

6.0 INSTITUTIONAL CONTROLS

The term "institutional controls" usually refers to non-engineering measures intended to affect human activities in such a way as to prevent or reduce exposure to hazardous substances. Institutional controls may include physical controls such as fences, markers, earthen covers, radiological monitoring and the maintenance of those controls.

According to Draft Regulatory Guide DG-4006, physical controls alone do not meet the requirement in 10 C.F.R. § 20.1403(b) for legally enforceable institutional controls because they lack a mechanism for legal enforcement. Physical controls and their maintenance, however, can be used in combination with an instrument that permits legal enforcement of the physical control to meet the NRC's requirements for institutional controls. Legal enforceability may be based on "proprietary institutional controls" which are based upon property rights and involve a party other than the landowner holding rights that restrict the use of, or access to, the property.

Molycorp's proposal for institutional controls involves a layering of redundant institutional controls, including physical controls, proprietary controls and an enforceable contract with Site Maintenance Corporation, a third-party limited liability corporation. Molycorp's use of such redundant controls is intended to enhance the overall level of effectiveness, durability and reliability of the institutional controls.

6.1 PHYSICAL CONTROLS

The initial installation and construction of the physical controls -- construction of the cell, perimeter fencing, warning signs, monitoring wells and stations, direct radiation thermoluminescent dosimeters and enclosures, and other required engineering controls -- will be performed during the decommissioning work. These construction and installation activities are not included within the physical institutional controls considered under this section and will be separately and directly funded by Molycorp as a part of the decommissioning. The physical institutional controls, maintenance and inspections that will be performed by Molycorp, and in the event of Molycorp's default, by Site Maintenance Corporation, after license termination include the following:

1. Maintenance of the cell cover, including but not limited to, mowing, pest control, erosion control, hauling fill and spreading fill (if necessary), snow removal (if necessary), seeding, fertilizing, and invasive plant control, not less than once each calendar year.
2. Inspection of the perimeter fencing occurring not less than twice each calendar quarter, during the quarterly replacement of thermoluminescent dosimeters and security inspections, as described in paragraphs 4 and 7 below, respectively. Moreover, additional inspections of the perimeter fencing will occur as circumstances warrant.
3. Inspection of groundwater monitoring wells not less than once each calendar quarter during the quarterly security inspection.

Groundwater sampling and laboratory analysis shall be performed not less than once each calendar year, and shall include analyzing the samples for thorium, uranium and radium by chemical separation and alpha spectroscopy. For the first two (2) years following completion and capping of the on-site storage cell, groundwater sampling and laboratory analysis shall be performed not less than once each calendar quarter. Groundwater monitoring wells shall be replaced not less than once every twenty (20) years.

4. Reading, analysis, and replacement of direct radiation thermoluminescent dosimeters not less than once every three months. Inspections and reviews of the other physical controls will occur during each quarterly visit. These inspections will be in addition to and will not coincide with the quarterly security inspections described below. These inspections will not occur within the same month as the security inspection. Thus, the site will be visited at least eight (8) times each year for physical inspections. To the extent reasonably possible, the inspections shall be scheduled approximately one and one-half (1.5) months apart. Replacement of the tamper-proof enclosures of the thermoluminescent dosimeters shall occur not less than once every five (5) years.

5. Grading, if necessary, and repair of the haul road shall occur not less than once each calendar year.

6. Any bridges required to access the property shall be structurally inspected at least once every two (2) years. The bridges shall be cleaned (including hydroblasting the joints and cracks) at least once each calendar year. The bridges shall be sandblasted and painted, and railings and concrete spalls repaired at least once every five (5) years. The bridges will be replaced, if necessary, not less than once every fifty (50) years.

7. Security inspections shall be conducted at least once every calendar quarter and shall include walking the perimeter fencing and inspecting the cell cap and the six (6) groundwater monitoring wells for any evidence of trespassers, intruders, vandalism, burrowing animals, erosion, etc.

8. Preparation of an annual report summarizing the work performed at the site and any additional inspection and maintenance activities or analytical results or monitoring conducted during the prior twelve-month period including all prescribed studies, investigations, remedial actions and monitoring activities. The report will also summarize the income and distribution from the Trust during the prior twelve month period and the balance remaining in the Trust. Copies of such report will be provided on or before March 31 for the preceding twelve (12) month calendar year

period to the nearest local, public library in Washington County, Pennsylvania, the Canton Township Board of Supervisors, the Pennsylvania Department of Environmental Protection ("DEP"), the NRC, and Site Maintenance Corporation, or the respective successors of any of the foregoing. Through this distribution, the annual report will be available to the public.

6.2 AGREEMENT WITH SITE MAINTENANCE CORPORATION

In order to provide for the legal enforcement of the institutional controls, Molycorp proposes to enter into an agreement (the "Agreement") with a third-party limited liability corporation, Site Maintenance Corporation (hereinafter sometimes referred to as "SMC"), that will be established by Molycorp for the purpose of monitoring, enforcing and, if necessary, undertaking the institutional controls in the event of Molycorp's failure to maintain such controls. A copy of the proposed Agreement is attached hereto as Appendix B. This Agreement will explicitly establish contractually enforceable obligations for Molycorp to provide and maintain institutional controls described in this section. These obligations will ensure the durability and enforceability of the institutional controls. Under the Agreement, Site Maintenance Corporation or, if necessary, its successors and assigns, will monitor, review, and periodically inspect the actions of Molycorp regarding the institutional controls to determine that such controls are maintained and to determine if Molycorp defaults on its obligations. As a "Pre-Default Obligation," Molycorp will be contractually obligated to pay all reasonable ancillary expenses to maintain SMC and to provide general commercial liability insurance and directors and officers insurance for SMC. Additionally, Molycorp will fully fund the trust described below which will provide funding for maintenance of the institutional controls by Site Maintenance Corporation if Molycorp defaults on its contractually imposed obligations. In the event that Molycorp defaults on its contractual obligations, the proceeds of the trust will be available (through the independent, third-party trustee) to Site Maintenance Corporation to continue to maintain the institutional controls.

In addition to establishing contractual, enforceable obligations regarding maintenance of the institutional controls, the Agreement will also provide that both the NRC and the DEP will be third-party beneficiaries of the respective rights and interests of both Molycorp and Site Maintenance Corporation under the Agreement. In the event of a uncured default by Molycorp, both the DEP and the NRC are empowered to take any in all appropriate actions available to third-party beneficiaries under Pennsylvania law, in addition to their inherent government, policy and regulatory powers and authorities, to compel and enforce Molycorp's and SMC's compliance with the terms and provisions of the Molycorp trust agreement, and to seek such other relief available to third-party beneficiaries. In order that the DEP and NRC may reasonably exercise their rights as third-party beneficiaries, Molycorp, and, if necessary, SMC, will provide annual reports to the agencies. These third-party beneficiary rights, which are in addition to the NRC's and DEP's inherent regulatory or police powers, will ensure the legal enforceability of the institutional controls.

The initial managing member of Site Maintenance Corporation will be Molycorp. Molycorp will assume this role because it will perform the decommissioning work and, as such, will be most familiar with the storage cell and its construction, as well as the implementation of the proposed institutional controls. Furthermore, Molycorp will continue to own the site even should Site Maintenance Corporation assume responsibility for maintenance of the institutional controls. The other member of Site Maintenance Corporation will be Civil & Environmental Consultants, Inc. ("CEC"), a full service environmental engineering and consulting firm headquartered in Pittsburgh, Pennsylvania. In the event of an uncured default, Molycorp will be removed as the managing member of Site Maintenance Corporation, and CEC will become the managing member. A new second member will be determined at that time in the event that CEC is thereafter unable to continue its management obligation.

If Site Maintenance Corporation determines, at its discretion, that a default has occurred as defined under the Agreement attached hereto, (e.g., Molycorp's failure to perform the actions set forth above, the dissolution of Molycorp, or the entry of Molycorp into bankruptcy), then Site Maintenance Corporation, under the terms of the Agreement, shall notify Molycorp of the default in writing. Molycorp shall then have ninety (90) days from the date of its receipt of the notice to cure the default. If at the end of ninety (90) days, Molycorp fails to cure the default, or has not taken reasonable and diligent steps to commence the cure of a default that cannot reasonably be cured within ninety (90) days, then Molycorp will be deemed to have defaulted on its obligations. As noted above, in the event of an uncured default, both the DEP and the NRC may take any and all appropriate actions available to third-party beneficiaries under the common law of the Commonwealth of Pennsylvania.

If Molycorp fails to cure its default or to take reasonable and diligent steps to commence the cure of the default, then Site Maintenance Corporation shall undertake and perform the work and obligations of Molycorp set forth above in order to continue and maintain the institutional controls. It is anticipated that SMC will have few, if any, employees but instead will retain contractors to perform and maintain the institutional controls. Site Maintenance Corporation will be able to effectively and efficiently perform its periodic duties by retaining the most qualified, experienced contractors available at the time to perform these tasks. Site Maintenance Corporation can make written demands for payment of the contractors' costs associated with the institutional controls upon the trustee. The trustee will then pay such costs from the funds previously deposited into the Trust by Molycorp.

6.3 PROPRIETARY CONTROLS

In addition to the Agreement with Site Maintenance Corporation described above, Molycorp also proposes to establish proprietary controls (i) to guarantee the durability and the enforceability of the land use restrictions which will limit the use of the property by Molycorp and its successors, and (ii) to provide sufficient public notice to prevent the unintended disturbance of the storage cell. Molycorp plans to retain ownership of the site during decommissioning and during the period in which the institutional controls are

maintained. Given Molycorp's retention of ownership, the proprietary controls involve Molycorp's transfer of certain property rights to a third party so as to restrict, among other things, the use of, and, if necessary, access to, the property by Molycorp and any future owners. The transfer of property rights to a third party will provide legally enforceable restrictions on the use of the property which, unlike governmental controls such as zoning, may not be modified through subsequent political processes.

Specifically, in order to establish the proprietary controls, Molycorp proposes to record with the land records of Washington County, Pennsylvania a restrictive covenant and deed restriction which (i) will impose limits on how Molycorp and its successors can use its property, (ii) will provide Site Maintenance Corporation, as well as the NRC and the DEP as third-party beneficiaries, with authority to enforce the use restrictions, and (iii) will provide Site Maintenance Corporation and the NRC and the DEP with access to the property in the event that Site Maintenance Corporation assumes the performance of the institutional controls. A copy of the proposed Covenants, Restrictions and Negative Easements, which establish the proprietary controls, is attached hereto as Appendix C.

The Covenants, Restrictions and Negative Easements provide, among other things, that the Molycorp site shall be used for only very limited purposes, and that no portion of the site shall be used for residential or commercial purposes. No use shall be made of the capped cell and surrounding fenced area of the property which would result in any alteration, improvement or disturbance to the cell or which would disturb any engineering control. The remainder of the property outside the fenced cell area shall be restricted to industrial use so no residential or commercial use may be made of the property.

In addition, no use shall be made of the groundwater (perched or otherwise) under the site for purposes of drinking water, manufacturing, irrigation or any other purpose. Furthermore, excavation on the site will be very limited so that no engineering control will be disturbed. The restrictions shall be covenants running with the ownership of the premises so that the actions of any future owners of the site will also be restricted and the restrictions will not be subject to modification without the express written consent of SMC and (i) without notice to the Canton Township Board of Supervisors or other applicable municipal authority, and (ii) without notice to the NRC and DEP provided neither objects as a third party beneficiary. Additionally, the grantees and third party beneficiaries under the Covenants, Restrictions and Negative Easements shall have a perpetual easement permitting SMC and any other grantees, their successors and assigns and all future grantees or holders of any interest in the premises, to enforce the restrictions, including the right to take such action immediately as may be appropriate or useful in enforcing the easement rights. This would include the right to obtain injunctive relief allowing the grantees to raze any structure or appurtenance that is wholly or partially devoted to any prohibited purposes or to take such action as may be necessary or appropriate to prevent the groundwater from being used for drinking water, manufacturing or irrigation, or to prevent unauthorized excavation at the site. The Covenants, Restrictions and Negative Easements will be appropriately recorded in the same manner as the deed to the property in the land records of Washington County,

Pennsylvania so that prospective purchasers and adjacent property owners will have public notice of the restrictions on the use of the property.

