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- 1. Besides the Kraftstoff und Industriebau (KIB), located in Berlin, the following four engineer bureaus in the Russian Zone are engaged in the designing of hydrogenation installations for the Russians:
 - a. Böhlen
 - b. Zeitz

This document is hereby regraded to CONFIDENTIAL in accordance with the letter of 13 Coloder 1973 from the Director of Central Intelligence to the Archivis, of the United States.

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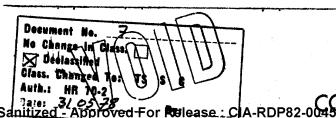
- c. Schwarzheide, near Senftenberg
- d. Uhde, Leuna-Merseburg.
- 2. The engineer bureau at Böhlen is located outside the town in the direction of Rötha in the vicinity of the Böhlen Stadium.* Chief of this tireau is Dipl. Ing. Riedel, who is about 40 years old and a hydrogenation expert. The Zeitz engineer bureau is located on the premises of the hydrogenation plant at Tröglitz near Zeitz. The engineer bureau at Schwarzhide is located on the premises of the hydrogenation plant in that trin. The Uhde engineer bureau used to be housed on the premises of the Letia Werke but was transferred recently outside the plant area for security reasons.*

 German chief of the Uhde engineer bureau is Dr. Blaulmth.

The KIB as well as the engineer bureau mentioned above work for the NTO (Scientific Technical Department) of the Ministry for Synthetic Gases and Fuels in Moscow. The NTO is located in Berlin-Babalsberg. Liaison between it and the various engineer bureau is maintained by two Russians named Epstein and Kononov. Epstein, who has only one and, works specifically with the Böhlen engineer bureau while Kononov works in close connection with the Uhde engineer bureau. Epstein supervises the work on the AT installations at the KIB while Kononov is in charge of the SS installation also being designed at this bureau. The two Russians are very reserved and during their visits to the KIB deal exclusively with Sitzer who is the director of the bureau. Epstein is generally considered to be a hydrogenation expert and lives in Böhlen. Recently he has often criticized the work of the KIE.

The Blechhammer plant in Upper Silesia was constructed during the war under considerable economic difficulties with emphasis on the need for saving expenses as much as possible.** The work of the KIF which pertains to the reconstruction of the Blechhammer plant in the Soviet Union apparently followed the same pattern taking into account economic difficulties and the need for saving money.

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- 5. The KIB and the other engineer bureausin the Russian Zone are engaged in project Krasnoy, i.e. the reconstruction of the dismantled Blechhammer plant and the designing and planning of a large new hydrogenation plant in Russia. Because of the reticence of the Russians no definite conclusions can be drawn regarding the location of the plant. According to some information reluctantly submitted by the Russians regarding the water supply for the plant, it is generally assumed that the plant is to be constructed in the vicinity of Lake Baikal in Siberia. The construction of the new plant was to benefit by the experience gained during the construction of the original Blechhammer plant. According to Epstein the Russians have now decided not to construct the second plant at all because they are convinced that in order to improve the plans for the second plant, operating experience rather than construction experience is what is mainly needed. Operating experience can be gained only after many years and the Russians presume that by that time the operating methods of the Blechhammer plant will have been superseded by new methods, thus leaving them two obsolete and uneconomical plants.
- 6. From May 1946 until the end of 1947, the KIB was busy drawing up the preliminary design for the entire installation. Following this, the bureau started on the planning of the entire installation in its final form. After the KIB had started to work, the order was suddenly recalled and the KIB was paid 40% of the total sum provided for the entire work. It later became known that the project was to be finished by a Russian bureau in Moscow. Subsequent orders for the KIB pertained only to completing and supplementing the work done in the Moscow bureau and referred to technical details which apparently were not available in Moscow. The KIB received the following orders:
 - a. To plan and design an AT installation for the production of aviation fuel. This order was received early in 1948.
 - b. To plan and design an SS installation for viscose products with the low viscosity required for the production of lubricants. This order was received in the middle of 1948.
 - c. To plan and design a waste water purifying installation for the purification of the water supply into which the waste water will flow from the plant. This order is still being worked on at KIB.
- 7. The AT installation is to work in the following manner. Standard butylene is alkalized with isobutane by using concentrated sulphuric acid of 96% purity as a catalyst. The required standard butylene is produced by catalytic hydrogenation of standard butane. The final product is high-test 100-octane fuel having isoparaffin properties. This high test fuel is to be used for fighter planes operating at great altitudes. The properties of this fuel can be changed by leading it or mixing it with other high quality fuels. The AT installation is designed for a capacity of at least 50 thousand tons per year, at 6.25 tons per hour.
- 8. The installation is to produce heavy lubricants (SS-oil) for high capacity motors with very high cylinder temperatures. Lubricants of this index must be high and the viscosity polarity low. Furthermore only a minute degree of coke residue is permissible. During the synthetic production in the SS installation, "Olefine" with a low boiling point is treated by polymerization. The starting point is ethylene which, however, must be free from carbonic oxide as well as sulphur and phosphorus compounds. Such ethylene is produced from ethane by thermal molecularization according to the Hauber process. The surplus ethane and surplus molecules of other elements are extracted by the Linde installation in order to keep the ethylene pure. The SS installation is designed for a yearly capacity of 30 thousand tons of pure lubricant (SS-906) at 4.4 tons per hour. By-products are used either for lubrication or are added to special lubricants.
- 9. Attached are the technical delivery conditions for the AT and SS installations. 25×10^{-10}
 - * Billen are confirmed by previous reports.
 - ** Comment: Epstein has now directed the KIB to give up this policy of economy and to design the plant on a large financial scale.