

~~SECURITY INFORMATION~~

This Form 11  
Number 3 7 A  
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W. B. Kelley, Manager of Operations,  
New York Operations Office  
E. C. Sargent, Manager, Cleveland Area Office

December 29, 1951

CONTRACT PROPOSAL OF AWARD -- MARSHAW CHEMICAL COMPANY CONTRACT  
W-7405-ENC-276 -- PROPOSAL FOR SUPPLEMENTAL AGREEMENT NO. 66  
AND FOR AMENDMENT NO. 12 TO THE SECRET LETTER REFERRED TO IN  
THIS CONTRACT

TO: CLV:AWH:Jmh

ATTENTION: V. C. Duncombe

CLASSIFICATION CANCELLED  
OR CHANGED TO  
BY AUTHORITY OF DOE/DPC  
*[Signature]*  
REVIEWED BY *[Signature]* DATE

A. BACKGROUND

During the quarter which began October 1, 1951, Marshaw was engaged in the production of two products for the Commission under the above contract. These products were Uranium Trioxide (CR-15) and Uranium Hexafluoride (RX-10). This was the last quarter of operation of the RX-10 Plant. The feed materials for RX-10 production were low-grade green salt scrap and floor sweepings supplemented by the good green salt available at the beginning of the quarter. Consumption of these feed materials was completed early in December, at which time work commenced to place the plant in standby.

CR-15 is the only product which will be manufactured by Marshaw during the quarter beginning January 1, 1952. The CR-15 Refinery, which was operated on the start-up price formula during the October quarter, will continue to be operated on that basis during the January quarter (or at least part of it). It now appears that the start-up period should terminate upon the production of 630,000 pounds of CR-15 sometime during February (if not sooner by production in excess of 150,000 pounds during either December or January).

The requested Supplemental Agreement No. 66 should cover:

1. Continued production during the quarter beginning January 1, 1952, of CR-15 and/or CR-16.
2. Revision of contract invoice payment provisions to permit the invoicing and payment of accepted CR-15 prior to shipment.

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*downgraded*

*[Handwritten signature]*

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W. E. Kelley

December 29, 1951

The Harshaw operating contract provides for unit price reimbursement for products. The principal basis for projecting the unit prices of CR-15 for the January quarter was the experienced costs of October, this being the first full month of operation of the new refinery.

We have followed a policy during the start-up period of the TBP Refinery of establishing a sliding scale based on production for determining the product unit prices. This policy was followed during the negotiation of January quarter prices.

Our letter to Dr. W. D. Stillwell dated November 1, 1951, provided Harshaw with the feed schedules and proposed production rates upon which they could base their projected costs. In this letter, we requested their experienced costs for the months of August, September, and October, 1951, as well as their projected costs for CR-15 for the quarter beginning January 1, 1952. These costs were supplied by Harshaw in letters dated November 15, 1951, and November 21, 1951, respectively. The experienced costs included production of PH-30, GS-20, NX-10, and Ether Refinery CR-15 even though these costs were of little value in negotiating CR-15 prices for the January quarter. The experienced costs of CR-15 produced in the TBP Refinery were submitted for September and October, the only two months of operation.

Negotiations were held at Harshaw on December 5 and 6, 1951. Harshaw was represented by W. C. Hovey, W. D. Stillwell, G. R. Fernelius, and W. H. Brown. The Commission representatives were E. C. Sargent, A. W. Neumann, M. F. Pofcher, and C. Milberg. It should be noted that the Harshaw contract requires that an agreement be reached on or before the 20th day prior to the commencement of a quarter. Although we did reach a verbal agreement within this time limit, the final written agreement cannot be expected until some time in the future. Harshaw, however, has expressed willingness to interpret the verbal negotiations as an agreement.

At the close of Fiscal Year 1951, a balance of \$682,940.00 remained from funds obligated under the Harshaw operating contract. An additional \$525,000.00 was obligated under Supplemental Agreement No. 65. Thus a total of \$1,207,940.00 has been made avail-

Continuation of / Page(s)

W. E. Kelley

December 29, 1951

able for Fiscal Year 1952 production. The estimated cost of production through the third quarter of Fiscal Year 1952 is \$1,419,500.00. Accordingly, we suggest that an additional \$300,000.00 be obligated under Supplemental Agreement No. 66. We realize that this is \$88,440.00 in excess of funds needed for production; however, some standby costs are expected to be incurred and there is a possibility that the estimated production may be exceeded. Any balance will be carried over for fourth quarter production.

The probable cost of third quarter CR-15 production is \$284,330.00 (450,000 pounds at \$.6318). Although the contract should require best effort to attain design capacity, we estimate that the production will be as indicated above, 450,000 pounds.

The following table includes for comparison the CR-15 and/or CR-16 unit price sliding scale applicable to October quarter production as well as the scale agreed upon for the January quarter:

| <u>Production Rate</u><br>(Pounds per<br>Calendar Month) | <u>Agreed Price Per Pound</u><br>(2nd quarter F.Y.1952) | <u>Agreed Price Per Pound</u><br>(3rd quarter F.Y.1952) |
|--|---|---|
| 25,000   | \$ 1.9593   | \$ 2.5007   |
| 50,000   | 1.0670  | 1.3526  |
| 75,000   | .7694   | .9701   |
| 100,000  | .6206   | .7788   |
| 125,000  | .5313   | .6640   |
| 150,000  | .4718   | .5874   |

The unit price for any production between the above rates shall be obtained by interpolation. It has been agreed that Marshaw will be compensated at the rate of \$58,792.00 per calendar month for refinery operation when the production rate is less than 25,000 pounds per calendar month. This monthly compensation rate represents the projected total manufacturing cost of 25,000 pounds.

B. PROPOSED CONTRACTOR

The basis for selecting this contractor and other details were considered in the negotiations of the basic contract.

SECRET  
SECURITY INFORMATION

196

797

E. Kelley

December 29, 1951

DESCRIPTION OF PROPOSED CONTRACT

is a unit price supplemental agreement and follows a regular procedure for contracting with The Harshaw Chemical Company for production. A unit price form was agreed to in Supplemental Agreement No. 52.

requested Amendment No. 12 to the Secret Letter referred to Paragraph 2, Article I of the subject contract should contain the production rates and corresponding unit prices presented above since these cannot be written into the unclassified contract.

CR-15 specifications in the Secret Letter should include a niobium specification of 5 ppm, maximum. This specification was inadvertently omitted from the specifications originally established for CR-15.

In addition to establishing the unit price agreement for the third quarter of Fiscal Year 1952, the proposed supplement should provide for a revision of the product payment mechanism so that Harshaw can be paid upon acceptance of the material but prior to shipment. The contract, as now written, permits payment for products upon acceptance only where such products are intended for further processing at Harshaw. This provision was included to cover former brown oxide and green salt production. At the present time, payment for products destined for shipment can only be made upon delivery, f.o.b. plant. The unavoidable accumulation of a large inventory of CR-15 when the manufacture of this product commenced resulted in Harshaw's funds being tied up an unreasonable length of time. Since the specifications and acceptance procedure for CR-15 are now established, we have corrected this situation to a large extent. However, it is conceivable that a similar situation may result when Harshaw begins the manufacture of CR-16. There does not appear to be any reason why Harshaw should not be paid for this material immediately upon acceptance. Furthermore, circumstances may warrant storage of some material in the future.

197

198

FOIA

TO : J. C. Clarke, Director, Contract Coordination  
Division, New York - THROUGH J. P. COWAN  
FROM : Edward C. Sargent, Manager, Cleveland Area

DATE: October 10, 1950  
OCT 19, 1950

SUBJECT: CONTRACT PROPOSAL OF AWARD - HARSHAW CONTRACT W-7405-eng-276  
PROPOSAL FOR CHANGES TO SUPPLEMENTAL AGREEMENT NO. 55 AND TO  
AMENDMENT NO. 2 OF SECRET LETTER AND PROPOSAL FOR SUPPLEMENTAL  
AGREEMENT NO. 57 AND FOR AMENDMENT NO. 3 TO SECRET LETTER

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REFER TO  
SYMBOL: ECS:PAD

2 - For the quarter beginning October 1, 1950 with respect to  
Chemical PH-30 only.

Current Agreement (S/A No. 55)

5,500 ± 5% lbs per day at \$0.27 per lb. - all above 95% UF<sub>4</sub> assay.

Requested Agreement (S/A No. 55)

Total production will remain at 5,500 ± 5% lbs per day. To be reimbursed as follows:

- 1 - Assay greater than 95% UF<sub>4</sub> - \$0.27 per lb.
- 2 - Assay greater than 93% but less than 95% UF<sub>4</sub> - \$0.265 per lb.
- 3 - Assay greater than 91% but less than 93% UF<sub>4</sub> - \$0.26 per lb.
- 4 - Assay greater than 89% but less than 91% UF<sub>4</sub> - \$0.20 per lb.

Again here we could supply codes as PH-30A, B, C & D to cover these variations and to keep the contract proper unclassified.

B - Proposed Contract

The basis for selecting this contractor and other details were considered in the negotiations of the basic contract.

C - Description of Proposed Contract

The proposed contract follows the unit price procedure which has been established with Harshaw under Contract W-7405-eng-276.

D - Financial Justification

As mentioned above there is no clear basis for arriving at a price adjustment for subspecification material. At best the adjustments which are made can be called penalty incentives.

