



UNITED STATES  
**NUCLEAR REGULATORY COMMISSION**  
REGION I  
475 ALLENDALE ROAD  
KING OF PRUSSIA, PENNSYLVANIA 19406-1415

October 15, 2001

George E. Karsnak  
President  
Design Fuels Corporation  
14170 Easy Street  
North Huntington, PA 15642

SUBJECT: ATTACHMENTS TO INSPECTION REPORT NO. 99990001/2000009

Dear Mr. Karsnak:

In our letter dated October 9, 2001, we enclosed a copy of our Inspection Report. However, we inadvertently omitted the attachments to this report. Please find enclosed attachments 1 through 8 which should have been included in our inspection report. If you have any questions, please feel free to contact Ms. Kathy Modes at (610) 337-5251.

Thank you for your cooperation.

Sincerely,

***Original signed by John D. Kinneman***

John D. Kinneman, Chief  
Nuclear Materials Safety Branch 2  
Division of Nuclear Materials Safety

Enclosures:  
Attachments 1 through 8

cc:  
State of Alabama  
Commonwealth of Pennsylvania

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OFFICE	DNMS/RI	N	DNMS/RI	DNMS/RI		
NAME	KModesKAD /KAD/		JKinneman /JDK/			
DATE	10/11/2001		10/15/2001			

OFFICIAL RECORD COPY

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

IN RE: )  
 )  
TAILINGS' PROCESS ) Bankruptcy No. 84-1553  
COMPANY, )  
 )  
Debtor-in-Possession )

Addendum to Schedule B-2(K)

<u>Type of Property</u>	<u>Value (at cost)</u>
Building	35,000.00
Foundation	40,000.00
Control Room	15,000.00
Piping Valves and Pipes	65,000.00
Plant Electrical Parts and Lab	60,000.00
Motor Control Center	56,000.00
Main Line Electric Power Hook	50,000.00
Iron Work	48,000.00
Clean Coal Conv.	5,000.00
Refuse Conv.	8,000.00
Radial Stacker	21,000.00
→ 2 Nuclear Density Meters	17,000.00
1 Bank 12 Cyclones Manifolds and Valves	70,000.00
1 Bank 10 Cyclones Manifolds and Valves	42,000.00
Separator	3,000.00
1 Refuse Centrefuge	48,000.00
1 Clarifier (Water)	60,000.00
3 Sump Agitators	8,000.00
Water Baffles (Lower)	8,000.00
Float for L. Pond Water Pump	8,000.00
Exterior Piping 1 Mile	52,000.00
8 Pumps (Big)	76,000.00
Waste Water Line	22,000.00
Misc. Fittings	4,000.00
Pump House and Foundation	8,000.00
Turbine Pump (Float)	10,000.00
Scale Foundation for Truck Scale	<u>13,000.00</u>
Total	<u>852,000.00</u>

NOTE: The debtor has been informed that the aggregate market value of the foregoing equipment and fixtures, appraised on a piecemeal basis, is \$172,000.00. A copy of the appraisal is being sought.

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

IN RE: )  
)  
TAILINGS PROCESS COMPANY, ) Case No. 84-1553  
)  
Debtor, )  
)  
TAILINGS PROCESS CORPORATION, ) Case No. 84-1554  
)  
Debtor, ) Related Cases  
)  
DONALD R. CALAIARO, Trustee in )  
the Estate of Tailings Process )  
Company and Tailings Process )  
Corporation, ) Chapter 7  
)  
Plaintiff )  
)  
vs. )  
)  
EQUIBANK, N.A.; PITTSBURGH )  
PROCESS EQUIPMENT CO., INC.; )  
SUPERIOR FINANCIAL CORP.; )  
and CREDIT ALLIANCE CORP., )  
) Motion No.  
)  
Defendants )

ORDER OF COURT

AND NOW, this 8<sup>th</sup> day of October,  
1986, after hearing of the Motion to Sell Personal Property Free  
and Clear of All Liens, it appeared that all lienholders were  
served; and that proper notice was given and no parties objected  
to the sale; it is hereby ORDERED, ADJUDGED, and DECREED that:

1. The sale of the equipment, inventory and other personal  
property owned by the Debtor and located at the Nemaquin Mine

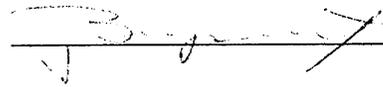
\* and Plant properties of LTV Steel Company, Inc., in Nemacolin, Greene County, Pennsylvania, for \$100,000.00 to LTV Steel Company, Inc. is a sale free and clear of all liens and encumbrances; and

2. The liens on Exhibits "B" and "C" in the Motion at Motion No. 85 4484 117 be divested and shifted to the fund to be derived from the sale; such that all liens and encumbrances will be divested completely if no funds in excess of the indebtedness and administrative expenses are received; and

3. LTV Steel Company, Inc. will waive their administrative claim for rent for the real property occupied by the Debtor; and

4. The Court approves of the sale of the property upon the terms and conditions described in the Motion.

BY THE COURT:

 J.

LTV

LTV Steel Company, Inc. 2001 APR 28 11 17 AM

RECEIVED  
REGIONAL

Attachment

John D. Kinneman, Chief  
Nuclear Materials Safety Branch 2  
Division of Nuclear Materials Safety

April 19, 2001

Ref: Docket No. 03029510 & 03035098

Dear Sir:

In response to your letter of April 9, 2001, please be advised LTV Steel Company, Inc. is not in possession of the Cs-137 gauge number B1808. The Tailings Process facility located at the Nemacolin slurry pond was inspected on December 29, 2000 by two representatives from the Pittsburgh Office of the DEP who reaffirmed the missing device is not at the Nemacolin Facility.

