



1020 Monarch Street, Suite 100
Lexington, KY 40513
Phone: 859-685-2060
Fax: 859-685-2075

May 24, 2006

Mr. Mark Looney
Vice President Sales and Marketing
Solvay Fluorides, LLC
3333 Richmond Ave., Houston, TX 77098

Subject: Sales Agreement No.: UDS-SA-06-001 for Disposition of Aqueous Hydrofluoric Acid (HF) Co-Product from the DUF₆ Production Facilities at Portsmouth, OH and Paducah, KY – Final HF Sales Agreement for Execution

Dear Mr. Looney:

The DOE Contracting Officer (CO) has authorized UDS to enter into a sales agreement with your firm for making final disposition of the HF co-product from DOE's DUF₆ processing facilities at Portsmouth, OH and Paducah, KY. A copy of the CO's approval letter is attached.

I have enclosed two original copies of the HF Sales Agreement for execution by a person in your firm who has been delegated authority to enter into such agreements and contractually bind Solvay Fluorides, LLC. I have executed both copies on behalf of UDS. Please return one fully executed copy to me at your convenience. We look forward to working closely with Solvay on this important project.

In the future, all contractual issues pertaining to the agreement should be referred to me, and all technical issues to Doug Adkisson. I would like to convey my personal thanks to both you and Carlos Escobar for your patience and help in achieving this important milestone for the DUF₆ Project.

If you have any questions or require additional information, please contact me at your convenience.

Very truly yours, ,

A handwritten signature in black ink, appearing to read "G. W. Painter". The signature is stylized and somewhat illegible due to the cursive nature of the writing.

G. W. Painter
Corporate Contracts and Property Manager

Attachments: Final HF Sales Agreement (2) CO Approval Letter (1)

| | | | |
|-----|--------------------|-------------------|------------------|
| cc: | Tim Forden, UDS | K. Shuler, UDS | UDS Project File |
| | D. Adkisson, UDS | K. Wilkerson, UDS | D. Thacker, UDS |
| | J. McCoy, UDS | B. Tilden, UDS | R. Johnson, UDS |
| | C. Escobar, Solvay | | |

SALES AGREEMENT

This Sales Agreement ("*Agreement*") is made as of the 24th day of May, 2006 between Uranium Disposition Services, LLC ("*Seller*") whose address is 1020 Monarch Street, Suite 100, Lexington, Kentucky 40513, and Solvay Fluorides, LLC ("*Buyer*"), whose address is 3333 Richmond Avenue, Houston, Texas 77098.

ARTICLES of AGREEMENT:

Seller will sell and deliver, and Buyer will purchase and accept, the Product pursuant to the terms and conditions stated below:

1. PRODUCT: Aqueous Hydrofluoric Acid, 55%

2. QUANTITY: The quantity to be supplied hereunder shall be:

 100% of the production from the Paducah, KY
 plant estimated to be 25 million pounds per year;
 and

 100% of the production from the Portsmouth, Ohio
 plant estimated to be 19 million pounds per year.

 Volumes may be adjusted by mutual agreement
 as a result of a material change in market demand.

3. SPECIFICATIONS: The specifications are set forth on Exhibit A.

4. PRICE: (a) Tank truck shipments: \$0.075 per pound
 FOB seller's plant

 Railcar shipments: \$0.060 per pound
 FOB seller's plant

 (b) Prices shall be firm for the initial contract term.
 Any subsequent adjustment shall be negotiated in
 good faith based on the change in the commercial
 market price of HF at contract date to the time of

the adjustment; provided that no adjustment shall be made unless Seller has sold the Minimum Sales Volume (as defined below) to Buyer.

(c) The foregoing prices include all applicable taxes in effect on the date hereof. Seller agrees to accrue and remit such taxes to the appropriate taxing authority in a timely manner.

5. PAYMENT: Payment shall be made in United States Dollars to Seller at the address specified on the invoice and is due thirty (30) days from date of invoice.

6. TERM: (a) This Agreement shall be effective for an initial term of five (5) years, beginning on the date commercial production commences.

(b) The Agreement shall remain in effect for additional five (5) year terms unless terminated by Seller or Buyer by providing written notice of termination postmarked at least two (2) years prior to the end of the initial term or any additional term thereafter, as the case may be. The parties agree Seller may provide unilateral notice of termination, pursuant to Section 16 of the Terms and Conditions (see Exhibit B), at any time if Seller's prime contract (Contract DE-AC05-02OR22717) is terminated by the Department of Energy ("DOE") for any reason; provided that if this Agreement is assigned or assignable pursuant to Section 11 of the Terms and Conditions, this Agreement shall remain in effect between Buyer and Seller's assignee.

