In Full

DEPARTMENT OF DEFENSE

67 Wall Street
New York, N.Y., New York

Attention: Mr. J. R. Gipplier

Subjett: COMPOSITION OF HUNTINGTON VALENTINE

Date: May 6

Gentlemen:

Enclosed for your consideration are four copies of a proposed modification No. 9 to Contract IN-10-1-1092 which is intended to implement our agreement for the modification of the Reduction Pilot Plant at Huntington to permit the use of scrap barrier materials.

Our internal requirements for this authorization have changed somewhat since our letter of June 29, 1953, and we are of the opinion that the work can now best be provided for by an actual modification to the contract. You will note that an are proposing that the amount of funds in your previous estimate be provided. You will also note that we are proposing to provide specifically in this modification for the time at which title to all items of material and equipment furnished by the Company pursuant to the general provision of Subdivision 1(a) of Title 6 of Article 7 passes to the Government. Although we have additionally had no prior word (sic) on this score in the past we believe you will find no objection that the contract is silent on this particular point and that it is probably well to have it covered.

The preliminary proposal for this work is being sent forward to Washington concurrent with the dispatch of this letter and we expect to have Washington's approval within the next several days. We have been able to execute the modification until that approval is obtained, although, should you find the proposed modification satisfactory as it is now written, there is no reason why the Company cannot conduct in behalf of the Company and three copies returned for our further handling. Should you have suggestions for altering the form of proposed modification No. 9 it is suggested you have them taken up with the undersigned by telephone in the hope that we could reach agreement on the modification by the time Washington's authorization to proceed is secured.

To facilitate your internal review of this matter we are sending a copy of this letter, together with two copies of the proposed modification.
International Nickel Company

January 22, 1957

Direct to Mr. Cresoly at Huntington. Mr. Red Williams has asked that Mr. Cresoly be informed by a copy of this letter that Williams' letter of August 30, 1956 rearding reporting be disregarded and that a revised procedure will be worked out in due course.

Very truly yours,

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John E. Moore
Director, Contract Division
Oak Ridge Operations

Enclosure:
Mod. 9 to AS-(40-1)-1692 (ars. 1, 2, 3, 5)

CC: Mr. S. L. Cresoly

Doc. Huntington w/ars. 61 & 71 of Mod. 9

Red Williams w/o enc./
The International Nickel Company, Inc.,
67 Wall Street
New York 5, New York

Attention: Mr. William F. Kennedy

Gentlemen:

Pending the negotiation of a firm seventh order, the Atomic Energy Commission desires to enter into an interim contractual arrangement for the continuation of the production and delivery of metallic nickel in powder form over and above that now being supplied under the present firm order, i.e., in addition to the six orders previously placed as specified in Section 3, Title "C", Article I, of Contract No. AT-(40-1)-1092, as amended (Supplemental Agreement No. 8).

This interim order shall be subject to the same terms and conditions as are set forth in Supplemental Agreement No. 8 of the contract and shall continue, pending the entrance by the parties into a firm seventh order, for a period not to exceed thirty (30) days or a maximum production and delivery of 600,000 lbs. of metallic nickel powder, whichever event shall occur first.

If and when the contemplated seventh order is executed by the parties hereto, the quantity of metallic nickel powder produced and delivered pursuant to this interim order shall be considered to be a portion of the total quantity of powder required to be furnished under the seventh order, and this interim order shall be merged into and superseded by said seventh order. Any payments under this interim order shall be adjusted to the prices provided for in said seventh order.

If the foregoing agreement is satisfactory to you, will you please indicate your acceptance of this letter Supplement by signing in the
MEMORANDUM SURVEY REPORT - INTERNATIONAL NICKEL CORPORATION, HUNTINGTON, WEST VIRGINIA

Physical Protection.

This plant occupies some 65 acres at the east end of the city of Huntington, and is for the greater part of steel and masonry construction and is well protected by anchor type fencing. Most of the buildings are approximately twenty-five years old. Grounds are well laid out from a fire protection standpoint. The entire plant is adequately guarded twenty-four hours a day. The entire plant is well lighted, including cell fence lines. Access to the grounds and buildings is limited to a few entrances, and generally the physical protection for the plant and premises is considered satisfactory. If a contract is awarded to the International Nickel Corporation for melting K-C5 scrap, the work will be performed in the Refinery Building which adjoins the northwest boundary of the plant. Other operations will continue in the Refinery Building, but Furnace No. 5 will be used for melting the scrap. A railroad siding adjoins the Refinery Building. It will be necessary to unload and weigh the scrap at the siding which is approximately 500 yards from the Refinery Building. The proposal is to weigh the scrap at the siding, place it in buckets in the sealed barrel, and to transport the buckets to No. 5 Furnace and charge the furnace with the sealed containers.

