



DOE-LM

Uranium Leasing Program Overview

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Uranium Leasing Program

Background

- The Uranium Leasing Program (ULP) began in the late 1940s when the U.S. Atomic Energy Commission (AEC) was authorized to withdraw lands from public use to ensure an adequate reserve of uranium and vanadium ores and associated minerals for the nation's defense program.
 - Original leasing program ended in 1962, yielding more than 1.2 million pounds of uranium and 6.8 million pounds of vanadium, which generated \$5.9 million in royalties to the federal government.
- In the early 1970s, the emphasis for the ULP switched from national defense to that of preserving the domestic uranium industry and infrastructure in support of commercial nuclear power.
 - Current leasing program initiated in 1974, with two 10-year lease periods that yielded approximately 6.5 million pounds of uranium and 33.4 million pounds of vanadium, which generated \$53 million in royalties to the federal government.

Background (continued)

- All leases expired in 1994, allowing the U.S. Department of Energy (DOE) to conduct a Programmatic Environmental Assessment (PEA) for the ULP.
- The PEA was completed in July 1995. A Finding of No Significant Impact was issued in August 1995 for the proposed action, which called for continued leasing of DOE-managed lands for exploration and production of uranium and vanadium ores.
- DOE subsequently (1996–1997) executed new 10-year lease agreements with previous lessees that wanted to continue with the ULP.
 - During that lease period, 4 of the active lease tracts resumed mining operations and produced over 65 thousand tons of ore, which resulted in production royalty payments of approximately \$5 million to the federal government.

Background (continued)

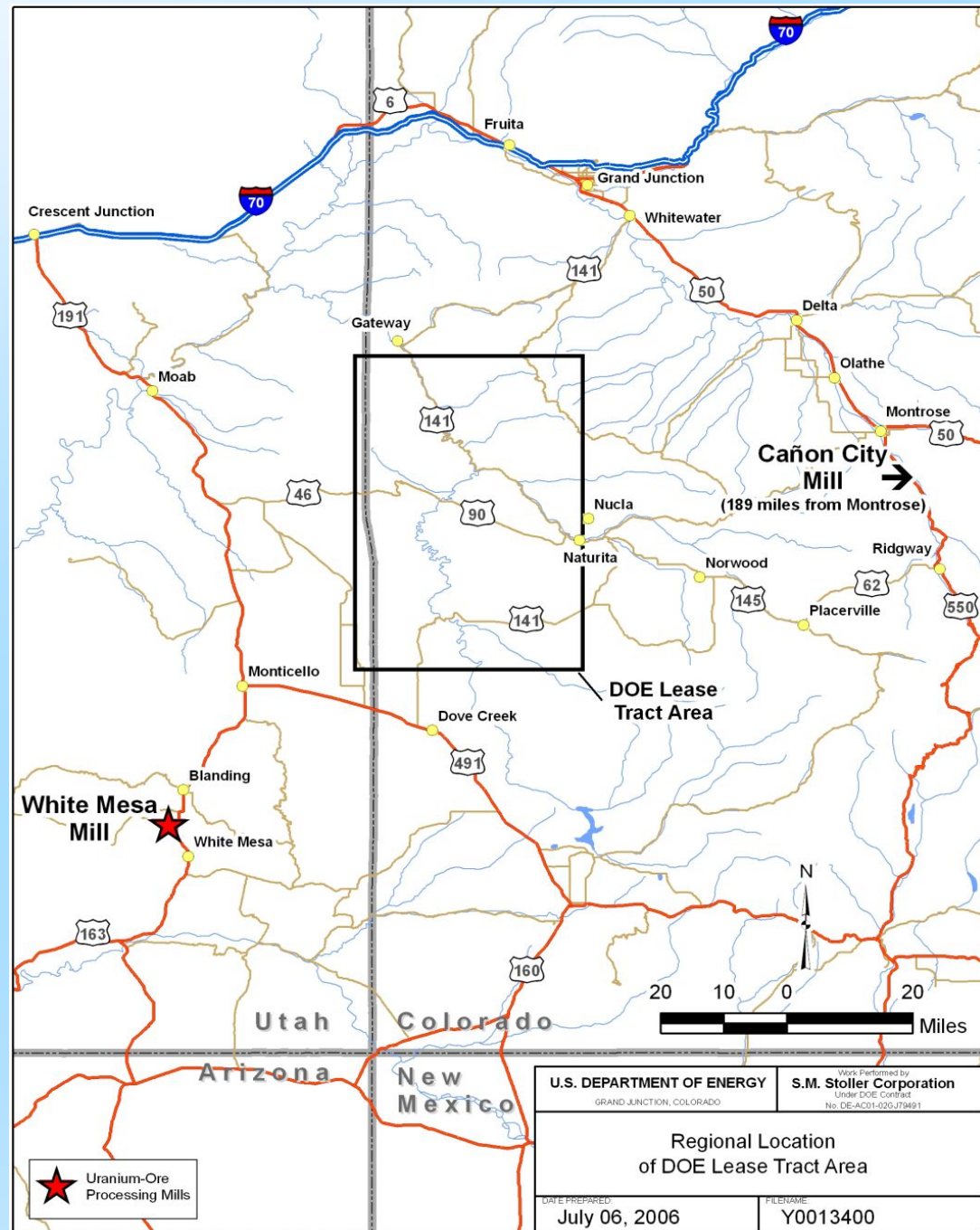
- A second PEA was completed in June 2007 and a Finding of No Significant Impact was issued in July 2007 for DOE's preferred (Expanded Program) alternative. This alternative included continuing the leasing program for an additional 10-year period, extending the current leases for that same period, and expanding the program to include the competitive offering of DOE's inactive lease tracts to the domestic uranium industry.
- The 2007 PEA put the ULP in perspective:
 - ULP ore reserves are estimated at 13.5 million pounds of uranium (approximately 1.5 percent of the known reserves in the U.S.).
 - Known ore reserves in the U.S. are purported to be nearly 900 million pounds of uranium (approximately 8.5 percent of the known reserves in the world).
 - Known ore reserves in the world are reported to be 10.5 billion pounds of uranium.

