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ATOMIC ENERGY COMMISSION

APPLICATION OF GENERAL ATOMIC COMPANY

November 19, 1973



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GENERAL ATOMIC COMPANY

November 19, 1973

Mr. L. Manning Muntzing  
Director of Licensing  
Office of Regulation  
U.S. Atomic Energy Commission  
Washington, D. C. 20545

Dear Mr. Muntzing:

General Atomic Company ("GAC"), a partnership under the laws of the State of California, hereby applies for written consent to acquire by transfer from Gulf Oil Corporation ("Gulf") all the right, title and interest, whether direct or indirect, of Gulf in the licenses and applications for licenses set forth in Appendix A. The purpose of this application is to permit, in accordance with the terms of the partnership agreement dated November 19, 1973, GAC, as transferee, to continue without interruption the business performed under or in respect of said licenses by Gulf Energy & Environmental Systems Company ("GEES"), a division of Gulf (which includes the business of Gulf General Atomic Company, a division of Gulf).

The licenses or interests in licenses to which this application relates fall in three general categories, as follows:

- (a) There are a number of licenses or applications for licenses, described in Part I of Appendix A, which are held or have been made in the name of Gulf or one of its divisions, GEES or Gulf General Atomic Company.
- (b) There are a number of licenses or applications for licenses, described in Part II of Appendix A, which are held or have been made by Gulf United Nuclear Fuels Corporation ("GUNF"), a wholly-owned subsidiary of Gulf. It is expected that GUNF will be merged into Gulf and that thereafter its business and assets, including such licenses and applications for licenses, will be transferred to GAC.

- (c) There are a number of licenses or applications for licenses, described in Part III of Appendix A, which are held or have been made by Allied-Gulf Nuclear Services ("AGNS"), a partnership of which Gulf and Allied Chemical Nuclear Products, Inc., a wholly-owned subsidiary of Allied Chemical Corporation, are general partners. Gulf thus has an indirect interest in such licenses or applications for licenses. The interest of Gulf in AGNS will be transferred to GAC.

Information pertinent to the identification of the applicant and its general partners and their respective financial qualifications, as required by AEC Regulations 10 C.F.R. 50.33, is set forth in Appendix B. The technical qualifications of the applicant to carry out the activities under the licenses are identical to those of the transferor, since the entire assets of GEES in the United States constitute the contribution of Gulf to the applicant partnership and practically all the personnel of GEES will become employees of or otherwise assigned to the applicant.

The applicant hereby agrees that it will not permit any previously unauthorized individual to have access to Restricted Data until the Civil Service Commission shall have made an investigation and report to the Atomic Energy Commission on the character, associations, and loyalty of such individual, and the Atomic Energy Commission shall have determined that permitting such person to have access to Restricted Data will not endanger the common defense and security.

Sincerely,

GENERAL ATOMIC COMPANY

by

C. A. Rolander

President

COMMONWEALTH OF PENNSYLVANIA  
COUNTY OF ALLEGHENY

Sworn to before me this  
14th day of November, 1973

Terry Quaid

Notary Public

## APPENDIX A

### License Data

#### PART 1 - Gulf (and its divisions)

<u>License No.</u>	<u>Docket No.</u>	<u>Facility or Activity</u>
R-33	50-89	TRIGA Mark I San Diego, California
R-67	50-163	TRIGA Mark F San Diego, California
R-100	50-227	TRIGA Mark III San Diego, California
XR-91	50-411	Export of TRIGA components (not radioactive materials) to Romania.
SNM-696*	70-734	Special Nuclear Material, research and production, San Diego, California
Application	70-1372	Special Nuclear Material for proposed Youngsville, N.C. HTGR fuel fabrication plant (GYNF).
XSNM-387	--	Export uranium/thorium fuel samples to France for testing and examination (CEA).
XSNM-246	--	Export of plutonium to UKAEA for R&D.
XSNM-428	--	Export uranium/thorium fuel samples to Germany (HOBEG) for testing and examination.

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\* Including all container licenses or certifications thereunder.

PART I - Gulf (and its divisions) continued

<u>License No.</u>	<u>Docket No.</u>	<u>Facility or Activity</u>
XSNM-468	--	Pacemaker battery to U.K. for testing (Pu-238). (AERE Harwell)
XSNM-473	--	Export 2 pacemaker batteries to Japan for testing (Pu-238).
SNM-1409	--	Import uranium/thorium fuel samples from HOBEG, West Germany, for R&D.

PART II - GUNF

<u>License No.</u>	<u>Docket No.</u>	<u>Facility or Activity</u>
R-49	50-101	Lattice Test Reactor Pawling, N. Y.
CX-25	50-290	Proof Test Reactor Pawling, N. Y.
SNM-33	70-36	Chemical Operation Hematite, Mo. Fabrication Facility New Haven, Conn.
SNM-871	70-903	Engineering Operations Elmsford, N. Y., and Pawling, N. Y. Plutonium Operation Pawling, N. Y.
SMB-293	40-6524	Source Material Hematite, Mo., and New Haven, Conn.
24-12988-01	--	Byproduct Material Hematite, Mo., and New Haven, Conn.

PART III - AGNS

<u>License No.</u>	<u>Docket No.</u>	<u>Facility or Activity</u>
CPCSF-4 and pending application with respect thereto.	50-332	Chemical Separations Facility, BNFP, Barnwell, S. C.
Application pending	70-1327	UF-6 Conversion Facility Barnwell, S. C.

All relevant information submitted in support of the above listed licenses is hereby incorporated by reference in this application. This list is intended to be complete and any omission is through inadvertence. This application is intended to include any and all licenses or applications for licenses held or made by Gulf relating to the activities of its divisions Gulf Energy & Environmental Systems Company and Gulf General Atomic Company and those held or made by GUNF and AGNS.

APPENDIX B

Information Pursuant to 10 C. F. R. 50.33

- (a) Applicant: General Atomic Company ("GAC")
- (b) Address: P. O. Box 81608  
San Diego, California 92138
- (c) Manufacture, sale and operation of utilization facilities; acquisition, use and sale of source, byproduct and special nuclear materials; manufacture and sale of equipment including fuel containing such materials; research and development; and related activities.
- (d)(2) Applicant is a partnership with two general partners each owning a 50% interest.

The partners are:

Gulf Oil Corporation, a Pennsylvania corporation ("Gulf")  
P. O. Box 1166  
Pittsburgh, Pennsylvania 15230

Scallop Nuclear Inc., a Delaware corporation ("Scallop Nuclear")  
1 Rockefeller Plaza  
New York, New York 10020

The principal location at which GAC does business is San Diego, California.

(3)(i) The representatives to the Partnership Committee and the principal officers of GAC are as follows:

Partnership Committee:

Representatives of Gulf.

<u>Name</u>	<u>Address</u>	<u>Citizenship</u>
W. L. Henry*		USA
P. E. Holloway		USA
W. W. Finley, Jr.		USA
Alternate: T. R. Shaver *		USA

Representatives of Scallop Nuclear:

<u>Name</u>	<u>Address</u>	<u>Citizenship</u>
E. J. G. Toxopeus*		Netherlands
A. J. W. S. Leonard		United Kingdom
D. J. Samuel		United Kingdom
Alternate: C. H. Bogaardt*		Netherlands

\*Standing Committee



Principal Officers:

<u>Name</u>	<u>Title</u>	<u>Address</u>	<u>Citizenship</u>
C. A. Rolander, Jr.	President		USA
W. C. Gallaway	Exec. Vice Pres.		USA
J. K. Warner	Exec. Vice Pres.		USA
H. Hooykaas	Vice President, Executive Studies		Netherland
J. W. Landis	President, Power Systems Co.*		USA
E. W. O'Rourke	Vice Pres., HTGR Plant, Power Systems Company		USA
H. B. Stewart	Vice Pres., HTGR Fuel, Power Systems Company		USA
I. A. Johnston	Vice Pres., Market- ing, Power Systems Company		USA
C. L. Rickard	Vice Pres., Adv. Power Systems, Power Systems Co.		USA
J. G. Dieter	Vice Pres., Law and Secretary		USA
H. C. Vivian	Vice Pres., Fi- nance & Services		USA
H. E. Redd	Vice Pres., & Gen. Mgr., Environ- mental Systems		USA

\*Division of General Atomic Company

Directors: (Cont.)

<u>Name</u>	<u>Address</u>	<u>Citizenship</u>
Edwin Singer		USA
James M. Walton		USA

Principal Officers:

<u>Name</u>	<u>Title</u>	<u>Address</u>	<u>Citizenship</u>
B. R. Dorsey	Chairman of the Board and Chief Executive Officer		USA
James F. Lee	President		USA
Z. D. Bonner	Exec. Vice Pres.		USA
Harold H. Hammer	Exec. Vice Pres.		USA
W. L. Henry	Exec. Vice Pres.		USA
Z. Q. Johnson	Exec. Vice Pres.		USA
E. B. Walker	Exec. Vice Pres.		USA
Merle E. Minks	General Counsel		USA
Herbert C. Manning	Vice Pres. and Secretary		USA
Paul H. Weyrauch	Treasurer		USA
Fred Deering	Comptroller		USA

Principal Officers: (Cont.)

<u>Name</u>	<u>Title</u>	<u>Address</u>	<u>Citizenship</u>
R. A. Anderson	Vice Pres.		USA
W. B. Billock	Vice Pres.		USA
P. B. Binsted	Vice Pres.		United Kingdom
W. C. Brodhead	Vice Pres.		USA
F. D. Cassaway	Vice Pres.		USA
H. E. Hansen	Vice Pres.		USA
Melvin J. Hill	Vice Pres.		USA
Pierre E. Holloway	Vice Pres.		USA
R. S. Manning	Vice Pres.		USA
William P. Moyles	Vice Pres.		USA
Paul Sheldon	Vice Pres.		USA
G. K. Thompson	Vice Pres.		USA
Claude C. Wild, Jr.	Vice Pres.		USA
F. W. Standefer	Director-Taxes		USA

Scallop Nuclear:Directors:

<u>Name</u>	<u>Address</u>	<u>Citizenship</u>
C. H. Dogaardt		Netherlands
G. H. D. Davies		United Kingdom
J. H. Ghents		USA
W. R. Koerner		USA
A. J. W. S. Leonard		United Kingdom
M. J. Paulli		USA
J. D. Ritchie		United Kingdom
D. J. Samuel		United Kingdom
E. J. G. Toxopeus		Netherlands

Principal Officers:

<u>Name</u>	<u>Title</u>	<u>Address</u>	<u>Citizenship</u>
E. J. G. Toxopeus	Pres.		Netherlands
J. D. Ritchie	Vice Pres.		United Kingdom
J. H. Ghents	Vice Pres.		USA

<u>Name</u>	<u>Title</u>	<u>Address</u>	<u>Citizenship</u>
M. J. Paulli	Vice Pres.		USA
A. J. W. S. Leonard	Vice Pres.		United Kingdom
D. J. Samuel	Vice Pres.		United Kingdom
C. H. Bogaardt	Vice Pres.		Netherlands
G. H. D. Davies	Treasurer		United Kingdom
W. R. Koerner	Secretary		USA

(iii) The representatives to the Partnership Committee and the principal officers of AGNS are as follows:

Partnership Committee:

Representatives of Allied Chemical:

<u>Name</u>	<u>Address</u>	<u>Citizenship</u>
D. H. Bradford		USA
R. C. Baxter		USA
J. W. Kelley		USA

Representatives of Gulf (who will become representatives of GAC):

<u>Name</u>	<u>Address</u>	<u>Citizenship</u>
C. A. Rolander		USA
H. C. Vivian		USA
L. J. Colby		USA

Principal Officers:

<u>Name</u>	<u>Title</u>	<u>Address</u>	<u>Citizenship</u>
H. J. Larson	President - General Manager		USA
W. J. Price	Executive Vice President- Assistant General Manager		USA
J. H. Menken	Vice President - Administration		USA
R. I. Newman	Vice President - Environmental Affairs		USA
R. C. Ravasz	Vice President - Legal - Secretary		USA
G. T. Stribling	Vice President - Marketing		USA

(iv) Shareholdings of the partners of GAC:

Gulf:

Gulf is a publicly held corporation in the United States the outstanding shares of which are widely held.

