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UNITED STATES

ATOMIC ENERGY COMMISSION

WASHINGTON 25, D. C.

DEC 2 1954

Dear Mr. Loper:

I refer to your letter of October 21, 1954, concerning the action of the Department of Defense on the Atomic Energy Commission's Statement of Policy for Operation of Military Power Reactors.

The change originally recommended by the Department of Defense to paragraph 3 is acceptable to the Atomic Energy Commission.

With resolution of the two items noted in your letter, the Commission and the Department of Defense are now in complete agreement on the Policy for Operation of Military Power Reactors. As a matter of record, a copy of the Statement of Policy in its final form, with definitions as agreed to, is enclosed.

Sincerely yours,

/s/ Lewis L. Strauss

Chairman

DoD

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Enclosure:
Statement of Policy dated November 8, 1954

Honorable Herbert B. Loper
Chairman, Military Liaison Committee
U. S. Atomic Energy Commission

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November 8, 1954

STATEMENT OF POLICY FOR OPERATION OF MILITARY POWER REACTORS

The following is a statement of policy for the operation of military power reactors (not including prototypes) by the Military Departments of the Department of Defense; for the transfer of fissionable material to the Military Department concerned; for operation of such reactors; for the transfer of such equipment to the Military Department concerned where such reactors include equipment paid for under AEC contract; and for funding of fissionable material consumed or lost in operation of such reactors.

1. The operation of military reactor power plants will be the responsibility of the Military Department concerned.

2. The appropriate AEC or Military Department contractor designing a military power reactor will prepare for transmittal to the AEC a Hazards Summary Report as described in GM-RDV-2 (Revised). This report will be reviewed by the AEC and comments and recommendations transmitted to the Military Department concerned for assistance in preparing general safety standards.

3. As mutually agreed in a separate Memorandum of Understanding between the AEC and the DOD in each case, required quantities of fissionable material, and the reactor plant where such reactors include equipment paid for under AEC contract, will be transferred to the Military Department concerned.

4. Responsibilities of the AEC will end at the moment of transfer except that the AEC will, as requested by the Military Department concerned, continue to review and evaluate operating procedures, general safety standards, and the DOD security program related to the handling and use of fissionable

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materials.

5. Following transfer, the Military Department concerned will assume full responsibility for:

a. Safeguarding the fissionable material.

b. Security of classified information relating to the reactor. However, determination of what constitutes Restricted Data will remain AEC responsibility.

c. Establishment and observance of safety standards relating to health and hazards to life and property.

d. Damages to life and property resulting from the use of fissionable material.

6. The Military Department concerned will make available to the AEC all pertinent data and information concerning military power reactors, including safety standards and any changes thereof, and operational experiences particularly with regard to significant reactor malfunctions.

7. The Military Department concerned should fund for fuel fabrication costs in future years in connection with military reactor programs other than of a developmental nature.

8. Spent fuel elements from such programs will be returned to the AEC for recovery of fissionable material at a time and place and in a physical form mutually agreeable to the AEC and the Military Department concerned. In future years the Military Department concerned should fund for the costs of recovery as well as for costs of material lost in processing. AEC facilities should be made available for both fabrication and recovery so long as this is the most advantageous method of operation. The basis for determination of reprocessing costs will be established by mutual agreement between the AEC

and the Military Department concerned.

9. Subsequent to FY 1955, the Military Department concerned should budget for the cost of fissionable material consumed or lost in the operation of military reactors. The basis for estimation of the amount of fissionable material consumed or lost in a particular reactor will be determined by mutual agreement between the AEC and the Military Department involved.

Definitions:

a. Prototype - A military power reactor built to provide technical information from which reactors with specific military functions can be built and operated.

b. Fuel fabrication - Fuel fabrication is the manufacture of fuel elements for use in reactors, commencing with fissionable material in metal form, and including the costs of structural material and labor. The inventory of fissionable material included in the fuel elements is not to be included as a fuel fabrication cost.

c. Spent fuel elements - Fuel elements from a military power reactor after their usefulness has been terminated.

d. Fuel reprocessing - The separation of fissionable material from the spent fuel elements.

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