

# VENTURE IS HALTED BY GULF AND SHELL

## Oil Group to Drop Output of Nuclear Gas Reactors

By GENE SMITH

General Atomic, a joint venture of the Gulf Oil Corporation and the Royal Dutch/Shell Group, confirmed yesterday that it was quitting production of high-temperature nuclear gas reactors. The company was the only maker of these reactors.

A statement attributed by The Associated Press to Earl Zimmerman, public communications manager for General Atomic at San Diego, Calif., said: "The company is not going out of business. We are getting out of the commercial high-temperature gas reactor business at this time."

A spokesman for Gulf, reached by telephone at Pittsburgh, said that it had been decided "to temporarily withdraw from the market with the high-temperature gas reactor in order to become competitive with the liquid water reactors." The liquid water reactors are made by the Westinghouse Electric Corporation and the General Electric Company.

Spokesmen for Westinghouse and General Electric said they would have no comment on the reported withdrawal of their competition. Observers in the industry said the initial costs of the General Atomic reactors were far higher but their operating costs promised to be much lower than standard nuclear reactors.

A quarterly tally of nuclear reactor sales issued by the Energy Research and Development Administration showed that as of June 30 there were 222 reactors, with a total capacity of 217.5 million kilowatts, on order.

General Atomic had orders for five reactors with a total capacity of 4.2 million kilowatts, or 1.9 per cent of the total capacity. By contrast Westinghouse had orders for 81 units and 36 per cent of the total capacity, while G.E. followed with 73 units and 32.9 per cent of capacity. The balance was spread among Combustion Engineering, Babcock and Wilcox and several others.

General Atomic had orders for two units rated at 1,160,000 kilowatts from the Philadelphia Electric Company, but it indicated earlier this year that it would prefer to withdraw from this commitment. This left it with orders for two 776,000 kilowatt units from the Delmarva Power and Light Company for its Summit Station. This order was placed in December, 1971, with operation for one unit slated for May 1981, and three years later for the second unit.

The Gulf-Shell joint venture once reported it had \$1-billion in orders for its reactors, but reportedly these contracts have now disappeared as the industry cut back.

A spokesman for Gulf insisted that General Atomic had made known its intention of withdrawing from the industry on Oct. 3. Reportedly Gulf and Shell's losses were in excess of \$400-million last year on the joint venture.

In a non-related development, Shell Canada, Ltd., announced in Toronto that it had entered a joint venture with Ontario Hydro to search for new uranium reserves. Shell Canada is 71 per cent-owned by Royal Dutch Shell and estimated its exploration program would cost about \$7-million over the next five years.

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