

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

NEW PRIORITY DATE:

~~1995~~ NOV 3 2006

Date of filing in State Engineer's Office.....

Returned to applicant for correction.....

Corrected application filed.....

Map filed..... OCT 26 1995 under 61643

The applicant..... Pegasus Gold Corporation

601 West First Avenue, Suite 1500, of Spokane, Washington 99204

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.)... Nevada Corporation

Incorporated on January 20, 1978

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..... 1.1..... second-foot

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

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 #12 below

(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..... in the NE 1/4 of the NW 1/4 (Lot 2),

Describe as being within a 40-acre subdivision of public

Section 3, T.31N., R.33E., M.D.B.&M., or at a point from which the SW corner of said Section 3 bears S 23°15'W a distance of 4,460 feet.

6. Place of use..... Sections 2,3,4,9,10,11,14,15,16,37,38,39, T.31N., R.33E., M.D.B.&M.

Describe by legal subdivision. If on unsurveyed land, it should be so stated.

and a portion of the South 1/2 of Section 34, T.32N., R.33E., M.D.B.&M. Refer to place of use map submitted with application #61203

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

Month and Day

Month and Day

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 well will be drilled about 800' deep

State manner in which water is to be diverted, i.e. diversion structure, ditches and

into the geothermal aquifer, pumped to a cooling pond and metered before use.

flumes, drilled well with pump and motor, etc.

- 9. Estimated cost of works.....\$200,000.00.....
- 10. Estimated time required to construct works.....one year.....
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:

.....Production at the mine will double to over 1 million tons per month, crushed ore, in 1996 and additional water will be required for process, future construction and rinsing for concurrent reclamation. Mining justification is to be assembled and submitted. The annual consumptive use is 259,496,600 gallons.....

By s/Joyce M. Muir
P. O. Box 330
Imlay, Nevada 89418

Compared.....cl/nsr..... cl/cmg

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. 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.....1.1.....cubic feet per second....., but not to exceed 259.5 million gallons annually.

Work must be prosecuted with reasonable diligence and be completed on or before.....June 14, 1997
Proof of completion of work shall be filed before.....July 14, 1997
Application of water to beneficial use shall be filed on or before.....June 14, 2000
Proof of the application of water to beneficial use shall be filed on or before.....July 14, 2000
Map in support of proof of beneficial use shall be filed on or before.....N/A

MAR 18 1997

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 16th day of May

A.D. 1996
R. Michael Turnipseed, P.E.
State Engineer

Port 64592T 0.09
64594T 0.34
Abrogated 137

62382 - T 0.34 Exp 12/20/97
63317T 0.09 Exp 11/19/98
63318T 0.34 Exp 11/19/98
66438 - T 0.34 Exp 12/6/01
Port 68704-7 0.34
70024T 0.34 EXP 10/1/04
71561-T 0.34 EXP

~~CANCELLED OCT 31 2006 BECAUSE OF FAILURE OF APPLICANT TO COMPLY WITH THE PROVISIONS OF PERMIT~~
Can. Rescinded 1-31-07
STATE ENGINEER

(PERMIT TERMS CONTINUED)

The total combined duty of water under Permits 48997, Certificate 13237; 48998, Certificate 13238; 48999, Certificate 13239; 49931, Certificate 13240; 53342, Certificate 13245; 57096; 57097; 57098; 61203; 61204-T; 61643; 61644; 61707 and 61711-T shall not exceed 787.0 million gallons annually.

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.

Monthly records will be kept of the following: The volume of water pumped from each well, the volume of water consumptively used for mining and milling purposes projectwide and the amount of water used for reclamation purposes. These records will be submitted within 15 days after the end of each month. Please also submit the water level (static or pumping) of each permitted well with the pumping report.