SECRETARY BROWN: Mr. Reitz? Mr. Richardson? Mr.
11 Ritchie? Mr. Roberts?

12 THE CHAIRMAN: Mr. Roberts, will you please rise,
13 sir?

14 Gentlemen, another new member of the Council whom I
15 wish to introduce, Mr. John A. Roberts, president of the
16 National Tank Truck Carriers, Inc., of Waltham, Massachusetts.

17 We are happy to have you as a member of the Council.

18 MR. JOHN A. ROBERTS: Thank you.

19 SECRETARY BROWN: Mr. Robineau?

20 MR. M. H. ROBINEAU: Here.

21 SECRETARY BROWN: Mr. Robinson? Mr. Rodman? Mr.
22 Rowan? Mr. Skelly? Mr. Spencer?

23 MR. J. E. DYER: I am here for Mr. Spencer.

24 SECRETARY BROWN: Mr. Staples?

25 MR. D. T. STAPLES: Here.

1 SECRETARY BROWN: Mr. Supplee?
2 MR. L. A. WEBB: I am here for Mr. Supplee.
3 SECRETARY BROWN: Mr. Swensrud?
4 MR. W. K. WHITFORD: I am here for Mr. Swensrud.
5 SECRETARY BROWN: Mr. Taylor?
6 THE CHAIRMAN: Is Colonel Drake here?
7 SECRETARY BROWN: Mr. Taylor?
8 MR. REESE H. TAYLOR: Here.
9 SECRETARY BROWN: Mr. Vandever?
10 MR. W. W. VANDEVEER: Here.
11 SECRETARY BROWN: Mr. Vaughey?
12 MR. WILLIAM M. VAUGHEY: Here.
13 SECRETARY BROWN: Mr. Violette? Mr. Vockel?
14 MR. S. MALLISON: I am here for Mr. Vockel.
15 SECRETARY BROWN: Mr. J. E. Warren? Mr. William K.
16 Warren?
17 MR. A. JAMES: I am here for Mr. William K. Warren.
18 SECRETARY BROWN: Mr. Weil? Mr. White?
19 MR. ELLIS: I am here for Mr. John White.
20 SECRETARY BROWN: Mr. Wilson?
21 MR. ROBERT E. WILSON: Here.
22 SECRETARY BROWN: Mr. Windfohr?
23 MR. ROBERT F. WINDFOHR: Here.
24 SECRETARY BROWN: Mr. Wrather?
25 MR. WRATHER: Here.

1 SECRETARY BROWN: Mr. Wright?

2 A quorum is present.

3 THE CHAIRMAN: Gentlemen, since the last meeting of
4 the Council, I wish to bring to your attention regretfully the
5 passing of a member of the Council, Mr. Joseph V. Dunbar, of
6 Denver, Colorado.

7 In this connection I desire to recognize Mr. Porter
8 to present a resolution in memoriam.

9 RESOLUTION IN MEMORIAM

10 TO

11 JOSEPH V. DUNBAR

12 MR. FRANK M. PORTER: The National Petroleum Council
13 records with profound sorrow the death on June 5, 1955, of
14 Joseph V. Dunbar, veteran of forty years in the petroleum drill-
15 ing industry, president of the American Association of Oil-
16 well Drilling Contractors, and a valued member of the National
17 Petroleum Council.

18 The first association of Joseph Dunbar with the
19 drilling business was in 1914 when, as a young man, he worked
20 cable tools in the Lewistown area of Montana. Exercising his
21 customary determination and energy, he acquired his first rig
22 in 1929, and became a contractor in Eastern Oklahoma, later
23 moving to Illinois in 1938.

24 In 1952 he established the headquarters of Dunbar
25 Drilling Company in Denver, Colorado, where he was residing at

1 the time of his death.

2 Well-known throughout the petroleum industry, Joseph
3 Dunbar was beloved by all who became acquainted with him. He
4 rendered long and outstanding service to the American
5 Association of Oilwell Drilling Contractors. As a tribute to
6 his devotion, understanding, and efforts in the petroleum
7 industry, he was named "Outstanding Oil Man for Colorado" for
8 1953 by the Governor of the State of Colorado.

9 NOW, THEREFORE BE IT RESOLVED THAT, on this, the
10 20th day of October, 1955, the National Petroleum Council, in
11 meeting assembled at Washington, D. C., record its deep sense
12 of loss on his passing and express its appreciation for his
13 generous and useful contributions to the important work of this
14 Council, of which he was a highly respected member.

15 BE IT FURTHER RESOLVED THAT, the National Petroleum
16 Council extend its sincere sympathy to his family and
17 associates, and that this resolution be entered upon the
18 permanent records of the Council, and a copy thereof be
19 delivered to his family.

20 I wish to move the approval of this resolution.

21 THE CHAIRMAN: May I have a rising vote, gentlemen?

22 (The membership stood.)

23 THE CHAIRMAN: Gentlemen, it is with a deep sense of
24 profound regret that I announce to the Council today the death
25 of the mother of Secretary McKay.

1 Secretary McKay has taken great pride in the fact
2 that since he became Secretary of the Interior he had never
3 missed a meeting of the National Petroleum Council. He has
4 been most generous in his cooperation at all times, and in
5 sending me a message that he would be deprived of the privilege
6 of being here today, he wanted me to convey to the Council his
7 sense of genuine personal regret that his perfect record of
8 attendance at these Council meetings has been broken.

9 I know that we all shall share a great sense of
10 sympathy in the loss that has come to him in the passing of
11 his mother, Mrs. Frater, who passed away at Portland, Oregon.

12 I wish at this time to recognize Mr. Majewski,

13 RESOLUTION IN MEMORIAM TO MRS. MINNIE FRATER,

14 MOTHER OF SECRETARY OF THE INTERIOR, HON.

15 DOUGLAS MCKAY.

16 MR. B. L. MAJEWSKI: It is with the most profound
17 sense of sorrow that the membership of the National Petroleum
18 Council has received news of the death in Portland, Oregon,
19 of Mrs. Minnie Frater, mother of the Secretary of the
20 Interior, the Hon. Douglas McKay.

21 The members of the Council, individually and
22 collectively, extend their deepest sympathy to the Secretary.
23 They hope that he might find comfort in the fact that she was
24 spared to him for so many years, and they are confident that
25 strength will come to him in his faith in the eternal justice

1 of God.

2 It is directed that the text of this resolution be
3 telegraphed to the Secretary.

4 I move the adoption of this resolution in memoriam
5 by rising for a moment of prayerful meditation.

6 (The membership rose.)

7 THE CHAIRMAN: The resolution is unanimously
8 adopted.

9 Gentlemen, you received the minutes of the last
10 meeting of the Council. What is your pleasure?

11 A MEMBER: I move they are adopted without reading.

12 A MEMBER: I second the motion.

13 THE CHAIRMAN: It has been moved and seconded that
14 the minutes of the last meeting be approved without reading.

15 All in favor indicate by saying "aye"; contrary "no."

16 The ayes have it.

17 Mr. Jacobsen, I should like to recognize you at this
18 time to present the report of the Agenda Committee.

19 REPORT OF THE AGENDA COMMITTEE OF THE NATIONAL
20 PETROLEUM COUNCIL.

21 MR. A. JACOBSEN: Two requests for studies have
22 been received from the office of the Oil and Gas Division,
23 Department of the Interior.

24 The first one is a letter dated October 18, 1955,
25 addressed to Mr. Walter S. Hallanan, from Mr. H. A. Stewart,

1 and it reads as follows:

2 "Dear Mr. Hallanan:

3 "The National Petroleum Council has made two exten-
4 sive studies and reports on the use of radio and radar in the
5 oil and gas industries. The first report was under date of
6 May 28, 1953, and the second report was dated January 1, 1955.
7 These reports bring out clearly the great expansion in the use
8 of radio and radar by the oil and gas industries and the
9 importance of these facilities to the industries' daily opera-
10 tions.

11 "The Office of Oil and Gas participated in 'Operations
12 Alert 1955,' the exercise held last June by the Federal Civil
13 Defense Administration and the Office of Defense Mobilization.
14 These exercises simulated on a limited scale Government opera-
15 tions from relocation centers immediately following an enemy
16 attack.

17 "The exercise proved conclusively that in event of
18 enemy attack communications are vital to effective petroleum
19 and gas mobilization. Because of attack damage to commercial
20 common carrier communications, those remaining would be over-
21 loaded with high priority messages, with the result that many
22 important petroleum and gas messages would be delayed or not
23 sent.

24 "Study of the Council's reports raises the question
25 as to the extent that the existing communications facilities

1 of the oil and gas industries could be used as one means of
2 communication in petroleum and gas mobilization. Communica-
3 tion services would be needed between:

4 "(a) The petroleum and gas war agency and the oil
5 and gas industries;

6 "(b) The petroleum and gas war agency's central
7 headquarters and its district and field offices;

8 "(c) The principal offices of the oil and gas
9 companies and the centers of oil and gas operations;

10 "(d) The petroleum and gas war agency and certain
11 other Government agencies;

12 "(e) Those certain Government agencies and the
13 petroleum and gas industries as necessary.

14 "Some advantages to the public, the Government, and
15 to the oil and gas industries would be:

16 "(a) Expediting the flow of petroleum and gas for
17 prompt and effective military retaliatory effort.

