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Chief, Bureau of Ships Location SAN BRUNO ERC  
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Attention: Code 348 1954

Reference is made to the project proposal for the second medical study to be conducted in connection with the Marshallese rehabilitation as contained in letter of 24 August 1954 from E. P. Cronkite, then Commander (MC)USN, and forwarded by you with endorsements by the Commanding Officer, Navy Medical Research Institute and the Chief, Bureau of Medicine and Surgery. Dr. Cronkite offered the services of members of the staffs of NMRI and NMEL to assist in conducting this second medical re-examination of the residents of the Marshall Islands exposed as a result of the March 1 tests held in the Pacific during the Spring, 1954.

As outlined in my letter to you on August 5, 1954, the AEC accepted the responsibility for the future medical care of the Marshallese, and it is our intent to conduct these medical examinations on a recurring basis for some time. In accordance with the understanding reached at meetings held in my office on July 12 and 13, 1954, it is planned to take advantage of the skilled technical staff available at NMRI and NMEL to conduct these examinations under the alternate leadership of Dr. V. F. Bond and Dr. Cronkite.

The first of these re-examinations was conducted last September under the leadership of Dr. Bond. Present plans call for the second re-examination to be made at some time during the Spring of 1955. The specific date will be jointly determined by the Commanding Officers of the Navy Radiological Defense Laboratory, the Navy Medical Research Institute, and the AEC. It is understood that Dr. E. P. Cronkite, formerly a member of the staff of NMRI, and presently a member of the medical staff of the Brookhaven National Laboratory, will represent the AEC and serve as project leader for this trip.

CLASSIFICATION CANCELLED \*  
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This material contains information affecting the national defense within the meaning of the Espionage Laws, Title 18, U.S.C., Secs. 793 and 794, and the transmission or revelation of its contents in any manner to an unauthorized person is prohibited by law.

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Chief, Bureau of Ships

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As was the case previously, this agreement shall be between the Bureau of Ships and the Atomic Energy Commission. NMRI will bill the Bureau of Ships for such costs as are included for the NMRI in the total proposed budget. We were pleased to note that this contractual arrangement was found to be satisfactory by the Bureau of Ships and the Bureau of Medicine and Surgery during the last operation.

It is understood that Appendix A of this letter becomes part of this agreement and that this project is classified as "Confidential", under the terms of the espionage laws, Title 18, USC, Section 793 and 794.

If the terms of this agreement are acceptable to the Department of Navy, Bureau of Ships, it is requested that acceptance be indicated in the space provided below and that the original and two copies of this agreement be returned to the Commission. The AEC will then honor Standard Form 1080 in the amount of \$13,000, the presently estimated cost of the study.

Sincerely yours,

J. C. Bugher, M.D.  
Director  
Division of Biology and Medicine

ACCEPTED:

SAN BRUNO FRC

Department of Navy  
Bureau of Ships

By \_\_\_\_\_

Date \_\_\_\_\_

Attachment

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cc: CO, NRDL  
CO, NMRI  
Dr. Cronkite, BNL  
Chief, Bureau of Medicine and Surgery

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## APPENDIX A

### 1. Cost of Work

Unless otherwise agreed to in writing, it is understood that the cost of the work performed under this agreement will not exceed \$13,000.00. The Agency agrees to notify the Commission if the total estimated cost of the work appears to be deviating from the original estimate by 10%. In the event that additional funds over and above the approved estimate will be required, the Agency will prepare and submit to the Commission a revised budget estimate containing a complete explanation and justification for the increase.

### 2. Reimbursement for Costs

Subject to the limitations and conditions otherwise specified in this contract, the Commission shall reimburse the contractor for actual costs incurred in the contract work for per diem and travel expenses of personnel engaged in the work, services, supplies and equipment, and such other direct or indirect expenses necessary or incident to the work as the Commission may approve or ratify.

### 3. Financing

Advances of Funds. Funds, within the limits of the total amount shown under Article 1, will be advanced by the Commission upon submission by the Agency of a Standard Form 1080 voucher. Any supplemental request for advance of funds must be supported by a statement showing the use of funds already advanced and justification for additional funds required.

### 4. Obligations Assumed

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When the amount obligated by the Agency for carrying out the work requested by the Commission shall equal the amount the Commission has advanced therefor, the Agency shall not be expected or required to incur further obligations unless the Commission shall first agree to advance additional funds, nor shall the Commission be obligated to reimburse the Agency for obligations beyond that amount.

### 5. Financial Reports

As soon as possible but not later than 15 days after the close of each month, the Agency shall furnish the Commission with a written financial report in such form as the Commission shall prescribe.

6. Accounting Records - Inspection and Audit

The Agency shall maintain separate accounts for accumulating costs incurred, obligations, and expenditures made in connection with the work being performed under this agreement, in such form and detail as the Commission may require. All books of account, records, documents, and other evidence of costs relating to this contract shall be subject to inspection and audit by the Commission at all reasonable times, and the Agency shall afford the Commission proper facilities for such inspection and audit. Subject to such other disposition as may be agreed upon by the Agency and the Commission, the Agency shall, for a period of five (5) years after completion or termination of this contract, preserve such of the books of account, records, documents, and other evidence of costs relating to this contract as are not furnished by the Agency to the Commission in support of payments under the contract.

