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13 August 1958

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Identification of Special Projects

REFERENCE : Memorandum for DCI from SA/PD/DCI dated
12 August 1958 (DPS-3074)

1. This memorandum is for information only. Its purpose is to identify the special projects referred to in a separate memorandum on the financing of these projects (DPS-3074). The tasks to be performed under these several projects were not described in the referenced memorandum on financing because of their extreme sensitivity and because the recommendations on financing, if approved by you, should be in such a form that it could be circulated to a number of unwitting individuals within and outside of the Agency. The five projects therein referred to are identified in the following paragraphs.

2. CHALICE. This is Project AQUATONE renamed. The activities comprised in this project include:

Personnel and support of the two CHALICE Detachments overseas, the ZI base at Edwards Air Force Base, and almost all of the Development Projects Staff;

The operation and maintenance of the U-2 aircraft remaining in possession of the Agency (currently thirteen in number);



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NRO review(s) completed.

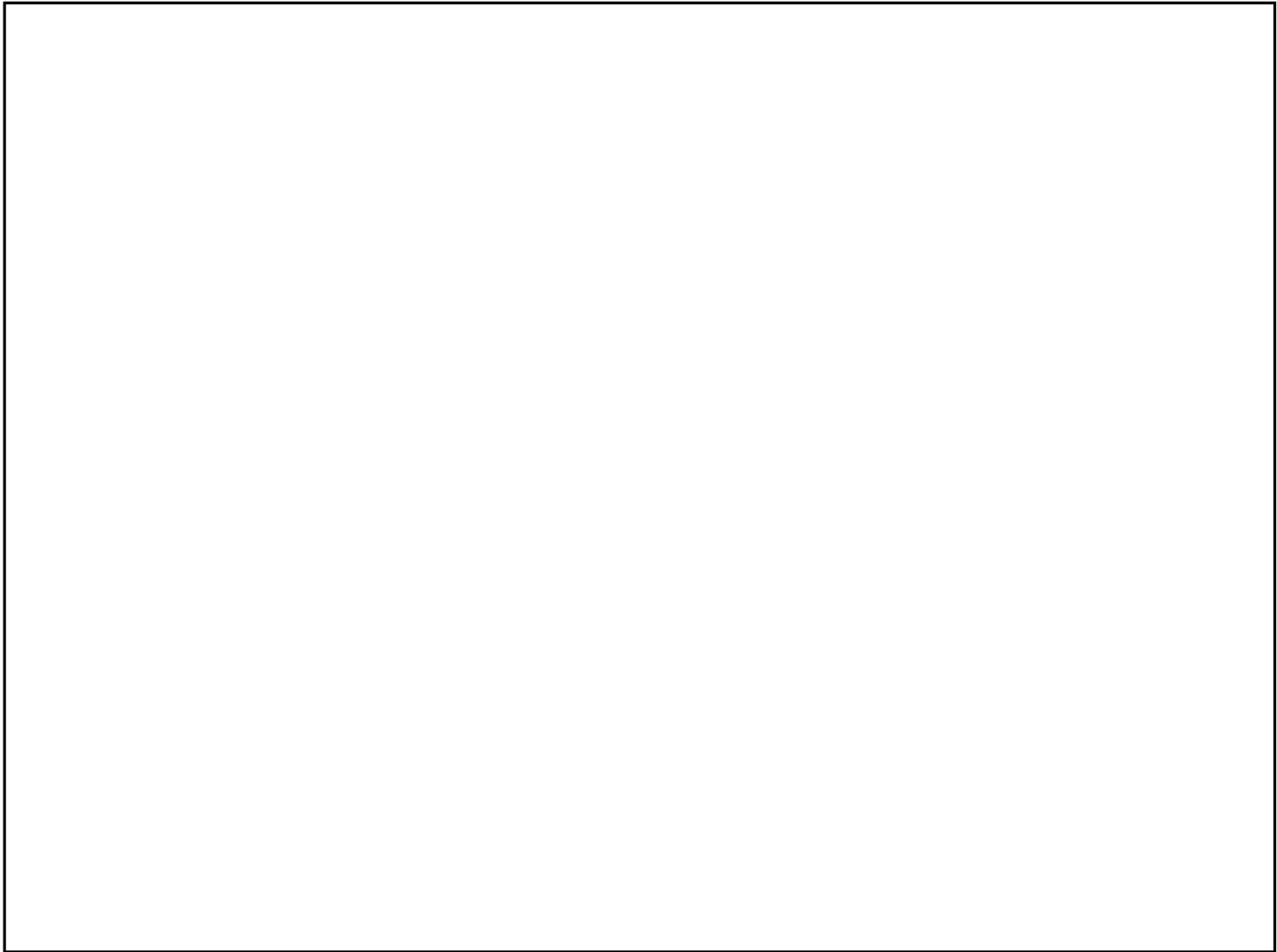
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4. GUSTO. This project, which is nearly a year old, consists of feasibility studies looking toward a successor aircraft to the U-2. The major expenses that have been incurred have been the costs of work performed

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by the [redacted]

and the Lockheed Aircraft Corporation. Lockheed has conducted an extensive program involving at least preliminary design of no less than 30 to 40 configurations of aircraft. It has also carried out an extensive program of model building and of measuring radar reflectivity of models. Lockheed also built a partial full-scale mock-up of a possible GUSTO aircraft. [redacted]

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[redacted] costs have been for model testing and for extensive radar

