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DIRECTORATE OF SCIENCE & TECHNOLOGY HISTORY

(TITLE OF PAPER)

History of the Office of Special Activities

Chapter IV

(PERIOD)

From Inception to 1969

DO NOT DESTROY

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Robert O'Hern

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CHAPTER IV. BUDGETING AND
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CHAPTER IV. BUDGETING AND PLANNING

Initial Funding: Use of Agency Reserve

There was no directive from higher authority spelling out funding sources and responsibilities, as between CIA and the Air Force, for carrying out the reconnaissance project. Acting on the verbal approval of the President that funds from the CIA Contingency Reserve could be used, the Director of Central Intelligence initiated negotiations for release of funds with the Bureau of the Budget.

On 27 December 1954, Mr. Bissell delivered to the Director of the Budget, Mr. Rowland R. Hughes, a letter from Mr. Dulles requesting release from the Reserve of \$35 million for the procurement of aircraft. Without alluding to the ultimate purpose of the project, Mr. Bissell explained the necessity to sign contracts promptly with suppliers and outlined the form of contract being negotiated and the part played by the Air Force in working out the arrangements. Mr. Hughes saw no problem but wished to consult with the Chief of the International Division, Mr. Robert M. Macy, who was principal liaison officer between the Bureau of the Budget and CIA. Mr. Macy had a further discussion with Mr. Bissell and Colonel White, and having satisfied himself of the appropriateness of the use of the Reserve for a type of procurement not hitherto undertaken by the CIA,

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he advised Mr. Hughes affirmatively in the matter and the funds were made available on 29 December 1954.

The initial \$35 million was almost fully committed to the procurement of airframes, photographic and electronic equipment, as spelled out in the Project Outline (Annex 10). By the end of June 1955, only six months later, commitments for Fiscal Year 1955 totaled more than \$32 million (\$800,000 of which represented construction, operation and maintenance at the test site for which no allowance had been made within the initial \$35 million).

The provisions of Public Law 81-110, Section 8(b) were invoked as a security precaution with regard to expenditures under the principal contracts as well as the agreement with the Atomic Energy Commission for construction, operation and maintenance of the test site. The first part of this provision extended to the Agency the authority to expend funds without regard to law and regulations for Agency functions. The second part extended to the Agency authority to expend funds for objects of a confidential, extraordinary, or emergency nature, without review by the General Accounting Office, when so certified by the Director.

Speaking about the use of the Agency Reserve for projects such as AQUATONE, Mr. Bissell in 1965 remarked that the Agency should

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learn that the Reserve is a potent weapon.

"If you want to be narrow about it, you can say it is a potent weapon for advancing the interests of the Agency. If you want, as I rather prefer, to speak as a citizen, it is a potent weapon for getting something moving fast if the national interests ever call for it. . . There were then people around Washington who were willing to get things moving fast, but there wasn't anybody else who could, and more than once the Agency's Reserve made exactly this kind of thing possible." 1/

Air Force Support

The understanding from the beginning of the joint effort had been that the Air Force would supply Government Furnished Equipment (GFE), including forty jet engines, technical advice and personnel. The fact that the joint agreement was not signed until August 1955 left some uncertainties in the early budgetary exercises as to who would pay for what. Mr. Gardner, in a letter to Mr. Dulles dated 27 December 1954, wrote:

"I assure you that the Air Force is keenly interested in this development from the point of view of its own mission as well as yours, and to that end is furnishing the engines as part of its contribution and will provide such other assistance as required." 2/

1/ From notes on Mr. Bissell's "Dining In" Speech of 12 October 1965.

2/ Letter from Mr. Trevor Gardner, 27 December 1954, to the Director of Central Intelligence (Annex 19).

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Mr. Bissell had listed for a meeting with General Twining on 7 March 1955 the contributions he believed the Air Force would have to make, the more important of which were: (a) Continued help in the whole development and procurement process in the form of judgment, services of many kinds, and equipment; (b) help in the selection, testing and training of pilots; (c) the services of a number of competent officers (say 10 to 20) to help in the actual conduct of operations; (d) the use of certain Air Force facilities abroad and cover at those bases; and (e) support during the operational phase in many forms including transportation, intelligence, weather information, and housekeeping.

The largest single item for which the Air Force had accepted funding responsibility, the jet engines, presented several problems, according to Col. Ritland: (1) The total cost of \$18 million was hard to bury in the Air Force budget; (2) the Air Force, as a result of furnishing these engines for the U-2, would not be able to equip one squadron with F-100's, thus delaying the completion of the 137-wing program; and (3) the total production of the J-57/P-31 series of engines was due for delivery to Martin Aircraft for the USAF's modified Canberra program (BLACK KNIGHT), and an explanation would be required when they were delivered elsewhere. The task

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of making these explanations and justifications fell to Mr. Gardner and General Putt and was accomplished without serious repercussions through briefings of key officials in the Air Force and the cooperation of Pratt & Whitney officers and engineers in the cover story on engine delivery.

Early in January 1955 a complete list of aircraft-associated GFE was furnished by Lockheed and a list of photographic GFE (amounting to approximately \$1-1/2 million) was furnished by Perkin-Elmer. The aircraft list was turned over by General Putt's office to Colonel Gerald F. Keeling of the Deputy Chief of Staff, Materiel's office, and he began work immediately arranging for delivery of the required items to Lockheed at Burbank, California. It was decided, principally for reasons of security, that the Agency would procure the photographic GFE from Air Force depot stocks through its normal channel (i. e., the Air Maritime Division/DDP to Air Force Intelligence). The amounts of this equipment ordered by Perkin-Elmer appeared excessive and after delivery of a large quantity to the subcontractor (Hycon), much of it had to be returned to Air Force stocks as unneeded or unsuitable for project cameras. Instead of \$1-1/2 million, the project budget at the end of June 1955 showed only \$315,000 committed for photographic GFE.

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Although there was no agreement in force until August 1955 Air Force support was forthcoming from the beginning of the year, not only in the provision of GFE but in the areas of research and development, aeromedical and weather planning, provision of personnel, and the setting up of the test site. After the joint agreement was signed, this support broadened and included the selection and training of primary mission pilots and other cadres; logistical and operational support of all kinds in the deployment of detachments to overseas bases and in the staging of missions; targeting requirements and intelligence; and support for the system set up to handle the intelligence obtained. Most of these areas of support will be detailed in subsequent chapters.

The timely and successful accomplishment of the Air Force contribution to the U-2 mission was engineered by the Headquarters USAF Project Officer, assisted by a small staff of Air Force officers, acting in the name of the Air Staff. The position of Project Officer was held in turn by: Colonel (now Brigadier General) Russell A. Berg, 1955-56; Lt. Col. (now Brigadier General) Leo P. Geary, 1957-1965; Colonel Clason B. Saunders (now retired), 1965-67. The positive and aggressive approach of this small staff (particularly during General Geary's tenure) toward fulfilling

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project support requirements and solving related problems, greatly facilitated the accomplishment of the joint mission.

In preparing Status of Funds Reports in the early days, the Project Comptroller, [redacted] at Mr. Bissell's behest, had attempted to include figures on the USAF share of project costs. Finding this a cumbersome task, and almost meaningless in that insufficient figures were available to him to give a reasonable estimate of Air Force participation, he requested that the practice be discontinued, or else that the Air Force be requested to provide current and factual cost information. [redacted] advised against the latter since he felt the Air Force could very well request in turn that Agency cost data be furnished the Air Force and unless there was assurance that such data would be rigidly controlled, he did not feel that it should be released.

At that point the effort to document Air Force contributions to the project in dollars along with Agency costs was discontinued. One rough estimate was prepared from incomplete figures provided by Lt. Col. Geary covering the two year period July 1955 through July 1957, and showing total major materials provided at \$18,527,232 and operating costs at \$4,016,215 for a total of \$22,543,447. For purposes of a high level briefing by the Director at the end of

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March 1956, Mr. Bissell estimated total costs of the project from inception through FY 1957 (not broken down between Agency and Air Force) to be \$73 million for major materials and \$25 million operating costs, for a total of \$98 million. (A break-down by items of these two estimates is shown in Annex 20.)

Project Comptroller

In the first months of the project the Agency Comptroller's concurrence or approval was obtained on contracts and other obligating documents originating with the project, but by March 1956 the volume of work being generated was such that he could no longer cope with it and he therefore recommended [redacted]

to be official representative of the Comptroller's Office, to handle the financial and related functions of Project AQUATONE.

Mr. Bissell concurred in the appointment of [redacted] as Project Comptroller and Certifying Officer, appropriate bond was set, and the delegation of authority issued on 12 May 1955 and circulated to appropriate officials of the Agency.

At a later point in the history of the project, Gen. Cabell raised the question whether contracts and other financial documents requiring the Director's signature should not first be signed by the

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Agency Comptroller, himself, rather than by a member of the AQUATONE staff. Mr. Saunders, the Comptroller, said he had complete confidence in the abilities of [] and other personnel assigned from the Comptroller's office to the project staff.

Mr. Bissell added that he was confident [] certification was in all cases completely supportable by appropriate documentation and most conservatively given, as confirmed by the Agency Auditor-in-Chief's review. It was agreed that no change would be necessary in the current arrangement.

The problems relating to budgeting for AQUATONE (and successor organizational entities) were complex enough due to the many phases of the project where no previous experience availed for guidance; but they were complicated by the constant change of pace imposed by the international political situation, which became the controlling factor in securing permission to operate.

First Budget Presentation: FY 1955-56

On 18 July 1955 the operational requirements for FY 1956 were presented to the CIA Comptroller along with a tabulation of commitments for FY 1955 (see Annex 21 for figures). In the preparation of these first estimates there were naturally items on which

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costs would only be learned through experience. Included also were substantial add-on's not covered in the original Project Outline: FY 1955 obligations of \$2.3 million and an additional \$5.1 million for FY 1956 representing the development and production of a communication and navigation system for the U-2, a radar photographic system, photographic processing, construction of a domestic test site, and ground support at overseas bases.

These estimates were presented to the Bureau of the Budget, represented by Mr. Macy, on 20 July 1955, and defended by Mr. Bissell, Col. White, Mr. Saunders and [] for CIA. The principal single item questioned by Mr. Macy was the \$3.5 million for development of a radar photography system. He was assured by Mr. Bissell that all possible precautions were being taken to preclude any duplication in development of project equipment, all of which was being closely coordinated with the Air Force. The original project proposal had indicated that research on the equipment to be procured had been completed in large part; however, it was obvious that in the drawing-board-to-operations type of project which evolved there would be research and development costs, though some were difficult to separate.

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Mr. Macy's greatest concern in approving the FY 1956 budget was in regard to the over-all authority for the project. He noted that the original concept had changed somewhat in the six months of the project's life, and he wanted to assure himself that those responsible were not exceeding their authority. Mr. Bissell pointed out that discussion had been held with the President not more than five days before by Mr. Allen Dulles, and that the President was still most interested in and continued to sanction the undertaking.

The efforts of the Bureau of the Budget to keep the project within the bounds of the original concept did not end with this meeting, but the unwritten approval of the President proved to be quite elastic, by interpretation. Mr. Bissell said later:

"The Presidential approval had been obtained. . . on really quite a permanent basis. This approval endured for a good many years and it was ultimately good for something over \$300 million, and it would never have been given if this had been known in advance." 1/

The \$15.8 million required for FY 1956 was supplied from the Reserve for Contingencies on 1 August 1956. As the year progressed, it became clear that the needs had been underestimated since additional firm requirements of \$3.6 million developed (due mainly to

1/ From notes on Mr. Bissell's "Dining In" Speech, 12 October 1965.

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unanticipated research and development of electronic equipment). These additional funds were made available through re-evaluation and reprogramming of regular operations already budgeted for.

FY 1957

In November 1955, the funding of the project for FY 1957 was the subject of a meeting between the DCI and Secretary of the Air Force Donald A. Quarles. Messrs. Bissell and Gardner were also present. The practical question to be settled was whether the direct costs of the project for FY 1957, estimated at \$15 million, should be included in the CIA budget or in the Air Force budget. Before agreement could be reached on this question, however, other basic issues had to be considered.

In briefing the Director before the meeting, Mr. Bissell recommended strongly that, if present administrative arrangements for the project were to continue for another year, either funds be included in the CIA budget or the turn-over of full control of the project to the Air Force be set in motion immediately. He submitted several considerations in favor of continuing present arrangements: The difficulties which the Air Force would experience in continuing secure procurement methods, in making use of the predominantly civilian maintenance and support organization in

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being, and in preserving the "plausible denial" concept once the project had become the responsibility of SAC or another operational USAF command. He felt the status quo should be maintained long enough to prove or disprove the AQUATONE capability and allow for the emergence of a sound, over-all plan for peacetime overflights. If responsibility changed hands at the beginning of the next fiscal year, this would occur just as overflight operations were getting underway with consequent disruption of command channels and organizational arrangements, and delay in completing the primary mission.

As to the Agency's problem of getting money from the Bureau of the Budget and Congress, Mr. Bissell emphasized three points:

"First: It should be made absolutely clear to the Director of the Budget that... the issue is not merely a financial one of which Agency shall budget for a required expenditure but is basically one of organization and ultimate responsibility. If the Bureau of the Budget recommends Air Force financing it is in fact making a recommendation about the character of and the responsibility for this project. The issue should be discussed in these terms.

"Second: It should be kept in mind at all times by all concerned that we are making a choice between (a) burying X dollars for CIA in the Air Force budget, and (b) adding the same X dollars to the Air Force budget. Whatever the outcome, the Congress is going to be asked to vote X dollars in the Air Force budget. Moreover X dollars is far too big to get by on any basis

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without explanation to someone. I am unable to see why security is served by explaining the purpose to which the X dollars will be put to the whole Armed Services and Appropriations Committees instead of to the smaller number of Congressmen and Senators who pass on the CIA budget.

"Third: No matter how the accounts are set up, this project should be supported before the Bureau and before Congress by the Air Force and the CIA jointly and their joint support should be in such terms as to make it unmistakably clear that they are agreed on the urgency of the requirement, the size of the budget, and the organizational arrangements under which the project is being carried on. If this is done, I believe there is little bearing on purely political grounds between one choice of financing and another." 1/

The meeting with Mr. Quarles resulted in agreement that CIA should be responsible for the project budget through FY 1957.

At the beginning of FY 1957, operations by the first field detachment over Soviet Russia and the Satellites began with excellent results, but due to protests received by the State Department from the Soviet, Czech and Polish Governments, overflights of primary targets had to be suspended. For the remainder of the year, restricted operations continued and two more detachments were readied and one deployed to Turkey. With the slower pace of operations thus imposed, expenditures for FY 1957 were kept within the budget of \$15 million. (The

1/ TS-142628, 11 November 1955. Memo to the DCI from Project Director, Subject: Meeting with Messrs. Quarles and Gardner.

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original amount budgeted had been approved at \$18.3 million but this had been reduced by \$3.3 million at the Project Director's urging.)

FY 1958

By January 1957, with a new fiscal year approaching, future plans for the project were still uncertain, Agency budget estimates had only been made for the first half of FY 1958, and a date for turn-over of responsibility to the Air Force had not been established. Efforts to lift the political restriction on primary missions had not succeeded; on the other hand, higher authority had not called for outright cancellation of the program. Many alternate plans were being considered with a view to keeping the capability in being in a more economical way.

In April 1957 Mr. Bissell wrote the Director and Deputy Director of CIA a memorandum pointing out the increasing urgency for reaching a decision on whether the U-2 capability was to be maintained in civilian hands beyond the end of the current photographic season, and if so, on what scale and in what form. The existing organization had been geared to a relatively brief, intensive operation. Faced with protracted inactivity and uncertainty, and with repeated postponement

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of decision, its morale and effectiveness were already impaired. He felt it essential to convert the organization to one designed to maintain a standby capability for occasional and limited use, or else begin to phase it out of existence. He concluded:

"a. It would be feasible to reorganize and to develop a new cover for AQUATONE with the mission of maintaining a substantial U-2 capability throughout the effective life of the aircraft in such a way as to support continued operations at a low rate if permitted and bursts of intensive operations if and when required. It is tentatively proposed that the reorganized project would have one detachment readied for carrier operations, one stationed in the Far East, probably at Okinawa, and one operating and ready to operate in Europe but probably stationed in the ZI and trained and equipped for extreme mobility.

"b. The extension of AQUATONE in this fashion would permit a significant reduction of manpower, amounting perhaps to a quarter to a third of present strength. It could probably be financed through FY 1958 within the limits of the present amounts budgeted for AQUATONE but would preclude the turnback of any surplus funds from the AQUATONE FY 1957 budget because the FY 1958 budget provides for only 6 months' operation at roughly present strength. Some financial provision would be required in the FY 1959 budget but an annual rate probably no more than half that budgeted for the current fiscal year." 1/

Finally, on 6 May 1957, a meeting was arranged with the President, to urge a definite decision on the project's future. (See Annex 22 for position papers prepared for that meeting.) The Agency

1/ TS-164213, 19 April 1957. Memo for DCI, DDCI from Project Director.

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and Air Force participants came away from the White House meeting with different ideas of the President's intent. On 29 May the Air Force and Agency participants met again to reach an agreed interpretation of the decisions rendered at the 6 May meeting. As a result of the second meeting, it was agreed between the two agencies' representatives that the President and the Secretary of State, for political reasons, wished the project to remain under civilian direction. In addition, Presidential approval had been given for staging a series of overflights from Pakistan (provided approval of that country could be obtained) during the current photographic season.

On 19 July 1957 General Cabell met with Generals Bergquist, LeMay, and Lewis to argue the case for civilian control and, fortified by the agreed interpretation of Presidential desires, was able to prevail over General LeMay's recommendation that all reconnaissance, including overflight and peripheral Elint missions, be put under SAC control. Plans for operations made subsequent to this meeting are outlined in Annex 23.

The forecast then was for another year of operations, which would carry into FY 1959, and with this mandate the FY 1958 and 1959 budget estimates required reorientation. The FY 1958 requirements had been set at \$10.8 million on the assumption that the project would operate at

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full strength during the first half of the fiscal year only, but the eventual obligations amounted to \$18.9 million. This represented an over-run of more than \$2 million on CHALICE (AQUATONE re-named in April 1958) and the initiation of three new projects: CORONA, CHAMPION, and GUSTO (satellite and follow-on manned reconnaissance aircraft). Funds in the amount of \$7 million to cover the initial costs of CORONA were transferred from the Agency Reserve. Also in April 1958, Mr. Bissell's organizational and functional scope within the Office of the Director was broadened to include besides the special projects: (a) the exercise of general supervision of all research and development activities of the Agency, and (b) a continuing search for fresh approaches to the Agency's tasks. His title was changed to "Special Assistant to the Director for Planning and Development" and the Project Staff became the Development Projects Staff. Annex 24 contains the Headquarters Notice setting forth the terms of reference.

FY 1959

In May 1958, faced with the problem of drawing together budget estimates for the next presentation, Colonel Jack A. Gibbs, then Deputy Project Director, wrote to Mr. Bissell:

"While the concept of CHALICE operations is not too clear for the next year... we can still prepare a reasonable

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budgetary document. On the other hand, GUSTO* is very foggy both as to technical feasibility and future mode of operations. Accordingly, nothing has yet been placed on paper in meaningful form and until we know a little more about the technical possibilities, little more than an estimated cost of opening Watertown and some development and production estimates can be rightfully entered on paper." 1/

It was not until the middle of August 1958 that budget figures (even then not firm) received the Director's approval. In submitting the estimates to the Director, Mr. Bissell said, by way of background:

"During the past year the activities for which I have been responsible as the Director of Project AQUATONE have multiplied. Certain new tasks were handled as subprojects of AQUATONE without formal approval by you as separate projects, and with no separate funding or accounting. Others were handled in an ad hoc manner as new projects but with approval by you of only the sums initially provided therefor. It appears desirable in the current fiscal year to handle these several tasks as separate projects. The purpose of this memorandum is to set forth the estimated operating budget for each such project for FY 1959, to request approval of the projects, and to recommend appropriate funding action." 2/

(The full text of this memorandum with a description of the tasks to be performed under each of the special projects is in Annex 25.)

Only \$5.9 million had been included in the approved Congressional budget for CHALICE on the assumption that U-2 operations

* Code name of feasibility study of U-2 successor aircraft.

1/ DPS-0413, 9 May 1958. Memorandum for Project Director from Col. J. A. Gibbs, Subject: FY 1959 Budget.

2/ DPS-3074, 12 August 1958. Memo for DCI from R. M. Bissell, Jr.

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would be closed out at the end of December 1958. Extension of this activity for another season with detachments operating on a limited basis from Turkey and Japan and a small unit carrying out development and testing at Edwards Air Force Base, California, and activation of a British unit within Detachment B, at Adana, raised the estimates to more than double that figure. Requirements for all projects were estimated roughly at \$16 million and a recommendation was made to withdraw funds from the Agency Reserve to cover the additional \$10,250,000 required. It was also noted that if the feasibility study on the U-2 successor aircraft proved successful and a decision were made by the advisory panel at their meeting in September, a quite substantial financial requirement would develop later in Fiscal Year 1959. (Delay in this decision put the first large outlay for the successor program forward into FY 1960.)

When the Bureau of the Budget was considering the FY 1959 estimates, Mr. Macy questioned the continuation of the U-2 activities and said he had the impression that the Agency's program would be terminated and the Department of Defense would take over. Col. William Burke, who replaced Col. Gibbs as Deputy Project Director on 1 June 1958, in reply to Mr. Macy's question, said the extension of the project

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was a reflection of the capability of the U-2 to survive and that present intelligence community estimates were that it would be useful until about January 1960. He pointed out that a SAC U-2 unit operating outside the Western Hemisphere would jeopardize CHALICE security. Mr. Macy said he would like, for the record, a statement outlining CHALICE past, present, and future plans. Such a paper was prepared by Col. Burke and cleared through Mr. Bissell and Gen. Cabell. It contained the following paragraphs:

"The original assignment for employment of the special aircraft for overflight activities was made to this Agency. This was based on the covert nature of the proposed overflight activities. At that time it was the intelligence estimate that the Soviets would have the capability to intercept the special aircraft by the fall of 1957. Since it would then not be possible to continue these operations on a covert basis, the plan was for all aircraft, equipment and military personnel to revert to the Air Force.

"As the fall of 1957 approached, actual operating experience caused revisions to intelligence estimates extending the useful life of the special aircraft for overflight beyond that date. The present estimate is that the Soviets will not have an effective intercept capability until January 1960. In view of the continued life span of the special aircraft and the fact that the majority of the targets in the USSR had not been covered, it was agreed to extend the program under the direction of this Agency, the termination of which to be dictated by the situation. This was decided at a White House meeting attended by high level representatives of the agencies involved.

"This Agency is prepared to turn over CHALICE assets to the Air Force at such time as the validity of the facts

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dictating the original assignment to this Agency have expired." 1/

(A year later, when Col. Burke was preparing to brief the Bureau of the Budget on FY 1960 plans, Mr. Bissell warned him to brief the BOB people fully, but not to allow any give and take on the question of management of CHALICE.)

In the middle of FY 1959 (on 18 February 1959) the long-debated proposal for the consolidation of all Agency air activities (which had the strong backing of General Cabell) took effect with the amalgamation of the Development Projects Staff (CHALICE and other projects), the Air Maritime Division of DD/P, and the Aircraft Maintenance and Support Division of the Office of Logistics, into a single component—the Development Projects Division, DD/P. (See Notice No. N 1-120-2, Annex 26). Mr. Bissell, meanwhile, had been made Deputy Director for Plans effective 1 January 1959 but continued to carry the title and authority of "Project Director" of CHALICE and the other DPD special projects. Col. William Burke was named Acting Chief, DPD, with Mr. James A. Cunningham as Assistant Chief.

1/ CHAL-0309, 2 Sept 1958. Memo for Mr. Robert H. Macy, from Deputy Director, DPS/DCI.

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At the end of FY 1959 actual obligations incurred by DPD were:

CHALICE	\$12 million
GUSTO	6.3 million
CORONA (incl. \$4.1 DOD)	8.1 million
Other	1 million
	<u>\$27.4 million</u>
Air Section (budgeted separately)	4.6 million
	<u>\$32 million</u>

Fiscal Year 1960

The first budget submission by DPD as a new member of the Clandestine Services (DD/P) got off to a poor start. Upon receiving the estimates for FY 1960 Mr. Bissell, after a preliminary review, immediately wrote to Col. Burke to "register his alarm at the tendencies therein apparent". After studying the figures at length, he returned them to DPD to be reworked with specific instructions on the line items which must be cut.

"The DPD submissions are in the worst shape they have been in for some years. In major part... it reflects what I regard as extremely bad past accounting practices with respect to air assets... brought about by accounting for costs for assets and operations through at least four or five different components of the Agency..." 1/

He requested that the following cuts be made:

1/ DD/P-4-6650, 20 Aug 1959. Memo to AC/DPD, from DD/P,
Subject: FY 1960 Budget.