Upon being contacted Ms. Modes of your staff, LTV Steel Company initiated a thorough search of its records. A review of radiation safety records was conducted by T. M. Civic, Corporate Radiation Safety Officer. Additionally, previous radiation safety officers were contacted to assess their knowledge of the source acquisition and subsequent sale. No records were found and no persons were aware of the said transactions.

Additionally, LTV Steel's Law Department conducted a search of legal files, which included old bankruptcy files. The Law Department contacted persons employed by LTV Steel in the Company's Asset Management, Raw Material Sales, and Corporate Environmental Control departments to determine their knowledge as to the existence of the source device and any records associated with the sale of equipment to J. W. Industrial Services, Inc. Again, no persons had knowledge of the source device or were aware of any records regarding the acquisition of materials and equipment by J. W. Industrial Services, Inc.

T. M. Civic



Corporate Radiation Safety Officer



Surplus Material Sales Form

*Exhibit 11-B*

LTV Steel Company  
Raw Materials  
Products Group  
25 West Prospect Avenue  
Cleveland, Ohio 44115

BETWEEN. LTV Steel Company  
(Hereinafter Called Seller)

AND. J.W. Industrial Services, Inc.  
R.D. #1  
P. O. Box 86C  
Somerset, PA 15501  
(Hereinafter Called Buyer)

LOCATION OF MATERIAL  
Nemacolin, PA  
AR-81306-76

WE ARE REQUESTING OFFERS TO PURCHASE THE SURPLUS MATERIAL (IE EQUIPMENT, GOODS ETC) DESCRIBED BELOW UNDER THE TERMS AND CONDITIONS SET FORTH ON THE REVERSE SIDE HEREOF. ALL ITEMS ARE AVAILABLE SUBJECT TO PRIOR SALE OR OTHER DISPOSITION. THE SELLER RESERVES THE RIGHT TO REJECT ANY OR ALL BIDS RECEIVED. IF YOU WISH TO MAKE AN OFFER TO PURCHASE ALL OR ANY PART OF THIS MATERIAL ON THE "TERMS & CONDITIONS" SET FORTH, PLEASE COMPLETE THE OFFER TO PURCHASE SECTION OF THIS FORM SHOWING THE QUANTITY AND PRICE OF YOUR OFFER AND FILL OUT BLOCKS 1 THRU 3 BELOW. SEE PARAGRAPH "A" REVERSE SIDE FOR INFORMATION ON TAXES. RETURN SIGNED ORIGINAL AND UPON ACCEPTANCE OF YOUR OFFER WE WILL SIGN AND RETURN TO YOU A COPY HEREOF WHICH SHALL CONSTITUTE A CONTRACT FOR THE PURCHASE AND SALE OF THE MATERIAL LISTED HEREON. UNLESS YOU RECEIVE WRITTEN NOTIFICATION OF OUR ACCEPTANCE THERE WILL BE NO COMMITMENT FOR THE SALE OR PURCHASE OF ANY MATERIAL LISTED. FREIGHT AND LOADING COST UNLESS OTHERWISE NEGOTIATED ARE FOR BUYERS ACCOUNT.

ITEM NO	QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL AMOUNT
	1 Lot	Nemacolin TPC Plant complete, "As Is, Where Is" in accordance with partial inventory attached.  <ul style="list-style-type: none"> <li>LTV does not warrant the accuracy of this inventory, nor do we warrant the equipment or material in any way.</li> <li>The TPC Plant is being sold in its entirety "As Is, Where Is" when removed, complete except for foundation.</li> <li>The removal of this equipment must be done in a safe, neat, workman-like, efficient, and timely manner. The work must conform to local, state, and federal building and construction codes and standards that may apply and LTV Steel construction standards. The mill area must be left in a clean and safe condition. Oil and grease spills must Continued</li> </ul>		

PLEASE FORWARD THIS DOCUMENT WITH YOUR PAYMENT TO: LTV STEEL COMPANY, RAW MATERIALS PRODUCTS GROUP, 25 WEST PROSPECT AVENUE, CLEVELAND, OHIO, 44115.

1 SALES TAX EXEMPTION NO. AND REASON		PAYMENT TERMS	
See Body of Agreement		See Above	
2 DATE OF INSPECTION	3 DATE OF REMOVAL	ADDRESS COMMUNICATIONS TO	
---	By 4-1-89	E. J. McCormack, Asset Mgmt. LTV Steel Co. Inc. 925-LTV Bldg. 25 W. Prospect Ave. Cleveland, OH 44115	
BUYER AGREES TO TERMS & CONDITIONS ON REVERSE SIDE HEREOF			
SELLER LTV Steel Company		BUYER <i>J.W. Ind. Serv. Inc.</i>	
By <i>E. J. McCormack</i>		By <i>John Hall</i>	
Title MANAGER, SURPLUS PLANT ASSET SALES		Title <i>Exec</i>	
Date 1-15-89		Date 1-10-89	



**Surplus Material Sales Form**

LTV Steel Company  
 Raw Materials  
 Products Group  
 25 West Prospect Avenue  
 Cleveland, Ohio 44115

**BETWEEN: LTV Steel Company**  
 (Hereinafter Called Seller)

**AND: J.W. Industrial Services, Inc.**

**LOCATION OF MATERIAL**

Page #2

(Hereinafter Called Buyer)

