




STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
Office of General Counsel
20th Floor, L & C Tower
401 Church Street
Nashville, Tennessee 37243-1548
Telephone: (615) 532-0131

October 6, 2010

Robert E. James
Assistant Chief Counsel for Environment
Department of Energy
Oak Ridge Office
P. O. Box 2001
Oak Ridge, Tennessee 37831


Dear Mr. James

**ADMINISTRATIVE ORDER ON CONSENT (AOC) SETTLING THE CERCLA
NATURAL RESOURCE DAMAGE (NRD) CLAIMS FOR THE LOWER WATTS BAR
RESERVOIR**

Enclosed is one executed original AOC resolving Tennessee's CERCLA NRD claims for the Lower Watts Bar Reservoir.

If I can be of any further assistance, please give me a call.

Sincerely,



E. Joseph Sanders
General Counsel

Enclosure

ADMINISTRATIVE ORDER ON CONSENT

WHEREAS, the Governor of the State of Tennessee, as the Trustee for natural resources, has delegated this authority to the Commissioner of the Tennessee Department of Environment and Conservation ("TDEC") and TDEC has advised the United States Department of Energy ("DOE") of a claim concerning natural resource damages in the Lower Watts Bar Reservoir for which TDEC believes that DOE is liable;

WHEREAS, in or about 1995, DOE entered into a Federal Facilities Agreement with the United States Environmental Protection Agency and TDEC that sets forth, among other things, the actions to be taken by DOE to address the releases or threatened releases of hazardous substances emanating from DOE's Oak Ridge Reservation facility, located in Anderson County and Roane County, Tennessee, and that allegedly contaminated the Lower Watts Bar Reservoir;

WHEREAS, TDEC and DOE have been participating with the United States Department of the Interior (DOI) and the Tennessee Valley Authority (TVA) on a Trustee Council to address natural resource damages resulting from the release or threatened release of hazardous substances emanating from DOE's Oak Ridge Reservation facility;

WHEREAS, in or about April 2005, DOE granted to the State of Tennessee an Indefinite Term Easement that provides for the right and use of three tracts, totaling approximately 2,965.95 acres, situated in the northwest section of the Oak Ridge Reservation;

WHEREAS, the Indefinite Term Easement stated that DOE will pay Tennessee \$20,500 in annual monetary consideration for operation and maintenance, subject to reevaluation every five years, and DOE by letter dated March 10, 2005, additionally agreed to provide annually to Tennessee \$16,300 in in-kind goods and services, which are also used for easement operation and maintenance, with all other costs to fulfill Tennessee's affirmative duty to protect and maintain that property to be borne by the State;

WHEREAS, in or about February 2006, TDEC's Division of Natural Heritage, along with the Tennessee Wildlife Resources Agency, established a Final Management Plan regarding the property covered by the Indefinite Term Easement;

WHEREAS, DOE has agreed to provide \$50,000 to be used by the Trustee Council for restoration projects that will specifically benefit recreational fishing in the Lower Watts Bar Reservoir area and will further compensate for recreational fishing services lost due to environmental contamination at the Lower Watts Bar Reservoir;

WHEREAS, TDEC and DOE agree, and TDEC by entering this Administrative Order finds, that the Indefinite Term Easement, including DOE's agreement annually to pay Tennessee \$20,500 in monetary consideration for easement operation and maintenance, DOE's agreement annually to provide Tennessee \$16,300 in in-kind goods and services for easement operation and maintenance, and DOE's agreement to provide \$50,000 to the Trustee Council for restoration projects to benefit recreational fishing in the Lower Watts Bar Reservoir area constitutes the actions appropriate to restore, replace, or acquire the equivalent of the natural resources allegedly injured at the Lower Watts Bar Reservoir by releases or threatened releases of hazardous substances for which DOE may be responsible;

WHEREAS, TVA and DOI have reviewed this Administrative Order and have no objection to its provisions;

WHEREAS, TDEC has sole authority to represent Tennessee in connection with claims for Natural Resource Damages; and

WHEREAS, by entering into this Administrative Order, the mutual objectives of the Parties are to resolve any and all liability DOE may have for natural resource damages in the Lower Watts Bar Reservoir and avoid further transaction costs and potential litigation.

NOW, THEREFORE, it is hereby ORDERED as follows:

1. Definitions.

a) "DOE" means the United States Department of Energy and any predecessor or successor agency or department of DOE, including any past or present official, employee, agent, or contractor of DOE (and any past or present official, officer, director, employee, agent or sub-contractor of such contractor).

b) "Effective Date" means the date on which both Parties have executed this Administrative Order.

c) "Lower Watts Bar Reservoir" means the Watts Bar Reservoir area from Tennessee River mile (TRM) 529.9 at Watts Bar Dam upstream to TRM 567.5 at the confluence of the Clinch and Tennessee Rivers.

d) "Natural Resources" shall have the meaning provided in CERCLA Section 101(16), 42 U.S.C. § 9601(16).

e) "Natural Resource Damages" means any and all future claims that were, could now be, or could hereafter be asserted by TDEC against DOE on behalf of the public for injury to, destruction of, or loss or impairment of Natural Resources as set forth in CERCLA Section 107(a)(4)(C), 42 U.S.C. § 9607(a)(4)(C), at the Lower Watts Bar Reservoir as a result of a release of hazardous substances caused by actions taken by DOE on or before the date of this Administrative Order, including but not limited to: (i) past, present, or future Natural Resource Damage Assessment Costs, including restoration planning costs; (ii) the costs of restoration, rehabilitation, or replacement of injured or lost natural resources or of acquisition of equivalent resources; (iii) compensation for injury, destruction, loss, impairment, diminution in value, or

loss of use of natural resources; and (iv) each of the categories of recoverable damages described in 43 C.F.R. § 11.15 and applicable state law.

f) "Natural Resource Damage Assessment Costs" means the costs TDEC has incurred prior to the Effective Date of this Administrative Order in connection with the assessment of the Natural Resource Damages at the Lower Watts Bar Reservoir, including but not limited to: (i) the costs of assessing injury, destruction, or loss or impairment arising from or relating to a release of hazardous substances; (ii) the costs of planning past restoration activities including, but not limited to, internal costs incurred by TDEC prior to the Effective Date of this Administrative Order; and (iii) the costs of assessing the damages resulting from injury, destruction, or loss or impairment arising from or relating to a release or threatened release of hazardous substances, or response to such releases.

g) "TDEC" means the Tennessee Department of Environment and Conservation.

h) "Parties" means DOE and TDEC.

i) "Property" means the three tracts, totaling approximately 2,965.95 acres, situated in the northwest section of the Oak Ridge Reservation located in Anderson County and Roane County, Tennessee, and covered by the Indefinite Term Easement. (Exhibit A.)

j) "Trustee Council" means the Trustee Council comprised of TDEC, DOE, DOI and TVA, established in or about January 1995 through a Memorandum of Understanding, to address natural resource damages resulting from the release or threatened release of hazardous substances emanating from DOE's Oak Ridge Reservation facility.

2. Conservation Easement and Recreational Fishing Restoration Project Funding.

The Indefinite Term Easement, attached to this Administrative Order as Exhibit A, as amended or modified, which includes DOE's agreement annually to pay Tennessee \$20,500 in monetary

consideration for easement operation and maintenance, DOE's agreement to provide annually to Tennessee in-kind goods and services for easement operation and maintenance, as provided in DOE's March 10, 2005, letter, attached to this Administrative Order as Exhibit B, and DOE's agreement to provide \$50,000 to the Trustee Council for restoration projects to benefit recreational fishing projects in the Lower Watts Bar Reservoir area shall constitute the appropriate actions to restore, replace, or acquire the equivalent of the natural resources allegedly injured at the Lower Watts Bar Reservoir by releases or threatened releases of hazardous substances for which DOE may be responsible.

3. **Covenants by TDEC.** In consideration of the Indefinite Term Easement, including DOE's agreement annually to pay Tennessee \$20,500 in monetary consideration for easement operation and maintenance, DOE's agreement annually to provide Tennessee \$16,300 in in-kind goods and services for easement operation and maintenance, and DOE's agreement to provide \$50,000 to the Trustee Council for restoration projects to benefit recreational fishing in the Lower Watts Bar Reservoir area, TDEC, on behalf of the State of Tennessee, hereby forever releases, discharges, and covenants and agrees not to assert (by way of commencement of an action, joining in an existing action, issuing administrative findings and orders, or in any other fashion) any and all claims, causes of action, suits or demands of any kind whatsoever in law or in equity which it may have had, now have, or hereafter have against DOE, and any current or former official, employee, agent, or contractor of DOE, as well as any current or former official, officer, director, employee, agent or sub-contractor of such contractor, arising out of or in connection with Natural Resource Damages in Lower Watts Bar Reservoir.

4. **Payment for Recreational Fishing Restoration Projects.** The United States shall pay, on behalf of DOE, \$50,000 (Fifty Thousand Dollars) to TDEC to be used exclusively for

restoration projects to benefit recreational fishing in the Lower Watts Bar Reservoir area, and for no other purpose. Each project proposed to be funded by such payment shall be approved by the Trustee Council prior to the expenditure of any funds for the project. Payment shall be by Electronic Funds Transfer in accordance with instructions provided by TDEC.

5. **Anti-Deficiency Act.** The payments by the United States referenced in this Administrative Order are subject to the availability of funds appropriated for such purpose. No provision of this Administrative Order shall be interpreted as or constitute a commitment or requirement that the United States obligate or pay funds in contravention of the Anti-Deficiency Act, 31 U.S.C. § 1341.

6. **Effect of Settlement / Contribution Protection.**

a) Nothing in this Administrative Order shall be construed to create any rights in, or grant any cause of action to, any person not a Party to this Administrative Order, and each Party expressly reserves any and all rights (including, but not limited to, any right to contribution), defenses, claims, demands, and causes of action which that Party may have with respect to any matter, transaction, or occurrence relating in any way to the Lower Watts Bar Reservoir against any person not a Party to this Administrative Order.

