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ATTORNEYS AT LAW SINCE 1895

July 18, 2007

ATTN: Document Control Desk
Director, Office of Nuclear Material Safety
U.S. Nuclear Regulatory Commission
Washington, DC 20555-0001

Re: Merger of Molycorp, Inc. into Chevron Mining Inc.:
Request to Amend Molycorp, Inc.'s NRC License
and for NRC Threshold Determination of Nonjurisdiction
or in the Alternative, Request for Consent to Indirect Transfer
of Rights under Molycorp, Inc.'s NRC License

Molycorp, Inc.
Caldwell Avenue
Washington, PA 15301
Source Materials License No. SMB-1393
Docket No.: 040-08778

This letter is submitted on behalf of Molycorp, Inc. ("Molycorp"), which holds Source Materials License No. SMB-1393 for its Washington, Pennsylvania facility ("Washington Facility"), as well as on behalf of its sister corporation, Pittsburg & Midway Coal Mining Company ("Pittsburg & Midway"), and Chevron Corporation ("Chevron"), the ultimate parent company of both Molycorp and Pittsburg & Midway. The purpose of this letter is to provide the Nuclear Regulatory Commission ("NRC") with an adequate basis to make a threshold determination that the proposed merger of Molycorp into Pittsburg & Midway, which will be renamed Chevron Mining Inc. ("Chevron Mining") prior to the merger, will not constitute a direct or indirect transfer of Molycorp's source materials license or of any right thereunder, and to request a conforming license amendment to reflect the new corporate name. Because the proposed merger will not result in a direct or indirect transfer of its source materials license, Molycorp believes no approval of the merger by the NRC is required, and requests the NRC concurrence in this conclusion. In the alternative, Molycorp is hereby providing the NRC with a basis for such approval and is requesting such approval.

Pittsburgh

Philadelphia

Princeton

Wheeling

Thorpe Reed & Armstrong, LLP
One Oxford Centre
301 Grant Street, 14th Floor
Pittsburgh, PA 15219-1425
412 394 7711
412 394 2555 Fax

Molycorp respectfully requests the NRC's determination regarding this matter prior to August 15, 2007, so that, should NRC approval be required, additional information may be provided to the NRC if needed to support approval prior to the planned September 1, 2007, merger date.

NMS501

1. Introduction

Chevron plans to consolidate its two wholly-owned mining and marketing subsidiary companies, Molycorp and Pittsburg & Midway, the surviving entity of which will be named Chevron Mining. The combined company will consolidate Chevron's various mining operations, provide for uniform and simplified management, increase operational efficiencies and maximize synergies.

The current officers and directors for Molycorp and Pittsburg & Midway are identical. Therefore the merger will not result in any changes to the current management structure. The current organizational structure of Molycorp will remain essentially the same after the merger. Chevron Mining will remain a wholly-owned, indirect subsidiary of Chevron. Neither the management, day-to-day operations of, nor the resources currently available to Molycorp, including the financial assurances for decommissioning the Washington Facility, will be adversely affected by the merger. A copy of Chevron's current parent company guarantee for the decommissioning activities at the Washington Facility is attached hereto as Attachment 1.

Under Section 184 of the Atomic Energy Act of 1954 as amended, 42 U.S.C. § 2234, as implemented by the NRC's regulations at 10 C.F.R. § 40.46, and regulatory guidance, no NRC license or right thereunder may be transferred, directly or indirectly, without prior NRC consent. Given the nature of the proposed transaction, Molycorp does not believe the proposed merger will constitute a direct or indirect transfer of control of Molycorp's source materials license and, therefore, the consent requirements of Section 184 are not implicated by this transaction and all that is required is an amendment to reflect the new corporate name. However, in an over abundance of caution, Molycorp is requesting a threshold determination by the NRC that this transaction does not trigger Section 184's consent requirements. Moreover, to the extent the NRC disagrees, Molycorp is requesting in the alternative that the NRC provide its consent to this transaction under Section 184.

2. The Parties

Chevron

Chevron, a Delaware corporation, manages its investments in subsidiaries and affiliates and provides administrative, financial and management support to U.S. and foreign subsidiaries that engage in fully integrated petroleum operations, chemicals operations, mining, power and energy services. Chevron conducts business activities in the United States and approximately 180 other countries. Petroleum operations consist of exploring for, developing and producing crude oil and natural gas; refining crude oil into finished petroleum products; marketing crude oil, natural gas and the many products derived from petroleum; and transporting crude oil, natural gas and petroleum products by pipeline, marine

vessel, motor equipment and rail car. Chevron is the ultimate parent company of both Molycorp and Pittsburg & Midway. As the parent of Molycorp, Chevron is responsible for the financial assurances for decommissioning the Washington Facility.

Union Oil

Union Oil Company of California (“Union Oil”), a wholly-owned subsidiary of Chevron, obtained as part of the Unocal Corporation (“Unocal”) acquisition in 2005, is the direct parent corporation of Molycorp.

