

2. My subsequent specific comments are designed to point out areas in which I think we must take a very close look to determine whether or not the Programs are in fact necessary and whether or not the funds presently designated for them should not, perhaps, be reassigned to higher priority programs designed to meet the more critical needs of the intelligence community.

SPECIFIC

Program A.

CORONA J -- While this amount appears reasonable, our discussion yesterday indicated that beyond those funds presently contracted for by Program B, no procurement of payloads by Program B is contemplated for the latter part of FY '65. This appears to prejudice a decision that the CORONA Program will be transferred in toto to Program A. I anticipate further discussions with reference to contracting responsibilities for Program B. You are familiar with my views which were expressed in a memorandum to Secretary McNamara commenting upon the PFLAB report which memorandum, I am sure, you have seen. With respect to introduction of Aerospace in the CORONA Program, I have given this serious thought and have concluded that such a move would be most undesirable and would risk serious damage to the Program and hence I request through this memorandum that the present arrangement, which was continued by letter contract through July, 1964, be put on a permanent basis. Any other action would be confusing and would seriously risk this important intelligence collecting asset.

ARGON -- This figure appears reasonable and I have no comment.

CORONA OCV -- I understand the original purpose of proposing the use of the expensive GAMBIT Orbital Control Vehicle (OCV) as a carrier for the CORONA cameras was to provide some degree of competition and therefore incentive to Lockheed for better performance. It seems to me that this move will introduce a whole new set of reliability problems and will increase the launch costs from \$4 to \$5 million per launch as we go from Thor Agenas to Atlas Agenas. This would be in addition to the \$3.7 million tentatively budgeted. I am not convinced that this is either a necessary or desirable move. In view of General Greer's statements, I invite further discussion concerning the advantages of using the Atlas Agena for the CORONA.

GAMBIT -- This schedule looks about right and the tentative financing appears adequate. As indicated in my letter, it appears that developmental activities necessary to bring the GAMBIT resolution down to 2' as indicated by Eastman Kodak representatives on Monday would be desirable. I would recommend that these activities be funded promptly.

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Force film processing at Westover as a line item in the NRO budget. I am interested in knowing whether this has previously been included in the NRO budget. It appears to me that now is the time to establish just what the separate or supplementary roles of our facilities at Eastman Kodak and the facility at Westover should be. I would like a briefing as to what your plans are in this regard.

MISCELLANEOUS -- I do not have any information as to what is contemplated under this line item and will need full justification for it.

Program B.

The Program B submissions for FY 1965 budget total \$473.6 million. These submissions were made on 20 September 1963. On 20 December 1963 the D/NRO furnished an approved OSD FY '65 budget estimate of \$305.9 million including \$32 million for KEDLOCK. Subsequent advices from D/NRO and instructions as to budget submissions have resulted in the directed figure of \$280.5 million of which \$38.5 million of this figure appears to be withheld for further justification or consideration as an addendum item. The reasoning behind all of these adjustments and the very tentative nature of the commitments requires further explanation.

OXCART -- The tentative program is significantly lower than the President's budget or the recommendations of Director, Program B, and I would predict a year-end deficit situation, particularly if operational missions are called for this year. It would appear that funds from KEDLOCK and TAGBOARD (in Program D) should probably be recaptured in magnitude sufficient to restore the Director-recommended OXCART funding.

IDEALIST -- The matter of additional U-2's for the U. S. inventory should be decided now. As discussed on Monday, two courses of action are open. The first is to build up the CIA inventory by modifying SAC U-2's on the assumption that such planes are available without impairing SAC's capabilities to fulfill its assigned missions. I have been told this situation

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might result if B-57F's are substituted for U-2's for certain atomic energy missions. The alternative is the building of new U-2L's. These would be better planes than the converted U-2's; however they would be more costly and furthermore to make it worthwhile to open up the production line, an order for 25 aircraft is indicated. I think we should confer and reach a decision on this matter at an early date.

COUNTERMEASURES -- In view of the OXCART supermarket program, it appears that all of the \$13.2 million recommendation should be furnished to Director, Program B, particularly since this Program was not in sight when the Presidential budget was set at \$6.5 million.

STSPIN -- These funds appear adequate to do the job.

PHOTOGRAPHIC -- These funds appear adequate to do the job.

ADVANCED SYSTEMS STUDIES -- This funding is adequate to determine FULCRUM feasibility and program definition during the first six months of the fiscal year but is not adequate to carry on into the second phase. The funding is adequate to determine [] feasibility as well as initial funding for financing [] during the second half of FY '65 if the first half looks good. Money should also be made available to continue preliminary design studies of the advanced aircraft and indications satellite (ZOSTER) which is now funded out of FY '64 funds.

FULCRUM -- My views are set forth in my letter to Secretary Vance.



AKINDLE -- Subject to Special Group encouragement, which I understand you will elicit at the Special Group meeting on July 23rd, no further action appears necessary at this time.

Program D

R-12 EARNING -- The amount tentatively programmed is \$67 million less than Director, Program D recommendation and does not appear adequate to prevent slippage. It appears to me that such a reduction would cause slippage or possible supplemental request. This, however, seems to be

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an Air Force problem. In fact, I wonder if the time is not approaching for the R-12 to be taken from the NRO budget and transferred to the Air Force.