WE ARE REQUESTING OFFERS TO PURCHASE THE SURPLUS MATERIAL (IE EQUIPMENT, GOODS, ETC.) DESCRIBED BELOW UNDER TERMS & CONDITIONS SET FORTH ON THE REVERSE SIDE HEREOF. ALL ITEMS ARE AVAILABLE SUBJECT TO PRIOR SALE OR OTHER DISPOSITION. SELLER RESERVES THE RIGHT TO REJECT ANY OR ALL BIDS RECEIVED. IF YOU WISH TO MAKE AN OFFER TO PURCHASE ALL OR ANY PART OF THIS MATERIAL ON THE "TERMS & CONDITIONS" SET FORTH, PLEASE COMPLETE THE OFFER TO PURCHASE SECTION OF THIS FORM, SHOW THE QUANTITY AND PRICE OF YOUR OFFER AND FILL OUT BLOCKS 1 THRU 5 BELOW. SEE PARAGRAPH A, REVERSE SIDE FOR INFORMATION ON TAXES. RETURN SIGNED ORIGINAL, AND UPON ACCEPTANCE OF YOUR OFFER WE WILL SIGN AND RETURN TO YOU A COPY HEREOF WHICH SHALL CONSTITUTE A CONTRACT FOR THE PURCHASE AND SALE OF THE MATERIAL LISTED HEREON. UNLESS YOU RECEIVE WRITTEN NOTIFICATION OF OUR ACCEPTANCE THERE WILL BE NO COMMITMENT FOR THE SALE OR PURCHASE OF ANY MATERIAL LISTED. DISMANTLING AND LOADING COST UNLESS OTHERWISE NEGOTIATED ARE FOR BUYERS ACCOUNT.

ITEM NO.	QUANTITY	OFFER TO PURCHASE DESCRIPTION	UNIT PRICE	TOTAL AMOUNT
		be totally cleaned up by buyer. Hazardous wastes will be removed by LTV Steel. Area must be cleaned-up and approved by plant engineering before work is considered complete.		
		<ul style="list-style-type: none"> <li>o Buyer is responsible for all preparation, dismantling, removal, and transportation costs.</li> <li>o All local plant requirements, i.e., plant protection, safety, fire protection, plant contacts, etc., will be discussed at a "Pre-Construction Meeting" at each plant.</li> </ul>		
Continued				

PLEASE FORWARD THIS DOCUMENT WITH YOUR PAYMENT TO LTV STEEL COMPANY, RAW MATERIALS PRODUCTS GROUP, 25 WEST PROSPECT AVENUE, CLEVELAND, OHIO, 44115

1 SALES TAX EXEMPTION NO. AND REASON		PAYMENT TERMS
2 DATE OF INSPECTION	3 DATE OF REMOVAL	ADDRESS COMMUNICATIONS TO

SELLER: LTV Steel Company By: <i>[Signature]</i> Title: MANAGER, SURPLUS PLANT ASSET SALES 1-16-89		BUYER AGREES TO TERMS & CONDITIONS ON REVERSE SIDE HEREOF BUYER: <i>J.W. Ind. Serv. Inc.</i> COMPANY NAME By: <i>[Signature]</i> SIGNATURE Title: <i>Pres.</i> 1-10-89	
---	--	--	--



**Surplus Material Sales Form**

LTV Steel Company  
Raw Materials  
Products Group  
25 West Prospect Avenue  
Cleveland Ohio 44115

BETWEEN: LTV Steel Company  
(Hereinafter Called Seller)

AND J.W. Industrial Services, Inc.

LOCATION OF MATERIAL

Page #3

(Hereinafter Called Buyer)

WE ARE REQUESTING OFFERS TO PURCHASE THE SURPLUS MATERIAL (I.E. EQUIPMENT, GOODS, ETC.) DESCRIBED BELOW, UNDER TERMS & CONDITIONS SET FORTH ON THE REVERSE SIDE HEREOF. ALL ITEMS ARE AVAILABLE SUBJECT TO PRIOR SALE OR OTHER DISPOSITION. SELLER RESERVES THE RIGHT TO REJECT ANY OR ALL BIDS RECEIVED IF YOU WISH TO MAKE AN OFFER TO PURCHASE ALL OR ANY PART OF THIS MATERIAL ON THE "TERMS & CONDITIONS" SET FORTH, PLEASE COMPLETE THE OFFER TO PURCHASE SECTION OF THIS FORM, SHOW THE QUANTITY AND PRICE OF YOUR OFFER AND FILL OUT BLOCKS 1 THRU 3 BELOW. SEE PARAGRAPH "A" REVERSE SIDE FOR INFORMATION ON TAXES. RETURN SIGNED ORIGINAL AND UPON ACCEPTANCE OF YOUR OFFER WE WILL SIGN AND RETURN TO YOU A COPY HEREOF WHICH SHALL CONSTITUTE A CONTRACT FOR THE PURCHASE AND SALE OF THE MATERIAL LISTED HEREON. UNLESS YOU RECEIVE WRITTEN NOTIFICATION OF OUR ACCEPTANCE THERE WILL BE NO COMMITMENT FOR THE SALE OR PURCHASE OF ANY MATERIAL LISTED. DISMANTLING AND LOADING COST UNLESS OTHERWISE NEGOTIATED ARE FOR BUYERS ACCOUNT.

