GENERAL PRINCIPLES OF AGREEMENT
HWB-14-20 and HWB-14-21

These General Principles of Agreement ("Principles of Agreement") are agreed upon by the New Mexico Environment Department ("NMED"), and the United States Department of Energy ("DOE"), Los Alamos National Security, LLC ("LANS"), and Nuclear Waste Partnership, LLC ("NWP") (collectively, with DOE and LANS, the "DOE Permittees") for the purpose of resolving Compliance Order Nos. HWB-14-20 and HWB-14-21 ("Compliance Orders"), related to the Los Alamos National Laboratory ("LANL") and the Waste Isolation Pilot Plant ("WIPP").

PREAMBLE

NMED and the DOE Permittees ("Parties") have engaged in settlement discussions in an effort to resolve the Compliance Orders without further administrative or judicial actions. As a result of these discussions, the Parties enter into these Principles of Agreement for the purpose of settling the claims of NMED as stated in the Compliance Orders, and any future claims related thereto. These Principles of Agreement are binding on the Parties, their officers, directors, employees, constituent agencies, contractors, subsidiaries, successors, assigns, trustees, receivers and other affiliates. These Principles of Agreement provide a binding framework the Parties will follow as the Parties work toward a detailed settlement agreement and stipulated final order that will incorporate the compromise and settlement of the alleged violations, including the necessary corrective actions, so LANL and WIPP may work toward resumption of waste processing operations.

TERMS

Accordingly, to settle any and all present and future claims, penalties, fines, or other sanctions, against the DOE Permittees, their constituent agencies, contractors and other affiliates arising from or relating to the February 2014 incidents at WIPP, the Parties commit to the following Principles of Agreement. The Parties shall work cooperatively and in good faith to implement these Principles of Agreement beginning with implementation particulars – scope, timing and other implementation details of the supplemental environmental projects outlined below.

1. DOE will pay to the State of New Mexico ("State") $34 million to fund necessary repairs to New Mexico roads used for the transportation of DOE shipments of transuranic waste to WIPP ("WIPP designated routes"), as specified at 18.20.9 NMAC, in the southeastern portion of New Mexico near the City of Carlsbad.

    A. Monies will be used first to repave/repair the WIPP North Access Road, an approximately 13 mile stretch of road between Highway 62-180 and the WIPP site.
    B. The State may prioritize WIPP designated routes for improvements in conjunction with DOE following improvements of the North Access Road.
    C. DOE will assign designees to participate in meetings with the New Mexico Department of Transportation ("NMDOT") and NMED in order to execute the commitments in Principle 1, including but not limited to, coordinating the receipt and application of funds and implementing the necessary procedures.

2. DOE will fund up to $12 million to improve DOE-owned transportation routes at LANL used for transportation of transuranic waste to WIPP. Potential projects include widening portions

of East Jemez Road and constructing egress/merge lanes at the intersection of East Jemez Road and New Mexico Route 4.

A. DOE will assign designees to participate in meetings with NMDOT and NMED, in order to execute the commitments in Principle 2, including but not limited to determining the best use of the funds for improvements to DOE-owned transportation routes at LANL.

B. DOE, NMDOT and NMED will take into consideration input from Los Alamos County.

3. DOE will fund independent, external triennial reviews of environmental regulatory compliance and operations at LANL and WIPP to ensure any regulatory deficiencies are identified. The results of such reviews shall be made available to NMED and the public. The DOE Permittees, their constituent agencies, contractors and affiliates agree to address any deficiencies identified in such reviews. NMED agrees to refrain from taking any enforcement action against the DOE Permittees, their constituent agencies, contractors and affiliates for any violations identified in the triennial reviews so long as the DOE Permittees and their facility operators correct any deficiencies identified in the course of such reviews. DOE and NMED shall agree on a third party to perform the independent reviews.

4. DOE will fund enhanced training and capabilities for local emergency responders, including funding for training and exercises with local mine rescue teams, in and around Carlsbad, NM, and DOE will fund an offsite emergency operations center near WIPP.

