Naturita Mill Environmental Covenant Summary

Covenant ID: HMCOV00012

Covenant Information:

Covenant Date: 5/7/2004
Self Reporting: Yes
Media of Concern:
- Surface Water: No
- Groundwater: Yes
- Air: No
- Soil: Yes
- Other: No

Contaminants of Concern: uranium
Property Restrictions:
1. No well drilling
2. No excavation or grading
3. Habitable structures required to have radon venting
4. Must maintain clean cap

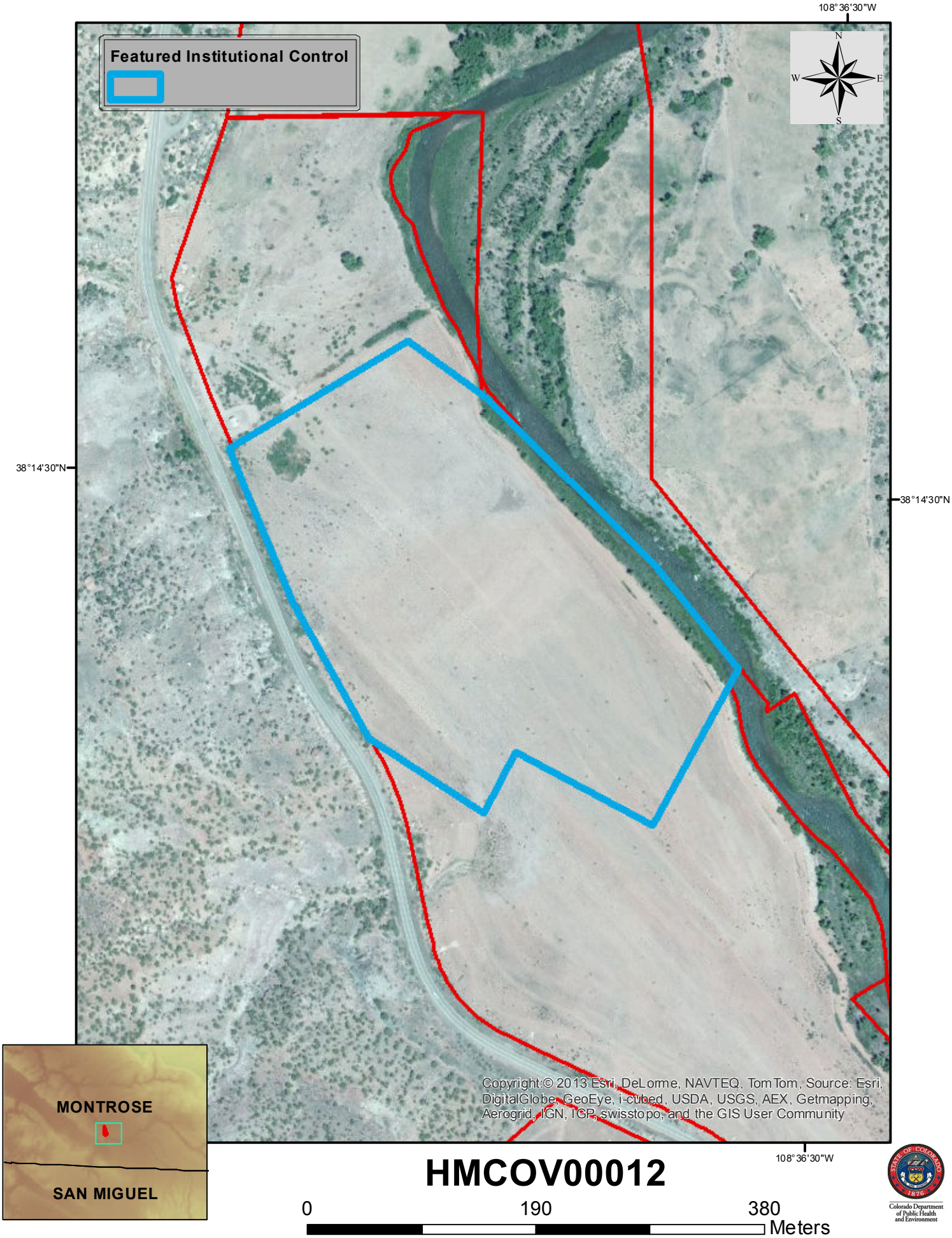
Site Information:

ID: N/A
Name: Naturita Mill
Address: See legal description in covenant
City: Naturita
State: CO
Zip Code: 81422
Legal Description:
County: Montrose

Site Contact Information:

Town of Naturita
Name: Cameron Riley, Mayor
Address: 222 E. Main Street
PO Box 505
City: Naturita
State: CO Zip Code: 81422

NATURITA #2



HMCOV00012

Colorado Department of Public Health and Environment

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This property is subject to an Environmental Covenant held by the Colorado Department of Public Health and Environment pursuant to section 25-15-321, C.R.S.