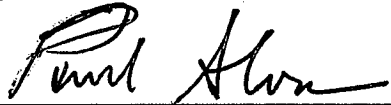
b) The Parties agree that DOE is entitled, as of the Effective Date of this Administrative Order, to protection from actions or claims as provided by CERCLA Section 113(f)(2), 42 U.S.C. § 9613(f)(2), or other applicable law, for “matters addressed” in this Administrative Order. The “matters addressed” in this Administrative Order are Natural Resource Damages in the Lower Watts Bar Reservoir.

c) The Parties agree that DOE resolves its liability for Natural Resource Damages related to contamination in the Lower Watts Bar Reservoir within the meaning of CERCLA Section 113(f)(3), 42 U.S.C. § 9613(f)(3).

7. **Signatories.** The undersigned representatives of TDEC and DOE each certify that he or she is fully authorized to enter into the terms and conditions of this Administrative Order and to execute and legally bind such Party to this document. This Administrative Order may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument.

8. **Final Resolution.** This Administrative Order and its exhibits constitute the final, complete, and exclusive understanding among the Parties with respect to the settlement embodied herein. The Parties acknowledge that there are no representations, agreements, or understandings relating to the settlement of other than those expressly contained in this Administrative Order.

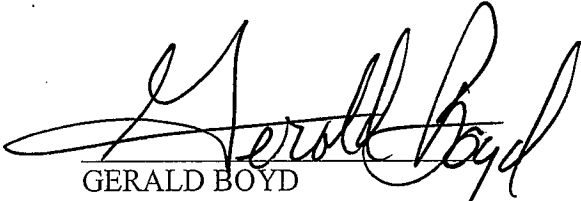
FOR THE TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION



PAUL SLOAN
Deputy Commissioner
401 Church Street, 1st Floor
L & C Annex
Nashville, TN. 37243-1548

Date: 10/6/10

FOR THE UNITED STATES DEPARTMENT OF ENERGY:



GERALD BOYD
Manager, Oak Ridge Operations Office
200 Administration Road
Oak Ridge, TN 37830
(865) 576-4444
boydg@oro.doe.gov

Date: 10/5/10

EXHIBIT A

This document prepared by
Cindy Hunter, Realty Officer
Oak Ridge Operations Office
U.S. Department of Energy

DEPARTMENT OF ENERGY
INDEFINITE TERM EASEMENT

PROJECT: OAK RIDGE RESERVATION
PURPOSE: CONSERVATION MANAGEMENT

THIS EASEMENT, between the Department of Energy, its employees, agents, representatives, successors, transferees, and assigns, hereafter collectively referred to as "DOE" and the State of Tennessee, Tennessee Wildlife Resources Agency (TWRA), hereafter referred to as the "Grantee", provides for the right and use of the premises or facilities, hereafter referred to as the "Property", together with ingress and egress, for the purpose of protecting and managing the land for conservation. The Property consisting of approximately 2,965.95 acres is depicted on the attached survey map designated as Exhibit "A-1" and is further described in Exhibit "A-2", said documents being made a part of this Easement. It is specifically noted that the Lambert Quarry, the K-901A Pond, the Waste Burial Grounds, the Wheat Community Historic District including the George Jones Memorial Church, and any cemeteries known or unknown are excluded from the Easement area. Should there be any questions related to the exclusionary limits of this Easement, the Grantee shall contact the Realty Officer noted in Condition No. 3 for clarification.

THIS EASEMENT is granted subject to the following terms and conditions:

1. AUTHORITY - This Easement is entered into under the authority of Section 161g of the Atomic Energy Act of 1954.
2. TERM/TERMINATION RIGHTS - This Easement shall be effective upon execution by DOE and shall be for an indefinite term but is subject to revocation by DOE for purposes of national defense or for a national emergency. Said revocation may be made at any time without notice at the option and discretion of DOE and its duly authorized representative. The Easement may be terminated 1) by DOE for failure, neglect, or refusal by the Grantee to fully and promptly comply with any and all of the conditions of this Easement, or for nonuse, or for abandonment; and 2) DOE shall retain the right to terminate this easement in the event DOE and the Grantee or its parent entity (State of Tennessee) are unable to agree within a period of three (3) years as to the amount of credit to be applied to DOE's natural resource damages liability related to the operation of the Oak Ridge Reservation. Said Easement may also be terminated or relinquished by the Grantee at any time by giving 180 days' notice to DOE's Realty Officer.

3. AUTHORIZED REPRESENTATIVES - DOE's representative concerning the provisions of this Easement and the use of the Property shall be the Cindy Hunter, Realty Officer, AD-42, Oak Ridge Operations Office at 865-576-4431, e-mail huntercb@oro.doe.gov, whose address is P.O. Box 2001 in Oak Ridge, Tennessee 37831. The Grantee's representative shall be James Evans, Oak Ridge Reservation Wildlife Manager at 865-574-8204, e-mail egf@ornl.gov, at 11133 Thornton Drive, Knoxville, Tennessee 37922. Any changes in the designated representatives or in their respective addresses shall be given in writing to the other.

4. NOTICE - No notice, order, direction, determination, requirement, consent, or approval under this Easement shall be of any effect, within the restrictions of this Easement, unless provided in writing to/by DOE's Realty Officer or State-authorized representative at the addresses set out in Condition No. 3.

5. CONDITIONS OF EASEMENT GRANTED

(a). Monetary Consideration for Management - DOE shall pay to the Grantee the sum of \$20,500.00 per annum at the beginning of the Federal fiscal year to be used by the Grantee for the operation and maintenance of the Property. The said operation and maintenance shall be accomplished without any additional cost or expense to DOE under the general supervision and subject to the approval of DOE's Realty Officer having immediate jurisdiction over the property, and shall be accomplished in such a manner as not to conflict with the rights of DOE nor to endanger personnel or property of DOE on Federal Government-owned land. The Grantee and Grantor's respective representatives shall confer on a five-year maximum basis to discuss the possible justified increase or decrease of this per annum amount; however, any such change in the monetary consideration shall be mutually agreed to through an appropriate supplemental agreement to be issued by the respective representatives.

(b). DOE and Third-Party Retained or Reserved Rights - The exercise of the privileges granted shall be subject to the right of DOE, in performing critical mission purposes, to use the Property and to construct, use, and maintain facilities on the Property without unreasonably interfering with the Grantee's privileges and purposes; shall be subject to other outgrants of DOE on the Property which do not unreasonably interfere with the Grantee's privileges and purposes; and shall be without liability of DOE for failure to supervise or inspect activities and facilities of the Grantee. Said Easement is subject to (1) existing or future easements for public roads and highways, transmission lines, pipelines and other public utilities which may be present, may have been granted by DOE in the past, or may be granted by DOE in the future, said future rights being deemed necessary for critical mission purposes; (2) existing or future licenses, rights-of-entry, and permits that may be present or may be granted by DOE in the future with any such future rights being coordinated with the Grantee; (3) the right of DOE to maintain or grant use of existing roads and trails within the Property and to construct new roads as deemed necessary for critical mission purposes; (4) the right of DOE to enter upon the premises at any time and when otherwise deemed necessary for the protection of the interests of DOE and the Federal government's critical mission purposes; and (5) the

presence of any cemeteries which may be located on the Property and which shall remain in their same location as a separate land unit as set forth in Condition 1.3.(b). DOE agrees to coordinate with the Grantee prior to issuing any future rights or in exercising its own rights on this property. The known existing granted rights to be reserved as noted in Items (1) and (2) of this Condition are contained within Exhibit "B", said document being made a part of this Easement.

(c). Specific Rights - DOE shall provide for maintenance of existing DOE roads within the Easement area and shall confer with the Grantee on the standards used. The State of Tennessee is responsible for any DOE easement rights granted to the Tennessee Department of Transportation (TDOT) for maintenance and operational rights of State routes that may be within the conservation Easement area. This Easement is subject to a portion of the Wheat District Greenway license issued by DOE to the City of Oak Ridge. Exhibits "C" and "D" are attached as depictions of the Wheat District and the North Boundary greenway routes. Additionally, DOE reserves the right to realign portions of these two greenway routes to accommodate its critical mission purposes, to accommodate possible widening of TDOT's rights-of-way which may affect the greenways, and to renew the greenway licenses if so desired. Any such changes by DOE shall be coordinated with the Grantee in advance in order to minimize any impact to Grantee's privileges and purposes of this Easement. Grantee may access the Property by motorized vehicles via North Boundary Greenway, which lies outside the Easement area, only with prior written concurrence by DOE's Realty Officer. DOE shall provide one named local Grantee with blanket permission to access this road by motorized vehicle providing the appropriate notification is given to the pertinent DOE Plant Shift Supervisor prior to entrance on the road. Perimeter security for the portion of the Easement boundaries which also comprise or are located near DOE's exterior boundaries shall remain a responsibility of DOE. DOE retains the rights to control public access and to erect fencing and signs within the Easement area with DOE retaining the right to scan harvested game animals for radiological characteristics.

6. INSPECTION OF PROPERTY - DOE and the Grantee have inspected and know the condition of the Property, and it is understood that the Property is granted without any representation or warranty by DOE whatsoever and without obligation on the part of DOE to make any alterations, repairs, or additions.

7. PROTECTION OF PROPERTY - All portions of the Property shall at all times be protected and maintained in good order and condition by and at the expense of the Grantee, with said authorized costs being offset by DOE's annual monetary amount provided for in Condition No. 5.a. Any maintenance by the Grantee above good order and condition shall be at the expense of the Grantee. Any additions to, or alterations of the Property shall be made only with the written concurrence of DOE's Realty Officer (unless specified in the Grantee's Management Plan referenced in Condition 30 below, which is approved and signed by the DOE Realty Officer). Any DOE property that is damaged or destroyed by the Grantee incident to the use and occupation of the Property shall be promptly repaired or replaced by the Grantee to the satisfaction of DOE, or in lieu of such repair or replacement, and to the extent provided by law, the Grantee shall, if so required

by DOE, pay to DOE money in an amount sufficient to compensate for the loss sustained by DOE by reason of damages to or destruction of DOE's property.

