

Henderson Underground Science and Engineering Project Advisory Commission



1st Quarter Report – April 2006

STATE OF COLORADO

OFFICE OF THE LIEUTENANT GOVERNOR

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Jane E. Norton
Lieutenant Governor

April 26, 2006

The Honorable Bill Owens
136 State Capitol
Denver, CO 80203

Dear Governor Owens:

Outlined herein is the 1st Quarter Report on the activities of the Advisory Commission on the Henderson Underground Science and Engineering Project (HUSEP), demonstrating the commission's efforts to research avenues in which the State of Colorado can assist in promoting HUSEP as the preferred site for the proposed National Deep Underground Science and Engineering Laboratory.

Background:

According to Executive Order B 007 05, the Commission has met on a monthly basis, beginning in December 2005. The charges of the Commission are to:

- a.) independently observe and assist activities related to the HUSEP application to the National Science Foundation requesting award of the DUSEL project at the Henderson Mine site;
- b.) develop a quarterly report that outlines the benefits and impacts the project would have on the State of Colorado;
- c.) provide advice to the Governor, affected state agencies, and the General Assembly on appropriate roles for the state in providing assistance, seeking out opportunities support the application, as well as develop sources of financial and other assistance for the construction and operation of the project once awarded;
- d.) seek out opportunities to collaborate with federal governmental agencies;
- e.) meet monthly, or as needed, at the call of the chair, to conduct a review of qualitative and quantitative information related to the project;
- f.) consider liability and indemnification issues, and make recommendations for the states role.

As outlined in Executive Order B 007 05, the HUSEP Advisory Commission is comprised of members from industry, academic institutions, state government entities, and representatives from Colorado communities.

During the first quarter, the Commission has provided oversight or assisted with the following activities:

Charge 1: Observe and assist with the HUSEP application to the National Science Foundation.

Actions Taken:

- 1) The Commission reviewed the S2 Interim Report due to the National Science Foundation (NSF) on January 27, 2006, providing assistance and feedback to the proposal development team.
- 2) The Commission reviewed the proposed HUSEP Management Plan, discussing the role Colorado's education institutions would play in the operation of the Deep Underground Science and Engineering Laboratory to ensure the most optimal plan was utilized to benefit the project, the educational institutions, the students, and the scientific community.
- 3) The Commission reviewed the Henderson DUSEL Proposal Timeline, as outlined by the National Science Foundation, to ensure application submission compliance, assisting the proposal development team in securing data requested for inclusion in the report(s).
- 4) Commission members hosted a statewide Media Day at the Henderson Mine to support and increase public awareness of the HUSEP project. Local science students and teachers participated in the Media Day activities, affording them the opportunity to interact with top-level scientists, engineers and mining experts.
- 5) Commission members helped facilitate a site tour of the Henderson Mine for the National Science Foundation selection team.

Charge 2: The Commission will seek out opportunities to collaborate with federal governmental agencies.

Actions Taken:

- 1) The Commission has invited members of Colorado's Congressional Delegation to participate in the HUSEP Advisory Commission meetings, providing monthly updates on the status of the application process, engaging them at all levels of the project. Representatives from the following offices have actively participated in commission meetings:
 - Office of Senator Wayne Allard
 - Office of Senator Ken Salazar
 - Office of Representative Bob Beauprez
 - Office of Representative Mark Udall
- 2) At the request of the Commission, a formal invitation to participate in a site tour of the Henderson Mine was issued by Senator Wayne Allard to Director Marburger from the President's Office of Science and Technology Policy to help promote the HUSEP project.

- 3) Commission members have distribute information on a support letter initiated by several members of Congress recommending a federal funding increase for the National Science Foundation, which could reflect positively on the DUSEL project.

Charge 3: The Commission will seek out opportunities to develop sources of financial and other assistance for the project, providing advice to the Governor, affected state agencies, and the General Assembly on appropriate roles for the state in providing assistance.

