

SANDIA CORPORATION
SF 6432-CR (10-98)
Section II

STANDARD TERMS AND CONDITIONS FOR COST REIMBURSEMENT CONTRACTS

THE FOLLOWING CLAUSES APPLY TO THIS CONTRACT AS INDICATED UNLESS SPECIFICALLY DELETED, OR EXCEPT TO THE EXTENT THEY ARE SPECIFICALLY SUPPLEMENTED OR AMENDED IN WRITING IN THE SIGNATURE PAGE OR SECTION I.

CR10 - DEFINITIONS The following terms shall have the meanings set forth below for all purposes of this contract.

(a) SANDIA means Sandia Corporation, the management and operating contractor of Sandia National Laboratories for the United States Department of Energy under Contract No. DE-AC04-94AL85000.

(b) SCR means Sandia Contracting Representative, the only person authorized to execute and/or administer this contract on behalf of Sandia or the authorized successor to such person.

(c) GOVERNMENT means the United States of America.

(d) DOE means the United States Department of Energy, the Secretary of Energy, or any duly authorized representative of the Secretary.

(e) CONTRACTOR means the Seller or the other party to the contract with Sandia.

(f) SUBCONTRACT means any lower tier agreement under this contract.

(g) SANDIA DIRECTED WORK means work under a contract for which Sandia retains accountability for the outcome of the work performed and routinely provides work direction to the Contractor's work force.

(h) CONTRACTOR-DIRECTED WORK means work under a contract for which the Contractor is accountable for the outcome of the work performed and routinely provides work direction to the Contractor's work force.

(i) SDR means Sandia Delegated Representative, the person(s) who has been delegated limited authority as defined in Section I of this contract.

(k) COMMERCIAL ITEM and/or COMMERCIAL COMPONENT means items or components as defined in FAR 52.202-1 (b) and/or (c).

CR11 - ASSIGNMENT This contract is assignable by Sandia to the Government or its designee. The Contractor may not assign any of the work to be performed, in whole or in part, or any other interest hereunder without Sandia's advance written consent. The Contractor may make an assignment confined solely to moneys due or to become due only to the extent that such assignment does not attempt to impose upon Sandia obligations to the assignee other than the payment of such moneys. No assignment by the Contractor shall have any effect on Sandia's right to offset any Sandia claim from any contract with Contractor against any other contract with Contractor.

CR12 - RELEASES VOID Sandia's and the Government's representatives shall not be required to waive or release any personal rights in connection with any visits to Contractor's premises and Contractor agrees that no such waiver or release shall be pleaded by Contractor in any action or proceeding.

CR13 - SANDIA DELEGATED REPRESENTATIVES The SCR may delegate personnel as authorized representatives for such purposes as and to the extent specified in the delegation. Such delegation shall be in writing to the Contractor, and shall designate by name the personnel

so delegated as authorized representatives. The SDR shall exercise no supervision over the Contractor's employees. **THE SDR'S AUTHORITY IS LIMITED SOLELY TO THE AUTHORITY ENUMERATED IN SUCH WRITTEN DELEGATION. THE SDR HAS NO AUTHORITY TO CHANGE ANY TERM OR CONDITION CONTAINED IN THIS CONTRACT.**

CR14 - TERMS AND CONDITIONS The terms and conditions stated in this contract are the only ones governing this transaction and cannot be changed or terminated orally. No terms and conditions appearing on any form originated by the Contractor shall be applicable.

CR15 - PERMITS, LICENSES, AND COMPLIANCE WITH LAWS The Contractor shall procure all necessary permits or licenses and abide by all applicable laws, regulations, and ordinances of the United States and of the State, territory, and political subdivision in which the work under this contract is performed which are in any way applicable to the Statement of Work of this contract.

CR16 - APPLICABLE LAW The rights and obligations of the parties hereto shall be governed by, and this contract shall be interpreted in accordance with, federal law. The parties agree to jurisdiction in the Federal District Court, with venue in the District closest to the delivery point of the products and/or services giving rise to the claim. In the event the requirements for jurisdiction in Federal District Court are not present, such litigation shall be brought in the State Court closest to the delivery point of the products and/or services giving rise to the claim.

CR17 - ORDER OF PRECEDENCE This contract is subject only to the terms and conditions set forth in the following documents: Signature Page, Section I, and Section II of this contract and the specifications and drawings or other documents, if any, referenced therein. In case of conflict or inconsistency between or among one or more provisions of the above documents, the provisions of each document shall take precedence over the provisions of the other documents in the following order of priority: Section I, Signature Page, Section II, specifications, drawings, and other documents, if any incorporated into this contract by reference thereto.

CR18 - PAYMENTS (a) Payments on Account of Allowable Costs. Once each month (or at more frequent intervals, if approved by the SCR) the Contractor may submit to Sandia National Laboratories Supplier Services, Department, in such form and reasonable detail as may be required by the SCR, an invoice or voucher supported by a statement of costs incurred by the Contractor in the performance of this contract and claimed to constitute allowable costs. "Allowable costs" includes, but is not limited to, actual indirect rate cost experience during the period of performance unless Section I of this contract indicates otherwise. Promptly after receipt of each invoice or voucher Sandia shall, subject to the provisions of (b) below, make payment thereon in accordance with contract provisions. Costs for items of Capital Property (defined in FAR 52.245-5 Government Property) if applicable, shall be separately listed in invoices. Discount time will be computed from the date the correct invoice or voucher is received in the office specified in the contract, or date of completion of work under this contract, whichever is later. Payment is deemed to be made, for the purpose of earning the discount, on the date of mailing of Sandia's check. Sandia may take contract or invoice prompt payment discount. Any travel outside the United States by Contractor personnel, in connection with work under this contract, requires advance written approval by the SCR.