8. TRANSFERS/ASSIGNMENTS - The Grantee shall neither transfer nor assign this Easement or any of the Property, nor sublet the Property or any part of the Property, nor grant any interest, privilege, or license whatsoever in connection with this Easement without the express written permission of DOE's Realty Officer.
9. OFFICIALS NOT TO BENEFIT - No member of or delegate to Congress, or resident commissioner shall be admitted to any share or part of this Easement or to any benefit arising from it.
10. NONDISCRIMINATION - Usage of the Property will be operated in a nondiscriminatory manner to the end that no person shall, on the ground of race, color, religion, sex, age, handicap, or national origin, be excluded from using the premises or facilities under this Easement.
11. COVENANT AGAINST CONTINGENT FEES - To the extent provided by law, the Grantee warrants that no person or selling agency has been employed or retained to solicit or secure this Easement upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Grantee for the purpose of securing business. For breach or violation of this warranty, DOE shall have the right to annul this Easement without liability or, in its discretion, to require the Grantee to pay the full amount of such commission, percentage, brokerage, or contingent fee.
12. ENVIRONMENT - The Grantee shall not unlawfully pollute the air, ground or water or create a public nuisance. The Grantee shall use all reasonable means available to protect the environment and natural resources from damage arising from this Easement or activities incident to it and, where damage nonetheless occurs, the Grantee shall be liable to restore the damaged resources. The Grantee shall at no cost to the Federal government promptly comply with present and future applicable Federal and State laws and regulations controlling the quality of the environment. This does not affect the Grantee's right to contest their validity or enjoin their applicability. The Grantee shall not be responsible for pollution caused by others. If the Grantee discovers contamination on the Property, the Grantee shall immediately cease activities and notify DOE's Realty Officer.
13. CULTURAL ITEMS (a). General - The Grantee shall not remove or disturb, or cause or permit to be removed or disturbed, any historical, archaeological, architectural, or other cultural artifacts, relics, vestiges, remains or objects of antiquity. In the event such items are discovered on the Property, the Grantee shall immediately notify DOE's Realty Officer and protect the site and the material from further disturbance until DOE's Cultural Resource Management Coordinator gives clearance to proceed.

(b). Specific – The cemeteries known to exist within the Property are currently fenced and are excluded from this Easement. Any cemeteries or burial sites located within the surveyed boundary of the Property which are subsequently discovered shall be fenced and excluded from this Easement and shall remain in their same location as a separate land unit. The Grantee may accomplish any such fencing with those costs to be included within DOE's annual management fee provided to the Grantee. Said cemeteries shall not be disturbed by the Grantee or its invitees and reasonable perpetual public ingress and egress to the cemeteries shall be provided by the Grantee at all times. When possible, DOE shall coordinate cemetery visitations with the Grantee in advance of such visitations.

14. LAWS, REGULATIONS – To the extent provided by law, Grantee shall comply with all applicable laws and regulations of the State, wherein the Property is located with regard to construction, sanitation, licenses or permits to do business, and all other matters.

15. GRANTEE RESPONSIBILITY - Grantee shall comply with such rules and regulations regarding Federal government security, ingress, egress, safety, sanitation, etc. as may be prescribed from time to time by DOE. Grantee shall have the right to permit general pedestrian public access and to permit scheduled State-administered hunting visitors to the Property. All access by other parties shall be coordinated with the DOE Realty Officer who shall, if deemed appropriate, issue the applicable realty interest permitting such access or use of the land.

16. UTILITIES – Pursuant to the provisions set forth in Condition 5.b. above, DOE reserves the right to allow and provide for construction of new utilities such as power lines, pipelines, sewer lines, etc. within the property area. All existing utility structures and property interests will remain in place unless DOE's Realty Officer directs and approves their realignment or removal. Grantee shall pay the cost of producing and/or supplying any utilities and other services furnished by the Grantor or through Grantor-owned facilities for the use of the Grantee when requested by the Grantee. The Grantor shall be under no obligation to furnish utilities or services.

17. DOE INDEMNITY – For purposes of this Condition, the word "Grantee" includes its agents, employees or representatives or others who may be on the Property at the Grantee's invitation. DOE shall not be responsible for damages to property or injuries to persons which may arise from or be incident to the maintenance, use, and occupation of the Property nor shall it be responsible for damages to the Property or injuries to the persons of the Grantee arising from DOE activities, and the Grantee shall hold DOE harmless from any and all such claims to the extent permitted by law.

18. GRANTEE LIABILITY – To the extent provided by state law as noted in Condition No. 19 of this Easement, the Grantee shall be liable for any personal injury, loss of, or damage to the Property incurred as a result of the Grantee's use and shall make such restoration, repair, or monetary compensation as may be directed by DOE. The State shall not be liable for loss of or damage to the Property arising from causes beyond the

control of the Grantee and occasioned by a risk not in fact covered by insurance. Nothing contained within this Easement, however, shall relieve the Grantee of liability with respect to any loss or damage to the property, not fully compensated by insurance which results from willful misconduct, lack of good faith, or failure to exercise due diligence on the part of the Grantee.

19. GRANTEE'S LIMITED LIABILITY – The Grantee's liability and obligation to indemnify is subject to the terms and tort limits of the Tennessee Claims Commission Act. All claims against the Grantee for loss or damage to property and for bodily injury are subject to the provisions and limits of the Tennessee Claims Commission Act, Tennessee Code Annotated, § 9-8-301 et seq.

20. GRANTEE PERFORMANCE – The failure of DOE to insist in any one or more instances upon strict performance of any of the terms or conditions of this Easement shall not be construed as a waiver or relinquishment of DOE's right to the future performance of any such terms or conditions and the Grantee's obligations with respect to such future performance shall continue in full force and effect.

21. GRANTEE POSTING OF SIGNS – DOE reserves the right to erect and maintain such signs relating to safety and security of DOE property as deemed appropriate. Either through prior language addressing specific signage language contained within the Grantee's Management Plan referenced in Condition 30 below, which is approved and signed by the DOE Realty Officer, or by the DOE Realty Officer's specific prior written approval, the Grantee may post appropriate signs on the Property including but not limited to signs identifying boundaries of fragile habitat, restricted access, entrances, etc.

22. BOUNDARY OR SURVEY MONUMENTATION - The Grantee shall not disturb, obliterate or destroy any land boundary or survey monument on the Property without prior written approval from DOE's Realty Officer.

23. WETLANDS AND FLOODPLAINS - All activity within any flood plain or jurisdictional wetlands must comply with applicable Federal and State laws, rules and regulations governing land use in flood plains or wetlands.

24. MINERAL RIGHTS - No extraction of nonrenewable mineral resources will be allowed on the part of the Grantee from the Property. This includes but is not limited to activities for mining or drilling operations and removal of sand, gravel, or kindred substances from the ground.

25. TIMBER RIGHTS (a). Timber Harvest - Timber is categorized as a Federal realty asset; consequently, any harvest of timber, including harvest for disease and fire management, shall be accomplished under the direction of DOE's Realty Officer during the term of this Easement. In the event that the Grantee desires to cut timber for habitat or forestry management, the Grantee shall notify and obtain advance written approval from DOE's Realty Officer prior to cutting any trees in excess of 6 inches in diameter. DOE shall not initiate a harvest of timber strictly for commercial purposes, but shall obtain

monetary value for those marketable trees that the Grantee and DOE agree shall be removed under the conservation measures to be implemented which are set forth within the Grantee's Management Plan referenced in Condition 30 below, which is approved and signed by the DOE Realty Officer.

(b). Fire Control - DOE shall have the right to respond to and suppress any wildfires that may occur on the Property for the purpose of protecting DOE's Oak Ridge Reservation. DOE shall retain all rights for accomplishing prescribed and/or controlled burns. All such prescribed and/or controlled burns on the Property will be accomplished by the Grantor through advance coordination and participation of the Grantee.

(c). Forest Pest Control - DOE shall retain the right, but not necessarily the responsibility, to perform remedial action to address forest pest infestations on the property for the purpose of protecting DOE's property. In the event DOE performs remedial pest control action, DOE shall coordinate with the Grantee prior to taking such action.

26. HABITAT MANAGEMENT - Providing that the DOE Realty Officer is given reasonable prior notice and concurs in the plan to be furnished in advance by the Grantee, the Grantee shall have the right to conduct ecological management and habitat improvement work on the Property including, but not limited to, conversion of some areas to native warm season grasses, management for state and Federal concern plant and animal species, etc.

27. VACATION/RESTORATION - Upon termination, revocation or relinquishment of this Easement, the Grantee shall, without expense to DOE and within such reasonable time as DOE may indicate, vacate the Property, remove its equipment, fixtures, appurtenances, and other improvements furnished and installed on the premises in connection with the Grantee's activities and shall restore the Property to the same or as good condition as existed on the date of entry under this Easement. In the event that any item or part of the Property shall require repair, reconstruction or replacement resulting from loss or damage, the Grantee shall promptly give notice to DOE and, to the extent of its liability, shall, upon demand, either compensate DOE for such loss or damage or shall reconstruct, replace or repair the Property lost or damages as DOE may elect.

28. FEDERAL FACILITY AGREEMENT - DOE acknowledges that the Oak Ridge Reservation has been identified as a National Priority List Site under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) of 1980, as amended. The Grantee acknowledges that DOE has provided it with a copy of the Oak Ridge Reservation Federal Facility Agreement (FFA) entered into by the United States Environmental Protection Agency (EPA) Region IV, the Tennessee Department of Environmental and Conservation and the Department of Energy, effective on January 1, 1992, and will provide the Grantee with a copy of any relevant amendments thereto. The Grantee agrees that should any conflict arise between the terms of such agreement as it presently exists or may be amended and the provisions of this Easement, the terms of the FFA will take precedence. The Grantee further agrees that notwithstanding any other

provision of the Easement, the Government assumes no liability to the Grantee should implementation of the FFA interfere with the Grantee's use of the Property herein. The Grantee shall have no claim on account of any such interference against the United States or any officer, agent, employee or contractor thereof.

29. DOE/GRANTEE COORDINATION – DOE's Realty Officer and the Grantee shall meet on an ad hoc basis to discuss and coordinate various issues that may arise during the term of this Easement and/or which may require amendment to the terms and conditions of the Easement.