Molycorp shall record a Notice of Prior Recordation in the land records of Washington County, Pennsylvania, not less than once every forty (40) years. Such notice will describe the restrictions and covenants limiting the use of the site so that a title examiner in the future will be put on notice of the existence of the prior recorded Covenants, Restrictions and Negative Easements. In the event of a default by Molycorp, Site Maintenance Corporation will periodically file the Notice of Prior Recordation not less than once every forty (40) years.

7.0 FINANCIAL ASSURANCE

This section demonstrates compliance with the financial assurance requirements of 10 CFR 20.1402(c).

The financial assurance mechanism selected for the institutional controls at the Molycorp facility is a non-revocable trust that Molycorp will fully fund at an appropriate amount for a third-party, Site Maintenance Corporation, to assume and carry out any necessary control and maintenance of the institutional controls at the site in the event that Molycorp fails to execute such responsibilities. A copy of the proposed Trust Agreement is attached hereto as Appendix D. The trust will be created prior to the termination of Molycorp's NRC license. The wording of the Trust Agreement follows the language, format, and organization, and is substantially identical to that set forth in Regulatory Guide 3.66, Standard Format and Content of Financial Assurance Mechanisms Required for Decommissioning under 10 C.F.R. Parts 30, 40, 70, and 72. The Trust Agreement is functionally equivalent to the form set forth in Regulatory Guide 3.66. The minor differences from Regulatory Guide 3.66 are attributable, in large part, to the requirements of the new decommissioning regulations set forth in 20 C.F.R. Section 20.1403, which were promulgated after the drafting of Regulatory Guide 3.66.

The amount of the financial assurance – the amount to be paid by Molycorp into the trust fund -- is based upon an analysis of the cost to perform and/or maintain the physical, institutional, and proprietary controls at the Molycorp site for an appropriate timeframe. Pursuant to Section 4.2.3 of Draft Regulatory Guidance DG-4006, the amount of financial assurance was calculated to be fifty (50) times the "first year annual cost" for the institutional controls, based upon the conservative approach of assuming perpetual control and maintenance. The "first year annual cost" was determined to be \$41,353.00 based upon an evaluation and analysis set forth in Appendix E. Accordingly, multiplying the "first year annual cost" by fifty (50), the amount of money paid into the trust fund is \$2,067,650.00. Pursuant to the NRC's prescribed calculation, the amount of the financial assurance will be sufficient to pay for all required institutional control activities set forth in Appendix E during the period of site maintenance. Molycorp used the most conservative application of the formula (i.e., the assumption of perpetual control and maintenance) and has assumed a real, after-tax rate of return of two percent (2%) per year on funds in the trust. Enough funds will be deposited initially by Molycorp to provide continuance of the institutional controls without assuming a greater rate of return. By prepaying the total amount of the required financial assurance into the trust, there should be no financial burden on the taxpayers.

The trust fund is only funded to maintain the institutional controls in the event of Molycorp's default. Molycorp will pay for the decommissioning of the site and construction of the cell out of different funds. The proceeds paid into the trust fund will not be invaded unless Molycorp defaults under its site maintenance and institutional control obligations. However, prior to any default, the trustee will pay to Molycorp on a semi-annual basis any interest or income earned by the trust during the preceding period

less an amount sufficient to pay the trustee's compensation. If a default occurs, the trustee will not make any further interest payments to Molycorp and the trustee will be able to access up to the full amount of the trust, plus interest, in multiple withdrawals if necessary, to pay any site control and maintenance expense as directed by Site Maintenance Corporation or its successors or assigns.

Molycorp will execute the attached Trust Agreement with a trustee that is an independent, third-party financial institution which has the authority to act as trustee and whose trust operations are regulated, overseen and examined by a Federal or State agency. Thus, the trustee will be a regulated, banking entity monitored by a Federal or State agency. The trustee will not be Site Maintenance Corporation. The trustee will be required under the Trust Agreement to invest, reinvest, sell, exchange or otherwise manage the trust solely for the interest of the trust beneficiary, Site Maintenance Corporation, and to make only relatively conservative investments in order to protect the trust from negative market trends. Molycorp will provide to the NRC appropriate information regarding the trustee after a proposed trustee has been identified and chosen.

8.0 SITE SPECIFIC ADVISORY BOARD

8.1 INTRODUCTION

In accordance with 10 CFR 20.1403 and Draft Regulatory Guidance DG-4006, Molycorp established a Site Specific Advisory Board to obtain advice on its proposed institutional controls and financial assurance mechanisms from individuals and institutions in the community that may be affected by the decommissioning project. This section will explain in detail how the SSAB was established, what advice was sought and obtained, and how that advice was incorporated, as appropriate, into the decommissioning plan.

The complete SSAB Report, as prepared by the SSAB, along with a detailed summary of the advice and Molycorp's responses is included in Appendix F. The minutes from each of the SSAB meetings, including all comments by both members of the board and the general public, are available for NRC review.

8.2 DEVELOPMENT OF SITE SPECIFIC ADVISORY BOARD

Section 3.3.2.3 (a) of DG-4006 states "Membership (on the SSAB) should reflect a full range of the affected parties' interests..." In an attempt to create a board that reflected a broad cross-section of the community, Molycorp solicited participation from a list of stakeholder groups that included local government, residents, schools, law enforcement and other emergency personnel, community organizations and businesses. Specifically, Molycorp sought participation by representatives from the following stakeholder groups:

- Nearby homeowners/residents
- Canton Township
- City of Washington
- Washington County Planning Commission
- Washington County Industrial Development Agency
- Pennsylvania State Police
- Canton Township Volunteer Fire Department
- Trinity Area Schools
- Washington County Chamber of Commerce
- Neighboring industries
- U.S. Rep. Frank Mascara
- Pennsylvania Department of Environmental Protection

Letters of invitation were mailed to at least one representative in each of these groups. For Canton Township, the supervisors, the code enforcement officer and members of the planning commission were invited to participate. The letters were followed by personal phone calls from project manager Jack Daniels or another representative from the project team. In some cases, numerous attempts were made to contact the invitee by phone and/or in person. Molycorp also sent courtesy informational letters to the Washington County Board of Commissioners, state Rep. Leo Trich and state Sen. J. Barry Stout, whose district includes Canton Township.

Because of some opposition to the proposed decommissioning plan within the community, Molycorp encountered resistance to the SSAB approach among a number of the stakeholders who were contacted. In some cases, the person or group was unwilling to take a position that 1) they believed could be interpreted as being supportive of Molycorp's proposal, or 2) would put them in an adversarial position in the community. This concern was recognized and addressed during personal contacts in an effort to encourage participation. In addition, Molycorp hired a professional facilitator to assist in ensuring the SSAB process was conducted in an orderly and productive manner. The role of the facilitator will be discussed in more detail below.

From those contacted, Molycorp received affirmative responses from Canton Township, which selected a resident to serve on the board, the Washington County Planning Commission, Washington Mayor Anthony Spossey, Cerdec Corporation and Allegheny Ludlum. Molycorp did receive a conclusive response from the Pennsylvania State Police barracks in Washington, two residents whose properties abut the proposed storage site, and the Washington County Chamber of Commerce. Trinity Area Schools, the Canton Township Volunteer Fire Department, U.S. Rep. Frank Mascara and the Pennsylvania Department of Environmental Protection declined to participate.

Prior to the organizational meeting of Oct. 7, 1999, those invitees who agreed to participate, as well as those who had not responded, were sent packages containing background information on the purpose of the Site Specific Advisory Board and the decommissioning project. This package also included a letter inviting and encouraging those individuals to attend the Oct. 7, 1999 meeting regardless of whether they wanted to be a member of the SSAB.

The organizational meeting, which will be described in more detail in below, was announced to the public through legal notices in the local daily newspaper, *The Observer-Reporter*, and news stories in the *Observer-Reporter* and on local radio station WJPA. Project team members also created a notice to be posted at the Canton Township Municipal Building. Township supervisors denied Molycorp's request to post this notice.

Copies of all correspondence referenced in this section are included in Appendix G.

The timetable for completing the SSAB process was originally designed to meet a deadline of April 6, 2000 for submittal of the Decommissioning Plan. For technical reasons, as well as to ensure the Site Specific Advisory Board had sufficient time to discuss the information and provide advice, Molycorp requested from the NRC an extension to the deadline for filing the Part 2 DP to July 14, 2000.

8.3 IMPLEMENTATION OF THE SITE SPECIFIC ADVISORY BOARD

As described in Part II of this section, Molycorp identified and solicited participation in the SSAB process by individuals and groups representing a broad cross-section of the affected community. This included residents, local, county and state government

officials, neighboring business and industry, schools, and local police and fire departments.

As set forth in the regulations, the specific purpose of the SSAB was to provide a vehicle for Molycorp to seek advice on whether:

- The institutional controls and site restrictions will provide reasonable assurance that the total effective dose equivalent will not exceed 25 millirem per year.
- The controls will be legally enforceable.
- The controls will not impose an undue burden on the local community or other affected parties.
- Sufficient financial assurances are provided so that, if necessary, an independent third party can carry out responsibility for control and maintenance.

8.4 SSAB MEETINGS

The first meeting of the SSAB was held on Oct. 7, 1999 at the Canton Township Volunteer Fire Department on Weirich Avenue. The fire department is adjacent to the Molycorp property and the interested residential neighborhoods, and it is handicapped-accessible.

There were five potential SSAB members who attended:

- Barry Piacenza, a resident of Weirich Avenue and Canton Township's chosen representative
- Charles Neff, retired employee of Cerdec Corporation and a Canton Township resident
- Jeff Leithauser, a representative of the Washington County Planning Commission
- Michael Bench, a representative of Allegheny Ludlum Corp., which is located near the Molycorp's facility.
- Mayor Anthony Spossey, City of Washington.

Also in attendance were about 30 residents, Molycorp representatives, Molycorp contractors, and newspaper reporters. Molycorp hired KDL Court Reporting of Washington to provide professional stenographer services to record proceedings of the meeting. An audio tape recorder also was used and audio tapes of the meetings were made available to the public at the Citizens Library in Washington, Pa. Public availability of meeting records is discussed below.

Molycorp prepared an agenda for the meeting and distributed it to SSAB members prior to the meeting. Copies of the agenda were available to the public at the meeting.

The purpose of the first meeting was to explain the scope of the SSAB and introduce to the SSAB the applicable NRC regulations and guidance that would be used to govern the process. Molycorp prepared "handbooks" for each of the SSAB members that included copies of 10 CFR 20.1403 and excerpts from DG-4006, as well as overview documents

that provided background information about the decommissioning project. The background documents provided information about thorium, where the thorium at Molycorp came from, the amount of material that contains thorium, monitoring, an overview of the proposed on-site solution, and information about the site itself, including geology and hydrology. Molycorp described the technical documents that had been prepared for the project.

During the Oct. 7, 1999 meeting, Molycorp provided an overview of the project and SSAB members and the public were told that copies of all project documents were available for review both at Molycorp and at the NRC Public Document Room in Aliquippa. The documents that have been available at Molycorp's public document room include:

- The Site Characterization Report for both York and Washington
- The Environmental Report for both York and Washington
- The York Decommissioning Plan
- The Washington Decommissioning Plan of 1995
- A report by Dr. Dade Moeller regarding health safety of the proposed storage cell
- Maps and other technical monitoring data reports
- A report by Dr. Ted Emmett regarding the potential health effects of the project

Molycorp also prepared and introduced to the SSAB for discussion a draft Charter and Operating Procedures that were used as the guiding documents for the process. The Charter described the purpose, objective, membership and time frame for the Molycorp SSAB. The Operating Procedures outlined how meetings would be scheduled, advertised and conducted, and explained the role of the facilitator and, in general terms, the type of report that would be generated by the SSAB at the conclusion of the process.

During the organizational meeting, members of the public and the board members were given an opportunity to ask questions and provide comment. In order to maintain an orderly and productive structure, people were asked to focus their questions and comments on the specific scope of the SSAB. People were encouraged to voice their opinions on items outside of the scope of the SSAB to the NRC in writing or during future public meetings on the project.

