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25 AUG 1949

MEMORANDUM FOR: THE EXECUTIVE SECRETARY, PETROLEUM COMMITTEE,
DEFENSE BOARD

SUBJECT: Estimate of Effects of Wartime Sabotage upon
Petroleum Production, Refining, Storage,
and Transportation in Certain World Areas

1. In response to your memorandum of 12 August 1949, the Central Intelligence Agency will prepare the estimate requested, and will establish the basis for a continuing study in this field.

2. The Central Intelligence Agency will produce a preliminary estimate about 15 September 1949 containing our best immediate answer to the problem. It is intended further to prepare a more comprehensive and detailed study of the same subject to be ready 1 March 1950. Meanwhile the Central Intelligence Agency will be prepared to provide spot information within this field as required.

3. The Central Intelligence Agency has prepared the following papers bearing more or less directly upon this subject:

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DM-144 - Soviet-Communist Capabilities for Sabotage
(March 1949) (Prepared for JIG) (Supply exhausted)

DM-169 - The Probability of Local Interference with the
Production and Movement of Certain Strategic
Materials in the Event of War (June 1949).

In addition, the following paper of collateral interest is under preparation and will be disseminated about 1 October:

ORE 55-49 - Theory and Practice of Communist Subversion.

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NO CHANGE IN CLASS.
DECLASSIFIED
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4. Subject to your assent, the Central Intelligence Agency intends to interpret the term "sabotage" more broadly than physical sabotage, so as to permit inclusion of work stoppages and other forms of interference which have a material effect upon the production and movement of petroleum products.

5. With respect to the more comprehensive paper mentioned in para. 2 above, a re-examination of the time reference and the assumption of a war beginning 1 July 1949 is suggested inasmuch as the contemplated paper would appear at the beginning of the fourth quarter of FY 1950.

6. [redacted] of the Economics Branch of the Office of Reports and Estimates [redacted] has been designated Central Intelligence Agency working-level contact for this project. Your views on the questions raised in para. 4 and 5 above may be directed to his attention.

Signed - dir via ER 8/20.

R. H. HILLENKOETTER
REAR ADMIRAL, USN
DIRECTOR OF CENTRAL INTELLIGENCE

Enclosures:

Copy No. 119 of ORE 31-48
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Central Records (1) w/basic
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