Scallop Nuclear:

All the outstanding shares of Scallop Nuclear are owned by Scallop Holding Incorporated, a Delaware corporation, all the outstanding shares of which are, in turn, owned by Shell Petroleum N.V., a Netherlands company ("SPNV"). SPNV is one of the two principal holding companies of the Royal Dutch/Shell Group of companies, the other being The Shell Petroleum Company Limited, an English company ("SPCL"). SPNV and SPCL own shares directly or indirectly in the companies of said Group engaged in branches of the petroleum, petrochemicals and other businesses in more than 100 countries. The shares of SPNV and SPCL are held in the respective proportions of 60 : 40 by Royal Dutch Petroleum Company, a publicly held Netherlands company ("Royal Dutch") and The "Shell" Transport and Trading Company, Limited, a publicly held English company.

- (iv) Since GAC is owned in equal shares by the two United States corporations which are partners therein, decisions affecting the conduct of its business will be reached by negotiation and agreement between the partners. Neither has the power to subjugate the will of the other to its own and neither could override the other or require violation of any regulation or policy affecting the national security or the public health and safety. GAC thus is not subject to the ownership, control or domination of an alien, a foreign corporation or foreign government within the meaning of the Atomic Energy Act of 1954, as amended. Each partner is subject to service of process and enforcement of the United States law and the regulations of the AEC to the same extent as any other United States corporation.

It is to be noted that the proposed transaction will not affect or change the operations or the staffing of AGNS. All the individuals who are the present Gulf representatives to the Partnership Committee of AGNS are to become employees of GAC and, as indicated above, it is intended that such individuals will continue on such Partnership Committee as the representatives of GAC. It is further intended that any successors to such individuals nominated by GAC to the Partnership Committee of AGNS will be drawn from employees or representatives of GAC who are citizens of the United States.

It is further to be noted that the present employees of GEES will constitute practically all the officers and staff of GAC and Gulf will provide such necessary services to GAC as it is unable to furnish itself. See the letter agreement re personnel dated November 19, 1973, between Gulf and GAC and Scallop Nuclear and the Services Agreement dated as of November 19, 1973, between Gulf and GAC attached hereto. The effect of this continuity of staffing will permit the continued operation of the businesses to which the listed licenses relate by the same personnel whose technological capability has heretofore been accepted by the Atomic Energy Commission.

(f) Financial Information:

GAC is a partnership with both Gulf and Scallop Nuclear as its general partners. Thus both are fully liable for the obligations of GAC. The obligations of the partners to contribute to the capital of GAC as required to finance its operations are set forth in Section 2.08 of the Partnership Agreement dated as of November 19, 1973, a copy of which is attached hereto. The performance of the obligations of Scallop under the Partnership Agreement is guaranteed to Gulf by SPNV and SPCL under a Guarantee made as of November 19, 1973, a copy of which is attached hereto. Scallop Nuclear was organized on September 28, 1973, and does not have any financial history. Nevertheless, it is estimated that as of the proposed closing date of the transaction (December 14, 1973), Scallop Nuclear will have paid-in capital in excess of \$40 million.



The financial responsibility of Gulf and SPNV and SPCL are respectively shown by the latest annual report and interim report of Gulf and the latest annual report of Royal Dutch and the latest interim report on results of the Royal Dutch/Shell Group of companies which are attached hereto.

The financial statements of the Royal Dutch/Shell Group of companies (which are stated separately in the annual report of Royal Dutch) represent an aggregation of consolidated results of SPNV and SPCL and the companies in which they have an interest.

Inasmuch as financial responsibility of Gulf alone has heretofore been established and accepted by the Atomic Energy Commission for all purposes of each of the listed licenses, and inasmuch as the proposed transaction will not only not diminish that responsibility, but rather, in substance, will add thereto the strength of the principal holding companies of the Royal Dutch/Shell Group of companies, it is submitted that there is no question about the sufficiency of financial resources.

#### Attachments to Appendix B

1. Partnership Agreement dated as of November 19, 1973, between Gulf and Scallop Nuclear.
2. Guarantee Agreement made as of November 19, 1973, from SPNV and SPCL to Gulf.
3. Letter Agreement dated as of November 19, 1973, re personnel of GAC between Gulf and GAC and Scallop Nuclear.
4. Services Agreement dated as of November 19, 1973, between Gulf and GAC.
5. 1972 Annual Report of Gulf.
6. Interim Report of Gulf for the nine-month period ended September 30, 1973.
7. 1972 Annual Report of Royal Dutch.
8. Report on the results of the Royal Dutch/Shell Group of companies for January - September, 1973.

9. Organization chart of GAC.
10. Certificate of Secretary of GAC
11. Certificate of Secretary of Gulf.
12. Certificate of Secretary of Scallop Nuclear.

**GENERAL ATOMIC COMPANY**

**PARTNERSHIP AGREEMENT**

**Made as of November 19, 1973,**

**Between**

**GULF OIL CORPORATION**

**and**

**SCALLOP NUCLEAR INC.**

## GENERAL ATOMIC COMPANY

PARTNERSHIP AGREEMENT made as of the 19th day of November, 1973, by and between GULF OIL CORPORATION, a Pennsylvania corporation (hereinafter called "Gulf"), and SCALLOP NUCLEAR INC., a Delaware corporation (hereinafter called "Scallop").

### W I T N E S S E T H:

WHEREAS, by the Letter of Intent Shell International Petroleum Company Limited and Gulf confirmed their intention to have Gulf and one or more companies of the Royal Dutch/Shell Group of companies form a 50/50 partnership to acquire and operate the assets and business of GEES; and

WHEREAS, to give effect, in part, to the Letter of Intent, Gulf and Scallop have agreed so to establish a partnership in accordance with the provisions, and subject to the terms and conditions, hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein, the parties hereto agree as follows:

### ARTICLE I

#### Definitions

As used in this Agreement, the following terms shall have the meanings specified:

"Affiliate" shall mean

(a) when used in relation to Gulf, any company which shall for the time being be directly or indirectly controlled by Gulf; and

(b) when used in relation to Scallop, N.V. Koninklijke Nederlandsche Petroleum Maatschappij and The "Shell" Transport and Trading Company, Limited and any company (other than Scallop) which shall for the time being be directly or indirectly controlled by them or either of them.

(c) For the purposes of this definition:

(i) a particular company shall be directly controlled by another company or companies which shall beneficially own shares carrying in the aggregate the majority of votes exercisable at general meetings of the particular company; and

(ii) a particular company shall be indirectly controlled by a company or companies (hereinafter in this definition called "the parent company or companies") if a series of companies can be specified beginning with the parent company or companies and ending with such particular company which shall be so related that each company of the series except the parent company or companies shall be directly controlled by one or more of the companies earlier in the series;

provided, however, that for the purposes of Sections 6.03 and 8.04 hereof a company shall not be deemed to be directly or indirectly controlled, if its shares shall be so held, or its Board of Directors shall be so constituted, as to preclude or attach adverse legal consequences to the practical exercise or attempted practical exercise of control of its actions or policies.

"Assets Transfer Agreement" shall mean the Agreement dated as of even date herewith to be entered into by the Partnership, Gulf and Scallop.

"Dollars" or "\$" shall mean dollars of United States currency.

"GEES" shall mean the Gulf Energy and Environmental Systems Company, General Atomic Company and Gulf Environmental Systems Company, Divisions of Gulf, including all companies, corporations or partnerships relating to the business thereof in which Gulf has an equity or ownership interest.

"GEES Intangible Property" shall mean Intangible Property deriving from the business of GEES, excluding, however, any company, corporate or partnership titles, names or trade names, or trade marks comprising or containing the word "Gulf", or any applications or registrations therefor, or other indicia used by Gulf or any of its Affiliates outside the business of GEES.

"Gulf" shall mean Gulf Oil Corporation, a Pennsylvania corporation, and where the context so admits or requires shall include any successor to it hereunder pursuant to Section 7.01 (c) hereof.

"Gulf Participant" shall mean Gulf or any of its Affiliates which shall be a party to an Other Nuclear Venture.

"Independent Accountants" shall mean the independent public accountants appointed pursuant to Section 5.04 hereof.

"Intangible Property" shall mean all United States patent rights (including any inventions, rights to apply for patents, patent applications and patents), technical information, know-how, trade secrets, copyrights, company, corporate or partnership titles, names or trade names, trademarks, trademark applications, trademark registrations, designs, blueprints, drawings, reports, test data and all technical and nontechnical knowledge, experience, data and documents in any form whatsoever, and any transferable or licensable rights thereunder.

"Letter of Intent" shall mean the letter from Shell International Petroleum Company Limited to Gulf dated May 30, 1973, confirmed by Gulf on June 4, 1973.

"Net Asset Value" on any date in question shall mean the total of all properties and assets, less all liabilities, of the Partnership as of such date as determined on a consolidated basis in accordance with generally accepted accounting practice. In fixing Net Asset Value, no consideration shall be given to (i) the goodwill, Intangible Property or any other intangible assets of the business, or any liabilities related thereto, (ii) any part of the amount to be contributed by Scallop pursuant to Section 2.08(b) hereof that remains unpaid, or (iii) any provisions for future losses on contracts.

"Other Nuclear Venture" shall mean a partnership, joint venture (whether or not through a corporate vehicle) or other means of joint or common action in or related to the nuclear field between a Gulf Participant and a Shell Participant.

"Participants" shall mean, in respect to an Other Nuclear Venture, the Gulf Participant and the Shell Participant which shall be parties thereto.

"Partner or Partners" shall mean a partner or partners of the Partnership and includes Gulf and Scallop as the original partners.

"Partnership" shall mean the partnership formed by this Agreement.

"Partnership Committee" shall mean the committee formed pursuant to Section 3.02 hereof.

"Partnership Entity" shall mean a company, corporation, partnership, joint venture or other form of entity or business combination in which the Partnership shall have an equity or ownership interest.

"President" shall mean the person appointed to that office pursuant to Section 4.01 hereof.

"Profits for Distribution" shall mean the cash available to the Partnership from operations and from investments of the Partnership and remaining after payment of or provision for indebtedness and other obligations of the Partnership, without deduction for depreciation or other non-cash charges.

"Representatives" shall mean the persons appointed by the Partners to the Partnership Committee pursuant to Section 3.02 hereof.

"Scallop" shall mean Scallop Nuclear Corporation, a Delaware corporation, and where the context so admits or requires shall include any successor to it hereunder pursuant to Section 7.01(c) hereof.

"Secretary" shall mean the Secretary to the Partnership appointed pursuant to Section 3.07 hereof.

"Shell Participant" shall mean Scallop or any of its Affiliates which shall be a party to an Other Nuclear Venture.