18 "(b) Expediting flow of petroleum and gas for
19 survival of citizens in areas damaged by enemy attack.

20 "(c) Assessing damage to petroleum and gas
21 facilities.

22 "(d) Expediting rehabilitation.

23 "(e) Mobilizing the oil and gas industries for an
24 all-out war.

25 "It is therefore requested that the National

1 Petroleum Council make a study of the communications facilities
2 of the petroleum and gas industries to determine the feasibility
3 ty and desirability of organizing the existing oil and gas
4 industries' communications facilities into a nation-wide
5 wartime communications network for wartime mobilization and
6 operation of the oil and gas industries to handle communica-
7 tions between these industries and the oil and gas war agency
8 and other Government agencies as appropriate. The report
9 should include coverage provided by existing facilities.
10 Information on additional equipment needed to complete such a
11 system should also be included in the report if the National
12 Petroleum Council determines that such a communications net-
13 work would be feasible and desirable. Advice and recommenda-
14 tions with respect to this matter as the Council deems appro-
15 priate should be included in the Council's report."

16 The report of the Agenda Committee on that request
17 reads as follows, under date of October 19, 1955. Mr. H. A.
18 Stewart, Director, Office of Oil and Gas, Department of the
19 Interior, addressed a letter to Mr. Walter S. Hallana, Chairman
20 of the National Petroleum Council, requesting that the Council
21 make a study of the communications facilities of the Petroleum
22 and Gas Industries, to determine the feasibility and desirability
23 ty of organizing the existing oil and gas industries' communica-
24 tions facilities into a nation-wide wartime communications net-
25 work for wartime mobilization and operation of the oil and gas

1 industries to handle communications between these industries
2 and the oil and gas war agencies and other Government agencies
3 as appropriate.

4 It is understood that the study and report requested
5 does not contemplate a detailed inventory of communications
6 facilities of individual companies.

7 As provided in the Articles of Organization of the
8 Council, this letter was considered at a meeting of the Agenda
9 Committee on October 19, 1955, in Washington, D. C., at which
10 meeting it was unanimously agreed to recommend to the Council
11 the appointment of a committee to make the study as requested
12 by Mr. Stewart in his letter of October 18, 1955, and to
13 report to the Council.

14 Such report should not suggest any plans or programs.

15 The second request is embodied in a letter dated
16 October 19, 1955. It reads:

17 "My dear Mr. Hallanan:

18 "During the past four years there has been a signifi-
19 cant increase in the amount of underground storage for petroleum
20 products that has been developed and put in use by the industry.
21 By this time the industry has information on the cost of under-
22 ground storage compared to surface storage, and has experience
23 as to the effectiveness of underground storage, product losses,
24 and product contamination.

25 "It is requested that the National Petroleum Council

1 review the industry's experience with underground storage
2 for petroleum products and submit such report and comments as
3 the Council deems appropriate. It would be desirable that
4 the report include information on the over-all capacity of
5 such storage now in use, by types, sizes, regional location
6 and type of product stored, and the outlook for the increased
7 use of underground storage."

8 The Agenda Committee's report on this request is
9 as follows, under date of October 19, 1955, wherein Mr.
10 Stewart also addressed a letter to Mr. Hallinan requesting
11 that the Council review the industry's experience with under-
12 ground storage for petroleum products, and submit such report
13 and comments as the Council deems appropriate.

14 As provided in the Articles of Organization of the
15 Council, this letter was also considered at the meeting of the
16 Agenda Committee on October 19, 1955, at which meeting it was
17 unanimously agreed to recommend to the Council the appointment
18 or reactivation of a committee to make the study as requested
19 by Mr. Stewart in his letter of October 19, 1955, and to report
20 to the Council.

21 Such report should not suggest any plans or programs,
22 nor should it estimate the outlook for increased use of such
23 storage.

24 I move the adoption of these two reports.

25 A MEMBER: I second the motion.

1 THE CHAIRMAN: Gentlemen, you have heard the report
2 submitted by Mr. Jacobsen.

3 MR. ROBERT E. WILSON: Having had some experience
4 with the affair, I think for the sake of any that work on this
5 that it should be clear that underground storage is meant to
6 include the cavern only, or whether it includes the stone
7 quarry storage.

8 MR. STEWART: All underground storage.

9 MR. WILSON: That is not underground --

10 MR. STEWART: As contrasted with surface tanking,
11 The use of storage below the surface as contrasted with the
12 traditional use of steel tankage on surface.

13 MR. WILSON: You do not propose to include gas
14 storage?

15 MR. STEWART: No, not on gas storage.

16 MR. WILSON: But on liquefied petroleum gas?

17 MR. STEWART: Yes, liquefied petroleum gas.

18 THE CHAIRMAN: Is there any other comment?

19 All those in favor of the motion indicate by saying
20 "aye"; contrary "no."

21 The report is adopted.

22 Thank you, Mr. Jacobsen.

23 Mr. Baker, may I call on you at this time to present
24 the report of the Special Committee on Amendments to Articles
25 of Organization, with respect to the change in the by-laws of

1 the organization, the phraseology?

2 REPORT OF SPECIAL COMMITTEE ON AMENDMENTS TO THE
3 ARTICLES OF ORGANIZATION.

4 MR. HINES H. BAKER: Mr. Chairman, the name of the Oil
5 and Gas Division of the Department of the Interior was changed
6 to the Office of Oil and Gas.

7 At the last meeting of the Council the Chairman
8 appointed a committee composed of Mr. Marshall, Mr. Russell
9 Brown, and myself to study the Council's Articles of Organiza-
10 tion, and to recommend such amendment as might be desirable in
11 view of this change of names.

12 The committee filed its report on June 2, recommend-
13 ing the amendments to the Articles of Organization in paragraphs
14 1, 9, 10, 11, 15, and 16, simply substituting the one name for
15 the other. I will not take time to read it.

16 I understand that notice was given of this promptly
17 by mailing a copy to each member of the Council as required by
18 section 19 of the Articles of the Organization. It seems in
19 order to have the Council consider this at this time, and I
20 move the adoption of the resolution, copies of which you have
21 seen.

22 A MEMBER: I second the motion.

23 THE CHAIRMAN: You have heard the report of the
24 Special Committee. All in favor of the adoption of the report
25 indicate by saying "aye"; contrary "no."

1 It is unanimously adopted.

2 Mr. Niness, do you have an interim report from the
3 Special Committee on Tank Truck Transportation?

4 REPORT OF SPECIAL COMMITTEE ON TANK TRUCK TRANSPORTA-
5 TION.

6 MR. S. F. NINESS: Mr. Chairman, the Census Bureau
7 of the Department of Commerce has not completed its work on
8 the private tank trucks and the Census is complete on the
9 for-hire and chemical tank trucks.

10 The census was made by your committee through the
11 National Petroleum Council offices, and in reply to 1,215
12 questionnaires mailed out, we received 1,072 returned, or
13 88.2 percent of the questionnaires mailed out.

14 These questionnaires we feel cover about 94 percent
15 of all the for-hire and chemical trucks.

16 We also feel that the estimate we made to the
17 Military Petroleum Advisory Board in June of 1954 is very close
18 to what the actual count would be when we have it.

19 I want at this time to thank Jim Brown and his entire
20 office force for the help they gave your committee in making this
21 survey and report, for they were of great help to us.

22 THE CHAIRMAN: Thank you very much, Sam.

23 Gentlemen, as I said a few moments ago, we are
24 deeply moved by the loss that came to the Secretary of the
25 Interior, the fact that he would be unable to participate in

1 our proceedings here today.

2 However, we do have the Under Secretary of the
3 Interior, who has most cooperative in all matters relating to
4 the work of this Council.

5 I know how thoroughly he feels as to the work that
6 has been done by the Petroleum organization, and his great
7 appreciation of it.

8 Judge Clarence Davis, of Nebraska, came to the
9 Department of the Interior as general counsel, but some months
10 ago was appointed as the second in line of command as Under
11 Secretary of the Interior.

12 He is a great American citizen, a profound lawyer,
13 and I am very pleased to have the opportunity of presenting
14 him here this morning, the Under Secretary of the Department
15 of the Interior, the honorable Clarence Davis.

16 REMARKS OF UNDER SECRETARY CLARENCE DAVIS

17 SECRETARY DAVIS: "Thank you, Mr. Hallanan.

18 " Well, gentlemen, I am very glad to be with you. It
19 is, I think, the first time that I have had the privilege of
20 attending any of your meetings. I know the Secretary will
21 keenly regret his inability to be present.

22 " This is one organization that I don't think he has
23 missed any meetings of, and I know he has been much interested
24 in the work of the Council. He has a high regard for the
25 service that the Council has rendered to the Government of the

1 United States through some rather critical times,

2 " So I know of his regret in not being able to be with
3 you.

4 " Now as for myself, I practiced law for a long, long
5 time out in the Middle West. My principal monetary connections
6 with the Petroleum Industry have been through the pumps of the
7 service stations. Beyond that, of course, I have had some
8 experience in the petroleum business, not all entirely fortunate.

9 " I am a beautiful illustration of the fact that the
10 development of oil resources is not to be taken lightly and
11 not without capital. I had the privilege of organizing some
12 of the original corporations that drilled the mid-Kansas fields
13 and at one time, and not too long ago, I had some fifty
14 thousand acres of leases along the Kansas-Nebraska line. Of
15 course, they long since expired, as they would, just before
16 somebody came in with some production. So that is about the
17 extent of my connection with the industry to date.

