VENTURE IS Halted BY GULP AND SHELL

Oil Group to Drop Out of Nuclear Gas Reactors

By GENE SMITH

General Atomic, a joint venture of the Gulf Oil Corporation and the Shell Oil Company, said yesterday that it was quitting production of nuclear gas reactors because of "inadequate orders" for the gas reactors. The company was the only maker of these reactors.

A statement attributed by The New York Times to a source at the Nuclear Energy Institute, a division of the Edison Electric Institute, said that the industry was "not going to get out of the commercial nuclear business at this time."

A spokesman for Gulf reached by telephone at Pittsburgh, said that it had been told by the partner that Gulf was withdrawing from the market with the high-temperature gas reactor program. The Nuclear Electric Company at San Diego, Calif., said: "The company is not going to produce nuclear electric plants, but it is not getting out of the commercial nuclear business at this time."

Spokesmen for Westinghouse Electric and Combustion Engineering, Inc., said they would have no comment about Gulf's decision to withdraw because of their competition. Observers in the industry said the initial enthusiasm for nuclear power was far higher than the order picture and that industry standards might be much lower than current nuclear gas reactor standards.

The annual rate of nuclear reactor sales issued by the Industrial Development Administration showed that as of June 30 there were orders for 25.6 reactor units and a capacity of 211.7 million kilowatts.

General Atomic had orders for five reactors with a total capacity of 120 million kilowatts or 132.3 million kilowatts, or 1.9 per cent of the industry's total orders. Westinghouse had orders for 36 units and 36.01 million kilowatts, or 4.01 per cent, while G.E. followed with 73 units and 32.8 million kilowatts.

The December contract was spread among Combustion Engineering, Westinghouse, Gulf and Shell and Wilcox and several others.

General Atomic had orders for two reactors with a total capacity of 34.6 million kilowatts from the Philadelphia Electric Company, and 31.7 million kilowatts from Alabama Power Company and Union Electric. The companies had indicated earlier this year that they would prefer to withdraw from the program, but that they would sign orders for 720,000 megawatts of new nuclear power capacity by the year 2000.

The 1,000-megawatt Marva Power and Light Company for its Summit Station in Tennessee, ordered a unit in December, 1971, with operation for one unit slated for May, 1981, and three years later for the second unit.

Gulf and Shell joint venture, once reported it had $1.2 billion in bookings, but reportedly these contracts have now disappeared as the industry's order picture has dimmed.

A spokesman for Gulf in its release said that the company had been making its intentions apparent for some time and had "initiated plans to discontinue activity in the nuclear field." Only a year ago, Gulf announced plans to produce an oil-fired gas turbine-based reactor and a dual fuel-based reactor to be sold worldwide.

A spokesman for Shell said that the company's investment in the Canadian reactor project was "considerable" and that the company was not prepared to discuss the matter further.

The announcement comes just weeks after the Royal Dutch Shell said that it was deciding to explore the possibility of being involved in the development of a new generation of gas turbines for nuclear power generation in Canada. Royal Dutch Shell said the new generation of gas turbines would cost about $75 million over the next five years.