Permit No. 75118

# THE STATE OF NEVADA
## PERMIT TO APPROPRIATE WATER

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| **Name of applicant:** | **SPIRIT MINERALS, LP** |
| **Source:** | **UNDERGROUND** |
| **Basin:** | **SALMON FALLS CREEK AREA** |
| **Manner of Use:** | **MINING AND MILLING** |
| **Period of Use:** | **January 1st to December 31st** |
| **Priority Date:** | **11/27/2006** |

**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. It is also understood that this right must allow for a reasonable lowering of the static water level. This well shall be equipped with a two (2) inch opening for measuring depth to water. If the well is flowing, a valve must be installed and maintained to prevent waste. 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 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.

Monthly records shall be kept of the amount of water pumped from this well and the records submitted to the State Engineer on an annual basis within 30 days after the end of each calendar year.

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 75117 and 75118 shall not exceed 135.0 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.

Dry Meadow Spring 160-1 under reserved right R-5821 lies within proposed place of use and near the point of diversion of this permit. Baseline and future flow measurements of the spring shall be established and monitored monthly and submitted as part of the annual report.

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 1.0 cubic feet per second.**

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| Work must be prosecuted with reasonable diligence and proof of completion of work shall be filed on or before: | **February 22, 2010** |
| Water must be placed to beneficial use and proof of the application of water to beneficial use shall be filed on or before: | **February 22, 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 22nd day of **February**, A.D. **2008**

Tracy Taylor P.E.
State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____

llb

Serial No. 75118

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

THIS SPACE FOR OFFICE USE ONLY

Date of filing in State Engineer's Office NOV 27 2006

Return to applicant for correction DEC 12 2006

Corrected application field APR 1 2 2007 Map Filed APR 1 6 2007 under 75117

The applicant Spirit Minerals, LP

PO Box 900 (Street and No. or P. O. Box No.) of Wells (City and Town)

Nevada 89835 (State and Zip Code No.), hereby make s application for permission to appropriate the public waters of the state of Nevada, as hereinafter stated. (If applicant is a corporation, give date and place of incorporation; if a copartnership or association, give names of members.) a wholly owned subsidiary of Spirit Minerals Management, LLC, incorporated April 27, 2006, in Texas.

Is applicant a U.S. Citizen: Yes [X] No [ ]

Is applicant 21 years of age or older: Yes [X] No [ ]

1. The source of the proposed appropriation is underground
   Name of stream, lake, underground, spring or other source

2. The amount of water applied for is 1.0 cfs (22 MGA) second feet.
   One second foot equals 448.83 gallons per minute

   (a) If stored in reservoir give number of acre-feet

3. The water to be used for mining, milling, and domestic
   Irrigation, power, mining, comercial, etc. If for stock state number and kind of animals. Must limit to one major use.

4. If use is for:

   (a) Irrigation, state number of acres to be irrigated

   (b) Stockwater, state number and kind of animals

   (c) Other use (describe fully under "No. 12 Remarks")

   (d) Power:

      (1) Horse power developed

      (2) Point of return of water to stream

75118

5. The water is to be diverted from its source at the following points within the SE¼SE¼, Sec. 9, T.42N.,
Describe as being within a 40-acre subdivision of
R.62E., M.D.M. from which the SE corner of said Sec. 9 bears S.42°45'E., 722 feet distant.
public survey, and by course and distance to a section corner. If on unsurveyed land, it should be so stated.

6. Place of use S½ Sec. 9, NW¼ Sec. 15, NE¼ Sec. 16, T.42N., R.62E., M.D.M. (Dry Creek mill site)
Describe by legal subdivision. If on unsurveyed land, it should so be stated.
and approximately 28 miles of haul road through portions of Secs. 13 & 24 in T.42N., R.60E.,
and portions of T.42N., R.61E., R.62E., & R.63E. and portions of Secs. 25, 26, 34, 35 & ~~36~~ in
T.43N., R.63E., all M.D.M., as more particularly shown on accompanying map.

per telecon w/ agent 4/16/07

7. Use will begin about January 1 and end about December 31 of each year.
Month and Day Month and Day

8. Description of proposed works (Under the provisions of NRS 535.010 you may be required to submit plans ) and specifications of your diversion or storage works.) drilled well, pump, pipeline to storage tanks, then to
State manner in which water is to be diverted, i.e. diversion structure,
active mining and milling areas including haul road.

9. Estimated cost of works $250,000.00

10. Estimated time required to construct works three years
If well completed, describe works.

11. Estimated time required to complete the application of water for beneficial use five years.

12. Remarks: for use other than irrigation or stock watering, state number of type of units to be served or annual consumptive use:
Please send copies of notices and correspondence to the undersigned agent. Correspondence to company should be directed to Mr. Terral Young.

**TELEPHONE NUMBER**

(775) 738-2121 (Agent)

(775) 752-2300 (Owner)

APPLICATION MUST BE SIGNED BY THE APPLICANT OR AGENT

By William A. Nisbet, Agent
Print or type name clearly

William A. Nisbet
Signature, applicant or agent

421 Court Street
Street and No., or P.O. Box No.

Elko, NV 89801
City, State, Zip Code No.

STATE ENGINEERS OFFICE
2007 APR 16 AM 11:34
RECEIVED

$250 FILING FEE MUST ACCOMPANY APPLICATION

RECEIVED
APR 12 2007
STATE ENGINEER'S OFFICE
ELKO OFFICE

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