



September 19, 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: Texas Mining and Reclamation Association's Comments to DOE Request For Information: 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:

As the Executive Director of the Texas Mining and Reclamation Association ("TMRA") and on its behalf, I am responding to the United States Department of Energy's ("DOE's") Request for Information regarding its transfers of excess federal uranium inventories. South Texas is home to the vast majority of the uranium deposits in Texas. The "Coastal Plain" area is the leading uranium producing area in the state and uranium production has existed in Texas since the 1950s. Unfortunately, uranium production in Texas has rapidly declined in the past decade given the state of the uranium market both domestically and internationally. As members of TMRA, the Owner/Operators of uranium producing facilities in Texas have expressed concern over the DOE's barter transfers, as those transfers have adversely impacted uranium producers in Texas through negative commercial market impacts. The federal uranium inventories of the DOE are being used to satisfy domestic demand that could otherwise be met by the uranium producers in Texas.

TMRA also requests the DOE provide a comprehensive definition with the appropriate explanation of what it considers an "adverse material impact" when making determinations under Section 2297h-10(d) of the USEC Privatization Act before considering any future transfers. A definition of this term has been lacking in previous Secretarial Determinations, and TMRA believes that the Secretarial Determination process is arbitrary and capricious if the DOE fails to adequately define the term "adverse material impact."

TMRA's Responses to RFI Questions:

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

While conditions in the uranium market have declined in Texas from the 2007 high mark, there are several active permits and operations remaining in the Coastal Plain area of Texas. Specifically, in Goliad and Duval Counties, permits are still active, but production for the most part has ceased as producers wait for more favorable market conditions. Additionally, in late 2015, the U.S. Geological survey presented an estimate of 220 million pounds of recoverable U₃O₈ remaining as potential undiscovered resources in southern Texas.

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

TMRA strongly urges the DOE to suspend its transfers of its excess uranium reserves. At this time, the price of uranium is well below the cost of production in Texas, and it is TMRA's understanding that this will remain the status quo through 2017 *at least*. Suspension of DOE transfers would have a significant, positive impact on the commercial uranium market in the United States, and possibly positive impacts to the international market as well. This positive market impact would lead to positive conditions for the uranium producers of Texas.

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

The Federal District Court in the ConvergDyn case properly held that whether or not the DOE's transfers are the driver of market conditions is not the proper inquiry under Section 2297h-10(d). TMRA believes that *any* transfers by the DOE will negatively impact the commercial uranium market, and obviously transfers at a higher rate will have corresponding increased negative market effects.

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

As stated, cessation of DOE transfers would have a significant, positive impact on the domestic uranium market. As evidenced in 2005 when uranium prices sky-rocketed, the commercial market can be positively impacted by *perceived* supply disruptions. Presumably, the cessation of DOE transfers will allow the demand for uranium to increase more rapidly. If transfers were to cease until such time that demand rises (as it is ultimately projected to do), both uranium producers in the United States, *as well as the DOE*, will enjoy the benefits of the increased market value of uranium.

TMRA and I would like to thank you for the opportunity to provide comments and input on the DOE's transfer process of its excess uranium inventories and your consideration of TMRA's comments.

Sincerely,

A handwritten signature in blue ink that reads "Ches Blevins". The signature is fluid and cursive, with the first name "Ches" and last name "Blevins" clearly distinguishable.

Ches Blevins
Executive Director
Texas Mining and Reclamation Association