

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

Date of filing in State Engineer's Office JUL 17 1996
Returned to applicant for correction AUG 09 1996
Corrected application filed _____
Map filed AUG 14 1996 under 62306

The applicant **Independence Mining Company, Inc.**, hereby makes application for permission to appropriate the public waters of the State of Nevada, as hereinafter stated.

1. The source of the proposed appropriation is **underground (Sheep Ridge well)**
2. The amount of water applied for is **0.2 c.f.s.** second-feet
 - (a) If stored in reservoir give number of acre-feet
3. The water to be used for **mining, milling, de-watering & 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 NE/NE Section 13, T.40N., R.53E., M.D.M., from which the NE corner of said section bears N. 2°38'E., 1,359 ft. dist.**
6. Place of Use **T.39N., R.53E. M.D.M. - Sections 1 through 24; T.39N., R.54E. - Sections 5 through 8; 17 through 20; T.40N., R.53E. - all sections, T.40N., R.54E. - W½ Section 3, 4 through 8, 17 through 20, 29 through 32; T.41N., R.53E. - all sections, T.41N., R.54E. - Sections 5 through 8, 18 through 20, 29 through 33, W½ 34.**
7. Use will begin about **January 1** and end about **December 31**, of each year.
8. Description of proposed works **Drilled well, casing, submersible pump, storage tank, piping, valves.**
9. Estimated cost of works **constucted under permit #58336**
10. Estimated time required to construct works **existing works**
11. Estimated time required to complete the application of water to beneficial use **five years**
12. Remarks: **An estimated 50 million gallons is needed from this source for dust control on a network of existing and future exploration and haul roads, for sample preparation, exploration drill rigs and incidental human consumption.**

By **s/William A. Nisbet**
421 Court St.
Elko, Nevada 89801

Compared cms/bk jr/cms

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.

The total combined duty of water under Permits 39881, Certificate 11893; 42687; 47148, Certificate 13139; 47414; 48175, Certificate 13143; 54617, Certificate 14301; 58336, 58426-E, 58427-E, 58428-E, 58429-E, 58430-E, 58431-E, 58432-E, 58433-E, 58744-E, 59274, 61722, 61740-E, 61780-E, 61781-E, 61946, 62308, and 62374 will not exceed 5,847.33 acre-feet annually.

The total combined duty of water under Permits 58336 and 62308 shall not exceed 120.39 acre-feet 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 measurements shall be kept and submitted to the State Engineer within 15 days after the end of each calendar quarter which shall include: the volume of water pumped from each well, the rate of diversion pumped from each well, the measurement of pumping water level (drawdown) from each well and the volume of water consumptively used for mining and milling purposes.

(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 0.2 cubic feet per second, **but not to exceed 107.96 acre-feet annually.**

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

N/A

Proof of completion of work shall be filed before:

N/A

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

August 30, 1998

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

September 30, 1998

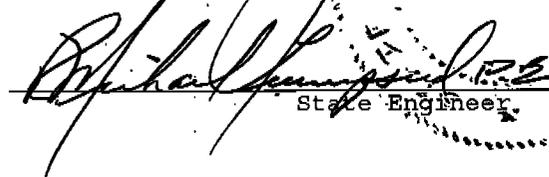
Map in support of proof of beneficial use shall be filed on or before:

N/A

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 19th day of May, A.D. 1998


State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____