



SHIELDALLOY METALLURGICAL CORPORATION

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Aluminum Products & Powders Division

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April 20, 1998

Mr. Michael Weber  
Chief, Licensing Branch  
Division of Fuel Cycle Safety and Safeguards, NMSS  
U. S. Nuclear Regulatory Commission  
Washington, D.C. 20555-0001

Re: Source Material License No. SMB-743 (TAC No. L21474)

Dear Mr. Weber:

On October 20, 1997, source material license No. SMB-743 for Shieldalloy Metallurgical Corporation (SMC) was renewed. Provision 14 of the renewed license requires SMC to "submit to NRC a list of identified customers, who have expressed an interest in performing trial runs, for the slag and a schedule for obtaining an executed contract for the sale of the slag." To comply with that provision, SMC is submitting the following list of customers that have been identified to date. Each of these companies currently use a calcium aluminate flux in their production of steel. SMC has met with each of them to discuss the benefits of using our blended slag fluidizer, CANAL Lite<sup>1</sup>. We are confident that the CANAL Lite will prove to be economically and metallurgically beneficial to their production of high quality steel.

- Nucor - Hickman  
Blytheville, AR
- Nucor - Yamoto  
Armored, AR
- Northwest Steel and Wire  
Sterling, IL

Nucor - Hickman has placed an order with us already and we expect to receive orders from Nucor - Yamoto and Northwest Steel and Wire in the very near future. The shipment of three

<sup>1</sup> CANAL Lite is completely homogeneous blend of crushed ferrovanadium and ferromanganese slags. The concentration of Uranium and Thorium contained in CANAL Lite is less than 0.05% and therefore an unimportant quantity of source material pursuant to 10 CFR §40.13(a).

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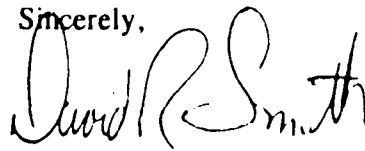
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truckloads of CANAL *Lite* to Nucor - Hickman is scheduled to leave our Newfield facility on April 20, 1998. SMC anticipates that Nucor - Hickman will have evaluated the benefits of CANAL *Lite* to their steel production operation within a couple of months.

It should be understood that SMC intends to market our CANAL *Lite* - Calcium Aluminate Slag Fluidizer to other domestic steel manufacturers. SMC, also, will continue its discussions with high quality steel producers located outside of the United States regarding the benefits of using the CANAL<sup>®</sup> Slag Fluidizer.

If you have any questions, please contact me at (609) 692-4200, extension 226.

Sincerely,



David R. Smith  
Radiation Safety Officer

cc: Nigel C. Morrison  
Mary B. Higgins  
James P. Valenti  
Robert A. DeGrange  
Carol D. Berger - IEM  
Heather Astwood - USNRC Licensing Section 2  
Penny Lanzisera - USNRC Region 1