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EO 12958 3.3(b)(1)>25Yrs

17 April 1968

BRIEFING NOTE FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: DD/S&T Notes on OXCART Program Relative to EXCOM
to be Held 23 April 1968

1. This briefing note suggests action on the part of the DCI; this action is contained in paragraph 6.
2. The review of the A-12 program status and phase-out plans for the OXCART program is due to take place on Tuesday, 23 April 1968, at a scheduled Executive Committee meeting.
3. The Director, National Reconnaissance Office, has submitted considerations on the above subject and I feel you should have the possible benefit of our thoughts on Dr. Flax's paper, as well as our own suggestions and recommendations on the subject.
4. Briefly stated, D/NRO has suggested four options as follows:
 - Option 1. Transfer OXCART vehicles to SAC.
 - Option 2. Transfer OXCART to SAC and store eight SR-71's.
 - Option 3. Move the OXCART aircraft to Beale AFB and retain operational control and management in CIA.
 - Option 4. Maintain the OXCART fleet

APPROVED FOR RELEASE
DATE: AUG 2007

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5. You may wish to suggest a fifth option not noted by Dr. Flax which would be to reduce the SR-71 fleet by eight aircraft and with OXCART status quo. Since it appears that from an NRO standpoint it is principally a national budgetary problem at issue, the need for the total SR-71 fleet (30 aircraft) now in inventory should be reviewed in light of the relative savings, vis a vis, the intelligence gathering potential under all combinations and circumstances. This fifth option would be comparable and compatible with all of the options 1. through 4. noted above. The arrangement under option five would continue to provide higher authority with a dual (civilian or military) option in the future, depending on circumstances, and could accomplish significant savings possibly even over and above that amount noted in other options.

6. RECOMMENDATION:

That you maintain your position as you stated earlier that the OXCART fleet, as presently under control and management of CIA, be maintained without further reduction over and above that already effected.

NOTE: Comments on the budgetary considerations as presented in

D/NRO's memo are attached for your information.

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SUBJECT: Cost Review of Memorandum from the Director of NRO
to the Deputy Director of Defense, dated 7 March 1968

1. CIA did not participate in development of the cost figures cited in the D/NRO paper, nor do we have access to the details formulating the gross totals for fiscal year 1969 and fiscal year 1970. We are, therefore, unable to attest to their validity; however, based on the figures provided in D/NRO's paper, some of the cost figures for the various options appear unsound on a comparative basis and in such cases, we have presented our opinions.

2. Fiscal year OXCART aircraft support costs quoted for the various options are:

	<u>FY 1969</u>	<u>FY 1970</u>
OPTION 1	\$36.7 Million	\$47.6 Million
OPTION 2	\$47.9 Million	\$54.8 Million
OPTION 3	\$44.9 Million	\$50.7 Million
OPTION 4	\$62.1 Million	\$57.1 Million

Since the costs quoted for the four options for fiscal year 1969 differ markedly from those quoted for fiscal year 1970, it is concluded that the costs quoted for options 1, 2 and 3 are based on curtailment of OXCART operations for a portion of fiscal year 1969. This fails to recognize that

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the program cannot be turned off and rapidly regenerated, and that support must be continued at very nearly its present level if extension of the operation of the vehicle is contemplated. Procurement of spare parts must not be interrupted; aircraft engine and sensor overhauls, and overhaul and repair of spares must be continued. People involved in all engineering and maintenance activities must be retained or their capabilities will be lost. Electronic warfare systems development must also be initiated. Vehicle support costs for fiscal year 1969 must be at least as high for the first three options as for option 4.

3. Option 2 proposes that the A-12 fleet be transferred to SAC at Beale AFB, that a like number of SR-71's be stored, and that OXCART vehicle support will then cost \$47.9 million in FY 1969, reduced by \$20.98 million in FY 1969 and \$25.0 million in FY 1970 through storage of the SR-71's. This compares with \$62.1 million quoted for option 4. Experience has proved that operation of a mixed fleet is much less efficient and more costly than operation of a fleet of one type of aircraft. Under this arrangement, the Air Force would be confronted with all of the problems associated with acceptance of a new and unfamiliar aircraft and would gain no advantages. The only basis for acceptance of this option would be a

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policy decision that the total fleet of A-12's and SR-71's should not exceed the number of SR-71's now in the inventory. If this determination were made, there are only two reasonable alternatives: store all of the A-12's and let the Air Force operate only one type of aircraft; or store eight SR-71's, let the Air Force operate the remainder of SR-71's at Beale, and continue the A-12's under CIA management [] If the indicated \$20.98 million saving in FY 1969 and the \$25.0 million saving in FY 1970 for storing SR-71's are valid, the savings would accrue whether or not the A-12's were moved []

4. Option 3 proposes that the OXCART Program remain under CIA control but that it be relocated at Beale Air Force Base. For the purpose of comparison, option 3 states that vehicle support would cost 44.9 million dollars in FY 1969 if the entire program were moved to Beale AFB under CIA management, whereas option 4 states that vehicle support would cost 62.1 million at [] The narrative of the memorandum recognizes that whatever option is selected, the system of contractor maintenance which is now followed by the Agency will have to be followed for an indefinite period in the future. It is unreasonable to suppose that a 20 million dollar

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facility [] could be abandoned, that other comparable facilities could be constructed at Beale AFB, that hundreds of people could be transferred from one post to another, that this could be accomplished between October and December, and that it could be done at less cost than staying at the original post, i. e., [] .

5. This leaves options 1 and 4 for consideration. Option 1 indicates that FY 69 costs for Air Force operation will be 36.7 million dollars, as compared with 62.1 million dollars indicated in option 4 for CIA support of the same vehicles under the same concept [] . In either case, we feel it is irrational that the entire program complete with support equipment, buildings, housing, and people can move from [] to Beale AFB, operate under the same maintenance concept and still do the job for half the price.

6. There is no indication in the memorandum that any advantage other than dollar saving will accrue to the Government through changing management or location of the OXCART Program. The cost figures quoted are very questionable. It is our conviction that purely operational costs would be substantially the same at one base as at another, and that moving the project and constructing new facilities would result in greater immediate and long-range costs rather than savings.

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7. There are obvious advantages in the retention of the covert civilian capability and for maintaining the integrity of the OXCART Program. The present organization which is, in fact, a joint CIA/Air Force organization and program, is unique. If the capability for the design production of this very advanced aircraft for the development of all special features, including a highly sophisticated photographic system, is to be preserved, then the choice of any other option other than option 4 or an option 5 (reduce SR-71 fleet by eight or more aircraft and leave OXCART status quo) would probably erode this organization and program and type of competence that has resulted in the production of the OXCART system.

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