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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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RELEASED

AUG 9 1973

q+r The Honorable Floyd K. Haskell
United States Senate

Dear Senator Haskell:

In response to your request of June 7, 1973, and later discussion with your office, we reviewed the Atomic Energy Commission's (AEC's) public affairs activities relating to the nuclear gas stimulation test of May 17, 1973, at Fawn Creek in Rio Blanco County, Colorado, under AEC's program for developing the peaceful use of nuclear explosives (Plowshare Program).

We examined (1) AEC's costs for trips by Colorado residents and others to the Nevada Test Site in March and April 1973, (2) AEC's policy on paying the costs of such trips and on routinely conducting such trips, and (3) the amount of funds AEC used for public affairs activities relating to the test.

Public affairs costs associated with the Rio Blanco test, including the costs of the visits made by Colorado residents to the Nevada Test Site, totaled about \$28,500.

As agreed with your office, our review of cost records was limited to the period of January through mid-June 1973. We made our review at AEC Headquarters, Germantown, Maryland, and at AEC's Nevada Operations Office, Las Vegas.

BACKGROUND

AEC's Nevada Operations Office manages all U.S. underground nuclear explosions, and the Nevada Test Site is the principal place where such tests are made. For the Rio Blanco test, the Operations Office received programmatic direction from the Division of Applied Technology at AEC Headquarters, which has overall responsibility for directing AEC's Plowshare Program. In carrying out its responsibilities, the Operations Office obtains construction, maintenance, personnel, and technical services from private contractors.

In an April 8, 1970, letter, CER Geonuclear Corporation (hereinafter called the Corporation) proposed to AEC that Government and industry

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sponsor a Rio Blanco project to prove the economic feasibility of using nuclear explosives to recover natural gas in tight sand formations. The test would take place on lands to which the gas lease rights were held by the Corporation and the Equity Oil Company of Salt Lake City. According to an AEC official, the Corporation and the Equity Oil Company could, with AEC approval, sell the gas from the Rio Blanco project for commercial and industrial purposes.

On December 18, 1970, AEC entered into a contract with the Corporation to develop a plan for the Rio Blanco project. On April 12, 1973, AEC and the Corporation entered into another contract, which set forth the terms and conditions for conducting this test. These contracts did not provide for paying Federal funds to the Corporation. Operations Office officials told us that they had not reimbursed the Corporation for any costs it incurred in carrying out the test, nor did they plan to do so.

The April 12, 1973, contract stipulated that AEC furnish the nuclear devices and the associated detonation services, provide technical direction for the program, and maintain overall responsibility for public health and safety. The Corporation was to provide all other materials and services and to perform other tasks not specified to be undertaken by the Government. These tasks were set forth in the project plan developed under the December 18, 1970, contract.

Under the April 12, 1973, contract, AEC was to participate with the Corporation in the public affairs activities of a joint office of information established at Grand Junction, Colorado, on April 9, 1973. The activities of this office included responding to public inquiries, briefing area residents, publishing an AEC fact book on the Rio Blanco project, and producing AEC audio-visual materials on the project. AEC's participation in the activities of this office ceased on May 21, 1973.

COSTS OF VISITS TO THE NEVADA TEST SITE

AEC incurred costs of about \$8,000 for visits to the Nevada Test Site by Colorado residents and others in March and April 1973.

On February 9, 1973, the Operations Office issued a news release inviting Colorado residents to visit its Nevada Test Site near Las Vegas on March 5, 1973. The visit was to provide the residents with information on the predicted effects of the proposed Rio Blanco test. The news release stated that AEC would not pay any costs associated with travel to and from Las Vegas, meals, or lodging but that AEC would provide bus transportation from Las Vegas to the Nevada Test Site and return.

In response to AEC's invitation, 62 persons visited the test site on March 5, 1973 (11 were not Colorado residents). An official told us that the Operations Office initially had planned for about 60 Colorado residents to visit the test site. He said that, because only 51 Colorado residents responded to the invitation, other interested individuals were allowed to make the tour.

The Operations Office spent about \$2,400 for this tour, which included \$289 for bus rentals and \$2,095 for an underground tour of a cavity formed by a previous nuclear detonation called the Piledriver. The costs of the underground tour were for reopening a tunnel leading to the cavity. These costs included ventilation, safety inspections, and operation of an elevator and equipment for entry. We found no evidence that AEC or its contractors paid any other travel expenses or expenses for lodging and meals of the 62 visitors. An Operations Office representative told us that, to the best of his knowledge, the Corporation did not reimburse the residents for the tour and that each person paid his or her own way.

On March 23, 1973, the Operations Office invited the Governor of Colorado to visit the Nevada Test Site on April 2, 1973, at AEC expense to, among other things, brief him on testing procedures and on how such procedures relate to Plowshare testing. The Operations Office used an AEC-owned aircraft operated by EG&G, Inc., an AEC cost-plus-fixed-fee contractor, to bring the Governor from Denver to the Las Vegas area.