Current Status

- The DOE Office of Legacy Management (LM) currently manages 32 lease tracts (25,000 acres), all located within the Uravan Mineral Belt in southwestern Colorado (see lease-tract location maps).
- There are 13 lease tracts actively held under lease. In April 2008, DOE will extend those leases for an additional 10-year period.
- There are 19 remaining lease tracts that are currently inactive. In March 2008, DOE offered these inactive lease tracts to the domestic uranium industry through a web-based competitive bid solicitation.
 - Bids must be submitted to DOE by May 9, 2008.
 - Ten-year leases will be executed with the successful bidders.
 - New leases will be executed by mid-July, 2008.

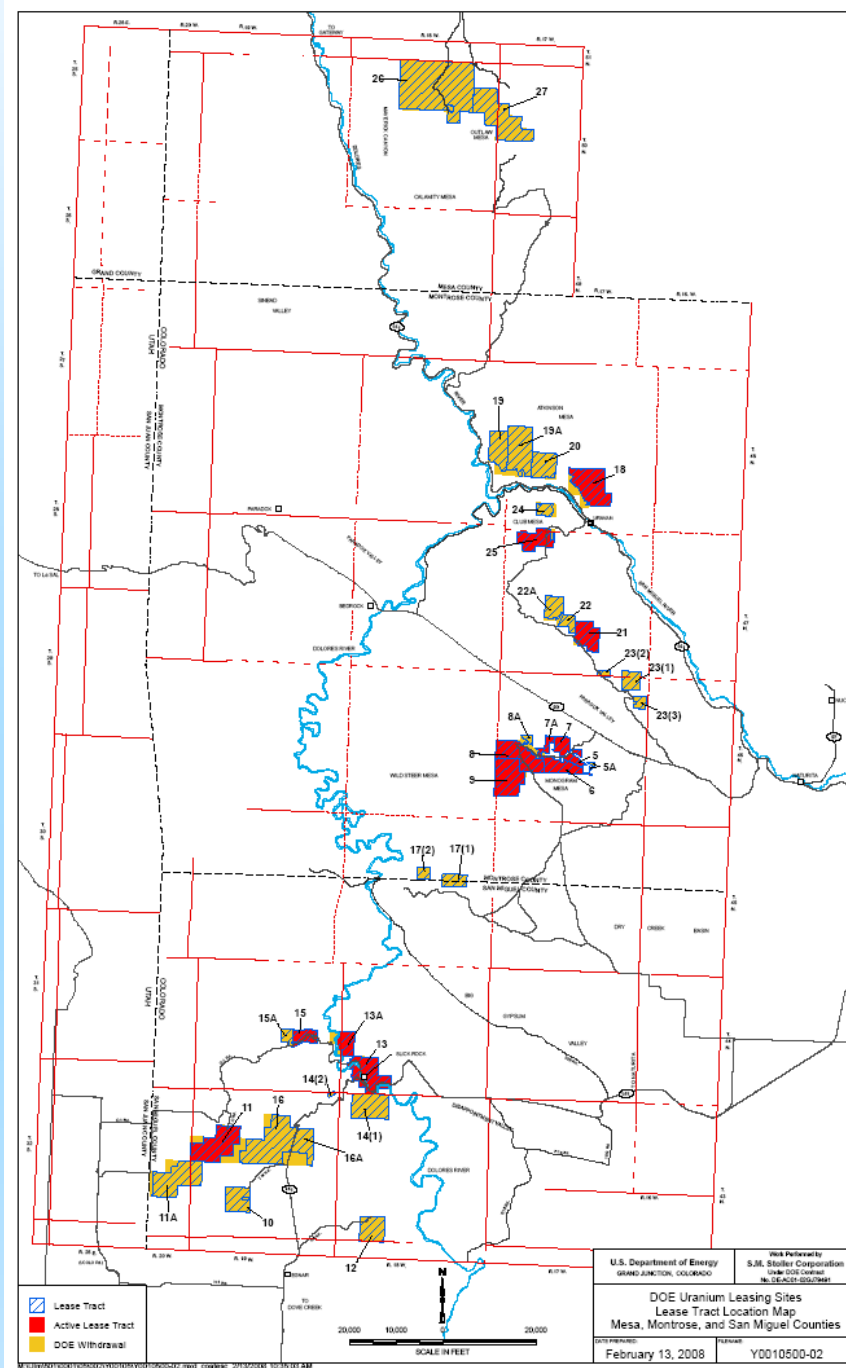


Uranium Leasing Program





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Royalties

- The Atomic Energy Act of 1954, as amended, authorized the AEC (predecessor agency to DOE) to collect royalties on the production of uranium and associated minerals extracted from lands under its administrative control.
- That authorization was brought forward into the 1974 leasing period by AEC Circular 8, Revised, which was subsequently codified for DOE as Title 10 *Code of Federal Regulations* Part 760 (10 CFR 760).
- In the future, DOE will receive \$500,000 per year from its lessees in the form of minimum annual royalty payments.
- DOE will receive production royalties from its lessees for all ores produced from the lease tracts. The 2007 PEA estimated that these future production royalties could total \$10 million annually once lease operations reach previous production levels (estimated at 150,000 tons of ore at prices equitable to those seen in the first quarter of 2007—\$80 per pound of uranium and \$6.60 per pound of vanadium).

Agency Roles and Responsibilities

- DOE-LM is the managing federal agency for the ULP and is responsible for administering the program, including the National Environmental Policy Act and other environmental requirements.
- The Bureau of Land Management (BLM), as the federal surface-management agency, is responsible for managing all non-DOE lease-related activities (oil and gas, grazing, recreation, etc.) that occur on these public lands.
