



40-7102

UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

May 31, 1995

The Honorable Everett Marshall III
Mayor of Newfield Burrough
NW Boulevard at Salem Avenue
Newfield, New Jersey 08344

Dear Mayor Marshall:

I am responding to Mr. Spall's letter dated May 8, 1995, requesting that an update be provided to you and the Council regarding the developments of the decommissioning plans for the Shieldalloy Metallurgical Corporation (Shieldalloy) facility located in Newfield, New Jersey. As you are aware, in November 1993, the U.S. Nuclear Regulatory Commission issued a Notice of Intent to prepare an environmental impact statement (EIS) by October 1994. The purpose of the EIS is to evaluate Shieldalloy's proposal for *in situ* disposal of NRC-licensed material at its Newfield facility. In December 1993, NRC held a scoping meeting in the Newfield area and solicited comments from the public to identify the range of issues which should be evaluated in the EIS. Since publication of the scoping report in July 1994, which summarized the scoping process, NRC has postponed development of the EIS while Shieldalloy pursues alternate strategies for the disposal of slag material at the Newfield site such that *in situ* disposal of the material may not be required.

By license application dated December 20, 1994, Shieldalloy requested authorization to export a test shipment of slag for use in a foreign production process. The success of this test shipment, if approved, will not only allow Shieldalloy to receive economic benefit from the slag material but will remove slag slated for processing from the Newfield site. If this strategy proves to be successful and acceptable, Shieldalloy will request that the scope of the EIS be reduced to primarily the baghouse dust pile. The baghouse dust pile has much lower concentrations of radioactive isotopes than the slag. While this application is being evaluated, NRC has opted to conserve resources until the final scope of the EIS can be determined. A decision on the acceptability of the test shipment will likely be made within 60 days. Continuation of the development of the EIS is expected to begin later this summer, and a draft EIS may be available by summer 1996.

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It is important to note that Shieldalloy has no plans to actively decommission its operations at the Newfield facility at this time. As part of the license renewal process, NRC requires a decommissioning funding plan in accordance with Part 40, Section 36 of Title 10 of the Code of Federal Regulations (10 CFR 40.36). This requirement is meant to assure the availability of funds for future decommissioning. NRC's preparation of the EIS is in response to Shieldalloy's non-standard plan (i.e., not unrestricted release) for future decommissioning. The EIS will allow NRC to determine the future acceptability of such decommissioning and the financial requirements which may be necessary to complete such action if the EIS finds it to be acceptable. Determinations resulting from the EIS will not prohibit changes to the future decommissioning plans of the site when Shieldalloy decides to decommission the facility. Any such changes will be evaluated by the NRC prior to implementation by Shieldalloy.

If you have any questions, please contact Mr. Gary Comfort of my staff at (301) 415-8106.

I trust this reply responds to your concerns.

Sincerely,

Original signed by Carl J. Paperiello

Carl J. Paperiello, Director
Office of Nuclear Material Safety
and Safeguards

cc: Mr. Gerald R. Spall, Esq.
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