

Senator Jackson

GLC

20 July 1972

Mr. D. Craig Jarrell
Director of Flight Training
LAO Air Development
P. O. Box 233
Wattay Airport
Vientiane, Laos

Dear Mr. Jarrell:

When I received your letter of 12 June 1972 regarding your company's proposals for operating aircraft in Laos and your concern that Air America is being given some type of preferential treatment, I looked into the matter closely.

I am advised that the only proposal which USAID received from your company for a 10 place light twin engine aircraft was contained in a letter written the day after you wrote to me offering a Cessna 402 at \$225 wet wing per flight hour based on 100 hour monthly usage. The 100 hour monthly requirement was beyond USAID's needs. It is my understanding that USAID's need for administrative aircraft were fully met by the use of Air America's Volpar aircraft which apparently is the plane mentioned in your letter.

Officials I have contacted are unable to understand the figure of \$385 per flight hour quoted in your letter as the Air America charge for this aircraft. Under contract AID 439-342, which expired on 30 June 1972, USAID paid Air America a monthly price of \$18,000 for 65 flying hours

(\$277 per flight hour) with the contractor furnishing pol, and \$137 for every wet wing flight hour over 65 in any given month. If the Volpar aircraft had been needed for 100 hours per month Air America's hourly price would have been \$229. In fact, USAID's requirements barely reached the 65 hour minimum guarantee. It is assumed that a proposal from Lao Air Development based on 65 hour monthly usage minimum would equal or exceed the Air America price.

I understand that air contract consolidation is contemplated and final contract prices are awaiting October negotiations. If there is anything further that you would like me to look into in that connection, please let me know.