

69. ~~CG III MAF 070106Z Jan Personal for VAdm HYLAND~~  
~~Removed placed in TS folder KLL~~ Subj: ~~Double Eagle~~
70. ~~CG III MAF 100712Z Jan Personal for BGen JONES~~  
~~Removed placed in TS folder KLL~~ Subj: ~~Amphibious Demonstrations~~
71. CG III MAF 150326Z Jan 66 Personal for Gen WESTMORELAND,  
*gp-4* info Gen GREENE  
 Subj: Visit by Chinese officers  
 to III MAF
72. ~~CG III MAF 150414Z Jan Personal for RAdm HOOPER~~  
~~Subj: Welcome on visit~~
73. CG III MAF 191100Z Jan 66 Personal for LtGen KRULAK info  
*gp-4* Gen GREENE, MGen FIELDS, BGen  
 HENDERSON  
 Subj: Visit by Chinese officers  
 to III MAF  
 6-3
- 
74. ~~CG III MAF 230932Z Jan Personal for RAdm WARD~~  
~~Subj: Adm SHARP's arrival~~
75. ~~CG III MAF 260304Z Jan Personal for BGen JONES~~  
~~Removed placed in TS folder KLL~~ Subj: ~~DANN's activity~~
76. ~~CG III MAF 240948Z Jan Personal for RAdm WOOTING~~  
~~Subj: Adm SHARP's arrival~~
77. ~~CG III MAF 221222Z Jan Personal for LtGen KRULAK~~  
~~Subj: Readdressal of~~  
~~COMUSMACV 191120Z~~
78. ~~CG III MAF 261208Z Jan Personal for VAdm CONNALLY~~  
~~Subj: COMNAVAFTRAC WestPac visit~~
79. CG III MAF 311255Z Jan 66 Personal for LtGen KRULAK  
*gp - not found* Subj: Contractors Utilized by  
 U.S. Agencies Danang area
80. ~~CG III MAF 060340Z Feb Personal for BGen LEE~~  
~~Subj: Visit~~
81. ~~CG III MAF 081015Z Feb Personal for LtGen KRULAK~~  
~~Subj: Schedule of Events while~~  
~~in AD~~
82. ~~CG III MAF 100332Z Feb Personal for MGen FIELDS~~  
~~Subj: Assignment of Personnel~~

P 311255Z 2FF-3 CMC  
FM CG III MAF/NCC  
TO CG FMFPAC  
ZEM/NFO CMC

UNCLASSIFIED 025

091

STAFF SEC

~~SECRET~~ SECTION ONE OF FOUR

CONTRACTORS UTILIZED BY U.S. AGENCIES DANANG AREA.

A. TLECON FMFPAC CI AND III MAF CI 29 AND 30 JAN 66

1. IN RESPONSE TO REF A, THE FOLLOWING INFORMATION IS SUBMITTED:

A. LIST OF CONTRACTORS AND SUPPLIERS OF MATERIAL TO III MAF UNITS, NAVAL SUPPORT ACTIVITY AND RMK/BRJ.

B. VERBATIM TRANSCRIPT OF AN INTERVIEW OF SHELL AND ESSO OIL COMPANY OFFICIALS.

C. THE NAMES OF ORGANIZATIONS AND PRINCIPAL OFFICERS OR PROPRIETORS OF CONTRACTORS AND VIETNAMESE SUPPLIERS UTILIZED BY U.S.

MILITARY AND OTHER GOVERNMENTAL AGENCIES IN THE I CORPS AREA HAVE BEEN CHECKED WITH THE VIETNAMESE MILITARY SECURITY SERVICE EACH OF THE PERSONNEL AND ORGANIZATIONS WERE CLEARED TO DO BUSINESS WITH U. S. AGENCIES.

D. STATEMENT BY LTCDR E. F. RUESE SC USN, NSA, CONTRACTING OFFICER: STATEMENT OF FACTS CONCERNING PL PROCUREMENT I CORPS TACTICAL ZONE (I CTZ):

POL REQUIREMENTS ARE SUBMITTED BY USING FORCES TO THE NAVAL SUPPORT ACTIVITY BULK POL OFFICE. WITH THE EXCEPTION OF THE AIR FORCE, THE REQUIREMENTS ARE CONSOLIDATED AND FORWARDED TO THE SUB-AREA PETROLEUM OFFICE, VIETNAM (SAPO-V), A PART OF J-4 DIVISION, COMUSMACV. THE AIR FORCE REQUIREMENTS FOR ALL OF VIETNAM ARE SUBMITTED THROUGH HEADQUARTERS, SECOND AIR DIVISION SAIGON. THE REQUIREMENT OF VIETNAM ARE CONSOLIDATED BY SAPO-V

AND A REQUEST FOR PROCUREMENT IS SENT TO THE DEFENSE FUEL SUPPLY CENTER (DFSC), ALEXANDRIA, VIRGINIA. DFSC NEGOTIATES CONTRACTS WITH THE VARIOUS COMMERCIAL SUPPLIERS (IN THE I CTZ ONLY CONG-TY SHELL AND ESSO STANDARD EASTERN, INC. ARE ABLE TO SUPPLY) AND THE CONTRACTS ARE LET BY DFSC. THE PRESENT CONTRACTS STIPULATE DELIVERY OF FOUR PRODUCTS (JP-4, AVGAS, MOGAS AND DIESEL) TO VARIOUS LOCATIONS WITH THE PRICES VARYING BY METHOD OF OF DELIVERY (TANK SHIP, RAILROAD TANK CAR, TANK TRUCK AND PIPELINE) AND DISTANCES TRANSPORTED.