Actions Taken:

- 1) The Commission is working to identify potential funding sources for the HUSEP project, including funding assistance for the core drill, and is reviewing the available options should HUSEP receive the NSF award.
- 2) The Commission is engaged in outreach activities to solicit support for the HUSEP project, promoting awareness and expanding partnerships.
- 3) The Commission has included representatives from the Governor's Office of Policy and Initiative and Legal Counsel to serve as advisors to the Governor on the HUSEP project, providing status updates to affected state agencies through HUSEP Advisory Commission members participating in the monthly meetings.
- 4) In accordance with Executive Order B 007 05, the Commission will prepare and submit quarterly reports on the commission's actions and an annual report with the commission's findings and recommendations.

Charge 4: The Commission will meet monthly, or as needed, at the call of the chair, to conduct a review of qualitative and quantitative information related to the project.

Actions Taken:

- 1) The Commission has met on a monthly basis, beginning December 2005, to review qualitative and quantitative information related to the project, including but not limited to:
 - a) Monthly project status updates
 - b) Review NSF Proposal Reports
 - c) Review Core Drill status updates
 - d) Review the current status of applicable regulatory permits to ensure compliance
 - e) Reviewed the proposed NSF Cooperative Agreement
 - f) Reviewed a comprehensive analysis of the competition
- 2) Working with the Office of Economic Development, the Commission has requested Economic Impact Studies for Clear Creek County and Grand County to determine the benefit and impact to those communities. The Economic Impact Studies will be presented to the Commission for final review in May 2006.

Charge 5: Consider liability and indemnification issues, and make recommendations for the states role.

Actions Taken:

- 1) Working with the Governor's Legal Counsel and the legal teams from the HUSEP Collaboration, the Commission is reviewing the liability and indemnification issues related to the project. Recommendations will be submitted upon completion of process.

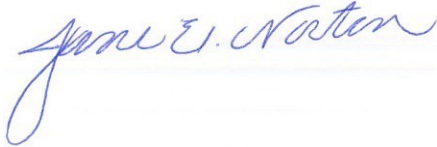
Benefits and Impacts of HUSEP to the State of Colorado:

The Henderson Mine offers many advantages as a laboratory site, including depth, existing infrastructure, geology, cost, accessibility, sound environmental and safety record and proximity to transportation. It also offers close proximity to major academic institutions and a skilled labor pool to handle construction and operation of the facility. Based on objective criteria, the Henderson Mine site is clearly the best location for the proposed project, offering the greatest benefit to the scientific and education communities, the people of Colorado, and the citizens of the United States.

Construction of the DUSEL project at the Henderson Mine site would provide immediate and long-term benefits to the people of the State of Colorado through direct job creation, investment and indirect economic development and educational multipliers.

On behalf of the Advisory Commission on the Henderson Underground Science and Engineering Project, I would like to express our appreciation for the opportunity to review, evaluate and recommend actions necessary to assist in promoting HUSEP as the preferred site for the proposed National Deep Underground Science and Engineering Laboratory. The Commission will continue to support the application process, identifying the benefits and impacts to the State of Colorado, providing recommendations on the role of the state in securing this national project.

Sincerely,



Jane E. Norton
Lt. Governor/ Commission Chair

Senator Joan Fitz-Gerald
Senate District 16
Colorado State Legislature

Representative Al White
House District 57
Colorado State Legislature

Russell George
Executive Director
Department of Natural Resources

Brian Vogt
Executive Director
Office of Economic Development

Jeff Holwell
Division Director, Business Development
Office of Economic Development

Clay Brown
Regional Manager – Central Region
Office of Field Services
Department of Local Affairs

Jenna Langer
Executive Director
Colorado Commission on Higher Education

Steve Schultz
Representative
Clear Creek County

Nancy Stuart
County Commissioner
Grand County

Fred Menzer
Vice President of Global Operations for
Climax Molybdenum Company

Richard Woods
Director
Arapaho Project

Dr. Mark Kuchta
Mining Engineering Professor
Colorado School of Mines

Non-voting Member:

Dr. Chang Kee Jung
Stony Brook University
HUSEP Executive Committee

Non-Voting Staff Members:

Becky Chandler - OEDIT
Susan C. Smith – Lt. Governor's Office