

**THE STATE OF NEVADA****PERMIT TO APPROPRIATE WATER**

**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:** 11/13/2006

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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 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. 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 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. This source is located within an area designated by the State Engineer pursuant to NRS 534.030. The State Engineer 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, and is specifically issued contingent upon approval by the Nevada Division of Environmental Protection for injection wells or infiltration galleries.

This permit will allow the permittee to dewater the Cortez Hills mine 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 non-consumptive use of water for dewatering purposes from this permit and Permits 74940T, 74941T, 75151T, 75053 and 76204T in the Cortez Hills Project Area is limited to 3,692 acre-feet annually.

The total combined consumptive use of water under Permit 24663, Certificate 7292; Permit 24664, Certificate 7293; Permit 46224, Certificate 12482; Permit 46225, Certificate 12483; Environmental Permits 58187E, 58188E, 58189E, 58190E, 58191E, 58192E and 58985E, Permits 59339, 59340, 64545 and 75342 in the Cortez Hills Project Area is limited to 1,035.4 acre-feet annually.

Any water produced from this dewatering operation in excess of 1,035.4 acre-feet annually shall be returned to the Crescent Valley Groundwater Basin by 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.

The operator shall keep monthly records of the following and reported within 30 days after the end of each calendar year:

- 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 consumptive uses, 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 for dewatering purposes, approved under Permits 57133, 57134, 57136 through 57138, 57140, 57143 through 57148, 58366, 58368, 58370, 59072 through 59075, 59787, 61793, 61794, 62723, Certificate 16016, Permits 67507 through 67515, 71044 and 75053 shall not exceed 67 cubic feet per second on an annual basis. The total combined withdrawal of water under these permits shall not exceed 48,506 acre-feet annually.

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 2.3 cubic feet per second or 1,665 acre-feet annually.**

Work must be prosecuted with reasonable diligence and proof of completion of work shall be filed on or before:

February 6, 2009

Water must be placed to beneficial use and proof of the application of water to beneficial use shall be filed on or before:

February 6, 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 6th day of February, A.D. 2008

*K.P. Taylor P.E.*  
\_\_\_\_\_  
for State Engineer

Completion of work filed \_\_\_\_\_

Proof of beneficial use filed \_\_\_\_\_

Cultural map filed \_\_\_\_\_

Certificate No. \_\_\_\_\_ Issued \_\_\_\_\_

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

Date of filing in State Engineer's Office NOV 13 2006

Returned to applicant for correction \_\_\_\_\_

Corrected application filed DEC 01 2006

Map filed NOV 29 2006

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The applicant **Cortez Joint Venture** 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 **2.3 cfs** second-feet
  - (a) If stored in reservoir give number of acre-feet
3. The water to be used for **mining, milling, dewater 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 **NW¼NE¼, Sec. 25, T.27N., R.47E., M.D.M. from which the SE corner of Section 36 in said township bears S.10°26'E., 10,453 feet distant.**
6. Place of Use **T.26N., R.47E., M.D.M.: E½ Section 1, E½ Section 12, NE¼ Section 13 T.27N., R.47E., M.D.M.: E½ Section 24, all of Sections 25 and 36 T.26N., R.48E., M.D.M.: all of Sections 6 and 7; N½ Section 18 T.27N., R.48E., M.D.M.: W½W½ Section 19; all of Sections 30 and 31**
7. Use will begin about **January 1** and end about **December 31** of each year.
8. Description of proposed works **In development of underground mine workings, the encountered water will be pumped to a common point near the portal (the above described point of diversion), thence routed through surface pipelines for use in mining, milling or infiltration back into the hydrographic basin via surface ponds.**
9. Estimated cost of works **more than \$500,000.00**
10. Estimated time required to construct works **four years**
11. Estimated time required to complete the application of water to beneficial use **six years.**

**75053**

12. Remarks: **The total annual demand for mining and milling is currently estimated at 2,200 gpm and will increase to 4,000 gpm when Cortez Hills Mine and process facilities are brought on-line. Any excess water produced will be re-infiltrated into the basin.**

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

Compared mt/bk

Protested \_\_\_\_\_

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