The Operations Office provided us a record showing that total costs allocated to fly the aircraft from Las Vegas to Denver and return amounted to about \$3,300, which included incremental costs of about \$1,100. Costs for an underground tour of the Piledriver cavity were about \$2,000. On the evening of April 2, 1973, the Operations Office manager hosted a dinner for the Governor at a cost to AEC of \$200. The Governor returned to Denver on April 3, 1973, on a commercial airline. The Operations Office paid \$71 for the return trip.

We questioned Operations Office officials on the justification for flying the Governor via Government air transportation rather than by commercial aircraft. These officials told us that the Governor had a very tight schedule in early April and that they could not get a commercial flight that would get him to the test site on the morning of April 2, 1973. In addition, the officials told us that it was necessary to operate the aircraft a certain number of hours each month to maintain pilot proficiency and that this trip was counted as part of those hours.

In commenting on the Governor's visit, AEC officials stated that

"***we feel a large portion of these funds [funds expended for briefing the Governor at the Nevada Test Site] are related to the AEC's operational responsibility to provide cooperation, coordination, and information to the Governor in his position as chief executive of Colorado."

They said that this operational responsibility stemmed from AEC's commitment to him that it would not proceed with any detonation in connection with the Rio Blanco experiment without the concurrence of appropriate State officials.

OTHER COSTS RELATED TO THE RIO BLANCO TEST

AEC incurred about \$20,500 in public affairs costs for the Rio Blanco test in addition to the costs identified above, including:

- The publication of 5,000 copies of a fact book on Rio Blanco (\$2,145).
- 20 copies of a film of the Rio Blanco test (\$724).
- Still photographs, viewgraphs, and visual aids (\$764).
- A documentary film of events leading up to and through the Rio Blanco test (estimated total cost \$2,000; incurred costs of \$874 through mid-June 1973).
- AEC press releases (\$180).
- Federal Telecommunications System cost prorated to public affairs activities (\$42).
- Travel of three Operations Office officials to Denver on February 23, 1973, to brief the Governor, on the Rio Blanco project (\$364).
- Travel of Operations Office and Headquarters public affairs representatives to the joint office of information and the test site (\$3,815).
- Personnel costs of public affairs representatives at the Operations Office and Headquarters who spent time in Colorado on the Rio Blanco project (\$9,956). AEC officials told us that these costs represent an allocation of personnel costs for conducting briefings and other administrative matters.

--Costs related to a visit by the Governor, at AEC's invitation, to the Rio Blanco test site on May 16 through 18, 1973 (\$510).

The cost for the Governor's trip to the Rio Blanco test site, including per diem and round trip commercial air fare from Denver to Grand Junction was \$130. In addition, AEC paid \$380 for a dinner in Grand Junction the night before the test. This dinner was hosted by AEC in honor of the Governor. In addition, an Operations Office official told us that, with the exception of the costs associated with the Governor's visit to the test site, they did not incur any costs for other individuals observing the test.

An Operations Office official told us that the Corporation provided facilities, such as office space, furniture, equipment, utilities, commercial telephone, and secretarial support, to the joint office of information at Grand Junction.

AEC'S POLICY ON PAYING COSTS
OF OBSERVATION TRIPS

Operations Office officials advised us that on several occasions Federal, State, and local officials or groups had been invited to the Nevada Test Site to acquaint them with the underground test program when there was a pending major program of high interest, such as the underground nuclear tests at Amchitka Island, Alaska, in November 1971. Headquarters officials, at our request, prepared the following statement regarding AEC's policy on paying the costs of such trips.

"Normally newsmen or members of the public who travel to an AEC project or event are expected to travel at their own expense. However, in certain limited circumstances--due to geographic isolation and/or security considerations--transportation may be provided to newsmen or others. Such determinations are made on an individual project basis in keeping with the overall requirements of the program, particularly to inform the public and to allay unwarranted fears.

"For example, newsmen are allowed to ride without cost in our vehicles or chartered equipment, providing the equipment is required for the operation of the project; the newsmen pay their own costs for transportation until they join our operational group. On short hauls, we allow newsmen to use AEC bus transportation to our installations when they are working on interviews

or for observation in connection with a news story (for example, from Washington, D. C., to Germantown, or from Las Vegas to the Nevada Test Site at Mercury).

"In order to provide information on how nuclear testing is conducted, for example, and to demonstrate the safety precautions in effect, the AEC has provided transportation for local officials to the site where a nuclear explosion project was being prepared. This has included visits to Amchitka, a visit by a group of Alaskan legislators to NTS [Nevada Test Site] during the Milrow-Cannikin program, and a trip by a group from New Mexico in 1958 to NTS prior to the underground test in a salt formation near Carlsbad, New Mexico. (A Colorado group which visited the NTS before Rio Blanco did so at their own expense.)"

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We have discussed the report with AEC representatives, and have considered AEC's comments in the report. We do not plan to distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,



Comptroller General
of the United States