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UNOCAL CORP
Form 11-K
June 30, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 11-K

Annual Report Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

(Mark One)

Annual report pursuant to Section 15(d) of the Securities Exchange
Act of 1934

For the fiscal year ended December 31, 2002

Or

Transition report pursuant to Section 15(d) of the Securities
Exchange Act of 1934
For the transition period from _____ to _____

Commission file number 1-8483

A. Full title of the plan and the address of the plan, if different from that of
the issuer named below:

MOLYCORP, INC. 401(K) RETIREMENT SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the Plan and the address of
its principal executive office:

Unocal Corporation,
2141 Rosecrans Avenue, Suite 4000, El Segundo, California 90245

MOLYCORP, INC. 401(k) RETIREMENT SAVINGS PLAN
INDEX TO FINANCIAL STATEMENTS

The following financial statements reflect the status of the Molycorp, Inc.
401(k) Retirement Savings Plan as of December 31, 2002 and 2001, and the results
of its transactions for each of the years then ended.

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* Supplemental schedules required by the Employee Retirement Income Security Act of 1974 that are omitted are not applicable to the Molycorp, Inc. 401(k) Retirement Savings Plan.

REPORT OF INDEPENDENT AUDITORS

To the Administrative Committee of the Molycorp, Inc. 401(k)
Retirement Savings Plan:

In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Molycorp, Inc. 401(k) Retirement Savings Plan (the "Plan") at December 31, 2002 and 2001, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes at December 31, 2002 is presented for the purpose

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of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Los Angeles, California
June 6, 2003

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Molycorp, Inc. 401(k) Retirement Savings Plan
Statements of Net Assets Available for Benefits

	December 31,	
	2002	2001
Investments at fair value	\$173,721	\$142,670
Net assets available for benefits	\$173,721	\$142,670

Molycorp, Inc. 401(k) Retirement Savings Plan
Statements of Changes in Net Assets Available for Benefits

	Year Ended December 31,	
	2002	2001
Additions:		
Additions to (deductions from) net assets attributed to:		
Investment income (loss)		
Net depreciation in fair value of investments	(11,982)	\$(10,505)
Interest	1,464	3,604
Dividends	159	230
Total investment loss	(10,359)	(6,671)
Participant contributions	42,608	37,347
Total additions	32,249	30,676
Deductions:		
Participant withdrawals & distributions	1,198	16,309
Total deductions	1,198	16,309

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Net increase	31,051	14,367
	-----	-----
Net assets available for benefits:		
Beginning of year	142,670	128,303
	-----	-----
End of year	\$173,721	\$142,670
	=====	=====

See accompanying notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE PLAN

General

The Molycorp, Inc. 401(k) Retirement Savings Plan (the "Plan") is sponsored by Molycorp, Inc. (the "Company"), an indirect wholly owned subsidiary of Unocal Corporation. The Plan provides for voluntary pre-tax contributions by participants, who are employees represented by collective bargaining agents at certain facilities operated by the Company. The Plan's trustee and administrator is Putnam Fiduciary Trust Company (the "Trustee"). Each participant is allowed to choose how funds are invested from a range of investment fund options made available through Putnam investments and Unocal Corporation common stock. The Plan is subject to certain provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") as a defined contribution plan.

The Plan booklet dated December 1, 1996 constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933. The December 1, 1996 booklet can be referenced for other information about the Plan.

A restated Plan document dated August 1, 2002, was adopted to document modifications subsequent to the September 1, 2001 Plan document.

Participation

Collective bargaining unit employees at the Company's Questa and York facilities became eligible to participate in the Plan as of January 1, 1991 if at least six months of service were completed prior to January 1, 1991. Otherwise, participants become eligible to participate in the Plan upon completion of six months of service.

Contributions

Voluntary participant contributions to the Plan are made on a pre-tax basis and cannot exceed 15 percent of a participant's base pay. The pre-tax contributions are also known as 401(k) contributions. Contributions cannot exceed the amount prescribed by law and cannot be calculated on an amount of base pay in excess of the amount allowed by law.

Effective September 1, 2002, the Company matches employee contributions at the rate of 25 cents per dollar up to 6 percent of the employee's total annual wage (base pay plus overtime pay).

Participant Accounts

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Each participant's account is credited with the participant's contributions and increased or decreased by the respective investment earnings or losses of the individual investments as governed by the participant's investment selections.

Vesting

Participants are always 100 percent vested in participant contributions and in the dividends and interest on those contributions. Participants are vested in Company contributions upon completion of two years of vesting service.

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Payment of Benefits

On termination of employment or at such time that participants become eligible to receive benefits, participants may elect to receive their account balances or defer their distributions until a later date, but no later than 60 days after the end of the plan year in which the latest of the following occurs: April 1 after the close of the calendar year in which the participant attains age 70 1/2, or two years after the participant's employment terminates. If a participant continues to work after age 70 1/2, distribution of a portion of the participant's account balance is required by April 1 of the calendar year following the calendar year in which the participant attains age 70 1/2.