"Standing Committee" shall mean the sub-committee of the Partnership Committee formed pursuant to Section 3.05 hereof.

"Transitional Period" shall mean the period from July 1, 1973, to and including the day immediately preceding the date on which Scallop shall have paid the aggregate amount referred to in Section 2.08(b) hereof.

"Wholly-Owned Company" shall mean

(a) when used in relation to an Affiliate of Gulf, any company which shall for the time being be directly or

indirectly wholly owned by Gulf;

(b) when used in relation to Scallop or an Affiliate of Scallop, any company which shall for the time being be directly or indirectly wholly owned by N.V. Koninklijke Nederlandsche Petroleum Maatschappij and The "Shell" Transport and Trading Company, Limited or either of them; and

(c) for the purposes of this definition:

(i) a particular company shall be directly wholly owned by another company or companies which shall beneficially own shares carrying all the votes exercisable at general meetings of the particular company; and

(ii) a particular company shall be indirectly wholly owned by a company or companies (hereinafter in this definition called "the parent company or companies") if a series of companies can be specified beginning with the parent company or companies and ending with such particular company which shall be so related that each company of the series except the parent company or companies shall be directly wholly owned by one or more of the companies earlier in the series.

## ARTICLE II

### Partnership

Section 2.01. Formation. Gulf and Scallop hereby form a partnership for the purposes set forth in Section 2.04 hereof pursuant to the provisions of the partnership law of the State of California.

### Section 2.02. Name; Insignia.

(a) The Partnership shall do business under the name "General Atomic Company" and shall, where appropriate, describe itself as "A Gulf and Royal Dutch/Shell Company".

(b) (i) Gulf agrees that the trade name "Gulf" may be used by the Partnership in the description "A Gulf and Royal Dutch/Shell Company", in a manner



approved by Gulf. Scallop agrees to use its best endeavors to obtain for the Partnership the use of the designation "Royal Dutch/Shell" in the said description, in a manner approved by Scallop. The use of the trade name "Gulf" and the designation "Royal Dutch/Shell" shall be limited to use in conjunction with said description and the use of said description shall be limited to business documentation of the Partnership and, where appropriate, to its advertising and technical publications and on or in connection with the products or services to be sold or rendered by the Partnership. The privilege of using the said description shall extend to any Partnership Entity which shall be wholly-owned by the Partnership, subject to the limitations, acknowledgments and approvals set forth in subclauses (i), (ii) and (iii) of this clause (b) and for the term prescribed in clause (d) of this Section 2.02.

(ii) The property rights in and to the trade names "Gulf" and "Shell" and the designation "Royal Dutch/Shell" are hereby acknowledged, and the Partners, on their own behalf and on behalf of their Affiliates, agree never to make any claim adverse to, or by any act or omission to impair or adversely affect, such property rights or the validity thereof, or to make any use, or permit the Partnership or any Partnership Entity to make any use of said trade names or designation, in any manner disapproved by their respective owners.

(iii) Neither the Partnership nor any Partnership Entity shall be permitted to use at any time the Gulf in Orange Disc Design, or the Shell Emblem, or any other indicia which might be confused with said Design or Emblem.

(c) As soon as feasible but in no event more than six (6) months from the date hereof, the Partnership shall cause the trade name "Gulf" to be replaced in the name of any Partnership Entity by some word which shall not be likely to be confused with the trade names "Gulf" or "Shell" or the designation "Royal Dutch/Shell".

(d) In the event of the termination of the Partnership in accordance with any of the provisions of Article IX hereof or any variation in the interests therein of the Partners for any reason, it is agreed

that the Partnership, unless specifically authorized by the Partner which shall be the Non-continuing Partner or the interest of which shall have varied, shall make no further use of the privileges made available by such Non-continuing Partner pursuant to this Section 2.02.

Section 2.03. Principal Office. The principal office of the Partnership shall be at San Diego, California, or at such other place as the Partners may from time to time determine.

Section 2.04. Purposes. The originating purposes of the Partnership shall be to acquire and own certain assets and properties heretofore owned and held by Gulf through GEES in the United States and Mexico and to continue, expand and develop enterprises and businesses heretofore conducted or planned to be conducted by or through GEES in the United States. Such enterprises and businesses include principally the design and sale of nuclear steam supply systems, in particular high temperature gas-cooled reactor steam supply systems, the fabrication, sale and reprocessing of fuel thereof and the manufacture and sale of steam generators and other components therefor; the design and sale of advanced energy systems, including high temperature gas-cooled reactor gas turbine power supply and process heat supply systems, nuclear fusion and gas-cooled fast breeder reactors; the fabrication and sale of light water reactor fuel; the obtaining of and dealing in raw material necessary for the foregoing; the reprocessing of spent light water reactor fuel; the design and sale of various environmental control systems, electronic controls, data processing systems and medical prosthetic devices; and the development and expansion of Intangible Property necessary for, relating to, or arising from the foregoing, and the grant and receipt of licenses appropriate in connection therewith.

Section 2.05. Extension of Purposes. The originating purposes of the Partnership may be extended from time to time by the determination of the Partnership Committee, but only into fields so related to or derived from such purposes that they may properly be regarded as within the scope and intention of the Partnership at its inception.

The originating purposes of the Partnership do not include engagement in businesses involving the mining

or milling of, or enrichment services with respect to, uranium; however, it is recognized that the Partners or their respective Affiliates are or may from time to time be engaged in such businesses. Nothing in this Agreement contained shall be deemed, insofar as the Partnership shall be concerned, either (i) to give to either Partner or any Affiliate of a Partner engaged in such a business any special right, or to impose upon such Partner or Affiliate so engaged any special obligation, in respect of such business or (ii) to preclude a Partner or an Affiliate of a Partner engaged in such a business from entering into transactions on a commercial basis with the Partnership (if duly authorized hereunder) relating to such business.

**Section 2.06. Restriction on Activities.** The Partnership shall not engage in any phase of the petroleum or petrochemical businesses or in any other area of enterprise where the Partners and their respective Affiliates have or shall establish separate and competing marketing organizations.

It shall be the policy of the Partnership to respect such limitations of the United States Atomic Energy Act of 1954, as amended, with respect to foreign corporations as may be applicable. The policy of the Partnership shall also be strict adherence to all applicable laws respecting trade regulation and competition. The President shall ensure that all employees of the Partnership shall be properly instructed with respect to such policies including directions, where necessary, that adherence to such policies is part of the responsibility of management at all levels.

The Secretary shall promptly report to the President any matter which in the opinion of such Secretary might be construed to be an infraction of the intent of this Section 2.06 and shall ensure that the Partnership Committee and the senior legal officer or legal advisor to each of the Partners shall be advised of such matter.

**Section 2.07. Term.** The term of the Partnership shall commence as of July 1, 1973, and shall continue indefinitely until terminated as herein provided or pursuant to law.

Section 2.08. Capital.

(a) As its initial contribution to the capital of the Partnership, Gulf shall assign, transfer, and deliver to the Partnership certain assets, property and business of GEES in accordance with the terms of the Assets Transfer Agreement, subject to the assumption by the Partnership of certain liabilities of Gulf as provided in said Agreement. Thereafter, Gulf shall not have any obligation to make further contributions to the capital of the Partnership until the completion of the contributions to such capital by Scallop as provided in clause (b) of this Section 2.08.

(b) As its initial contribution to the capital of the Partnership, Scallop shall from time to time pay to the Partnership such amounts as shall be required by the Partnership for the period commencing July 1, 1973, after the application of any revenues of the Partnership for such period, until Scallop shall have so paid an aggregate amount of \$175,000,000; provided, however, that an appropriate portion of the advances made by an Affiliate of Scallop to Gulf pursuant to a certain Agreement made as of July 1, 1973, shall be included as part of such initial contribution.

(c) The payments to be made by Scallop to the Partnership as provided in clause (b) of this Section 2.08 during the Transitional Period shall be made at such times, in such amounts and under such conditions as shall be determined by the Partnership Committee to be necessary to permit the operations of the Partnership in accordance with its budgets as established from time to time; provided, however, that, if the establishment of any of the budgets for a particular fiscal year included in the Transitional Period shall be delayed because of a failure of the Partnership Committee to agree on the desirability of including, or the level of the funding of, one or more items in such budgets, Scallop shall nevertheless make the payments in such fiscal year provided for in clause (b) of this Section 2.08, which shall be necessary to permit (i) the funding of all such operations of the Partnership covered by items in such budgets as to which there shall not be any disagreement in the Partnership Committee, (ii) the payment of costs for staff and overhead at existing levels and amounts necessary to meet existing obligations and commitments, and (iii) pending final resolution of the disputed items,

the funding of only such portions or levels of operations covered by such disputed items as to which the Partnership Committee shall not be in disagreement.

(d) If pursuant to Section 7.02 or Section 7.03 of the Assets Transfer Agreement a portion of the assets, property and business or certain of the material agreements of GEES shall not be transferred to the Partnership at the closing thereunder because of the non-receipt of governmental approvals or necessary third party consents which shall not thereafter be obtained or, if pursuant to Section 8.06 of said Agreement it shall not be practicable to make reasonable arrangements in respect of the leases, sub-leases, agreements, contracts, sales orders or purchase orders or equity or ownership or other interests referred to therein the consent to the assignment of which to the Partnership shall not have been obtained, the Partners shall consider what measures, if any, should be taken between them in respect of the Partnership equitably to compensate for the situation thus created.

(e) Gulf and Scallop shall contribute to the capital of the Partnership in the ratio of 50/50 all amounts in excess of the contributions provided in clauses (a) and (b) of this Section 2.08 required to finance operations of the Partnership. The contributions shall be made at such times, in such amounts and under such conditions as shall be determined by the Partnership Committee.

(f) No interest shall be paid on any capital contributed to the Partnership.

#### Section 2.09. Interest in Capital.

(a) An individual capital account shall be maintained for each Partner and, notwithstanding the different contributions to capital to be made by Gulf and Scallop pursuant to clauses (a) and (b) of Section 2.08 hereof, the capital accounts of each Partner shall at all times be equal.

(b) A Partner shall not be entitled to withdraw any part of its capital account or to receive any distribution from the Partnership except as provided in Sections 2.10 and 9.02 hereof, and a Partner shall not be entitled to make any additional capital contributions to the Partnership other than the capital contributions required or permitted to be made by such Partner under Section 2.08 hereof.

(c) It is expressly agreed that the Partners shall own and maintain equal interests in the Partnership.

#### Section 2.10. Profits and Losses.

(a) All profits and losses of the Partnership (including, without limitation, all profits and all losses attributable to the assets, property and business of GEES to be transferred to the Partnership under the Assets Transfer Agreement, for the period between July 1, 1973, and the Closing Date under said Agreement) shall be shared equally by Gulf and Scallop for the entire period beginning July 1, 1973, to and including the dissolution and winding up of the Partnership.

(b) The Profits for Distribution which shall not be determined by the Partnership Committee to be required by the Partnership shall be distributed in cash to the Partners substantially on a current basis at such times, in such amounts and under such conditions as shall be determined by the Partnership Committee. All distributions shall be made to the Partners in accordance with their respective interests in the Partnership.

### ARTICLE III

#### Direction

Section 3.01. Direction. The Partners shall have equal rights in the direction of the conduct of the business and affairs of the Partnership. The authorization or approval of the Partnership Committee shall be required for the matters listed in Annex A hereto and any other matters determined from time to time by the Partnership Committee to be reserved for its decision.