(b) Payments on Account of Fee, if Any. The fee shall become due and payable in periodic installments in amounts based on the proportion of the work then completed as determined by the SCR. In making such periodic payments there shall be retained fifteen percent (15%) from each payment which retained amounts shall be paid upon completion and acceptance of all

work under this contract; provided however, that the SCR may at any time the amount of the retained fee equals One Hundred Thousand Dollars (\$100,000), make payments of any of the remaining periodic installments of the fee in full.

(c) Audit Adjustments. At any time or times prior to settlement under this contract the SCR may have invoices or vouchers and statements of cost audited. Each payment theretofore made shall be subject to reduction for amounts included in the related invoice or voucher which are found by the SCR, on the basis of such audit, not to constitute allowable cost. Any payment may be reduced for overpayments, or increased for underpayments, on preceding invoices or vouchers.

(d) Completion Voucher. On receipt and approval of the invoice or voucher designated by the Contractor as the "completion invoice" or "completion voucher" and upon compliance by the Contractor with all the provisions of this contract (including, without limitation, the provisions relating to patents and provisions of (e) below) Sandia shall promptly pay to the Contractor any balance of allowable cost. The completion invoice or voucher shall be submitted by the Contractor promptly following completion of the work under this contract but in no event later than 60 days (unless the SCR grants a further specific period of time) from the date of such completion.

(e) Applicable Credits. The Contractor agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by the Contractor or any assignee under this contract shall be paid by the Contractor to Sandia to the extent that they are properly allocable to costs for which the Contractor has been reimbursed by Sandia under this contract. Reasonable expenses incurred by the Contractor for the purpose of securing such refunds, rebates, credits, or other amounts shall be allowable costs hereunder when approved by the SCR.

(f) Financial Settlement. Prior to final payment under this contract, the Contractor and each assignee whose assignment is in effect at the time of final payment under this contract shall execute and deliver: (1) an assignment to Sandia in form and substance satisfactory to the SCR of refunds, rebates, credits or other amounts (including any interest thereon) properly allocable to costs for which the Contractor has been reimbursed by Sandia under this contract; and (2) a release discharging Sandia and the Government, their officers, agents and employees from all liabilities, obligations, and claims arising out of or under this contract, subject only to the following exceptions: (i) specified claims in stated amounts or in estimated amounts where the amounts are not susceptible of exact statement by the Contractor; (ii) claims, together with reasonable expenses incidental thereto, based upon liabilities of the Contractor to third parties arising out of 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 SCR not more than three (3) years after the date of the release or the date of any notice to the Contractor that Sandia is prepared to make final payment, whichever is earlier; and (iii) claims for reimbursement of costs (other than expenses of the Contractor by reason of any indemnification of Sandia or the Government against patent liability), including reasonable expenses incidental thereto, incurred by the Contractor under the provisions of this contract relating to patents. The Contractor and each such assignee hereby agree that the failure to execute and deliver the aforesaid assignment and release within sixty (60) days of a written request therefor by the SCR shall be deemed to be and shall have the same effect as a release as set forth above in item (2), including a release of all claims set forth in sub-items (i)-(iii) of such item (2).

CR19 - ALLOWABLE COSTS AND FEE (a) Payment for allowable cost as hereinafter defined, and of fee, if any, shall constitute full and complete compensation for the performance of the

work under this contract.

(b) The fee, if any, payable to the Contractor for the performance of the work under this contract is set forth in Section I.

(c) Allowable cost" of performing the work under this contract shall be the costs and expenses (less applicable income and other credits) that are actually incurred by the Contractor, are applicable and properly chargeable, either as directly incident or as allocable through appropriate distribution or apportionment, to the performance of the contract work in accordance with its terms, and are determined by the SCR to be allowable pursuant to this contract, including the additional provisions, if any, contained elsewhere in this contract relating to Advance Understanding on Particular Cost Items, and pursuant to Federal Acquisition Regulation part 31 as supplemented by part 931 of the Department of Energy Regulations (DEAR) in effect on the effective date of this contract, subject to the following:

(1) With respect to billing for indirect cost, Contractor shall bill for indirect cost at rates as close as possible to costs being experienced during contract performance. Contractor understands that contract overruns, due to under recovered indirect cost, may not be reimbursed by Sandia; and, over recoveries of indirect cost shall be payable upon demand, at any time, by the SCR. Contractor may, with the SCR's approval, bill at predetermined overhead and general and administrative rates applied to bases agreed upon by any Government Agency, which are determined in accordance with FAR part 31 as supplemented by the DEAR in effect on the effective date of this contract; provided, however, that the Contractor shall adjust the indirect billing to conform to actual cost within 60 days or the Contractor's normal monthly accounting cycle, whichever is earlier.

(2) In the absence of predetermined overhead rates as provided for in subparagraph (1) above, if at any time prior to the final determination of costs hereunder there exists a rate or rates established by any Government agency, based on audit of actual costs for the period of performance of the work hereunder or any substantial portion thereof, such rate or rates may, at the SCR's option, be used (after adjustment by Sandia if deemed appropriate, to reflect the application of cost principles contained in this Allowable Costs Clause and the DEAR and FAR Subparts referred to above) in determining allowable indirect costs hereunder.

(3) In the absence of predetermined overhead rates as provided for in subparagraph (1) above and in the absence of a rate or rates acceptable to Sandia as provided for in subparagraph (2) above, indirect cost shall be determined in accordance with FAR part 31. as supplemented by part 931 of the DEAR by a Sandia audit.