-3-

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utilities used and/or consumed by him during said period, together with the sum of Two Dollars and sixty cents (\$2.60) per man hour training charge for all personnel engaged in the operation of the plant during the training period, it being understood, however, that the total cost of the training charges under this section shall not exceed Thirty Thousand Dollars (\$30,000.00). The Contractor shall complete the processing of all incompletely processed Product C616 produced during this training period in the course of the operation of the plant subsequent to 15 June 1944, and the Government will reimburse the Contractor for the work required after 15 June 1944 to complete the processing of said Product C616 at the rate of Two Dollars and sixty cents (\$2.60) per man hour actually applied to the work. All completely processed Product C616 produced by the Contractor during the training period, and all incompletely processed Product C616 produced during the training period, but completed by the Contractor during the period of operation of the plant described in section 4 hereof, shall be delivered to the Government f.o.b. Contractor's plant, Cleveland, Ohio, subject to inspection and acceptance at said plant, and reimbursement for Product C616 so produced and delivered shall be limited to the consideration set forth in this section.

4. The Contractor shall, commencing 15 June 1944, or as soon as practicable thereafter, proceed to operate said plant in accordance with specifications and directions of the Contracting Officer, and shall produce and deliver to the Government 175,000 pounds of Product C616 during the period 15 June 1944 to 30 September 1944, less the amount of Product C616 produced in accordance with the provisions of, and subject to the price limitation provided in section 2 hereof as follows:

a. Product C616 estimated at 60,000 pounds, produced from ME-61 at a price of \$1.95 per pound, Product C616 delivered f.o.b. Contractor's plant, Cleveland, Ohio. At the request of the Contracting Officer, the Contractor, at the Government's expense, will ship to such other location or locations as the Contracting Officer may direct.

b. Product C616 estimated at 115,000 pounds, produced from Product 306 at a price of \$1.35 per pound Product C616 delivered f.o.b. Contractor's plant, Cleveland, Ohio. At the request of the Contracting Officer, the Contractor, at the Government's expense, will ship to such other location or locations as the Contracting Officer may direct.

c. It is estimated that the normal output of Product C616 required under this section will be approximately 11,000 pounds weekly, but the Government shall have

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*Case #1, 18*

CONTRACT TERMINATION FILE

HARDENAW CHEMICAL COMPANY

CONTRACT No. W-7405-eng-276.

- 1. CONTRACT - *cf*
- 2. NOTICE OF TERMINATION - *cf*
- 3. SETTLEMENT PROPOSAL - *cf*
- 4. SUBCONTRACTORS CLAIM - *cf*
- 5. AUDIT REVIEW -
- 6. NEGOTIATIONS REPORT
- 7. PROPERTY DISPOSAL REVIEW
- 8. SETTLEMENT REVIEW BOARD
- 9. PARTIAL PAYMENTS - *cf*
- 10. SUPPLEMENTAL SETTLEMENT AGREEMENT *cf*
- 11. 1034 FINAL PAYMENT VOUCHER *cf*
- 12. EVIDENCE OF REVIEW FUNCTIONS *cf*

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SUPPLY CONTRACT

WAR DEPARTMENT

CONTRACTOR & ADDRESS:

MARSHALL CHEMICAL COMPANY  
1945 E. 97th St. Cleveland, Ohio

CONTRACT FOR:

Design, Procurement,  
Installation of Equipment,  
and Operation of a Plant  
for the Production of  
Product C626.

AMOUNT: (Estimated)

\$580,000.00

LOCATION:

Cleveland, Ohio

PAYMENT:

To be made by:  
Finance Officer  
U. S. Army  
Knoxville, Tennessee

The supplies and services to be obtained by this instrument are authorized by, are for the purposes set forth in, and are chargeable to the following procurement authority or authorities, the available balances of which are sufficient to cover the cost of the same.

8-25562 P-110-07

This contract is authorized by the following laws:

Statutory Authority: This contract negotiated and executed under the First War Powers Act, 1941, and Executive Order No. 9001.

CLASSIFICATION CANCELLED  
OR CHANGED TO:  
BY AUTHORITY OF DOE/DPC  
RAYMOND A. CARPENTER  
REVIEWED BY *h* DATE *8-22-78*

A TRUE COPY

*D. C. Wooditt*

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1. "ARTICLE III" January 1944, by and between the United States of America (hereinafter called the "Government"), represented by the Contracting Officer executing this contract, and MARSHAW CHEMICAL COMPANY, a corporation organized and existing under the laws of the State of Ohio of the City of Cleveland in the State of Ohio (hereinafter called the "Contractor"),

WITNESSETH THAT:

WHEREAS, the government desires to engage the services of a contractor to develop a process for the production of and to produce the supplies herein-after set forth, and

WHEREAS, the accomplishment of such services entered into after negotiations approved by the Secretary of War, and without advertising for proposals, is authorized by law and will facilitate the prosecution of the war, and

WHEREAS, as a result of such negotiations the Secretary of War has directed that the Government enter into a contract with the Contractor for the accomplishment of the work hereinafter described:

NOW, THEREFORE, the parties hereto do mutually agree as follows:

ARTICLE I - Scope of This Contract.

1. The Contractor shall, with the utmost secrecy and dispatch, subject to the approval or ratification of the Contracting Officer, furnish the labor, materials, tools, machinery, equipment, facilities, supplies not furnished by the Government and services, and do all things necessary for the design, procurement, installation of equipment (including, but not limited to, that listed on Schedule A in accordance with the terms of Article XII hereof), and preparation of a plant for production of Product C616 from WE-61 and Product 306, including supplying the original charge of materials other than the Government supplied raw materials (WE-61) and (Product 306), and including research and development during the period 5 January 1944 to 1 May 1944 in connection with a process for the production of Product C616 from WE-61 and Product 306, in buildings and on land owned by the Contractor on its plant site in Cleveland, Ohio. The plant shall have a designed, estimated capacity of 3300 pounds of Product C616 daily, without factor of safety, and it is estimated that the said plant will be ready for operation by 15 June 1944. As consideration for its undertakings under this section 1, the Contractor shall receive the sum of \$199,872, which amount includes those facilities listed on Schedule A that will be purchased specifically for this contract, the use rent-free, in the performance of the work under this contract, of Contractor-owned facilities for the manufacture of WE-61, the cost of transportation to and installation thereof in the plant, and the original charge of material in preparation for the operation of the plant, but is exclusive of the cost of special laboratory equipment, and of any equipment required for the loading and unloading of shipping containers outside the plant in connection with the work to be performed under this contract. The laboratory and loading and unloading equipment listed in Schedule A to be attached hereto, shall be furnished by the Government, or if the Contracting Officer so directs, shall be procured by the Contractor in accordance with Article XII. In the event the Contracting Officer requests the Contractor to perform services under this section in addition to those set forth herein, the Contractor will receive payment for such services in an amount to be mutually agreed upon.

SECRET

ARTICLE IV (a) The Contractor shall furnish to the Government seven hundred and fifty (750) plain cylinder valves each having a water capacity of approximately one hundred and fifty (150) pounds tested at three hundred (300) pounds per square inch hydrostatic pressure, eleven hundred (1100) plain cylinder valves, eleven hundred (1100) cylinder valves with dip-pipes for the said cylinders, six thousand (6,000) 1-29 rings (gaskets for cylinder valves), and in addition, furnish the necessary labor for conditioning and assembling the valves with the cylinders. The design for the cylinders, the valves and the attachments thereto shall be approved by the Contracting Officer and representatives of the Kellogg Corporation. The cylinders will be subject to inspection at the point of manufacture. Any increase in the quantity of cylinders or valves furnished hereunder by the Contractor, not exceeding ten per cent (10%) of the quantities above set forth, will be accepted by the Contracting Officer in performance of the contract, and payment will be made in accordance with the prices hereinafter set forth. The Contractor will be paid for the supplies procured and the labor furnished hereunder as follows:

1. Cylinders, \$176 each, f.o.b. Milwaukee, Wisconsin.
2. Plain cylinder valves, \$1.59 each, delivered Contractor's plant.
3. Cylinder valves with dip-pipes, \$3.25 each, f.o.b. Pittsburgh, Pennsylvania.
4. 1-29 rings (gaskets for cylinder valves), \$9.00/1000.
5. Labor for conditioning and assembling valves with cylinders, \$1.00 per cylinder.

The Contractor shall be reimbursed for expenditures made by it for the Government for freight charges in connection with items 1. and 2. herein from f.o.b. point to Contractor's plant.

(b) If the Contractor or any representative thereof shall be required to travel in connection with the work to be performed and/or the supplies to be procured under this section, the Government will reimburse the Contractor for the transportation, including Pullman where necessary, and will allow for such travel six Dollars (\$6.00) per day in lieu of all other expenses. Transportation by automobile on such required travel shall be reimbursed at the rate of five cents (\$0.05) per mile per vehicle as representing the actual cost of such transportation. All travel shall be either authorized or approved in writing by the Contracting Officer.

3. The Contractor shall, as soon as practicable, proceed to operate the plant on a limited scale during the period 15 March 1944 to 15 June 1944, and during such period, the Contractor shall train the necessary personnel, not, however, to exceed forty (40) people in the operation of said plant. In consideration for his services under this section, the Contractor shall receive the sum of Twelve Hundred and Thirty-two Dollars (\$1232.00) in full payment for the materials and

- 2 -  
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... used and/or consumed by him during said period, together with the sum of Two Dollars and sixty cents (\$2.60) per man hour training charge for all personnel engaged in the operation of the plant during the training period, it being understood, however, that the total cost of the training charges under this section shall not exceed Thirty Thousand Dollars (\$30,000.00). The Contractor shall complete the processing of all incompletely processed Product C616 produced during this training period in the course of the operation of the plant subsequent to 15 June 1944, and the Government will reimburse the Contractor for the work required after 15 June 1944 to complete the processing of said Product C616 at the rate of Two Dollars and sixty cents (\$2.60) per man hour actually applied to the work. All completely processed Product C616 produced by the Contractor during the training period, and all incompletely processed Product C616 produced during the period of operation of the plant described in section 4 hereof, shall be delivered to the Government f.o.b. Contractor's plant, Cleveland, Ohio, subject to inspection and acceptance at said plant, and reimbursement for Product C616 so produced and delivered shall be limited to the consideration set forth in this section.

