

Suit by Reserve Oil Charges Violations

By ANTHONY J. PARISI

Adding yet another thread to the expanding web of civil suits involving the price of uranium, the Reserve Oil and Minerals Corporation yesterday sued the General Atomic Company and its joint owners, the Gulf Oil Corporation and Scallop Nuclear Inc., part of the Royal/Dutch Shell Group.

Reserve said its suit sought a declaratory judgment that its contract to sell uranium to General Atomic was "illegal, void and unenforceable on the grounds that it is part of a combination to restrain and monopolize trade." The contract calls for Reserve and the Sohio Petroleum Company to sell 5.5 million pounds of uranium to General Atomic for \$9 a pound over the next seven years.

The lawsuit further seeks \$1.6 million "as treble damages for having already delivered some 32,000 pounds of uranium at that price. Uranium currently sells for more than \$40 a pound.

Reserve, a small uranium producer based in Albuquerque, N.M., is one of more than two dozen companies that the Westinghouse Electric Corporation has sued, charging price fixing of uranium. Another is Gulf Oil, whose Canadian subsidiary has recently been implicated in an international cartel.

Westinghouse filed its suit after 27 electric utilities took the company to court. The utilities said Westinghouse reneged on its contracts to supply uranium for prices below \$10 a pound. Westinghouse responded that the contract was void because of "commercial impracticability." Among the reasons cited were the

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Reserve Oil in Uranium Price Suit

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charge that a secret cartel had been behind the big runup in uranium prices.

Most of the utilities have banded together to try their case in Richmond, home of one of the utilities involved. That case is now in progress. One of the utilities has already settled with Westinghouse out of court; a tentative agreement has been reached with another.

The new action by Reserve grew out of information disclosed during recent Senate antitrust hearings on the cartel allegations, according to James Melfi Jr., president of Reserve.

"The suit against us is a joke," he said in a telephone interview, "but because of it we did find out some interesting things that Gulf did. First of all, it joined a cartel. That's illegal."

Gulf declined to comment, saying that it had no knowledge of the Reserve suit other than from press reports.

But the company has already conceded that its Canadian subsidiary was compelled by the Canadian Government to participate in international uranium marketing arrangements in response to "re-

strictive uranium trade practices of the United States." Until this year, the United States has prohibited uranium imports.

Observers of this increasingly complex case generally agree that an international organization did exist that was trying to prop prices. But the organization has since disbanded, they say, and it is not clear that it ever managed to achieve its goal.

The rise in uranium prices in this country, they add, may be due simply to natural market forces.

At least two other uranium producers have suits outstanding against Gulf's General Atomic subsidiary: the United Nuclear Corporation and the Ranchers Exploration and Development Corporation. Both of these suits were initiated before the Westinghouse action that started the recent round of court maneuvers, but both these companies now charge antitrust action on the part of Gulf.

General Atomic was at one time actively marketing an advanced form of nuclear reactor. One of these reactors is now on line in Colorado, but General Atomic has since downgraded its reactor business.

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