(c) Seller acknowledges that Buyer shall make significant capital expenditures in reliance upon Seller's execution of this Agreement. Accordingly, Seller shall be obligated to sell to Buyer at least 100 million pounds of Product in the aggregate hereunder (the "*Minimum Sales Volume*") at the prices set forth in Section 4. If Seller fails to do so for any reason, this Agreement shall automatically be extended to remain in effect until Seller has sold the Minimum Sales Volume to Buyer

hereunder; provided that if Seller's prime contract (DE-AC05-02OR22717) is terminated by DOE for any reason, then the Minimum Sales Volume shall not be applicable to Seller, but shall be binding on any assignee of Seller (See Sections 11 and 16 of the Terms and Conditions in Exhibit B). A reasonable portion of Buyer's significant capital expenditures may be included in any termination settlement proposal submitted pursuant to Section 16(c) of the Terms and Conditions in Exhibit B.

(d) Seller agrees that during the term of this Agreement, it shall: (i) use its best efforts to maintain in effect and secure all extensions and renewals of the this Agreement with the DOE on terms consistent with the performance of Seller's obligations in accordance with the terms hereof; (ii) refrain from taking any action that would tend to deprive Buyer of the benefit of this Agreement; and (iii) use its best efforts to take such other reasonable and lawful actions with respect to this Agreement as Buyer may reasonably request for the purpose of ensuring that Buyer receives the full value and benefit of this Agreement.

7. CONDITIONS: The terms and conditions to this Agreement are set forth in Exhibit B. This contract shall not be valid unless signed by authorized representatives of both Seller and Buyer.

8. SPECIAL OBLIGATIONS: (a) Buyer commits to installing fixed tank storage and/or sufficient railcar capability to allow Buyer to receive the entire volume of Product to be sold to Buyer hereunder. Seller agrees to give Buyer quarterly forecasts of Product availability. The parties shall cooperate in good faith to schedule deliveries of the Product to Buyer's carriers in an orderly manner, taking into account the availability of railcars, tank trucks and market conditions. In addition, and prior to the commencement of production of the Product, Seller shall provide Buyer ample lead time to enable Buyer to obtain the tank, storage and

transportation equipment necessary to transport and store the Product, taking into account the shortage of such equipment. Buyer also commits to continuing its product stewardship program for customers of Product.

(b) Seller shall provide Certificates of Analysis on each shipment and compare quality to the contract specifications and certify that product meets DOE license specifications. Seller represents, warrants and covenants to Buyer that all Products sold hereunder shall have unrestricted use status and shall be suitable for commercial use to the same extent as aqueous hydrogen fluoride manufactured by non-governmental producers.

(c) Seller shall provide Statistical Quality Control data on sales of the Product annually. Seller shall retain samples from each lot for a 3-month period.

9. WARRANTIES: Each party represents, warrants and covenants to the other party that on the date hereof and throughout the term of this Agreement, each of the following shall be true and correct:

(a) It is a limited liability company duly organized and validly existing under the laws of its state of organization.

(b) It has all requisite power and authority to execute and deliver this Agreement, to consummate the transactions contemplated herein and to perform all the terms and conditions to be performed by it as provided for in this Agreement. The execution and delivery of this Agreement by it, the performance by it of all the terms and conditions to be performed by it and the consummation of the transactions contemplated herein have been duly authorized and approved by all necessary corporate action. This Agreement has been duly executed and delivered by it and constitutes the valid and

binding obligation of it, enforceable against it in accordance with its terms.

(c) The execution and delivery of this Agreement by it does not, and the fulfillment and compliance with the terms and conditions hereof and the consummation of the transactions contemplated herein, shall not:

(i) Conflict with any of the terms of its organizational or operating documents;

(ii) Require the consent or approval (other than a "approval to subcontract" issued by DOE's Contracting Officer under contract clause H.32(b) in Seller's prime contract [Contract DE-AC05-02OR22717] entitled SALE OF PRODUCT OR BY-PRODUCT) of any person or entity (including, without limitation, any governmental agency), under any law, agreement or other obligation applicable to or binding upon it; or

(iii) Result in a breach of, constitute a default under, or constitute an event that with notice would constitute a default under, or permit the acceleration of the performance required by, or require any consent or approval under, (1) any loan, credit agreement or other agreement evidencing indebtedness for borrowed money by which it is bound, or (2) any order, judgment or decree of any governmental entity.

