

OP-215

Disposal of the KANYO MARU in Tanapag Harbor

- Ref: (a) CINCPACFLT ltr ser 1826 of 8 Apr 1954 to CNO with enclosures thereto
(b) Dept of Interior ltr of 11 Feb 1954 - Mr. A. M. Edwards to CDR L. G. Findley, with copy of preliminary contract
(c) CNO ltr ser 535P21 of 12 Mar 1954 to CINCPACFLT with enclosures thereto
- Encl: (1) Proposed letter to CINCPACFLT

1. In reference (a) CINCPACFLT forwards a request made by the Micronesia Metal and Equipment Company for a bill of sale on the ex-Japanese ship, KANYO MARU, resting on the bottom in shallow water in Tanapag Harbor, Saipan. Three facts are pertinent in this proposed deal.

a. The KANYO MARU has been setting in the harbor since 1944 and can be considered a menace to navigation although she is not in the sea or seaplane lanes.

b. The Micronesia Metal and Equipment Company has been removing land based scrap from Saipan and Tinian since 1951 when they purchased the interests of the original company, The CARMAR Trading Company, established in 1948.

c. There will be a sizeable amount of revenue that will go into local revenues resulting from such a sale.

2. As set forth in reference (b) the Department of the Interior gave the J. H. Pomeroy Company of San Francisco a 150 day option to make a survey of sunken ships in the Trust Territory - the Palaus and Truk in the Carolines. Wording of this document covers all of the Trust Territory which would include Saipan. A survey has not been made in the Northern Marianas or, according to Pomeroy officials, is one planned, due to the paucity of material. Pomeroy appraisors have surveyed the ex-Japanese hulks in the Bonins and there is a good possibility that the Military Governor may make a deal with this concern for the removal of this material.

3. By enclosure (2) to reference (c) the Department of Defense has informed the Assistant Secretary of the Interior that "full cooperation is now being given to the company (Pomeroy) representatives in the area." This has been done and to date the Department of the Interior and the contractor are most pleased with Navy assistance and cooperation given at Pearl Harbor and Guam. It is considered most important that this spirit of good will continue during the period of Pomeroy's option (expires about 1 July) and that no deals be made, legitimate as they may be, to disrupt the status quo. After being in the harbor for ten years two additional months will not make an appreciable difference in the scrap value of this hulk or contribute much from a menace or hazard standpoint. The writer is confident

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that the main reason this proposal was made by Micronesia Metal and Equipment Company at this time when the market on scrap is low, is to confuse the Pomeroy deal.

4. In view of the above, enclosure (1) has been prepared for your signature which informs CINCPACFLT that it is the desire of CNO to withhold negotiations on the sale of the KANTO MARU until after 1 July 1954. CNO also concurs with CINCPACFLT's suggestion that, for security reasons, another salvage/scrap concern should not be permitted to operate in the Saipan District.

Very respectfully,

L. G. FINDLEY