Section 3.02. Partnership Committee. For the purpose of directing the conduct of the business and affairs of the Partnership, the Partners shall appoint a permanent Partnership Committee consisting of not more than eight Representatives. Not more than four Representatives (and alternates thereof) shall be nominated by each Partner which shall fill vacancies as they shall occur within fifteen days. A person who shall be an employee of, or be seconded to the staff of, the Partnership, a Partnership Entity or an Other Nuclear Venture may not at the same time be a Representative (or an alternate).

Section 3.03. Action by Partnership Committee.

The Partnership Committee shall act either by resolution adopted at a meeting of the Partnership Committee or by unanimous written consent as evidenced by an instrument signed (or several instruments in like form together signed) by all of the Representatives for the time being holding such office. Four Representatives (or their alternates), two representing each Partner, shall constitute a quorum for meetings of the Partnership Committee. Each Partner shall have one vote without regard to the number of its Representatives (or their alternates) present. In the case of an equality of votes, the Chairman shall not have the right to cast a deciding vote. The President and other senior management staff of the Partnership may be requested to attend meetings of the Partnership Committee.

Section 3.04. Chairman.

The Chairmanship of the Partnership Committee shall alternate between the Partners on the basis of alternate calendar years unless otherwise agreed. A Representative of Gulf shall be Chairman until the end of 1974 and a Representative of Scallop shall be Chairman during 1975.

Section 3.05. Standing Committee.

The Partners shall each designate at least one of its Representatives (and an alternate therefor) to act as a Standing Committee of the Partnership Committee. The Standing Committee shall meet as often as shall be necessary or desirable and at such places as shall be convenient to its members and may also act without a meeting by telephone, cable or telex in such manner as the members thereof shall agree. A quorum for action by the Standing Committee shall be a Representative (or his alternate) appointed by each Partner. Each Partner shall have one vote at meetings of or for action by the Standing Committee. Between meetings of the Partnership Committee the Standing Committee may exercise all the powers of the Partnership Committee, except powers with respect to those matters which the Partnership Committee shall have from time to time specifically reserved for determination by the full Partnership Committee.

Section 3.06. Sub-Committees.

The Partnership Committee may appoint other sub-committees with such powers and responsibilities as it shall designate. Each such sub-committee shall consist of at least one Representative (or an alternate thereof) appointed by each

Partner. No such sub-committee shall exercise any powers which could not be exercised by the Standing Committee unless specifically authorized to do so by the Partnership Committee.

Section 3.07. Rules of Procedure; Minutes; Secretary. The Partnership Committee shall establish rules of procedure with respect to its operations and those of the Standing Committee and any other sub-committee of the Partnership Committee. The Partnership shall appoint a Secretary who shall be responsible for keeping minutes of the proceedings and decisions of the Partnership Committee and the proceedings and decisions of the Standing Committee and any sub-committee of the Partnership Committee.

Section 3.08. Appointments and Removals. All appointments and removals of Representatives and alternates by a Partner under this Article III shall be made by notice given to the Partnership with a copy thereof to the other Partner.

#### ARTICLE IV

##### Management and Staff

Section 4.01. President. The Partnership Committee shall appoint a President of the Partnership to whom shall be delegated executive and financial authority, in form and extent to be specified by the Partnership Committee, to enable him to conduct and supervise the operational management of the business and affairs of the Partnership. The first such President shall be the President of GEES at the date hereof.

Section 4.02. Senior Management. The Partnership Committee shall from time to time appoint such senior management personnel for the Partnership as shall be necessary or desirable and shall specify the duties and responsibilities of the personnel so appointed. The initial staffing of the Partnership shall include the appointment of certain persons nominated by Scallop and agreed by the Partnership Committee.

Section 4.03. Staff of GEES. In order to preserve continuity of management and operations, it is desirable that a substantial portion of those employees of Gulf who constitute the existing staff of GEES shall become the staff of the Partnership. In certain cases, with the approval of the Partner-



ship Committee, Gulf shall second such employees to the Partnership pursuant to Section 4.05 hereof. Except for such employees so seconded, or as may be otherwise agreed by the Partnership Committee in particular cases, the Partnership shall assume from Gulf the employment of all present employees of Gulf within GEES and shall assume Gulf's existing rights and responsibilities under employee benefit plans, programs and policies which apply only to employees of GEES or adopt substantially similar plans, programs or policies. Those employee benefit plans, programs and policies of Gulf and its Affiliates which do not apply solely to employees of GEES but which are of general application shall not apply to employees of the Partnership except to the extent as may be approved by the Partnership Committee. Gulf shall use its best efforts to persuade such employees to accept employment with the Partnership.

Section 4.04. Service Agreement. To the extent and for the period that it shall not be practicable or economic to include on the staff of the Partnership personnel capable of providing all management and staff services required by the Partnership, the Partnership shall enter into an appropriate service agreement with Gulf or an Affiliate of Gulf for the provision of such services.

Section 4.05. Seconded Personnel. The Partnership may include on its staff such personnel seconded by a Partner or an Affiliate of a Partner as, and on such terms and conditions as, shall be agreed by the Partnership Committee.

## ARTICLE V

### Financial Matters

Section 5.01. Programs and Budgets. In each year, the Partnership Committee shall establish a research program and budget and an operating and capital expenditure budget for the next fiscal year. The Partners hereby accept as the capital and research and development expenditures of the Partnership for the balance of the fiscal year 1973 the corresponding forecasts of GEES for the same period as in effect at the date of the Letter of Intent.

The Partnership Committee shall establish procedures for the determination of programs, budgets and

planning, including the authorization of major or long-term commitments or contracts and the development of long-term financial and business forecasts.

Section 5.02. Deposits and Investments. The funds of the Partnership shall be deposited in the name of the Partnership in accounts in banks or banking institutions to be selected by the Partnership Committee or invested in such manner as shall be authorized by the Partnership Committee. The Partnership Committee shall prescribe such procedures as it shall deem necessary with respect to withdrawals from such accounts and to making such investments.

Section 5.03. Fiscal Year. The fiscal year of the Partnership shall end on December 31 in each year.

Section 5.04. Books of Account. Upon the basis of the audited financial statements of GEES as of June 30, 1973, and of this Agreement, the Partnership Committee shall approve the opening financial statements for the Partnership as at July 1, 1973.

Accurate books of account of the Partnership shall be kept, on the accrual basis, showing the condition of the business and finances of the Partnership. Such books shall at all times be retained at the principal place of business of the Partnership and shall at any reasonable time be available for examination by either Partner or persons acting on its behalf. The books of account shall be audited at December 31 in each year, and at other times as may be determined by the Partnership Committee, by the Independent Accountants for the Partnership who shall be Price Waterhouse & Co., unless and until the Partnership Committee shall agree to a change thereof.

Section 5.05. Financial Statements.

(a) As promptly as practicable after the close of each fiscal year of the Partnership there shall be prepared and submitted to each Partner the following financial statements, accompanied by the certificate of the Independent Accountants:

(i) a balance sheet of the Partnership as at the end of such fiscal year;

(ii) a statement of profit and loss for such fiscal year; and

(iii) a statement of Partners' interest for such fiscal year.

Any financial statement submitted pursuant to this clause (a) shall be deemed correct, binding and conclusive upon both Partners unless objection thereto shall be made by either Partner within forty-five (45) days after such statement shall have been received by such Partner.

(b) The Partnership shall furnish to each Partner such other financial information at such times and prepared in such form as shall reasonably be required by such Partner to meet its needs.

(c) The Partnership Committee shall make any necessary determinations of accounting policy for the Partnership.

#### Section 5.06. Tax Matters.

(a) Unless otherwise agreed by the Partners, Partnership profits and losses for the year 1973 shall at December 31, 1973, be allocated for the purposes of taxes based on or measured by income imposed by the United States and other applicable taxing jurisdictions between the Partners as follows:

(i) all profits and losses for the period from October 1 to December 31, 1973 (but not in excess of fifty percent (50%) of the total profits and losses for the period from July 1 to December 31, 1973), shall be allocated to Scallop; and

(ii) all remaining profits and losses for the period from July 1 to December 31, 1973, shall be allocated to Gulf.

From and after January 1, 1974, each Partner shall for all purposes of taxes based on or measured by income imposed by the United States and other applicable taxing jurisdictions share equally in all profits and losses of the Partnership to the extent legally possible.

(b) To the extent that the Partnership may or shall be required to make elections for income tax purposes of any jurisdiction, and to the extent that Partners

may or shall be required to make such elections concerning the properties and business of the Partnership and such elections may not be made in different ways by different Partners, such elections shall be made in such manner as shall be determined by the Partnership Committee.

## ARTICLE VI

### Property

Section 6.01. Property Ownership. All assets and property, including Intangible Property, owned by the Partnership or in which it shall have an interest shall, unless otherwise agreed by the Partnership Committee, be held and recorded in the name of the Partnership.

Section 6.02. Right to Use and License Intangible Property. Each Partner and each of its Affiliates shall have the irrevocable right to use Intangible Property of the Partnership royalty-free in the various phases of its petroleum and other fossil fuel, chemical and metals operations; provided, however, that such use (i) shall not be in conflict with Section 8.01 hereof and (ii) shall not involve an opportunity of the type described in Section 8.04 hereof that shall either fall or could reasonably be deemed to fall within the scope of the business of the Partnership. Unless otherwise agreed by the Partnership Committee, the term "right to use" as used in the immediately foregoing sentence includes only the right to apply such Intangible Property in manufacturing and other internal operations of such Partner and its Affiliates.

In all cases not covered by the application of the immediately foregoing paragraph or any decisions of the Partnership Committee thereunder, the Partnership shall have the right to grant licenses in respect of such Intangible Property on such terms and conditions as shall be established by the Partnership Committee from time to time.

Section 6.03. Intangible Property of Partner. If either Partner or an Affiliate thereof has or shall develop or acquire Intangible Property or any interest therein which the Partnership shall desire to utilize and shall not otherwise be entitled to use, then such Partner (or its Affiliate), taking into account the provisions of this Agreement, may grant

or cause to be granted on such terms and conditions as may be agreed between such Partner (or its Affiliate) and the Partnership a license to the Partnership in respect of such Intangible Property.

Each Partner shall use its best efforts to draw to the attention of the Partnership any such Intangible Property of such Partner or its Affiliate which might be of utility to the Partnership so as to enable the Partnership Committee to determine whether or not such Intangible Property shall be of interest to the Partnership and, if so, to decide on the acceptability to the Partnership of the terms and conditions of the license thereof proposed by such Partner (or its Affiliate).

## ARTICLE VII

### Restrictions on Partners

#### Section 7.01. Encumbrances and Transfers.

(a) Except as otherwise provided in clause (b) or clause (c) of this Section 7.01 or in Article XIII hereof, neither Partner, nor any person acting by authority of or for any Partner, shall pledge, mortgage, hypothecate, assign or in any manner sell, transfer, or otherwise dispose of its right, title and interest in the Partnership or in any assets, receivables, liabilities, obligations, records, documents, files or customers of the Partnership or in, to or under this Agreement, all such right, title and interest of each Partner being personal and nontransferable and nonassignable. Any action in violation of this clause (a) shall be void.