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Reduce by:

Domestic construction	\$200,000
Government salaries	200,000
(These were \$300,000 higher than FY 1959 plus \$480,000 in flight pay)	
Operating cost Eastman Facility	300,000
Travel and Base Maintenance and Operations	300,000
CORONA Contingency (\$1 M)	200,000
S. E. I. Contingency	200,000
Air Section Development	200,000

These cuts added up to \$1 million from CHALICE and \$600,000 from other activities, and reduced the total budget request to \$122.5 million.

After directing these cuts, the DD/P went on to say:

"I am absolutely determined that such items as increasing personnel and administrative costs at Headquarters, running low priority backlogs through the Eastman facility, survey trips and excessive delegations at meetings, and the storage of obsolete aircraft shall not be allowed either to cause a cancerous growth in the total DPD budget or to displace more promising and important activities. We have accomplished what we have in the past largely by being small and hardworking. I realize that the absorption of the Air Section and certain divisional responsibilities not only add to the permanent workload of your Division but give rise at this juncture while the change is taking place to enormous confusion and a heavy temporary load of extra work. I am convinced, however, that with good management you can exercise effective cost control and it is absolutely essential that you do so." 1/

1/ DD/P-4-6650, 20 Aug 1959. Memo to AC/DPD from DD/P, Subject: FY 1960 Budget.

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After resubmission, the FY 1960 budget was approved on 1 September 1959 for "planning purposes," but a list of excepted items requiring clarification or justification was forwarded to Col. Burke for action with a reminder to him (and his branch chiefs) that program approvals not only authorized the obligation of funds, but also required the monitoring of the rate of obligation so as to remain within the totals allowed for the year.

An effort was made by the DD/P in November 1959 to bring the budgetary affairs of the DPD more nearly into line with standard Clandestine Services practices. All activities of the DPD were brought together into a list of "Activity Programs" which was meant to parallel the DD/P area divisions' presentations of annual "Operational Programs." (See Annex 27 for the DD/P's explanation of the new approval procedure.) The very nature of DPD's business, however, with its heavy emphasis on industrial procurement, and a budget which never remained static, but in a constant state of change, made it very difficult to fit DPD and its activities into the mold of a DD/P division (although the effort continued until February 1962, when Mr. Bissell left the post of DD/P (and the Agency), and DPD was reorganized under the Deputy Director for Research (DD/R)).

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Total obligations for FY 1960 amounted to approximately \$118 million (a saving of about \$4 million from the requested \$122 million); Defense Department financing of OXCART represented \$75 million of the total, and \$43 million came from Agency funds.

Fiscal Year 1961

Planning and budgeting for DPD's FY 1961 activities took place in the backwash of the May Day 1960 incident and subsequent publicity. The Director approved maintaining the IDEALIST* capability on a limited scale at least through the summer of 1961. The U-2 was grounded until September 1960 when Detachment G became operational and Detachment C phased out. Hopes were pinned on the follow-on vehicle to take over the reconnaissance program by 1962. The satellite reconnaissance program was continuing; full policy clearance had been given the P2V program based in Taiwan; and air activities in the Far East were generally on the increase (e. g., STBARNUM, the Tibetan operation). Approval for a joint U-2 program with the Chinese Nationalists was received at the end of 1960 and a detachment was deployed to Taiwan in December. Requirements for U-2 coverage of Cuba began and continued through the fiscal year. Plans were made for a long-range replacement program for obsolete aircraft in the Agency inventory (on the Air Support

* New crypto for CHALICE.

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side) although the accent was on more use of MATS and other USAF air support in the interest of economy.

The initial submission of the FY 1961 Operational Program drew the following reaction from the DD/P (Mr. Bissell):

"I cannot in good conscience recommend that the Director approve the DPD budget for FY 1961. . . We are assuming that our inventory of U-2 aircraft is cut from 13 in FY 1960 to 7 in FY 1961, that the number of pilots is reduced by about one-third, that the total personnel are reduced by about one-sixth, and that operations conducted are at a reduced rate. Yet the numbers your Division has presented show only a 20% reduction in the cost of materiel and an actual increase of \$400,000 in overhead other than headquarters. I can predict with certainty that the DCI would not approve these figures. . . I would like responsible section heads to show cause for these extraordinary estimates. . . If we cannot cut the costs for FY 1961 below \$8.5 million, I will recommend that the project be terminated at an indicated savings of some 200 personnel. We have reached a phase in this activity where we must simply find ways to achieve at least a 15% reduction in costs when we are reducing our capability by 45%." 1/

The figures were reworked, sent forward and approved by the Director on 16 July 1960 with the proviso that every effort should be made to reduce the IDEALIST budget further and that a report should be made on such efforts by 1 January 1961. The FY 1961 approved DPD budget totaled \$30.85 million in Agency funds plus \$65 million of DOD funding for OXCART. The DOD funding was later increased to

1/ CHAL-1082-60, 8 July 1960. Memo to AC/DPD from DD/P.
Subject: FY 1961 Operational Program.

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Withheld under statutory authority of the Central Intelligence Agency Act of 1949 (50 U.S.C., section 403g)

\$85 million, and actual obligations at the end of FY 1961 totaled \$119.9 million.

In January 1961, [redacted] was nominated by the CIA Comptroller to replace [redacted] who had resigned from the Agency.

Fiscal Year 1962

The DPD concept of IDEALIST operations for FY 1962 anticipated the continued exploitation of the operational capability of the U-2 aircraft and associated special equipment, requiring permanent operating detachments in the ZI and at overseas bases, equipped and manned to accomplish photographic and electronic reconnaissance. Detachment G at Edwards Air Force Base was expected to maintain the capability to stage to forward bases anywhere in the world and also to continue the development program as new equipment was required. Overseas bases at Adana (very limited) and at Tao Yuan, Taiwan, were expected to be maintained.

The FY 1962 Congressional Budget submission estimated requirements for all DPD projects to be:

Special Projects (principally IDEALIST, OXCART, and CORONA)(\$50M from DOD)	\$71.82M
Air Support	9.11M
Special Requirements	<u>1.47M</u>
TOTAL	\$82.40M

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These figures represented a \$14 million reduction from the previous year's requirements for special projects and a \$1.4 million increase in Air Support (principally for Far East programs). Actual obligations at the end of FY 1962 showed a total of \$85 million, of which DOD funds represented \$67.5 million.

Fiscal Year 1963

The outlook for Fiscal Year 1963 was that exploitation of the U-2 intelligence gathering capabilities would continue and probably increase. Planning was for a minimum of seven operational, J-75-equipped aircraft, allowing for continuing test programs as well as overflight operations. The aircraft utilization rate for FY 1963 was estimated at a total of 457 sorties for a total of 1676 flying hours of all types in the U-2. The development of the OXCART vehicle and related equipment would continue at an accelerated pace with that program being given top priority by highest authority. A CORONA follow-on program was also projected.

Increases in budget estimates covered:

- a. Administration and support: Increases in average employment, periodic pay increases, increased travel.
- b. Development: Increased research and development, mainly in support of the Scientific Engineering Institute (a

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proprietary company set up to do research and testing for DPD).

c. Air Support: Increased employment, travel, transportation, aircraft maintenance, and procurement of aircraft, and modernization of facilities.

d. Air Proprietaries: Development of indigenous air proprietaries in East Africa, Middle East and South America.

The only forecast reduction was in construction for special projects which was expected to taper off.

Midway into FY 1963 an activity program was approved for setting up an Electronic Data Processing Branch in OSA Operations Division with the mission of providing planning data for OXCART and IDEALIST missions, ephemeris plotting for satellite projects and such other future programs as might be developed.

Also midway through FY 1963, the National Reconnaissance Office* having come into being, the budgetary procedures for the CIA portion of the National Reconnaissance Program were finally ironed out and an agreement signed in April 1963. The Director of Program B (covering those CIA projects falling under the control of the Director, National Reconnaissance Office (D/NRO) was to prepare a definitized program

* See section on NRO at the end of this chapter.

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document including estimate of funds required. The funds to finance the National Reconnaissance Program were appropriated to the Department of Defense and the funds required by CIA to carry out its portion of the program were to be transferred by means of Standard Forms 1080. Monthly reports were to be furnished D/NRO on the fiscal status of each project. This system was to be effective with the FY 1964 appropriations. FY 1963 funds appropriated to CIA for programs falling under NRO control were to be obligated in accord with specific instructions issued by DNRO. There was no flexibility available to the Director, Program B, in the use of funds between specific projects or tasks. Any adjustments required specific approval of the DNRO.

Following the setting up of budgetary procedures for CIA's NRP participation, long-range funding requirements for 1964 through 1968 were requested for presentation by the Director of Program B (the DD/R). The IDEALIST program was expected to operate throughout the five year period engaging in approximately 60 missions per year with nine aircraft assigned: two at Detachment H, four at Detachment G at Edwards supplying a dual staging capability, and three remaining U-2's stationed at Lockheed for systems testing, replacement for rotational maintenance and a backup for operations.

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MAJOR MATERIEL COMMITMENTS & BUDGET
FY 1955-1956

FY 1956

	FY 1955			FY 1956					
	Hq.	Test Base	Total	Hq.	Test Base	Base A	Base B	Base C	Total
1. Aircraft									
a. Airframe and test	\$22,500,000.00		\$22,500,000.00						
b. Advance Engineering and design				\$ 250,000.00					\$ 250,000.00
2. Photographic Equipment and Test									
a. GPE Cameras (Procured from Air Force)	315,000.00		315,000.00						
b. Cameras and Windows	5,085,000.00		5,085,000.00	415,000.00					415,000.00
c. Ground Handling Equipment	100,000.00		100,000.00	261,000.00					261,000.00
3. Photographic Processing									
a. Special Chemical Processing Equipment	447,000.00*		447,000.00						
b. Standard Processing Equipment	175,000.00*		175,000.00						
c. Minicard Equipment	128,000.00*		128,000.00						
d. Special Optical Rectification Equipment				300,000.00*					300,000.00
4. Electronic Equipment									
a. S & X Band Elint (6 units each)	355,000.00		355,000.00						
b. C & N System (2 prototypes and units for all aircraft)	861,000.00*		861,000.00	1,000,000.00*					1,000,000.00
c. VHF Comint Systems (6 units)	451,000.00		451,000.00	250,000.00					250,000.00
d. Elint Search & Lock-on (6 units all bands)	54,175.00		54,175.00	2,500,000.00					2,500,000.00
5. Radar Photography				3,500,000.00*					3,500,000.00
6. Test and Training Base									
a. Base Facilities (construction)		\$725,000.00							
7. Ground Support Facilities						\$25,000.00*	\$250,000.00*	\$25,000.00*	300,000.00
	\$30,471,175.00	\$725,000.00	\$31,196,175.00	\$8,476,000.00		\$25,000.00	\$250,000.00	\$25,000.00	\$8,776,000.00

* Items not covered in Project Outline:
 FY 1955 \$2,336,000.00
 FY 1956 5,100,000.00
 \$7,436,000.00

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	FY 1955			FY 1956					
	Hq	Test Site	Total	Hq	Test Base	Base A	Base B	Base C	Total
1. Personnel									
a. Government Employees:									
Salaries	\$ 5,064.22	\$ 369.23	\$ 5,433.45	347,011.53	\$ 208,833.17	\$ 323,096.23	\$ 163,962.52	\$ 53,901.75	\$ 1,096,805.20
Travel & Allowances	15,529.11	483.00	16,012.11	66,098.20	126,346.88	289,868.24	167,620.43	50,364.32	700,298.07
c. U.S. Civilian Pilots						180,000.00	90,000.00	45,000.00	315,000.00
d. Contractor Employees (Training & Overseas)									
(1) Lockheed									
Salaries		447,000.00	447,000.00			153,408.00	81,667.00	25,845.00	260,920.00
Travel & Allowances						75,135.00	66,410.00	33,990.00	175,535.00
Burden and Profit		203,000.00	203,000.00			76,704.00	40,831.00	12,923.00	130,458.00
(2) Hycon									
Salaries	37,500.00	38,500.00	76,000.00			36,000.00	25,200.00	12,600.00	73,800.00
Travel & Allowances						12,805.00	13,275.00	9,162.00	35,242.00
Burden and Profit	28,717.00	29,483.00	58,200.00			27,580.00	19,306.00	9,653.00	56,539.00
(3) Ramo-Wooldrige									
Salaries						16,000.00	11,110.00	5,535.00	32,645.00
Travel & Allowances						7,615.00	7,965.00	5,498.00	21,078.00
Burden and Profit						12,253.00	8,510.00	4,255.00	25,018.00
						(part) 66,120.00	38,280.00	29,000.00	133,400.00
2. Fuel (including Transportation)									
3. Film									
a. Test and Training		90,000.00	90,000.00		24,000.00				24,000.00
b. Operational	40,000.00		40,000.00			67,200.00	28,800.00	19,200.00	115,200.00
4. Processing Plant Operation									
a. Process Film & Paper	280,000.00		280,000.00	700,000.00					700,000.00
b. Process Chemicals & Supplies				50,000.00					50,000.00
c. Salaries				150,000.00					150,000.00
d. Burden & Profit				225,000.00					225,000.00
e. Plant Rental & Security				90,000.00					90,000.00
5. Logistics									
a. Warehousing (Space etc.)				30,000.00	18,750.00				48,750.00
b. Air Support Operational Cargo						522,900.00	301,500.00		824,400.00
c. Air Support (Airlift)						270,300.00	178,398.00	91,902.00	540,600.00
6. Base Operations & Maintenance									
a. Fuel for Electricity, Vehicles and Water					105,000.00				105,000.00
b. Shuttle & Training Aircraft					135,000.00				135,000.00
c. Maintenance (Camp & Equipment)					192,000.00				192,000.00
d. Messing & Housing (Cost & Subsidy)		75,000.00	75,000.00		395,280.00				395,280.00
e. Heavy Equipmt (USAF to furnish)									
f. Station Wagon & Autos (Procurement)					5,700.00	5,700.00	5,700.00	5,700.00	22,800.00
g. Safehouse Rental & Housekeeping					7,000.00	9,000.00	9,000.00	12,000.00	37,000.00
h. Special Clothing (Guards etc.)					3,000.00	3,000.00	3,000.00	3,000.00	12,000.00
i. Study and/or Recreation Facilities					4,000.00	2,000.00	2,000.00		8,000.00
j. Communication Lines (LA to site)					47,460.00				47,460.00
k. Fire Protective Equipmt (USAF)									
7. Hq and Vicinity Operational Expense									
a. Car Rental (Security)				600.00	300.00				900.00
b. Office Space (L.A. Vic., Security)					2,350.00				2,350.00
c. Apt & Housekeeper, site & E. Coast				5,000.00	5,000.00				10,000.00
d. Commercial Communications				5,000.00					5,000.00
	\$406,810.33	\$883,835.23	\$1,290,645.56	\$1,668,709.73	\$1,280,020.05	\$2,156,684.47	\$1,262,534.95	\$429,529.07	\$6,797,478.27

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	FY 1955			FY 1956					
	Hq	Test Site	Total	Hq	Test Base	Base A	Base B	Base C	Total
8. Plant Overhaul of Equipment									
a. Airframes				\$ 100,000.00					\$ 100,000.00
b. Electronic				25,000.00					25,000.00
c. Photographic				125,000.00					125,000.00
Total, page 3	\$ -0-	\$ -0-	\$ -0-	\$ 250,000.00	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 250,000.00
Total, page 2	\$ 406,810.33	883,835.23	1,290,645.56	\$ 1,668,709.73	\$ 1,280,020.05	\$ 2,156,684.47	\$ 1,262,534.95	\$ 429,529.07	\$ 6,797,478.27
Total, page 1	30,471,175.00	725,000.00	31,196,175.00	8,476,000.00	-0-	25,000.00	250,000.00	25,000.00	8,776,000.00
Grand Total	\$ 30,877,985.33	\$ 1,608,835.23	\$ 32,486,820.56	\$ 10,394,709.73	\$ 1,280,020.05	\$ 2,181,684.47	\$ 1,512,534.95	\$ 454,529.07	\$ 15,823,478.27

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OX CART was expected to reach operational peak in FY 1965 and continue with an average of 60 operational missions per year (an overoptimistic estimate). Modification and development would continue on airframe and engine as well as subsystems. Two permanent staging bases and five pre-strike and post-strike bases were planned. The TAGBOARD drone and related systems were expected to be developed by FY 1965 and put into operation the latter part of the period with a squadron of launchers to be organized by FY 1966. (As it developed, the D/NRO transferred the TAGBOARD program to the Air Force in 1963— see Annex 28 for chronology of that program.)

An advanced manned reconnaissance vehicle would be studied in FY 1965 and a prototype produced in FY 1966, with ten vehicles to be produced in FY 1967. (Research on this project—ISINGLASS—was phased over to the Air Force by mutual agreement between the DD/S&T/CIA and the D/NRO in April 1967. Since there was no established Air Force requirement for a vehicle of this kind, according to the D/NRO, the further development in this field has been a unilateral effort by the original contractors with no governmental financing.) Follow-on satellite systems were to be studied with development and eventual operation to be achieved commencing in FY 1966, with an

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anticipated 24 launchings per year from surface vehicles, static launch pads or possibly submarines.

Photographic processing would continue for all reconnaissance programs throughout the five year period and in addition infra-red, ultra-violet and side-looking radar capabilities would be developed with processing initially resting with the developers of the systems until FY 1966 when processing might be consolidated into a government or contractor facility.

Countermeasures to disguise and defend all reconnaissance systems would be developed simultaneously with each system.

Amounts forecast in this long range program (in millions of dollars) were:

<u>Project</u>	<u>FY 1965</u>	<u>FY 1966</u>	<u>FY 1967</u>	<u>FY 1968</u>
OXCART	\$83.7	\$ 84.3	\$ 77.8	\$ 81.8
IDEALIST	15.1	13.015	16.48	16.33
TAGBOARD	25.45	40.25	43.6	44.25
Advanced Manned Recon Vehicle	27.55	81.0	110.3	140.7
Follow-on Satellite Processing	50.0	100.0	250.5	250.5
Countermeasures	30.9	11.8	13.75	16.25
Communications in support of NRO	2.0	1.0	.50	.50
	.45	.40	.70	.80

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Of the total actual obligations under Program B (CIA) for FY 1963 of \$158 million, \$148 million was provided through NRO with only \$10 million in the CIA budget for OSA. For subsequent years obligations of CIA funds by OSA ran to \$9 million in FY 1964, \$10 million in FY 1965, \$11 million in FY 1966, and \$12.6 million in FY 1967.

Fiscal Year 1964: NRO

The Program B submission to NRO in June 1963 requested \$520 million for FY 1964; the DNRO immediately made a cut of \$136 million from this request, establishing a system of quarterly funding as opposed to annual funding due to limitation of allocations to the Comptroller, NRO. Because of non-availability of funds, the DNRO was obliged to reduce some items in Program B to what were considered by OSA officers as unrealistic levels (for example the Eastman contract for processing overflight photography was cut by \$1.25 million). General Jack Ledford (then Director of Special Activities) recommended as an alternative to operating at these levels that certain projects be cancelled or suspended to provide the necessary funds for forecast expenditures. The largest cuts made were in the OXCART program but IDEALIST also suffered a \$4 million cut, which was equal to the amount budgeted for a permanent base in India, and the purchase price of two electronic collection systems (System X).

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Program B obligations for FY 1964 (NRO Budget) were:

OX CART/WEDLOCK*	\$215,536,700*
IDEALIST	10,600,000
CORONA	33,029,043
KOBOLD (Electronics)	6,990,000
URANIUM	1,000,000
ISINGLASS	750,000
TAGBOARD	33,590,000
EUCOLITE	13,520,000
Eastman (R&D)	2,000,000
STPOLLY	5,757,524
	<u>\$322,773,267</u>

* Includes Air Force procurement.

Dissatisfaction with having to operate under the fiscal restrictions imposed by the DNRO led OSA officials to consider the pro's and con's of CIA's voluntarily withdrawing from the entire National Reconnaissance Program and transferring its programs to the Air Force. On 7 October 1963, Dr. Albert D. Wheelon, appointed as the first Deputy Director for Science and Technology in August 1963, outlined the considerations of such action to the DCI among which were the saving of about 700 personnel slots and of approximately \$12 million in the CIA budget for FY 1965. He concluded, however, that:

"... OSA represents a unique national asset: an experienced, integrated organization with a demonstrated capability for developing and operating reconnaissance systems which produce intelligence data upon which this country has come to rely. Until that record is matched, I

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submit that we can find better opportunities to save \$12 million and 700 positions somewhere else in the Federal Government." 1/

Fiscal Year 1965

The original submission to NRO for the FY 1965 budget for the IDEALIST program was for \$38.9 million and included \$13.5 million for procurement of new U-2 aircraft. The cost of this new aircraft procurement, plus \$9.8 million of the total electronics program were disallowed by NRO.

The concept of operations for IDEALIST remained approximately the same as for the previous two years with five out of the nine available U-2's configured for inflight refueling and two for aircraft carrier operations. The mission remained the same with requirements furnished by the intelligence community through USIB and COMOR, and with approvals for overflight operations being sought through the DNRO from the Special Group. Sortie estimate for FY 1965 was for a total of 152 sorties of approximately 1342 total hours duration; plus 321 test and training missions of 963 total hours duration.

Total funds obligated by the Director of Program B at the close of FY 1965 were:

1/ BYE-0206-63, 7 October 1963 (see Annex 29).

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OXCART	\$112,829,000
IDEALIST	16,395,000
J58 Engine R&D	84,000,000
	3,875,000
Photo Processing	12,392,193
Eastman Kodak R&D	3,500,000
Countermeasures	11,000,000
CORONA	26,479,000
IUPOLLY	1,200,000
STSPIN	11,957,807
FULCRUM	8,158,000
Total	<u>\$291,786,000</u>

The Auditor's Report on OSA operations for the FY 1965 period showed a total allotment from NRO of \$719 million, more than \$400 million of which represented OSA procurement for other programs under NRO jurisdiction. The OSA staffing complement during this period consisted of 300 staff employees and 379 assigned military personnel divided among the Headquarters office, four domestic installations, and five overseas bases, with physical support also being provided to about 1500 contractor techreps at various locations.

During this period the Office of Special Projects (OSP), which had responsibility for the Agency's satellite activities, was separated from the Office of Special Activities, DD/S&T, effective 15 September 1965. OSP continued to rely on OSA for financial and security administration of its contracts and its telegraphic communications support.

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~~TOP SECRET~~Fiscal Year 1966

The outlook for the IDEALIST program for FY 1966 assumed the life expectancy of the U-2 would carry through at least two more years. Beyond 1966 the picture became less clear as to the identification of specific targets for the U-2 system. The useful life was expected to become more limited as the introduction of enemy defensive measures increased, and the areas for safe operations diminished. (See Annex 30 for estimate by the Director of Program B.)

A significant increase in the OXCART budget for FY 1966 represented the funding of an expected staging/operating base at Kadena for the purpose of China Mainland reconnaissance, while a \$7 million increase for IDEALIST represented principally improved Elint, counter-measures and camera systems. The NRO budget for Program B for FY 1966 covering all OSA and OSP projects and OSA procurement for the Air Force, amounted to \$727 million. OSA's obligations at the end of FY 1966 were:

OXCA RT	\$ 92,622,036
IDEALIST	16,026,556
Photo Processing	16,564,890
Eastman R&D	4,100,000
General R&D (U-2R)	100,000
KOBOLD (Electronics)	10,471,038
STSPIN	4,788,065
IUPOLLY	1,143
Total	<u>\$144,673,728</u>

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~~TOP SECRET~~Fiscal Year 1967

Program B's NRO budget for FY 1967, including OSA and OSP projects, and Air Force projects funded through OSA, amounted to a total of \$484,332,856. Obligations for OSA projects alone were as follows:

OX CART	\$ 68,455,735
IDEALIST	10,320,850
KOBOLD (Electronics)	10,911,921
General R&D (Sensors)	2,048,238
Photo Processing	17,000,000
Eastman Kodak R&D	1,375,053
U-2R Procurement	35,347,850
IUPOLLY	638
STSPIN	1,275,236
Total	<u>\$146,735,521</u>

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NRO Establishment: Principal Events to December 1966

Background

When consideration was being given late in 1955 to the continuation of the U-2 project as currently set up, with costs being budgeted by CIA and in turn buried in the Defense Department budget, Mr. Bissell in a memorandum to the DCI made the following suggestion with regard to the long-term management of all U.S. reconnaissance programs:

"The present dispersion of responsibility, whereby activities of the sort here under discussion are being carried on by USAFE, FEAFF, SAC, and ourselves, is uneconomic and involves considerable risk of duplication of effort and of inadequacy of central control. It would probably be desirable in the long run to create a single operating organization, controlled directly from Washington, which would carry out all overflight activities involving penetrations of more than a few miles in depth in peacetime. This organization could draw heavily on existing commands (and on the CIA) for support.

"The argument against the conduct of overflights by strictly military organizations with air crews that are members of the Armed Services of the United States is even more powerful today than it was a year ago. Though the second Geneva Conference has demonstrated that the Russians are nearly as unyielding as ever, enough of the spirit of the first Geneva Conference is still adrift so that anything that could be identified as an overt act of military aggression would call down serious political penalties upon this country. Accordingly, if there is to be a single organization responsible for overflights, its aircrews should be civilians; it should be organized to as great an extent as feasible with civilian personnel; and its activities should be regarded as clandestine intelligence gathering operations.