Molycorp

Molycorp, a Delaware corporation, is Chevron’s wholly owned mining and marketing subsidiary that mines and produces lanthanide and molybdenum compounds, concentrates, and oxides using open-pit mining techniques. Molycorp owns several facilities throughout the country, including the Washington Facility. In connection with its Washington Facility, Molycorp possesses Source Materials License No. SMB-1393, which authorizes Molycorp to possess thorium and natural uranium in the form of slags and contaminated soils. The license also authorizes storage, transfer and decommissioning in accordance with an approved Decommissioning Plan (“DP”). The DP for the Washington Facility was approved in August of 2000, and the NRC extended Molycorp’s decommissioning schedule for cleanup of this facility from 2005 until the end of 2008. The objective of decommissioning the Washington Facility is to remediate radiological constituents to the extent required to allow the NRC to release the property for unrestricted use and to thereafter terminate Molycorp’s source materials license for the facility.

Chevron Global Energy Inc.

Chevron Global Energy Inc. (“Chevron Global”), a wholly-owned subsidiary of Chevron, is the direct parent corporation of Pittsburg & Midway. After the proposed merger, Chevron Global will be the direct parent corporation of Chevron Mining.

Pittsburg & Midway

Pittsburg & Midway, a Missouri corporation, is Chevron’s wholly-owned mining and marketing subsidiary that owns and operates coal mines in Alabama, New Mexico, and Wyoming. The company operates two surface mines, the McKinley mine in New Mexico and Kemmerer in Wyoming, and the North River underground mining location in Alabama. In 2006, Pittsburg & Midway controlled approximately 225 million tons of proven and probable coal reserves in the United States, including reserves of environmentally desirable low-sulfur coal.

It is anticipated that Pittsburg & Midway will change its name to Chevron Mining effective August 1, 2007.

Chevron Mining

Chevron Mining will be Chevron's wholly-owned mining and marketing subsidiary in the United States and will produce and market the coal, molybdenum, rare earth minerals and calcined petroleum coke, which is currently produced by Molycorp and Pittsburg & Midway.

3. The Proposed Merger Plan

Under the plan of merger, Molycorp stock will be distributed up the chain to Chevron and then down to Chevron Global, and then Molycorp and Pittsburg & Midway will be combined in a statutory merger with Pittsburg & Midway being the surviving entity. Having Pittsburg & Midway as the surviving entity rather than Molycorp will simplify and reduce the number of required regulatory filings with respect to various permits, leases and licenses held by Pittsburg & Midway. Prior to the effective date of the merger, Pittsburg & Midway will change its name to Chevron Mining to better reflect the new diversified mining portfolio (no longer limited to coal alone) and to better identify itself with its parent.

4. Conditions

In order to complete the merger, Chevron's Internal Finance Committee must approve the plan. It is expected that the Internal Finance Committee will approve the merger before the end of July 2007, and the merger will be completed by September 1, 2007. Additionally, Pittsburg & Midway is awaiting Chevron's final approval of the brand name "Chevron Mining Inc."

5. Request for Threshold Determination that No NRC Approval is Required

NRC regulations require NRC approval to be obtained before any direct or indirect transfer of an NRC license or any right thereunder. For the following reasons, Molycorp submits that no such transfer will be effected under the facts and circumstances of the proposed transaction described herein and all that is required is an amendment to Molycorp's NRC license to reflect the name change to Chevron Mining. However, as a precaution, Molycorp is requesting a threshold determination that no NRC approval is required for this merger.

The proposed merger will not change or alter any of the pertinent facts and circumstances with respect to Molycorp's source materials license and decommissioning of the Washington Facility. In this regard, Molycorp's Chief Executive Officer and other senior executives responsible for the facility addressed herein will not change as a result of the merger. Chevron Mining's

Board of Directors and management will be the same as Molycorp's current Board of Directors and management after the merger. All of the officers and directors of the post-merger entity will be US citizens. Moreover, licensed material at the Washington Facility shall continue to be under the supervision of George W. Dawes, Molycorp's Site Radiation Safety Officer.

As a result of the merger, Molycorp will not become owned, controlled or dominated by foreign interests. Moreover, the financial resources available to the Washington Facility from Molycorp will be totally unaffected by the merger. The only change is that Chevron will amend or submit a new parent corporation guarantee to reflect the new corporate name.

For the reasons stated above, Molycorp respectfully requests that the NRC determine that the proposed merger does not involve a direct or indirect transfer of control over Molycorp's NRC Source Materials License No. SMB-1393, and therefore does not require prior NRC approval. Given the brisk pace at which the balance of the transaction is occurring, Molycorp respectfully requests NRC disposition of this matter as soon as possible.

6. Request in the Alternative for Approval of Indirect Transfer of Rights under an NRC License

However, out of an abundance of caution, and given the rather brisk schedule proposed for completion of the merger, Molycorp also requests the NRC's approval, should the NRC conclude that a direct or indirect transfer of a license or of rights thereunder will occur in connection with the proposed merger. The Application for Consent to Indirect License Transfer is attached hereto as Attachment 2.

The attached application contains the information required by the NRC to demonstrate that:

- (1) Chevron Mining will possess the technical and financial qualifications to own and decommission the Washington Facility;
- (2) Chevron Mining will not, as a result of the merger, become owned, controlled, or dominated by a foreign corporation or government;
- (3) The proposed transfer does not raise any other significant safety or NRC regulatory issues.