 - DOE and BLM are developing a Memorandum of Understanding to define these roles and responsibilities.
 - DOE coordinates with BLM to review all lessee-proposed plans to minimize the potential impacts to the various resources.

Agency Roles and Responsibilities (continued)

- The Colorado Division of Reclamation, Mining and Safety (CDRMS) is the lead state agency involved in ULP lessee-proposed activities.
 - CDRMS requires and issues permits for all mineral exploration, mining, and reclamation activities conducted in Colorado.
 - DOE coordinates with CDRMS to review all lessee-proposed plans (and subsequent activities) to ensure compliance with applicable statutes, rules, and regulations.
 - CDRMS regulations include applicable reviews by all local agencies.



Uranium Leasing Program

Reclamation Requirements

- DOE's lease agreements require each lessee to post a reclamation-performance bond (payable to DOE) in an amount adequate to cover the final reclamation of all lessee operations, should the lessee default on its responsibilities.
 - DOE establishes the required bond amounts on a site-by-site basis.
 - The bond amounts are calculated such that DOE could subcontract all final mine-site reclamation activities at no cost to the government.
 - The bond amounts are revised as the lessee's operations change.
- CDRMS also requires a reclamation-performance bond be posted for all mineral exploration or mining activities conducted in Colorado.
 - If CDRMS determines that DOE's bond is sufficient to cover all necessary reclamation costs for the lessee's operations, then CDRMS can establish its bonding amount at a minimal level.
- DOE and CDRMS coordinate the oversight of reclamation activities to ensure that both agencies are satisfied once final reclamation is complete.

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The U.S. Department of Energy Office of Legacy Management is pleased to announce that the *Uranium Leasing Program Programmatic Environmental Assessment* has been finalized and that a Finding of No Significant Impact has been issued for the preferred "Expanded Program" alternative. Links to the documents are listed below.