(4) No overtime premium costs, shift differential, holiday, or other premium pay for time worked on direct labor are authorized as direct charges to this contract except when paid for work: Necessary to cope with emergencies such as those resulting from accidents, natural disasters, breakdowns, of production equipment, or occasional production bottlenecks of a sporadic nature;

By indirect labor employees such as those performing duties in connection with administration, protection, transportation, maintenance, standby plant protection, operation of utilities, or accounting;

In the performance of tests, industrial processes, laboratory procedures, loading or unloading of transportation media, and operations in flight or afloat, which are continuous in nature and cannot reasonably be interrupted or otherwise completed; or which will result in lower cost to Sandia

(5) As used in FAR Part 31 and DEAR 931 the words: "Contracting Officer" or "Field Office Manager" shall mean the SCR, "DOE" or "Sponsoring Agency" shall mean Sandia; "Federal

Government" or "Government," in connection with Government agencies or Government property, shall mean the United States of America.

(6) Each individual Contractor employee salary amounting to \$100,000 or more annually is subject to advance approval of the SCR where 50 percent or more of such salary is to be reimbursed under DOE cost-type contracts for on site (Sandia/DOE premises) services.

(7) The provisions of this clause relating to fee are inapplicable if this contract is with an educational institution or does not include a fee.

CR20 - TAXES Except as may be otherwise provided in this contract, the price includes all applicable Federal, State, and Local taxes and duties. If performance occurs in New Mexico the clauses at DEAR 970.5204-4 New Mexico Gross Receipts and Compensating Tax and FAR 52.229-10 State of New Mexico Gross Receipts and Compensating Tax are applicable. Sandia holds California Seller's Permit Number OH-98033576. Purchases made under this contract are exempt from California Sales and Use Taxes if performance occurs in California.

CR21 - PRICING OF CONTRACT AND SUBCONTRACT MODIFICATIONS The cost principles and procedures set forth in FAR Part 31 as modified by DEAR Part 931 shall be used to price contract and subcontract modifications, if any, whenever cost analysis is performed to negotiate the price of any such modification.

CR22 - EXCESS FREIGHT CHARGES When Sandia pays any amounts for freight charges in connection with this contract, Contractor is responsible for and shall pay to Sandia the amount of any excess freight charges if the routing specified in writing by the SCR is not used. If the specified routing cannot be used, Contractor shall promptly notify the SCR before shipment, and obtain new routing directions from the SCR.

CR23 - NOTICE OF POTENTIAL DELAY Contractor shall strictly comply with the delivery requirements of this Contract. Whenever the Contractor has knowledge of any actual or potential delay or threatened delay in the timely performance of this Contract, the Contractor shall immediately give notice thereof, confirmed in writing, including all relevant information with respect thereto, to Sandia. The Contractor agrees to insert the substance of this provision, including this sentence, in any subcontract hereunder, except that each such subcontract shall require the subcontractor to notify his next higher tier contractor of all relevant information with respect to such delays. Such notice is for informational purposes only and shall not be construed to relieve the Contractor of Contractor's obligation to comply with the contract delivery requirements.

CR24 - RELEASE OF INFORMATION No information relating to this contract shall be released other than to Contractor's employees or those of Contractor's subcontractors requiring the information for the performance of the Statement of Work of this contract, without advance written approval of the SCR. In no event shall the interest of Sandia or the DOE or the Government in this contract be indicated in any advertising or publicity without advance written approval of the SCR.

CR25 - SANDIA PROVIDED INFORMATION Any and all physical forms of designs, design data, specifications, technical, scientific data, and other information furnished by Sandia to the Contractor shall remain the property of the Government. Any and all such information provided by Sandia to the Contractor shall be used only for the purpose of enabling performance of this contract and the Contractor shall use its best efforts to prevent disclosure to others except when

necessary in the performance of this contract.

CR26 - MANUFACTURING AND TESTING STANDARDS Unless excluded or modified elsewhere in this contract/order, Contractor warrants that all equipment, components, fasteners, tools and products of any nature whatsoever, furnished under this contract, shall be manufactured and/or tested in accordance with standards normally associated with such items when they are sold to users in the United States. Examples of such manufacturing and/or testing standards include, but are not limited to: Underwriter's Laboratory (UL) Listing, National Fire Protection Association (NFPA) Approval, Occupational Safety and Health Act (OSHA) Approval, American Society for Testing Material (ASTM) Certification, Nationally Recognized Testing Laboratory (NRTL) Approvals. All items furnished under this contract shall be clearly marked and/or labeled, as appropriate; and, if applicable, all items shall be accompanied by installation and/or operating instruction normally associated with such items.

CR27 - EXTRAS Except as otherwise provided in this contract, no payment for extras shall be made unless such extras and the price therefor have been authorized in writing by the SCR.

CR28 - VARIATION IN QUANTITY No variation in the quantity of any item called for by this contract will be accepted unless such variation has been caused by conditions of loading, shipping, or packing, or allowances in manufacturing processes, and then only to the extent, if any, specified elsewhere in this contract.

CR29 - TERMINATION (a) Sandia or the Government may terminate performance of work under this contract in whole or, from time to time, in part, if

(1) The SCR determines that a termination is in Sandia's or the Government's interest; or
(2) The Contractor defaults in performing this contract and fails to cure the default within 10 days (unless extended by the SCR) after receiving a notice specifying the default. "Default" includes failure to make progress in the work so as to endanger performance.

(b) The SCR shall terminate by delivering to the Contractor a Notice of Termination specifying whether termination is for default of the Contractor or for convenience of Sandia or the Government, the extent of termination, and the effective date. If, after termination for default, it is determined that the Contractor was not in default or that the Contractor's failure to perform or to make progress in performance is due to causes beyond the control and without the fault or negligence of the Contractor as set forth in the Excusable Delays Clause, the rights and obligations of the parties will be the same as if the termination was for the convenience of Sandia or the Government.