4. The Contractor shall, commencing 15 June 1944, or as soon as practicable thereafter, proceed to operate said plant in accordance with specifications and directions of the Contracting Officer, and shall produce and deliver to the Government 175,000 pounds of Product C616 during the period 15 June 1944 to 30 September 1944, less the amount of Product C616 produced in accordance with the provisions of, and subject to the price limitation provided in section 3 hereof as follows:

a. Product C616 estimated at 60,000 pounds, produced from TB-61 at a price of \$.95 per pound, Product C616 delivered f.o.b. Contractor's plant, Cleveland, Ohio. At the request of the Contracting Officer, the Contractor, at the Government's expense, will ship to such other location or locations as the Contracting Officer may direct.

b. Product C616 estimated at 115,000 pounds, produced from Product 306 at a price of \$1.35 per pound Product C616 delivered f.o.b. Contractor's plant, Cleveland, Ohio. At the request of the Contracting Officer, the Contractor, at the Government's expense, will ship to such other location or locations as the Contracting Officer may direct.

c. It is estimated that the normal output of Product C616 required under this section will be approximately 11,000 pounds weekly, but the Government shall have

"1018"

the right from time to time to require the Contractor to increase or decrease the production rate and to produce any amounts of Product 616 the Government may desire within the capacity of the plant.

6. At any time prior to the termination of this contract or any extension thereof, the Government shall have the right to require the Contractor to produce and deliver to the Government additional quantities of Product 616 on terms and conditions to be mutually agreed upon.

5. (a) The Government shall deliver to the Contractor at the Contractor's plant for use in the work to be performed under sections 3 and 4 of this article, such amounts of WE-61 and Product 306, in accordance with specifications to be mutually agreed upon, as shall be necessary for the performance of this contract without cost to the Contractor.

(b) Upon the completion or termination of this contract, the Contractor shall deliver to the Government f.o.b. Contractor's plant, any of said material not used in connection with the contract.

6. The Contractor shall use its best efforts to meet the finished product specifications set forth in a secret letter referred to in Article III, but shall not be liable for failure to do so, except to the extent of not being paid, as provided herein, for processing any material failing to meet such specifications. The Contractor shall be paid for any or all of Product 616 produced by the Contractor under this contract that meets the specifications furnished by the Contracting Officer and agreed to by the Contractor. In the event Product 616 does not meet the contract specifications, and the Contracting Officer determines that it is in the interests of the war effort to accept said material, it shall be paid for at the contract unit price, subject to adjustment in contract price as may be later determined by mutual agreement between the Contracting Officer and the Contractor, either in the form of a credit in reduction of the price of the work performed or by actual payment. The Contracting Officer, however, shall have the right to direct the Contractor to rework any part or all of Product 616 that fails to meet AA specifications at the Contractor's expense, and the Contractor shall have the right to rework any or all of such material that fails to meet specifications other than the AA specifications at its own expense, and after such reworking, if the material meets the specifications, the Contractor shall be paid for such material at the rates prescribed in this Article. The Government agrees that all such sub-specification material which is not reworked shall be removed as soon as practicable from the Contractor's plant at the Government's expense.

SECRET

REFER TO  
Contract No. W-7405-eng-  
276 Supplement 9. MADISON SQUARE AREA

14 November 1945

Subject: Transmittal of Settlement Proposal Submitted by  
Harshaw Chemical Company, Contract No. W-7405-eng-276,  
Supplement 9.

To: The District Engineer, U. S. Engineer Office, Manhattan  
District, Oak Ridge, Tennessee.  
(Att: Settlement Review Board)

1. Transmitted herewith is Settlement Proposal submitted by  
Harshaw Chemical Company in connection with Contract No. W-7405-eng-276,  
Supplement 9, together with Settlement Proposals of all applicable sub-  
contractors and supporting documents.

2. Subject proposal has been reviewed and audited by this office  
and is considered to represent a fair and just settlement in accordance  
with Contract Termination Settlement Act.

3. It is recommended that the settlement proposals be approved  
as submitted.

Incls.  
Accounting Review of Contract  
Termination Settlement Proposal  
w/4 attachments, and Settlement  
Proposal with supporting documents.

/s/ W. E. Kelley,  
Lt. Col., Corps of Engineers,  
Area Engineer

11/14/1945

Subject: Transmittal of Settlement Proposal Submitted by Harshaw  
Chemical Company, Contract No. W-7405-eng-276, Supplement 9.  
KIDMV-33 Man. 164 (Harshaw Chem. Co.) 1st Ind.

U. S. Engineer Office, Manhattan District, Oak Ridge, Tennessee. 16  
November 1945. To: The Area Engineer, Madison Square Area, New York,  
New York.

1. Settlement proposal is returned herewith together with the  
approvals of the Settlement Review Board and the Property Disposal  
Board thereof.

2. It is requested a supplemental agreement be drawn up in  
accordance with the Joint Termination Regulation and executed by the  
Government and the contractor by 25 November 1945 in order that this  
termination may appear as completed on your November termination status  
report.

3. It is requested that the use representation specified in the  
Disposal Board's recommendation be obtained, as well as a certification  
from Captain Dalton that all reasonable attempts were made to dispose of  
the inventory through outside sources. Also, the contractor should be  
notified in writing that the facilities located in his plant will be  
allowed to remain there since it has been determined this is more economical  
to the Government. The contractor's acceptance of this action should be  
obtained and a copy placed in the file.

4. After the above actions have been taken, the termination case  
file should be properly completed with all pertinent records on the case,  
as called for by JTR 761.3, bound, indexed for ready reference, and trans-  
mitted to this office for permanent retention.

For the District Engineer:

A. TAMMARIO,  
Lt. Col., Corps of Engineers,  
Assistant.

4 Incls.:  
1. E/C except 1 set of  
Proposal & Supporting  
Papers taken by Major  
Akley to MSA.

3 Incls. Added:  
2. 3 Certifications of Capt. Dalton,  
in dupl.  
3. Recommendation of Settlement  
Review Board, in dup.  
4. Recommendation of Property  
Disposal Board, in dup.

21 February 1946

Subject: Partial Termination - Contract W-7405 eng-276 Harshaw Chemical Company

MEMORANDUM to District Settlement Review Board

Negotiations respecting termination of subject contract have been completed, there are set forth below the major considerations leading to my conclusions that the amount provided for in the termination agreement was fair and reasonable.

1. Costs incurred under the contract as a result of termination are less than the costs which would have been incurred had the contract been completed.

2. No claim for profit was made by the contractor.

3. The contractor's bid of \$50,000 for government owned equipment was fair and reasonable as the majority of this equipment was classified and especially designed and fabricated for the production of C-616. Taking the above into consideration it was deemed advisable to dispose of the equipment direct to the contractor.

W. E. KELLEY,  
Lt. Col., Corps of Engineers,  
Area Engineer.

MAILED  
JUN 1946

31 May 1948

Subject: Designation of Authority

Captain W. E. Dalton, P. O. Box 1983, University Center  
Station, Cleveland 6, Ohio

1. You are hereby designated as my duly authorized representative on the following contracts with Harshaw Chemical Company, to supervise the performance thereof and to take such action and make such decisions in connection therewith as are required of me as Contracting Officer:

W-7405 eng-43  
W-7405 eng-276  
W-7405 eng-289  
W-26-021 eng-20

2. This delegation of authority is personal to you and may not be redellegated.

3. This delegation of authority is effective this date and shall remain in effect until revoked.

/s/ W. E. Kelley

W. E. KELLEY,  
Major, Corps of Engineers,  
Contracting Officer.

Approved:

/s/ A. Tammaro

A. TAMMARO  
Lt. Col., Corps of Engineers



IN REPLY  
REFER TO

WAR DEPARTMENT  
UNITED STATES ENGINEER OFFICE  
MANHATTAN DISTRICT  
P. O. BOX 48  
STATION F  
NEW YORK, N. Y.

This document consists of.....page(s)  
Number.....of.....copies, Series.....A.....

ON 4

Harshaw Chemical Co.  
CUTFL  
Order - 570-9

*File*

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0-23

March 12, 1943

*Eng YJ*

MEMORANDUM to Major R. G. Cornell

Subject: Contract for Purchase of Materials from Harshaw Chemical Company.

1. The Material Section wishes to enter into a contract with Harshaw Chemical Company for the purchase of certain materials which they have in stock or on consignment. This contract should be drawn as soon as possible because we wish to gain possession of the material in the near future.

2. The description of the material, weights, and prices are as follows:

a. Sodium Uranate - ~~3,850~~ *8255*  $3/4$  pounds, at \$1.55 per pound. *819c*

b. Black Uranium Oxide - ~~1,518~~ *1223*  $3/4$  pounds, at \$2.05 per pound. *997c*

3. This contract should also provide for the purchase of additional materials which Harshaw Chemical Company may receive from their distributors. Prices for this material would be the same as for those given previously.

SPECIAL REREVIEW  
FINAL DETERMINATION  
UNCLASSIFIED

By: *P. G. Brown*  
Date: *5-9-84*

*Thomas T. Crenshaw*  
THOMAS T. CRENSHAW,  
Lt. Col., Corps of Engineers.