18 " At any rate, while I have not been attending your
19 meetings, I have had the privilege of looking over some of the
20 reports which you have made which, from my fragmentary knowledge,
21 at least appear to me a great contribution to the Government,
22 to the world petroleum situation -- that is, to our knowledge
23 of it -- and have been extremely helpful.

24 " Now, of course, you are an organization of business-
25 men, of industry people in an advisory committee, in an

1 advisory capacity to the Government in working out some of
2 these problems. I am certainly not one of those who believe
3 that all business organizations are necessarily suspect.

4 " I do remind you and myself of this fundamental fact,
5 that as we maintain in this country what we love to call the
6 free enterprise system and the competitive system, that it is
7 true that as a buffer against an excess of this sort of thing
8 we had for many years these antimonopoly and antitrust sta-
9 tutes, and they are as time has proven, I think, a necessary
10 part of this free enterprise system that we all talk about.

11 " And, consequently, it is only natural that from
12 time to time everybody wants to take a look to see how that
13 system is working. So that it is not necessarily true that
14 the mere fact that people want to take a look at what these
15 various committees do and what you do as a matter of fact is
16 not necessarily anything to be regretted, and it is certainly
17 nothing to be ashamed of.

18 " A group organized as this is, and we have many
19 others -- the other departments of the Government have many
20 others -- and they render a very great service to the Govern-
21 ment, as I think you have, without any infringing, without in
22 any way, infringing on any part of any of these restrictive
23 statutes of which we have been talking.

24 " And so I am sure that so far as this Department is
25 concerned, we shall continue to collaborate, to welcome your

1 advice, to make up our own minds, and to make our own decisions
2 with the advice that we receive from you and taking into con-
3 sideration a great many other things.

4 " So I am glad to have this Council in existence. I
5 repeat, I think it has performed a very useful service. I
6 think it will continue to do so. I think it will continue in
7 all respects to keep between the fences of all this restrictive
8 legislation.

9 " I do not think there is anything about any of the
10 legislation which needs to interfere or even handicap this
11 Council in the problems that it is considering and in the
12 advice and help which it may render to this Department from
13 time to time.

14 " I think that is about a summary of my views on it.
15 I am very glad to be with you. I wish I could stay t^hroughout
16 the day and listen to your discussion. But because o^f these
17 other things which have temporarily interfered, I am afraid that
18 is not possible. But I am glad indeed to be with you, and we
19 are glad to have you meeting here. "

20 THE CHAIRMAN: Gent^lemen, I know we all feel very
21 grateful to Secretary Davi^s for his visit with us, and we feel
22 very reassured by the st^{at}ements of the confidence and respect
23 that the Department has in the work of this Council.

24 I think following his remarks that I shall call upon
25 the Director of the Oil and Gas Division, who has, of course,

1 been closely identified on a 24-hour basis, daily basis, with
2 the functions of the Council.

3 Hugh Stewart has had the experience of a practical
4 oil man and has brought that experience as Director of the
5 Oil and Gas Division over which he has presided now for some
6 years.

7 We all have confidence in the Director. We know he
8 works from a very thorough understanding of the problems of
9 the industry, and I should like at this time now to present
10 the Director of the Oil and Gas Division, Mr. Hugh Stewart.

11 REMARKS OF MR. H. A. STEWART, DIRECTOR, OFFICE OF
12 *D. Stewart*
OIL AND GAS, DEPARTMENT OF THE INTERIOR.

13 MR. STEWART: "It is a real privilege for me to
14 follow Under Secretary Davis. There are some phases of recent
15 history which I perhaps can outline rather more fully to you
16 in a report that I should make to you. It ties in with those
17 matters to which the Secretary has alluded.

18 "In my time as Director of the Oil and Gas Division,
19 I have become convinced that without the type of service
20 rendered to the Government by this Council the Government's
21 preparedness planning with respect to petroleum and gas would
22 be hopeless. It would be a random hodge-podge of amateur
23 guesses and not on a very sound basis on which the Government
24 could predicate its planning for potential war.

25 "On today's basis we don't expect to see war now or

1 very soon. We hope, of course, that we will never see it.

2 " However, the world situation is anything but quiet
3 and there are hot spots scattered in the Eastern Hemisphere
4 and in the Far East which serve to keep this Government on
5 its toes all the time.

6 " Now everything that is done, Government-wise, in
7 planning ties directly into petroleum and its production.
8 Therefore, if we are going to be able to plan satisfactorily,
9 if we are going to be able to set up consistent and dependable
10 plans, we have got to get the information on which to build those
11 plans from the people who know the most about the subject, and
12 there is no place for that to go except to the leaders in the
13 oil industry, and in this National Petroleum Council we do have
14 that group of men.

15 " Now in the past few months there have been attacks
16 on industry advisory committees. The National Petroleum
17 Council is again under scrutiny of congressional committees.
18 These committees have asked the Department of the Interior,
19 they have asked my office, they have asked the Petroleum
20 Council office, for specific information, some of it rather
21 comprehensive.

22 " In approaching those requests, the attitude that I
23 took was that the Council had from the beginning operated in
24 a goldfish bowl, that it operated under a clear-cut and
25 approved charter, and that so far as I knew from my own contact

1 the operations had been kept jealously within the limits of its
2 charter.

3 " In the course of reviewing the information which was
4 requested by the committees, we had to go back and review a
5 great deal of material that was long before my coming to
6 Washington, and I found that nowhere in any of the material
7 requested was there any hint, let alone any evidence, that the
8 Council, its committees, or the subcommittees under them had
9 ever transgressed the rules laid down or the authority set up
10 to the committees by the Council based on the reports of the
11 Agenda Committee.

12 " Therefore, I think that as of today the decision of
13 the Secretary will be to furnish to the committees all of the
14 information they are asking. We so far have found none that
15 is of a questionable or doubtful nature. There may be some
16 that would be privileged, some communications internally
17 within the Government that would be privileged. Those are
18 matters which the Secretary's office is now reviewing, but in
19 general it doesn't seem to be anything that we cannot freely
20 give to the committee, and we certainly have no intention of
21 concealing or trying to conceal or withhold anything from the
22 committee.

23 " We would a lot rather have them get it all and we
24 hope realize the degree to which this advisory council has
25 gone down the line living up to the charter under which it was

1 scheduled.

2 ^a Now we have had another run of criticism, and that
3 strikes home more or less to a great many of you executives
4 who have at one time or another provided the Government with
5 your high grade employees, some of your top men in fact,
6 serving the Government without compensation.

7 ^c They are the people that we in Government call
8 ^{w.o.c.} w.o.c.'s. One of our ^{w.o.c.} ex-w.o.c.'s is sitting down here, Mr.
9 Bruce K. Brown. I think we all realize the tremendous job he
10 did in his period of service, the first Deputy Administrator of
11 Petroleum Administration for Defense. I know it, because I was
12 in it from the beginning, and I followed it through, and I have
13 had the responsibility of terminating and liquidating the
14 petroleum administration for defense, and reorganizing the
15 Office of Oil and Gas, so I know personally just the type and
16 the extent of the services that these ^{w.o.c.} w.o.c.'s have given.

17 ^{ch} We have reviewed our records of the w.o.c.'s and those
18 records are absolutely clean and clean-cut. We have no objec-
19 tion at all to furnishing the committees nor the public all the
20 details to which they are entitled with respect to our use of
21 w.o.c.'s from the oil and gas industry.

22 ^d Now the last amendment to the Defense Production Act
23 set up some very rigid restrictions on the use of ^{w.o.c.} w.o.c.'s in
24 Government. The Congress attempted to put into writing all of
25 the safeguards that they could think of to limit the influence

1 of these representatives of big business on Government upon
2 the Government planning,

3 "I am not here to question the wisdom of Congress in
4 that, because almost every one of the points that was set out
5 in the amendment affecting the employment of ^{WOC} W.O.C.'s was in
6 effect in the Petroleum Administration for Defense, and it was
7 there from the beginning. And the requirements imposed on the
8 ^{WOC} W.O.C.'s are only more onerous in one respect than the require-
9 ments that we had placed on their service, and that one respect
10 is that whereas under our departmental setup ^{WOC} W.O.C.'s had to
11 declare their financial interest and, of course, their papers
12 set out a full disclosure of their company ties.

13 "This statement of financial interest went directly
14 into the Secretary's confidential files, and was not available
15 to anyone on direct authorization of the Secretary.

16 "Under the present law, however, the ^{WOC} W.O.C.'s are
17 required to file a statement of their industry connections,
18 the corporations in which they are officers or directors, and
19 the companies or partnerships in which they have financial
20 interests, and they have to file every six months thereafter
21 a statement setting out any significant changes in that
22 financial status.

23 "Now the ^{WOC} W.O.C.'s coming in here had no objection to
24 filing at the beginning and notifying the Secretary from time
25 to time if there was any material change in their financial

1 interests. But it may be an entirely different matter if it
2 has to be published in the Federal Register and whether that
3 will prove to be a deterrent in our use of w.o.c.'s or not, I
4 don't know.

