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11 JUN 1965

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In Accordance with E. O. 12958

on ~~NOV 26 1997~~

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MEMORANDUM FOR: Director of Central Intelligence
THROUGH: Deputy Director of Central Intelligence
SUBJECT: Technical Direction of On-Going
CORONA Payload Contracts

1. This memorandum is for the information of the DCI. It informs the DCI of action on the CORONA program I have directed to establish clearly with the participating contractors the responsibility and authority of the CIA to provide technical direction. The history of technical direction for the CORONA reconnaissance payload contracts since 1958 is also recited.

2. Contracts with General Electric, Lockheed Missiles and Space Company (LMSC), and ITEK in the total of approximately [REDACTED] for necessary continuing acquisition of hardware have been under negotiation since August 1964. The principal reason for failure to conclude these contracts to date has been a lack of agreement between D/NRO and the CIA on the matter of exercising technical direction over the contractors. We had hoped that the endeavors to establish a more acceptable relationship with NRO on the CORONA program would have met with success and the issue of technical direction could have been mutually resolved. This has not come to pass and the essential management necessities of contract work demanded that we proceed to negotiate and sign the necessary contracts. In light of the guidance given me by Mr. McCone and in order to reflect legally a de facto situation, I have authorized my contracting officers to designate CIA as the responsible element of the U. S. Government for these contracts. These contracts have already been negotiated with LMSC, ITEK, and General Electric and are now in process of final preparation and forwarding for signature.

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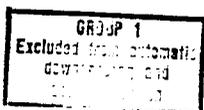
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3. Project CORONA was authorized by the White House on 15 April 1958. By provisions of the authorization, CIA was assigned the responsibility for development and procurement of the reconnaissance payload, i.e., cameras, film, recovery vehicle and spacecraft, and the management of target requirements, cover, security, and orbital payload operations. The Air Force was to supply the THOR-AGENA boosters and the launching, tracking, and recovery vehicles. CIA selected LMSC as the prime contractor for its responsibilities and ITEK and General Electric as sub-contractors for cameras and space vehicles respectively. LMSC, as the prime contractor, played a systems engineering and technical direction role.

4. In May 1961 the contractual relations with the three participating companies were changed, removing LMSC from a prime contractor posture and making all three companies associate contractors. LMSC, in addition to having a hardware contract, also was awarded a separate systems engineering and technical direction contract. One provision and one procedure contained in the LMSC contract are most germane to the current discussion on the exercise of technical direction. The provision to which I make reference, which also was contained in the contracts with ITEK and General Electric, read as follows:

"Over-all technical direction of the program is the joint responsibility of several agencies of the Government. In the interest of effective management, however, such direction will be provided primarily by and through the Air Force Space Systems Division acting as the agent for all interested components of the Government. The project officer established in SSD will be the single day-to-day point of contact for the contractor. LMSC shall establish and maintain technical and management control of sub-contractors as are required for proper execution of the work statement. Major sub-contractors are ITEK Laboratories and General Electric Space and Missile Division."

The procedure which was unique to the LMSC contract contained a directive to LMSC which had to be followed in order to make operative their responsibility for discharging "over-all technical direction." This procedure informed LMSC of the creation of a Configuration Control Board (CCB) which was a



- 2 -

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committee staffed by representatives of both the Air Force and the CIA. Any recommendations or change orders that LMSC desired to have performed by any of the other associate contractors had to be submitted to and approved by the CCB before they could be transmitted to the contractors. In effect, then, the totality of these two items represented the mechanism by which the joint responsibilities of the Air Force and CIA were joined together so that the technical competence and interests of both parties had their impact on the program. It was only for purposes of expediency and so that the Government would speak to the contractor with a single voice that it was agreed, per the quoted language above, that Space Systems Division would interface with LMSC as the "agent for all interested components of the Government."

