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(Countries: Kuwait, State of)

**Case file Number(s):** BEGIN-059999

**Box:** 118

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# WITHDRAWAL SHEET

## Ronald Reagan Library

**Collection Name** WHITE HOUSE OFFICE OF RECORDS MANAGEMENT  
(WHORM): SUBJECT FILE

**Withdrawer**

DLB 6/1/2010

**File Folder** CO083 (KUWAIT) (BEGIN-059999)

**FOIA**

S10-306

**Box Number** 118

SYSTEMATIC

720

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
92012	BRIEFING PAPER	BACKGROUND INFORMATION AND TALKING POINTS FOR VICE PRESIDENT'S MEETING WITH HENRY LUCAS	3	2/26/1981	B1
92013	CABLE	KUWAIT 0508	2	1/27/1982	B1

The above documents were not referred for declassification review at time of processing

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

OBE 2/27/81

SPB

MEMORANDUM

NATIONAL SECURITY COUNCIL

742 add-on

CONFIDENTIAL ATTACHMENT

2/27/81

C.F.  
014326  
4630  
3400  
C0083  
FG038

ACTION

February 27, 1981

MEMORANDUM FOR:

RICHARD V. ALLEN

FROM:

GEOFFREY KEMP *gk*

WS

SUBJECT:

The Vice President's Meeting with  
Henry Lucas and Dr. Amir N. Jahanabani

The memorandum for your signature to the Vice President at Tab I is self-explanatory.

RECOMMENDATION:

That you sign the memorandum at Tab I.

APPROVE \_\_\_\_\_

DISAPPROVE \_\_\_\_\_

NSC # 8100742

CONFIDENTIAL ATTACHMENT

To present the VP a Crystal Chalice

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

742

~~CONFIDENTIAL ATTACHMENT~~

ab 5/29/10

MEMORANDUM FOR: THE VICE PRESIDENT

FROM: RICHARD V. ALLEN

SUBJECT: Your Meeting with Henry Lucas  
and Dr. Amir N. Jahanabani on  
February 28, 1981

At Tab A is a briefing paper prepared by the Department of State for your use in your meeting with Mr. Henry Lucas and Dr. Amir N. Jahanabani on February 28.

CONFIDENTIAL ATTACHMENT

# WITHDRAWAL SHEET

Ronald Reagan Library

*Collection Name*

WHITE HOUSE OFFICE OF RECORDS MANAGEMENT  
(WHORM): SUBJECT FILE

*Withdrawer*

DLB 6/1/2010

*File Folder*

CO083 (KUWAIT) (BEGIN-059999)

*FOIA*

S10-306  
SYSTEMATIC

*Box Number*

118

720

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92012	BRIEFING PAPER  BACKGROUND INFORMATION AND TALKING POINTS FOR VICE PRESIDENT'S MEETING WITH HENRY LUCAS	3	2/26/1981	B1

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- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

**THE WHITE HOUSE**

WASHINGTON

February 25, 1981

## MEMORANDUM FOR:

Mr. L. Paul Bremer III  
Executive Secretary  
Department of State

SUBJECT: Vice President's Meeting with Henry Lucas

The Vice President will meet with Henry Lucas, a personal friend, and Dr. Amir N. Jahanabani who is representing Naif J. A. Al-Sabah, the third of three sons of the Ruler of Kuwait, on Saturday, February 28, at 10:30 A.M. Mr. Lucas will present to the Vice President a crystal chalice crafted in London by Anthony Osborne (see attached letter). We would appreciate receiving talking points and background papers for the Vice President's use no later than COB, Thursday, February 26.



Charles P. Tyson



Sutter Place Dental Group  
Henry Lucas DDS Inc  
Alan R. Smiler DMD Inc  
& Associates



Sutter Place Professional Bldg  
1375 Sutter Street Suite 418  
San Francisco California 94109  
Telephone 415 775 8705

February 6, 1981

Office of the Vice President  
Mr. Chase Untermeyer, Assistant  
to the Vice President  
The White House  
Washington, D.C. 20070

Dear Mr. Untermeyer:

I am writing you to request an appointment with Vice President George Bush.

I am a personal friend of the Vice President; I served with him as a member of the executive committee of the Republican National Committee, when he was Chairman from 1972-1976.

I will be in Washington beginning Wednesday, February 25. Dr. Amir N. Jahanbani will accompany me. Dr. Amir N. Jahanabani represents Naif J. A. Al-Sabah, the third of three sons of the Ruler of Kuwait and Chairman of the Board of Rakan International Enterprises.

On either Wednesday, Thursday or Friday we would very much like to present to Vice President Bush a crystal chalice crafted in London by Anthony Osborne. Mr. Osborne is a world famous artist working in crystal. Mr. Osborne recently created a crystal gift for the Queen Mother of England upon the occasion of her birthday.

The chalice is approximately a foot and a half high with a crystal top and bottom and a rose crystal bowl. It has etched on the side workmen building a classic Kuwait sailing dhow in one panel and a desert scene on the other. It stands on a wooden platform approximately two feet tall made of oak and inlaid silver. On the lid of the chalice are inscribed the words "To Celebrate the Inauguration of President Ronald Regan and Vice President George Bush, January 20, 1981". On the other side of the lid are the words "Chairman of the Board, Rakan International Enterprises, State of Kuwait". On the stand are the words etched in silver "Presented to the Honorable George Herbert Walker Bush".

Naif J. A. Al-Sabah, the third son of the Ruler of Kuwait wishes to present this gift as symbolic of the confidence in the new administration

JAF  
Lucas is friend  
Kuwait is important  
but can this be  
restricted to 5 minutes presentation  
also do we need  
to check out  
Rakan

perhaps we  
kitchen  
State  
ask  
CIA

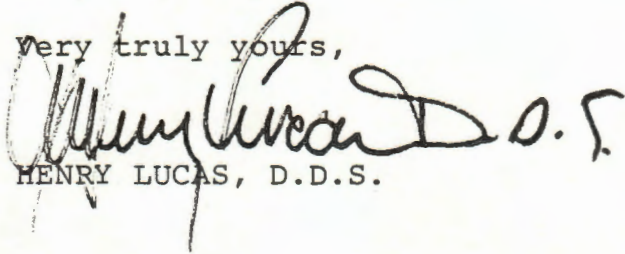
He is

sounds  
nice

and particularly Vice President Bush.

If you have any further questions, please do not hesitate to contact me personally.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Henry Lucas D.D.S.", written in a cursive style.

HENRY LUCAS, D.D.S.

HL/ds



**WASHFAX RECEIPT**  
THE WHITE HOUSE

→ NSC/S



JAN 25 PM 4 31

MESSAGE NO. ROOM 953 CLASSIFICATION \_\_\_\_\_ No. PAGES 5  
FROM Charles P. Tyson (Name) \_\_\_\_\_ (Extension) \_\_\_\_\_ (Room Number)

MESSAGE DESCRIPTION

TYSON

TO (Agency)	DELIVER TO:	Dept/Room No.	Extension
<u>State</u>	<u>Secretary</u>		

REMARKS: Urgent

cc sls  
sls

OFFICE OF THE VICE PRESIDENT  
WASHINGTON

February 25, 1981

MEMORANDUM FOR ALLEN LENZ

FROM: Nancy Bearg Dyke *NBD*

SUBJECT: Vice President's Meeting with Henry Lucas

The Vice President will meet with Henry Lucas on Saturday, February 28, at 10:30 a.m. in his White House West Wing office. Mr. Lucas will present to the Vice President a crystal chalice crafted in London by Anthony Osborne (see attached letter). May we please have any recommended talking points and background papers for the Vice President's use by close of business, Thursday, February 26. Thank you.

RECEIVED 25 FEB 81 17

TO LENZ

FROM DYKE, N

DOCDATE 25 FEB 81

TYSON

25 FEB 81

KEYWORDS: KUWAIT

AVP

LUCAS, HENRY

JAHANABANI, NAIF J A

SUBJECT: VP MTG W/ LUCAS & JAHANABANI ON 28 FEB

ACTION: TYSON SGD MEMO TO BREMER DUE: 26 FEB 81 STATUS D FILES

FOR ACTION

FOR COMMENT

FOR INFO

STATE

KEMP

TYSON

COMMENTS

REF#

LOG

NSCIFID

( C / )

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	WH	DUE	COPIES TO
	C 3/2	OBEger	Dsc/s		KE ✓ CT

DISPATCH

W/ATTCH FILE

(C) *A*

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

1167

017724

C.F.

1120

CO083

FG038

FG006-12

3/20 to VP via  
Sit Room folder  
1515

CONFIDENTIAL

March 19, 1981

MEMORANDUM FOR: THE VICE PRESIDENT  
FROM: RICHARD V. ALLEN *Allen*  
SUBJECT: Message to Speaker of the  
Kuwaiti Parliament

The attached telegram (Tab B) from our Embassy in Kuwait recommends that you (as President of the Senate) send a brief message of congratulations to the newly-elected Speaker of the Kuwait National Assembly. We strongly concur with the Department of State in that recommendation and attach at Tab A a State-prepared message to be conveyed through a telegram to our Ambassador. The message is for your approval. (U)

Kuwait held an election February 23 for a fifty-member National Assembly. This marked Kuwait's return to parliamentary life after more than four years in which the National Assembly had been suspended. The new National Assembly convened March 9 and elected Mr. Mohammad Yusuf Al-Adasani as Speaker. The holding of this election in an orderly atmosphere in the midst of the tensions prevailing in the Middle East is widely regarded as an important accomplishment. (U)

CONFIDENTIAL  
Review March 16, 1987

NSC #8101167

*3/23/80*

A

UNCLASSIFIED

Proposed message from Vice President Bush  
to Speaker of Kuwaiti Parliament

Dear Mr. Speaker:

In my capacity as President of the United States Senate, I wish to convey my congratulations to your country on its return to parliamentary life and my best wishes to you personally on your election as Speaker of the Kuwait National Assembly. The election held in Kuwait on February 23 was an important milestone in the history of your country. It is an event of which you and your compatriates can be justly proud.

Sincerely,

George Bush

His Excellency  
Mohammad Yusuf Al-Adasani,  
Speaker, Kuwait National Assembly,  
Kuwait.

