AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT	1. CC T ID CODE	PAGE 1 OF PAGES 20

2. AMENDMENT/MODIFICATION NO.	3. EFFECTIVE DATE	4. REQUISITION/PURCHASE REQ. NO.	5. PROJECT NO. (If applicable)
M071	See Block 16C		

6. ISSUED BY		7. ADMINISTERED BY (If other than Item 6) CODE	
U.S. Department of Energy Nevada Operations Office P.O. Box 98518 Las Vegas, NV 89193-8518 CODE		U.S. Department of Energy Nevada Operations Office P.O. Box 98518 Las Vegas, NV 89193-8518	

8. NAME AND ADDRESS OF CONTRACTOR (*No., street, county, State and ZiP Code*)			
Bechtel Nevada P.O. Box 98521 Las Vegas, NV 89193-8521		(√)	9A. AMENDMENT OF SOLICITATION NO.
			9B. DATED (*SEE ITEM 11*)
		X	10A. MODIFICATION OF CONTRACT/ORDER NO. DE-AC08-96NV11718
CODE	FACILITY CODE		10B. DATED (*SEE ITEM 13*) 01/01/96

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 ACKNOWLEDGMENT 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*):

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:
X	D. OTHER (*Specify type of modification and authority*) **Bilateral - DEAR 970.5204-78, Laws, Regulations, and DOE Directives and mutual agreement of the parties.**

E. **IMPORTANT:** Contractor __is not, __X_ is required to sign this document and return __3__ copies to the issuing office.

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

This modification incorporates the negotiated fee for Fiscal Year (FY) 2001, the FY 2001 Subcontracting Plan, and the Financial Management Clauses for Management and Operating Contracts as published in the Federal Register (at 21371 to 21376) on April 21, 2000. This modification also updates the clauses entitled, Key Personnel and Memorandum Purchase Agreement. In addition, this modification defines the roles and responsibilities of Designated Officials and Contracting Officer's Representatives. Further, this modification updates Section J, Appendix F, entitled, List of Applicable Laws, Regulations, and DOE Directives, to reflect the language on the DOE/NV internet and intranet home pages. (See Attached)

Except as provided herein, all terms and conditions of the document referenced in Item 10A, as heretofore changed, remains unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (*Type or print*)		16. NAME AND TITLE OF CONTRACTING OFFICER (*Type or print*	
Steven D. Liedle President & General Manager		**Kenneth W. Powers** **Contracting Officer**	
15B. CONTRACTOR/OFFEROR (.) [redacted] (*Signature of person authorized to sign*)	15C. DATE SIGNED 4/10/01	16B. UNITED STATES OF AMERICA BY (.) [redacted] (*Signature of Contracting Officer*)	16C. DATE SIGNED

1. For the contract period stated herein, Section B., entitled Supplies or Services and Prices/Costs, is modified by adding the following to clause B.3, entitled Estimated Cost and Fee, to incorporate the FY 2001 negotiated fee:

For the period October 1, 2000 through September 30, 2001:

Estimated Cost	$320,000,000
Available Performance Fee	$ 19,700,000

Pursuant to Clause H.32, entitled Provisional Payment of Incentives, the Contractor is hereby authorized a provisional fee of $623,833.33 which is payable at the end of each month during FY 2001 pending final determination of the fee earned for FY 2001.

2. Contract clause number H.2, entitled Key Personnel, is modified to reflect appointments previously approved by the Contracting Officer. Contract clause number H.2, entitled Key Personnel, is deleted in its entirety and replaced with the following:

H.2 KEY PERSONNEL

Pursuant to the Clause I.100, entitled Key Personnel, the Contractor's key personnel are as follows:

NAME	TITLE
S. D. Liedle	President and General Manager
Dr. H. J. Saxton	Deputy General Manager for Programs
J.R. Kannard	Deputy General Manager for Services
R. L. Butters	Chief Financial Officer
M. W. Cave	Assistant General Manager - Site Services
R. D. Flanagan	Assistant General Manager - Stockpile Stewardship
T. W. Habermas	Assistant General Manager - Nevada Operations
W. E. Ackerknecht	Assistant General Manager - Defense and Civil Projects
M. T. Sullivan	Assistant General Manager - Environment, Safety, and Health
P. W. Tomiczek	Assistant General Manager - Environmental Management
L. A. Van Arsdale	Assistant General Manager - National Security Response

Clause I.100, entitled Key Personnel, contains a requirement for notification to the Contracting Officer reasonably in advance of diverting of, or substitution for, any of these individuals. That period of time shall not be less than 30 days.