THE SAPO-V MAKES SPECIFIC ORDERS AGAINST THE CONTRACTS FOR QUANTITIES OF FUEL TO BE DELIVERED TO SPECIFIC LOCATIONS (DANANG, CHU LAI, ETC.) FOR A SIX MONTH PERIOD. IF THESE QUANTITIES ARE EXCEEDED A SUPPLEMENTAL AUTHORIZATION HAS TO ISSUED BY SAPO-V.

THE DELIVERIES ARE CERTIFIED BY THE RECEIVING ACTIVITY, THE RECEIPTS ARE CONSOLIDATED BY NAVSUPACT BULK POL, A COVERING DD-250 IS PREPARED AND FORWARDED TO SAPO-V FOR COMPLETION ACTION AND THEN FORWARDED TO DFSC FOR PAYMENTS.

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JAN JM

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Sec 1 of 5

THE NAVAL SUPPORT ACTIVITY BULK POL BRANCH IS AT THE PRESENT TIME CONSOLIDATING REQUIREMENTS BY USER AND SCHEDULING DELIVERIES BY COMMERCIAL OIL COMPANIES. AS MILITARY BULK TANKAGE BECOMES AVAILABLE, BULK POL WILL STORE AND ISSUE FUEL FOR ALL MILITARY ACTIVITIES IN THE I CTZ.

THE NAVAL SUPPORT ACTIVITY ALSO HAS ATTACHED AN INSPECTOR OF NAVY MATERIAL (PETROLEUM) WHO IS RESPONSIBLE FOR INSPECTING QUALITY AND QUANTITY OF PETROLEUM DELIVERED BY THE CONTRACTORS INTO GOVERNMENT STORAGE. AS THIS JOB IS ASSIGNED TO ONE NAVY OFFICER, IT IS NECESSARILY PERFORMED ON A SAMPLE BASIS, WITH THE GREATEST EMPHASIS PLACED ON THE LARGEST QUANTITIES DELIVERED, I.E., TANK SHIP DELIVERIES, WITH ASSISTANCE GIVEN ON AN "AS REQUIRED" BASIS IN OTHER AREAS. THIS NORMAL PROCEDURE FOR PETROLEUM PROCUREMENT INSPECTION.

THE ABOVE IS NECESSARILY A BRIEF DESCRIPTION OF THE PETROLEUM OPERATION IN THE I CTZ. IT IS, HOWEVER, A FACTUAL STATEMENT OF THE GENERAL PETROLEUM OPERATION AND WILL VARY IN INSIGNIFICANT DETAIL.

/S/ E. F. RUESE  
LCDR, SC, USN  
BULK FUEL OFFICER  
NAVSUPACT D

Requirements For 211 OF  
980

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**HAS BEEN SENT**

See 1 of 5 (Cont'd)

#79 (2)

P 311255Z  
FM CG III MAF/NCC  
TO CG FMFPAC  
ZEM

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~~SECTION TWO OF FOUR~~

2. A. LIST OF ORGANIZATIONS OR INDIVIDUALS DOING BUSINESS WITH  
U. S. AGENCIES:

HOANG-THI-NAM  
18 PHAU-DINH-PHUNG  
DANANG

ROCK AND GENERAL MERCHANDISE

4  
3  
TRAN-BICH-CHI (LILLY ANN'S)  
33 TRAN NUNG DOG  
DANANG

GENERAL MERCHANDISE AND ROCK

MRS BANK-NGOC-HAI  
182 BACH DANG  
DANANG

ROCK AND CONSTRUCTION MATERIAL

NGUYEN-THI-NGOC-DUNG  
100 NGUYEN TRI PHUNG  
DANANG

ROCK

MY-PHUCC-GO AND HO-VAN-HIEN  
166 DOC LAP  
DANANG

SAND

TRINH-VAN-DE  
93-95 PHAN CHAU TRINH  
DANANG

ASSORTED SUPPLIES

NGUYEN-THI-VAN  
34 LE LOI ST.  
DANANG

VEGETABLES AND SUPPLIES

NGUYEN-TRUC  
CHUYEN-SUA, MAY VAN PHONG  
80 DOL LO HUN YOUNG  
DANANG

OFFICE MACHINE REPAIR

5  
HANG-BAC-VAN  
76 NGUYEN TRI PHUONG  
DANANG

AUTOMOTIVE AND TIRE REPAIRS

SOCIETE D'EQUIPMENT ELECTRIQUE  
ET MECANIQUE EN ASIE (S.E.V.F.)  
DOIT A L'AGENCE, DANANG  
PHAN-DINH-PHUNG-ST.  
DANANG

