

JUL 19 2002 8:01AM

NO. 4554 3. 2/8



Department of Energy

Oak Ridge Operations
Paducah Site Office
P.O. Box 1410
Paducah, KY 42001

7-18-03 CB

RECORD COPY

July 16, 2002

Mr. David Eaker
Vice President
Toxco, Incorporated
779 Oak Chase Boulevard
Lenoir City, Tennessee 37772

Dear Mr. Eaker:

**PROPERTY TRANSFER AGREEMENT AND TERMS AND CONDITIONS FOR
TRANSFER OF FLUORINE GENERATING AND ANCILLARY EQUIPMENT FROM
THE PADUCAH GASEOUS DIFFUSION PLANT**

The enclosed Property Transfer Agreement to this letter transfers approximately seventy (70) fluorine generating cells and ancillary equipment (e.g., electrical equipment) to Toxco for reuse in fluorine chemical production. As a condition of this transfer, Toxco, Incorporated agrees to the terms and conditions attached to the Property Transfer Agreement and to reuse the entirety of this equipment for its intended purpose(s). None of the material is transferred for sale as scrap. Further, all equipment transferred is to be considered potentially radiologically contaminated and as such will be transferred to the regulatory authority associated with Toxco's Tennessee Radiological Materials License. Toxco must comply with the terms and conditions of this license to release this equipment for its intended use.

If the enclosed Terms and Conditions are acceptable, please so indicate by signing and returning a copy of these documents to my office. If you have any further questions, please contact Craig Czuchna of my staff at (270) 441-6805 or Richard Meehan at the Facilities and Reuse Division in Oak Ridge, Tennessee at (865) 576-2598.

Sincerely,

W. Don Seaborg, Site Manager
Paducah Site Office

Enclosure

I-02000-0318



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Mr. Eaker

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cc w/enclosure:

C. Adams, AU-62

J. Anderson, PACRO/Mayfield

M. E. Bennett, AU-62

R. J. Brown, AU-60

C. A. Czuchna, EM-98

R. W. Mehan, AU-62

R. L. Riggs, AD-42

Acknowledgment by Toxco, Incorporated: _____

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FACILITIES & MATERIALS

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TRANSFER AGREEMENT OF GOVERNMENT PROPERTY

Agreement No.: ORO-2182	Page 1 of 1
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(1) This agreement is entered into by and between the United States of America, hereinafter called the "Government," represented by the Property Administrator executing this agreement and the Transferee below identified. The Government agrees to transfer and the transferee agrees to accept the material described below in accordance with the terms and conditions specified on this and on any continuation pages attached hereto.

(2) The transferee agrees to remove the property in accordance with the attached "Terms and Conditions for Transfer of Fluorine Generating and Ancillary Equipment" letter from Vincent Adams, DOE, to David Eaker, Toxco, dated July 1, 2002.

- All equipment is to be considered radiologically contaminated and is transferred to Toxco under the authority of its Tennessee Radiological Materials License. Upon transfer, all material must be handled in accordance with Toxco's radiological materials license restrictions.
- Toxco agrees to provide all packaging necessary for a DOT compliant shipment. Additional packaging may be provided by Toxco at their discretion.
- At Toxco's option, Toxco may observe packing operations and suggest methods of packing conducive to reuse. Toxco must obtain, at their expense any necessary site training for access to the site. Implementation of Toxco's suggestions are exclusively at the discretion of DOE.
- Title to the equipment transfers upon its placement onto the conveyance provided by Toxco.
- Toxco will be noted as the "Shipper of Record" and will be responsible for manifesting the equipment for transport in accordance with All federal, state and local laws.
- Due to the Secretarial Suspension on the Release of Scrap Metal from Radiological Areas, all equipment and material transferred under this agreement is offered for reuse for its intended purpose, not scrap.
- Acceptance of all the material and equipment under this transfer agreement constitutes agreement by Toxco that the exterior surfaces of the equipment meet the National Association of Corrosion Engineers (NACE) Visual Standard No. 2, Near-White Blast Cleaned Surface Finish.

Toxco will provide certification back to the Government that the equipment has been either (1) reused for its intended purpose; or (2) disposed of as waste in a compliant manner.

Transferee Represents: (check appropriate boxes)

He/she has, has not, inspected the property covered by this agreement.

Indicate whether INDIVIDUAL; PARTNERSHIP; CORPORATION*

Execution by Transferee	Execution by Government	
Date <i>7/16/02</i>	United States of America By	Date <i>7/16/02</i>
Name of Transferee Mr. David Eaker, Vice President	Name and Title Randall L. Riggs, DOE-ORO, Organizational Property Management Officer, Property Administrator	
Address (street, city, state and zip code) TOXCO, Inc. 779 Oak Chase Blvd. Lenoir City TN 37772 (865) 986-8890	<i>Rebecca N. Whitehead</i> (Agency) U.S. Department of Energy	
Signature and Title of Person Authorized to Sign This Agreement <i>David Eaker</i>	This transfer is authorized by and negotiated pursuant to the following law: 41 CFR	

EXPORT RESTRICTION NOTICE

The use, disposition, export and reexport of this property are subject to all applicable U.S. laws and regulations, including the Atomic Energy Act of 1954, as amended; the Arms Export Control Act (22 U.S.C. 2751 et seq.); the Export Administration Act of 1979 (50 U.S.C. Append 2401 et seq.); Assistance to Foreign Atomic Energy Activities (10 CFR part 810); Export and Import of Nuclear Equipment and Material (10 CFR part 110); International Traffic in Arms Regulations (22 CFR parts 120 et seq.); Export Administration Regulations (15 CFR part 730 et seq.); Foreign Assets Control Regulations (31 CFR parts 500 et seq.); and the Espionage Act (50 U.S.C. 791 et seq.) which among other things, prohibit:

- a. The making of false statements and concealment of any material information regarding the use or disposition, export or re-export of the property; and
- b. Any use or disposition, export or reexport of the property which is not authorized in accordance with the provisions of this agreement.

