Permit No. 74941T

TEMPORARY

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:	**06/26/1992**

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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 67511 is issued subject to the terms and conditions imposed in said Permit 67511 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 is issued under the preferred use provisions of NRS Chapter 534. The manner of use of water under this permit is by nature of its activity a temporary use and any application to change the manner of use granted under this permit will be subject to additional determination and evaluation with respect to the permanent effects on existing rights and the resource within the ground water basin.

The issuance of this temporary 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 temporary permit is issued pursuant to the provisions of NRS 533.345 Section 2 and will expire 1 year after the approval of the permit at which time all rights herein granted shall revert to the right being changed by this temporary permit.

This source is located within an area designated by the State Engineer as provided in Nevada Revised Statutes § 534.030 (NRS). This temporary permit is issued as a preferred use as provided in NRS 534.120.

This temporary permit will allow the permittee to dewater the pit area. It is understood that 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). The consumptive use of water from this permit and all related permits for mining and milling purposes is limited to 3,807 acre-feet annually.

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.

(Continued on Page 2)

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 sites in acre-feet.

F. The amount of water diverted to other consumptive uses, if any, in acre-feet.

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

This temporary permit also incorporates the provisions of *Order 1082 Adopting Rules for Well Spacing and Modification of Regulations for Water Well and Related Drilling (January 1990) in the Southern Area of the Heretofore Designated Crescent Valley Ground Water Basin (04-054), Lander County, Nevada*, entered October 6, 1993, 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 StateEngineer under Permit 57133.

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 to protect existing rights.

The amount of water shall be limited to the amount which can be applied to beneficial use, **and not to exceed 0.6 cubic feet per second or 434.382 acre-feet annually.**

Work must be prosecuted with reasonable diligence and proof of completion of work shall be filed on or before:	**N/A**
Water must be placed to beneficial use and proof of the application of water to beneficial use shall be filed on or before:	**N/A**
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 **27th** day of **July**, A.D. **2007**

Jason K. P.E.

for State Engineer

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TEMPORARY **No. 74941T**

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 **OCT 25 2006**

Returned to applicant for correction_____

Corrected application filed_____

Map filed **NOV 03 2006 under 74940T**

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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 a portion** of water heretofore appropriated under **Permit #67511**

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1. The source of water is **Underground (Well #PPW-06)**

2. The amount of water to be changed **0.6 c.f.s.**

3. The water to be used for **same as existing**

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

5. The water is to be diverted at the following point within **the NW¼SE¼, Section 31, T.27N., R.48E., M.D.M., from which the SW corner of said Section 31 bears S. 58°47'W., 3,906 feet distant.**

6. The existing permitted point of diversion is located within **the SE¼NW¼, Section 5, T.27N., R.47E., M.D.M. from which the SE corner of Section 31, T.28N., R.47E., M.D.M., bears N.24°46'W., 1,672 ft. distant.**

7. Proposed place of use **T26N., R.47E., M.D.M.: E½ Section 1, E½ Section 12, NE¼ Section 13 T.26N., R.48E., M.D.M.: all of Sections 6 & 7; N½ Section 18 T.27N., R.47E., M.D.M.: E½ Section 24; all of Sections 25 & 36 T.27N., R48E., M.D.M.: W½W½ Section 19; all of Sections 30 & 31**

8. Existing place of use **T.27N., R.46E., M.D.M.: Sections 13, 24 T. 27N., R.47E.,M.D.M.: Sections 5-8, 18 and unsurveyed Section 19 T.28N., R.47E., M.D.M.: Sections 13, 15, 21, 22, 27, 29-32**

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; with gravel packing; submersible pump and motor, storage tank, and pipeline distribution lines to mine, mill and infiltration basins.**

12. Estimated cost of works **estimate $300,000.00**

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

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

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15. Remarks: **Applicant is preparing to open its "Cortez Hills" mine, and is requesting immediate permitting of this temporary application, so that confirmation may be made from well performance tests. Upon such verification, permanent applications will be submitted for appropriate annual duty to match the combination of expected mining and milling uses and disposal of possible surplus volumes in approved infiltration facilities. A request for an amendment to Order #1082, in basin #54, to include that portion of the area described in the place of use lying within the Crescent Valley hydrologic basin, is being prepared.**

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

Compared **mt/ag**

Protested

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