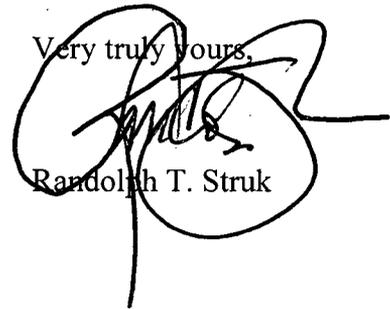
This application provides the necessary information to support the proposed transfer, and to demonstrate that the transfer is justified and will not lead to any undue risk to public health and safety.



July 18, 2007

If there are any questions regarding this license transfer request, please contact me or Eve W. Barron, Chevron U.S.A. Inc., at (713-754-7865).

Very truly yours,



Randolph T. Struk

RTS/sng

- Attachments:
1. Chevron Corporation Parent Company Guarantee and Financial Test to Demonstrate Financial Assurance for Decommissioning Activities, License No. SMB 1393, dated March 31, 2006
 2. Application for Consent to Indirect License Transfer.

cc: Jim Webb, NRC (w/encls.)
Eve W. Barron, Esq., Chevron U.S.A. Inc. (w/encls.)
John F. Ashburn, Jr., Esq., Molycorp, Inc. and The Pittsburg & Midway Coal Mining Co. (w/encls.)



Stephen J. Crowe
Vice President and
Chief Financial Officer

Chevron Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583-2324
Tel (925) 842-3232
Fax (925) 842-6047

March 31, 2006

U.S. Nuclear Regulatory Commission
11545 Rockville Pike
Rockville, Maryland 20852
Attn: Larry W. Camper
OWFN 13 - Mailstop 013D13

Dear Mr. Camper:

RE: CHIEF FINANCIAL OFFICER LETTER FOR LICENSE NO. SMB-1393

Dear Mr. Camper:

I am the Chief Financial Officer of Chevron Corporation, 6001 Bollinger Canyon Road, San Ramon, California. On August 10, 2005, Chevron Corporation acquired Unocal Corporation. Chevron Corporation is the higher-tiered parent of Molycorp, Inc. 376 S. Valencia Brea, CA 92823. This letter is in support of this firm's use of the parent company guarantee and associated financial test to demonstrate financial assurance, as specified in 10 CFR Part 40.

I hereby certify that Chevron Corporation possesses tangible net worth in the amount of \$57,378,000,000.

This firm is required to file a Form 10-K with the U.S. Securities and Exchange Commission for the latest fiscal year. This fiscal year of this firm ends on December 31.

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

Signature

Stephen J. Crowe
Vice President and Chief Financial
Officer

Date - March 31, 2006

PARENT COMPANY GUARANTEE FOR
DECOMMISSIONING ACTIVITIES,
LICENSE NO. SMB 1393

Guarantee made this March 31, 2006 by Chevron Corporation, a corporation organized under the laws of the State of Delaware, herein referred to as "guarantor," to the U.S. Nuclear Regulatory Commission (NRC), beneficiary, on behalf of our subsidiary Molycorp, Inc., of 300 Caldwell Avenue, Washington, PA 15301.

Recitals

1. The guarantor has full authority and capacity to enter into this guarantee under its bylaws, articles of incorporation, and the laws of the State of Delaware, its State of incorporation. Guarantor has approval from its Board of Directors to enter into this guarantee.
2. This guarantee is being issued to comply with regulations issued by the 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. NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 40 which require that a holder of, or an applicant for, a materials license issued pursuant to 10CFR Part 40 provide assurance that funds will be available when needed for required decommissioning activities.
3. The guarantee is issued to provide financial assurance for decommissioning activities for Molycorp, Inc.'s facility located at 300 Caldwell Avenue, Washington, PA 15301, License No. SMB - 1393 (hereinafter referred to as the "Molycorp Washington Facility") as required by 10 CFR Part 40. The decommissioning costs for these activities are as follows:

Molycorp Washington Facility
License No. SMB - 1393
Decommissioning costs guaranteed - \$30,991,360

4. The guarantor meets or exceeds the following financial test criteria of parent company guarantee financial test II and agrees to comply with all notification requirements as specified in 10 CFR Part 40 and Appendix A to 10 CFR Part 30.

The guarantor meets one of the following two financial tests:

(a)(i) Two of the following three ratios: a ratio of total liabilities to net worth less than 2.0; a ratio of the sum of net income plus depreciation, depletion, and amortization to total liabilities greater than 0.1; and a ratio of current assets to current liabilities greater than 1.5; and

(a)(ii) Net working capital and tangible net worth each at least six times the costs covered by financial tests; and

(a)(iii) Tangible net worth of at least \$10 million; and

(a)(iv) Assets located in the United States amounting to at least 90 percent of total assets or at least six times the costs covered by financial tests.

OR

(b)(i) A current rating for its most recent bond issuance of AAA, AA, A, or BBB as issued by Standard & Poor's, or Aaa, Aa, A or Baa as issued by Moody's; and

(b)(ii) Tangible net worth at least six times the costs covered by financial tests; and

(b)(iii) Tangible net worth of at least \$10 million; and

(b)(iv) Assets located in the United States amounting to at least 90 percent of total assets or at least six times the costs covered by financial tests.

