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# Ronald Reagan Presidential Library Digital Collections

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<sup>any</sup> Harry Neustein (212) 877-3615

- Casey / Halbuty

- Talked with NIOC

File  
Harry  
Neustein

cc

- Azami (head NIOC); too tough; let cool down
- French + Sovr at door
- Sovr taking crude out for years (40-50,000 bbl)

BP, Shell, Aramco

Much too dependent Saudi;  
producing too much; too  
ambitious

Need packs; getting what need  
on jet fuel; packages  
with discount crude for jet fuel.

Oil Min (Sadat) little to

- Moinfar replaced by Iran  
oil min. (un

producing  
700,000 bbl/d

~~300~~ 1.2 mm bbl/d.

350,000 m bbl/d

Applied to Treasury for  
100,000 bbl Iranian oil  
- Yamani Mecca  
- Saudi have to cut back  
- May have to cut back  
- 5 mm bbl

If Iranian comeback with  
3,000,000 bbl. Clergy looking  
at law.

Saudi exports to US 1-2 mm bbl

Telex to Kera Brani. Pls consider  
100,000 bbl. Package (ultra  
thinner)  
- antibiotic; jet fuel

Sors

40,500,000 d

*File  
Harry Neustein*

V  
RCA GA  
951212248+  
232285 WMOC UR  
FEB 02 1619 678333  
212248 EXP NIT

2 FEB 81

ATTN: REZA AZIMI

THANK YOU FOR YOUR REPLY TO MY TELEX WITH REFERENCE TO FUEL OIL  
TANKS + 6000 PER DAY REFINERY. PLEASE BE ADVISED IF INTERESTING  
+ LET ME KNOW AS SOON AS POSSIBLE.

PLS ENTER MY ORDER FOR 100,000 BARRELS OF CRUDE OIL PER DAY  
UNDER CONTRACT.

IF RECIPROCAL PACKAGE DEALS ARE NECESSARY OR IMPORTANT, I WILL  
ARRANGE TO HAVE TANKERS COME WITH NECESSARY JET, DIESEL, FUEL  
OILS.

I UNDERSTAND THAT THIS IS VERY IMPORTANT IN RUNNING YOUR ECONOMY  
AND I WISH TO DO WHATEVER IS NECESSARY IN HELPING IRAN.

IF I AM SUCCESSFUL IN CONTRACTING CRUDE OIL FROM YOUR COUNTRY,  
IT WILL ONLY BE OFFERED TO INTERNATIONAL OIL COMPANIES.

I HAVE NOTIFIED U.S. GOV'T OF MY INTENTIONS AND SINCE I AM OPEN,  
IF DO NOT THINK THAT THEY WILL INTERFER.

PLS LET ME KNOW AS I AWAIT YOUR REPLY.  
BEST REGARDS TO ALL.

HARRY NEUSTEIN  
212248 EXP NIOC  
0002.6

GA

John Sullivan  
1/29/81 33

Application No. I R-  
(For Treasury Use Only)

Iranian Assets Control Regulations

APPLICATION FOR A LICENSE\*

(To be executed and filed in duplicate with Foreign Assets Control, Federal Reserve Bank of New York, 33 Liberty Street, New York, N.Y. 10045)

TO THE SECRETARY OF THE TREASURY  
c/o Federal Reserve Bank of New York

Date: January 30/81

Sir:

In accordance with Part 535 of Title 31 of the Code of Federal Regulations, the undersigned hereby applies for a license to execute the transaction described below:

A. (1) The name of the applicant is HARRY NEUSTEIN

(2) Applicant resides at or, in the case of a corporation, partnership, association or other organization, has its principal place of business at:

140 RIVERSIDE DRIVE N.Y.C. U.S.A.  
(Street) (City) (State) (Country)

(3) Applicant is and has been a citizen of U.S.

since 5 20 08  
(Month) (Day) (Year)

(4) The nationality under Part 535 of Title 31 of the Code of Federal Regulations\*\* of the applicant is BORN IN U.S.

(5) Since WIFE the applicant has been engaged in the business of INTERNATIONAL PETRO CHEMICAL & OIL  
(State nature of business) SPECIALIST

3. The applicant desires a license in order to:

(State in detail the nature purpose and amount of the transaction, and the name, address, nationality under Part 535 of Title 31 of the Code of Federal Regulations\*\* and extent of interest of every person, including the applicant, involved or interested in the transaction.)

WOULD LIKE PERMISSION TO IMPORT  
100,000 BARRELS OF CRUDE OIL, FROM  
THE COUNTRY OF IRAN.

Applicant's No.

\*All definitions appearing in Part 535 of Title 31 of the Code of Federal Regulations shall apply to the terms employed herein.  
\*\*In the case of a corporation, partnership, or association, give country in which organized and indicate the approximate percentages of stock, shares, bonds, debentures, notes, drafts, or other securities or obligations of such organization owned or controlled, directly or indirectly, by Iran or Iranian entities.



- C. The applicant represents and warrants that, except as specifically stated below, no person other than those mentioned in item E above has any interest, direct and indirect, in the transaction or transactions for which a license is applied for herein.
- D. The applicant represents and warrants that, except as specifically stated, he has personal knowledge of all the facts herein stated; that the same are correct and true; and that he does not have knowledge of any material fact in connection with such application which is not fully and accurately set forth herein.
- E. The applicant represents and warrants that he has complied, and agrees that he will comply, in all respects, with all provisions of Section 203 of the International Emergency Economic Powers Act (Title II, Public Law 95-223) and all regulations, rulings, orders and instructions issued by the Secretary of the Treasury thereunder or under the authority of Section 203 of the International Emergency Economic Powers Act and with any and all licenses issued to the applicant pursuant thereto.
- F. The applicant represents and warrants that no other application for a license authorizing the transaction here involved has been filed or is pending, except as follows:

\_\_\_\_\_  
 (Signature of Applicant)

(If this application is filed by an agent, attorney, or other person, for or on behalf of the applicant, the following statement should be executed.)

I, \_\_\_\_\_, certify that I am the \_\_\_\_\_  
 (State relationship to applicant)  
 of \_\_\_\_\_ who is the applicant in the above application for a  
 (Name of Applicant)  
 license; that I am duly authorized to make the foregoing application on behalf of the applicant; that, except as otherwise specifically stated, I have personal knowledge of all the facts herein stated; that the same are true and correct; and that I do not have knowledge of any material facts in connection with said application which are not fully and accurately set forth herein.

\_\_\_\_\_  
 (Signature of Agent)

\_\_\_\_\_  
 (Address)

RECOMMENDATION OF FEDERAL RESERVE BANK

The above application is forwarded to the Secretary of the Treasury with the recommendation that a license should be (granted).  
 (denied).

Remarks: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

NOTE: If this application is executed outside of the United States, it must be executed under oath before a diplomatic or consular officer of the United States.

Attention is directed to Title 18 U.S.C. Section 1001, which provides:

"Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than \$10,000 or imprisoned not more than five years, or both."

Copies of this form may be obtained at any Federal Reserve Bank or from the Foreign Assets Control, Treasury Department, Washington, D.C.

RCA JAN 22 05120  
232285 WMOC UR  
IRAN  
212514 NIOC I

JAN.22,61  
TELEX 232285 NEW YOURK ATT. MR. HARRY NEUSTSEIN

WE ACKNOWLEDGE WITH THANKS RECEIPT OF YR TELEX OF JANUARY  
19TH STOP WE HAVE ALSO RECEIVED THE LITERATURE AND THE  
REFERENCE THROUGH MR ZAHERI AND HAVE GONE THROUGH IT STOP  
HOWEVER AT PRESENT NOT IN POSITION TO AVAIL OURSELVES OF  
THE SERVICES OFFERED BY YOUR GOODSSELVES BUT SHALL NOT HESITATE  
TO CONTACT YOU IF OPPORTUNITY ARISES IN FUTURE.  
REGARDS AZIMI.

232285 WMOC UR

*mf / 305 / KC / Chang*

*Clay & Blah*

V  
RCA GA  
951212248+  
232285 WMOG UR  
JAN 19 1850 403616  
212248 EXP NIO  
19 JAN 81  
ATTN REZA AZIMI

REFERRING TO LITERATURE GIVEN YOU BY MR ZAHERI, IS THERE ANYTHING I CAN DO FOR YOU NOW?  
IF NECESSARY, I WILL COME TO IRAN. YOU WILL HAVE TO MAKE ARRANGEMENTS.

THE TOPPING PLANT WHICH IS AVAILABLE AT ONCE HAS A 6000 BARREL PER DAY CAPACITY IS BRAND NEW AND CHEAPER THEN THE 10000 BARREL PER DAY PLANT WHICH IS NOT NEW.

I HAVE OPTION ON THE 6000 BARREL PLANT FOR 30 DAYS AND WOULD APPRECIATE HEARING FROM YOU AS SOON AS POSSIBLE.

LITERATURE + SPECIFICATIONS ON THE COLLAPSABLE FUEL TANKS WHICH YOU HAVE IN YOUR POSSESSION WERE BOUGHT BY IRAQ OF WHICH YOU HAVE COPIES OF THEIR INVOICES SHOULD BE ORDERED AT ONCE SINCE IT WILL TAKE 3 TO 6 MONTHS FOR DELIVERY. MY ADVISE IS TO PLACE ORDER EVEN IF YOU DECIDE LATER NOT TO TAKE, SINCE IRAQ IS NEGOTIATING WITH UNIROYAL FOR 1000 UNITS. I AM NOT POSITIVE IF THIS IS TRUE, BUT I WOU'LD LIKE TO HAVE FIRST PREFERENCE FOR YOU.

REGARDS TO ALL. PLS ADVISE AS SOON AS POSSIBLE.

HARRY NEUSTEIN  
212248 EXP NIOC  
0003.0

GA

*212248*



425/1016

**EXPORT-IMPORT BANK OF THE UNITED STATES**  
WASHINGTON, D.C. 20571

Chor  
FULLER

December 14, 1976

CABLE ADDRESS "EXIM BANK"  
TELEX 35-461

VIA DIPLOMATIC AIR POUCH - UNCLASSIFIED

The Honorable  
Frank C. Carlucci  
American Ambassador  
Embassy of the United States  
Lisbon, Portugal

Dear Mr. Ambassador:

I have met periodically with an independent consultant with extensive experience in the petrochemical and plastics industry, Mr. Harry Neustein, although he has not sought nor received any Eximbank contracts. I enclose a xerox of his card and a recent article in the Journal of Commerce about his views.