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"The foregoing considerations lead me to the conclusion that the single organization here proposed should be a mixed task force, organized outside of the framework of any of the regular military services though drawing extensive support from them. On the other hand, I am inclined to believe that the Air Force should own a majority of the common stock in this organization, by contrast with the present situation in which the CIA owns the majority of the common stock in AQUATONE. In any event, however, I believe that both CIA and the Air Force should contribute personnel and support and consideration might even be given to bringing the other services in as minority stockholders.

"One further argument in favor of some such arrangement as that here proposed is that an organization with a permanent interest in this activity would be in a position to stimulate continuing research and development. It is worth noting that with two early and unimportant exceptions the aircraft under production for AQUATONE are the first ever designed exclusively for a reconnaissance mission and, of course, are the only ones that have ever been designed to meet the requirements of altitude, range and security imposed by the contemplated mission.

"The views advanced in the preceding paragraphs have to do with the ultimate organization (and by inference financing) of overflight activities..." 1/

In light of the above arguments, Mr. Bissell proposed that the DCI examine, together with Messrs. Quarles and Gardner of the Department of the Air Force, the organization for overflight reconnaissance and endeavor to arrive at a rational and orderly pattern for the longer run no later than Fiscal Year 1957.

1/ TS-142628, 11 November 1955, Memo for DCI from R. M. Bissell, Jr. (See Annex 31).

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Six years passed before the organization proposed by Mr. Bissell received active consideration by the Defense Department and CIA. On 6 September 1961 a letter of agreement was signed by Deputy Secretary of Defense Roswell L. Gilpatric and the Acting Director of Central Intelligence (Gen. Cabell) with respect to the setting up of a "National Reconnaissance Program". The agreement was that a National Reconnaissance Office (NRO) was to be established on a covert basis to manage this program and that it was to be under the direction of the Under Secretary of the Air Force (then Dr. Joseph V. Charyk), and the Deputy Director for Plans of the CIA (Mr. Bissell), acting jointly and supported by a small special staff drawn from Defense and CIA personnel. The NRO would have direct control over all elements of the total program. (See Annex 32 for letter of agreement.)

Within the framework of this agreement, drafting sessions began, looking toward an agreed division of responsibilities between Agency and Air Force. On 22 November 1961, an eleven-page working draft of "NRO Functions and Responsibilities" was presented by the Air Force side and a meeting was requested between Mr. Bissell and Dr. Charyk to consider the draft. This paper went into great detail

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on all aspects of the total reconnaissance program, even to establishing responsibilities for the formatting of the collected product.

The DD/P countered with a two-page "Division of Responsibilities Within NRO" drafted by Mr. Eugene Kiefer in collaboration with a DPD working group of Messrs. Cunningham and Parangosky, and Colonel Beerli. This paper (see Annex 33 for text) recommended the continuation under NRO direction of the current workable and well understood allocation of responsibilities between the Air Force and CIA based on existing agreements, with consideration being given to redefinition of responsibilities for developing programs in order to make the best use of both agencies' capabilities. The DD/P sent copies of this statement, with Dr. Charyk's agreement, to the President's Foreign Intelligence Advisory Board, as requested by General Maxwell Taylor, then Special Assistant to President Kennedy.

Meanwhile at the end of November 1961, Mr. Allen Dulles had retired as Director of Central Intelligence and Mr. John A. McCone had succeeded him. Also the imminent departure of Mr. Bissell from the CIA was forecast, becoming effective 17 February 1962, and a period of change and reorganization intervened before the conclusion

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of an NRO agreement. Following the departure of Mr. Bissell, the Agency's reconnaissance projects were separated from the DD/P's management control and placed under the aegis of the newly assigned Deputy Director for Research (DD/R), Dr. Herbert Scoville.

Dr. Scoville, at a meeting with Mr. McCone on 19 March 1962 to discuss NRO planning, was told that the DCI did not favor a dual chairmanship for NRO but believed a single chairman with the other agency's senior representative as deputy should be the management set-up. The language of the agreement should not mention individuals by name, but Mr. McCone was willing to concede Dr. Charyk the Directorship with Dr. Scoville as Deputy Director. Within this general set-up, the DCI insisted that projects be assigned specifically to each agency, e. g. OXCART to CIA and SAMOS to USAF. He also wished to have language written into the agreement whereby advance planning would be done jointly by the DNRO and the DD/NRO. Lastly it was the DCI's wish that CIA, through the BYEMAN system, should control all security clearances for all programs within the purview of the NRO.

The DD/R on 20 March 1962 sent to the DCI a new draft agreement based on the letter agreement of 6 September 1961, and including the desired changes of the DCI. Dr. Scoville noted to the DCI:

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"I have discussed this with Dr. Charyk who generally concurs and believes that it is a good working document on which to develop the specific plans for the National Reconnaissance Office. I made it clear to him that, although the document does not specify that he will be the Director, this is our intention. He concurred in the philosophy that both the Director and the Deputy Director should be involved in the advance planning and that one Agency or the other should be given primary responsibility for all approved projects..." 1/

The agreement of 2 May 1962 (see Annex 34) signed by the DCI and the Deputy Secretary of Defense (Roswell Gilpatric), which was Dr. Scoville's draft as rewritten in the Pentagon, said that the DNRO would be designated by the Secretary of Defense and the Director of Central Intelligence and would be responsible directly to them for the management and conduct of the NRP. However, no mention was made in the agreement of a Deputy Director. CIA would be the Executive Agent for DNRO for those covert projects already under its management and such additional covert projects as might be assigned to it.

On 3 May 1962, the DCI confirmed to Deputy Secretary Gilpatric his agreement that Dr. Charyk be named DNRO. On 14 June 1962, the Secretary of Defense issued the Department of Defense internal directive regarding NRO and announced the designation of Dr. Charyk as DNRO in addition to his other duties as Under Secretary.

1/ TS-155848, 20 March 1962. Memo for DCI from DD/R.

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Prior to scheduled meetings between Drs. Charyk and Scoville on 22 and 23 May 1962 to iron out some of the working arrangements on NRO, Mr. James Cunningham noted to the DD/R that, assuming the greatest concession to date was yielding the position of DNRO to Dr. Charyk and thus to the Air Force, the Agency should seriously consider seeking the Chief of Staff position in NRO lest the CIA contribution be so fully subordinated to Air Force interests that the only influence it could exert would be through the DD/R's personal relationship with the DNRO in the person of Dr. Charyk. Mr. Cunningham was not insistent that the slot be filled by an Agency staff civilian, although this was certainly reasonable, but he felt strongly that if the individual assigned belonged to the military he should certainly be on the Agency payroll, seconded to NRO, and responsive to CIA policy views.

During the 22-23 May meetings Dr. Scoville agreed with Dr. Charyk that the NRO Staff should be located in a single office, which should be adjacent to the DNRO (in the Pentagon).

On 6 July 1962, Mr. McGeorge Bundy, Special Assistant to the President, directed a memorandum to the Secretary of Defense and the Director of Central Intelligence wherein he took note of the

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agreements made to date between them regarding NRO (which had been reported to the President by the Foreign Intelligence Advisory Board) and commented:

"We believe that the actual structure of the documents is inadequate to support an efficient organization when the present experienced and distinguished group moves on to other tasks. We therefore recommend a continuing study of a more satisfactory, permanent, documentary basis for the NRO with particular references to existing NSC directives with which the present NRO plan may be in conflict." 1/

The President had approved the Board's report and Mr. Bundy requested that the Secretary of Defense and the DCI take appropriate action concerning NRO documentation and make a joint report to the PFIAB by 15 September 1962.

The view which had been expressed by Mr. Cunningham regarding Agency acquisition of the NRO Chief of Staff slot was not strongly supported by either the DD/R or the DCI. When Dr. Charyk issued his first draft memorandum on organization and functions of the NRO on 23 July 1962 for DOD/CIA concurrence, the Chief of Staff position had been assigned as follows:

"The NRO staff will be covered by the overt title of Office of Space Systems, Office of the Secretary of the Air Force. The Director, Office of Space Systems will be the

1/ BYE-0029-62, 6 July 1962. Memo from McGeorge Bundy to DCI and Secretary of Defense.

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overt title of the Director, NRO Staff. The NRO Staff will receive all administrative and logistic support from the Office of the Secretary of the Air Force." 1/

The Office of Space Systems had been set up under the Office of the Under Secretary of the Air Force to manage the satellite program. Its Director was Brig. Gen. Richard D. Curtin, USAF, who thus became the first Director of the NRO Staff.

The DNRO's draft also established Program A (satellite effort) under USAF management, and Program B (CIA assets) whose Director was the Deputy Director for Research, CIA, and proposed setting up Program C (Navy assets). In his memorandum to the DNRO of 29 August 1962, the DD/R commented on the proposed organization and functions of NRO as follows:

"In general I concur with the referenced paper... and think it is a good and useful basis for initial NRO operations. It is probable that over a period of time some changes will occur, particularly in the staffing pattern which must be responsive to the particular current requirements...

"In connection with the CIA participation in the NRO, I should like to suggest that the DD/R's position be designated as Senior CIA Representative reporting directly to DNRO rather than as Director of Program B since this would give him the responsibility as the DCI's representative with responsibilities across the entire NRO. The Assistant Director of Special

1/ BYE-1733-62, 23 July 1962. Memo from DNRO to Program Directors and NRO Staff Director, para 2 d (2), full text at Annex 35.

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Activities, CIA, who within the Agency has direction of Agency reconnaissance activities under the DD/R, should be designated as Director of Program B.

"In view of the fact that the Agency is a legally separate entity budget-wise from the Defense Department, I believe that the NRO budgetary procedures insofar as they apply to CIA should be spelled out in more detail than currently is the case in paragraph 2 i, on page 4..." 1/

The DD/R appended to his memorandum a proposed procedure for budgeting for the CIA portion of the National Reconnaissance Program:

"The over-all NRP will be prepared based on proposals from the various Program Directors... These will be reviewed by Drs. Charyk and Scoville and incorporated into the NRO proposed program. This program will be presented by Dr. Charyk to the DCI and the Secretary of Defense, at which point it will then become the official program.

"DNRO will present and defend this program to the Bureau of the Budget indicating which portions will be the responsibility of CIA. CIA will place in its annual budget funds necessary to carry out its portions of the program. In the presentation to Congress CIA will defend its program before its committees with an indication that they are approved parts of the over-all NRP.

"After Congress has approved the CIA programs including those for NRO and provided the funds, the Agency will look to the Bureau of the Budget to apportion those funds in the normal manner. The funds contained in the CIA Budget for NRO activity will be expended under the direction of the DD/R in accordance with approved programs and NRO will be kept advised by Dr. Scoville as appropriate.

1/ BYE-3545-62, 29 August 1962. Memo for DNRO from DD/R.

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"In cases where budgeted amounts are not sufficient to meet the program aims of NRO, e. g. where policy or program shifts have taken place which required alterations in scope, etc., the Agency would look to NRO to provide the flexibility or, as appropriate, take steps with the Bureau of the Budget and/or Congress to acquire supplemental funds. Where NRO either supplements Agency funds or uses the Agency as an executive agent for contracting purposes under the NRO agreement, DNRO will advance funds in the same manner employed in the past." 1/

Commenting on the DD/R reply to the Charyk paper on organization and functions, Mr. Cunningham agreed that the DD/R position in the NRO should be elevated to Senior CIA Representative if it were not desired by CIA to make a frontal attack on the problem and secure the post of Deputy Director of NRO for the DD/R (which he still felt to be the proper set-up). Mr. Cunningham also questioned the provision in the paper that prior specific approval of the DNRO will be required for any matter of the NRO or NRP to be processed to higher authority. He felt that tied the DCI's hands to a degree inconsistent with his role not only in the intelligence community but more particularly as senior action official on programs of primary concern to CIA.

1/ BYE-3544-62/A, Att. A, 29 August 1962. DD/R Memo to DNRO.

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On 11 September 1962, Drs. Scoville and Charyk agreed to the following: (1) Dr. Charyk would propose to the Deputy Secretary of Defense (Gilpatric) that Dr. Scoville be made Deputy Director of NRO; (2) that the budgeting for CIA portion of NRP because of its complexity should be studied further; (3) that the Agency would not contract for GAMBIT and [] (satellite) programs; (4) that the minor Agency changes to the Charyk paper were accepted; (5) that a high level liaison individual from CIA to NRO was acceptable to DNRO; (6) that the Operations Center for satellite control would be transferred to the Pentagon when NRO was sufficiently set up, approximately four months hence.

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On 5 October 1962 at a meeting with Secretary McNamara, Deputy Secretary Gilpatric, Dr. Charyk, DCI McCone and DD/R Scoville present, a CIA paper was presented by Mr. McCone on reorganization of NRO to eliminate dual reporting by the DNRO and establishing the Secretary of Defense as Executive Agent to the National Reconnaissance Planning Group. Secretary McNamara said that from the outset of NRO he had had reservations on the requirement for a special organization for reconnaissance and did not understand why in the long run this could not be handled by normal intelligence organizational procedures.

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He said while he was satisfied with the existing NRO organization for the present, he would review Mr. McCone's paper and discuss it with him at a later date. He suggested the possibility that perhaps NRO and NSA should both be subordinate to DIA. Mr. McCone rebutted this suggestion on grounds that the activities of these two organizations transcended the strictly military intelligence sphere and also because of the difficulties DIA was having in becoming functional.

On 17 October 1962 DNRO assigned DOD to manage and operate all FIREFLY drones against Cuba under NRO supervision with CIA Elint assistance. On the same day DNRO refused the assignment of Mr. Robert Singel of CIA to the NRO Staff as a liaison officer (after previously agreeing to such an appointment) because he felt he already had all the full-time staff personnel necessary to accomplish the functions assigned by the 23 July 1962 memorandum. Also on the same day he assigned the AQ-12 (TAGBOARD) drone project management to the Director of Program B (CIA).

During the Cuban missile crisis in October 1962, the NRO was put to its first test regarding timely flow of information on the reconnaissance program between the Air Force and CIA, and came up sadly lacking in the view of OSA. When Dr. Scoville protested to Dr. Charyk

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the latter stated clearly that he was not attempting to keep CIA informed on all that NRO was doing but only on those programs which were specifically CIA's responsibility. He added that he only reported to Secretary McNamara and that the NRO was not a joint operation at all. If Mr. McCone had any other understanding, Dr. Charyk said, he should speak to Secretary McNamara.

On 17 October 1962, Dr. Charyk agreed, with several minor changes, to the redraft of the NRO Agreement furnished the Secretary of Defense by Mr. McCone on 5 October, and in a memorandum accompanying the draft addressed to Deputy Secretary Gilpatric said that he felt the establishment of the National Reconnaissance Planning Group was a good step, and one which should satisfy the concern expressed by the PFIAB. However, he considered the proposed paragraph on financial management to be completely unacceptable.

On 23 November 1962, Dr. Charyk, as a result of a letter from Mr. McCone on procedures governing CIA's responsibilities for funding projects under the NRO agreement, explained the problem to the Deputy Secretary of Defense in the following terms:

"...Mr. McCone again proposes to budget for those programs which are the responsibility of the NRO; to justify the amounts in their budget submission to Congress; and to

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have full fund control over amounts contained in their budget. This, in effect, gives the DNRO a financial function in advance budget planning but not a responsibility for financial control and administration of the National Reconnaissance Program. The points raised here appear to me to be fundamental. Either the DNRO has financial control and, hence, possesses the essential management tools required, or the NRO becomes a 'paper concept'.

"With respect to the current fund problem, it is true that no funds have actually been issued although the NRO Comptroller has advised the CIA that funds are available for approved programs and has also advised them of the amounts which would be released at this time. No action to request transfer of these amounts has been taken by CIA. This, I believe, is because the Agency desires the release of all funds without restriction. I am prepared to release funds only as requested and justified and I believe the Bureau of the Budget is sympathetic to this position. In this respect I am advised by my Comptroller that CIA is utilizing other funds to finance contractual documents under the responsibility of the NRO and that at the present time they are in a deficiency position. My Comptroller has notified the CIA Comptroller that if funds are not requested on Form 1080's by November 26th, the interim Joint Resolution Authorization will be withdrawn. The CIA may find itself in a highly vulnerable position as to violations of financial procedures for Government operations..." 1/

As a result of Dr. Charyk's memoranda to Under Secretary Gilpatric, the latter requested a conference with Mr. McCone for the purpose of ironing out the differences regarding CIA participation in the NRP. Meanwhile, the role cast by Dr. Charyk for CIA in the program was not sitting well with OSA and there was a good bit of

1/ BYE-0356-62, 23 Nov 1962. Memo to Mr. Gilpatric from Dr. Charyk.

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frustration at the working level. In the first week of January 1963 a memorandum was drafted in OSA for the DD/R's signature which set out for the DCI the modifications to the NRO organization believed necessary if CIA was to play an active role, not only as a participating member in the NRP through IDEALIST, OXCART and CORONA projects, but also in the management, direction and coordination of the total national reconnaissance effort. Due to the imminent resignation of Dr. Charyk, the time was felt to be propitious to effect the changes (foremost among these being the designation of the DD/R as Deputy Director of NRO, so as to give the Agency a day-to-day voice and vote in the decision-making process within the NRO). This memorandum to the DCI was signed by Dr. Scoville, but subsequently he had second thoughts and did not send the memorandum to Mr. McCone.

On 24 January 1963, Mr. Cunningham addressed a memorandum to the Executive Director, Mr. Kirkpatrick, (BYE 2164-63/A), which set forth the history of the Agency's joint participation in reconnaissance projects beginning in 1954, and making several proposals which would offer CIA a greater role in the NRP than it currently enjoyed. He pointed out the deterioration in CIA/USAF relations under the NRO as follows:

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"With the advent of the National Reconnaissance Office certain problems and incidents have occurred which would suggest that the NRO in its present form is not functioning as desired, and too often has been the arena for misunderstanding between the Air Force and the CIA. Resolution of differences has not been without a price paid in widening the gulf which is rapidly increasing between a once harmonious USAF and CIA relationship.

"Possibly this condition is more properly a sign of the times and not the NRO. Possibly the responsibilities of the reconnaissance programs have evolved to the stage where their size and operation make clear-cut management no longer realistic or obtainable within the Governmental environment that presently exists.

"It is difficult to isolate a turning point in the USAF/CIA relationship and to point to any one act or series of acts which have prompted the erosion that has taken place. Whatever the reason, it is fair statement of fact to conclude frankly that during the short reign of the NRO the USAF/CIA relationship has deteriorated to the point where mutual trust is now hesitant and there is speculation on either side of 'power grabs' by the other." 1/

The proposed courses of action to improve the situation were:

1. Appointment of D/NRO and DD/NRO as full-time positions, with CIA and DOD respectively represented in the two slots.
2. Make the NRO Staff an executive and administrative body but not involved in day-to-day operational and contractual decisions.
3. Equalize the representation on the NRO Staff between the participating agencies.

1/ BYE-2164-63/A, 24 January 1963. Memo to Executive Director.

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4. Assign all Program Directors to the Washington area to simplify coordination processes.

5. Use Joint Reconnaissance Center for coordinating activities rather than maintain a duplicate NRO facility.

6. Assign all national reconnaissance to NRO Program Directors, including SAC.

7. Locate the whole NRO Staff in one office area on neutral ground.

8. Designate Director of Program B (CIA) responsible for processing and disseminating intelligence product from all national reconnaissance programs.

As a result of direct conferences between Mr. McCone and Mr. Gilpatric, a new agreement was staffed out and signed by them on 13 March 1963. It provided for the DD/NRO slot to be filled by a CIA appointee (the DD/R), but placed the executive direction of the whole National Reconnaissance Program in the hands of the Secretary of Defense, or his appropriate deputy, with policies and guidance to be jointly agreed with the DCI. A separate agreement was reached on 5 April 1963 as to program funding with particular relation to Program B (CIA) and was made an appendix to the full agreement. (See Annex 36 for text of these agreements.)

On 10 May 1963, a paper outlining the duties of the DD/NRO, as approved by the DNRO, was passed to Col. Ledford, AD/SA, by the

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new Director of the NRO Staff, Col. John L. Martin, Jr. (See Annex 37 for terms of reference). This paper, which had originated with Dr. Scoville, had been redrafted by the NRO Staff and it omitted any requirement for coordinating DNRO papers with the DD/NRO. When Dr. Scoville protested, Col. Martin argued that there was never time for coordination (despite the fact that NRO staff work was always a lengthy and time-consuming process). In many cases, as a result, the DNRO signed papers concerning Agency activities which were factually incorrect, having never been cleared with the Agency's senior NRO representative.

On 24 May 1963, the new DNRO, Dr. Brockway McMillan, noted to Dr. Scoville three reasons why he intended to follow the policy of using CIA contracting authority for other than Program B tasks:

(1) To provide essential security to NRO matters not possible otherwise; (2) to provide speed of response not obtainable through DOD contractual channels for urgent cases; and (3) to obtain significant savings to the government or improvement in management by use of such contracting authority in joint procurement actions.

In June and July 1963 discussions and drafting sessions took place between the NRO Staff and the JCS Joint Reconnaissance Center to

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develop a working agreement for JRC support of the NRP. A draft agreement was presented for Mr. McCone's comments on 8 July which was characterized by Col. Giller (Acting DD/R on Dr. Scoville's departure from the Agency) as being sufficiently vague and general to permit any interpretation desired. He recommended that the paper be rewritten, following a clearly-stated purpose for such an agreement, and that the CIA Air Operations Center (within OSA), which had for ten years planned and executed all covert overhead reconnaissance, be designated the NRO Operations Center and source of support vis-a-vis the JCS/JRC. Also that only in times of actual hostilities should there be automatic transfer to the JRC of NRO operational assets.

On 17 August Col. Ledford wrote at length to the DDCI concerning the disputes, confusion and slow-downs in the National Reconnaissance Program. He said that steps should be taken to make the organization work, or else it should be abandoned and a return to independent action by DOD and CIA should be made. It was felt among the OSA Staff that the basic difficulty in the entire situation was the dual role of the DNRO. It was difficult for him to function impartially when on one hand he was responsible for USAF interests as Under Secretary, and on the other he was responsible for over-all government interests in the role of

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DNRO; the two functions were not always compatible and in fact were quite often diametrically opposed.

At a meeting on 15 October 1963 where the above DD/S&T views were aired, Mr. McCone expressed the view that the Agency staff should spend more time pre-empting its position in NRO with ideas and spend less time complaining about projects and programs which might be taken away from them. This resulted from the withdrawal by the DNRO of the TAGBOARD program from CIA direction and its assignment to the newly designated Program D (USAF) under the direction of Colonel Geary.

Although the position of Deputy Director, NRO, was awarded to CIA, to be filled by the DD/R, Dr. Scoville found it impracticable to do justice to both jobs at once, and furthermore he very soon after his appointment as DD/NRO resigned from his position in the Agency. On the appointment of Dr. Albert D. Wheelon to head the renamed Directorate of Science and Technology, Mr. Eugene P. Kiefer of that Directorate was assigned to the position of DD/NRO and served in that capacity between August 1963 and the spring of 1965. Upon his departure, Mr. James Q. Reber was nominated to the DD/NRO slot from his current position as Chairman of the Committee on Overhead

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Reconnaissance (COMOR) and has served in that capacity at NRO since September 1965. (Note: His tour ended in July, 1969.)

Monthly Forecast

The system of the monthly forecasting of aircraft and satellite activities under the National Reconnaissance Program was promulgated on 3 January 1964 by the DNRO, whereby each Program Director would submit his schedule to the DNRO for amalgamation with all others and for processing through the Special Group for approval. The Standard Operating Procedures for the Forecast of NRO Air and Satellite Activities were issued on 16 April 1964 by the Director of the NRO Staff, then Brigadier General John L. Martin, Jr.

Land Panel for Overview of NRP

Early in 1965, at the instigation of Mr. McCone, then DCI, the President's Special Assistant for Science and Technology, Dr. Donald Hornig, set up a panel under the chairmanship of Dr. Edwin H. Land, the broad charter of which was to maintain an overview of the National Reconnaissance Program with particular interest in technical characteristics of intelligence requirements, the status of existing projects, and the adequacy of research and development programs. The panel was not subordinate to the President's Science Advisory Committee (PSAC) but reported directly to Dr. Hornig, and staff support for this panel

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was provided at the White House level by Dr. Don H. Steininger of Dr. Hornig's staff.

NRO Agreement of August 1965

The continued dissatisfaction on the part of CIA with the working of the NRO led to the promulgation of a further revision of the agreement in August 1965. On 6 August a new draft was discussed between Mr. John Bross on behalf of CIA and Mr. Cyrus Vance, successor to Mr. Gilpatric as Deputy Secretary of Defense. The draft was agreed to and signed by the DCI, then Admiral William Raborn, and Mr. Vance on 11 August 1965. Among other changes, the new agreement provided for the Executive Committee of NRO to guide and participate in the formulation of the National Reconnaissance Program through the DNRO. The DNRO was to sit with the Executive Committee but not as a voting member. (See Annex 38 for text of the agreement.)