7. Excess Funds

The Agency shall take prompt action to return funds to the Commission under the following circumstances:

(a) Any funds remaining unobligated by the Agency at the time of completion of the work or at the time of the expiration or cancellation of this agreement, or

(b) Such funds as may be determined by the Agency to be excessive to the work during the performance of the work.

8. Construction and Capital Equipment

Unless expressly authorized by the Commission in advance, no funds transferred under this agreement shall be used for starting any new construction project.

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9. Property and Property Accountability

If, under the terms of this agreement, approval is granted for the procurement of capital equipment or for the construction of facilities for the account of the Commission:

(a) Title to equipment purchased with Commission funds shall vest and remain in the Commission and such equipment shall be placed in the custody of the Commission at the conclusion of the project.

(b) Title to facilities constructed shall vest in the Commission unless otherwise provided herein.

- (c) The Agency shall be responsible for the maintenance and safeguarding of all the foregoing until such time as custody shall be taken by the Commission.
- (d) Cost and property records will be established and maintained as prescribed by the Commission.

10. Progress Reports

The Agency will make such reports to the Commission on the progress of the work under this contract as the Commission may request.

11. Patents

(a) Whenever any invention or discovery is made or conceived by an employee or consultant of the Agency in the course of or in connection with the work under this agreement, or under the terms of this agreement, complete information thereon shall be furnished to the Commission and the Commission shall have the sole power to determine whether or not and when a patent application shall be filed and to determine the disposition of the title to and the rights under any application or patent that may result. The judgment of the Commission on those matters shall be accepted as final and the employee or consultant shall agree that he will execute all documents and do all things necessary or proper to carry out the judgment of the Commission, including aiding the Commission (at Government expense by proper arrangement) in the prosecution of applications for the patents and in the defense of the Government's rights in any country.

(b) No claim for pecuniary award or compensation under the provisions of the Atomic Energy Act of 1945 and 1954 shall be asserted by the Agency, its employees, or consultants with respect to any invention or discovery made or conceived in the course of or in connection with any of the work under this agreement or under the terms of this agreement.

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(c) Except as authorized in writing by the Commission, the Agency will obtain patent agreements to effectuate the purposes of the foregoing paragraphs (a) and (b) from its employees and consultants (except such clerical and manual labor personnel as will not have access to technical data) who perform any part of the work under this agreement, and will insert provisions similar to the foregoing in all other contracts entered into for performance of work called for under this agreement.

(d) In order that the regulations of the Agency may be made applicable to inventions, discoveries, or improvements, in which the Commission determines that it does not desire to file or retain all rights, the Commission agrees, if requested by the Agency, to inform it as to all such inventions, discoveries and improvements reported to the Commission hereunder which do not involve classified information or Restricted Data, and the regulations of the Agency shall be applicable thereto.

## 12. Security

(a) Contracting Agency's Duty to Safeguard Restricted Data, Etc. In the performance of the work under this contract the Agency shall, in accordance with the Commission's security regulations and requirements, be responsible for safeguarding Restricted Data and other classified matter and protecting against sabotage, espionage, loss and theft, the classified documents, materials, equipment, processes, etc., as well as such other material of high intrinsic or strategic value as may be in the Agency's possession in connection with performance of work under this contract. Except as otherwise expressly provided in the specifications the Agency shall upon completion or termination of this contract transmit to the Commission any classified matter in the possession of the Agency or any person under its control in connection with performance of this contract.

(b) Regulations. The Agency agrees to conform to all security regulations and requirements of the Commission.

(c) Definition of Restricted Data. The term "Restricted Data," as used in this article, means all data concerning (1) design, manufacture, or utilization of atomic weapons; (2) the production of special nuclear material; or (3) the use of special nuclear material in the production of energy, but shall not include data declassified or removed from the Restricted Data category pursuant to section 142 of the Atomic Energy Act of 1954.

(d) Security Clearance of Personnel. Except as the Commission may authorize, in accordance with the Atomic Energy Act of 1954, the Agency shall not permit any individual to have access to Restricted Data until the designated investigating agency shall have made an investigation and report to the Commission on the character, associations, and loyalty of such individual and the Commission shall have determined that permitting such individual to have access to Restricted Data will not endanger the common defense and security. As used in this paragraph, the term "designated investigating agency" means the United States Civil Service Commission or the Federal Bureau of Investigation, or both, as determined pursuant to the provisions of the Atomic Energy Act of 1954.

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(e) Criminal Liability. It is understood that disclosure of information relating to the work or services ordered hereunder to any person not entitled to receive it, or failure to safeguard any Restricted Data or any top secret, secret, or confidential matter that may come to the Agency or any person under its control in connection with work under this contract, may subject the Agency, its agents, employees, and subcontractors to criminal liability under

the laws of the United States. (See the Atomic Energy Act of 1954, Sections 224-227. See also Title 18, U.S.S. Sec 791-798 and Executive Order 10104 of February 1, 1950, 15 F.R. 597).

13. Termination

The Commission may terminate this contract upon 30 days written notice of such termination addressed to the Agency. In the event of such termination the funds advanced to the Agency shall be charged with obligations actually incurred to the date upon which notice of termination is received and with commitments which the Agency, in the exercise of due diligence, is unable to cancel extending beyond the date notice of termination is received to a date not later than the date upon which the contract would have expired if not terminated under this paragraph.

14. Definitions

For purposes of this agreement, the term "Commission" means the U. S. Atomic Energy Commission, and the term "Agency" means the Department of the Navy, Bureau of Ships.

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