In addition to questions about how Molycorp formed the SSAB and a discussion about the timing of the process, there were several comments and questions related to the general topic of on-site storage. A summary of the comments is included in the minutes.

Some members of the public requested additional representation by residents. Residents who wanted to serve on the SSAB were instructed to contact Molycorp to reserve a seat on the board prior to the second meeting, which was scheduled for 7 p.m. Oct. 14, 1999 at the Citizen's Library in Washington, Pa.

In addition, follow-up calls were made to the Washington County Chamber of Commerce and to U.S. Rep. Frank Mascara's office because they had initially expressed interest, but did not attend the Oct. 7, 1999 meeting. Both declined to participate.

As a result of information received at the Oct. 7, 1999 meeting, two additional Canton Township residents asked to participate, increasing the number of board members to seven. At the organizational meeting, the members of the SSAB decided to hold participation on the board to nine members, and suggested to impose a deadline for adding new members. The last new member took his seat on Nov. 11, 1999, which was the third public meeting. It should be noted that board member Mayor Anthony Spossey resigned his seat in December after losing his re-election bid. Despite repeated requests, the City of Washington chose not to name a replacement. Thus, the final board had seven members.

Subsequent meetings of the SSAB were held on Oct. 14, 1999, Nov. 11, 1999, Dec. 9, 1999, Feb. 24, 2000, March 23, 2000, April 6, 2000, May 11, 2000 and June 8, 2000. Additionally, members of the SSAB were provided an opportunity to walk the site on Oct. 28, 1999 and April 13, 2000. The site meetings were not open to the public. To assist the public, Molycorp hired a professional videographer to tape the site as it was shown to the SSAB. The tape was shown at the Nov. 11, 1999 meeting.

Topics of the meetings were as follows:

- Provide a regulatory overview of the decommissioning process.
- Provide an overview of environmental radiation issues. Dr. Dade Moeller, author of the textbook "Environmental Health," and a former faculty member of Harvard University's School of Public Health, was invited to provide general information about potential health effects of thorium. Copies of his presentation, as well as a list of reference documents was provided to the SSAB.
- Provide definition, historical use and examples of institutional controls as used in environmental projects, particularly those regulated by the U.S. Environmental Protection Agency under CERCLA because no examples of radiological sites decommissioned under the License Termination under Restricted Release regulations are yet available.
- Present initial draft proposal for institutional controls and financial assurances and receive feedback from the SSAB and public.
- Present information about cell design, including structure, location, size, etc. Maps and drawings of the cell were provided. SSAB members also were told why the volume was much higher than what had been proposed in the 1995 Decommissioning Plan.
- Present final proposal for institutional controls and financial assurances.
- Gathering of advice from the SSAB on the proposed institutional controls and financial assurances.
- Presentation of SSAB Report by members of the SSAB.

- Presentation by Molycorp to the SSAB and members of the public to explain how the advice was evaluated and incorporated, as appropriate, into the Decommissioning Plan.

During and in between these meetings, Molycorp provided members of the SSAB with copies of materials that had been requested, or had been brought to the board by a member of the public or the SSAB for distribution. The material provided to the board included:

- a copy of the Site Characterization report
- a copy of the Environmental Report
- the 1995 Washington Decommissioning Plan
- maps and drawings of the proposed cell
- a USGS topographical map of the area
- copies of a recent 10K report to the SEC for Unocal Corporation
- copies of Regulatory Guide 3.66 and draft guide 3014 related to financial assurances.

8.5 PUBLIC NOTIFICATION EFFORTS

As mentioned above, Molycorp made every effort to notify the public about the Site Specific Advisory Board process and to encourage attendance at the meetings. Attendance varied, with an approximate average of 20 people per meeting.

The SSAB Charter and Operating Procedures dictated that meetings be advertised at least two weeks in advance in the *Observer-Reporter* newspaper, which is the newspaper of general circulation serving Canton Township. In addition to the legal advertisements, Molycorp sought news coverage of the process by issuing press releases and making telephone contact with appropriate news reporters.

Records of the meetings were kept in a number of forms and made available to the public both at Molycorp's offices in Canton Township, and, with approval from residents, at Citizens Library in Washington, Pa., which is the nearest public library to the project site.

The transcripts prepared by KDL Court Reporting are the official record of the meetings. Additionally, Molycorp prepared summary minutes that were reviewed and approved by members of the SSAB. Both documents were made available to the public at Citizens Library and the Molycorp offices. Also, Molycorp made audio recordings of the meetings and the tapes were given to the Citizens Library and Molycorp to make available to the public.

8.6 THE SITE SPECIFIC ADVISORY BOARD PROCESS

As stated in 10 CFR 20.1403, the Site Specific Advisory Board is a suggested means for obtaining advice from a broad cross-section of the affected community on whether:

- The institutional controls and site restrictions will provide reasonable assurance that the total effective dose equivalent will not exceed 25 millirem per year.
- The controls will be legally enforceable.
- The controls will not impose an undue burden on the local community or other affected parties.
- Sufficient financial assurances are provided so that, if necessary, an independent third party can carry out responsibility for control and maintenance.

To help ensure that Molycorp was able to obtain this specific advice and to help ensure that discussions remained focused and productive, Molycorp hired a professional facilitator. The role of the facilitator was described in detail in the Charter and Operating Procedures and agreed to by the members of the SSAB, who chose to use the facilitator to lead the meetings rather than elect officers for the board.

Molycorp prepared suggested agendas for each of the meetings in order to present information necessary to complete the assigned task. SSAB members were provided with drafts of the agendas at least two days prior to each meeting and were given an opportunity to suggest changes.

Each meeting also included two opportunities for comment by members of the public who were not on the board. Molycorp granted wide latitude at most meetings in allowing discussion that fell outside the scope of the SSAB as prescribed in 10 CFR 20.1403. In addition, members of the public were encouraged to submit comments in writing.

As a result the meeting on March 23, 2000, and in response to subsequent conversations with regulatory officials, Molycorp instituted at the April 6, 2000, meeting a system of providing written responses to questions that could not be fully answered at the meeting or that were beyond the scope of the SSAB process. Questions were listed on a large tablet for members of the public to see. The written responses were mailed to members of the SSAB before the next regularly scheduled meeting, and copies were distributed to the public at the meeting. Residents also had an option of providing an address and requesting copies be mailed to them. Through this process, Molycorp was able to continue to respond to the public's inquiries and concerns, while reserving the time allotted for the SSAB to complete its responsibilities.

8.7 SUMMARY OF ADVICE PROVIDED BY THE SSAB

The Site Specific Advisory Board submitted to Molycorp an 18-page report during a public meeting on May 11, 2000. The report, which is provided in Appendix F, was prepared by the SSAB and signed by all seven board members. The board representative from Washington County also submitted a separate report, which is also provided in Appendix F. The SSAB submitted supplemental comments regarding Molycorp's incorporation of the advice into the decommissioning plan. These comments were with the Part 2 DP as an addendum to the Board's report. Molycorp presented its response to the SSAB at a public meeting on June 8, 2000. The responses are included in Appendix F.

In its report, the SSAB expressed general dissatisfaction and opposition to on-site storage of the material, citing potential health effects, a negative economic impact on property values and potential negative impact on the environment. The SSAB also stated that it believed the cell design and the location of the proposed cell would not allow the material to be stored safely in perpetuity.

The design changes suggested by the SSAB for the storage cell included constructing the cell of reinforced concrete thousands of feet below ground, including a synthetic liner, and possibly using separate, multi-modality containers. The SSAB's report also stated objections to the location, citing its proximity to a residential neighborhood, a potential for mine subsidence, a potential for groundwater contamination as a result of natural springs on the site, and unresolved questions regarding rights of way and mineral rights.

The SSAB also expressed concerns regarding the proposed level of security and maintenance for the site, as well as the frequency and stringency of groundwater and other monitoring. Additionally, the SSAB suggested the institutional controls proposed by Molycorp would not be sufficient to ensure the site would not be compromised in the future and that the financial assurances were inadequate. The SSAB recommended Molycorp establish two funds of \$1.1 billion each.

In its comments, Washington County advised that Molycorp should ensure that all necessary operating expenses of Site Maintenance Corporation are accounted for in the financial assurances, including purchase and maintenance of all insurances. The county also recommended a five-year review and adjustment of the financial assurances and asked that any costs associated with a default by Molycorp be paid by Molycorp, Site Maintenance Corporation or associated agencies. Additionally, the county recommended local and/or state representation be provided on the board of Site Maintenance Corporation, and suggested that governmental controls, such as zoning, be included in the institutional controls.

After reviewing all of the comments, suggestions and advice provided by the SSAB, Molycorp made several changes to the proposed institutional controls and financial assurances. A written response to each of the items suggested by the SSAB was prepared and distributed to the board at a public meeting. The changes that were made to the plan in response to the SSAB's report included:

- An increase in security monitoring activities. Molycorp will now perform eight additional security inspections per year, including four during quarterly replacement of the thermoluminescent dosimeter. Additional security inspections would be performed as circumstances warrant.
- The frequency and stringency of groundwater monitoring was increased, so that samples will be taken from the six wells quarterly during the first two years instead of annually as originally proposed. Additionally, Molycorp will monitor for radium as well as thorium and uranium.
- Addition of bridge maintenance to the maintenance schedule, including replacement of bridge once every fifty years.

- Replacement of monitoring wells every 20 years.
- An expansion of the annual report to include information on the performance of the trust account.
- Purchase of commercial general liability insurance and D&O insurance for Site Maintenance Corporation.
- The addition of periodic filing of memoranda of prior recordation of restrictive covenants and deed restrictions to establish redundancy.
- Changing the financial assurance mechanism from a letter of credit to a fully-funded non-revocable trust.
- Increase in the amount of financial assurance from \$1,007,700 to \$2,067,650.

9.0 COST ESTIMATE AND FUNDING

The decommissioning costs were estimated for the entire project, including the Part 1DP activities. Table 9.1 provides the cost estimate. Note that the estimated cost of \$26,394,453 exceeds the current amount of financial assurance that has been provided to NRC for the Washington site. Molycorp will provide a letter of Credit for the difference between the current Parent Company Guarantee that NRC holds and the decommissioning cost estimate in Table 9.1.

TABLE 9.1 – Estimated Costs for Decommissioning the Washington, PA Site

	<u>Unit Rate</u>	<u>UOM</u>	<u>Quantity</u>	<u>Total Costs</u>
SITE PREPARATION				
Mobilization / Site Prep	\$153,015.00	Lump Sum	1	\$153,015
Clearing and Grubbing	\$13,212.30	/ac	7	\$92,486
Sub Total - SITE PREPARATION	\$255,500.80	Lump Sum		\$245,501
CELL CONSTRUCTION				
Excavation	(1) \$9.90	/cy	110,000	\$1,084,879
Backfill	(1) \$2.10	/cy	65,000	\$136,500
Sub Total -CELL CONSTRUCTION				\$1,221,379
ACCESS ROAD AND BRIDGES				
Roads	\$75.30	/lf	3,140	\$236,414
Bridges	\$175,345.80	/ea	2	\$350,692
Sub Total - ACCESS ROAD AND BRIDGES				\$587,106
REMOVAL & ONSITE DISPOSAL				
Overburden Removal	\$6.90	/cy	52,000	\$358,800
Thoriated Material Removal	(2) \$4.10	/cy	124,500	\$510,450
Radiological Surveys	\$390.00	/h	1,000	\$390,000
Hauling, On-Site	(2) \$2.80	/cy	142,700	\$399,560
Thoriated Material Placement and Comp	(2) \$2.50	/cy	125,000	\$312,500
Dust Control	\$123,985.00	Lump Sum	1	\$123,985
Sub Total - REMOVAL & ONSITE DISPOSAL				\$2,095,295
RETENTION POND CONSTRUCTION				
Storm Water Retention Pond	\$76,369.90	Lump Sum	1	\$76,370
Sub Total - RETENTION POND				\$76,370
CAP CONSTRUCTION				
Clay	\$2.10	/cy	14,900	\$31,290
Rock / Aggregate "Biotic" layer	\$2.10	/cy	7,440	\$15,624
Sand	\$2.10	/cy	3,720	\$7,812
Topsoil	\$2.10	/cy	3,720	\$7,812
Cover Soil	\$2.10	/cy	11,200	\$23,520
Fences, gates	\$1,237.80	ea	1	\$1,238
Fences	\$15.30	/lf	2,640	\$40,392
Rip Rap	\$2.10	/cy	5,600	\$11,760
Hydroseeding	\$0.40	/sy	33,000	\$13,200
Groundwater Monitoring Wells	\$1,166.67	ea	6	\$7,000
Sub Total - CAP CONSTRUCTION				\$159,648
SITE REFURBISHING				
Backfill	(3) \$2.85	/cy	82,000	\$233,700
Sub Total - SITE REFURBISHING				\$233,700
OFFSITE SOILS				
Clay	\$15.00	/cy	14,900	\$223,500
Rock / Aggregate "Biotic" layer	\$23.90	/cy	13,040	\$311,656
Sand	\$12.00	/cy	3,720	\$44,640
Topsoil	\$14.20	/cy	3,720	\$52,824
Cover Soil	\$10.50	/cy	11,200	\$117,600
Clean Fill	\$10.50	/cy	82,000	\$861,000
Sub Total - OFFSITE SOILS				\$1,611,220
OFF-SITE DISPOSAL				
Railroad, 100# rail (on Wood Ties)	\$92.90	/lf	500	\$46,450
Railroad, Turnout	\$21,156.00	ea	1	\$21,156
Railroad, Car Bumper	\$2,938.00	ea	1	\$2,938

