

## NOTICE OF VIOLATION

Shieldalloy Metallurgical Corporation  
Newfield, NJ

Docket No. 040-07102  
License No. SMB-743

During an NRC inspection conducted on August 19 and September 9, 1999, one violation of NRC requirements was identified. In accordance with the "General Statement of Policy and Procedure for NRC Enforcement Actions," (Enforcement Policy), NUREG-1600, the violation is listed below:

10 CFR 40.42(d) requires, in part, that licensees provide notification to the NRC in writing within 60 days of any of the following occurrences:

- (1) The license has expired,
- (2) The licensee has decided to permanently cease principal activities at the entire site or in any separate building or outdoor area that contains residual radioactivity such that the building or outdoor area is unsuitable for release in accordance with NRC requirements,
- (3) No principal activities under the license have been conducted for a period of 24 months, or
- (4) No principal activities have been conducted for a period of 24 months in any separate building or outdoor area that contains residual radioactivity such that the building or outdoor area is unsuitable for release in accordance with NRC requirements.

Contrary to the above, as of May 17, 1999, the licensee permanently ceased principal activities in a separate building that contained residual radioactivity from activities conducted under Source Material License No. SMB-743. The American Air Filter (AAF) baghouse and adjacent silo used to filter the airborne effluent during pyrochlore processing was unsuitable for release in accordance with NRC requirements of 10 CFR 20, and the licensee failed to notify the NRC in writing within 60 days of this occurrence. Specifically, the AAF system was part of the facility design for radiation protection purposes associated with its principal licensed activity and had residual contamination in excess of residual contamination limits. The licensee informed the NRC on August 18, 1999, during a telephone conversation initiated by the NRC for inspection planning purposes that the AAF Building and adjacent silo had been dismantled during the period of May 17 through June 17, 1999. During the inspection on August 19, 1999, the inspector observed that only the concrete pad remained in-place, and that the filter bags containing residual contamination in excess of residual contamination limits were placed on-site in the licensed Source Material Storage Yard.

This is a Severity Level IV violation (Supplement VI).

Pursuant to the provisions of 10 CFR 2.201, Shieldalloy Metallurgical Corporation is hereby required to submit a written statement or explanation to the U.S. Nuclear Regulatory Commission, ATTN: Document Control Desk, Washington, D.C. 20555, with a copy to the Regional Administrator, Region I, within 30 days of the date of the letter transmitting this Notice of Violation (Notice). This reply should be clearly marked as a "Reply to a Notice of Violation" and should include: (1) the reason for the violation, or, if contested, the basis for disputing the violation, (2) the corrective steps that have been taken and the results achieved, (3) the corrective steps that will be taken to avoid further violations, and (4) the date when full compliance will be achieved. Your response may reference or include previous docketed correspondence, if the correspondence adequately addresses the required response. If an adequate reply is not received within the time specified in this Notice, an order or a Demand for Information may be issued as to why the license should not be modified, suspended, or revoked, or why such other action as may be proper should not be taken. Where good cause is shown, consideration will be given to extending the response time.

If you contest this enforcement action, you should also provide a copy of your response to the Director, Office of Enforcement, United States Nuclear Regulatory Commission, Washington, DC 20555-0001. Under the authority of Section 182 of the Act, 42 U.S.C. 2232, this response shall be submitted under oath or affirmation.

Because your response will be placed in the NRC Public Document Room (PDR), to the extent possible, it should not include any personal privacy, proprietary, or safeguards information so that it can be placed in the PDR without redaction. However, if you find it necessary to include such information, you should clearly indicate the specific information that you desire not to be placed in the PDR, and provide the legal basis to support your request for withholding the information from the public.