TEMPORARY

No. 71096-T

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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 **APR 21 2004**

Returned to applicant for correction_____

Corrected application filed_____

Map filed **MAY 10 2004 under 71044**

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The applicant **Cortez Joint Venture** hereby makes application for permission to change the **point of diversion and place of use** of water heretofore appropriated under **Permit #57137**

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1. The source of water is **Underground (Well #DB-21)**

2. The amount of water to be changed **2.0 c.f.s. (1447.94 A.F.)**

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 **SE¼SW¼, Section 05, T.27N., R.47E., M.D.M., from which the SE corner of Section 32, T.28N., R.47E., bears N. 44°41'E., 5,845 feet distant.**

6. The existing permitted point of diversion is located within **Lot 8, Section 31, T.28N., R47E., M.D.M. from which the SE corner of Section 1, T.27N., R.46E., bears S.16°40'W., 7,585 ft. distant.**

7. Proposed place of use **MDM T.27N., R.46E.: Sections 13, 24 and 26**
MDM T.27N., R.47E.: Sections 4-9, 18, and unsurveyed Section 19
MDM T.28N., R.47E.: Sections 13, 15, 21, 22, 27-33

8. Existing place of use **MDM T.27N., R.47E.: Sections 5 and 6**
MDM T.28N., R.47E.: Sections 31 and 32

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), submersible or line shaft pump and motor, storage tanks, pipeline to de-watering and milling facilities.**

12. Estimated cost of works **estimate $200,000.00**

13. Estimated time required to construct works **two years**

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

15. Remarks:

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

Compared **sg/** sam ag/sam

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 the waters of an underground source as heretofore granted under Permit 57137 is issued subject to the terms and conditions imposed in said Permit 57137 and with the understanding that no other rights on the source will be affected by the change proposed herein. 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. This source is located within an area designated by the State Engineer pursuant to NRS 534.030.

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 **3,807.0 acre-feet annually.** This limit includes any evaporative and system losses.

Any water produced from this dewatering operation in excess of **3,807.0 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 permits from the 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 this 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.

(CONTINUED ON PAGE 3)

The total combined diversion rate under Permits 57133; 57134; 57136; 57137; 57138; 57140; 57143; 57144; 57145; 57146; 57147; 57148; 57800, 58366; 58368; 58370; 59072; 59073; 59074; 59075; 59787; 61793; 61794; 62723, Certificate 16016; 67507 through 67515; **71044;** and Temporary Permits 70608-T; 70831-T; **71093-T through 71106-T** shall not exceed **67 c.f.s. (30,072 g.p.m.)** and the total combined withdrawal of water under these permits shall not exceed **48,506 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 Engineer 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. This 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 **October 7, 2005** 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, **but not to exceed 1447.94 acre-feet annually.**

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

Proof of completion of work shall be filed on or before:

Water must be placed to beneficial use 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, HUGH RICCI, P.E.,

State Engineer of Nevada, have hereunto set

my hand and the seal of my office,

this **8th** day of **October**, A.D. **2004**

State Engineer

WITHDRAWN BY ~~APPLICANT~~ Agent 8-4-05

STATE ENGINEER

EXPIRED

DATE OCT 0 7 2005