OFFER TO PURCHASE				
ITEM NO.	QUANTITY	DESCRIPTION	UNIT PRICE	TOTAL AMOUNT
		<ul style="list-style-type: none"> <li>o Any electrical, mechanical or piping equipment common to existing plant systems will not be included in this sale if the removal disrupts existing plant systems, unless reconnecting or re-routing by buyer can be accomplished as approved by the Plant Engineer.</li> <li>o Sales tax exemption certificate attached relates to State tax exemption requirements. If this is completed and returned to our office, we will not charge sales tax on this order and future applicable orders.</li> <li>o Buyer to adhere to attached GSO #18 Safety and insurance booklet requirements. Insurance certificate to be sent to the attention of E. J. McCormack.</li> </ul>		

Continued

PLEASE FORWARD THIS DOCUMENT WITH YOUR PAYMENT TO: LTV STEEL COMPANY, RAW MATERIALS PRODUCTS GROUP, 25 WEST PROSPECT AVENUE, CLEVELAND, OHIO, 44115.

1 SALES TAX EXEMPTION NO. AND REASON		PAYMENT TERMS
2 DATE OF INSPECTION	3 DATE OF REMOVAL	ADDRESS COMMUNICATIONS TO

SELLER LTV Steel Company		BUYER <u>J.W. Ind. Serv. Inc.</u> COMPANY NAME	
By <u>E. J. McCormack</u>		By <u>[Signature]</u>	SIGNATURE
Title MANAGER, SURPLUS PLANT ASSET SALES		Title <u>[Signature]</u>	
1-16-89			

# Surplus Material Sales Form

LTV Steel Company  
Raw Materials  
Products Group  
25 West Prospect Avenue  
Cleveland, Ohio 44115

BETWEEN LTV Steel Company  
(Hereinafter Called Seller)

AND J.W. Industrial Services, Inc.

LOCATION OF MATERIAL

Page #4

(Hereinafter Called Buyer)

BY ACCEPTING OFFERS TO PURCHASE THE SURPLUS MATERIAL (IE EQUIPMENT, GOODS, ETC.) DESCRIBED BELOW UNDER THESE  
TERMS & CONDITIONS SET FORTH ON THE REVERSE SIDE HEREOF ALL ITEMS ARE AVAILABLE SUBJECT TO FIRST SALE OR OTHER DISPOSAL.  
SELLER RESERVES THE RIGHT TO REJECT ANY OR ALL BIDS RECEIVED IF YOU WISH TO MAKE AN OFFER TO PURCHASE ALL OR ANY PART OF  
THE MATERIAL ON THE "TERMS & CONDITIONS" SET FORTH PLEASE COMPLETE THE OFFER TO PURCHASE SECTION OF THIS FORM SHOWING  
THE QUANTITY AND PRICE OF YOUR OFFER AND FILL OUT BLOCKS 1 THRU 3 BELOW SEE PARAGRAPH "A" REVERSE SIDE FOR INFORMATION ON  
TAXES. RETURN SIGNED ORIGINAL AND UPON ACCEPTANCE OF YOUR OFFER WE WILL SIGN AND RETURN TO YOU A COPY HEREOF WHICH  
SHALL CONSTITUTE A CONTRACT FOR THE PURCHASE AND SALE OF THE MATERIAL LISTED HEREON UNLESS YOU RECEIVE WRITTEN  
NOTIFICATION OF OUR ACCEPTANCE THERE WILL BE NO COMMITMENT FOR THE SALE OR PURCHASE OF ANY MATERIAL LISTED  
HEREON. UNLOADING AND LOADING COST UNLESS OTHERWISE NEGOTIATED ARE FOR BUYERS ACCOUNT

ITEM NO	QUANTITY	OFFER TO PURCHASE DESCRIPTION	UNIT PRICE	TOTAL AMOUNT
		o REMOVAL SCHEDULE: 1-15-89 - 6-1-89	1.657	

EJM/saa/2196r

PLEASE FORWARD THIS DOCUMENT WITH YOUR PAYMENT TO: LTV STEEL COMPANY, RAW MATERIALS PRODUCTS GROUP, 25 WEST PROSPECT AVENUE CLEVELAND, OHIO, 44115

1 SALES TAX EXEMPTION NO. AND REASON		PAYMENT TERMS
2 DATE OF INSPECTION	3 DATE OF REMOVAL	ADDRESS COMMUNICATIONS TO

SELLER LTV Steel Company		BUYER AGREES TO TERMS & CONDITIONS ON REVERSE SIDE HEREOF	
By <u>[Signature]</u>	Title <u>Director - Surplus Equip. Dept.</u>	By <u>[Signature]</u>	Title <u>Rep.</u>
Date <u>1/16/89</u>		Date <u>1-10-89</u>	

**(SURPLUS MATERIAL — REQUEST FOR BID AND SALES CONTRACT)**  
**Terms and Conditions**

**TAXES**

The prices specified do not include sales, use, excise or other taxes payable on account of this transaction, and all such taxes now in effect and of hereafter enacted which are applicable to this transaction are in addition to such prices and shall be paid by Buyer, unless Buyer furnishes to Seller an appropriate exemption certificate properly executed by Buyer.

**PAYMENT**

1. Unless otherwise agreed (in writing), all payments must be made in advance of removal of the material (i.e. equipment, goods, etc.) from Seller's premises in the form of cash, post office money order, certified check, cashier's check, or other form acceptable to Seller. If Buyer fails to comply with these terms of payment, Seller reserves the right to withhold delivery until payment is made or terminate this Contract.
2. In the event other terms of payment have been arranged, payment shall be due within 30 days from date of invoice. If not paid when due, interest will be charged.