ELECTRIC POWER, ALSO REWIND  
ELECTRIC MOTORS

1  
2  
TRAN-SAT  
100 NGUYEN-TRI-PHUONG  
DANANG

ROCK AND SAND

Sec 2 of 5

#79(3)

TRAN-HOAN-DINH  
17 TRAN BINH TRONG  
DANANG

FRUITS AND VEGETABLES

BRASSERIES AND CLACIERES  
DE L'INDOCHINE  
DOC LOP ST.  
DANANG

ICE

LE-THI-MAI  
1 DINH-PHUNG  
HUE

VEGETABLES AND ICE

NGUYEN THE HUNG  
AGENT-PHIEU GIAO HANG  
197 DAI-LO, DOC LOP  
DANANG

FURNITURE, FORMICE AND GLUE

MRS. ANGELE PADUA  
817 NGUYEN TESUNG TE  
HUE

VEGETABLES

<sup>2</sup>  
3 TRAN-LAC  
38 NGUYEN TRI PHUONG  
DANANG

AUTOMOBILE PARTS

THE BELOW LISTED CONCERNS DEAL WITH RMK.

NGUYEN VAN DUONG  
13 HAM-NGHI  
DANANG

CEMENT PIPE

HOANG-SON  
270 HUNG VUONG  
DANANG

CEMENT PIPE

NGUYEN-HUU-TUY  
130A TRUNG NU VUONG  
DANANG

BRICK

CHE-THANH-PHUONG  
11A HAM NGHI  
DANANG

LUMBER

SAO-MAI  
40 NGUYEN THI GIANG  
DANANG

LUMBER

<sup>3</sup>  
4 TRUNG-HOA  
44 TRAN BINH TRONG  
DANANG

LUMBER

*see 2 of 5 (Contd)*

#79(4)

( NGUYEN-THI-TRUYEN 51 KHAI DINH DANANG	SAND
NGUYEN-BA-CAN AND TON-THAT-DUEYN 215 DOC LOP DANANG	QUARRY ROCK
BANH-NGOC-HAI AND TRAN-THI-BE-TUC- DIEN-HOUNG 62 LE DINH DUONG DANANG	LA TERITE CONTRACT (THIS IS A BIG CONTRACT)
DU-THAI 84 BACH DANG DANANG	STEEL (ANGLE IRON) METAL ROOFING HARDWARE
DAO-VAN-MINH 12 THANH THAI ST. DANANG	CONCRETE BLOCK
PHAM-XUONG-TUC-THOAI 27B PHAN THANH GIAN DANANG	SHEET METAL AND FILL SAND
4 3- DANG-THI-HIEN 70 HUNG VUONG DANANG	SAND
NGUYEN-THI-HOANG 60 LE DINH DUONG DANANG	CEMENT BLOCK
KIM-NGUYEN-HUNG 106 DOC LOP DANANG	STEEL ROOFING
NGUYEN-THI-TRANG 40 NGUYEN THI GIANG DANANG	LUMBER
HIN-THACH-BAO 219 DOC LOP DANANG	CHARCOAL
HUYNH-QUUNG LY THUONG KIET DANANG	LUMBER

Sec 2 of 5 (Cont'd)

#79(5)

*secret*  
*5*  
*secret*

NGUYEN-VAN-MINH  
122 HUNG VUONG  
DANANG

CORRUGATED TRANSITE  
ROOFING

NGUYEN-VAN-DOAN  
28 PHAN DINH PHUNG  
DANANG

CLAY ROOFING TILE

THI-KIM-HUY  
46-48 DONG KHANH  
DANANG

FILL SAND

*1*  
PHAN-VAN-HIEP  
53 HOANG-DIEU  
DANANG

FILL SAND

*2*

LE-VAN-NUI  
35-37 YERSIN  
SAIGON

FILL SAND  
THIS WAS CANCELLED FOR  
NON PERFORMANCE

PHANCHAU TOAN  
177 HOANG DIEU  
DANANG

FILL SAND

UNCLASSIFIED

900

**HAS BEEN SENT**

*See 245 (Cont'd)*

#79(6)

P 311255Z  
FM CG III MAF/NCC  
TO CG FMFPAC  
ZEM

SECRET

SECRET SECTION THREE OF FIVE  
2.B. VERBATIM INTERVIEW TAKEN BY A RECORDER OF THE QUESTIONS AND ANSWERS PROVIDED BY THE RESIDENT MANAGERS OF THE ESSO AND SHELL OIL COMPANY:

2030 30 JANUARY 1966

COL PELTZER: THE PEOPLE PRESENT ARE COLONEL V.A. PELTZER; MR. FRANK JOHNSON, RESIDENT MANAGER SHELL OIL COMPANY; MR. YO BA PHUOC, RESIDENT MANAGER ESSO OIL COMPANY; LIEUTENANT COMMANDER EDWARD R. RUESE, SUPPLY CORPS, NAVY SUPPORT ACTIVITY, DANANG; AND CAPTAIN DONALD R. KNEPP, U. S. MARINE CORPS.

