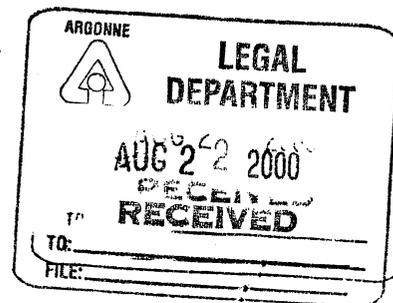




## Department of Energy

Argonne Group  
9800 South Cass Avenue  
Argonne, Illinois 60439

AUG 21 2000



Mr. Arthur M. Sussman  
Vice President for Argonne National Laboratory  
The University of Chicago  
5801 South Ellis Avenue  
Chicago, Illinois 60637

Dear Mr. Sussman:

**SUBJECT: CONTRACT NO. W-31-109-ENG-38 FOR OPERATION OF  
ARGONNE NATIONAL LABORATORY; MODIFICATION NO. M362**

Enclosed is a fully executed copy of Modification M362 which extends the term of the contract through September 30, 2004.

Should you have any questions, please call me or Sergio Martinez of my staff at (630) 252-2075.

Sincerely,

Robert C. Wunderlich  
Acting Argonne Group Manager

Enclosure:  
As Stated

cc: Y. I. Chang, Interim Laboratory Director, ANL, w/encl.  
J. W. O'Kelley, Chief Financial Officer, ANL, w/encl. (6 cys)  
R. Bouie, Acting Chief Operations Officer, ANL, w/encl.  
J.R. LaFevers, Executive Director and Deputy to the Vice President  
for ANL, w/encl.  
D. M. Randel, President, University of Chicago, w/encl.  
W. J. Hogan, Jr., Comptroller, University of Chicago, w/encl.  
Y. Chang, Idaho, ANL-W, ATTN: Sharron Janning, w/encl.  
M. Bartos, Assistant Chief Financial Officer/  
Budget Management, ANL, w/encl. (8 cys)  
W. Luck, ANL-LEG, w/encl.

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE | PAGE OF PAGES  
 1 | 2

2. AMENDMENT/MODIFICATION NO. <b>M362</b>	3. EFFECTIVE DATE <b>June 27, 2000</b>	4. REQUISITION/PURCHASE REQ. NO. <b>02-00CHENG38.015</b>	5. PROJECT NO. (If applicable) <b>N/A</b>
6. ISSUED BY CODE <b>U.S. Department of Energy Chicago Operations Office/Argonne Group 9800 South Cass Avenue Argonne, IL 60439</b>		7. ADMINISTERED BY (If other than Item 6) Code	
8. NAME AND ADDRESS OF CONTRACTOR (No. street, county, State and ZIP Code) <b>The University of Chicago 5801 S. Ellis Avenue Chicago, IL 60637</b>		(✓)	9.A. AMENDMENT OF SOLICITATION NO.
CODE <b>N/A</b> FACILITY CODE <b>N/A</b>			9.B. DATED (SEE ITEM 11)
			10.A. MODIFICATION OF Contract/Order NO. <b>W-31-109-ENG-38</b>
			10.B. DATED (SEE ITEM 13) <b>October 1, 1999</b>

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers  is extended,  is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning \_\_\_ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)  
**N/A**

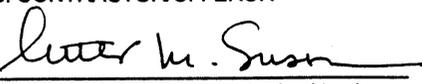
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

- A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
- B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(B).
- C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:  
**Mutual Agreement of the Parties**
- D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor  is not,  is required to sign this document and return 4 copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section heading, including solicitation/contract subject matter where feasible.)