TABLE 9.1 – Estimated Costs for Decommissioning the Washington, PA Site

	<u>Unit Rate</u>	<u>UOM</u>	<u>Quantity</u>	<u>Total Costs</u>
Railroad Switcher	\$2,000.00	/day	25	\$50,000
Railroad, transportation to Utah	(2) \$3.70	/cf	477,900	\$1,768,230
Tipping Fee (High activity waste)	(2) \$15.00	/cf	477,900	\$7,168,500
Load Railroad Cars	(2) \$2.31	/cy	17,700	\$40,887
Sub Total – OFF-SITE DISPOSAL				\$9,098,161
TOTAL DIRECT COSTS				\$15,328,380
Labor Productivity	13%			\$194,351
Overtime Allowance	10%			\$149,501
Sub Total				\$15,672,232
Bonds				Excluded
Taxes				Excluded
Freight - on mat'l & eqt.	4%			\$88,951
Warranty	0%			\$39,246
Sub Total				\$15,800,429
Escalation – Materials	3%			\$66,713
Escalation- Labor	5%			\$74,750
Escalation – Construction Equipment.	4%			\$75,431
Sub Total				\$16,017,323
Overhead / Fee (not including tipping fee)	5%			\$442,441
TOTAL CONSTRUCTION COSTS				\$16,459,764
Contingency	20%			\$3,291,953
Sub Total				\$19,751,717
OTHER COSTS				
Administrative Costs (not including disposal costs)	2%			\$180,553
Engineering Oversight (not including disposal costs)	4%			\$361,106
Permits and Legal (not including disposal costs)	2%			\$180,553
Financial Assurance (see Table 5-3)				\$2,067,500
NRC Oversight / EIS				\$1,000,000
Final Status Survey of Sites And Cell Engineering			5%	\$1,500,000
				\$987,586
TOTAL				\$26,029,014

Notes:

- (1) A total of 110,000 cy will be excavated to prepare the storage pile site of which 65,000 cy will be used to construct the berm and haul road. Excavation Includes hauling to offsite area, classification of soils, and rehauling back to cell area.
- (2) Material consists of 9,400 cy above ground (3,000 cy in roll-offs and 6,400 cy in a stock pile) and 115,100 cy in-ground. The in-ground material will swell upon removal (calculations assumes 15% swell). This results in a total of 142,700 cy of material for disposal. 17,700 cy (after swell) is considered high activity.
- (3) The excess material removed from the storage pile area (45,000 cy) will be used to backfill the site.
- (4) cf = cubic foot
cy = cubic yard
lf = linear foot
sf = square foot
sy = square yard

AGREEMENT

This Agreement is entered into this _____ day of _____, 2000, by and between Molycorp, Inc., a Delaware corporation (hereinafter referred to as "Molycorp"), and Site Maintenance Corporation, a Delaware limited liability company (hereinafter referred to as "SMC") (Molycorp and SMC are sometimes hereinafter referred to individually as a "Party" and collectively as the "Parties") (the "Agreement").

WHEREAS, Molycorp is the owner in fee simple of a certain parcel of real property designated as Lot Number 1 in the Molycorp Plan of Lots, prepared by Pilston Surveying, recorded in the Office of the Recorder of Deeds of Washington County, Pennsylvania, in Plan Book Volume 38, page 31, together with all buildings and improvements that are or may hereafter be constructed thereon and rights appurtenant and adjacent thereto (the "Premises"); and

WHEREAS, Molycorp was issued a source materials license by the United States Nuclear Regulatory Commission ("NRC") in connection with the production of thorium-bearing slag from Molycorp's ferroalloy operations in the 1960s (the "License"); and

WHEREAS, the License was amended in 1992 to incorporate a schedule for decommissioning the Premises; and

WHEREAS, in connection with Molycorp's submission of a decommissioning plan to the NRC for termination of Molycorp's License under restricted conditions pursuant to 10 C.F.R. Part 20, Subpart E, Molycorp must establish institutional controls and financial assurance to ensure the long-term protection of public health and the environment; and

WHEREAS, Molycorp's institutional controls include entering into a written agreement with an independent third party that will take over the performance and maintenance of the physical controls at the Premises in the event that Molycorp is unable to comply; and

WHEREAS, Molycorp desires and SMC agrees to serve as the independent third party company that will take over the performance and maintenance of the physical controls at the Premises in the event that Molycorp is unable to comply.

NOW, THEREFORE, in consideration of the mutual agreement of the Parties and for other good and valuable consideration set forth herein, the receipt and adequacy of which are hereby conclusively acknowledged, the Parties hereby agree and acknowledge the following:

ARTICLE 1 DEFINITIONS

The term "Agencies" refers to the NRC and the Pennsylvania Department of Environmental Protection ("DEP").

The term "Bank" refers to _____.

The term "Notice" refers to the Notice of Prior Recordation attached hereto as Schedule _____.

The term "Default" is defined under Article 5 Default.

The term "DEP" refers to the Pennsylvania Department of Environmental Protection, and any successor agency or agencies.

The term "Indenture" refers to the Covenants, Restrictions and Negative Easements attached hereto as Schedule _____.

The term "NRC" refers to the United States Nuclear Regulatory Agency, and any successor agency or agencies.

The term "Trust" refers to the trust established by the "Trust Agreement" attached hereto as Schedule _____.

The term "Trustee" refers to the trustee, or any successor trustee, of the Trust established by the Trust Agreement attached hereto as Schedule _____.

The term "Work" refers to all studies, investigations, remedial actions, and monitoring activities on the Premises as set forth in Schedule _____ attached hereto.

ARTICLE 2 GOVERNING LAW

This Agreement shall be interpreted, construed, and enforced in accordance with the internal laws, and not the law of conflicts, of the Commonwealth of Pennsylvania and applicable federal laws and regulations.

ARTICLE 3 PRE-DEFAULT OBLIGATIONS OF MOLYCORP

Prior to any Default, Molycorp agrees to perform the following:

1. Molycorp will perform and maintain the Work set forth in Schedule _____.
2. Molycorp will execute the Indenture attached hereto as Schedule _____ and record such Indenture with the Recorder of Deeds of Washington County, Pennsylvania.
3. Molycorp will execute the Trust Agreement attached hereto as Schedule _____ and fund the Trust.
4. Molycorp will submit or provide an annual report summarizing the Work and any additional inspection and maintenance activities or analytical results of monitoring conducted during the prior twelve-month period on the Premises. Copies of such report will be provided on or before January 31 for the preceding twelve (12) month period to the nearest local, public library in Washington County, Pennsylvania, the Canton Township Board of Supervisors or its successor, to the Agencies and to SMC at the addresses set forth in Article 10 Notice.
5. Molycorp will pay to SMC such reasonable ancillary expenses as may be necessary to maintain the existence of SMC. Such payment will be made by January 10 of each year or at such other time as required by SMC.
6. Molycorp will record a Notice in substantially the same form as Schedule _____ hereto in the office of the Recorder of Deeds for Washington County, Pennsylvania, not less than once every forty (40) years after the execution of this Agreement.

7. Molycorp will cause any leases, grants, and other written transfers of interest in the Premises to contain a provision expressly requiring all holders thereof to take such interest subject to the restrictions contained in the Indenture and to comply with all, and not to violate any, of the conditions of the Indenture.

8. Molycorp will notify any person who intends to excavate on the Premises of the nature and location of any contamination existing on the Premises and of any conditions or measures necessary to prevent exposure to contaminants.

9. Molycorp will purchase and maintain commercial general liability insurance with a limit of \$_____ each person, \$_____ each occurrence, and \$_____ aggregate each year for SMC and its members and coverage for directors and officers with a limit of \$_____ each occurrence and \$_____ aggregate each year.

ARTICLE 4 PRE-DEFAULT OBLIGATIONS OF SMC

Prior to any Default, SMC agrees to perform the following:

1. SMC will receive and review any reports required to be submitted to it by Molycorp pursuant to the terms of this Agreement. Such review will include examination of such reports to determine whether Molycorp has performed and is maintaining the Work and performing its obligations under this Agreement.

2. If reasonably necessary, SMC may, upon reasonable notice, inspect the Premises and the Work. Such inspection will include a determination of whether Molycorp has performed and is maintaining the Work and is performing its obligations under this Agreement.

3. SMC may take any reasonable action necessary to enforce the restrictions and conditions set forth in the Indenture.

4. SMC will perform any pre-Default obligations specifically set forth as its responsibility in any documents attached as a Schedule hereto.

ARTICLE 5 DEFAULT

For the purposes of this Agreement, the term "Default" is defined as follows:

1. The failure of Molycorp to perform and maintain the Work as reasonably determined by SMC or the Agencies.
2. The failure of Molycorp to submit or provide any material report required under this Agreement to SMC or the Agencies.
3. The failure of Molycorp to make any payment to SMC required under this Agreement.
4. The dissolution of Molycorp.
5. The entry of Molycorp into bankruptcy, whether voluntarily or involuntary.
6. The failure of Molycorp to establish, fund and maintain the Trust and Trust Agreement provided under this Agreement.
7. The failure of Molycorp to record a Notice in the office of the Recorder of Deeds for Washington County, Pennsylvania as provided under this Agreement.
8. The failure of Molycorp to perform any of its material obligations set forth in any documents attached as schedules hereto.
9. The failure of Molycorp to purchase and maintain the specified insurance for SMC and its members.

If SMC determines, at its discretion, that a Default has occurred, SMC shall notify Molycorp of the Default in writing pursuant to Article 10 Notice and set forth with specificity each and every event of Default which SMC believes has occurred and the steps SMC believes are reasonably necessary to cure same. Molycorp shall then have ninety (90) days from the date of its receipt of the notice of Default to cure the Default identified by SMC. If an event of Default cannot reasonably be cured within ninety (90) days, Molycorp shall be deemed to have cured the Default as long as Molycorp has taken reasonable steps to commence the cure of the Default and is diligently pursuing the activities to

cure the Default. If, at the end of the ninety (90) day cure period, Molycorp fails to cure the Default, then Molycorp will be deemed to have defaulted on its obligations under this Agreement.

ARTICLE 6 POST-DEFAULT OBLIGATIONS OF MOLYCORP

After any Default, Molycorp agrees to perform the following:

1. Molycorp will allow SMC access to the Premises pursuant to Article 12 Access to the Premises.
2. Molycorp will cooperate with SMC pursuant to Article 13 Molycorp's Cooperation.
3. Molycorp will perform any obligations set forth in this Agreement or the attached documents, which must be performed by it after any Default.
4. Molycorp will cause any leases, grants, and other written transfers of interest in the Premises to contain a provision expressly requiring all holders thereof to take such interest subject to the restrictions contained in the Indenture and to comply with all, and not to violate, any of the conditions of the Indenture.

