AMENDED PERMIT

ASSIGNED

No. 56406

APPLICATION FOR PERMIT
TO APPROPRIATE THE PUBLIC WATERS OF THE STATE OF NEVADA

Date of filing in State Engineer's Office JUN 6 1991

Returned to applicant for correction

Corrected application filed

Map filed JUN 28 1991

The applicant Lone Tree Mining, Inc.

Box 27019 (Street and No. or P.O. Box No.), of Albuquerque (City or Town),

New Mexico, 87125 (State and Zip Code No.), hereby makes application for permission to appropriate the public waters of the State of Nevada, as hereinafter stated. (If applicant is a corporation, give date and place of incorporation; if a copartnership or association, give names of members.) Delaware 2/21/90

1. The source of the proposed appropriation is underground (Name of stream, lake, spring, underground or other source)

2. The amount of water applied for is 9.0 second-feet (One second-foot equals 448.83 gals. per min.)

   (a) If stored in reservoir give number of acre-feet

3. The water to be used for Mining, Milling, Domestic, and Dewatering (Irrigation, power, mining, manufacturing, domestic, or other use. Must limit to one use.)

4. If use is for:

   (a) Irrigation, state number of acres to be irrigated

   (b) Stockwater, state number and kinds of animals to be watered

   (c) Other use (describe fully under No. 12. "Remarks" see no. 12

   (d) Power:

      (1) Horsepower developed

      (2) Point of return of water to stream

5. The water is to be diverted from its source at the following point SE¼ NE¼ of Section 11, T.34N., R.42E., M.D.B.&M. bearing S 16°38'37"E 3365.4' to Southwest corner of section 12 T34N, R42E M.D.B.&M (Describe as being within a 40-acre subdivision of public survey, and by course and distance to a section corner. If on unsurveyed land, it should be so stated.)

6. Place of use Sections 1,2,3,10,11,12,13,14,15,22,23, and 27 T.34N., R.42E., M.D.B.&M., and the south half of the NE¼, and the north half of the SE¼, section 29 T.35N., R.43E., M.D.B.&M. (Describe by legal subdivision. If on unsurveyed land, it should be so stated.)

7. Use will begin about January 1 (Month and Day) and end about December 31 (Month and Day), of each year.

8. Description of proposed works. (Under the provisions of NRS 535.010 you may be required to submit plans and specifications of your diversion or storage works.) Well casing, pump, and distribution system. (State manner in which water is to be diverted, i.e. diversion structure, ditches and flumes, drilled well with pump and motor, etc.)

9. Estimated cost of works $100,000.00

10. Estimated time required to construct works two years

If well completed, describe works.

11. Estimated time required to complete the application of water to beneficial use five years

12. Remarks: For use other than irrigation or stock watering, state number and type of units to be served or annual consumptive use:

Water will be used in a mining and milling complex. Water from this application to be comingled with water from permits no. 54759 through 54764, and the application for WW-6, for a combined duty of 16,129 acre feet.

By s/ Kerri Dierberger
Kerri Dierberger, agent, Hydro-Search, Inc.
5250 S. Virginia St., Ste 280
Reno, Nevada 89502

Compared ab/se /gkl ab/se

Protested 8/13/91 by Sierra Pacific Power Company;
Pro. wdr. 10-30-91

APPROVAL OF STATE ENGINEER

This is to certify that I have examined the foregoing application, and do hereby grant the same, subject to the following limitations and conditions:

This permit is issued subject to existing rights. It is understood that the amount of water herein granted is only a temporary allowance and that the final water right obtained under this permit will be dependent upon the amount of water actually placed to beneficial use. It is also understood that this right must allow for a reasonable lowering of the static water level. This well shall be equipped with a two (2) inch opening for measuring depth to water. If the well is flowing, a valve must be installed and maintained to prevent waste. A totalizing meter must be installed and maintained in the discharge pipeline near the point of diversion and accurate measurements must be kept of water placed to beneficial use. The totalizing meter must be installed before any use of water begins or before the Proof of Completion of Work is filed.

This permit does not extend the permittee the right of ingress and egress on public, private or corporate lands.

The manner of use of water under this permit is by nature of its activity a temporary use and any application to change the manner of use granted under this (CONTINUED ON PAGE 2)

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, and not to exceed 9.0 cubic feet per second, but not to exceed 3,144 acre-feet annually.

Work must be prosecuted with reasonable diligence and be completed on or before September 25, 1992

Proof of completion of work shall be filed before October 25, 1992

Application of water to beneficial use shall be filed on or before May 25, 1994

Proof of the application of water to beneficial use shall be filed on or before June 25, 1994

Map in support of proof of beneficial use shall be filed on or before N/A

Completion of work filed AUG 25 1992

Proof of beneficial use filed JUL 24 1996

Cultural map filed

Certificate No. 14567 Issued APR - 9 1997

IN TESTIMONY WHEREOF, I, R. MICHAEL TURNIPSEED, P.E. State Engineer of Nevada, have hereunto set my hand and the seal of my office, this 30th day of August, A.D. 1993

State Engineer

(PERMIT TERMS CONTINUED)

permit will be subject to additional determination and evaluation with respect to the permanent effects on existing rights and the resource within the ground water basin.

