THE STATE OF NEVADA

PERMIT TO APPROPRIATE WATER

Name of applicant:	**BAKER HUGHES OILFIELD OPERATIONS, INC (DBA) BAKER HUGHES DRILLING FLUIDS**
Source:	**UNDERGROUND**
Basin:	**LOWER REESE RIVER VALLEY**
Manner of Use:	**MINING AND MILLING**
Period of Use:	**January 1st to December 31st**
Priority Date:	**10/09/2006**

****

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 issued for a finite period of time. This permit will expire on **December 31, 2016** and all rights herein will revert to the source. 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.

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 74898, 74899, 75022 and 75128 shall not exceed 156.58 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.

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 basins, injection wells, substitutive uses, other discharge means, or other consumptive uses, in acre-feet.

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

The State retains the right to regulate pumping to protect the public interest and to protect existing rights.

The point of diversion and place of use are as described on the submitted application to support this permit.

(Continued on Page 2)

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 or 156.58 acre-feet annually.**

Work must be prosecuted with reasonable diligence and proof of completion of work shall be filed on or before: **October 30, 2009**
Water must be placed to beneficial use and proof of the application of water to beneficial use shall be filed on or before: **December 31, 2014**
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 30th day of **October**, 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. 75128

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

Date of filing in State Engineer's Office **NOV 28 2006**

Returned to applicant for correction **DEC 08 2006**

Corrected application filed

Map filed **DEC 11 2006**

****

The applicant **Baker Hughes Oilfield Operations, Inc. dba Baker Hughes Drilling Fluids;** hereby makes application for permission to appropriate the public waters of the State of Nevada, as hereinafter stated. **California, 1973**

****

1. The source of the proposed appropriation is **underground**

2. The amount of water applied for is **1.0 cfs** second-feet

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

3. The water to be used for **mining, milling, dewatering 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 **within the SE¼SW¼, Sec. 12, T.30N., R.46E., M.D.M. from which the SW corner of said Section 12 bears S.57°55"W., 1,576 feet distant.**

6. Place of Use **all of Sections 11, 12, 13, 14 T.30N., R.46E., M.D.M.**

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

8. Description of proposed works **drilled and cased well, pump, motor and distribution system.**

9. Estimated cost of works **$250,000.00**

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

11. Estimated time required to complete the application of water to beneficial use **four years.**

75128

12. Remarks: **Total combined consumptive duty of the 4 applications expected; 460 acre-feet.**

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

Compared **mt/bk**

Protested

****