30. GRANTEE'S MANAGEMENT PLAN – Grantee shall prepare a management plan setting forth its overall activities, timelines, and approach involving management of the Easement area for purposes of conservation. Said plan shall require the approval of the DOE Realty Officer prior to exercising any rights within this Easement. Said plan may be updated periodically; however, each update shall require the approval of the DOE Realty Officer.

31. DOE'S LIMITATIONS TO GRANT - It is understood that this instrument is effective only insofar as the rights of DOE in the Property are concerned and that the Grantee shall obtain such permission as may be necessary on account of any other existing rights.

32. AMENDMENT – Other than notifications by DOE or the Grantee of the authorized Representatives set forth in Condition 3, this Easement may not be amended or superseded except by an agreement in writing executed by DOE's Realty Officer and the Grantee.

33. AUTHORITY – The undersigned have the authority to enter into this Easement on behalf of the respective parties.

THIS EASEMENT, together with all the conditions thereof, is accepted this 14 day of March, 2005.

WITNESS:
Notary Public
By: Pat Pentecost

GRANTEE: STATE OF TENNESSEE

By: M.D. Goetz, Jr.

M.D. Goetz, Jr.

Commissioner, Finance & Administration

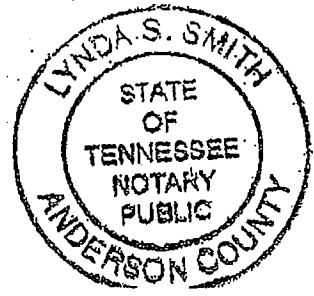
IN WITNESS WHEREOF, I have set my hand by authority of the Secretary of Energy this 8th day of April, 2005.

WITNESS:

GRANTOR:
U.S. DEPARTMENT OF ENERGY

By: Lynda S. Smith

By: Cindy B. Hunter
Cindy B. Hunter
Title: Realty Officer



STATE OF TENNESSEE
COUNTY OF DAVIDSON

Personally appeared before me, the undersigned Notary Public for Davidson County, *M. D. Goetz, Jr.*, Commissioner of Finance and Administration with whom I am personally acquainted and who, upon oath, acknowledged that he is the Commissioner of Finance and Administration and that he as Commissioner, being authorized so to do, executed the foregoing instrument for the purpose therein contained by signing the name of the State of Tennessee by himself as Commissioner.

Witness my hand and seal at office, this 14 day of March, 2005.

Pat Pentecost

Notary Public

My Commission Expires:

3-31-07

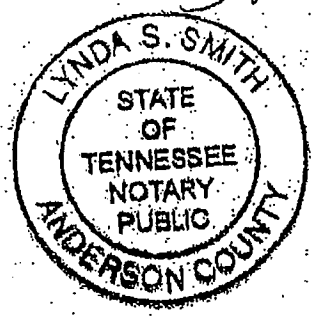
STATE OF TENNESSEE
COUNTY OF Anderson

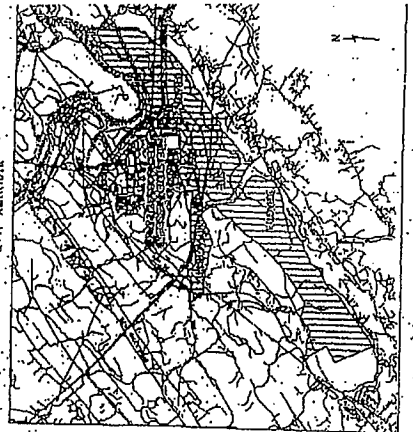
Before me, the undersigned, a Notary Public of the State and County aforesaid, **Cindy B. Hunter**, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence) and who, upon oath, acknowledged she is the Realty Officer of the U. S. Department of Energy; and that she, as Realty Officer being authorized so to do, executed the foregoing instrument for the purpose therein contained, by signing the name of the U. S. Department of Energy by herself as Realty Officer.

Witness my hand and seal at office, this 8th day of April, 2005.

Lynda S. Smith
Notary Public

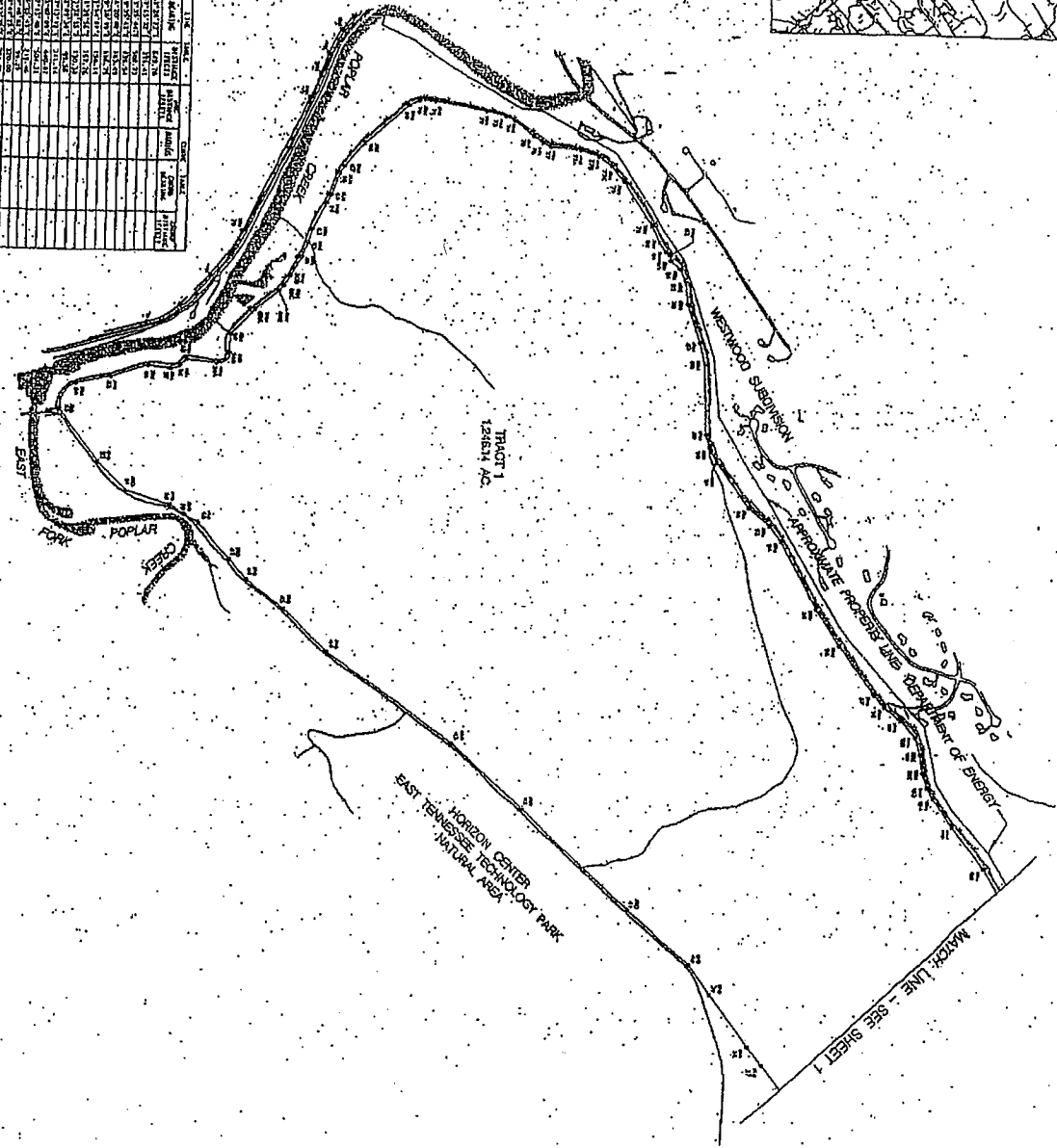
My Commission Expires:
10/21/08





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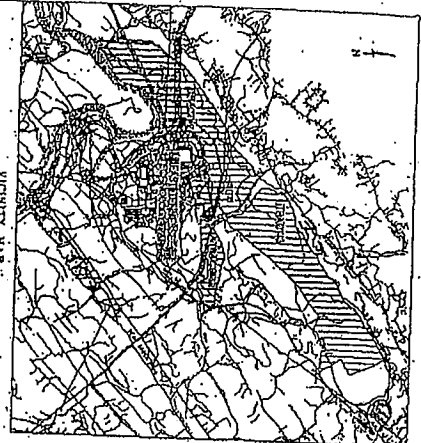


NOTES:
 1. THIS MAP WAS PREPARED BY THE DEPARTMENT OF ENERGY AND CONSERVATION, TENNESSEE, IN ACCORDANCE WITH THE PROVISIONS OF THE TENNESSEE CONSERVATION STATUTE, CHAPTER 129, SECTION 129-1-101, AS AMENDED.
 2. THIS MAP IS A PART OF THE OAK RIDGE RESERVATION AND IS NOT TO BE USED FOR ANY OTHER PURPOSE.
 3. THE DEPARTMENT OF ENERGY AND CONSERVATION, TENNESSEE, IS NOT RESPONSIBLE FOR ANY DAMAGE TO PERSONS OR PROPERTY CAUSED BY THE USE OF THIS MAP.