*Negotiations should be conducted with and communication addressed to Mr. K. E. Long.*

*Cy 2 leaf destroyed  
by 3 A desuper 7/10 3/1/46*

CLASSIFICATION CANCELLED  
OR CHANGED TO.....  
BY AUTHORITY OF DOE/DPC  
DATE *9-22-78*  
REV. *6* DATE

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~~CONFIDENTIAL~~  
H-570-9

# CONTRACT

~~CONFIDENTIAL~~ W-7405-ENG-45 ~~CONFIDENTIAL~~

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54 PAGES

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U. S. Atomic Energy Commission  
Raw Materials Operations  
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HARSHAW CHEMICAL COMPANY  
CONTRACT NO. W-7405-eng-45

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|---------------|---|---------|
| ARTICLE I     | -SCOPE OF THIS CONTRACT                           | Page 2  |
| ARTICLE II    | -CHANGES  | Page 3  |
| ARTICLE III   | -EXTRAS   | Page 3  |
| ARTICLE IV    | -INSPECTION                                       | Page 3  |
| ARTICLE V     | -DELAYS-DAMAGES                                   | Page 4  |
| ARTICLE VI    | -RESPONSIBILITY FOR SUPPLIES TENDERED             | Page 5  |
| ARTICLE VII   | -INCREASE OR DECREASE                             | Page 5  |
| ARTICLE VIII  | -DELETED  | Page 5  |
| ARTICLE IX    | -OFFICIALS NOT TO BENEFIT                         | Page 5  |
| ARTICLE X     | -COVENANT AGAINST CONTINGENT FEES                 | Page 6  |
| ARTICLE XI    | -DISPUTES   | Page 6  |
| ARTICLE XII   | -TERMINATION FOR CONVENIENCE OF THE<br>GOVERNMENT | Page 6  |
| ARTICLE XIII  | -DELETED  | Page 10 |
| ARTICLE XIV   | -WALSH-HEALEY ACT                                 | Page 13 |
| ARTICLE XV    | -NOTICE TO THE GOVERNMENT OF LABOR DISPUTES       | Page 14 |
| ARTICLE XVI   | -CONVICT LABOR                                    | Page 14 |
| ARTICLE XVII  | -ANTI DISCRIMINATION                              | Page 15 |
| ARTICLE XVIII | -Deleted  | Page 15 |
| ARTICLE XIX   | -NOTICE OF SHIPMENTS                              | Page 16 |
| ARTICLE XX    | -FEDERAL, STATE, AND LOCAL TAXES                  | Page 16 |
| ARTICLE XXI   | -PATENTS  | Page 17 |
| ARTICLE XXII  | -DEFINITIONS                                      | Page 17 |
| ARTICLE XXIII | -ALTERATIONS                                      | Page 17 |

W. D. Contract Form No. 1

Contract No. W-7408 eng-45

APPROPRIATION: 212/30905  
Engineer Service, Army  
1942/1943.

NEGOTIATED CONTRACT Jan  
DATED MARCH 27, 1943.

~~SUPPLY CONTRACT~~  
SPECIAL REVIEW  
FINAL DETERMINATION  
UNCLASSIFIED  
By: P. F. Brown  
Date: 5-9-84

CLASSIFICATION CANCELLED  
OR CHANGED TO.....  
BY AUTHORITY OF DOE/DPC  
RAYMOND A. CARPENTER 8-21-78  
REVIEWED BY hcl DATE

WAR  
(Department)

CONTRACTOR & ADDRESS: THE HARSHAW CHEMICAL COMPANY  
CLEVELAND, OHIO.

CONTRACT FOR: E32 and E15

AMOUNT: \$17,000.00 (Estimated)

LOCATION: T

PAYMENT: To be made by Engineer Finance Officer, U. S. Engineer Office,  
Manhattan District, New York, New York.

The supplies and services to be obtained by this instrument are authorized by, are for the purposes set forth in, and are chargeable to the following procurement authorities, the available balances of which are sufficient to cover the cost of the same:

ENG 31110 P450-08 A-0205-25

J. C. Marshall  
J. C. MARSHALL  
COLONEL CORP'S OF ENGINEERS  
CONTRACTING OFFICER

This contract is authorized by the following laws:

Statutory Authority \* \* \* \* Title II of the First War Powers Act, 1941, Act of December 18, 1941, (Public Law 354 - 77th Cong.), and Executive Order No. 9001, dated December 27, 1941.



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THIS CONTRACT, entered into this 27th day of March, 1943, by the UNITED STATES OF AMERICA (hereinafter called the "Government") represented by the Contracting Officer executing this contract, and THE HARSHAW CHEMICAL COMPANY, a corporation organized and existing under the laws of the State of Ohio in the City of Cleveland, State of Ohio, (hereinafter called the Contractor), witnesseth that the parties hereto do mutually agree as follows:

ARTICLE I - SCOPE OF THIS CONTRACT

The Contractor shall furnish and deliver to the Government at Location T, in the shortest possible time, and at the prices indicated, approximate quantities of:

1. H32  
250 Units @ \$8.20 per Unit, f.o.b. East Liverpool, Ohio.  
125 Units @ 6.60 per Unit, f.o.b. Los Angeles, California.
2. S15  
371 Units @ \$6.20 per Unit, f.o.b. Cleveland, Ohio,  
158.5 Units @ 6.20 per Unit, f.o.b. Philadelphia, Pennsylvania.  
904 Units @ 6.20 per Unit, f.o.b. Pittsburgh, Pennsylvania.  
70 Units @ 6.60 per Unit, f.o.b. Los Angeles, California.  
83 Units @ 6.60 per Unit, f.o.b. San Francisco, California.  
150 Units @ 6.20 per Unit, f.o.b. East Liverpool, Ohio.  
482 Units @ 6.20 per Unit, f.o.b. Elyria, Ohio.

3. In addition to the materials contracted for in sections (1) and (2) above mentioned, the Contractor gives to the Government for a period of six (6) months from the date hereof, the exclusive right to purchase from time to time, any or all of the H32 and S15 received by the Contractor from its distributors, at the rate of \$8.20 per Unit of H32 and \$6.20 per Unit for S15, all prices f.o.b. point or points of the distributors, from whom the Contractor receives any of the said materials purchased by the Government. If the Government elects at any time or times, to exercise this option, and after notification to that effect, by the Contracting Officer, the Contractor shall immediately deliver any or all of the materials, or any part or portion thereof, purchased under said option.

4. In strict accordance with the specifications, all of which are made a part hereof, and contained in a secret letter from the Government to the Contractor dated March 27, 1943; and accepted by the Contractor. Said letter which also contains the meaning of the code symbols used herein is hereby incorporated herein by reference and made a part hereof as though fully set forth. Copy of said letter is on file in the Manhattan District Office.

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ARTICLE 2. Changes.--Where the supplies to be furnished are to be specially manufactured in accordance with drawings and specifications, the Contracting Officer may at any time, by a written order, and without notice to the sureties, make changes in the drawings or specifications. Changes as to shipment and packing of all supplies may also be made as above provided. If such changes cause an increase or decrease in the amount due under this contract, or in the time required for its performance, an equitable adjustment shall be made and the contract shall be modified in writing accordingly. Any claim for adjustment under this article must be asserted within 10 days from the date the change is ordered, provided, however, that the Contracting Officer, if he determines that the facts justify such action, may receive and consider, and with the approval of the Secretary of War or his duly authorized representative, adjust any such claim asserted at any time prior to the date of final settlement of the contract. If the parties fail to agree upon the adjustment to be made the dispute shall be determined as provided in Article 11 hereof. But nothing provided in this article shall excuse the Contractor from proceeding with the contract as changed.

ARTICLE 3. Extras.--Except as otherwise herein provided, no charge for extras will be allowed unless the same have been ordered in writing by the Contracting Officer and the price stated in such order.

ARTICLE 4. Inspection.--(a) All material and workmanship shall be subject to inspection and test at all times and places and when practicable, during manufacture. In case any articles are found to be defective in material or workmanship, or otherwise not in conformity with the specification requirements, the Government shall have the right to reject such articles, or require their correction. Rejected articles, and/or articles requiring correction, shall be removed by and at the expense of the Contractor promptly after notice so to do. If the Contractor fails to promptly remove such articles and to proceed promptly with the replacement and/or correction thereof, the Government may, by contract or otherwise replace and/or correct such articles and charge to the Contractor the excess cost occasioned the Government thereby, or the Government may terminate the right of the Contractor to proceed as provided in Article 5 of this contract, the Contractor and surety being liable for any damage to the same extent as provided in said Article 5 (or in said substitute article) for terminations thereunder.

(b) If inspection and test, whether preliminary or final, are made on the premises of the Contractor or subcontractor, the Contractor shall furnish, without additional charge, all reasonable facilities and assistance for the safe and convenient inspections and tests required by the inspectors in the performance of their duty. All inspections and tests by the Government shall be performed in such a manner as not to unduly delay the work. Special and performance tests shall be as described in the specifications. The Government reserves the right to charge to the Contractor any additional cost of inspection and test when articles are not ready at the time inspection is requested by the Contractor.

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(c) Final inspection and acceptance of materials and finished articles will be made after delivery, unless otherwise stated. If final inspection is made at a point other than the premises of the Contractor or subcontractor, it shall be at the expense of the Government except for the value of samples, used in case of rejection. Final inspection shall be conclusive except as regards latent defects, fraud, or such gross mistakes as amount to fraud. Final inspection and acceptance or rejection of the materials or supplies shall be made as promptly as practicable, but failure to inspect and accept or reject materials or supplies shall not impose liability on the Government for such materials or supplies as are not in accordance with the specifications. In the event public necessity requires the use of materials or supplies not conforming to the specifications, payment therefor shall be made at a proper reduction in price.