IN WITNESS WHEREOF, and intending to be legally bound, the parties hereby execute this Agreement:

URANIUM DISPOSITION SERVICES, LLC

SOLVAY FLUORIDES, LLC



BY: G. W. Painter
Title: Corporate Contracts and
Property Manager

BY: _____
Title:

DATE: 5/24/06

DATE: _____

EXHIBIT A

DUF6 Conversion Project - HF Specifications

| | | |
|-----------------------------------|--------|--------------------|
| Uranium | pCi/ml | <3.0 |
| Concentration | HF wt% | ~55% |
| Impurities | | |
| - H ₂ SiF ₆ | ppmw | <70 |
| - H ₂ SO ₄ | ppmw | <50 |
| - SO ₂ | ppmw | <50 |
| - Fe ₂ | ppmw | <10 |
| - As | ppmw | <10 |
| - Cl | ppmw | <20 |
| Color | | Clear/ Water White |

EXHIBIT B

TERMS AND CONDITIONS

1. Buyer shall give Seller reasonable notice covering shipments. Means of transportation and routing are at Buyer's sole discretion and shall be arranged by Buyer.

2. Buyer and Seller shall each observe all applicable laws concerning the transportation, handling and storage of the Product.

3. Unless otherwise indicated herein, risk of loss, responsibility for, and title to all Product sold hereunder shall pass to Buyer following Seller's delivery of Product to Buyer's vessel.

4. Seller will bear all risk of loss and damage to transportation equipment while such equipment is located on Seller's property, unless such loss or damage is caused by some negligent act performed by Buyer's employee(s) or a party acting on behalf of the Buyer.

5. Seller warrants the Product to its Specifications. Except as set forth in Section 4 above and Articles 8 and 9 of the Agreement, SELLER MAKES NO EXPRESS OR IMPLIED WARRANTY OF ANY KIND, INCLUDING NO IMPLIED WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY.

6. Should Seller furnish Product that fails to meet the Specifications or is contrary to the terms of the Agreement, ship Product contrary to Buyer's instructions, or ship Product that violates any applicable law, then in addition to any other remedies available at law or in equity, Buyer shall have the following remedies:

(a) Seller will bear all costs for the removal and return of any such product, including reimbursement to Buyer for its costs associated with removing and loading such product back onto the same means of transport from which it was received;

(b) Seller will bear all storage, return freight and restocking charges; and

(c) If requested by Buyer, Seller will have the option to immediately replace such product with Product that meets the

Specifications and complies with the terms hereof or reimburse Buyer for the cost of securing such product from a third party.

(d) Seller acknowledges that Buyer must provide reliable supply to its customers. Accordingly, after a period of startup for each plant of 6 months, if Seller fails to provide a minimum of 50% of the estimated output of the plants over a ninety (90) day period (i.e., such output being 6.2 million pounds from Paducah, KY and/or 4.7 million pounds from Portsmouth, OH during a ninety (90) day period), Seller and Buyer will in good faith negotiate a remedy. If the parties are unable to do so, Buyer shall have the right to terminate this Agreement pursuant to Section 10 of these terms and conditions. Seller's failure to provide the minimum quantity discussed in Section 6(c) of the Sales Agreement shall be considered a material breach of the Agreement.

7. NEITHER SELLER NOR BUYER SHALL BE LIABLE, AND EACH OF THEM WAIVES ALL CLAIMS AGAINST THE OTHER, FOR ANY INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, WHETHER DUE TO, OR ARISING OUT OF, BREACH OF CONTRACT, NEGLIGENCE, BREACH OF WARRANTY, STRICT LIABILITY OR ANY OTHER CAUSE OF ACTION. Except as otherwise provided herein or in the Agreement, Buyer's exclusive remedy for any cause of action hereunder shall be a claim for damages that in no event shall exceed the price of the load (whether by rail, truck or other vessel) containing the Product as to which the claim is made. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, HOWEVER, IF SELLER DELIVERS PRODUCT CONTAINING A HIGHER CONCENTRATION OF URANIUM THAN PERMITTED IN THE SPECIFICATIONS, BUYER SHALL BE ENTITLED TO RECOVER ALL DAMAGES SUSTAINED BY BUYER IN CONNECTION THEREWITH, INCLUDING, ANY DAMAGES TO A THIRD PARTY, TO THE EXTENT AUTHORIZED BY SECTION 18 OF THESE TERMS AND CONDITIONS.

