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 FOLDER MR & A 7-1, Vol. III

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M&A 7-1 Planning Issues
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APR 26 1956

Honorable W. J. McNeil
 Comptroller
 Department of Defense
 Washington 25, D. C.

BEST COPY AVAILABLE

Dear Mr. McNeil:

The Atomic Energy Commission has, for some time, been experiencing certain difficulties in planning, budgeting and funding for military requirements on Eniwetok Island in the Pacific Proving Ground. It is the purpose of this letter to state such problems and request your assistance in effecting their solution.

As you know, the Department of Defense and the AEC now share costs and responsibilities under written agreement dated July 1, 1955, for operations at the Pacific Proving Ground. This agreement continues similar arrangements made between the two agencies in prior years. One of the points of agreement has been that the AEC would assume "cost of construction of all base facilities at PPG required by the AEC for military and AEC support of test operations". (See Section C, Paragraph 1, of the July 1, 1955, agreement). Further, the AEC assumes the cost of maintenance and operation of base facilities on Eniwetok Island, with certain specific exceptions.

Base facilities on Eniwetok Island are essentially military in character; the requirements generated by the Joint Task Force are, therefore, specialized. As you can appreciate, it is extremely awkward for one agency to budget for unique requirements of another. Yet, under our current agreement, the AEC has such a responsibility. This situation is further aggravated when, as the result of differences in the budget cycles of the two agencies, or for other reasons, military construction requirements are generated for which AEC has not budgeted. Where the AEC has been unable to fund such construction, the Joint Task Force has, in some instances, done so. Since the two agencies budget in accordance with the current agreement and since, in this instance, the funding responsibility is AEC's, a question as to the propriety of the use of military funds could arise.

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Honorable W. J. McNeil

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Under these circumstances, it would appear desirable to give serious consideration to modifying the present agreement. The AEC would prefer to transfer all of its funding responsibility for construction, maintenance and operation of base facilities on Eniwetok Island to the Department of Defense. Under this arrangement, the work force of the AEC prime contractor at the Pacific Proving Ground, the Holmes & Narver Company, would be available to the Joint Task Force, as in the past.

It would be very much appreciated if the earliest possible consideration can be given to this matter so that the FY 1958 budget estimates for the two agencies, now in preparation, may reflect these changes in our current agreement.

Sincerely yours,

Signed - R. W. Cook
K. E. Fields Acting
General Manager

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