Guard Force.

The guard protection at the plant appears adequate. There is a Captain on duty at all times at the main pedestrian and vehicle entrance. Apparently a good system of personnel identification exists. Visitors are introduced by a plant official. Passes are issued to all visitors by the Guard Force and apparently the guards are efficient, well trained and perform their duties in a satisfactory manner.

Identification.

As stated previously, the identification procedure is satisfactory. All persons are admitted by badge, personal recognition by the case of the managerial staff who also carry a pass, and from a cursory inspection this procedure is considered satisfactory.

Personnel Clearance.

It was decided that if a contract is awarded to the International Nickel Corporation, Huntington Plant, for disposal of this scrap, it would be necessary that the following people be cleared: the General Manager; the Assistant General Manager (Mr. Kline, who states that the necessary papers have been forwarded to Oak Ridge); the secretary to the Assistant General Manager; the Works Auditor, and his assistant; the Plant Chemical Engineer; the Superintendent and Assistant Superintendent of the Refinery; two clerks at the Refinery; the General Foreman of the refinery; and four

shift foreman at the Refinery. After discussion, it was determined that these will be the only persons who will have access to or knowledge of the operation. Actually the unusual type of operation will be the subject of discussion, probably among all refinery employees as it is not usual to charge an open hearth furnace with sealed cardboard containers of scrap. However, it is felt that by clearing the above listed employees there will be the maximum feasible control of necessary classified information. It was decided that the necessary Personnel Security Forms will be sent to Mr. Clappier, New York Production Office, by Mr. Rums’ office of Carbide at Oak Ridge.

Storage of Classified Documents.

All correspondence relative to the disposal of K-25 waste between Carbide and the International Nickel Corporation will be conducted through Mr. Rums’ office to either Mr. Clappier, New York Office, International Nickel Corporation, or Mr. Kline, Assistant General Superintendent, International Nickel Corporation, Huntington Plant. Necessary inventory documents, and other correspondence will be stored in a three-way combination safe located in the Works Auditor’s office at the Huntington Plant.

Guard Protection for Shipments.

It would appear that the only feasible method of shipping the scrap material from Oak Ridge is by rail in cardboard containers. Probably the shipments will have to be made in two earload lots to permit a maximum furnace charge at any one time. A very close schedule of shipments will have to be made if the two-week per month melt schedule is to be met. At least one guard will be required for each rail shipment from Oak Ridge, and at least two guards will be required at the plant for each eight hour melt period, one at the unloading and weighing platform, and one at the furnace to check to see that the unsealed cartons go into the furnace and that the number of cartons shipped actually are charged into the furnace. It would seem that at least six men must be detailed to the plant for approximately one month while the one million pounds presently on hand is being melted. Depending on the schedule, it would appear that 30,000 pounds are dispatched per train, that approximately 36 guards would be necessary to conduct the operation throughout the month of the melt period.

General.

The officials of the International Nickel Corporation and representatives of Carbide and this office agreed that it would be desirable to have a representative of the K-25 on duty and to act as guard during the time the material was shipped to the Huntington Plant and being melted there. The reason for their presence would be to control the situation if one of the

cartons were broken open either during shipment, after arrival or while the cartons were being trucked to the furnace. It was decided if a spillage occurred the best way to recover the material would be by using a vacuum cleaner and before guards are assigned to this duty they will be fully briefed by this office. If it is decided that the contract for melting the material is awarded to the International Nickel Corporation, it is assumed that Carbide will reimburse the AEC for the necessary expenses incurred in providing guards for this operation. Mr. Kline was informed that if a contract is awarded to the International Nickel Corporation to dispose of the X-25 nickel scrap, a representative of this office and a representative of the Carbide Security Division will visit the plant prior to any shipment being made to conduct a detailed security survey of the plant at Huntington, West Virginia.

Distribution:
Washington Security Office (1)
CAGCC Division, USAGCC (1)
K. A. Dunbar (1)
Security Division Files (2)
S. R. Sapir (1)

J. V. White, Chief
Physical Security Branch
Security Division