5. When I assumed duties as DD/S&T on 5 August 1963, I observed that the substantive responsibilities for technical direction and management by CIA of its part of this program had been diluted to almost a non-participative degree. The three contributing causes to this fact were the physical movement of the

[REDACTED] the failure of the Air Force chairman of the CCB to convene that group and, in the absence of the CCB convening, the Air Force giving unilateral direction to LMSC in their systems engineering and technical direction role; the lack of CIA unilateral control over budgetary and fiscal matters necessary to conduct its portion of the CORONA program.

6. During the ensuing year the D/NRO made a series of proposals to the CIA that the Air Force assume complete management and technical jurisdiction for all aspects of the CORONA program. These overtures were consistently rebutted by the then DCI and DDCI. In support of these approaches, Dr. McMillan consistently made the point that he, as the D/NRO, could not be held responsible for the success of CORONA missions if he did not have ultimate and complete control for all matters pertaining to both boosters and payloads.

7. This continuing debate reached its climax at the 11 August 1964 meeting of the NRO Executive Committee. In connection with these Executive Committee meetings, you should be made aware that no recording secretary was present nor were official minutes prepared. Either Mr. McCone or

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General Carter for CIA would prepare memoranda for the record as would the DOD representatives present. Secretary Vance and Drs. Fubini and McMillan at that meeting aggressively urged upon Mr. McCone insertion of the [redacted] as a systems engineer contractor, in lieu of LMSC, on the CORONA program. Mr. McCone registered strong disagreement but stated that if the award of a systems engineering contract to [redacted] was the majority view then it should prevail but he wished registered his dissent with the decision. It is now fair to say that there never has been subsequent agreement to what was proposed and approved at that meeting. The D/NRO directed the Program B (CIA) contract officer to send a cable to LMSC, ITEK, and General Electric on 14 August 1964 informing them that the [redacted] "under the management of the [redacted] will be responsible for the general systems engineering and corresponding technical direction of the efforts under this current contract." (See Attachment A.) On 28 August 1964 the DDCI wrote the Deputy Secretary of Defense a strong letter of protest and said, in part: "There was no discussion of, nor did Mr. McCone agree to any other changes in, contracting procedures and particularly as to any change in the responsibility for payload contracting." (See Attachment B.)

8. You should also know that as a result of this 14 August 1964 cable, the Air Force relieved LMSC of their systems engineering and technical direction contract and forced LMSC to create a systems integration group at the integration facility at Palo Alto, California where the payload is mated and tested. The Air Force further offered LMSC a contract to perform this latter service which LMSC refused to sign. It was the LMSC position that until the basic management issue on the CORONA program was resolved they did not wish to sign contracts with either the Air Force or CIA on this matter. I am frank to admit that we supported LMSC in their position, based on their statement that they would continue to perform the integration process and would seek reimbursement from the NRO when a proper management structure had been created. The extent of indebtedness of the U. S. Government to LMSC for this service to date amounts to approximately [redacted]. I am furnishing you a separate memorandum on this particular matter.

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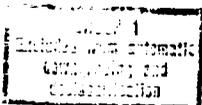
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9. At about this same juncture in time, the fall of 1964, serious discussions took place within the NRO Executive Committee forum to create a more viable and logical interface between the Air Force and CIA to manage the CORONA program. A firm proposal on this matter was forwarded to Deputy Secretary Vance by Mr. McCone on 6 October 1964. Implementing discussions based on Mr. McCone's proposal then commenced between NRO and CIA senior officials. On 13 January 1965 General Carter, having agreed to the final product authored by the group of NRO and CIA officials, forwarded a new proposed CORONA agreement to Dr. McMillan. Dr. McMillan, however, has never responded to this proposal. Subsequent to that date, Dr. McMillan has made various endeavors on an "ad hoc basis" to transfer the on-orbit payload analysis and control responsibilities of CIA to the Air Force. General Carter met each of these endeavors on the merits of the case and successfully refuted them.