(See Article 23. Alterations)

ARTICLE 5. Delays-Damages.--(a) If the Contractor refuses or fails to make deliveries of the supplies within the time specified in Article 1, or any extension thereof, the Government, subject to the provisions of paragraph (b) below, may, by a notice in writing from the Contracting Officer to the Contractor of its intention to terminate under this Article, terminate the right of the Contractor to proceed with delivery of the supplies or such parts thereof as to which there has been delay. In such event, the Government may (1) require the Contractor to deliver to the Government such completed supplies, partially completed supplies and materials, parts, plans, drawings, information, and contract rights of the Contractor, (hereinafter called manufacturing material), as the Contractor has produced or acquired for the performance of such portion of this contract as to which the right to proceed with delivery is terminated, and accomplish or secure the completion or manufacture of supplies therewith; and, in addition thereto or in lieu thereof (2) purchase in the open market or secure by contract or otherwise, the manufacture and delivery of supplies similar to those called for by this contract in an amount which together with the supplies, if any, completed under (1) above shall not exceed the amount of supplies the right to proceed with delivery of which is terminated. If delivery is made pursuant to clause (1) of the preceding sentence the Government shall pay to the Contractor, less any previous payments, the following: (a) For each unit of the completed supplies accepted by the Government the unit contract price, and (b) for all partially completed supplies and manufacturing material delivered, the unit contract price for each unit of supplies completed or manufactured therewith, less the cost to the Government of completion or manufacture, but if that cost exceeds the unit contract price, the Contractor and his sureties shall be liable for such excess. If the cost to the Government of supplies procured in accordance with clause (2) above exceeds the corresponding unit price or prices under this contract, the Contractor and his sureties shall be liable for such excess.

(b) The Government shall not have a right of termination under this Article if (i) the delay of the Contractor in making deliveries is an excusable delay, as hereinafter defined, and (ii) the Contractor notifies the Contracting Officer in writing of such delay and the cause thereof, within ten days from the beginning thereof or within such fur-

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W.D.SUP.NO. 1

PR 9-5-42

... shall be the Contracting Officer shall, with the approval of the  
... representative, prior to the date  
... for the giving of such notice.  
... Contractor, the Contracting  
... and his findings of fact  
... parties hereto, subject to  
... the Secretary of War or  
... decision on such appeal as to  
... on the parties hereto.  
... paragraph means any delay in  
... or negligence on the part  
... causes beyond his  
... control including, without limitation, acts of God or of the public  
... order issued by the Govern-  
... floods, epidemics,  
... goes, and unusually severe  
... unless the Contracting Officer shall determine that the  
... are procurable  
... subcontract which results without  
... Contractor, and which is due to  
... Contractor, including with-  
... enumerated.

ARTICLE 6. Delivery of Goods and Supplies Tendered.---The Contractor shall bear the risk of loss of goods and materials covered by this contract until they are delivered to the designated point, but the Contractor shall bear all risk on rejected articles or materials after notice of rejection. Where final inspection is at point of origin but delivery by Contractor is at some other point, the Contractor's responsibility shall continue until delivery is accomplished.

ARTICLE 7. Increase or Decrease.---Unless otherwise provided herein, no increase or decrease in the total number of articles contracted for under Article 1 hereof, will be accepted, without the prior written approval of the Contracting Officer.

ARTICLE 8. Payment.---The Contractor shall be paid, upon the submission of properly certified invoices or vouchers, the prices stipulated hereon for articles delivered and accepted or services rendered, less deductions, if any, as hereinafter provided. Unless otherwise specified, payments shall be made by check or warrant, as accepted by the Government when the amount due is such as to require such warrants; or, when requested by the Contractor, payments shall be made in cash. Deliveries shall be made whenever such payments exceed either \$1,000 or 50 percent of the

ARTICLE 9. Benefit to Contractor.---No member of or delegate to Congress or resident owner of any share shall be admitted to any share or part of this contract or to any benefit that may arise therefrom, but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.



ARTICLE 10. Covenant Against Contingent Fees.--The Contractor warrants that he has not employed any person to solicit or secure his contract upon any agreement for a commission, percentage, brokerage, or contingent fee. Breach of this warranty shall give the Government the right to annul the contract, or, in its discretion, to deduct from the contract price or consideration the amount of such commission, percentage, brokerage, or contingent fees. This warranty shall not apply to commissions, payable by contractors upon contracts or sales secured or made through bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business.

ARTICLE 11. Disputes.--Except as otherwise specifically provided in this contract, all disputes concerning questions of fact which may arise under this contract, and which are not disposed of by mutual agreement, shall be decided by the Contracting Officer, who shall reduce his decision to writing and mail a copy thereof to the Contractor at his address shown herein. Within 30 days from said mailing the Contractor may appeal in writing to the Secretary of War, whose written decision or that of his designated representative or representatives thereon shall be final and conclusive upon the parties hereto. The Secretary of War may, in his discretion, designate an individual, or individuals, other than the Contracting Officer, or a board as his authorized representative to determine appeals under this Article. The Contractor shall be afforded an opportunity to be heard and offer evidence in support of his appeal. The president of the board, from time to time, may divide the board into divisions of one or more members and assign members thereto. A majority of the members of the board or of a division thereof shall constitute a quorum for the transaction of the business of the board or of a division, respectively, and the decision of a majority of the members of the board or of a division shall be deemed to be the decision of the board or of a division, as the case may be. If a majority of the members of a division are unable to agree on a decision or if within 30 days after a decision by a division, the board or the president thereof directs that the decision of the division be reviewed by the board, the decision will be so reviewed, otherwise the decision of a majority of the members of a division shall become the decision of the board. If a majority of the members of the board is unable to agree upon a decision, the president will promptly submit the appeal to the Under Secretary of War for his decision upon the record. A vacancy in the board or in any division thereof shall not impair the powers, nor affect the duties of the board or division nor of the remaining members of the board or division, respectively. Any member of the board, or any examiner designated by the president of the board for that purpose, may hold hearings, examine witnesses, receive evidence and report the evidence to the board or to the appropriate division, if the case is pending before a division. Pending decision of a dispute hereunder the Contractor shall diligently proceed with the performance of this contract. Any sum or sums allowed to the Contractor under the provisions of this Article shall be paid by the United States as part of the cost of the articles or work herein contracted for and shall be deemed to be within the contemplation of this contract.

ARTICLE 12. Termination for Convenience of the Government.--

(a) The Government may, at any time, terminate this contract in whole or in part by a notice in writing from the Contracting Officer to the Contractor that the contract is terminated under this Article. Such termination shall be effective in the manner and upon the date specified in

W.D. Sup. No. 1  
PR 9-5-42

said notice and shall be without prejudice to any claims which the Government may have against the Contractor, or any claims which the Contractor may have against the Government. Upon receipt of such notice the Contractor shall, except as the Contracting Officer directs otherwise; (1) discontinue all work and the placing of all orders for materials and facilities in connection with performance of this contract, cancel all existing orders chargeable to this contract, and terminate all subcontracts chargeable to this contract; (2) transfer to the Government, by delivery f.o.b. . . . .

. . . . . or by such other means as the Contracting Officer may direct, title to all completed supplies (including spare parts, drawings, information and other things) called for herein, not previously delivered, and partially completed supplies, work in process, materials, fabricated parts, plans, drawings, and information acquired or produced by the Contractor for the performance of this contract; and (3) take such action as may be necessary to secure to the Government the benefits of any rights remaining in the Contractor under orders or subcontracts wholly or partially chargeable to this contract to the extent that such orders or subcontracts are so chargeable. If and as the Contracting Officer so directs or authorizes, the Contractor shall sell at a price approved by the Contracting Officer, or retain at a price mutually agreeable, any such supplies, partially completed supplies, work in process, materials fabricated parts or other things. The proceeds of such sale or the agreed price shall be paid or credited to the Government in such manner as the Contracting Officer may direct so as to reduce the amount payable by the Government under this Article.

(b) The Government shall, upon such termination of this contract, pay to the Contractor the contract price of all supplies, (including spare parts, drawings, information, and other things) called for herein which have been completed in accordance with the provisions of this contract and to which title has been received by the Government under the provisions of Paragraph (a) (2) of this Article and for which payment has not previously been made.

(c) In addition to, and without duplication of, the payments provided for in paragraph (b), or of payments made prior to the termination of this contract, the Government shall pay to the Contractor such sum as the Contracting Officer and the Contractor may agree by Supplemental Agreement is reasonably necessary to compensate the Contractor for his costs, expenditures, liabilities, commitments, and work in respect to the uncompleted portion of the contract so far as terminated by the notice referred to in paragraph (a). The Contracting Officer shall include in such sum such allowance for anticipated profit with respect to such uncompleted portion of the contract as is reasonable under all the circumstances.

(d) If the Contracting Officer and the Contractor within 90 days from the effective date of the notice of termination referred to in paragraph (a) or within such extended period as may be agreed upon between them, cannot agree upon the sum payable under the provisions of paragraph (c), the Government, without duplication of any payment made pursuant to paragraph (b) or prior to the termination of this contract, shall in the above events compensate the Contractor for the uncompleted portion of the contract as follows:

(1) By reimbursing the Contractor for all actual expenditures certified by the Contracting Officer as having been made with respect to the uncompleted portion of the contract;

[REDACTED]

(2) By reimbursing, or providing for the payment or reimbursement of, the Contractor for all expenditures made with the prior written approval of the Contracting Officer in settling or discharging that portion of the outstanding obligations or commitments of the Contractor which had been incurred or entered into with respect to the uncompleted portion of the contract; and

(3) By paying the Contractor, as a profit on the uncompleted portion of the contract insofar as a profit is realized hereunder, a sum to be computed by the Contracting Officer in the following manner:

(A) The Contracting Officer shall estimate the profit which would have been realized on the uncompleted portion of the contract if the contract had been completed and labor and material costs prevailing at the date of termination had remained in effect.

(B) Estimate, from a consideration of all relevant factors, the percentage of completion of the uncompleted portion of the contract.

(C) Multiply the anticipated profit determined under (A) by the percentage determined under (B). The result is the amount to be paid to the Contractor as a proportionate share of profit, if any, as above provided.

