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March 19, 1954

MEMORANDUM FOR MR. FLEMMING

When I spoke to Mr. White and Mr. Ryan before lunch relative to the subject in which they are interested (paragraph 16 of NSC 97/6), I noted that a report of progress on this subject was to be made by you to the National Security Council by January 2, 1954 with any recommendations considered appropriate.

After lunch, I checked your progress report of January 8, 1954, and reviewed what was there said on this subject in its paragraph 16.

In view of what you said to me in our little talk at lunch, I assume that you will be pressing further on this matter with Secretary McKay and Secretary Anderson. It would be interesting to know whether the proposal which Mr. Ryan's company has made, according to him, to provide the pipe-line capacity through expenditure of private funds, was as valid and feasible as he believes. According to him and Mr. White, the proposal was to put two pipe-lines in one trench, each having five hundred thousand barrel capacity a day, one of them to be used currently by industry, and the other to be in reserve for governmental use when need should arise. In return for this, the government would be asked to pay fifteen million dollars a year for two years, and ten million dollars a year for three years, after the pipe-line had been built. It would be interesting also to know whether the opposition mentioned by Mr. Ryan to the building of these pipe-lines at this time was formidable, and the likely source of any delay.

am assuming that at some time in the future, you will let me know when you will be able to make a further progress report.

ROBERT OUTLER
Special Assistant
to the President

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