



TOWN OF NATURITA

222 East Main Street
P.O. Box 505
Naturita, CO 81422
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June 3, 2009

Energy Fuels Resources Inc.
Post Office Box 888
Nucla, Colorado 81424

Gentlemen.

The Town of Naturita (the "Town") has agreed to furnish raw (untreated) water (the "Water") to the proposed Energy Fuels' Pinion Ridge Mill located West of Naturita, Colorado, (the "Mill") for use in the processing of uranium/vanadium ores from area mines. The Water will be supplied from the existing raw water rights held by the Town. The quantity of the Water supplied will be up to one hundred fifty thousand (150,000) gallons per twenty-four (24) hour period. The Water can be supplied for a period up to forty (40) years, with delivery starting when the Mill is anticipated to commence ore processing in 2011.

Energy Fuels will pay the Town a fee for the use of the Water determined by the fair rate for such Water and escalated from time-to-time to reflect the fair rate at the time of delivery. Energy Fuels will pay all costs of trucking and/or transporting the Water from the collection point to the Mill. In addition, Energy Fuels will pay for the installation and maintenance of all piping, pumping, metering devices, truck turn-out and other improvements required to deliver the water to the Mill. Energy Fuels will also be responsible for increased maintenance of any of the Town's streets used to deliver the Water to the Mill.

Very truly yours,

Cameron Riley, Mayor
The Town of Naturita

IN THE DISTRICT COURT IN AND FOR
 WATER DIVISION NO. 4
 STATE OF COLORADO
 CASE NO. W-3151

IN THE DISTRICT COURT
 WATER DIVISION NO. 4
 JUN 11 1978
Kay Phillips
 WATER CLERK
 By _____
 DEPUTY

IN THE MATTER OF THE APPLICATION)
 FOR WATER RIGHTS OF)
)
 THE TOWN OF NATURITA) FINDING OF FACT,
) RULING AND DECREE
)
 IN THE SAN MIGUEL RIVER)
)
 IN MONTROSE COUNTY, COLORADO)

The Applicant, Town of Naturita, % Dan Crane, P. O. Drawer 11, Naturita, Colorado, 81422, requests an alternate change of point of diversion to a proposed well-head, and it is applicant's further intent to obtain a change of use from irrigation to domestic and municipal purposes heretofore undecreed, of water rights owned by applicant in the Reed and Chatfield ditch, and Enlargement thereof.

Date of filing: June 30, 1977.

No Statement of Opposition has been filed in this matter.

FINDING OF FACT

The Reed and Chatfield Ditch, and Enlargement, whose source of supply is the San Miguel River, have been granted the following water rights, all being decreed for irrigation purposes:

<u>Priority No.</u>	<u>Amount, cfs</u>	<u>Date of Appropriation</u>	<u>Date of Decree</u>	<u>Civil Action No.</u>
76 (25)	4.00	7-1-1896	6-3-1911	1627
329	2.00	4-1-1934	11-1-1939	4641
329C	4.00	4-1-1939	11-1-1939	4641

with the latter Conditional decree having been made Absolute on March 22, 1971, in Case No. W-129. This action, however, addresses the first two above listed priorities only.

Applicant claims and owns beneficially 1.59 cubic feet per second of time of Priority No. 76 (25) renumbered, and 0.80 cubic feet per second of time of Priority No. 329 (decreed Absolute on November 11, 1939) in said Reed and Chatfield Ditch, and Enlargement.

Applicant's purpose in this matter is to obtain a decreed change of use and an alternate point of diversion and source of water supply for the Town of and its inhabitants from a well-head in the event drought or other natural conditions should occur which would damage or otherwise deplete the historic water supply. The Reed and Chatfield Ditch is about 4.5 miles long, and it has historically enjoyed transportation losses through seepage and evaporation of about 50%, in addition to occasional ditch damage by floodwaters.