On 1 October 1965 Dr. Alexander Flax succeeded Dr. Brockway McMillan as DNRO, and on the same day a letter was sent to him by the DCI outlining the changes in the Agency's organizational structure in support of the NRP; i. e., the consolidation of satellite activities under OSP, the manned reconnaissance under OSA and SOD, and all these activities coming to a head under the management of the Director

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of CIA Reconnaissance Programs. Mr. Huntington Sheldon was appointed to this new position. (See Annex 39 for letters to Dr. Flax and Mr. Sheldon.) In January 1967 Mr. Sheldon's appointment was rescinded and the position of Director of Reconnaissance for CIA was abolished. The Deputy Director for Science and Technology (then Mr. Carl E. Duckett) was authorized to deal directly with the DNRO on behalf of the DCI in the management of all CIA programs under the National Reconnaissance Program.

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ANNEX 19

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DEPARTMENT OF THE AIR FORCE
Washington

Office of the Secretary

27 December 1954

The Honorable
Allen W. Dulles
Director of Central Intelligence
2430 E Street, N. W.
Washington 25, D. C.

Dear Mr. Dulles:

I am familiar with the proposed agreement with Lockheed Aircraft Corporation in behalf of the Government. Although the aircraft covered thereby are required so urgently that neither you nor we have been able to examine the cost estimate in detail, a fixed price agreement with a price redetermination clause and a stipulated maximum price appears to afford adequate protection to the Government, and to be the most suitable form of contract from an administrative and security standpoint. As you undoubtedly are aware, the construction and testing of aircraft of new design is most expensive, especially when time is a vital factor and the production of so limited a number as here contemplated renders the aircraft virtually handmade.

The fact that known structural and aerodynamic know-how is incorporated in the design proposal does not preclude pioneering problems associated with an entirely new area of performance and altitude. Therefore, on the basis of our knowledge of similar Air Force contracts for research and development and for procurement, I believe that the terms and the estimated cost are reasonable.

Although the requirements both of speed and security make it necessary to give the supplier considerable freedom of action to proceed without detailed supervision at every stage, our opinion, based on a large amount of business over a period of many years, is that Lockheed is a reliable and efficient producer accustomed to keeping its books and records in accordance with standard Government accounting practices.

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It is understood that the size of this procurement program is based in part on the assumption that the results expected to be obtained with these aircraft will be of interest to other Departments and Agencies of the Government, and that the aircraft will probably be useful for various purposes in addition to the mission for which they are primarily intended. I assure you that the Air Force is keenly interested in this development from the point of view of its own mission as well as yours, and to that end is furnishing the engines as part of its contribution and will provide such other assistance as required.

Sincerely yours,

(Signed)

Trevor Gardner
Special Assistant (Research and Development)

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DEPARTMENT OF THE AIR FORCE
WASHINGTON

OFFICE OF THE SECRETARY

27 December 1954

The Honorable
Allen W. Dulles
Director of Central Intelligence
2430 E Street, N. W.
Washington 25, D. C.

Dear Mr. Dulles:

I am familiar with the proposed agreement with Lockheed Aircraft Corporation in behalf of the Government. Although the aircraft covered thereby are required so urgently that neither you nor we have been able to examine the cost estimate in detail, a fixed price agreement with a price redetermination clause and a stipulated maximum price appears to afford adequate protection to the Government, and to be the most suitable form of contract from an administrative and security standpoint. As you undoubtedly are aware, the construction and testing of aircraft of new design is most expensive, especially when time is a vital factor and the production of so limited a number as here contemplated renders the aircraft virtually handmade.

The fact that known structural and aerodynamic know-how is incorporated in the design proposal does not preclude pioneering problems associated with an entirely new area of performance and altitude. Therefore, on the basis of our knowledge of similar Air Force contracts for research and development and for procurement, I believe that the terms and the estimated cost are reasonable.

Although the requirements both of speed and security make it necessary to give the supplier considerable freedom of action to proceed without detailed supervision at every stage, our opinion, based on a large amount of business over a period of many years, is that Lockheed is a reliable and efficient producer accustomed to keeping its books and records in accordance with standard Government accounting practices.

It is understood that the size of this procurement program is based in part on the assumption that the results expected to be obtained with these aircraft will be of interest to other Departments and Agencies of the Government, and that the aircraft will probably be useful for various purposes in addition to the mission for which they are primarily

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intended. I assure you that the Air Force is keenly interested in this development from the point of view of its own mission as well as yours, and to that end is furnishing the engines as part of its contribution and will provide such other assistance as required.

Sincerely yours,



Trevor Gardner

Special Assistant (Research and Development)

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ANNEX 20

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8 August 1957

MEMORANDUM TO: Project Director

SUBJECT: USAF Contribution - Project AQUATONE

1. Attached is a schedule showing the major items contributed by the USAF to Project AQUATONE during the period August 1955 through 31 July 1957. This schedule was prepared on the basis of information furnished by Colonel Geary and represents actual value where known and the best estimates available on those few items where the value was unknown.

2. The schedule does not contain general support items such as salaries and travel of participating military personnel not carried on the Project Table of Organization.

3. There may be some few additional items that were overlooked and are therefore not incorporated in the attachment. The elements considered were selected for the most part from memory, and we could have failed to recall some very important and costly considerations. Colonel Geary has advised that if more exacting figures are required for your purposes, he will be pleased to take necessary steps in the USAF to insure that more reliable cost figures are produced.

(Signed)

Project Comptroller

Attachment:

TS-164300

Withheld under statutory authority of the
Central Intelligence Agency Act of 1949 (50
U.S.C., section 403g)

TS-164616

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TS-164616USAF CONTRIBUTION - PROJECT AQUATONE
AUGUST 1955 THROUGH 31 JULY 1957I. MAJOR MATERIALS

A. Engines - 45 (40 in operation, 5 lost) @ \$400,000	\$18,000,000
B. Construction:	
1. Edwards Air Force Base	27,232
2. Adana	500,000
	<u>\$18,527,232</u>

II. OPERATING COSTS

A. Training - Watertown (SAC 4070th Sup. Wg.)	\$ 500,000
B. Fuel - 5 million gallons @ 40¢	2,000,000
C. Flight Costs	
1. C-124 - 500 hrs. @ \$425 per hr.	212,500
2. C-54 (shuttle) 20 mo. X 120 hrs. @ \$195	468,000
3. C-54 (unit) 11 mo. X 75 hrs. @ \$195	160,875
4. T-33 (8 units) 16 mo. X 40 hrs. @ \$102	522,240
5. C-47 - 5 mo. X 50 hrs. @ \$100	25,000
6. L-20:	
a. Base A - 15 mo X 50 hrs. @ \$20	15,000
b. Site - 16 mo X 50 hrs. @ \$20	16,000
D. Use of Government Furnished Equipment	
1. Fuel trailers (Watertown) 690 days @ \$17	11,730
2. Firefighting equipment 690 days @ \$23	15,870
3. Storage - 23 mos. @ \$3,000 per mo.	69,000
TOTAL OPERATING COSTS	<u>\$ 4,016,215</u>

SUMMARY

TOTAL MAJOR MATERIALS	\$18,527,232
TOTAL OPERATING COSTS	4,016,215
	<u>\$22,543,447</u>

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SAPC-4637

24 March 1956

ESTIMATED COST OF PROJECT -- FY 1955-1956-1957

MAJOR MATERIEL COSTS:

Aircraft	\$23,250,000
Engines	29,232,000
Photographic Equipment	6,526,000
Electronic Equipment	6,221,175
Radar Equipment	3,150,000
Navigation Equipment	250,000
Personal Equipment (Pilots)	300,000
Photographic Processing Plant	1,200,000
Base Construction - U.S.	1,125,000
Base Construction - Foreign	460,000
GFE and Components	1,193,720
	<u>\$72,907,895</u>

OPERATING COSTS:

Personnel, Government	\$ 5,779,728
Medical Support (Domestic)	50,000
Personnel, Contractors	3,442,837
Fuel	470,960
Film	911,280
Processing Plant Operations	6,282,480
Logistics	4,958,000
Domestic Base Operations & Maint.	1,378,025
Foreign Base Operations & Maint.	99,100
Hqs Operational Expenses	31,767
Plant Overhaul of Equipment	1,787,102
	<u>\$25,191,279</u>
GRAND TOTAL	<u><u>\$98,099,174</u></u>

/Prepared by
Richard M. Bissell, Jr.

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ANNEX 21

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ANNEX 22

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3 May 1957

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: High Level Meeting on Project AQUATONE

1. As explained to you on 2 May, the paper to be handed by you to the President at the May 6th meeting has been cut down to a brief status report. A copy is attached hereto and copies have been sent to the Air Force (Tab A).

2. It is understood that the following topics which are now excluded from the formal paper will be raised by you, probably in this order, for discussion at the meeting:

- a. Alternative Lower Priority Targets.
- b. The RAINBOW Program.
- c. Maintenance of a Non-Military Overflight Capability.
- d. Proposed Modification of Operational Concept.

I have drafted a separate paper on these four topics indicating the line I believe we should take on each. Copies of this paper have gone to the Air Force who are fully aware of our views. This paper is also attached hereto. (Tab B)

3. I hardly need remind you that the third of these topics is the sensitive one because there is not full agreement between the Air Force and ourselves on this matter. I have drafted the paragraph on this topic with great care in an attempt to emphasize that the difference between the Air Force and ourselves is a difference in our estimate of what our own political authorities would prefer. I urge you to emphasize that our disagreement is of this nature, since we have no desire to maintain an overflight capability unless we stand a better chance than the Air Force of being allowed to use it, while the Air Force has no desire to stop us if they are convinced that this is the case. It follows that instead of having a debate with the Air Force about the views of the political authorities it is simpler to ask what they are.

4. I know that it is difficult to control the course of such a meeting as the one planned for the 6th but I would urge you to make a major effort at least to raise all four

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of these topics so that we can try to get, if not clean-cut decisions, at least some feeling for the President's views. I repeat, the Air Force is well aware that these issues will be raised.

5. I have prepared still a third piece of paper which contains a number of arguments I hope you will have an opportunity to use in favor of letting us operate. (Tab C)

(Signed)
RICHARD M. BISSELL, JR.
Project Director

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3 May 1957

AQUATONE/OILSTONE PROJECT

1. Status:

a. Weather conditions are generally favorable for aerial reconnaissance over Europe and most of Siberia from April through October and in the Far East are moderately good in summer and at their best during the autumn.

b. AQUATONE Detachments are now in place and operational in Germany and Turkey with four aircraft each and in Japan with three aircraft. They fly occasional weather missions in support of their cover and high altitude air sampling missions, all over friendly territory. The Detachment in Turkey carries out occasional reconnaissance over the Middle East.

c. At the Bermuda Conference in March, the British Government on its own initiative offered to permit operations under AQUATONE to be conducted from bases in the United Kingdom, thus reversing the earlier negative decision.

d. A similar military capability is currently being developed by the Air Force which is equipping a SAC squadron with Air Force procured U-2 aircraft. This unit will be operationally ready and available for deployment by 1 August 1957.

e. It now appears that the U-2 will be relatively safe from interception at least through the present reconnaissance season and possibly, under certain circumstances, considerably longer. Nevertheless, both its margin of advantage and the security surrounding this operation are subject to continuous erosion so the AQUATONE capability must be regarded as a wasting asset.

2. Plans for the Current Season: Additional hard intelligence obtainable only through aerial reconnaissance is urgently required, especially on developments and installations having to do with Soviet guided missiles, nuclear weapons, and intercontinental bombers. To cover thirty-five such targets which have been selected by the Intelligence Community as having the highest priority should require some twelve to fifteen successful missions, taking account of normal weather patterns. If permission is granted to conduct

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these overflights it is proposed that they be undertaken only as highly favorable weather materializes so as to obtain maximum coverage with a minimum number of sorties. This would imply a rate of operation of only one to three missions per week.

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3 May 1957

ADDITIONAL BUSINESS CONCERNING PROJECT AQUATONE/OILSTONE

The paper on AQUATONE prepared for submission to higher authority contains a brief account of the current status of the Project and plans for operations during the current season. All other issues were excluded in order to focus attention on the major decision required at this time. It was agreed, however, in conversations with representatives of the Air Force that the following additional matters be discussed orally with the political authorities along the lines indicated under each heading.

1. Alternative Lower Priority Targets: If authority cannot now be granted to overfly some or all of the highest priority targets in the USSR, it is important to determine whether:

(a) Overflights of the following lower priority areas (listed in the order of priority) should not be conducted:

- (1) Specified peripheral areas of the USSR,
- (2) China,
- (3) European Satellites, or

(b) There is sufficient prospect of receiving at a later date authority for overflights of the USSR to warrant postponing operations over lower priority areas.

2. The RAINBOW Program: During the last nine months significant progress has been achieved through this Project in the development of radar camouflage. It is believed that the radar reflectivity of the U-2 aircraft can be so reduced as to create a good chance that a majority of over-flight missions will avoid detection entirely. Nevertheless, it must be anticipated that at least a certain proportion of them will be detected, although their continuous tracking should be extremely difficult. Our plan is to equip the U-2 aircraft with this protection if and as it is operationally developed. If it is effective, it will reduce not only the

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likelihood of detection and tracking but also the possibility of interception even after the Soviets have developed aircraft or missiles capable of operating at extreme altitudes.

3. Maintenance of a Non-Military Overflight Capability: The principal reason for developing the AQUATONE capability originally within a CIA framework (but as a joint Air Force/CIA Project) rather than in the Air Force was to maintain greater security, employ deeper cover, use civilian pilots, keep the aircraft outside of military control, and therefore, make possible more plausible denial of U.S. military responsibility in the face of any Soviet charges. On the other hand, it can be argued that an operation of this character can be conducted as securely by military units operating under military cover as by the Clandestine Service, that the distinction between military and civilian control is irrelevant to the possibility of denial and therefore that this tool is politically no more usable for overflights in the hands of the Clandestine Service than in the regular military establishment. Although this issue could be debated at length between this Agency and the Air Force, what is really important is the attitude of the political authorities of our Government. The decisive question is whether they believe (rightly or wrongly) that the use of U-2 aircraft for overflights by the Clandestine Service will give rise to lesser risks of embarrassment or counteraction than their use by a tactical military arm. If this does turn out to be their view, it would seem to be worthwhile to continue the present joint operation through 1958, probably with some changes in organization and cover and on a reduced scale, in order to maintain the capability where it would be most likely to be used. Meanwhile the parallel Air Force capability would be developed separately. If, however, the political authorities believe that the political risks are the same for nonmilitary as for military overflight operations, then it is proposed that CIA's equipment be transferred to the Air Force at the end of the current reconnaissance season.

4. Proposed Modification of Operational Concept: If the present joint project organized within a CIA framework is continued beyond the present season, consideration will be given to the following modifications of present operational concepts. Their purpose would be to reduce the political hazards to which overflights give rise or to be

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prepared for unfavorable political developments and thus to render the U-2 capability politically more usable.

a. The use of non-U.S. pilots (possibly British) in order to heighten the possibility of plausible denial.

b. The modification of a few of the Agency's aircraft to permit basing them on an aircraft carrier and thereby to avoid the exposure of friendly governments to political and diplomatic pressures.

c. The occasional use of a commercial air survey corporation as cover.

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3 May 1957

AQUATONE MEETING
9:30 a.m., Monday, 6 May 1957

BRIEFING NOTES FOR DCI

The following are points you may wish to make orally in the forthcoming meeting on AQUATONE.

1. Russian awareness of U.S. overflights, though undoubtedly a source of irritation, should increase their willingness to consider a realistic mutual inspection system and in particular an effective version of the open skies proposals. The knowledge that they cannot altogether prevent aerial reconnaissance should increase the attractiveness to them of a plan to control and regularize it.

2. Although overflights can be regarded as provocative, it is difficult to understand how they could provoke any counter action except the most vigorous efforts at interception. The Russians know, even if no overflights are conducted, that our offensive air capability exists. They have given every evidence of believing correctly that overflights are conducted only for reconnaissance purposes. Above all, knowledge that it is possible for our aircraft to overfly their country beyond the reach of interception, perhaps carrying high yield weapons, would be a powerful deterrent to overt attack no matter how "provoking".

3. Two missions over Bulgaria, one over the Caucasus area of the USSR in December and one inadvertent overflight of the Caucasus in April have been detected by the Soviets without, however, provoking any diplomatic protest. This may suggest only that deep penetration missions over a few sensitive areas, or missions which penetrate the USSR after being tracked by the Satellites, are apt to provoke a diplomatic reaction. It may also be evidence of greater sensitivity to missions flown from Germany where there are known to be a number of U.S. bases than from other extreme locations.

4. The President's Advisory Committee on Foreign Intelligence has unanimously recommended that overflight missions be resumed.

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ANNEX 23

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29 July 1957

MEMORANDUM TO: General Thomas D. White
Chief of Staff
United States Air Force

SUBJECT: Future Plans for Project AQUATONE/OILSTONE

A variety of circumstances make it necessary at this time to go forward with plans and preparations for the future of Project AQUATONE/OILSTONE. This matter was discussed on 19 July by the DDCI with the Vice Chief of Staff. In confirmation of their conversation, this memorandum summarizes the considerations which lead us to believe that the present joint Project should be continued next year, and our plans for its continuation. We will have a much firmer basis for such judgments as this in a few weeks and it goes without saying that any decisions made at this time may have to be modified.

A decision on the future of this Project clearly should be based on our joint estimate of the probability that overflight operations will be permitted next year by the political authorities and of the advantages they see in having such operations conducted by a civilian agency using civilian pilots rather than by a military organization. Whether overflights are permitted will, in turn, depend largely on: the risk of loss of an aircraft by enemy interception or otherwise; and the risk of strong Russian diplomatic or political reaction to such activities. Our present views on these points are as follows:

a. As to risk of loss, we have as yet seen no hard evidence that the Russians have developed an interception capability effective above 65,000 feet and we believe that there is a chance that electronic countermeasures may reduce the effectiveness of such an interception capability when developed. We estimate therefore, that the risk of interception will be low enough to be acceptable. The risk of loss through malfunction is always present but will be no greater than heretofore and appears to be acceptable.

b. As to risk of diplomatic protest, we are still hopeful that the experience of the current season will demonstrate that at

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least occasional overflights of the USSR can be conducted without eliciting embarrassing diplomatic protests provided a few of the most highly sensitive areas (such as Moscow itself) are avoided and provided overflights of the USSR are not tracked by one or more of the Satellite governments to the embarrassment of the Russian military establishment. We also hope that the Russian tracking ability will be impaired by electronic countermeasures to a point where they will not have solid evidence on which to base protests.

c. As to sponsorship, it is our understanding that the political authorities prefer to have this mission performed under civilian sponsorship as at present, and that such sponsorship therefore increases the likelihood of obtaining permission to operate.

We conclude from the foregoing that sporadic overflight activity, at least, is quite likely to be permitted by our political authorities but that there is little prospect for an intensive overflight program. Accordingly, we believe the present joint project should be continued for another season in order to maintain an overflight capability in what we believe to be the most acceptable form, but on a reduced scale appropriate to a variable, and on the average low level of activity.

To give effect to these conclusions, we propose to maintain only two Detachments at reduced strength instead of three as at present. On the basis of this planning, one of the two units now stationed in Europe will be phased out in October 1957 and the other will be based at Giebelstadt. The Detachment now in the Far East will remain at Atsugi NAS at least until January 1958 and probably longer. Should it be deemed feasible for political or security reasons to move this unit out of Japan, it will be redeployed to Edwards Air Force Base or some other suitable base in the ZI. Any continuing research and development will also be conducted at Edwards Air Force Base. We plan certain changes in both organizational arrangements and ground support equipment designed to maximize the mobility of the two remaining Detachments so they will be ready on short notice to stage through advanced bases in the Far East and Near East and will be able in this way to obtain coverage of any part of the Soviet Bloc accessible from friendly territory.

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This contemplated reduction in scale will render a number of aircraft and other items of equipment surplus to this program. It appears that an initial transfer of five aircraft can be made in November of this year. Further transfers will of course be made as and when additional aircraft and other items become surplus. It is our hope that we can arrive at an agreement with you whereby equipment turned over to the Air Force by this Project can be borrowed back at a later date if a requirement for it should arise.

The execution of these plans obviously depends on continued Air Force support. They are based on the assumption, as indicated above, that this Project will be able to retain the facilities now occupied by it at Giebelstadt and Edwards Air Force Base and possibly to obtain some additional facilities at Edwards Air Force Base. If feasible, arrangements should be made to leave certain supplies and ground equipment in place at Adana and at a Japanese or other Far Eastern base and to obtain the temporary use of certain facilities at these bases when required for staging operations. I recognize the burden that the provision of this support places upon the Air Force but hope it will be appreciably reduced by the planned reduction in the scale of this activity.

The Air Force has been a full partner in this enterprise from the beginning and I will of course be happy to discuss any of these points with you if you so desire. I will look forward to receiving your comments.

(Signed)
ALLEN W. DULLES
Director

CONCUR:

CPC
Deputy Director

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ANNEX 24

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N-1-110-11

NOTICE
NO. 1-110-11ORGANIZATION
8 April 1958

ORGANIZATION AND FUNCTIONS

SPECIAL ASSISTANT FOR PLANNING AND DEVELOPMENT

1. POSITION

Effective 1 April 1958, there is established in the Office of the Director the position of Special Assistant to the Director for Planning and Development. The incumbent of this position will be responsible for the functions hitherto performed by the Special Assistant to the Director for Planning and also for (a) the exercise of general supervision of all research and development activities of the Agency and (b) a continuing search for fresh approaches to the Agency's tasks. The following outline of objectives and authorities elaborates and defines these new responsibilities.

2. PRIMARY PURPOSE

The primary purpose of this action is to stimulate the exploitation by the Agency of advanced technology and the invention, development, and operational employment of new methods of performing its tasks. It must be expected that progress toward this objective will require the use not only of new or different tools but also of new or different operational concepts, human skills, and organizational devices. Accordingly, there is need for the creative and imaginative study of all promising possibilities of innovation and of the interrelated changes in techniques and in ways of exploiting techniques that go to make up important innovations. The primary effort of the SA/PD should be to meet this need and to set in motion research and development that holds promise of opening up entirely new approaches. He should also endeavor to insure that work carried on to meet already recognized requirements is focused on the highest priority needs. An important part of this task will be to encourage fundamental reconsideration of needs and possibilities by experienced operators as well as by researchers and to achieve a more effective interchange of ideas between them.

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3. AUTHORITY

a. Studies and Recommendations

The SA/PD will have access to information on operational concepts and techniques and on Agency organization as required for investigations of the sort referred to above. He is authorized to make recommendations for modifications in operational concepts and for the development and use of particular skills or organizational devices where in his judgment changes of this character are required as elements of promising innovations in the Agency's method of performing its tasks. In general it is not intended that he will concern himself with organizational problems except as they relate to possible innovations nor is it anticipated that he will review specific current projects except in connection with the above purposes. Studies and recommendations of the sort here characterized, the scope of which extends beyond research and development, will in all cases be made available to the Deputy Directors concerned before submission to the Director of Central Intelligence.

b. Research and Development

In the narrower field of research and development, the SA/PD will review programs covering the specifically research and development activities of all components within the Agency. He may direct modifications in programs proposed to him and after such review, modification, and approval, will act as the sponsor of Agency research and development programs at the Deputy Director level. Within the latitude ordinarily granted in the execution of programs, he will have general authority to disapprove or direct modification or undertaking of projects. This authority will be limited to the reallocation of personnel and funds already committed to approved research and development programs or provided for in such programs. All of the foregoing authority is subject to coordination with the Deputy Directors concerned where changes in research and development activities would have a significant effect on their organizations or operations, and is subject to existing requirements for review by the Project Review Committee and by the Director of Central Intelligence.

ALLEN W. DULLES
Director of Central Intelligence

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ANNEX 25

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DPS-3074

12 August 1958

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: Financing of Special Projects - FY 1959

1. This memorandum contains a recommendation (paragraph 9) submitted for the approval of the Director of Central Intelligence.

2. Background: During the past year the activities for which I have been responsible as the Director of Project AQUATONE have multiplied. Certain new tasks were handled as subprojects of AQUATONE without formal approval by you as separate projects, and with no separate funding or accounting. Others were handled in an ad hoc manner as new projects but with approval by you of only the sums initially provided therefor. It appears desirable in the current fiscal year to handle these several tasks as separate projects. The purpose of this memorandum is to set forth the estimated operating budget for each such project for Fiscal Year 1959, to request approval of the projects, and to recommend appropriate funding action.