3. Contract clause number H.18, entitled Memorandum Purchase Agreement, is modified to reflect the raise in the dollar threshold for use of the Interoffice Work Order system from $100,000 to the threshold identified in the DOE Accounting Handbook. Contract clause number H.18, entitled Memorandum Purchase Agreement, is deleted in its entirety and replaced with the following:

H.18 MEMORANDUM PURCHASE AGREEMENT

Through a memorandum purchase order, the contractor can perform work for another integrated contractor. Two funding mechanisms can be utilized under the memorandum purchase agreement. An annual scope of work equal to the threshold identified in the DOE Accounting Handbook or less can be funded via cash orders which are contractor purchase orders describing the requested scope of work, the deliverables, completion date, and the funding source; integrated cash orders are written directly to an integrated contractor. The second funding mechanism is a DOE Interoffice Work Order covering annual scopes of work exceeding the threshold identified in the DOE Accounting Handbook. A DOE Interoffice Work Order is a document containing similar information to the Cash Order and is written or approved by two DOE Offices. Funding for these efforts is provided through the DOE Office to the performing integrated DOE contractor via their Approved Funding Program.

4. Contract clause number H.24, entitled Technical Direction, is modified to reflect that the Contracting Officer may formally designate individual(s) (identified herein as Designated Officials) from the National Laboratories or other federal agencies to act as authorized representative for certain functions as they relate to the contract. In addition, the title of the clause has been revised from Technical Direction to Designated Officials. Contract clause number H.24, entitled Technical Direction, is deleted in its entirety and replaced with the following:

H.24 DESIGNATED OFFICIALS

The Contracting Officer may formally designate individual(s) (identified herein as Designated Officials) from the National Laboratories or other federal agencies to act as authorized representative for certain functions as they relate to the contract. Copies of any such written delegations relating

The work performed by the Contractor in compliance with the terms of this contract shall be subject to "program/project direction" from Designated Officials. The term "program/project direction" is defined to include, without limitation:

(1) Directions to the Contractor which redirect the program/project effort, shift work emphasis, require pursuit of certain lines of inquiry, fill in details or otherwise serve to clarify the Statement Of Work (SOW) of the program/project.

(2) Provision of written information to the Contractor that assists in the official interpretation of drawings, specifications or technical portions of the work description, where divergent interpretations either exist or could reasonably be expected to occur.

(3) Where required by the contract, review and approve technical reports, drawings, specifications and technical information to be delivered by the Contractor to the Government under the contract for a particular program/project.

The Contractor shall only accept program/project direction if provided in writing and if within the Statement of Work of the contract. Program/project direction shall not:

(1) Constitute an assignment of additional work outside the SOW of the contract;

(2) In any manner cause an increase or decrease in the total estimated Contract cost or the time required for Contract performance;

(3) Authorize the Contractor to exceed the total funds obligated on the contract;

(4) Entitle the Contractor to any increase in the total amount of base fee, award fee, or incentive fee set forth in the contract, except as may be applicable pursuant to Clause I.80, entitled Changes;

(5) Change any of the expressed terms or conditions of the contract; or

(6) Interfere with the Contractor's rights to perform the terms and conditions of the contract.

The Contractor shall proceed promptly with the performance required by duly issued written program/project direction. If, in the opinion of the Contractor, any program/project direction violates the prohibitions set forth in this clause, the Contractor shall not proceed but shall promptly notify the Contracting Officer of the direction and reason(s) the direction violates the provisions of this subsection. The Contractor may give oral notification, but shall confirm this notification in writing within five (5) workdays from receipt of written direction. The Contracting Officer shall render a decision on whether or not the program/project direction is within the SOW of the contract and whether or not a change order will be issued pursuant to Clause I.80, entitled Changes. This decision shall be issued or confirmed in writing, and the Contractor shall promptly comply with the Contracting Officer's direction.

A failure of the Contractor and DOE to agree that the program/project direction is within the Statement of Work of the contract, or a failure to agree upon the contract action to be taken with respect thereto shall be subject to the provisions of Clause I.48, entitled Disputes-Alternate I.

Complementary to formal program/project direction, it is expected that there will be full and open communication between the functional counterparts of the DOE, the National Laboratories, other federal agencies, and the Contractor's organization. Such communication will facilitate a clear and consistent understanding of the technical and performance requirements of the work and will result in accomplishment of the work in a highly professional, coordinated, efficient, and cost-effective manner.

