



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

February 22, 2007

DOCKETED
USNRC

February 22, 2007 (3:55pm)

OFFICE OF SECRETARY
RULEMAKINGS AND
ADJUDICATIONS STAFF

COMMISSIONER

SERVED February 22, 2007

Eric E. Jackson, President
Shieldalloy Metallurgical Corporation
435 Devon Park Drive
Bldg. 400
Wayne, PA 19087

Dear Mr. Jackson:

Thank you very much for taking the time to present information to me regarding your facility in Newfield, New Jersey, and the tour of the facility. I found the tour very informative. I understood you to say during your presentation that you believed the "Settlement Agreement of Environmental Claims and Issues By and Between Debtors and the United States of America and the State of New Jersey," was a binding document in which the NRC had agreed both that the slag pile could be left onsite, and that the cost to the company of decommissioning would not exceed 5 million dollars. This statement has been widely repeated in the press as well.

Since returning to my office, I have reviewed the settlement agreement, which is Appendix K of your decommissioning plan. I do not agree with your characterization of the content of the settlement agreement. I would particularly commend to you the following paragraphs.

A. "Shieldalloy and the United States have agreed that for purposes of determining financial assurance only, the dollar amounts assigned to each of the Environmental Projects are as follows: . . . NRC Slag Pile Remediation 5.0." Page 19, Paragraph 14.

B. "It is agreed and understood that the Predetermined Costs as identified in paragraph 14 of this Settlement Agreement in no way constitute a cap or limitation on Shieldalloy's continuing obligations to comply with state and federal environmental laws or with the NJ ACO." Page 34, Paragraph 40.

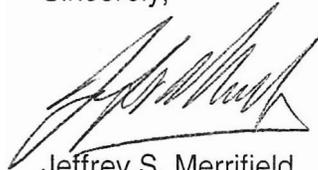
C. "Nothing in this Settlement Agreement shall release Shieldalloy or a subsequent owner or operator of the Newfield or Cambridge sites from complying with applicable state and federal environmental laws." Page 35, Paragraph 43.

D. "Nothing in this Settlement Agreement shall be construed to affect the NRC's regulatory authority over the Newfield site or the Cambridge site, including, but not limited to, the NRC's authority relating to the decommissioning of the Sites, and the NRC's authority to require Shieldalloy to post separate financial assurance, above and beyond the amounts set forth in this Settlement Agreement." Page 37-38, Paragraph 50.

The NRC currently has before it your proposed decommissioning plan. The NRC will, in accordance with its regulatory responsibilities, review the plan and determine whether or not it is acceptable.

Finally, as I stated during my visit, I would encourage further dialogue between your staff and the other interested parties to determine if there are other options, in addition to onsite decommissioning, that may be able to resolve the final cleanup and reuse of this site in a cost effective way.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey S. Merrifield", written over a light gray rectangular background.

Jeffrey S. Merrifield

cc: Parties to the Proceeding
Congressman Frank A. LoBiondo
Congressman Robert E. Andrews
Senator Robert Menendez
Senator Frank R. Lautenberg

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

In the Matter of)
)
SHIELDALLOY METALLURGICAL CORP.) Docket No. 40-7102-MLA
)
)
(License Amendment Request for)
Decommissioning the)
Newfield, New Jersey Facility))

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing LETTER FROM COMMISSIONER JEFFREY S. MERRIFIELD TO ERIC E. JACKSON, PRESIDENT, SHIELDALLOY METALLURGICAL CORPORATION, have been served upon the following persons by electronic mail this date, followed by deposit of paper copies in the U.S. mail, first class, and NRC internal mail on 02/23/2007.

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Docket No. 40-7102-MLA
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TO ERIC E. JACKSON, PRESIDENT, SHIELDALLOY
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Office of the Secretary of the Commission

Dated at Rockville, Maryland
this 22nd day of February 2007