5. The guarantor has majority control of the voting stock for the following licensees covered by this guarantee:

Molycorp, Inc.

6. Decommissioning activities as used below refer to the activities required by 10 CFR Part 40 for decommissioning of the facilities identified above.
7. For value received from Molycorp, Inc., and pursuant to the guarantor's authority to enter into this guarantee, the guarantor guarantees to the NRC that if the licensee fails to perform the required decommissioning activities, as required by License No. SMB-1393, the guarantor shall
- (a) carry out the required activities, or
 - (b) set up a trust fund in favor of the above identified beneficiary in the amount of the current cost estimates for these activities.
8. The guarantor agrees to submit revised financial statements, financial test data, and an auditor's special report and reconciling schedule annually within 90 days of the close of the parent guarantor's fiscal year.
9. The guarantor agrees that if, at the end of any fiscal year before termination of this guarantee, it fails to meet the financial test criteria, the licensee shall send within 90 days of the end of the fiscal year, by certified mail, notice to the NRC that the licensee intends to provide alternative financial assurance as specified in 10 CFR Part 40. Within 120 days after the end of the fiscal year, the guarantor shall establish such financial assurance if the Molycorp, Inc. has not done so.
10. The guarantor also agrees to notify the beneficiary promptly if the ownership of the licensee or the parent firm is transferred and to maintain this guarantee until the new parent firm or the licensee provides alternative financial assurance acceptable to the beneficiary.
11. The guarantor agrees that if it determines, at any time other than as described in Recital 9, that it no longer meets the financial test criteria or it is disallowed from continuing as a guarantor, it shall establish alternative financial assurance as specified in 10 CFR Part 30, 40, 70, or 72, as applicable, within 30 days, in the name of Molycorp, Inc. unless Molycorp, Inc. has done so.

12. The guarantor as well as its successors and assigns agree to remain bound jointly and severally under this guarantee notwithstanding any or all of the following: amendment or modification of license or NRC-approved decommissioning funding plan for that facility, the extension or reduction of the time of performance of required activities, or any other modification or alteration of an obligation of the licensee pursuant to 10 CFR Part 40.
13. The guarantor agrees that all bound parties shall be jointly and severally liable for all litigation costs incurred by the beneficiary, NRC, in any successful effort to enforce the agreement against the guarantor.
14. The guarantor agrees to remain bound under this guarantee for as long as Molycorp, Inc. must comply with the applicable financial assurance requirements of 10 CFR Part 40, for the previously listed facilities, except that the guarantor may cancel this guarantee by sending notice by certified mail to the NRC and to Molycorp, Inc., such cancellation to become effective no earlier than 120 days after receipt of such notice by both the NRC and Molycorp, Inc. as evidenced by the return receipts.
15. The guarantor agrees that if Molycorp, Inc. fails to provide alternative financial assurance as specified in 10 CFR Part 40, as applicable, and obtain written approval of such assurance from the NRC within 90 days after a notice of cancellation by the guarantor is received by both the NRC and Molycorp, Inc. from the guarantor, the guarantor shall provide such alternative financial assurance in the name of Molycorp, Inc. or make full payment under the guarantee.
16. The guarantor expressly waives notice of acceptance of this guarantee by the NRC or by Molycorp, Inc.. The guarantor also expressly waives notice of amendments or modifications of the decommissioning requirements and of amendments or modifications of the license.
17. If the guarantor files financial reports with the U.S. Securities and Exchange Commission, then it shall promptly submit them to the NRC during each year in which this guarantee is in effect.

I hereby certify that this guarantee is true and correct to the best of my knowledge.

Effective date: March 31, 2006

Chevron Corporation



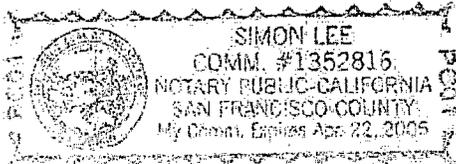
Stephen J. Crowe
Vice President and Chief Financial Officer

State of California) ss.
)
County of Contra Costa)
) ss.
City of San Ramon)

Subscribed and sworn to before me on this 31st day of March, 2006 by Stephen J. Crowe personally known to me or proved to me on the basis of satisfactory evidence to be the person who appeared before me.

NOTARY SEAL

Simon Lee
NOTARY SIGNATURE



Report of Independent Accountants

To the Board of Directors of Chevron Corporation:

We have performed the procedures enumerated below, which were agreed to by the management of the Company, solely to assist you in respect to certain financial information included in the letter dated March 31, 2006 from the Vice President, Finance of the Company to the U.S. Nuclear Regulatory Commission (the "Letter"). The management of the Company is responsible for the financial information included in the Letter. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We recalculated all formulas included in the Letter to determine mathematical accuracy and found no differences.
2.
 - a. We compared the Net Worth of the Company at December 31, 2005, as stated in the enclosed Schedule A, to amount set forth as *Total Stockholders' Equity* in the consolidated financial statements included in the Company's 2005 Annual Report on Form 10-K. We found no difference.
 - b. We compared the Intangible Investments of the Company at December 31, 2005, as stated in the enclosed Schedule A, to a supporting schedule prepared by the Company from its accounting records. We also recalculated the mathematical accuracy of the supporting schedule. We found no exceptions as a result of the procedures.
 - c. We compared the Tangible Net Worth of the Company, as stated in Schedule A, to the corresponding amount as stated in the Letter. We found no difference.
3. We compared the Total Assets in the U.S. of the Company at December 31, 2005, which amounted to \$42,965,000,000, to the amount set forth as *Total Assets - United States* in Note 8 to the consolidated financial statements included in the Company's 2005 Annual Report on Form 10-K. We found no difference.



