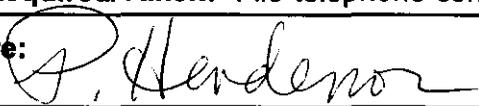


TELEPHONE CONVERSATION RECORD		Conversation Date: May 4, 1998
Mail Control No.: NA	License No.: SMB-743	Docket No.: 040-07102
Persons Called: Shieldalloy: Nigel C. Morrison, David Smith and James Valenti; Technical Consultant to Shieldalloy: Carol Berger; Counsel for Metallurg, Inc.: Eric Schondorf and David Berz	Organization: Shieldalloy	Telephone Number: Conference call
Person Calling: Region I: John Kinneman, Pam Henderson, Marie Miller, Penny Lanzisera Headquarters: Mike Weber, Mike LaMastra, Heather Astwood		
Subject: Negotiate C.A.L. for Shieldalloy		
<p>Summary:</p> <p>A conference call was conducted on May 4th with the above attendees. NRC Region I reviewed the commitments in the C.A.L. The licensee requested 20-25 minutes to confer about the commitments in the C.A.L. After conferring, the licensee stated that they believed they had already met all the conditions of the proposed C.A.L. and preferred to simply provide us with the information rather than be issued a C.A.L. They objected to the force of the C.A.L. They also did not want to have to make commitments about any future shipments since the April 20th shipment was their first and they have not settled on routine procedures for the production of the CANAL Lite. The stated that they had conducted extensive analysis and surveys for the first shipment which they did not believe would be necessary for routine shipments.</p> <p>Region I stated that they would confer with management regarding the licensee's request and contact the licensee the following day, May 5th, to let them know the outcome.</p> <p>Region I conferred with HQ and RI management (George Pangburn) and it was decided to allow the licensee to send us a "reverse C.A.L.". The licensee initiates a letter that contains identical commitments that would have been issued by NRC in a C.A.L.</p>		
Action Required/Taken: File telephone conversation record.		
Signature: 	Date: May 6, 1998	