UNCLASSIFIED

B

~~LIMITED OFFICIAL USE~~  
Department of State

INCOMING  
TELEGRAM

PAGE 01 KUWAIT 01078 101231Z

3415

KUWAIT 01078 101231Z

ACTION NEA-11

INFO OCT-01 ADS-00 INR-10 EUR-12 SS-15 CIAE-00 ICA-11  
DODE-00 H-01 NSC-05 NSAE-00 TRSE-00 PH-09 PA-01  
OMB-01 SP-02 SPRS-02 /081 W

-----100674 101230Z /14

P 101155Z MAR 81  
FM AMEMBASSY KUWAIT  
TO SECSTATE WASHDC PRIORITY 8214  
INFO AMEMBASSY ABU DHABI  
AMEMBASSY AMMAN  
USINT BAGHDAD  
AMCONSUL DHAHRAN  
AMEMBASSY DOHA  
AMEMBASSY JIDDA  
AMEMBASSY MANAMA  
AMEMBASSY MUSCAT  
AMEMBASSY LONDON  
AMEMBASSY PARIS  
USCINCEUR VAHINGEN GER

~~LIMITED OFFICIAL USE~~ KUWAIT 1078

E.O. 12065: N/A  
TAGS: PGOV, KU  
SUBJECT (U) KUWAIT PARLIAMENT CONVENES

REF: KUWAIT 0979

1. (U) KUWAITI NATIONAL ASSEMBLY ELECTED FEB 23 (REFTEL) HELD ITS FIRST MEETING MARCH 9. IN FORMALLY OPENING THE SESSION OF THE NEW ASSEMBLY, KUWAIT'S FIRST ELECTED LEGISLATIVE BODY TO MEET IN OVER FOUR YEARS, THE AMIR AND PRIME MINISTER BOTH STRESSED IN THEIR SPEECHES THE NECESSITY FOR COOPERATION BETWEEN THE ASSEMBLY AND THE GOVERNMENT IF PAST MISTAKES ARE TO BE AVOIDED. GOK LEADERS CLEARLY IF INDIRECTLY REFERRED TO FRACTIOUSNESS OF SOME DEPUTIES IN THE FORMER ASSEMBLY (MOST OF WHOM WERE NOT RE-ELECTED THIS TIME) THAT HAD LED TO ITS DISSOLUTION BY THE FORMER RULER. IN THE WORDS OF THE AMIR: "COOPERATION BETWEEN THE GOVERNMENT AND LEGISLATURE CONSTITUTES THE CORNERSTONE OF THE DEMOCRATIC SYSTEM AND THE GUARANTEE FOR STABILITY, SECURITY, AND INDEPENDENCE OF THE COUNTRY." DIFFERENCES WOULD LEAD TO BACKWARDNESS, HE ADDED.

2. (U) AMIR AND PRIME MINISTER IN THEIR SPEECHES ALSO REFERRED TO REGIONAL EVENTS. AMIR DEPLORED "DISRUPTIONS AND CRISES IN THE ARAB RANKS" WHILE NOTING FAVORABLY RAPPROACHMENT TAKING PLACE AMONG GULF ARABIAN STATES. HE CLAIMED CREDIT FOR KUWAIT IN INITIATING RECENT STEPS TOWARD CLOSER GULF STATE COOPERATION. BOTH SPEAKERS REPEATED STANDARD KUWAITI REJECTION OF FOREIGN INTERVENTIONS (NOT FURTHER DEFINED) IN GULF AFFAIRS, CALLED FOR COMPLETE ISRAELI WITHDRAWAL FROM OCCUPIED ARAB TERRITORIES INCLUDING JERUSALEM, AND URGED UNIVERSAL RECOGNITION OF PALESTINIAN RIGHTS TO SELF-DETERMINATION AND ESTABLISHMENT OF AN INDEPENDENT PALESTINIAN STATE UNDER PLO LEADERSHIP.

3. (U) REVIEWING BRIEFLY GOK ACHIEVEMENTS OVER THE PAST FOUR YEARS PRIME MINISTER SHAIKH SA'AD OFFERED ONLY A FEW CLUES TO NEW GOVERNMENT POLICY INITIATIVES. STATING THAT KUWAIT MUST HAVE THE MILITARY POWER TO DEFEND ITS INDEPENDENCE HE SAID GOK IS KEEN TO STRENGTHEN THE ARMED FORCES AND TO MODERNIZE THEIR ARMS AND EQUIPMENT, BUT OFFERED NO PARTICULARS. (COMMENT; IN RECENT WEEKS THE GOK ANNOUNCED ITS PLANS TO INCREASE DEFENSE SPENDING BY KD 1.6 BILLION OVER THE NEXT SEVEN YEARS.) HE INDICATED NO CHANGES ARE PLANNED IN THE

POLICY OF RESERVING FUNDS FOR FUTURE GENERATIONS WHILE CONTINUING TO IMPROVE THE PRESENT STANDARD OF LIVING BY INCREASING SALARIES AND WAGES AND MAINTAINING SUBSIDIES ON BASIC CONSUMER COMMODITIES. HE ALSO PROMISED THAT SOME RECOMMENDATIONS FOR CONSTITUTIONAL REVISION PREPARED BY THE SPECIAL COMMITTEE FORMED LAST YEAR FOR THAT PURPOSE WILL BE SUBMITTED TO THE ASSEMBLY FOR CONSIDERATION.

4. (U) FOLLOWING DEPARTURE OF THE AMIR, NEW ASSEMBLY ORGANIZED ITSELF BY ELECTING FORMER MINISTER OF PUBLIC WORKS MUHAMMAD YUSUF AL ADASANI AS ITS SPEAKER. ADASANI WON BY A NOSE (33 TO 32) OVER AHMAD ABDUL ASIZ AL SA'ADOON WHO WAS THEREUPON ACCLAIMED DEPUTY SPEAKER.

5. (U) NARROWNESS OF VOTE, DESPITE WHAT WE ASSUME WAS BLOC VOTING FOR AL ADASANI BY THE 15 CABINET MINISTERS PRESENT, SUGGESTS THAT MANY AMONG THE NEW DEPUTIES ARE DETERMINED TO ASSERT THEIR INDEPENDENCE OF THE GOVERNMENT. FURTHER COMMENTS ON THE NEW ASSEMBLY BEING SENT SEPTEL.

6. (U) FOR H; KUWAITIS GENERALLY ARE PROUD AND PLEASED WITH RESTORATION OF PARLIAMENTARY LIFE AFTER ALMOST FIVE-YEAR HIATUS. IN THE CIRCUMSTANCES WE CONSIDER IT WOULD BE APPROPRIATE AND WELL APPRECIATED GESTURE WERE BRIEF BUT WARM MESSAGE OF CONGRATULATIONS FROM VICE PRESIDENT BUSH (AS PRESIDENT OF THE SENATE) AND/OR SPEAKER O'NEIL BE SENT TO NEWLY ELECTED SPEAKER AL ADASANI. PRESIDENT OF US CONGRESSIONAL GROUP FOR THE INTERPARLIAMENTARY UNION MAY ALSO WISH TO SEND APPROPRIATE MESSAGE. DICKMAN

~~LIMITED OFFICIAL USE~~



MEMORANDUM

NATIONAL SECURITY COUNCIL

1167

*db skt/10*

*off*

CONFIDENTIAL ATTACHMENT

ACTION

March 16, 1981

MEMORANDUM FOR: RICHARD V. ALLEN

FROM: GEOFFREY KEMP *GK*

SUBJECT: Suggested Message from the Vice President  
to the Speaker of the Kuwaiti Parliament

The memorandum for your signature to the Vice President at Tab I recommends that he (as President of the Senate) send a brief message of congratulations (Tab A) to the newly-elected Speaker of the Kuwait National Assembly.

RECOMMENDATION:

That you sign the memorandum to the Vice President at Tab I.

APPROVE ✓

DISAPPROVE \_\_\_\_\_

**SIGNED**  
3/20/81

CONFIDENTIAL ATTACHMENT



DEPARTMENT OF STATE

Washington, D.C. 20520

8107978

1167

~~LIMITED OFFICIAL USE~~

db 5/27/10

March 13, 1981

MEMORANDUM FOR MR. RICHARD V. ALLEN  
THE WHITE HOUSE

Subject: Suggested Message from Vice President  
Bush to Speaker of the Kuwaiti Parliament

The attached telegram from our Embassy in Kuwait recommends that Vice President Bush (as President of the Senate) send a brief message of congratulations to the newly-elected Speaker of the Kuwait National Assembly. We strongly concur in that recommendation and attach herewith the text of a proposed message to be conveyed through a telegram to our Ambassador. We seek the Vice President's approval.

Kuwait held an election February 23 for a fifty-member National Assembly. This marked Kuwait's return to parliamentary life after more than four years in which the National Assembly had been suspended. The new National Assembly convened March 9 and elected Mr. Mohammad Yusuf Al-Adasani as Speaker. The holding of this election in an orderly atmosphere in the midst of the tensions prevailing in the Middle East is widely regarded as an important accomplishment.

L. Paul Bremer, III  
Executive Secretary

Attachments:

1. Telegram.
2. Proposed message.

~~LIMITED OFFICIAL USE~~

*dh*  
*5/27/10*

RECEIVED 14 MAR 81 10

TO ALLEN

FROM BREMER

DOCDATE 13 MAR 81

KEYWORDS: KUWAIT

AL-ADASANI, MOHAMMAD

SUBJECT: SUGGESTED MSG FM VP TO AL-ADASANI OF THE KUWAIT PARLIAMENT

ACTION: FOR DECISION

DUE: 17 MAR 81 STATUS S FILES

FOR ACTION

FOR COMMENT

FOR INFO

KEMP

COMMENTS

REF# 8107978

LOG

NSCIFID

( M / )

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
<i>KA</i>	<i>3/16</i>	<i>for review</i>	<i>3/18</i>	<i>CT</i>
<i>C</i>	<i>3/20</i>	<i>RVA of memo to VP</i>		<i>KE, CT</i>

DISPATCH *3/20 by JCP via Sit Room folder*

W/ATTCH FILE *WAT* (C)

Dg

ID # 044823  
0083

### WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

- O - OUTGOING
- H - INTERNAL
- I - INCOMING  
Date Correspondence Received (YY/MM/DD) 81110123

Name of Correspondent: Fritz R. Huntsinger, Jr.

MI Mail Report      User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: Objects to the Kuwaiti Taberna of Santa Fe International.