The Board of Directors of Chevron Corporation
Page 2

4. We recalculated the percentage of the Total Assets in the U.S., as stated in 3 above, of the amount set forth as *Total Assets* in the consolidated balance sheet included in the Company's 2005 Annual Report on Form 10-K and agreed that this percentage is less than 90%.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the specified elements, accounts, or items referred to in 1 to 4 above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Company and the U.S. Nuclear Regulatory Commission, and is not intended to be and should not be used by anyone other than these specified parties.

Price Waterhouse Coopers LLP

March 29, 2006

Schedule A

Tangible Net Worth of Chevron Corporation at December 31, 2005.

Net Worth	\$ 62,675,000,000
Intangible Investment	<u>(5,297,000,000)</u>
Tangible Net Worth of Chevron Corporation	<u>\$ 57,378,000,000</u>

APPLICATION FOR CONSENT TO INDIRECT LICENSE TRANSFER

I. INTRODUCTION

Chevron Corporation (“Chevron”) is the parent company of Union Oil Company of California (“Union Oil”), which is in turn the parent of Molycorp, Inc. (“Molycorp”). Molycorp was issued a source materials license by the NRC in connection with the production of thorium-bearing slag from Molycorp’s ferroalloy operations at its Washington County, Pennsylvania facility (“Washington Facility”). Past production processes at the Washington Facility generated by-products containing low levels of radioactivity. Molycorp has been in the process of decommissioning the Washington Facility.

Molycorp’s SMB-1393 license authorizes Molycorp to possess at any one time a maximum of up to 120,000 kg (264,554 lb) of thorium and 11,000 kg (24,251 lb) of natural uranium in the form of slags and contaminated soils. The license authorizes storage, transfer, and decommissioning in accordance with an approved decommissioning plan (“DP”). The DP for the Washington Facility was approved in August 2000. The NRC extended Molycorp’s decommissioning schedule for the clean up period from 2005 until the end of 2008.

The objective of decommissioning the Washington Facility is to remediate radiological constituents to the extent required to allow the NRC to release the property for unrestricted use and terminate the NRC radioactive materials license for this facility.

II. TERMS OF THE PROPOSED TRANSACTION

Chevron owns two mining companies: Molycorp and Pittsburg & Midway Coal Mining Company (“Pittsburg & Midway”). Pittsburg & Midway is an indirect 100% owned subsidiary of Chevron, as is Molycorp. However, the chain of intermediate companies in the ownership structure between Pittsburg & Midway and Chevron is not the same as the chain between Molycorp and Chevron. Pittsburg & Midway is a Missouri corporation wholly owned by Chevron Global Energy Inc. (“Chevron Global”), a wholly owned subsidiary of Chevron. However, the current officers and directors for Pittsburg & Midway and Molycorp are identical.

In order to consolidate Chevron’s various mining operations, provide for uniform and simplified management, increase operational efficiencies and maximize synergies, Chevron plans that Molycorp and Pittsburg & Midway be merged, with Pittsburg & Midway being the surviving legal entity. However, prior to the proposed merger it is anticipated that Pittsburg & Midway will be renamed Chevron Mining Inc. (“Chevron Mining”) effective August 1, 2007, pending Chevron’s final approval of the brand name.

The proposed merger plan provides, among other things, for Molycorp stock to be distributed up the chain to Chevron and then down to Chevron Global, and then Molycorp and Pittsburg & Midway will be combined in a statutory merger with Pittsburg & Midway surviving. Accordingly, Union Oil will no longer be in the ownership chain, but both companies will remain ultimately 100% owned by Chevron. Having Pittsburg & Midway as the surviving entity

rather than Molycorp will simplify and reduce the number of required regulatory filings with respect to various permits, leases and licenses held by Pittsburg & Midway. Prior to the effective date of the merger, Pittsburg & Midway will change its name to Chevron Mining to better reflect the new diversified mining portfolio (no longer limited to coal alone) and to better identify itself with its parent.

Neither the ownership, management, or operations of, nor the resources that were available to Molycorp will be adversely affected by the merger. Chevron Mining will be the owner, operator and NRC licensee of the Washington Facility. Finally, neither the organization of the Washington Facility nor the technical and financial resources available to it, including the financial assurances for decommissioning, will be adversely affected by the proposed transaction.

III. REGULATORY ISSUES FOR LICENSE TRANSFERS

A. Identification and Ownership of the Licensee

The proposed merger will have literally no effect on the Washington Facility. Chevron Mining will be the NRC licensee and will carry on its business with functionally the same people and resources and structure as Molycorp did the day before the merger.