(c) After receipt of a Notice of Termination, and except as directed by the SCR, the Contractor 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) Assign to Sandia or the Government, as directed by the SCR, all right, title, and interest of the Contractor under the subcontracts terminated, in which case Sandia or the Government shall have the right to settle or to pay any termination settlement proposal arising out of those terminations.

(5) With approval or ratification to the extent required by the SCR, settle all outstanding liabilities and termination settlement proposals arising from the termination of

subcontracts, the cost of which would be reimbursable in whole or in part, under this contract; approval or ratification will be final for purposes of this clause.

(6) Transfer title (if not already transferred) and, as directed by the SCR, deliver to Sandia (i) the fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced or acquired for the work terminated, (ii) the completed or partially completed plans, drawings, information, and other property that, if the contract had been completed, would be required to be furnished to Sandia, and (iii) the jigs, dies, fixtures, and other special tools and tooling acquired or manufactured for this contract, the cost of which the Contractor has been or will be reimbursed under this contract.

(7) Complete performance of the work not terminated.

(8) Take any action that may be necessary, or that the SCR may direct, for the protection and preservation of the property related to this contract that is in the possession of the Contractor and in which Sandia or the Government has or may acquire an interest.

(9) Use its best efforts to sell, as directed or authorized by the SCR, any property of the types referred to in subparagraph (6) above; provided, however, that the Contractor (i) is not required to extend credit to any purchaser and (ii) may acquire the property under the conditions prescribed by, and at prices approved by, the SCR. The proceeds of any transfer or disposition will be applied to reduce any payments to be made by Sandia or the Government under this contract, credited to the price or cost of the work, or paid in any other manner directed by the SCR.

(d) After expiration of the plant clearance period as defined in Subpart 45.6 of the Federal Acquisition Regulation, the Contractor may submit to the SCR a list, certified as to quantity and quality, of termination inventory not previously disposed of, excluding items authorized for disposition by the SCR. The Contractor may request Sandia to remove those items or enter into an agreement for their storage. Within 15 days, Sandia will accept the items and remove them or enter them into a storage agreement. The SCR may verify the list upon removal of the items, or if stored, within 45 days from submission of the list, and shall correct the list, as necessary, before final settlement.

(e) After termination, the Contractor shall submit a final termination settlement proposal to the SCR in the form and with the certification prescribed by the SCR. The Contractor shall submit the proposal promptly, but no later than 1 year from the effective date of termination, unless extended in writing by the SCR upon written request of the Contractor within this 1-year period. However, if the SCR determines that the facts justify it, a termination settlement proposal may be received and acted on after 1 year of any extension. If the Contractor fails to submit the proposal within the time allowed, the SCR may determine, on the basis of information available, the amount, if any, due the Contractor because of the termination and shall pay the amount determined.

(f) Subject to paragraph (e) above, the Contractor and SCR may agree on the whole or any part of the amount to be paid (including an allowance for fee) because of the termination. The contract shall be amended, and the Contractor paid the agreed amount.

(g) If the Contractor and the SCR fail to agree in whole or in part on the amount of costs and/or fee to be paid because of the termination of work, the SCR shall determine, on the basis of information available, the amount, if any, due the Contractor, and shall pay that amount, which shall include the following:

(1) All costs reimbursable under this contract, not previously paid, for the performance of this contract before the effective date of the termination, and those costs that may continue for a reasonable time with the approval of or as directed by the SCR; however,

the Contractor shall discontinue those costs as rapidly as practicable.

(2) The cost of settling and paying termination settlement proposals under terminated subcontracts that are properly chargeable to the terminated portion of the contract if not included in subparagraph (1) above.

(3) The reasonable costs of settlement of the work terminated, including--

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

(ii) The termination and settlement of subcontracts (excluding the amounts of such settlements); and

(iii) Storage, transportation, and other costs incurred, reasonably necessary for the preservation, protection, or disposition of the termination inventory. If the termination is for default, no amounts for the preparation of the Contractor's termination settlement proposal may be included.

(4) A portion of the fee payable under the contract, determined as follows:

(I) If the contract is terminated for the convenience of Sandia or the Government, the settlement shall include a percentage of the fee equal to the percentage of completion of work contemplated under the contract, but excluding subcontract effort included in subcontractor's termination proposals, less previous payments for fee.

(ii) If the contract is terminated for default, the total fee payable shall be such proportionate part of the fee as the total number of articles (or amount of services) delivered to and accepted by Sandia or the Government is to the total number of articles (or amount of services) of a like kind required by the contract.

(5) If the settlement includes only fee, it will be determined under subparagraph (g)(4) above.

(h) The cost principles and procedures in Part 31 of the Federal Acquisition Regulation in effect on the date of this contract shall govern all costs claimed agreed to, or determined under this clause.

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

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

(2) Any claim which Sandia or the Government has against the Contractor under this contract; and

(3) The agreed price for, or the proceeds of sale of materials, supplies, or other things acquired by the Contractor or sold under this clause and not recovered by or credited to Sandia or the Government.

(j) The Contractor and the SCR must agree to any equitable adjustment in fee for the continued portion of the contract when there is a partial termination. The SCR shall amend the contract to reflect the agreement.

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

(2) If the total payments exceed the amount finally determined to be due, the Contractor shall repay the excess to Sandia or the Government 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 Contractor to the date the excess is repaid. Interest shall not be charged on any excess payment due to a

reduction in the Contractor's termination settlement proposal because of retention or other disposition of termination inventory until 10 days after the date of the retention or disposition, or a later date determined by the SCR because of the circumstances.

(I) The provisions of this clause relating to fee are inapplicable if this contract does not include a fee.