The alternate point of diversion, a well-head, is proposed to be located in the NW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 29, T 46 N, R 15 W, NMPM, which is 600 feet from the north line and 600 feet from the west line of said Section 29, more or less. A test hole has been commenced which appears to indicate that a satisfactory ground water supply is available for appropriation.

The legal description of the original point of diversion of the Reed and Chatfield Ditch, and Enlargement, is erroneous, and this action is further intended to identify the above error and to describe correctly the original headgate location; the original location bearing was erroneously described as being south and east instead of north and west. This headgate location is a point of diversion located on the right bank of the San Miguel River at a point from whence the northeast corner of Section 20, T 46 N, R 15 W, N.M.P.M., bears N 34° W a distance of 4,185 feet. The distance between the original and proposed alternate points of diversion is about one and one-half (1½) miles, with one intervening water right, namely the B.C.D. ditch.

Based upon available information, the average consumptive use of irrigation water in this area appears to be 28% more or less, and therefore 0.4452 cfs of Priority No. 76 (25) renumbered, and 0.224 cfs of Priority No. 329, are subject to approval of an alternate change of point of diversion for domestic and municipal purposes; further, that an arbitrary 10% (0.159 cfs) of applicant's ownership interest in Priority No. 76 (25) renumbered, and 10% (0.08 cfs) of applicants ownership interest in Priority No. 329, shall be forfeited to said Reed and Chatfield ditch, and enlargement, and further that 62% (0.9858 cfs) of Priority No. 76 (25) renumbered, and 62% (0.496 cfs) of Priority No. 329, shall be forfeited to said San Miguel River, all from the above priorities respectively, at all times of diversion at said alternate well-head, in order to protect insofar as reasonable and practicable, vested water rights in said ditch and stream system.

Applicants right to divert the consumptive use portions of the above priorities shall further be recognized and honored, as their needs may require, alternately at the Reed and Chatfield ditch headgate, subject to approval of the water commissioner and division engineer, and the same shall be granted a change in use to domestic and municipal purposes.

Additionally, applicants right to submit engineering studies supporting an increased consumptive use figure to the Court for review, for potential revision of this decree, is recognized.

It is the Finding of the Court that the statements contained in the application are true, that a change of water right has been initiated, that no injury to vested water rights will occur as a result of approval of this change by the Court, and that subject application should therefore be approved; further, it is applicant's intent that the application in Case No. 3117 shall be withdrawn by applicant.

RULING

It is therefore Ordered, Adjudged, and Decreed, that subject to the foregoing Finding of Fact, applicant is granted a change of use as aforesaid, and an alternate change of point of diversion to a well-head, for the use and benefit of the Town of Naturita and its citizens, so much water as may be pumped therefrom, not to exceed 0.4452 cfs of Priority 76 (25) renumbered, and not to exceed 0.224 cfs of Priority No. 329, jointly, as of dates of appropriation of July 1, 1896, and April 1, 1934, respectively, CONDITIONED, however, upon proof of completion of subject well in the manner and time as provided by law, a well permit application duly approved by the State Engineer's Office, and proof of application to beneficial use within the time and in the manner provided by law.

During the month of June 1982 and every four years thereafter, until the right is decreed final, the owner or user thereof, if he desires to maintain the same, shall file an application for quadrennial finding of reasonable diligence with the Water Clerk of this Court.

DATED

June 22, 1978

Frank R. Anderson
Water Judge
Division No. 4

SEP 17 1987

DATE OF MAILING

9-17-87

DISTRICT COURT, WATER DIVISION NO. 4, COLORADO
CASE NO. 87CW39, (Ref. 82CW146 & W-3151)

Kay Phillips, Clerk

FINDINGS AND RULING OF REFEREE AND DECREE

IN THE MATTER OF THE APPLICATION FOR WATER RIGHTS OF:
TOWN OF NATURITA

In the SAN MIGUEL River, MONTROSE County, Colorado.

Applicant, Town of Naturita, c/o Dan K. Crane, P.O. Box 514, Naturita, Colorado 81422, requests to Make Absolute a Conditional Water Right by Application filed February 19, 1987.