The issuance of this permit does not waive the requirements that the permit holder obtain other permits from State, Federal and local agencies.

The total combined diversion rate of Permits 54247, 54759, 54760, 54761, 54762, 54763, 54764, 56406, 56407, 56578, 56579, 56580, 56581, 56582, 56583, 56584, 56585, 56586, 56951, 57103, 57104, 58257-T, 58292-T, 58385, 58550, 58601-T, 58602-T, 58831-T, 58832-T, 58833-T, 58834-T, 59064-T, 59065-T, 59066-T, 59067-T and 59068-T, inclusive, shall not exceed 33,460 gallons per minute or 74.56 cubic feet per second for mining, milling, and dewatering purposes. The total volume of water allowed to be diverted under the above mentioned permits and for the same purposes shall not exceed 53,800 acre-feet annually. The total combined consumptive duty for mining and milling purposes under the above mentioned permits and any changes of these permits shall not exceed 3,144 acre-feet annually.

All water diverted but not used for mining or milling purposes shall be discharged to the Iron Point Relief Canal via the aqueduct completed in June, 1993.

All water diverted shall be measured and reported to the State Engineer on a monthly basis. The report shall include the amount of water diverted from each well, the amount of water used for mining and milling purposes, and the amount discharged to the aqueduct to the Iron Point Relief Canal. This report shall be submitted to the State Engineer within 15 days of the last day of the preceding month.

This permit is issued subject to the "Lone Tree Mining, Inc., Unified Monitoring Plan, March 27, 1993."

The State Engineer will retain the right to require additional monitoring over and above the monitoring plan mentioned, and also will retain the right to seek other disposal options of water discharged to the Iron Point Relief Canal.

The permittee, on a schedule acceptable to the State Engineer, shall prepare and present an update on the activities of the mine and the monitoring plan on a periodic basis, but not less than two times per year.

SEE AMENDED PERMIT

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4. If use is for:

   (a) Irrigation, state number of acres to be irrigated

   (b) Stockwater, state number and kinds of animals to be watered

   (c) Other use (describe fully under "No. 12. Remarks") see no. 12

   (d) Power:

      (1) Horsepower developed

      (2) Point of return of water to stream

5. The water is to be diverted from its source at the following point SE¼ NE¼ of Section 11, T.34N., R.42E., M.D.B.&M. bearing S 16° 38' 37" E 3365.4' to Southwest corner of section 12 T34N, R42E M.D.B&M (Describe as being within a 40-acre subdivision of public survey, and by course and distance to a section corner. If on unsurveyed land, it should be so stated.)

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7. Use will begin about January 1 (Month and Day) and end about December 31 (Month and Day), of each year.

8. Description of proposed works. (Under the provisions of NRS 535.010 you may be required to submit plans and specifications of your diversion or storage works.) Well casing, pump, and distribution system. (State manner in which water is to be diverted, i.e. diversion structure, ditches and flumes, drilled well with pump and motor, etc.)

9. Estimated cost of works $100,000.00

(PERMIT TERM CONTINUED)

The issuance of this permit does not waive the requirements that the permit holder obtain other permits from State, Federal and local agencies.

The total combined diversion rate of Permits 54247, 54759, 54760, 54761, 54762, 54763, 54764, 56406 and 56407 shall not exceed 10,000 gallons per minute or 22.28 cubic feet per second and the total volume of water diverted for dewatering, mining or other industrial uses shall not exceed 16,130 acre feet per annum. All water diverted that cannot be placed to a beneficial use shall be injected back to the Pumpernickel Valley and/or Clovers Area groundwater system. The existing surface discharge to the Herrin Slough may continue until November 1, 1992, subject to the permitting requirements of other state, federal and local agencies. Injection of excess water, or substitution for other permitted industrial or mining uses, shall be the only means of disposal after that date. This permit does not relieve the operator of the requirements of other state, federal or local agencies.

All water diverted, used in the mining and milling process and discharged to the slough shall be measured continuously and reported on a monthly basis.

A measuring device approved by the State Engineer as to the type and location, shall be installed at the downstream end of the slough just prior to any of the discharged water entering the Humboldt River. This measurement device shall be installed within 30 days from the issuance of this permit. The measurements shall be on a continuous basis and reduced to daily flows.

The monitoring plan revised November 22, 1991, is hereby adopted with one exception, that being the frequency of water level measurements shall be made and reported on a monthly basis for a period of one year after the issuance of this permit. The monitoring plan will be reviewed at the end of this one year period, to determine if any other modifications are necessary.

All data from the water diverted and used, the measurement of water in the slough and the water level measurements shall be submitted to the State Engineer within 15 days of the last day of the preceding month.

The total combined duty of water under Permits 54247, 54759, 54760, 54761, 54762, 54763, 54764, 56406 and 56407 shall not exceed 3,144 acre feet annually.