CR30 - CONTRACT BREACH Any Contractor personnel who personally violate any requirements of this contract may be denied access to any Government site and Contractor may be terminated for default of this contract. Should one or more other contracts, now or hereafter, exist between Sandia and the Contractor or with any affiliated corporation or company of the Contractor, then a breach by the Contractor of any contract, may, at the option of Sandia, be considered a breach of all contracts; and in that event Sandia may terminate any or all of the contracts, or may withhold moneys due or to become due on any such contracts, and apply the same toward payment of any damages suffered on that or any other existing contract between Sandia and the Contractor.

CR31 - COMMERCIAL WARRANTY The Contractor agrees that the supplies or services furnished under this contract shall be covered by the most favorable commercial warranties the Contractor gives to any customer for the same or substantially similar products and/or services, and that the rights and remedies provided by this clause are in addition to and do not limit any rights afforded to Sandia by any other clause of this contract. The Contractor shall furnish to Sandia copies of the most favorable commercial warranties the Contractor gives to any customer for the same or substantially similar products and/or services, and such warranties shall be deemed a part of this contract.

CR32 - NEW SUPPLIES Except as otherwise provided in the Statement of Work or in Contractor's quotation, the quoter certifies that any products to be furnished are new (not used or reconditioned) and not of such age or so deteriorated as to impair their usefulness or safety.

CR33 - GOVERNMENT PROPERTY, MATERIAL, AND EQUIPMENT Except as provided for in Section I, Contractor must list the Government material/equipment Contractor will use in the performance of the Statement of Work in this contract and provide details concerning its use. Identification, inspection, maintenance, protection, and disposition of Government property shall conform with the policies and principles of FAR Part 45, 48 CFR (DEAR) 945, the Federal Property Management Regulations 41 CFR 101, the DOE Property Management Regulations 41 CFR 109, and DEAR 970.5204-21 Property.

CR34 - FALSE STATEMENTS Full, accurate, and complete information is required by the RFQ, this contract and any incorporated attachments. The penalty for making false statements is prescribed in 18 U.S.C. 1001 and constitutes default of any contract Contractor has with Sandia.

CR35 - WORKMANSHIP AND MATERIALS Unless otherwise directed by the SCR or expressly provided for by specifications issued under this contract, all articles, equipment, and materials incorporated in the work are to be new and of the most suitable grade of their respective kinds for the intended purpose in accordance with any applicable drawings and specifications; and installed to the satisfaction and with the approval of the SCR. Where equipment, materials, or articles are referred to in the specifications as "equal to" any particular standard, the SCR shall decide the question of equality. If the SCR so requires, the Contractor shall submit for approval samples of or test results on any materials proposed to be incorporated in the work before

making any commitment for the purchase of such materials.

CR36 - REPORTING OF ROYALTIES If any royalty payments are directly involved in the contract or are reflected in the contract price to Sandia, the contractor agrees to report in writing to the SCR with notification by the SCR to the DOE Patent Counsel during performance of this contract and prior to its completion or final settlement of any amounts or other payments paid or to be paid by the contractor to others in connection with the performance of this contract together with the names and addresses of licensors to whom such payments are made and either the patent numbers involved or such other information as shall permit the identification of the patents or other basis on which the royalties are to be paid. The approval of the DOE of any individual payments or royalties shall not stop the Government at any time from contesting the enforceability, validity or scope of, or title to, any patent under which a royalty or payments are made. The provisions of this clause, appropriately modified as to parties, shall be included in all subcontracts that exceed \$25,000 unless otherwise approved by the SCR.

CR37 - ADDITIONAL TERMS AND CONDITIONS This contract incorporates Federal Acquisition Regulation (FAR) clauses found at 48 CFR 52. et seq. and Department of Energy Acquisition Regulation (DEAR) clauses found at 48 CFR 952. et seq. by reference with the same force and effect as if they were given in full text. Where the FAR/DEAR clauses refer to Government and Contracting Officer, substitute Sandia and Sandia Contracting Representative (SCR). Upon request the SCR will make the full text available.

APPLY TO CONTRACTS AT ANY VALUE

FAR 52.222-1 Notice to the Government of Labor Disputes

FAR 52.223-3 Hazardous Material Identification And Material Safety Data with alternate I

FAR 52.227-1 Authorization and Consent This clause is not applicable where both complete performance and delivery are outside the United States, its possessions or Puerto Rico.

FAR 52.227-3 Patent Indemnity

FAR 52.227-23 Rights to Proposal Data (Technical). This clause applies only in any subcontract awarded based on consideration of a technical proposal.

FAR 52.244-6 Subcontracts for Commercial Items and Commercial Components

FAR 52.246-3 Inspection of Supplies - Cost Reimbursement

FAR 52.246-5 Inspection of Services - Cost Reimbursement

FAR 52-246-9 Inspection of Research and Development

FAR 52.246-16 Responsibility for Supplies

DEAR 952.204-2 Security

DEAR 952.247-70 Foreign Travel

DEAR 952.250-70 Nuclear Hazards Indemnity Agreement

DEAR 970.5204-9 Accounts, Records and Inspections

DEAR 970.5204-11 Changes

DEAR 970.5204-19 Printing Clause For Management and Operating Contractors

DEAR 970.5204-33(a) Defense Priorities and Allocations System. This Clause applies only if the Signature Page designates a Government Priority.