10. The last exchange of significance on this matter occurred in correspondence dated 2 March 1965 from Dr. McMillan to General Carter and General Carter's reply to Dr. McMillan on 16 March 1965. In McMillan's letter of 2 March, he again writes on the assumption that Mr. McCone did in fact agree to the [REDACTED] performing a complete and over-all general systems engineering and technical direction function and complains because such enabling clauses had not been formally incorporated in the General Electric and LMSC contracts. General Carter replied to Dr. McMillan on 16 March by stating again the fallacy of the assumption that Mr. McCone had agreed to [REDACTED] assuming this role. He further informed Dr. McMillan of the consistent efforts of CIA to establish a better organizational interface with NRO on this matter. He then further informed Dr. McMillan that he was directing the CIA Project Officer, [REDACTED], to have the appropriate CIA contracting officer re-establish by retro-active contract the original relationship held by this Agency with the integration facility at Palo Alto operated by LMSC and effectively remove any role to be played by the [REDACTED]

11. All during this period since 5 August 1963, in direct response to a charge laid upon me by Mr. McCone, we had been building and refining our staff technical and support capability to handle properly CORONA and other satellite programs. This group has successfully handled on a de facto basis technical and program control over the reconnaissance



- 5 -

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payload contractors. They have established a working and satisfactory interface with the Air Force as it pertains to the proper Air Force role in the CORONA program. On 20 April 1965 [REDACTED], President of ITEK, the CORONA camera manufacturer, met with Messrs. McCone, [REDACTED], and me to discuss management of the CORONA program. He was specifically advised by Mr. McCone that unless advised to the contrary by Mr. Vance and himself that CIA alone is responsible for the CORONA payload. [REDACTED] pointed out that the existing contracts were not sufficiently clear to establish this responsibility. Mr. McCone then directed me to bring the CORONA contracts into conformity with his guidance to [REDACTED] who expressed his appreciation.

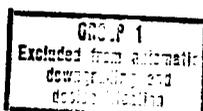
12. In authorizing the language now incorporated in the new contracts which establishes CIA as the U. S. Government agent for the CORONA payload, I have reflected the original authorization of 1958 given to this Agency, have acted in conformity with direction given to me on 20 April 1965 by the previous DCI and have attempted to protect the statutory authorities of the DCI by maintaining both technical direction as well as contract management on those contracts which are financed by his certification on the expenditure of unvouchered funds.

Albert D. Wheelon

ALBERT D. WHEELON
Deputy Director
for
Science and Technology

Attachments:

- A. Cable ([REDACTED] dated 14 August 1964)
- B. Ltr to Dep Secy Defense, dated 28 August 1964 [REDACTED]



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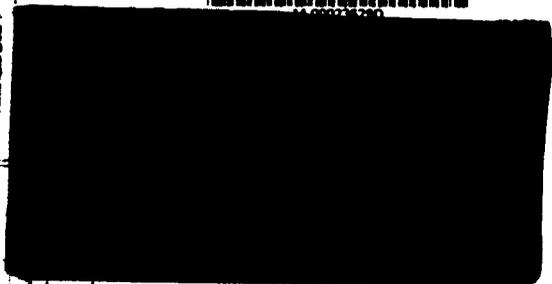
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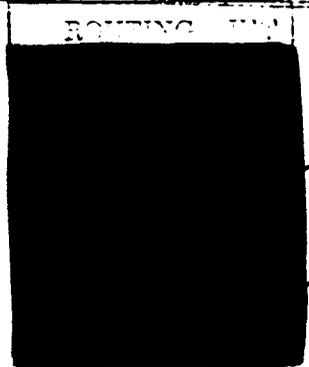


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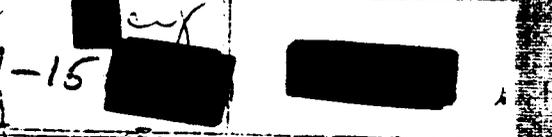
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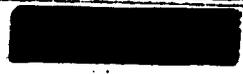
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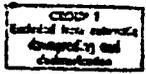
1. AS A RESULT OF DECISIONS REACHED THIS DATE, CORONA CONTRACTORS ARE HEREBY ADVISED THAT THE FOLLOWING CLAUSES WILL BE ^{INCORPORATED IN} ~~REPRODUCED~~ EACH OF THEIR CONTRACTS FOR PURPOSES OF ESTABLISHING APPROPRIATE RECOGNITION OF THE [REDACTED] THE SPECIFIC ENABLING CLAUSE WILL READ ESSENTIALLY AS FOLLOWS:

"A. THE EFFORT ON PROGRAM [REDACTED] COVERED BY THIS CONTRACT IS UNDER GENERAL PROGRAM MANAGEMENT OF [REDACTED] THE AIR FORCE HAS ENTERED INTO A CONTRACT WITH THE [REDACTED] FOR THE SERVICES OF A TECHNICAL GROUP WHICH WILL, UNDER THE MANAGEMENT OF THE [REDACTED] BE RESPONSIBLE FOR THE GENERAL SYSTEM ENGINEERING AND CORRESPONDING TECHNICAL DIRECTION OF THE EFFORTS UNDER THIS CONTRACT.

"B. IN THE PERFORMANCE OF THIS CONTRACT, THE CONTRACTOR AGREES TO COOPERATE WITH THE [REDACTED] BY RESPONDING TO INVITATIONS TO MEETINGS, REQUEST FOR TECHNICAL INFORMATION, AND REQUESTS FOR RESEARCH AND DEVELOPMENT PLANNING DATA ON ALL MATTERS PERTAINING TO THIS CONTRACT AND BY DISCUSSING WITH THE [REDACTED]

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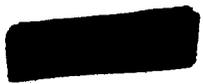
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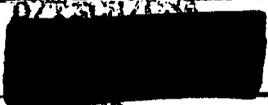
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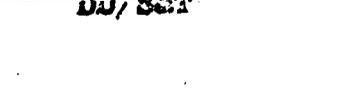
 EMPLOYEES, TECHNICAL MATTERS RELATING TO THIS PROGRAM. THE CONTRACTOR FURTHER AGREES TO ACCEPT TECHNICAL DIRECTION AS DESCRIBED HEREIN.

"C. FORMALIZATION OF GENERAL SYSTEMS ENGINEERING AND TECHNICAL DIRECTION GENERATED BY THE  OF EFFORT UNDER THIS CONTRACT WILL BE DOCUMENTED BY THE ISSUANCE OF A SERIALLY NUMBERED 'TECHNICAL DIRECTIVE,' ISSUED BY THE  AND SIGNED BY THE APPROPRIATE GOVERNMENT CONTRACTING OFFICER, STATING THAT COMPLIANCE WITH SUCH 'TECHNICAL DIRECTIVE' IS DIRECTED PURSUANT TO THE CLAUSE OF THIS CONTRACT ENTITLED 'CHANGES'."

2. ADDITIONAL INFORMATION AND/OR SPECIFIC WORK STATEMENT WILL BE SUPPLIED CONCERNED CONTRACTORS SECRETLY.

END OF MESSAGE

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28 August 1964

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

Dear Mr. Secretary:

At my meeting with you, Dr. Fubini, and Mr. Kiefer on 26 August to discuss NRO matters, an excerpt from Dr. McMillan's memorandum for the record of the meeting of 11 August was read to support the transfer of contracting responsibility for CORONA payload from Program B to Program A.



In checking my records here and in a subsequent conversation with Mr. McCone, we have no record of discussions regarding this proposed contractual change.

Mr. McCone dissented from the proposal that [redacted] be given a contract as Systems Manager in lieu of the current related contract with Lockheed. He then stated that if it was the majority view of the group that this [redacted] contract should be let, then Director, NRO could go ahead with it. There was no discussion of, nor did Mr. McCone agree to any other changes in, contracting procedures and particularly as to any change in the responsibility for payload contracting.

I send you this note just to keep the record straight in the event further discussion is needed in this regard.

Faithfully yours,

/s/

Marshall S. Carter
Lieutenant General, USA
Acting Director

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