ROUTE TO:		ACTION		DISPOSITION		
Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
		ORIGINATOR	<u>1 1</u>			<u>1 1</u>
		Referral Note:				
<u>✓ 99</u>	<u>Luc</u>	<u>R</u>	<u>11/10/26</u> <sup>2TR</sup>		<u>A</u>	<u>8112109</u> <sup>RO</sup>
		Referral Note:				
			<u>1 1</u>			<u>1 1</u>
		Referral Note:				
			<u>1 1</u>			<u>1 1</u>
		Referral Note:				
			<u>1 1</u>			<u>1 1</u>
		Referral Note:				

- ACTION CODES:**
- A - Appropriate Action
  - C - Comment/Recommendation
  - D - Draft Response
  - F - Furnish Fact Sheet to be used as Enclosure

- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

- DISPOSITION CODES:**
- A - Answered
  - B - Non-Special Referral
  - C - Completed
  - S - Suspended

**FOR OUTGOING CORRESPONDENCE:**  
 Type of Response = Initials of Signer  
 Code = "A"  
 Completion Date = Date of Outgoing

Comments: \_\_\_\_\_

Keep this worksheet attached to the original incoming letter.  
 Send all routing updates to Central Reference (Room 75, OEOB).  
 Always return completed correspondence record to Central Files.  
 Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

## RECORDS MANAGEMENT ONLY

### CLASSIFICATION SECTION

No. of Additional Correspondents: \_\_\_\_\_ Media: L Individual Codes: 4200 4200 \_\_\_\_\_

Prime Subject Code: CO 083 \_\_\_\_\_ Secondary Subject Codes: BE 003.11 \_\_\_\_\_  
ZT \_\_\_\_\_  
ND 004.02 \_\_\_\_\_

### PRESIDENTIAL REPLY

Code	Date	Comment	Form
C	_____	Time: _____	P- _____
DSP	_____	Time: _____	Media: _____

**SIGNATURE CODES:**

- CPn - Presidential Correspondence
  - n - 0 - Unknown
  - n - 1 - Ronald Wilson Reagan
  - n - 2 - Ronald Reagan
  - n - 3 - Ron
  - n - 4 - Dutch
  - n - 5 - Ron Reagan
  - n - 6 - Ronald
  - n - 7 - Ronnie
- CLn - First Lady's Correspondence
  - n - 1 - Nancy Reagan
  - n - 2 - Nancy
  - n - 3 - Mrs. Ronald Reagan
- CBn - Presidential & First Lady's Correspondence
  - n - 1 - Ronald Reagan - Nancy Reagan
  - n - 2 - Ron - Nancy

**MEDIA CODES:**

- B - Box/package
- C - Copy
- D - Official document
- G - Message
- H - Handcarried
- L - Letter
- M - Mailgram
- O - Memo
- P - Photo
- R - Report
- S - Sealed
- T - Telegram
- V - Telephone
- X - Miscellaneous
- Y - Study



DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

WH

ASSISTANT SECRETARY

DEC 4 1981

Dear Mr. Huntsinger:

The Department of the Treasury, which is the lead agency on foreign investment in the United States, has been asked to respond to your October 14 letter to President Reagan. In your letter, you express concern about the proposed investment by Kuwait Petroleum Corporation in Santa Fe International Corporation.

The United States has a long history of welcoming foreign investment in our country on a non-discriminatory basis. We adopted this policy, not to accommodate foreigners and foreign governments, but because it provided substantial benefits to the United States. Thus, although total foreign direct investment in the United States is still very small, \$65 billion at the end of 1980 in our over \$2 trillion economy, foreign investment has provided jobs and new technology, strengthened U.S. capital markets, and by lowering the cost of capital to U.S. corporations, encouraged domestic investment. In addition, the United States has a stock of direct investment abroad, over \$213 billion by year-end 1980, that greatly exceeds foreign direct investment in the United States. We therefore have a particular interest in maintaining an open international investment system.

There are a number of U.S. laws that limit foreign investment in certain critical areas like atomic energy, communications, and defense-related industries. Foreign investors are also subject to the same requirements, including antitrust and security regulations, that apply to domestic investors. In addition, the Committee on Foreign Investment in the United States (CFIUS), which Treasury chairs, reviews investments which might have major implications for U.S. national interests.

The Administration is not, however, at all complacent about our policy. A special Working Group under the Cabinet Council on Economic Affairs has begun reviewing U.S. policy towards international investment. We have started examining possible problems associated with investments in the United States by foreign government-controlled entities, as well as the adequacy of the current mandate of the CFIUS.

The CFIUS is currently reviewing the proposed merger between Santa Fe International and Kuwait Petroleum Corporation. The Committee will carefully consider the probable impact of the proposed investment on the United States national interest.

I hope you find this information helpful.

Sincerely,

(Signed) Marc E. Leland

Marc E. Leland  
Assistant Secretary  
International Affairs

Mr. Fritz R. Huntsinger, Jr.  
260 Maple Court  
Suite 220  
Ventura, California 93003

## THE WHITE HOUSE OFFICE

## REFERRAL

OCTOBER 27, 1981

TO: DEPARTMENT OF THE TREASURY

ACTION REQUESTED:  
ORIGINATOR

## DESCRIPTION OF INCOMING:

ID: 044823

MEDIA: LETTER, DATED OCTOBER 14, 1981

TO: PRESIDENT REAGAN

FROM: MR. FRITZ R. HUNTSINGER JR.  
260 MAPLE COURT  
SUITE 220  
VENTURA CA 93003SUBJECT: OBJECTS TO THE KUWAITI TAKEOVER OF SANTA FE  
INTERNATIONALPROMPT ACTION IS ESSENTIAL — IF REQUIRED ACTION HAS NOT BEEN  
TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE  
UNDERSIGNED AT 456-7486.RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE  
(OR DRAFT) TO:  
AGENCY LIAISON, ROOM 62, THE WHITE HOUSEBY DIRECTION OF THE PRESIDENT:  
SALLY KELLEY  
DIRECTOR OF AGENCY LIAISON  
PRESIDENTIAL CORRESPONDENCE



31

FRITZ R. HUNTSINGER  
260 MAPLE COURT, SUITE 220  
VENTURA, CALIFORNIA 93003

October 14, 1981

Treasury

044823

President Ronald Reagan  
The White House  
1600 Pennsylvania Avenue, N.W.  
Washington, D.C. 20500

SUBJECT: Kuwaiti Takeover of Santa Fe International

Dear President Reagan:

I would like to express my personal opposition to the takeover of Santa Fe International by the country of Kuwait. It is my feeling that even though the size of Santa Fe International precludes its being a vital cog in our energy supply, this takeover could set a frightening precedent for additional takeovers of our energy industry by any foreigners.

The Canadians have long lived with the "problem" of having outsiders like the United States control their vital resources. Nervousness over this situation has led to drastic and unpopular reaction by the Canadian government to return Canadian resources to Canadian control. If I were Canadian, I would feel exactly the same. We have seen exactly the same type of thing happen in Norway, England, Denmark, Spain, Italy, Algeria, Libya, Iran, Iraq, India, Malaysia, Indonesia, Mexico and a host of additional countries. Each of these countries knows that they must protect their vital energy sources in a selfish and defensive way.

If some foreign company came to buy a company in a non-crucial industry such as Montgomery Ward, Jordache Jeans or 31 Flavors ice cream, my fears would be lessened. However, when foreign countries buy our strategic energy reserves, I feel a double standard is indeed justified. I look to the leaders of our country to protect such vital interests.

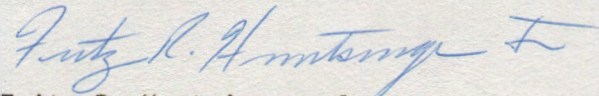
I have personally done business in 55 countries throughout the world as a member of the oil industry, and know that such double standards exist in virtually every country, and no-one takes offense at such double standards. Only a fool sells his vital organs.

President Reagan  
October 14, 1981  
Page 2

I personally think the Kuwaitis are fine and responsible people, and I firmly believe that they are very honest in their intentions. I also am aware that they are a very tiny country which is ferociously rich, with the second largest amount of reserves in OPEC. They are also a vulnerable nation since they are so small, and ownership of the Kuwaitis by other powers ten years from now is not unthinkable.

Should you agree with my position, I would appreciate your taking whatever action is appropriate to prevent this sale.

Respectfully yours,

A handwritten signature in blue ink, reading "Fritz R. Huntsinger, Jr.", written in a cursive style. The signature is enclosed in a light-colored rectangular box.

Fritz R. Huntsinger, Jr.

FRH:csg

...

...

0083

WHITE HOUSE  
CORRESPONDENCE TRACKING WORKSHEET

O - OUTGOING

H - INTERNAL

I - INCOMING

Date Correspondence Received (YY/MM/DD) 8/1/21/23

Name of Correspondent: Benjamin S. Rosenthal

MI Mail Report

User Codes: (A) \_\_\_\_\_ (B) \_\_\_\_\_ (C) \_\_\_\_\_

Subject: Writes concerning the Kuwait Petroleum Corporation's takeover of Santa Fe International.

ROUTE TO:

ACTION

DISPOSITION

Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
<u>LA Frie</u>		<sup>CH</sup> ORIGINATOR	<u>8/1/21/23</u>	<u>KD</u>	<u>A</u>	<u>8/21/01/22</u>
<sup>99</sup> <u>DOE (atten: Robert Odle)</u>		<sup>CH</sup> D	<u>8/21/01</u>			<u>C 8/21/02/22</u>
<sup>NS</sup> <u>SECRETARIAT</u>		A	<u>8/24/01</u>			<u>C 8/21/11/19</u>
<u>LADUBE</u>		<sup>CH</sup> A	<u>8/21/23</u>	<u>KD</u>	<u>A</u>	<u>8/20/03/03</u>
			<u>1 1</u>			<u>1 1</u>

ACTION CODES:

- A - Appropriate Action
- C - Comment/Recommendation
- D - Draft Response
- F - Furnish Fact Sheet to be used as Enclosure
- I - Info Copy Only/No Action Necessary
- R - Direct Reply w/Copy
- S - For Signature
- X - Interim Reply

DISPOSITION CODES:

- A - Answered
- B - Non-Special Referral
- C - Completed
- S - Suspended

FOR OUTGOING CORRESPONDENCE:

- Type of Response = Initials of Signer
- Code = "A"
- Completion Date = Date of Outgoing

Comments: NSC # 8200544

Keep this worksheet attached to the original incoming letter.  
Send all routing updates to Central Reference (Room 75, OEOB).  
Always return completed correspondence record to Central Files.  
Refer questions about the correspondence tracking system to Central Reference, ext. 2590.