DEAR 970.5204-50 Cost and Schedule Control Systems

APPLY TO CONTRACTS EXCEEDING \$2,500

FAR 52.222-36 Affirmative Action for Handicapped Workers

FAR 52.222-41 Service Contract Act of 1965 as Amended

FAR 52.225-11 Restrictions on Certain Foreign Purchases

APPLY TO CONTRACTS EXCEEDING \$10,000

FAR 52.222-20 Walsh Healy Public Contracts Act

FAR 52.222-26 Equal Opportunity

FAR 52.222-35 Affirmative Action for Disabled and Vietnam Era Veterans

FAR 52.222-37 Employment Reports on Disabled Veterans and Veterans of the Vietnam Era

DEAR 970.5203-3 Buy American Act

APPLY TO CONTRACTS EXCEEDING \$25,000

FAR 52.209-6 Protecting the Government's Interest When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment

FAR 52.227-6 Royalty Information. Patent Counsel, as used in this clause, means the Patent Attorney, DOE, Albuquerque Operations Office, P. O. Box 5400, Albuquerque, New Mexico 87115.(See Clause CR37 above)

FAR 52.244-5 Competition in Subcontracting

FAR 52.247-63 Preference for U.S. Flag Air Carriers

FAR 52.247-64 Preference for Privately Owned U.S. Flag Commercial Vessels

APPLY TO CONTRACTS EXCEEDING \$100,000

FAR 52.203-6 Restrictions on Subcontractor Sales to the Government

FAR 52.203-7 Anti-Kickback Procedures

FAR 52.203-12 Limitation of Payments to Influence Certain Federal Transactions

FAR 215.2- Audit and Records-Negotiations

FAR 52.219-8 Utilization of Small, Small Disadvantaged and Women-Owned Small Business Concerns

FAR 52.222-4 Contract Work Hours and Safety Standards Act - Overtime Compensation

FAR 52.227-2 Notice of Assistance Regarding Patent and Copyright Infringement

FAR 52.223-2 Clean Air and Water

FAR 52.244-5 Competition in Subcontracting

DEAR 952-209-8 Organizational Conflicts of Interest Disclosure

DEAR 952.209-72 Organizational Conflicts of Interest

APPLY TO CONTRACTS EXCEEDING \$500,000

FAR 52.215-27 Termination of Defined Benefit Pension Plans

FAR 52.219-9 Small, Small Disadvantaged and Woman-Owned Small Business Subcontracting Plan

FAR 52.219-16 Liquidated Damages - Subcontracting Plan

FAR 52.231 1 Cost Accounting Standards Notices and Certification

FAR 52.230-2 Cost Accounting Standards

FAR 52.230-6 Administration of Cost Accounting Standards

DEAR 970.5204-24 Subcontractor Cost or Pricing Data

APPLY TO CONTRACTS EXCEEDING \$10,000,000

FAR 52.222-28 Equal Opportunity Pre-award Clearance of Subcontracts

APPLY TO ALL CONTRACTS WHERE ANY WORK WILL BE PERFORMED ON A GOVERNMENT SITE

DEAR 952.204-2 Security Requirements

DEAR 952.223-72 Radiation Protection and Nuclear Criticality

DEAR 970.5204-2 Integration of Environment, Safety, and Health into Work Planning and Execution

DEAR 970.5204-26 Nuclear Facility Safety

DEAR 970.5204-41 Preservation of Individual Occupational Radiation Exposure Records

DEAR 970.5204-58 Workplace Substance Abuse Programs at Government Sites

DEAR 970.5204-59 Whistleblower Protection for Contractor Employees

CR38 - VISITOR ACCESS TO GOVERNMENT SITES The organizations listed below are responsible for coordinating and administering the provisions of visitor access and control for the sites as listed. Sandia National Laboratories, Albuquerque, New Mexico - Visitor Access and Administration Section, Sandia Corporation, Building 801. Sandia National Laboratories, Livermore, California - Visitor Control and Administration Section, Sandia Corporation, Building 911. Tonopah Test Range, Tonopah, Nevada - Office of the Tonopah Test Range Manager.

CR39 - REQUIREMENTS FOR ACCESS TO GOVERNMENT SITES Permission to enter Government sites shall at all times be subject to all laws, regulations, and site access rules for the site. The Government requirements include but are not limited to, all of the requirements set forth in this section for any work to be performed on a Government site. To obtain access to such premises, the Contractor shall write a letter to the SDR or the SCR stating the company designation to be used by the Contractor and each subcontractor and furnishing the following information on each individual requiring access to such premises: name, date of birth, and citizenship status, completed ES&H training requirements set forth in the SOW. Access will be granted for the period of performance of the work only. Contractor shall withdraw and replace any individual, including any subcontractor employee, assigned to perform work under this contract, who in the judgment of Sandia or DOE, is to be denied access to any Government site. Contractor shall submit to the SDR or the SCR proposed working schedules for its personnel and the personnel of each of its subcontractors. The schedules will show proposed daily working hours and proposed workweeks. Schedules that deviate from Sandia's normal work day or work week must be approved by the responsible SDR. In the absence of a written authorization from the SCR or DOE, use of Government sites by the Contractor and its subcontractors of any tier, pursuant to access granted under this Clause, shall be limited to work required by this contract to be performed on such premises. **THE USE OF THE ACCESS PRIVILEGE FOR ANY PURPOSE OTHER THAN TO PERFORM WORK UNDER THIS CONTRACT IS PROHIBITED AND MAY BE GROUNDS FOR TERMINATING THIS CONTRACT FOR DEFAULT OR FOR FINDING THAT AN INDIVIDUAL IS UNACCEPTABLE FOR FUTURE ACCESS.**

CR40 - CITIZENSHIP STATUS All personnel of the Contractor and its subcontractors who require access must be United States citizens, or foreign nationals who are legal aliens or have the required authorization to perform work in the United States.

CR41 - TERMINATION OR REASSIGNMENT OF PERSONNEL The Contractor shall (i) notify immediately the SCR and the Sandia Access Control and Administration Division at Albuquerque (Sandia Physical Security Division at Livermore; Tonopah Test Range Manager at Tonopah) if any Contractor employees assigned to work under this contract are terminated for any reason or are assigned to other Contractor non-Sandia work and will not work under this contract in the future, and (ii) ensure that any Contractor employees identified under this

paragraph surrender to the Sandia Access Control and Administration Division (Sandia Physical Security Division at Livermore; Tonopah Test Range Manager at Tonopah) any Sandia badge, Kirtland Air Force Base decals or other access documents within two days of termination or reassignment.