5. Contract clause number I.79, entitled Accounts, Records, and Inspection, is modified in accordance with the Department of Energy final rule on Financial Management Clauses for Management and Operating Contracts as published in the Federal Register (at 21371 to 21376) on April 21, 2000. Contract clause number I.79, entitled Accounts, Records, and Inspection, is deleted in its entirety and replaced with the following:

I.79 DEAR 970.5204-9 ACCOUNTS, RECORDS, AND INSPECTION (MAY 2000)

(a) Accounts. The contractor shall maintain a separate and distinct set of accounts, records, documents, and other evidence showing and supporting: all allowable costs incurred; collections accruing to the contractor in connection with the work under this contract; and the receipt, use, and disposition of all Government property coming into the possession of the contractor under this contract. The

system of accounts employed by the contractor shall be satisfactory to DOE and in accordance with generally accepted accounting principles consistently applied.

(b) Inspection and audit of accounts and records. All books of account and records relating to this contract shall be subject to inspection and audit by DOE or its designees in accordance with the provisions of Clause I.117, Access to and Ownership of Records, at all reasonable times, before and during the period of retention provided for in (d) below, and the contractor shall afford DOE proper facilities for such inspection and audit.

(c) Audit of subcontractors' records. The Contractor also agrees, with respect to any subcontracts (including fixed-price or unit-price subcontracts or purchase orders) where, under the terms of the subcontract, costs incurred are a factor in determining the amount payable to the subcontractor of any tier, to either conduct an audit of the subcontractor's costs or arrange for such an audit to be performed by the cognizant government audit agency through the Contracting Officer.

(d) Disposition of records. Except as agreed upon by the Government and the Contractor, all financial and cost reports, books of account and supporting documents, and other data evidencing costs allowable, collections accruing to the contractor in connection with the work under this contract, other applicable credits, and fee accruals under this contract, shall be the property of the Government, and shall be delivered to the Government or otherwise disposed of by the contractor either as the contracting officer may from time to time direct during the progress of the work or, in any event, as the contracting officer shall direct upon completion or termination of this contract and final audit of accounts hereunder. Except as provided in this contract, including provisions of Clause I.117, Access to and Ownership of Records, all other records in the possession of the contractor relating to this contract shall be preserved by the contractor for a period of three years after final payment under this contract or otherwise disposed of in such manner as may be agreed upon by the Government and the contractor.

(e) Reports. The contractor shall furnish such progress reports and schedules, financial and cost reports, and other reports concerning the work under this contract as the contracting officer may from time to time require.

(f) Inspections. The DOE shall have the right to inspect the work and activities of the contractor under this contract at such time in such manner as it shall deem appropriate.

(g) Subcontracts. The Contractor further agrees to require the inclusion of provisions similar to those in paragraphs (a) through (g) and paragraph (i) of this clause in all subcontracts (including fixed-price or unit-price subcontracts or purchase orders) of any tier entered into hereunder where, under the terms of the subcontract, costs incurred are a factor in determining the amount payable to the subcontractor.

(h) Internal audit. The Contractor agrees to conduct an internal audit and examination satisfactory to DOE of the records, operations, expenses, and the transactions with respect to costs claimed to be allowable under this contract annually and at such other times as may be mutually agreed upon. The results of such audit, including the working papers, shall be submitted or made available to the Contracting Officer.

(i) Comptroller General.

(1) The Comptroller General of the United States, or an authorized representative, shall have access to and the right to examine any of the Contractor's directly pertinent records involving transactions related to this contract or a subcontract hereunder.

(2) This paragraph may not be construed to require the Contractor or subcontractor to create or maintain any record that the Contractor or subcontractor does not maintain in the ordinary course of business or pursuant to a provision of law.

(3) Nothing in this contract shall be deemed to preclude an audit by the General Accounting Office of any transaction under this contract.

