

ORS:WEM

Oak Ridge, Tennessee
April 23, 1958

92872

Mallinckrodt Chemical Works
Special Metals Division
Second and Mallinckrodt Streets
St. Louis 7, Missouri

Attention: Dr. W. M. Leaders
Technical Director

Subject: ORDER NO. 9708, LICENSE NO. SNM-33, FORM AEO-437
IDENTIFICATION NOS. SW-9508-37 AND NO-9318-38, MCW

Gentlemen:

We are enclosing two accepted copies of the above order
for your use.

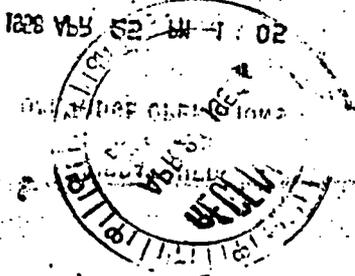
Very truly yours,

ORIGINAL SIGNED BY
ALICE M. CORLEY

Alice M. Corley
Chief, Research Services Branch
Research and Development Division

Enclosure:
Order No. 9708 (2)

CC: H. L. Price, Headquarters
w/cy of anal.



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TERMS AND CONDITIONS

The order on the face hereof is placed in accordance with and subject to the following terms and conditions:

- (1) The term "distributee" as used herein means the person, corporation, partnership, association, firm or other organization placing this order. The term "Commission" means the U. S. Atomic Energy Commission. The phrase "persons acting on behalf of the Commission" includes employees and contractors of the Commission, and employees of such contractors, who fill or participate in the filling of this order pursuant to their employment or their contracts with the Commission. The meaning of the term "special nuclear material" as used herein is the same as stated in Section 70.4 of the regulations in Part 70, Title 10, C.F.R., "Special Nuclear Material Regulations." The term "AEC facility" means a laboratory, plant or office operated by or on behalf of the Commission.
- (2) The distributee understands and agrees that the Commission may fulfill its obligations under this order through the operator of any of its facilities; and that payment for materials and for services rendered will be made promptly upon receipt of billing in accordance with instructions furnished therewith.
- (3) The special nuclear material covered by this order will be shipped f. o. b. the AEC facility from which the order is filled; provided, that in case of shipment by rail, f. o. b. shall mean delivery to the nearest railhead of the transporting carrier.
- (4) Title to special nuclear material distributed under this order shall at all times be in the United States, and upon expiration or termination of the distributee's license to possess such material the distributee shall return to the Commission all such special nuclear material in his possession or may make such other disposition as the Commission may authorize.
- (5) The distributee shall be responsible and shall reimburse the Commission for any loss, consumption or contamination of, or damage to, the special nuclear material covered by this order occurring from the time of delivery of such material to the distributee or to a carrier for delivery to the distributee and until such material has been returned to the Commission by delivery to the AEC facility from which the material was obtained or to such other location as may be specified in written instructions from the Commission.
- (6) a. The unit charge specified on the face of this order is the amount the distributee will pay to the Commission as provided in Paragraph (5) above for each gram or fraction thereof of special nuclear material lost, consumed or returned in a form and specification not acceptable to the Commission.
 - b. In the event the special nuclear material distributed under this order is returned to the Commission in a form and specification other than (1) The form UFG meeting Commission specifications or (2) in a form and specification otherwise determined by the Commission to be acceptable, and the Commission determines that its charges for processing such material to UFG meeting Commission specifications or to other form and specification acceptable to it would be lower than the charge provided in subparagraph a. of this paragraph, the distributee may pay the amount of the Commission's charges for such processing in lieu of the charge provided in subparagraph a.

c. The distributee will pay to the Commission charges due under subparagraphs a. and b. at intervals no less frequent than those requested by the Commission.

(7) a. The use charge is the Commission's charge for the possession and use of special nuclear material. With respect to special nuclear material covered by this order the use charge will be calculated at the rate of 4% per annum of the value of such material beginning with the date the material in the form of UF_6 is diverted from a Commission production facility or use, or withdrawn from Commission inventory, and ending upon the date when the material is returned to the Commission by delivery to the AEC facility from which the material was obtained or to such other location as may be specified in written instructions from the Commission; provided, however, that if such material is returned to the Commission in a form or specification other than (1) the form UF_6 meeting Commission specifications or (2) in a form and specification otherwise determined by the Commission to be acceptable, and it is agreed between the Commission and the distributee that the latter will pay the cost of processing as provided in subparagraph (6) b., the period on which the use charge is calculated shall end (1) upon completion of such processing or (2) upon the expiration of that period which the Commission determines to be the normal period for such processing, whichever is earlier.

b. As used in this Paragraph (7) the phrase "value of such material" means the amount derived by multiplying the unit charge specified on the face of this order by the number of grams and any fraction thereof of special nuclear material diverted from Commission production facility or use or withdrawn from Commission inventory for this order, such number to be appropriately adjusted upon the happening of any of the following:

1. diversion or withdrawal of additional material
2. payment by the distributee on a provisional or final basis for estimated or actual burnup or losses in accordance with subparagraph (6) a. or Paragraph (9)
3. return of material to the Commission in accordance with subparagraph (7) a.; provided, however, that where the distributee is to pay the cost of processing in accordance with subparagraph (6) b., the adjustment shall be as of the date determined in accordance with the proviso to subparagraph (7) a.
4. completion of recovery and reprocessing of scrap generated in processing and fabrication work for the distributee or the expiration of the normal period for such recovery and reprocessing as determined by the Commission, whichever is earlier.

c. The distributee will pay accumulated use charges to the Commission at such intervals as the Commission requests but at least quarterly upon submission of invoices by the Commission.

(8) In the event the special nuclear material returned by the distributee is of a lower degree of U-235 enrichment than the material furnished under this order, the distributee shall, in addition to other charges, pay to the Commission an amount equal to the differential in the Commission's schedule of charges in effect at the time the material is diverted from Commission use or withdrawn from Commission inventory between the charge for material of the enrichment furnished under this order and the charge for material of the enrichment of the material as returned. Where the enrichment furnished or returned falls between two enrichments on such schedule the charge for the specific enrichment will be determined by linear interpolation between them.

(9) When the material to be delivered under this order is other than UF₆ the distributee shall pay to the Commission (a) its processing and fabricating charges computed in accordance with Commission pricing policy at the time the service is performed for conversion of UF₆ to the form specified in this order, and (b) the value of the amount of special nuclear material consumed or lost in the processes for such conversion. Processing and fabricating costs under (a) above will include the cost of scrap recovery and reprocessing.

(10) The distributee will pay to the Commission interest at the rate of 6% per annum on all amounts due under this order and not paid within 30 days from date of invoice.

(11) When shipment of special nuclear material pursuant to this order requires the use of returnable Government-owned containers, title to such containers shall remain in the Government. The distributee will make a deposit to insure that return of containers will be made if required by the Commission. The distributee will keep the containers in good condition, will not use them for any materials other than the materials shipped therein, and will return them to the point of shipment, transportation prepaid. The distributee shall be responsible and shall reimburse the Commission for any loss of or damage to the returnable containers occurring from the time of delivery of such containers to the distributee or to a carrier for delivery to the distributee until such containers have been returned to the Commission as provided above. If return is within 30 days from date of shipment, no separate container rental charge will be made. The distributee agrees to pay container rental charges in accordance with the schedule of charges below for periods in excess of 30 days and until the containers are returned.

Schedule of charges per week or any part thereof:

5-inch cylinders	\$2.50
4-inch cylinders	\$1.50
3-inch cylinders	\$1.00

(12) Neither the Government, the Commission nor persons acting on behalf of the Commission shall be liable for any damage to or loss of special nuclear material...

(13) If the quantity, quality or physical or chemical properties or form of special nuclear material delivered under this order do not conform to the specifications set forth in Paragraph 9 on the face of this order, the responsibility and liability of the Government, the Commission, and of persons acting on behalf of the Commission shall be limited solely to making reasonable efforts to correct such discrepancies by delivery of material which does conform to said specifications. The distributee agrees to give prompt notice to the Commission of any failure to meet such specifications. The Commission will reimburse the distributee for the reasonable costs of packaging and transportation incurred by the distributee in returning to the Commission any special nuclear material which does not conform to such specifications. The use charge provided in Paragraph (7) shall not apply to any quantity of special nuclear material which does not conform to such specifications and which is promptly returned to the Commission.

(14) The Commission will make reasonable efforts to deliver special nuclear material at the time or times provided on the face of this order, but neither the Government, the Commission, nor persons acting on behalf of the Commission shall be subject to any liability for any failure so to do.

(15) Before delivery of the special nuclear material covered by this order, and upon timely request by the distributee, the Commission will permit the distributee to cause said material to be tested for conformity to specifications.

(16) Unless expressly waived in writing by the Commission, the distributee agrees to indemnify the Government, the Commission, and persons acting on behalf of the Commission against liability, including costs and expenses incurred, for infringement of any Letters Patent occurring in the course of the performance of any service, analysis or test performed for the distributee as a result of following specific instructions of the distributee in connection therewith, or occurring in the utilization by the distributee of any material procured hereunder; provided, that insofar as such materials are prepared or used or services utilized in the performance of a Government contract, this indemnity agreement shall not apply unless such Government contract contains provisions indemnifying the Government against patent infringement.

(17) The Commission shall have the right to publish and use any information or data acquired by the Commission or persons acting on behalf of the Commission as the result of any service, analysis or test performed hereunder for the distributee.