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ATOMIC ENERGY COMMISSION

MEETING NO. 1210

6:15 p.m. Tuesday, June 26, 1956

* * * * *

Present

Lewis L. Strauss
Thomas E. Murray
W. F. Libby
Harold S. Vance

K. E. Fields
R. W. Cook
William Mitchell

W. B. McCool
James E. Ammons

Also Present

R. E. Hollingsworth
Paul F. Foster
Brig. Gen. Alfred D. Starbird
T. H. Johnson
Clark C. Vogel
Harold D. Bengelsdorf
C. L. Marshall
Charles H. Reichardt
Morse Salisbury
Charter Heslep
Louis H. Roddis

Byran F. LaPlante
C. A. Rolander, Jr.
Frank K. Pittman
George F. Quinn
A. A. Wells
Herbert E. Hoffman
Comdr. John W. Crawford
Richard J. Hallinan
Paul C. Fine
Manuel Dupkin, II
Richard V. Willit

1. Fatal Accident at Los Alamos

Mr. Fields reported that an employee had been killed as a result of a non-nuclear explosion at LASL.

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2. Joint Director of ANL-MURA

Mr. Libby commented on his telephone conversation with Chancellor Kimpton concerning a discussion among Chancellor Kimpton, Mr. Alvin Graves and Father Hesburgh about the possible appointment of Mr. Graves as the Director of ANL and of the MURA accelerator project. Mr. Libby said Mr. Graves would also meet with Mr. Williams, President, of MURA, on July 12. Mr. Vance added that he had received a letter from Father Hesburgh concerning the meeting with Mr. Graves.

During the above discussion, Mr. Murray entered the meeting.

3. AEC 328/12 - Declassification of Uranium Production Information

The Commission:

Approved the action of the General Manager to declassify and authorize publication of the information on total ore production of the U.S., and approximate total uranium production of the free world appearing in Mr. Jesse Johnson's speech delivered at the Conference on Uranium and the Atomic Industry, Denver, Colorado, on June 25, 1956.

4. AEC 787/34 - Foreign Observer Briefing at REDWING

General Starbird reviewed material to be presented at a briefing for British and Canadian observers at Operation REDWING. Mr. Murray indicated that he had not anticipated that the briefing would be as extensive as outlined in Appendix "B" of AEC 787/34, and inquired why such detailed information was to be disclosed. General Starbird said the briefing had been prepared so that it might be of assistance to the U.K. and Canada in planning their

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future nuclear weapons test operations. In answer to a question by Mr. Murray, General Starbird said that AEC 787/34 did not specifically state that no Restricted Data relating to thermonuclear weapons, except effects information, would be transmitted to the U.K. and Canadian observers. He pointed out, however, that transmittal of such information was prohibited unless jointly agreed upon by the Commission and the DOD, and said that the Commission had previously declined to make such a joint determination. (See minutes of Meeting 1137.) Mr. Murray then suggested that the Commission specify that no Restricted Data concerning thermonuclear weapons, except effects information, would be included in the briefing for the U.K. and Canadian observers.

After further discussion, and subject to Mr. Strauss' concurrence, the Commission:

a. Concurred in the use of the proposed briefing material (Appendix "B" as modified by paragraph 3 of AEC 787/34) for briefing U.K.-Canadian observers at Operation REDWING;

b. Noted that no Restricted Data on thermonuclear weapons, except effects information which does not reveal any design or fabrication information concerning thermonuclear weapons, will be disclosed during the briefing for U.K. and Canadian observers; and

c. Noted that the Chairman, MLC, will be notified of this action by a letter such as Appendix "C", to AEC 787/34 revised in accordance with b above.

Later in the meeting, Mr. Strauss indicated his concurrence with this decision.

5. AEC 223/15 - Concession Leasing Policy

General Starbird reviewed the present AEC policy of renewing commercial leases at AEC facilities on a competitive

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bid basis and discussed a possible change in policy to permit negotiations for renewal of these leases. He pointed out that Representative Dempsey had introduced legislation which would allow AEC to negotiate renewal of commercial leases. He said, however, that the staff recommended that the present concession leasing policy be continued because this arrangement seemed to assure fair treatment to all interested parties and to provide the most favorable financial return to the Government. General Starbird said that bids already had been received on a number of concessions whose leases were about to expire, and pointed out that, if action on the renewal of these leases were not taken soon, the bid bonds posted by the individuals interested in obtaining the concessions would expire.

During the above discussion, Mr. Strauss entered the meeting.

