

DOE Contract No. DE-AC05-98OR22700  
Job No. 23900  
September 18, 1998

c: E. R. Bowers  
R. K. Genung  
J. R. Hickey  
T. E. Myrick  
W. P. Painter  
H. L. Rhude  
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A. W. Trivelpiece

Lockheed Martin Energy Research Corporation  
Post Office Box 2008  
Oak Ridge, Tennessee 37831-6241

Attention: Richard K. Genung, Executive Vice-President

**Subject: Mutual Agreement of Parties for Reporting of Cost Data for Fiscal Year 1999 and Cost of Fee Provision, Modification to Master Service Agreements between Lockheed Martin Energy Research Corporation (LMER) and Bechtel Jacobs Company**

Dear Mr. Genung:

In accordance with Section II, H. 3. "Funding and Cost Overruns" and Section III, D. "Payment" of the Master Agreement for Services between Bechtel Jacobs Company and Lockheed Martin Energy Research Corporation (LMER), this is the mutual agreement reached between the parties for invoicing of costs, access to cost data, and reporting of cost data for Fiscal Year 1999. It also reflects a further definition of the accounting for expected fee.

It is agreed:

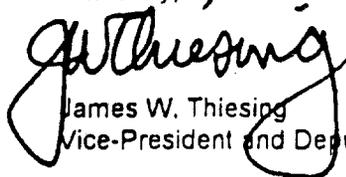
1. The exchange of work between the parties will be accomplished through a written work authorization in accordance with the Master Services Agreement.
2. Work authorizations will be composed of one or more tasks. If a work authorization contains more than one task, each task will have an estimated cost. Bechtel Jacobs Company, when acting as the Requesting Party, will assign a cost code for each task. Lockheed Martin, when acting as the Performing Party, will individually identify each task by assigning an Internal Activity Number (IAN).
3. Work definition and budget control will occur at the task level.
4. Cost reporting and accrual activity will occur at the task level.
5. Both companies expect accrual activity (monthly) to occur at the task level. A threshold of an annual estimate of \$500,000 (or greater) per task will be established as a baseline for performing the monthly accrual activity.
6. Cost accruals are "outside" of the voucher transfer process. Cost vouchers reflect "actual cost".
7. Bechtel Jacobs Company will utilize the current Lockheed Martin business calendar.
8. The format for the invoice will be 1) DOE Form 2240.7 (invoice), 2) invoice cost detail (by funding document, work authorization, and internal activity number, and 3) transaction detail at the internal activity number level. The invoice cost detail will contain the work authorization number, the internal activity number, cost object number (work breakdown structure), elements of cost, and associated dollars. A flat file with transactional detail described above will be submitted.

It is also agreed that the estimated total cost of the work authorization includes fee to LMER for performing this work. The fee accrual shall only include the fee expected to be earned from the performance of Bechtel Jacobs Company work authorizations.

Mr. Richard K. Genung  
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If you have any questions or need additional information, please contact Steve Shook at 241-1151.

Sincerely,

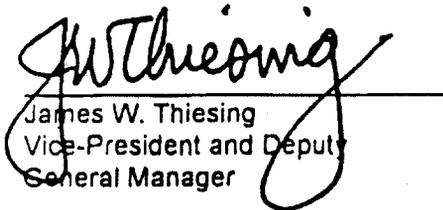


James W. Thiesing  
Vice-President and Deputy General Manager

JWT/SS/rs  
LTR-PC-RS-98-258

c: Jean Dunkirk  
Glen Kizer  
Ed Lindsay  
Bob Lynch  
Marv Wollin  
File-EMEF-DMC-RC

BECHTEL JACOBS COMPANY LLC



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James W. Thiesing  
Vice-President and Deputy  
General Manager

LOCKHEED MARTIN ENERGY RESEARCH  
CORPORATION

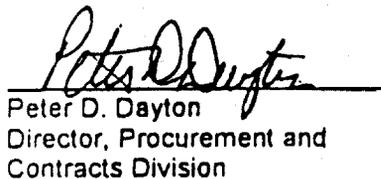


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Richard K. Genung  
Executive Vice-President

CONCURRENCE:

DEPARTMENT OF ENERGY



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Peter D. Dayton  
Director, Procurement and  
Contracts Division