See Page No. 2 of this Modification

15A. NAME AND TITLE OF SIGNER (Type or print) <b>Arthur M. Sussman, Vice President for Argonne National Laboratory</b>	16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) <b>Robert L. San Martin, Contracting Officer</b>
15B. CONTRACTOR/OFFEROR  (Signature of person authorized to sign)	15C. DATE SIGNED <b>26 June 00</b>
16B. UNITED STATES OF AMERICA BY  (Signature of Contracting Officer)	16C. DATE SIGNED <b>6/26/00</b>

14. Description of Amendment/Modification:

The Government and the Contractor hereby agree to extend the term of the Contract until September 30, 2004 for the performance of the Statement of Work, set forth in Part I, Section C.1. Therefore, Clause H.38 - REVISED CONTRACT TERM, AND Clause H.39 - OPTION TO EXTEND, are deleted.

END OF MODIFICATION

*Contract Book  
WDL*



Department of Energy  
Chicago Operations Office  
9800 South Cass Avenue  
Argonne, Illinois 60439

June 26, 2000

Mr. Arthur M. Sussman  
Vice President for Argonne National Laboratory  
The University of Chicago  
5801 South Ellis Avenue  
Chicago, Illinois 60637

Dear Mr. Sussman:

SUBJECT: CONTRACT NO. W-31-109-ENG-38 FOR OPERATION OF ARGONNE  
NATIONAL LABORATORY; MODIFICATION NO. M362

Consistent with our discussions this morning, enclosed are five copies of Modification M362 which extends the term of the contract through September 30, 2004, by deleting Clause H.38 - REVISED CONTRACT TERM and Clause H.39 - OPTION TO EXTEND of the contract.

Please sign four copies of the subject modification and return promptly to the undersigned. The extra copy is for your records.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert L. San Martin".

Robert L. San Martin  
Contracting Officer

Enclosure:  
As Stated

cc: C. Bernstein, ANL-LEG, w/encl

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT

1. CONTRACT ID CODE | PAGE OF PAGES  
 1 | 2

2. AMENDMENT/MODIFICATION NO. <b>M362</b>		3. EFFECTIVE DATE <b>June 27, 2000</b>		4. REQUISITION/PURCHASE REQ. NO. <b>02-00CHENG38.015</b>		5. PROJECT NO. (If applicable) <b>N/A</b>	
6. ISSUED BY CODE <b>U.S. Department of Energy Chicago Operations Office/Argonne Group 9800 South Cass Avenue Argonne, IL 60439</b>				7. ADMINISTERED BY (If other than Item 6) Code			
8. NAME AND ADDRESS OF CONTRACTOR (No. street, county, State and ZIP Code) <b>The University of Chicago 5801 S. Ellis Avenue Chicago, IL 60637</b>				<input checked="" type="checkbox"/> 9.A. AMENDMENT OF SOLICITATION NO.			
				9.B. DATED (SEE ITEM 11)			
				10.A. MODIFICATION OF Contract/Order NO. <b>W-31-109-ENG-38</b>			
				10.B. DATED (SEE ITEM 13) <b>October 1, 1999</b>			
CODE <b>N/A</b>		FACILITY CODE <b>N/A</b>					

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers  is extended,  is not extended.

Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning \_\_\_ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, is received prior to the opening hour and date specified.

ACCOUNTING AND APPROPRIATION DATA (If required)  
**N/A**

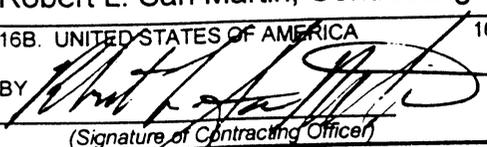
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS, IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

<input checked="" type="checkbox"/>	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(B).
<input checked="" type="checkbox"/>	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: <b>Mutual Agreement of the Parties</b>
	D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor  is not,  is required to sign this document and return **4** copies to the issuing office.

14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section heading, including solicitation/contract subject matter where feasible.)

See Page No. 2 of this Modification

15A. NAME AND TITLE OF SIGNER (Type or print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) <b>Robert L. San Martin, Contracting Officer</b>	
15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA BY  (Signature of Contracting Officer)	16C. DATE SIGNED <b>6/26/00</b>
(Signature of person authorized to sign)			

14. Description of Amendment/Modification:

The Government and the Contractor hereby agree to extend the term of the Contract until September 30, 2004 for the performance of the Statement of Work, set forth in Part I, Section C.1. Therefore, Clause H.38 - REVISED CONTRACT TERM, AND Clause H.39 - OPTION TO EXTEND, are deleted.