## RECORDS MANAGEMENT ONLY

### CLASSIFICATION SECTION

No. of Additional Correspondents: \_\_\_\_\_ Media: 4 Individual Codes: 1230

Prime Subject Code: CD 083 Secondary Subject Codes: BE 001 FG 033.08  
BE 003.11  
FG 025

### PRESIDENTIAL REPLY

Code	Date	Comment	Form
C		Time: _____	P.
DSP		Time: _____	Media: _____

**SIGNATURE CODES:**

- CPn - Presidential Correspondence
  - n - 0 - Unknown
  - n - 1 - Ronald Wilson Reagan
  - n - 2 - Ronald Reagan
  - n - 3 - Ron
  - n - 4 - Dutch
  - n - 5 - Ron Reagan
  - n - 6 - Ronald
  - n - 7 - Ronnie
- CLn - First Lady's Correspondence
  - n - 0 - Unknown
  - n - 1 - Nancy Reagan
  - n - 2 - Nancy
  - n - 3 - Mrs. Ronald Reagan
- CBn - Presidential & First Lady's Correspondence
  - n - 1 - Ronald Reagan - Nancy Reagan
  - n - 2 - Ron - Nancy

**MEDIA CODES:**

- B - Box/package
- C - Copy
- D - Official document
- G - Message
- H - Handcarried
- L - Letter
- M - Mailgram
- O - Memo
- P - Photo
- R - Report
- S - Sealed
- T - Telegram
- V - Telephone
- X - Miscellaneous
- Y - Study

March 3, 1982

Dear Mr. Rosenthal:

The Department of Energy (DOE) has reviewed your December 22 letter to the President and has provided me with its response to your suggestions regarding the merger of Santa Fe International Corporation (SFI) with Kuwait Petroleum Corporation.

As noted in your letter, the foreign acquisition of SFI was the subject of hearings before your Subcommittee in which representatives of a number of departments presented testimony on issues raised by the Subcommittee concerning the impact of this acquisition on U.S. national interests. The most recent of these hearings in which DOE participated was held on December 9, 1981.

As you also noted in your letter, the Committee on Foreign Investment in the U.S. reviewed the merger. The Department of Energy, along with the Committee's formal members and the Departments of the Interior and Justice and the Federal Trade Commission, was an active participant in the Committee's review, which was quite extensive. As a result of that review, the Committee determined that the investment did not have major negative implications for U.S. national interests.

At the December 9 hearing, DOE advised the Subcommittee of the security measures it had taken, and of additional measures still being negotiated, to safeguard classified and unclassified sensitive nuclear technology which might be in the possession of C. F. Braun or Santa Fe International.

In answer to your first suggestion, a company seeking to perform classified contracts for the Department of Energy must be "eligible" to obtain the personnel and facility security clearances required for access to classified information. If a contractor is under foreign control, ownership, or influence, it is considered ineligible for a security clearance to perform the classified work. Therefore, it is under such circumstances that a company may seek to retain its eligibility by isolating the foreign owners from the classified activities of the company through a "Voting Trust Agreement" or by requesting termination of the classified contract.

The acquisition of SFI by Kuwait Petroleum Corporation was completed on December 4, 1981. Prior to December 4, 1981, DOE had entered into discussion with SFI concerning its eligibility to continue to perform classified contracts should it be acquired by the foreign-owned company. The creation of a "Voting Trust Agreement" was identified as one mechanism available to SFI if

SFI and C. F. Braun wished to continue the contract at Hanford, Washington. From the outset, the Department was aware that C. F. Braun could elect for whatever reason to forego classified government contract work and not seek to retain its "eligibility" for classified contracts.

Subsequent to the December 9 hearing before your Subcommittee, the Secretary of Energy was advised by letter of December 16, 1981, that C. F. Braun and Company wished to be relieved of its obligations to perform A&E services under the Braun Hanford Company/Department of Energy contract at Hanford. In its letter of December 16, 1981, SFI agreed that any transfer to a successor contractor would have to be consummated at no cost to the Government. It was also agreed that SFI would place its subsidiary, Braun-Hanford, in a Voting Trust during the transition period to a new contractor. In the final analysis, the action taken with respect to the protection of C. F. Braun's work at Hanford was as a result of the mandate of law and the existing contract requirements to which C. F. Braun was bound as a U.S. company and under contract with the Government.

In addition, the Santa Fe letter also identified continuing security arrangements which had been previously negotiated with DOE. As the letter made clear, these security arrangements would have to be executed in a formal contractual arrangement which would be legally binding upon SFI and C. F. Braun. All of these continuing security arrangements have now been concluded through a modification of the Braun-Hanford contract. A copy of DOE's response to Santa Fe's December 16 letter, as well as the concluded contract modification is enclosed.

In your letter, you specifically expressed concern that there is an implication in Santa Fe's December 16 letter that Braun personnel may travel abroad "for the purpose of engaging in activities relating to plutonium production, reprocessing, recovery, recycling, fabrication or work related to nuclear weapons design or production..." and "...Santa Fe will furnish timely reports of such visits to the Department of Energy." We would call your attention to paragraph "(6)" of the contract modification, wherein the parties expressly agree that the continuing security procedures and agreements shall be in addition to and not in lieu of those applicable to SFI, C. F. Braun and Braun-Hanford by statute or regulation or by contract between the parties. SFI and C. F. Braun, as well as their employees, separate and apart from the continuing security arrangements, must continue to fully comply with applicable legal requirements, including the requirement for seeking prior authorization from the Secretary of Energy to engage in activities outside the United States which are subject to 10 CFR Part 810.

With regard to your request that DOE's nuclear weapons component utilize the Defense Department's Industrial Security Program, we

offer the following comments. The DOE security program is based on the Atomic Energy Act of 1954, as amended, which provides statutory responsibility to protect and control Restricted Data as defined in the Act and to safeguard nuclear weapons and special nuclear materials in DOE's custody. With respect to this unique category of classified information, the Atomic Energy Act precludes the redelegation of certain responsibilities associated with the Department's security program. Moreover, under Executive Order 10865, the DOE has responsibility for and maintains an industrial security program as a necessary adjunct to the design, development, testing, and production of nuclear weapons and material. The DOE industrial security program evolved from the regulations established by the Department's predecessor agencies (AEC/ERDA). DOE is currently involved in amplifying its regulations to address the involvement of foreign ownership and control of companies engaged in classified contracts. The DOE regulations are expected to be comparable in this area to those adopted by the Department of Defense (DOD). DOE will continue to cooperate with the DOD in safeguarding classified information within industry. However, we do not share the view that after over 30 years of protecting some of the Nation's most sensitive information, there would be any appreciable benefit from inclusion of the laboratories and facilities in DOE's weapons complex with the cleared facilities in the Defense Industrial Program.

Finally, regarding your suggestion for the formation of a high-level working group to recommend changes in policies governing foreign governmental takeovers of U.S. firms, Assistant Secretary Leland has indicated in testimony before your Subcommittee on October 20 and December 9, 1981, that the Administration has set up a Working Group on International Investment Policy under the Cabinet Council on Economic Affairs. That Working Group is currently examining potential problems associated with direct investment in the U.S. by foreign government-controlled entities and will report its findings to the CCEA.

With best wishes,

Sincerely,

Kenneth M. Duberstein  
 Assistant to the President

The Honorable Benjamin S. Rosenthal  
 Chairman  
 Subcommittee on Commerce, Consumer,  
 and Monetary Affairs  
 Committee on Government Operations  
 House of Representatives  
 Washington, D.C. 20515

KMD:DOE:CMF:SK:rks--





Department of Energy  
Washington, D.C. 20585

LADUBE

NOTE TO SALLY KELLEY:

Enclosed is a draft letter for the signature of Mr. Kenneth Duberstein in reply to the December 22, 1981, letter from Representative Benjamin S. Rosenthal regarding the Kuwait Petroleum Corporation's takeover of Santa Fe International.

If I can be of further assistance, please do not hesitate to call upon me.

*William V. Vitale*

William V. Vitale  
Executive Secretary



Department of Energy  
Washington, D.C. 20585

February 11, 1982

NOTE FOR DOUGLAS FEITH, NATIONAL SECURITY COUNCIL STAFF

SUBJECT: Kuwaiti Acquisition of Santa Fe


Attached for your information, pursuant to our conversation last week, are the following:

1. Copy of a draft response to Congressman Rosenthal's letter to the President. (The draft is being submitted to Ken Duberstein through the Congressional Relations channels.)
2. Copy of a letter dated December 16, 1981 from Santa Fe International (referred to in the Rosenthal letter);
3. Response from the Department of Energy (DOE) to the Santa Fe letter.
4. Supplementary agreement between DOE and Santa Fe.
5. Answers to relevant questions posed to Secretary Edwards by members of the Senate (Percy) Subcommittee on Nuclear Proliferation.

I believe this will give you most, if not all, of the material you need.

If you need more, you might wish to consult Craig Fuller's Cabinet Council files, which contain the deliberations of the Committee on Foreign Investment on this issue.

Please note that the DOE is amplifying its regulations to provide coverage comparable to that of the Department of Defense with respect to foreign ownership of DOE contractors of classified projects. While this is not precisely what Mr. Rosenthal requested, it accomplishes the purpose and is, in my judgment, the proper course of action.

  
R. Tenney Johnson  
General Counsel

Attachments  
as

DRAFT

Dear Mr. Rosenthal:

The Department of Energy has reviewed your December 22 letter to the President and has provided me with its response to your suggestions regarding the merger of Santa Fe International with Kuwait Petroleum Corporation.

As noted in your letter, the foreign acquisition of Santa Fe International (SFI) was the subject of hearings before your Subcommittee in which representatives of a number of departments presented testimony on issues raised by the Subcommittee concerning the impact of this acquisition on U.S. national interests. The most recent of these hearings in which DOE participated was held on December 9, 1981.

As you also noted in your letter, the Committee on Foreign Investment in the U.S. reviewed the merger. The Department of Energy, along with the Committee's formal members and the Departments of Interior and Justice and the Federal Trade Commission, was an active participant in the Committee's review, which was quite extensive. As a result of that review, the Committee determined that the investment did not have major negative implications for U.S. national interests.