ENVIRONMENTAL COVENANT

By this deed, the Town of Naturita ("Naturita") grants an Environmental Covenant ("Covenant") this 13th day of April, 2004 to the Colorado Department of Public Health and the Environment ("the Department") pursuant to § 25-15-321 of the Colorado Hazardous Waste Act, § 25-15-101, *et seq*. The Department's address is 4300 Cherry Creek Drive South, Denver, Colorado 80246-1530.

WHEREAS, Naturita is the owner of certain property commonly referred to as the Naturita Mill (formerly known as the Vanadium Corporation of America Mill), located at Naturita, Colorado, more particularly described in Attachment A, attached hereto and incorporated herein by reference as though fully set forth (hereinafter referred to as "the Property"); and

WHEREAS, uranium mill tailings have previously been disposed of and subsequently removed from at the Property; and

WHEREAS, pursuant to the Site Observation Work Plan, the Property is the subject of remedial action pursuant to the Uranium Mill Tailings Radiation Control Act, P.L. 95-604; and

WHEREAS, Naturita desires to subject the Property to certain covenants and restrictions as provided in Article 15 of Title 25, Colorado Revised Statutes, which covenants and restrictions shall burden the Property and bind Naturita, its heirs, successors, assigns, and any grantees of the Property, their heirs, successors, assigns and grantees, and any users of the Property, for the benefit of the Department.

NOW, THEREFORE, Naturita hereby grants this Environmental Covenant to the Department, and declares that the Property as described in Attachment A shall hereinafter be bound by, held, sold, and conveyed subject to the following environmental use restrictions which shall run with the Property in perpetuity and be binding on Naturita and all parties having any right, title or interest in the Property, or any part thereof, their heirs, successors and assigns, and any persons using the land. Naturita declares that the United States Department of Energy ("DOE") shall be a third party beneficiary of this Environmental Covenant. Naturita, its successors, and all parties having any right, title or interest in the Property, or any part thereof, their heirs, successors and assigns shall hereinafter be referred to in this covenant as OWNER.

1. Use restrictions

A. No habitable structure shall be constructed on the Property without a radon mitigation system approved pursuant to Paragraph 3(d) below.

B. No well, hole, pipe, channel or other device that is or may be used to withdraw, extract or otherwise access groundwater shall be constructed, installed, operated or maintained in the uppermost alluvial aquifer within the Property, without approval pursuant to Paragraph 3(d) below. The purpose of this prohibition is to ensure that no groundwater in, under, or about the Property that is impacted from historic operations of the Naturita Mill is extracted or used in any manner without the express written consent of the Department. The only exception to the foregoing prohibition is for monitoring and remedial wells installed by the U.S. Department of Energy, in connection with its on-going, approved remedial activities at the Property.

C. No activity shall be undertaken or pursued on the Property that might promote or otherwise lead to the erosion or deterioration of any cover or capping material placed on the Property by the U.S. Department of Energy, or that might disturb or otherwise modify any other engineering control constructed or installed on the Property (such as pavement), without approval pursuant to Paragraph 3(d) below.

D. No tilling, excavation, grading, construction, or any other activity that disturbs the ground surface shall be undertaken or pursued on the Property, without approval pursuant to Paragraph 3(d) below. Even in the event of such modification of this Covenant, OWNER shall handle any tailings or tailing-impacted soils uncovered or exposed by any tilling, excavation, grading, construction, or any other activity that disturbs the ground surface pursuant to the Department's Uranium Mill Tailings Management Plan, as amended.

E. No activity shall be undertaken or pursued on the Property that in any way damages any monitoring or remedial wells installed by the U.S. Department of Energy on or about the Property, or interferes with the maintenance, operation, or monitoring of said wells, without approval pursuant to Paragraph 3(d) below.

2. Purpose of this covenant. The purpose of this Covenant is to ensure protection of human health and the environment by minimizing the potential for exposure to any hazardous substance, hazardous waste, hazardous constituents, and/or solid waste that remains on the Property. The Covenant will accomplish this by minimizing those activities that result in disturbing the ground surface, and by creating a review and approval process to ensure that any such intrusive activities are conducted with appropriate precautions to avoid or eliminate any hazards.

