



April 6, 2015

David Henderson
U.S. Department of Energy
Office of Nuclear Energy
Mail Stop NE-52
19901 Germantown Rd.
Germantown, MD 20874-1290

Re: Excess Uranium Management: Effects of DOE Transfers of Excess Uranium on Domestic Uranium Mining, Conversion, and Enrichment Industries; Notice of Issues for Public Comment, Federal Register 80 14107

Dear Mr. Henderson:

Uranerz Energy Corporation (Uranerz) appreciates the opportunity to provide comments on Federal Register notice FR 80 14107. Uranerz is a publicly traded company that is incorporated in the State of Nevada. Uranerz is one of the newest operating domestic uranium mining companies with the start of commercial operations at our Nichols Ranch Uranium Project in the Powder River Basin of Wyoming in April 2014.

In reviewing the documents referenced in the public request for comments provided in the above referenced Federal Register Notice, determining on what action should be commented upon is unclear. The Department of Energy (The Department) provides a wealth of information derived from the previous Request for Information (RFI) as well as a summary of the information in the actual notice. The short turnaround on comments of less than 20 days from the date of the notice to the deadline for the receipt of comments creates a difficult challenge for the public to provide a thorough analysis of the information and the ability to provide meaningful feedback. Due to the limited timeline for review and comment provided by the Department, Uranerz has only been able to review the actual Federal Register Notice and the February 20, 2015 ERI Analysis, and its comments will be focused on the information provided in those two documents. With respect to its comments, Uranerz will be responding generally to Federal Register Notice, including the factors that will be considered in developing the Department's pending Secretarial Determination, and the quantity of material that will be transferred by the Department to third parties during the period of the Secretarial Determination. Uranerz is a member of the National Mining Association (NMA) and the Uranium Producers of America (UPA), and our corporate senior leadership has been active in these trade associations' interactions and correspondence with the Department. Uranerz has worked with the UPA in developing their detailed comments, and with this letter expresses strong support for those comments.

Uranerz would further comment on the overall Federal Register Notice. The six factors described by the Department for consideration do provide significant context to support a Secretarial Determination for each segment of the domestic uranium industry. All of these; market prices, realized prices of current operators, production at existing facilities, employment levels in the industry, changes in capital improvement and development of future facilities and long term viability and health of the industry, provide a snapshot of the industries that are impacted by the manner and quantities of material transferred by the Department. It should be noted that in Secretarial Determinations proposed prior to May 2014, supporting market analysis failed to consider all of these factors, as was noted by the domestic uranium mining industry, repeatedly.

However, as suggested by several commenters, the Department continues to dismiss the state of the domestic uranium industry as something beyond their ability to impact. The Department continues to quantify the impacts of its transfers using the most favorable terms that are clearly designed to support continued transfers. The Department minimizes the market impacts to the point that its analysis states that by removing over 7 million lbs U3O8 equivalent from the market only will net a market impact of less than \$3.00 per lb U3O8. This estimate fails a “cold eyes” analysis because historically, the spot price has moved in values nearly double those cited by the Department for volumes less than 2% of the volume that would be removed from the market if the Department ceased all transfers. Even if the Department’s assessment was accurate, a \$3 reduction in this market will make it difficult for some producers to survive. Additionally, the Department acknowledges that most commenters have suggested a volume of material transfers with an upper limit of 5 million lbs (inclusive of all forms of uranium).. This transfer rate is consistent with the guidelines suggested in the Departments own 2008 Excess Uranium Inventory Management Plan, and has been generally accepted by the industry. It is Uranerz’s recommendation that should the Department consider transfer rates no greater than 5 million lbs and that the Department should make the greatest positive material impact, by a further reduction in transfer rates.

Within Section II(A) of the Federal Register Notice, the Department creates a “new” justification for the definition of “material” within Section 3112(d) of the 1996 Privatization Act. The Department has now tied in Section 3112(d)(B), 42 USCA §2297h-10(2)(d)(B), reads as follows: (B) the Secretary determines that the sale of the material will not have an adverse material impact on the domestic uranium mining, conversion, or enrichment industry, taking into account the sales of uranium under the Russian HEU Agreement and the Suspension Agreement. The Department proposes that by citing this section of the 1996 Privatization Act that it is able to divine Congressional intent as to the definition of “material”. The Department cites the volumes of material that under U.S.-Russian HEU Agreement establishes a Congressional definition of volumes that are not material because Congress directed in Section 3112(d)(B) that the transfers, in addition to avoiding a material adverse impact to the domestic uranium industry, to account for the sales of uranium under the Russian HEU Agreement and the Suspension Agreement. In citing this, the Department creates from whole cloth what volumes of transferred uranium it defines as “material”. However, in a historical context, it is clear that Congress did not tie the Russian HEU Agreement and the Suspension Agreement to Section 3112(d) as setting a definition of “material”, but rather to maintain the incentive to the Russian Government to continue with the terms of these agreements which has occurred. It is our opinion that Congress saw the Russian HEU Agreement as separate from the transfers referenced in Section 3112(d), and Congress was instructing the Department to assure that the transfers would not impact the sales of uranium under the HEU Agreement.

Again, we would like to express our thanks for the opportunity to submit comments. If you have questions, please contact me at (307) 232-6665 or by email at pgoranson@uranerz.com.

Respectfully,



William Paul Goranson, P.E.
President and Chief Operating Officer
Uranerz Energy Corporation