FINDINGS OF FACT

1. All notices required by law of the filing of this Application have been given. The Referee has jurisdiction of this case. The time for filing of statements of opposition has expired and no such statements have been filed.

2. Applicant requests to make absolute a conditional water right for the NATURITA TOWN WELL, which is located at a point in the NW1/4 NW1/4 Section 29, Township 46 North, Range 15 West, N.M.P.M., 600 feet from the North line and 600 feet from the West line, and is tributary to the San Miguel River. The decree for this right was entered in case W-3151 on June 22, 1978. The Court finds that Applicant has completed the appropriation as required in the conditional decree, and has placed .5692 c.f.s. of water to the beneficial use of municipal purposes. This diversion is protected from call by the augmentation plan established in W-3151.

RULING

Applicant is hereby GRANTED an ABSOLUTE water right for .5692 c.f.s. of water for municipal purposes from the NATURITA TOWN WELL, located as above-described.

DONE THIS 17th DAY OF September, 1987.

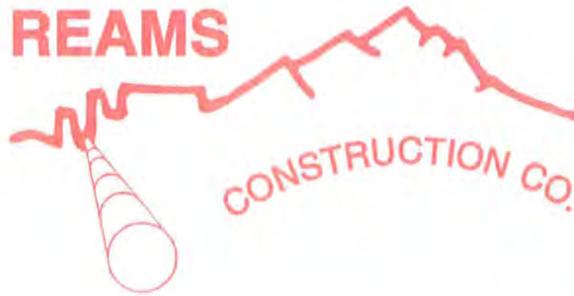
No protest was filed in this matter. The foregoing ruling is confirmed and approved, and is made the judgment and Decree of this court.

Aaron R. Clay
Aaron R. Clay
Water Referee
Division 4

Mailed-A Copy of this Document to all parties in this case.

Dated: 10-8-87
Robert B. Brown
Water Judge

Dated 10-8-87
Kay Phillips
Kay Phillips, Water Clerk



May 29, 2009

Energy Fuels Resources, Inc.
44 Union Blvd.
Suite 600
Lakewood, CO 80228

RE: Industrial Water Rights

Dear Mr. Frank Filas:

Reams Ranch has adjudicated, senior water rights on Naturita Creek and the San Miguel River out of which we have agreed to furnish raw water to the proposed Energy Fuels' Pinion Ridge Mill located West of Naturita for use in the processing of uranium/vanadium ores from area mines during the forty year period of operation with an option for extension if necessary. Attached are copies of judicial findings describing the water rights and ensuring the mill has an ongoing supply of water for operations.

Energy Fuels agrees to pay a fee to Reams Ranch for the water that will be determined from time to time over the period of usage properly reflecting a fair rate. Energy Fuels will be responsible for all trucking and/or transportation costs associated with transporting the water from the Reams Ranch point of diversion to the mill. In addition, Energy Fuels will pay for the installation and maintenance of all piping, pumping, metering devices and other improvements required that we do not have in place at the pump station at this time. Energy Fuels will also be responsible for increased maintenance of any roads used to deliver the water to the Mill.

For your convenience and consideration, Reams Construction Co. has the necessary water trucks and personnel to transport the water to the Pinion Ridge Mill site.

Sincerely,

John Reams
President/CEO

Attachments



RECEIVED

JUN 03 2009

P.O. Box 106
Naturita, Colorado 81422

Phone (970) 865-2886
Fax (970) 865-2880

DISTRICT COURT, WATER DIVISION 4, COLORADO	
Court Address: 1200 N. Grand Ave., Bin A Montrose, CO 81401-3146	Filed in the District Court Water Division 4 FEB 03 2006
IN THE MATTER OF THE APPLICATION FOR WATER RIGHTS OF	Filed in the District Court Water Division 4 FEB 27 2006
H. NEIL REAMS FAMILY LLLP	Case Number: 05CW119
IN THE SAN MIGUEL RIVER, MONTROSE COUNTY	
RULING OF REFEREE AND DECREE	

Applicant, H. Neil Reams Family LLLP, Box 296, Naturita CO 81422, requests a Surface Water Right by Application filed August 17, 2005.