ARTICLE 7 POST-DEFAULT OBLIGATIONS OF SMC

After any Default, SMC agrees to perform the following:

1. SMC will perform and maintain the Work set forth in Schedule _____.
2. SMC will submit or provide an annual report summarizing the Work and any additional inspection and maintenance activities or analytical results of monitoring conducted during the prior twelve month period on the Premises. Copies of such report will be provided on or before January 31 for the preceding twelve (12) month period to the nearest local, public library in Washington County, Pennsylvania, the Canton Township Board of Supervisors or its successor, and to the Agencies at the addresses set forth in Article 10 Notice.

3. SMC will record a Notice in substantially the same form as Schedule ___ hereto in the office of the Recorder of Deeds for Washington County, Pennsylvania, not less than once every forty (40) years after the execution of this Agreement.

4. SMC will submit invoices to the Trustee for expenses reasonably incurred by it for the continued performance of the Work and continued maintenance of the institutional and engineering controls.

5. SMC will notify any person who intends to excavate on the Premises of the nature and location of any contamination existing on the Premises and of any conditions or measures necessary to prevent exposure to contaminants.

6. SMC will purchase and maintain commercial general liability insurance with a limit of \$ _____ each person, \$ _____ each occurrence, and \$ _____ aggregate each year for SMC and its members and coverage for directors and officers with a limit of \$ _____ each occurrence and \$ _____ aggregate each year.

ARTICLE 8 CONTRACTORS

In order to accomplish their respective obligations to perform the Work as set forth in this Agreement, Molycorp and SMC are authorized to hire and retain such consultants, engineers, lawyers, and contractors who are experienced in managing institutional controls and conducting site maintenance and monitoring, as are reasonably necessary to perform such obligations.

ARTICLE 9 ASSIGNMENT

Neither this Agreement, nor any claim or performance obligation arising in connection with performance of this Agreement, may be assigned by SMC without the prior written consent of Molycorp and the Agencies. To obtain the prior written consent of Molycorp and the Agencies for an assignment, SMC must provide written notice to Molycorp, and the Agencies as set forth in Article 10 Notice. Such notice must be provided at least sixty (60) days prior to any assignment proposed by SMC.

Neither this Agreement, nor any claim or performance obligation arising in connection with performance of this Agreement, may be assigned by Molycorp without the prior written consent of the NRC. To obtain the prior written consent of the NRC for an assignment, Molycorp must provide written notice to the NRC as set forth in Article 10 Notice. Such notice must be provided at least sixty (60) days prior to any assignment proposed by Molycorp.

ARTICLE 10 NOTICE

All notices, requests, demands and other communications made in connection with this Agreement shall be in writing and shall be deemed to have been duly given on the date of delivery, if delivered personally to the persons identified below or by telecopier or by Federal Express or other internationally recognized overnight courier, or five (5) days after the mailing if mailed by certified or registered mail, postage prepaid, return receipt requested, addressed as follows (or at such other address for a Party as shall be specified by like notice, provided that notice of a change of address shall be effective only upon receipt thereof):

If to Molycorp:

With a mandatory copy to:

If to SMC:

With a mandatory copy to:

If to NRC:

If to DEP:

Should the address of either Molycorp or SMC set forth above change, it is the obligation of the Party whose address has changed to report that change to the other Party as well as to the NRC and the DEP. If the addresses of the Agencies should change, it is the obligation of Molycorp and SMC to determine the appropriate addresses of the Agencies, and to provide proper notice to the Agencies at such addresses.

ARTICLE 11 ENTIRE AGREEMENT

The terms and provisions contained herein constitute the entire agreement between Molycorp and SMC with respect to the matters herein addressed and shall supersede all previous communications, representations, contracts, or agreements, either oral or written between the parties hereto with respect to the subject matter hereof.

ARTICLE 12 ACCESS TO PREMISES

Molycorp grants to SMC the right of ingress and egress to and from the Premises for any and all purposes necessary or proper in connection with this Agreement. Molycorp agrees to cooperate with SMC so that it may obtain reasonable ingress and egress to the Premises.

ARTICLE 13 MOLYCORP'S COOPERATION

Molycorp agrees to fully cooperate and assist SMC so that SMC can perform any of its obligations hereunder. Molycorp's cooperation includes, but is not limited to: providing SMC with reasonable access to all of Molycorp's documents, contracts, laboratory reports, engineering reports, contractor's reports, etc., related to the Premises and the Work upon reasonable notice; providing SMC with reasonable access to Molycorp's employees, consultants, and contractors involved in management of the Premises and the Work; and executing any documents reasonably required for SMC to undertake the Work under Article 7.

ARTICLE 14 TITLE TO PREMISES

None of the terms or provisions of this Agreement, nor any of the terms or provisions in any of the documents attached hereto as Schedules, shall be construed as transferring title to the Premises from Molycorp to SMC.

ARTICLE 15 USE OF PREMISES

Molycorp, for itself, its successors and/or assigns, and all future grantees or holders of any interest in the Premises, agrees that the Premises shall be permitted to be used only for the limited uses identified in the Deed Notice, dated _____, 2000, recorded in the Office of the Recorder of Deeds of Washington County, Pennsylvania at Deed Book _____, page _____.

ARTICLE 16 LIMITATION ON SMC'S LIABILITY

In the absence of gross negligence or willful misconduct, SMC's liability for the performance of the Work and maintenance of the Premises is limited to the amount of money held in the Trust.

ARTICLE 17 FORCE MAJEURE

Notwithstanding the provisions of Article 5 Default, Molycorp will not have defaulted under this Agreement for delays, damages, or any failure to act, due to, occasioned or caused by reason of federal, state or local laws, or the rules, regulations or orders of any public body or official exercising or purporting to exercise authority or control concerning the operations covered thereby, or due to, occasioned or caused by strikes, terrorists, riots, war, civil commotions, action of the elements or causes to the extent that same are beyond the reasonable control of the parties affected thereby. Delays due to the above causes shall not be deemed to be a Default under this Agreement. However, during the existence of such force majeure conditions, Molycorp shall take reasonable steps to protect and maintain the Work. Appropriate steps shall be promptly taken by Molycorp to remedy or relieve force majeure

conditions except Molycorp shall not be obligated to settle strikes or other labor disputes. Notice of force majeure occurrences and the details constituting them shall be given promptly to SMC in writing by Molycorp.

ARTICLE 18 THIRD-PARTY BENEFICIARIES

Molycorp and SMC hereby acknowledge that after an event of Default by Molycorp which has not been cured pursuant to Article 5 Default, the Agencies shall thereafter be deemed to be third-party beneficiaries to this Agreement. In such event of Default which has not been cured by Molycorp, Molycorp and SMC agree and acknowledge that the Agencies may take any and all appropriate actions available to third-party beneficiaries under the common law of the Commonwealth of Pennsylvania, in addition to their inherent governmental, police, and regulatory powers and authorities.

Notwithstanding the status of the Agencies as contingent, third-party beneficiaries, and their abilities hereunder to consent or withhold their consent to various activities under this Agreement, neither Molycorp nor SMC are relieved of any other statutory, regulatory, or other obligations required to perform the Work and their obligations under this Agreement.

ARTICLE 19 SEVERABILITY

This Agreement is subject to all applicable federal and state laws and nothing herein is intended to violate any such law. If any clause or provision of this Agreement is held to be invalid or unenforceable, the invalidity or unenforceability of such clause or provision shall not affect the remaining provisions of this Agreement, and this Agreement shall be construed and enforced as if such invalid or unenforceable clause or provision had not been contained in this Agreement.

ARTICLE 20 SECTION HEADINGS

The section and clause headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

ARTICLE 21 TERMINATION

This Agreement shall terminate only upon the filing of an instrument executed by Molycorp, and SMC with the consent of the Agencies, and, if necessary, the Trustee, which expressly terminates the Agreement in the office of the Recorder of Deeds of Washington County, Pennsylvania. The Agencies and the Trustee may withhold their consent and agreement to such termination if they reasonably contest the proposed termination.

Prior to the entry and filing of any termination instrument in the office of the Recorder of Deeds of Washington County, Pennsylvania, the Party wishing to terminate the Agreement must provide sixty (60) days prior written notice of such proposed termination to the Canton Township Board of Supervisors and the nearest local, public library.

IN WITNESS WHEREOF, each of the Parties hereto has caused this Agreement to be executed and delivered on its behalf by its duly authorized representative on the date first written above.

ATTEST:

MOLYCORP, INC.

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

ATTEST:

SITE MAINTENANCE CORPORATION

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____

SCHEDULE _____

The Work

The following is the "Work", including, but not limited to, studies, investigations, remedial actions, maintenance, and monitoring activities which must be performed on the Premises.

1. **Cell Cover.** Cell cover maintenance, including but not limited to, grass and brush mowing, seeding, fertilizing, pest control, erosion control, hauling fill and spreading fill (if necessary), invasive plant control, and subsidence testing, shall occur not less than once each calendar year.

2. **Perimeter Fencing.** Inspection of the perimeter fencing shall occur not less than once each calendar quarter during the quarterly security inspection. In response to the inspection, such repairs and maintenance shall be performed to maintain the integrity of the fence. The perimeter fence will be replaced every twenty-five (25) years with a new fence which provides security at least as well as the original fencing.

3. **Groundwater Monitoring.** Groundwater monitoring wells constructed on the Premises shall be inspected not less than once each calendar quarter during the quarterly security inspection. In response to the inspections, any required repairs and maintenance shall be performed to maintain the integrity of the monitoring wells. Groundwater sampling and laboratory analysis shall be performed not less than once each calendar year. Such sampling and analysis shall include analyzing the samples for thorium, uranium and radium by chemical separation and alpha spectroscopy. Other analysis techniques may be used if such techniques are generally accepted within the relevant scientific or engineering community to be more accurate than chemical separation and alpha spectroscopy. For the first two (2) years following completion of the on-site storage cell, groundwater sampling and laboratory analysis shall be performed not less than once each calendar quarter. Groundwater monitoring wells shall be replaced not less than once every twenty (20) years.

4. **Direct Radiation Thermoluminescent Dosimeters.** Direct radiation thermoluminescent dosimeters on the Premises shall be read, analyzed, and replaced not less than once every three months. The thermoluminescent dosimeters may be replaced with a technology different from that originally installed on the Premises, if such technology is generally accepted within the relevant scientific or engineering community to be more accurate than the originally installed thermoluminescent dosimeters. The tamper-proof enclosures of the thermoluminescent dosimeters shall be replaced not less than once every five (5) years. Other tamper-proof enclosures may be used rather than the type originally installed during construction of the Premises, if such replacement enclosures are generally accepted within the relevant scientific or engineering community to provide security at least as well as the original enclosures.

During each visit to read, analyze and replace the direct radiation thermoluminescent dosimeters, inspections and reviews of the other physical controls shall occur. These inspections shall be in addition to, and shall not coincide with, the quarterly security inspections described below. These inspections shall not occur within the same month as the security inspection. Thus, combined with the security inspections described below, the Premises shall be visited at least eight (8) times each year for physical inspections. To the extent reasonably possible, the inspections shall be scheduled approximately one and one-half (1.5) months apart.

5. **Haul Road.** Any haul road providing access to the Premises shall be graded (if necessary), and any gravel replaced, not less than once each calendar year.

6. **Bridges.** Bridges constructed on the Premises shall be structurally inspected at least once every two (2) years. The bridges shall be cleaned, including hydroblasting the joints and cracks, at least once each calendar year. The bridges shall be sandblasted and painted, and the railings and concrete spalls shall be repaired at least once every five (5) years. The bridges will be replaced, if necessary, not less than once every fifty (50) years.

7. **Security Inspections.** Security inspections shall be conducted at least once each calendar quarter, and shall include walking the perimeter fencing and inspecting the cell cap and the six (6) groundwater monitoring wells for any evidence of trespassers, intruders, vandalism, burrowing animals and erosion.