CR42 - ES&H TRAINING Any contractor personnel who will enter a Government site to perform work shall have completed all of the ES&H training required by the Statement of Work prior to any attempts to enter a Government site as shown by written records of such training furnished to the SDR or to the Requester if no SDR is named in Section I of this Contract. Contractor shall certify to Sandia completion of all required training on the Completion Record for Contractor Administered Training form. This Form can be found on the Web at <http://www.sandia.gov/supplier/forms> or obtained from the SDR. Contractor shall provide the completion record form for the initial ESH100 training to the SDR on the first day of work. Contractor shall provide the completion records for any other training required above to the SDR before starting the affected work activity.

CR43 - ES&H SERVICES For Contractor employees performing Sandia-Directed work, Sandia shall provide those workers with any and all necessary safety authorization documents, personal protective equipment, industrial hygiene monitoring, medical surveillance, and radiation protection services. For Contractor employees performing Contractor-Directed work, Contractor shall provide its workers with all ES&H services, with the exception of Contractor employees performing Contractor-Directed work on Government sites for whom Sandia shall provide radiation dosimetry services and survey of record, as appropriate.

CR44 - HANDLING OF HAZARDOUS MATERIALS For contracts that require the performance of work on Government sites, the Contractor shall coordinate with the SDR all activities associated with the acquisition (including reporting hazardous materials used on Government sites), handling, storage, accidental spills, and/or disposal of hazardous materials and/or waste. The Contractor shall notify the SDR of all hazardous and/or radioactive waste generated during performance of work. Such materials become Sandia-owned waste and the Contractor shall notify the SDR for proper disposal by Sandia. Contractor's assistance in disposal may be required by Sandia.

CR45 - REMOVAL OF HAZARDOUS MATERIALS Those hazardous materials brought onto Sandia-controlled premises by the Contractor which are job-related consumables and have not been removed from their original packaging and which have not been purchased by Sandia, shall remain the property of the Contractor and shall be removed from Sandia after completion of the work. Hazardous materials in the original, labeled container are not hazardous waste if the material is usable and the full or partially full container is intact and properly closed. Those scrap items which are not hazardous and which have not become hazardous through co-mingling with hazardous items are owned by the Contractor and shall also be removed.

CR46 - VEHICLE MARKINGS All vehicles used by either the Contractor or its subcontractors shall be clearly marked to indicate company name of user. Vehicles which do not bear permanent markings may be temporarily marked as follows:(1) Signs, no longer than the vehicle door is wide, with a white or lighter background, showing the Contractor's name in one inch high, or larger, dark colored letters, may be made from sheet metal, cardboard or other suitable material and temporarily attached to the vehicle's front door panels so that the signs appear in the approximate center of each door panel. Words such as "Company," "Corporation" or

"Division" may be abbreviated.(2) No signs shall be attached to the vehicle's glass area for safety reasons.

CR47 - VEHICLE INSURANCE All vehicles, owned or operated by the Contractor, subcontractors or their agents and employees, having access to Government sites shall be covered by at least \$200,000/\$500,000 public liability and \$20,000 property damage insurance.

CR48 - CONTRACTOR OR SUBCONTRACTOR USE OF GOVERNMENT-OWNED VEHICLES

The following provisions apply if work under this contract requires Contractor or subcontractor personnel to operate Government-owned vehicles either on or off Government sites. Contractor shall maintain, at Contractor's expense, during the period of performance of work under this contract, third-party vehicle liability insurance which shall cover the use of such Government-owned vehicles with limits of at least \$200,000/ \$500,000 public liability and \$20,000 property damage. Medical payments coverage, comprehensive and collision insurance, uninsured motorist, and personal injury protection will not be required under this Clause unless required by State statute. All Contractor's agents, employees and subcontractors of any tier shall obey all rules and regulations pertaining to the use of Government-owned vehicles. In the event of a motor vehicle accident, the Contractor shall submit a completed Motor Vehicle Accident Reporting Form SF 91 to the SCR together with any additional supplemental forms required by instructions given on the GSA Form Packet 1627. A GSA Form Packet 1627 normally is located either in the headliner or glovebox of the GSA vehicle. Contractor's personnel shall assure that a GSA Form Packet 1627 is available in a GSA vehicle prior to accepting and driving a GSA vehicle.

CR49 - ACCESS TO SANDIA COMPUTERS Contractor personnel who are granted access to Sandia computers and word processors are subject to the computer security procedures outlined in this Clause. The procedures are applicable to Contractor personnel located at a Sandia facility or at the Contractor's facility. If the Contractor does not comply with the provisions of this Clause, Sandia may withdraw Contractor's access to Sandia computers and may also terminate this contract for default. Misuse of a Sandia computer may be a violation of law and could result in appropriate action including prosecution. Sandia computers may be used only to perform work authorized in the contract. Computer software or documentation developed on or for Sandia computer systems is the property of the Government unless provided otherwise in the contract. Information or data furnished by Sandia or obtained from a Sandia computer by Contractor personnel must be protected by the Contractor to prevent disclosure to any person other than Contractor's employees having a need to know unless such disclosure is authorized in advance in writing by the SCR. Classified material or information shall be protected in accordance with the security provisions of the contract. If this contract does not include security provisions and the Contractor is furnished or comes in contact with classified material or information, it shall be reported immediately to the SCR. Files of any other user shall not be accessed without specific permission from that user. Sandia monitors all use of all Sandia computers. Computer passwords are issued to individuals and must not be shared. Computer passwords must be protected by each Contractor employee to prevent disclosure to any other persons. If a computer password is disclosed or potentially disclosed, the Contractor must notify the SCR immediately so that a new password can be issued. . Any contractor who is granted access to a Sandia computer shall be required to complete initial and refresher "Computer Security Training" (COM100), to be provided by Sandia.