LEGEND:
 1" = 100'
 1" = 200'
 1" = 400'
 1" = 800'
 1" = 1600'

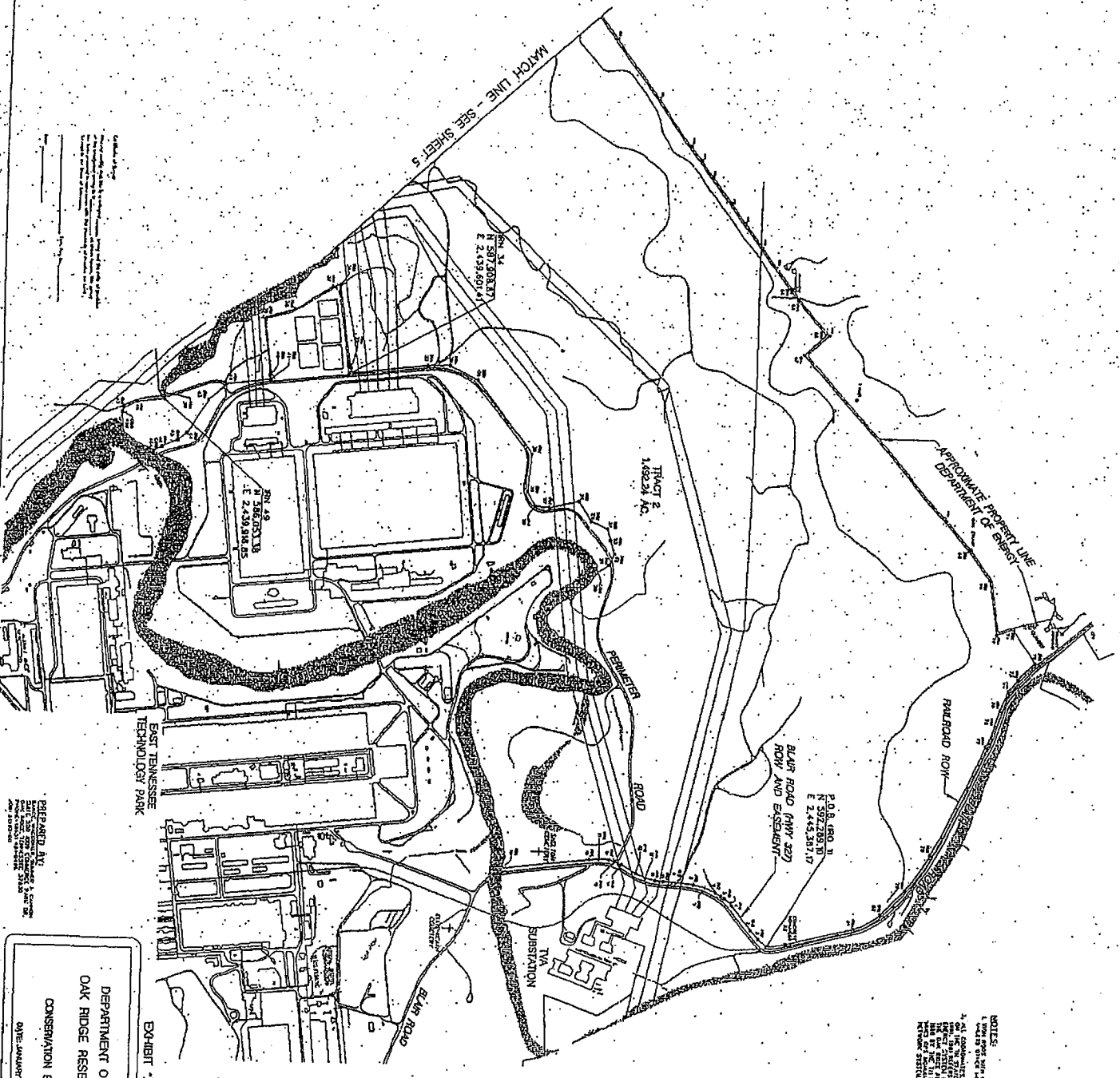
PREPARED BY:
 ENGINEERING DIVISION
 DEPARTMENT OF ENERGY AND CONSERVATION
 TENNESSEE
 DATE: JANUARY 2005

EXHIBIT A-1:
 DEPARTMENT OF ENERGY
 OAK RIDGE RESERVATION, TN
 CONSERVATION EASEMENT
 DATE: JANUARY 2005



VICINITY MAP

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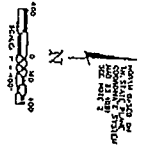
NOTES:
 1. THIS PLAN IS THE PROPERTY OF THE ENGINEER AND IS NOT TO BE REPRODUCED OR COPIED IN ANY MANNER WITHOUT HIS WRITTEN CONSENT.
 2. THIS PLAN IS NOT TO BE USED FOR ANY OTHER PURPOSE THAN THAT FOR WHICH IT WAS PREPARED.
 3. THE ENGINEER ASSUMES NO LIABILITY FOR ANY DAMAGE TO PERSONS OR PROPERTY ARISING FROM THE USE OF THIS PLAN.
 4. THE ENGINEER HAS NOT CONDUCTED A SURVEY OF THE SITE AND HAS NOT BEEN ADVISED OF ANY CHANGES TO THE SITE SINCE THE DATE OF THE PREPARATION OF THIS PLAN.
 5. THE ENGINEER HAS NOT CONDUCTED A SURVEY OF THE SITE AND HAS NOT BEEN ADVISED OF ANY CHANGES TO THE SITE SINCE THE DATE OF THE PREPARATION OF THIS PLAN.

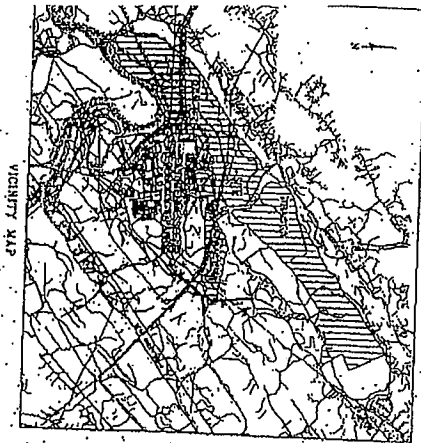
PREPARED BY:
 ENGINEERING CONSULTANTS
 1000 N. 10TH ST.
 SUITE 100
 DENVER, CO 80202
 PHONE: 303.733.1100
 FAX: 303.733.1101

DEPARTMENT OF ENERGY
 OAK RIDGE RESERVATION, TN
 CONSERVATION EASEMENT
 DATE: JANUARY 2005

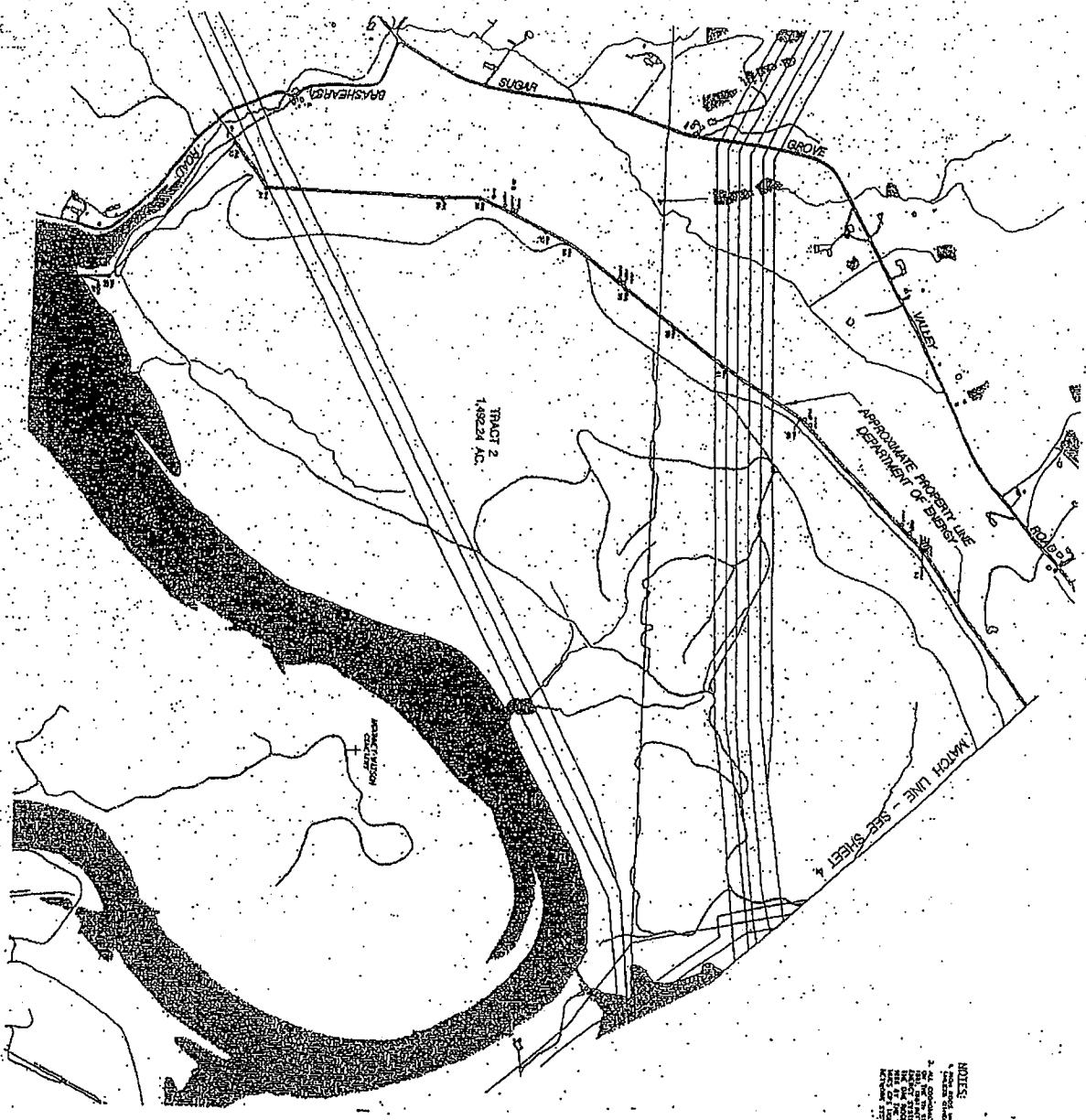
NOTES:
 1. THIS PLAN IS THE PROPERTY OF THE ENGINEER AND IS NOT TO BE REPRODUCED OR COPIED IN ANY MANNER WITHOUT HIS WRITTEN CONSENT.
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69	12/25/2005	J. H. ...	69	REVISED DESIGN
70	1/1/2006	J. H. ...	70	REVISED DESIGN



NOTES:

1. This map was prepared by the Department of Energy and is not a legal document.
2. The Department of Energy is not responsible for the accuracy of the information shown on this map.
3. The Department of Energy is not responsible for the accuracy of the information shown on this map.
4. The Department of Energy is not responsible for the accuracy of the information shown on this map.
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9. The Department of Energy is not responsible for the accuracy of the information shown on this map.
10. The Department of Energy is not responsible for the accuracy of the information shown on this map.

