



THE CITY OF HOBBS, NEW MEXICO

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**UTILITIES
DEPARTMENT**

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Hobbs, New Mexico 88240-8302
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December 30, 2003

Mr. John Shaw, P.E.
Project Director
Lockwood Greene Engineers
P.O. Box 491
Spartanburg, SC 29304

RE: NEF Memorandum Of Understanding – November 14, 2003

Dear Mr. Shaw:

This letter is in response to your November 14, 2003 letter regarding the supply of potable water from the City of Hobbs, New Mexico to the proposed National Enrichment Facility (NEF) to be located three miles east of Eunice, New Mexico.

After our recent discussions regarding your water supply needs and a detailed analysis of pipeline alternatives, we are proposing to modify the conditions listed in your original letter. Please review the following revised conditions and determine if they are acceptable.

- We cannot guarantee that the City of Hobbs potable water will not require additional treatment before it is acceptable for use in your facilities. It is our understanding that you are now testing our water to determine if the existing water quality meets your needs. If you determine that our existing water quality meets your needs, we agree to make potable water available to NEF for a plant operating life of 30 years with an estimated initial use in 2007.
- Water can be supplied at an average rate, or a portion thereof, in the amount of 65,000 gpd (45 gpm) and maintain a minimum water pressure of 80-90 psig at the NEF facility site. In fact, our calculations show the expected water pressure at NEF to be 130-150 psig (at 45 gpm). Consequently, you may desire to install a pressure-reducing valve on the NEF site to reduce those pressures for your use.
- To provide a water storage tank refill rate of 566 gpm (250,000 gallons/8 hours + 45 gpm) for proposed fire flow, the expected pressure at your site during our peak day use rate would be approximately 42 psig. The expected pressure at your site during our "worst case" peak hour use rate would be approximately 23 psig. For this reason, we request that you schedule any "non-emergency" water tank refilling processes during non-peak times, preferably from 11:00 pm to 5:00 am.
- The new water transmission line will be designed to allow new users in the vicinity of the line to be connected, with the understanding that the City of Hobbs will maintain the capacity and pressure requirements as noted above.
- We have determined that it is not feasible to use the existing 14-inch AC water line running between Hobbs and Nadine as the first portion of a transmission line to supply potable water to the NEF site. This existing AC line does not have the strength or structural integrity to withstand the surges and water hammers expected to be experienced in this application.

- As an alternative, we propose that the existing 14-inch AC pipeline be slip-lined with a minimum joint bead, 12 inch DR-13.5 (IPS) HDPE pipe. As the pipe reaches Nadine, the wall thickness would need to be increased to a 12 inch, DR-11 (DIPS) HDPE pipe to handle the increased pressures experienced in this downstream portion of the line.
- With the proposed pipeline types, sizes and configuration, there is no need for a pump station to be constructed in Nadine. The cost of installing the HDPE pipe to our specifications from Hobbs, from the intersection of Stanolind Road/Dal Paso Street to the NEF site, is to be the responsibility of NEF. The water use fees will include all costs for operation and maintenance of the water supply system.
- The City of Hobbs will be responsible for obtaining permission to place the pipeline in the highway right-of-way along with the costs for operating and maintaining the new potable water line from Hobbs to the property boundary of the NEF site.
- The City of Hobbs has no objections to NEF working with the City of Eunice to secure a separate potable water line from Eunice to the NEF site providing that the Eunice line remains completely independent from the Hobbs supply line up to the NEF water distribution system. NEF shall be responsible for assuring that there is no possibility of a cross connection between the two systems and the installation and maintenance of properly sized back flow prevention devices for each system.

Please review the above conditions and to see if they are acceptable. If you accept the terms and conditions of this agreement, please affix your original signature in the spaces below and return one original to me for our project records.

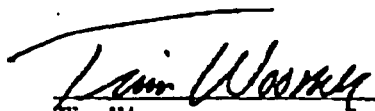
For your information, if you have a desire to reconsider the use of effluent water in lieu of using potable water, we would be happy to discuss this with you further.