3. Estimated Operating Budgets: The special project activities currently in progress under my direction will be treated as five separate projects. For security purposes the nature of the activities being carried on under these projects is summarized in a separate document (TS-155106). The proposed operating budgets for these five projects and the Congressional budget for this office for special projects are as follows:

	<u>Operating Budget</u> <u>FY 1959</u>	<u>Congressional</u> <u>Budget</u>	<u>Additional</u> <u>Requirement</u>
CHALICE	\$ 12,588,599	\$5,924,281	\$
THERMOS	111,000		
GUSTO	1,882,925		
CHAMPION	72,360		
CORONA	1,519,640		
TOTAL	<u>\$16,174,524</u>	<u>\$5,924,281</u>	<u>\$10,250,243</u>

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4. Explanation of Increased Requirements: It will be seen that the presently estimated operating budgets total nearly three times the budgetary total submitted to Congress. The reasons why these large additional requirements have materialized may be summarized as follows:

a. CHALICE: The whole amount included in the Congressional budget was originally intended for this Project. It was computed on the assumption that CHALICE would be terminated on 31 December 1958. It now appears that operations will continue throughout the fiscal year. Moreover, steps are being taken to associate appropriate agencies of the British Government with us in this Project and the British participation will give rise to certain unforeseen additional costs. Accordingly, it now appears that somewhat more than twice the amount originally requested will be required.

b. THERMOS: All active work on this program has been terminated. It has been necessary, however, to remove THERMOS provision from certain items of equipment which gives rise to the cost indicated above.

c. GUSTO: The feasibility studies which constitute this Project have involved extensive and costly engineering and scientific studies by the contractors concerned. This Project has also required in the current fiscal year the augmentation and completion and the subsequent operation of highly sophisticated test facilities at a location in the western part of the country. The Project is expected to involve the construction of mock-ups and measurement of certain of their characteristics. The extent and duration of this work could not have been foreseen when the Congressional budget was submitted.

d. CHAMPION: This feasibility study was undertaken with little warning in the latter part of fiscal year 1958. Some \$270,000 was obligated in that fiscal year, the bulk of the funds having been obtained with your concurrence from the Agency Reserve. It now appears that the scope of the feasibility study should be expanded and considerable experimental work authorized looking toward the eventual development of a highly sophisticated intelligence collection system.

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These costs are highly unpredictable and the estimate of probable cost is subject to further change.

e. CORONA: This Project was initiated in the last half of Fiscal Year 1958. It was financed by the Agency in the amount of 7 million dollars which was released for the purpose from the Agency Reserve. At the time of that release, it appeared that little additional funds would be required. It now appears, however, that there may be modest over-runs on contracts already entered into and that the Agency may have to cover costs originally expected to be assumed by the Department of Defense. Accordingly, additional funds in at least the amount indicated above will be required in the current fiscal year.

5. Shifts Between Projects: By way of general comment on the above requirements, it should be stated that the totals for the several projects are by no means firm even at this date. On the basis of estimates even more current than the above, it would appear that the requirement for GUSTO may be somewhat less than shown above and those for CORONA and CHAMPION will certainly be greater. Accordingly, this Office desires freedom to shift funds between projects, provided no major change in the scope of the projects will be made without the approval of the DCI.

6. Contingency: It is hoped that the feasibility studies being conducted under Projects GUSTO and CHAMPION will reach a point during the current fiscal year which will permit the development and procurement of a major new intelligence collection system to be undertaken. Such an outcome would give rise to large additional financial requirements during the current fiscal year. No meaningful estimate can be made at this time, however, of this contingent requirement since no calculation can be made of the total cost of such a system until its character is well defined and no decision has been made as to whether and how this cost might be shared with the Department of Defense.

7. Withdrawals from the Reserve: It is believed that all of the above requirements which are excess to the Congressional budget can appropriately be financed through the release of funds from the Agency Reserve. As indicated above, the decision to extend CHALICE to the end of the year was not made, even for planning purposes, until the beginning of the

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fiscal year; the magnitude and duration of THERMOS and GUSTO were altogether unpredictable; and Projects CHAMPION and CORONA had not even been conceived when the budget was submitted. My basic recommendation, therefore, is that a release of funds from the Reserve in the amount of \$10,250,243 be sought for the above purpose.

8. Timing: Although substantial additional funds will unquestionably be necessary, it is believed that it would be premature to seek the above recommended release of funds from the Reserve at this time. As indicated above, the firm requirements for the five projects listed are still subject to change. More important is the large contingent requirement referred to in paragraph 6. Accordingly, it would seem appropriate to postpone the release until approximately 1 October by which time the magnitude of the requirement should be more clearly defined. In the meanwhile, funds can be obligated as needed for all of the above projects making use of a total allotment to this Office no greater than the Congressional budget figure. This will mean in effect borrowing from CHALICE to finance the other four projects for the first third of the fiscal year since the allotment was originally approved for CHALICE alone. Such action will require approval of the above projects and of the proposed operating budgets by the DCI, subject to the availability of funds and his approval to transfer funds among them as needed.

9. Recommendations: That the DCI:

a. Approve the five projects listed in paragraph 3, above and the operating budgets for Fiscal Year 1959 therein submitted subject to the availability of funds.

b. Authorize an allotment to this Office for the above projects not to exceed the total of the Congressional budget and the obligation of funds thus allotted for the several projects as required.

c. Authorize a request to the Bureau of the Budget on or about 1 October 1958 for the release of supplementary funds for the above projects in the amount indicated above, subject to final review of this request by the DCI prior to submission.

Approved:
Allen W. Dulles

(Signed)
RICHARD M. BISSELL, JR.
SA/PC/DCI

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13 August 1958

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: Identification of Special Projects

REFERENCE: Memorandum for DCI from SA/PD/DCI dated
12 August 1958 (DPS-3074)

1. This memorandum is for information only. Its purpose is to identify the special projects referred to in a separate memorandum on the financing of these projects (DPS-3074). The tasks to be performed under these several projects were not described in the referenced memorandum on financing because of their extreme sensitivity and because the recommendations on financing, if approved by you, should be in such a form that it could be circulated to a number of unwitting individuals within and outside of the Agency. The five projects therein referred to are identified in the following paragraphs.

2. CHALICE. This is Project AQUATONE renamed. The activities comprised in this project include:

Personnel and support of the two CHALICE Detachments overseas, the ZI base at Edwards Air Force Base, and almost all of the Development Projects Staff;

The operation and maintenance of the U-2 aircraft remaining in possession of the Agency (currently thirteen in number);

Any remaining development work on U-2 aircraft and other sub-systems employed in CHALICE (notably a new ECM device and considerable production flight testing of items to be delivered to the Strategic Air Command);

Costs of British participation, such as personal equipment for British pilots and possibly some modifications to an additional overseas base.

3. THERMOS. This was the name given to the extensive studies we have conducted over the past two years in an effort to develop an effective radar camouflage for the U-2

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aircraft and other conventional aircraft. As explained in the memorandum on financing, most of the costs of THERMOS have been incurred in preceding fiscal years when this was carried on as a subproject under AQUATONE and financed out of AQUATONE funds. These costs included:

Sizable contracts with Scientific Engineering Institute, International Telephone & Telegraph Company, Eastman Kodak Company, and the A. D. Little Company for the production of camouflage;

Costs in excess of \$1 million incurred under contracts with Lockheed Aircraft Corporation for the application and removal of camouflage and for the measurement of radar reflectivity;

The construction and installation of highly sophisticated test facilities at Indian Springs Air Force Base and their operation by the firm of Edgerton, Germeshausen & Grier under contract with us.

Since we have now abandoned efforts to develop an effective camouflage, the only costs remaining to be incurred under this project in FY 1959 are those of removing the THERMOS covering from the two aircraft on which it remains. We also expect to incur modest additional costs to permit the Scientific Engineering Institute to write up in useful form the results of two years of highly significant work.

4. GUSTO. This project, which is nearly a year old, consists of feasibility studies looking toward a successor aircraft to the U-2. The major expenses that have been incurred have been the costs of work performed by the Scientific Engineering Institute; Edgerton, Germeshausen & Grier; and the Lockheed Aircraft Corporation. Lockheed has conducted an extensive program involving at least preliminary design of no less than 30 to 40 configurations of aircraft. It has also carried out an extensive program of model building and of measuring radar reflectivity of models. Lockheed also built a partial full-scale mock-up of a possible GUSTO aircraft. SEI and EG&G's costs have been for model testing and for extensive radar measurements on the above-mentioned mock-up. Additionally, some funds have been spent (under subcontract to Lockheed) for studies by NARMCO, Incorporated of the feasibility of certain types of plastic structures. Lastly, \$100,000 was obligated under this project to match an equal sum obligated by the Air Force for the construction of a pilot plant

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to produce beryllium oxide fibers for possible use in high strength plastic structures. Virtually all of the above costs are continuing in the current fiscal year.

5. CHAMPION. Under this project a feasibility study (parallel to GUSTO) is being made of a possible extremely radical, high-performance reconnaissance aircraft which might achieve an operating altitude in excess of 125,000 feet and would operate at Mach 3. This study is based on a design concept that originated with the Bureau of Aeronautics of the Navy. The study was initiated only after this design concept had been reviewed by the then National Advisory Committee for Aeronautics which strongly recommended that the study be made. This project is being carried out in cooperation with and with the technical assistance of the Bureau of Aeronautics. Study contracts have been let with Convair, Boeing, Hughes, Marquardt, and Goodyear. \$270,000 was obligated for CHAMPION in 1958, of which \$200,000 was released by the Director of Central Intelligence from his special reserve and the balance was supplied from AQUATONE funds. The project has been closely followed in recent months and has been reviewed by the special panel under the chairmanship of Dr. Edwin Land. It is believed to be highly promising. Substantial additional costs are required and are believed to be justified in the current fiscal year to permit the feasibility studies to be continued. It should be possible within approximately two months' time to complete most of the studies now in progress or proposed. At that time, a decision will have to be made as to whether to proceed to a preliminary design study and to experimental work with gliders. These activities would involve substantially larger funds than presently proposed in the operating budget for FY 1959.

6. CORONA. This name covers all aspects of the program for the launching of 12 reconnaissance satellites which will take photography during their overflights of the Soviet Bloc and will contain provisions for storage of the exposed film in a capsule which will re-enter, drop in a preselected ocean impact area, and be recovered. This project was approved at the highest level and \$7 million released from the Agency Reserve was obligated in FY 1958, almost all for prime contract to Lockheed's Ballistic Missile Division. Although the total of \$7 million contained some reserve over the then available estimate of the Agency's share of the costs of the program, it now appears that there will be some overrun. Moreover, ARPA is in grave trouble with its biomedical program

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and there is a real possibility that the Agency will have to pick up certain costs which were originally planned to be charged to the biomedical program. Finally, the Agency will probably incur some operational costs, for which no firm estimate is yet available.

7. GENERAL COMMENT. The above outline may help to make clear both the reason that such large costs for the above projects have materialized in the last few months, well after the budget for FY 1959 was presented to Congress, and the difficulty of estimating even at this date just what the cost of these projects will be. It is understood that activities of the sort herein described are in no sense exempt from the requirement for economical administration and the need to restrict our outlays within reasonable and approved limits. Nevertheless, if CHALICE is to be continued through the full fiscal year and if CORONA is to be carried through, there is little room for maneuver in the reduction of their costs. With respect to feasibility studies, the philosophy of this office has been that the objective in view is so important, and the cost of exploring technical possibilities is so small a part of the cost of a whole new reconnaissance vehicle, that any and all promising technical opportunities should be explored with urgency.

(Signed)

RICHARD M. BISSELL, JR.
Special Assistant to the Director
for Planning and Development

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ANNEX 26

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No. 1-120-2

N-1-120-2

ORGANIZATION
18 February 1959ORGANIZATION AND FUNCTIONS
OFFICE OF THE DEPUTY DIRECTOR (PLANS)

ESTABLISHMENT OF THE DEVELOPMENT PROJECTS DIVISION

- Rescissions: (1) Paragraphs 6 and 7 of R 1-110 dated
21 May and 8 April 1958
(2) Paragraph 9b(17) of R 1-140 dated
27 December 1956

1. The Development Projects Division (DPD) is established in the Office of the Deputy Director (Plans), effective 16 February 1959. The Development Projects Division combines the following components which, with their functions and responsibilities, are transferred to it.

Development Projects Staff, DPS/DCI
Planning Staff, PS/DCI
Air Division, OPSER, DD/P
Aircraft Maintenance Support Division, OL, DD/S
Supplemental Activities Branch, FI/D, DD/P

2. Colonel William Burke, USAF, is appointed Acting Chief, Development Projects Division. He will be directly responsible to the Deputy Director (Plans). Colonel Burke is located on the fifth floor of the Matomic Building, 1717 H Street NW, extension 4207.

3. Mr. James Q. Reber, who is appointed Chief, Special Requirements Staff, DPD, will continue as Chairman of the Ad Hoc Requirements Committee.

ALLEN W. DULLES
Director of Central Intelligence~~SECRET~~Handle via BYEMAN
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ANNEX 27

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DD/P 4-9575

30 November 1959

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: DPD Activity Programs FY 1960

1. PURPOSE:

To formalize approval of the Activity Programs of the DPD-DD/P for FY 1960.

2. BACKGROUND:

a. The project outline for AQUATONE, dated 7 January 1955, established the basic grant of authority to Richard M. Bissell, Jr., in his capacity as Project Director to serve as approving officer for AQUATONE. The original project outline authorized the Project Director to approve expenditures up to \$100,000 without referral to the DCI, but required DCI approval of any contracts or other commitments in excess of that amount. This authority was, in effect, amended and extended by a paper approved by the DCI on 12 August 1958 (DPS-3074) which gave provisional approval to the budgets for Projects CORONA, GUSTO, CHAMPION and other projects to be administered by the Development Projects Staff. This component had been established in the O/DCI under the AQUATONE Project Director to assist in administering AQUATONE and several other sensitive projects including those enumerated immediately above.

b. Several defects were later identified in the approval procedures called for in the 7 January 1955 AQUATONE Project Outline and in the 12 August 1958 amending paper. These defects were discussed in considerable detail in a memorandum for the DCI entitled "Approvals procedure for Development Projects Division" (DPD 0596-59) which recommended changes in the then established procedures. This latter paper was approved by the DCI on 17 February 1959 and is the presently governing document for the approval of DPD activities.

c. The major change embodied in the 17 February 1959 document was to organize DPD's rapidly growing activities into so-called procurement programs. Under this system

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each identifiable operational effort, even though it may involve many separate contracts, is made the subject of a so-called Activity Program, often set forth in a document entitled a "Program Approval". This document (which is in intent similar to the Project Outline used elsewhere in the Clandestine Services) shows the major purpose, the contractors, the funds required and the source, and other related information. Each such Program, if the cost of the activity will exceed \$100,000, is submitted to the DCI for approval. Once such approval is obtained the individual contracts let in pursuance of the Program do not require DCI approval even if they exceed \$100,000. The obvious advantage to be gained by this system is to pull together the various contracts in a single undertaking so that the DD/P and the DCI may exercise judgment on a more coherently organized basis than was possible under the old system, which required the Director to sign all individual contracts of more than \$100,000 even if they were all part of a related effort. The 17 February 1959 document continued the delegation to the DD/P (in his capacity as Project Director) to approve activities up to \$100,000.

d. These changes had the effect of organizing DPD business more nearly along the lines followed by the rest of the Clandestine Services, DPD having "joined" the CS upon the assumption of Mr. Bissell of the position of Deputy Director (Plans) on 5 January 1959.

3. PROPOSAL:

In a further attempt to bring DPD more closely in line with standard CS practice, the present document is being submitted for the approval of the Director. Its purpose is similar to an area division's Operational Program, although the very heavy emphasis on industrial procurement in DPD requires that there be some substantial differences. In the table following there appears a listing of DPD Activity Programs. These are of two sorts. On the one hand are included the individual projects or activities for which DPD is currently responsible. On the other hand, as in the case of CHALICE (the renamed AQUATONE) there are three Activity Programs corresponding to the responsibilities of different branches within DPD. At the conclusion of the chart there is a short description of each one of the Activity Programs. This is in turn followed by a request for the DCI to approve,

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with certain exceptions, the Programs as listed. (N.B. This chart does not show certain activities for which DPD has certain contracting and/or technical monitoring responsibilities, but into which no Agency money is put. Primary among these are ARGON, a mapping satellite program, and FOG, the Air Force U-2 procurement program.)

(See attached Chart of DPD Activity Programs as of 1 November 1959 to which the following numbered items refer.)

- a.(1) CHALICE Development. Completion of J-75 engine procurement and installation; furnish a jamming (ECM) device against intercept aircraft; modify system to read electronic data transmitted by ICBM's.
- a.(2) Materiel. Maintenance, overhaul and supply of all systems, air frames and facilities for CHALICE operations at two overseas and one domestic installation.
- a.(3) Operations and Administration. Funds for maintenance of complete staffing of all DPD missions including technical representatives for two domestic and two overseas bases; provision of necessary maintenance facilities and other operational support items.
- b. NIGHTLATCH Development of a second phase of a system to measure sophisticated Russian radar characteristics.
- c. CHAPLAIN. Deployment of a unit to operate a pulsed ionospheric radar utilizing back-scatter techniques to detect missile launches [redacted]
- d. CORONA. Further development of a satellite-borne reconnaissance camera with recovery of exposed film carton.
- e. Air Section. Maintenance of worldwide support, capability and of Agency detachments in Eglin AFB, Florida, and Kadena AFB, Okinawa; maintenance, overhaul and modification of 10 Agency-owned or

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controlled aircraft; R & D of countermeasures against ground and air intercept.

- f. & g. External Research. Funds for CENIS and Department of State; support for Scientific Engineering Institute.
- h. C-130. Procurement and modification of two C-130B aircraft.
- i. OXCART. Development of a successor aircraft to the U-2 together with photographic and electronic gear.

4. APPROVAL STATUS:

Under the approvals procedure discussed above, the DCI has received and signed Activity Programs for a portion of CORONA. Activity Programs will be forwarded shortly covering CHALICE Development, NIGHTLATCH, OXCART, CHAPLAIN (operational phase), SEI, and C-130B procurement (if approved by the DD/P after further study). Because of their well-established status and continuing nature, it is proposed to submit to the DCI no separate Activity Programs containing detailed budgets for the other Activity Programs listed on the above table, that is for CHALICE Materiel, CHALICE Operations and Administrative Overhead, Air Section, and External Research. It is believed to be more appropriate to handle the activities covered under these headings in the same manner as the non-project activities of other divisions in the CS. If this procedure is acceptable, the approval by the DCI of the DPD Operational Program for FY 1960 will satisfy all internal requirements for approval of the Activity Programs listed above as not requiring separate project handling.

5. It is recommended that the DCI approve:

- a. The procedures proposed in paragraphs 3 and 4 above.
- b. DPD Activity Programs for FY 1960 listed in the chart in the amounts shown with exception of items:

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- a. (1) CHALICE Development
- b. NIGHTMATCH
- c. CHAPLAIN (operational phase)
- g. S.E.I.
- i. C-130B Procurement
- j. OXCART.

(Signed)
RICHARD M. BISSELL, JR.
Deputy Director
(Plans)

Recommendations in para 5 approved:

(Signed)
ALLEN W. DULLES
DCI

Attachment:
Chart

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DPD ACTIVITY PROGRAMS
(As of 1 November 59)

FY '60 SOURCES OF FUNDS

ACTIVITY	Budget FY 59	Total Rqmts FY 60	Budget FY 61	Available for '60 Appr. Funds	Release fr CIA Reserve or other Agencies	Addtl. Re- leases fr Reserve FY 60	Total Rqmts. FY 60
a. CHALICE							
(1) Development	10,000	919,685	437,000	919,685			919,685
(2) Materiel	3,787,086	3,884,850	3,844,850	3,884,850			3,884,850
(3) Ops & Admin (incl. all DPD) Overhead	8,794,546	9,012,191	8,871,327	9,012,191			9,012,191
Sub-total	12,591,632	13,816,726	13,153,177	13,816,726			13,816,726
b. NIGHTLATCH	-0-	165,000	-0-	165,000			165,000
c. CHAPLAIN	-0-	306,800 ⁴⁾	254,300 ⁵⁾	-0-		306,800	306,800
d. CORONA	8,180,000 ¹⁾	5,835,250	640,000	1,611,000	4,224,250		5,835,250
e. Air Section	4,907,186	4,949,635	4,727,635	4,949,635			4,949,635
f. External Research							
(1) CENIS	250,000	250,000	250,000	250,000			250,000
(2) State	87,275	85,836	86,000	85,836			85,836
g. S.E.I.	350,000	726,246	825,000	726,246			726,246
h. C-130B	-0-	8,981,095	-0-	-0-		8,981,095	8,981,095
i. OXCART	7,041,463	93,150,000	73,510,000 ²⁾	-0-	75,000,000	18,150,000	93,150,000
	33,407,556	128,266,588	93,446,112	21,604,443 ³⁾	79,224,250	27,437,895	128,266,588

1) Of this total \$4,100,000 is DOD money.

2) Of this total, \$65,000,000 is to come from DOD.

3) Of this total, \$21,000,000 has been allocated from the DD/P allocation. It is expected that the difference will be made up from savings.

4) Does not include development costs of \$664,444 which were approved as part of TSS FY 60 budget.

5) Not included in FY 61 budget submission.

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ANNEX 28

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17 August 1967

MEMORANDUM FOR: Deputy Director for Science and Technology

SUBJECT: TAGBOARD Program

1. This memorandum is for information only.
2. This Office has little information about the TAGBOARD program since its transfer to Director, Program D, NRO, in 1963. However, since the Agency handles contracting for TAGBOARD, some background information is available. A significant events summary chronology of the program is attached, based largely on information available to the Office of Special Activities Contracting Officer.
3. Additional comments about the program that follow are based on informal remarks made in the past several weeks by Kelly Johnson, Col. Clason B. Saunders, Director, Program D (case officer of the program) or as indicated.
4. Initially the TAGBOARD D-21, Mach 3.3 drone was to be carried on top of and launched from specially modified A-12 aircraft (originally two) which were designated M-21's. In this configuration the D-21 drone ramjet engine was to be ignited, checked out while attached to the M-21 and launched at speeds of Mach 3 - 3.2 for cruise flights at altitudes of 85-95,000 feet for a distance of about 3,000 miles. At recovery, camera, payload and certain equipments are ejected and retrieved, by a parachute air snatch accomplished by special C-130 aircraft, with the basic D-21 drone vehicle being destroyed.
5. After loss of an M-21 aircraft during a flight test launch in 1966, the program was reviewed by NRO and reoriented. Two B-52-H aircraft were substituted in place of the M-21 launch aircraft and configured to accommodate a modified D-21 drone, redesignated the D-21B, which would be gravity dropped from the B-52H launch vehicle. The reoriented program required an addition to the D-21B drone of a solid propellant

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rocket booster (in essence a second stage) and associated equipment to enable the drone to be accelerated, after drop from the B-52H, to an appropriate altitude and ram pressure (to start the inlet) at which time the D-21B drone ramjet engine would be ignited. The program called for the use of a solid rocket, which had been previously qualified and man-rated for the Apollo program. However, according to Col. Saunders, sometime after the reoriented program was under way, Kelly Johnson ascertained that the new D-21B configuration needed more thrust and, as a result, the rocket had to be redesigned and increased in size to accommodate the new requirement. Recently problems have been encountered with qualifying the redesigned rocket. Kelly Johnson said that quality control problems were encountered in the rocket case materiel but corrective action has been undertaken. Also according to Col. Saunders, it was necessary to add a flame shield type of nozzle to the aft end of the rocket to protect the drone from hot exhaust temperatures of the rocket. Aside from the aforementioned major redesign effort, we have been hearing (off the record) of some concern being expressed by Lockheed performance people about the eventual range of the D-21B drone, originally forecast at 3000 nm. OXCART practical flight experience in Southeast Asia indicates that the severity of upper air hot day temperatures (above standard day) encountered may reduce D-21B specification range by as much as 10% in similar situations. Also, there is some concern that wind shears or rapid temperature changes may possibly induce flameouts when operating in areas of the world where these situations are encountered.

6. Step by step, the TAGBOARD reoriented program has evolved from a purported initial simple second stage configuration, with an on-the-shelf qualified rocket capability, into a redesigned one of increased size and complexity. It is not known to what extent Kelly Johnson returned to the wind tunnel to verify these rather major changes from the initial approved reoriented TAGBOARD program. Kelly Johnson, however, exudes his usual confidence forecasting the satisfactory demonstration of the D-21B in four test flights scheduled later this year. It is a rather optimistic feeling for such a complex reoriented program (new first stage, i. e., B-52H, and addition of a second stage, i. e. rocket et al).

(Signed)

JOHN PARANGOSKY

Deputy Director of Special Activities

Attachment

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BYE-2559-67I. Summary TAGBOARD ChronologyA. July 1962

Lockheed Aircraft Corporation (LAC) authorized to perform a drone configuration and feasibility study for approximately six months.

B. December 1962

LAC authorized to proceed towards design and fabrication of 20 drones and conversion of two A-12 aircraft (WEDLOCK) to launch vehicles. Definitive contract later provided essentially for the following:

1. Conversion of two A-12 aircraft to M-21 launch aircraft
2. Fabrication of 20 D-21 drones
3. Static testing of one of the 20 drones
4. Flight test of 12 airplane months, including demonstration of specifications
5. Initial spares, AGE, manuals, facility construction (Bldg. 199 and Area 51) and other related items.