As a result of the merger, Chevron Mining will not become owned, controlled or dominated by foreign interests. Chevron Mining will be a U.S. corporation and will continue to be a wholly-owned subsidiary of Chevron, a U.S. corporation.

The Chief Executive Officer and other senior executives of Molycorp responsible for the Washington Facility will not change as a result of the merger. Similarly, the Board of Directors, officers and management of Chevron Mining shall be the same as the current Boards of Directors, officers and management of Molycorp and Pittsburg & Midway. All of the officers and directors of the post-merger entity will be U. S. citizens. Moreover, licensed material at the Washington Facility shall continue to be under the supervision of George W. Dawes, Molycorp's Site Radiation Safety Officer.

The merger contemplates no amendment of Molycorp's source materials license other than to reflect the change in name to Chevron Mining. The financial resources available to the Washington Facility from Molycorp will be totally unaffected by the merger; this includes financial assurances for decommissioning, which will remain the responsibility of Chevron. In short, there will be neither any change in ownership, management or resources affecting the Washington Facility as a result of the merger.

B. Technical Qualifications of Chevron Mining

The merger will not affect the technical qualifications of Molycorp. Molycorp's current organizations and personnel presently responsible for the Washington Facility will continue to operate and support the facility with no change. Likewise, Molycorp's current programs,

procedures, and conduct of operations will not be altered for the Washington Facility as a result of the merger.

C. Financial Qualifications of Chevron Mining

1. Operating Financial Qualifications

The proposed merger and proposed transfer will not adversely affect the financial qualifications of Chevron Mining as the licensed owner. Indeed, the merger shall strengthen the financial position of Chevron Mining. Following the transaction, the assets of Chevron Mining will include Molycorp's current assets plus the assets of Pittsburg & Midway, resulting in a greater net book value.

2. Decommissioning Funding Assurance

The proposed indirect license transfer does not affect the present decommissioning funding assurance provided by Chevron on behalf of Molycorp under 10 C.F.R. Part 40. Pursuant to the terms of the March 31, 2006, guarantee Chevron provided to the NRC in connection with the Washington Facility's Decommissioning Plan, Chevron shall maintain the \$30,991,360 guaranteed decommissioning costs until the NRC approves the Chevron parent guarantee on behalf of Chevron Mining. See *Chevron's Parent Company Guarantee for Decommissioning Activities, License No. SMB -1393* ¶¶ 3, 10 and 10 (a copy of the which is attached hereto).

D. Environmental Considerations

This application does no more than request approval of an indirect license transfer. The proposed license transfer does not involve any amendment to the Washington Facility's license or any other change that would directly affect the actual operation of the Washington Facility in any substantive way. The proposed transfer does not involve an increase in the amounts, or a change in the types, of any radiological effluents that may be allowed to be released off-site, and does not involve any increase in the amounts or change in the types of any non-radiological effluents that may be released off-site. Further, no increase in the individual or cumulative occupational radiation exposure is involved.

IV. OTHER APPROVALS AND SCHEDULE

Molycorp and Pittsburg & Midway currently expect to complete the merger promptly after Chevron's Internal Finance Committee approves the plan. It is currently expected that the Internal Finance Committee will approve the merger before the end of July 2007 and the merger will be completed by September 1, 2007. Additionally, Pittsburg & Midway is awaiting Chevron's final approval of the brand name "Chevron Mining Inc."

Molycorp and Pittsburg & Midway are also investigating whether consolidation would serve to restart Molycorp's Federal Insurance Contributions Act contributions, in which case the proposed merger would be delayed until January 1, 2008.

V. MISCELLANEOUS CONSIDERATIONS

There are no changes in the organization, location, facilities, equipment or procedures that relate to the Washington Facility. Because the organizational and operational control of the Washington Facility will remain unaltered, there will be no transfer of Molycorp's surveillance program.

Molycorp confirms that all records concerning the safe and effective decommissioning of the Washington Facility will remain with Molycorp as the reorganized Chevron Mining, and that Chevron Mining will abide by all constraints, conditions, requirements and commitments of the NRC license.

VI. CONCLUSIONS

For the reasons discussed above, the proposed indirect license transfer will not: (1) have any adverse-impact on the decommissioning of the Washington Facility; (2) adversely affect the managerial or technical qualifications of Chevron Mining as the owner; (3) impair Chevron Mining's financial qualifications as the owner of the Washington Facility; or (4) result in any foreign ownership, control or domination of Chevron Mining. Accordingly, the proposed transfer will not result in any undue risk to public health and safety, will not be inimical to the common defense and security, and will be consistent with the Atomic Energy Act and NRC regulations.



