

REQUEST FOR PROPOSALS

SUPPLEMENTAL ENVIRONMENTAL PROJECTS (SEPs) FOR CURRENT AND THREATENED IMPACTS TO WATERS OF THE STATE

**CONSENT JUDGMENT BETWEEN STATE OF CALIFORNIA AND
MOLYCORP INC.**

September 24, 2004

**STATE OF CALIFORNIA
REGIONAL WATER QUALITY CONTROL BOARD,
LAHONTAN REGION
VICTORVILLE, CALIFORNIA**

**MOLYCORP, INC.
MOUNTAIN PASS, CALIFORNIA**

1) BACKGROUND

Molycorp, Inc. operates the Mountain Pass Mine, a rare earth (lanthanide ore) mine that has been in operation since the 1950's. The mine is located in San Bernardino County, approximately 15 miles southwest of the California/Nevada state line. The site is in the southern portion of the Clark Mountain Range approximately four miles from the summit of Clark Mountain in Township 16 North, Range 14 East, Sections 30 and 31 and in Township 16 North, Range 13 East, Sections 11, 12, 13, 14 and 15, SBBM.

The Mountain Pass Mine site encompasses approximately 2,222 acres of privately-held land, under the jurisdiction of the County of San Bernardino. Mining, mineral recovery, exploration drilling, and ancillary activities, both historical and current, have disturbed approximately 700 acres of the 2,222-acre site.

The mine is regulated under Board Orders (6-91-836, 06-00-34, 6-00-74, 6-00-101, and 6-01-18) issued by the Lahontan Regional Water Quality Control Board (RWQCB). Violations of these Orders resulted in Cleanup and Abatement Orders (6-98-20, 6-98-21 and 6-97-66 and amendments), which resulted in a negotiated Settlement Agreement between the RWQCB and Molycorp. Molycorp agreed to fund certain Supplemental Environmental Projects (SEPs) in accordance with terms and conditions established by the RWQCB. SEPs are projects that:

- Enhance the beneficial uses of the waters of the state,
- Provide a benefit to the public at large; and
- Are not otherwise required or would be greatly accelerated by the funding provided by an administrative civil liability complaint assessment to be paid by Molycorp

Examples of SEPs include pollution prevention projects, environmental restoration programs, environmental auditing, public awareness and education activities, watershed assessments, watershed management facilitation services, and non-point source program implementation.

Over a three-year period, a total of One Million Dollars (\$1,000,000.00) will be available from the SEP fund to be maintained by the RWQCB and dispersed for qualified projects.

2) PROPOSAL SUBMITTAL

All proposals must be received no later than **5:00 pm on Friday, October 29, 2004**. Proposals received after the deadline will not be considered.

Failure to meet the minimum requirements set forth herein will result in applications being deemed non-responsive to the RFP and disqualify applicants from consideration for SEP funding.

For further clarification, please contact Mike Plaziak (760-241-7404) or Christy Hunter (760-241-7377) at the Lahontan Regional Water Quality Control Board, or e-mail your questions to mplaziak@rb6v.swrcb.ca.gov.

E-mail Submittal

Applicants are encouraged to submit proposals by e-mail. A “wet” signature will not be required for e-mail submittals. Files shall be submitted in MS Word or MS Excel format. Maps or other figures can be attached as MS Word, pdf, jpeg, or gif files.

Send e-mail submittals to cheryl@lilburncorp.com. A reply confirming receipt of the Applicant’s e-mail submittal will be sent to acknowledge receipt of the document(s). Applicant’s may call (909-890-1818) to confirm receipt of the e-mail submittal.

Hard Copy Submittal

Applicants not submitting through e-mail must submit one original unbound and three copies of their proposal package. Proposals are to be delivered or mailed to:

Molycorp, Inc.
c/o Lilburn Corporation
ATTN: Cheryl A. Tubbs
1905 Business Center Drive
San Bernardino, CA 92408
(909) 890-1818

3) SELECTION PROCESS AND SCHEDULE

The following steps will be followed in selecting Applicants for the SEP funding.

- **The RFP document is released to the public on September 24, 2004.**
- Applicants contact RWQCB staff to determine eligibility.
- **Application Proposals due by October 29, 2004.**
- Molycorp review all responses and evaluates them based on level of responsiveness.
- Molycorp will rank in priority all projects and develop a list of recommended projects for SEP funding.
- RWQCB considers the final recommended priority list and adopts list of projects for funding at a RWQCB Board Meeting.
- Funding recipients will receive a notice of award and shall meet with Molycorp and RWQCB staff to negotiate project implementation.

4) ELIGIBILITY REQUIREMENTS

The SEP funds are available to any public or private entity including Federal, State, and local government. SEP funds may be used to fund any water quality remediation project

that involves “Waters of the State.” In general, SEP projects may involve either point-source or non-point source programs. Projects that are closest to, and thus have the most geographic connection to the MolyCorp Mountain Pass Mine site, will rate higher for qualification of acceptance.

Project Qualification Criteria is attached.

A suggested format for submittals (“*Project Proposal*”) is also attached.

5) CEQA COMPLIANCE

California law requires projects likely to have significant environmental effects to comply with CEQA (Public Resources Code 21000 et seq.). CEQA applies to “projects” proposed to be undertaken requiring approval by the State and local government agencies.

RWQCB selection of a project for a SEP does not foreclose appropriate consideration of alternatives or mitigation measures that would not reduce or eliminate adverse environmental effects of that project during the CEQA review process. Complete information on CEQA can be found at <http://ceres.ca.gov/ceqa/>.

6) RIGHT TO MONITOR AND AUDIT

The RWQCB shall have absolute right to review and audit all records, books, papers, documents, minutes, and other pertinent items as requested, and shall have absolute right to monitor the performance of Applicant in the implementation of funded projects. Applicant shall give full cooperation in any auditing or monitoring conducted, cooperate with the RWQCB in meeting any and all reporting requirements established. All records pertaining to the SEP funding shall be available for examination and audit by RWQCB representative for a period of three years following release of final SEP funds.

7) ENVIRONMENTAL JUSTICE

The SWRCB/RWQCBs conduct their programs, policies, and activities that substantially affect human health or the environment in a manner that ensures the fair treatment of people of all races, cultures, and income levels, including minority populations and low-income populations of the State. The SEP will be administered in accordance with Public Resources Code section 72000 (d). This section of the code requires applicable programs to improve research and the data collection related to the health of the environment of people of all races, cultures, and income levels, including minority populations and low-income populations of the State.