6. Contract clause number I.83, entitled Obligation of Funds, is modified in accordance with the Department of Energy final rule on Financial Management Clauses for Management and Operating Contracts as published in the Federal Register (at 21371 to 21376) on April 21, 2000. Contract clause number I.83, entitled, Obligation of Funds is deleted in its entirety and replaced with the following:

I.83 DEAR 970.5204-15 OBLIGATION OF FUNDS (MAY 2000)

(a) Obligation of Funds. The amount presently obligated by the Government with respect to this Contract is reflected in Section B. Such amount may be increased unilaterally by DOE by written notice to the Contractor and may be increased or decreased by written agreement of the parties (whether or not by formal modification of this contract). Estimated collections from others for work and services to be performed under this Contract are not included in this amount presently obligated. Such collections, to the extent actually received by the Contractor, shall be processed and accounted for in accordance with applicable requirements imposed by the contracting officer pursuant to the Laws, Regulations, and DOE Directives clause of this contract. Nothing in this paragraph is to be construed as authorizing the Contractor to exceed limitations stated in financial plans established by DOE and furnished to the Contractor from time to time under this Contract.

(b) Limitation on Payment by the Government. Except as otherwise provided in this Contract and except for costs which may be incurred by the Contractor pursuant to the clause entitled "Termination," or costs of claims allowable under the Contract occurring after completion or termination and not released by the Contractor at the time of financial settlement of the Contract in accordance with the clause entitled "Payments and Advances," payment by the Government under this Contract on account of allowable costs shall not, in the aggregate, exceed the amount obligated with respect to this contract, less the Contractor's fee. Unless expressly negated in this contract, payment on account of those costs excepted in the preceding sentence, which are in excess of the amount obligated with respect to this Contract, shall be subject to the availability of (1) collections accruing to the contractor in connection with the work under this contract and processed and accounted for in accordance with applicable requirements imposed by the contracting officer pursuant to the Laws, regulations, and DOE Directives clause of this contract and

(2) other funds which DOE may legally use for such purpose, provided DOE will use its best efforts to obtain the appropriation of funds for this purpose if not otherwise available.

(c) Notices--Contractor Excused from Further Performance. The Contractor shall notify DOE in writing whenever the unexpended balance of funds (including collections available under paragraph (a) of this clause), plus the Contractor's best estimate of collections to be received during the 90-day period hereinafter specified, is in the Contractor's best judgment sufficient to continue Contract operations at the programmed rate for only 90 days and to cover the Contractor's unpaid fee, and outstanding encumbrances and liabilities on account of costs allowable under the Contract at the end of such period. Whenever the unexpended balance of funds (including collections available under paragraph (a) of this clause), less the amount of the Contractor's fee then earned but not paid, is in the Contractor's best judgment either sufficient only to liquidate outstanding encumbrances and liabilities on account of costs allowable under this contract or is equal to zero, the Contractor shall immediately notify DOE and shall make no further encumbrances or expenditures (except to liquidate existing encumbrances and liabilities), and unless the parties otherwise agree, the Contractor shall be excused from further performance (except such performance as may become necessary in connection with termination by the Government) and the performance of all work hereunder will be deemed to have been terminated for the convenience of the Government in accordance with the provisions of the article entitled "Termination."

(d) Financial Plans; Cost and Encumbrance Limitations. In addition to the limitations provided for elsewhere in this Contract, DOE may, through financial plans, such as Approved Funding Programs, or other directives issued to the Contractor, establish controls on the costs to be incurred and encumbrances to be made in the performance of the Contract work. Such plans and directives may be amended or supplemented from time to time by DOE. The Contractor agrees (1) to comply with the specific limitations (ceilings) on costs and encumbrances set forth in such plans and directives, (2) to comply with other requirements of such plans and directives, and (3) to notify DOE promptly, in writing, whenever it has reason to believe that any limitations on costs and encumbrances will be exceeded or substantially underrun.

(e) Government's Right to Terminate not Affected. The giving of any notice under this clause shall not be construed to waive or impair any right of the Government to terminate the Contract under the provisions of the clause entitled "Termination."

7. Contract clause number I.84, entitled Payments and Advances, is modified in accordance with the Department of Energy final rule on Financial Management Clauses for Management and Operating Contracts as published in the Federal Register (at 21371 to 21376) on April 21, 2000. Contract clause number I.84, entitled, Payments and Advances, is deleted in its entirety and replaced with the following:

I.84 DEAR 970.5204-16 PAYMENTS AND ADVANCES (MAY 2000) (Modified)

(a) (Modified) Payment of Base Fee and Award Fee. The base fee, if any, is payable in equal monthly installments. Award fee pool amounts earned are payable following the issuance by the FDO of a Determination of Award Fee Pool Amount Earned, in accordance with the clause **of contract clause I.105, entitled *Total Available Fee: Base Fee Amount and Performance Fee Amount*.** Base fee and award fee pool amount earned payments shall be made by direct payment or withdrawn from funds advanced or available under this contract, as determined by the Contracting Officer. The Contracting Officer may offset against any such fee payment, the amounts owed to the Government by the Contractor, including any amounts owed for disallowed costs under this contract. No base fee or award fee pool amount earned payment may be withdrawn against the payments cleared financing arrangement without prior written approval of the Contracting Officer.