Federal Income Tax Status

On May 30, 2002, the Company received a ruling, from the Internal Revenue Service that the Plan meets the requirements of Section 401(a) of the Internal Revenue Code (the "Code") of 1986, as amended, and that the Trust established thereunder is entitled to exemption under the provisions of the Code; therefore, the Plan is not required to pay any federal income taxes. Contributions to and earnings on Plan accounts will not be taxable to participants prior to withdrawal from the Plan.

Withdrawals from the Plan are generally subject to federal income tax. Also, withdrawals following termination of employment prior to age 55 may be subject to an additional 10 percent federal penalty tax.

Plan Termination

The Company expects to continue the Plan indefinitely, but, as future conditions cannot be foreseen, the Company may at any time or from time to time amend or terminate the Plan in whole or in part, subject to the requirements of ERISA and other applicable laws. An amendment may affect present, as well as future participants, but may not diminish the account of any participant existing on the effective date of such amendment. The Company has no present intent to terminate the Plan.

NOTE 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. In addition, the following accounting policies are applied:

- a. Purchases and sales of securities are recorded on a trade-date basis.

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- b. Dividends are recorded on an ex-dividend date basis.
- c. Interest income is recorded on the accrual basis.
- d. Benefits are recorded when paid.

The Plan presents in the statements of changes in net assets available for benefits the net appreciation (depreciation) in the fair value of its investments which consist of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

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Valuation of Investments

The Plan's investments are stated at fair value. Shares of registered investment companies are valued at the net asset value of shares held by the Plan at year-end. Shares of Unocal common stock are valued at the closing price as reported for the New York Stock Exchange Composite Transactions at December 31, 2002 and 2001. Investments in common trust funds are valued based on information provided by the Plan's investment custodian. The financial statements of the common trust funds are audited annually by independent auditors.

Use of Estimates in Preparation of the Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of additions to and deductions from net assets during the reporting periods. Actual results could differ from those estimates.

NOTE 3 - Investments

The following investments represent 5 percent or more of the Plan's net assets:

	December 31,	
	2002	2001

Putnam Money Market Fund 111,455 and 97,114 shares, respectively	\$ 111,455	\$ 97,114
Putnam New Opportunities Fund 794 and 418 shares, respectively	23,170	17,528
Putnam S&P 500 Index Fund 549 and 363 shares, respectively	11,889	10,109
Putnam International Growth Fund 655 and 487 shares, respectively	10,829	9,718

The Plan's investments depreciated in value as follows:

	December 31,	
	2002	2001

Mutual funds	(\$9,675)	(\$8,804)
Common or collective trust	(2,202)	(902)

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Common stock	(105)	(799)
	-----	-----
	(\$11,982)	(\$10,505)
	=====	=====

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NOTE 4 - Parties-in-interest

Certain of the Plan's investments are shares of mutual funds managed by the Trustee, as defined by the Plan Agreement. Therefore, these transactions qualify as party-in-interest transactions for which a statutory exemption exists.

Unocal Corporation, which also qualifies as a party-in-interest, absorbs substantially all of the administrative expenses of the Plan, which were nominal for the years ended December 31, 2002 and 2001. Such transactions with the Company qualify for a statutory exemption.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Committee appointed by the Board of Directors of the Company to administer the Plan has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

MOLYCORP, INC. 401(k) RETIREMENT SAVINGS PLAN

Date: June 27, 2003

By: /s/ Roger T. Inabu

 Roger T. Inabu
 Comptroller, Molycorp, Inc.

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Molycorp, Inc. 401(k) Retirement Savings Plan
 Schedule of Assets Held for Investment Purposes ***
 At December 31, 2002

(a)	(b)	(c)
	Identity of Issuer, Borrower, Lessor or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value
*	Unocal Corporation	Unocal Corporation Common Stock 132 shares
**	Putnam Investments	Putnam Money Market Fund 111,455 shares

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**	Putnam Investments	Putnam New Opportunities Mutual Fund 794 shares
**	Putnam Investments	Putnam S&P 500 Index Fund 549 shares
**	Putnam Investments	Putnam International Growth Fund 655 shares
**	Putnam Investments	The Putnam Bond Index Fund 548 shares
**	Putnam Investments	Putnam Voyager Fund 175 shares
**	Vanguard Group	The Vanguard Windsor II Fund 36 shares
**	Putnam Investments	George Putnam Fund of Boston 145 shares

Total assets held for investment purposes

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EXHIBIT INDEX

Exhibit 23	Consent of PricewaterhouseCoopers LLP
Exhibit 99	Certification Pursuant to 18 U.S.C. Section 1350

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