Inactive Lease Tracts Bid Solicitation

Program Summary

Current Status

Programmatic Environmental Assessment PDF

Finding of No Significant Impact PDF

Uranium Lease Tracts Location Map PDF

Contact Information

Leadership
Message From the Director
Stakeholder Relations
Program Documentation
Land and Site Management
Post-Closure Benefits, Work Force Restructuring and Labor Management
Links
Business
Jobs Opportunity
Bulletin Board System
Freedom of Information/Privacy Act
Energy Employee Occupational Illness Compensation Program Act

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Inactive Lease Tracts Bid Solicitation

The U.S. Department of Energy (DOE) Office of Legacy Management (LM) is hereby offering specific parcels (tracts) of land for lease to the private sector for the exploration, development, and production of uranium and vanadium ores. These parcels are located in the Grand Mineral Belt in southwestern Colorado, between the communities of Gateway and Egnar, Colorado. This solicitation is authorized by, and is being issued in accordance with, Title 10 Code of Federal Regulations Part 760, Domestic Uranium Program (10 CFR 760). This solicitation is web-based and all information available to DOE-LM for each of the nine (9) lease tracts being offered are provided herein, thus meeting the requirement outlined in 10 CFR 760, paragraph (e).

It is the intent of DOE-LM that the tracts be leased for active production of ore reserves rather than for speculation purposes. DOE-LM requires that due diligence be performed by all successful bidders to achieve this objective. Tasks deemed by the Lead Officer as valid due diligence include, but are not limited to, feasibility studies, cultural and historical investigations, threatened or endangered species investigations, development of exploration and mining plans, surface and underground development operations, exploration operations, and mining production.

The term of each lease shall be for a period of ten (10) years from the effective date of the lease, except as it may be sooner relinquished or cancelled pursuant to the provisions of the lease.

A deposit, in the form of a certified check, cashier's check, or bank draft must accompany each bid for the amount specified in the "Introduction" narrative as the minimum annual royalty for that particular lease tract.

The successful bidder shall not have the option of assignment of said lease to a third party for the first thirty (30) months of the lease term.

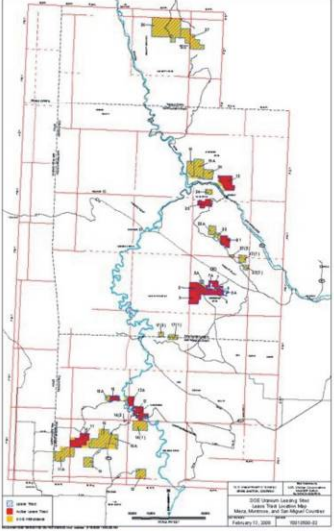
Prospective bidders must be: (1) citizens of the United States; (2) associations of such citizens; or (3) corporations organized under the laws of the United States or territories thereof. Persons less than 21 years of age, DOE employees, and DOE-LM contractor employees (S.M. Stoller Corporation and its teaming partners) are not eligible.

Subject leases will be awarded to the highest qualifying bidders with an effective date of thirty (30) working days following the bid opening, subject to the following evaluation criteria approval:

- Confirmation of financial ability/surety to perform
- Confirmation of ore production capabilities
- Confirmation of U.S. based entity status
- Payment (U.S. dollars) of the minimum annual royalty for said lease tract
- Receipt of a letter of intent from the person or entity committing to perform as required and identifying the authorized representative

Sixty (60) calendar days are allowed for bid submittal, following notice on the DOE-LM website that bidder information is available. The apparent successful bidder will then be notified in writing of their status and will have ten (10) working days (from the date of the notification letter) to provide responses to the aforementioned evaluation criteria. Bidders failing to meet the criteria within that time frame shall be considered nonresponsive. Twenty (20) working days will follow for evaluation of the information prior to final award.

Any lease relinquished or terminated by DOE-LM for cause, subsequent to award, shall then be offered to the next highest qualified bidder in the original bid process, at the amount of their original bid, regardless of time elapsed. In the event that the next highest bidder declines the offer, the offer shall be made to the next highest bidder in succession (Next-Right-of-Refusal), and this process shall continue until the offer is accepted.



High-Resolution Map

Select a Lease Tract

Questions Board

Questions submitted by prospective bidders and responses from the Uranium Leasing Program will be posted as they are received.

Contact the Uranium Leasing Program

Maps and other information provided as part of this solicitation represent the best available data to the U.S. Department of Energy and are for visual aid only. They are not represented as to their accuracy. Any and all prospective bidders are hereby advised that they are obligated to verify that the information contained herein is accurate and the most currently available.

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