(b) Payments on Account of Allowable Costs. The Contracting Officer and the Contractor shall agree as to the extent to which payment for allowable costs or payments for other items specifically approved in writing by the Contracting Officer shall be made from advances of Government funds. When pension contributions are paid by the Contractor to the retirement fund less frequently than quarterly, accrued costs therefor shall be excluded from costs for payment purposes until such costs are paid. If pension contributions are paid on a quarterly or more frequent basis, accrual therefor may be included in costs for payment purposes, provided that they are paid to the fund within 30 days after the close of the period covered. If payments are not made to

the fund within such 30-day period, pension contribution costs shall be excluded from cost for payment purposes until payment has been made.

(c) (Modified) Special financial institution account use. All advances of Government funds shall be withdrawn pursuant to a payments cleared financing arrangement prescribed by DOE in favor of the financial institution or, at the option of the Government, shall be made by direct payment or other payment mechanism to the Contractor, and shall be deposited only in the special financial institution account referred to in the Special Financial Institution Account Agreement, which is incorporated into this contract as **Attachment J, Appendix D**. No part of the funds in the special financial institution account shall be commingled with any funds of the Contractor or used for a purpose other than that of making payments for costs allowable and, if applicable, fees earned under this contract or payments for other items specifically approved in writing by the Contracting Officer. If the Contracting Officer determines that the balance on such financial institution account exceeds the Contractor's current needs, the Contractor shall promptly make such disposition of the excess as the Contracting Officer may direct.

(d) Title to funds advanced. Title to the unexpended balance of any funds advanced and of any financial institution account established pursuant to this clause shall remain in the Government and be superior to any claim or lien of the financial institution of deposit or others. It is understood that an advance to the Contractor hereunder is not a loan to the Contractor, and will not require the payment of interest by the Contractor, and that the Contractor acquires no right, title or interest in or to such advance other than the right to make expenditures there from, as provided in this clause.

(e) Review and approval of costs incurred. The Contractor shall prepare and submit annually as of September 30, a "Statement of Costs Incurred and Claimed" (Cost Statement) for the total of net expenditures accrued (i.e., net costs incurred) for the period covered by the Cost Statement. The contractor shall certify the Cost Statement subject to the penalty provisions for unallowable costs as stated in sections 306(b) and (i) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 256), as amended. DOE, after audit and appropriate adjustment, will approve such Cost Statement. This approval by DOE will constitute an acknowledgment by DOE that the net costs incurred

are allowable under the contract and that they have been recorded in the accounts maintained by the Contractor in accordance with DOE accounting policies, but will not relieve the Contractor of responsibility for DOE's assets in its care, for appropriate subsequent adjustments, or for errors later becoming known to DOE.

(f) Financial settlement. The Government shall promptly pay to the Contractor the unpaid balance of allowable costs and fee upon termination of the work, expiration of the term of the contract, or completion of the work and its acceptance by the Government after:

(1) compliance by the Contractor with DOE's patent clearance requirements, and

(2) the furnishing by the Contractor of:

(i) An assignment of the Contractor's rights to any refunds, rebates, allowances, accounts receivable, collections accruing to the contractor in connection with the work under this contract, or other credits applicable to allowable costs under the contract;

(ii) A closing financial statement;

(iii) The accounting for Government-owned property required by the clause entitled "Property"; and

(iv) A release discharging the Government, its officers, agents, and employees from all liabilities, obligations, and claims arising out of or under this contract subject only to the following exceptions:

(A) Specified claims in stated amounts or in estimated amounts where the amounts are not susceptible to exact statement by the Contractor;

(B) Claims, together with reasonable expenses incidental thereto, based upon liabilities of the Contractor to third parties arising out of the performance of this contract; provided that such claims are not known to the Contractor on the date of the execution of

the release; and provided further that the Contractor gives notice of such claims in writing to the Contracting Officer promptly, but not more than one (1) year after the Contractor's right of action first accrues. In addition, the Contractor should provide prompt notice to the Contracting Officer of all potential claims under this clause, whether in litigation or not (see also Contract Clause I.43 ,DEAR 970.5204-31, "Litigation and Claims");

(C) Claims for reimbursement of costs (other than expenses of the Contractor by reason of any indemnification of the Government against patent liability), including reasonable expenses incidental thereto, incurred by the Contractor under the provisions of this contract relating to patents.

