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January 15, 1965

Mr. P. M. Goodbread
Assistant Manager for Administration
U. S. Atomic Energy Commission
San Francisco Operations Office
2111 Bancroft Way
Berkeley, California 94704

BEST COPY AVAILABLE

Dear Mr. Goodbread:

SUBJECT: Monsanto Research Corporation
Subcontract 212
First Modification to
Project Agreement No. 5 (Revised)

During previous communications between your Mr. G. Goode and our Messrs. G. Brin and J. Harris, it was established that the overhead rate of 103% used to substantiate the addition of funds as specified under the original First Modification to Project Agreement No. 5 was not in conformity with the AEC approved rate of 91%. This specific problem was brought to the attention of Monsanto and, subsequently, per agreement dated December 22, 1964 between our Mr. C. L. Blue and Monsanto's Mr. T. Gossage, it was agreed that the estimated costs of Modification No. 1 to Project Agreement No. 5 would be changed to reflect the AEC authorized burden rate of 91%.

The combined effect of applying the lower rate of 91% produced a revised estimated cost of $93,469 which includes a fixed fee of $6,519. This figure now appears in the revised Modification No. 1 to Project Agreement No. 5 attached hereto.

Based on previous discussions with Mr. G. Goode, it is assumed that this revision will be acceptable. Accordingly, copies have been sent to Monsanto for signature and, upon return, will be forwarded to your office for execution.

Very truly yours,

W. B. Reynolds
Business Manager

WBR:JPH:sm
Att: First Mod. to PA #5 (3)

cc. w/o att: R. E. Batzel
C. L. Blue
W. D. Douglass
W. B. Harford
H. E. Schaefer

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