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V. C. Duncombe, Assistant General Counsel

April 10, 1952

R. J. Smith, Jr., Chief, Miscellaneous Operations Area,  
Production Division

NLO RESPONSIBILITY FOR URANIUM METAL FABRICATION PROGRAM

SYMBOL:

PO:RJS:bh

AT (30-1) 1156

As you are aware, NLO at Mr. W. E. Kelley's request has undertaken the responsibility of fulfilling the NYCO obligation to supply the Hanford and Savannah River uranium metal requirements. To enable NLO to perform, it was agreed that the AEC would supply the necessary uranium metal ingots and would continue its prime contracts with the following fabricators:

- Allgheny Ludlum Steel Corp. - Contract No. AT(30-1)-1294
- Bethlehem Steel Corp. - AT(30-1)-1279
- American Machine & Foundry Company - AT(30-1)-1247

NLO has written Subcontract No. 4, Contract No. AT(30-1)-1156 with Simonds Saw & Steel Co. to cover the rolling of Hanford requirements.

Mr. George Wunder of NLO in memorandum to F. M. Belmore dated March 13, 1952 has submitted a draft of a letter which he proposes we send to NLO for the purpose of clearly establishing NLO's responsibility and authority. Mr. Wunder's draft is attached hereto. We are in agreement as to the desirability of such a letter but find Mr. Wunder's draft deficient in many respects. The draft as we read it has many legal and contractual ramifications so your assistance is requested in the preparation of a letter to be sent to NLO outlining their responsibilities and authorities.

The responsibilities and authorities which we, from the production standpoint, wish to be assigned to NLO are:

1. Perform or have performed fabrication work as necessary to comply with requirements and schedules established by the Commission.
2. The negotiation and administration of necessary subcontracts, subject to the approvals required under Prime Contract No. AT(30-1)-1156.

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3. Act as the Commission's technical representative in Contracts AT(30-1)-1294 with Allegheny Ludlum, AT(30-1)-1279 with Bethlehem Steel, and AT(30-1)-1247 with American Machine & Foundry. In this regard NLO would be responsible for and have the authority to:
  - a. Schedule work in consultation with Area Manager, Fernald.
  - b. Exercise technical direction of the work.
  - c. Approve expenditures (within limits).
  - d. Maintain SF Accountability.
  - e. Institute and exercise necessary Health & Safety precautions.
  - f. Institute and exercise necessary Security measures.
  - g. Arrange for transportation and make shipments (subject to Area Manager's, Fernald, prior approval if shipments are out of Area and subject to authorization of Director, Production Division, NMSO, if shipments are trans-border).
- Disputes, Patents, Settlement of Claims, and other areas of responsibility wherein the Commission has reserved authority unto itself in the Prime Contract No. AT(30-1)-1156 are specifically excluded.
4. Anticipate ingot requirements necessary to fulfill fabrication requirements and order same from Area Manager, Fernald Area (Area Manager, Fernald Area will arrange with NYCO for the Commission to supply the necessary ingots at the time and place designated by NLO).
5. Maintain at the site of the former Lake Ontario Ordnance Works, Medel City, N. Y. a central storage and shipping point. In this connection, the Commission will provide a storage vault, guard patrol force, labor, and material handling equipment. NLO is to provide supervision and is to exercise SF accountability for SF materials so handled and/or stored.
6. Prepare and issue weekly and monthly progress reports. Prepare and issue technical reports on each rolling operation.
7. Maintain active liaison with duPont and General Electric Co., particularly in the matter of product specifications.

Enclosure:

Memo Wunder to Belmore, 3/18/52,  
with draft letter attached

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