General Starbird referred to a Los Alamos drug store lease which was about to expire, and said the present drug store operator had submitted a bid substantially below several other bids and therefore less favorable financially to the Government than the other bids. The staff recommended that the high bidder be awarded the lease. Mr. Murray indicated that he agreed with this position and remarked that bids on the drug store lease had been submitted in good faith. Therefore, he said he believed that the Commission was obliged to accept the highest bid among those determined to be competent operators.

Mr. Mitchell observed that the bids had been invited in accordance with the announced Commission policy on renewal of commercial leases, and said the staff believed that the Commission ought to award the drug store lease on the basis of the bids submitted. Mr. Strauss indicated that he was inclined to accept the General Manager's recommendation.

Mr. Libby and Mr. Vance then inquired whether it would be possible to defer action on the drug store lease until Congress acted on Representative Dempsey's bill. Mr. Vance suggested that, if this bill is passed, the Commission discontinue its

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present policy of competitive bidding for the renewal of commercial leases and, instead, negotiate for the extension of these leases. He added that he believed consideration should be given to the present drug store operator's ten years of satisfactory service to the community, and indicated that he favored extending the lease of the present operator.

After further discussion, Commissioners Strauss, Libby, and Vance requested that AEC 223/15 be deferred and that the General Manager and General Counsel explore means of extending the deadline for expiration of the bid bonds for the drug store lease. If this deadline could not be extended, they requested that AEC 223/15 be scheduled for further Commission consideration. Mr. Murray indicated that he was opposed to the Commission's deferral of action on the General Manager's recommendation.

6. Commissioners' Appearance Before JCAE

Mr. Vance indicated that he would be present at the JCAE hearing to be held on June 27, on weapons requirements.

7. AEC 883/8 - Recommendations of CIA for Amending the Atomic Energy Act

The Commissioners agreed to defer consideration of AEC 883/8.

8. Report on Status of Agreements for Cooperation

Mr. Vogel reported that by July 2, 1956, he expected AEC to have concluded, since the passage of the Atomic Energy Act of 1954, a total of forty-two bilateral agreements or amendments to these agreements.

9. Swedish Request for Additional U-235

Mr. Vogel reviewed a Swedish request for an amendment to their bilateral agreement in order to permit the U.S. to

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provide Sweden with a maximum of twelve kilograms of U-235 contained in uranium enriched up to twenty percent, rather than six kilograms provided for in the present Agreement. Mr. Vogel pointed out that, if the amendment were approved, the additional six kilograms would be transferred to Sweden only after a staff determination that this material was needed by Sweden for the reactor they intended to build.

After further discussion, the Commission:

a. Approved an amendment to the Agreement for Cooperation with the Government of Sweden to raise the limit on enriched uranium transferred by the AEC for use in research reactors from six kilograms to twelve kilograms of contained U-235 in uranium enriched up to a maximum of 20% U-235;


b. Agreed to recommend to the President of the United States that he approve the amendment to the agreement with Sweden, determine that its performance will promote and will not constitute an unreasonable risk to the common defense and security, and authorize its execution;

c. Noted that the Chairman will sign the amendment for the Commission; and

d. Noted that the amendment will be submitted to the Joint Committee on Atomic Energy in accordance with statutory requirements.

10. Amendments to the Agreement for Cooperation with Belgium.

Mr. Vogel reviewed proposed amendments to the Agreement for Cooperation with Belgium. One of these amendments, he said, would permit transmittal to Belgium of eight kilograms of highly enriched uranium for use in a materials testing reactor.



With regard to an amendment providing for an exchange of information on chemical reprocessing, Mr. Vogel said that Department of State officials had indicated they would be opposed to such an exchange because of its possible effect on efforts to organize EURATOM. Mr. Vogel pointed out, however, that Prime Minister Spaak, who was a leading proponent of EURATOM, had requested such an exchange. Mr. Libby observed that the information on chemical reprocessing was soon to be declassified by AEC and, therefore, it seemed unnecessary to amend the agreement to provide for exchange of this information. Mr. Strauss said he would speak to Mr. Murphy of the Department of State concerning that Department's objection to this proposed amendment. The Commissioners indicated that they would accept the Department of State's position regarding the desirability of this amendment.

Mr. Vogel said he had been informed that the Belgian Government would agree to the inclusion of safeguards and control provisions in the Agreement for Cooperation.

After further discussion, the Commission:

- a. Approved, as submitted and revised at the meeting, an amendment to the Agreement for Cooperation with the Government of Belgium;
- b. Agreed to recommend to the President that he approve the proposed amendment, determine that its performance will promote and will not constitute an unreasonable risk to the common defense and security, and authorize its execution;
- c. Noted that the Chairman will sign the amendment on behalf of the Commission; and
- d. Noted that the amendment will be submitted by appropriate letter to the Joint Committee on Atomic Energy in accordance with statutory requirements.

