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SHIELDALLOY METALLURGICAL CORPORATION

WEST BOULEVARD
P.O. BOX 768
NEWFIELD, NJ 08344
TELEPHONE (609) 692-4200
TWX (510) 687-8918
FAX (609) 692-4017

DAVID R. SMITH
ENVIRONMENTAL MANAGER
Aluminum Products & Powders Division

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*[1]. 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
  Armorel, 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

[1] CANAL *Lite* is completely homogeneous blend of crushed ferrovanadium and ferrocolumbium 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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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® 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