: END OF MODIFICATION

# FACSIMILE

U.S. DEPT OF ENERGY  
CHICAGO OPERATIONS OFFICE  
9800 S. CASS AVENUE  
ARGONNE, IL 60439

Date: 6-26-00

From: Robert L. San Martin, Manager - Phone: (630) 252-2110  
Fax: (630) 252-9473

To: Arthur Sussman

Fax No. 773-702-0934

**Message:**

Attached are the transmittal letter for Modification No. M362 which extends the term of the contract through September 30, 2004, as well as the modification. Please execute the Modification and fax me a signed copy as soon as possible. The originals are being forwarded to you through the University's on-site office.

Transmittal consists of 4 pages - including cover sheet.

**OFFICE OF LEGAL COUNSEL**  
**The University of Chicago**  
**5801 S. Ellis Avenue, Suite 503**  
**Chicago, IL 60637**  
**PHONE (773) 702-7237**  
**FAX (773) 702-0934**

THIS MESSAGE IS INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY TO WHICH IT IS ADDRESSED, AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAW. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone, and return the original message to us at the above address via the United States Postal Service. Thank you.

Date: 6/26/00

Total Pages (without cover): 4

To: Carol Bernstein

FAX: 252-5966

	From:	Title	Telephone
	Arthur M. Sussman	General Counsel and Vice President for Administration	773-702-7241
X	Samuel D. Golden	Associate General Counsel	773-702-7239
	Beth A. Harris	Associate General Counsel	773-702-7243
	Patricia T. Bergeson	Associate General Counsel	773-702-7516
	Amy S.M. Kim	Assistant General Counsel	773-702-7771

Comments:

---



---



---



---

Please call 773-702-7237 if there are problems with this transmission.

## Luck, William D.

---

**From:** Baurac, David M. [baurac@anl.gov]  
**Sent:** Friday, June 30, 2000 9:29 AM  
**To:** 'labcast@anl.gov'  
**Subject:** Argonne operating contract extended through 2004

To all employees:

DOE and the University of Chicago today announced that the contract for management and operation of Argonne has been extended through 2004. The full text of their joint news release follows.

DOE and the University of Chicago agree to extend contract for management and operation of Argonne National Laboratory

The U.S. Department of Energy and the University of Chicago have agreed to extend the current contract for management and operation of Argonne National Laboratory through September 30, 2004.

With sites in Argonne, Illinois, and in Idaho, Argonne is one of the nation's leading scientific research laboratories. About 4,000 employees perform research and engineering work in fields ranging from energy technology to high-speed computing. Argonne's annual operating budget is approximately \$450 million.

"Under this new agreement DOE and the University will continue the partnership that has brought new understanding of nature and produced technologies of great benefit to society for many decades. Under the University's leadership, we expect Argonne to continue to contribute in major ways to fulfilling the Department's key science and technology missions and benefiting the nation," said Robert L. San Martin, Manager of the DOE Chicago Operations Office, which oversees the Argonne contract.

"We look forward to continuing to work with the laboratory and with the Department of Energy to maintain Argonne's scientific and technological pre-eminence, and we are pleased to continue our second half-century of partnership with Argonne," said University of Chicago President Hugo Sonnenschein.

DOE and the University had originally agreed to a five-year contract signed on September 30, 1999. An initial 90-day term and subsequent extensions were agreed to by both parties with the goal of providing additional time for the University to fulfill DOE's objective of a broad and inclusive search for highly qualified candidates for a new Laboratory director.

The former Laboratory Director, Dr. Dean Eastman, left Argonne in June 1998 to return to research and teaching.

"DOE has been impressed with the diligence and commitment shown by the University in seeking excellent candidates for this important leadership position," said Robert L. San Martin.