If you have any questions or comments, please contact me. Thank you for your help and consideration as we continue to work closely with you on this project.

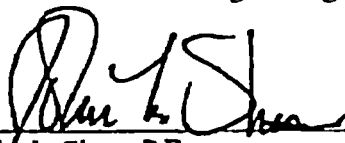
Sincerely,

The City of Hobbs, New Mexico

Lockwood Greene, Engineering & Construction



 Tim Woome
 Director of Utilities



 John L. Shaw, P.E.
 Project Director
 (On behalf of the National Enrichment Facility)

JAN 20 2004



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21 January 2004

Honorable James Brown
Mayor Eunice, New Mexico
City of Eunice, New Mexico
PO Box 147
1106 Avenue J
Eunice, NM 88231

Dear Mayor Brown:

Subject: National Enrichment Facility (NEF) Memorandum of Understanding

The National Enrichment Facility is proceeding with the preliminary siting and design activities in Lea County New Mexico, and is requesting your agreement with the decision to make a potable water connection to the City of Eunice New Mexico. The following information represents our discussions held in your offices on 06October2003 and the current understanding of the potable water needs and is subject to change during the projects detailed design phase.

By acceptance of this agreement it is accepted and understood that:

- Eunice potable water, without additional treatment, is available for use by the NEF for an operating plant life of 30 years with an estimated initial use in 2007.
- Water can be supplied at an average rate, or a portion thereof, in the amount of 65,000gpd and maintain 80-90 psig water pressure at the NEF site. Peak use rates may exceed the average rate.
- The City of Eunice can integrate this new potable water supply to supply new city users, provided the capacity and pressure requirements specified above can be maintained at the NEF.
- It is acceptable to connect to the existing 16" PVC line running along Highway 18 Business north of Eunice approximately at the Truck Bypass, to locate a pumping station (location to be determined) and to connect a 10" or smaller HDPE line to the NEF.
- The costs for the pumping station and installation of the new 10" or smaller HDPE line approximately 7 miles from the connection point to the NEF site (Truck route, Hwy 234) will be the responsibility of the NEF.
- If necessary, the City of Eunice will be the responsible agent for the installation of the water line and the acquisition of any easements with all costs assumed by NEF.
- The City of Eunice will be responsible for all costs of operating and maintaining the new water line and pump station.
- The water use fee charged to NEF by the City will include all costs for operation and maintenance of the water supply system.

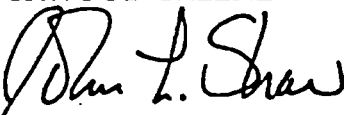
Honorable James Brown
21 January 2004
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- As a matter of information, the NEF may also seek to secure a separately run potable water line run from the City of Hobbs New Mexico. The line from Hobbs will remain independent from the Eunice supply line up to the NEF plant water distribution system.

As confirmation of your acceptance with this agreement, please affix your original signature in the spaces below and return one original to me for the project records.

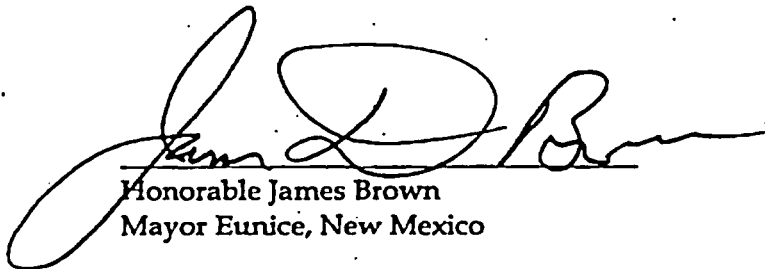
If you have further questions or comments, please contact me. Thank you for your help and we look forward to working closely with you on this project.

Sincere regards,
LOCKWOOD GREENE



John L. Shaw PE
Project Director
Lockwood Greene Engineers
(on Behalf of the National Enrichment Facility)

CITY OF EUNICE NEW MEXICO



Honorable James Brown
Mayor Eunice, New Mexico

cc: Rod Krich - LES
Project Files 20.17, 20.09
Ron Abousleman, City Manager Eunice NM