5 (At the present time we have one w.o.c. left. He is
6 in a minor capacity, not in the direct chain of command. He
7 is doing a very valuable work for us, but he is not in a posi-
8 tion where he personally can be sniped at from any direction.
9 We lost two w.o.c.'s that we were in serious need of. One was
10 Franz Von Schilling, who had to leave Government service and
11 return to his company, and the other was John Bower, Assistant
12 Director of the Office of Oil and Gas, in charge of program.
13 He ended his term of service and returned to his company, so as
14 of now we have just one. We are of course seriously under-
15 staffed. Budget money is extremely tight. What we are going
16 to do for manpower to fill the demands on us in petroleum
17 planning I do not know, but we will have to figure some way
18 through it.

19 (Now there is one other phase of our work on which
20 you probably have been broadly advised, but which is probably
21 better known to your technical staffs than to most of you
22 top executives, and that is the new provision, the new orders
23 with respect to accelerated tax amortization.

24 (There has been quite a change in the structure and
25 the new orders were issued here about three weeks ago, and we

1 ourselves are just beginning to learn all of the factors that
2 enter into the application of these new orders.

3 " I would like to have Mr. Carroll Fentres, my Assistant
4 Director, review the tax amortization program with you as we
5 see it today. "

6 Mr. Fentres.

7 REVIEW OF TAX AMORTIZATION BY MR. CARROLL FENTRES,
8 ASSISTANT DIRECTOR, OFFICE OF OIL AND GAS.

9 MR. FENTRES: Chairman Hallanan, Secretary Davis,
10 and members of the Council; You will recall that in the fall
11 of 1950 the Congress amended the Internal Revenue Act to permit
12 the Government to authorize companies to write off a portion of
13 the facilities which could be classified as defense facilities
14 five years instead of the usual write-off period, whatever that
15 might be. That we called accelerated tax amortization. Under
16 that program, beginning in the fall of 1950, and extending up
17 until approximately three weeks ago we established six pro-
18 grams for the granting of accelerated tax amortization.

19 There was the program for petroleum storage. There
20 was the petroleum pipe line program. There was the gas pipe
21 line program. There was the natural gas plants, or it was
22 called natural gas liquids program. There was the refining
23 capacity program. And last, there was the alkylate program,
24 the aviation alkylate is that ingredient in aviation gasoline,
25 a limited ingredient.

1 On August 11, Dr. Fleming, who has the responsibility
2 for the administration of this program, issued an order which
3 temporarily suspended all action on accelerated tax amortiza-
4 tion.

5 Our role is to review applications and to submit
6 recommendations to the Office of Defense Mobilization, of which
7 Dr. Fleming is head, and that meant, of course, that we suspended
8 action on all pending applications, and that the Office of
9 Defense Mobilization suspended action on all cases that we had
10 submitted recommendations to them on, and on which they had not
11 yet acted.

12 The purpose of that suspension was to permit the
13 administration to review its policy on accelerated tax
14 amortization and to determine for which program, if any, should
15 be continued.

16 On September 29, after the completion of this review,
17 and incidentally the oil portion of the review was greatly
18 assisted by the excellent work of another petroleum and gas
19 advisory body, the Military Petroleum Advisory Board. The
20 reason for that is the basis of the expansion goals is to pre-
21 pare this country for war, should it come, and obviously the
22 Military Petroleum Advisory Board studies on our petroleum
23 situation in time of war were extremely valuable in making such
24 a review.

25 Following that review, on September 29th, the

1 following decisions were announced in connection with the
2 petroleum refining: the goal was increased from 8,750,000
3 barrels a day to 9 million barrels a day, an increase of
4 250,000 barrels a day, and extended one year.

5 This, incidentally, is a restatement of a previous
6 one of the Petroleum Administration for Defense. I guess you
7 knew that.

8 On the alkylate, the goal was increased by 25,000
9 barrels a day. The previous goal had been an increase of
10 30,000 barrels a day above that in existence in April of
11 1953.

12 The total capacity has been kept as a classified
13 figure. The expansion goal of accelerated tax amortization
14 for commercial petroleum storage was abolished. The same is
15 true for petroleum pipe lines, gas pipe lines, and natural
16 gas plants.

17 In other words, any application filed for storage
18 pipe line or natural gas plants will be denied except where it
19 comes under a new goal which was established for petroleum
20 storage for the military or the Atomic Energy Commission, or
21 for oil and gas line, gas pipe lines, to military and atomic
22 energy installations.

23 A portion of the order which was issued on September
24 29th was retroactive in nature. In simplest terms any
25 application filed by any company in these discontinued fields

1 which was filed after midnight June 12 of this year will be
2 denied, although the suspension took place on August 11. It
3 was retroactive for sixty days.

4 Two other aspects of the change in policy is a
5 tightening of two other types of actions.

6 One is dispersion. The Government has tightened up
7 on its applications of dispersion. In the past, although there
8 was a general dispersion policy, many applications were
9 approved which were in areas of concentrated population or
10 near military or atomic energy installations, significant
11 Atomic Energy Commission installations.

12 The Office of Defense Mobilization tightened up in
13 that regard, which means undoubtedly that many refining
14 applications previously approved will be denied in the
15 future.

16 In addition, they have tightened up on what we
17 call post certification action. After an action has been
18 acted upon and approved and certified to the Treasury Depart-
19 ment, it carries with it a requirement that you start con-
20 struction on these facilities within six months. If you do
21 not start construction within six months, you have to get a
22 time extension of the certificate. It no longer has any value.
23 On time extensions, when the goal was still open, we were
24 extremely liberal. In the closing goals, you have to justify
25

1 why you were unable to start construction within six months.
2 That is a change in policy.

3 On scope amendments, which is a post certificate
4 action, when you come in and say that instead of building
5 exactly what you had stated you were to build, you want to
6 build something different, we are also less liberal than we
7 were in the past.

8 If there are any questions, I will be pleased to
9 answer them.

10 THE CHAIRMAN: Any questions, gentlemen, in
11 connection with that statement made by Mr. Fentress?

12 If not, thank you very much, Mr. Fentress.

Dan
fws
10:32a.m.

13 MR. STEWART: I am looking for Reuel Armstrong.
14 Will you come up, Reuel, and let Chairman Hallanan introduce
15 you to the crowd?

16 THE CHAIRMAN: Gentlemen, I have great pleasure in
17 presenting the general counsel of the Interior Department, the
18 honorable Reuel Armstrong.

19 Do you have some remarks to make, Mr. Armstrong?
20 We will be very happy to hear from you.

21 REMARKS OF REUEL ARMSTRONG, SOLICITOR, DEPARTMENT
22 OF THE INTERIOR.

23 MR. ARMSTRONG: "I looked at the agenda and saw so
24 many speeches to be delivered to you today that I didn't
25 expect to have the privilege of talking to you. However,

*Reuel
Armstrong
Solicitor*

1 I have some very recent news that might be of interest to you,
2 that I don't mind at all putting on the record and disclosing
3 to you.

4 "Only this morning did I make a recommendation to
5 send to the Celler committee everything that they have asked
6 for in their most recent go-round. It has taken us some two
7 weeks to comply with that, because not only of the volume of
8 the requests that the committee has given us, but also some
9 of the quality of the material that they have asked for.

10 "You are all old hands at the National Petroleum
11 Council, and the restraints and the restrictions that are
12 imposed upon you, being an advisory committee, so I can very
13 briefly tell you that we have been examining the material,
14 because it has requested the stenographic transcripts that
15 have been taken of the meetings. They have not asked broad-
16 side for all of the transcripts, but they have for those that
17 pertain to twelve enumerated reports which you have rendered
18 to the Secretary at his request.

19 "You know as well as I that you operate in a fish-
20 bowl -- anybody can look at it; you have nothing to cover up,
21 everything has been above board, especially as far as antitrust
22 and antimonopoly pieces of information that might be of
23 interest to that committee.

24 "That wasn't the point that we were looking at. We
25 knew that there was nothing, no evidence in the record, that

1 would embarrass the National Petroleum Council or the Secre-
2 tary, because you have exercised good judgment and discretion,
3 and that even if there was a chance that you could get together
4 and violate some of the antitrust laws, there is certainly no
5 evidence that you ever have, as far as the minutes are con-
6 cerned, or anywhere else, as far as I have been able to per-
7 ceive.

8 " But we have other committees and other investiga-
9 tions, and we have a policy that we must look at when we
10 comply with any committee request, and that is what has been
11 giving the Solicitor's office the difficulty recently.

12 " It is difficult to find the fine line of distinction
13 that must be drawn to comply with a separation of powers
14 between the legislative and the executive branch. Some of
15 these committees are intent on getting into the administration
16 of some part of the executive prerogatives. I am not going to
17 get into that and show you how they have been doing that, or
18 give you any evidence of it, but as a result of it we have
19 found it incumbent upon our particular departments, at least--
20 and I think generally other departments have the same diffi-
21 culty with some of the other examining committees -- to
22 withhold from the committees our internal thinking, the staff
23 papers and memoranda which precede a determination of policy,
24 correspondence, even inter-agency, that has gone to make up
25 what we finally come up with as a policy. Those are things

1 that we think we must hold as confidential staff thinking,
2 only within the department, and we don't think that the
3 committee should ask us for those family thoughts until we
4 hand them what we come out with as a policy, which we are
5 happy to give them. We solicit any suggestions that they have
6 by way of criticism, destructive or constructive, when they
7 are talking about a policy, because we have done nothing that
8 we are ashamed of -- we think that we have done a good job.
9 We welcome investigations because it gives us a chance to
10 publicize what we actually have been doing.

