NO. 65420

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

Date of filing in State Engineer's Office AUG 18 1999

Returned to applicant for correction

Corrected application filed

Map filed SEP 14 1999 under 65416

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The applicant **Battle Mountain Gold Company**, hereby makes application for permission to appropriate the public waters of the State of Nevada, as hereinafter stated.

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1. The source of the proposed appropriation is **Underground**

2. The amount of water applied for is **1.0** second-feet

   (a) If stored in reservoir give number of acre-feet

3. The water to be used for **Dewatering, Mining, Milling and 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 **NE¼ Section 28, Township 31 North, Range 43 East, MDB&M or at a point from which the North ¼ corner of said Section 28, Township 31 North, Range 43 East, MDB&M bears North 45° 00' 33" West, a distance of 1,875.20 feet.**

6. Place of Use **Sections 14, 15, 16, 21, 22, 23, 26, 27, 28, 32, 33, and 34 of Township 31 North, Range 43 East, and Sections 2, 3, 4, 8, 9, 10, 16 and 21 of Township 30 North, Range 43 East MDB&M**

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

8. Description of proposed works **Dewatering wells of various depths (500 - 1500 feet) and casing diameters (8 - 16 inches) and pit sumps**

9. Estimated cost of works **$250,000**

10. Estimated time required to construct works **5 Years**

11. Estimated time required to complete the application of water to beneficial use **5 years**

12. Remarks: **This application is "Block 5" of twelve "block" appropriations for dewatering of the Phoenix, Midas and Reona open pit mines as part of the Phoenix Project (see attached map). Dewatering**

needs will vary as described in the Request for Proposed Rule Changes for a portion of the Buffalo Valley Hydrographic Basin (No. 131), Lander County, Nevada dated August ___, 1999.

Chuck Zimmerman, Brown and Caldwell
By s/Chuck Zimmerman
3488 Goni Rd., Suite 142
Carson City, NV 89706

Compared **gkl/cmf** hf/cmf

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 permit is issued subject to existing rights. It is understood that this right must allow for a reasonable lowering of the static water level. 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 permit will allow the permittee to dewater the project area. Any water obtained under Permits 65416 through 65427, inclusive, and any subsequent changes of these permits, as a result of the dewatering program by the permittee, will be used for the beneficial uses of mining, milling, heap leaching, drilling, construction, dust suppression, road watering and other related mining and milling uses within the place of use as described, hereinafter referred to as mining and milling purposes.

Upon permanent cessation of all mining and milling purposes, all water granted under the permits will revert back to the source from which it was appropriated, except for any water requirements needed for any mine closure plan and/or to mitigate any adverse effects caused by pumping under these permits. Before any water can be utilized for mitigation purposes, the permittee must apply for and receive any necessary approval from the State Engineer. If more water is required to dewater the mining operation than that consumed by mining and milling purposes, additional approvals from the State Engineer will be required prior to continuation of the dewatering.

It is understood that this right must allow for a reasonable lowering of the static water level.

The State Engineer will retain the right to require additional monitoring of water levels in observation and monitor wells and of flow rates of surface sources. The permittee, on a quarterly schedule, must prepare and present an update on the activities of the mine and dewatering projects. Reporting frequency may later be changed if authorized by the State Engineer.

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.

The total combined duty of water for consumptive purposes under Permits 11876, Certificate 3503; 36870, Certificate 12923; 36871, Certificate 13747; 36872, Certificate 13748; 49459, Certificate 14023; 49460, Certificate 14024; 49461, Certificate 14025; 52036, Certificate 14018; 54214, Certificate 13754; 65411; 65412; 65415 through 65427, inclusive, 65428-E; 65429-E, and Temporary Permits 66371-T, 66372-T, and 66373-T shall not exceed 12,905.0 acre-feet annually for mining and milling purposes.

(CONTINUED ON PAGE 3)

A monthly report must be submitted to the State Engineer within 10 days from the end of each month. The report shall include measurement of the volume of water pumped from each well or diversion site. Reporting frequency may later be changed if authorized by the State Engineer.

This permit is issued subject to, and also incorporates the terms and conditions set forth in the State Engineer's Order No. 1162, Order Adopting Rules for Well Spacing and Modification of Regulations for Water Well and Related Drilling Nevada Administrative Code Chapter 534 (January 1998) in a portion of the Buffalo Valley Ground Water Basin (10-131) and in a portion of the Lower Reese River Valley Groundwater Basin (4-059) Lander County, Nevada, dated June 13, 2000, on file in the office of the State Engineer.

A year-end report must be submitted to the State Engineer no later than 30 days after the end of each calendar year. The report must state: (1) the number of diversion sites under the permits, (2) the number of abandoned diversion sites, (3) the exact location of each diversion site drilled or abandoned, and (4) a supporting map illustrating diversion site locations. The report must detail the amount of water used for each of the uses which comprise mining and milling purposes.

The State Engineer retains the right to require at any time the permittee to cooperate in the funding of additional monitoring and modeling by an independent third party. The State Engineer retains the right to impose future conditions as necessary upon review and evaluation of all data submitted. The State Engineer retains the right to regulate pumping herein authorized to protect the public interest and existing rights.

(CONTINUED ON PAGE 4)

(PERMIT TERMS CONTINUED)

65420

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, and not to exceed **1.0** cubic feet per second.

Work must be prosecuted with reasonable diligence and be completed on or before:
November 12, 2002

Proof of completion of work shall be filed before:
December 12, 2002

Water must be placed to beneficial use on or before:
November 12, 2005

Proof of the application of water to beneficial use shall be filed on or before:
December 12, 2005

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 **30th** day of **June** A.D. **2000**

R. Michael Turnipseed P.E.
State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed N/A

Certificate No. _____ Issued _____