LEGEND

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- 1" = 100' (Scale)
- 1" = 100' (Scale)

DEPARTMENT OF ENERGY
OAK RIDGE RESERVATION, TN
CONSERVATION EASEMENT

EXHIBIT "A-1"

DATE: JANUARY 2005

Exhibit "A-2"

Tract 1

Beginning at an iron rod set in the northerly easement right-of-way line of Hwy. 95 and being located at State Plane Grid Coordinates N=600,144.03 and E=2,458,021.42; thence along the following bearings and distances to a point located by iron rods at each of the calls:

S 55° 40' 06" W; a distance of 355.85 feet along the north right-of-way line of Hwy. 95 to an iron rod common corner to Horizon Center Natural Area;

Thence leaving the said easement right-of-way line of Hwy. 95 the following calls along the common line with Horizon Center Natural Area:

N 07° 38' 27" W for a distance of 129.15 feet;
 N 64° 22' 07" W for a distance of 237.42 feet;
 S 86° 00' 57" W for a distance of 438.14 feet;
 N 84° 36' 31" W for a distance of 350.24 feet;
 S 72° 37' 44" W for a distance of 155.58 feet;
 N 65° 57' 39" W for a distance of 143.15 feet;
 N 41° 12' 39" W for a distance of 107.30 feet;
 N 59° 01' 49" W for a distance of 82.59 feet;
 N 15° 47' 07" E for a distance of 175.58 feet;
 N 22° 13' 15" W for a distance of 143.80 feet;
 S 82° 17' 55" W for a distance of 105.07 feet;
 S 62° 59' 18" W for a distance of 314.42 feet;
 N 83° 56' 55" W for a distance of 248.51 feet;
 S 71° 41' 39" W for a distance of 306.37 feet;
 S 30° 38' 05" W for a distance of 258.83 feet;
 S 09° 22' 40" W for a distance of 203.37 feet;
 S 69° 21' 40" W for a distance of 216.89 feet;
 S 47° 31' 34" W for a distance of 516.34 feet;
 N 71° 28' 50" W for a distance of 1,176.56 feet;
 S 54° 39' 09" W for a distance of 306.45 feet;
 S 53° 52' 35" W for a distance of 401.15 feet;
 S 54° 22' 33" W for a distance of 209.89 feet;
 S 54° 09' 02" W for a distance of 538.57 feet;
 S 54° 01' 23" W for a distance of 413.04 feet;
 S 54° 05' 29" W for a distance of 243.96 feet;
 S 53° 41' 53" W for a distance of 456.82 feet;
 S 54° 25' 31" W for a distance of 193.17 feet;
 S 54° 01' 48" W for a distance of 552.82 feet;
 S 54° 01' 57" W for a distance of 313.60 feet;
 S 42° 37' 18" W for a distance of 671.58 feet;
 S 42° 15' 38" W for a distance of 1,260.57 feet;
 S 41° 34' 45" W for a distance of 806.38 feet;

S 35° 41' 37" W for a distance of 1,305.24 feet;
 S 44° 41' 37" W for a distance of 509.57 feet;
 S 38° 20' 01" W for a distance of 396.64 feet;
 S 50° 22' 47" W for a distance of 219.87 feet;
 S 48° 46' 57" W for a distance of 405.57 feet;
 S 29° 48' 32" W for a distance of 139.79 feet;
 S 33° 09' 09" W for a distance of 144.18 feet;
 S 17° 40' 20" W for a distance of 384.44 feet;
 S 43° 49' 12" W for a distance of 337.25 feet;
 S 53° 15' 50" W for a distance of 559.76 feet;
 Thence leaving the common line of Horizon Center Natural Area and the following calls
 along the east and south side of a gravel road, 274.53 feet along a curve to the right
 having a radius of 216.47 feet and a chord bearing of N 58° 42' 36" W and a chord
 distance of 256.50 feet;
 N 11° 34' 33" W for a distance of 303.66 feet;
 N 17° 27' 59" W for a distance of 329.26 feet;
 N 06° 21' 23" E for a distance of 174.60 feet;
 Thence 91.22 feet along a curve to the left having a radius of 98.00 feet and a chord
 bearing of N 20° 18' 30" W and a chord distance of 87.96 feet; N 46° 58' 22" W, a
 distance of 69.61 feet; N 06° 31' 31" E for a distance of 269.25 feet;
 Thence 152.29 feet along a curve to the left having a radius of 83.00 feet and a chord
 bearing of N 44° 43' 31" W a distance of 131.81 feet;
 N 89° 17' 22" W for a distance of 152.33 feet;
 N 47° 14' 52" W for a distance of 295.50 feet;
 N 39° 56' 45" W for a distance of 246.48 feet;
 N 52° 25' 37" W for a distance of 58.29 feet;
 N 57° 48' 47" W for a distance of 97.58 feet;
 N 60° 48' 07" W for a distance of 188.65 feet;
 N 67° 48' 16" W for a distance of 138.39 feet;
 N 75° 10' 43" W for a distance of 109.24 feet;
 N 63° 26' 08" W for a distance of 257.01 feet;
 N 63° 02' 17" W for a distance of 75.98 feet;
 N 68° 57' 47" W for a distance of 194.08 feet;
 N 60° 20' 02" W for a distance of 72.51 feet;
 N 51° 22' 59" W for a distance of 254.22 feet;
 N 42° 31' 25" W for a distance of 478.79 feet;
 N 23° 12' 55" W for a distance of 101.65 feet;
 N 00° 15' 26" E for a distance of 128.55 feet;
 N 09° 23' 30" E for a distance of 458.55 feet;
 N 11° 19' 45" E for a distance of 165.63 feet;
 N 25° 43' 38" E for a distance of 81.58 feet;
 N 37° 34' 32" E for a distance of 218.78 feet;
 N 31° 31' 05" E for a distance of 96.42 feet;
 N 24° 02' 11" E for a distance of 83.60 feet;
 N 05° 05' 54" E for a distance of 250.13 feet;
 N 17° 35' 50" E for a distance of 165.32 feet;
 N 34° 40' 02" E for a distance of 141.19 feet;

N 50° 00' 24" E for a distance of 164.11 feet;
N 57° 02' 49" E for a distance of 438.30 feet;
N 63° 09' 10" E for a distance of 159.91 feet;
N 54° 40' 10" E for a distance of 100.99 feet;
N 40° 00' 28" E for a distance of 41.11 feet;
N 81° 57' 56" E for a distance of 46.56 feet;
N 44° 10' 26" E for a distance of 97.24 feet;
N 66° 22' 12" E for a distance of 109.64 feet;
N 83° 52' 20" E for a distance of 198.97 feet;
N 71° 13' 33" E for a distance of 345.53 feet;
N 75° 26' 41" E for a distance of 184.33 feet;
N 87° 52' 28" E for a distance of 601.03 feet;
N 73° 07' 15" E for a distance of 147.65 feet;
N 59° 16' 52" E for a distance of 114.38 feet;
N 53° 34' 49" E for a distance of 471.30 feet;
N 41° 42' 08" E for a distance of 221.09 feet;
N 52° 29' 15" E for a distance of 165.49 feet;
N 61° 24' 22" E for a distance of 649.70 feet;
N 57° 15' 32" E for a distance of 371.41 feet;
N 53° 35' 44" E for a distance of 508.73 feet;
N 49° 35' 47" E for a distance of 139.54 feet;
N 38° 20' 02" E for a distance of 183.49 feet;
N 49° 30' 49" E for a distance of 186.75 feet;
N 75° 54' 01" E for a distance of 150.14 feet;
N 81° 39' 56" E for a distance of 157.76 feet;
N 73° 38' 55" E for a distance of 130.38 feet;
N 62° 09' 34" E for a distance of 99.58 feet;
N 47° 13' 12" E for a distance of 311.14 feet;
N 53° 07' 09" E for a distance of 440.61 feet;
N 61° 13' 40" E for a distance of 504.31 feet;
N 56° 25' 43" E for a distance of 219.46 feet;
N 40° 10' 02" E for a distance of 99.27 feet;
N 34° 44' 23" E for a distance of 220.00 feet;
N 30° 22' 25" E for a distance of 201.85 feet;
N 39° 19' 12" E for a distance of 122.86 feet;
N 62° 33' 28" E for a distance of 118.54 feet;
N 65° 27' 30" E for a distance of 924.35 feet;
N 60° 19' 14" E for a distance of 508.36 feet;
N 48° 29' 08" E for a distance of 367.10 feet;
N 38° 30' 51" E for a distance of 284.47 feet;
N 42° 15' 46" E for a distance of 331.31 feet;
N 49° 19' 59" E for a distance of 464.63 feet;
N 57° 31' 45" E for a distance of 574.56 feet;
N 66° 44' 35" E for a distance of 333.21 feet;
N 64° 00' 53" E for a distance of 139.32 feet;
N 57° 46' 23" E for a distance of 671.17 feet;
N 52° 12' 45" E for a distance of 461.64 feet;

N 50° 46' 26" E for a distance of 329.94 feet;
 N 53° 59' 52" E for a distance of 542.95 feet;
 N 54° 13' 12" E for a distance of 528.25 feet;
 N 56° 49' 07" E for a distance of 312.19 feet;
 N 64° 39' 14" E for a distance of 223.90 feet;
 N 69° 48' 36" E for a distance of 307.26 feet;
 S 26° 46' 24" E for a distance of 3,086.07 feet;
 S 63° 51' 03" W for a distance of 1,446.91 feet;
 S 33° 08' 36" E for a distance of 2,016.21 feet; to the Point of Beginning, said parcel
 containing 1,246.14 acres more or less.