(D) Claims recognizable under the clause entitled, Nuclear Hazards Indemnity Agreement.

(3) arriving at the amount due the Contractor under this clause, there shall be deducted,

(i) any claim which the Government may have against the Contractor in connection with this contract, and

(ii) deductions due under the terms of this contract, and not otherwise recovered by or credited to the Government. The unliquidated balance of the special financial institution account may be applied to the amount due and any balance shall be returned to the Government forthwith.

(g) Claims. Claims for credit against funds advanced for payment shall be accompanied by such supporting documents and justification as the Contracting Officer shall prescribe.

(h) Discounts. The Contractor shall take and afford the Government the advantage of all known and available cash and trade discounts, rebates, allowances, credits, salvage, and commissions unless the Contracting Officer finds that action is not in the best interest of the Government.

(i) Collections. All collections accruing to the Contractor in connection with the work under this contract, except for the contractor's fee and royalties or other income accruing to the contractor from technology transfer activities in accordance with this contract, shall be Government property and shall be processed and accounted for in accordance with applicable requirements imposed by the contracting officer pursuant to the Laws, regulations, and DOE directives clause of this contract and, to the extent consistent with those requirements, deposited in the special financial institution account or otherwise made available for payment of allowable cost under this contract, unless otherwise directed by the contracting officer.

(j) Direct payment of charges. The Government reserves the right, upon ten days written notice from the Contracting Officer to the Contractor, to pay directly to the persons concerned, all amounts due which otherwise would be allowable under this contract. Any payment so made shall discharge the Government of all liability to the Contractor therefor.

8. Contract clause number I.124 entitled Financial Management System, is modified in accordance with the Department of Energy final rule on Financial Management Clauses for Management and Operating Contracts as published in the Federal Register (at 21371 to 21376) on April 21, 2000. Contract clause number I.124, entitled, Financial Management System, is deleted in its entirety and replaced with the following:

I.124 DEAR 970.5204-90 FINANCIAL MANAGEMENT SYSTEM (MAY 2000)

The Contractor shall maintain and administer a financial management system that is suitable to provide proper accounting in accordance with DOE requirements for assets, liabilities, collections accruing to the Contractor in connection with the work under this contract, expenditures, costs, and encumbrances; permits the preparation of accounts and accurate, reliable financial and statistical reports; and assures that accountability for the assets can be maintained. The Contractor shall submit to DOE for written approval an annual plan for new financial management systems and/or subsystems and major enhancements and/or

upgrades to the currently existing financial systems and/or subsystems. The Contractor shall notify DOE thirty (30) days in advance of any planned implementation of any substantial deviation from this plan and, as requested by the Contracting Officer, shall submit any such deviation to DOE for written approval before implementation.

9. Contract clause number I.125, entitled Integrated Accounting, is modified in accordance with the Department of Energy final rule on Financial Management Clauses for Management and Operating Contracts as published in the Federal Register (at 21371 to 21376) on April 21, 2000. Contract clause number I.125, entitled, Integrated Accounting, is deleted in its entirety and replaced with the following:

I.125 DEAR 970.5204-91 INTEGRATED ACCOUNTING (MAY 2000)

Integrated accounting procedures are required for use under this contract. The Contractor's financial management system shall include an integrated accounting system that is linked to DOE's accounts through the use of reciprocal accounts and that has electronic capability to transmit monthly and year-end self-balancing trial balances to the Department's Primary Accounting System for reporting financial activity under this contract in accordance with requirements imposed by the Contracting Officer pursuant to the Laws, regulations, and DOE directives clause of this contract.

10. Contract clause number I.126, entitled Liability with Respect to Cost Accounting Standards, is modified in accordance with the Department of Energy final rule on Financial Management Clauses for Management and Operating Contracts as published in the Federal Register (at 21371 to 21376) on April 21, 2000. Contract clause number I.126, entitled, Liability with Respect to Cost Accounting Standards, is deleted in its entirety and replaced with the following:

I.126 DEAR 970.5204-92 LIABILITY WITH RESPECT TO COST ACCOUNTING STANDARDS (MAY 2000)

(a) The Contractor is not liable to the Government for increased costs or interest resulting from its failure to comply with the clauses of this contract entitled, "Cost Accounting Standards," and "Administration of Cost Accounting Standards," if its failure to comply with the clauses is caused by the Contractor's compliance with published DOE financial management policies and procedures or other requirements established by the Department's Chief Financial Officer or Procurement Executive.