C. March 1963

Hycon authorized to proceed with fabrication of cameras. Definitive contract later provided essentially for:

1. One prototype HR-335 camera
2. Nine production HR-335 cameras
3. Flight test program
4. Initial spares, AGE, manuals, etc.

D. October 1963

At NRO request technical responsibility for the program was

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transferred from CIA/OSA to General Geary (now Col. Saunders), Program D Director, with contracting to remain with CIA/OSA.

E. April 1966

LAC authorized to proceed with production of 15 additional Model D-21 drones.

F. August 1966

On fourth test drone launch over PMR the M-21 launch aircraft (S/N 135) was destroyed leaving one M-21 aircraft S/N 134 as the only launch vehicle. Of the initial 20 drones fabricated, this left 15 D-21 drones (one used for static testing and four for launches). Without a back up launch vehicle, program was re-evaluated.

G. September 1966

LAC advised to continue program on a limited basis.

H. December 1966

LAC provided with one B-52H aircraft (as a replacement for M-21 launch aircraft) for modification to a launch configured aircraft, but to continue program on a limited basis.

I. January 1967

After NRO review program reoriented: LAC authorized to:

1. Retrofit the 15 remaining D-21's to D-21B configuration
2. Fabricate seven additional D-21B's in lieu of the 15 D-21's previously authorized
3. Modify the B-52H aircraft
4. Produce long lead items for modification of second B-52H launch aircraft

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J. May 1967

LAC advised to procure long lead items for eight additional drones. (15 retrofit, 7 production and long lead for 8)

K. July 1967

LAC advised to proceed with twelve additional drones (15 retrofit and 19 production).

L. August 1967

LAC delivery schedule received for current approved program:

Drone Delivery Schedule

Retrofit D-21 Drones to D-21B Aircraft Configuration:

<u>Serial Number</u>	<u>Date</u>
501	1967 July
507	August
508	August
509	September
510	September
511	October
512	October
513	November
514	November
515	December
516	December
517	1968 January
518	January
519	February
520	February

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Production D-21B Drones:

<u>Serial Number</u>	<u>Date</u>
521	1968 March
522	April
523	May
524	June
525	July
526	August
527	September
528	October
529	November
530	December
531	December
532	1969 January
533	February
534	March
535	March
536	April
537	May
538	June
539	June

M. August 1967

Proposal received from Hycon to finish the updating of the ten cameras previously furnished under the initial contract and to deliver eleven additional cameras. (After the loss of launch aircraft S/N 135 Hycon was also advised to work on a limited basis, i. e., procurement of long lead items, etc., until approval to proceed with reoriented program was received.)

N. A second B-52H launch aircraft has been assigned to the program and furnished to LAC for modification in September 1967. Estimated completion of modification is December 1967 including check-out.

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Attachment to
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Page 5

II. General

A. Initial D-21B drone flight testing will be conducted from Area 51 through December 1967 and later at Beale Air Force Base. Four drone test launches are scheduled to be made by the end of December 1967 to demonstrate specifications. It is also planned that two of the launches will include Hycon camera tests.

B. The following NRO funding has been allocated, thus far, to the TAGBOARD program as indicated:

FY 1963	6,415,000
FY 1964	33,475,000
FY 1965	34,300,000
FY 1966	22,208,000
FY 1967	48,516,000
*FY 1968	36,733,400**
	<hr/> \$181,647,400

*As of 15 August 1968

**Includes \$2,000,000 for long lead items for procurement of sixteen drone systems to be procured in FY 1969. (Contractors, LAC and Hycon, have been advised that future procurements are anticipated to be: sixteen drones and eight cameras per year.)

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ANNEX 29

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7 October 1963

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: Abolition of the Office of Special Activities - Pros and Cons

1. This memorandum is for your information.
2. In connection with FY 1965 budget and manpower limitations, it has been suggested that CIA withdraw voluntarily from the entire National Reconnaissance Program, and that the assignments of the Office of Special Activities be transferred to the United States Air Force.
3. Such an action would reduce the CIA manning table by approximately 700, half of them Air Force personnel on assignment to whom we have made no career commitment. By doing so, we would save only \$12 million in FY 1965, since all of the developmental and operational programs are now funded in the Air Force (NRO) budget. This elimination would reduce DD/S&T by one half and eliminate our residual substantive influence on the reconnaissance program.
4. However, the tragedy in such an elimination would be a national one. The Intelligence Community now depends on satellite and aircraft photography for the majority of its raw intelligence on the Soviet-Sino Bloc. Two systems have produced all of this photography to date - the U-2 and CORONA - both products of the Office of Special Activities and its predecessor, the Development Projects Division. These two systems also provide an unusual amount of hard intelligence on the uncommitted and semi-friendly world. Were it not for an in-house CIA developmental and operational capability, albeit strongly supported by the Air Force, there is real question in everyone's mind whether we would now have either of these priceless national assets.
5. The U-2 flew higher and farther and took pictures because intelligence was its only mission. Likewise, the CORONA succeeded and was gradually improved because national intelligence was its only mission. On the other hand, intelligence will always rank fourth or fifth on

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the Air Force priority list, as compared with strategic and tactical warfare, not to mention military space. This is as it should be, but it does not presage a dramatic change in Air Force policy.

6. The essential fact in evidence is that CIA (Office of Special Activities) has demonstrated by performance an ability to identify, pursue and operate reconnaissance programs which provide the majority of our national intelligence. I submit that they do so because they are in the intelligence business. The OSA represents the only proven group in the Government - or at least outside the Air Force - which can carry a development program through from conception to operation. Continuity of civilian personnel in the organization and CIA flexibility in bringing outstanding non-Government people into participation on a meaningful basis are major reasons for this record. The argument that this activity is a parasitic one is handily abolished by OXCART which is leading both DOD and civilian (SST) supersonic aircraft by a wide margin. This capability has been painfully developed over the past ten years and now represents a major national resource. It is not a resource to be brokered away lightly.

7. The transfer of the assignments of OSA to the Air Force would do little to enhance their capabilities and would assure no greater control of the NRP for the Intelligence Community. Neither is it a factor in influencing the NRO, for its role has been progressively reduced from that of a wife to a domestic. Rather, it would remove the one pacing group from the reconnaissance field. By executive decision, manned overflights of denied territory have been carried out only by the CIA since 1956 so as to assure maximum secrecy and permit plausible denial. To transfer this function to the Air Force should be made a matter of Presidential decision.

8. It is not clear that the operational role played by OSA, especially in the U-2 program, could be effectively handled by the Air Force. Elaborate base negotiations and use of foreign national pilots is a new assignment for the Air Attaches in areas where DD/P coordination of intelligence activities is already strained. It is not clear that adequate secure Air Force communications exist to existing and planned bases. Certainly, there is question in my mind whether an Air Force U-2 program could or would exploit the opportunities offered by U. S. Navy carrier platforms.

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9. There is also a very serious question whether covert contracting, under CIA's unique legislation, and proper security could be maintained if OSA were abolished, since these functions are now performed in-house by special arrangement and appear in the OSA personnel budget. CIA security influence over the entire National Reconnaissance Program would certainly diminish if the structure of security controls were transferred to the Air Force.

10. The basic argument against abandoning OSA to the Air Force is not a bureaucratic one. Rather, it is that OSA represents a unique national asset: an experienced, integrated organization with a demonstrated capability for developing and operating reconnaissance systems which produce intelligence data upon which this country has come to rely. Until that record is matched, I submit that we can find better opportunities to save \$12 million and 700 positions somewhere else in the Federal Government.

(Signed)
ALBERT D. WHEELON
Deputy Director
(Science and Technology)

cc: DDCI
EX DIR
Deputy to DCI/NIPE

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ANNEX 30

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BYE 2165-65

3 February 1965

MEMORANDUM FOR: Director, NRO

SUBJECT: IDEALIST Program Summary

1. In order to forecast the life expectancy and utility of the U-2, it is necessary to assess briefly the capabilities of other covert reconnaissance systems in being, both satellite and manned.

a. CORONA. Basically, the KH-4 role is one of search reconnaissance and broad area surveillance. Presumably, the system has nearly reached the ultimate in its performance. The results of NPIC comparison of the KH-4 product to U-2 photography over Cuba demonstrate that KH-4 is not the successor to manned aircraft reconnaissance.

b. GAMBIT. KH-7 is the system which most closely approximates U-2 quality. However, it has been the least reliable reconnaissance system and remains in R&D status. Even upon achieving operational readiness, KH-7's lack of quick response and its subjection to perishable weather forecasts make it unlikely that KH-7 will be an early successor to the U-2 other than in areas now denied the latter.

c. Albeit a SKYLARK capability is being developed, and the general OXCART capability is being improved, it is not foreseen within the immediate future that the OXCART will be technically ready for employment over the Sino-Soviet Bloc.

2. It is apparent from the above that there is no successor to U-2 reconnaissance in the immediate future. It may be therefore assumed that the life expectancy for the U-2 will be at least two more years, operating in the same general areas as at present--China, North Korea, Sino-Indian border, SEA, Cuba, Tuamotu Archipelago, and wherever a requirement may be generated.

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3. Beyond 1966, the requirement for the U-2 becomes less clear as to identification of specific target areas. It can be assumed, however, that the international scene will be no less parlous than it is now, and crises will continue to occur which will require covert reconnaissance. They could occur in South America, Africa, the Middle East, and Indonesia. For reasons of mobility, economy, reliability, and quick response, the U-2 would be the appropriate reconnaissance vehicle.

4. The useful life of the U-2 is limited by the introduction of unfavorable defensive environments. As such defenses develop, this will shrink the areas in which the U-2 may safely operate. In light of the history of surface-to-air missile deployment outside the communist sphere, it seems doubtful that by 1970 the areas of safe operation for the U-2 will be much more circumscribed than at present.

5. To supplement future intelligence gathering reconnaissance, there exists a long-standing requirement for base-line photography of broad areas of the earth, particularly in Africa and South America. National sensitivities will preclude, in all probability, such acquisition other than by covert means. The U-2 provides the best vehicle for an enterprise of such magnitude.

6. The five-year forecast submitted to the Executive Committee on 1 September 1964 is still considered valid, and the utility life of the U-2 will depend largely on availability of aircraft as attrition takes its toll in the ensuing years.

(Signed)
Jack C. Ledford
Colonel, USAF
Director, Program B

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ANNEX 31

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11 November 1955

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: Meeting with Messrs. Quarles and
Gardner on 14 November 1955

1. You will remember that the basic purpose of this meeting is to try to reach agreement on the manner in which the budget for Project AQUATONE/OILSTONE for Fiscal Year 1957 will be handled. The major practical question at issue is whether this budget (which will amount to about fifteen million dollars) is to be included in the CIA budget, which in turn is buried in the Defense budget or, alternatively, whether the whole amount is to be included in the Air Force budget. I have discussed this matter at some length with Colonel Ritland and with Colonel Berg (the Air Force project officer for AQUATONE) and it has appeared to all three of us that a number of rather far-reaching underlying issues must be considered in order to arrive at a sensible conclusion on the immediate practical question. I comment briefly on these issues in the following paragraphs.

2. One point on which I feel extremely strongly, and on which Colonel Ritland and Colonel Berg agree with me, is that the budget for this project must be included in the CIA budget if the present administrative arrangements are to continue in effect during Fiscal Year 1957. At the present time AQUATONE is housed in CIA space, governed by CIA security regulations, and placed in a line of command outside of the regular Air Force line of command. This arrangement was the one contemplated in the proposal originally approved by higher authority and it is the one you have favored throughout our discussions with the Air Force. It is working smoothly and effectively with the basic principle of conducting AQUATONE as a clandestine intelligence gathering operation accepted by all concerned. It is, however, out of the question that this Agency should continue to play its present part in the administration and control of the project unless it is budgeting for at least a sizeable part of the cost. Actually, I believe that on the basis of our present planning the Air Force will incur at least half of the cost of the project throughout its life since the Air Force is furnishing some thirty to forty million dollars worth

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of materiel, existing and newly built facilities at overseas bases and operational support which will probably cost more than the direct operational activities for which we have budgeted. Accordingly, I must recommend to you in the very strongest terms I can employ that we either budget ourselves for the direct cost of this project for Fiscal Year 1957 or set in motion immediately the turnover of the full control of the project to the Air Force. Only a fiscal theorist could even seriously suggest an intermediate alternative.

3. The foregoing recommendation defines the practical question that must be decided at this time. Contemplation of this practical question, however, inevitably involves thought as to what is to be the ultimate fate of AQUATONE (if it turns out to be feasible to continue the operation of this project for a number of years) or of the successor activities which surely must be contemplated if AQUATONE itself turns out to have a short life. Moreover, this question cannot be disentangled from that of the manner in which similar activities are organized and carried out within the Air Force. In short, it is hard to chart a sensible course for AQUATONE without trying to decide how all activities of this sort could best be organized within the U.S. Government.

4. Without attempting to lead you through extensive argumentation, I will summarize my own views on this matter as follows. I might say that these are concurred in by Colonel Ridland and I believe they are regarded as sensible by Colonel Berg.

a. The present dispersion of responsibility, whereby activities of the sort here under discussion are being carried on by USAFE, FEAF, SAC, and ourselves, is uneconomic and involves considerable risk of duplication of effort and of inadequacy of central control. It would probably be desirable in the long run to create a single operating organization, controlled directly from Washington, which would carry out all overflight activities involving penetrations of more than a few miles in depth in peacetime. This organization could draw heavily on existing commands (and on the CIA) for support.

b. The argument against the conduct of overflights by strictly military organizations with air crews that are members of

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the Armed Services of the United States is even more powerful today than it was a year ago. Though the second Geneva Conference has demonstrated that the Russians are nearly as unyielding as ever, enough of the spirit of the first Geneva Conference is still adrift so that anything that could be identified as an overt act of military aggression would call down serious political penalties upon this country. Accordingly, if there is to be a single organization responsible for overflights, its aircrews should be civilians; it should be organized to as great an extent as feasible with civilian personnel; and its activities should be regarded as clandestine intelligence gathering operations.

c. The foregoing considerations lead me to the conclusion that the single organization here proposed should be a mixed task force, organized outside of the framework of any of the regular military services though drawing extensive support from them. On the other hand, I am inclined to believe that the Air Force should own a majority of the common stock in this organization, by contrast with the present situation in which the CIA owns the majority of the common stock in AQUATONE. In any event, however, I believe that both CIA and the Air Force should contribute personnel and support and consideration might even be given to bringing the other services in as minority stockholders.

d. One further argument in favor of some such arrangement as that here proposed is that an organization with a permanent interest in this activity would be in a position to stimulate continuing research and development. It is worth noting that with two early and unimportant exceptions the aircraft under production for AQUATONE are the first ever designed exclusively for a reconnaissance mission and, of course, are the only ones that have ever been designed to meet the requirements of altitude, range and security imposed by the contemplated mission.

5. The views advanced in the preceding paragraphs have to do with the ultimate organization (and by inference, financing) of overflight activities. Meanwhile, how is AQUATONE to be carried on for another fiscal year? The following considerations, I submit, all suggest that the present arrangement should be continued through Fiscal Year 1957 or until such time as a more permanent arrangement can be arrived at.

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a. At the present time it would be difficult if not impossible for the Air Force to take over the responsibility for AQUATONE and to carry the project on in anything approaching the present fashion. Air Force procurement procedures differ sharply from those that have been employed in this project. The Air Force is less well organized to make use of a predominantly civilian maintenance and support organization, which has been developed in this case for well considered and solid reasons. Within the Air Force an operational activity of this sort would undoubtedly be made the responsibility of SAC or of another operational command. In this way the project would become a direct military activity and the advantages of plausible denial by the military establishment and of attributability only to the civilian intelligence arm would be lost.

b. Although the present arrangement cannot be regarded as a permanent one, it will take time to evolve either the pattern proposed above, or any other arrangement that will perpetuate certain of the advantages of the present one. The surest way to encourage some sound and well-thought-through plan of overflight organizations is to maintain the status quo long enough (a) to prove (or disprove) the AQUATONE capability and (b) to allow the emergence of a carefully-thought-out plan for the longer run.

c. Regardless of these considerations, grave practical difficulties would confront a shift of responsibility as early as the summer of 1956. The end of this fiscal year will occur only two and a half months after the target date for the initiation of operations. It is vital that command channels and organizational arrangements not be disturbed at that point. Nine or twelve months later it is to be hoped that the organization conducting the project will be seasoned, its equipment accumulated and the phasing out of civilian personnel in favor of the military will be feasible (if it is then desirable). Indeed, the risks involved in a major change some nine and a half months from now are so great that I believe the shift might well be undertaken at once if it is going to have to be made so soon.

6. I am not closing my eyes to the practical problem of getting money from the Bureau of the Budget and from Congress. I would emphasize three points, however, that bear directly upon this ugly task.

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First: I believe it should be made absolutely clear to the Director of the Budget that, as stated in paragraph 2 above, the issue is not merely a financial one of which Agency shall budget for a required expenditure but is basically one of organization and ultimate responsibility. If the Bureau of the Budget recommends Air Force financing it is in fact making a recommendation about the character of and the responsibility for this project. The issue should be discussed in these terms.

Second: It should be kept in mind at all times by all concerned that we are making a choice between (a) burying X dollars for CIA in the Air Force budget, and (b) adding the same X dollars to the Air Force budget. Whatever the outcome the Congress is going to be asked to vote X dollars in the Air Force budget. Moreover, X dollars is far too big to get by on any basis without explanation to someone. I am unable to see why security is served by explaining the purpose to which the X dollars will be put to the whole Armed Services and Appropriations Committees instead of to the smaller number of Congressmen and Senators who pass on the CIA budget.

Third: No matter how the accounts are set up, this project should be supported before the Bureau and before Congress by the Air Force and the CIA jointly and their joint support should be in such terms as to make it unmistakably clear that they are agreed on the urgency of the requirement, the size of the budget, and the organizational arrangements under which the project is being carried on. If this is done, I believe there is little bearing on purely political grounds between one choice of financing and another.

7. In the light of the above I recommend:

a. That you propose to Messrs. Quarles and Gardner that they undertake an examination of the organization of overflight reconnaissance activities, the CIA to join in their discussions insofar as CIA activities and interests are concerned, and that we endeavor to arrive, after full consideration, at a rational and orderly pattern for the longer run.

b. That, pending the outcome of such study, AQUATONE be continued under the present organizational arrangement in Fiscal Year

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1957, with a provisional decision at this time, however, that some more permanent long-run arrangement will come into effect no later than Fiscal Year 1957.

c. That the CIA budget for the direct costs of AQUATONE in 1957 as presently planned but that the budget for this project be presented and defended to the Bureau of the Budget and the Congress jointly by the two agencies.

d. That in the interests of security as well as for the other reasons listed above, the Air Force reconnaissance activities employing the special Lockheed aircraft to be bought by the Air Force be closely integrated with the activities of AQUATONE, with the hope that this integration of activities may turn out to be a step toward the permanent long-range arrangements to be evolved in the course of the next year and a half.

(Signed)

RICHARD M. BISSELL, Jr.
Special Assistant to the Director
for Planning and Coordination

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ANNEX 32

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Special Handling

C
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P
YTHE SECRETARY OF DEFENSE
Washington, D. C.

6 September 1961

The Honorable Allen W. Dulles
Director of Central Intelligence
Washington, D. C.

Re: Management of the National Reconnaissance Program

Dear Mr. Dulles:

This letter confirms our agreement with respect to the setting up of a National Reconnaissance Program (NRP), and the arrangements for dealing both with the management and operation of this program and the handling of the intelligence product of the program on a covert basis.

1. The NRP will consist of all satellite and overflight reconnaissance projects whether overt or covert. It will include all photographic projects for intelligence, geodesy and mapping purposes, and electronic signal collection projects for electronic signal intelligence and communications intelligence resulting therefrom.

2. There will be established on a covert basis a National Reconnaissance Office to manage this program. This office will be under the direction of the Under Secretary of the Air Force and the Deputy Director (Plans) of the Central Intelligence Agency acting jointly. It will include a small special staff whose personnel will be drawn from the Department of Defense and the Central Intelligence Agency. This office will have direct control over all elements of the total program.

3. Decisions of the National Reconnaissance Office will be implemented and its management of the National Reconnaissance Program made effective: within the Department of Defense, by the exercise of the authority delegated to the Under Secretary of the Air Force; within the Central Intelligence Agency, by the Deputy Director (Plans) in the performance of his presently assigned duties. The Under Secretary of the Air Force will be designated Special Assistant for Reconnaissance to the Secretary of Defense and delegated full authority by me in this area.

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4. Within the Department of Defense, the Department of the Air Force will be the operational agency for management and conduct of the NRP, and will conduct this program through use of streamlined special management procedures involving direct control from the office of the Secretary of the Air Force to Reconnaissance System Project Directors in the field, without intervening reviews or approvals. The management and conduct of individual projects or elements thereof requiring special covert arrangements may be assigned to the Central Intelligence Agency as the operational agency.

5. A Technical Advisory Group for the National Reconnaissance Office will be established.

6. A uniform security control system will be established for the total program by the National Reconnaissance Office. Products from the various programs will be available to all users as designated by the United States Intelligence Board.

7. The National Reconnaissance Office will be directly responsive to, and only to, the photographic and electronic signal collection requirements and priorities as established by the United States Intelligence Board.

8. The National Reconnaissance Office will develop suitable cover plans and public information plans, in conjunction with the Assistant Secretary of Defense, Public Affairs, to reduce potential political vulnerability of these programs. In regard to satellite systems, it will be necessary to apply the revised public information policy to other non-sensitive satellite projects in order to insure maximum protection.

9. The Directors of the National Reconnaissance Office will establish detailed working procedures to insure that the particular talents, experience and capabilities within the Department of Defense and the Central Intelligence Agency are fully and most effectively utilized in this program.

10. Management control of the field operations of various elements of the program will be exercised directly, in the case of the Department of Defense, from the Under Secretary of the Air Force to the designated project officers for each program and, in the case of the Central

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Intelligence Agency. Major program elements and operations of the National Reconnaissance Office will be reviewed on a regular basis and as special circumstances require by the Special Group under NSC 5412.

If the foregoing is in accord with your understanding of our agreement, I would appreciate it if you would kindly sign and return the enclosed copy of this letter.

(Signed)

Roswell L. Gilpatric
Deputy Secretary of Defense

1 Atch:

Chart "Single Mgmt for
National Reconnaissance
Programs" (TS)

CONCUR:

(Signed) C. P. Cabell
General, USAF
Acting Director, Central Intelligence Agency

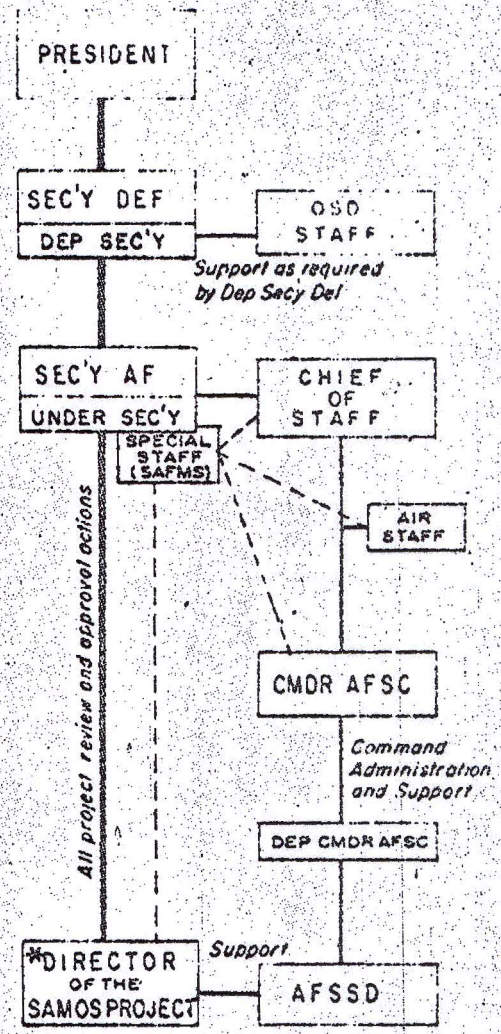
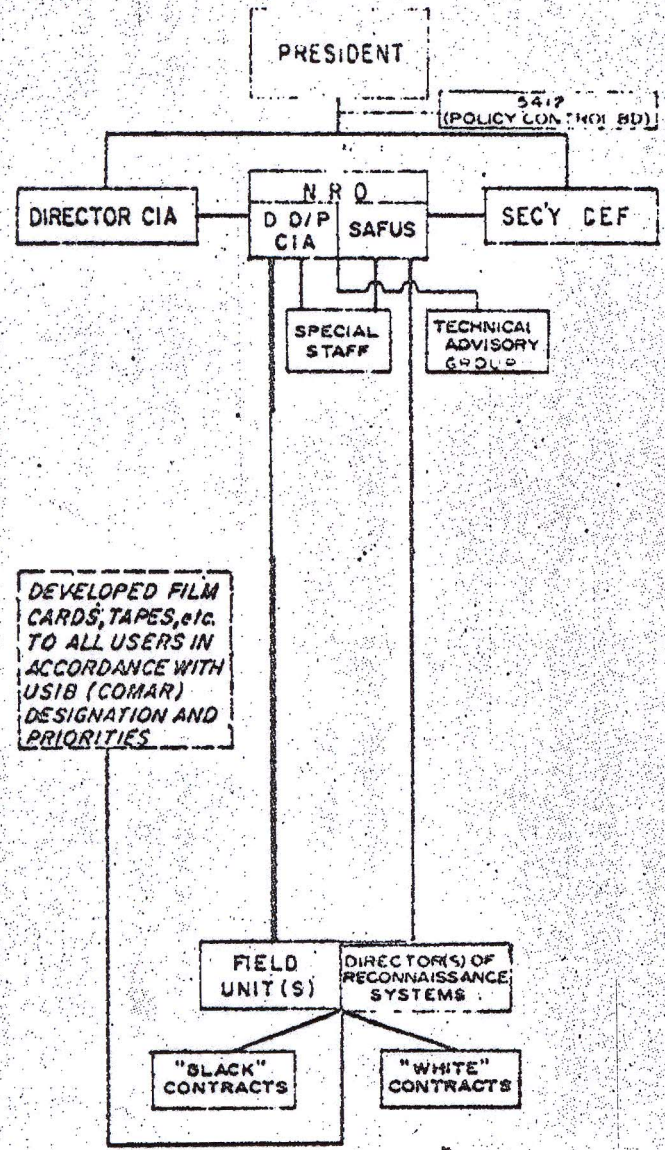
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TOP SECRET SPECIAL HANDLING SINGLE MANAGEMENT FOR NATIONAL RECONNAISSANCE PROGRAM(S)

(FIG B) - ACTUAL SITUATION ↔ (FIG A) - APPARENT SITUATION



* Director is assigned to Secy AF, maintains field extension office at AFSSD, also serves as Vice Commander, AFSSD.

