ASSIGNED

No. 58998

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

Date of filing in State Engineer's Office JUL 14 1993

Returned to applicant for correction

Corrected application filed

Map filed JUL 14 1993

The applicant Pegasus Gold Corporation

230 South Rock Blvd. Suite 30 (Street and No. or P.O. Box No.), of Reno (City or Town),

Nevada 89502 (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.) Date of Incorporation was January 20, 1978 in the State of Nevada.

1. The source of the proposed appropriation is an underground source (site 11) (Name of stream, lake, spring, underground or other source)

2. The amount of water applied for is 1.0 C. F. S. (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, domestic & dewatering purposes (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" Mining, Milling, Domestic & Dewatering purposes

   (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 NE¼ SE¼ of Section 3, T.18N., R.24E., M.D.B.&M.; or at a point from which the NE corner of said Section 3 bears N 10° 09' E a distance of 3,000.00 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 The W½ of Section 2, all of Section 3 & 10, and the NW¼ of Section 11, all within T.18N., R.24E., M.D.B.&M. and the E½ of Section 33 & all of Section 34 within T.19N., R.24E., M.D.B.&M. & W½ of Section 35, T.19N., R.24E., M.D.B.&M. (Describe by legal subdivision. If on unsurveyed land, it should be so stated.)

7. Use will begin about January 1st (Month and Day) and end about December 31st (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.) drill well, install pump, & pipeline (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 in excess of $10,000.00

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 duty of water from this application and other dewatering applications filed should be 1,577 million gallons annually.

Desert-Mountain, Inc. as agent
By s/John H. Milton III
146 W. Second St.
Winnemucca, NV 89445

Compared bc/bc

Protested

DENIAL OF STATE ENGINEER

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

This application is hereby denied on the grounds that granting of the application would conflict with existing rights and threaten to prove detrimental to the public interest.

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, and not to exceed cubic feet per second

Work must be prosecuted with reasonable diligence and be completed on or before

Proof of completion of work shall be filed before

Application of water to beneficial use shall be filed on or before

Proof of the application of water to beneficial use shall be filed on or before

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

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 26th day of April, A.D. 1996

R. Michael Turnipseed P.E.
State Engineer

(O)-2145 (Rev. 9-89)