Stephen J. Crowe
Vice President and
Chief Financial Officer

Chevron Corporation
6001 Bollinger Canyon Road
San Ramon, CA 94583-2324
Tel: (925) 842-3232
Fax: (925) 842-6047

March 31, 2006

U.S. Nuclear Regulatory Commission
11545 Rockville Pike
Rockville, Maryland 20852
Attn: Larry W. Camper
OWFN 13 - Mailstop 013D13

Dear Mr. Camper:

RE: CHIEF FINANCIAL OFFICER LETTER FOR LICENSE NO. SMB - 1393

Dear Mr. Camper:

I am the Chief Financial Officer of Chevron Corporation, 6001 Bollinger Canyon Road, San Ramon, California. On August 10, 2005, Chevron Corporation acquired Unocal Corporation. Chevron Corporation is the higher-tiered parent of Molycorp, Inc. 376 S. Valencia Brea, CA 92823. This letter is in support of this firm's use of the parent company guarantee and associated financial test to demonstrate financial assurance, as specified in 10 CFR Part 40.

I hereby certify that Chevron Corporation possesses tangible net worth in the amount of \$57,378,000,000.

This firm is required to file a Form 10-K with the U.S. Securities and Exchange Commission for the latest fiscal year. This fiscal year of this firm ends on December 31.

I hereby certify that the content of this letter is true and correct to the best of my knowledge.

Signature

A handwritten signature in black ink, appearing to read "S. Crowe", written over a horizontal line.

Stephen J. Crowe
Vice President and Chief Financial
Officer

Date - March 31, 2006

PARENT COMPANY GUARANTEE FOR
DECOMMISSIONING ACTIVITIES,
LICENSE NO. SMB 1393

Guarantee made this March 31, 2006 by Chevron Corporation, a corporation organized under the laws of the State of Delaware, herein referred to as "guarantor," to the U.S. Nuclear Regulatory Commission (NRC), beneficiary, on behalf of our subsidiary Molycorp, Inc., of 300 Caldwell Avenue, Washington, PA 15301.

Recitals

1. The guarantor has full authority and capacity to enter into this guarantee under its bylaws, articles of incorporation, and the laws of the State of Delaware, its State of incorporation. Guarantor has approval from its Board of Directors to enter into this guarantee.
2. This guarantee is being issued to comply with regulations issued by the 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. NRC has promulgated regulations in Title 10, Chapter I of the Code of Federal Regulations, Part 40 which require that a holder of, or an applicant for, a materials license issued pursuant to 10CFR Part 40 provide assurance that funds will be available when needed for required decommissioning activities.
3. The guarantee is issued to provide financial assurance for decommissioning activities for Molycorp, Inc.'s facility located at 300 Caldwell Avenue, Washington, PA 15301, License No. SMB - 1393 (hereinafter referred to as the "Molycorp Washington Facility") as required by 10 CFR Part 40. The decommissioning costs for these activities are as follows:

Molycorp Washington Facility
License No. SMB - 1393
Decommissioning costs guaranteed - \$30,991,360

4. The guarantor meets or exceeds the following financial test criteria of parent company guarantee financial test II and agrees to comply with all notification requirements as specified in 10 CFR Part 40 and Appendix A to 10 CFR Part 30.

The guarantor meets one of the following two financial tests:

(a)(i) Two of the following three ratios: a ratio of total liabilities to net worth less than 2.0; a ratio of the sum of net income plus depreciation, depletion, and amortization to total liabilities greater than 0.1; and a ratio of current assets to current liabilities greater than 1.5; and

(a)(ii) Net working capital and tangible net worth each at least six times the costs covered by financial tests; and

(a)(iii) Tangible net worth of at least \$10 million; and

(a)(iv) Assets located in the United States amounting to at least 90 percent of total assets or at least six times the costs covered by financial tests.

OR

(b)(i) A current rating for its most recent bond issuance of AAA, AA, A, or BBB as issued by Standard & Poor's, or Aaa, Aa, A or Baa as issued by Moody's; and

(b)(ii) Tangible net worth at least six times the costs covered by financial tests; and

(b)(iii) Tangible net worth of at least \$10 million; and

(b)(iv) Assets located in the United States amounting to at least 90 percent of total assets or at least six times the costs covered by financial tests.

5. The guarantor has majority control of the voting stock for the following licensees covered by this guarantee:

Molycorp, Inc.

6. Decommissioning activities as used below refer to the activities required by 10 CFR Part 40 for decommissioning of the facilities identified above.

7. For value received from Molycorp, Inc., and pursuant to the guarantor's authority to enter into this guarantee, the guarantor guarantees to the NRC that if the licensee fails to perform the required decommissioning activities, as required by License No. SMB-1393, the guarantor shall

(a) carry out the required activities, or

(b) set up a trust fund in favor of the above identified beneficiary in the amount of the current cost estimates for these activities.

8. The guarantor agrees to submit revised financial statements, financial test data, and an auditor's special report and reconciling schedule annually within 90 days of the close of the parent guarantor's fiscal year.
9. The guarantor agrees that if, at the end of any fiscal year before termination of this guarantee, it fails to meet the financial test criteria, the licensee shall send within 90 days of the end of the fiscal year, by certified mail, notice to the NRC that the licensee intends to provide alternative financial assurance as specified in 10 CFR Part 40. Within 120 days after the end of the fiscal year, the guarantor shall establish such financial assurance if the Molycorp, Inc. has not done so.
10. The guarantor also agrees to notify the beneficiary promptly if the ownership of the licensee or the parent firm is transferred and to maintain this guarantee until the new parent firm or the licensee provides alternative financial assurance acceptable to the beneficiary.
11. The guarantor agrees that if it determines, at any time other than as described in Recital 9, that it no longer meets the financial test criteria or it is disallowed from continuing as a guarantor, it shall establish alternative financial assurance as specified in 10 CFR Part 30, 40, 70, or 72, as applicable, within 30 days, in the name of Molycorp, Inc. unless Molycorp, Inc. has done so.

