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NOTE TO THE FILE

SUBJECT: MOLYCORP, INC. EXPORT LICENSE REQUEST TO EXPORT THORIUM CONTAINED
IN RARE EARTH COMPOUNDS TO VARIOUS COUNTRIES (XT08552 AND XT08558)

On September 16, 1982, Molycorp, Inc. applied for a broad license to export to all countries small amounts of thorium contained in rare earth products in concentrations ranging from .05 percent to 1.0 percent. The thorium is a natural contaminant of the rare earth compounds and can not be extracted from the compounds economically. Last year Molycorp exported almost 7,700,000 kilograms of rare earth products containing 6,400 kilograms of thorium to various countries.

In response to Molycorp's request, NRC issued Export License XT08552 on October 8, 1982 authorizing the export of 9,500 kilograms of contained thorium to countries Molycorp exports to on a regular basis. The countries included on the license were Australia, Canada, Japan, and Western European countries. This license was amended on October 19, 1982 to add Mexico and Spain. The license was limited to include only countries not requiring Executive Branch review.

In regard to adding more countries to Export License XT08552, the staff advised Molycorp that the license could be amended after Executive Branch review to include most countries with certain quantity limits. In order for Molycorp to have sufficient authorization to cover a 10-year period, NRC also requested that the license be amended to increase the quantity of contained thorium authorized for export from 9,500 kilograms to 100,000 kilograms.

Executive Branch views were received from DOS on November 4, 1982 recommending approval to amend Export License XT08552 to authorize export to all countries except Cuba, Kampuchea, North Korea, and Vietnam. The Executive Branch, however, did not recommend approval to increase the quantity of material from 9,500 kilograms to 100,000 kilograms.

Based on the Executive Branch's recommendation, NRC amended Export License XT08552 to include all destinations except Cuba, Kampuchea, North Korea, and Vietnam. However, the quantity authorized was not changed. In order for Molycorp to ship the contained thorium over a 10-year period to its regular customers, NRC, DOS, and Molycorp agreed that a new license (XT08558) would be in order which included only Australia, Austria, Belgium, Canada, Denmark, Finland, France, Greece, Ireland, Italy, Japan, Luxembourg, Mexico, Netherlands, Norway, Sweden, Spain, Switzerland, United Kingdom, and West Germany. This new license authorizes shipments up to 100,000 kilograms of natural thorium for a 10-year period. Export license XT08558 was issued on November 23, 1982.

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