

Molycorp to cease mining operation, taking nearly 500 jobs

Jim Steinberg, Los Angeles Newspaper Group, 8-29-15

MOUNTAIN PASS -- The only rare earth mining and processing plant in the Western Hemisphere is closing and virtually all of its nearly 500 person workforce is expected to be let go.

Officials from Greenwood Village, Colorado-based Molycorp, said earlier this week they will transition their massive San Bernardino County facility to a “care and maintenance” mode while it plans to continue serving its rare earth oxide customers via its production facilities in Estonia and China.

It’s not immediately clear how many of the nearly 500 employees will be let go but “it is fair to say that the overwhelming majority of the jobs will be lost in the process,” said Jim Sims, a Molycorp spokesman.

Rare earth production of neodymium and other elements at the Mountain Pass facility will be suspended no later than Oct. 20, and the site, including idled machinery and equipment, will be maintained to ensure it remains in a safe and stable condition, and that government regulatory commitments can be met.

It was just four years ago when the minerals firm was on a high-publicity push into the rare-earth metals trade, celebrating renewed mining operations at its Mojave Desert mine and \$781 million Project Phoenix investment.

Officials touted that investment as a way to give the United States a foothold in the marketplace of valuable natural elements that could be used in consumer goods.

In summer 2014, the \$1.6 billion redesigned and re-engineered state-of-the-art rare earth-processing facility at Mountain Pass became fully operational.

“My thoughts go out to the Molycorp workers and their families who are losing their livelihood,” said San Bernardino County Supervisor Robert A. Lovingood, whose district includes Molycorp. “These are talented and highly skilled workers who are in demand. Within 30 minutes of learning of the closure, I directed my staff to begin work on job placement efforts in coordination with Molycorp, county and state officials.

“With the help of County Workforce and the county’s Economic Development Department, we are working on a rapid response plan. We will be out at Molycorp’s site on Tuesday to meet with the affected workers, assess their specific placement needs and determine the next steps,” Lovingood said in a statement.

Sims said that most of the Mountain Pass employees lived in southern Nevada. The plant is about 15 miles south of the Nevada state line.

Rare earth pricing, which has declined dramatically over the past four years, was a key factor in the decision to suspend rare earth production at Mountain Pass, Molycorp officials said.

On June 25, Molycorp and its North American subsidiaries, together with certain of its nonoperating subsidiaries outside of North America, filed voluntary petitions under Chapter 11 of the Bankruptcy Code in U.S. Bankruptcy Court for the District of Delaware.

Neodymium and other rare earth products processed at Mountain Pass are used in defense and consumer electronics and in the automotive industries, Sims said.

One of the main drivers in the price decline is illegal mining operators in China, which bring the product to

market as much as 50 percent below the price legitimate operators in Australia, China and the U.S. must charge, Sims said.