

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

Date of filing in State Engineer's Office AUG 05 1992 NEW PRIORITY DATE: OCT 5 1998

Returned to applicant for correction SEP 08 1992

Corrected application filed

Map filed SEP 18 1992

The applicant Tahoe Milling Inc.

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. (If applicant is a corporation, give date and place of incorporation; if a copartnership or association, give names of members.) Incorporated in Nevada,

August 11, 1988

1. The source of the proposed appropriation is The surface waters of Dun Glen Canyon that are found in HP-16-8 open mining pit.

2. The amount of water applied for is 3.0 c.f.s. or 50 to 200 million gal annually second-feet

(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 NE 1/4 NE 1/4 Sec 16, T33N, R36E MDB&M, or at a point from which the NE corner of said Sec 16 bears North 10 degrees East 620 feet. Hencefore Known as Tahoe Milling claim HP16-8 creek pit pond. The location of this pit will move as the ore body is advanced.

6. Place of use NE 1/4 NE 1/4 and/or NW 1/4 SW 1/4 of Sec 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. (Under the provisions of NRS 535.010 you may be required to submit plans and specifications of your diversion or storage works.) The water will be pumped from mining pit so as to de-water the pit allowing excavation. The water will then be delivered to a mill at the site of the pit and/or to the existing mill and ponds located in NW 1/4 SW 1/4 of Sec 16.

- 9. Estimated cost of works less than \$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:

Tahoe Milling Inc. must pump this water from its mining pit so as to de-water the working area allowing for excavation of the pit. This water will then be used to process the gravels at the site of the creek pit and/or the existing mill and ponds located below. The water will be used for mining, milling and domestic with annual consumptive use of 200 million gallons more or less as required by the operation and development of the pit and milling project known as the Dun Glen Mine.

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 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. 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 0.223 cubic feet per second, but not to exceed 52.56 million gallons annually.

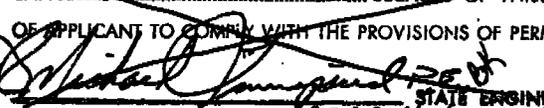
- Work must be prosecuted with reasonable diligence and be completed on or before February 7, 1994
- Proof of completion of work shall be filed before March 7, 1994
- Application of water to beneficial use shall be filed on or before February 7, 1996
- Proof of the application of water to beneficial 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 _____
 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 7th day of July

A.D. 1993

 State Engineer

~~CANCELLED~~ **AUG 13 1998** BECAUSE OF FAILURE OF APPLICANT TO COMPLY WITH THE PROVISIONS OF PERMIT

 STATE ENGINEER
 cancellation rescinded
 3-19-99
 (0)-2145 (Rev. 9-89)

(PERMIT TERMS CONTINUED)

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

This permit will allow for the dewatering of the pit area. The water obtained as a result of this dewatering shall be used 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.

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