I have taken the liberty to suggest to him that on his next consulting trip to visit Spanish authorities in Madrid that he call on you to discuss how his background might be useful in your Embassy appraisals of Portuguese plans for the Sines petrochemical complex. I leave to your judgment at the time whether his experience might also be useful for discussions with appropriate Portuguese contacts.

I am sure that you will find his views independent and challenging, as we have.

Best regards.

Sincerely,

*v. J.*  
Raymond J. Albright  
Vice President  
Europe and Canada Division

cc: Mr. Neustein

Enclosure

PLEASE REPLY:  
HARRY NEUSTEIN  
140 RIVERSIDE DRIVE  
NEW YORK, N. Y. 10024  
(212) 877-3613

# Economic Scene | Leonard Silk

## Will Oil Majors Become Minors?

**A** new and hazardous era has dawned for the major international oil companies. Around the world, their freedom to do business is being eroded by rising political and economic nationalism. Indeed, some observers question whether they can survive.

Louis Turner, a leading economist at Britain's Royal Institute of International Affairs, expects them to survive but does not underestimate the dangers they are facing. In a new study, "Oil Companies in the International System," he says that expansion by acquisition has become difficult because the multinationals have grown too large and visible.

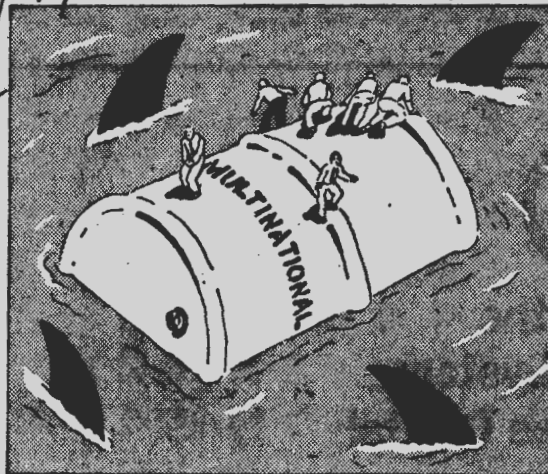
Consumer governments will reserve a third or more of their domestic market for private or state-owned national companies, he asserts. The multinational share of new energy fields will be limited by government demands for national participation, probably as majority stockholders. Expropriation will be a constant threat, where not already reality.

Encroaching on the preserves of the majors — including not only the fabled Seven Sisters (Exxon, Royal Dutch/Shell, British Petroleum, Mobil, Socal, Texaco and Gulf) but also other Western-based oil companies, such as Standard of Indiana, Atlantic Richfield and France's Compagnie Française des Pétroles — are a growing number of state oil companies in the developing world.

Not so widely known as the Western majors, Petromin of Saudi Arabia, Sonatrach of Algeria, Yacimientos Petrolíferos Fiscales of Argentina, Petrobrás of Brazil, Indian Oil of India, Pertamina of Indonesia, Pémex of Mexico, Turkiye Petrolleri of Turkey, the Kuwait National Petroleum Company and the National Iranian Oil Company are the largest companies in their countries and three of the world's top seven oil producers.

In fact, one Western trader, Harry Neustein, a for-

My PROTEGE AND PARTNER



Steven Guarnaccia

mer international vice president of W.R. Grace & Company, has cautioned Western businessmen that world economic dominance in energy and chemicals is shifting decisively and permanently to national governments "east of Vienna." He is referring not only to Middle Eastern and South Asian countries but also to the Soviet bloc and China.

In the new world environment, according to Mr. Neustein, currency matters less, with bilateral deals — barter — predominating. He says that the production sites for oil-based products will also increasingly shift to the East, threatening the survival of Western-based oil, chemical and other companies as developing countries take command of their own resources and markets and assimilate Western technology. He maintains that the Western multinational oil companies have become mere agents for foreign governments, eventually becoming expendable.

However, Mr. Turner maintains that, despite considerable national encroachment, the multinational oil companies will survive because of their long-standing ties with various governments and their managerial strength. But they will have to work within a new framework, he adds, in which plant

sites and marketing areas will depend on intergovernmental agreement.

The key determinant of the majors' survival, in his view, is the degree to which they can offset or stem the movement of national oil monopolies into downstream operations in which the private oil companies are now concentrated. This will depend on their ability to outperform the state monopolies in new and technologically difficult areas. They will also have to shift, as some are striving to do, to new energy sources and technologies, to metals and minerals or to wholly different fields.

The multinationals' chief advantages are their skills in offshore exploration and development, ability to handle such tough new problems as the liquefaction of coal and gas, experience in managing large amounts of capital and — perhaps most crucial — adaptability in an integrated world economy.

The inherent bias of a national government is to concentrate on affairs within its own borders in response to domestic political pressures. National governments have shown a strong tendency to limit the freedom of their state oil companies to operate abroad, despite their strategic goal of dominating the international economy — their demand for a "new economic order."

But inward-looking national bias is causing many governments to pursue a second strategy in which they play a marginal international role with oil or other resources while becoming the leading industrial conglomerate in their own countries. Such different oil companies as Ente Nazionale Idrocarburi in Italy, Pémex in Mexico and Pertamina in Indonesia have done this — sometimes with poor results.

The job facing the traditional oil multinationals, as Mr. Turner sees it, will be to consolidate their holds on the commercial openings left by government planners. To survive, they will have to prove that they can transfer the commercial lessons of one part of the world to other parts. In a less-friendly and more-challenging atmosphere, they will have to protect themselves by widening transnational alliances.

And they will have to count more on their "commercial acumen than on the political clout of their parent governments," Mr. Turner says. But some oil companies, he adds, will undoubtedly fail to adjust fast enough and will disappear as separate entities.

# A Jewish Wheeler-Dealer Finds Niche With OPEC

By MARTIN MERZER  
Herald Business Writer

CARACAS, Venezuela — There are three basic differences between Harry Neustein and the delegates attending the semiannual meeting of the Organization of Petroleum Exporting Countries.

Harry buys oil; they sell it. Harry wears guayaberas; they wear silver business suits. Harry is Jewish; they most assuredly are not.

"We're plain, ordinary Jewish people," says Harry, who — as always — is staying at the same hotel as the OPEC delegates and is accompanied by his wife Betty.

"Basically, we come from the Lower East Side [of New York City]. I've been bar mitzvahed like everybody else and my Yiddish is as good as anybody else's."

But unlike most other Jewish people, Harry makes a living bartering with the Mideast members of OPEC. They have oil; we need oil. We have finished goods and technology; they need finished goods and technology.

Despite their oil riches, some of the smaller OPEC members have slim cash reserves, and in many cases they prefer to trade oil for factories, equipment, even railroads.

So Harry serves as a middleman, a kind of matchmaker. He receives a commission for each bartered deal he arranges.

On Sunday, he was trying to complete a complicated deal that would bring \$24 million worth of



Harry Neustein  
... the middleman

communications equipment to a small oil-producing nation.

"I told them, 'We've got a bid for \$24 million. If you give me 12 million barrels of oil, I'll put a \$2 surcharge on it and it won't cost your country a thing.'"

In other words, he would sell the oil to a major oil firm such as Gulf or Exxon at \$2 per barrel over the standard price and use the proceeds to pay for the communications equipment.

With prices up almost daily and European "spot marketures" charging \$15 or \$20 over the going rate, the major oil companies are only too happy to deal with Neustein.

He has been doing this sort of

thing for 10 years, ever since he retired as an international vice president for W.R. Grace and Co., a conglomerate that had bought a petrochemical firm Neustein built from scratch.

A born promoter, Neustein likes to call himself "a millionaire pushcart dealer from the Lower East Side" because he started in business by selling hairpins and combs from his mother's pushcart.

Is he really a millionaire?

"Some days I am; some days I'm not," he says. "You can make very, very good money, but sometimes you can get caught in a bad position."

This year, he is in the red. It seems he made a deal a couple of years ago and agreed to accept oil this year at too high a price. He did not have storage facilities so he had to unload the oil at less than he paid for it.

"But in this business, if you can average one good deal a year, you have it made," he said. "If I make 10 cents a barrel on 12 million barrels, you know what that means?"

Yes, Harry, \$1.2 million, if you can pull off that kind of deal.

He is not modest ("Everybody knows me," he says. "I'm famous"). But he is likable and is one of the dozens of oil industry figures who are on the edge of OPEC sessions.

"I do a little work when I'm here, but mostly it's just to say, 'Hello, how are you?' that's all. They ask me how I'm doing and I keep my contacts alive."



## International

# Barter makes chemical trade rougher between countries

Use of such devices as counterpurchase agreements skirts foreign exchange limitations but pits U.S. firms against governments

Have chemical firms trading abroad outsmarted themselves? In particular, will sophisticated new nonmonetary barter deals clearing financial hurdles between different types of economies merely backfire by creating future gluts of chemicals in world trade? This is what a number of U.S., European, Japanese, and other chemical companies are beginning to wonder as a rash of resulting giant chemical plants go up around the globe at a time of slow market growth. Suddenly, a device that seemed to hold multiple advantages has turned into a potential monster.

The ingenuity of the new barter arrangements, especially the dominant counterpurchase agreements, can scarcely be denied. Most commonly, they call for purchase of plant product to pay for the plant. By allowing chemical firms in industrialized western countries to hop over imposing obstacles in selling plants or products to industrialized eastern bloc countries or to developing countries, barter agreements can benefit both sides.

For western chemical companies, the advantages are numerous, David A. Ladensohn, Houston-based assistant vice president of the Bank of America, told a foreign trade meeting in New York City late last month. The meeting was sponsored by consultants Probe Economics, of Princeton, N.J. Citing examples in western firms dealing with the Soviet Union, Ladensohn said that these companies "effectively have gained a production facility which they have not had to pay for, finance, or get permission to build. They receive chemicals which are to be used or marketed on an exclusive arrangement, and which are of a contractually agreed-upon quality." Terms also include considerable discounts from world prices, he adds.

For eastern bloc or developing countries, barter arrangements are a natural. Such transactions sidestep two big obstacles to doing business western

style in chemicals—nonconvertibility of host country currency and lack of available foreign exchange in convertible currencies such as the U.S. dollar or the West German mark. For the eastern bloc or developing country, barter deals carry the obvious advantages of economic development.

To those basic positive ingredients in the barter picture, Ladensohn adds one other, the one which is now starting to concern western companies—competition. Although the pride of capitalism and theoretically a great rationalizing influence for world chemical production, competition can cut two ways. At first, it seemed to provide the innovative stimulus to set up barter arrangements. But now, especially for U.S. companies, competition has become more than they bargained for.

Ladensohn calls the current foreign trade arena "not nice, friendly competition." It's cutthroat, politically backed, intense international competition. The stakes of international trade have become very large and important. So the market has gotten rougher.