2  
3 COL PELTZER: AS YOU GENTLEMEN SEE WE HAVE A REPORTER TO RECORD EVERYTHING SAID AND THE PURPOSE OF THIS DISCUSSION IS TO INQUIRE INTO CERTAIN COMPLAINTS THAT APPEARED IN THE NEWSPAPERS IN THE U. S. TO THE EFFECT THAT PEOPLE WHO ARE CONTRACTING WITH THE MARINE CORPS AND OTHER AGENCIES OUT HERE ARE PAYING OFF THE VIET CONG, AND I'M SURE THAT AS LONG AS YOU MAY HAVE BEEN IN THIS BUSINESS AND WITH YOUR EXPERIENCE OUT HERE YOU HAVE HEARD THIS TYPE OF ACCUSATION BEFORE, THIS IS NOT THE FIRST TIME YOU HAVE HEARD OF IT, AND THE PURPOSE IS NOT THAT ANYBODY IS SAYING THAT YOU GENTLEMEN COULD BE INVOLVED BUT TO ASK YOU ON THE RECORD TO EXPLAIN TO US HOW YOUR OPERATION FUNCTIONS AND TO HELP US FIND OUT WHETHER OR NOT THIS TYPE OF PAY OFF TO THE VIET CONG IS POSSIBLE UNDER THE PRESENT SITUATION. DO YOU UNDERSTAND?

ALL PRESENT INDICATED IN THE AFFIRMATIVE.

COL PELTZER: I TRUST THIS IS NOT OFFENSIVE TO YOU IN ANY WAY. IT IS A QUESTION OF ASKING YOU COOPERATION SO THAT WE CAN FIND OUT THIS INFORMATION.

3  
4 MR. JOHNSON: COLONEL WE OPERATE AS A VIETNAMESE CORPORATION GOING BUSINESS IN VIETNAM. OUR STOCK OF COURSE IS HELD BY THE PARENT COMPANY BACK THROUGH THE ROYAL SHELL GROUP BUT WE ARE HERE CONSIDERED A LOCAL COMPANY. WE ARE A MARKETING ORGANIZATION. OUR BASIC OPERATION IN THIS COUNTRY IS A MATTER OF BRINGING PETROLEUM PRODUCT FROM ANOTHER BRANCH OF SHELL, STORING IT AND MARKETING IT. AT THE MARKETING POINT TERMINALS WE THEN USE CONTRACT TRANSPORTATION WHEREIN WE DO NOT OPERATE COMPANY TRUCKS OR TRUCK FLEETS; WE HIRE LOCAL UNITS AND THE PRICE IS BASED ON LITER PER KILOMETER, THIS IS THE HAULING RATE WE PAY TO THE TRANSPORTER. IN THIS ARE WE DO BUSINESS WITH ABOUT FOUR OF FIVE TRANSPORTATION COMPANIES.

COL PELTZER: WILL YOU TELL US WHO THEY ARE?

See 3045

# 79(7)

MR JOHNSON: WELL I CAN TELL YOU THREE OR MAYBE FOUR. BOA VAN, WHO ALSO HAULS FOR ESSO I BELIEVE UNDER A DIFFERENT NAME; WE HAVE ANOTHER THAT IS PHAM, HE HAS ABOUT FOUR TRUCK IN HUE; WE HAVE ANOTHER, A MR. THIA; WE HAVE OTHERS BUT I'M NOT FAMILIAR WITH THEIR NAMES. THESE PEOPLE OPERATE TRUCKS; THEY COME TO OUR PLANT, PICK UP PRODUCTS AND DELIVER THEM AND WE PAY THEM A PRICE BASED UPON HAULING SO MANY LITERS SO MANY KILOMETERS. NOW SHELL IN THE DANANG AREA, WHICH IS CLASSIFIED AS A DISTRICT OFFICE, AND WE AT THE COMPANY HAVE NO OCCASION TO PAY OFF THE VC AND WE HAVE NO DIRECT KNOWLEDGE WHETHER OUR TRANSPORTERS PAY OFF. IF THEY DO WE DO NOT KNOW IT AND WE DO NOT PAY THEM ANY WAY TO COVER THIS.

<sup>4</sup>  
<sub>5</sub> COL PELTZER: AS FAR AS YOU KNOW THERE IS NO ADD ON TO THE HAULING PRICES?

MR. JOHNSON: NO SIR, THE PEOPLE HAULING TO QUONGNU FOR INSTANCE ARE PAID THE SAME THIS WEEK AS THE WEEK BEFORE, WE DON'T IN ANY WAY ADJUST THE RATES AS TO WHETHER OR NOT THEY MIGHT BE PAYING OFF. AS A COMPANY WE DO NOT WANT TO KNOW THAT ANYBODY IS PAYING-OFF.

COL PELTZER: YOU DON'T GO OUT AND SEEK THIS INFORMATION?

MR JOHNSON: WE DON'T. AS A COMPANY WE COULD NOT SET A PRECEDENT; IT WOULD BE COMPLETELY OUT OF REASON FOR SHELL, A COMPANY OF SHELL'S SIZE TO GET STARTED INTO SUCH A THING LIKE THIS. NOW WE HAVE, TO MY DIRECT KNOWLEDGE, IN THE SAIGON AREA RECEIVED LETTERS FROM REPRESENTATIVES OF THE VIET CONG TELLING THE COMPANY THAT FEES WOULD BE CHANGED. . . CHARGED FOR TRANSPORTING AND IT HAS A LIST AND IT DOESN'T JUST COVER PETROLEUM, IT COVERS ALL PRODUCTS, BUT WE DO NOT GET INVOLVED IN THIS IN ANY WAY.