"The University has kept us well informed about its efforts. Although the search has not yet been successful, we are confident that the University is making a good faith effort to fulfill the Department's expectations," San Martin said.

The University has been Argonne's manager and partner throughout its history. Argonne was formed in 1946 as an outgrowth of the Metallurgical Laboratory at the University that in 1942 produced the first controlled, self-sustaining nuclear chain reaction. Today, in addition to basic research, Argonne researchers are studying problems in energy production and use, the environment, economic competitiveness and health.

Argonne is the home to a wide array of unique research instruments and facilities, including the approximately \$1 billion Advanced Photon Source (APS), the world's most powerful source of X-rays. The APS is used by

researchers from universities, business and industry from around the world to gain an unprecedented look at the microstructure of solid materials. APS and other Argonne facilities are expected to provide new insights into nature and the development of new materials, technologies, medical treatments and other discoveries of importance to the nation.

---

---

Please share this message with co-workers who may not have e-mail.

This message is a transmittal only. Please do not reply.

# Inside Energy with Federal Lands

An exclusive weekly report on the U.S. Department of Energy

July 3, 2000

## Inside this Issue

### DOE Budget

- Administration protests House cuts in SNS, other science programs ..... 3

### DOE Organization

- John Gordon sworn in as NNSA chief ..... 2
- GAO finds DOE computers remain vulnerable to hackers' attacks ..... 4

### Energy

- Richardson takes more heat over gasoline during hearings in House ..... 5
- Senate approves electric system reliability bill ..... 6

### Environmental Management

- Richardson declares Hanford fire contained; no contamination ..... 3
- Hearing shows challenges to cleanup plans at Paducah Plant ..... 7
- BNFL receives official notice of termination of Hanford contract ..... 8
- Hanford completes first shipment of nuclear debris from K basins ..... 8

### National Security

- House panels disagree over how to keep tabs on new weapons unit ..... 10
- GAO warns of threat to DOE contractor workers traveling overseas ..... 12
- Paper faults DOE for its handling of counterintelligence procedures ..... 13

## **Federal Lands**

### OCS

- Industry leader sees broader meaning in court ruling on N.C. leases ..... 15

### Onshore Oil and Gas

- Supreme Court ends dispute over boundaries on Alaska's North Slope ..... 16

### Royalty Management

- House subcommittee starts contempt action against POGO officials ..... 16

## **DECISIONS ANNOUNCED ON TWO UNIVERSITIES**

DOE did an about-face Friday and announced it will extend its contract with the University of Chicago to run Argonne National Laboratory until 2004. The department and the university had been working under a series of 90-day extensions with the understanding that a permanent pact would not be signed until a new lab director came on board.

DOE also announced Friday that it had informed the University of California that its contract for managing the department's nuclear weapons laboratories must be restructured to improve security and other operations.

The previous extension of the University of Chicago's contract at Argonne, signed in March, expired June 26. The new agreement between the school and DOE, which was signed Monday in Chicago, runs until Sept. 30, 2004.

Rumors swirling around DOE suggested that the department was growing increasingly frustrated with the pace of the school's search for a director, which began two years ago. The university was forced to re-start that search recently after its three top candidates, all women, turned down offers for the job (*IE/FL*, 26 June, 12).

The last permanent director, Dean Eastman, decided to

*(continued on page 14)*

## **HILL APPROVES \$330 MILLION EXTRA FOR DOE**

After weeks of uncertainty about when or whether it would be approved, Congress last week passed a bill that would provide DOE with \$330 million in extra money in FY-2000.

The supplemental funding measure, which was attached to an FY-01 military construction appropriations bill (H.R. 4425), includes \$138 million for repairs to Los Alamos National Laboratory, which was damaged by a wildfire last month.

The bill also provides \$192.5 million for environmental cleanup, infrastructure improvements and cybersecurity.

The measure had been stalled by disagreements between House and Senate leaders over the size of the overall bill. However, an agreement was reached last week that cleared the way for its enactment.

