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:	**JAMES P. & ROBERT J. ITHURRALDE**
Source:	**UNDERGROUND**
Basin:	**DIAMOND VALLEY**
Manner of Use:	**MINING AND MILLING**
Period of Use:	**January 1st to December 31st**
Priority Date:	**12/30/1968**

****

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, place and manner of use of the waters of an underground source as heretofore granted under Permit 64439 is issued subject to the terms and conditions imposed in said Permit 64439 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 permit does not extend the permittee the right of ingress and egress on public, private or corporate lands.

The total combined duty of water under Permits 71234, 72917, 72918, 73204, 73431, 73432, 74679, 75105 and 75107 shall not exceed 1065.452 acre-feet annually.

This 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 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 will allow the permittee to remove water from a dewatering well for a mining project. It is understood that any water pumped from the well as a result of this operation will be used first by the permittee for mining, milling, domestic, dewatering and other related mining uses within the described place of use of this permit. Monthly records will be kept of the following: the amount of water pumped from the mine; the amount of water used for mining, milling and domestic purposes; the amount of water sent to the Rapid Infiltration Basin discharge system or other authorized discharge system; and the estimated amount of water recharged to the groundwater system. These records must be submitted to the State Engineer on a quarterly basis, within 15 days after the end of each calendar quarter. A method that estimates the amount of evaporative losses from the discharge system will be submitted with the monthly report. The evaporative losses will be considered as a part of the duty for consumptive purposes.

The State Engineer retains the right at any time to require the permittee 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 and reported on the quarterly report. 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.

(Continued on Page 2)

This permit is issued with the understanding that no secondary applications will be issued on any water not infiltrated or injected.

The point of diversion and place of use is as described under items 5 and 7 respectively 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 0.198 cubic feet per second, but not to exceed 32.80 acre-feet annually.**

Work must be prosecuted with reasonable diligence and proof of completion of work shall be filed on or before:	**August 8, 2008**
Water must be placed to beneficial use and proof of the application of water to beneficial use shall be filed on or before:	**August 8, 2010**
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 8th day of **August**, A.D. **2007**

Tracy Taylor P.E.
State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____

lt

No. 75107

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 NOV 20 2006

Returned to applicant for correction

Corrected application filed

Map filed NOV 30 2006 under 75105

****

The applicant **James P. and Robert J. Ithurralde** hereby makes application for permission to change the **point of diversion, place and manner of use** of water heretofore appropriated under **Permit #64439**

****

1. The source of water is **Underground (PW-6)**

2. The amount of water to be changed **0.198 c.f.s., not to exceed 32.8 acre-feet per year**

3. The water to be used for **mining, milling, dewatering and domestic**

4. The water heretofore permitted for **irrigation**

5. The water is to be diverted at the following point **within the NE¼SE¼, Section 10, T.19N., R.53E., M.D.M. from which the S¼-corner of said Section 10 bears S.46°09'W., 2,987 feet distant**

6. The existing permitted point of diversion is located within **Lot 19 (SW¼SE¼), Section 30, T. 20N., R. 53E., M.D.M. from which the S¼-corner of said section 30 bears S.43°12'00"W., 149.0 feet distant**

7. Proposed place of use **within the W½ Section 2, Section 3, E½ Section 4, NE¼ Section 9, Section 10, W½ Section 11, NW¼ Section 14, and the N½ Section 15, all within T.19N., R.53E., M.D.M.**

8. Existing place of use **8.20 acres in Lot 11 (SW¼NE¼) of Section 30, T.20N., R.53E., M.D.M. for a total of 8.20 acres.**

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 **well, submersible pump, meter, and pipeline at place of use as described in item 7 above.**

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

13. Estimated time required to construct works **approximately three years**

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

15. Remarks: **Water will be placed to beneficial use at Homestake Mining Company's ("Homestake") Ruby Hill Mine in accordance with a Water Rights Lease Agreement between the Applicants and Homestake dated 1/10/2005. The use provided in this change application shall be continued for the term of the Lease or Extended Lease. Upon termination of the Lease or Extended Lease, new change applications will be filed to convert the leased water back to the Applicant's irrigation and domestic uses. Total annual water appropriation under permits to change, Permit 18909 (cert. 6560), Permit 24827 (cert. 7944), Permit 64207, and Permit 64439, shall not exceed 581.452 acre-feet. Water used pursuant to these water rights and other water rights held by Homestake will be comingled, rotated, and accumulated to make the most efficient use of water and facilities. Total consumptive use under permits to serve Ruby Hill Mine shall not exceed 1,728.272 acre-feet annually.**

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

Compared **bk/mt**

Protested

****