8. Each party shall indemnify, defend and hold the other party, and their respective officers, directors, employees, affiliates, agents and representatives, harmless from and against any and all losses, claims, costs, expenses (including, without limitation, reasonable attorneys' fees and expenses), liability, demands and causes of action of every kind and character, including but not limited to the amounts of judgments, penalties and interest, relating to or arising from bodily injuries to or death of any person, or damage to property, arising from or relating to the indemnifying party's negligence, willful misconduct or violation of law. This paragraph shall survive any termination hereof.

9. Neither nonperformance nor delay in performance by either Buyer or Seller shall be a breach hereof or create any liability for damages, if due to any cause(s) beyond such party's reasonable control, including but not limited to: labor controversies; governmental agency orders or court decrees; acts of God; acts of war; acts of terrorism; changes in law; inability to use the full capacity of plants or facilities as a result of governmental actions; and inability to obtain fuel, power, or materials necessary to produce or transport the Product.

10. Either Buyer or Seller may terminate this Agreement, among other remedies, if the other party breaches any material provision of this Agreement and fails to remedy such breach within thirty (30) days after receiving written notice thereof.

11. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. In the event DOE awards a new contract to another entity or entities for operation of its DUF6 production facilities, it is expressly understood that any such new entity shall be bound by all of the terms of the Agreement. Under such circumstances, Seller shall assign Seller's rights hereunder to the appropriate successor entity or entities without the prior written consent of Buyer. If DOE, for whatever reason, prohibits assignment of this Agreement by such successor entity or entities, such prohibition shall be a termination as contemplated by Section 16 of the Terms and Conditions. Buyer may assign its rights herein as follows without the prior written consent of Seller, after providing 30 days advance, written notice to Seller:

(a) To an entity which shall succeed to Buyer's rights and obligations by merger, consolidation or other reorganization or transfer by operation of law or by purchase of the business of or substantially all of the assets of Buyer; or

(b) To an affiliate of Buyer.

12. This Agreement constitutes the entire contract of sale and purchase of goods, and no party shall be liable for, or bound in any manner by any representations, guarantees or commitments except as specifically provided herein. No modification of this Agreement shall be of any force or effect unless in writing and signed by the parties claimed to be bound thereby, and no modification shall be affected by the acknowledgment or acceptance of purchase order forms containing different conditions.

13. This Agreement shall be governed and construed in accordance with Federal Laws and Regulations, and to the extent those Laws/Regulations are not dispositive, the laws of the place of performance, either Ohio or Kentucky.

14. The failure of any party at any time to enforce any provision of this Agreement, to exercise its rights under any provision hereof, or to require a specific performance of any provision hereof, shall in no way be construed as a waiver of such provision, nor in any way affect the validity of this Agreement or the right of such party thereafter to enforce each and every provision hereof.

15 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 (560 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 (37 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 reexport 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.

16. (a) Seller may terminate performance of work under this contract in whole or, from time to time, in part, if Seller's prime contract (Contract DE-AC05-02OR22717) with DOE is terminated for any reason; if DOE directs UDS to dispose of the HF by some method other than by sale; or if DOE prohibits assignment of this agreement to a successor entity or entities. In any such event, Buyer may submit a termination settlement proposal under Section 11 and this Section 16 of the Terms and Conditions. Following such a termination, Seller shall provide Buyer with prompt notice by delivering to Buyer a Notice of Termination specifying the extent of termination, and the effective date of same and consult with Buyer regarding possible action to protect Buyer's interest with respect to the purchase of Product hereunder

(b) After receipt of a Notice of Termination, and except as directed by the Seller, the Buyer shall immediately proceed with the following obligations, regardless of any delay in determining or adjusting any amounts due under this clause:

(1) Stop work as specified in the notice.

(2) Place no further subcontracts or orders (referred to as subcontracts in this clause), except as necessary to complete the continued portion of the contract.

(3) Terminate all subcontracts to the extent they relate to the work terminated.

(4) Complete performance of the work not terminated.