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measurements on the above-mentioned mock-up. Additionally, some funds have been spent (under subcontract to Lockheed) for studies [redacted]

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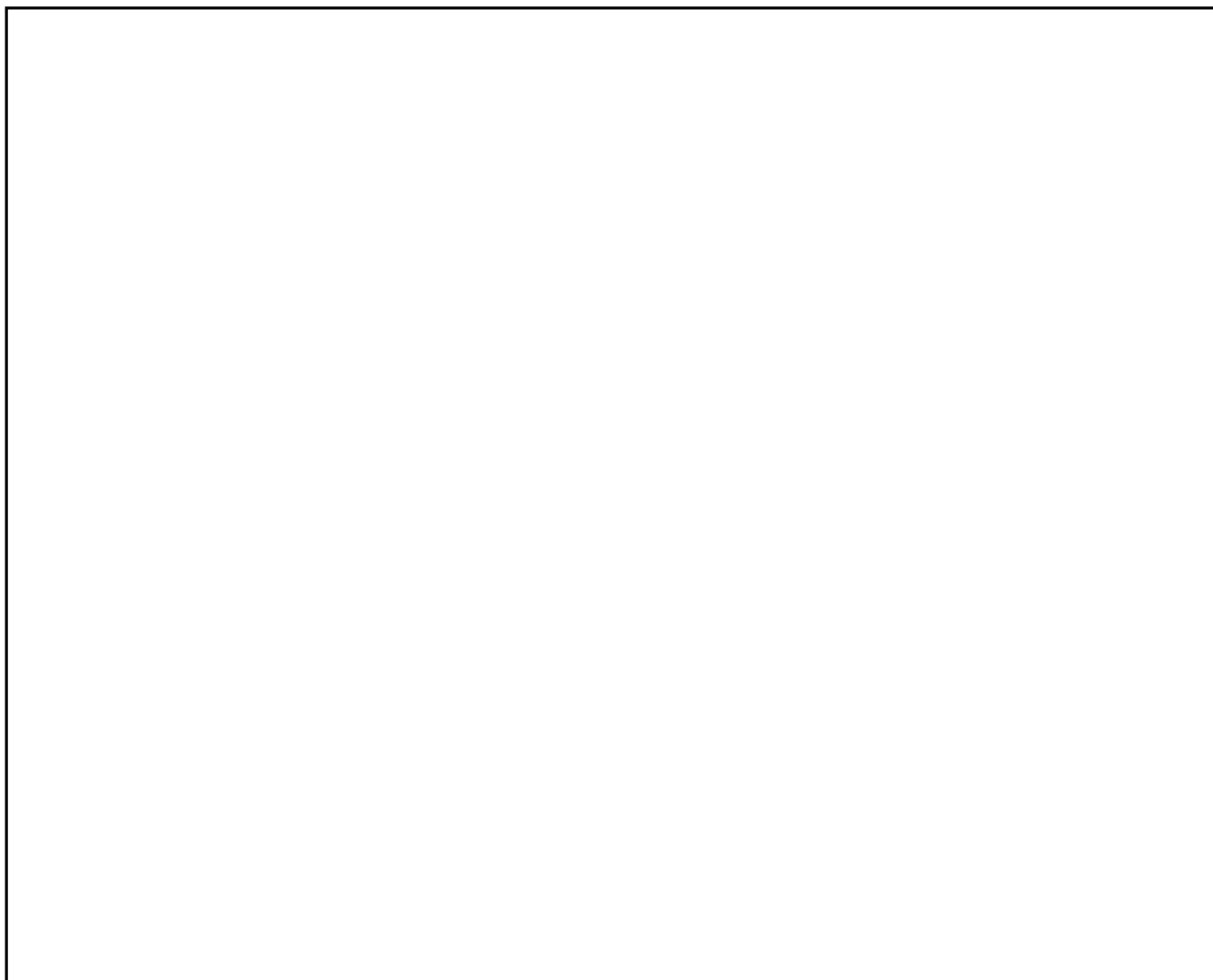
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6. CORONA. This name covers all aspects of the program for the launching of 12 reconnaissance satellites which will take photography during their overflights of the Soviet Bloc and will contain provisions for storage of the exposed film in a capsule which will re-enter, drop in a preselected ocean impact area, and be recovered. This project was approved at the highest level [redacted] released from the Agency Reserve, was obligated in FY-1958, almost all for prime contract to Lockheed's Ballistic Missile Division. Although the total of [redacted] contained some reserve over the then available estimate of the Agency's share of the costs of the program, it now appears that there will be some overrun. Moreover, ARPA is in grave trouble with its biomedical program and there

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is a real possibility that the Agency will have to pick up certain costs which were originally planned to be charged to the biomedical program. Finally, the Agency will probably incur some operational costs, for which no firm estimate is yet available.

7. GENERAL COMMENT. The above outline may help to make clear both the reason that such large costs for the above projects have materialized in the last few months, well after the budget for FY-1959 was presented to Congress, and the difficulty of estimating even at this date just what the cost of these projects will be. It is understood that activities of the sort herein described are in no sense exempt from the requirement for economical administration and the need to restrict our outlays within reasonable and approved limits. Nevertheless, if CHALICE is to be continued through the full fiscal year and if CORONA is to be carried through, there is little room for maneuver in the reduction of their costs. With respect to feasibility studies, the philosophy of this office has been that the objective in view is so important, and the cost of exploring technical possibilities is so small a part of the cost of a whole new reconnaissance vehicle, that any and all promising technical opportunities should be explored with urgency.

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