"The beneficiary, as it is supposed to be, is the consumer. And he uses this buyer's market not just to lower price, but to force companies to sell process instead of product. And more. He pays with goods instead of money. Call it barter."

Another speaker at the Probe Economics meeting painted a darker picture. Harry Neustein, an independent New York City trader active in East-West barter deals, put it that chemical foreign trade is no longer a business for a briefcase and a computer. It now belongs to the entrepreneur. The competition is foreign governments, which control most foreign chemical business. Their standards and methods are not the same as for shareholder companies in the U.S. "I don't know that the chemical business is such that you can survive under these rules." Neustein thinks that the only solution for U.S. chemical companies, faced with losing their strong trading surplus, is U.S. government support through establishment of tax advantages and consortiums in dealing abroad.

Ladensohn at Bank of America does not agree that the situation has deteriorated this far for U.S. companies. But he underlines the inexorable nature of countertrade in the current world business scene. There are three dominant pressures behind countertrade today,

## CHECKOFF

## NEW PLANTS

■ **Argentina**—Recently formed Maleic S.A. plans 10,000 metric-ton-per-year maleic anhydride plant in Ensenada, suburb of Buenos Aires, scheduled for completion in 1981. Process technology and engineering and licensing services will be from Scientific Design, part of Halcon, in New York City. Another Halcon unit will furnish catalyst for plant.

■ **Korea**—McKee Corp. of Cleveland has contracted with Hyundai International of Seoul to provide design, engineering, and construction advisory services for \$150 million caprolactam plant at Yeochon, to be completed in 1981. This would be world's largest caprolactam plant. Process will be from DSM's Stamicarbon on license through McKee.

■ **U.K.**—ISC Chemicals Ltd., part of RTZ Borax Ltd., is building 500 metric-ton-per-year multistream plant at Avonmouth near Bristol to produce range of aromatic fluorine compounds. To cost about \$5.6 million, plant is expected in full operation by mid-1979. Products will include mono- and difluoro derivatives of nitrobenzenes, anilines, benzonitriles, and pyridines as well as some mixed fluoro and chloro aromatics. These are intermediates used in drug, agricultural, and fine chemical products. ISC currently makes such compounds in 100 metric-ton-per-year pilot plant facility.

■ **Yugoslavia**—Badger Ltd., part of Badger Co. of Cambridge, Mass., has letter of intent from Ina-Industrija Nafta for design, engineering, and equipment for styrene-butadiene rubber plant at Sisak, southeast of Zagreb, with capacity of 40,000 metric tons per year. Completion is scheduled in 1980.

## PLANTS COMPLETED

■ **Austria**—Badger has completed acrylonitrile plant for government-owned Chemie Linz A.G. at Enns near Linz. 75,000 metric-ton-per-year plant is on stream. Plant uses Catalyst 41 from Standard Oil (Ohio).

■ **India**—Badger B.V., part of Badger Co., is nearing completion of country's first acrylonitrile plant, built for Indian Petrochemicals Corp. near Baroda about 200 miles north of Bombay. Capacity is 24,000 metric tons per year. Plant uses Standard Oil (Ohio) process.

on to intervene in a  
n to review brought by  
merican Petroleum Insti-  
the 5th Circuit.  
permanent standard on  
ational exposure to ben-  
was announced by OSHA  
eb. 3 of this year and  
hed in the Federal Re-  
on Feb. 10. It calls for  
ng workplace exposure  
chemical to one part  
million during an eight-  
period.

"The other 95 percent of the  
people are law-abiding corpo-  
rate citizens, a number of  
whom go well beyond just  
what is legally required."

Mr. St. Clair said to protest  
that there is no need for  
regulation is unrealistic.

"This was the stance indus-  
try took for years, and the  
same 5 percent demonstrated  
that they did indeed need  
some sort of regulation to  
curb their practices," he said.

## al Stores

## Week's Gum Deliveries Up

average price for crude  
for the week ending  
h 25 was \$56.77 per stan-  
barrel, the USDA re-  
d. The previous week the  
was \$57.44; a year ago it  
\$58.50.

was 6.35 gallons of turpentine  
and 297.0 pounds of rosin.

Gum grading was: 0 WW, 0  
WG, 6 N, 59 M, 34 K and  
below.

RALEIGH, N.C. (UPI) (USDA) — Overall  
sales of rosin were 545 drum equivalents for  
the week ending March 31, compared to 749  
the week before and 769 a year earlier.

Sales, f.o.b. plants, prompt drums were:  
WG \$27.50, M \$24 to \$26, mostly \$24 and in  
bags, M at \$25.

Sales for export f.a.s. ports, prompt drums  
were: WG \$28.50.  
There were no overall sales of turpentine  
compared to 18,000 gallons last week and 6,000  
the same week a year ago. Also, there were  
no sales of tankcars, f.o.b. plant.

Ision announced it has  
completed installation of two  
furnace systems designed for  
the U.S. Army to deactivate  
explosives and detoxify chemi-  
cal munitions.

The two furnaces are part of  
a Chemical Agent Munition  
Disposal System at the Tooele  
Army Depot, Tooele, Utah.  
CAMDS was developed to dis-  
pose of surplus and obsolete  
chemical munitions in an envi-  
ronmentally safe manner.

Surface's contracts for de-  
velopment of the thermal dis-  
posal processes and the  
design, construction and test-  
ing of the furnaces amount to  
approximately \$12 million, ac-  
cording to George A. Hommel,  
group vice president in charge  
of capital goods for Midland-  
Ross.

The deactivation furnace  
system burns the explosive  
materials and any residual  
chemicals in a stainless steel  
rotary kiln. The detoxification  
unit automatically loads pro-  
jectiles or bulk containers  
onto a tray that is conveyed  
through the furnace on a roller  
hearth.

## Expert Will Air Barter Selling

Harry Neustein, interna-  
tional trade specialist based in  
New York, will discuss "Sell-  
ing Chemicals Around the  
World Without Money" at a  
luncheon meeting of the  
Chemical Marketing and Eco-  
nomics New York Section,  
American Chemical Society,  
May 2 at 11:45 a.m. The  
session will be at Longchamps  
Restaurant, corner of 42nd St.  
and Lexington Ave., New  
York.

After many years as a top  
executive in the chemical and  
plastics industries, Mr. Neu-  
stein is now in his second  
career, selling chemicals in-  
ternationally through barter.

At the next meeting of the  
Chemical Marketing & Eco-  
nomics New York Section  
June 6, Edmond Tondou will  
speak on "Financing Chemical  
Projects in the Third World."  
He is director, financial ser-  
vices, process and industries  
group, Stone & Webster Engi-  
neering Corp., New York.

ical will sp  
on BHT wh  
oxidant wid  
food packag  
contact appl  
Contractual

are not final  
phase will be  
literature sea  
Identify gaps  
data base. T  
necessary to d  
ther toxicolog  
to be done in  
announced in  
Food and Drug  
In having sever  
solved before a  
nation on the  
can be undertak  
The program  
provide additi  
information on  
decisions on t  
BHT, which to  
been linked with  
hazard.

The five comp  
ing the research  
Chemical Co., Da  
land Oil Inc., Da  
Inc., Koppers Co  
Chemical Co. an  
Chemical Co.

# SPOT COMMODITIES

As of April 6, 1978

Prices in the Spot Commodities table include spot  
quotations or list prices of suppliers either on a New York or  
shipping point basis. The quotations posted herein are  
based upon prices reported in the market or obtained from  
suppliers and other sources. They do not necessarily represent  
prices at which transactions have actually occurred. Price  
differences in chemicals and some other products represent  
quotations of different producers, as well as differences in  
quantity or location.

Prices of various commodities and products appear as  
follows:

**Monday:** Crude Drugs, Building Materials, Wool, Frozen  
Fruits and Vegetables, Frozen Eggs, Rice, Industrial Waste  
Materials (Scrap Steel, Waste Paper), Hard Fibers, Flour,  
Power Stocks, Misc. Metals, Naval Stores, Dry Milk.

**Tuesday:** Essential Oils, Aromatic Chemicals, Plastic  
Building Compounds, Paper, Industrial Fabrics, Raw Silk,  
on Gray Cloths, Cotton Yarn.

**Wednesday:** Paint Materials, Coal Tar Chemicals, Nuts,  
and Oils, Seeds and Spices, Dried Beans and Peas.

**Thursday:** Heavy Chemicals, Synthetic Gray Cloths,  
Medicated Foods, Dried Fruit, Kapok, Flour, Burlap, Naval Stores.

**Friday:** Fine Chemicals, Paraffin Wax, Steel Products,  
Raw Jute.

## ry Products

Wholesale NY Spot (\$/cwt. per lb.)	
EGGS	
Doz. (Min 25 Cases)	
Large	39 - 62
Medium	38 - 61
Small	33 - 55

## Cheese (per pound)

Eastern Area	
Proc. 5 lbs.	1.04 - 1.20
Swiss Cuts—Grade A	
Dom.	1.51 - 1.65
Single daisies	1.20 - 1.30
Imported Swiss	
Switzerland	1.68 - 2.12
Finland	1.46 - 1.80
Austrian	1.45 - 1.59
Wisconsin Cheese (f.o.b. Wisconsin Points)	

## Dressed Poultry

(USDA—Dollars per lb. incl.)	
CHICKENS— Broilers, Fryers Ice Packed	
1 to 3 1/2 pounds—	
Plant Grade	42 - 45
US Grade A	42 - 46
Premium	
US Grade A	48 - 51
Prem Plant	
Grade	49 -