At the December 9, 1981 hearing, DOE advised the Subcommittee of the security measures it had taken, and of additional measures still being negotiated, to safeguard classified and unclassified sensitive nuclear technology which might be in the possession of C.F. Braun or Santa Fe International.

In answer to your first suggestion, a company seeking to perform classified contracts for the Department of Energy must be "eligible" to obtain the personnel and facility security clearances required for access to classified information. If a contractor is under foreign control, ownership, or influence, it is considered ineligible for a security clearance to perform the classified work. Therefore, it is under such circumstances that a company may seek to retain its eligibility by isolating the foreign owners through a "Voting Trust Agreement."

The acquisition of SFI by Kuwait Petroleum Corporation was completed on December 4, 1981. Prior to December 4, 1981, DOE had entered into discussion with SFI concerning its eligibility to continue to perform classified contracts should it be acquired by the foreign-owned company. The creation of a "Voting Trust Agreement" was

identified as one possible device SFI might use to isolate their foreign owners from access to the classified activities of the company if SFI and C.F. Braun wished to continue the contract at Hanford, Washington. From the outset, the Department was aware that C.F. Braun could elect for whatever reason to forego classified government contract work and not seek to retain its "eligibility" for classified contracts.

Subsequent to the December 9, 1981 hearing before your Subcommittee, the Secretary of Energy was advised by letter of December 16, 1981, that C.F. Braun and Company wished to be relieved of its obligations to perform A&E services under the Braun Hanford Company/Department of Energy contract at Hanford. In its letter of December 16, 1981, SFI agreed that any transfer to a successor contractor would have to be consummated at no cost to the Government. It was also agreed that SFI would place its subsidiary, Braun-Hanford, in a Voting Trust during the transition period to a new contractor.

In addition, the Santa Fe letter also identified continuing security arrangements which had been previously negotiated with DOE. As the letter made clear, these security arrangements would have to be executed in a formal contractual arrangement which would be legally binding upon SFI and C.F. Braun. All of these continuing security arrangements have now been concluded through a modification of the Braun-Hanford contract. A copy of DOE's response to Santa Fe's December 16 letter, as well as the concluded contract modification, is enclosed.

In your letter, you specifically expressed concern that there is an implication in Santa Fe's December 16 letter that Braun personnel may travel abroad "for the purpose of engaging in activities relating to plutonium production, reprocessing, recovery, recycling, fabrication or work related to nuclear weapons design or production..." and "...Santa Fe will furnish timely reports of such visits to the Department of Energy". We would call your attention to paragraph "(6)" of the supplemental contract agreement, wherein the parties expressly agree that the continuing security procedures and agreements shall be in addition to and not in lieu of those applicable to SFI, C.F. Braun and Braun Hanford by statute or regulation or by contract between the parties. SFI and C.F. Braun, as well as their employees, separate and apart from the continuing security arrangements, must continue to fully comply with applicable legal requirements, including the requirement for seeking prior authorization from the Secretary of Energy to engage in activities outside the United States which are subject to 10 CFR Part 810.

With regard to your request that DOE's nuclear weapons component utilize the Defense Department's Industrial Security Program, we offer the following comments. The DOE security program is based on the Atomic Energy Act of 1954, as amended, which provides statutory responsibility to protect and control Restricted Data as

defined in the Act and to safeguard nuclear weapons and special nuclear materials in DOE's custody. With respect to this unique category of classified information, the Atomic Energy Act precludes the redelegation of certain responsibilities associated with the Department's security program. Moreover, under Executive Order 10865, the DOE has responsibility for and maintains an industrial security program as a necessary adjunct to the design, development, testing, and production of nuclear weapons and material. The DOE industrial security program evolved from the regulations established by the Department's predecessor agencies (AEC/ERDA). DOE is currently involved in amending its procurement regulations to address the involvement of foreign ownership and control of companies engaged in classified contracts. The DOE regulations are expected to be comparable in this area to those adopted by the DOD.

DOE will continue to cooperate with the Department of Defense in safeguarding classified information within industry. However, we do not share the view that after over 30 years of protecting some of the nation's most sensitive information, there would be any appreciable benefit from inclusion of the laboratories and facilities in DOE's weapons complex with the cleared facilities in the Defense Industrial Program.

Finally, regarding your suggestion for the formation of a high-level working group to recommend changes in policies governing foreign governmental takeovers of U.S. firms, Assistant Secretary Leland has indicated in testimony before your Subcommittee on October 20 and December 9, 1981 that the Administration has set up a Working Group on International Investment Policy under the Cabinet Council on Economic Affairs. That Working Group is currently examining potential problems associated with direct investment in the U.S. by foreign government-controlled entities and will report its findings to the CCEA.

Kenneth M. Duberstein  
Assistant to the President

Honorable Benjamin S. Rosenthal  
Chairman  
Subcommittee on Commerce, Consumer,  
and Monetary Affairs  
Committee on Government Operations  
Washington, D.C. 20515

Enclosures

amplifying

NSC  
Representa-  
tion?

# WITHDRAWAL SHEET

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Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.



Department of Energy  
Washington, D.C. 20585

DEC 28 1981

Mr. James R. Ukropina  
Senior Vice President  
and General Counsel  
Santa Fe International Corporation  
Alhambra, California 91802

Dear Mr. Ukropina:

This letter responds to your December 16, 1981 letter addressed to Secretary Edwards, in which you expressed the desire of Santa Fe International to have its subsidiary, C. F. Braun & Co., relieved of its obligations under the contract for onsite architect-engineer services at the Department of Energy's Hanford, Washington, facility.

While we remain confident that appropriate insulating arrangements could have been developed to shield Braun Hanford activities from possible foreign influence, we accept the decision of Santa Fe that your corporate interest would be better served by severing the contractual relationship with the Department.

I note that Braun has agreed to reimburse the Department for the reasonable expenses incurred in obtaining a successor contractor for the services at Hanford. I am confident that performance of the Braun Hanford contract will continue in a most orderly manner under agreed-upon voting trust agreements until the contract is completed. The section of your letter which discusses "proposed ongoing security programs" correctly states the arrangements discussed with DOE staff and will also need to be formalized in agreements with the Contracting Officer, Mr. Alex G. Fremling, Richland Operations Office,

Thank you for your continuing cooperation.

Sincerely,

Original Signed By  
Herman E. Roser

Herman E. Roser  
Assistant Secretary  
for Defense Programs

cc:  
A. G. Fremling, Manager, RL  
R. G. Romatowski, Manager, AL  
D. Ofte, Area Manager, RFAO

This Supplemental Agreement, entered into as of the 1st day of January, 1982, between the United States of America (hereinafter called the "Government") represented by the U. S. Department of Energy (hereinafter called "DOE") and Santa Fe International Corporation (hereinafter called "Santa Fe"), C F Braun & Co (hereinafter called "C F Braun") a wholly-owned subsidiary of Santa Fe and Braun Hanford Co (hereinafter called "Braun Hanford"), a wholly-owned subsidiary of C F Braun.

WITNESSETH THAT:

WHEREAS, there is now in full force and effect between Braun Hanford and the Government Contract No. DE-AC06 81RL10248 (the "Contract") entered into effective October 1, 1981, for a term of five years for the performance of architect-engineering and related services at the DOE's Hanford Site; and,

WHEREAS, Santa Fe and C F Braun notified DOE on December 16, 1981, that they wished to be relieved of their obligations under the Contract and to enter into appropriate arrangements for their ongoing security programs; and

WHEREAS, the parties desire to modify the Contract to provide for reimbursement for the reasonable, documented costs to be incurred by DOE in replacing Braun Hanford; and

WHEREAS, the parties desire to modify the Contract to provide for the orderly conclusion and closeout of the Contract; and

WHEREAS, the parties desire to apply the security provisions and requirements of Santa Fe's letter of December 16, 1981, to this Contract and Contract No. DE-AC04-76AL02996 with DOE's Albuquerque Operations Office;

NOW, THEREFORE, in consideration of the mutual promises set forth herein, the parties agree as follows:

(1) Article II.C. of the Contract is hereby deleted and the following substituted therefor:

"The term of this contract shall be from June 22, 1981, through February 28, 1982; provided, however, at the request of the Contracting Officer Braun Hanford will continue to perform onsite architect-engineer services for a reasonable period thereafter, not to extend beyond April 30, 1982, in order to assure continuity of services and an orderly transition to a successor contractor; provided further, however, Braun Hanford agrees to negotiate in good faith to provide such services after April 30, 1982, if requested by the Contracting Officer."

(2) C F Braun and Braun Hanford agree to reimburse, or assume for its own account all reasonable and documented costs incurred by DOE or Braun Hanford in replacing Braun Hanford with a successor contractor. Such costs shall

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include, but not be limited to those described in Exhibit "A" hereto which is incorporated herein by this reference. Any failure by the parties to agree on the amount to be reimbursed shall be deemed to be a dispute within the meaning Article XXIV of the Contract.

(3) Article IV.B. of the Contract is revised to delete all references to an award fee. Braun Hanford shall be paid the fixed fee of \$335,000.00 for the period June 22, 1981, through February 28, 1982, thereafter Braun Hanford shall be paid at the rate of \$67,000.00 for each full calendar month plus a pro rata portion thereof for each part of a calendar month, until the Contracting Officer releases Braun Hanford from its onsite responsibilities.

(4) C F Braun and Braun Hanford agree to cooperate fully with the DOE and to take whatever actions may be necessary or requested by the Contracting Officer to complete the transition to Braun Hanford from its predecessor, Vitro Engineering Corporation, and from Braun Hanford to its successor. Such actions shall include, but not be limited to transfer of employees, documents, and employee benefit plans including the assets thereof, and full and complete cooperation with Braun Hanford's successor in minimizing the disruption in DOE's ongoing programs at Hanford.

