

SECRET

15 December 1953

Honorable Homer Ferguson

United States Senate

Dear Senator Ferguson:

Reference is made to informal inquiry from your office concerning a teletype from Mr. Carl Reinmiller, Manager of the Fort Chilkoot Company, Alaska, pertaining to the Halnes-Fairbanks 200 pipeline construction. In his telegram Mr. Reinmiller states that the Corps of Engineers refuses the use of the Fort Chilkoot facilities as construction office space and housing for the contractor and government staff.

The specifications for this project included a provision that the contractor shall furnish, along with his own accommodations, office and living space for the government resident staff at three locations on the route of the pipeline amounting to approximately 3600 square feet at each place. The contract was awarded on a lump sum basis. The above living accommodations for both contractor's and government personnel were included in the bid as an indirect cost to be absorbed by the other features of construction. It is thus the contractor's responsibility to provide these living accommodations and to his interest to do so on the most economical basis. Consideration of the use of Fort Chilkoot facilities would be a matter to be determined between the sponsoring contractor of the joint venture doing this work, the Williams Brothers of Tulsa, Oklahoma, and the Fort Chilkoot Company authorities, as two private concerns.

The Alaska District Engineer, who is the Contracting Officer and Government Representative directly responsible for this work, was queried about Mr. Reinmiller's message. He stated that he had no knowledge of the alleged disapproval, and that neither he nor his key subordinates had been approached about the use of Fort Chilkoot facilities. We are thus at a loss to know where such disapproval originated.

In conclusion, if the contractor decides to use the Fort Chilkoot facilities, the Government would not be in a position to give disapproval of his action. The provisions of his living and working accommodations is part of the contractor's operations and entirely under his control. This contract has stipulated a rather stiff delay-damage clause for completion by September 1955. If the Government were to interject itself into the management of the contractor's operations at this time it might jeopardize the effectiveness of the delay-damage feature due to possible later claims by the contractor.

Same ltr to Sen. Guy Gordon, Congressman E. L. Bartlett, Sen. Lemmitt Saltwater, same date.

Mr. Gerber/Col Malevich/71979/1c

221311
Honorable Oscar Ferguson

13 December 1953

Thank you for the opportunity of clarifying this matter. I shall be glad to furnish any further information upon request.

Sincerely yours,

DAVID H. TULLY
Brigadier General, USA
Assistant Chief of Engineers
for Military Construction

BRONN

cc: Chief of Legislative Liaison
Comptroller, Col P. Tanous, Rm 3B634, Pentagon

RECORD: This was read to Col Moorehead at 1:00 17 Dec, and approved by him.