THE STATE OF NEVADA

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

Name of applicant:	**CORTEZ JOINT VENTURE**
Source:	**UNDERGROUND**
Basin:	**CRESCENT VALLEY**
Manner of Use:	**MINING AND MILLING**
Period of Use:	**January 1st to December 31st**
Priority Date:	**02/04/1992**

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 to change the point of diversion and place of use of the waters of an underground source as heretofore granted under Permit 67507 is issued subject to the terms and conditions imposed in said Permit 67507 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.

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, and is specifically issued contingent upon approval by the Nevada Division of Environmental Protection of the dewatering project.

This permit is issued as a preferred use as provided in NRS 534.120.

This 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.

This permit will allow the permittee to dewater the mine area. It is understood that any water produced as a result of this dewatering operation shall be used first by the permittee for mining, milling and related uses.

An annual total of 3,963.64 acre-feet of water produced from dewatering may be used consumptively from Permits 72675 through 72684, 73485 and 73737 for mining and milling purposes.

An annual total of 3,160.87 acre-feet of water produced from dewatering may be used consumptively from Permits 61193, 67614 through 67616, 71454, and 72670 through 72673 for stock and irrigation.

Any water produced from dewatering in excess of 7,124.51 acre-feet annually shall be returned to the Crescent Valley Groundwater Basin via infiltration galleries or injection wells. The design of the rapid infiltration basins or injection wells and the delivery system to these sites shall be submitted to the State Engineer for approval.

Monthly records shall be kept of the following and reported within 15 days after the end of each quarter:

A. The total volume of water pumped from each diversion in acre-feet.

B. The maximum flow rate from each diversion in cubic feet per second.

C. The pumping water level from each well in feet above mean sea level.

D. The volume of water consumptively used for mining and milling in acre-feet.

E. The amount of water diverted to the infiltration or injection sites in acre-feet.

F. The amount of water diverted to other stock and irrigation, if any, in acre-feet.

G. The amount of water lost through evaporation or other system losses project wide.

(Continued on page 2)

The total combined diversion rate under Permits 57134, 57136 through 57138, 57140, 57144 through 57148, 61193, 62723, Certificate 16016; Permits 67510, 67511, 67513, 67614 through 67616, 71044, 71454, 72665 through 72689, 73338, 73485 and 73737 shall not exceed 77 cubic feet per second. The total combined withdrawal of water under these permits shall not exceed 55,606 acre-feet annually of which a maximum of 7,124.51 acre-feet annually may be used consumptively.

The State Engineer retains the right to regulate the appropriation and use of the public waters herein granted at any and all times.

The point of diversion and place of use are as described on the submitted application to support this 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 or 1447.94 acre-feet annually.**

Work must be prosecuted with reasonable diligence and proof of completion of work shall be filed on or before:	**March 31, 2009**
Water must be placed to beneficial use and proof of the application of water to beneficial use shall be filed on or before:	**March 31, 2013**
Map in support of proof of beneficial use shall be filed on or before:	**N/A**

IN TESTIMONY WHEREOF, I, TRACY TAYLOR, P.E.,

State Engineer of Nevada, have hereunto set my hand and the seal of my office, this 31st day of **March**, A.D. **2008**

Jan K. P.E.
For State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed N/A

Certificate No. _____ Issued _____

llb

No. 72686

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 29 2005**

Returned to applicant for correction

Corrected application filed

Map filed **OCT 03 2005 under 72665**

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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 #67507**

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1. The source of water is **underground (well #DB-24)**

2. The amount of water to be changed **2.0 c.f.s. (1,447.94 acre-feet)**

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 **NW¼ NW¼ Section 8, T.27N., R.47E., M.D.M., or at a point from which the SE section corner of Section 32, T.28N., R.47E., M.D.M., bears N. 46°48'E., 8,142 feet distant. (see map under # 72605-T)**

6. The existing permitted point of diversion is located within **NW¼ NE¼ Section 31, T.28N., R. 47E., M.D.M. from which the SE corner of Section 31, bears S.18°00'E., 5,178 feet distant, (see map under #67507).**

7. Proposed place of use **T. 27N., R. 46E.: Sections 12, 13, 23-26. T. 27N., R. 47E.: Sections 4-9, 18 and unsurveyed Section 19 T. 28N., R. 47E.: Sections 13, 15, 21, 22, 27-33 M.D.M.**

8. Existing place of use **T. 27N., R.46E.: Sections 13, 24 T. 27N., R.47E.: Sections 5-8, 18 and 19 T. 28N., R. 47E.: Sections 13, 15, 21, 22, 27, 29-32 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), submersible or line shaft pump and motor, storage tanks, pipeline system to mine, mill and infiltration works.**

12. Estimated cost of works **estimate $200,000**

13. Estimated time required to construct works **one year**

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

72686

15. Remarks: **The existing point of diversion is at a well now retired. The proposed point of diversion is another well in an interconnected group used to dewater a mine.**

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

Compared **mt/gkl**

Protested

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