



UNITED STATES  
ATOMIC ENERGY COMMISSION  
WASHINGTON, D.C. 20545

NOV 25 1970

John McCormack, Esquire  
Legal Division  
Atlantic Richfield Company  
260 South Broad Street  
Philadelphia, Pennsylvania 19101

Re: Edward Gleason, et al. v. United States, et al.  
(U.S.D.C., N. J.)

Dear Mr. McCormack:

This is in response to your letter of November 2, 1970, requesting our advice as to whether Nuclear Materials and Equipment Corporation is covered, to the extent not protected by NELIA Policy NF-39, by an indemnity arrangement executed by the Commission under the Price Anderson Act.

In response to previous letters from you, we advised you on December 23, 1968, that the defendants in the suit, including NUMEC, were not entitled to Price-Anderson protection. Our conclusion at that time was based on the Commission's belief that it was extremely unlikely any liability approaching the amount covered by the NELIA policy (\$5,000,000) would result from the suit. While no specific amount had been claimed by the plaintiffs at that time, they had earlier filed a claim with the Commission, under the Federal Tort Claims Act, alleging total damages of \$1,600,000.

As your letter indicates, Mr. Gleason, one of the plaintiffs, is currently claiming damages totalling \$7,000,000. While we continue to believe that any liability which may result from the suit is highly unlikely to exceed the amount of financial protection afforded by the NELIA policy, it is our opinion that if this were to occur, the excess amount would be covered by the Price-Anderson indemnity provisions contained in Contract No. AT-30-2-GEN-16 between Associated Universities, Inc. and the Commission.

Sincerely,

Bertram H. Schur  
Associate General Counsel

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PB PATENT DEPARTMENT

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*cc: M+E*

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