11 ' But when they ask for information which we were using
12 to develop this policy that we finally come up with, we think
13 that they have gone too far.

14 ' As a result, that is what I have been trying to
15 determine in the last few weeks -- whether the correspondence
16 that the Celler committee has asked us for with respect to the
17 National Petroleum Council and whether the stenographic
18 transcripts that you take of your meetings are of such a
19 nature that we would be breaking our policy and our precedent
20 in delivering to the committee.

21 ' As I started off by saying, only this morning have
22 I recommended that we send over the entire batch, everything
23 that they have asked for, because I can draw a line between
24 an advisory committee, such as yours, and the information that
25 has been developed in your meetings, resulting in written

1 minutes, and a final report -- I can distinguish that from
 2 the staff thinking inside of the Department. I hope that my
 3 distinction holds up -- I don't know that it will -- but in
 4 any event, as I say, I am recommending that we do draw that
 5 line and put everything in the hands of the Celler committee,
 6 except, of course, those things that are classified for
 7 military purposes. Those things naturally do not get into
 8 the hands of anybody except those properly cleared, who have
 9 good and sufficient reason for having access to them.

10 "If there are any questions, I will be glad to try
 11 to answer them. That is the only piece of news I have. I
 12 know that you have a busy day, and I am not going to take up
 13 any more time."

14 "Thank you, Chairman Hallinan."

15 *Chairman Hallinan*
 16 ~~THE CHAIRMAN:~~ "Thank you very much."

17 MR. ROBERT E. WILSON: "May I ask if you have
 18 actually sent them, or recommended to the Secretary that they
 19 be sent?"

20 MR. ARMSTRONG: "I have only recommended to the
 21 Secretary that they be sent. They have not left. Of course,
 22 the same thing goes for another letter from another committee
 23 of a similar nature that has been addressed to the National
 24 Petroleum Council."

25 *Chairman Hallinan*
 26 ~~THE CHAIRMAN:~~ "I think you might follow up on that,
 if you want to."

1 MR. ARMSTRONG: "Yes. That material has been
2 gathered together by Mr. Brown and is ready for transmittal
3 to the committee. As far as I know, there is nothing there
4 that should even be looked at. It is all gold-fish bowl stuff
5 -- things that the committee can read for all they are worth.
6 And sometime before Mr. Hallanan leaves, I know that I would
7 like to talk to him and go over it and see that we have
8 completely complied with the request, but I think that we can
9 send that along at the same time that we are sending this."

10 ^{C. H.}
~~THE CHAIRMAN:~~ "Mr. Armstrong, of course we have
11 followed this guide so scrupulously and religiously that the
12 Council has only acted upon those things which the Government,
13 through its constituted authority, has requested that we act
14 upon. We have hewed to that very line in a way that there has
15 been no deviation from it."

16 MR. ARMSTRONG: "I am quite sure of that. I have read
17 a lot of the transcripts."

18 ^{C. H.}
~~THE CHAIRMAN:~~ "Thank you very much. We are glad to
19 have you."

20 MR. BRUCE K. BROWN: Mr. Chairman.

21 THE CHAIRMAN: Mr. Brown.

22 MR. BROWN: On this discussion about the Celler
23 committee, I would like to amplify what has been said by just
24 recalling to many of you one thing that wasn't said this
25 morning. PAD had a similar request. At that time we concluded

1 that the actions of the National Petroleum Council, in so far
2 as they affect what we call the Defense Production Act and
3 everything that has happened since the time the Congress
4 enacted the Act in 1950 down to the date of the present
5 request, was a proper inquiry, and the National Petroleum
6 Council did produce all of its reports, and we did send that
7 much stuff over to the Celler committee, so some of the stuff
8 is just duplication.

9 MR. ARMSTRONG: "That's correct. There is some dupli-
10 cation from their old request, but we are sending them over
11 new copies. Maybe they have lost the old ones."

12 MR. ROBERT E. WILSON: "Mr. Chairman.

13 ~~THE CHAIRMAN:~~ Mr. Wilson.

14 MR. WILSON: "I would like to ask Mr. Armstrong to
15 state whether it has been made clear to the Celler committee
16 and others who are submitting these requests that the Council
17 was not originated at a request from industry or a suggestion
18 from the industry, but that the request came from the Govern-
19 ment -- incidentally, from a previous administration -- and
20 that these restrictive rules are rules developed by our own
21 lawyers narrowing our scope from what was first requested by
22 the Government, just to protect us in a situation of this
23 kind."

24 ~~THE CHAIRMAN:~~ "I think, Mr. Armstrong, you are
25 familiar with that history."

1 MR. ARMSTRONG: So is the Celler committee. We are
2 reminding them again.

3 ~~THE CHAIRMAN:~~ We would be glad to have you sit in,
4 Mr. Armstrong, if you can.

5 MR. ARMSTRONG: Thank you very much. I will sit
6 where I was.

7 THE CHAIRMAN: Sit up here with Hines Baker.

8 MR. STEWART: Seeing Dr. Wilson rise reminded me of
9 one comment that I think I should make, as a part of this over-
10 all report. Your Committee on Emergency Planning included
11 some suggestions that disaster committees be established to
12 move into the petroleum supply problems of any area that was
13 under attack. We have been working on ways and means of
14 providing that sort of a structure. Our problem has been
15 complicated by the Defense Production Act, and we still are
16 working on it, but I can assure you that at the present there
17 is a concerted drive throughout the Government to provide some
18 way in which we can have an organization quite thoroughly set
19 up and have it triggered either automatically or by some very
20 simple and easy to accomplish means when the time comes.

21 "Now, what that will finally be, I don't know, but the
22 pressure is the strongest now that it has been since we started
23 in digging on it, and pushing the idea, so I think we will
24 probably get some action before too long."

25 ~~MR. WILSON:~~ I am very happy to hear that, Mr.

*Learn
out*

H. A. Wilson

1 Stewart. I know it has been a difficult problem. I remind
2 the Council, however, that the present status of the situa-
3 tion is that the State Civil Defense Directors can give us all
4 our orders and they can tell the Whiting refinery, for example,
5 not to ship anything into Illinois, if they want to, and that
6 is the Federal law, as I understand it. Those men have been
7 delegated authority to run all business in their State. Why,
8 you just can't run the oil industry divided up into State
9 lines, and we have got to get something that will work and
10 work quickly after an emergency comes in."

11 MR. B. L. MAJEWSKI: "It might be helpful for economic
12 reasons, but not for winning a war."

13 MR. CARROLL FENTRESS: "Mr. Chairman, if I can
14 interrupt one moment -- Dr. Wilson, a short time ago, the
15 Federal Civil Defense Administration, with the approval of
16 the President, signed Delegation 3, which gave to the Secre-
17 tary of the Interior certain responsibilities with respect to
18 fuels. We don't know exactly what it means yet. We do know
19 there is a conflict with the State and the local people, but
20 we now hope to be able to find out and have a little backing
21 of the Federal Civil Defense people to begin to unsnarl this
22 thing."

23 THE CHAIRMAN: Gentlemen, are there any other
24 remarks or questions in connection with the matter we have
25 been discussing here?

1 MR. B. L. MAJEWSKI: Mr. Chairman, I have been here
2 a long time --

3 THE CHAIRMAN: "What is your name?"

4 MR. MAJEWSKI: My name is Majewski, Mary's oldest
5 boy, Barney, and you know, every time an election campaign
6 comes around, we go through this stuff.

7 THE CHAIRMAN: Stand up.

8 MR. MAJEWSKI: Well, I'm too tired. I've been in
9 the cellar all morning, and I want to get out of it, and what
10 I wanted to observe was that, why do we waste our time when
11 we're subject to these attacks for campaign purposes? That's
12 what it sounds like to me, and I hope it's quoted so that I
13 could be invited by the chairman of a committee to say this
14 personally to the committee. (Laughter.)

15 But it seems to me like a hell of a travesty, getting
16 people to come to help their Government that they love to pre-
17 serve as well as any Congressman, to be subjected to this
18 stuff, and I hope you find some way of conveying it to the
19 chairmen of these committees who only do this for political
20 purposes.

21 THE CHAIRMAN: I am sure your thinking is not out
22 of line.

23 MR. MAJEWSKI: Well, quote me personally, because I
24 want to get a little publicity.

25 THE CHAIRMAN: Mr. W. W. Vandever, are you pe

1 prepared at this time to submit the report of your special
2 Committee on Manpower?

3 MR. W. W. VANDEVEER: I am, sir.

4 THE CHAIRMAN: Mr. Vandever, gentlemen.

5 INTERIM REPORT OF THE NATIONAL PETROLEUM COUNCIL'S
6 COMMITTEE ON OIL AND GAS INDUSTRIES MANPOWER

7 MR. VANDEVEER: Well, after all these Government
8 reports, my blood pressure hasn't gone up very much.

9 Mr. Chairman and gentlemen: The Committee on Oil
10 and Gas Industries Manpower was created by the National
11 Petroleum Council upon the recommendation of the Agenda
12 Committee in its report, which was adopted at the Council's
13 meeting on May 4, 1955.