(5) The following security procedures and requirements shall apply to Santa Fe, C F Braun and Braun Hanford with regard to its ongoing activities:

a. Santa Fe will advise the DOE should it make any plans to utilize or assemble any current Santa Fe employees who previously worked at the Rocky Flats or Hanford facilities for the purposes of undertaking assignments relating to plutonium production, reprocessing, recovery, recycling, fabrication or work related to nuclear weapons design or production. Such personnel will not be reassembled as a working group for such plutonium or weapons related purposes outlined above without DOE consent. It is specifically understood that assignments relating to light water nuclear power reactors do not constitute any such plutonium or nuclear weapons related activity.

b. Santa Fe and the DOE will work together to identify all current Santa Fe employees who formerly worked at the Rocky Flats facilities and will arrange for DOE representatives to meet with such employees at Santa Fe's Alhambra, California, offices, or such other locations as the parties may agree, for the purpose of conducting a debriefing as to their continuing security obligations.

c. Santa Fe will report annually to the DOE in writing as to the current work assignments of current Santa Fe employees who were formerly project managers or held key positions of responsibility with respect to C F Braun's Rocky Flats projects. Santa Fe and the DOE will work together to identify as soon as possible, these individuals who were formerly project managers or held key positions of responsibility.

d. If any of the Santa Fe personnel identified in the foregoing paragraph c. travel outside the country for the purpose of engaging in activities relating to plutonium production, reprocessing, recovery, recycling, fabrication or work related to nuclear weapons design or production, Santa Fe will furnish timely reports of such visits to the DOE.

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e. Santa Fe will provide the same reports as specified in paragraphs c. and d. above in respect of any personnel now employed at Braun Hanford who remain with Santa Fe or any subsidiary of Santa Fe following the negotiated expiration of the Hanford Contract.

f. Upon the expiration of the Hanford Contract, Santa Fe, C F Braun and Braun Hanford will transfer to the DOE all technical documents, including all copies thereof, in their respective possession relating to the Hanford facility. The debriefing of current Santa Fe employees working at the Hanford facility will be done at Hanford prior to or shortly after the Contracting Officer releases Braun Hanford from further onsite work.

g. Santa Fe shall not publish, nor direct its employees to publish, information relating to plutonium production, reprocessing, recovery, recycling, fabrication or work related to nuclear weapons design or production, the disclosure of which abroad is prohibited or regulated by federal statutes or regulations. The foregoing shall not limit the right of Santa Fe to export technical information in compliance with applicable United States statutes and regulations.

h. The arrangements specified in paragraphs a. through g. will expire on December 31, 1986. At such time, Santa Fe and C F Braun will in good faith negotiate such extensions or modifications as the then prevailing circumstances indicate.

i. It is understood that the obligations set forth in paragraphs a. through h. above to be assumed by Santa Fe apply equally to C F Braun and to any entity which Santa Fe, at any time, shall directly or indirectly own or control and to any successor to such entities, Santa Fe, or C F Braun. Likewise, references to Santa Fe employees or personnel shall be deemed to include employees and personnel of C F Braun, such entities and successors. The cost of implementation of paragraphs a. through h., above, shall be for the account of the party incurring the cost.

(6) The parties agree that the security procedures and agreements set forth in paragraph (5) above shall be in addition to and not in lieu of any obligation imposed by statute or regulation or by contract between the parties. Unless otherwise provided, the provisions of paragraphs (5), (6), and (7) of this Supplemental Agreement are applicable to Contract No. DE-AC04-76AL02996, and those provisions will be administered by DOE's Albuquerque Operations Office with respect to that contract.

(7) The parties recognize and agree that monetary damages would be an inadequate remedy for breach of performance of the obligations set forth in paragraphs (5) and (6) above and that the DOE may require specific performance thereof. Unless the Secretary of the DOE or the head of a successor agency shall determine delay to be contrary to the national interest, DOE shall provide fifteen (15) days written notice to Santa Fe prior to filing any legal actions to enforce the obligations set forth in paragraphs (5) and (6) above and Santa Fe shall have the right to cure any noncompliance with the terms of

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said paragraphs during the fifteen day notice period. Notice shall be effective upon delivery to:

Santa Fe International Corporation  
Attn: General Counsel  
1000 South Fremont Avenue  
P. O. Box 400  
Alhambra, California 91820

(8) Except as provided by this agreement, all other terms and conditions of the contract shall be and remain the same.

In Witness Whereof, the parties have executed this Supplemental Agreement as of the date first above written.

C F Braun & Co

U. S. Department of Energy

By: Robert B Hill

By: \_\_\_\_\_

Title: Executive Vice-President

Title: \_\_\_\_\_

Braun Hanford Co

Santa Fe International Corporation

By: Paul W. Brown

By: James R. Bergeron

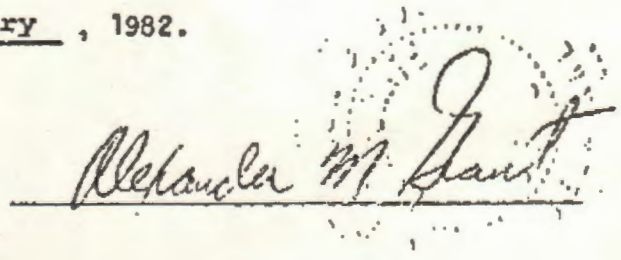
Title: PRESIDENT

Title: Senior Vice-President

CORPORATE CERTIFICATES

I, Alexander M Grant, certify that I am the Assistant Secretary of C F Braun & Co; that Robert B Hill who signed this contract modification on behalf of C F Braun & Co was the Executive Vice-President of said corporation; that said contract modification was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

IN WITNESS WHEREOF, I have hereunto affixed my hand and the seal of C F Braun & Co, this 1st day of February, 1982.



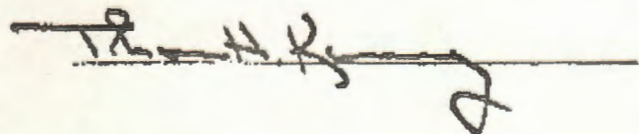
(Corporate Seal)

I, Thomas H Kenney, certify that I am the Secretary of Santa Fe International Corporation; that James R Ukropina who signed this contract modification on behalf of the Santa Fe International Corporation was then the Senior Vice-President of said corporation; that said contract modification was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

IN WITNESS WHEREOF, I have hereunto affixed my hand and the seal of Santa Fe International Corporation, this 1st day of February, 1982.

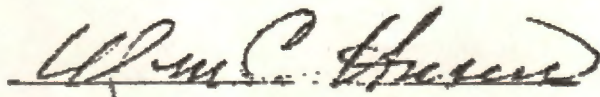


(Corporate Seal)



I, William C Husen, certify that I am the Secretary  
of Braun Hanford Co; that Calvin H Boice who signed this contract  
modification on behalf of the Braun Hanford Co was then the President  
of said corporation; that said contract modification was duly signed for and in  
behalf of said corporation by authority of its governing body, and is within  
the scope of its corporate powers.

IN WITNESS WHEREOF, I have hereunto affixed my hand and the seal of Braun  
Hanford Co, this 4th day of February, 1982.



(Corporate Seal)

EXHIBIT "A"

In accordance with paragraph (2) of Modification No. A005, C F Braun and Braun Hanford agree to reimburse or assume for its own account all reasonable and documented costs incurred by DOE and Braun Hanford in replacing Braun Hanford with a successor contractor. The determination of the reasonableness of such costs shall be based on the exercise of prudent business judgment and the application of generally accepted accounting principles and practices that result in the allocation of equitable charges. These costs shall include but are not necessarily limited to those costs set forth below. Failure to mention an item of cost herein shall not imply that it is unreasonable or nonreimbursable. The total amount to be reimbursed DOE by C F Braun and Braun Hanford Co pursuant to paragraph (2) of the modification and this Exhibit "A" shall not exceed \$300,000.00, which amount shall not include those costs to be assumed by C F Braun and Braun Hanford Co pursuant to paragraph B. hereof.

A. Allowable costs incurred by the successor contractor during a reasonable phase-in period and reimbursed by DOE:

1. Direct labor charges for successor contractor home office and cadre personnel while working on DOE approved phase-in activities.
2. DOE-approved labor overhead, payroll taxes, fringe benefits relating to Item 1. above.
3. Travel costs related to phase-in activities.
4. Relocation costs for the initial cadre.
5. Offsite reproduction costs related to phase-in activities.
6. Telephone, telegraph and postage costs.
7. Security clearances for successor contractor initial key personnel cadre.
8. Reissue of identification badges for successor contractor employees.
9. Changes to existing onsite ADP payroll system.
10. Initial physical examinations for successor contractor cadre.
11. Initial stock of checks, forms, stationery, to include successor contractor's identification.

12. Revision and/or replacement of signs and other items containing the Braun Hanford logo or name to that of the successor contractor.

B. Costs to be assumed by C F Braun and Braun Hanford:

1. All Santa Fe and C F Braun legal, accounting and other expenses reasonable necessary to prepare and implement the voting trust agreement with respect to the capital stock of Braun Hanford Co.
2. All legal, accounting and other expenses to complete the transfer of employee benefit plans from Braun Hanford to a successor contractor.
3. All costs involved in the transfer or release of transferred management personnel of C F Braun who were treated as employees of C F Braun for the purpose of participation in the Santa Fe fringe benefit plans.
4. All costs incurred by Santa Fe, C F Braun and Braun Hanford in complying with Visitation Approval Procedure Agreement.

408

Question 32,A: What steps has the DOE taken <sup>AND IS TAKING</sup> to assure that C. F. Braun's takeover by Kuwait Petroleum does not compromise sensitive nuclear information?

Answer: The following actions have been taken:

- One hundred and thirty-four file drawers of unclassified engineering drawings and related material relating to the Rocky Flats work were initially placed under lock and key control at Alhambra and subsequently destroyed by DOE official
- Engineering data associated with the Pu recovery facility was inventoried and shipped to Rocky Flats for permanent storage or destruction.
- C. F. Braun officials issued a directive to all employees requesting that their personal office files be reviewed and any Rocky Flats data be destroyed. C. F. Braun department heads were required to certify that there were no remaining DOE documents in the possession of their departments.
- Corporate security practices at Alhambra were reviewed by a DOE security official and based on the DOE review it was assured that there is no classified information retained at C. F. Braun's Alhambra, California, Headquarters.
- C. F. Braun officials have executed a Certificate of Non-possession relating to all DOE documentation.
- C. F. Braun officials are knowledgeable of their responsibilities to the U.S. Government and have agreed to maintain the integrity of sensitive unclassified information relative to the design of nuclear facilities.



-- Defense Programs has requested the DOE's Office of Procurement Policy to examine options for introducing standard DOE contractual provisions for dealing with foreign ownership.

