

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

Date of filing in State Engineer's Office JUN-28-1992 NEW PRIORITY DATE: OCT 5 1998

Returned to applicant for correction

Corrected application filed

Map filed JUN 08 1992 under 57586

The applicant Tahoe Milling Inc. and James Garst

PO Box 5963 of Incline Village, Nevada, 89450

hereby make application for permission to appropriate the public waters of the State of Nevada, as hereinafter stated. Tahoe Milling Inc. was incorporated in Nevada on August 11, 1988

1. The source of the proposed appropriation is A spring in Dun Glen Canyon

2. The amount of water applied for is 2.0 c.f.s. or 20-50 million gallons annually

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

3. The water to be used for mining, milling, and domestic

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 within the SW 1/4 SW 1/4 of Section 16, T33N, R36E, MDB&M or at a point from which the SW corner of said Section 16, bears South 23 degrees West 1205'.

6. Place of use NW 1/4 SW 1/4 of Section 16, T33N, R36E, MDB&M

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

8. Description of proposed works. Water will be diverted by means of a gravel packed pit with a sump pump. Water will be delivered by pipeline.

- 9. Estimated cost of works Under \$10,000
- 10. Estimated time required to construct works 30 to 60 days
If well completed, describe works.
- 11. Estimated time required to complete the application of water to beneficial use one to two 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 location of this application is the same as that of the change of point of diversion on permit #48508 now #57652. Please use the map filed with that change with this new application. The water is to be used for mining, milling and domestic. Annual consumptive use will be from 20 to 50 million gallons annually more or less depending upon the volume of water produced by the spring and the volume of water required by the mill. In part, this permit is intended to allow for the reclamation of water which is leaking from our pond located just above the spring. Tahoe Milling has right to this water under Certificates #5432 and #5395.

By s/James Garst
 PO Box 5963
 Incline Village, NV 89450

Compared bc/ bc ab/se

Protested _____

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 all existing rights on the source. It is understood that the amount, 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 a beneficial use. A suitable measuring device must be installed and accurate measurements of the water placed to a beneficial use must be included in the proof of such use when filed. 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.

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 duty of water under Permits 17552, Certificate 5432; 57586; 57786 and 57937 shall not exceed 55 million gallons annually.

(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 0.13 cubic feet per second, but not to exceed 31.54 million gallons annually.

- Work must be prosecuted with reasonable diligence and be completed on or before February 7, 1994
- Proof of completion of work shall be filed before March 7, 1994
- Application of water to beneficial use shall be filed on or before February 7, 1996
- Proof of the application of water to beneficial use shall be filed on or before March 7, 1996
- Map in support of proof of beneficial use shall be filed on or before N/A

Completion of work filed FEB 25 1994
 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 25th day of June

A.D. 1993
[Signature]
 State Engineer

~~CANCELLED AUG 13 1998~~ BECAUSE OF FAILURE OF APPLICANT TO COMPLY WITH THE PROVISIONS OF PERMIT
[Signature] STATE ENGINEER
 cancellation rescinded
 3-19-99
 (0)-2145 (Rev. 9-89)

(PERMIT TERMS CONTINUED)

This permit will allow for the dewatering of the pit area. Any water obtained as a result of this dewatering operation shall be used first by the permittee for mining, milling, heap leaching, drilling, dust control, road watering and other related mining and milling uses within the described place of use on this permit.

Monthly reports shall be kept of the amount of water pumped from each point of diversion under the control of the permittee, the amount of water consumptively used and any water disposed of, in addition to what method of disposal was used. The records must be submitted to the State Engineer on a quarterly basis within 15 days after the end of each calendar quarter.