14 The Oil and Gas Division of the Department of the
15 Interior requested the Council to bring up to date its previous
16 manpower studies including estimates of manpower engaged on
17 July 1, 1955, in the petroleum and gas industries, classified
18 by functional divisions of the industries, occupations, skills
19 and geographical areas. It was also indicated that in view
20 of the importance of manpower in defense planning for the
21 essential oil and gas industries and for the Armed Forces,
22 estimates of manpower requirements should be frequently
23 brought up to date. A copy of the letter of request follows.

24 The Committee Chairman appointed a Technical Sub-
25 committee to advise on survey technique and to draft a study

1 report. The Technical Subcommittee was called together on
2 June 14 and September 13, 1955, in the Council's Washington
3 office. Representatives of the Oil and Gas Division attended
4 part time; they were questioned and made statements as to the
5 specific data desired under the broad language of their May 4,
6 1955 request. Representatives of the Bureau of Old-Age
7 Survivors' Insurance and Bureau of Employment Security
8 appeared and advised on Government sources of employment data.
9 Also, guidance was solicited from the Chairman of Materials
10 and Manpower Coordination Panel, Military Petroleum Advisory
11 Board.

12 The Technical Subcommittee has considered the more
13 specific type of studies now indicated and has explored ways
14 and means to obtain meaningful data. The committee agreed to
15 the following course of action by the Technical Subcommittee
16 and it is hoped that the Council concurs:

17 A. The Oil and Gas Division's request is being
18 studied under three main categories. It is planned to draft
19 the Council's report in the same fashion. These categories
20 are:

21 1. Number tables showing estimated employment on or
22 about July 1, 1955, for the functional divisions of the Oil
23 Industry exclusive of retail outlets and the Gas Industry up
24 to the city gate.

25 Domestic U. S. totals will be estimated for all such

1 functional divisions and for some significant components
2 such as oil and gas field contract services, for-hire tank
3 trucks, barges, etc. Employment statistics by States will
4 be shown where meaningful.

5 By using a sampling technique certain qualitative
6 data will be estimated such as age distribution, numbers of
7 males and females and ratios of scientists and engineers
8 employed in these industries.

9 2. Charts indicating numbers and skills normally
10 employed in constructing new refinery capacity, laying
11 additional pipe line mileage and drilling additional wells.

12 Manpower requirements will be estimated in relation
13 to selected variables involved, for example, size of pipe,
14 number of construction crews, barrels thru-put, depth, etc.

15 3. Lists of critical skills and occupations for
16 the principal activities in the oil and gas industries, show-
17 ing estimated training time and educational requirements.

18 It is felt that such lists will constitute an
19 authoritative standby manpower guide for the use of the
20 Departments of Defense and Interior and the Military Petroleum
21 Advisory Board, in connection with their studies concerning
22 wartime manpower requirements of the petroleum industry.

23 B. Every established source of data is being
24 investigated to be used in lieu of a direct questionnaire
25 approach. Further, such established sources make it possible to

1 bring employment statistics up to date from time to time with a
2 minimum of burden on the industries and Government.

3 These sources generally are:

4 1. Bureau of Employment Security, Washington, D. C.,
5 who tabulates employment each quarter, with a lag of about six
6 months after the quarter, for the main divisions of the oil
7 industry. This data seems fairly accurate although in some
8 States only employers with eight or more employees are
9 required to report. As of January, 1956, this minimum require-
10 ment is lowered to four or more employees.

11 This is a regular data source and the agency staff
12 are interested and cooperative. Also the accuracy of the data
13 and its allocation to industry divisions by industrial codes
14 are subject to improvement by better understanding between
15 the reporting companies and the State unemployment insurance
16 offices.

17 2. Special agencies such as Interstate Commerce
18 Commission, U. S. Maritime Commission, Corps of Engineers,
19 National Science Foundation, etc.

20 3. Trade and constructors associations, some of whom
21 are represented on this Council. For example, the Independent
22 Natural Gas Association who are advising on or arranging
23 for various data and recommendations relating to intra and
24 interstate gas transmission companies - or various training
25 committees of A.P.I., who are advising on training time for

1 selected critical skills and occupations.

2 4. By direct questionnaire -- which was found
3 necessary to send out to about 80 gas companies in order to
4 secure the employment data requested.

5 C. By bringing all these component parts together
6 at least by the year-end it is anticipated that a completed
7 report can be submitted to the Council early next year.

8 D. The Technical Subcommittee feels that it would
9 be in the oil and gas industries interest to have an establish-
10 ed source accumulate and issue selected manpower statistics
11 regularly. In many cases the information can be acquired from
12 existing sources or from some which could be promoted because
13 of mutual interest of the parties.

14 Since the Oil and Gas Division has indicated that
15 it should be anticipated that manpower estimates should be
16 frequently brought up to date -- and since the regular issue of
17 selected statistics seems appropriate, it is recommended that
18 this be done via some established agency rather than by
19 temporary committee appointments.

20 (The letter above referred to is as follows:)

21

22

23

24

25

1 MR. VANDEVEER: That is the recommendation of the
2 subcommittee. This is somewhat of a departure from the past
3 three times, I believe, that the manpower surveys have been
4 made, and I am sure that some of you would like to ask some
5 questions, and, Mr. Chairman, if there are any questions --

6 THE CHAIRMAN: Any questions, gentlemen, for Mr.
7 Vandevveer?

8 This is an interim report --

9 MR. VANDEVEER: Yes, sir.

10 THE CHAIRMAN: -- which contemplates the filing of
11 a completed report early next year.

12 MR. VANDEVEER: That's right.

13 THE CHAIRMAN: But this constitutes the basis of what
14 your filed report will represent?

15 MR. VANDEVEER: Today I am speaking on the basis of
16 what we are contemplating.

17 THE CHAIRMAN: And it is a departure from what we
18 have previously had?

19 MR. VANDEVEER: That is correct.

20 THE CHAIRMAN: That is the picture, gentlemen. Are
21 there any questions in connection with this report?

22 MR. VANDEVEER: I might say that I have had concur-
23 rence of all except two of the committee which was appointed
24 by the Council, in this plan, and I did not receive answers
25 from the other three or four members of the committee.

1 Thank you very much.

2 THE CHAIRMAN: I know you have done a fine and a very
3 constructive and worth-while work.

4 MR. VANDEVEER: Thank you very much.

5 THE CHAIRMAN: I congratulate your committee.

6 This being an interim report, gentlemen, it requires
7 no action at the moment. It may be received and filed.

8 General White, I think at this time we may pass along
9 to the matter of the military petroleum requirements, and if you
10 are prepared now, we would be very happy to hear from you.

11 Members of the Council, General White.

12 REMARKS OF BRIGADIER GENERAL W. W. WHITE, ON MILITARY
13 PETROLEUM REQUIREMENTS.

14 GENERAL WHITE: Mr. Chairman, and gentlemen: The
15 paper which I have prepared here has been somewhat emasculated
16 by some of the remarks of my friend, Mr. Stewart, and others,
17 so if I seem to wonder into the wild blue yonder every now and
18 then, it is because I am not reading what they told me I could
19 say. It's because I'm doing it on my own.

20 I think, however, in connection with the remarks that
21 have been made previously about the National Petroleum Council's
22 desirability from the standpoint of Government, that it is a
23 pretty good indication of the continuing desire of the Depart-
24 ment of Defense to avail itself of the wonderful job which you
25 gentlemen and your committees have done because both Colonel

1 Gilliam and I have received from the Defense Department full
2 clearance to come over and discuss the problems with you.

3 "You can be assured that Mr. Wilson and the other
4 members of the Department who are allowing me to speak for
5 them feel that it is absolutely vital, as Mr. Stewart has
6 said, that the Defense Department have available to it the
7 facilities of the petroleum industry, so that we can do our
8 planning in a logical and sound manner.

9 "In connection with that, it has been the Department's
10 policy to try to give to the petroleum industry, through this
11 Council, as realistic military requirements as we can possibly
12 give you, as soon as we can give them to you, with the condi-
13 tions of security always kept in mind.

14 "In order to do this, the techniques of computing
15 forward requirements are constantly under scrutiny, and I
16 think they are constantly being improved. We realize that
17 only by giving you this information can you gentlemen in the
18 industry supply the military people with adequate petroleum
19 products of the proper kind and at reasonable cost, of course.

20 "I know you are all interested in the revised forecast
21 of the military petroleum requirements. Colonel Gilliam, who
22 I understand is to follow me, will report to you on the
23 requirements for this fiscal year and fiscal year 1956. I
24 understand he will also discuss with you the trends of military
25 procurement as they have developed since 1952. Consequently,

1 I will limit myself to the crystal-ball department, and try to
2 give to you our thinking on the long-range requirement fore-
3 casts for aviation gasoline and jet fuel.

4 " I know that most of you are quite interested in
5 those phases. First, I would like to tell you that the fore-
6 cast which I gave to you just about a year ago and which
7 extended through 1960 seems to have firmed up and, as far as
8 we can estimate, is still sound. And I also would like to
9 give you the usual word of caution that our prognostications
10 are developed on the assumption that a continued military
11 state or lack of military state, if you will, will continue to
12 exist throughout the period.

13 " We are making, of course, an entirely different set
14 of assumptions in the event of a full-scale war. And we also
15 have made no attempt to prognosticate what might happen to
16 consumption, military consumption, in the event of a full-scale
17 disarmament program being adopted.