(b) The Contractor is not liable to the Government for increased costs or interest resulting from its subcontractors' failure to comply with the clauses at FAR 52.230-2, "Cost Accounting Standards," and FAR 52.230-6, "Administration of Cost Accounting Standards," if the Contractor includes in each covered subcontract a clause making the subcontractor liable to the Government for increased costs or interest resulting from the subcontractor's failure to comply with the clauses; and the Contractor seeks the subcontract price adjustment and cooperates with the Government in the Government's attempts to recover from the subcontractor.

11. Contract clause number I.129, entitled Work for Others Funding Authorization, is incorporated in accordance with the Department of Energy final rule on Financial Management Clauses for Management and Operating Contracts as published in the Federal Register (at 21371 to 21376) on April 21, 2000. Contract clause number I.129, entitled, Work for Others Funding Authorization, is incorporated in its entirety as follows:

I.129 DEAR 970.5204-93 WORK FOR OTHERS FUNDING AUTHORIZATION (MAY 2000)

Any uncollectible receivables resulting from the Contractor utilizing Contractor corporate funding for reimbursable work shall be the responsibility of the Contractor, and the United States Government shall have no liability to the Contractor for the Contractor's uncollected receivables. The Contractor is permitted to provide advance payment utilizing Contractor corporate funds for reimbursable work to be performed by the Contractor for a non-Federal entity in instances where advance payment from that entity is required under the Laws, regulations, and DOE directives clause of this Contract and such advance cannot be obtained. The Contractor is also permitted to provide advance payment utilizing Contractor corporate funds to continue reimbursable work to be performed by the Contractor for a Federal entity when the term or the funds on a Federal interagency agreement required under the Laws, regulations, and DOE directives clause of this Contract have elapsed. The Contractor's utilization of Contractor corporate funds does not relieve the Contractor of its responsibility to comply with all requirements for Work for Others applicable to this Contract.

12. Contract clause number I.130, entitled Technical Direction, is incorporated to define the roles and responsibilities of the DOE Contracting Officer's Representative(s). Contract clause number I.130, entitled, Technical Direction, is incorporated in its entirety as follows:

I.130 DEAR 970.5204-XX8 TECHNICAL DIRECTION

(a) Performance of the work under this contract shall be subject to the technical direction of the DOE Contracting Officer's Representative (COR). The term "technical direction" is defined to include, without limitation:

(1) Providing direction to the Contractor that redirects contract effort, shift work emphasis between work areas or tasks, require pursuit of certain lines of inquiry, fill in details, or otherwise serve to accomplish the contractual Statement of Work.

(2) Providing written information to the Contractor that assists in interpreting drawings, specifications, or technical portions of the work description.

(3) Reviewing and, where required by the contract, approving technical reports, drawings, specifications, and technical information to be delivered by the Contractor to the Government.

(b) The Contractor will receive a copy of the written COR designation from the Contracting Officer. It will specify the extent of the COR's authority to act on behalf of the Contracting Officer.

(c) Technical direction must be within the scope of work stated in the contract. The COR does not have the authority to, and may not, issue any technical direction that:

(1) Constitutes an assignment of additional work outside the Statement of Work;

(2) Constitutes a change as defined in the contract clause entitled "Changes;"

(3) In any manner causes an increase or decrease in the total estimated contract cost, the fee (if any), or the time required for contract performance;

(4) Changes any of the expressed terms, conditions or specifications of the contract; or

(5) Interferes with the Contractor's right to perform the terms and conditions of the contract.

(d) All technical direction shall be issued in writing by the COR.

(e) The Contractor must proceed promptly with the performance of technical direction duly issued by the COR in the manner prescribed by this clause and within its authority under the provisions of this clause. If, in the opinion of the Contractor, any instruction or direction by the COR falls within one of the categories defined in (c)(1) through (c)(5) of this clause, the Contractor must not proceed and must notify the Contracting Officer in writing within five (5) working days after receipt of any such instruction or direction and must request the Contracting Officer to modify the contract accordingly. Upon receiving the notification from the Contractor, the Contracting Officer must:

(1) Advise the Contractor in writing within thirty (30) days after receipt of the Contractor's letter that the technical direction is within the scope of the contract effort and does not constitute a change under the Changes clause of the contract; or

(2) Advise the Contractor in writing within a reasonable time that the Government will issue a written change order.