TURKEYS—	
8-16 lbs	.60 - .63
Young Hens	
14-20 lbs	.51 - .62
20-24 lbs	.62 - .64
24-28 lbs	.63 - .65
28-32 lbs	.65 - .67
32-36 lbs	.67 - .69
36-40 lbs	.72 - .74
40 lbs up	.76 - .81
Fryer Roasters	
4-9 lbs	.70 - .72
9-12 lbs	.72 - .74
12-15 lbs	.74 - .76
15-18 lbs	.76 - .78
18-21 lbs	.78 - .80
21-24 lbs	.80 - .82
24-27 lbs	.82 - .84
27-30 lbs	.84 - .86
30-33 lbs	.86 - .88
33-36 lbs	.88 - .90
36-39 lbs	.90 - .92
39-42 lbs	.92 - .94
42-45 lbs	.94 - .96
45-48 lbs	.96 - .98
48-51 lbs	.98 - 1.00
51-54 lbs	1.00 - 1.02
54-57 lbs	1.02 - 1.04
57-60 lbs	1.04 - 1.06
60-63 lbs	1.06 - 1.08
63-66 lbs	1.08 - 1.10
66-69 lbs	1.10 - 1.12
69-72 lbs	1.12 - 1.14
72-75 lbs	1.14 - 1.16
75-78 lbs	1.16 - 1.18
78-81 lbs	1.18 - 1.20
81-84 lbs	1.20 - 1.22
84-87 lbs	1.22 - 1.24
87-90 lbs	1.24 - 1.26
90-93 lbs	1.26 - 1.28
93-96 lbs	1.28 - 1.30
96-99 lbs	1.30 - 1.32
99-102 lbs	1.32 - 1.34
102-105 lbs	1.34 - 1.36
105-108 lbs	1.36 - 1.38
108-111 lbs	1.38 - 1.40
111-114 lbs	1.40 - 1.42
114-117 lbs	1.42 - 1.44
117-120 lbs	1.44 - 1.46
120-123 lbs	1.46 - 1.48
123-126 lbs	1.48 - 1.50
126-129 lbs	1.50 - 1.52
129-132 lbs	1.52 - 1.54
132-135 lbs	1.54 - 1.56
135-138 lbs	1.56 - 1.58
138-141 lbs	1.58 - 1.60
141-144 lbs	1.60 - 1.62
144-147 lbs	1.62 - 1.64
147-150 lbs	1.64 - 1.66
150-153 lbs	1.66 - 1.68
153-156 lbs	1.68 - 1.70
156-159 lbs	1.70 - 1.72
159-162 lbs	1.72 - 1.74
162-165 lbs	1.74 - 1.76
165-168 lbs	1.76 - 1.78
168-171 lbs	1.78 - 1.80
171-174 lbs	1.80 - 1.82
174-177 lbs	1.82 - 1.84
177-180 lbs	1.84 - 1.86
180-183 lbs	1.86 - 1.88
183-186 lbs	1.88 - 1.90
186-189 lbs	1.90 - 1.92
189-192 lbs	1.92 - 1.94
192-195 lbs	1.94 - 1.96
195-198 lbs	1.96 - 1.98
198-201 lbs	1.98 - 2.00
201-204 lbs	2.00 - 2.02
204-207 lbs	2.02 - 2.04
207-210 lbs	2.04 - 2.06
210-213 lbs	2.06 - 2.08
213-216 lbs	2.08 - 2.10
216-219 lbs	2.10 - 2.12
219-222 lbs	2.12 - 2.14
222-225 lbs	2.14 - 2.16
225-228 lbs	2.16 - 2.18
228-231 lbs	2.18 - 2.20
231-234 lbs	2.20 - 2.22
234-237 lbs	2.22 - 2.24
237-240 lbs	2.24 - 2.26
240-243 lbs	2.26 - 2.28
243-246 lbs	2.28 - 2.30
246-249 lbs	2.30 - 2.32
249-252 lbs	2.32 - 2.34
252-255 lbs	2.34 - 2.36
255-258 lbs	2.36 - 2.38
258-261 lbs	2.38 - 2.40
261-264 lbs	2.40 - 2.42
264-267 lbs	2.42 - 2.44
267-270 lbs	2.44 - 2.46
270-273 lbs	2.46 - 2.48
273-276 lbs	2.48 - 2.50
276-279 lbs	2.50 - 2.52
279-282 lbs	2.52 - 2.54
282-285 lbs	2.54 - 2.56
285-288 lbs	2.56 - 2.58
288-291 lbs	2.58 - 2.60
291-294 lbs	2.60 - 2.62
294-297 lbs	2.62 - 2.64
297-300 lbs	2.64 - 2.66
300-303 lbs	2.66 - 2.68
303-306 lbs	2.68 - 2.70
306-309 lbs	2.70 - 2.72
309-312 lbs	2.72 - 2.74
312-315 lbs	2.74 - 2.76
315-318 lbs	2.76 - 2.78
318-321 lbs	2.78 - 2.80
321-324 lbs	2.80 - 2.82
324-327 lbs	2.82 - 2.84
327-330 lbs	2.84 - 2.86
330-333 lbs	2.86 - 2.88
333-336 lbs	2.88 - 2.90
336-339 lbs	2.90 - 2.92
339-342 lbs	2.92 - 2.94
342-345 lbs	2.94 - 2.96
345-348 lbs	2.96 - 2.98
348-351 lbs	2.98 - 3.00
351-354 lbs	3.00 - 3.02
354-357 lbs	3.02 - 3.04
357-360 lbs	3.04 - 3.06
360-363 lbs	3.06 - 3.08
363-366 lbs	3.08 - 3.10
366-369 lbs	3.10 - 3.12
369-372 lbs	3.12 - 3.14
372-375 lbs	3.14 - 3.16
375-378 lbs	3.16 - 3.18
378-381 lbs	3.18 - 3.20
381-384 lbs	3.20 - 3.22
384-387 lbs	3.22 - 3.24
387-390 lbs	3.24 - 3.26
390-393 lbs	3.26 - 3.28
393-396 lbs	3.28 - 3.30
396-399 lbs	3.30 - 3.32
399-402 lbs	3.32 - 3.34
402-405 lbs	3.34 - 3.36
405-408 lbs	3.36 - 3.38
408-411 lbs	3.38 - 3.40
411-414 lbs	3.40 - 3.42
414-417 lbs	3.42 - 3.44
417-420 lbs	3.44 - 3.46
420-423 lbs	3.46 - 3.48
423-426 lbs	3.48 - 3.50
426-429 lbs	3.50 - 3.52
429-432 lbs	3.52 - 3.54
432-435 lbs	3.54 - 3.56
435-438 lbs	3.56 - 3.58
438-441 lbs	3.58 - 3.60
441-444 lbs	3.60 - 3.62
444-447 lbs	3.62 - 3.64
447-450 lbs	3.64 - 3.66
450-453 lbs	3.66 - 3.68
453-456 lbs	3.68 - 3.70
456-459 lbs	3.70 - 3.72
459-462 lbs	3.72 - 3.74
462-465 lbs	3.74 - 3.76
465-468 lbs	3.76 - 3.78
468-471 lbs	3.78 - 3.80
471-474 lbs	3.80 - 3.82
474-477 lbs	3.82 - 3.84
477-480 lbs	3.84 - 3.86
480-483 lbs	3.86 - 3.88
483-486 lbs	3.88 - 3.90
486-489 lbs	3.90 - 3.92
489-492 lbs	3.92 - 3.94
492-495 lbs	3.94 - 3.96
495-498 lbs	3.96 - 3.98
498-501 lbs	3.98 - 4.00
501-504 lbs	4.00 - 4.02
504-507 lbs	4.02 - 4.04
507-510 lbs	4.04 - 4.06
510-513 lbs	4.06 - 4.08
513-516 lbs	4.08 - 4.10
516-519 lbs	4.10 - 4.12
519-522 lbs	4.12 - 4.14
522-525 lbs	4.14 - 4.16
525-528 lbs	4.16 - 4.18
528-531 lbs	4.18 - 4.20
531-534 lbs	4.20 - 4.22
534-537 lbs	4.22 - 4.24
537-540 lbs	4.24 - 4.26
540-543 lbs	4.26 - 4.28
543-546 lbs	4.28 - 4.30
546-549 lbs	4.30 - 4.32
549-552 lbs	4.32 - 4.34
552-555 lbs	4.34 - 4.36
555-558 lbs	4.36 - 4.38
558-561 lbs	4.38 - 4.40
561-564 lbs	4.40 - 4.42
564-567 lbs	4.42 - 4.44
567-570 lbs	4.44 - 4.46
570-573 lbs	4.46 - 4.48
573-576 lbs	4.48 - 4.50
576-579 lbs	4.50 - 4.52
579-582 lbs	4.52 - 4.54
582-585 lbs	4.54 - 4.56
585-588 lbs	4.56 - 4.58
588-591 lbs	4.58 - 4.60
591-594 lbs	4.60 - 4.62
594-597 lbs	4.62 - 4.64
597-600 lbs	4.64 - 4.66
600-603 lbs	4.66 - 4.68
603-606 lbs	4.68 - 4.70
606-609 lbs	4.70 - 4.72
609-612 lbs	4.72 - 4.74
612-615 lbs	4.74 - 4.76
615-618 lbs	4.76 - 4.78
618-621 lbs	4.78 - 4.80
621-624 lbs	4.80 - 4.82
624-627 lbs	4.82 - 4.84
627-630 lbs	4.84 - 4.86
630-633 lbs	4.86 - 4.88
633-636 lbs	4.88 - 4.90
636-639 lbs	4.90 - 4.92
639-642 lbs	4.92 - 4.94
642-645 lbs	4.94 - 4.96
645-648 lbs	4.96 - 4.98
648-651 lbs	4.98 - 5.00
651-654 lbs	5.00 - 5.02
654-657 lbs	5.02 - 5.04
657-660 lbs	5.04 - 5.06
660-663 lbs	5.06 - 5.08
663-666 lbs	5.08 - 5.10
666-669 lbs	5.10 - 5.12
669-672 lbs	5.12 - 5.14
672-675 lbs	5.14 - 5.16
675-678 lbs	5.16 - 5.18
678-681 lbs	5.18 - 5.20
681-684 lbs	5.20 - 5.22
684-687 lbs	5.22 - 5.24
687-690 lbs	5.24 - 5.26
690-693 lbs	5.26 - 5.28
693-696 lbs	5.28 - 5.30
696-6	



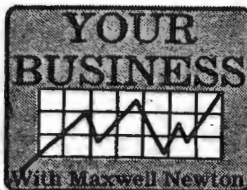
# Iran-Iraq peace could lead to a world oil glut

THE SETTLEMENT of the hostage issue may mean there will be a short-term deterioration in world oil balance.

This is because the settlement will give Iran more money and may give it more arms (particularly arms spare parts from the United States) with which to pursue its war against Iraq. Hence, Iran and Iraq may have even less oil available for export.

Even now, Iran is not, despite reports to the contrary, shipping anything like the 750,000-900,000 barrels of oil a day to the rest of the world which has been subject to press reports in the last week. Iran would be lucky to be shipping 350,000 barrels a day. I was told of this much lower figure yesterday by Harry Neustein, The Post's oil correspondent.

Neustein's assessment was subsequently confirmed by the major oil companies, which monitor



the ships in and out of the Gulf. By taking note of the ships and assessing their cargo capacity, the majors are able to work out approximately how much oil Iran is shipping. They worked out a figure of 400,000 barrels a day maximum for Iranian shipments independently confirming Neustein's exclusive information.

