

THE STATE OF NEVADA

PERMIT TO APPROPRIATE WATER

Name of applicant: BLUE DIAMOND OIL CORP.
Source: SPRING 14
Basin: STEPTOE VALLEY
Manner of Use: STOCKWATERING
Period of Use: January 1st to December 31st
Priority Date: 12/24/2007

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 all existing rights on the source. 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 period of use and the average number of livestock served from the waters of this source. 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 76556, 76558, 76559, 76562, 76563, 76564, 76566, 76567, 76568, 76569, 76570, 76573, 76574, 76575, 76577 and 76578 shall not exceed 9.8 acre-feet annually.

This permit is subject to the condition that the permittee must ensure that wildlife which has customarily used such water will have access thereto, NRS § 533.367.

The issuance of this permit does not waive the requirements that the permit holder obtain other permits from State, Federal and local agencies.

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 0.0135 cubic feet per second or 9.8 acre-feet annually or sufficient to water 62 cows and 1872 sheep.**

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

December 21 2012

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

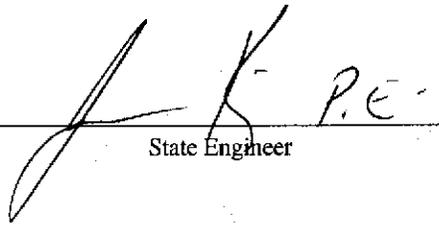
December 21 2013

Map in support of proof of beneficial use shall be filed on or before:

N/A

IN TESTIMONY WHEREOF, I, JASON KING, P.E.,

State Engineer of Nevada, have hereunto set my hand and the seal of my office, this 21st day of December, A.D. 2010



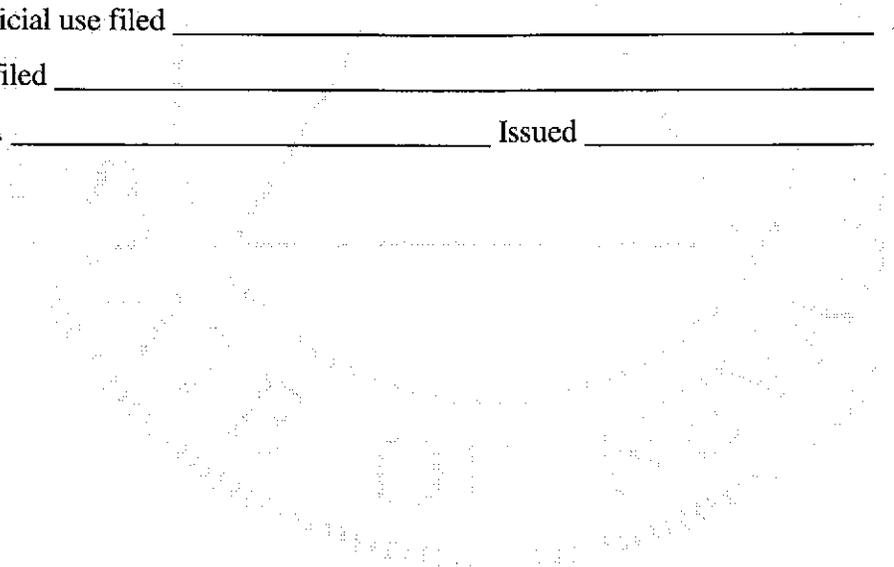
State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____



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

| | |
|---|--|
| THIS SPACE FOR OFFICE USE ONLY | |
| Date of filing in the State Engineer's Office | <u>DEC 24 2007</u> |
| Returned to Applicant for correction | _____ |
| Corrected application filed | Map Filed <u>JAN 14 2008</u> under 76555 |

The applicant Blue Diamond Oil Corp.

P.O. Box 150432 of Ely, Nevada 89315

_____, 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.) _____

Blue Diamond Oil Corp. was incorporated in September 21, 1984 in Nevada.

1. The source of the proposed appropriation is Spring 14
2. The amount of water applied for is 0.0135 second feet.
 - (a) If stored in reservoir give number of acre-feet _____
3. The water to be used for Stockwatering
4. If use is for:
 - (a) Irrigation, state number of acres to be irrigated _____
 - (b) Stockwater, state number and kind of animals 1872 sheep and lambs and 62 cattle
 - (c) Other use (describe fully under "No. 12. Remarks") _____
 - (d) Power:
 - (1) Horsepower developed _____
 - (2) Point of return of water to stream _____

179-247

5. The water is to be diverted from its source at the following point within the SW1/4 NE1/4 of Section 18 in T.16 N., R65 E., M.D.B.& M. or at a point from which the West 1/4 Corner of Section 20, T.16 N., R.65 E., M.D.B. & M. bears S18°07'57"E., 5,526.76 feet distance.

6. Place of use within the SW1/4 NE1/4 of Section 18, T.16 N., R65 E., M.D.B. & M.

7. Use will begin about January 1st and end about December 31st of each year.
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.) Natural flow into Steptoe Creek.
9. Estimated cost of works is \$12,000.00
10. Estimated time required to construct works 2 years
11. Estimated time required to complete the application of water to beneficial use 3 years
12. Remarks: For use other than irrigation or stock watering, state number and type of units to be served or annual consumptive use.

TELEPHONE NUMBER

(775)289-4445

APPLICATION MUST BE SIGNED

BY THE APPLICANT OR AGENT

Dean Neubauer
By Dean Neubauer, P.L.S.

824 East Aultman Street

Ely, Nevada 89301

RECEIVED
 2007 DEC 24 PM 2:45
 STATE ENGINEER'S OFFICE

\$250.00 FILING FEE MUST ACCOMPANY APPLICATION

Protested: March 13, 2008, by USA Forest Service Humboldt/Toiyabe National Forest
 Pro. Overruled 9/15/10 See Ruling #6052