№ 56585

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

Date of filing in State Engineer's Office JUL 2 5 1991

Returned to applicant for correction

Corrected application filed

Map filed JUL 2 5 1991 under 56578

The applicant Rayrock Mines, Inc., DBA Marigold Mining Co.

P. O. Box 9 (Street and No. or P.O. Box No.), of Valmy (City or Town),

NV 89438 (State and Zip Code No.), hereby make s 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.) Rayrock Mines, Inc., A Nevada Corporation, November 17, 1970.

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 3.333 cfs (One second-foot equals 448.83 gals. per min.) second-feet

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

3. The water to be used for Mining, Milling 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")

   (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 NE¼ SW¼ of Section 13, T34N, R42E, MDB&M., at a point from which the West ¼ corner of said Section 13 bears N 71°26'53" W, 2057.23 feet. (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 All of Sections 12, 13 and 14, T34N, R42E, MSB&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, Pipelines and Storage Ponds and Ditches. (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 $50,000

10. Estimated time required to construct works 3 years
If well completed, describe works.

11. Estimated time required to complete the application of water to beneficial use 5 years

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

The annual consumptive use will be 786,271,525 gallons.

See attached.

HIGH DESERT Engineering, Agent
s/Robert E. Morley
By Robert E. Morley
515 South Fifth Street
Elko, NV 89801

Compared cc/ jjs ab/se

Protested 10/25/91 by; Sierra Pacific Power Company:
Pro. wdr. 4-28-93

APPROVAL OF STATE ENGINEER

This is to certify that I have examined the foregoing application, and do hereby grant the same, subject to the followng 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 source is located within an area designated by the State Engineer, pursuant to NRS 534.030. The State retains the right to regulate the use of the water herein granted at any and all times.

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

(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 3.333 cubic feet per second, but not to exceed 2413 acre-feet annually.

Work must be prosecuted with reasonable diligence and be completed on or before August 30, 1995

Proof of completion of work shall be filed on or before September 30, 1995

Application of water to beneficial use shall be made on or before August 30, 1998

Proof of the application of water to beneficial use shall be filed on or before September 30, 1998

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

Completion of work filed

Proof of beneficial use filed

Cultural map filed

Certificate No. Issued

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. 19 93

R. Michael Turnipseed PE
State Engineer

(O)-5314 (Rev.)

Abrogated By 59249 3.333

ATTACHMENT

SECTION 12 (REMARKS)

This application forms part of a request to permit 9, 40 acre 1/4 1/4 sections. The issuing of these permits will allow dewatering for the safe operation of Stonehouse Mine. The total diversion rate from the 9, 40 acre permits collectively shall not exceed 30 cfs. More than one well may be drilled in each 40 acre subdivision. A totalizing and instantanious flow meter shall be installed on each well. This water will be used for mining, milling and dewatering purposes. Water from the dewatering system will be discharged in a manner to be approved to by the State Engineer. Some water from the dewatering system may be reinfiltrated back to the groundwater basin, but secondary beneficial uses may include power or agricultural development that would be applied for under additional permits. Monthly reports covering and including the number of wells, individual pumping rates, collective pumping rates, rates of drawdown, and consumption rates shall be submitted to the State Engineer.

(PERMIT TERMS CONTINUED)

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

This permit is issued under the preferred use provisions of NRS Chapter 534. 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 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 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.