KEDLOCK -- I notice no reduction in the KEDLOCK programming although most of the OXCART items have been seriously reduced. The question here is which comes first.

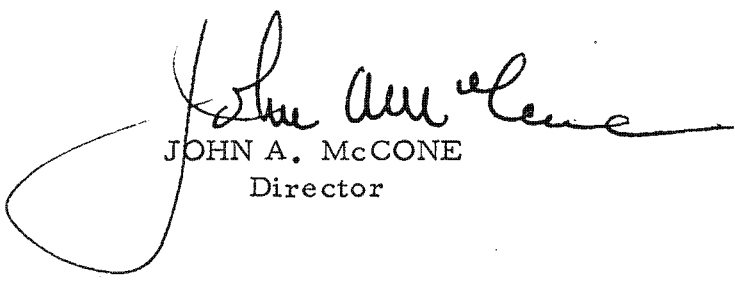
TAGBOARD -- I think it is now time for us to take a real hard look at TAGBOARD. My tentative conclusion is that this is a marginal program of unlikely utilization as an NRO operation and we might better divert the funds to other programs of greater promise over the long run.

DRAGON LADY -- Funds appear adequate.

- Funds appear adequate but, in any event, could be easily compensated at that order of magnitude.

SUMMARY

To summarize, I need much more information in considerably greater depth on those questions I have raised above and suggest that we continue these budget discussions at your earliest opportunity. In the meantime, major commitments of FY '65 funds in those controversial areas noted above should be held in abeyance until Secretary Vance and I can agree on a FY '65 NRP.


JOHN A. McCONE
Director

Attachment:

cc: Secretary Vance

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THE DIRECTOR OF CENTRAL INTELLIGENCE

BYE 4586-64

WASHINGTON 25, D. C.

23 July 1964

Dear Cy:

On July 22nd the United States Intelligence Board, with Dr. Fubini and Dr. McMillan present, discussed the Intelligence Requirements for Satellite Photography and agreed that their Committee on Overhead Reconnaissance (COMOR) should review the subject in depth and submit their recommendations as to requirements for USIB's consideration. The urgency of this assignment was emphasized. Dr. McMillan was requested to arrange for any additional NRO representation and participation that might be required in the COMOR discussions and recommendations.

In addition COMOR was requested to examine into the question of the importance of high resolution photography from the standpoint of intelligence needs. It was recognized that this is a difficult question, but it was felt that an examination of photography of differing resolutions might provide useful information for USIB. COMOR was asked to consult with NPIC and other analysts.

In connection with the subjects we have discussed over the past two days, I offer the following recommendations which I believe should be implemented promptly by D/NRO:

1. GAMBIT - All practical steps should be taken to obtain the maximum resolution from this system. The Eastman Kodak representatives indicated, but did not discuss in detail, that improvements could be made in elements of the GAMBIT system which would bring the resolution down to 2'. This seems desirable to me as it will represent improvement with no loss of area coverage.

2. GAMBIT-3 - In anticipation of need for a new high resolution system, I believe it important to convene an advisory panel to review the G-3 system and to advise you and me concerning its feasibility. I am frankly

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concerned that there may be some features of the G-3 that reach so far past the state of the art that prudence might dictate a brief period of component development and testing to prove feasibility of the system. For example, I am concerned that the large aspheric mirrors and their supporting structure might cause serious problems during operational flights. The opinion of a panel of experienced advisors, which could be obtained very quickly, would provide valuable guidance to us in making a judgment concerning the release of the G-3 system at a very considerable investment, or alternatively arranging for developmental work on critical components and thus proving feasibility before we are heavily committed.

3. FULCRUM - Proceed with the research and developmental work recommended by the Dr. Land panel and outlined to you by Dr. Wheelon yesterday. It is my understanding that the cost of the work will be in the neighborhood of \$5 million, \$850,000 of which has been supplied by CIA from FY '64 funds by agreement with D/NRO. The balance should be allocated from NRO's new systems research funds which I understand are adequate. Decision to proceed with FULCRUM as a system must necessarily await the successful conclusion of the developmental work proposed by Dr. Land's committee and this will require about six months.

4. Alternative high resolution spotting and search systems - It is my understanding that considerable thought has been given to alternative systems in anticipation of the availability of the TITAN III and that proposals were submitted on conceptual designs by the five principal systems manufacturers some two years ago. I am of the impression that the designers of both the G-3 and the FULCRUM systems are severely limited by weight problems because of the boosters they are using. It would, therefore, seem to me that concepts built around the larger payload capacity of TITAN III quite possibly would include very desirable and advantageous features. I therefore would appreciate

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receiving information on these conceptual plans and if you agree we might arrange for a briefing by either Dr. Fubini or Dr. McMillan since it is possible that the ideas advanced might weigh heavily on our decisions with respect to the two systems mentioned above.

Yours very truly,

/s/

John A. McCone
Director

The Honorable Cyrus R. Vance
Deputy Secretary of Defense
Department of Defense
Washington, D. C.

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