18 " Our estimates show now the military aviation gasoline
19 requirement will decrease gradually from the present 127,000
20 barrels per day to about 100,000 barrels per day in 1960, and
21 that this trend will level off by 1965 in the neighborhood of
22 about 95,000 barrels per day.

23 " Jet fuel, of course, will increase and in a more
24 rapid manner than the aviation gasoline decreases. In fiscal
25 1956 we shall be requiring about 256,000 barrels per day of

1 jet fuel, and we think that will go up to about 325,000 barrels
2 per day by 1960. The upward trend will continue through
3 fiscal 1965, at which time we estimate the requirements will
4 be in the neighborhood of 340,000 barrels per day.

5 "My office is constantly being queried by people in
6 the petroleum industry as to when jet fuel will completely
7 replace aviation gasoline for military uses. Based on all the
8 knowledge which we have available to us at the present time, jet
9 fuel isn't going to replace aviation gasoline in the military
10 during the lifetime of any of us present. Although most of the
11 tactical and the strategic aircraft in the military operations
12 will be jet-propelled, there still are a very large number of
13 heavy transport, aerial tankers, patrol and search aircraft,
14 cargo carriers, and so forth, which will consume huge quantities
15 of aviation gasoline.

16 "As a matter of fact, the present indications are that
17 many of the smaller aircraft which are used particularly within
18 the Army will be replaced by larger piston-engine aircraft for
19 low-altitude operations and for the type of liaison work which
20 the Army is carrying out with its aircraft.

21 "Generally, these larger aircraft will not only con-
22 sume more fuel, but, of course, they will require a better grade
23 of fuel than they are now using. Instead of using 100-130, it
24 is almost certain that the requirements will be for 115-145,
25 and a recently published Army fuels policy points in that

1 direction, as I am sure most of you know.

2 In addition to that, many of the Air Force transport
3 and service wings which are now consuming less than 500 barrels
4 per day of aviation gasoline, mostly 100 octane, are being
5 replaced by wings of very large transports, much larger than
6 the present C-97 stratocruiser, which will consume around
7 1,500 barrels per day instead of the 500 that they are now
8 using, and that will be almost entirely, or I think I am safe
9 in saying, entirely Grade 115-145.

10 As a consequence, even though the military require-
11 ments for avgas have been indicated to go down volume-wise,
12 there will be an increase in the demand for alkylate and, of
13 course, alkylate is the bottle neck in our production job.
14 For this reason, the ODM has approved the continuation of the
15 present alkylation expansion program, whereby the Government
16 will facilitate expansion of capital on a reasonable basis, and
17 in addition, as was mentioned by Mr. Fentress, they will
18 include within their program an additional 25,000 barrels per
19 day of alkylation capacity for rapid tax write-off purposes.

20 Another question which we are asked very frequently
21 is when jet fuel will begin to replace aviation gasoline for
22 civilian uses. It has been particularly brought up due to the
23 announcement by Pan American Airways that they have ordered a
24 fleet of 45 jet transports, and many of the people who have
25 talked with us have immediately seen in this move a new era in

1 air transport, where all of the convention reciprocating type
2 of aircraft will be replaced practically overnight by jet
3 aircraft.

4 ((This, we are very strong in the feeling, will not
5 happen. In the first place, the terrific expenditure for
6 piston-engine aircraft cannot just be wiped out over night.

7 In the second place, aircraft today -- transport
8 aircraft -- don't wear out. The only way you can get rid of
9 a good transport aircraft is to crash it or burn it, have a
10 catastrophe, and the sequence of events on civilian transport
11 aircraft has been pretty well established since the thirties.
12 An aircraft starts out as being the superdeluxe plush job on
13 extra-fare service, it is degraded next to the ordinary first-
14 class service, then it goes into tourist service, then it goes
15 into cargo service, and it winds up hauling manganese down in
16 Central America or someplace like that, but all the time it is
17 doing that it continues to consume gasoline.

18 ((Jet aircraft, in our opinion, will supplement and
19 not at all supplant piston-engine aircraft for a very long time
20 to come. As a matter of fact, we are convinced that the
21 increase in civilian aviation gasoline consumption will more
22 than compensate for the decrease volume-wise in consumption by
23 the military in the foreseeable future.

24 ((I would also like to point out to you at this time
25 that there is a greatly increased use of distillene coming to

1 us in the future, and it may pose a very major problem to us.
2 More and more distillates are going, of course, to be required
3 in the production of jet fuel as time goes on. The civil
4 economy is bound to use an ever-increasing amount of distillate
5 for heating, railroads, trucks, buses, and now even automobiles.
6 Also, to make matters worse, our research has indicated that
7 conversion of heavy military vehicles to Diesel operation is
8 very desirable and at present the Military Petroleum Advisory
9 Board is making a study of the ultimate availability of
10 distillates to determine the extent to which we can go over on
11 our future planning to dieselation of the heavier types of
12 military vehicles.

13 (Last and not at all least, I would like again to
14 talk to you a little bit about the point which I made at our
15 last meeting, which I still think is of the utmost importance
16 to you in the industry and to us in the military.

17 (This is the urgent necessity to build protected
18 bulk facilities for your own basic refinery needs, and also for
19 the use of the military on a service-contract basis. In the
20 latter connection, the rapid tax amortization features can be
21 subject to consideration by ODM and we are presently discuss-
22 ing with the members of ODM and with the Office of Oil and Gas
23 the finalization of other methods of encouragement which we
24 might possibly adopt to get some protected underground or
25 otherwise protected storage available to the military. The

1 problem is of vital interest and of vital import for strategic
2 reasons. It is quite obvious, I am sure, to all of us, that
3 the cone-roof tankage which is prevalent throughout this
4 country in particular is extremely vulnerable, and most of us
5 realize, I am sure, that we have our little old home-made
6 atomic bomb right in the refinery yard under present condi-
7 tions. Those things can be corrected to a reasonable extent;
8 they can be corrected completely, of course, if we find the
9 way to put everything underground, but that isn't in the cards
10 for the immediate future.

11 " But I strongly urge that you take back to your own
12 companies the thought that in order for your refinery to
13 operate after any atomic strike or even -- well, probably we
14 wouldn't get anything if we didn't get an atomic strike, so
15 leave it there -- but your refineries, generally, are able to
16 withstand some pretty tough knocking around, but your tank
17 farms can't even stand a high wind, so that it behooves all of
18 you to take a look at your basic rundown storage and your basic
19 refinery tankage to see whether or not you don't want to harden
20 it up so that it will live through what the rest of your
21 refinery would.

22 " Mr. Chairman, if there are any questions, being a
23 professional clay pidgeon these days, I offer myself. "

24 THE CHAIRMAN: Gentlemen, are there any questions
25 that you want to direct to the General?

1 Very interesting, General, very interesting. Thank
2 you very much.

3 GENERAL WHITE: Thank you,

4 THE CHAIRMAN: Thank you very much. You seem to have
5 covered it very adequately, General. Nobody had anything to
6 develop.

7 GENERAL WHITE: Thanks.

8 THE CHAIRMAN: I would like next to present our old
9 friend, Colonel Gilliam, Director of the Armed Services
10 Petroleum Purchasing Agency.

11 Colonel, glad to have you back with us.

12 MILITARY PETROLEUM PROCUREMENT, REMARKS OF
13 COLONEL ARNOLD C. GILLIAM, DIRECTOR, ARMED
14 SERVICES PETROLEUM PURCHASING AGENCY.

15 COLONEL GILLIAM: " Mr. Chairman and gentlemen: It is
16 always a pleasure and a privilege for me to attend your council
17 meetings. I always look forward to being here. Unfortunately,
18 I was in Europe at the time of your last meeting, which was in
19 May. Since that time I have also made an extended trip to the
20 Central Pacific and the Far East.

21 The supply of petroleum products in the overseas
22 command is adequate. Of course, I don't think that is good, to
23 some extent.

24 " The fiscal year 1955 is well past, but there is one
25 matter concerning it that should be mentioned. My first fore-

1 cast, over a year ago, was that the military requirements would
2 total 219,000,000 barrels.

3 " They fluctuated some during the year. The final
4 figure on deliveries is a bit over 212 million barrels. So we
5 actually took over 97 percent of our forecast, which was one
6 year prior to that time.

7 " I feel that 97 percent of a huge quantity that was
8 projected so far in the future puts us in the light of a pretty
9 good customer, and I feel, gentlemen, it is a good record, but
10 I still am endeavoring to improve it.

11 " Incidentally, for your information, that represents
12 approximately one million dollars' worth of petroleum, for the
13 fiscal year of 1955, which is just completed.

14 " For the fiscal year 1956, my deputy in my absence,
15 at your main meeting forecast a requirement of 245 million
16 barrels. During the past five months there has been a reduc-
17 tion of 12 million barrels, which brings the total to 233 million
18 barrels. This reduction came about from appropriations being
19 less than originally requested of Congress.

20 " I have a chart here which I think might portray and
21 give you some idea on the breakdown of the cut across the board
22 just representing the fiscal year of 1956 compared with 1955,
23 and we have corrected this to the new figure of 233 million
24 barrels -- 20 percent avgas, 38 percent jet fuel, 7 percent
25 mogas, 8 percent diesel, and 18 percent Navy special, 7 percent

1 other residuals, and 2 percent of lubes and greases.

