



New Mexico Mining Association

September 12, 2016

Via Electronic Submission: RFI-UraniumTransfers@hq.doe.gov

Ms. Cheryl Moss Herman
U.S. Department of Energy
Office of Nuclear Energy
Mailstop B-409
19901 Germantown Road
Germantown, Maryland 20874-1290

Re: New Mexico Mining Association's Comments to DOE RFI: Excess Uranium Management: Effects of DOE Transfers of Excess Uranium on Domestic Uranium Mining, Conversion, and Enrichment Industries (81 Fed. Reg. 469170)

Dear Ms. Moss Herman:

On behalf of the New Mexico Mining Association ("NMMA"), I am responding to the Department of Energy's Request for Information concerning its transfers of federal excess uranium inventories. The Grants mineral belt of New Mexico was the leading producer of uranium during the 1950's through the 1990's. Our state has known uranium resources of over 600 million pounds of U_3O_8 . Yet we have no current production due to the depressed state of the commercial uranium market. In talking with NMMA members that are attempting to permit operations in New Mexico, I understand that DOE's barter transfers have adversely impacted the domestic uranium producers. DOE's material effectively consumes any available uncommitted demand available to these producers.

NMMA would also urge DOE to provide a clear explanation of what it considers to be "adverse material impact" in making its determination under Section 2297h-10(d) of the USEC Privatization Act before considering any future transfers. A specific definition of this key factor has been lacking in past Secretarial Determinations. The Secretarial Determination process will remain arbitrary and capricious until DOE specifically defines "adverse material impact."

NMMA Response to RFI questions:

1. What are current and projected conditions in the uranium markets and the domestic uranium mining, conversion and enrichment industries?

In New Mexico, we have no currently producing uranium properties. However, several operators are seeking permits for new mines. The Mt. Taylor Mine is the largest known uranium reserve in the United States. New Mexico is experiencing significant budget shortfalls, and tax revenues from uranium mining would be very helpful in addressing this issue.

2. What market effects and industry consequences could DOE expect from continued transfers at annual rates compared to the transfers described in the 2015 Secretarial Determination?

NMMA would strongly urge DOE to suspend its transfers. It is my understanding that the price of uranium is well below the cost of production and this will remain the case through at least 2017. If DOE were to suspend its transfers, it would have a positive impact on the commercial market.

3. Would transfers at a lower annual rate or a higher annual rate significantly change these effects and, if so, how?

As the Court in the *ConverDyn* litigation stated, whether DOE's transfers are the driver of market conditions is not the question to be answered in the Secretarial Determination. Any transfers by the DOE in the current market create adverse impacts. DOE should marshal its uranium assets until such time as their disposition into the commercial market can realize the maximum value for the transfers.

4. Are there any anticipated changes in these markets that may significantly change how DOE transfers affect the domestic uranium industry?

If DOE determines to suspend its transfers, it would have a very positive market impact. As was the case during the rapid run-up of uranium prices beginning in 2005, the uranium market can be positively impacted by perceived supply disruptions. If the disposition of DOE excess uranium inventories were suspended until new reactor requirements increase demand, the DOE material could be more readily absorbed by the market at a higher value for the taxpayer.

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On behalf of the New Mexico Mining Association, I appreciate the opportunity to provide these comments on DOE's disposition of excess uranium inventories.

Yours very truly,



Mike Bowen
Executive Director
New Mexico Mining Association