8. **Annual Report.** An annual report shall be prepared summarizing the work performed at the site and any additional inspection and maintenance activities or analytical results or monitoring conducted during the prior twelve (12) month period including all prescribed studies, investigations, remedial actions and monitoring activities. The report shall also summarize any income to and distributions from the Trust and the balance remaining in the Trust. Copies of such report shall be provided on or before January 31 for the preceding twelve (12) month period to the nearest local, public library in Washington County, Pennsylvania, the Canton Township Board of Supervisors, the DEP, the NRC and SMC, or the respective successors of any of the foregoing.

THIS DOCUMENT IS TO BE RECORDED IN THE SAME MANNER AS ARE DEEDS AND
OTHER INTERESTS IN REAL PROPERTY

COVENANTS, RESTRICTIONS AND NEGATIVE EASEMENTS

The following Covenants, Restrictions and Negative Easements ("Indenture") are conveyed and given by MOLYCORP, INC., a Delaware corporation, the grantor under this Indenture ("Grantor"), to those parties listed on **Schedule I** attached hereto and made a part hereof (individually a "Grantee" and collectively, the "Grantees"), as of the ____ day of _____, 2000.

WHEREAS, Grantor is the owner in fee simple of a certain parcel of real property designated as Lot Number 1 in the Molycorp Plan of Lots, prepared by Pilston Surveying, recorded in the Office of the Recorder of Deeds of Washington County, Pennsylvania in Plan Book Volume 38, page 31 together with all buildings and improvements that are or may hereafter be constructed thereon and rights appurtenant and adjacent thereto (the "**Premises**");

WHEREAS, Grantor and Grantees have entered into an agreement dated as of _____ 2000 (the "**Agreement**") wherein the Grantees have agreed to perform certain studies, investigations, remedial actions and monitoring activities on the Premises as more particularly described in the Agreement (the "**Work**");

WHEREAS, a material inducement for Grantees to enter into the Agreement was the agreement of Grantor to impose the covenants, restrictions and negative easements set forth in the following paragraphs and to execute, acknowledge and record this instrument in the land records of Washington County, Pennsylvania, so as to evidence Grantor's conveyance and Grantees' acceptance of the covenants, restrictions and negative easements and Grantor's agreement that Grantor, Grantor's successors and/or assigns and the Premises shall hereinafter be bound; and

NOW, THEREFORE, in consideration of the mutual agreement of the parties, the entry into the Agreement by the Grantees and for other good and valuable consideration, the receipt and adequacy of which are hereby conclusively acknowledged, the parties hereby agree, Grantor hereby conveys and Grantees hereby accept the following covenants, restrictions and negative easements:

1. Grantor, for itself, its successors and/or assigns and all future grantees or holders of any interest in the Premises agrees that the Premises shall be permitted to be used for the limited uses identified in the Deed Notice, dated _____, 2000, recorded in the Office of the Recorder of Deeds of Washington County, Pennsylvania, and no portion of the Premises shall be used for residential or commercial purposes or any other purpose and no use shall be made of the groundwater (perched or otherwise) under the Premises for purposes of drinking water, manufacturing, irrigation or any other purpose and no excavation shall be permitted within the cross-hatched area at the Premises except and to the extent deemed necessary or useful by Grantees to perform the Work or effectuate the removal and remediation of the Premises pursuant to paragraph 4 below ("**Prohibited Purposes**"), and these restrictions shall be covenants running with the Premises. By recording of this instrument Grantor also hereby grants

to Grantees and to their successors and assigns, a perpetual easement permitting Grantees, their successors and assigns and all future grantees or holders of any interest in the Premises the ability to enforce the restrictions set forth herein including the prohibition of using the Premises, in whole or in part, for any of the Prohibited Purposes. This easement shall include the right to immediately take such action including, but not limited to, action at law or in equity, as may be appropriate or useful in enforcing the easements rights conferred upon and granted to Grantees and their successors and assigns by this instrument, including the right to obtain injunctive relief allowing any Grantee or its successors or assigns to enter upon the Premises, with workers and equipment, to (i) raze any structure or appurtenance that is wholly or partially devoted to such Prohibited Purposes, or (ii) take such action as may be necessary or appropriate to prevent the groundwater (perched or otherwise) from being used for drinking water, manufacturing, irrigation or to prevent unauthorized excavation at the Premises or any other Prohibited Purpose.

2. This instrument including the covenants, restrictions and negative easements, created, granted and/or conveyed herein, shall be binding upon Grantor, its successors and assigns and any holder of any interest in or claim to the Premises and shall inure to the benefit of Grantees and Grantees' successors and assigns. Grantor and Grantee have included the covenants, restrictions and negative easements in this instrument knowing and intending that it shall be recorded in the land records of Washington County, Pennsylvania as being a part of the land records. The Negative Easements contained in this instrument shall burden the Premises in perpetuity and the rights of Grantees under said easements shall be freely transferable by Grantees in whole or in part. The covenants and restrictions and other provisions contained in this instrument shall also be deemed to be covenants running with the Premises and shall be deemed to be newly made upon each subsequent conveyance or encumbrance of the Premises with a term equal to the longest term then available under applicable law.

3. Grantor, for itself, its successors and assigns and all future grantees or holders of any interest in the Premises has hereby caused this instrument creating, granting and/or imposing the covenants, restrictions and negative easements to be executed and acknowledged by a person duly authorized to bind Grantor, its successors and assigns and all future grantees and holders of any interest in the Premises, in order to acknowledge and evidence the creation, grant and/or imposition of the covenants, restrictions and negative easements in this instrument encumbering the Premises.

4. Grantor acknowledges and agrees that the Work to be performed at the Premises may include remediation which shall be to the criteria set forth in the decommissioning plan approved by the United States Nuclear Regulatory Commission (the "NRC") in the remediation of the soil and/or groundwater contamination at the Premises, including but not limited to, the use of engineering and/or institutional controls whenever possible (the "**Remediation Standards**"). Grantor agrees to execute or, by this instrument, to require any current record owner of all or any portion of the Premises, to execute such document(s) as may be requested by Grantee, or in connection with the Remediation Standards in connection with any soil and/or groundwater contamination which may remain at the Premises in connection with the Work, which document(s) may include but not be limited to the imposition of a deed notice in the form attached hereto as **Exhibit "A"** or in such other form as Grantees, NRC and/or the Pennsylvania Department of Environmental Protection (the "AGENCY") may request.

6. Grantor acknowledges and agrees that the AGENCY and the NRC and their successors and assigns are intended beneficiaries of this Indenture.

7. Grantor, for its successors and/or assigns hereby grants to Grantees and to their successors and assigns a perpetual right to file periodic notices of the existence and location of recordation of this Indenture and Deed Notice of even date herewith in connection with the Premises in the land records of Washington County, Pennsylvania.

The foregoing covenants and restrictions are hereby granted by Grantor to Grantees and to Grantees' successors and assigns and the foregoing shall be deemed to be covenants that shall run with the title to the Premises and shall be deemed to be remade and re-granted each time title to the Premises is transferred or encumbered, with a term, in all cases equal to the longest period then available under applicable law. The foregoing Negative Easements shall be deemed to be perpetual easements that shall be freely transferable by Grantees.

ATTEST:

MOLYCORP INC.

By: _____
Name:
Title:

By: _____
Name:
Title:

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF WASHINGTON)

SS:

On this _____ day of _____, 2000, before me, a Notary Public, personally appeared _____, who acknowledged himself/herself to be the _____ of Molycorp, Inc., a Delaware corporation (the "Corporation"), and that he/she as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing his/her name as _____ of and on behalf of the Corporation.

IN WITNESS WHEREOF, I hereunto set my hand and affix my seal.

Notary Public

My Commission Expires:

[SEAL]

Grantees hereby accept for themselves and their successors and assigns the foregoing covenants, restrictions and negative easements. Grantees also hereby accept the creation and grant by Grantor of the covenants, restrictions and negative easements which shall be deemed to be initially made and granted by Grantor to Grantee by the recording of this instrument.

ATTEST:

FOR: _____
Company Name

By: _____
Name:
Title:

By: _____
Name:
Title:

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF WASHINGTON)

SS:

On this _____ day of _____, 2000, before me, a Notary Public, personally appeared _____, who acknowledged himself/herself to be the _____ of _____ a _____ corporation (the "Corporation"), and that he/she as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing his/her name as _____ of and on behalf of the Corporation.

IN WITNESS WHEREOF, I hereunto set my hand and affix my seal.

Notary Public

My Commission Expires:

[SEAL]

COVENANTS RESTRICTIONS AND NEGATIVE EASEMENTS
EXHIBIT A

*THIS DOCUMENT IS TO BE RECORDED IN THE SAME MANNER AS ARE DEEDS AND
OTHER INTERESTS IN REAL PROPERTY*

DEED NOTICE

This Deed Notice is made as of the _____ day of _____, 2000, by a corporation of the State of Delaware (together with its successors and assigns, collectively "Owner").

WITNESSETH:

WHEREAS, Owner is the owner in fee simple of certain real property (the "Property") designated as Lot Number 1 in the Molycorp Plan of Lots, prepared by Pilston Surveying, recorded in the Office of the Recorder of Deeds of Washington County, Pennsylvania in Plan Book Volume 38, page 31; and

WHEREAS, a certain _____ storage cell (the "Site") is located on the Property and the Site Maintenance Corporation ("SMC") and Owner have entered into a certain agreement in connection with the Site on _____, 2000; and

WHEREAS, this Deed Notice itself is not intended to create any interest in real estate in favor of the (SMC), nor to create a lien or encumbrance against the Property, but merely is intended to provide record or deed notice of certain conditions and restrictions on the Property and to reflect the regulatory obligations imposed as a condition of using institutional and/or engineering controls; and

WHEREAS, the areas described on Exhibit 1 attached hereto and made a part hereof (the "Affected Areas") contain contaminants above the applicable standards that would allow for the unrestricted use of the Property; and

WHEREAS, the type, concentration and specific location of the contaminants are described on one or more diagrams, maps, and/or tables on Exhibit 1 attached hereto and made a part hereof; and

WHEREAS, a narrative description of all institutional controls and/or engineering controls and associated monitoring and maintenance activities is provided in Exhibit 2 attached hereto and made a part hereof; and

WHEREAS, for good and valuable consideration the receipt of which is hereby acknowledged, Owner has agreed to subject the Property to certain regulatory requirements

which impose restrictions upon the use of the Property, and to restrict certain activities at the Property, as set forth below; and

WHEREAS, Owner intends to notify all interested parties that such regulatory restrictions shall be binding upon and enforceable against Owner and Owner's successors and assigns while any such successors and assigns own the Property and/or operate at the Property.

NOW, THEREFORE, Owner agrees to the conditions and restrictions listed below and hereby notifies all interested parties, owners, lessees and operators that the applicable regulations and statutes require of each such person while owning, leasing or operating the Property as follows:

1. Restricted Uses. Owner, and all operators of all or any portion of the Affected or Unaffected Areas, shall not allow any of the following uses of the following portions of the Affected or Unaffected Areas:

Affected Area

Restricted Use

The Affected Area as identified in Exhibit 1.

The use shall be restricted pursuant to Paragraph 2.

Unaffected Area

Restricted Use

The Unaffected Area as identified in Exhibit 1

The use shall be restricted to industrial uses only

2. Alterations, Improvements, and Disturbances.

(a) No owner or operator shall make, or allow to be made, any alteration, improvement, or disturbance in, to, or about the Affected Areas which disturbs any engineering control that is intended to minimize the risk of exposure of humans or the environment to contamination in the Affected Areas without first obtaining the express written consent of SMC. Nothing herein shall constitute a waiver of the Owner's or operator's obligation to comply with all applicable laws and regulations.

(b) Notwithstanding subparagraph 2(a) above, SMC's consent is not required for any alteration, improvement, or disturbance provided the Owner or operator:

- i. Provides for restoration of any disturbance of an engineering control to pre-disturbance conditions within sixty (60) calendar days after the initiation of the alteration, improvement or disturbance; and
- ii. Does not allow any exposure level above those noted under Restricted Uses, and obtains all necessary governmental approvals.

3. Access. While this Deed Notice is in effect, Owner agrees to allow SMC, its agents and representatives access to the Property to inspect and evaluate the continued effectiveness of the institutional or engineering controls to ensure the protection of the public health and safety and the environment.