Tract 2

Beginning at the easement right-of-way intersection of the northwest line of Blair Road
 and west right-of-way line of Blair Railroad Spur located at TN State Plane Grid
 Coordinates N=592,289.10 and E=2,445,387.17;

Thence the following calls along the westerly right-of-way line of Blair Road S 38° 07' 00"
 W for a distance of 118.25 feet;

S 49° 21' 59" W for a distance of 123.57 feet;
 S 51° 45' 00" W for a distance of 316.34 feet;
 S 44° 24' 00" W for a distance of 101.50 feet;
 S 33° 21' 00" W for a distance of 104.27 feet;
 S 25° 00' 00" W for a distance of 121.10 feet;
 S 13° 35' 00" W for a distance of 114.32 feet;
 S 07° 09' 01" W for a distance of 120.88 feet;
 S 03° 11' 00" W for a distance of 186.00 feet;
 S 05° 18' 59" W for a distance of 91.90 feet;
 S 14° 17' 00" W for a distance of 102.64 feet;
 S 26° 45' 00" W for a distance of 103.87 feet;
 S 29° 51' 00" W for a distance of 168.64 feet;
 S 24° 38' 59" W for a distance of 74.80 feet;
 S 14° 25' 00" W for a distance of 65.65 feet;
 S 03° 06' 12" W for a distance of 101.83 feet;
 S 05° 11' 36" E for a distance of 95.83 feet;
 S 07° 21' 50" E for a distance of 887.90 feet to the north edge of the ordinary high water
 mark of Poplar Creek;

Thence approximately 5,100 feet along the meanders of the north side of Poplar Creek
 with the ordinary high water mark to a point; Thence leaving said north ordinary high
 water mark N 32° 50' 37" W for a distance of 142.22 feet;

N 69° 28' 29" W for a distance of 121.81 feet;
 S 73° 23' 30" W for a distance of 143.14 feet;
 S 72° 53' 25" W for a distance of 121.38 feet;
 S 24° 07' 43" W for a distance of 185.45 feet;
 S 56° 10' 21" W for a distance of 242.15 feet;
 S 13° 34' 07" E for a distance of 292.65 feet;

S 03° 13' 48" W for a distance of 141.06 feet;
 S 57° 34' 18" W for a distance of 173.43 feet;
 N 84° 26' 56" W for a distance of 385.83 feet;
 S 52° 46' 53" W for a distance of 935.77 feet;
 S 25° 53' 29" W for a distance of 325.28 feet;
 S 01° 12' 10" E for a distance of 228.74 feet;
 S 07° 11' 41" E for a distance of 780.14 feet to an iron pin at coordinates N=587,908.87
 and E=2,439,601.41;

S 87° 10' 06" W for a distance of 52.28 feet;
 S 81° 52' 01" W for a distance of 855.37 feet;
 S 11° 11' 21" E for a distance of 79.55 feet;
 S 32° 40' 58" E for a distance of 457.64 feet;
 S 17° 09' 03" E for a distance of 315.73 feet;
 N 83° 40' 04" E for a distance of 589.51 feet;
 N 84° 28' 37" E for a distance of 43.67 feet;
 S 07° 33' 06" E for a distance of 430.11 feet;
 S 43° 37' 08" E for a distance of 248.07 feet;
 S 59° 30' 34" E for a distance of 398.34 feet;
 S 39° 18' 13" E for a distance of 115.97 feet;
 S 26° 32' 29" E for a distance of 175.16 feet;
 S 26° 32' 30" E for a distance of 96.24 feet to the north edge of the ordinary high water
 mark of Poplar Creek;

Thence approximately 584 feet along the meanders of the north side of Poplar Creek
 with the ordinary high water mark to a point; Thence leaving said north ordinary high
 water mark;

N 72° 54' 57" W for a distance of 47.00 feet;
 N 24° 15' 57" W for a distance of 150.69 feet;
 N 07° 34' 22" W for a distance of 289.38 feet to an iron pin at coordinates N=586,053.38
 and E=2,439,916.85;

S 58° 49' 02" W for a distance of 68.41 feet to the north edge of the ordinary high water
 mark of Clinch River;

Thence approximately 14,700 feet along the meanders of the north side of the Clinch
 River with the ordinary high water mark to a point; Thence leaving said north ordinary
 high water mark;

N 00° 15' 17" E for a distance of 273.00 feet;
 N 48° 32' 42" W for a distance of 1,634.83 feet;
 N 52° 00' 00" E for a distance of 498.38 feet;
 N 02° 00' 00" E for a distance of 1,522.38 feet;
 N 01° 55' 32" W for a distance of 338.15 feet;
 N 24° 55' 00" E for a distance of 658.52 feet;
 N 24° 54' 59" E for a distance of 237.16 feet;
 N 36° 51' 00" E for a distance of 652.96 feet;
 N 36° 51' 00" E for a distance of 541.20 feet;
 N 36° 51' 00" E for a distance of 561.64 feet;
 N 33° 12' 00" E for a distance of 828.29 feet;
 N 46° 18' 00" E for a distance of 1,588.65 feet;
 N 53° 45' 00" E for a distance of 5,134.21 feet;

N 49° 44' 59" E for a distance of 107.98 feet;
 N 50° 00' 00" E for a distance of 459.89 feet;
 S 44° 30' 00" E for a distance of 297.30 feet;
 N 49° 04' 29" E for a distance of 2,593.83 feet;
 N 52° 36' 00" E for a distance of 373.44 feet;
 N 79° 48' 00" E for a distance of 525.16 feet;
 N 15° 51' 51" W for a distance of 199.78 feet;
 N 55° 28' 13" E for a distance of 409.87 feet;
 S 46° 40' 07" E for a distance of 247.71 feet;
 S 51° 48' 56" E for a distance of 146.10 feet;
 N 61° 17' 00" E for a distance of 226.19 feet;
 S 70° 45' 02" E for a distance of 174.20 feet;
 S 67° 57' 00" E for a distance of 228.71 feet;
 S 65° 09' 59" E for a distance of 1,254.20 feet;
 S 55° 39' 01" E for a distance of 456.10 feet;
 S 46° 06' 02" E for a distance of 359.30 feet;
 S 30° 18' 58" E for a distance of 301.80 feet;
 S 14° 30' 59" E for a distance of 693.50 feet;
 S 08° 58' 56" E for a distance of 185.73 feet; to the Point of Beginning said parcel
 containing 1,492.24 acres more or less.

Tract 3:

Beginning at an existing iron rod set in the westerly easement right-of-way line of Hwy. 95
 and being located at State Plane Grid Coordinates N=591,474.20 and E=2,453,019.17;
 thence the following calls;
 S 09° 31' 6" E for a distance of 36.54 feet;
 S 01° 56' 00" E for a distance of 306.04 feet;
 S 13° 50' 51" E for a distance of 471.05 feet;
 S 40° 48' 47" W for a distance of 442.29 feet;
 S 72° 00' 47" W for a distance of 257.74 feet;
 N 37° 25' 56" W for a distance of 178.89 feet;
 S 81° 01' 13" W for a distance of 182.73 feet;
 S 58° 17' 45" W for a distance of 416.90 feet;
 S 36° 17' 52" W for a distance of 294.18 feet;
 N 89° 15' 37" W for a distance of 474.27 feet;
 N 28° 12' 48" W for a distance of 827.76 feet;
 S 87° 29' 26" W for a distance of 1,505.34 feet;
 S 53° 16' 53" W for a distance of 816.37 feet;
 S 88° 06' 13" W for a distance of 1,933.52 feet;
 S 88° 06' 13" W for a distance of 16.00 feet to the east edge of the ordinary high water
 mark of Poplar Creek;
 Thence approximately 3,583 feet along the east ordinary high water mark of Poplar
 Creek to a point in the south edge ordinary high water mark of East Fork Poplar
 Creek;
 Thence leaving said creek S 07° 37' 29" E for a distance of 116.30 feet;

S 29° 02' 03" E a distance of 795.80 feet;
S 37° 30' 07" E for a distance of 200.43 feet;
S 75° 02' 50" E for a distance of 170.48 feet;
N 65° 13' 19" E for a distance of 147.51 feet;
N 52° 34' 25" E for a distance of 603.04 feet;
N 61° 53' 21" E for a distance of 246.74 feet;
N 49° 56' 48" E for a distance of 350.54 feet;
N 63° 07' 12" E for a distance of 107.71 feet;
S 88° 11' 09" E for a distance of 191.75 feet;
N 66° 54' 24" E for a distance of 438.45 feet;
N 77° 20' 33" E for a distance of 335.00 feet;
N 89° 18' 03" E for a distance of 177.82 feet;
S 69° 35' 26" E for a distance of 705.44 feet;
S 83° 24' 09" E for a distance of 1,064.49 feet;
S 69° 00' 52" E for a distance of 382.03 feet;
S 77° 42' 50" E for a distance of 1,096.76 feet;
S 85° 41' 58" E for a distance of 781.80 feet;
N 73° 19' 00" E for a distance of 74.89 feet;
N 67° 40' 34" E for a distance of 78.39 feet to the Point of Beginning, said parcel containing 227.57 acres, more or less.

Bearings and distances are based on the Tennessee State Plane Grid (Coordinate System (88)). (88) refers to the year which Martin Marietta Energy Systems established GPS monuments on the Oak Ridge Reservation using values published in 1986 by the Tennessee Department of Transportation which tied the GPS monuments to the Tennessee Geodetic Reference Network System.

Metes and bounds description taken from drawing dated January 2005 and prepared by Barge, Waggoner, Sumner and Cannon, Inc. 1009 Commerce Park Drive, Suite 500, Oak Ridge, Tennessee 37830, 865-481-0496.

