

In separate supporting volume labeled "secret", the above total is further broken down on pages 39 and 40, and includes:

CANOL	Maintenance	\$8,066,158
	Operation	<u>8,373,530</u>
	TOTAL	\$16,439,688

Segregating the above Canol figures, the following division can be made:

	<u>Refinery, Access Roads Crude Line Oil Field</u>	<u>Distribution Lines and Flight Strips</u>
Operation	\$6,326,540	\$2,046,990
Maintenance	<u>5,705,920</u>	<u>2,360,238</u>
TOTAL	\$12,032,460	\$4,407,228

The total of \$12,032,460 is made up as follows:

	<u>Maintenance</u>	<u>Operation</u>
Production facilities at Norman Wells	\$ 708,070	\$2,843,720
597 Miles Crude Pipe line to Whitehorse	1,334,740	1,167,540
528 Miles Service roads along pipe line	2,694,010	—
Refinery at Whitehorse	<u>969,100</u>	<u>2,315,280</u>
TOTAL	\$ 5,705,920	\$ 6,326,540

From the foregoing, it appears that the War Department is requesting \$16,439,688 for the Canol Project, of which \$12,032,460 is for the operating and production facilities, and \$4,407,228 for the distribution facilities.

I have obtained from the War Department an estimate as to the expected production per day and the number of days production per year,

together with a breakdown into the four principal products, namely:

100 octane gasoline	112,895 bbls.
80 octane motor gasoline	351,080 bbls.
Diesel oil	134,000 bbls.
Fuel oil	93,800 bbls.

In addition, I have obtained from the War Department the cost of purchasing such products at Los Angeles plus freight to Skagway, and at Arruba (West Indies) plus freight to Skagway. From those figures, it appears that the total cost of obtaining equivalent amounts of the various products from Los Angeles would be \$2,568,997, and from Arruba would be \$3,267,893.

The justifications advanced to me by Mr. Amberg for paying four to five times the cost of obtaining equivalent product were (1) the tanker shortage (2) production shortage on the West Coast and (3) first operation of any size in Northern country and would, if successful, be of benefit in the future defense of the United States.

I have asked the Petroleum Administrator to get any information which he may have and which he may be able to give us as to the tanker shortage and the production shortage. In this connection, he is preparing a public statement and is sending it to the Committee for its use in making any public statements on these matters. He has privately stated that the tankers are relatively free and that products are available in sufficient quantities in Arruba. This information, however, should not be used in any way until the formal statement of the Petroleum Administrator is received.

The exact appropriation is on page 30 of H.R. 4967, which appropriates \$1,800,217 to the Corps of Engineers for engineering service.