All attention will now turn on the prospects of peace between Iran and Iraq. What could be important in this regard is the meeting of the Islamic groups to be held at Taif in Saudi Arabia beginning

next Sunday. Neustein has stated there could be a move at that meeting to get the Iraqis and Iranians together, with a view to making peace.

Once peace is achieved in this curiously irrelevant and destructive war, there would be strong moves by both combatants to build up their oil exports and there is the definite prospect of an oil glut. As Nordine Ait-Laouissine, former vice-president of the Algerian hydrocarbon monopoly, Sonatrach, stated at the recent talks at the Houston Center for International Business: "The oil

glut in late 1981 or 1982 could occur because of a strong drive on the part of Iraq and Iran, soon after they emerge from the war, to regain their share of the oil market."

Neustein estimates that, within a few months of the peace, Iran could be attempting to export upwards of 8 million barrels a day.

Of crucial importance in these circumstances would be a continuing powerful commitment by Western policy makers to policies which would ensure tight oil conservation as well as

rapid development of oil alternatives. The failure to develop such policies after the first oil shock of 1974 was responsible for much needless disruption and waste in the 1978-79 Iranian crisis. Years and years were wasted.

Indeed, the OPEC apologists (including Ait-Laouissine in his Houston confidential address) have argued that the Western consuming nations should "cease to look at OPEC as a threat to world economic stability and start to realize that only a strong OPEC can lead them through a smooth and or-

derly transition towards the post-petroleum era."

Such a siren song is rightly rejected outright by major oil company planners in America. They reject such a view because they do not believe OPEC can ever act coherently to deliver regular steady supply increments in return for steady predictable increases in prices. OPEC could not deliver.

When it is all said, OPEC is composed of a rabble of despotisms with very limited life expectations and very limited control on future actions of present governments.

## City's in sight of solid rating

IT IS now clear that the City of New York could gain status in the loan markets equivalent to that of any other major city. But the city will have to change its property tax policies before this potential can be realized.

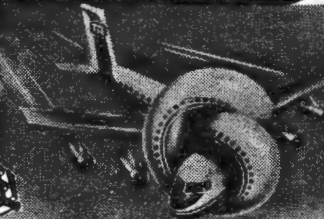
keeping a tight lid on its expenditures, there is the possibility it could earn a credit rating equal to that of any other major city."

As Schwartz points out, the city's rehabilitation remains potential. Apart from the Medicaid wind-

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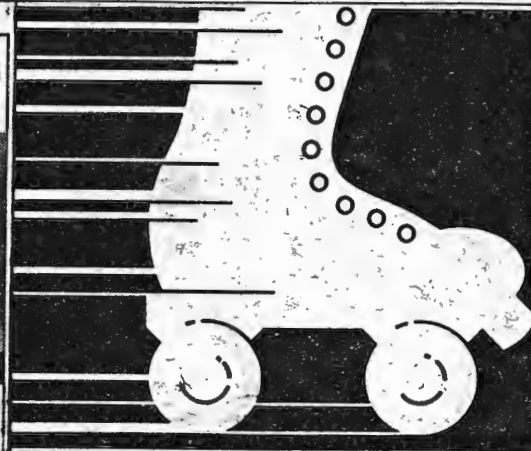
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White House Press Background on the President's  
Disapproval of Compensation Packages for Senior  
Officers of U.S. Synthetic Fuels Corporation

- o The President yesterday strongly disapproved compensation packages for senior officers of the Synthetic Fuels Corporation which had been referred to in a January 27 memorandum from John Sawhill (then Chairman of the Board) to the President.
- o The President did not believe it was appropriate to allow these compensation packages to become effective under current circumstances. This is consistent with his view that it would not be appropriate now to move forward with raising the cap on federal salaries.
- o The President's views have been communicated to the Acting Chairman of the Board of the Synthetic Fuels Corporation.
- o IF ASKED: Counsel to the President Fred Fielding is reviewing legal questions.

THE WHITE HOUSE  
WASHINGTON

11

February 17, 1981

MEMORANDUM FOR:

Mr. Edwin Meese ✓  
✓ Mr. James Baker cc:  
Mr. Martin Anderson  
Mr. Glenn Schleede

FROM:

William Tucker ~~2~~

RE:

Attached

Enclosed for your information is a preliminary draft of Mr. McAtte's answer to Congressman Moffett's February 9 letter.

If you have any questions, please advise.  
(x-2393)



# United States Synthetic Fuels Corporation

1200 New Hampshire Avenue, N.W. Washington, D.C. 20586 Tel: (202) 653-4400

February 17, 1981

Honorable Toby Moffett  
Chairman, Subcommittee on Environment,  
Energy, and Natural Resources  
Committee on Government Operations  
House of Representatives  
Washington, D.C. 20515

Dear Mr. Moffett:

This letter is in response to your letters dated February 9 and February 11, 1981, requesting certain information from the United States Synthetic Fuels Corporation. Responses below are keyed to the specific requests by number, repeating your request:

## February 9 Letter

Request 1. The estimated cost to the Synthetic Fuels Corporation of the retirement plan for John J. McAtee, Jr., assuming that he remains with the corporation for four years at his current salary. This cost should be calculated for each of the options provided under the approved retirement plan as follows:

- (a) A lump sum payment at the date of termination of employment, assuming that such termination occurs immediately after four years of employment.
- (b) Estimated annual payments if the pay-out is taken at age 62.

Response 1. The costs to the Corporation of any individual's retirement benefit cannot be determined, due to the insurance-like pooling associated with any such plan. Overall costs to the corporation of its pension plan will average an estimated 9.5% of total salaries, which is less than most of the Fortune 100 largest companies contributed to their pension funds.

Pension benefits for each individual employee who qualifies are determined by a formula included in the TPF&C report already given to your staff. Applying this formula to illustrative employees aged 44 for various salary levels leads to the following estimates. (Mr. McAtee's current salary is \$150,000.)

Honorable Toby Moffett  
February 17, 1981  
Page Two

<u>Earnings level of employee</u>	<u>Lump sum payout for those terminating in four years</u>	<u>Annuity at age 62 (payable starting 1999)</u>
\$ 25,000	\$10,500	\$ 3,300
50,000	23,100	7,300
100,000	48,400	15,300
150,000	73,800	23,300

Request 2. The estimated cost of the two-bedroom apartment, rented, Teased or to be rented or leased for Mr. McAtee during his employment by the corporation. Please supply a copy of the lease or proposed lease for such apartment and records of any costs already paid, such as rent receipts; utility bills; invoices for interior decorating, furniture and other furnishings; real estate agency for invoices; etc.

Response 2. Unknown. Two apartments which were discussed with Mr. McAtee by the Corporation were rejected by him as being too expensive.

Request 3. An estimate of the average reimbursable relocation costs for the senior officials of the corporation who were not already located in Washington which have been and/or will be assumed by the Corporation. The estimate should include, but not be limited to:

- (a) Commuting expenses. Please include representative invoices requesting reimbursement of expenses for Mr. McAtee, Mr. Eisner and Mr. Haskell.
- (b) Living expenses. Please include documentation of the living expenses requested to date by Mr. Haskell and Mr. Eisner.
- (c) Moving expenses. Please define moving expenses "in accordance with customary industry standards" as it applies to senior officials of the corporation, and compare the benefits of those officials with the Recommended Relocation Allowances as defined in the compensation study provided by Towers, Perrin, Forster & Crosby.

Response 3. A very rough draft internal procedures statement on reimbursable relocations costs has been prepared, but has not yet been reviewed by senior management. Further, relocation costs have not yet been incurred for a sufficient number of officers or employees to permit deriving a meaningful average based on experience. Thus, any figure presented would be extremely speculative since actual costs will depend upon how many individuals are recruited from various places, by level and seniority, and the expenses incurred by such individuals.

For internal budget estimating and financial planning, we are anticipating costs of movement of household goods in the \$2,000-\$3,000 range for an employee relocating from New York; approximately \$1,500 for house-hunting expenses for the employee and spouse; temporary living pending relocation at \$1,500, if necessary; and incidental expenses at \$2,000. However, actual reimbursable costs to any one individual may be higher or lower.

(a) Not all requests for reimbursement for commuting expenses and living expenses for Messrs. McAtee, Haskell and Eisner for the applicable periods have been submitted. It is estimated that commuting expenses for Messrs. McAtee and Haskell, between Washington and White Plains, are approximately \$150.00 per week and for Mr. Eisner, between Washington and New York City, are approximately \$145.00 per week. It is estimated that living expenses for Messrs. McAtee and Haskell are approximately \$400.00 per week, not including meals. It is estimated that living expenses for Mr. Eisner are approximately \$300.00 per week, not including meals. Copies of all authorized requests for reimbursement received in the Corporation's Comptroller's office from Messrs. McAtee and Eisner are attached. No requests for reimbursement have yet been received from Mr. Haskell.

(b) Living expenses reimbursement requested by Mr. Eisner are included in the response to question (a) above. No requests for reimbursement have been received from Mr. Haskell.

(c) We interpret moving expenses "in accordance with customary industry standards" to mean simply that the employee shall suffer no financial loss due to the costs of relocating to Washington to work for the Corporation.

Request 4. An estimate of the average reimbursable relocation costs for other senior employees as provided in the compensation study provided by Towers, Perrin, Forster & Crosby. Please include an estimate of the number of employees for whom such benefits would be provided.

Response 4. See answer to question (3) above. The total for these items is expected to range between \$7,000 and \$8,000 per employee relocated from New York, although in certain cases it might be higher and in other cases, it might be lower depending on certain factors, including the size of the employee's family and the amount of his household goods. Those coming to the Corporation from a farther location -- Houston, for example -- can be expected to have costs \$2,000-\$3,000 higher. Current estimates being used for financial and budget planning purposes anticipate some 20-30 employees will be eligible for relocation reimbursement during fiscal year 1981.

Request 5. An estimate of the cost of any breach of the employment duration commitments made to the already hired officers of the corporation. Please enclose copies of any contracts made with those employees.

Response 5. Copies of the employment commitments are attached. Estimates of the cost of any breach by the Corporation of employment duration commitments have not been made. They can be greater or less than the amounts referred to below which would be the contract salaries to be paid between the end of the current month and the end of the contract period:

<u>Officer</u>	<u>Cost</u>
McAtee	\$281,250
Blakely	287,500
Haskell	245,000
Harris	166,240
Eisner	50,000 (contract damage amount)
Axelrod	230,000

*Amounts per 20 K*

Requests 6, 8 and 9. All these requests are for documentation.

Responses 6, 8 and 9. Requested documents are attached.

