

Maly. Procurement of Oil

Richard Matthews, OX 5-4962, 3-10-72

Works for ~~Bureau~~ Barry Millito, Asst Secy of Defense for Logistics

1. Asid. fuel oil is largest leak in quota. "It's as large as the quota."

2. DOD procurement, 74 (910)

Domestic 172.3 m bbls.
Offshore 128. m bbls. (9.8 m is DOD share of quota. I guess that means it's imported, and domestic price paid.)

3. Data published in Quarterly Publicity Release, Summary of Petroleum Products, "#531 Report", From Defense Fuel Supply, get copy by calling Col. John Edwards.

4. Referred me to: a. Col. John Edwards, Defense Fuel Supply, 274-7423

b. USDI, Oil Import Adm. - 6951
Formerly Ralph 'Andy' Snyder

USDI handles quota system, would know more about that aspect.

5. Distr. V has no quota. ~~as~~ But it is a 'deficit area'. They all are now, but weren't ~~then~~ originally or until recently.

Summary of Procurement Stat.

D7C-1

Info. on contracts - not actual deliveries

15 mbls / day Civ. cons.

1 mbl mils.

Half is purchased in U.S.

47% of use in U.S.

Refy. Capex. in U.S., 13.1 mbl, but
throughput is 12. - mbl.

Dr. George Williams, ^{Geologist} (Mr. Spriggs)
224-7425

Chief, Plan & Ec. Coun.

per Monaghan

Cameron Station

off. Duba St. ~~& Shirley~~

Defense Fuel Supply

Walter Moorlegren

Deputy Dir. Off. of Plans & Requirements

D F S Center

Defense Fuel Supply Center

274-7423

Martin Bailey

\$~~28.6~~ '71

net value, all procurement ~~of~~ material

'71 \$ 738.7 m Petrol.

+ 40.6 m other fuels & lubr

'69 1132.1 Petrol.

23.8 Fuels & lubr.

'71, 5.19% of all petrol ^{refined domestically} up-
for defense.

'69 7.4%

Domestic only

From Richard Oliver

BLS

MLR, 12-71.

But MAF etc. not covered.

Joe Lerner

Distr. V & operated on a 'deficit basis'

- i.e. no 12% limit.

Send draft

17th & F

20504

Per Chris. Cicchetti
Lamy
Openheimer

EPA

755-0900 11

Stittish, doesn't pin
down.

Re oil, phantom logs
Libya - U.S., to add
phantom freight to
oil prices.

Re oil, call Gene Devine.
Center for Naval Analyses

524-9400 x372

Don Athay

Pentagon

Procurement Regs.

703-374-2573

ret. Clarksville, Va.

Bill Short, under Bob Kovarik,
(avoid Kovarik)

Or 7-2124. per Chuck Sherk
of Aspin's stuff.

Late '67, decided not to open
newal fiscal reserves, Elk Hills.

~~Also, Dick Kaufman~~

~~Mundy Label~~

~~Wm. Barnett~~

Bill Short suggests
Herb ~~the~~ Kraft, Plans & Systems

OSD Comptroller

call Pentagon Info.

The friend that I
suggested you might want
to call at OEP is

Maj. John Simpson — he

is a special assistant to

to the director, General Lincoln,
and has done some graduate
work in economics at Princeton.
We taught together at West Point.

Joe Lerner

395-5650

Office of Emergency Planning

Dick Matthews LI 5-6700

DOD. X 5-4962

Knows about military procurement
of oil

Source of info. on mil. procurement.

Jack Stockfish. RAND, 296-5000

Wm. Nisbaman

Ernie Fitzgerald

W. Mead (Must in reserves, etc.)

C. Cicetti

Hey.

Joel

Niklasen

Martin Bailey x 347

Asst. Secy of Def. for Logistics.

DEP

John Simpson, "20,000 bbl/day." DOD, inside quota. Rule of thumb from 1959.

~~DEP~~ ~~Raid. oil is largest leak - is as large as the quota.~~
Dick Matthews, x 5-4962. Works for Barry Stillite.

Domestic 1970 74. 172.3 m

Offshore 128. m (10m. is quota)

~~Col. John Edwards, Defense End Supply 274-7423~~

~~Quantity Pub. Release, Summ. Period. Publ. "4531 Rpt."~~

~~Oil Import Order, Turkey, ^{Russia} Hungary, Sweden.~~

~~- 6851~~

Sources on oil, from Ernie Fitzg.

1. Jim Phillips, Energy Ed., McGraw-Hill, in D.C.

Puts out petrol. weekly, indy. Trade jnl.

Goodx guy. M.H. won't let him publish half of what he knows.

Nat. Press Bldg? RE1-6630

2. ~~Norval Jones~~, A.A. to Sen. Fulbright 225-4843
224-3121 225-4618, Sen Fu. Relations Comm.

Sen. Armed Services Comm.

~~3. Peter Stockton~~, A.A. to Cong. Clarence Long.

x A.A. to Peter Morehead, who supervised OPIC.

OPIC said Indonesian oil was great, but too much for them to insure, so they wanted Pentagon to insure directly. (!)

Stockton knows about Indonesian oil, how it

relates to war.

~~224-7121~~

~~225-4843~~

225-3061

Annex -7555 or -4

4. Dorothy Jones, L.A.

She is real head of Mothers for Peace. (Bonnie Reed fronts.)

Bad guys.

1. Spencer Scheller, Asst Secy. A7.

Fired Ernie F.

Is big man for oil campaign contribs.

Brags about it.

2. Cong. John Sykes. Has Eglin AFB,
vast area. Timber cut, always goes to same firm.

Sykes is "overlord" of the area.

~~Do~~ D of D procurement
3-8-72

Bill Short, Clarksville, Va., 103-374-2573

Buy Am. policy. Only eligible vendors can bid.

Big items are bunkering fuel & ~~air~~ jet fuel. Former is
the big tonnage item, but latter may cost as much.

They buy ~~in~~ in area of operations, rather than ~~put~~ be followed by
tanker from U.S.

Oil is inside quota ~~if~~ delivered in U.S.; not if delivered outside.
(So control wd. like to keep ^{navy} ~~as~~ as far from home as possible)

Martin Lohel, 3-8-72

Defense Fuel Supply • Agency of D.O.D. They report total spending.

Posted prices .. AID pays them, no one else does.

Military Aid, & better deals. - they overpay.

GAO reports, stealing & procurement - paying & not getting.
July 28, 70. "Investigation of Handling & Control of Petrol. Products
SE. Asia," ^{GAO} # B-163928.

also one on "Investigation of Petrol Theft in Thailand" '69.

Available from GAO.

There have been cases of contracting at home and
delivering abroad.

Bidding abroad, vendors one few, same old gang.

MASON,

APHA }

524-9400

EXT. 355

RTN. Y R. CL.

220

3.9