CR50 - PROTECTION OF GOVERNMENT PROPERTY All facilities, property, equipment and materials at Sandia are Government-owned. Acts of theft, illegal possession and unlawful destruction or use of Government property are violations punishable under Federal law, and may also result in administrative action. The Federal Bureau of Investigation is the investigative authority for all such incidents including cases involving the personal property of individuals when the incident occurs at a Government-owned installation. Every user of Government property is responsible for its physical protection and for reporting immediately the loss, theft, destruction, or damage of such property.

CR51 - APPLY TO ALL CONTRACTS THAT MAY INVOLVE ACCESS TO CLASSIFIED INFORMATION

DEAR 952.204-70 Classification

DEAR 952.204-74 Foreign Ownership, Control, or Influence or Contractor

CR52 - CLASSIFIED INVENTIONS (a) The Contractor shall not file or cause to be filed on any invention or discovery conceived or first actually reduced to practice in the course of or under this contract in any country other than the United States, an application or registration for a patent without obtaining written approval of the Contracting Officer.

(b) When filing a patent application in the United States on any invention or discovery conceived of or first actually reduced to practice in the course of or under this contract, the subject matter of which is classified for reasons of security, the Contractor shall observe all applicable security regulations covering the transmission of classified subject matter. When transmitting the patent application to the United States Patent and Trademark Office, the Contractor shall by separate letter identify by agency and number, the contract or contracts which require security classification markings to be placed on the application.

(c) The substance of this clause shall be included in subcontracts which cover or are likely to cover classified subject matter.

CR53 - APPLY TO ALL CONTRACTS WHICH INCLUDE ANY EXPERIMENTAL, RESEARCH, DEVELOPMENTAL, OR DEMONSTRATION WORK

FAR 52.246-7 Inspection of Research and Development - Fixed Price

DEAR 952.227-11 Patent Rights, Retention by the Contractor (Short Form) This clause is to be used in all contracts in which the Contractor is a domestic small business or nonprofit organization as defined at FAR, 48 CFR 27.301.

DEAR 952.227-13 Patent Rights Acquisition by the Government This clause shall be used in all other contracts.

FAR 52.227-14 Rights in Data - General with Alternates I & V with the addition of paragraph (d)(3) from the DOE Acquisition Letter 87-5 as follows:

(d)(3) The Contractor agrees not to establish claim of copyright in computer software first produced in the performance of this contract without prior written permission of the patent counsel assisting the contracting activity. When permission is granted, the patent counsel shall specify appropriate terms, conditions and submission requirements to assure utilization, dissemination, and commercialization of the data. The Contractor, when requested, shall promptly deliver to patent counsel a duly executed and approved instrument fully confirmatory of all rights to which the Government is entitled.

FAR 52-227-16 Additional Data Requirements

DEAR 952.227-76 Rights in Data - Special Works. This clause is applicable only to deliverables that are copyrightable works.

CR53 - TECHNICAL REPORTS IF REQUIRED BY THE STATEMENT OF WORK

FINAL REPORTS A final report shall be submitted, as specified in Section I, following completion of the work required by this contract. It shall be preceded by a draft for approval. The draft is due 30 days after completion of work. The final report is due 30 days after approval of the draft. Reporting requirements need to be coordinated with the Sandia Delegated Representative, if one is specified in the contract, or, if not, the Sandia Contracting Representative (SCR). The final report shall cover: work accomplished; results obtained; problem areas; and recommended solutions for actions. This report shall be a summary of technical activities during the entire contract performance and a comprehensive evaluation of progress in the area of research, study or development supported by this contract. The report shall consist of: an original reproducible set (typewritten/word processed) comprised of a cover; the written matter; and illustrations as appropriate. The report cover shall include: Report title; Sandia contract number; Sandia Requester name and organization number; SCR name and organization number; Sandia report (SAND) number stated in Section I, if applicable; and, if classified, Reference Symbol. The original reproducible master, charts, line drawings and sketches are to be in black on white. Photographs are to be glossy prints any size between 4 x 5 and 8 x 10 (8 x 10 preferred). Unclassified matter is to be sent by First Class Mail. Classified matter is to be mailed in accordance with DOE approved security requirements to the address stated in the "Classified Matter" clause. When drafts or final reports are mailed, Contractor shall also provide written notification of the mailing to the SCR. Except as otherwise provided in this contract (which exception includes DOE Patent Representative requests) no distribution or dissemination of a report in whole or in part may be made by the Contractor without specific prior written approval by the SCR.

INTERIM REPORTS Monthly or quarterly Interim Reports, as specified in Section I in a form acceptable to the SCR, are due 15 days after the reporting period. These reports shall cover the work accomplished during the reporting period and that planned for the subsequent period. Such report shall indicate: compliance with contract requirements and any failures to comply; the current status and technical effort expected to be devoted to the next period; and the best estimate of probable events during the remainder of the contract.

CR54 - APPLIES TO ANY DELIVERABLE WHICH PROCESSES DATE RELATED DATA

YEAR 2000 COMPLIANCE WARRANTY Contractor expressly warrants that all product and/or service deliverables on this Contract will accurately process date/time data (including, but not limited to, calculating, comparing, and sequencing) from, into, and between the twentieth and twenty-first centuries, and years 1999 and 2000 and leap year calculations, to the extent that other information technology, used in combination with the deliverables being acquired, properly exchange date/time data