Request 7. A list of the members of the management committee and a statement of its duties and functions. Enclose a copy of the order of the board of directors establishing that committee or delegating such authority to establish the committee to the chairman of the board. If such an order does not exist, please enclose a copy of the section of the Energy Security Act authorizing the chairman to take such action unilaterally.

Response 7. At the December 22, 1980 meeting of the Board of Directors, Mr. Sawhill informed the Board that an internal management committee had been established, to be chaired by Mr. John McAtee, Senior Vice President and General Counsel. The commitment to designate Mr. McAtee to chair the committee is part of Mr. McAtee's employment commitment with the Corporation, a copy of which has been provided to the Subcommittee in response to Request Number 5. The minutes of the December 22 meeting were ratified and confirmed in all respects by the Board of Directors at its January 23, 1981 meeting. The committee is an internal management committee which also could be established by the Chairman pursuant to the Corporation's By-Laws as well as pursuant to Section 117(a) of the Energy Security Act, which provides that the Chairman shall be Chief Executive Officer of the Corporation. The committee consists of Mr. McAtee as Chairman, Mr. Robert Blakely, Vice President-Finance, Mr. Len Axelrod, Vice President-Technology & Engineering, and Mr. Larry Lukens, Acting Vice President-Project Development. The purpose of the committee is to

Honorable Toby Moffett  
February 17, 1981  
Page Five

assist the Chairman in managing the affairs of the Corporation, particularly as they relate to the coordination and the review and negotiation of projects submitted to the Corporation for financial assistance. A copy of a memorandum designating the other members of the committee is attached.

Request 10. A copy of the transcript of the January 19, 1981, public meeting of the members of the Synthetic Fuels Corporation. 287

Response 10. A copy of the requested transcript was hand delivered to your staff office by Jerry Stromer, the Corporation's Director of Congressional Relations for the House of Representatives.

Request 11. A copy of any subsequent revisions of the December 17, 1980, compensation study as prepared by Towers, Perrin, Forster & Crosby.

Response 11. No revisions have been made in the December compensation study prepared by Towers, Perrin, Forster & Crosby. A copy of their final report, with recommendations for internal administration is attached.

#### February 11 Letter

Request 1. State the effective date of the resignation of each member of the board of directors of the Synthetic Fuels Corporation.

Response 1. January 30, 1981.

Request 2. Describe any relationship and/or contract existing between the Synthetic Fuels Corporation and John Sawhill subsequent to the effective date of Mr. Sawhill's resignation. The response should include a description of any consulting arrangements, per diem or other expense arrangements. Attach documents which authorize such an arrangement.

Response 2. None. However, Mr. Sawhill has met on several occasions with Mr. McAtee -- most of the day on Saturday, January 31 and several times thereafter -- and once with the Vice Presidents of the Corporation to ensure a smooth transition.

Request 3. List any functions, powers and duties delegated to the chairman of the corporation by resolution of the board of directors as provided for in Section 119 of the Energy Security Act. Please attach copies of all such resolutions.

Response 3. Copies of all resolutions adopted by the Board of Directors authorizing the Chairman to take certain actions on behalf of the Corporation are attached. Such resolutions authorize the Chairman to:



- 1) implement the system of organization proposed by the Chairman;
- 2) negotiate with, employ and enter into employment agreements with, persons to work for the Corporation; provided, that until ratified by the Board, no person can become an officer of the Corporation or receive a salary which exceeds the Executive or General Schedule, as determined by the Chairman;
- 3) execute and deliver promissory notes to the Treasury, banking resolutions and agreements with entities and Federal agencies to the extent permitted under Section 171(a);
- 4) give the public notice of meetings of the Board;
- 5) send the draft solicitation to the members of the Advisory Committee and publish the draft solicitation for public comment in the Federal Register;
- 6) convey to the President salary recommendations for the Chairman, part-time Directors, Vice President-Administration, Senior Vice President and General Counsel, Vice President-Planning, Vice President-Finance, Vice President-Technology and Engineering, Inspector General, Vice President-Government Affairs and Public Information, Neil Eisner and certain other employee positions;
- 7) obtain health and life insurance for Corporate employees;
- 8) issue the initial solicitation as quickly as possible, schedule at least two open meetings with the public to explain the initial solicitation and afford an opportunity for interested parties to meet with the Corporation's personnel to discuss the initial solicitation;
- 9) implement a performance award plan and a relocation and assistance plan and obtain employee benefits consistent with the study presented to the Board;
- 10) execute and deliver the Corporation's promissory note to the Treasury; and
- 11) negotiate and execute a lease to acquire space for the Corporation's headquarters within certain limits specified by the Board.

In addition, in establishing various senior officer positions of the Corporation, the Board authorized the Chairman to assign duties to the senior officers.

Request 4. List any functions, powers and duties assigned to the chairman of the corporation which the chairman, "by written instruments," has delegated to other full-time directors, officers or employees of the corporation as provided for in Section 119 of the Energy Security Act. Please attach copies of the cited written instruments.

Response 4. Attached are copies of the written delegations of power signed by the Chairman covering the following functions, powers and duties:

<u>Duties</u>	<u>Individual Delegated</u>	<u>Date of Delegation</u>
Procurement of goods and services less than \$25,000	VP-Administration	December 17, 1980
Banking Relationships	VP-Administration	December 23, 1980
Designation of Ethics Officer	John J. McAtee and Pierre de Saint Phalle	December 31, 1980
Designation of Ethics and Conflicts Officer	Owen Malone	February 5, 1981
Designation of Vice President to act in the place and stead of the Chairman.	Sr. VP & General Counsel	January 12, 1981

Request 5. If written legal memoranda or opinions concerning the requirements of the Energy Security Act in any of the following areas have been produced by either the corporation's own lawyers or by outside counsel, please so state. Indicate the date of such legal memorandum, the name of the preparer, name of the principal recipient of the memorandum, and the memorandum title, if any.

(a) Section 117(b)(2) as it relates to any determination that "it is necessary to fix the compensation of any officer position or category or other positions at a rate or rates in excess of that prescribed for Level I of the Executive Schedule."

(b) Section 119(a) entitled "Delegation."

(c) The right of the board of directors of the corporation to name an acting chairman of the board who is not a member of the board, and the rights and authorities that may be exercised by such an acting chairman.

(d) The conflicts of interest issue as it relates to officers and other employees concerning their former employment.

Honorable Toby Moffett  
February 17, 1981  
Page Eight

(e) Public access to information as provided for under Section 121.

(f) The authority of the board of directors and/or chairman of the corporation to shorten the time given to the Advisory Committee, created under Section 123(a), to consider the solicitation for proposal, as provided for in Section 127(a)(2).

(g) The authority of the board of directors to allow the Advisory Committee to meet and vote by delegate and the relationship of that procedure to the conflict-of-interest provisions for members of the Advisory Committee set forth in Section 123(d).

(h) Section 127, including the definition of "set of solicitations" provided for in Section 127(a)(3); "open and free competition" in 127(b), and "general evaluation criteria" in 127(d).

(i) Section 131, entitled "Authorization of Financial Assistance."

(j) Section 173, entitled "Patents."

(k) The overall requirements of the Energy Security Act for awarding of financial assistance.

(l) The interpretation or implementation of the open meeting and notice provision of Section 116(f).

Response 5. The Corporation has received four large boxes from the Department of Energy containing materials relating to the legislation which resulted in the passage of the Energy Security Act, materials relating to interpretations of certain provisions of the Energy Security Act and materials relating to the early operations of the Corporation when Charles F. Savage, Deputy General Counsel for Legal Services for the Department of Energy, was giving legal advice to the Corporation. These materials have been preliminarily reviewed, but have not yet been catalogued or analysed by any senior attorneys in the General Counsel's Office. Certain legal memoranda contained in these materials are referred to in the following list of legal memoranda, but it is possible that other legal memoranda prepared by DOE attorneys will be discovered when the DOE materials are more closely examined and are catalogued. In addition, the General Counsel's Office is in the process of preparing, or having prepared, legal memoranda relating to certain statutory provisions of the Energy Security Act, including provisions relating to public access to information, competition and patents.

(a) None.

(b) None, but see (c) below.

(c) Draft Memorandum to John J. McAtee, Jr. dated February 12, 1981 from Arnold & Porter re Authority to Conduct the Affairs of the Corporation in the Absence a Board of Directors or Chairman of the Board. copy

Letter to Senator James McClure dated February 6, 1981 from John J. McAtee, Jr. re Authority to continue to conduct the affairs of the Corporation. 1

(d) Memorandum to J.J. McAtee, Jr. dated January 26, 1981 from Owen Malone re Neil A. Eisner and the TOSCO/DOE Project.

(e) Memorandum to John J. McAtee, Jr. dated January 30, 1981 from Caplin & Drysdale re Section 121 and Information Requests.

Memorandum to John J. McAtee, Jr. dated December 17, 1980 from Charles F. Savage re Overview of the Freedom of Information Act Exemptions.

(f) None.

(g) None.

(h) None.

(i) None.

(j) None. However, a Memorandum to Charles F. Savage dated July 17, 1980 from Mr. Denny re Applications of Patent Policy to Federal and Synfuels Corporation (SFC) Support was included in materials sent from DOE and will be reviewed prior to the adoption of a patent policy by the Corporation.

(k) None.

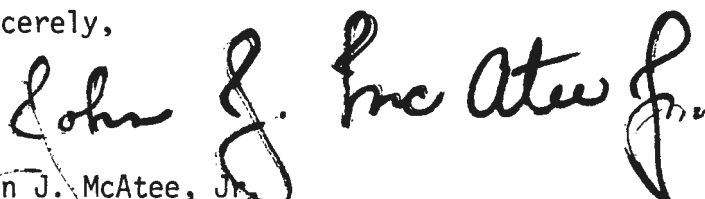
(l) Memorandum to Charles F. Savage dated October 24, 1980 from Mr. Cohen re The Open Meetings Requirement of the Energy Security Act.

Memorandum to John C. Sawhill (undated) from Charles F. Savage re Closing of Meetings of the Synthetic Fuels Corporation attaching a memorandum to Charles F. Savage dated October 17, 1980 from Mr. Cohen of the same title.

Honorable Toby Moffett  
February 17, 1981  
Page Ten

I hope that this letter is responsive to your requests. If we can be of further help, please do not hesitate to call me or other members of my staff.

Sincerely,

A handwritten signature in cursive script that reads "John J. McAtee, Jr." The signature is written in black ink and is positioned above the typed name.

John J. McAtee, Jr.  
Acting Chairman of the Board

Enclosures

Resolutions adopted by the Board of Directors at the January 23, 1981 Meeting:

RESOLVED, that the Chairman of the Board of Directors be, and he hereby is, authorized and directed to execute on behalf of the Corporation its promissory note to the Secretary of the Treasury in the form attached hereto as Exhibit A and made a part hereof with such changes as the Chairman shall approve, such approval to be conclusively evidenced by his execution thereof.