11. AEC 532/30 - Private use of Restricted Data Covering
Controlled Thermonuclear Processes

The Commissioners agreed to defer consideration of
AEC 532/30.

12. AEC 580/48 - Data for JCAE Hearings on Military
Requirements

Mr. Fields commented briefly on the material prepared
by the staff for use at the June 27, JCAE hearing on military
requirements.

W. B. McCool

Secretary

Approved by the Commission: Meeting 1229, September 26, 1956

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APPENDIX

UNITED STATES
ATOMIC ENERGY COMMISSION
WASHINGTON 25, D. C.

REPOSITORY NARA/College Park
COLLECTION AEC Minutes (NA 3-326-92-006)
BOX No. 9 (Vols 17-18)
FOLDER AEC HQS 1187-1212
J pp. 211-412

May 23, 1956

MEMORANDUM FOR THE COMMISSIONERS AND GENERAL MANAGER

Subject: NOTES ON INFORMAL MEETING - 10:00 A.M., THURSDAY,
MAY 3, 1956

At 10:00 a.m., on Thursday, May 3, 1956, an informal meeting
was held in Room 213. Those present were:

W. F. Libby
Thomas E. Murray

R. W. Cook
William Mitchell

Harold D. Anamosa
Richard V. Willit

A. Tammaro
David F. Shaw
Col. Carey L. O'Bryan, Jr.
Robert E. Hollingsworth
George F. Quinn
Walker E. Campbell
Delmar M. Morris
Joseph F. Hennessey
Curtis A. Nelson
Morse Salisbury
Frank K. Pittman
Hal L. Hollister
Robert Lowenstein
Charles G. Manly
Harold A. Knapp
Allen V. Butterworth
Comdr. John W. Crawford
Richard J. Hallinan
Manuel Dupkin II
George G. Manov
Charles A. Perry
William L. Oakley
Ruth Thomas

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H. R. Schmidt

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(Since a quorum of the Commission was not present and no formal Commission business was done, minutes will not be prepared for this meeting.

The following subjects were discussed:

1. JCAE Insurance Hearings

Mr. Mitchell said the JCAE had requested that the Commission testify on the question of hazard insurance for atomic energy facilities on May 14 rather than May 15. The Commissioners indicated that this schedule would be agreeable to them.

2. Operation REDWING Report

Colonel O'Bryan briefly reported on the status of Operation REDWING. He said that Senator Pastore, the only member of JCAE attending the CHEROKEE Shot, had departed earlier in the day for the proving grounds. He also reported that the weather looked favorable, and that the test facilities and experiments were ready for the LACROSSE Shot, and that the CHEROKEE Shot was scheduled for May 7.

Mr. Salisbury then reported on the arrangements for public news media coverage of the LACROSSE and CHEROKEE Shots.

3. AEC 639/4 - Proposed Modification of Union Carbide and Carbon Corporation Contract

Mr. Hollingsworth reviewed the proposed Union Carbide and Carbon contract modification which would incorporate into one modified contract all the contract revisions that have occurred since 1950. This modification would include all the standard contract language approved by the AEC since 1950, would remove provisions no longer needed since completion of the expansion programs, and would strengthen the AEC's position in claiming state tax exemptions for Carbide's contract activities. He added that no change in the fee or scope of the contract was proposed.



In answer to a question by Mr. Murray, Mr. Hollingsworth stated that all the proposed modifications were to the advantage of the government.

After further discussion, Commissioners Libby and Murray indicated that they approved the recommendation of AEC 639/4 and suggested that the General Manager proceed with this action. Mr. Libby said that Mr. Strauss had indicated that he approved the recommendation of AEC 639/4.

4. Research Reactor for MIT (See AEC 909)

Mr. Cook referred to AEC 909, which stated that the General Manager would approve issuance of a construction permit for a research reactor at the Massachusetts Institute of Technology and inquired whether the Commissioners had any objection to this action. Mr. Pittman then commented on the staff's review of the hazard problems arising from the project. In answer to a question by Mr. Libby, Mr. Pittman said that MIT would be obliged to meet the AEC requirements for financial responsibility for accidents if such a requirement were established. Mr. Pittman observed that the General Manager would determine that MIT was technically capable of and financially responsible for such an undertaking and would allocate special nuclear material to be used over a forty-year period. He added that if inspection of the construction indicated compliance with approved plans, and if the operation satisfied health and safety requirements, the construction permit would be converted to a license.

The effect of long term material allocations to licensees on the flexibility of the total U-235 stockpile was then discussed. With regard to this problem, Mr. Libby raised the question whether government ownership of reactors would not provide more flexibility than private ownership. Mr. Mitchell said he did not believe there would be any difference, since, as a practical matter, the same amount of material would be allocated and, in time of military need, it would not be any more feasible to shut down a government plant than a private plant. Mr. Murray said

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he agreed that there would be no difference. Mr. Libby asked for a technical analysis of the flexibility of the stockpile under these different methods.