(f) A failure of the Contractor and Contracting Officer either to agree that the technical direction is within the scope of the contract or to agree upon the contract action to be taken with respect to the technical direction will be subject to the provisions of the clause entitled "Disputes."

13. Section J, Appendix E, entitled Subcontracting Plan, is modified by deleting the current "Subcontracting Plan" for FY 2000 and by incorporating the attached "Subcontracting Plan" for FY 2001 into the Contract.

14. The text in Section J, Appendix F, "List of Applicable Laws, Regulations, and DOE Directives," is deleted in its entirety and is replaced with the following text that incorporates by reference in the DOE/NV internet and intranet home pages.

The information herein serves to place the DOE/NV Work Smart Standard (WSS), including B Lists of applicable DOE Directives, in perspective for implementation by contractors and agreement parties when the WSS and B Lists are made applicable by a DOE/NV contract or agreement. The WSS and B Lists

are incorporated in the contract or agreement by reference and currently maintained on the DOE/NV Internet at http://www.nv.doe.gov and Intranet Home Page at http://nvhome. The WSS evolved from and were initially documented in Volume 3 of the DOE Nevada Operations Office Industrial Standards Program Necessary and Sufficient Closure Process. Additional B Lists of DOE Directives contained in prior contracts are currently provided in unique Format 1s which are provided for exempt work, along with DOE/NV WSS. These B Lists are applicable to certain exempted categories of work discussed further below and consist of the B2 List as well as the B3 List for the Device Assembly Facility, wherein some exempted activities are conducted.

The Format 1 is a document addressing an individual Work Breakdown Structure and was established as the fundamental building block of DOE/NV WSS. It consisted of documenting the description of the work activity, hazards and management issues, set of standards, implementation consideration and other information.

For most activities, the WSS were initially developed using the DOE approved Necessary and Sufficient Closure Process with the participation of DOE/NV contractors, DOE National Laboratories, and other contractors conducting activities at DOE/NV facilities. Some work activities were exempted from the initial DOE/NV implementation of the Necessary and Sufficient Closure Process. The exempted categories for work activities include major activities that are conducted by the National Laboratories with the support of DOE/NV contractors.

To address the categories of activities that were exempted from the DOE/NV Necessary and Sufficient Closure process, the B2 List was established to identify certain DOE and DOE/NV Directives that are applicable to the work exempted. The applicable WSS requirements and the B2 List are applicable to the categories of activities that were not included in the initial Necessary and Sufficient Closure Process. These categories of activities are:

Nuclear Device Assembly/Disassembly
Energetic Experiments with Special Nuclear Materials (SNM)
Nuclear Explosive Safety
Safeguards and Security of SNM
National Emergency Response Assets

The B3 List is a facility specific list of DOE Directives established to serve as a basis of requirements for the Device Assembly Facility in connection with its Operation Readiness Review.

The B1 List references DOE Directives identified in Section 3 of certain Format 1s, and the B4 List refers to Life Asset Management Directives. The entire B4 List was deleted by an approved change request and is no longer applicable.

DOE/NV has established a Work Smart Standards Change Review Group (CRG) to implement changes to the WSS and the B Lists. Representatives of DOE/NV contractors, DOE National Laboratories, and DOE/NV serve as members of the CRG to evaluate and initiate changes to WSS and the B Lists. DEAR Clause

970.5204-78, Laws, Regulations, and DOE Directives, provides for DOE notification requirements and assessment of impact on the contractor regarding changes to applicable DOE Directives. By agreeing to contracts and agreements that apply the B Lists, DOE/NV contractors and National Laboratories thereby indicate their assent and intent to satisfy their obligations to comply with applicable WSS and B Lists as maintained on the DOE/NV Home Pages; and for changes to perform their obligations of notification and assessment on a consensus basis through participation of their CRG representatives. Such changes recommended by the CRG and approved by the CRG Chairman and a Contracting Officer shall become effective immediately and will be posted on the DOE/NV Home Pages.

If change conditions warrant significant schedule relief, or cost considerations, they will be addressed by the CRG and included in Implementation Considerations, on the Format 1 posted on the DOE/NV Home Pages. Appropriate budget and schedule planning will accommodate the changes as agreed with respect to financial and performance obligations under other provisions of this contract as agreed through the CRG consensus process and documented on the Format 1 in section 5, Implementation Considerations.

(END OF MODIFICATION)