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DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE  
WASHINGTON, D.C. 20505

26 August 1976

C/S has noted

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General David C. Jones  
Chief of Staff  
United States Air Force

Dear General Jones: 5

You will recall that in an exchange of messages between you and Mr. Colby in February and March 1975 (OMAR 8020 and PADRE 5406) you expressed the desire to have CIA continue to manage Area 51 at the Nevada Test Site. Mr. Colby agreed to retain management of the Area "as long as community intelligence requirements and budgetary constraints permit." Subsequently, the Senate and House Appropriations Committees deleted Area 51 operating funds from the FY-76 CIA appropriation, but in accordance with USAF desires, recommended that CIA continue to manage the Area with the operating funds being provided by the Air Force. That recommendation was implemented, and we have been operating under the arrangement for a little over a year.

In a recently completed review of the operation of the Area, including the projects currently underway there and those planned for the future, it was concluded that management of the Area by this Agency is no longer warranted. Essentially all of the activity at the Area is in support of DOD projects, the Air Force's HAVE GLIB project being by far the largest at the present time. Another large Air Force project and a large Army project are projected for the near future. CIA's use of the Area for its own projects is minimal, and we see no significant increase in our requirements for the future. Although it is true that the DOD projects are intelligence related and do require a covert base, I am convinced that the Air Force could manage the Area and maintain its covert posture. In addition, it would appear to be better management practice to have the funding organization responsible for the operational management of the Base.

This issue was brought up before the Committee on Foreign Intelligence (CFI) as a key topic in the review of the Agency's FY-1978 program. The CFI approved the recommendation that management of Area 51 be transferred from CIA to the Air Force by FY-78. We therefore plan to begin a gradual phase-out that will be complete by the end of FY-77. We hope that by beginning now we can effect a smooth transition by that time with little or no effect on tenant projects.

Sincerely,

A handwritten signature in cursive script, appearing to read "E. H. Knoche".

E. H. Knoche

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