COL PELTZER: DO YOU KNOW IF SHELL SUB-CONTRACTS ALL THROUGH VIETNAM?

*SECRET*  
*SECRET*  
MR JOHNSON: THROUGH OTHER AREAS AND EVEN BACK IN THE U.S. WE PRIMARILY USE CONTRACT HAULERS. WE ALSO USE OUR TRUCKS BUT IT IS NOT UNCOMMON TO USE CONTRACT HAULERS, PARTICULARLY UNDER THE CONDITIONS IN VIETNAM, IT IS ECONOMICALLY SOUND TO DO SO.

900

**HAS BEEN SENT**

**SECRET**

P 311255Z

FM CG III MAF/NCC

TO CG FMFPAC

ZEM

**SECRET**

S.E.C.R.E.T SECTION FOUR OF FIVE

COL PELTZER: HOW LONG HAVE YOU BEEN WITH THE COMPANY AND HOW LONG HAVE YOU BEEN OUT HERE?

MR JOHNSON: WELL, I HAVE BEEN WITH SHELL TEN AND A HALF YEARS AND I HAVE BEEN OUT HERE A LITTLE OVER FIVE MONTHS. MOST OF MY PREVIOUS EXPERIENCE WAS IN THE STATES AND THIS IS MY FIRST TIME IN ASIA WITH SHELL.

COL PELTZER: WOULD YOU CARE TO SAY ANYTHING?

MR PHUOC: ESSO OPERATES MORE OR LESS THE SAME WAY AS SHELL. WE USE A FLEET OF TWENTY-FOUR TRUCKS ALL OWNED AND OPERATED BY CONTRACTORS AND WE PAY JUST THE SAME AS SHELL DOES BY THE UNIT PRICE AND SO MANY LITERS THAT ARE HAULED AND AGAIN THE PRICE IS FIXED, THERE IS NO CHANGE, NO PROVISION FOR PAY OFF TO VC OR ANYTHING THAT I KNOW OF. JUST MR. JOHNSON SAID, I DON'T KNOW OF ANY PAY OFF BY ANYONE IN THE COMPANY.

COL PELTZER: YOU DON'T QUESTION YOUR SUB-CONTRACTORS OR HAULERS?

MR PHUOC: NO SIR.

COL PELTZER: HAS THE PRICE OF SUB-CONTRACTING RISEN OR STEADILY GONE UP SAY WITHIN THE LAST YEAR; HAS THERE BEEN A GRADUAL INCREASE OF COSTS.

MR PHUOC: YES THERE IS AN INCREASE. I FEEL THIS IS DUE TO THE HIGH COST OF LIVING AND DUE TO THE NEED OF TRUCKS, YOU KNOW AS THE U.S. FORCES BUILD UP THERE IS A GREATER NEED FOR TRUCKS AND THE SPARE PARTS, THE PRICE OF SPARE PARTS HAS GONE UP DUE TO THE INCREASE IN THE USE OF THE TRUCKS.

MR JOHNSON: AND FROM BASIC CHANGES IN THE IMPORT REGULATIONS THAT REALLY DON'T LET YOU BRING IN ANY NEW EQUIPMENT. IT IS VERY DIFFICULT FOR A TRANSPORTER TO REPLACE A TRUCK IF IT IS WORN OUT AND IT IS VERY DIFFICULT FOR HIM TO GET ADDITIONAL TRUCKS AND THERE ARE DIFFICULTIES IN EVERY PHASE OF THE TRANSPORTATION, AND THE PRICE OF TRANSPORTATION IN GENERAL IS GOING UP. NOT JUST TRUCK RATES, BUT I THINK THE SAME THING BY SHIP TO SAIGON AND TO DANANG AND BY ANY OTHER METHOD YOU MIGHT TRY TO TRANSPORT THIS. AS THE VOLUME OF BUSINESS HAS GONE UP THE TRANSPORTATION COSTS HAVE INCREASED; WE ARE COMPETING NOW WITH THE U.S. FORCES TO SOME EXTENT, USOM, AND OTHER CONTRACTORS COMPETING WITH ALL THE OTHER PRICES. SO I THINK IT IS NORMAL THAT THESE COSTS WOULD GO UP.

COL PELTZER: YOU DON'T CONSIDER THEN THEY ARE BLOWN UP OUT OF PROPORTION TO THE INCREASED CONSTRUCTION AND THE COST OF LIVING?

*See 4 of 5*

# 79(9)

MR JOHNSON: NO SIR I DON'T; IN FACT I'M SURPRISED THEY ARE AS LOW AS THEY ARE.

LCDR RUESE: ALONG THIS LINE DIDN'T YOU USE EIGHT TRUCKS WHERE THE CONTRACTER TOOK THE TANKS OFF THE TRUCK AND TURNED THEM INTO DRY CARGO TRUCKS BECAUSE HE COULD MAKE MORE MONEY HAULING DRY CARGO THAN HE COULD HAULING PETROLEUM PRODUCTS?

