

APR 03 1985

Docket No. 40-08406

License No. STB-1254

Dollar Savings Association
ATTN: Mr. R. Wilson
President
Washington Centre
32 North Mill Street
New Castle, Pennsylvania 16103

Gentlemen:

Subject: METCOA Property and the Pesses Company

This letter is to summarize a number of telephone conversations between yourself and Mr. J. McFadden and Mr. F. Costello of my staff and between yourself and myself. The Pesses Company was licensed to conduct certain operations with radioactive material by the Nuclear Regulatory Commission (NRC) at METCOA, Inc., Route 551 and Metallurgical Way, Pulaski, Pennsylvania. A copy of the NRC license which was issued to the Pesses Company is enclosed. I apologize for the poor quality of the copy. An NRC inspector visited this location on December 6, 1984 and found that the licensee had vacated the property, that the company was in bankruptcy proceedings, and that you were controlling access to the property.

A survey of the site indicated the presence of approximately 300 55-gallon drums of licensed radioactive material and a number of small areas of radioactive contamination on the property. The radioactive material in the drums is 2% thorium, a naturally occurring radioactive material, mixed with magnesium or nickel to produce alloys used in certain aircraft and military engines. Under present conditions, these materials do not present an immediate safety problem to neighboring properties or to persons who enter the property and buildings. However, the possession of these materials is regulated by the Nuclear Regulatory Commission.

Since we understand that you are involuntarily in possession of this material following the bankruptcy, we will temporarily defer enforcement of the requirement for a license. However, we expect that you will maintain compliance with NRC regulations until proper disposal of the licensed material and decontamination of the property is completed.

The important requirements are:

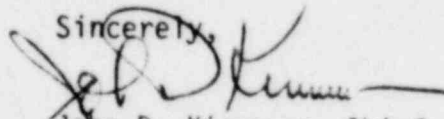
1. Access to the radioactive material must be restricted to authorized personnel. In this circumstance, authorized personnel are ones who have been informed of the presence of the radioactive material and instructed not to disturb or remove the material. You should ensure that the employees of the company leasing the property are promptly so instructed.
2. No radioactive material may be transferred to other persons or locations unless the recipient has a license from the NRC or an Agreement State.

3. A plan must be developed to remove and properly dispose of all radioactive material. While this office is attempting to develop alternatives in this area, it appears likely that you will have to complete these actions if you wish to sell the property. It is very unlikely that the NRC will provide financial support for such an operation. In addition, since we must review and approve the technical adequacy of these actions, we will be unable to provide detailed technical instruction. Therefore, it is probably in your best interest to retain a qualified consultant to advise you in this matter. We will be happy to discuss appropriate qualifications and criteria with you.

Your cooperation in this matter is appreciated.

If you have any questions, please contact me at (215-337-5252).

Sincerely,



John D. Kinneman, Chief
Nuclear Materials Safety
Section A

Enclosure: NRC License STB-1254

cc:

Lawrence County Industrial
Development Authority

ATTN: Mr. O. McCleary
Chairman

First Federal Plaza
New Castle, Pennsylvania 16103