(b) Anything in this Agreement to the contrary notwithstanding, upon notice in writing to the other Partner, a Partner may

(i) cause any duty or obligation imposed on it by this Agreement to be assumed, performed or discharged by one or more of its Affiliates and the due performance or discharge thereof by such Affiliate or Affiliates shall satisfy such duty or obligation on the part of such Partner; and

(ii) transfer and assign any of its rights under this Agreement to one or more of its Affiliates;

provided, however, that, except as provided in clause (c) of this Section 7.01, the assumption by any such Affiliate

or Affiliates of such duty or obligation shall not relieve such Partner of responsibility and liability therefor, and such a transfer or assignment shall not relieve such Partner or such Affiliate or Affiliates from its duties and obligations under this Agreement with respect to such rights so transferred and assigned.

(c) Anything in clause (a) of this Section 7.01, to the contrary notwithstanding, a Partner may transfer and assign all its right, title and interest in the Partnership and its assets and in, to and under this Agreement to an Affiliate of such Partner. Any such Affiliate to which such right, title and interest shall be transferred and assigned shall execute a copy of this Agreement and such other documents as shall be necessary to assume all the duties, liabilities and obligations of the transferring Partner in respect of the Partnership and under this Agreement. Such Affiliate shall thereupon become and be a Partner in succession to such transferring Partner which thereupon shall cease to have any right, title or interest in, or duties, liabilities or obligations in respect of the Partnership or in, to or under this Agreement, except that any liabilities and obligations of any Affiliate of a Partner hereunder which shall become a successor Partner shall, in case such successor Partner shall be an Affiliate of Gulf, be guaranteed by Gulf Oil Corporation to Scallop and, in case such successor Partner shall be an Affiliate of Scallop, be guaranteed to Gulf by Shell Petroleum N.V. and The Shell Petroleum Company Limited.

(d) Anything in this Article VII to the contrary notwithstanding, unless otherwise agreed by the other Partner, Scallop, or any Affiliate thereof which shall become its successor hereunder pursuant to clause (c) of this Section 7.01, and any Affiliate of Gulf which shall become its successor hereunder pursuant to said clause (c) shall each be, and for as long as it shall be a Partner remain, a Wholly-Owned Company.

Section 7.02. Acts by Partners. Neither Partner shall subscribe to any bonds, sign or endorse any note, accept, sign or endorse any draft or bill of exchange or assume any other liability, oral or written, either in its own name in respect of the Partnership or in the name of the Partnership, without the prior approval of the Partnership Committee.

## ARTICLE VIII

### Best Endeavors

Section 8.01. Promotion of Partnership. Each Partner shall use its best endeavors to promote the activities of the Partnership and to ensure its success.

Section 8.02. Information. Both Partners shall, subject to any applicable restriction of law or existing secrecy agreements with third parties, be fully and currently informed of the activities of the Partnership and of all Partnership Entities. To the extent that there shall be any existing secrecy agreements or any applicable laws or regulations which would have the effect of limiting the right of a Partner so to be informed, the other Partner shall use its best efforts to obtain waivers thereof in favor of the Partnership and the Partner so limited and, failing the obtaining of such waivers, the Partners shall make such arrangements as shall be practicable to preserve to the Partnership the benefits of the contracts or projects to which such secrecy agreements or laws or regulations shall relate.

Section 8.03. Services. Subject to the provisions of the second paragraph of Section 2.05 hereof, each Partner shall render to, or use its best endeavors to procure for, the Partnership such services as may be reasonably required from such Partner by the Partnership for its purposes. The Partnership Committee shall approve the charges (or the basis of the computation of the charges) paid for such services. Unless otherwise agreed by the Partnership Committee, such basis of computation shall, to the extent practicable, be consistent irrespective of the Partner furnishing or procuring such services.

Section 8.04. Business Opportunities. Each Partner undertakes that, if an opportunity falling within the scope of the business of the Partnership shall become available to it or any Affiliate of it, such Partner shall, to the extent it may legally do so, endeavor to make such opportunity available to the Partnership.

## ARTICLE IX

### Termination

Section 9.01. Continuance. The Partnership shall continue until dissolved by the mutual consent of the Partners

in writing or in accordance with the provisions of this Article IX.

Section 9.02. Default.

(a) If a Partner shall:

(i) fail for a period of more than sixty (60) days after the due date to make any contributions or other payments to be made by it to the Partnership in accordance with the provisions of this Agreement; or

(ii) withdraw from the Partnership during the term hereof without the written consent of the other Partner; or

(iii) commit a breach of any of the other covenants herein contained and, if such breach shall be remediable, fail to remedy such breach within a period of forty-five (45) days after notice from the other Partner in writing to remedy such breach or, in the case of a dispute as to the existence or occurrence of a breach, forty-five (45) days after a final determination that there shall have been a breach;

then such other Partner shall be at liberty in every such case forthwith to terminate this Agreement by written notice given prior to the curing of such default. In any such event, the entire cost and expense of conducting any proceeding to dissolve the Partnership or for an accounting, or both, shall be borne by the defaulting Partner.

(b) If either Partner shall make an assignment for the benefit of creditors or be adjudicated a bankrupt, or shall suffer the appointment of a receiver or trustee of its business or properties by reason of insolvency or liquidation, or shall file or have filed against it a petition in bankruptcy or for reorganization under the United States Bankruptcy Act or under the provisions of any law of like import unless such petition shall be filed against it and shall be dismissed or stayed within sixty (60) days, the other Partner shall be at liberty in every such case forthwith to terminate this Agreement by written notice.



(c) If

(i) in respect of any Other Nuclear Venture which shall have been declared by the Participants thereto to be a significant venture there shall have occurred such events or circumstances as, under the terms of any applicable agreement relating to such Other Nuclear Venture, shall permit or entitle one of the Participants to declare the other in default and to terminate such Other Nuclear Venture;

(ii) such non-defaulting Participant shall have taken such steps as shall be necessary under such agreement to declare the other in default and to cause the termination of such Other Nuclear Venture; and

(iii) the declaration of default shall not have been rescinded, revoked or set aside;

then Gulf, if the defaulting Participant in such Other Nuclear Venture shall be the Shell Participant, or Scallop, if such defaulting Participant shall be the Gulf Participant, shall be at liberty in every such case forthwith to terminate this Agreement by written notice given prior to the curing of such default.

(d) In case of any termination of this Agreement in accordance with the provisions of clause (a) or clause (b) or clause (c) of this Section 9.02, the Partnership shall be dissolved as of the date of the notice of termination (in this Section 9.02 called the "Dissolution Date"), but the Partner who shall have properly given notice of termination (in this Section 9.02 called the "Terminating Partner") shall be entitled to purchase the assets of the Partnership subject to its liabilities and continue its business on the basis hereinafter set forth:

(i) If the Dissolution Date shall be after the end of the Transitional Period, the Terminating Partner desiring to exercise such purchase right (in this Section 9.02 called the "Continuing Partner") shall purchase the assets of the Partnership at a price equal to thirty-five percent (35%) of the Net Asset Value of the Partnership as of the Dissolution Date.

(ii) If the Dissolution Date shall be during the Transitional Period, then:

(1) if the Continuing Partner shall be Gulf, it shall purchase the assets of the Partnership at a price which shall be equal to fifty percent (50%) of the excess of (x) the Net Asset Value of the Partnership as of the Dissolution Date over (y) that portion of the aggregate amount required to be paid by Scallop pursuant to Section 2.08(b) hereof which shall not have been paid as of the Dissolution Date; if, however, the result of such computation shall be a negative amount, such amount shall be paid to Gulf by Scallop; and

(2) if the Continuing Partner shall be Scallop, it shall purchase the assets of the Partnership at a price which shall be equal to fifty percent (50%) of the sum of (x) the Net Asset Value of the Partnership as of the Dissolution Date and (y) that portion of the aggregate amount required to be paid by Scallop pursuant to Section 2.08(b) hereof which shall not have been paid as of the Dissolution Date.

(iii) Such purchase right shall be exercisable by the Continuing Partner within 180 days after the Dissolution Date by notice to the other Partner (in this Section 9.02 called the "Non-continuing Partner"). The purchase of the assets of the Partnership shall be consummated within 90 days after the date of such notice by the execution and delivery by the Partnership of such instruments of transfer, assignment and conveyance as may reasonably be requested by the Continuing Partner and by payment of one-third of the applicable purchase price to the Partnership for distribution to the Non-continuing Partner. The balance of such purchase price shall be payable in the same manner one-half on the first anniversary of the date of such transfer, assignment and conveyance and one-half on the second anniversary thereof. The unpaid balance of such purchase price shall not bear interest. Pending settlement of any claims which the Continuing Partner may have against the Non-continuing Partner, such amounts may be paid by the Continuing Partner into a separate escrow account with a bank or trust company.

(iv) The Continuing Partner shall assume and agree to pay and shall indemnify the Non-continuing

Partner against, and hold it harmless from, all liabilities and obligations of the Partnership arising on and after the Dissolution Date.

(e) The remedy provided for in clause (d) of this Section 9.02 shall be deemed to constitute liquidated damages for the breach of this Agreement giving rise to the termination, but shall be without prejudice, and in addition, to all other rights and remedies at law or in equity to which a Partner may be entitled for claims arising prior to the termination other than any claims in respect of the events constituting or giving rise to such breach.

(f) In the event that the Partnership shall dissolve and neither Partner shall be entitled to exercise the purchase right provided in clause (d) of this Section 9.02, or a Partner shall be entitled to exercise the purchase right provided in said clause (d) hereof but shall not do so, the Partnership shall be wound up and liquidated in accordance with the law and the following provisions:

(i) If there shall be a Terminating Partner, the Terminating Partner shall have the sole authority to wind up the Partnership affairs and to supervise its liquidation. If there shall not be a Terminating Partner, such rights shall be exercised jointly by both Partners. The Partner (or Partners) authorized under this subclause (i) to exercise such rights is (are) herein called the "Liquidator".

(ii) Upon dissolution the Liquidator shall ensure that an account shall be taken as soon as practicable of all property, assets and liabilities of the Partnership.

(iii) Upon demand by the Liquidator, each Partner shall pay to the Partnership all amounts owing to the Partnership (except, during the Transitional Period, any amounts which would have been payable by Scallop pursuant to Section 2.08(b) hereof in respect of periods after the Dissolution Date), together with such Partner's proportion of contributions required by law and this Agreement to be made by the Partners for the payment of liabilities.

(iv) The assets and property of the Partnership or the proceeds of any sale thereof, together with contributions received pursuant to the preceding subclause

(iii), shall be applied by the Liquidator in the following order:

First, to discharge the debts and liabilities of the Partnership, other than to the Partners, and the expenses of liquidation;

Second, to pay to each Partner amounts accrued and owing to it for loans or other extensions of credit to the Partnership or upon contracts with the Partnership or upon open account;

Third, in respect of any dissolution occurring after the end of the Transitional Period, to divide the surplus if any (in this Section 9.02 called "Available Surplus"), between the Partners in proportion to their respective interests in the Partnership; and

Fourth, in respect of any dissolution occurring during the Transitional Period, to divide the Available Surplus between the Partners as follows:

(x) to Gulf, the lesser of

(I) the Available Surplus and

(II) the sum of

(A) an amount equal to fifty percent (50%) of that portion of the aggregate sum due to be paid by Scallop pursuant to Section 2.08(b) hereof which shall not have been paid as of the Dissolution Date; and

(B) an amount equal to fifty percent (50%) of the excess, if any, of the Available Surplus over the amount referred to in the immediately foregoing subclause (A) of this subclause (II);

and

(y) to Scallop, an amount equal to the amount, if any, payable to Gulf pursuant to subclause (x)(II)(B) of this paragraph Fourth.