(c) After termination, the Buyer shall submit a final termination settlement proposal to the Seller in the form and with the certification prescribed by the Seller. The Buyer shall submit the proposal promptly, but no later than 1 year from the effective date of termination, unless extended in writing by the Seller upon written request of the Buyer within this 1-year period. However, if the Seller determines that the facts justify it, a termination settlement proposal may be received and acted on after 1 year or any extension; provided the same does not prejudice Buyer's ability to recover the full amount of its claim as a result of such termination. If the Buyer fails to submit the proposal within the time allowed, the Seller may determine, on the basis of information available, the amount, if any, due the Buyer because of the termination and shall pay the amount determined. The parties acknowledge that Buyer will rely on Seller to include any negotiated termination settlement, between Seller and Buyer, under this clause in any settlement proposal Seller submits to DOE. Furthermore, Seller shall use its best efforts to achieve a fair settlement with DOE on any claim submitted under this clause by:

(1) diligently negotiating Seller's claim (which includes the negotiated settlement between Seller and Buyer), including meeting all necessary deadlines imposed under applicable law and/or by Seller's Contracting Officer;

(2) including, in the negotiation of any settlement of such termination, such terms as far as practicable to ensure that Buyer receives the full value and benefit of this Agreement; and

(3) maintaining in effect and securing all extensions and renewals of the Agreement on terms consistent with the performance of Seller's obligations in accordance with the terms hereof.

(d) Subject to paragraph (e) of this clause, the Buyer and Seller may agree on the whole or any part of the amount to be paid because of the termination. The contract/agreement shall be amended and the Buyer paid the agreed amount.

(e) If the Buyer and Seller fail to agree in whole or in part on the amount of costs to be paid because of the termination of work, the parties will refer the matter to a senior executive of its respective organization. Said executives shall meet, and attempt to negotiate a good faith resolution of the dispute. Should the executives be unable to obtain a resolution within thirty (30) days after commencement of negotiation, any Party may then, by notice to the others, submit the dispute to the American Arbitration Association for resolution under its rules then in effect. In no event shall the arbitrator(s) have jurisdiction to consider:

(1) claims for consequential damages or damages beyond the limitations of liability contained in this Agreement; or

(2) any challenge to the limitation of liability contained in this Agreement. The decision of the arbitrator(s) shall be final and binding upon the parties without the right of appeal to the courts. The prevailing Party shall be entitled to reimbursement of its expenses, including reasonable attorney's fees. Pending final resolution of any dispute, Seller and Buyer shall continue to fulfill their respective obligations hereunder.

(f) The cost principles and procedures in Part 31 of the Federal Acquisition Regulation, in effect on the date of this agreement, shall govern all costs claimed, agreed to, or determined under this clause. Such costs may include the reasonable costs of settlement of the work terminated such as:

(1) Accounting, legal, clerical, and other expenses reasonably necessary for the preparation of a termination settlement proposal and supporting data; and,

(2) The reasonable costs of unamortized capital investment by the Buyer in preparation for accepting the HF produced by the Seller under this sales agreement as described in Article 6, subparagraph (c) of this agreement and the reasonable costs to Buyer of complying with, or terminating, any third party contract entered into by Buyer in reliance upon this Agreement.

(g) In no case shall Seller reimburse Buyer's anticipatory, unrealized profit as a result of a termination issued hereunder.

(h) The Buyer shall have the right of appeal, under paragraph (e) of this clause, except that if the Buyer failed to submit the termination

settlement proposal within the time provided in paragraph (c) and failed to request a time extension, there is no right of appeal.

(i) In arriving at the amount due the Buyer under this clause, there shall be deducted—

(1) All unliquidated advance or other payments to the Buyer, under the terminated portion of this contract;

(2) Any claim which the Seller has against the Buyer under this contract; and

(k) (1) The Seller may, under the terms and conditions it prescribes, make partial payments and payments against costs incurred by the Buyer for the terminated portion of the contract, if the Seller believes the total of these payments will not exceed the amount to which the Buyer will be entitled.

(2) If the total payments exceed the amount finally determined to be due, the Buyer shall repay the excess to the Seller upon demand, together with interest computed at the rate established by the Secretary of the Treasury under 50 U.S.C. App. 1215(b)(2). Interest shall be computed for the period from the date the excess payment is received by the Buyer to the date the excess is repaid

17. The Buyer shall use reasonable care to avoid damaging existing buildings, equipment, and vegetation on the Government's installation(s). If the Buyer's failure to use reasonable care causes damage to any of this property, the Buyer shall replace or repair the damage at no expense to the Seller or the Government as the Seller's DOE Contracting Officer directs.