FINDINGS OF FACT

1. All notices required by law of the filing of this Application have been given. The Referee has jurisdiction of this case. The time for filing of statements of opposition has expired and no such statements have been filed.

2. Applicant requests an absolute water right for the NCRR PUMP STATION, which is located 3500 feet south of the north section line and 2000 feet east of the west section line, SE1/4NE1/4SW1/4, Section 22, Township 46 North, Range 15 West, N.M.P.M. This diversion takes water from Naturita Creek, tributary to the San Miguel River. Applicant desires to have absolute flow rights for 1.60 c.f.s. for stockwater, industrial, and fire protection. The Court finds that the NCRR PUMP STATION will produce 1.60 c.f.s., and that Applicant has placed this water to the beneficial uses requested.

RULING

Applicant is hereby GRANTED an absolute water right for 1.60 c.f.s. of water for stockwater, industrial, and fire protection, from the NCRR PUMP STATION, located as above-described, with an appropriation date of June 1, 1972, adjudication date of 2005.

Dated this 3 day of Feb, 2006.

Aaron R. Clay

Aaron R. Clay
Water Referee

No protest was filed to this matter. The foregoing ruling is confirmed and approved, and is made the Judgment and Decree of this court.

Dated: 2/27/06
[Signature]

Water Judge

DISTRICT COURT, WATER DIVISION 4, COLORADO Court Address: 1200 N. Grand Ave., Bin A Montrose, CO 81401-3146	Filed in the District Court Water Division 4 JUN 24 2005 Filed in the District Court Water Division 4
IN THE MATTER OF THE APPLICATION FOR WATER RIGHTS OF H. NEIL REAMS FAMILY LLLP IN THE SAN MIGUEL RIVER, MONTROSE COUNTY	JUL 31 2005 Case Number: 05CW16
RULING OF REFEREE AND DECREE	

Applicant, H. Neil Reams Family LLLP, Box 296, Naturita CO 81422, requests a Surface Water Right by Application filed February 9, 2005.

FINDINGS OF FACT

1. All notices required by law of the filing of this Application have been given. The Referee has jurisdiction of this case. The time for filing of statements of opposition has expired and no such statements have been filed.

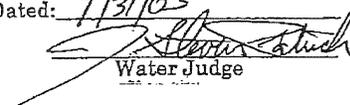
2. Applicant requests an absolute water right for the RR PUMP STATION, which is located 1600 feet north of the south section line and 1200 feet west of the east section line, SW1/4NE1/4SE1/4, Section 20, Township 46 North, Range 15 West, N.M.P.M. This diversion takes water from the San Miguel River. Applicant desires to have absolute flow rights for 1.60 c.f.s. for stockwater, industrial, and fire protection. The Court finds that the RR PUMP STATION will produce 1.60 c.f.s., and that Applicant has placed this water to the beneficial uses requested.

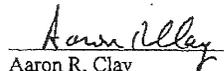
RULING

Applicant is hereby GRANTED an absolute water right for 1.60 c.f.s. of water for stockwater, industrial, and fire protection, from the RR PUMP STATION, located as above-described, with an appropriation date of June 1, 1972, adjudication date of 2005.

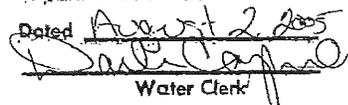
Dated this 24 day of June, 2005.

No protest was filed to this matter. The foregoing ruling is confirmed and approved, and is made the Judgment and Decree of this court.

Dated: 7/31/05

 Water Judge


 Aaron R. Clay
 Water Referee

Mailed A Copy of this Document to all parties in this case.

Dated August 2 2005

 Water Clerk