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FEB 02 1994

Shieldalloy Metallurgical
Corporation
ATTN: Mr. Scott Eves, Vice-President
Environmental Services
West Boulevard
P. O. Box 768
Newfield, NJ 08344

License No. SMB-1507
Docket No. 040-08948

Dear Mr. Eves:

SUBJECT: NRC INSPECTION REPORT 040-08948/93001(DRSS)

This refers to the inspection conducted by Messrs. D. Sreniawski, C. Glenn, R. L. Glinski and G. M. McCann from October 6, 1993 through January 13, 1994. This inspection included a review of activities authorized under NRC Source Material License No. SMB-1507. At the conclusion of the onsite inspection, the findings were discussed with you and members of your staff. In addition, this inspection also included the review of radioanalytical data received from the Oak Ridge Institute for Science and Education on December 16, 1993 and January 11, 1994. The inspection findings and analytical results of samples collected were discussed with you on January 20, 1994, during a telephone conversation with Messrs. McCann and Glinski.

The areas examined during the inspection are identified in the report. Within these areas, the inspection consisted of selective examination of procedures and representative records, interviews with personnel, observation of activities, and a limited radiological survey.

During this inspection, certain of your activities were found to be in violation of NRC requirements. The violations are specified in the enclosed Notice of Violation. A written response to these violations is required.

In addition, there are three areas of concern addressed within the report. The concerns regard maintenance of the West Slag Pile cover, the monitoring program for surface and ground waters, and the discovery that contaminated slag was taken to offsite locations. Please include with your response to this letter, actions taken or planned to address these concerns.

In accordance with 10 CFR 2.790 of the Commission's regulations a copy of the letter, the enclosure, and your response to this letter will be placed in the NRC Public Document Room.

The response directed by this letter and the accompanying Notice are not subject to the clearance procedures of the Office of Management and Budget as required by the Paperwork Reduction Act of 1980, PL96-511.

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We will gladly discuss any questions you have concerning this inspection.

Sincerely,

Gary L. Shear, Chief
Fuel Cycle and Decommissioning Branch

Enclosures:

- 1. Notice of Violation
- 2. Inspection Report
No. 040-08948/93001(DRSS)

cc w/enclosures:

Michael A. Finn, Group
Secretary
Jay E. Silberg, Esq.
James Valenti, Radiological
Safety Manager
James Benetti, 5AT-26, U.S.
Environmental Protection Agency
Jennifer Wendel, U. S. Environmental
Protection Agency, Region V
David Smith, Ohio Environmental
Protection Agency
Harvey Bruegger, Ohio Department
of Health

bcc w/enclosures:

J. H. Austin, NMSS
M. F. Weber, NMSS
C. J. Glenn, NMSS
G. M. McCann, RIII
R. L. Glinski, RIII
PUBLIC (IE07)

yes
RIII *AMM*

McCann/sd
02/01/94

RIII
Sreniawski
AMM
for DJS

RIII
Glinski
AMM
for DJS

RIII
GLS
Shear
2/2/94

NMSS
Glenn
AMM
via
phone