Question 32b

What steps are being taken to ensure that Kuwait is not going to be able to use C. F. Braun's "know-how" in the nuclear field to assist in the construction of sensitive facilities ~~OVERSEAS~~?

Answer

The foreign acquisition of Santa Fe International, C. F. Braun and Braun Hanford does not relieve these parties of their obligations under U.S. laws, statutes and regulations.

One of these statutes, the Atomic Energy Act, contains a section (57.b.(2)) which prohibits U.S. persons from engaging directly or indirectly in the production of special nuclear material outside the U.S. except (1) under an agreement for cooperation or (2) upon authorization by the Secretary after a determination that the proposed activity will not be inimical to the interest of the U.S. Section 57.b.(2) is implemented by the Department of Energy's (DOE) regulation, 10 CFR Part 810, which identifies those activities requiring a specific authorization and those which are generally authorized. Among those activities requiring a specific authorization is direct or indirect assistance to the design, construction, operation or maintenance of a facility for the processing of irradiated nuclear fuel or equipment or components especially designed, modified, or adapted for use in such a facility; constructing, fabricating, or operating such a facility; or constructing, fabricating or furnishing equipment or components especially designed, modified, or adapted for use in such a facility; training foreign personnel in the design, construction, fabrication or operation of such facilities or equipment or components especially designed, modified, or adapted for use in such a facility; or furnishing information not available to the public in published form for use in the design, construction, fabrication or operation of such a facility or equipment or components especially designed, modified, or adapted for use in such a facility. These regulations also apply to the other sensitive nuclear activities. It has

at all times been emphasized to all parties that they would be required to fully comply with the requirement for seeking prior authorization from the Secretary of Energy to engage in those activities outside the U.S. that are subject to 10 CFR Part 810. Section 57.b.(2) and 10 CFR Part 810 only apply to unclassified activities.

Santa Fe and C. F. Braun employees are also prohibited by U.S. statute or regulations from disclosing classified information. These prohibitions continue for as long as the information is classified. As a further mechanism for protecting classified and sensitive information, despite the absence of a continuing contractual relationship with DOE, Santa Fe has agreed to put in place specific security measures designed to prevent any inadvertent transfer of sensitive nuclear technology. The details of the security procedures are set forth in the modification of the contract with C. F. Braun and its wholly-owned subsidiary Braun Hanford. In paragraph 6 of the supplemental agreement the parties expressly agree that the security procedures and agreements set forth in the agreement are in addition to and not in lieu of any obligation imposed by statute or regulation.

THE WHITE HOUSE OFFICE

REFERRAL

JANUARY 28, 1982

TO: DEPARTMENT OF ENERGY  
ATTN: ROBERT ODLE

ACTION REQUESTED:  
DRAFT REPLY FOR SIGNATURE OF KENNETH DUBERSTEIN

DESCRIPTION OF INCOMING:

ID: 053757

MEDIA: LETTER, DATED DECEMBER 22, 1981

TO: PRESIDENT REAGAN

FROM: THE HONORABLE BENJAMIN S. ROSENTHAL  
CHAIRMAN  
U. S. HOUSE OF REPRESENTATIVES  
COMMITTEE ON GOVERNMENT OPERATIONS  
WASHINGTON DC 20515

SUBJECT: AS CHAIRMAN OF THE HOUSE COMMERCE, CONSUMER,  
& MONETARY AFFAIRS SUBCOMMITTEE, UNDERSCORES  
HIS CONCERN REGARDING THE KUWAIT PETROLEUM  
CORPORATION'S TAKEOVER OF SANTA FE  
INTERNATIONAL. WRITES THAT HEARINGS HELD BY  
HIS SUBCOMMITTEE HAVE RAISED SERIOUS  
QUESTIONS ABOUT "THE ADVERSE CONSEQUENCES  
OF PERMITTING A FOREIGN GOVERNMENT TO  
PURCHASE A U. S. FIRM THAT POSSESSES HIGH  
TECHNOLOGY IN THE NUCLEAR FACILITIES AREA"

PROMPT ACTION IS ESSENTIAL -- IF REQUIRED ACTION HAS NOT BEEN  
TAKEN WITHIN 9 WORKING DAYS OF RECEIPT, PLEASE TELEPHONE THE  
UNDERSIGNED AT 456-7486.

RETURN CORRESPONDENCE, WORKSHEET AND COPY OF RESPONSE  
(OR DRAFT) TO:  
AGENCY LIAISON, ROOM 62, THE WHITE HOUSE

SALLY KELLEY  
DIRECTOR OF AGENCY LIAISON  
PRESIDENTIAL CORRESPONDENCE

001507

001203

LEGISLATIVE CORRESPONDENCE  
DIVISION OF VERMONT DIVISION  
MATT KIRBY

1982 JAN 28 PM 1: 22

VERMONT DIVISION DEPT. OF ENERGY  
(OF DEPT.) 10:  
BUREAU OF CONSERVATION & FORESTRY

UNDESIGNED BY 428-1482

UNDER THE VERMONT CONSTITUTION, THE VERMONT LEGISLATURE HAS THE  
HONORABLE DUTY TO ENACT LAWS -- TO ENACTED ACTION HAS NOT BEEN

LEGISLATION IN THE VERMONT CONSTITUTION, THE  
VERMONT LEGISLATURE HAS THE HONORABLE DUTY TO  
ENACT LAWS -- TO ENACTED ACTION HAS NOT BEEN

VERMONT DIVISION DC 3021  
COMMISSIONER OF CONSERVATION & FORESTRY  
MONTPELIER

FROM: THE VERMONT LEGISLATURE

TO: BUREAU OF CONSERVATION & FORESTRY

RE: VERMONT CONSTITUTION 23 1981

DATE: 1/28/82

DESCRIPTION OF PROVISION

VERMONT CONSTITUTION 23 1981

VERMONT CONSTITUTION 23 1981

VERMONT CONSTITUTION 23 1981

VERMONT

THE VERMONT LEGISLATURE

January 22, 1982

Dear Mr. Rosenthal:

This is to acknowledge and thank you for your December 22 letter to the President underscoring your concerns with respect to Kuwait Petroleum Corporation's takeover of Santa Fe International Corporation.

We appreciate receiving your views on this matter. In order to ensure thorough review of the specific suggestions which you have set forth, I have taken the liberty of sharing a copy of your letter with the appropriate Administration officials. Please know that your assessment of this issue will receive very close attention.

With best wishes,

Sincerely,

Kenneth M. Duberstein  
Assistant to the President

The Honorable Benjamin S. Rosenthal  
House of Representatives  
Washington, D.C. 20515

cc: w/copy of inc, Robert Odle, Office of Congressional Affairs,  
Dept. of Energy, WASHDC 20585 - for DRAFT response

cc: w/copy of inc, NSC Secretariat - for any action NSC may deem  
appropriate

*sent*  
cc: w/copy of inc, Vice President's Office - FYI

WH RECORDS MANAGEMENT WILL RETAIN ORIGINAL INCOMING

KMD:CMF:ds--

31  
BENJAMIN S. ROSENTHAL, N.Y., CHAIRMAN  
JOHN CONYERS, JR., MICH.  
EUGENE V. ATKINSON, PA.  
STEPHEN L. NEAL, N.C.  
DOUG BARNARD, JR., GA.  
PETER A. PEYSER, N.Y.

LYLE WILLIAMS, OHIO  
HAL DAUB, NEBR.  
WILLIAM F. CLINGER, JR., PA.  
JOHN HILER, IND.

NINETY-SEVENTH CONGRESS

# Congress of the United States

## House of Representatives

COMMERCE, CONSUMER, AND MONETARY AFFAIRS  
SUBCOMMITTEE

OF THE  
COMMITTEE ON GOVERNMENT OPERATIONS

RAYBURN HOUSE OFFICE BUILDING, ROOM B-377  
WASHINGTON, D.C. 20515

MAJORITY—(202) 225-4407

December 22, 1981

053757

The President  
The White House  
Washington, D. C. 20500

Dear Mr. President:

On December 4, 1981, the Government of Kuwait completed its acquisition of an important U.S. corporation that has performed extensive design and engineering work at several of our Nation's most sensitive nuclear weapons facilities. I am referring to Kuwait Petroleum Corporation's takeover of Santa Fe International Corporation (SFI), whose subsidiary, C. F. Braun, has been a prime contractor at the Department of Energy's Rocky Flats, Colorado facility (which fabricates weapons grade plutonium into nuclear weapons components); at its Hanford, Washington plant (which produces weapons grade plutonium); and at the Lawrence Livermore Laboratory in California. Approximately 400 Braun employees have held "Q" security clearances during its nuclear defense program work for the government. In addition, SFI has significant engineering know-how in the areas of synfuels development, chemical processing and petroleum refining; and it owns oil and gas production and reserves in the United States and in the North Sea.

The Commerce, Consumer, and Monetary Affairs Subcommittee has carefully examined the impact of this merger on U.S. national interests and the process by which certain Federal agencies (including the Inter-agency Committee on Foreign Investment in the United States and the Department of Energy) analyzed this foreign takeover. During the subcommittee's hearings, serious questions were raised about the adverse consequences of permitting a foreign government to purchase a U.S. firm that possesses high technology in the nuclear facilities area. The hearings also disclosed that Santa Fe International's nuclear defense work was not considered by the Committee on Foreign Investment in the United States (CFIUS) until the Commerce, Consumer, and Monetary Affairs Subcommittee raised this issue.

The Department of Energy did ultimately initiate a number of safeguards designed to prevent the transfer to Kuwait of sensitive nuclear technology: it recaptured from Santa Fe International's corporate headquarters approximately 5,000 documents pertaining to the Rocky Flats, Colorado facility; and it entered into discussions with SFI for the establishment of a Voting Trust Arrangement which would legally place in the hands of U.S. citizen-trustees, the day-to-day operations of Braun's nuclear component. CFIUS approved the merger on December 4, 1981, before the Voting Trust Arrangement had been finalized.

As a result of a very recent development, I am writing now to express my deep concern that this Voting Trust Arrangement -- the most important of the DOE safeguards -- will never be implemented.