The House approved the bill Thursday. The Senate passed it Friday after overcoming objections at the last minute by Sens. Phil Gramm, R-Texas, and John McCain, R-Ariz., who complained that it was loaded with pork-barrel spending. President Clinton is expected to sign the measure.

"This is money that was urgently requested and needed and it's good news for the DOE complex, particularly for our national security activities and for environmental requirements related to the Portsmouth and Paducah uranium

## DECISIONS ANNOUNCED ON TWO UNIVERSITIES . . . . . begins on page 1

leave the lab in August 1998 to return to a teaching position at the university. He was replaced on an interim basis by Frank Fradin, who held the post until August 1999. Yoon Chang currently serves as the lab's interim director.

Frustration with the search even led some officials within DOE to ask other management and operating contractors at the department if they would be interested in bidding on the ANL contract, a source familiar with the process said.

But Marvin Gunn, deputy manager for DOE's Chicago Operations Office, said in an interview Friday that department officials never pursued such an option. Instead, DOE officials operated under the assumption that the school would remain the lab's M&O contractor.

"These are the right people to carry out DOE's mission," Gunn said of the university.

Despite the length of the university's search, Chicago Operations Manager Robert San Martin in a statement attempted to dispel any rumors of discontent with the process.

"DOE has been impressed with the diligence and commitment shown by the university in seeking candidates for this important leadership position," San Martin said. San Martin added, "Although the search has not yet been successful, we are confident that the university is making a good-faith effort to fulfill the department's expectations."

**University of Chicago President Hugo Sonnenschein welcomed DOE's decision** to continue the working agreement. The university has managed ANL since 1946. "We look forward to continuing work with the laboratory and with [DOE] to maintain [ANL's] scientific and technological preeminence," he said in DOE's statement.

Gunn said the new pact includes stronger language on security at the lab. DOE has faced a relentless attack from Congress over security in the wake of an incident at Los Alamos National Laboratory, where employees waited nearly a month before revealing that two hard drives with nuclear weapons data were missing.

"Because of the public sensitivity that is out there, we wanted to be sure that security is an important part of the contract," Gunn said.

The university will be eligible for an annual fee of about \$2.8 million, a lab spokesman said. That figure rises to \$3.4 million in FY-04. DOE determines the performance fee based on annual reviews, Gunn said Friday.

While the management fee is \$600,000 less than what was allowed under the previous contract, a Chicago Operations Office spokesman said it will enable the department to put more money into research programs. Another unusual provision of the agreement calls for the university to pay DOE \$375,000 during FY-01 to cover costs associated with joint research projects involving the lab and the school.

The contract also places a greater emphasis on science at the lab, the spokesman said. When determining a fee for the university, DOE will base 70% of that decision on science, with the other 30% focused on "critical operations." This term encompasses environment, safety and health, infrastructure maintenance and management. The old contract featured separate categories for science, ES&H, infrastructure and management.

**The agreement also requires the university to receive at least a "good" rating** in each performance category. "Should the university receive a rating less than that, its fee would be zero," the spokesman said.

The next contract up for renewal among the labs supervised by Chicago Operations involves Princeton University, the M&O contractor for Princeton Plasma Physics Laboratory, Gunn said. That contract is scheduled to expire in September 2001.

DOE said Friday it will immediately begin negotiations with the University of California to improve the school's operations at Los Alamos and Lawrence Livermore national laboratories as well as to hire specific security and management expertise. The move comes in response to criticism from Congress over the latest lapse in security at LANL, involving the misplacement of computer hard drives containing nuclear secrets.

"The University of California's performance in managing security at our weapons laboratories is unacceptable and must be immediately addressed," Energy Secretary Bill Richardson said in a statement. "Safeguarding security at our nation's weapons laboratories warrants nothing less."

Richardson directed Under Secretary John Gordon to oversee the reforms at LANL and LLNL and recommend improvements by Sept. 5. In the DOE statement, Gordon said "finding an effective way to improve the security and management at the laboratories without compromising the strength of their cutting-edge science and research will be one of my top priorities." — *Tarun Reddy*