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APR 21 1958

S. R. Sapirie, Manager
Oak Ridge Operations Office

H. L. Price, Director
Division of Licensing & Regulation, Washington HQ

SPECIAL NUCLEAR MATERIAL REQUIREMENTS FOR LICENSEES

SYMBOL: LRL:JCD

Reference is made to your memorandum of February 13, 1958,
Subject: Request for Special Nuclear Material by Clevite
Research Center, Symbol: ORS:WEM. Reference is also made to
the license SNM-183 issued March 10, 1958 to Clevite Research
Center, which we understand permitted you to arrange delivery
of the enriched metal to the licensee.

We agree that it is preferable to execute agreements with licensees
and to place orders with your contractors for work only after
appropriate license authority has been issued. Further, we note
that since receipt of your memorandum, two licensees, Nuclear
Materials and Equipment Corp. and Mallinckrodt Chemical Works,
have been authorized to prepare enriched metal from the hexafluoride.
We are now referring requests for metal to the licensees authorized
to fill these requests and we do not anticipate that Oak Ridge
will be requested to prepare metal in the future except in rare
cases.

09-242

SNM
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PDR ADDCK 07000133
C PDR

OFFICE ▶	LRL	LRL	L&R		
SURNAME ▶	JCD <i>JCD</i>	LJohnson <i>LJohnson</i>	HLPrice <i>HLPrice</i>		
DATE ▶	4-18-58	4-18-58	4-21-58 <i>min</i>		

DRAFT
Delaney/cw
4-17-58

Memo to: S. R. Sapirie, Manager
Oak Ridge Operations Office

APR 21 1958

from: H. L. Price, Director
Division of Licensing & Regulation, Washington HQ

SUBJECT: SPECIAL NUCLEAR MATERIAL REQUIREMENTS FOR LICENSEES

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///We agree that it is preferable to execute agreements with licensees and to place orders with your contractors for work only after appropriate license authority has been issued. Further, we note that since receipt of your memorandum, two licensees, ~~Devicon Chemical Company~~ ^{Nuclear Materials and Equipment Corp.} and Mallinckrodt Chemical Works, have ~~begun preparation of~~ ^{been authorized to prepare} enriched metal from ^{the} hexafluoride.

We are now referring requests for metal to the licensees authorized to fill ^{these} ~~requests~~ ^{requests} them, and we do not anticipate ~~requirements~~ that Oak Ridge will be requested to prepare metal in the future except in rare cases.

Memo to: S. R. Sapiro, Mgr.
ORCO, Oak Ridge, Tenn.

from: H. L. Price, Director
Division of Licensing & Regulation, Washington HQ


SUBJECT: FABRICATION OF SPECIAL NUCLEAR MATERIAL FOR LICENSEES

SYMBOL: LRL:JCD

Reference is made to your memorandum of February 13, 1958, Subject: Request for Special Nuclear Material by Clevite Research Center, Symbol: ORS:WEM.

///Reference is also made to license SNM-183 issued March 10, 1958 to Clevite Research Center. The issuance of this license, we understand, will permit you to complete processing of the Clevite order and arrange for delivery of the special nuclear material to them.

///Although we agree that it is preferable to execute agreements and place orders with your contractors for work only after appropriate license authority has been issued, we believe it also necessary, in view of the long delays that are sometimes occasioned in making cascade withdrawals and subsequent conversions, to retain flexibility to allow preparation of special nuclear material for licensees prior to the issuance of a license. This should be done only if the potential licensee agrees in advance to pay all costs that are incurred in preparing the special nuclear material, and further that he agree to pay all ~~costs of returning the material to the cascade if he does not obtain a license.~~ costs of returning the material to the cascade if he does not obtain a license. Certainly it would appear that additional costs resulting from storage of material, repackaging, etc., should be paid by the licensee and it had been our understanding that the licensee does pay for these items. In view of the recent entry of commercial organizations into the metal fabrication business, we feel that cases such as the recent Clevite one will not occur very frequently. However, we do believe it is necessary to maintain sufficient flexibility of operation to allow withdrawals of materials prior to issuance of a license.

Memo to: S. R. Sapi , Mgr.
OROO, Oak Ridge, Tenn

from: H. L. Price, Director
Division of Licensing & Regulation, Washington HQ

SUBJECT: FABRICATION OF SPECIAL NUCLEAR MATERIAL FOR LICENSEES

SYMBOL: LRL:JCD

Reference is made to your memorandum of February 13, 1958, Subject: Request for Special Nuclear Material by Clevite Research Center, Symbol: ORS:WEM.

///Reference is also made to license SNM-183 issued March 10, 1958 to Clevite Research Center. The issuance of this license, we understand, ~~will~~ permit ^{the} you to complete processing of the Clevite order and arrange ~~for~~ delivery of the special nuclear material to them.

///Although ~~we~~ agree that it is preferable to execute agreements and place orders with your contractors for work only after appropriate license authority has been issued, we believe it also necessary, in view of the ~~many~~ delays that are sometimes occasioned in making cascade withdrawals and subsequent conversions, to retain flexibility to allow preparation of special nuclear material for licensees prior to the issuance of a license. This should be done only if the potential licensee agrees in advance to pay all costs that are incurred in preparing the special nuclear material, and further that he agree to pay all costs of returning the material to the cascade if he does not obtain a license. Certainly it would appear that additional costs resulting from storage of material, repackaging, etc., should be paid by the licensee and it had been our understanding that the licensee does pay for these items. ^P In view of the recent entry of commercial organizations into the metal fabrication business, we feel that cases such as the recent Clevite one will not occur very frequently. However, we do believe it is necessary to maintain sufficient flexibility of operation to allow withdrawals of materials prior to issuance of a license.

Memo to: S. R. Sapirie

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///Concerning your comments on handling commercial orders on a "first-come, first-served" basis, it should be noted that the original request is submitted to Washington, and accordingly the date you received an executed lease agreement from a licensee is not necessarily a date on which to base the priority for processing orders on an equal basis.

Handwritten signature

Handwritten initials

TO: S. R. Sapirie, Manager
Oak Ridge Operations Office, Oak Ridge

FROM: H. L. Price, Director
Division of Licensing and Regulation, Washington

SUBJECT: *Special Nuclear Material for Use by Licensees*
~~YOUR MEMO DATED FEBRUARY 13, 1958, SUBJECT "REQUEST FOR SPECIAL
NUCLEAR MATERIAL BY CLEVITE RESEARCH CENTER"~~

In the subject ~~named~~ ^{you} memorandum/outlined your preferred procedures
for handling orders for material from ~~your customers~~ ^{licensees}. These procedures
should certainly be adhered to by all concerned in the vast majority
of cases. However, as ~~you can well understand~~ ^{it is possible that}, ~~the rare occasions~~
will arise when it will be highly desirable to use every possible
means of expediting the processing of an order. One of these means
would be to authorize the withdrawal and processing of the required
material prior to the issuance of the license. If such an occasion
should arise it would be preferable if the time of delivery of the
material could be advanced ~~in this manner~~ ^{by other means which you might be}. The number of such cases as
described above would ^{of course} be kept to a minimum.

You will note that amount of inconvenience occasioned by such procedures
will be considerably reduced in the future due to the recent licensing
of industrial firms as ^{enriched} metal ^{processors}.

able to support.

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