(v) Distributions to the Partners pursuant to paragraph Third of the preceding subclause (iv) shall be made by the Liquidator in such manner that each will receive a proportion corresponding to its then interest in the capital of the Partnership of each of the assets or the proceeds of the sale thereof available for such distribution.

(vi) Distributions to the Partners pursuant to paragraph Fourth of the preceding subclause (iv) shall be made by the Liquidator in such manner as to achieve as nearly as possible the division set forth therein.

Section 9.03. Abandonment of Assets Transfer Agreement. If the Assets Transfer Agreement shall, pursuant to Section 11.05 thereof, be terminated and abandoned, this Agreement shall forthwith terminate and the Partnership shall be deemed never to have come into existence. Upon such termination, all amounts, if any, theretofore paid or deemed to be paid by Scallop to or in respect of the Partnership shall be repaid and thereafter there shall not be any other or further obligation of either Partner to the other or to the Partnership.

## ARTICLE X

### Significant Venture

For the purpose of any Other Nuclear Venture which in its governing agreement shall have a termination provision corresponding to Section 9.02(c) hereof, the parties hereto hereby declare the Partnership to be a significant venture.

## ARTICLE XI

### Confidential Information

During the continuance of the Partnership and for a period of five (5) years after its termination, no

Partner or employee thereof shall divulge to any person (except to an Affiliate of such Partner which such Partner undertakes shall be bound to the provisions of this Article XI) any trade secret, or secret process, method or means, or any other confidential information concerning the business of the Partnership or the manufacture, sale or licensing of products, processes and designs made or owned by it that come to the knowledge of such Partner or employee by reason of its or his being a Partner or employee of the Partnership or of a Partner unless and to the extent that, in connection with or subsequent to the termination of the Partnership, the Partner involved shall obtain rights to manufacture, sell or license products, processes or designs previously made or owned by the Partnership. The obligations under this Article XI shall not apply to any information to the extent that such information is or shall become part of the public domain or which the receiving Partner or any such employee shall be able to show to have been in its or his possession prior to the receipt thereof from the Partnership or to have been received from a third party which shall not itself have received such information on a confidential basis from the Partnership.

## ARTICLE XII

### Notices

All notices, consents, requests, reports and other documents authorized or required to be given pursuant to this Agreement shall be given in writing and either personally served on an officer of the Partner to which given and on the Partnership or mailed by registered or certified first class mail, postage prepaid, or sent by telex or telegram and addressed to the Partner to which given at its address on file with the Partnership and to the Partnership at its principal office, or at such other address as either of the Partners may hereafter specify in the manner herein provided.

## ARTICLE XIII

### New Partners

Except as may be agreed by both Partners, no new Partners may be admitted to the Partnership.

## ARTICLE XIV

Reimbursement and Indemnity

If a Partner shall, pursuant to authorization of or approval by the Partnership Committee or a final judgment of a court of applicable jurisdiction, pay any amount on behalf or for the account of the Partnership with respect to any liability, obligation, undertaking, damage or claim for which the Partnership shall or may, pursuant to contract or applicable law, be liable or responsible, or with respect to making good any loss or damage sustained by, or paying any duty, cost, claim or damage incurred by, the Partnership, then the Partnership shall reimburse such Partner for such amount as shall have been so paid by such Partner. If the Partnership shall fail fully to reimburse such paying Partner, the other Partner shall indemnify such paying Partner by paying to it an amount equal to fifty per cent (50%) of the excess of (x) the aggregate payments by such paying Partner in respect of such liability, loss, damage, cost, claim or expense over (y) the aggregate reimbursement, if any, which such paying Partner shall have received, from the Partnership in respect of such payments.

## ARTICLE XV

Governing Law

This Agreement shall be governed by and construed under the laws of the State of California.

## ARTICLE XVI

Interpretation and Disputes

Section 16.01. Interpretation. If any question shall arise in regard to the interpretation of any provision of this Agreement, the question shall be referred to the Partnership Committee and, if the Partnership Committee shall reach a determination with respect to such question that is recorded in writing and signed on behalf of both Partners, then such determination shall be conclusive.

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Section 16.02. Conciliation. Any dispute or difference between the Partners arising out of or in connection with this Agreement or as to the rights or liabilities of either Partner hereunder may, if it shall not fall within and have been resolved pursuant to Section 16.01 hereof, be referred to senior officials of the respective Partners or of Affiliates of the Partners for resolution between them, if possible. Such officials may, if they so desire, consult outside experts for assistance in arriving at such a resolution.

Section 16.03. Arbitration. Any such dispute or difference as is referred to in Section 16.02 hereof which shall not have been resolved pursuant to the foregoing provisions of this Article, or otherwise by agreement between the Partners, shall, except as otherwise provided in the final paragraph of this Section 16.03, be referred to and finally settled by arbitration. The arbitration shall be held at New York, New York and conducted in accordance with the Rules of the American Arbitration Association.

Judgment upon the award rendered may be entered in any court having jurisdiction or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be.

No matter listed in Annex A to this Agreement or reserved by the Partnership Committee for its decision pursuant to Section 3.01 hereof shall, in the event of a failure of agreement or decision thereto, constitute a dispute or difference to be referred to or settled by arbitration proceedings.

## ARTICLE XVII

### Binding on Successors

Except as herein otherwise provided, this Agreement shall be binding upon and inure to the benefit of the Partners, their successors, representatives and assigns.

## ARTICLE XVIII

### Amendments

This Agreement shall not be amended or modified except by an instrument in writing executed by both Partners



as of the effective date of such amendment.

IN WITNESS WHEREOF, the parties hereto have duly caused the execution of this Agreement by their duly authorized officers, as of the day and year first above written.

GULF OIL CORPORATION,

by

B. R. DORSEY

SCALLOP NUCLEAR INC.,

by

J. D. FITCHIE

## ANNEX A

(referred to in Section 3.01 of this Agreement)

(1) Any change in, addition to or exclusion from the purposes of the Partnership and the setting up or substantial alteration or divestment of any major business activity or activities.

(2) The establishment of and any change in the business plans of the Partnership for the period in time subsequent to that for which an approved operating program and budget shall already exist.

(3) Establishment or approval of operating and research programs and operating and capital expenditure (including research) budgets for each year and any substantial change or changes therein.

(4) Any specific capital project exceeding \$1,000,000 not covered by an approved program and budget.

(5) Any contract or other commitment which cannot be cancelled by the Partnership without penalty and requiring, or potentially requiring, the expenditure of more than \$1,000,000 or having, or potentially having, a material impact upon the business of the Partnership, except contracts or other commitments in respect of which authority to commit the Partnership shall have been delegated to the President.

(6) Any contract or arrangement between the Partnership, on the one hand, and one Partner or an Affiliate of such Partner, on the other hand, other than matters of routine or minimal significance.

(7) The appointment of any person as President or the removal or dismissal of the person holding that office; the establishment of salary and employee benefits for the President.

(8) The appointment of any person to, or the removal or dismissal of any person from a senior managerial position with the Partnership (other than the President), namely - Head of a division or department or staff function reporting directly to the President or any such other position as may be designated by the Partnership Committee from time to time as a senior managerial position; the establishment of salaries and special employee benefits for the holders of such positions.

(9) The commencement or settlement of litigation involving or potentially involving \$100,000 or more

in value at issue plus costs.

(10) Any borrowing by the Partnership in excess of \$1,000,000 and any financing scheme, including any incurrence of a contingent liability and any lease commitment which is either non-cancellable or only cancellable at a penalty, involving in excess of \$1,000,000.

(11) Any mortgage, sale encumbrance or other disposal of one or more capital assets of the Partnership having an aggregate original value on the books of the Partnership in excess of \$1,000,000.

(12) Any matter relating to company, corporate or partnership titles, names or trade names, designations, descriptions, designs, emblems or insignia used or to be used by the Partnership, subject always to the possible need to obtain written authority from the owner thereof.

(13) Adoption or amendment of pension or other employee benefit plans.

(14) Approval of all significant tax returns of the Partnership before filing.

In this Annex "A" the word "Partnership" shall be deemed to include any Partnership Entity controlled by the Partnership.

THIS GUARANTEE is made the 19th day of November 1973, between SHELL PETROLEUM N.V., a company organised and existing under the laws of the Netherlands and THE SHELL PETROLEUM COMPANY LIMITED, a company organised and existing under the laws of England (hereinafter called "the Guarantors") and GULF OIL CORPORATION, a corporation organised and existing under the laws of the Commonwealth of Pennsylvania, United States of America (hereinafter called "Gulf").

WHEREAS Gulf is executing as of even date herewith (i) a partnership agreement with Scallop Nuclear Inc., a Delaware corporation (hereinafter called "Scallop", and such agreement, as the same may be amended or supplemented from time to time, being hereinafter called "the Partnership Agreement" and the partnership thereby created being hereinafter called "the Partnership") and (ii) an agreement with the Partnership and Scallop (which agreement is entitled and hereinafter called "the U.S. Assets Transfer Agreement").

NOW THEREFORE in consideration of the premises and the mutual undertakings contained in the Partnership Agreement:

1. The Guarantors as sureties ("borgen") hereby jointly and severally unconditionally guarantee to Gulf that Scallop shall in all respects perform and discharge the liabilities and obligations to Gulf and to the Partnership that, under the terms and provisions of the Partnership Agreement and the U.S. Assets Transfer Agreement, shall be established to be due to be performed and observed by Scallop; however, if, following any breach of the Partnership Agreement by Scallop, Gulf shall elect to exercise the purchase right provided in clause (d) of Section 9.02 thereof, such exercise shall operate as a discharge of the Guarantors in respect of that breach.

2. The Guarantors shall not be discharged or released from this Guarantee by any revision to or termination of the Partnership Agreement or the U.S. Assets Transfer Agreement, made with or without the assent of the Guarantors, or by the creation of or alteration of obligations undertaken by the Partnership, or by any forbearance whether as to payment, time, performance or otherwise.

3. This Guarantee shall be for the sole benefit of Gulf and may not be asserted against the Guarantors or either of them by any other person whatsoever; provided, however, that it shall vest in and for the benefit of any Affiliate of Gulf who shall at any time succeed Gulf as party to the Partnership Agreement in accordance with its terms.

4. The Guarantors undertake to guarantee in like manner to this Guarantee any Affiliate of Scallop who shall at any time succeed Scallop as party to the Partnership Agreement in accordance with its terms.

5. This Guarantee shall be construed and take effect in accordance with the laws of the Netherlands. The Guarantors expressly waive any notice of acceptance of this Guarantee and all privileges and exceptions mentioned under Articles 1868, 1870, 1874, 1875, 1885, 1886 and 1887 of the Netherlands Civil Code.

6. For the purposes of this Guarantee, and without in any way derogating from the jurisdiction of the English Courts, The Shell Petroleum Company Limited accepts the jurisdiction of the competent Courts in the Netherlands.

The Hague

1973

SHELL PETROLEUM N.V.

G. A. WAGNER

London

1973

THE SHELL PETROLEUM COMPANY LIMITED

F. S. McFADZEAN

# Gulf Oil Corporation

Gulf Building, Pittsburgh, Pennsylvania 15230

November 19, 1973

Scallop Nuclear Inc.  
1 Rockefeller Plaza  
New York, New York 10020

Attention of President

General Atomic Company  
P. O. Box 81608  
San Diego, California 92138

Attention of President

Gentlemen:

This letter refers to the Agreement of even date herewith between Gulf Oil Corporation and Scallop Nuclear Inc. under which General Atomic Company (hereinafter called "GAC") was established, such agreement being hereinafter referred to as the "Partnership Agreement". This letter also refers to the U. S. Assets Transfer Agreement of even date herewith between such parties (hereinafter called the "U. S. Assets Transfer Agreement").