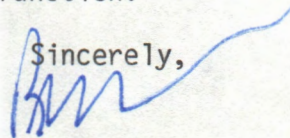
By letter dated December 16, 1981, and addressed to Secretary of Energy James B. Edwards, Santa Fe International Corporation stated its intention to withdraw from its present contractual obligations at DOE's Hanford, Washington nuclear facility. Kaiser Engineering will be taking over the contract in several weeks. The effect of this withdrawal by Santa Fe International is to prevent the establishment of a Voting Trust Arrangement which would have isolated Braun's nuclear defense employees and know-how from Kuwaiti control. Equally disturbing is the clear implication of SFI's December 16 letter that Braun personnel may travel abroad "for the purpose of engaging in activities relating to plutonium production, reprocessing, recovery, recycling, fabrication or work related to nuclear weapons design or production...". While Santa Fe International agrees not to reassemble "as a working group" without "department consent" the team of employees who previously worked at the Rocky Flats or Hanford facilities, it only agrees to notify the Department of Energy if individual personnel "travel outside the country" for "work related to nuclear weapons design or production."

In short, Santa Fe's December 16 letter to Energy Secretary Edwards implies the likelihood of overseas activities by its Rocky Flats and Hanford employees without provision for adequate, ironclad assurances that nuclear defense employees and sensitive nuclear technology will be properly safeguarded from foreign sources. Even the minimal safeguards spelled out in the December 16 letter are not legally enforceable by the U.S. Government. The SFI letter is a poor substitute for a Voting Trust Arrangement which should have been the sine qua non for the government's approval of the merger.

In view of Santa Fe International's withdrawal from its previously stated willingness to enter into a long-term Voting Trust Arrangement, I respectfully urge that (1) you require Secretary Edwards to impose a Voting Trust Arrangement covering all Braun employees who held security clearances at Rocky Flats, Hanford-Washington, or Livermore Laboratories; (2) appoint a high-level working group, chaired by Vice President Bush or your national security adviser to recommend changes in current policies, practices and procedures for making effective Executive Branch review of foreign governmental takeovers of U.S. firms operating in sensitive sectors of our economy; and, (3) direct the Energy Department's nuclear weapons component to utilize, as do most other government agencies, the Defense Department's Industrial Security Program which isolates foreign-owned U.S. firms performing defense related contracts.

Finally, I wish to advise you that I intend to address the issues set forth in this letter during congressional consideration of the Administration's announced plan to reorganize the functions now being performed by the Department of Energy, including the nuclear weapons function.

Sincerely,



Benjamin S. Rosenthal  
Chairman

BSR:bb



Faint, illegible text, possibly bleed-through from the reverse side of the page.

COPIES

Name	Date
KATHY RATTI	3/10/82



James R. Ukropina  
Senior Vice President  
General Counsel

December 16, 1981

Honorable James B. Edwards  
Secretary  
U.S. Department of Energy  
James Forrestal Building  
1000 Independence Avenue, S.W.  
Washington, D.C. 20585

Dear Secretary Edwards:

This letter will confirm the position of Santa Fe International Corporation ("Santa Fe") and C F Braun & Co ("C F Braun") with respect to: (1) C F Braun's desire to be relieved of its obligations under the Braun Hanford Co, Department of Energy contract at Hanford, Washington; and (2) arrangements respecting ongoing security procedures.

The approach set forth herein is dictated by our belief that being relieved of our obligations under the Hanford contract is in the best interests of Santa Fe and C F Braun in view of the persistent public mischaracterizations both of that project's sensitivity and of the intentions of Santa Fe and Kuwait Petroleum Corporation. For the same reasons, we also believe that this action is in the best interests of the federal government. We regret this course of action as we believe, as we understand the Department staff believes, that appropriate procedures could be implemented to permit C F Braun to proceed with the Hanford contract and future Department of Energy nuclear defense work. However, we also believe that the ongoing public and Congressional concern regarding the nature and extent of Braun's nuclear defense activities may impact upon Santa Fe's other business operations. Such concerns also are incompatible with the complete absence of interest by Kuwait Petroleum Corporation and Kuwaiti Government in C F Braun's nuclear defense operations. Hence, Santa Fe and C F Braun have determined that the retention of the Hanford contract does not justify incurring the continuing adverse and undeserved publicity.

#### Hanford Contract

Santa Fe and C F Braun desire to negotiate a modification to contract No. DE-AC06-81RL10248 in a manner



#2 - Honorable James B. Edwards - 12/16/81

which will relieve C F Braun of its obligations under the contract and to provide for the reimbursement by C F Braun of the reasonable, documented costs to be incurred by the Department of Energy in replacing C F Braun.

Until the Department of Energy obtains a successor contractor for the services of Braun Hanford Co, C F Braun's subsidiary at Hanford, we shall continue to perform under the contract during a reasonable transition period, while the Department of Energy obtains a successor contractor. Please be assured that the continuity of C F Braun's services and appropriate security arrangements will be proficiently maintained without interruption during such period. Also, please be advised that we are prepared to place Braun Hanford Co's operations in a voting trust during the transition period. We have been discussing the terms of such a voting trust with the Department staff and anticipate no difficulty in executing this arrangement.

Notice of C F Braun's desire to be relieved of its contractual obligations under the Hanford contract is being given concurrently herewith to the appropriate contracting official at the Department's Richland Operations Office. Discussions between Braun officials and the Richland office are proceeding forthwith.

#### Proposed Ongoing Security Programs

1. Santa Fe will advise the Department of Energy should it make any plans to utilize or assemble any current Santa Fe employees who previously worked at the Rocky Flats or Hanford facilities for the purposes of undertaking assignments relating to plutonium production, reprocessing, recovery, recycling, fabrication or work related to nuclear weapons design or production. Such personnel will not be reassembled as a working group for such plutonium or weapons related purposes outlined above without Department consent. It is specifically understood that assignments relating to light water nuclear power reactors do not constitute any such plutonium or nuclear weapons related activity.



#3 - Honorable James B. Edwards - 12/16/81

2. Santa Fe and the Department of Energy will work together to identify all current Santa Fe employees who formerly worked at the Rocky Flats facilities and will arrange for Department of Energy representatives to meet with such employees for the purpose of conducting a debriefing as to their continuing security obligations.

3. Santa Fe will report annually to the Department of Energy in writing as to the current work assignments of current Santa Fe employees who were formerly project managers or held key positions of responsibility with respect to C F Braun's Rocky Flats projects. Santa Fe and the Department of Energy will work together to identify, as soon as possible, those individuals who were formerly project managers or held key positions of responsibility.

4. If any of the Santa Fe personnel identified in the foregoing paragraph 3 travel outside the country for the purpose of engaging in activities relating to plutonium production, reprocessing, recovery, recycling, fabrication or work related to nuclear weapons design or production, Santa Fe will furnish timely reports of such visits to the Department of Energy.

5. Santa Fe will provide the same reports as specified in paragraphs 3 and 4 above in respect of any Santa Fe employees now employed at Braun Hanford who remain with Santa Fe following the negotiated expiration of the Hanford contract.

6. Upon the expiration of the Hanford contract, Santa Fe, C F Braun and Braun Hanford will transfer to the Department of Energy all technical documents, including all copies thereof, in their respective possession relating to the Hanford facility.

7. Santa Fe shall not publish, nor direct its employees to publish, information relating to plutonium production, reprocessing, recovery, recycling, fabrication or work related to nuclear weapons design or production, the disclosure of which abroad is prohibited or regulated by federal statutes or regulations. The foregoing shall not limit the right of Santa Fe to export technical information in compliance with applicable United States statutes and regulations.



#4 - Honorable James B. Edwards - 12/16/81

8. The arrangements specified in paragraph 1 through 7 will expire on December 31, 1986. At such time, Santa Fe and C F Braun will in good faith negotiate such extensions or modifications as the then prevailing circumstances indicate.

9. It is understood that the obligations set forth in paragraphs 1 through 8 above to be assumed by Santa Fe apply equally to C F Braun and to any entity which Santa Fe, at any time, shall directly or indirectly own or control and to any successors to such entities, Santa Fe, or C F Braun.

It is our understanding that the arrangements agreed to by C F Braun and the Department of Energy to return to the Department all unclassified documents possessed by Braun relating to Rocky Flats and other Department facilities have now been substantially carried out. In addition, C F Braun agrees that any such documents not returned to the Department have been or will be destroyed under Department of Energy supervision. Santa Fe has not been given copies of any such documents, and neither Santa Fe nor C F Braun will retain copies of any such documents.

We would hope that the above approach with respect to Braun Hanford Co and the ongoing security program, which we wish to resolve concurrently and expeditiously, will be acceptable to the Department of Energy. We would anticipate the early formalization of these arrangements in one or more agreements to be signed by Santa Fe, C F Braun and the Department of Energy.

Finally, we have no intention to seek any further nuclear defense contracts from the Department of Energy. Should C F Braun be selected to perform such work in the future, we would of course agree to adhere to the then



#5 - Honorable James B. Edwards - 12/16/81

applicable policies of the Department of Energy regarding foreign ownership of nuclear defense contractors.

Very truly yours,

  
James R. Ukropina

Senior Vice President and General  
Counsel, Santa Fe International  
Corporation  
Vice President, C F Braun & Co

cc: Honorable R. Tenney Johnson ✓  
Honorable Herman E. Roser  
Mr. Bernard C. Rusche

U.S. Department of Energy  
Richland Operations Office  
P.O. Box 550  
Richland, Washington 99352  
Attention: Mr. Alex G. Fremling, Manager

RECEIVED 29 JAN 82 13

TO PRESIDENT

FROM ROSENTHAL, BENJAMIN

DOCDATE 22 DEC 81

DUBERSTEIN, K

22 JAN 82

KEYWORDS: KUWAIT

NUCLEAR TESTING

OIL

TECHNOLOGY TRANSFERS

CO

SUBJECT: LTR EXPRESSING CONCERN RE KUWAIT PETROLEUM CORPORATION TAKEOVER OF SANTA FE INTL CORPORATION

ACTION: ANY ACTION NECESSARY ???

DUE: 10 FEB 82 STATUS S FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

FEITH

SHOEMAKER

NAU

BAILEY

WEISS

BERTA

DEGRAFFENREID

COMMENTS

REF#

LOG

NSCIFID

( D / )

ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO

<i>GW</i>	<i>3/16</i>	<i>transfer to Weiss</i>		
<i>S</i>	<i>3/16</i>	<i>any action required</i>	<i>3/18</i>	
<i>C</i>	<i>11/19</i>	<i>Original ret'd to NSC/S</i>		

DISPATCH

W/ATCH FILE *WH(C)*

*Ce*