2 " Has everyone looked at it long enough? I see some
3 of you are taking notes on it.

4 " At the present, as you know, the administration is
5 making a strong effort to balance the budget by reducing
6 expenditures, particularly those of the military departments.
7 If this is to be accomplished, in part, by reduced operation
8 of ships, aircraft, trucks, and so forth, then we may expect
9 some further reduction in our program.

10 " Today I can state only that the total of our purchase
11 requests for the year is considerably less than the 233 million
12 barrel program which I have shown you on this chart. The
13 departments are now reviewing their programs to determine the
14 minimum additional amounts required. We shall know in the next
15 month or so how much of the gap is to be filled.

16 " I am quite sure that we will be able to give you an
17 accurate figure at the next Council meeting.

18 " There are two other subjects I should like to
19 mention briefly. The first is the trend of deliveries and
20 procurement of major product groups. This Chart G may give
21 you a little better picture. You will notice since the fiscal
22 year 1952 -- and you might say '52 or '53 was the height of
23 the Korean war -- our requirements were between 100 million
24 and 200 million barrels. I would like you to observe the
25 continual increase, as General White pointed out, the big

1 increase has been in the jet fuel. I covered that at the last
2 meeting.

3 " This black line above the red is a small quantity
4 which is lubes and greases. Here is the jet fuel, for the
5 purpose of you gentlemen in the back, this is avgas, motor
6 gasolinte, diesel, and Navy special, and this is our total
7 program procurement for the fiscal year of 1956.

8 " The total quantities of avgas are leveling off, but
9 there is a decreasing trend for motor gasoline, diesel, and
10 Navy special.

11 " About eight months ago, in fact, on the 25th of
12 February, we held the first ASPPA-Industry Conference to discuss
13 problems of mutual concern. We in ASPPA found this joint
14 consultation most helpful. Evidently the industry representa-
15 tives did also, for the Council saw fit to send us a most
16 encouraging testimonial resolution for our efforts. This is
17 my first opportunity to express to you, in person, my apprecia-
18 tion of this testimonial.

19 " Gentlemen, that to me is one of the nicest things
20 that has ever happened to me in my 27 years in military service.
21 I am so proud of it that it is framed and now hanging in my
22 office in a permanent place.

23 " Again I would like to express my deep appreciation
24 for your thoughts. (Applause.)

25 " As a result of the success of this conference, we are

1 holding another conference at one p.m., Wednesday, the 26th of
2 October. The time was determined so that it would be on the
3 day after our bid opening for motor gas and diesel when we
4 expect that many industry people will be here from out of
5 town, and particularly the West Coast.

6 " I hope that many of your company representatives will
7 attend, even though you have no problems. They may be able to
8 help us with some of ours.

9 " We did not send out any written invitations. We have
10 made press releases, and I think the petroleum industry as a
11 whole is fully aware of the industry meeting that we are hold-
12 ing next week at one p.m. on the 26th.

13 " Mr. Chairman, with your permission, I would like to
14 make an announcement which has nothing to do with my remarks
15 here.

16 " Back in 1948, when ASPPA was first formed, it was
17 formed under the direction of a commander, a very bright young
18 officer in the Navy, and later on, after he got the place
19 organized, he was replaced due to the determination that a
20 certain one service would have the directorship for the first
21 time.

22 " We are very fortunate at ASPPA, and I think the
23 industry as well, too, and I would like to introduce to you
24 today Captain Carl Drescher, who was this man whom I spoke of
25 and will replace me next summer on my departure, I suppose,

1 overseas. I would like to introduce Captain Drescher to you,
 2 gentlemen. ~~(Applause.)~~

3 **THE CHAIRMAN:** Any questions, gentlemen, that you
 4 desire to propound to Colonel Gilliam?

5 Colonel, thank you very much.

6 **Mr. Keeler,** we would be very happy to hear from the
 7 Military Petroleum Advisory Board.

8 **REMARKS OF W. W. KEELER, CHAIRMAN, MILITARY**
 9 **PETROLEUM ADVISORY BOARD.**

10 *W. W. Keeler*
 11 **MR. KEELER:** Mr. Chairman, gentlemen, I always find
 12 myself in the position of coming here to these National
 13 Petroleum Council meetings and saying that we are working on
 14 something, but never telling you folks what it is. I want to
 15 apologize for that, but the reason for that is the work that
 16 has been done to date by the National Petroleum Council has
 all been highly classified.

17 Now, we do have another new assignment over that
 18 that has been mentioned here this morning by General White --
 19 that's the assignment of a special study on manpower and
 20 materials. I want to mention that we are particularly anxious
 21 that we do not duplicate any of the work that is currently
 22 being done by Mr. Vandever's committee on manpower, and we
 23 are taking such pains that we have chosen the same subcommittee
 24 chairman, Mr. Dempster, Mr. Vandever, with the thought that we
 25 will eliminate any duplication, and I want to point out that

1 in connection with the Council's report, it covers the situa-
2 tion as we find it in July of 1955, whereas the Military
3 Petroleum Advisory Board report will cover the situation in
4 regard to certain military premises that have been set for us
5 by the Office of Defense and the Oil and Gas Division of the
6 Interior Department.

7 " Gentlemen, in behalf of the Board, I want to express
8 the thanks and appreciation for the help of many men from your
9 organization. They have done a magnificent job. The work that
10 has been done would have been impossible without their coopera-
11 tion.

12 " Since last year the Secretary of the Interior has
13 added three gas transmission and utility people to the Board.
14 We have recently formed a gas panel, and we expect that now the
15 Board, completed as it is, that we will be able to handle all
16 kinds of questions that the military and the Department of the
17 Interior throw at us.

18 " Thank you very much, Mr. Chairman. ✓

19 MR. MAJEWSKI: Mr. Chairman, I should like to suggest
20 something.

21 Bill, you said that the work of the National Petroleum
22 Council that you were doing was highly classified. You meant,
23 for the record, that it was the Military Petroleum Advisory
24 Board that was highly classified?

25 MR. KEELER: Yes. Thank you, Barney.

1 MR. MAJEWSKI: It is not classified at all in the
2 Council -- categorized only.

3 MR. KEELER: Barney is one of our very able members.
4 Thank you very much, Barney.

5 SECRETARY BROWN: Thank you, Mr. Keeler.

6 MR. STEWART: Thank you, Mr. Keeler.

7 Mr. Hallanan had to leave a minute on a call, and
8 he asked me to sit in here for a moment.

9 Since Mr. Keeler began his report, we have had the
10 appearance here of the Assistant Secretary of Agriculture,
11 honorable Wesley A. D'Ewart..

12 We are very happy to have you, and I wonder if you
13 wish to make some statement to us?

14 REMARKS OF THE HONORABLE WESLEY A. D'EWART,
15 ASSISTANT SECRETARY OF AGRICULTURE

16 *Handwritten mark* SECRETARY D'EWART: "Mr. Chairman, I am indeed glad
17 to have an opportunity to meet you today. I spent several
18 hours with Mr. Lewis before he left the capital, and he told
19 me of the cooperation he had had with this group. It has been
20 splendid, and he advised me to go forward in the same spirit
21 as it had been conducted in the past, and I look forward to
22 working with you as a group and individually in the months to
23 come.

24 " I have just returned from the American Mining
25 Congress at Las Vegas, in which some of the things that you

1 have to consider were discussed. The matter of withdrawal of
2 lands came up down there, and I am sure that that is a problem
3 with you, in view of some of the large withdrawals that have
4 been made.

5 / There was some discussion of the offshore problem,
6 especially as to the three-mile limit might be located, and
7 the Master's report that is now before the Supreme Court,
8 and I believe it will be our intention to ask the Attorney
9 General for an early ruling on that matter.

10 // We would like to have that decision as much as you.
11 The pattern of Federal ownership, of course, is difficult.
12 We recently, or only yesterday, in connection with the Forest
13 Service, had some discussion of leasing on acquired land, and
14 there again we run into some difficulties that need your
15 help in working them out.

16 // I, as a member of Congress over ten years, sat on
17 the Mines and Mining Committee and have heard many of you in
18 appearances before that committee.

19 // Up in my State, which happens to be Montana, we have
20 some old oil developments, some gas developments, and the
21 new Williston Basin in the western part of the State. I was
22 in Congress when that first opened up; I know all the problems
23 that we met in that area with the Indians and Indian reserva-
24 tions, trying to go forward with the development of that great
25 resource in the Fort Peck Indian Reservation and gold in the

1 Blackfeet Indian Reservation.

2 U I want to assure you that it is my hope that you
3 will continue this Council, and that I can work with you in
4 the same cooperative spirit that was carried on under my
5 predecessor, Mr. Lewis.

6 V Thank you very much. (Applause.)

7 THE CHAIRMAN: Gentlemen, that brings us down to the
8 matter of new business.

9 Is there any new business to come before the Council?
10 If not, a motion to adjourn is in order.

11 MR. MAJEWSKI: I move we adjourn.

12 THE CHAIRMAN: Mr. Majewski moves we adjourn.

13 A VOICE: I second.

14 THE CHAIRMAN: The meeting is adjourned.

15 (Whereupon at 11:35 a.m. the meeting was adjourned.)

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