



UNITED STATES
NUCLEAR REGULATORY COMMISSION
 WASHINGTON, D.C. 20555-0001

December 24, 1996

Ms. Virginia Dellasandro
 P.O. Box 251
 Newfield, New Jersey 08344

Dear Ms. Dellasandro:

I have received your statement dated November 5, 1996 presenting your request that the Nuclear Regulatory Commission not renew Shieldalloy Metallurgical Corporation's (SMC's) Newfield facility license for handling radioactive materials until (1) a decommissioning plan has been approved by NRC, (2) NRC resumes its Environmental Impact Statement (EIS) for *in situ* disposal, and (3) SMC complies with the financial assurance requirements of Title 10 of the Code of Federal Regulations, Part 40.36 (10 CFR 40.36).

SMC submitted an updated conceptual decommissioning plan dated December 12, 1995, which proposes (1) the export of slag for further processing, (2) the domestic sale of the baghouse dust for beneficial use, and (3) the off-site disposal of all remaining contamination in a licensed burial site. The combination of these efforts is proposed to allow the site to meet NRC's decommissioning requirements and release the site for unrestricted use. To show their intent to meet this plan, SMC is actively pursuing a buyer for the slag and has already submitted a formal request to NRC, dated June 24, 1996, to allow the sale of baghouse dust to a cement manufacturer. SMC has calculated their cost of the remaining cleanup activities after transfer of all the slag and baghouse dust. This cost is covered by their original letter of credit for \$750,000 submitted to meet previous decommissioning financial assurance requirements. SMC has also committed to fund any additional costs for this plan if NRC determines that current funding is inadequate.

At this point, NRC has no plans to restart the EIS regarding *in situ* disposal because of the change in SMC's plan for disposal of the slag and baghouse dust. However, should NRC renew SMC's license, it will contain the condition that, within one year of the date of license renewal, SMC must provide significant proof (e.g., a contract) that they have made progress in locating a buyer for the slag and that their current concept remains viable. If SMC cannot provide adequate documentation of their progress or other information invalidates the current decommissioning plan, NRC will require that SMC submit a viable decommissioning plan. If that new plan entails *in situ* disposal, NRC will restart development of the EIS with appropriate public participation.

As another condition for license renewal, SMC has agreed that for any future increases in possession limits that would allow SMC to accumulate more radioactive products at the Newfield site, SMC will provide additional financial assurance to cover the cost of off-site, licensed disposal for the new material added to the license. This condition is to ensure that any uncoded liability for the disposal of slag currently on site would not increase.

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Ms. Dellasandro

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More details on this information may be found in an upcoming environmental assessment (EA) for license renewal. Please note that the EA itself does not imply that NRC will renew the SMC license. Nevertheless, we expect that the EA will show that there will not be any significant adverse impacts on the public health and safety or the environment from the renewal of this license. If you have any questions, please feel free to call or write me.

Sincerely,

/s/

Gary C. Comfort, Jr.
Licensing Section 2
Licensing Branch
Division of Fuel Cycle Safety
and Safeguards, NMSS

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License SMB-743

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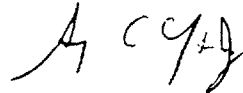
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Ms. Dellasandro

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