3. Modifications. This Covenant runs with the land and is perpetual, unless modified or terminated pursuant to this paragraph. OWNER or its successors and assigns may request that the Department approve a modification or termination of the Covenant. The request shall

contain information showing that the proposed modification or termination shall, if implemented, ensure protection of human health and the environment. The Department shall review any submitted information, and may request additional information. If the Department determines that the proposal to modify or terminate the Covenant will ensure protection of human health and the environment, it shall approve the proposal. No modification or termination of this Covenant shall be effective unless the Department has approved such modification or termination in writing. Information to support a request for modification or termination may include one or more of the following:

a) a proposal to perform additional remedial work;
b) new information regarding the risks posed by the residual contamination;
c) information demonstrating that residual contamination has diminished;
d) information demonstrating that the proposed modification would not adversely impact the remedy and is protective of human health and the environment; and
other appropriate supporting information.

4. Conveyances. This Covenant is intended to run with the land and shall be binding upon all subsequent owners of all or any part of the Property. OWNER shall notify the Department at least fifteen (15) days in advance of any proposed grant, transfer or conveyance of any interest in any or all of the Property. OWNER agrees to incorporate either in full or by reference the restrictions of this Covenant in any leases, licenses, or other instruments granting a right to use the Property.

5. Binding Effect. Notwithstanding the foregoing, pursuant to §25-15-318(2) C.R.S., any person or entity who acquires any right, title or interest in all or any part of the Property shall be conclusively deemed to have consented and agreed to the provisions of this Covenant, whether or not any reference to this Covenant or its provisions is contained in the deed or other conveyance instruments by which such person or entity acquires an interest in the Property.

6. Notification for proposed construction and land use. OWNER agrees to notify the Department simultaneously when submitting any application to a local government for a building permit or change in land use.

7. Inspections. The Department shall have the right of entry to the Property at reasonable times with prior notice for the purpose of determining compliance with the terms of this Covenant. Nothing in this Covenant shall impair any other authority the Department may otherwise have to enter and inspect the Property.

8. No Liability. The Department does not acquire any liability under State law by virtue of accepting this Covenant, nor does any other named beneficiary of this Covenant acquire any liability under State law by virtue of being such a beneficiary.

9. Enforcement. The Department may enforce the terms of this Covenant pursuant to §25-15-322. C.R.S. Naturita and any named beneficiaries of this Covenant may file suit in district court to enjoin actual or threatened violations of this Covenant.

10. Owner's Compliance Certification. OWNER shall submit an annual form to the Department, detailing OWNER's compliance, and any lack of compliance, with the terms of this Covenant. Such form will be due to the Department 45 days after OWNER's receipt of such form from the Department.

11. Notices. Any document or communication required under this Covenant shall be sent or directed to:

Jeffrey Deckler
Remedial Programs Manager
Colorado Department of Public Health and the Environment
4300 Cherry Creek Drive South
Denver, Colorado 80246-1530

Naturita, has caused this instrument to be executed this 13th day of April, 2004.

Naturita

By: Original Signed by Cameron W. Riley

Title: Naturita Mayor

STATE OF Colorado)
) ss:
COUNTY OF Montrose)

The foregoing instrument was acknowledged before me this 13 day of April, 2004 by Cameron W. Riley on behalf of Naturita

Tandi Morgan
Notary Public
PO Box 693
Address
Nucla, CO 81424

My commission expires: 5/01/07

Accepted by the Colorado Department of Public Health and Environment this 7th day of May, 2004.

By: Original Signed by Gary W. Baughman

Title: Director, Hazardous Materials & Waste Management Division

STATE OF Colorado)
) ss:
COUNTY OF Denver)

The foregoing instrument was acknowledged before me this 7 day of May, 2004 by Gary Baughman on behalf of the Colorado Department of Public Health and Environment.

Claudette M. Ferris
Notary Public
4300 Cherry Creek Dr So
Address
Denver, CO

My commission expires: October 21, 2007

Exhibit A
to Town of Naturita Environmental Covenant

SECT, TWN, RNG: 14-46-16 DESC: 24.053AMOL IN 14/15-46-16 BEG AT SW COR SEC 14 BRS S 3D23M49S W 2528.24FT, TH N 31D38M W 882.48FT, TH N 57D00M50S E 627.48FT, TH S 56D16M15S E 260.51FT, S 47D24M E 644.30FT, TH S 40D40M E 372.11FT, S 26D27M53S W 486.26FT, N 63D54M54S W 423.71FT TH S 25D49M46S W 190.17FT TH N 59D01M14S W 369.51FT TO POB PARCEL: 427114200901