**DISCLAIMER OF WARRANTY**

1. All material is sold and Buyer accepts such material "as is and with all faults," and the date of passage of risk to Buyer is as defined in paragraph D below. Unless otherwise provided herein, Seller warrants title. Subject to the preceding sentence and except as otherwise expressly stated herein, SELLER MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, AS TO MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE, OR ANY OTHER MATTER WITH RESPECT TO THE MATERIAL SOLD HEREUNDER, WHETHER USED ALONE OR IN COMBINATION WITH OTHER MATERIAL. SELLER SHALL NOT BE LIABLE FOR ANY DAMAGES, DIRECT, CONSEQUENTIAL OR OTHERWISE, ARISING OUT OF ANY DEFECT OR DEFICIENCY IN THE MATERIAL SOLD HEREUNDER.

2. Buyer represents it has inspected the material prior to purchase.

3. If the material is substantially damaged or destroyed by any cause whatsoever prior to passage of risk to Buyer as provided in paragraph D below, Buyer's sole and exclusive remedy, therefore, shall be to terminate this Contract by giving notice thereof in writing to Seller prior to such passage of risk. Otherwise, Buyer shall accept the material and without recourse against Seller.

**DELIVERY AND SHIPMENT**

1. Dismantling, disassembling or loading are not normally provided by Seller but may be upon terms and conditions to be agreed to in writing. Unless otherwise stated on the face sheet, Buyer will dismantle, disassemble (as necessary) and load the material and all risk of loss, damage or other incidents of ownership to all of the material shall immediately pass to Buyer as of the date such dismantling and/or disassembling commences, but in no event later than the date shown in "Date of Removal" on the face sheet hereof.

2. If the material is to be loaded on the carrier by Buyer, such loading shall be at Buyer's cost and expense, and if the risk has not already passed to Buyer as provided in paragraph 1 above, all risk of loss, damage or other incidents of ownership to all the material shall immediately pass to Buyer as of the date such loading begins, but in no event later than the date shown in "Date of Removal" on the face sheet hereof.

3. In all cases, however, title to such material will be restrained by Seller as security for Buyer's performance until payment in full is received.

4. Seller is not an insurer of the material; nor does it have the liability or duties of a warehouseman or bailee.

5. Buyer assumes all transportation costs and risks.

**DELAYS**

1. Seller shall not be liable for delay or failure in performance hereof arising from any cause not within Seller's reasonable control, including, but not limited to, accidents, fire, breakdowns, or mechanical failure of material arising from any cause whatsoever, strikes or other labor troubles, labor shortage, fire, flood, war, acts of the public enemy, acts of God, priorities, allocations, limitations or other acts required or requested by Federal, State or local governments or any subdivision, bureau or agency thereof, or other damage by any third party.

2. In the event of delay or failure of performance not excused under the foregoing paragraph 1, Seller's liability shall not exceed that portion of the invoice price represented by the material delayed or not shipped. In no event shall Seller be liable for any consequential, special or contingent damages.

**CANCELLATION — BUYER'S LIABILITY**

Buyer may not cancel or modify this Contract except with the express consent of Seller in writing (except as provided in paragraph C3, above) and Buyer shall be liable for any loss suffered by Seller by reason of Buyer's cancellation of material ordered, including the loss of Seller's reasonable profits. In the event of Buyer's failure or refusal to accept material hereunder, or other default, Seller may, without notice, retain or repossess said material and Buyer shall be liable for the full purchase price, less an allowance for the then current market value thereof in the area, after deducting storage, handling and any other costs occasioned by such refusal.

**INSURANCE**

If any dismantling, disassembling or loading is to be performed by or on behalf of Buyer on Seller's premises, Buyer shall procure at its own cost and keep in force the following insurance, satisfactory to Buyer as to form and limits of liability, until completion of this contract:

- (a) Workmen's Compensation insurance, as required by the Workmen's Compensation laws of the state in which the work being performed, and
  - (b) Public liability and Property Damage insurance and Automobile Liability and Property Damage insurance (Automobiles, trucks, trailers or other vehicles are to be used).
- Prior to the commencement of any work hereunder, evidence of such insurance in policy or certificate form, shall be deposited with Seller's Accounting Department at the District or Division where the dismantling or disassembling or loading is to be performed. Where any part of the dismantling, disassembling or loading is performed by a subcontractor of Buyer, evidence of such insurance on behalf of such subcontractor similarly shall be provided by Buyer to Seller.

**MISCELLANEOUS**

1. The waiver by Seller of any term, provision or condition hereunder shall not be construed to be a waiver of any other term, condition, or provision hereof, nor shall such waiver be deemed a waiver of a subsequent breach of the same condition or provision.

2. In the event Buyer shall default in his obligations hereunder, Buyer shall be liable for Seller's costs of collection, including a reasonable attorney's fee.

**PATENTS**

Notwithstanding any other provisions hereof, Seller shall have no obligation or liability to Buyer for any suit, or action, or threat thereof, brought against Buyer or any other party and based on a claim that the purchase, use or resale by Buyer, of the material sold hereunder constitutes an infringement of any patent, trade secret or other proprietary right. No patent, trade secret or license rights are granted with respect to the material sold hereunder other than any license rights that may exist by operation of law.

**INDEMNITY**

1. Buyer shall indemnify and hold harmless Seller from and against any and all losses, claims, damages, liabilities and expenses of any kind or nature whatsoever, including attorneys' fees, which may arise out of, result from or be reasonably incurred in connection with Buyer's performance of and compliance with the provisions of this Contract or the subsequent use or operation of the material sold hereunder (including without limiting the generality of the foregoing, losses, claims, damages and liabilities to employees or agents of Buyer and of its subcontractors and their employees and agents, joint or several, to which Seller may become subject including, without limitation, the generality thereof, losses, claims, damages, liabilities and expenses (and actions in respect thereof) which relate to injury to or death of persons or damage to property that may have been caused, or that may be alleged to have been caused, directly or indirectly, by Buyer, its employees or agents, or its subcontractors, their employees or agents).