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ANNEX 33

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5 December 1961

DIVISION OF RESPONSIBILITY WITHIN NRO

1. The NRO is composed of certain offices within the Department of the Air Force and the Central Intelligence Agency. It is headed by co-directors each of whom acts using the authority of his overt position within his own organization. The NRO has inherited responsibility for several reconnaissance programs which are in different stages of development and operation and which have been managed both technically, operationally, and with respect to security, in somewhat different fashions.

2. There exists today a workable and well understood division of responsibility between the two offices for the several programs with which the NRO is concerned. It is contemplated that there will be no immediate change in the established division of responsibility but consideration will be given to a redefinition of responsibilities for those programs that are today in their earlier stages in such a way as to make the best use of the capabilities of the two participating organizations.

3. The present allocation of responsibilities with respect to the major programs is as follows:

a. CORONA/MURAL/ARGON: The Air Force has primary responsibility for (1) launch scheduling and launching; (2) orbit and recovery operations; (3) development and procurement of boosters, orbiting vehicles, and Elint payloads. CIA has primary responsibility for (1) targeting; (2) procurement of photographic payloads and nose cones; (4) security.

b. SAMOS: The Air Force has primary responsibility for SAMOS with CIA in a supporting role. The latter is important particularly in target planning and in security planning.

c. OXCART: This is the primary responsibility of the CIA with the Air Force in a supporting role.

4. With respect especially to the later configurations of SAMOS and to other advanced systems, consideration will be given to gradual

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modification of this distribution of responsibilities. In general, it is clear that Air Force elements will retain primary responsibility for operations and for vehicle development and procurement. For the most part these activities not only can but must be "white", that is, conducted in a reasonably public fashion. CIA's main contribution will be in target planning, serving as the communication channel for operational control, security, and that development and procurement which should be "black". More specifically, the following gradual changes will be considered:

a. It may soon be possible for all procurement of nose cones (recovery systems) to be white in which case this should be assumed by the Air Force.

b. It would appear that there will be an increasing pressure to conduct the development/procurement of at least certain cameras covertly; the CIA may assume a larger responsibility with respect to all such systems.

(Drafted by Eugene P. Kiefer
Special Asst for Tech Analysis
DPD/DDP

Approved by R. M. Bissell, Jr., DD/P
Copies sent, with agreement of
Under Secty of AF, Dr. Charyk,
to PFIAB (Mr. Coyne) and the
White House (Gen. Maxwell Taylor))

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ANNEX 34

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2 May 1962

COPYAgreement BetweenSecretary of Defense and the Director of Central IntelligenceonResponsibilities of the National Reconnaissance Office (TS)Definitions:

- NRO National Reconnaissance Office
- NRP National Reconnaissance Program, to consist of all overt and covert satellite and overflight projects for intelligence, geodesy and mapping photography and electronic signal collection.
- DNRO Director, National Reconnaissance Office

Policy:

The following plan outlines basic policy for the establishment of functions and responsibilities within the National Reconnaissance Office to insure that the particular talents, experience and capabilities within the Department of Defense and the Central Intelligence Agency are fully and most effectively utilized in the establishment, management and conduct of the National Reconnaissance Program. The DNRO will be designated by the Secretary of Defense and the Director of Central Intelligence, and will be responsible directly to them for the management and conduct of the NRP.

1. Requirements and Priorities:

The NRO will be directly responsive to, and only to, the photographic and electronic signal (SIGINT) collection requirements and

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priorities established by the United States Intelligence Board and will develop the over-all reconnaissance program to satisfy these requirements.

2. Management:

a. The technical management responsibility for all the NRP is assigned to the DNRO. Under this over-responsibility for NRP, DNRO will utilize existing resources in the following manner:

(1) CIA will be the Executive Agent for DNRO for those covert projects already under its management and such additional covert projects as are assigned to it by the Secretary of Defense and the Director of Central Intelligence.

(2) To provide for full use of available capabilities and resources, and to provide for interface with data exploitation equipment development by agencies outside the NRO, personnel of Army, Navy, Air Force and CIA, will be assigned, on a full-time basis, to appropriate positions within the NRO under the DNRO.

(3) A firm liaison channel between the NRO and the NSA will be established as an adjunct to the technical management structure of signal collection projects, and the conduct of such projects carried out in accordance with the exploitation responsibilities of the NSA.

(4) Planning will encompass maximum utilization of the technical and operational resources of the DOD, the Army, Navy, Air Force, NSA and the CIA to support all collection programs, including, but not limited to, electronic signal and photographic collection programs.

b. Financial Management:

(1) The DNRO will be responsible for funding the NRP. DOD funds will be allocated on an individual project basis and will appear as appropriately classified line items in the Air Force budget. CIA will be responsible for funding covert projects for which it has management responsibility under paragraph 2. a. (1) above.

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(2) DNRO will have responsibility for all NRP contracts in accordance with the assignment of technical management responsibility in paragraph 2. a. Consistent with paragraph 2. a. (1), CIA will be the Executive Agent of the DNRO, responsible for administering procurement and contracting for covert projects for which it is assigned responsibility under paragraph 2. a. (1), and for covert contracting necessary for the support of overt projects.

3. Security:

In accordance with the basic responsibility of the Director of Central Intelligence for protection of intelligence sources and methods, CIA will establish security policy for the NRP, including provision for a uniform system of security control and appropriate delegations of security responsibility.

4. Operations:

a. Scheduling: The mission schedule for all NRP efforts will be the sole responsibility of DNRO, subject to coordination with CIA on covert projects for which it is Executive Agent and the obtaining of appropriate clearances where required from higher authority. Operational control for individual projects under the NRP will be assigned to the DOD or to the CIA by the DNRO in accordance with policy guidance from the Secretary of Defense and the Director of Central Intelligence. DNRO will be responsible to assure that mission planning will make full use of all intelligence available in the community.

b. Format: The DNRO will be responsible for the format of the collected NRP product as follows:

(1) Photographic format will include the initial chemical processing, titling, production and delivery to the users as specified by the USIB.

(2) Electronic signal data format will include the decommutation, conversion, technical correction and reconstruction of the

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collected signal data to yield a usable collection product. DNRO will deliver the collection product in proper format together with associated data necessary for exploitation, to the NSA or other user as specified by the USIB.

c. Engineering Analysis: The DNRO will be responsible for engineering analysis of all collection systems to correct the problems that exist on the operating system as well as to provide information for new systems. In connection with covert projects for which CIA is the Executive Agent, this responsibility will be carried out under the supervision of CIA.

5. The DNRO is responsible for advanced plans (post CY-1962) in support of the NRP. In view of the DCI's major responsibility to the NSC for all intelligence programs, all NRO advanced planning will be coordinated with CIA.

6. Public releases of information will be the responsibility of the DNRO subject to the security guidance of CIA.

7. The Deputy Director (Research), CIA, will be responsible for seeing that the participation of CIA in this Agreement is carried out.

(Signed)
JOHN A. McCONE
Director of Central Intelligence

(Signed)
ROSWELL L. GILPATRICK
Deputy Secretary of Defense

2 May 1962

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ANNEX 35

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DEPARTMENT OF THE AIR FORCE

23 JUL 1962

MEMORANDUM FOR: NRO Program Directors
Director, NRO Staff

SUBJECT: (S) Organization and Functions of the NRO

- References:
- (a) Deputy Secretary of Defense memo, for multiple Addressees, Subject, (TS) DOD-CIA Agreement, dated 14 June 1962
 - (b) DOD-CIA Agreement dated 2 May 1962 re NRO
 - (c) DOD Directive TS-5105, 23 dated 14 June 1962
 - (d) Deputy Secretary of Defense memo, for multiple addressees, Subject, (s) National Reconnaissance Office, dated 14 June 1962

1. Purpose.

This memorandum will serve to establish the basic organization of the NRO and functions of the individual NRO elements, and outline the over-all concept of organization and operation. It is effective immediately and will apply until superseded by issuance of formal NRO regulations.

2. Organizational Concepts.

a. Although the NRO is established as an operating agency, the sensitivity of its mission and the security required for its projects and activities make it necessary to conceal all aspects of the NRO organization behind other plausible, overt names, organizations and functions. The NRO thus will be a separately organized, operating agency concealed entirely within other agencies, using personnel and other resources of these agencies on a full or part time basis as required.

b. The NRO will be kept as small as possible in order to operate with the efficiency and quick reaction time required. The Office will

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consist of carefully selected personnel of the highest qualifications, and will be confined to the minimum number required to accomplish the task under the conditions which apply. By arranging these personnel so that other, larger groups may be controlled through overt (additional duty) assignments of NRO Program Directors, the actual size of the NRO may be kept quite small, and thus more easily concealed, although the size of the personnel and resources directly controlled is necessarily large. Thus, in addition to personnel within the NRO, there will be many others who work full time on projects of the NRP under the complete control of the NRO, others who work part time on such projects, and still others who have knowledge of the NRO and/or some projects of the NRP but who are not actually involved in such work at all.

c. Accordingly, the NRO is defined to consist of the DNRO, the NRO Staff, the NRO Program Directors, and their Project Directors and key staff officers. (See Fig 1, attached). At the present there are two NRO Program Directors, with the Director, Program A being responsible for NRP satellite effort conducted by the NRO through utilization of Department of the Air Force resources, and the Director, Program B being responsible for NRP effort conducted by the NRO through utilization of Central Intelligence Agency resources. A Director, Program C is being established to be responsible for NRP effort conducted by the NRO through utilization of Naval Research Laboratory resources. Additional Program Directors will be established, if required, upon decision to undertake development of new projects.

d. Necessary organizational cover for the NRO is or will be provided as follows:

(1) The activities of the DNRO are covered by his position of Under Secretary of the Air Force.

(2) The NRO staff will be covered by the overt title of Office of Space Systems, Office of the Secretary of the Air Force. The Director, Office of Space Systems will be the overt title of the Director, NRO Staff. The NRO staff will receive all administrative and logistic support from the Office of the Secretary of the Air Force.

(3) The activities and office of the Director, Program A are covered by his overt primary duty assignment as the Director of Special Projects, Office of the Secretary of the Air Force, and his field extension of the Office of the Secretary at El Segundo, California.

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Through specified additional duty and specific agreements and written administrative arrangements, he directly controls all resources of the Air Force Space Systems Division which are involved in full or part time work for the NRO.

(4) An appropriate and similarly effective arrangement will be established for the Director, Program C.

(5) The activities and office of the Director, Program B are covered by his overt duty as Deputy Director/Research, CIA.

e. As appropriate, and within the limits of the established strength of the NRO, the DNRO will invite nominations from appropriate Services and Agencies for well qualified individuals to serve in the NRO. Selection of personnel for such duty will be on the basis of individual qualifications for the NRO tasks concerned. These qualifications will include, in addition to education and over-all experience, knowledge of both the principal problems of the parent Service or Agency of concern to the NRO, and the key personnel concerned with these problems. Although personnel selected for duty in the NRO will accomplish liaison and coordination in the course of their NRO duties, they will not be liaison officers as such, or representatives of their parent Service or Agency; they will be full time members of the NRO, serving a full tour on an inter-agency transfer basis, and responsible solely to their NRO supervisors for the duration of such tour.

f. Streamlined management procedures approved by the DNRO will be used throughout all aspects of the NRO management. Program Directors will be responsible directly and solely to the DNRO.

g. Necessary personnel and resources will be made available to Program Directors by the applicable Service or Agency. All such normally required support of the NRO will be covered by suitable documentation, prepared by Program Directors in conjunction with the Service or Agency concerned, and approved by the DNRO.

h. Services and Agencies supporting the NRO and NRP will make no reference to such support outside NRO channels except to identify the total of supporting manpower and resources as "committed in full (or part) support of work assigned under the provisions of paragraph HIB, DOD Directive No. TS 5105.23."

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i. The DNRO is responsible for all funding of the NRP. All covert funds will be budgeted by the CIA, and all covert NRP contracts will be let by the CIA as Executive Agent for the DNRO. In cases where the technical management of covert NRP contracts is assigned to Directors of Program A or C, the CIA may co-locate procurement personnel with the Director concerned. All other NRP funds will be budgeted in appropriately classified items of the Air Force budget. Funds will be transferred to appropriate Services and Agencies on an incremental funding basis, based upon specific approval of assigned NRP work by the DNRO.

j. Although the Program Directors will be responsible for carrying out the operational phases of assigned NRP projects, certain specific operations functions will be carried out within the NRO in Washington. In general, these functions will be those tasks which directly concern the NRO interface with the USIB, which determines program requirements, targets, and priorities, and with the principal users of program results. To the maximum extent possible, all tasks concerning these interfaces will be accomplished within the Washington part of the NRO under the close personal supervision of the DNRO. These tasks will include establishment of the mission schedule for all NRP projects, the approval of specific mission plans, and the obtaining of appropriate clearances where required from higher authority.

(1) Subject to the above provisions, the DNRO will assign operational control for aircraft projects to the appropriate Program Directors. The NRO staff will keep the DNRO currently informed of the status of such operations.

(2) In the case of satellite projects, the NRO staff will be responsible for actual mission planning from the standpoint of specifying desired targets to be covered, desired on-orbit target program options (to the extent that such options exist within the system capability of individual projects), and approval of the actual mission target program and options which are programmed into each flight vehicle. The staff will also make all on-orbit selection between target coverage options, based on weather or intelligence factors. The staff will utilize direct communications links with the Satellite Test Annex (STA) at Sunnyvale, California, and will be assisted in this task by personnel and computer resources of the STA. Where computer programs are required to assist in mission programming, such programs will be developed to provide the maximum flexibility and choice to the staff, and will provide for efficient re-cycling to meet specific target requirements identified after initial mission programs have been computed.

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(3) The NRO staff also will be responsible for NRO interface with the USIB, and for NRO coordination of all peripheral reconnaissance activities.

3. Program Directors

a. Program Directors will be "second in command" of the NRO for matters assigned to them. The Director, NRO Staff will be responsible for notifying the appropriate Program Director in case emergency actions are required during the temporary absence of the DNRO. (In case of a long absence, an acting DNRO will be appointed).

b. Each Program Director will submit for DNRO approval at the earliest:

(1) Diagrams, names of personnel, and brief identification of the duties of all of their personnel coming within the definition of the NRO, as outlined herein. Two separate diagrams and duty descriptions will be submitted: one showing the actual NRO organization and duties, and the other showing the overt organization and apparent duties.

(2) Similar identification of all other personnel involved in full or partial support of assigned NRO matters. In case of partial support, the proportion of each individual's work in support of the NRO will be shown.

(3) A list of key non-NRO personnel who are absolutely essential to the conduct of assigned NRO work. Upon approval of this list, the DNRO will make arrangements with the parent Service or Agency so that these personnel will not be transferred or re-assigned without his prior approval. Normally, such personnel will be transferred only when a qualified replacement can be in place for sufficient time prior to departure of the incumbent to assure no serious effect on NRO work.

4. NRO Staff

a. In addition to such other duties as the DNRO may assign, the principal responsibilities of the NRO staff will be to:

(1) Assist the DNRO to maintain current knowledge of the status of each project of the NRP.

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(2) Assist the Program Directors by accomplishing all project matters which require action above the Program Director's level in Washington.

(3) Establish and maintain the NRO interface with the USIB and with the principal users of NRP results.

(4) Carry out the operational responsibilities described elsewhere herein as functions of the NRO staff, including satellite mission planning from the point of view of selection of targets and target options, and exercise of all on-orbit target options.

(5) Coordinate all peripheral reconnaissance activities of the U. S. with the missions of the NRP.

(6) Keep designated personnel in each Service and specified Agency completely informed on the content and status of the NRP in order that they may take the action necessary to prepare for adequate exploitation of the collected intelligence products.

(7) Conduct studies of the over-all NRP to determine the most reasonable combination of projects and number of missions that should be planned to meet the total requirements and priorities established by USIB. Monitor detailed studies of individual projects conducted or contracted for by Program Directors.

(8) Monitor and take all necessary staff action to handle State Department, UN, DOD, JCS, and Congressional matters which affect the NRO or NRP.

(9) Assist the DNRO in establishing and maintaining effective streamlined management procedures appropriate to the mission of the NRO and consistent with the security considerations which apply.

(10) Provide staff support to the DNRO for any matter required in connection with his duties, including preparation of reports, illustrations and briefings covering any aspect of the NRP.

b. The organization and functional composition of the NRO Staff is shown in Fig 2, attached.

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(1) The Assistant for Plans and Policy will be responsible for over-all assistance in establishing and maintaining NRO management procedures and the interface of such procedures with all Washington offices and agencies concerned. He will also be responsible for handling State, UN, Disarmament, and DOD matters affecting the NRO or NRP.

(2) The Assistant for Plans and Policy will also be responsible for the continuous study of the over-all NRP, with particular attention to the determination of the number and type of projects required to assure the most efficient and effective over-all program. He will be assisted in this responsibility by a Deputy Assistant (Photo Plans) and a Deputy Assistant (SIGINT Plans).

(3) In order to assure that his responsibilities are discharged in critical appreciation of the present state of NRP capabilities, limitations, and difficulties, the Assistant for Plans and Policy will draw upon other members of the NRO staff and members of the Program Directors' staffs for appropriate part time assistance. Detailed studies of specific projects will be assigned to the appropriate Program Director, as well as all studies for which contractual action is required.

(4) The Deputy for Aircraft Projects will be responsible for assisting appropriate Program Directors in obtaining necessary support for all aircraft and drone projects of the NRP, and for keeping the DNRO currently informed on the status and capabilities of such projects. He will also be responsible for coordination of U. S. peripheral reconnaissance missions with aircraft and drone missions of the NRP.

(5) The Deputy for Satellite Projects will be responsible for assisting appropriate Program Directors in obtaining necessary support for all satellite projects of the NRP, and for keeping the DNRO currently informed on the status and capabilities of such projects.

(6) The Deputy for Operations will be responsible for all satellite operations tasks herein assigned to the NRO staff (ref. par. 2 j). He will be responsible for coordination of U. S. peripheral reconnaissance missions with satellite missions of the NRP. In addition, he will be responsible for the NRO working interface with the USIB in regard to target requirements and priorities.

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(7) The NRO comptroller will be a designated assistant to the Assistant Secretary of the Air Force (Financial Management).

5. Determination of need-to-know

Program Directors will determine need-to-know for all persons who are actively working on assigned NRO matters under their jurisdiction. The DNRO will determine need-to-know for all other persons for all projects of the NRP.

6. Exploitation Planning.

In order to permit adequate preparation for exploitation of the results of NRP projects while necessarily restricting the number of persons having knowledge of the actual collection projects, the following procedure will be followed. The NRO staff will brief and keep current the Intelligence officers of each Service and three of their selected "workers," the Director, DIA, and his designated personnel of the DIA Special Activities Office, the Director, NPIC, and his designated personnel, and the Director, NSA and designated personnel. Except for the DIA, the designated personnel will not exceed three officers in addition to the Chief or Director. These persons will be supported by adequate cleared secretarial and clerical personnel, and will be completely briefed on all applicable collection projects of the NRP. As a result, they will be expected to review the exploitation capabilities of their Service or Agency, and direct the necessary preparatory action. Although such direction will be based upon their specific knowledge of the collection programs of the NRP, the action will be directed by virtue of the organizational authority of the directing official without requiring any further disclosure of specific NRP project data. Normally, no other operational clearances will be granted on the basis of need to prepare for exploitation. Necessary technical data will be released in timely fashion under the product clearance to enable full exploitation of the collected products.

7. Project Responsibility Documents

Program Directors, in conjunction with the NRO Staff, will prepare a separate document for each NRP project for which they have been assigned primary responsibility. This document will identify the specific assignment of responsibilities for all aspects of the project,

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including pertinent agreements that have been made. Such documents will be signed by all Program Directors concerned and submitted to the DNRO for approval.

8. Processing of NRO Matters

Prior specific approval of the DNRO will be required for any matter of the NRO or NRP to be processed to higher authority.

/s/ Joseph V. Charyk
Joseph V. Charyk
(S) Director, National Reconnaissance Office

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1. Fig 1 - NRO
2. Fig 2 - NRO Staff

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Director, National Reconnaissance Office
(Under Secretary of the Air Force)

NRO Staff
(Office of Space
Systems, USAF)

DIRECTOR, PROGRAM A
(Director of Special Projects,
OSAF, El Segundo, Calif.)

Key Staff and
Project Directors

DIRECTOR, PROGRAM B
(Deputy Director/Research,
CIA)

Key Staff and
Project Directors

DIRECTOR, PROGRAM C
(Director of Naval
Intelligence)

Key Staff and
Project Directors

NOTE: Unclassified titles shown
in parentheses.

Fig 1 - (s) National Reconnaissance Office

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13 March 1963

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AGREEMENT BETWEEN
THE SECRETARY OF DEFENSE AND
THE DIRECTOR OF CENTRAL INTELLIGENCE
ON
MANAGEMENT OF THE NATIONAL RECONNAISSANCE PROGRAM

I. Management of the National Reconnaissance Program

A. To insure that the particular talents, experience and capabilities within the Department of Defense and the Central Intelligence Agency are fully and most effectively utilized in the establishment, management and conduct of the National Reconnaissance Program, the Secretary of Defense and the Director of Central Intelligence hereby agree that the Secretary of Defense shall be the Executive Agent for the National Reconnaissance Program, which shall be developed, managed and conducted in accordance with policies and guidance jointly agreed to by the Secretary of Defense and the Director of Central Intelligence.

B. To carry out his responsibilities as Executive Agent for the National Reconnaissance Program, the Secretary of Defense will establish as a separate operating agency of the Department of Defense a National Reconnaissance Office under the direction, authority and control of the Secretary of Defense.

C. In the execution of their respective responsibilities the Secretary of Defense and the Director of Central Intelligence may designate appropriate officials of the Office of the Secretary of Defense and the Central Intelligence Agency to examine and monitor on their behalf the activities of the National Reconnaissance Office.

II. Organization and Command of the National Reconnaissance Office

The National Reconnaissance Office shall consist of:

A. A Director appointed from among the officers and employees of the Department of Defense by the Secretary of Defense with the concurrence of the Director of Central Intelligence, who shall devote a major portion of his time to the business of the National Reconnaissance Office.

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B. A Deputy Director appointed from among the officers and employees of the Central Intelligence Agency by the Director of Central Intelligence with the concurrence of the Secretary of Defense. The Deputy Director NRO shall be in the chain of command directly under the Director NRO and shall at all times be kept fully and currently informed as to all activities of the National reconnaissance Program. Under the direction of the Director NRO he shall be responsible for:

1. Supervising relations between the NRO and the United States Intelligence Board and its subcommittees, and the intelligence exploitation community.
2. Supervising all NRP tasks assigned by the Director NRO to the Central Intelligence Agency.
3. Performing such other duties as may be assigned by the Director, NRO.

The Deputy Director shall act for, and exercise the powers of the Director, NRO, during his absence or disability.

C. Such personnel of the Army, Navy, Air Force, other components of the Department of Defense and the Central Intelligence Agency as shall be assigned on a full time basis to appropriate positions within the National Reconnaissance Office.

