

T. Fredrichs



UNITED STATES  
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D.C. 20555-0001

December 15, 2000

Mr. Georges Dawes, Senior Scientist  
Molycorp, Inc.  
300 Caldwell Avenue  
Washington, PA 15301

SUBJECT: REQUEST FOR ADDITIONAL INFORMATION REGARDING THE PARENT  
COMPANY GUARANTEES SUBMITTED BY THE UNOCAL COMPANY ON  
BEHALF OF MOLYCORP, INCORPORATED

Dear Mr. Dawes:

The U.S. Nuclear Regulatory Commission staff has reviewed the parent company guarantees submitted by letters dated November 24, 1999, and March 30, 2000, as financial assurance for decommissioning the Molycorp Washington (License No. SMB-1393) and Molycorp York, (License No. SMB 1408) Pennsylvania facilities. Our request for additional information is enclosed.

Please provide your revised financial assurance instrument(s) within 60 days of the date of this letter.

If you have any questions regarding this matter, please contact Roy Person of my staff, at (301) 415-6701.

Sincerely,

Larry W. Camper, Chief  
Decommissioning Branch  
Division of Waste Management  
Office of Nuclear Material Safety  
and Safeguards

Docket Nos.: 040-8778  
040-8794  
License Nos.: SMB-1393  
SMB-1408

Enclosure: Request for Additional  
Information

cc: Molycorp Dist. Lists

**(7) Submit Revised Independent Certified Public Accountant's Special Reports (10 CFR Part 30, Appendix A, and NUREG-1727, page F116)**

The submission includes two special reports from the guarantor's independent certified public accountant that are intended to compare the data used by the guarantor in the submitted financial test demonstrations with the amounts in the guarantor's annual financial statements. Each of these reports states that the accountant has audited the guarantor's financial statements and that:

"In connection with our audit, no matters came to our attention that caused us to believe that the Company failed to comply with the [financial assurance] provisions . . . insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such non-compliance."

This language does not state that the guarantor's accountant has compared the data used in the financial test demonstrations with the amounts in the guarantor's annual financial statements. To ensure that the numbers used to demonstrate the guarantor's ability to pass the financial test reflect the actual, reported financial results of the guarantor, as required under 10 CFR Part 30, Appendix A, the licensee should submit revised independent public accountant's special reports. As illustrated on page F116 of NUREG-17276, these reports should confirm that the accountant has compared the data used in the financial test demonstration with the amounts in the guarantor's annual financial statements and has determined that the data used in the financial test do not need to be adjusted.

**Other Comments**

In addition to the issues raised above, the following typographical errors should be corrected:

- (a) The submitted CFO letter for License SMB-1393 incorrectly references the license number as "5MB-1393" (emphasis added). The licensee should revise the CFO letter to correctly reference License SMB-1393.
- (b) The submitted CFO letter for License SMB-1393 states that the letter "is in support of the use of this firm's use of the financial test to demonstrate financial assurance, as specified in 10 CFR Part 30" (emphasis added). However, License SMB-1393 was issued under 10 CFR Part 40. The licensee should revise the CFO letter to correctly reference 10 CFR Part 40.