2. In the event Seller's machinery or equipment is used by Buyer in the performance of any work that might be required under this Contract, such machinery or equipment shall be considered as being under the sole custody and control of Buyer during the period of such use by Buyer, and if any person or persons in the employ of Seller should be used to operate said machinery or equipment during the period of such use, such person or persons shall be deemed during such period of operation to be an employee of Buyer.

3. Except as otherwise provided herein, Buyer shall at all times comply with Seller's GSO-18 (wherein the term — Seller — shall be substituted for the term — Buyer — and the substituted for term — Seller — or Contractor, as the context requires) a copy of which is attached, and such other safety regulations as may be required by Seller's site management, while on Seller's premises.

*Jim Wolf  
(814)443-1413*

EXHIBIT C

### J.W. Industrial Services, Inc.

R.D. #1, Box 86C

(814) 443-1413

Somerset, PA 15501

February 25, 1989

Mr. George E. Karsnak  
DESIGN FUELS CORPORATION  
2605 O'Neil Boulevard  
McKeesport, PA 15132

Dear Mr. Karsnak:

J.W. INDUSTRIAL SERVICES, INC. will accept this agreement of sale for the fine coal recovery plant, located at the Nemaquin mine for a total purchase price of \$150,000.00 in accordance with the following terms and conditions:

1. Plant visitation and inspection on Thursday, March 2, 1989, for the purpose of establishing plant condition and verification of equipment as listed on Appendix A hereto.
2. On the closing of this transaction, J.W. Industrial Services, Inc. (herein after J.W.) will transfer ownership to its fine coal cleaning plant, in its entirety, to Design Fuels Corporation. The plant to be transferred as is where is described on Appendix A attached hereto and incorporated herein. Design Fuels Corporation agrees a separate agreement in cooperation with J.W.'s agreement with LTV Steel Company.
3. On closing, J.W. will provide evidence of ownership, a bill of sale, etc., to the plant.
4. J.W. understands that by separate transaction it may be requested to disassemble the plant, move it to a site designated by Design Fuels Corporation and reassemble the plant; and that such work may require modification of the plant design.
5. No legal fees, transfer taxes, broker's or Gladders' fees, incurred in connection with this transaction will be assumed or paid by Design Fuels Corporation. Design Fuels Corporation must provide evidence of a sales tax exemption for resale purposes, and on failure to produce such exemption, Design Fuels Corporation shall be responsible to pay all state sales or use taxes.
6. This agreement shall be construed according to the laws of the Commonwealth of Pennsylvania.
7. Design Fuels Corporation agrees to be bound by all terms and conditions of J.W.'s agreement with LTV Steel Company, which is attached as Appendix A and incorporated herein as referred to above.

Sent by: DESIGN FUELS 412/519468

cc: Bill Miller

John H. Miller

724 941 0007

P. 20

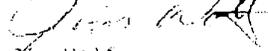
March 24 and April 7, 1989, the date to be selected by Design Fuels Corporation provided that J.W. is given five days prior notice of the date selected.

The existence of this proposal is to be kept confidential and not to be disclosed to any persons other than the officers, directors and attorneys of J.W. and Design Fuels Corporation.

On acceptance of this proposal by J.W., Design Fuels Corporation will pay \$25,000.00 to J.W. to cause J.W. to remove the plant from sale and to not disassemble or move it from its current site at Nemacolin. This \$25,000.00 is non-refundable to Design Fuels Corporation unless J.W. is unable to provide evidence of clear bill of sale, including LTV Steel Company's rightful ownership prior to J.W. acquisition of the plant or should the plant, for any reason not be in essentially the same operating condition as it is at date of this letter.

We the undersigned hereby agree to be bound by the terms and conditions as above set forth.

Sincerely,



Jim Wolf

J.W. INDUSTRIAL SERVICES, INC.

  
Witness  
George E. Kozbak Date 1-27-89  
DESIGN FUELS CORPORATION

Bill of Sale Presented by J.W. Wolf to Design Fuels

To Who IT MAY CONCERN

FOR VALUE RECEIVED, J.W. Ind Serv INC. DOES hereby SELL, ASSIGN AND SET OVER TO DESIGN FUELS CORP FREE AND CLEAR OF ALL ENCUMBRANCES WHATSOEVER THE FOLLOWING EQUIPMENT

ONE TPC PLANT LOCATED AT NEMACOLIN PLANT SITE IN ACCORDANCE WITH BILL OF SALE DATED APRIL 4 1989 SIGNED AND SEALED THIS 11TH DAY OF APRIL 1989

RA # 1514  
HARVEST CAPITAL  
ACC # 603 71161

J.W. Ind Serv INC  
Jim Wolf  
Pres.