D. The chain of command shall run directly from the Secretary of Defense as Executive Agent to the Director, NRO. Guidance to the Director, NRO, shall be furnished by the Secretary of Defense as Executive Agent hereunder and by the United States Intelligence Board.

III. Functions and Responsibilities of the National Reconnaissance Office

Subject to the direction, authority and control of the Secretary of Defense, the National Reconnaissance Office, under the operational direction and control of its Director, is responsible for the management of all aspects of the NRP, including but not limited to:

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A. Development on a continuing basis for the approval of the Secretary of Defense and the Director of Central Intelligence of a single National Reconnaissance Program of all projects for collection of intelligence, mapping and geodetic information through overflights over denied territory, by collection systems exclusive of normal peripheral operations. Maximum use will be made of appropriate technical and operational capabilities and resources of the Department of Defense, NSA and CIA to support all collection and processing projects.

B. Responding directly and solely to the intelligence collection requirements and priorities established by the United States Intelligence Board.

C. Scheduling all missions for overflights in the National Reconnaissance Program, obtaining appropriate clearances where required from higher authority.

D. All NRP flights over denied territory, employing appropriate capabilities, facilities and resources of the Department of Defense and the Central Intelligence Agency.

E. Initial imagery processing, titling, production and delivery of the collected product to the users as specified by the USIB.

F. Decommuration, conversion, technical correction and reconstruction of the collected electronic signal data to yield a usable collection product, and delivery of such collection product in proper format together with associated data necessary for exploitation to the NSA or other user as specified by the USIB.

G. Engineering analysis of all collection systems to correct the problems that exist on the operating systems as well as to provide information for new systems.

H. Planning and conduct of research and development of future NRP projects, utilizing appropriate resources and capabilities of the DOD, CIA and private contractors.

I. Presentation, as required, of all aspects of the NRP to the Special Group and the President's Foreign Intelligence Advisory Board.

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J. Maintenance of a uniform system of security procedures and control in accordance with security policy established for the NRP by the Director of Central Intelligence.

K. Preparation of budget requests for all NRO programs, and presentation and substantiation of such budget requests to the Secretary of Defense and the Director of Central Intelligence, the Bureau of the Budget and Congressional Committees. CIA will include in its budget presentation to the Bureau of the Budget and Congressional Committees the funds for those NRP tasks which are assigned to CIA and which are to be financed from NRO resources.

L. Direction and management of the application of, and administration of all funds made available for the National Reconnaissance Program. Funds expended or obligated under the authority of the Director of Central Intelligence under Public Law 110 will be administered and accounted for by CIA.

M. Rendition of status of funds reports and analyses.

N. Release of public information subject to the security guidance of CIA.

IV. Authorities

The Director, National Reconnaissance Office, in connection with his assigned responsibilities for the National Reconnaissance Program, shall be authorized to:

A. Organize, staff and supervise the National Reconnaissance Office.

B. Establish, manage and conduct the National Reconnaissance Program.

C. Assign all project tasks such as technical management, contracting, etc., to appropriate elements of the DOD and the CIA, changing such assignments, and taking any such steps he may determine necessary to the efficient management of the NRP.

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D. Issue appropriate instructions and procedures implementing this agreement.

V. Relationships

A. In carrying out his responsibilities for the National Reconnaissance Program, the Director, National Reconnaissance Office shall:

1. Report directly to the Secretary of Defense and shall keep him and the Director of Central Intelligence currently informed on the NRO and the NRP. In addition he shall keep such officials of the Department of Defense and the Central Intelligence Agency as the Secretary of Defense and the Director of Central Intelligence may respectively designate under the provisions of paragraph I. C. to examine and monitor the National Reconnaissance Program on their behalf, personally informed on a regular basis, or on request, on the status of projects of the National Reconnaissance Program.

2. Establish appropriate liaison between the National Reconnaissance Office and the United States Intelligence Board, the Joint Chiefs of Staff, the Defense Intelligence Agency, and the National Security Agency.

3. Where appropriate make use of qualified personnel of the Department of Defense and the Central Intelligence Agency as full-time members of the National Reconnaissance Office.

4. Make maximum utilization of appropriate technical and operational capabilities and resources of the Department of Defense, the National Security Agency and the Central Intelligence Agency to support all collection and processing programs including but not limited to, electronic signal and imagery programs.

B. Officials of all elements of the Department of Defense and the Central Intelligence Agency shall provide support within their respective authorities to the Director, National Reconnaissance Office, as may be necessary for the Director to carry out his assigned responsibilities and functions. Streamlined management procedures shall be utilized whereby individual project directors will report directly to the Director, National Reconnaissance Office. The Director, National Reconnaissance Office, shall be given support as required from normal staff elements of the

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military departments and agencies of the Department of Defense and of the Central Intelligence Agency concerned, although these staff elements will not participate in those project matters except as he specifically requests, and those projects will not be subject to normal Department of Defense or Central Intelligence Agency staff review.

VI. Effective Date

This agreement is effective upon signature and supersedes the DOD-CIA NRO Agreement dated 2 May 1962.

13 March 1963

(Signed)

John A. McCone
Director of Central Intelligence

(Signed)

Roswell Gilpatric
Deputy Secretary of Defense

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NATIONAL RECONNAISSANCE OFFICE

PROGRAM FUNDING

1. Definitions:

Program - Refers, in the broadest sense, to the NRO.

Projects - Refers to major elements within the NRP, such as OXCART, CORONA, etc.

Tasks - Refers to a work effort assigned by the DNRO which is a portion of a project or which provides for a separate item not considered a complete mission item.

2. The National Reconnaissance Program will be financed from appropriations for the military functions of the Department of Defense.
3. The NRP will be implemented, based upon individual projects and tasks approved by the DNRO and the NRPG through the issuance by the DNRO of program directives to the program directors; i. e. CIA Program Director (Program Baker) in the instance of projects and tasks to be accomplished through CIA.
4. Based upon the program directive, the CIA Program Director (Program Baker) will prepare a definitized program document, including the estimate of funds required therefor. The Comptroller of CIA will prepare a Standard Form No. 1080 "Voucher for Transfers Between Appropriations and/or Funds" in the amount of the estimated funds required as shown on the definitized program document and will cross-reference via a code identifier.
5. The definitized program document and the Standard Form No. 1080 voucher will separately be transmitted to the NRO. The NRO will arrange for the accomplishment of the Standard Form No. 1080 voucher and thereby accomplish the advance to the CIA of the precise amount estimated to be required for the specific individual project or task as previously approved by the Director NRO.
6. In the event that funding requirements for a project or task may change during the course of the fiscal year, the Program Director in CIA will submit a revised definitized program document to indicate revised dollar estimates for decision by DNRO. To the extent revision in

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dollar estimates are approved by the DNRO, the Comptroller CIA will prepare a Standard Form 1080 voucher in the amount of the change and transmit same to the NRO. The NRO will arrange for the required reprogramming of funds and for the accomplishment of the Standard Form 1080 voucher, thereby adjusting the amount of the advances in accordance with the approval of the NRO.

7. Funds advanced to the CIA for each specific project or task will be available only for the specific project or task for which advanced. Any adjustments between projects or tasks will require the specific approval of the DNRO. Flexibility within each project or task is authorized without reference to the DNRO, provided that the total advance for the project or task is not exceeded.
8. The CIA will report at least monthly the fiscal status of each project or task in relationship to the amount advanced to the CIA therefor.
9. The foregoing arrangements will be effective for FY 1964 and subsequent fiscal years.
10. FY 1963 funds appropriated to CIA for NRO programs will be obligated in accordance with assignment of NRO projects and tasks by the DNRO.

The foregoing Program Funding Agreement is effective upon signature and becomes an appendix to the DOD-CIA NRO Agreement dated 13 March 1963.

(Signed)

John A. McCone
Director
Central Intelligence Agency

5 April 1963

(Signed)

Roswell Gilpatric
Deputy Secretary of Defense

4 April 1963

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10 May 1963

METHOD OF OPERATION FOR THE DD/NRO

Reference: DOD-CIA Agreement on NRO dated 13 March 1963 (BYE 6655-63)

1. The referenced agreement defines the duties of the DDNRO, under the direction of the DNRO, as follows:
 - a. Keeping fully and currently informed as to all activities of the NRP.
 - b. Supervising relations between the NRO and the United States Intelligence Board and its subcommittees, and the intelligence exploitation community.
 - c. Supervising all NRP tasks assigned by the Director, NRO to the Central Intelligence Agency.
 - d. Performing such other duties as may be assigned by the Director, NRO.
 - e. Acting for, and exercising the powers of the Director, NRO, during his absence or disability.
2. The DDNRO will retain his present office location and supporting staff as the Deputy Director (Research), CIA. In addition, the Director, NRO Staff will provide a Pentagon office for the DDNRO within the restricted area presently occupied by the NRO Staff. The NRO Staff will provide secretarial and any other assistance required by the DDNRO during occupancy of his Pentagon office. Normally, the DDNRO will use his Pentagon office on a part-time basis. However, when serving as Acting DNRO due to absence or disability of the DNRO, he will occupy his Pentagon office as required.
3. In order to permit the DDNRO to be kept fully and currently informed on all activities of the NRP,
 - a. The Director, NRO Staff will establish internal NRO administrative procedures which will insure that the office of the DDNRO will receive on a routine routing basis copies of all incoming and outgoing correspondence, cables, etc. The NRO Staff will earmark those items

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which they believe require specific attention of the DDNRO, and arrange for priority delivery when appropriate.

b. The Director, NRO Staff will establish procedures to assist the DDNRO to keep informed on NRO problems and actions in work. These procedures will consist of regularly scheduled informal discussions with the DDNRO by senior NRO Staff personnel. Normally, these discussions will be held in the CIA office of the DDNRO, at a time selected by him.

c. The NRO Staff will keep the DDNRO office informed of all major meetings or briefings in order that the DDNRO may attend, or send a representative, if appropriate.

d. The NRO Staff normally will coordinate with the DDNRO action matters of particular interest in regard to his assigned responsibilities prior to presenting them to the DNRO, although such prior coordination shall not be a prerequisite for the Staff to take up any matter with the DNRO. In presenting all actions to the DNRO, the NRO Staff will indicate the coordination which has been obtained, and will obtain any additional coordination which may be required by the DNRO.

4. In order to carry out his responsibilities for supervising relationships between the NRO and USIB, the DDNRO will work with the USIB and its subcommittees, and with the DIA, to insure that appropriate requirements guidance is provided to the NRO for the development and execution of the NRP. He will insure that the NRO keeps the USIB and the DIA adequately informed on NRO programs so that this guidance will be meaningful. With appropriate assistance from NRO Staff, the DDNRO will work with the intelligence exploitation community, primarily NPIC, NSA, and DIA, to insure that a proper interface exists between the NRP and those responsible for exploiting its products. This activity will involve both working with the exploiters to insure adequate preparation to handle the collected products, and insuring that specialized requirements of the exploiters are adequately considered in the development and operation of the collection systems.

5. In carrying out his duties in regard to the CIA support of the NRP, the DDNRO will be responsible for:

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- a. insuring that the CIA is responsive to NRO direction and guidance on all NRP projects and/or tasks assigned to the CIA;
 - b. insuring that the DNRO is informed on the progress of all NRO projects and/or tasks assigned to the CIA, and on any critical problems arising in connection therewith;
 - c. submitting to the DNRO for approval the programs and budgets for NRO projects and/or tasks assigned to the CIA;
 - d. insuring that all NRO funds made available to the CIA are used only for work which has been approved by the DNRO;
 - e. insuring that the CIA has within its own budget the necessary funds and personnel to provide internal CIA support for all assigned NRP responsibilities;
 - f. initiating preparation of proposals for operational employment of NRO projects assigned to the CIA. Such proposals will be submitted to the DNRO, and upon his approval, forwarded to the Special Group and higher authority for approval, as necessary. The DDNRO will act as the NRO spokesman during such higher level presentations when appropriate, as determined by the DNRO.
6. In carrying out the duties of Acting DNRO during a designated absence of the DNRO, the DDNRO will perform all of the functions of the DNRO, following the policies previously established by the DNRO. The NRO Staff will carry out all of its activities in support of the Acting DNRO in the same manner as for the DNRO.
7. The DDNRO shall be in the chain of command directly under the DNRO, although not an intermediary echelon between the DNRO and NRO Program Directors, the NRO Comptroller, or the Director, NRO Staff. The DDNRO shall have command authority over all elements of the NRO when serving as Acting DNRO during the absence or disability of the DNRO.

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ANNEX 38

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11 August 1965

AGREEMENT FOR REORGANIZATION OF THE
NATIONAL RECONNAISSANCE PROGRAMA. The National Reconnaissance Program

1. The NRP is a single program, national in character, to meet the intelligence needs of the Government under a strong national leadership, for the development, management, control and operation of all projects, both current and long range for the collection of intelligence and of mapping and geodetic information obtained through overflights (excluding peripheral reconnaissance operations). The potentialities of U. S. technology and all operational resources and facilities must be aggressively and imaginatively exploited to develop and operate systems for the collection of intelligence which are fully responsive to the Government's intelligence needs and objectives.

2. The National Reconnaissance Program shall be responsive directly and solely to the intelligence collection requirements and priorities established by the United States Intelligence Board. Targeting requirements and priorities and desired frequency of coverage of both satellite and manned aircraft missions over denied areas shall continue to be the responsibility of USIB, subject to the operational approval of the 303 Committee.

B. The Secretary of Defense will:

1. Establish the NRO as a separate agency of the DoD and will have the ultimate responsibility for the management and operation of the NRO and the NRP;

2. Choose a Director of the NRO who will report to him and be responsive to his instructions;

Excluded from automatic regrading;
DoD Dir. 3200.10 does not apply.

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3. Concur in the choice of the Deputy Director of the NRO who will report to the DNRO and be responsive to his instructions;

4. Review and have the final power to approve the NRP budget;

5. Sit with members of the Executive Committee, when necessary, to reach decisions on issues on which committee agreement could not be reached.

C. The Director of Central Intelligence will:

1. Establish the collection priorities and requirements for the targeting of NRP operations and the establishment of their frequency of coverage;

2. Review the results obtained by the NRP and recommend, if appropriate, steps for improving such results;

3. Sit as a member of the Executive Committee;

4. Review and approve the NRP budget each year;

5. Provide security policy guidance to maintain a uniform system in the whole NRP area.

D. National Reconnaissance Program Executive Committee

1. An NRP Executive Committee, consisting of the Deputy Secretary of Defense, the Director of Central Intelligence, and the Special Assistant to the President for Science and Technology, is hereby established to guide and participate in the formulation of the NRP through the DNRO. (The DNRO will sit with the Executive Committee but will not be a voting member.) If the Executive Committee can not agree on an issue the Secretary of Defense will be requested to sit with the Committee in discussing this issue and will arrive at a decision. The NRP Executive Committee will:

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a. Recommend to the Secretary of Defense an appropriate level of effort for the NRP in response to reconnaissance requirements provided by USIB and in the light of technical capabilities and fiscal limitations.

b. Approve or modify the consolidated National Reconnaissance Program and its budget.

c. Approve the allocation of responsibility and the corresponding funds for research and exploratory development for new systems. Funds shall be adequate to ensure that a vigorous research and exploratory development effort is achieved and maintained by the Department of Defense and CIA to design and construct new sensors to meet intelligence requirements aimed at the acquisition of intelligence data. This effort shall be carried out by both CIA and DoD.

d. Approve the allocation of development responsibilities and the corresponding funds for specific reconnaissance programs with a view to ensuring that the development, testing and production of new systems is accomplished with maximum efficiency by the component of the Government best equipped with facilities, experience and technical competence to undertake the assignment. It will also establish guidelines for collaboration between departments and for mutual support where appropriate. Assignment of responsibility for engineering development of sensor subsystems will be made to either the CIA or DoD components in accordance with the above criteria. The engineering development of all other subsystems, including spacecraft, reentry vehicles, boosters and booster interface subsystems shall in general be assigned to an Air Force component, recognizing, however, that sensors, spacecraft and reentry vehicles are integral components of a system, the development of which must proceed on a fully coordinated basis, with a view to ensuring optimum system development in support of intelligence requirements for overhead reconnaissance. To optimize the primary objective of systems development, design requirement of the sensors will be given priority in their integration within the spacecraft and reentry vehicles.

e. Assign operational responsibility for various types of manned overflight missions to CIA or DoD subject to the concurrence of the 303 Committee.

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f. Periodically review the essential features of the major program elements of the NRP.

2. The Executive Committee shall meet on the call of either the Deputy Secretary of Defense or the Director of Central Intelligence. All meetings will be attended by the DNRO and such staff advisors as the Deputy Secretary of Defense or the Director of Central Intelligence consider desirable.

E. National Reconnaissance Office

1. To implement the NRP, the Secretary of Defense will establish the NRO as a separate operating agency of the DoD. It shall include the SOC which shall be jointly manned.

2. The Director of the NRO shall be appointed by the Secretary of Defense. The Director NRO will:

a. Subject to direction and control of the Secretary of Defense and the guidance of the Executive Committee as set forth in Section D above, have the responsibility for managing the NRO and executing the NRP.

b. Subject to review by the Executive Committee, and the provisions of Section D above, have authority to initiate, approve, modify, redirect or terminate all research and development programs in the NRP. Ensure, through appropriate recommendations to the Executive Committee for the assignment of research and development responsibilities and the allocation of funds, that the full potentialities of agencies of the Government concerned with reconnaissance are realized for the invention, improvement and development of reconnaissance systems to meet USIB requirements.

c. Have authority to require that he be kept fully and completely informed by all Agencies and Departments of the Government of all programs and activities undertaken as part of the NRP.

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d. Maintain and provide to the members of the Executive Committee records of the status of all projects, programs and activities of the NRP in the research, development, production and/or operational phases.

e. Prepare a comprehensive budget for all aspects of the National Reconnaissance Program.

f. Establish a fiscal control and accounting procedure to ensure that all funds expended in support of the National Reconnaissance Program are fully accounted for and appropriately utilized by the agencies concerned. In particular, the budget shall show separately those funds to be applied to research and exploratory design development, systems development, procurement, and operational activities. Funds expended or obligated under the authority of the Director of Central Intelligence under Public Law 110 shall be administered and accounted for by CIA and will be reported to DNRO in accordance with agreed upon procedures.

g. Sit with the USIB for the matters affecting the NRP.

3. The Deputy Director NRO shall be appointed by the DCI with the concurrence of the Deputy Secretary of Defense and shall serve full time in a line position directly under the Director NRO. The Deputy Director shall act for and exercise the powers of the Director, NRO during his absence or disability.

4. The NRO shall be jointly staffed in such a fashion as to reflect the best talent appropriately available from the CIA, the three military departments and other Government agencies. The NRO staff will report to the DNRO and DDNRO and will maintain no allegiance to the originating agency or Department.

F. Initial Allocation of Program Responsibilities

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1. Responsibility for existing programs of the NRP shall be allocated as indicated in Annex A attached hereto.

(signed)
Cyrus Vance
Deputy Secretary of Defense

(signed)
W. F. Raborn
Director of Central Intelligence

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The following assignments for the development of new optical sensor subsystems are made to take full advantage of technical capability and experience of the agencies involved.

1. The CIA will develop the improvements in the CORONA general search optical sensor subsystems.
2. Following the selection of a concept, and a contractor, for full-scale development, in the area of advanced general search, the CIA will develop the optical sensor subsystem for that system.
3. The Air Force (SAFSP) will develop the G-3 optical sensor subsystem for the advanced high-resolution pointing system.
4. SAFSP will develop the optical sensor subsystems (manned and unmanned) for the MOL program.

The Director, NRO will, in managing the corresponding over-all systems developments, ensure that:

1. The management of and contracting for the sensors is arranged so that the design and engineering capabilities in the various contractors are most efficiently utilized.
2. The sensor packages and other subsystems are integrated in an over-all system engineering design for each system, with DNRO having responsibility for systems integration of each over-all system.

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ANNEX 39

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1 October 1965

The Honorable Alexander Flax
 Director, National Reconnaissance Office
 Department of Defense
 Washington, D. C.

Dear Al:

The conclusion of a new NRO Agreement has caused us to examine the CIA organizational structure involved so as to assure ourselves that it will adequately support your office and its program. After careful study, we have decided to consolidate all of our satellite activities in the Office of Special Projects under Mr. John Crowley, and they will be responsible for CIA participation in CORONA, FULCRUM, [redacted] and other projects as required. Manned reconnaissance aircraft development and operations will be the responsibility of the Office of Special Activities under Brigadier General Jack Ledford, which will manage the U-2 and OXCART programs. The development of airborne electronic equipment is accomplished in the Office of Elint under Mr. George Miller, but is responsive to the needs and program management of OSA. All of these offices report to the DD/S&T, who is Dr. Albert D. Wheelon. In addition to these activities, we have the NRO funded STPOLLY and STSPIN programs in the Special Operations Division of DD/P under Major General Walsh.

All of this activity will come to a management focus in the person of a Director of CIA Reconnaissance Programs, who will report to the DD/S&T. Admiral Raborn and I will count on this individual to keep us informed on the NRP as appropriate. This will provide you with a single authoritative point of contact within the CIA for all our programs. It will replace the present concept of a Program B manager and relieve General Ledford of the responsibility for programs over which he has no real authority. In the future we will expect General Ledford to serve only in a line capacity as part of the CIA organization, in place of his present dual responsibility which has proved difficult to him and us. It is our desire that the CIA program within the NRP be

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so identified and that the Program B description of our activities be discontinued. I have designated Mr. Huntington Sheldon to serve in the capacity as Director of CIA Reconnaissance Programs on an interim basis, and all correspondence or requests bearing on CIA participation in the NRO should be addressed to him. We would hope that working level contact with the NRO Staff and Messrs. Crowley, Ledford, Miller, and Walsh would continue as before.

I believe that the implementation of these management steps will considerably enhance the ability of CIA to support the new NRO Agreement more effectively--an objective to which we are all pledged.

Sincerely,

(Signed)

Richard Helms
Deputy Director

cc: Mr. Vance
Admiral Raborn
Dr. Wheelon
Mr. FitzGerals
Mr. Reber

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12 January 1966

MEMORANDUM FOR : Huntington D. Sheldon

SUBJECT : Assignment of Responsibilities for NRO Matters

1. You will carry out the duties of Director of Reconnaissance, CIA in addition to your other duties as Chairman, USIB Watch Committee; Chairman, USIB SIGINT Committee; CIA SIGINT Officer; Special Assistant to the DD/S&T.
2. I look to you in your position as Director of Reconnaissance, CIA to keep in the closest touch with the Director and Deputy Director of the National Reconnaissance Office and to serve as the Agency's focal point in liaison with the NRO. You will be responsible for formulating, with appropriate coordination, the CIA views and position on all matters relating to the NRO. This will include the primary responsibility for preparing Agency responses to NRO memoranda, letters, and other requests for action or information on all subjects including fiscal and budgetary matters and those matters concerning CIA reconnaissance programs and operational approvals. You will keep the Office of the DCI informed and it will be your responsibility to seek my concurrence as and when required.
3. I will look to you to insure development of Agency positions for use before the NRO Executive Committee. In this connection you should effect coordination as necessary with the DD/S&T, who will attend Executive Committee meetings as my senior technical advisor.
4. In carrying out this responsibility, you will keep abreast of the work done by COMOR and the CIA Directorate of Intelligence in the field of intelligence requirements and targeting for reconnaissance. I regard it as of prime importance that the DCI be in a position at all times to comment on and take actions to correct any inadequacies of the National Reconnaissance Program, particularly in the meeting of national intelligence requirements.
5. You are also responsible for advising me on the budgetary and funding aspects of the National Reconnaissance Program. As a member

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of the NRO Executive Committee, the DCI will be taking an active part in the Executive Committee's consideration of the budgeting for and funding of all elements of the Program.

6. In accomplishing these tasks and to keep me fully informed, you will maintain the closest consultation with all appropriate elements of the Agency. Specifically, I want you to maintain close and continuing contact with the DD/S&T and the Office of Special Activities, the Office of Special Projects, and the Office of Elint; with the Deputy to the DCI for National Intelligence Programs Evaluation; with the Executive Director and, through him, the Office of Planning, Programming, and Budgeting; with COMOR; with the Deputy Director for Intelligence, NPIC, and the Collection Guidance Staff; and with the Deputy Director for Plans, particularly as NRO matters relate to CIA overseas responsibilities. All such Agency elements are to be responsive to your needs for information, advice, and assistance in developing the CIA position and the coordination of relationships on NRO matters.

7. The CIA Office of Security will be responsible for recommending security policy for the NRP and for supporting the NRO as required. The Office of Security will coordinate all NRO security policy matters with the DD/S&T and with you as the Director of Reconnaissance. I shall continue to delegate my authority to grant "need-to-know" approvals involving the NRP to the DD/S&T.

8. I shall expect you to develop the CIA position on matters affecting the processing and reporting of film and magnetic tape reconnaissance records in coordination with other elements of the Agency as necessary.

9. Nothing in this directive to you is to be construed as investing you with operational control of components of the Agency involved in the National Reconnaissance Program.

(Signed)
W. F. Raborn
Director

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