RESOLVED that the following person be elected as and for the office set forth opposite his name and that he initially receive a salary at the rate provided for Executive Level I until thirty days after transmittal to the President of the salary recommendation of the Board of Directors at which time, subject to disapproval of the President, he shall receive the annual salary as set forth opposite his name.

<u>Name</u>	<u>Office(s)</u>	<u>Salary</u>
Leonard C. Axelrod	Vice President - Technology and Engineering	\$120,000

FURTHER RESOLVED, that the Chairman is hereby directed to convey the salary recommendation set forth above of the Board of Directors of the Corporation to the President pursuant to the Energy Security Act.

RESOLVED, that the Chairman is hereby authorized to negotiate and execute a lease and other necessary documents to acquire space for the Corporation's headquarters in Washington, D.C., not to exceed 115,000 square feet of office space at a rental not to exceed \$22.50 per square foot, plus normal escalator provisions, and containing such other provisions as the Chairman may determine to be appropriate, including, but not limited to, provisions for prepayment of rent, the option to purchase the space upon expiration of the lease term, rights to sublet space and to renovate the space to meet the Corporation's needs.

FURTHER RESOLVED, that the Chairman is authorized to rent such additional space as he deems necessary for auxiliary uses including storage, reproduction and printing, computer facilities, conference and meeting space, a cafeteria and parking.

Resolutions adopted by the Board at the October 7, 1980 Meeting:

RESOLVED, that the system of organization proposed by the Chairman of the Board, at this meeting and outlined in Exhibit B, be, and it hereby is, adopted as the system of organization for the Corporation; and the Chairman of the Board is directed to take all steps necessary to implement such system.

RESOLVED, that, subject to the provisions of the By-Laws of the Corporation, the Chairman of the Board be, and he hereby is, authorized and empowered, acting for, on behalf of, and in the name of the Corporation, to negotiate with, employ and, if he deems it appropriate, enter into employment agreements with, persons to work for the Corporation; provided, however, that until ratification thereof by the Board of Directors, no person shall become an officer of the Corporation and no person shall receive a salary which exceeds the Executive or General Schedule, as determined by the Chairman of the Board.

RESOLVED, that the Chairman of the Board be, and he hereby is, authorized and empowered, acting for, on behalf of, and in the name of the Corporation to execute and deliver for purposes of orderly and prompt administration of the Corporation:

- (1) Promissory notes of the Corporation to the United States of America acting by and through the Secretary of the Treasury as provided in Section 151(a)(1) of the Energy Security Act of 1980 (the "Act");
- (2) Banking resolutions of the Corporation with any member bank of the Federal Reserve System, subject to the approval of the Secretary of the Treasury as provided in Section 154(b)(2) of the Act; and
- (3) Agreements with entities and Federal agencies to the extent permitted under Section 171(a) of the Act;

all of the foregoing documents and instruments shall contain such terms and provisions as shall be approved by the Chairman of the Board, and the execution thereof shall be conclusive evidence of his approval; and be it

FURTHER RESOLVED, that the Chairman of the Board be, and he hereby is, authorized to take such other and further action as he deems necessary, appropriate or helpful to carry out the foregoing resolution.

RESOLVED, that the Board of Directors shall, subject to cancellation by the Chairman of the Board, meet at 10:00 A.M. on October 27, November 17 and December 22, 1980 at the offices of the Corporation or such other location as may be designated by the Chairman of the Board;



Resolutions adopted by the Board of Directors at the October 27, 1980 Meeting:

A general discussion of the draft solicitation ensued. A number of Directors complimented the Chairman on the approach taken in the draft solicitation and commended his plan to accelerate issuance of the solicitation. From this discussion, it was the consensus of the Board that the last sentence of the fourth paragraph of page one of the draft solicitation should be modified to include a description of socioeconomic impacts of proposed projects and also to clarify the language of that sentence. Following this discussion, the Chairman asked the other Board members for their views on transmitting the draft solicitation to the Corporation's Advisory Committee and issuing it simultaneously to the Federal Register to obtain public comments thereon. The consensus of the Board was that the Chairman should so proceed.

RESOLVED, that the Chairman is hereby directed to convey the following salary recommendations (stated on a per annum basis) of the Board of Directors of the Corporation to the President pursuant to the Energy Security Act:

1. Chairman of the Board - \$175,000;
2. Part-time Directors - \$10,000 retainer plus \$300 for each meeting attended; and
3. Vice President-Administration - \$95,000.

Resolutions adopted by the Board of Directors at the November 17, 1980 Meeting:

RESOLVED, that the following persons be, and each of them hereby is, elected as and for the office set forth opposite his name and that he initially receive a salary at the rate provided for Executive Level I until thirty days after transmittal to the President of the salary recommendation of the Board of Directors at which time, subject to disapproval of the President, each of them shall receive an annual salary set forth opposite his name.

<u>Name</u>	<u>Office(s)</u>	<u>Salary</u>
John J. McAtee, Jr.	Senior Vice President and General Counsel	\$150,000
Alexander C. Haskell, Jr.	Vice President - Planning	\$140,000
Robert Harris	Vice President - Administration and Treasurer	\$ 95,000

FURTHER RESOLVED, that the Chairman is hereby directed to convey the salary recommendations set forth above of the Board of Directors of the Corporation to the President pursuant to the Energy Security Act.

RESOLVED, that the Chairman is hereby directed to convey the following recommended salary ranges (stated on a per annum basis) of the Board of Directors of the Corporation to the President pursuant to the Energy Security Act:

	<u>Low</u>	<u>High</u>
Vice President - Finance	\$130,000	\$200,000
Vice President - Technical Support	95,000	145,000
Inspector General	90,000	136,000

RESOLVED, that the Board of Directors does hereby direct the Chairman of the Board to obtain on behalf of the employees of the Corporation health and life insurance consistent with the recommendations of the compensation study presented to the Board of Directors.

RESOLVED, that the Board of Directors of the Corporation does hereby direct the Chairman of the Board:

1. To issue as quickly as practicable the Corporation's initial solicitation for proposals, such solicitation to follow generally the form of the Corporation's draft solicitation, approved at the meeting of the Board of Directors held on October 27, 1980, with such changes therein as have been suggested at this meeting, the issuance thereof to be conclusive evidence of the approval of the form of such solicitation;
2. To schedule at least two open meetings for potential proposers to explain the terms and conditions of the Corporation's initial solicitation;
3. To afford, to the extent the Chairman of the Board deems reasonable, an opportunity for interested parties to meet with the Corporation's personnel to discuss the Corporation's initial solicitation; and
4. To take such other action as the Chairman of the Board deems necessary or helpful to encourage the submission of well qualified proposals under the terms of the Corporation's solicitation and to carry out the intent of this resolution.

Resolutions adopted by the Board of Directors at the December 22, 1980 Meeting:

RESOLVED, that William F. Rhatican be, and he hereby is, elected as and for Vice President - Government Affairs and Public Information and that he initially receive a salary at the rate provided for Executive Level I until thirty days after transmittal to the President of the salary recommendation of the Board of Directors, at which time, subject to disapproval of the President, he shall receive the annual salary of \$80,000.

FURTHER RESOLVED, that the Chairman is hereby directed to convey the salary recommendation of the Board set forth above to the President pursuant to the Energy Security Act.

RESOLVED, that Robert Blakely be, and hereby is, elected as and for Vice President - Finance and that he initially receive a salary of the rate provided for Executive Level I until thirty days after transmittal to the President of the salary recommendation of the Board of Directors at which time, subject to disapproval of the President, he shall receive the annual salary of \$150,000.

FURTHER RESOLVED, that the Chairman is hereby directed to convey the salary recommendation of the Board set forth above to the President pursuant to the Energy Security Act.

FURTHER RESOLVED, that the Chairman is hereby directed to convey the salary recommendation of the Board for Neil Eisner to the President pursuant to the Energy Security Act.

RESOLVED, that the Board of Directors does hereby fix the salary grade structure of employees (other than officers) of the Corporation, consistent with the TPF&C study.

FURTHER RESOLVED, that the Chairman of the Board is hereby directed to convey the compensation ranges set forth in the preceding resolution, where such ranges exceed Level I of the Executive Schedule, to the President pursuant to the Energy Security Act.

FURTHER RESOLVED, that the Chairman of the Board is hereby directed to implement a performance award plan, consistent with the TPF&C study.

RESOLVED, that the Chairman of the Board is hereby authorized to implement the relocation and assistance plan developed by TPF&C.

RESOLVED, that the Board of Directors does hereby direct the Chairman to obtain on behalf of the employees of the Corporation employee benefits consistent with the recommendations of the employee benefit study presented to the Board of Directors.

RESOLVED, that banking resolution attached hereto as Exhibit A, be, and the same hereby is adopted.

Resolutions Establishing Senior Officer Positions:

RESOLVED, that the Board of Directors, pursuant to Article IV, Section 1 of the By-Laws of the Corporation and based upon the recommendation of the Chairman of the Board, does hereby establish Vice President-Finance as an officer of the Corporation and hereby establishes the duties of such officer as follows:

"The Vice President-Finance shall be the chief financial officer of the Corporation and perform all duties normally incident to the chief financial officer of a corporation and such other duties as are assigned by the Board of Directors or the Chairman of the Board."

RESOLVED, that the Board of Directors, pursuant to Article IV, Section 1 of the By-Laws of the Corporation and based upon the recommendation of the Chairman of the Board, does hereby establish Senior Vice President, Vice President - Planning, Vice President - Administration and Vice President - Technical Support as officers of the Corporation and hereby establishes the respective duties of such officers as follows:

"The Senior Vice President shall be the officer of the Corporation responsible for such management duties as may be assigned by the Chairman of the Board and perform all duties normally incident to such an officer in a corporation and such other duties as are assigned by the Board of Directors or the Chairman of the Board."

"The Vice President - Planning shall be the chief planning officer of the Corporation and perform all duties normally incident to the chief planning officer of a corporation and such other duties as are assigned by the Board of Directors or the Chairman of the Board."

"The Vice President - Administration shall be the chief administrative officer of the Corporation and perform all duties normally incident to the chief administrative officer of a corporation and such other duties as are assigned by the Board of Directors or the Chairman of the Board."

"The Vice President - Technical Support shall be the chief technical officer of the Corporation and perform all duties normally incident to the chief technical officer of a corporation and such other duties as are assigned by the Board of Directors or the Chairman of the Board."

