



KATIE SWEENEY
General Counsel

March 27, 2014

The Honorable Daniel Poneman
Deputy Secretary
U.S. Department of Energy
1000 Independence Ave, SW
Washington, DC 20585

Dear Deputy Secretary Poneman:

The National Mining Association (NMA) would like to express its concerns about transfers and sales of large amounts of the Department of Energy's (DOE) excess uranium because such sales have a detrimental impact on domestic uranium mining. NMA is the national trade association representing the producers of most of America's coal, metals, including uranium, industrial and agricultural minerals. NMA's members include the producers of domestic uranium as well as companies that have exploration projects or pending applications for development of domestic uranium mining projects.

NMA is concerned that the domestic uranium industry is struggling with market prices well below production costs. NMA understands that U.S. uranium producers are considering substantial cut backs in production as a result of the inability to sustain profitable operations.

The upcoming Secretarial Determination will be critical to the U.S. domestic industry. Currently, this industry supplies less than 10 percent of U.S. reactor requirements while the annual DOE barter sales/transfers have reached a level more than twice the volume of total U.S. production. With considerable excess uranium supplies overhanging the market, we are concerned that the cumulative impact of continued barter sales at current levels by DOE, along with other market forces, will further exacerbate the situation and have a material adverse impact on a now fragile industry.

The uranium market has lost over half its value since the Fukushima accident, with forecasted global uranium demand dropping by more than 900 million pounds from 2011-2030. Thus, the market is more sensitive than ever to the DOE plans to sell its excess uranium as was witnessed this past July, when the market quickly dropped more than \$5/lb after DOE revealed its 2013 Excess Uranium Inventory Management Plan.

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And, the market still has not recovered. As you know, in that plan, the DOE determined that it could meet its statutory and policy objectives without adhering to the guidelines previously agreed to by industry and DOE. Those guidelines limited DOE sales to no more than 10 percent of the total annual fuel requirements of U.S. nuclear power plants. The intent of the 10 percent cap was to promote clarity for a long lead-time, capital intensive industry and limit DOE Sales to a level such that they would not have an adverse impact on the domestic uranium mining, conversion or enrichment industry.

From a practical viewpoint, we recognize the DOE uranium stockpile is a valuable taxpayer asset and releasing it too quickly will further depress the uranium market, and consequently minimize the value that could be obtained for the benefit of U.S. taxpayers. At a time when uranium prices are below production costs for most domestic producers, we urge the Department to reduce new transfers until prices recover to more healthy levels.

As the Department considers additional sales, we encourage the Department to take steps to minimize the impact on the domestic uranium and conversion industries, including at least a temporary halt to a reduction in additional transfers and a reconsideration of an annual cap. We believe such an approach would honor DOE's obligation to maintain a strong domestic uranium industry.

If you have any questions regarding this letter, please contact me at (202)463-2627 or ksweeney@nma.org.

Sincerely,

A handwritten signature in cursive script that reads "Katie Sweeney".

Katie Sweeney