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CHARLES P. CLARK, ASSOCIATE CHIEF COUNSEL  
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## United States Senate

SPECIAL COMMITTEE INVESTIGATING  
THE NATIONAL DEFENSE PROGRAM

April 24, 1942

### MEMORANDUM:

TO: SENATOR KILGORE

FROM: MR. FULTON

Admiral Stuart informed me that he checked very thoroughly into the charges that Standard Oil Company has drilled offsetting wells in the Elk Hills Naval Reserve. He states that the fact is that during the last year the Standard Oil has drilled seven wells on sections held by it which are checker-boarded into the Elk Hills Naval Reserve, but that such wells were drilled for the purpose of forming the basis of evaluating previously undeveloped Standard Oil property. He stated that the Navy had had an appropriation for \$195,000 to enable it to drill wells for similar purposes, which appropriation had been held up by the Budget Department.

He further stated that the matter had been called to the attention of the President, and showed me a copy of the President's letter to the Secretary of the Navy (attached hereto), whereby the President directed that the Navy should proceed at once to negotiate for the purchase of Standard Oil property, and if it should find it impossible to reach an agreement, should institute condemnation proceedings. The President's



letter was dated March 21, 1942.

On April 14, the Standard Oil informed the Secretary of the Navy that it was <sup>engaged</sup>~~working~~ in an effort to put a value on its properties.

Admiral Stuart stated that unless the matter were handled expeditiously, the Navy would proceed to condemnation. He also offered to talk with you further if you desired any information.

*Rugh A. Fulton*