

Molycorp puts much-touted facility on standby

Manuel Quiñones, Environment & Energy Publishing, 8-27-15

Molycorp Inc., the country's only rare earth elements company, announced this morning that it would stop production at its flagship Mountain Pass, Calif., facility.

The move is emblematic of the rare earth industry's ongoing woes, particularly because of low prices for the elements and technology companies looking for alternatives.

Molycorp filed for Chapter 11 federal bankruptcy protection in June. But during a tour with reporters and industry insiders days later, the company touted ongoing work at Mountain Pass.

Molycorp workers said at the time that they were running the rare earths processing plant round the clock. The mine, a medium-sized open pit in the California desert, was only running during the day shift.

Now Molycorp says it will keep the facility open for "care and maintenance," with production suspended no later than Oct. 20. The majority of the 500 workers may lose their jobs.

"Not only is that a huge impact to each of the families involved, but it also represents a loss to the U.S. of intellectual capital and workforce skills that is difficult to measure," said Molycorp spokesman Jim Sims.

The company said it would continue supplying customers with its rare earth products, including magnets and water treatment systems, through facilities in Estonia and China.

Molycorp's restart of operations at Mountain Pass in 2010, amid Chinese export controls, had signaled the renewal of the rare earths industry in the United States. Since then, China has eased those controls and is also struggling to control illegal mining.

Sims said the company hopes to restart operations at Mountain Pass depending on market conditions. Government aid could also be a factor in the site's future.

"Right now, the question for policymakers is how to best protect this national asset and enable it to stay in idle status, which would greatly speed the process and reduce the costs of a re-start," Sims wrote in an email.

Other rare earth mining companies looking to launch new mines have been pressing Congress and the Obama administration to prioritize domestic supplies. But little has happened beyond promoting research, defense needs and education efforts.

High rare earth prices, particularly around 2011, boosted Molycorp's plans for the future and encouraged entrepreneurs to develop other deposits.

Now the company is dealing with debt from acquisitions and its development of Mountain Pass, and no other mines have opened in the United States.