Notwithstanding the above provisions, no compensation shall be paid under this Paragraph (d) by way of reimbursement for expenditure, including expenditures made in settling or discharging obligations or commitments, or by way of profit on account of supplies and other things which are undeliverable because of destruction or damage, whether or not because of the fault of the contractor.

(e) The Government shall pay to the Contractor such sum as the Contracting Officer and the Contractor may agree upon for expenditures made and costs incurred with the approval of the Contracting Officer (a) after the date of termination for the protection of Government property, and (b) for such other expenditures and costs as may be necessary in connection with the settlement of this contract, and in the absence of such agreement as to the amount of such expenditures and costs shall reimburse the Contractor for the same.

(f) The obligation of the Government to make any of the payments required by this Article shall be subject to any unsettled claim for labor or material and to any claim which the Government may have against the Contractor under or in connection with this contract, and payments under this Article shall be subject to reasonable deductions by the Contracting Officer on account of defects in the materials or workmanship of completed or partially completed supplies delivered hereunder.

(g) The sum of all amounts payable under this Article, plus the sum of all amounts previously paid under this contract, shall not exceed the total contract price, adjusted in the event that this contract contains an article providing for price adjustment, on the basis of the estimate of the Contracting Officer to the extent which would have been required by such article if this contract had been completed and labor and materials costs prevailing at the date of termination had remained in effect.

(h) Should the above provisions of this Article not result in payment to the Contractor of at least \$100, then that amount shall be paid to the Contractor in lieu of any and all payments hereinbefore provided for in this Article.

(i) The Government shall promptly make partial payments to the Contractor.

(1) on account of the amounts due under paragraphs (b), (c) and (d) of this Article to the extent that, in the judgment of the Contracting Officer, such payments are clearly within the amounts due under such paragraphs, and

(2) of such amounts as the Contracting Officer may direct on account of proposed settlements of outstanding obligations or commitments, to be made by the Contractor pursuant to paragraph (d) (2) of this Article, if such settlements shall have been approved by the Contracting Officer and subject to such provisions for escrow or direct payment to the persons entitled to receive such settlement payments as the Contracting Officer may require.

(j) Any disputes arising out of termination under this Article shall be decided in accordance with the procedure prescribed in Article 12 of this contract.

(k) Upon the making of the payments called for by this Article, all obligations of the Government to make further payments or to carry out other undertakings hereunder shall cease forthwith and forever, except that all rights and obligations of the respective parties under the Articles, if any, of this contract applicable to patent infringements and reproduction rights shall remain in full force and effect.

(1) The Government shall terminate this contract only in accordance with this Article, except as otherwise provided by law or by Article 5. Notwithstanding Article 5 and any defaults of the Contractor, the Government shall terminate this contract only in accordance with this Article if such termination is simultaneous with or part of or in connection with a general termination of war contracts at, about the time of, or following the cessation of the present hostilities or the end of the present war, unless the Contracting Officer finds that the defaults of the Contractor (1) have been gross or willful and (2) have caused substantial damage to the Government.

(See Article 25. Alterations)

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~~ARTICLE 19. Renegotiation Pursuant to Section 403 of the Sixth Supplemental National Defense Appropriation Act, 1942.--~~

(a) Upon the written demand of the Secretary, at such period or periods when, in the judgment of the Secretary, the profits accruing to the Contractor under this contract can be determined with reasonable certainty, the contract price will be renegotiated to eliminate therefrom any amount found as a result of such renegotiation to represent excessive profits. The demand of the Secretary shall fix a place for renegotiation and a time for commencement thereof not later than one year after the date of completion or termination of the contract as found by the Secretary.

(b) The Contractor will furnish to the Secretary such statements of actual costs of production and such other financial statements, at such times and in such form and detail, as the Secretary may prescribe, and will permit such audits and inspections of its books and records as the Secretary may request.

(c) The Government shall retain or the Contractor shall repay to the Government, as the Secretary may direct, any amount of the contract price found as a result of such renegotiation to represent excessive profits.

(d) The Contractor will include in each fixed-price or lump-sum sub-contract made under this contract for an amount in excess of \$100,000, the following provisions:

"ARTICLE \_\_\_\_\_ . Renegotiation Pursuant to Section 403 of the Sixth Supplemental National Defense Appropriation Act, 1942.

(1) Upon the written demand of the Secretary, at such period or periods when, in the judgment of the Secretary, the profits accruing to \_\_\_\_\_ (subcontractor) under this contract can be determined with reasonable certainty, the Secretary and \_\_\_\_\_ (subcontractor), will renegotiate the contract price to eliminate therefrom any amount found as a result of such renegotiation to represent excessive profits. The demand of the Secretary shall fix a place for renegotiation and a time for the commencement thereof not later than one year after the date of completion or termination of this contract as found by the Secretary.

(2) \_\_\_\_\_ (subcontractor) will furnish to the Secretary such statements of actual costs of production and such other financial statements, at such times and in such form and detail, as the Secretary may prescribe, and will permit such audits and inspections of its books and records as the Secretary may request.

~~SECRET~~

~~(3) Any amount of the contract price found as a result of such renegotiation to represent excessive profits shall, as directed by the Secretary,--~~

~~(A) Be deducted by \_\_\_\_\_  
(contractor)  
from payments otherwise due to \_\_\_\_\_  
(subcontractor)  
under this contract; or~~

~~(B) Be paid by \_\_\_\_\_  
(subcontractor)  
directly to the Government.~~

~~(4) \_\_\_\_\_ agrees that  
(subcontractor)  
\_\_\_\_\_ shall not be liable to  
(contractor)  
\_\_\_\_\_ for or on account of any  
(subcontractor)  
amount paid to the Government by \_\_\_\_\_  
(subcontractor)  
or deducted by \_\_\_\_\_ from payments  
(contractor)~~

~~otherwise due under this contract, pursuant to directions from the Secretary in accordance with the provisions of this Article. Under its contract with the Government, \_\_\_\_\_  
(contractor)  
is obligated to pay or credit to the Government all amounts withheld by it from \_\_\_\_\_ hereunder.  
(subcontractor)~~

~~(5) As used in this Article--~~

~~(A) The term 'Secretary' means the Secretary of War or any duly authorized representative of the Secretary, including the Contracting Officer.~~

~~(B) The terms 'renegotiate' and 'renegotiation' have the same meaning as in Section 403(b) of the Sixth Supplemental National Defense Appropriation Act, 1942.~~

~~(C) The term 'this contract' means this contract as modified from time to time."~~

~~(e) In any such subcontract by which the subcontractor undertakes to supply to the Contractor the same article or articles which the Contractor is required to deliver to the Government under this contract, the Contractor will also include, in addition to sections (1) to (5) required by section (d), the following provision:~~

~~SECRET~~  
u(6) \_\_\_\_\_ agrees (c) to include in  
(subcontractor)

each fixed-price or lump-sum subcontract hereunder for an amount in excess of \$100,000 the foregoing sections (1) to (5) inclusive, and (b) to make no subdivisions of any contract or subcontract for the purpose of evading the provisions of this section, and (c) to repay to the Government the amount of any reduction in the contract price of any such contract which results from renegotiation thereof by the Secretary and which the Secretary directs

(subcontractor)  
to withhold from payments otherwise due under such contract and actually unpaid at the time \_\_\_\_\_ receives such  
(subcontractor)  
direction."

(f) (1) The Contractor agrees to make no subdivisions of any contract or subcontract for the purpose of evading the provisions of this Article.

(2) If any renegotiation between the Secretary and any subcontractor pursuant to the provisions required by section (d) hereof results in a reduction of the contract price of the subcontract, the Government shall retain from payments otherwise due to the Contractor under this contract, or the Contractor shall repay to the Government, as the Secretary may direct, the amount of such reduction which the Secretary directs the Contractor to withhold from payments otherwise due to the subcontractor under the subcontract and actually unpaid at the time the Contractor receives such direction.

(g) As used in this Article--

(1) The term "Secretary" means the Secretary of War or any duly authorized representative of the Secretary, including the Contracting Officer.

(2) The term "subcontract" includes any purchase order from, or any agreement with, the Contractor (i) to perform all or any part of the work to be done under this contract, or to make or furnish all or any part of any articles or structures covered by this contract, (ii) to supply any services required directly for the production of any articles or structures covered by this contract, or any component part thereof, not including services for the general operation of the Contractor's plant or business, (iii) to make or furnish any articles destined to become a component part of any article covered by this contract, or (iv) to make or furnish any articles acquired by the Contractor primarily for the performance of this contract, or this contract and any other contract with the United States. The term "articles" includes any supplies, materials, machinery, equipment or other personal property.

(3) The term "renegotiate" and "renegotiation" have the same meaning as in Section 403(b) of the Sixth Supplemental National Defense Appropriation Act, 1942.

(4) The term "this contract" means this contract as modified  
~~renegotiation~~

~~SECRET~~ 12 -

W.D.SUP.NO. 11

ARTICLE 14. Walsh-Healey Act.--Representations and stipulations pursuant to the Walsh-Healey Act:

(a) The contractor is the manufacturer of or a regular dealer in the materials, supplies, articles, or equipment to be manufactured or used in the performance of the contract.

(b) All persons employed by the contractor in the manufacture or furnishing of the materials, supplies, articles, or equipment used in the performance of the contract will be paid, without subsequent deduction or rebate on any account, not less than the minimum wages as determined by the Secretary of Labor to be the prevailing minimum wages for persons employed on similar work or in the particular or similar industries or groups of industries currently operating in the locality in which the materials, supplies, articles, or equipment are to be manufactured or furnished under the contract: Provided, however, That this stipulation with respect to minimum wages shall apply only to purchases or contracts relating to such industries as have been the subject matter of a determination by the Secretary of Labor.

