TEMPORARY NO. 63901-T

APPLICATION FOR PERMISSION TO CHANGE POINT OF DIVERSION, MANNER OF USE AND PLACE OF USE OF THE PUBLIC WATERS OF THE STATE OF NEVADA HERETOFORE APPROPRIATED

Date of filing in State Engineer's Office MAR 09 1998

Returned to applicant for correction _____

Corrected application filed _____

Map filed MAR 27 1998

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The applicant Cortez Joint Venture, hereby makes application for permission to change the place of use and point of diversion of a portion of water heretofore appropriated under permit #57143

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1. The source of water is Underground (Well # SB-07)

2. The amount of water to be changed 2.0 c.f.s

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

4. The water heretofore permitted for mining, milling, dewatering and domestic

5. The water is to be diverted at the following point within the NW¼ NW¼ Section 5, T.27N., R.47E., M.D.M., from which the NE corner of Section 31, T.28N., R.47E., M.D.M. bears N. 04° 08' E., 5,943 ft. dist.

6. The existing permitted point of diversion is located within within the SW¼ NW¼ Section 5, T.27N., R.47E., M.D.M., from which the SE corner of Section 1, T.27N., R.46E., M.D.M., bears S. 55° 49' W., 7,830 ft. dist.

7. Proposed place of use S½ Section 13, T.27N., R.46E.; NE¼ Section 21, NW¼ Section 22, E½ Section 27 and SW¼ Section 13, all in T.28N., R.47E., M.D.M.; and all of unsurveyed Sections 5, 6, 7 & 8, T.27N., R.47E., and all of Sections 29, 30, 31 & 32, T.28N., R.47E., M.D.M.

8. Existing place of use all of unsurveyed Sections 5, & 6, T.27N., R.47E., and all of Sections 31 & 32, T.28N., R.47E., M.D.M.

9. Use will be from January 1 to December 31 of each year.

10. Use was permitted from January 1 to December 31 of each year.

11. Description of proposed works drilled and cased well (existing) with gravel packing, vertical line shaft turbine, motor, storage tanks or reservoir, and pipeline distribution network to mine, mill or infiltration basins.

12. Estimated cost of works $296,921

13. Estimated time required to construct works existing works

14. Estimated time required to complete the application of water to beneficial use two years

15. Remarks: This temporary change application is submitted in fulfillment of requirements of Order #1082

By s/William A. Nisbet, Agent
421 Court Street
Elko, Nevada 89801

Compared my/cms cl/cms

Protested _____

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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 temporary permit to change the point of diversion and place of use of a portion of the waters of an underground source as heretofore granted under Permit 57143 is issued subject to the terms and conditions imposed in said Permit 57143 and with the understanding that no other rights on the source will be affected by the change proposed herein. The well shall be equipped with a 2-inch opening and 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 the water begins or before the proof of completion of work is filed. If the well is flowing, a valve must be installed and maintained to prevent waste. 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 temporary permit does not extend the permittee the right of ingress and egress on public, private or corporate lands.

This temporary 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, road watering, and other related mining and milling uses (hereinafter referred to as mining and milling uses within the described place of use of this permit). The water is limited to an amount not to exceed 2,367.0 acre-feet annually (1,467.0 gallons per minute). This limit includes any evaporative and system losses.

Any water produced from this dewatering operation in excess of 2,367.0 acre-feet annually shall be returned to the Crescent Valley Groundwater Basin by shallow infiltration. The design of the infiltration site and the delivery system to the site shall be submitted to the State Engineer prior to any diversion of water to the infiltration site.

The issuance of this temporary permit does not waive the requirements that the permit holder obtain other permit from State, Federal and local agencies and is specifically issued contingent upon approval by the Nevada Division of Environmental Protection of the disposal of water from the dewatering project.

This temporary permit is issued subject to the "Pipeline Gold Project, Groundwater and Surface Water Monitoring Plan" submitted to the State Engineer on August 2, 1993.

The State Engineer may require additional monitoring should conditions warrant such modification.

Monthly records will be kept of the following: 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, the volume of water consumptively used for mining and milling uses, the amount of water diverted to the infiltration site, and the amount of water evaporated both from the infiltration site and the delivery system to the infiltration site. These records will be submitted within 15 days after the end of each month.

This temporary permit also incorporates the provisions of "Order Adopting Rules for Well Spacing and Modification of Regulations for Water Well and Related Drilling in the Southern Area of the Heretofore Designated Crescent Valley Ground Water Basin", entered October 6, 1993, Order Number 1082, on file in the office of the State Engineer.

The issuance of the temporary permit is subject to the Stipulation between Cortez Joint Venture and Lander and Pershing Counties, dated May 21, 1993, on file in the office of the State Engineer under Permit 57133.

The total combined diversion rate under Permits 57133, 57134, 57135, 57136, 57137, 57138, 57139, 57140, 57141, 57142, 57143, 57144, 57145, 57146, 57147, 57148, 57798, 57799, 57800, 58366, 58368, 58370, 59072, 59073, 59074, 59075, and 62894-T through 62931-T, inclusive, shall not exceed 67.0 c.f.s. (30,072.0 gallons

(CONTINUED ON PAGE 2)

(PERMIT TERMS CONTINUED)

per minute) and the total combined withdrawal of water under these permits shall not exceed 48,506.0 acre-feet annually.

The State Engineer recognizes that this appropriation when combined with other permits causes a large cone of depression which may take the water levels many years to return to equilibrium (pre-development).

The State retains the right to regulate pumping from the dewatering project and/or any other groundwater withdrawals herein authorized to protect the public interest and existing rights. The temporary permit is issued under the provisions of NRS 534.120(2) as a preferred use.

This temporary permit is issued pursuant to the provisions of NRS 533.345 Section 2 and will expire on May 18, 1999, at which time all rights herein granted shall revert to the right being changed by this temporary permit.

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, and not to exceed **2.0** 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:

TEMPORARY

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

EXPIRED

DATE MAY 18 1999