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Authorized Representative

**Terms and Conditions for:
Transfer of Fluorine Generating and Ancillary Equipment**

Description of Work and Objective:

The Paducah Gaseous Diffusion Plant (PGDP) located in the Paducah, KY area has ceased production of fluorine. The plant is now undergoing environmental cleanup and the building (C-410) in which the fluorine generating equipment is located is scheduled for decontamination and decommissioning (D&D). C-410 contains 57 fluorine generating cells, and an additional 13 cells which are known to have been breached prior to the cessation of fluorine production, are stored in the C-752-A Waste Storage Building. As an electricity intensive process, electrical buss work, switchgear, and transformers constitute ancillary equipment necessary for operation of the fluorine cells. Additional ancillary equipment includes: tanks, pumps, specialty piping, spare parts, heat exchangers, filters, and cell moving equipment. A listing of candidate equipment for resale is shown in the attached Tables.

While this equipment is old, much of it is still useful for resumption of fluorine production. However, it is now located in a radiological controlled area and is considered potentially radiologically contaminated. As such it will require decontamination and refurbishment prior to and as a requirement for its reuse. DOE has no programmatic use for this equipment and views it as excess. The current plan for disposition of this equipment is as low level radioactive waste (LLW).

Disposal of this equipment as LLW is estimated to cost \$2.5 million including characterization, manifesting, transport and disposal fees. Transfer of title to this equipment to an authorized commercial enterprise followed by decontamination, refurbishment and reuse of this equipment by commercial enterprise would relieve DOE of this financial liability.

The scope of work for this Request for Task Order Proposal is for the transfer of 70 fluorine cells and ancillary equipment located in the C-410 and the C-752-A buildings at the PGDP. Transferee(s) will be expected to agree to accept the materials in "as-is" condition. Under this scope, the transferee will be responsible for providing guidance and technical direction on packaging, oversight of the packaging and loading of the cells and equipment, and will be responsible for generation of shipping documentation, manifesting, and transportation of the equipment from the PGDP in accordance with DOT requirements. The PGDP environmental restoration management and integrating contractor, Bechtel Jacobs Company LLC, will perform extraction, containerizing, and loading of the equipment on the transferee's conveyance. Securing of the containers to the transferee's conveyance will be responsibility of the conveyance.

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Transferee will confirm all packaging and loading is conducive to refurbishment and reuse of the equipment for its intended purpose and that these procedures are performed in accordance with DOT requirements. The exterior surfaces of the cells will be blasted to NACE Visual Standard No. 2, Near-White Blast Cleaned Surface Finish. Acceptance of the cells by the vendor constitutes agreement that the cells meet or exceed this standard. Title and ownership of the equipment will transfer to the Transferee when equipment has been loaded onto the truck and Transferee has signed documents approving the packaging and loading procedures.

All licenses and permits required for the transportation, possession, and processing of this equipment as radioactively contaminated material must be presented by the transferee as a condition of and prior to award.

Consideration to DOE for Transfer of Equipment

As stated above, the equipment is no longer necessary to support DOE mission requirements, is potentially radiologically contaminated and requires the expenditure of significant resources by DOE for its clearance and release from radiological control. Disposition of this equipment at no cost to DOE represents a significant benefit to the government estimated at \$2.5 million in avoided cost. All equipment transferred under this task order must be either reused for its intended purpose or disposed of as mixed, sanitary or radiological waste, as appropriate. The transferee is required to certify by letter agreement that they will comply with these terms. Transferee will also certify that the intended use of this equipment will be in accordance with all applicable regulatory requirements.

Processing Wastes

All chemical and radiological wastes generated by the transferee after transfer of title to the equipment are the sole responsibility of the transferee. All wastes shall be disposed of in accordance with any and all federal, state, and local waste management requirements.

Expected Date of Commencement of Work and Schedule for Performance

A schedule for the transfer of the equipment will be developed to be consistent with the availability of Bechtel Jacobs Company, LLC resources to remove, package, and load the equipment and the transferee's ability to accept and process it. This schedule shall be mutually agreed to by all involved parties.

Deliverables and Reports Required and Delivery Schedule

The transferee shall provide certification to DOE that the equipment is being accepted for refurbishment and reuse and acknowledge that no metal materials are being accepted as scrap as part of the bid package. Transferee shall also provide certification that any equipment or material accepted complies with terms and conditions of the Transferee's radiological or other license agreements. Transfer of all equipment associated with this task order will be completed in

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accordance with a schedule all involved parties have mutually agreed to.

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