5. DOE will fund and install engineering structures in canyons in and around LANL to slow storm water flow and decrease sediment load to improve water quality in the area, allowing DOE and NMED to manage surface water at a watershed scale.

6. DOE will fund increased sampling and monitoring capabilities for storm water runoff in and around LANL, with the results of sampling and monitoring to be shared with the public and NMED.

7. DOE will provide $10 million for LANL to replace aging potable water lines and install metering equipment on LANL potable water systems. These improvements will reduce potable water losses, minimize reportable spills and enhance water conservation efforts at LANL.

8. In addition to waiving any and all present and future claims, penalties, fines, or other sanctions, against the DOE Permittees, their constituent agencies, contractors and other affiliates arising from or relating to the February 2014 incidents at WIPP, NMED also agrees to: consider in a timely manner a request for extension to store transuranic waste in the waste handling building on the surface of WIPP beyond the date of May 6, 2015, as is currently required under the most recent NMED permit extension; consider in a timely manner a permit modification request to allow for an above-ground storage facility for temporary on-site storage of transuranic waste at WIPP; enter into good-faith discussions concerning modifications to the 2005 Consent Order for completion of the cleanup of legacy contamination, and forego penalties so far assessed under the 2005 Consent Order.

9. The Parties will resume the WIPP and LANL technical working groups to identify and implement the necessary corrective actions at both facilities. The technical working groups will memorialize the corrective actions necessary to satisfy the Compliance Orders' Schedules of Compliance,

Section III of the Compliance Orders, to be incorporated as addenda to the settlement agreement and stipulated final order.

10. DOE will agree to good-faith, informal discussions with NMED and NMDOT concerning the State's ongoing and future needs to maintain roads on WIPP designated routes and how best to address those needs following the expiration of the WIPP designated routes grant.

11. Nothing in these Principles of Agreement, including Paragraphs 1 through 7 above, is intended to obligate DOE to expend funds in excess of available appropriations. DOE will take all necessary steps, including Budget reprogramming, within its existing authority to effectuate the provisions of Paragraphs 1 through 7. Funds used by DOE to execute these Principles of Agreement will not detract from work at LANL or from the WIPP recovery. Nothing in these Principles of Agreement will obligate the DOE Permittees to disclose information when such disclosure is contrary to law, including classified information.

12. The Parties will seek a stay of discovery and all litigation proceedings concerning the Compliance Orders pending execution of the settlement agreement and stipulated final order.

IMPLEMENTATION

The Parties agree they will act reasonably and in good faith at all times to accomplish the objectives of these Principles of Agreement. These Principles of Agreement will serve as the document that will bind the Parties' execution of a detailed settlement agreement and stipulated final order. These Principles of Agreement shall not be altered or amended. These Principles of Agreement shall become effective and enforceable on the date executed by all the Parties and shall remain in effect until the Parties execute a detailed settlement agreement and stipulated final order incorporating these terms.

BY SIGNING THESE PRINCIPLES OF AGREEMENT, THE SIGNATORY FOR EACH PARTY BELOW CERTIFIES THAT HE OR SHE HAS THE AUTHORITY TO LEGALLY BIND THE PARTY TO THESE PRINCIPLES OF AGREEMENT.

NEW MEXICO ENVIRONMENT DEPARTMENT

By: _____ Date: 4/30/2015

Ryan Flynn
Secretary, New Mexico Environment Department

UNITED STATES DEPARTMENT OF ENERGY

By: _____ Date: 4/30/15

Mark Whitney
Principal Deputy Assistant Secretary, Environmental Management

By: _____ Date: 4/30/2015

Frank G. Klotz
Under Secretary for Nuclear Security, Department of Energy
Administrator, National Nuclear Security Administration

LOS ALAMOS NATIONAL SECURITY, LLC

By: _____ Date: 4/30/15

Dr. Charles F. McMillan
Director, LANS

NUCLEAR WASTE PARTNERSHIP, LLC

By: _____ Date: 4/30/2015

Robert L. McQuinn
President, NWP