18. Section I, clause I.143 (Entitled: FAR 952.250-70 Nuclear Hazards Indemnity Agreement (Oct. 2005)) of Seller's prime contract (Contract DE-AC05-02OR22717) is hereby incorporated by reference.

19. If the Buyer and Seller fail to agree in whole or in part on any of the terms of performance hereunder, the parties will refer the matter to a senior executive of its respective organization. Said executives shall meet, and attempt to negotiate a good faith resolution of the dispute. Should the executives be unable to obtain a resolution within thirty (30) days after commencement of negotiation, any Party may then, by notice to the other, submit the dispute to the American Arbitration Association for resolution under its rules then in effect. In no event shall the arbitrator(s) have jurisdiction to consider:

(1) claims for consequential damages or damages beyond the limitations of liability contained in this Agreement; or

(2) any challenge to the limitation of liability contained in this Agreement. The decision of the arbitrator(s) shall be final and binding upon the parties without the right of appeal to the courts. The prevailing Party shall be entitled to reimbursement of its expenses, including reasonable attorney's fees. Pending final resolution of any dispute, Seller and Buyer shall continue to fulfill their respective obligations hereunder.



Department of Energy

Portsmouth/Paducah Project Office
1017 Majestic Drive, Suite 200
Lexington, Kentucky 40513
(859) 219-4000

MAY 24 2006

Mr. G. W. Painter
Contracts Manager
Uranium Disposition Services, LLC
1020 Monarch Street, Suite 100
Lexington, KY 40513

PPPO-01-678-06

Dear Mr. Painter:

CONTRACT NO. DE-AC05-02OR22717 – CONDITIONAL APPROVAL TO ENTER INTO A SALES AGREEMENT FOR THE SALE OF HYDROFLUORIC ACID CO-PRODUCT FROM THE DEPLETED URANIUM HEXAFLUORIDE CONVERSION PROJECT

Uranium Disposition Services, LLC (UDS) requested approval to enter into a sales agreement with Solvay Fluorides, LLC for the sales of Aqueous Hydrofluoric Acid (HF) to be produced at two Department of Energy plants located at Paducah, Kentucky and Portsmouth, Ohio on March 9, 2006. DOE required additional information and comments that needed to be resolved prior to any approval being given to this action on April 27, 2006. UDS and the DOE have worked together for the past 30 days resolving and discussing actions needed to resolve those comments.

Our review has determined that the approval request package modified on May 23, 2006 for the Sales Agreement and May 17, 2006 for the Negotiation Memorandum includes most of the necessary information to satisfy the requirements of the DOE. As a result of these reviews, and in accordance with section (b) of contract clause H.32, *Sale of Product or By-Product*, conditional approval to enter into the sales agreement is hereby granted subject to the following conditions:

- 1) UDS needs to provide written assurance that UDS has considered all the applicable law including FMR/FPMR provisions and applicable DOE orders and directives in negotiating this sale and that the sales agreement is consistent with those legal/regulatory requirements.
- 2) It appears that the export/import clause in 41 CFR 109.1.5303 applies to this HF sale and should be included in the sales agreement.
- 3) The Code of Federal Regulation cites in the Negotiation Memorandum need to be checked using the most recent version of the Code of Federal Regulations.
- 4) The reference to "commercial items" in the Negotiation Memorandum should be deleted.

- 5) No later than December 31, 2006, a HF disposition plan shall be submitted to DOE outlining the process and procedures that UDS will follow to implement the sales activities. This plan shall demonstrate compliance with all applicable laws including FMR/FPMR provisions and applicable DOE orders and directives.

If you have any questions regarding this consent decision, please call me at (859) 219-4056.

Sincerely,



Pamela Thompson
Contracting Officer
Portsmouth Paducah Project Office

cc :

W. Murphie, PPPO/LEX
J. Zimmerman, PPPO/LEX
J. Sheppard, PPPO/PAD
J. Shine, PPPO/PORTS
D. Lojek, DOE/EMCBC
K. Lewis, DOE/EMCBC
T. Forden, UDS/LEX
UDS Project File-HEI
DOE Project File