Exhibit "B"

OUTSTANDING GRANTED DOE RIGHTS
WITHIN EASEMENT AREA
Known as of June 30, 2004

REORDOER-2-50-0600 – East Tennessee Natural Gas Co. (now Duke Power Co.) –
indefinite term gasline easement

REORDOER-2-82-0601 – Oak Ridge Utility District - indefinite term gasline easement

REORDOER-2-96-0605 – Oak Ridge Utility District - indefinite term gasline easement

REORDOER-4-70-0801 – TVA - indefinite term powerline permit

REORDOER-4-77-0800 – TVA - indefinite term powerline permit

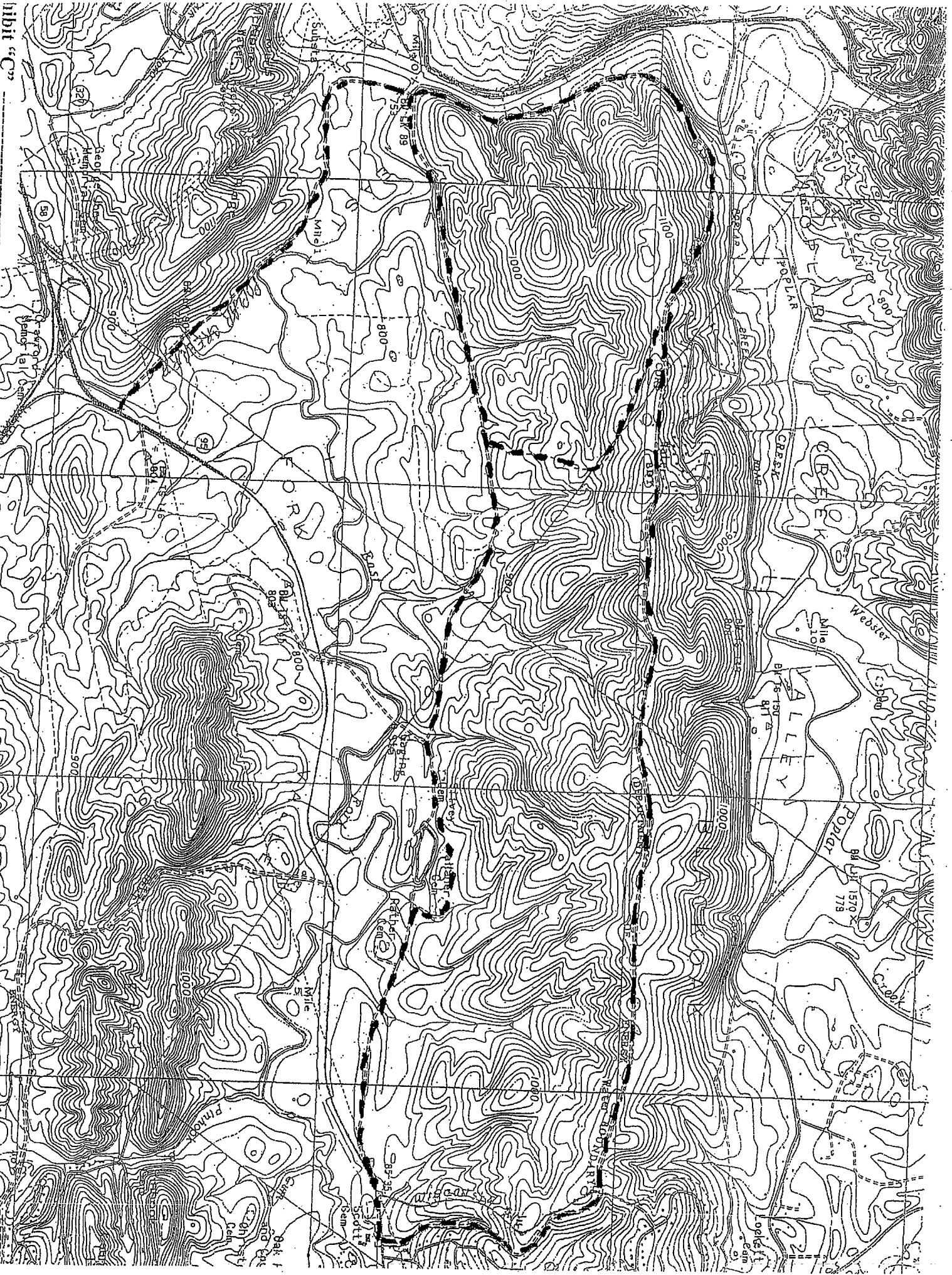
REORDOER-4-77-0801 – TVA - indefinite term powerline permit

REORDOER-4-84-0800 – TVA - indefinite term permit for streamflow sampler shelter

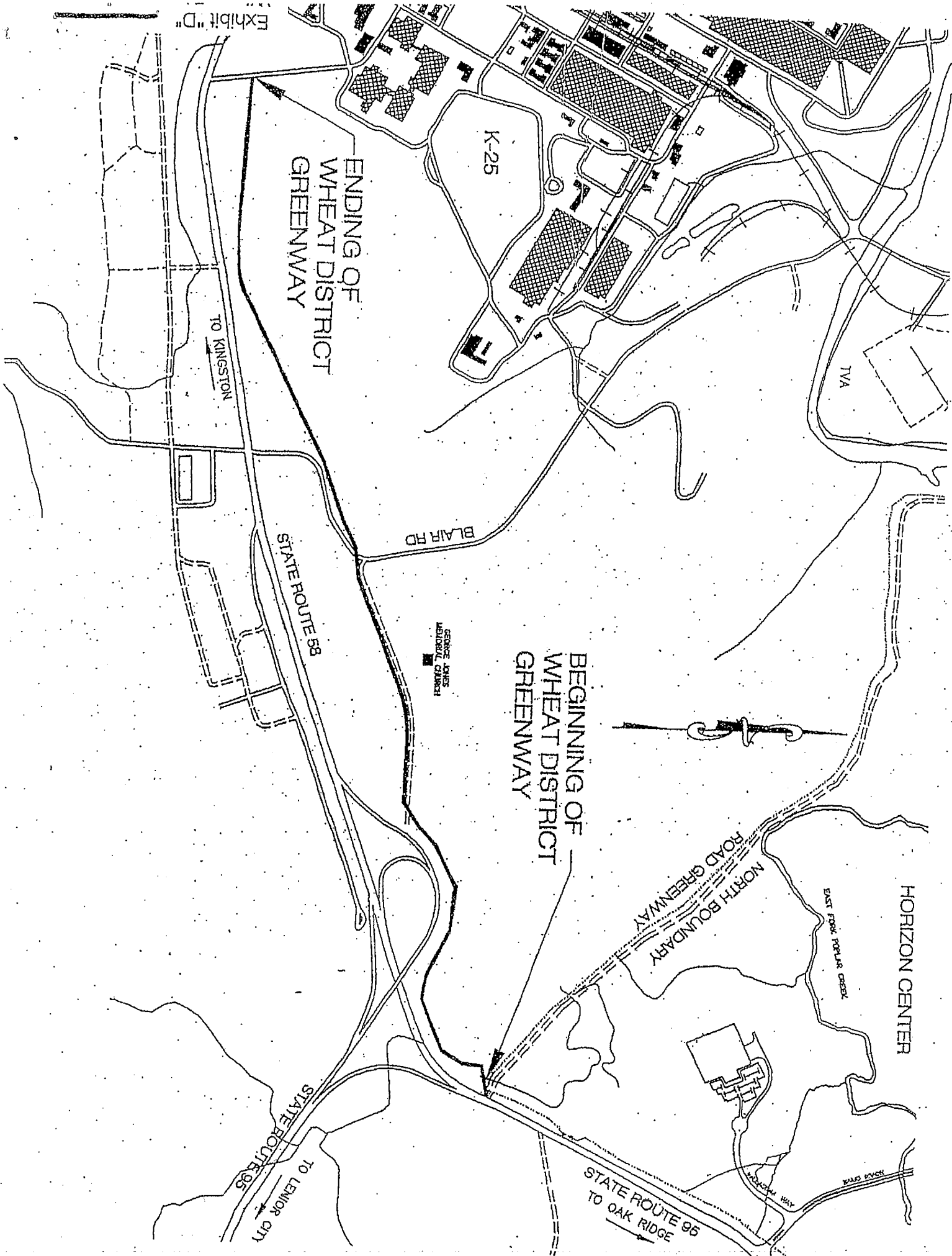
REORDOER-4-93-0804 – TVA - indefinite term powerline permit

REORDOER-4-95-0800 – TVA - indefinite term access road permit

18th Boundary Greenway Trail



Sheet "C"



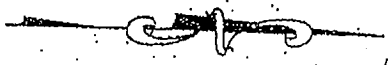
ENDING OF
WHEAT DISTRICT
GREENWAY

K-25

BLAIR RD

GEORGE JONES
MEMORIAL CHURCH

BEGINNING OF
WHEAT DISTRICT
GREENWAY



STATE ROUTE 88

TO KINGSTON

STATE ROUTE 85
TO LENIOR CITY

STATE ROUTE 95
TO OAK RIDGE

NORTH BOUNDARY
ROAD GREENWAY

EAST FORK POPLAR CREEK

HORIZON CENTER

WHEATMAN WAY

BLAIR CREEK

EXHIBIT B

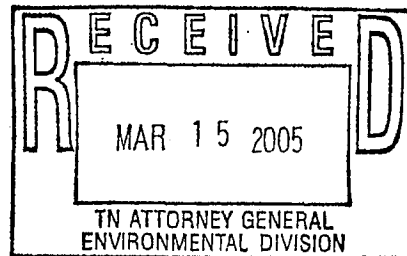


Department of Energy

Oak Ridge Operations Office
P.O. Box 2001
Oak Ridge, Tennessee 37831—

EXHIBIT C

March 10, 2005



Betsy L. Child
Commissioner
Tennessee Department of
Environment and Conservation
1st Floor, L&C Tower
401 Church Street
Nashville, Tennessee 37243-0435

Gary T. Myers
Executive Director
Tennessee Wildlife Resources Agency
Ellington Agricultural Center
P. O. Box 40747
Nashville, Tennessee 37204

RE: Black Oak Ridge Conservation Easement/Consideration for Management

Dear Commissioner Child and Director Myers:

Representatives of the U.S. Department of Energy (DOE), the Tennessee Department of Environment and Conservation (TDEC) and the Tennessee Wildlife Resources Agency (TWRA) have negotiated a final draft Indefinite Term Easement for the conservation of approximately 2,965.95 acres of land on DOE's Oak Ridge Reservation. Paragraph 5.(a) of the easement provides that DOE annually will pay to the State of Tennessee \$20,500.00 for the operation and maintenance of the property. In our negotiations it was agreed that DOE also will provide to the State each year certain in-kind goods and services, valued at \$16,300.00, which also will be used by the State for the operation and maintenance of the easement property.

Thus, DOE's total annual obligation to the State equals \$36,800.00, the breakdown of which is shown in the enclosed approved annual operating budget. This letter will confirm DOE's commitment to provide annually to the State \$16,300.00 in in-kind goods and services in addition to DOE's \$20,500.00 monetary payment

Sincerely,

Cindy Hunter
Realty Officer

Enclosure

cc: Dan Wilken, AD-40
Steve McCracken, EM-90
Patrick Parker, TDEC
Barry Turner, OAG