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4  
MR JOHNSON: YES AND THIS ALSO IS REFLECTED IN SAIGON. IT IS PRETTY EASY TO BUY A TANK FOR A TRUCK BECAUSE THEY HAVE BEEN TAKEN OFF AND CONVERTED TO SOME OTHER TYPE OF HAULING.

COL PELTZER: DO YOU GENTLEMEN NEGOTIATE THE CONTRACT FOR THE HAULING HERE.

MR JOHNSON: NO SIR, IN SHELL'S CASE WE HAVE A TRANSPORT DEPARTMENT WHICH IS PART OF THE OPERATIONS SUPPLY DEPARTMENT IN SAIGON AND WE HAVE A MAN THAT VISITS DANANG PERIODICALLY AND REVIEWS OUR COSTS. IF THERE IS A CONTRACT PROBLEM HE SEES TO THEM.

COL PELTZER: YOU DON'T REALLY NEGOTIATE ANY CONTRACT?

MR JOHNSON: HERE AT THE DISTRICT COLONEL?

COL PELTZER: YES?

MR JOHNSON: NO SIR, WE DO NOT COLONEL.

COL PELTZER: IS THAT THE SAME IN YOUR CASE; YOU DON'T NEGOTIATE ANY CONTRACT WITH ANY HAULERS AS TO HOW MUCH IS GOING TO BE PAID?

MR PHUOC: WE KNOW HOW MUCH IT IS BUT WE DON'T SET THE PRICE.

MR JOHNSON: EVEN IN OUR CIVILIAN MARKETS WE HAVE TWO PRICE SCALES, ONE FOR THE CONSUMER AND ONE FOR THE DEALER AND THESE ARE FIRMLY SET ALTHOUGH THE DISTRICT MANAGER MIGHT HAVE SOME LOCAL LEeway, YOU MIGHT CALL IT, AS FAR AS MAKING ALLOWANCES FOR A DEALER OR SOMETHING OF THAT NATURE, BUT WE DO NOT HAVE ANY PRICE AUTHORITY HER, WE DON'T DECIDE TO SELL AT A DIFFERENT PRICE WITHOUT HEAD OFFICE APPROVAL.

COL PELTZER: THE CONTRACT PRICE FOR THE FUEL IS SET IN WASHINGTON IS IT NOT, NEGOTIATED BETWEEN THE COMPANY AND NEGOTIATED BETWEEN THE OFFICE OF THE DEFENSE FUEL SUPPLY CENTER?

MR JOHNSON: I KNOW IN SHELL'S CASE, AS I SAY WE ARE HERE A VIETNAMESE COMPANY AND AS AN AGENT WE ANOTHER BRANCH OF SHELL OIL COMPANY WHICH IS THE ASIATIC PETROLEUM CORPORATION WHICH HAVE OFFICES IN NEW YORK AND WASHINGTON FOR THE PURPOSES OF NEGOTIATING AND BIDDING ON THE VIETNAMESE CONTRACTS.

COL PELTZER: ALL YOUR PEOPLE THAT DRIVE AND COME ON THE BASES ARE CHECKED BY THE MILITARY SECURITY SERVICE OF THE VIETNAMESE?

MR JOHNSON: YES SIR.

900

See 4 of 5 (Cont'd)

#7R10

P 311255Z  
FM CG III MAF/NCC  
TO CG FMFPAC  
ZEM

**SECRET**

**S E C R E T** FINAL SECTION OF FIVE

MR PHUOC: THEY HAVE TO BE CLEARED BEFORE THEY CAN GET INTO THE BASES.

*5000*  
COL PELTZER: THE CONTRACT IS NEGOTIATED BY THE DEFENSE FUEL SUPPLY CENTER. WELL, IS THERE ANYTHING ELSE YOU GENTLEMEN COULD ADD TO THIS. DO YOU HAVE THE NAMES OF ANY SUB-CONTRACTERS MR. PHUOC, THAT MR. JOHNSON HASN'T MENTIONED?

*3000*  
MR PHUOC: WELL I HAVE ONE MAN, ONE CONTRACTER BY THE NAME OF DAM NAN NOGN, HE HAS A LOT OF TRUCKS.

CAPT KNEPP: WHAT IS YOUR ACCOUNTABILITY SYSTEM WHEN YOU ARE DELIVERING WITH YOUR SUB-CONTRACTERS?

*1*  
*2*  
MR JOHNSON: WE HAVE A DELIVERY TICKET WHICH GIVES THE VOLUME OF THE PRODUCT AND THE DELIVERY POINT, IT CONTAINS NUMBERS AND WHAT HAVE YOU AS FAR AS OUR INTERNAL ACCOUNTING IS CONCERNED, AND THEN WE HAVE A TABLE OR LIST THAT SET UP THE RATES FOR HAULING TO THOSE VARIOUS POINTS AND THEN THE TRANSPORTER INVOICES, HE GETS A COPY OF THE DELIVERY TICKET AND USES THAT IN HIS INVOICING TO US AND HE BILLS US SO MUCH IN PIASTERS PER LITER FOR HAULING TO THAT POINT AND THEN HE SUBMITS HIS INVOICES PERIODICALLY, WEEKLY IN MOST CASES, TO OUR OFFICE, THE LOCAL OFFICE, AND THEY PAY, AGAIN IN PIASTERS.