The purpose of this letter is to implement certain provisions of Article IV of the Partnership Agreement, to provide for the continuity of management and operation of the Business of GEES and to set forth certain principles upon which Gulf and Scallop shall staff GAC.

Except as otherwise specifically provided in Clause 10 hereof, the terms defined in the Partnership Agreement and the U. S. Assets Transfer Agreement shall bear the same meaning when used herein.

(1) Transitional Period. During the period beginning July 1, 1973 and ending January 1, 1974 or such later date as may be agreed by the Partnership Committee under Clause 3 below, Gulf through its GEES personnel shall operate the Business of GAC for the account of Gulf and Scallop.



(2) Employment of GEES Personnel by GAC. Subject to the provisions set forth below in this Clause (2), GAC shall offer employment, to be effective on the Personnel Transfer Date (as defined in Clause (3)), to employees of GEES upon substantially the same terms and conditions as they were employed by Gulf with GEES, including employee benefit plans, programs and policies, with no lapse in coverage and recognizing Gulf and GEES time-service (including time-service already recognized by Gulf and GEES) for purposes of determining eligibility to join, and satisfying any service requirements for entitlement to benefits under, employee benefit plans, programs and policies of GAC. Gulf will use its best efforts to persuade employees of GEES to accept employment with GAC.

The foregoing is subject to the following provisions:

- (a) GAC shall establish a savings-stock bonus plan for its employees substantially similar to the Savings-Stock Bonus Plan of Gulf Oil Corporation, except that GAC contributions will be invested by Mellon Bank N.A., as trustee of such plan, in equal amounts in Capital Stock of Gulf Oil Corporation and Shares of N. V. Koninklijke Nederlandsche Petroleum Maatschappij (Royal Dutch Petroleum Company).
- (b) Members of the Savings-Stock Bonus Plan of Gulf Oil Corporation who accept employment with GAC shall continue to be members of that plan in accordance with its provisions and no further contributions shall be made thereafter by them or on their behalf thereunder.
- (c) GAC shall adopt and become successor employer under the Savings and Stock Bonus Plan of Gulf Energy and Environmental Systems Company (under which plan all required contributions have heretofore been made) and shall amend such plan to reflect such succession and to provide for the eventual transfer of the Long Term Stock Bonus Fund under such plan to the trust maintained under the plan established by GAC pursuant to subparagraph (a) above.
- (d) GAC shall adopt and become successor employer under the Annuities and Benefits Plan of Gulf Energy and Environmental Systems Company and shall amend such plan to reflect such succession. GAC shall also become successor settlor of the trust through which such plan is funded and such trust shall continue to hold all

assets therein, including contributions made by Gulf with regard to the period ended June 30, 1973, determined by using the same actuarial methods and assumptions used to determine contributions for 1972, less any disbursements required pursuant to the terms of such plan in respect of benefits. Based on actuarial assumptions specified, on actuarial advice, by the committee administering such plan and approved by the Board of Directors of Gulf Oil Corporation, there are no past service liabilities with respect to such plan and such plan was fully funded as of June 30, 1973.

- (e) GAC shall arrange for the continuation of existing Gulf contracts or establish new contracts with insurance companies, or otherwise make available, plans or programs substantially similar to those now provided by Gulf for GEES employees in respect of group life insurance, disability income insurance, medical insurance and travel accident insurance and shall arrange for the offering by an insurance company of voluntary group accident insurance substantially similar to that made available to GEES employees by Connecticut General Life Insurance Company.
- (f) GAC shall adopt plans, policies and programs which are substantially similar to those now made available to GEES employees in respect of vacations and holidays, sick leave and personal leave, severance pay, survivor payments, medical insurance contributions, authorized paid leave, military leave, tuition assistance and costs of professional certification.
- (g) Unless otherwise determined by the Partnership Committee, the Gulf travel card discount privileges will be discontinued or replaced.
- (h) The Partnership Committee shall determine the special benefits to be provided for management and executive employees, taking into account prior benefits provided for such employees by Gulf Oil Corporation under its Incentive Compensation Plan and its stock option plans.
- (i) The stock option plans of Gulf Oil Corporation shall not be applicable to employees of GAC. The matter of existing stock options held by employees transferred to GAC and scheduled to expire in accordance with the terms of such plans will be reviewed by Gulf and shall not be a GAC responsibility.



- (j) The Incentive Compensation Plan of Gulf Oil Corporation shall not be applicable to GAC employees for periods after December 31, 1973, but such employees shall be eligible to participate in the awards thereunder for 1973. Such awards and unpaid instalments of previous awards shall be paid by Gulf in accordance with the provisions of such plan and, for such purpose, transfers of employment to GAC shall be deemed to be with the consent of Gulf. Financial responsibility for such awards shall be borne by Gulf except that the portion thereof allocable to the transitional period referred to in Clause (l) above shall be for the account of GAC.
- (k) The Partnership Committee shall review the present arrangements in regard to (i) scholarships for children of GEES employees and annuitants, and (ii) educational gift matching policies, and shall determine what, if any, arrangements shall be applicable in the future.
- (l) For purposes of all employee benefit plans, policies and programs of GAC, unbroken service with Gulf and/or Scallop immediately prior to employment with GAC shall be recognized as time-service for purposes of determining eligibility to join, and satisfying any service requirements for entitlement to benefits under, such plans, policies and programs but such service shall not be recognized for purposes of calculating amounts of pensions the costs of which are to be borne by GAC.
- (m) Unless otherwise determined by the Partnership Committee in special cases, the foregoing provisions shall not apply to employees of Gulf United Nuclear Fuels Corporation, Allied-Gulf Nuclear Services, Nuclear Power Products Company, Componentes Industriales Mexicanos, S.A., Gulf Degremont, Inc., Gulf-Preload Structures Incorporated and Gulf-Dravo Systems Corporation, or any successor to any such organizations and such present employee benefit plans, programs and policies as are now applicable to such employees shall be continued. Action, if any, appropriately to be taken by GAC with respect to any of such employees and such plans, programs or policies,

including the adoption of plans, programs and policies for employees within the Gulf United Nuclear Fuels division of GAC, shall be determined by the Partnership Committee. Notwithstanding the foregoing provisions of this paragraph (m), if GAC acquires Gulf United Nuclear Fuels Corporation or all the assets and liabilities thereof ("GUNFC") Gulf shall have the responsibility for the full funding of any pension plans of GUNFC with regard to the period ended June 30, 1973, on a sound actuarial basis by an actuary satisfactory to GAC.

- (n) Notwithstanding the foregoing, GAC shall have the power at any time by action of the Partnership Committee to amend, modify or terminate any of its employee benefit plans, programs and policies.
- (o) The employee benefit plans of GAC formulated to meet the requirements of Section 401 (a) of the Internal Revenue Code shall be submitted to the Internal Revenue Service for approval and shall be subject to such changes therein as may be necessary to obtain such approval.
- (p) References in this Clause (2) to action by GAC shall mean action by the Partnership Committee.

(3) Transferred Personnel. Except as to any personnel seconded to GAC by agreement of the Partnership Committee as provided in Clause (4) below, all GEES personnel who accept employment with GAC shall be transferred to and become employees of GAC as of January 1, 1974, or such later date as may be agreed upon by the Partnership Committee (such date as finally determined being referred to herein as the "Personnel Transfer Date").

(4) Seconded Personnel.

- (a) If the Partnership Committee agrees, certain Gulf and/or Scallop personnel may be temporarily seconded to GAC. Seconded personnel shall remain Gulf or Scallop employees, as the case may be, but, unless otherwise agreed by the Partnership Committee, shall work for GAC on a full-time basis and such personnel shall not retain any reporting function to Gulf or Scallop.

- (b) Throughout the period of the secondment to GAC of any Gulf and Scallop personnel, Gulf and Scallop shall charge to GAC and GAC shall reimburse Gulf and Scallop for the payroll and all payroll burdens of such seconded personnel. Gulf and Scallop shall invoice GAC monthly for such charges and such invoices shall be due and payable within thirty (30) days of the date thereof. The out-of-pocket expenses, including all travel and subsistence expenses incurred by such seconded personnel, shall be paid directly by GAC in accordance with its established procedures.
- (c) The status of seconded personnel shall be reviewed periodically with the objective of keeping the number of such personnel to a minimum.

(5) Future Personnel Requirements

- (a) Senior Management Personnel. With respect to all future personnel requirements among the Senior Management Personnel of GAC, and unless the Partnership Committee agrees to seek to look, in this regard, to the employees of Gulf or Scallop or sources outside the available Gulf and Scallop personnel, GAC shall initially seek to fill such positions from among its existing staff. Whenever requested to do so by GAC under the provisions of this paragraph, Gulf and Scallop shall use their best efforts to furnish the most appropriately qualified individuals or other qualified individuals acceptable to GAC to fill the positions specified by GAC, failing which such positions shall again be reviewed by the Partnership Committee and filled in whatever manner the Partnership Committee determines to be appropriate.
- (b) Other Personnel. With respect to all other future personnel requirements, GAC shall be free to fill such positions in whatever manner it deems appropriate, the intention being that GAC shall look primarily to its existing staff; provided, however, that in cases where the position to be filled is of a temporary or specialized nature the provisions of paragraph (a) of this Clause (5) shall apply mutatis mutandis.
- (c) Any personnel furnished to GAC under this Clause (5)

may be either transferred to GAC or seconded to GAC as determined by the Partnership Committee.

(6) Treatment of Seconded Personnel Upon Termination or Expiration of this Letter Agreement

- (a) Senior Management and Other Personnel. Upon expiration or termination of this Letter Agreement the secondment of all Senior Management Personnel and other personnel then seconded to GAC by Gulf and Scallop shall also terminate unless otherwise agreed by the Partnership Committee. However, if the Partnership Committee desires to retain the services of any of such Senior Management Personnel or other personnel GAC shall extend an offer of employment to the individuals in question upon substantially the same terms and conditions as Gulf or Scallop is then providing. If employment is accepted, GAC shall include such individuals in the employee benefit plans of GAC with no lapse in coverage, recognizing Gulf or Scallop time-service for purposes of determining eligibility to join, and satisfying any service requirements for entitlement to benefits under, employee benefit plans, programs and policies of GAC but such service shall not be recognized for purposes of calculating amounts of pensions the costs of which are to be borne by GAC.
- (b) Any Senior Management Personnel or other personnel whose secondment is terminated in accordance with paragraph (a) above and whose services the Partnership Committee does not wish to retain or who are offered employment with GAC but decline to accept such offer shall be returned to the payroll of Gulf or Scallop as the case may be.
- (c) Cost. During the period, if any, of the continued secondment of Senior Management Personnel and other personnel to GAC by Gulf or Scallop after the expiration or termination of this Agreement, GAC agrees to continue to reimburse Gulf and Scallop for all payroll and payroll burdens for such seconded personnel as provided in Clause 4 (b) hereof.

(7) Term. This Letter Agreement shall commence on July 1, 1973, the commencement date of the Partnership, and

subject to Clause (8) below, shall continue until December 31, 1976, unless extended by agreement of the Partnership Committee.

(8) Continuance of Partnership. This Letter Agreement shall automatically terminate upon termination of the Partnership Agreement during the term hereof.