MINE Nemacolin

LOCATION TPC

Date 1-9-89

Attachment 6

Item/Description	No. Items	Make	Serial No.	Location	Comments
Conduit	2 - 4"			Trailer	10' Long (ea)
Conduit	3 - 3"			"	10' Long (ea)
Classifier Fiberglass Inserts	4			"	10' x 4' Sheets
Diesel Fan Blade	1			"	
Shaker Grate (Stainless)				"	3' x 2'
<del>Assorted Electrical Conduit hangers</del>	<del>1 box</del>			"	
Corrugated Tin	2			"	4' x 10'
Assorted Pipe Fitting & Huggers				"	3" to 10"
Pipe Wraparound	1			"	12"
Shutoff Valves	6			"	4"
Conveyor Rings	6			"	
PVC Pipe	3 - 4"			"	20' Joints
Assorted "y"'s & Elbows (cast)				"	
Plexi Pipe	1 - 18"			"	20' Joint
Plexi Pipe	1 - 18"			"	40' Joint
Plexi Pipe	12"			"	40' Joint
Plexi Pipe	3 - 8"			"	20' Joint
Skimmer Float	1			"	30' Section
55 gal Drums	40			"	
Derrick Motor (Spare)	1	K36	7339	Ground Floor	3600 RPM
Vibrator (Derrick Sandwich Screen Panel Drive Motor)	1	K48-96MS-2	3133	"	(complete unit)
Derrick Sandwich Screen Panel Drive Motor	1	K48-96MS-1			
Derrick Sandwich Screen Panel Drive Motor	1	K36	3218		(complete unit)

MINE Nemacolin

59

LOCATION TPC

Date 1-8-89

Item/Description	No. Items	Make	Serial No.	Location	Comments
Belt & Drive Refuge Belt 15" x 1/4" (Refuge)	1				
Motion Switch (Tail roller)	1				
Drive Motor (Westinghouse)	1	#5BFC		Ground Floor	Drive MTD 225
FenderBelt Motion switch	1		1800-C-353	"	Conveyor Length 25'
Belt 60' x 15" x 1/4"	1		2607326	"	3 HP
Drive Motor (Lincoln)	1				
Radial Stackler, Motion switch	1		1800-R-355	"	Conveyor Length 100'
Belt 210' x 15" x 1/4"	1		TBFC	"	
Drive Motor (Westinghouse)	1				
Bottom Mixer	1				
Speed Reduction Unit	1	SMCTD	B356-07-01	"	
Drive Motor	1	F382			
Raymond Control System	1	MAP-100-30	74015121	"	1/2 HP
<del>Raymond Control System</del>	<del>1</del>	<del>MAP-100-30</del>	<del>74015121</del>	<del>"</del>	<del>1/2 HP</del>
Pump (Goyme)	1	5000	9121-V-8144	"	3000 GPM
Drive Motor Marathon	1		09-00203-1110	"	75 HP
Pump (Goyme)	1	5000	9115-V-8182	"	3000 GPM
Drive Motor (Westinghouse)	1		8112	"	150 PH
Pump (Goyme)	1	5000	9119-V-8142	"	44 GPM
Drive Motor (Westinghouse)	1	3BFC		"	5 HP
Pump (Goyme)	1	5000	9117-V-8140	"	1650 GPM
Drive Motor (Westinghouse)	1		8208	"	100 HP
Pump (Goyme)	1	5000	9116-B-8139	"	1500 GPM
Drive Motor (Westinghouse)	1		8208	"	100 HP

MINE Nemacolin

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LOCATION IPC

Date 1-8-89

Item/Description	No. Items	Make	Serial No.	Location	Comments
Pump (Coyne) Dresser Sleeve	1 - 6"	5000	9118-V-8141	Ground Floor	40 GPM
Apex's	12 - 1"			"	10 with rubber lining
Apex's	10 - 2"			"	
Apex's	1 - 1-1/3"			"	
Apex's	2 - 2-1/2"			"	
Apex's	1 - 2-3/4"			"	
Circuit Breaker (Mark 75 Type HFB, 3 pole, 300 Amp)	1			"	
Air Filter	1		2073	"	
Oil Filter	7		3120	"	
Diesel Fuel Filter	3		201	"	
Derrick Screen Rubber Mounts	4		(2)47679 (1)47620	"	
Timken Bearings	3			"	
Crosby Clamps	4 - 9/16"			"	
Flex Pipe Collars	2 - 10"			"	
Box bearings & Races (misc.)				"	
Box electrical parts (misc.)				"	
Sprockets for Adj. Valves (Clarification pack)	6			"	
Reliance Mixer Assembly	1			"	
Drive Motor	1		156H1022M-TH	"	3/4 HP Installed in line
Shut-off Valves	2 - 6"			"	
Smith Sump Pump	1		7182	Top Floor	On fresh H2O holding tank
Derrick Screen Lubricator	1	Model 451-15		Second Floor	Equip. No. 174

MINE Nemacolin

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LOCATION TPC

Date 1-6-89

Item/Description	No. Items	Make	Serial No.	Location	Comments
CML Drier (complete)	1	EMBR	377	Second Floor	
Automatic Oiler	1		EC	"	1/4 HP
Drive Motor (Newman)	1		V20481109	"	50 HP
GPU Screens (used)	2			"	
GPU Wear Ring	1			"	
Raymond Control System	1	MAR-100-30	74015121		
Shutoff valves	2 - 4"			"	Installed in lines
Shutoff valves	2 - 6"			"	
Shutoff valves	1 - 8"			"	
Shutoff valves	1 - 10"			"	
Control Panel (complete)	1			"	
Vibration Monitors	2	IRD 1225-M	8242031 37420457	"	
Density Meter	1	5363	R2931	"	
Rexnord Interface Level Meter	1	7040	030	"	
Starter Box (Clairification Pack)	1	8C10	017-008C10A-5-0397	"	
Stromberg Time Clock	1	14		"	
Control Breakers (Panel)	27			"	
Florescent Light Bulbs (box)	8			"	
Air Conditioner	1			"	
Broadbent Decanter Centrifuge	48"X100"	Type-440	cc395	"	900 RPM Made in England
Pulley	1 - 18" 1 - 14"			"	
Gear Box	1			"	
Drive Motor	1		70355M	"	1.785-HP
Heater (Reznok Oil Fired)	1	692663	AO3001A	"	
Oiler Unit (Bakett)	1	CM220578		"	