4. Notice to Lessees and Other Holders of Property Interests. Owner shall cause all leases, grants, and other written transfers of interest in the Affected Areas to contain a provision expressly requiring all holders thereof to take the Property subject to the restrictions contained herein and to comply with all, and not to violate any of the conditions of this Deed Notice. Nothing contained in this Paragraph 4 shall be construed as limiting any obligation of Owner to provide any notice required by any law, regulation, or order of any governmental authority.

5. Enforcement of Violations. The restrictions provided herein may be enforceable by SMC against any person who violates this Deed Notice. A violation of this Notice shall not affect the status of the ownership of or title to the Property.

6. Severability. if any court of competent jurisdiction determines that any provision of this Deed Notice are invalid or unenforceable, such provision shall be deemed to have been modified automatically to conform to the requirements for the validity and enforceability as determined by such court. In the event that the provision invalidated is of such a nature that it cannot be so modified, the provision shall be deemed deleted from this instrument as though it had never been included herein. In either case, the remaining provisions of this Deed Notice shall remain in full force and effect.

7. Successors and Assigns. This Deed Notice shall be binding upon Owner and upon Owner's successors and assigns while each is an owner or operator of the Property, and SMC.

8. Requirement of Notification. Owner shall notify any person who intends to excavate on the Property of the nature and location of any contamination existing on the Property and of any conditions or measures necessary to prevent exposure to contaminants.

9. Termination and Modification.

(a) This Deed Notice shall terminate only upon filing of an instrument, executed by SMC, in the office of the Recorder of Deeds of Washington County, Pennsylvania, expressly terminating this Deed Notice.

(b) Any person may request in writing at any time that SMC modify or terminate this Deed Notice or initiate termination proceedings based on, for example, a proposal that the Property does not pose an unacceptable risk to public health and safety or the environment. Within ninety (90) calendar days after receiving such a request SMC will either:

i. Approve the request and have the Owner:

Record with the office of the county recording officer a notice executed by SMC that the use of the Property is no longer restricted and the Deed Notice is terminated or record a modified Deed Notice delineating the new restrictions; and

Provide written notice to each municipality in which the Property is located, with a copy to SMC, of the removal or change of the restrictions contained herein; or

ii. Issue a written notification of intent to deny the request pursuant to (c) below.

(c) SMC will set forth in a notice of intent to deny a request to modify or terminate this Deed Notice the basis for its decision. The party that submitted the request to SMC can respond to the intent to deny by providing new or additional information or data. SMC will review any such new or additional information or data and issue a final decision to grant or deny the request within sixty (60) calendar days after SMC's receipt of the new or additional information or data.

10. Third Party Beneficiaries. Owner acknowledges and agrees that the Pennsylvania Department of Environmental Resources (the "DEP") and the United States Nuclear Regulatory Commission (the "NRC") and their successors and assigns are intended beneficiaries of this Deed Notice. Any notices that are required to be given under this Deed Notice shall be simultaneously provided to the NRC and DEP. Any consents that must be obtained hereunder may be withheld by the NRC or DEP if either in its discretion desires to exercise its rights created under this Section 10.

IN WITNESS WHEREOF, Owner has executed this Deed Notice as of the date first written above.

ATTEST:

MOLYCORP., INC.

Name:
Title:

By: _____
Name:
Title:

COMMONWEALTH OF PENNSYLVANIA)
) SS:
COUNTY OF WASHINGTON)

On this _____ day of _____, 2000, before me, a Notary Public, personally appeared _____, who acknowledged himself/herself to be the _____ of Molycorp, Inc., a Delaware corporation (the "Corporation"), and that he/she as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing his/her name as _____ of and on behalf of the Corporation.

IN WITNESS WHEREOF, I hereunto set my hand and affix my seal.

Notary Public

My Commission Expires:

[SEAL]

COVENANTS, RESTRICTIONS AND NEGATIVE EASEMENTS
SCHEDULE I
[Grantees]

Appendix D

Trust Fund Agreement

TRUST AGREEMENT, entered into as of July __, 2000, by and between Molycorp, Inc., a Delaware corporation, hereinafter referred to as the "Grantor", and _____, the "Trustee" (the "Agreement").

WHEREAS, the U.S. Nuclear Regulatory Commission ("NRC"), an agency of the U.S. Government, pursuant to the Atomic Energy Act of 1954, as amended, and the Energy Reorganization Act of 1974, has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 20. These regulations, applicable to the Grantor, require that a holder of a materials license which is to be terminated under restricted conditions pursuant to 10 C.F.R. Section 20.1403 provide assurance that funds will be available to enable an independent third party, in this case, Site Maintenance Corporation, LLC, hereinafter referred to as "Site Maintenance Corporation", to assume and carry out responsibilities for any necessary control and maintenance of the site being considered for license termination under restricted conditions; and

WHEREAS, the Grantor has elected to use a trust fund to provide all of such financial assurance for the facilities identified herein; and

WHEREAS, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this Agreement, and the Trustee is willing to act as trustee.

NOW, THEREFORE, the Grantor and the Trustee agree as follows:

Section 1

Definitions

As used in this Agreement:

- (a) The term "Grantor" means Molycorp, Inc. and any successors or assigns of the Grantor.
- (b) The term "Trustee" means _____ and any successor trustee.

Section 2

Cost of Decommissioning

This Agreement pertains to the costs of performing and maintaining the institutional controls required by 10 C.F.R. Section 20.1403, as shown in Schedule A.

Section 3

Establishment of Fund

The Grantor and the Trustee hereby establish a trust fund (the "Fund") for the benefit of Site Maintenance Corporation. The Grantor and the Trustee intend that no third party shall have access to the Fund except as provided herein.

Section 4

Payments Constituting the Fund

Payments made to the Trustee for the Fund shall consist of cash, securities, or other liquid assets acceptable to the Trustee. The Fund is established as consisting of the property, which is acceptable to the Trustee, described in Schedule B attached hereto. Such property is referred to as the "Fund," together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, as hereinafter provided. The Trustee shall not be responsible nor shall it undertake any responsibility for the amount of, or adequacy of the Fund, nor any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by the NRC.

Section 5

Payment for Required Activities

In the event of the Grantor's uncured Default, as defined in that certain Agreement, dated as of July ____, 2000, by and between the Grantor and Site Maintenance Corporation (the "Site Maintenance Agreement"), a copy of which is attached hereto as Exhibit A, the Trustee shall make payments from the Fund as Site Maintenance Corporation shall direct, in writing, to provide for the payment of the costs of required activities covered by this Agreement. The Trustee shall pay from the Fund all invoices as approved by Site Maintenance Corporation for expenditures for required activities. In addition, the Trustee shall refund to the Grantor such amounts as the NRC specifies in writing. Upon refund, such funds shall no longer constitute part of the Fund as defined herein.

In the event of the Grantor's uncured Default, as defined in the Site Maintenance Agreement, the Trustee also shall pay to Site Maintenance Corporation an annual fee of Five Thousand Dollars (\$5,000.00) for operation and maintenance of the institutional controls. This annual fee will cover Site Maintenance Corporation's direct costs for the preparation of the annual report, the periodic filing of a "Notice of Prior Recordation" of the restrictive covenant and deed restriction in the Washington County land records as well as incidental expenses (e.g., photocopying and postage costs). The Trustee will not separately pay any contractor or consultant invoices submitted by Site Maintenance Corporation for such costs.

Notwithstanding any other provision to the contrary contained in this Agreement, prior to an uncured Default, as defined in the Site Maintenance Agreement, the Trustee shall pay to the Grantor, on a semi-annual basis, any interest or income earned by the Fund during the preceding period less a sufficient amount to pay the Trustee's compensation as set forth in Section 12 hereof. Subsequent to an uncured Default under the Site Maintenance Agreement, the interest or income earned by the Fund shall be invested and reinvested and paid from the Fund by the Trustee pursuant to the terms of this Agreement.

Section 6

Trust Management

The Trustee shall invest and reinvest the principal and income of the Fund and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with general investment policies and guidelines which the Grantor may communicate in writing to the Trustee from time to time, subject, however, to the provisions of this section. In investing, reinvesting, exchanging, selling and managing the Fund, the Trustee shall discharge its duties with respect to the Fund solely in the interest of the beneficiary and with the care, skill, prudence and diligence under the circumstances then prevailing

which persons of prudence, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims; except that:

- (a) Securities or other obligations of the Grantor, or any other owner or operator of the facilities, or any of their affiliates as defined in the Investment Company Act of 1940, as amended (15 U.S.C. 80a-2(a)), shall not be acquired or held, unless they are securities or other obligations of the Federal or State government;
- (b) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the federal government, and in obligations of the federal government such as GNMA, FNMA, and FHLM bonds and certificates or state or municipal bonds rated BBB or higher by Standard & Poor's or Baa or higher by Moody's Investment Services; and
- (c) For a reasonable time, not to exceed sixty (60) days, the Trustee is authorized to hold uninvested cash, awaiting investment or distribution, without liability for the payment of interest thereon.

Section 7

Commingling and Investment

The Trustee is expressly authorized in its discretion:

- (a) To transfer from time to time any or all of the assets of the Fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein; and
- (b) To purchase shares in any investment company registered under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.), including one that may be created, managed, underwritten, or to which investment advice is rendered, or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

Section 8

Express Powers of Trustee

Without in any way limiting the powers and discretion conferred upon the Trustee by the other provisions of this Agreement or by the law, the Trustee is expressly authorized and empowered:

- (a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale, as necessary to allow duly authorized withdrawals at the joint request of the Grantor and the NRC or to reinvest in securities at the direction of the Grantor;
- (b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- (c) To register any securities held in the Fund in its own name, or in the name of a nominee, and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, to reinvest interest payments and funds from matured and redeemed instruments, to file proper forms concerning securities

held in the Fund in a timely fashion with appropriate governmental agencies, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee or such depository with other securities deposited therein by another person or to deposit or arrange for the deposit of any securities issued by the U.S. Government, or any agency or instrumentality thereof, with a Federal Reserve Bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund;

(d) To deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution affiliated with the Trustee, to the extent insured by an agency of the federal government; and

(e) To compromise or otherwise adjust all claims in favor of or against the Fund.

Section 9

Taxes and Expenses

All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other expenses incurred by the Trustee in connection with the administration of this Trust, including fees for legal services rendered to the Trustee, the compensation of the Trustee, and all other proper charges and disbursements of the Trustee shall be paid from the Fund.

Section 10

Annual Valuation

After payment has been made into this trust fund, the Trustee shall annually, at least thirty (30) days before the anniversary date of receipt of payment into the trust fund, furnish to the Grantor and to Site Maintenance Corporation a statement confirming the value of the Trust. Any securities in the Fund shall be valued at market value as of no more than sixty (60) days before the anniversary date of the establishment of the Fund. The failure of the Grantor to object in writing to the Trustee within ninety (90) days after the statement has been furnished to the Grantor and Site Maintenance Corporation shall constitute a conclusively binding assent by the Grantor, barring the Grantor from asserting any claim or liability against the Trustee with respect to the matters disclosed in the statement.

Section 11

Advice of Counsel

The Trustee may from time to time consult with counsel with respect to any question arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting on the advice of counsel.

Section 12

Trustee Compensation

The Trustee shall be entitled to reasonable compensation for its services as agreed upon in writing with the Grantor. (See Schedule C.)

Section 13

Successor Trustee

Upon ninety (90) days notice to Site Maintenance Corporation and the Grantor, the Trustee may resign; upon ninety (90) days notice to Site Maintenance Corporation and the Trustee, the Grantor may replace the Trustee; but such resignation or replacement shall not be effective until the Grantor has appointed a successor Trustee, the successor accepts the appointment, the successor is ready to assume its duties as trustee, and Site Maintenance Corporation has agreed, in writing, that the successor is an appropriate state or federal government agency or an entity that has the authority to act as a trustee and whose trust operations are regulated and examined by a federal or state agency. The successor Trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. When the resignation or replacement is effective, the Trustee shall assign, transfer, and pay over to the successor Trustee the funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee or for instructions. The successor Trustee shall specify the date on which it assumes administration of the trust, in a writing sent to the Grantor, Site Maintenance Corporation, and the present Trustee, by certified mail ten (10) days before such change becomes effective. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this section shall be paid as provided in Section 9.

