1958 MALLINCKRODT **CHEMICAL WORKS**

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Jamiary 18, 1956

Mr. Lyall Johnson Chief, Licensing Branch U. S. Atomic Energy Commission Division of Civilian Application 1901 Constitution Avenue Washington 25, D. C.

Dear Mr. Johnson:

When Fred Belmore and I were in Washington on January 4, we discussed briefly with you the matter of specifications on normal and enriched UFK furnished by the Oak Ridge Operations Office for our commercial activities.

One of the difficult problems which we face in negotiation with our prospective customers for the product which we will make from Governmentfurnished UF6 is this matter of specifications. As you are aware, the "Source Material Order Form" which is currently being used by the Oak Ridge Operations Office contains numerous disclaimers in the printed terms and conditions on the back of the form. For example, paragraph 6 provides in part as follows:

"Neither the Government, the Commission, nor the operator of the ABC facility filling this order makes any express or implied warranty or other representation that the materials furnished under this order *** (4) have particular physical or chemidal properties or are of a particular quantity."

Paragraph 7 provides as follows:

"Neither the Government, the Goumissiony nor the operator of the AEC facility filling the order shall be reaponed bis, irrespective of causes, for the failure of the Commission or the sperator of such AEC facility to deliver the material at a specified time or times or to deliver material of specified physical or chemical properties, specified radioactivity, or specified isotopic concentration.*

You can readily appreciate that these provisions are making it extremely difficult for us to make any commitments on specifications or deliveries of the material which we propose to produce. During our discussion in Washington, it was indicated that the Commission would take under advisement the possibility of furnishing IF, is a concluse with specifications, 5-3 Mr. Ivali Johnson

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and in that event would also consider the elimination of some of the disclaimers contained in the purchase order form.

I would certainly appreciate anything you can tell us about the present status of these matters since we are faced with extremely close deadlines,

Sincerely

MALLINCKRODT CHEMICAL WORKS

Victor H. Knoop Secretary

VHK/wb