

OFFICE OF THE SECRETARY
CORRESPONDENCE CONTROL TICKET

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ACTION OFFICE: EDO

TO: Miller, FSME

AUTHOR: Bob Martin

AFFILIATION: NJ

ADDRESSEE: Congress

EDO
DEDMRT
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SUBJECT: Decommissioning of Shieldalloy Metallurgical Corporation (SMC) radioactive materials license

ACTION: Appropriate

DISTRIBUTION: OCA, OGC, RF

LETTER DATE: 03/24/2010

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State of New Jersey

DEPARTMENT OF ENVIRONMENTAL PROTECTION

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CHRIS CHRISTIE

Governor

KIM GUADAGNO

Lt. Governor

BOB MARTIN

Acting Commissioner

March 24, 2010

Honorable Robert Menendez
United State Senator, New Jersey
528 Hart Senate Office Building
Washington, DC 20510

Honorable Frank R. Lautenberg
United States Senator, New Jersey
324 Hart Senate office Building
Washington, DC 20510

Honorable Robert E. Andrews
United States House of Representatives
1st Congressional District, New Jersey
2265 Rayburn House Building
Washington, DC 20515

Honorable Frank A. LoBiondo
United State House of Representatives
2nd Congressional District, New Jersey
2427 Rayburn House Office Building
Washington, DC 20515

Dear Senators Lautenberg and Menendez and Congressmen Andrews and LoBiondo:

I am writing to you to request your assistance in dealing with a regulatory issue that we believe has the potential to result in significant environmental and health impacts. As you know, there remains in the village of Newfield (Gloucester), approximately 63,000 cubic meters of radioactive slag, baghouse dust and demolition debris from past operations of the Shieldalloy Metallurgical Corporation (SMC).

The US Nuclear Regulatory Commission (NRC), the State of New Jersey and SMC have been in litigation over the decommissioning of SMC's radioactive materials license for the past several years. SMC manufactured specialty steel and alloy additives beginning in the late 1950s. Ore which contained radioactive uranium, thorium and radium was imported and used to make these products. The radioactive components remained in the waste slag which the NRC allowed to be placed in a storage pile in the backyard of the facility.

At issue is whether the radioactive waste should be disposed by leaving it on site beneath a protective barrier or removed and disposed off site at a licensed low-level radioactive waste

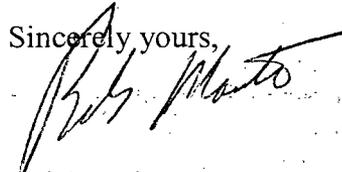
disposal facility. The NRC's rules allow SMC to develop a plan to leave the material on site. Leaving the radioactive waste on site will create a huge unlined radioactive waste pile in the middle of Newfield which, due to the nature of the material, will remain a radioactive hazard for billions of years and threaten the health and safety of the community and groundwater in the area. Leaving such material in place will also serve to stigmatize the area. The cost of disposing 63,000 cubic meters of radioactive waste is approximately \$40 million. Because of the cost, SMC contends that it may not be able to remain in business if required to provide all the funds to dispose of the radioactive waste. Because the federal government allowed SMC to accumulate the waste for years without regards to final disposal, we believe the federal government bears responsibility for some of the cost of disposal.

As such, former Governor Corzine asked Secretary Chu of the Department of Energy to allocate some of the American Recovery and Reinvestment Act (ARRA) funds to cleanup the site. (See enclosed letter dated December 22, 2009). We have been advised by Secretary Chu's staff that DOE has no statutory authority to expend funds on this project, and therefore we expect that Secretary Chu will deny the request. However, DOE has recommended an alternative funding approach which is to place this site under the authority of the DOE so that ARRA funds (or other available funding) can be allocated to the clean-up of the SMC site. To accomplish this, federal legislation is required for which we request your assistance. Similar legislation was passed for the Atlas uranium mill tailings pile in Moab, Utah; and for the Maywood, New Jersey site.

This project would be a win-win situation. Not only would jobs be created in the short term during the remediation, but Newfield's long term economy would benefit from restoration of the site for additional commercial endeavors. Further, SMC could continue its current operations in Newfield. Real estate values would only improve from removal of this pile.

The Department has been advocating for disposal of this waste pile since 1986. We request your assistance to introduce and enact legislation so that the federal government can provide some assistance to SMC for the cleanup. Should you have any questions or require additional information, please contact John W. Hazen, Director, Office of Legislative Affairs, at (609) 633-7698 if you would like a briefing on this matter.

Sincerely yours,



Bob Martin
Acting Commissioner

Enclosure

C: Secretary Chu, US Department of Energy
Commissioner Jaczko, US Nuclear Regulatory Commission
Administrator Jackson, US Environmental Protection Agency
John W. Hazen, Director, Office of Legislative Affairs



State of New Jersey

OFFICE OF THE GOVERNOR

PO Box 001

TRENTON NJ 08625-0001

ION S. CORZINE
Governor

December 22, 2009

Secretary Chu
US Department of Energy
1000 Independence Ave., SW
Washington, D.C. 20585

Dear Secretary Chu:

It is with great anticipation that I make this request for expenditure of a portion of the Department of Energy's allocation of non-defense environmental cleanup funds from the American Recovery and Reinvestment Act on behalf of the citizens of New Jersey.

The US Nuclear Regulatory Commission (NRC), the State of New Jersey, and Shieldalloy Metallurgical Corporation (SMC), located in Newfield, New Jersey have been in litigation over the decommissioning of SMC's radioactive materials license for the past several years. SMC manufactured specialty steel and alloy additives beginning in the late 1950s. Ore which contained radioactive uranium, thorium, and radium was imported and used to make these products. The radioactive components remained in the waste slag which the NRC allowed to be placed in a storage pile. Approximately 63,000 cubic meters of radioactive slag, baghouse dust, and demolition debris remain in a pile at the site.

At issue is whether the radioactive waste should be disposed of on site beneath a protective barrier or should be removed and disposed of off site at a licensed low level radioactive waste disposal facility. Leaving the radioactive waste on site will create a huge unlined radioactive waste pile in the middle of Newfield village which will remain a radioactive hazard for billions of years and threaten the health and safety of the community and groundwater in the area, plus stigmatize the area. The cost of disposing of 63,000 cubic meters of radioactive waste is approximately \$40 million. Because of the cost SMC contends that it may not be able to remain in business if required to provide all the funds to dispose of the radioactive waste. Because the federal government allowed SMC to accumulate the waste for years without regards to final disposal, we believe the federal government bears responsibility for some of the cost of disposal.

This project is for all intents and purposes "shovel ready"; the radioactive slag is in a pile and there is an adjacent railroad line, although the spur needs repairing. The disposal and railroad repair could be accomplished for approximately \$40 million.

Secretary Chu
December 22, 2009
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The Borough of Newfield and surrounding towns have suffered from the stigma of this radioactive waste pile. Newfield and surrounding towns all have resolutions calling for the removal of the waste pile.

This project would be a win-win situation. Not only would jobs be created in the short term during the remediation, but Newfield's long term economy would benefit from restoration of the site for additional commercial endeavors, and SMC could continue its current operations in Newfield. Real estate values would only improve from removal of this pile. Please contact me immediately if you are open to discussions regarding this project.

Sincerely,



JON S. CORZINE