12. The guarantor as well as its successors and assigns agree to remain bound jointly and severally under this guarantee notwithstanding any or all of the following: amendment or modification of license or NRC-approved decommissioning funding plan for that facility, the extension or reduction of the time of performance of required activities, or any other modification or alteration of an obligation of the licensee pursuant to 10 CFR Part 40.
13. The guarantor agrees that all bound parties shall be jointly and severally liable for all litigation costs incurred by the beneficiary, NRC, in any successful effort to enforce the agreement against the guarantor.
14. The guarantor agrees to remain bound under this guarantee for as long as Molycorp, Inc. must comply with the applicable financial assurance requirements of 10 CFR Part 40, for the previously listed facilities, except that the guarantor may cancel this guarantee by sending notice by certified mail to the NRC and to Molycorp, Inc., such cancellation to become effective no earlier than 120 days after receipt of such notice by both the NRC and Molycorp, Inc. as evidenced by the return receipts.
15. The guarantor agrees that if Molycorp, Inc. fails to provide alternative financial assurance as specified in 10 CFR Part 40, as applicable, and obtain written approval of such assurance from the NRC within 90 days after a notice of cancellation by the guarantor is received by both the NRC and Molycorp, Inc. from the guarantor, the guarantor shall provide such alternative financial assurance in the name of Molycorp, Inc. or make full payment under the guarantee.
16. The guarantor expressly waives notice of acceptance of this guarantee by the NRC or by Molycorp, Inc.. The guarantor also expressly waives notice of amendments or modifications of the decommissioning requirements and of amendments or modifications of the license.
17. If the guarantor files financial reports with the U.S. Securities and Exchange Commission, then it shall promptly submit them to the NRC during each year in which this guarantee is in effect.

I hereby certify that this guarantee is true and correct to the best of my knowledge.

Effective date: March 31, 2006

Chevron Corporation



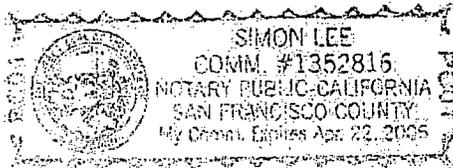
Stephen J. Crowe
Vice President and Chief Financial Officer

State of California) ss.
)
County of Contra Costa)
) ss.
City of San Ramon)

Subscribed and sworn to before me on this 31st day of March, 2006 by Stephen J. Crowe personally known to me or proved to me on the basis of satisfactory evidence to be the person who appeared before me.

NOTARY SEAL

Simon Lee
NOTARY SIGNATURE



Report of Independent Accountants

To the Board of Directors of Chevron Corporation:

We have performed the procedures enumerated below, which were agreed to by the management of the Company, solely to assist you in respect to certain financial information included in the letter dated March 31, 2006 from the Vice President, Finance of the Company to the U.S. Nuclear Regulatory Commission (the "Letter"). The management of the Company is responsible for the financial information included in the Letter. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. We recalculated all formulas included in the Letter to determine mathematical accuracy and found no differences.
2.
 - a. We compared the Net Worth of the Company at December 31, 2005, as stated in the enclosed Schedule A, to amount set forth as *Total Stockholders' Equity* in the consolidated financial statements included in the Company's 2005 Annual Report on Form 10-K. We found no difference.
 - b. We compared the Intangible Investments of the Company at December 31, 2005, as stated in the enclosed Schedule A, to a supporting schedule prepared by the Company from its accounting records. We also recalculated the mathematical accuracy of the supporting schedule. We found no exceptions as a result of the procedures.
 - c. We compared the Tangible Net Worth of the Company, as stated in Schedule A, to the corresponding amount as stated in the Letter. We found no difference.
3. We compared the Total Assets in the U.S. of the Company at December 31, 2005, which amounted to \$42,965,000,000, to the amount set forth as *Total Assets - United States* in Note 8 to the consolidated financial statements included in the Company's 2005 Annual Report on Form 10-K. We found no difference.



The Board of Directors of Chevron Corporation
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4. We recalculated the percentage of the Total Assets in the U.S., as stated in 3 above, of the amount set forth as *Total Assets* in the consolidated balance sheet included in the Company's 2005 Annual Report on Form 10-K and agreed that this percentage is less than 90%.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the specified elements, accounts, or items referred to in 1 to 4 above. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Company and the U.S. Nuclear Regulatory Commission, and is not intended to be and should not be used by anyone other than these specified parties.

Price Waterhouse Coopers, LLP

March 29, 2006

Schedule A

Tangible Net Worth of Chevron Corporation at December 31, 2005.

Net Worth	\$ 62,675,000,000
Intangible Investment	<u>(5,297,000,000)</u>
Tangible Net Worth of Chevron Corporation	<u>\$ 57,378,000,000</u>