

August 14, 2007

Mr. Jack Wright
Project Manager
Molycorp, Inc.
Washington Site
1217 West Wayne St.
Washington, PA 15301

SUBJECT: PROPOSED CORPORATE ACTIONS WHEREBY MOLYCORP, INC. WILL
BECOME CHEVRON MINING INC., AND REQUEST FOR AMENDMENT TO
LICENSE NUMBER SMB-1393 TO REFLECT NAME CHANGE

Dear Mr. Wright:

By letter dated July 18, 2007 (ML072010300), Randolph T. Struk, counsel for Molycorp, Inc., advised the Nuclear Regulatory Commission (NRC) staff of upcoming corporate actions involving Molycorp and its corporate affiliates. Molycorp holds an NRC source materials license (NRC license number SMB-1393) for its facility in Washington, Pennsylvania, issued pursuant to 10 CFR Part 40 of NRC's regulations. Under this license, Molycorp's decommissioning plan (DP) was approved by the NRC in August 2000. The license authorizes storage and transferred licensed material and decommissioning activities at the site, where Molycorp possesses large amounts of thorium and natural uranium in the form of slags and contaminated soils.

Molycorp's counsel correctly notes that under Section 184 of the Atomic Energy Act (42 U.S.C. § 2234), as implemented in 10 CFR § 40.46, an NRC source materials license cannot be transferred "directly or indirectly, through transfer of control of any license," unless the NRC first gives "its consent in writing." Molycorp's counsel asserts, for the reasons summarized below, that the corporate actions will not "constitute a direct or indirect transfer of control" of Molycorp's license, and requests a threshold determination that the Atomic Energy Act Section 184 requirements are thus not triggered here.

Summary of Corporate Actions

As detailed in the July 18 letter, Chevron Corporation is the ultimate parent company of Molycorp, and, as such, provides the parent company guarantee assuring the funding of Molycorp's decommissioning activities in accordance with 10 CFR Part 40 requirements. In this regard, Chevron Corporation will maintain the present \$30,991,360 guaranteed decommissioning costs.

Chevron Corporation plans to combine its two wholly-owned mining and marketing subsidiaries in order to consolidate its various United States based mining operations. The two subsidiaries are Molycorp and its sister corporation – Pittsburg & Midway Coal Mining Company. Effective August 1, 2007, Pittsburg & Midway changed its name to Chevron Mining, Inc. Under the plan,

Molycorp and Pittsburg & Midway will be merged with Chevron Mining becoming the surviving entity. Chevron Mining will be Chevron Corporation's wholly-owned mining and marketing subsidiary, and will produce and market the coal, molybdenum, rare earth minerals and calcined petroleum coke now produced by Molycorp and Pittsburg & Midway. As is the case now between Chevron Corporation and Molycorp, Chevron Corporation will be the ultimate parent company of Chevron Mining. The assets of Chevron Mining will include Molycorp's current assets, plus the assets of Pittsburg & Midway, resulting in a greater net book value. This the available financial resources will not be adversely affected by the merger. The financial assurance for decommissioning the Washington, Pennsylvania site will remain the responsibility of Chevron Corporation, which has committed to either amend or submit a new parent company guarantee to reflect the change in name from Molycorp to Chevron Mining, once that change becomes effective.

Additionally, as stated in the July 18 letter, Molycorp's Chief Executive Officer and other senior executives will not change as a result of the merger with Pittsburg & Midway. The current officers and directors for Molycorp and Pittsburg & Midway are identical. Likewise, 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 such corporate officers and Directors are United States (U.S.) citizens, and all of the corporations involved (both pre and post-merger) are U.S.-owned. Thus Molycorp will not become owned, controlled or dominated by foreign interests. NRC-licensed material now at Molycorp's facility will remain under the supervision of George Dawes, the current Site Radiation Safety Officer. In short, the merger will not result in any changes to current programs, procedures, organization, location, facilities, equipment, and/or conduct of operations at Molycorp's facility.

Molycorp also confirms that all records concerning the safe and effective decommissioning of its facility will remain onsite after its reorganization into Chevron Mining, and that Chevron Mining will abide by all constraints, conditions, requirements, and commitments of the present NRC license.

NRC Staff Findings

Based on the representations set forth in Molycorp's July 18 letter, the staff finds that there will be no direct or indirect transfer of control of Molycorp's license, under the facts and circumstances presented. Accordingly, the staff concludes that the Atomic Energy Act Section 184 requirements are not triggered here.

Additionally, because the proposed corporate action is of an administrative and organizational nature, the staff finds that an environmental assessment of this action is not required, pursuant to the categorical exclusion set forth in 10 CFR § 51.22(c)(11).

The request for a license amendment is premature. As soon as Molycorp and Pittsburg & Midway have been merged, and Chevron Mining officially becomes the surviving corporate entity, a license amendment request must then be filed so that the name change from Molycorp to Chevron Mining will be properly reflected in the NRC license.

J.Wright

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If you have any questions or concerns, please contact Mr. James Webb at (301) 415-6252 or at jxw2@nrc.gov.

Sincerely,

LChang for /RA/

Keith I. McConnell, Deputy Director
Decommissioning and Uranium Recovery
Licensing Directorate
Division of Waste Management
and Environmental Protection
Office of Federal and State Materials
and Environmental Management Programs

Docket No.: 040-08778

License No.:SMB-1393

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