(9) Records and Audit. Gulf and Scallop shall retain all records relating to charges invoiced to GAC under Clauses 4 (b) and 6 (c) hereof for a period of three (3) years following the calendar year in which such charges are incurred and GAC upon its own initiative or at the request of Gulf or Scallop (with regard to Scallop or Gulf invoices respectively) shall be entitled through an independent auditor to audit such charges during such three (3) year retention period.

(10) Definitions.

- (a) The term "Gulf" as used herein shall mean Gulf Oil Corporation and its Affiliates and the term "Scallop" as used herein shall mean Scallop Nuclear Inc. and its Affiliates.
- (b) The term "Senior Management Personnel" shall mean those personnel appointed by the Partnership Committee pursuant to paragraph (8) of Annex A to the Partnership Agreement.

If you agree that the above correctly records the understanding between us, will you please so signify by counter-signing and returning to us the attached duplicate of this letter.

Very truly yours,

GULF OIL CORPORATION:

By B. R. DORSEY

Agreed:

SCALLOP NUCLEAR INC.

By J. D. RITCHIE Date: Nov. 19, 1973

Agreed:

GENERAL ATOMIC COMPANY

By C. A. ROLANDER Date: Nov. 19, 1973

## SERVICES AGREEMENT

THIS AGREEMENT dated as of the 19th day of November, 1973, by and between GULF OIL CORPORATION, a Pennsylvania corporation, and GENERAL ATOMIC COMPANY, a partnership organized under the laws of the State of California (hereinafter called "GAC").

### W I T N E S S E T H :

WHEREAS GAC has been established as a partnership by Gulf and Scallop Nuclear Inc. to acquire, own and operate the business and certain assets and property employed in such business heretofore owned, held and operated by Gulf in the United States and Mexico through its Divisions, Gulf Energy & Environmental Systems Company, Gulf General Atomic Company and Gulf Environmental Systems Company (hereinafter called "GEES") and to continue, expand and develop certain enterprises and businesses heretofore conducted or planned to be conducted by or through GEES; and

WHEREAS for initial operations it is not practical or economic for GAC to provide all of the various services required for its operation; and

WHEREAS Gulf has considerable experience in the operation of the assets, properties and business of GEES as the prior owner and operator thereof; and

WHEREAS GAC wishes to obtain and Gulf is willing to furnish certain services necessary for the initial operation of GAC:

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree as follows:

### ARTICLE I

#### Definitions

(a) Except as otherwise specifically provided in this Article I, the terms defined in the Partnership Agreement

and the U. S. Assets Transfer Agreement shall bear the same meaning herein.

(b) As used in this Agreement, the following terms shall have the meanings specified:

"Gulf" shall mean Gulf Oil Corporation, a Pennsylvania corporation and its Affiliates.

"Partnership Agreement" shall mean the agreement dated of even date herewith by and between Gulf and Scallop establishing GAC as a partnership.

"Scallop" shall mean Scallop Nuclear Inc., a Delaware corporation and its Affiliates.

## ARTICLE II

### Scope of Services

2.01. Services Previously Provided to GEES. Gulf agrees to provide to GAC, to the extent Gulf is reasonably able to do so, the services described in Section 2.02 hereof, such services being substantially the same as Gulf was providing to GEES prior to the establishment of GAC.

2.02. Services to GAC. Upon request of GAC, Gulf will itself furnish, or, with the consent of GAC, arrange to have furnished by third parties, to GAC the following services:

(a) Legal. Consultation with regard to all GAC related legal matters, including but not limited to, such areas as antitrust, patent, trademark and proprietary information matters, review and assistance in all contract and purchase order matters, review and guidance in new legislative and regulatory requirements, guidance and assistance in acquisitions and divestment; the representation of GAC in all litigation threatened or brought against GAC and the handling of any claims GAC wishes to pursue.

(b) Tax. Consultation with and advice to GAC on all GAC related tax matters, including but not limited to compliance responsibility, tax review of project proposals, tax review of economic analyses and partici-

pation in negotiations on behalf of GAC and representation of GAC before taxing authorities.

(c) Treasury. Assistance and advice in banking, cash management and financing matters, review of currency and payment clauses in agreements, functional supervision of cashier activities and review of the finance-related aspects of acquisitions and investment/divestment proposals, and other various economic studies.

(d) Insurance. Recommendation of the scope, nature and extent of insurance that is appropriate for the GAC assets, properties and business, negotiation and procurement of appropriate coverages, and liaison between GAC and the insurance carriers on any GAC insurance matters. GAC shall have the right of prior approval with respect to insurance carriers recommended by Gulf (which approval shall not be unreasonably withheld) and limits of coverage.

(e) Government Relations. Consultation with and advice to GAC in regard to government activities in areas of interest to GAC including but not limited to the activities of the U. S. Atomic Energy Commission and liaison between GAC and any other agencies of the federal government in Washington, D. C. which may be relevant to GAC's operations.

(f) Medical Services. Various business oriented medical services including but not limited to periodic physical examinations, pre-employment evaluations and treatment of GAC employee industrial injuries and illnesses, surveillance and control of employee work environments, limited medical consultation for employees, arrangements for outside medical services as required and assistance to GAC in preventing and controlling occupational disease and disability.

(g) Employee/Industrial Relations. Advice to GAC concerning employee/industrial relations and matters related thereto; liaison between GAC and appropriate insurance carriers with respect to the establishment and maintenance of employee benefits programs including actuarial services required therefor; labor relations assistance and aid in negotiating agreements with labor organizations and assistance to GAC in complying with all applicable occupational, safety and health laws.



(h) Data Processing Services. Comprehensive computing and programming services, analytical services, information system services and communication services, including all data processing services necessary to meet normal accounting control and financial data processing requirements such as billings, payrolls, accounts payable, business forecasts and records and any other types of data processing services which it is capable of performing at the time of GAC's request.

(i) Additional Services. Such other staff and related services as are being provided by Gulf to its other operations at the time of the request, including but not limited to the use of corporate aircraft and the services of Gulf's corporate development, purchasing and advertising and public relations departments.

2.03. Independent Contractor; Conflict of Interest.

(a) Gulf shall act as an independent contractor in rendering any services requested of it under this Agreement.

(b) If in rendering any of the services requested of it hereunder Gulf at any time shall have reason to believe that such services may involve matters as to which the respective interests of Gulf and Scallop may differ, Gulf shall immediately advise the Partnership Committee and in so doing Gulf shall call to the attention of the Partnership Committee any possible means by which such respective interests might be accommodated.

ARTICLE III

Payment

3.01. Actual Costs. GAC shall reimburse Gulf for all actual direct costs, as recorded on the books of Gulf, incurred by Gulf in rendering any services requested by GAC hereunder. Such costs shall be those identifiable with the location from which and the personnel by whom the service shall be provided and shall include payroll and payroll burdens and reasonable out-of-pocket expenses (including travel and subsistence expenses) but shall not include an allocation of research or general corporate overhead expense of Gulf or any of its Affiliates.

If any of the services provided to GAC hereunder are also being provided by Gulf for other entities in addition to GAC, the total costs incurred by Gulf in performing such services shall be divided between GAC and such other entities in the same proportion that the time spent by Gulf employees in performing the services for GAC bears to the total time spent by such employees in performing the services for GAC and such other entities.

3.02. Fee. No fee is presently contemplated for the various services to be provided by Gulf hereunder; however, in the event Gulf later considers a fee to be appropriate for any such services being rendered, it shall consult with GAC. If as a result of such consultation, agreement cannot be reached between Gulf and GAC with respect to a fee, Gulf shall be under no further obligation to continue furnishing such services.

3.03. Payment. All costs reimbursable hereunder shall be invoiced by Gulf not more frequently than monthly and each such invoice shall be due and payable within thirty (30) days from the date thereof.

#### ARTICLE IV

##### GAC Facilities

GAC agrees to make available and furnish to Gulf at no cost such secretarial and clerical help, supplies and services, and space in GAC's facilities as Gulf reasonably requires in connection with the services to be rendered hereunder.

#### ARTICLE V

##### Term of Agreement

This Agreement shall commence on July 1, 1973, the commencement date of the Partnership, and, subject to Article VIII hereof, shall continue until December 31, 1976, unless extended by agreement of the Partnership Committee.

#### ARTICLE VI

##### Limitation of Liability

6.01. Indemnity of Gulf. Gulf shall use all reason-

able endeavors in the performance of its obligations under this Agreement and provided it has done so, Gulf shall not be liable to GAC for any loss or damage of whatever nature sustained by GAC as a result of the performance of this Agreement by Gulf. GAC shall indemnify Gulf against all such loss or damage including any and all claims by any employees to be transferred from GEES to GAC.

GAC shall at its own expense defend all suits and claims instituted or asserted against Gulf as a result of the performance of this Agreement by Gulf and shall hold Gulf harmless from all costs, damages or expenses, including attorney's fees, which may be sustained by Gulf as a result of such suits or claims.

#### ARTICLE VII

##### Records and Audit

Gulf shall retain all records relating to the costs of services rendered during each calendar year under this Agreement for a period of three (3) years following such calendar year and GAC upon its own initiative or at the request of Scallop shall be entitled, through an independent auditor, to audit such costs during such three (3) year retention period.

#### ARTICLE VIII

##### Termination

This Agreement shall automatically terminate upon termination of the Partnership Agreement during the term hereof.

#### ARTICLE IX

##### Other Services

9.01. Subject to such procedures as may be established by the Partnership Committee, GAC shall be free to make arrangements for such other services as it deems necessary for the efficient conduct of its operations and the cost thereof shall be borne by GAC.

9.02. The costs of outside consultants (except those costs, including fees of outside counsel, normally required to be paid by GEES in the conduct of its business) engaged by Gulf during the period July 1, 1973, to the Closing Date shall be for the account of Gulf and shall not be charged to GAC hereunder.

## ARTICLE X

### Assignment

This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other parties hereto.

## ARTICLE XI

### Miscellaneous Provisions

11.01. Arbitration. Any disputes or differences between the parties hereto arising out of or in connection with this Agreement or as to the rights or liabilities of any party hereunder shall, in default of agreement between the parties, be referred to and finally decided by arbitration. The arbitration shall be held in New York, N. Y. and conducted in accordance with the Rules of the American Arbitration Association.

Judgment upon the award rendered may be entered in any court having jurisdiction or application may be made to such court for a judicial acceptance of the award and an enforcement, as the case may be.

11.02. Notices. All notices, requests, demands, and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed, registered mail, first class airmail, postpaid,

if to Gulf:

Gulf Oil Corporation  
Gulf Building  
P. O. Box 1166  
Pittsburgh, Pennsylvania 15230

Attention of Vice President and Secretary

if to GAC:

General Atomic Company  
P. O. Box 81608  
San Diego, California 92138

Attention of President

or to such other address or to such person as any party hereto shall have last designated by written notice to the other party hereto.

11.03. Governing Law. This Agreement shall be governed and interpreted in all respects in accordance with the laws of the State of California.

11.04. Entire Agreement; Modification. This Agreement contains the entire agreement between the parties hereto with respect to the subject matter set forth herein and supersedes any and all other agreements, oral or written, in respect of the subject matter of this Agreement. This Agreement shall not be modified or amended except by an instrument in writing signed by an authorized representative of the party or parties to be bound.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day and year first above written.

GULF OIL CORPORATION,

by

B. R. DORSEY  
(Title)

GENERAL ATOMIC COMPANY,

by

C. A. ROLANDER  
(Title)