After further discussion, the Commissioners indicated that they had no objection to issuance of a construction permit for the MIT reactor.

5. AEC 835/2 - Issuance of Construction Permits and Allocations of SNM to Consolidated Edison and to Commonwealth Edison

Mr. Pittman reviewed the recommendations of AEC 835/2 which provided for approval of construction permits for power reactors to be built by Consolidated Edison and Commonwealth Edison, and for a forty-year allocation of special nuclear material for reactor fuel. The Commissioners observed the total amount of material would be allocated over a period of years rather than all at once, and suggested that appropriate language be used to indicate this.

The Commissioners then discussed the need to make a commitment, when the license was issued, to supply the total amount of material to be used in operation of the reactor during the period of the license. Mr. Libby observed that such commitments would also be necessary for foreign reactors. Mr. Cook pointed out that this problem was now under consideration by the staff and that recommendations would shortly be submitted to the Commission. Mr. Libby said he believed there was no other choice than to make a commitment to supply reactor fuel to foreign nations in the same manner as commitments are made to supply fuel for domestic reactors.

Mr. Pittman pointed out that in order to arrive at a figure to apply against the domestic allocation of 20,000 kilograms of U-235, the calculations for the equivalent amount of weapons grade material to be supplied to these reactors were based on the same gaseous diffusion characteristics as were used for the 1955 price schedule. Mr. Libby observed that the 1955 price schedule was

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based on estimates of costs of steady state operations to be achieved after completion of the expansion program. Therefore, since actual costs might be less, he said that approval of AEC 835/2 should not be regarded as a precedent for the use of the 1955 price schedule in all subsequent calculations regarding the allocation of U-235 for power reactors.

Mr. Murray remarked that he hoped that in about five years the fuel demands of private industry could largely be met commercially.

Mr. Libby asked whether the 104 license would be converted to a 103 license if the reactor became practical. Mr. Mitchell said that the Commission would not need to revise a license which had been issued.

Mr. Murray said he believed that the Commission should establish a policy recognizing AEC's responsibility for the safe, efficient operation of all reactors, and that funds should be requested, in accordance with this policy, to conduct reactor experiments supplementing and paralleling those of private industry.

Mr. Libby said he agreed that AEC should undertake such programs and added that he believed it should extend to the foreign reactor projects which AEC is supporting. He observed that since AEC will supply fuel as well as technology for these reactors, AEC has a responsibility for their proper operation even if it had not participated in the project financially.

After further discussion, Commissioners Libby and Murray indicated that they approved the recommendation of AEC 835/2 and suggested that the General Manager proceed with this action. Mr. Libby said that Mr. Strauss had indicated that he approved the recommendation of AEC 835/2.

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6. AEC 785/12 - Indemnity of Privately Owned Atomic Energy Facilities

Mr. Mitchell said that the proposed legislation under consideration had been prepared on the assumption that the Commission believed that some protection from the financial risk of a reactor catastrophe was necessary, in addition to that available from private sources, in order to encourage companies to build and operate power reactors. He said the staff believed the most practical form for this protection to take was indemnity of losses, particularly for third-party public liability, above the amount which was available from private sources. Mr. Murray said he believed legislation during this session of Congress was imperative.


Mr. Mitchell pointed out that the difficulty of developing an insurance program was due to the fact that the possibility of a catastrophe was so remote that the probability or extent of the risk could not be calculated. However, he said the Bureau of the Budget would probably suggest that provision be made for a re-insurance program. He then reviewed at length the staff's proposals and various alternatives which had been considered.

Mr. Murray said his major concern was whether the proposed bill eliminated all obstacles of this nature to the construction of power reactors by private companies. If it would do so, he said, he favored its approval.

Mr. Mitchell said the proposed bill would make available unlimited indemnity for financial losses resulting from a reactor catastrophe.

Mr. Libby suggested that testimony be prepared, for use during the JCAE insurance hearings, summarizing the AEC's hazard experience in the operation of production reactors.

After further discussion, Commissioners Libby and Murray indicated that they approved the recommendation of AEC 785/12 and



suggested that the General Manager proceed with this action. Mr. Libby said that Mr. Strauss had indicated that he approved the recommendation of AEC 785/12.

7. Cancellation of JCAE Hearing on Project SHERWOOD

Mr. Cook reported that the JCAE had cancelled hearings which had been scheduled for the following day on the classification of Project SHERWOOD.

W. B. McCool
Secretary