(c) No person employed by the contractor in the manufacture or furnishing of the materials, supplies, articles, or equipment used in the performance of the contract shall be permitted to work in excess of 8 hours in any 1 day or in excess of 40 hours in any 1 week unless such person is paid such applicable overtime rate as has been set by the Secretary of Labor; Provided, however, that the provisions of this stipulation shall not apply to any employer who shall have entered into an agreement with his employees pursuant to the provisions of paragraphs 1 or 2 of subsection (b) of section 7 of an act entitled "The Fair Labor Standards Act of 1938"; provided further that in the case of such an employer, during the life of the agreement referred to, the applicable overtime rate set by the Secretary of Labor shall be paid for hours in excess of 12 in any 1 day or in excess of 56 in any 1 week and if such overtime is not paid, the employer shall be required to compensate his employees during that week at the applicable overtime rate set by the Secretary of Labor for hours in excess of 8 in any 1 day or in excess of 40 in any 1 week.

(d) No male person under 16 years of age and no female person under 18 years of age and no convict labor will be employed by the contractor in the manufacture or production or furnishing of any of the materials, supplies, articles, or equipment included in the contract.

(e) No part of the contract will be performed nor will any of the materials, supplies, articles, or equipment to be manufactured or furnished under said contract be manufactured or fabricated in any plants, factories, buildings, or surroundings or under working conditions which are unsanitary or hazardous or dangerous to the health and safety of employees engaged in the performance of the contract.



Compliance with the safety, sanitary, and factory inspection laws of the State in which the work or part thereof is to be performance shall be prima-facie evidence of compliance with this subsection.

(f) Any breach or violation of any of the foregoing representations and stipulations shall render the party responsible therefor liable to the United States of America for liquidated damages, in addition to damages for any other breach of the contract, in the sum of \$10 per day for each male person under 16 years of age or each female person under 18 years of age, or each convict laborer knowingly employed in the performance of the contract, and a sum equal to the amount of any deductions, rebates, refunds or underpayment of wages due to any employee engaged in the performance of the contract; and, in addition, the agency of the United States entering into the contract shall have the right to cancel same and to make open-market purchases or enter into other contracts for the completion of the original contract, charging any additional cost to the original contractor. Any sums of money due to the United States of America by reason of any violation of any of the representations and stipulations of the contract as set forth herein may be withheld from any amounts due on the contract or may be recovered in a suit brought in the name of the United States of America by the Attorney General thereof. All sums withheld or recovered as deductions, rebates, refunds, or underpayments of wages shall be held in a special deposit account and shall be paid, on order of the Secretary of Labor, directly to the employees who have been paid less than minimum rates of pay as set forth in such contracts and on whose account such sums were withheld or recovered: Provided, That no claims by employees for such payments shall be entertained unless made within 1 year from the date of actual notice to the contractor of the withholding or recovery of such sums by the United States of America.

(g) The contractor shall post a copy of the stipulations in a prominent and readily accessible place at the site of the contract work and shall keep such employment records as are required in the Regulations under the act available for inspection by authorized representatives of the Secretary of Labor.

(h) The foregoing stipulations shall be deemed inoperative if this contract is for a definite amount not in excess of \$10,000.

ARTICLE 15. Notice to the Government of Labor Disputes.-- Whenever an actual or potential labor dispute is delaying or threatens to delay the timely performance of this contract, the Contractor will immediately give notice thereof to the District Engineer, Manhattan District. Such notice shall include all relevant information with respect to such dispute.

ARTICLE 16. Convict Labor.--The contractor shall not employ any person undergoing sentence of imprisonment at hard labor. This provision shall not be construed to prevent the contractor or any subcon-

parts or ingredients thereof, to be furnished pursuant to contract or any of the terms of the contract, or to be used in the performance of the contract, or to be used in the production of articles, material or services, or to be used in the performance of any contract or other agreement, or to be used in the production of articles or used by

...or, in per-  
...against  
...national origin.

(b) For the purposes of paragraph (a) above and the purpose of this article, a subcontract is defined as any contract entered into by the contractor, which is a contract, partnership, association, corporation, estate, or trust, or other business enterprise or other legal entity, for a specific part of the work to be performed in connection with the supplies or services furnished under this contract; provided, however, that a contract for the furnishing of standard or commercial articles or raw material shall not be a subcontract.

~~...claims for  
...from the Government under this  
contract may be assigned to a bank, trust company or other financing  
institution, including any Federal lending agency. Any such assignment  
shall cover all amounts payable under this contract and not already paid,  
and shall not be made to more than one party, except that any such assign-  
ment may be made to one party as agent or trustee for two or more parties  
participating in such financing.~~

(b) In the event of any such assignment the assignee shall file four signed copies of a written notice of the assignment, together with one copy of the instrument of assignment, with each of the following:

- (i) General Accounting Office;
- (ii) the Contracting Officer;
- (iii) the surety or sureties upon the bond or bonds, if any in connection with this contract;
- (iv) the officer designated in this contract to make payments thereunder.

(c) Any claim under this contract which has been assigned pursuant to the foregoing provisions of this article may be further assigned and re-assigned to a bank, trust company or other financing institution, including any Federal lending agency. In the event of such further assignment or re-assignment the assignee shall file one signed copy of a written notice

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~~of the further assignment or reassignment together with a true copy of the instrument of further assignment or reassignment with the contractor; and shall file four signed copies of such written notice and one copy of such instrument with each of the parties designated in the preceding paragraph.~~

(d) No assignee shall divulge any information concerning the contract except to those persons concerned with the transaction.

(e) Payment to an assignee of any claim under this contract shall not be subject to reduction or set-off for any indebtedness of the assignor to the United States arising independently of this contract.

(f) ~~Indication of the assignment of claim and of any further assignment thereof and the name of the assignee will be made on all vouchers or invoices certified by the contractor.~~

ARTICLE 19. Notice of Shipments.--In connection with any shipment hereunder of one carload or equivalent or more consigned to any unit or officer of the War Department, the shipper, at the time the equipment or supplies are ordered for loading for rail, motor, or water transport, will send consignee notice thereof by prepaid telegraph or teletype, including date, route, size of shipment, and brief general description of the equipment or supplies comprising the shipment. When authorized by the purchasing and contracting officer, such notice may be sent by air mail, in lieu of telegraph or teletype, where secrecy is essential and where the use of air mail is practicable. This provision is not to be substituted for any other requirement, such as mailing bills of lading.

ARTICLE 20. Federal, State, and Local Taxes.--Unless otherwise indicated, the prices herein include any Federal, state and local tax or charge imposed which is applicable to the supplies or work covered hereby. After the date of the award, the Federal Government or any state or local government shall impose, remove, or change any duty, sales, use or excise, tax or any other tax or charge directly applicable to the supplies or work covered hereby or the materials used in the manufacture thereof or directly upon the importation, production, processing, manufacture, construction or sale of such supplies, work, or materials, which tax or charge must be borne by the contractor because of a specific contractual obligation or by operation of law, or, in case of a decrease or elimination of a tax, where the contractor is relieved to that extent, and if in case of an increase in an existing tax or the imposition of a new tax the contractor has paid such tax or charge to the Federal Government or a state or local government, or any other person, then the prices named herein will be increased or decreased accordingly and any amount due to the contractor as a result of such change will be charged to the Government and entered on vouchers (or invoices) as a separate item: Provided, however, That the Government reserves the right to issue to the contractor in lieu of such payment a tax exemption certificate or certificates acceptable to the Federal Government or state or local government, as the case may be,

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and the contractor agrees, in the case of any such state or local tax or charge, to take such steps as may be requested by the Government to cause such tax or charge to be paid under protest, to preserve and to cause to be assigned to the Government any and all rights to the refund of such tax or charge, and to furnish to the Government all reasonable assistance and cooperation requested by the Government in any litigation or proceeding for the recovery of such tax or charge; and Provided further, That nothing contained herein shall be construed as requiring the Government to reimburse the contractor for any Federal, state or local income taxes, income surtaxes or excess profits taxes.

ARTICLE 21. Patents.--The Contractor shall hold and save the Government, its officers, agents, servants, and employees, harmless from liability of any nature or kind including costs and expenses, for or on account of any patented or unpatented invention article or appliance manufactured or used in the performance of this contract, including their use by the Government.

ARTICLE 22. Definitions.--(a) The term "Secretary of War" as used herein shall include the Under Secretary of War, and the term "his duly authorized representative" shall mean any person or board authorized by the Secretary of War to act for him other than the Contracting Officer.

(b) Except for the original signing of this contract, and except as otherwise stated herein, the term "Contracting Officer" as used herein shall include his duly appointed successor or his authorized representative.

ARTICLE 23. Alterations.--The following changes were made in this contract before it was signed by the parties hereto:

*continued on page 18*

~~CONFIDENTIAL~~

ARTICLE 23. Alterations. -- The following changes were made in this contract before it was signed by the parties hereto;

Page "2" was deleted and a new page "2" substituted therefor, and affixed to deleted page 2.

Article 4 - Inspection - Added subparagraph (d) - After final delivery and prior to final acceptance by the Contracting Officer of the materials, the Contractor shall furnish to the Contracting Officer a verified statement certifying the weights of the materials delivered.

Article 8 - Payments - Deleted, and the following substituted in lieu thereof;

Article 8 - Payments

Upon the submission of properly certified invoices or vouchers, partial payments will be made to the Contractor as each delivery of material is accepted by the Contracting Officer, provided however, that the Government shall retain ten (10%) percent of the amount to become due hereunder until final delivery of all the material has been made, and until final acceptance as to quality and quantity has been verified and approved by the Contracting Officer.