Section 14

Instructions to the Trustee

All orders, requests, and instructions by the Grantor to the Trustee shall be in writing, signed by such persons as are signatories to this Agreement or such other designees as the Grantor may designate in writing. The Trustee shall be fully protected in acting without inquiry in accordance with the Grantor's orders, requests and instructions. If Site Maintenance Corporation issues orders, requests or instructions to the Trustee, these shall be in writing, signed by Site Maintenance Corporation or its designees, and the Trustee shall act and shall be fully protected in acting in accordance with such orders, requests and instructions. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor or Site Maintenance Corporation hereunder has occurred. The Trustee shall have no duty to act in the absence of such orders, requests and instructions from the Grantor and/or Site Maintenance Corporation, except as provided for herein.

Section 15

Amendment of Agreement

This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee, and Site Maintenance Corporation, or by the Trustee and Site Maintenance Corporation if the Grantor ceases to exist. All amendments shall meet the relevant regulatory requirements of the NRC.

Section 16

Irrevocability and Termination

Subject to the right of the parties to amend this Agreement as provided in Section 15, this trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee, Site Maintenance Corporation and the NRC, or by the Trustee, Site Maintenance Corporation and the NRC if the Grantor ceases to exist. Upon termination of the trust, all remaining trust property, less final administration expenses, shall be delivered to the Grantor or its successor.

Section 17

Immunity and Indemnification

The Trustee shall not incur personal liability of any nature in connection with any act or omission, made in good faith, in the administration of this trust, or in carrying out any directions by the Grantor or Site Maintenance Corporation issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the trust fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.

Section 18

This Agreement shall be administered, construed and enforced according to the laws of the State of _____.

Section 19

Interpretation and Severability

As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement. If any part of this Agreement is invalid, it shall not affect the remaining provisions which will remain valid and enforceable.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by the respective officers duly authorized and the incorporate seals to be hereunder affixed and attested as of the date first written above.

ATTEST:

GRANTOR

Title: _____

Title: _____

(SEAL)

ATTEST:

TRUSTEE

Title: _____

Title: _____

(SEAL)

SCHEDULE A

This Agreement demonstrates financial assurance for the following cost estimates or certification amounts for the following licensed activities:

U.S. Nuclear Regulatory Commission License Numbers	Name and Address of Licensee	Address of Licensed Activity	Cost Estimates for Regulatory Assurances Demonstrated by This Agreement
N/A (License terminated under restricted conditions)	Molycorp, Inc.	300 Caldwell Avenue Washington, PA 15301	\$2,067,650

The cost estimates listed here were last adjusted and approved by the NRC on [insert date].

SCHEDULE B

Dollar Amount \$2,067,650.00

SCHEDULE C

Trustee's fees shall be \$ _____ per year.

**Calculation of First Year Annual Cost of
Institutional Controls for On Site Storage Cell at the
Molycorp, Inc. Washington, PA Facility**

The following costs are estimated for operation and maintenance of the physical controls as well as environmental monitoring of an on-site storage cell containing thorium-contaminated soil from decommissioning of the Molycorp Washington, PA facility. These proposed measures are established in conjunction with institutional controls to ensure that the radiation dose to members of the public is maintained below limits specified by the U.S. Nuclear Regulatory Commission ("NRC") in 10 C.F.R. Part 20 Subpart E for release of sites under conditions of restricted use. The proposed controls include a physical barrier (security fence), warning signs, and environmental monitoring (groundwater and direct radiation) in the vicinity of the storage cell. The cost estimate is summarized in Table 1 below. All costs are in year 2000 dollars. Explanatory notes are provided for each component and present value assumptions are stated for costs to be incurred at specific time periods in the future.

Table 1

Summary of Costs for Maintenance of Physical Controls and Monitoring

Item Description	O&M			
	Activity	Activity period	Cost per period (\$) ⁽²⁰⁾	First Year Annual Cost (\$)
Cell Cover ⁽¹⁾	mowing and routine maintenance, erosion repair	annual	11,029	11,029
Perimeter Fencing ⁽²⁾	Inspection and maintenance	annual	1,320	1,320
	replacement	25 years	70,000	2,143 ⁽³⁾
Security Inspection ⁽⁴⁾	Inspection	Quarterly	500 ⁽⁵⁾	2,000
Groundwater Monitoring ⁽⁶⁾	sample collection and analysis	annual after year 2	3,400	3,400
Groundwater Monitoring ⁽⁷⁾	Sample collection and analysis	Quarterly First 2 years	3,400	N/A ⁽⁸⁾
Groundwater Monitoring Well Replacement ⁽⁹⁾	Replacement	20 years	7,000	282 ⁽¹⁰⁾
Direct Radiation Thermoluminescent Dosimeters ⁽¹¹⁾	replacement and readout	quarterly	130	520
	replacement of TLD enclosures	5 years	1,200	225 ⁽¹²⁾
Haul Road ⁽¹³⁾	grade and fill	annual	4,856	4,856

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Bridge Maintenance ⁽¹⁴⁾	Inspection and report	2 years	7,200	3,494 ⁽¹⁵⁾
	Cleaning/ hydroblasting joints	annual	1,447	1,447
	Sandblasting, painting, scaffolding, repairing railings and spalls	5 years	18,540	3,493 ⁽¹⁶⁾
Bridge Replacement ⁽¹⁷⁾	Replacement	50 years	185,000	2,144 ⁽¹⁸⁾
Management Fee ⁽¹⁹⁾	Management of controls and monitoring	annual	5,000	5,000
TOTAL				41,353

- (1) Cost estimate provided by Bruce McCampbell, Stone & Webster, 6/5/00. Cost data is from Means Building Construction Cost Data, 1997. Cell maintenance includes grass and brush mowing, hauling fill, placing and spreading fill, seeding, fertilizing, etc. Cell cover initial installation costs are assigned to cell construction and are not part of institutional control maintenance costs.
- (2) The fencing initial installation cost is considered to be part of cell construction and is not part of institutional control maintenance costs. Replacement costs are based on 3500 feet of standard eight-foot galvanized chain link fencing with concrete-mounted posts, vehicle access gate and warning signs. The 25 year fence replacement cost is based upon the assumption of \$20/ft (personal communication, Bruce McCampbell, SEWC, 2/17/00). The basis for the 25 year replacement period is that this is the assumed life of fencing used in cost estimates for several sites reviewed. See Summary Report "Details of the Institutional Controls and Financial Assurances Applied or Planned at Various Hazardous and Radioactive Material Sites in the United States", Radiological Services, Inc., Nov. 28, 1999. Annual fencing maintenance costs of \$1320 assume eight hours four times per year for walk-down inspection and minor repairs @ \$35/hr plus \$200 per year for materials.
- (3) Annual payment of \$2,143 with NRC-specified rate of return (2.0% per annum) will generate sufficient funds for \$70,000 outlay every 25 years. In accordance with the NRC's Draft Regulatory Guide DG-4006 at Section 4.2.3, the amount of financial assurance funding will be determined by multiplying the first year annual cost by 50.
- (4) Security inspections will include walking the perimeter fencing and inspecting the cell cap and six (6) groundwater monitoring wells for any evidence of trespassers, intruders, vandalism, burrowing animals, erosion, etc.

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- (5) Cost estimate of \$500 per inspection provided by Tom Maher, Civil & Environmental Consultants, Inc. ("CEC"), 6/6/00. CEC will prepare a written report for each inspection.
- (6) The installation of the six (6) groundwater monitoring wells is considered to be part of the cell construction cost and is not part of institutional control maintenance costs. It is assumed that water samples will be collected annually from each well and analyzed for thorium, uranium and radium by chemical separation and alpha spectroscopy. Sample collection and analysis costs are estimated as \$500 for collection (one person-day), \$200 for containers, supplies, handling and shipping and \$2,700 for laboratory analysis (\$150 for each U, Th, Ra analysis). Analytical costs were provided by RSA, Inc., 2/21/00.
- (7) For the first two (2) years following completion of the on-site storage cell, groundwater samples will be collected quarterly from each well.
- (8) The total of the first two (2) years of quarterly groundwater monitoring (\$27,200) is not included in the calculation of the first year annual cost because it is an extraordinary expense that will be incurred only for the first two (2) years of the operation and maintenance of the institutional controls. Instead, Molycorp will prepay this amount to the contractor which will be performing the quarterly groundwater monitoring during the first two (2) years.
- (9) All six monitoring wells are assumed to require replacement every 20 years (Personal communication, Jack Robertson, 6/5/00). The cost of replacing 6 monitoring wells is assumed to be \$7,000 (cost estimate from TERRA Testing, Inc., 2/28/00).
- (10) Annual payment of \$282 with NRC-specified rate of return (2.0% per annum) will generate sufficient funds for \$7,000 outlay every 20 years. In accordance with the NRC's Draft Regulatory Guide DG-4006 at Section 4.2.3, the amount of financial assurance funding will be determined by multiplying the first year annual cost by 50.
- (11) Monitoring of direct radiation exposure consists of four (4) environmental thermoluminescent dosimeters ("TLDs"). The installation cost is included in the cell construction cost and is not part of institutional control maintenance costs. Tamper proof TLD enclosures are \$300 each with replacement assumed every five years. The labor cost for TLD change out is assumed to be 2 hours @ \$35/hr. Analysis and reporting cost is \$15 per TLD (telecon with Jeff Gunther, Teledyne Labs, Inc., 2/18/00).
- (12) Annual payment of \$225 with NRC-specified rate of return (2.0% per annum) will generate sufficient funds for \$1,200 outlay every 5 years. In accordance with the NRC's Draft Regulatory Guide DG-4006 at Section 4.2.3, the amount of financial assurance funding will be determined by multiplying the first year annual cost by 50.
- (13) Cost estimate provided by Bruce McCampbell, Stone & Webster, 6/5/00. Cost data is from Means Building Construction Cost Data, 1997. Gravel road maintenance includes gravel hauling, delivery, placing, spreading, and grading, clearing drainage ditches, and snow removal.

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- (14) Cost estimate provided by Bruce McCampbell, Stone & Webster, 6/5/00. Cost data is from Means Building Construction Cost Data, 1997. Bridge maintenance includes structural inspection and appraisal report, sandblasting and painting girder ends, scaffolding, rolling tower, cleaning expansion joints, repairing railings, concrete spall repairs, and hydroblasting joints and cracks.
- (15) Annual payment of \$3,494 with NRC-specified rate of return (2% per annum) will generate sufficient funds for \$7,200 outlay every 2 years. In accordance with the NRC's Draft Regulatory Guide DG-4006 at Section 4.2.3, the amount of financial assurance funding will be determined by multiplying the first year annual cost by 50.
- (16) Annual payment of \$3,493 with NRC-specified rate of return (2% per annum) will generate sufficient funds for \$18,540 outlay every 5 years. In accordance with the NRC's Draft Regulatory Guide DG-4006 at Section 4.2.3, the amount of financial assurance funding will be determined by multiplying the first year annual cost by 50.
- (17) Bridge replacement is assumed to occur every 50 years.
- (18) Annual payment of \$2,144 with NRC-specified rate of return (2% per annum) will generate sufficient funds for \$185,000 outlay every 50 years. In accordance with the NRC's Draft Regulatory Guide DG-4006 at Section 4.2.3, the amount of financial assurance funding will be determined by multiplying the first year annual cost by 50.
- (19) Annual site management fee of \$5,000 to be paid to Site Maintenance Corporation for the operation and maintenance of the institutional controls. The management fee will cover the cost of the preparation of the annual report and the periodic filing of a "Notice of Prior Recordation" of the restrictive covenant and deed restriction in the Washington County land records as well as incidental expenses (e.g., photocopy and postage costs). Although included within the calculation of first year annual cost, this fee shall be paid to Site Maintenance Corporation only in the event of a default by Molycorp under the Agreement with Site Maintenance Corporation. The fee shall be paid from the fund established by the Trust Agreement.
- (20) Period dependent costs (O&M and replacement) are present day (year 2000 costs) with no escalation or inflation multipliers.