RESOLVED, that the Board of Directors, pursuant to Article IV, Section 1 of the By-Laws of the Corporation and based upon the recommendation of the Chairman of the Board, does hereby establish the Vice President - Government Affairs and Public Information as an officer of the Corporation and hereby establishes the duties of such officer as follows:

"The Vice President - Government Affairs and Public Information shall be the chief public information and government affairs officer of the Corporation and shall perform all duties normally incident to the chief public information and government affairs officer of a corporation and such other duties as are assigned by the Board of Directors or the Chairman of the Board."

RESOLVED, that the Board of Directors, pursuant to Article IV, Section 1 of the By-Laws of the Corporation and based upon the recommendation of the Chairman of the Board, does hereby establish the Vice President - Technology and Engineering as an officer of the Corporation and hereby establishes the duties of such officer as follows:

"The Vice President - Technology and Engineering shall be the officer of the Corporation principally responsible for the technological aspects of the Corporation's functions and perform such other duties as are assigned by the Board of Directors or the Chairman of the Board."



December 17, 1980

MEMORANDUM FOR THE RECORD

FROM: John C. Sawhill, Chairman

SUBJECT: Official Authorization and Delegation of Authority

This memorandum constitutes a written instrument of delegation of specific authority to a designated Contracting Officer for certain actions.

1. Designation

The Vice President-Administration is hereby designated to serve as a Contracting Officer for the Corporation.

2. Contracting/Procurement Delegation

As a Contracting Officer the Vice President-Administration is authorized, subject to paragraph 3 below, to:

- a. Procure such goods and services as are necessary for the administrative and financial management functions of the Corporation through formal contracts, letter contracts, purchase orders, leases, and other instruments committing the Corporation to payment.
- b. Upon receipt of a properly authorized request, initiate procurement actions for goods and services needed for other corporate purposes, advise the requesting officers as to progress, and execute such contracts and other suitable instruments after selection of vendors.

3. Exception

All individual procurement actions in excess of \$25,000 and subsequent modifications in excess of \$25,000 shall be presented to the Chief Executive Officer for his approval prior to their execution.

cc: J. McAtee  
Accounting



AGREEMENT  
FOR ACCOUNTS WITH SPECIAL OR UNUSUAL  
SIGNATURE OR CHECK REQUIREMENTS

WHEREAS, U.S. Synthetic Fuels Corporation (hereinafter referred to as the "Depositor") desires to open or continue a checking or deposit account at National Savings and Trust Company, Washington, D. C. (hereinafter referred to as the "Bank") in accordance with a Resolution or other Authority Form (hereinafter referred to as "Form" authorizing the same, a copy of which is dated December 22, 19 80, and filed with the Bank, and

WHEREAS, the aforesaid Form contains special or unusual signature or check requirements which make it very difficult for the Bank to monitor and service and because of the same the Bank will not open or continue said account unless the Depositor enters into an agreement with the Bank limiting the Bank's liability with respect thereto which the Depositor is willing to do.

NOW, THEREFORE, in consideration of the above, the parties hereto hereby agree as follows:

1. The Bank shall only be required to act in good faith and exercise ordinary diligence and care with respect to the aforesaid checking or deposit account.

2. The standards by which the aforesaid responsibility of good faith and ordinary diligence and care is to be measured are as follows:

a. The Bank officer who opens or continues the account as aforesaid shall retain the aforesaid Form in the Teller's Section and send a copy to the Deposit Accounts Servicing Department

b. A Bank employee shall affix a special caution flag or tab to the guide in the check files of the Deposit Accounts Servicing Department which designates the aforesaid account, in order that the file clerk will be alerted to some unusual circumstances pertaining to said account, and the aforesaid copy of the Form shall be inserted in or in some manner attached to said guide.

3. In the event that the Bank shall for any reason, through inadvertence, mistake or otherwise, fail to follow the aforesaid signature or check requirements specified in the aforesaid Form or shall honor or pay checks which are not in accordance therewith or shall fail to take any other action required of it by said Form then the Bank shall not be liable or responsible to the Depositor for any such actions or omissions provided it complies with the standards of good faith and ordinary diligence and care set forth in Paragraph 2 hereof.

4. The Bank agrees to send to the Depositor to the attention of Robert Harris a statement of the account and cancelled checks or other items paid by it in support of the debit entries on said statement every month. The Depositor agrees to exercise reasonable care and promptness to examine said statements, checks and items to discover any unauthorized signature and to ascertain that the special or unusual signature or check requirement contained in the aforesaid Form are complied with and to notify the Bank promptly of any unauthorized signature or failure to comply with the requirements of said Form. Depositor hereby designates Robert Harris to take all action required of Depositor hereunder and agrees that Depositor shall be liable and responsible for any such action taken or failure to act as above required and to indemnify the Bank for any loss which may be incurred as a result of non-compliance by Depositor with the terms of this paragraph.

Executed and sealed by the parties hereto as a sealed instrument this 23d day of December, 19 80.

NATIONAL SAVINGS AND TRUST COMPANY

By \_\_\_\_\_

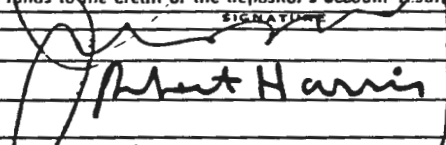
U.S. Synthetic Fuels Corporation  
Name of Depositor (Please print or type)  
By Robert Harris Chairman  
Authorized Signature and Title  
By Robert Harris  
Authorized Signature and Title  
Vice President for Administration  
Signature of Individual Depositor  
Signature of Individual Depositor

NO. SIG. REQUIRED 1\*

The undersigned hereby agrees to each and all of the By-Laws, and all of the Rules and Regulations of the NATIONAL SAVINGS AND TRUST COMPANY, and promises to abide by and conform to all their conditions and requirements, as well as any amendment hereafter made thereto.

The undersigned hereby agree(s) that deposits of checks on other banks, though credited, cannot be drawn against until said checks have been collected; that checks on this bank which are ascertained to be drawn against insufficient funds or otherwise not good or payable may, at any time prior to midnight on this bank's next business day following the day of receipt, be dishonored or refused payment if drawn by the undersigned or be charged back to the undersigned's account if deposited by the undersigned; and that any item received after this bank's regular closing hour shall be deemed to have been received on its next business day.

In case the balance of any depositor's account in any month is not compensatory, a reasonable charge may be made for activity, return of unpaid items or other service; if the account becomes inactive (no transactions for the preceding twelve months) a reasonable monthly maintenance charge may be made. Such charges may be deducted from the depositor's account and the Company shall have the right to return unpaid any checks, drafts or notes because of insufficient funds to the credit of the depositor's account resulting from deducting such charges.

SIGNATURE	TITLE
	Chairman
	Vice President
	for Administration

\*Checks over \$25,000 require John Sawhill's signature.

ADDRESS FOR STATEMENT

INTRODUCED BY \_\_\_\_\_ TELEPHONE NO. \_\_\_\_\_  
 BD 1244 (REV 5-77) DATE OPENED \_\_\_\_\_ FEDERAL TAX I.D. # \_\_\_\_\_



December 31, 1980

MEMORANDUM TO SFC STAFF

FROM: John C. Sawhill, Chairman

SUBJECT: Designation of Corporate Ethics Officer

John J. McAtee, Jr, Senior Vice President and General Counsel, and Pierre de Saint Phalle, Assistant General Counsel, are hereby designated to administer the provisions of the Executive Personnel Financial Disclosure Requirements under the Ethics in Government Act of 1978, (Public Law 95-521). Each of these individuals should be considered a "designated agency official" within the meaning of such Act.



February 5, 1981

MEMORANDUM TO THE SFC STAFF

FROM: John J. McAtee, Jr., Acting Chairman

*Jmcaatee*

SUBJECT: Designation of Corporate Ethics and Conflicts of Interest Officer

Owen Malone of the General Counsel's Office is hereby designated to administer the provisions of the Executive Personnel Financial Disclosure Requirements under the Ethics in Government Act of 1978, (Public Law 95-521). Mr. Malone should be considered a "designated agency official" within the meaning of such Act. The memorandum dated December 31, 1980 appointing John J. McAtee, Jr. and Pierre de Saint Phalle as "designated agency officials" is hereby rescinded.

Owen Malone is also a designated Conflicts Officer, pursuant to our Conflicts of Interest Statement of Policy.



*file*

January 12, 1981

MEMORANDUM FOR THE CORPORATE RECORDS

FROM: John C. Sawhill

SUBJECT: Designation of Vice President

Pursuant to Article IV, Section 3 of the By-Laws of the United States Synthetic Fuels Corporation, I hereby designate John J. McAtee, Jr., Senior Vice President and General Counsel of the Corporation, as the Vice President who, in the absence or disability of the Chairman of the Board, shall act in the place and stead of the Chairman of the Board and exercise all of the functions, powers and duties of the Chairman of the Board.

THE WHITE HOUSE  
WASHINGTON

February 26, 1981

Mr. Barry Hager  
Subcommittee on Environment  
and Energy  
Room B-371  
Rayburn Building  
Washington, D.C.

Dear Barry:

Per our conversation, attached for your private use is our press background material and a copy of a letter that the President sent yesterday to John McAtee.

Thanks for your help.

Sincerely,

F.S.M. Hodsoll

Enclosures

White House Press Background on the President's  
Disapproval of Compensation Packages for Senior  
Officers of U.S. Synthetic Fuels Corporation

- o The President yesterday strongly disapproved compensation packages for senior officers of the Synthetic Fuels Corporation which had been referred to him in a January 27 memorandum from John Sawhill (then Chairman of the Board).
- o The President does not believe it is appropriate to allow these compensation packages to become effective. This is consistent with his view that we should not now move forward with raising the cap on federal salaries.
- o The President's views have been communicated to the Acting Chairman of the Board (John McAtee) of the Synthetic Fuels Corporation.
- o IF ASKED: Counsel to the President Fred Fielding is reviewing any legal questions.

THE WHITE HOUSE

WASHINGTON

February 25, 1981

MEMORANDUM TO: JOHN J. McATEE, JR.  
Acting Chairman of the Board  
U.S. Synthetic Fuels Corporation

To the extent that the Memorandum for the President dated January 27, 1981, from then Chairman of the Board, John C. Sawhill, was intended to request approval for the compensation, terms, benefits and conditions of employment for the individuals referred to therein, please be advised that such compensation, terms, benefits and conditions of employment are specifically disapproved by me pursuant to Section 117(b)(2) of the Energy Security Act.

If you have any questions regarding this memorandum, please contact Counsel to the President Fred Fielding.

*s/Ronald Reagan*