MINE Nemacolin

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LOCATION TPC

Date 1-8-89

Item/Description	No. Items	Make	Serial No.	Location	Comments
Sodium Lights	16			Second Floor	
Tool Cabinets	2			"	
Radial Stacker (Cont.)					
Drive Motor (Lincolin)	1		9555660		1 HP
Tire Drive Unit (Morse)	1		82M00646		
Baloor Motor	1		F182		3 HP
"v" Belts	16	various sizes			
Power Take off (Detroit Diesel Allison)	1	PTA114143-D	672659		
Assorted Bolts, nuts & Fittings, pump pulleys	2				
Cyclone Bank 6"	10	<b>D6BB</b>	33003 - 33012	Fine Coal Media Bldg.	Adjustable valves 3" O.D.
Distributor (Thickening Bank)	1				6 Pressure Gauges
Cyclone Bank 10"	12	D10BB-5-297	32991 - 33001		12 Adj. Valves 3" O.D.
Distributor (Primary Bank)	1				13 Pressure Gauges
Cyclone Bank 15"	3	D15-3-259	33646 - 33648		3 Adj. Valves 4" O.D.
Distributor (Hydro Back)	1				3 Pressure gauges
Ceramic Apex	9 - 1 1/2"				
Ceramic Apex	2 - 2"				
Ceramic Apex	1 - 2 1/2"				
Hydro Liner	2 - 4 1/2" x 12" ID				
Derrick Screens (new)	4	DX 110			
Derrick Screens (used)	1	DX 70			



DESIGN  
FUELS  
CORPORATION

Attachment 7

2605 O'NEIL BOULEVARD • McKEESPORT, PA 15132

PHONE (412) 672-9214  
FAX (412) 672-9216

Mr. Tom Bryan  
K-Lee Processing  
Birmingham, AL  
FAX - 205 / 251-6929

Re: Equipment Sale

Dear Tom Bryan,

I am pleased with the results of our Friday and Saturday meetings concerning various Krebs Cyclone Units.

The following is the deal points for completion of the Krebs Cyclone sale:

1. One bank of 12 each Krebs D6-BB complete with radial manifold system
2. One bank of 10 each Krebs D-10-BB complete with radial manifold system
3. One 10' x 10' round sewage tank with one nuclear density monitor attached

Price for the lot 1, 2, & 3 - \$75,000.00 cash.

Terms: \$40,000.00 - wire transferred at once to Design Fuels designated bank account. Wire as follows: \$40,000.00 U.S. Funds to Design Fuels Corp, in care of Equibank, Pittsburgh, PA., Account #043001134 - 0091572925

Balance of \$35,000.00 to be paid by K-Lee Processing on the 5th day of each month at \$5,000.00 per month commencing February 5, 1992 and payable each month thereafter for 7 months till such time as the entire amount will be paid and the bill of sale, held in escrow, will be passed to K-Lee Processing.

In addition, Design Fuels will sell to K-Lee any or all of the items left at the Rosa Site at terms to be negotiated. Specifically one (1) additional tank and matching nuclear density monitor and controls. For this we would accept an additional \$10,000.00 to be paid on April 20th, 1992 without interest. Also, in the spirit of completing this business arrangement timely, no interest will be charged on the remaining balance of \$35,000.00.

I look forward to receiving your response today by return FAX (412) 672-9216. I will respond to your other confirmation requests under separate cover. If you have any questions, please call me at (412) 672-9214.

Sincerely,

  
George E. Karsnak  
President

LTV Steel Company

CLEVELAND WORKS

July 11, 2001



2001 JUL 16 PM 1:39

RECEIVED  
REGION I

Frank Costello, Deputy Director  
Nuclear Materials Safety Branch  
Nuclear Regulatory Commission  
Region 1  
475 Allendale Road  
King of Prussia, Pa. 19406-1415

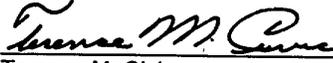
Dear Mr. Costello:

This letter will confirm our conference call of July 11, 2001 relating to a Cesium source Cs 137 device (the "Device"), which you represent is currently located at K-Lee Processing in Hueydown, Alabama. Based upon our discussion, LTV Steel Company Inc. ("LTV Steel") hereby agrees to arrange for the appropriate disposal of the Device; provided, however, that such agreement and any action taken to dispose of the Device do not constitute an admission of liability. Per our discussion, LTV Steel's agreement, as set forth herein, closes the matter regarding the Device and any other similar Cesium source device lost by Design Fuels Corporation (collectively, the "Lost Devices") and hereby releases LTV Steel from any liability with respect to the Lost Devices and you hereby agree to waive any rights and/or causes of action you may have against LTV Steel relating to the Lost Devices, including, but not limited to any subsequent legal or enforcement actions associated with the Lost Devices.

If you do not concur with this agreement, as set forth herein, please contact me immediately. If you do agree, please execute one of the duplicate originals of this letter and return to me.

After I receive the signed letter agreement, I will contact Mr. David Walter of the State of Alabama to arrange for the ultimate disposal of the Device and will provide Ms. Cathy Modes with current status reports.

\_\_\_\_\_  
Frank Costello, Deputy Director  
Nuclear Materials Safety Branch  
Nuclear Regulatory Commission

  
\_\_\_\_\_  
Terence M. Civic  
LTV Steel Company