Article 15 - Renegotiation - Deleted, and the following substituted in lieu thereof;

Article 15 - Renegotiation

In order to assist the Contracting Officer in carrying out the provisions of sub-section (c) of Section 403 of the Sixth Supplemental National Defense Appropriation Act (Title IV of Public Law 528 - 77th Cong.), the Contractor agrees to furnish, upon request, a certified statement on the form to be furnished by the Contracting Officer of actual costs incurred in the performance of this contract, together with supporting data where required, and to include a like provision in any subcontracts entered into for the performance of a portion of the work at the site of operations.

Article 18 - Assignment of Rights Hereunder - Deleted, and the following substituted in lieu thereof;

Article 18 - Assignment

Neither this contract nor any interest therein or claim thereunder shall be assigned or transferred by the Contractor to any other party or parties.

The following articles have been added;

Article 24 - Covenant Against Contingent Fees

The Contractor warrants that he has not employed any person to solicit or secure this contract upon any agreement for a commission, percentage, brokerage, or contingent fee. Breach of warranty shall give the Government the right to annul the contract, or, in its discretion to deduct from the contract price or consideration the amount of such

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commission, percentage, brokerage, or contingent fees. This warranty shall not apply to commissions payable by Contractors upon contracts or sales secured or made through bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business.

Article 25. Employment of Aliens

The Contractor will not permit any alien employed or to be employed by it or by any sub-bidder or subcontractor to have access to the drawings, specifications and accompanying enclosures relating to the performance of this contract, or to the models or material referred to therein, or to engineering principles, composition, subassemblies, or assemblies which are vital to the functioning or use of the article or articles forming the subject matter of this contract, without the written consent beforehand of the Secretary of War.

Article 26. Disclosure of Information

(a) It is understood that disclosure of information relating to the work contracted for hereunder to any person not entitled to receive it, or failure to safeguard all secret, confidential and restricted matter that may come to the Contractor or any person under his control in connection with the work under this contract, may subject the Contractor, his agents, employees, and subcontractors to criminal liability under the laws of the United States. (See Title 1 of an Act approved June 15, 1917, 40 Stat. 217; 50 U.S.C. 30-42) as amended by an Act approved March 23, 1940 (54 Stat., Chap. 72); and the provisions of an Act approved January 12, 1938, (52 Stat. 3; 50 U.S.C., Supp. V 45-45d), as supplemented by Executive Order No. 8381, dated March 22, 1940, 5 F.R. 1147, D.I.

(b) The Contractor shall cause a like provision to be inserted in all subcontracts under this contract.

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IN WITNESS WHEREOF, the parties hereto have executed this contract as of the day and year first above written.

THE UNITED STATES OF AMERICA

By *J. S. Marshall*  
J. S. MARSHALL,  
Colonel, Corps of Engineers,  
Contracting Officer.  
(Official title)

Two Witnesses:

*Mildred F. Shull*  
*1870 Garfield Rd.*  
*East Cleveland, Ohio*  
(Address)

THE MARSHAW CHEMICAL COMPANY  
(Contractor)  
By *W. J. Harshaw*  
1945 East 97th Street  
Cleveland, Ohio  
(Business Address)

*W. D. Brown*  
*83 Woodlawn and Bedford*  
(Address)

I D. T. Ferow, certify that I am the Secretary of the corporation named as Contractor herein; that W. J. Harshaw who signed this contract on behalf of the Contractor was then President of said corporation; that said contract was duly signed for and on behalf of said corporation by authority of its governing body and is within the scope of its corporate powers.

IN WITNESS WHEREOF, I have hereunto affixed my hand and the seal of said corporation this 27th day of April, 1943.

(Corporate Seal)

*D. T. Ferow*  
(Secretary)

~~SECRET~~ - 26 -

15  
U.D.SUP.NO. 1  
PR 9-5-42

I hereby certify that, to the best of my knowledge and belief, based upon observation and inquiry, \_\_\_\_\_, who signed this contract for the \_\_\_\_\_ had authority to execute the same, and is the individual who signs similar contracts on behalf of this corporation with the public generally.

\_\_\_\_\_  
Contracting Officer

I certify that on 12/8/48  
(Date)  
Cy # 5 of 7 Series A  
(No. and Nature of copies)  
of subject document were destroyed by burning.

M. Oliver Chief  
Records Depository ADM.

I certify that on 21 May /47  
(Date)  
Cy # 1 of 1 Series AC  
(No. and Nature of copies)  
of subject document were destroyed by burning.

Wallace D. Maxam  
Chief, Records Depository Lot

I certify that on 1/19/49  
(Date)  
Cy # 4 of 7 Series A pgs 2-20  
(No. and Nature of copies)  
of subject document were destroyed by burning.

Wanamaker Lot  
Lt. Col. Corps of Engineers

I certify that on 7/1/47  
(Date)  
Cy # 7 of 7 Series A  
(No. and Nature of copies)  
of subject document were destroyed by burning.

Wallace D. Maxam  
Chief Record Depository Lot

89292



W. D. Contract Form No. 1

Contract No. W-7408 eng-48

APPROPRIATION: W1E/30908  
Engineer Service, Army  
1942/1943.

NEGOTIATED CONTRACT J. O. M.

DATED MARCH 27, 1943.

SUPPLY CONTRACT

TYPED..... EGS  
PREPARED..... [Signature]  
APPROVED..... [Signature]  
"..... 2/4/13  
"..... 2/28/16  
"..... TC 4/17  
"..... [Signature]

WAR  
(Department)

CONTRACTOR & ADDRESS: THE KANSAS CHEMICAL COMPANY

CLEVELAND, OHIO.

CONTRACT FOR: W2E and W1E

AMOUNT: \$17,000.00 (Estimated)

LOCATION: ?

PAYMENT: To be made by Engineer Finance Officer, U. S. Engineer Office,  
Manhattan District, New York, New York.

The supplies and services to be obtained by this instrument are authorized by, are for the purposes set forth in, and are chargeable to the following procurement authorities, the available balances of which are sufficient to cover the cost of the same:

WMO 51110 P450-08 A-0905-22

/s/ J. O. Marshall

CLASSIFICATION CANCELLED  
OR CHANGED TO...  
BY AUTHORITY OF DOE/DPC  
RAYMOND A. CAMPBELL  
REVIEWED BY [Signature] 9-22-58

This contract is authorized by the following laws:

Statutory Authority \* \* \* \* Title II of the First War Powers Act, 1941, Act of December 18, 1941, (Public Law 354 - 77th Cong.), and Executive Order No. 9001, dated December 27, 1941.

[Redacted Signature]

Certified a True Copy  
By... [Signature]  
E. G. CORNELL, Major, O.E.  
W.D.SUP.NO. 1  
PR 9-5-42

[REDACTED]  
WAR DEPARTMENT  
UNITED STATES ENGINEER OFFICE  
MANHATTAN DISTRICT  
P. O. BOX 42  
STATION F  
NEW YORK, N. Y.

This document consists of... 2 page(s).  
Number... 1... of... 7... copies, Series... A...

IN REPLY  
REFER TO

A-43-b

This document contains information affecting the National Defense of the United States within the meaning of the Espionage Act 50 U.S.C., 31 & 72. Its transmission or the revelation of its contents in any manner to an unauthorized person is prohibited by law.

March 27, 1945.

The Harshaw Chemical Company,  
Cleveland, Ohio.

CLASSIFICATION CANCELLED  
~~OR CHANGED TO~~.....  
BY AUTHORITY OF DOE/DPC  
RAYMOND A. CARPENTER 9-27-75  
REVIEWED BY Gc GAIL

Gentlemen:

In connection with Contract No. W-7405 eng-45, symbols are used in place of the materials contracted for, their quantities and point of delivery. The code for these symbols is as follows:

|            |   |   |
|------------|---|---|
| H32        | - | Black Uranium Oxide   |
| S15        | - | Sodium Uranate  |
| Unit       | - | Four (4) pounds   |
| Location T | - | Robert J. Dunbar,<br>Clinton Engineering Works,<br>Elza, Tennessee. |

The specifications for the materials contracted for shall be as follows:

|                     |   |   |
|---------------------|---|---|
| Black Uranium Oxide | - | Minimum Assay 97% U <sub>3</sub> O <sub>8</sub> |
| Sodium Uranate      | - | Minimum Assay 80% U <sub>3</sub> O <sub>8</sub> |

It is understood that disclosure of information contained in this letter or in the contract relating to the work contracted for hereunder to any person not entitled to receive it, or failure to safeguard all secret, confidential and restricted matter that may come to the contractor or any person under his control in connection with the work under this contract, may subject the contractor, his agents, employees, and subcontractors to criminal liability under the laws of the United States. (See Title I of an Act approved June 15, 1917, 40 Stat. 217; 50 U.S.C. 30-42), as amended by an Act approved March 23, 1940 (54 Stat., Chap 72), and the provisions of an Act approved January 12, 1938, (52 Stat. 3; 50 U.S.C., Supp. V 45-45d), as supplemented by Executive Order No. 8381, dated March 22, 1940, 5 F.R. 1147 D.I.

Upon the signing of the proposed contract No. W-7405 eng-45, this letter shall become a part thereof, in the same manner as though fully set forth therein. A copy of this letter shall be kept on file in the Manhattan District Office.

[REDACTED]

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If the foregoing is acceptable to you, kindly sign hereon and on the two (2) copies hereof, and return the original and one copy to this office on or before April 28, 1943.

Very truly yours,

THE UNITED STATES OF AMERICA

BY *J. C. Marshall*  
J. C. MARSHALL,  
Colonel, Corps of Engineers,  
Contracting Officer.

This is to certify that this letter has been received and the contents thereof read, fully understood and agreed to as of March 27, 1943.

THE HARSHAW CHEMICAL COMPANY

BY *W. A. Harshaw, Pres.*

Cleveland, Ohio  
(Address)

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