CAPT KNEPP: SAY, TAKE AS AN EXAMPLE ONE TRUCK, THAT MAN TAKES TEN THOUSAND LITERS, DOES THE DRIVER SIGN FOR THIS AND THEN GET A SIGNATURE WHEN HE DELIVERS IT?

MR JOHNSON: AS FAR AS THE PLANT IS CONCERNED THE VARIOUS PEOPLE THAT HANDLE IT INITIAL IT AND HE SIGNS THAT HE RECEIVES IT FOR HIS SAFE CARRY AND TRANSPORT, IT DOESN'T IN ANY WAY CHANGE HANDS, IT REMAINS OURS UNTIL DELIVERED, UNTIL SIGNED FOR AT THE BOTTOM OF THE TICKET THAT IS RECEIVED IN GOOD CONDITION.

CAPT KNEPP: WHAT WOULD HAPPEN FOR EXAMPLE IF A GUY CAME BACK, THEY WOULDN'T ACCEPT IT BECAUSE THE TRUCK WAS HALF EMPTY OR SOMETHING?

MR JOHNSON: WHAT WOULD HAPPEN?

CAPT KNEPP: YES?

*2*  
*3*  
MR JOHNSON: DEPENDING ON WHAT WE COULD DETERMINE WAS THE REASON. WE'D HOLD THE TRANSPORTER RESPONSIBLE FOR ANY SHORTAGE OF THE PRODUCT.

MR PHUOC: HE IS CONSIDERED RESPONSIBLE AND IF ONLY HALF THE FUEL IS RECEIVED IN GOOD CONDITION BY THE CUSTOMER WE DON'T PAY THEM UNTIL THEY CAN PROVE TO US THAT THE FUEL IS RECEIVED IN GOOD CONDITION BY THE CUSTOMER.

*Rec'd of 5*

*#79(11)*

CAPT KNEPP: IN OTHER WORDS THE CONTRACTER LOSES?

MR JOHNSON: BY A SHORTAGE OF PRODUCT UNLESS WE COULD ESTABLISH IT WAS THROUGH NO FAULT OF IST IT WAS SHORT. IF HE ACCEPTED A FULL TRUCK AND CAME BACK WITH IT SHORT WE'D HOLD THE OWNERS OF THE TRUCK RESPONSIBEL NOT NECESSARILY THE DRIVER. NOW WHETHER HE HELD HIS DRIVER RESPONSIBLE, THAT WOULD BE HIS PROBLEM.

CAPT KNEPP: WHAT I MEAN WAS HE GOING TO GET THE SIGNATURE FOR THE FULL TRUCK OBVIOUSLY WHETHER HE DELIVERS IT OR NONT, BUT IF A GUY GOES DOWN AND WOULD ASY REFUSE DELIVERY BECAUSE SAY HE HAD TAKEN OFF HALF THE LOAD, TECHNICALLY HE LOSES MONEY RATHER THAN MAKING MONEY?

MR JOHNSON: OH YES.

LCDR RUESE: THERE HAVE BEEN TRUCKS THAT ARRIVED HERE AT FLGS LOADED WITH EIGHT THOUSAND LITERS FROM THE TERMINAL AND THEY SHOW UP HERE WITH SIX THOUSAND LITERS AND WE START TO CHECK THE TRUCKS AND IF WE SEE THE PRODUCT IS NOT UP TO THE PROPER MARKER WE SEND THEM BACK TO THE TERMINAL. THIS HAS HAPPENED ANDT IT PROBABLY WILL HAPEN AGAIN.

CAPT KNEPP: YES, THAT'S WHAT I MEANT TO CLARIFY; TECHNICALLY HE DOESN'T GO BACK AND GET ANOTHER TWO THOUSAND LITERS.

MR JOHNSON: NO, HE SURE DOESN'T.

COL PELTAER: DO YOU HAVE ANY OTHER QUESTIONS?

NEGATIVE INDICATION.

COL PELTZER: IS THERE ANYTHING YOU COULD ADD TO THIS TO HELP US UNDERSTAND THE SITUATION?

MR PHUOC: NO SIR, I CAN'T THINK OF ANYTHING.

MR JOHNSON: NO.

COL PELTZER: THANK YOU VERY MUCH GENTLEMEN. I APPRECIATE IT. I KNOW IT IS AN IMPOSITION TO BRING YOU DOWN THIS TIME OF A SUNDAY EVENING. THANK YOU VERY MUCH; YOU HAVE BEEN VERY COOPERATIVE. THE DISCUSSION TERMINATED AT 2053, 30 JANUARY 1966.

3. INQUIRY AND INVESTIGATIONS BY VIETNAMESE OFFICIALS AND SEPARATE CHECKS BY U.S. AGENCIES HAVE FAILED TO DISCLOSE ANY CONNECTIONS WITH OR PAYOFFS TO VIET CONG AGENTS BY BUSINESS PROVIDING SERVICES TO U.S. AGENCIES.

