

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

Date of filing in State Engineer's Office JAN 19 1999

Returned to applicant for correction _____

Corrected application filed _____

Map filed JAN 19 1999

The applicant CALEDONIAN GROUP U.S., 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**
2. The amount of water applied for is **.09 cfs second-feet**
 - (a) If stored in reservoir give number of acre-feet
3. The water to be used for **Commercial Use**
4. If use is for:
 - (a) Irrigation, state number of acres to be irrigated **N/A**
 - (b) Stockwater, state number and kinds of animals to be watered **N/A**
 - (c) Other use (describe fully under No. 12. "Remarks") **N/A**
 - (d) Power:
 - (1) Horsepower developed **N/A**
 - (2) Point of return of water to stream **N/A**
5. The water is to be diverted from its source at the following point **Located in the SW $\frac{1}{4}$ - NW $\frac{1}{4}$ of Section 15, T.19N., R.27E., M.D.B.&M., from a point that bears S 58^o 38' 31" W a distance of 1370.32 feet to the W $\frac{1}{4}$ corner of said Section 15.**
6. Place of Use **a portion of the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 15, T.19N., R.27E., M.D.B.&M., a total of 11.03 acres.**
7. Use will begin about **JAN 1** and end about **DEC 31** of each year.
8. Description of proposed works **Drilled Well, Pump, Storage Tank & Distribution System**
9. Estimated cost of works **\$25,000**
10. Estimated time required to construct works **2 year**
11. Estimated time required to complete the application of water to beneficial use **4 years**
12. Remarks: **Application is for an office and mining operation (see attached exhibit "A") with a consumptive rate to exceed 4,000 G.P.D., or 1.46 million gallons per year.**

By s/Barry A. Fitzpatrick
Barry A. Fitzpatrick, S.W.R.S. #817
137 Keddie Street
Fallon, Nevada 89406

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

This permit is issued under the provisions of NRS 534.120(2) as a preferred use.

Any well drilled under this permit shall be drilled in what has been described in the United States Geological Survey Water Supply Paper 2263 as the intermediate alluvial aquifer. In no instance shall the seal on this well be less than 100 feet below ground level.

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, and not to exceed 0.09 cubic feet per second, but not to exceed 1.46 million gallons annually.

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

May 19, 2001

Proof of completion of work shall be filed before:

June 19, 2001

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

May 19, 2003

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

June 19, 2003

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. 1999

[Signature] P.E.
State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____

CANCELLED JUL 30 2002 BECAUSE OF FAILURE OF APPLICANT TO COMPLY WITH THE PROVISIONS OF PERMIT [Signature] STATE ENGINEER

The proposed well will supply four buildings on an 11 acre parcel owned by the applicant. The buildings will support and complement mining and milling activity at another location. Water for daily consumption and fire protection will be supplied from the proposed well. A breakdown of the utilization would be:

1. Administrative Building: 5,400 square feet - one shift of approximately 20 employees;
2. Maintenance Building: 3,000 square feet - two shifts of approximately 2 - 3 employees each;
3. Laboratory & Pilot Test Building: 7,500 square feet - two shifts of approximately 4 employees each;
4. Refinery Building: 30,000 square feet - three shifts of approximately 4 employees each.

We anticipate that the State Fire Marshall will require water storage capacity of at least 35,000 gallons for fire protection purposes.