SECRET

HAS BEEN SENT

#79 (12)

**SECRET**

COMMUNICATION CENTER  
III Marine Amphibious Force  
APO San Francisco, California 96601

(PERSONAL FOR)

**SECRET**

#73

**SECRET**

COMMUNICATION CENTER  
III Marine Amphibious Force  
FPO San Francisco, California 96601

P 191100Z  
FM CG III MAF  
TO YVNA/CG FMFPAC  
INFO WWD/CMC  
MMSB/CG FIRST MARDIV  
MMSB/CG FMFPAC/I MAC (FWD)

(PERSONAL FOR)  
HAS BEEN SENT

BT

**SECRET**

PERSONAL FOR LTGEN KRULAK FROM MAJGEN WALT INFO PERSONAL TO  
GENERAL GREENE, MAJGEN FIELDS, AND BRIGGEN HENDERSON

A. MY 150326Z JANGG NOTAL

1. REF A WAS ADDRESSED AS PERSONAL TO GENERAL WESTMORELAND  
WITH INFO PERSONAL TO GENERAL GREENE. THE TEXT OF REF A IS  
QUOTED FOR YOUR INFO:

QUOTE 1. GENERAL GREENE HAS INFORMED ME THAT IN CONVERSATION  
WITH PRESIDENT CHIANG IN TAIPEI ON 13 JAN, THE PRESIDENT  
INDICATED HE WOULD LIKE TO SEND A SMALL GROUP OF OFFICER AND

PAGE TWO RUMMF 173 **SECRET**

ENLISTED CHINESE MARINE CORPS TO HQ III MAF TO OBSERVE MILITARY  
AND CIVIC ACTION PROGRAMS. VISITORS TO BE HEADED BY CONDT  
CHINESE MARINE CORPS. COL NORRIS, USMC, SENIOR MARINE ADVISOR  
RECOMMENDED TO ACCOMPANY. ADMIRAL GENTNER, ALSO DESIRES TO BE  
INCLUDED IN INVITATION. U.S. CHARGE, MR. HUMMEL, PRESENT WHEN  
GEN GREENE EXTENDED INVITATION.

2. IT IS UNDERSTOOD THAT THERE ARE CURRENTLY SOME CHINESE ARMY  
OFFICERS NOW VISITING SAIGON ON INVITATION SOUTH VIETNAMESE  
GOVERNMENT.

3. YOUR ASSISTANCE IN EXTENDING THE INVITATIONS DESIRED BY  
GENERAL GREENE IS REQUESTED. MOST DESIRABLE THAT PARTY NOT  
ARRIVE PRIOR TO 10 FEB 66 IN ORDER TO AVOID CONFLICTS WITH  
OTHER VISITORS.

4. IF YOU CONCUR AND INVITATIONS ARE EXTENDED, I WILL KEEP  
GENERAL THI INFORMED. UNQUOTE.

2. IN ADDITION TO THE FOREGOING, GENERAL GREENE REQUESTED  
THAT INVITATION ALSO INCLUDE VISIT TO MARINE CORPS UNITS ON  
OKINAWA. REQUEST YOU TAKE NECESSARY ACTION TO HAVE INVITATION  
EXTENDED TO GROUP TO VISIT OKINAWA. CMC SUGGESTS INVITATION  
SHOULD BE EXTENDED THROUGH ADM GENTNER.

PAGE THREE RUMMF 173 **SECRET**

3. WILL ADVISE IMMEDIATELY ON RESPONSE FROM GENERAL  
WESTMORELAND TO REF A.

GP-4

BT

DIST: COPY 1 OF 3 COPIES - FILE  
COPIES 2-3 OF 3 COPIES - MAF

CG III MAF

P 191100Z/JAN

MGEN WALT

*Copy 2 of 3*

**SECRET**

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**SECRET**

COMMUNICATION CENTER  
III Marine Amphibious Force  
FPO San Francisco, California 96601

O 150326Z  
FM CG III MAF  
TO RUMSMA/CONUSMACV  
INFO RUEGEM/CWC  
BT

**S E C R E T**  
PERSONAL FOR GEN WESTMORELAND, INFO PERSONAL FOR GEN GREENE  
FROM MAJGEN WALT

1. GENERAL GREENE HAS INFORMED ME THAT IN CONVERSATION WITH  
PRESIDENT CHIANG IN TAIPEI ON 13 JAN, THE PRESIDENT INDICATED  
HE WOULD LIKE TO SEND A SMALL GROUP OF OFFICER AND ENLISTED CHINESE  
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PROGRAMS. VISITORS TO BE HEADED BY COMDT CHINESE MARINE CORPS.  
COL NORRIS, USMC, SENIOR MARINE ADVISOR RECOMMENDED TO ACCOMPANY

PAGE TWO RUMSDN 847 **S E C R E T**

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4. IF YOU CONCUR AND INVITATIONS ARE EXTENDED, I WILL KEEP GENERAL  
TRI INFORMED.

GP4  
BT

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CG III MAF

O 150326Z/JAN

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**SECRET**  
#71