



TEMPORARY
THE STATE OF NEVADA

**PERMIT TO CHANGE THE PUBLIC WATERS OF THE
STATE OF NEVADA HERETOFORE APPROPRIATED**

Name of applicant: CORTEZ JOINT VENTURE
Source: UNDERGROUND
Basin: CRESCENT VALLEY
Manner of Use: MINING, MILLING AND DEWATERING
Period of Use: January 1st to December 31st
Priority Date: 06/23/2008

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 temporary permit to change the point of diversion, place and manner of use of a portion of the waters of an underground source as heretofore granted under Permit 77179 is issued subject to the terms and conditions imposed in said Permit 77179 and with the understanding that no other rights on the source will be affected by the change proposed herein. This well shall be equipped with a two (2) inch opening for measuring depth to water 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.

This temporary permit does not extend the permittee the right of ingress and egress on public, private or corporate lands.

The issuance of this temporary 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 temporary permit is issued pursuant to the provisions of NRS 533.345 Section 2 and will expire 1 year after the approval of the permit at which time all rights herein granted shall revert to the right being changed by this temporary permit.

This temporary permit will allow the permittee to dewater the Cortez Hills mine area. The total water produced for both consumptive and non-consumptive dewatering purposes from this permit and all other active permits within the Cortez Hills Project Area is limited to 13,248 acre-feet annually.

The total combined consumptive use of water under this permit and Permit 24663, Certificate 7292; Permit 24664, Certificate 7293; Permit 46224, Certificate 12482; Permit 46225, Certificate 12483; Environmental Permits 58187E, 58188E, 58189E, 58190E, 58191E, 58192E, 58985E, Permits 59339, 59340, 64545, 75342, 76864, Temporary Permits 79543T and 79546T in the Cortez Hills Project Area is limited to 1,035.4 acre-feet annually.

(Continued on Page 2)

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.

This permit is issued subject to the provisions of State Engineer's Order No. 1189.

The operator shall keep monthly records of the following:

- 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.
- H. A map and a description of all wells or other water diversions within the project area.

Failure to comply with any provision of Order 1189 or any other terms of this permit will result in cancellation of the permit.

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 1.42 cubic feet per second or 1025.4 acre-feet annually.**

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

N/A

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

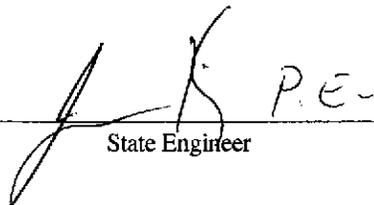
N/A

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 28th day of **September**, A.D. **2010**



State Engineer

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

THIS SPACE FOR OFFICE USE ONLY
Date of filing in State Engineer's Office FEB 16 2010
Returned to applicant for correction
Corrected application filed Map filed JUN 09 2010 under 79543 sheet 2

3T

The applicant CORTEZ JOINT VENTURE
HC66, Box 1250 of Crescent Valley
Street Address or PO Box City or Town
Nevada 89821-1250 hereby make(s) application for permission to change the
State and ZIP Code

- Point of diversion Place of use Manner of use of a portion

of water heretofore appropriated under (Identify existing rights by Permit, Certificate, Proof or Claim Nos. If Decreed, give title of Decree and identify right in Decree.)

Permit 77179, under State Engineer's Order 1189

1. The source of water is Underground
Name of stream, lake, underground, spring or other sources.

2. The amount of water to be changed 1.42 cfs not to exceed 1,025.4 AFA
Second feet, acre-feet. One second foot equals 448.83 gallons per minute.

3. The water to be used for Mining, Milling, and Dewatering - Consumptive Use
Irrigation, power, mining, commercial, etc. If for stock, state number and kind of animals. Must limit to one major use

4. The water heretofore used for Mining, Milling, and Dewatering
If for stock, state number and kind of animals.

5. The water is to be diverted at the following point (Describe as being within a 40-acre subdivision of public survey and by course and distance to a found section corner. If on unsurveyed land, it should be stated.)

SW 1/4 NE 1/4 Section 6, T. 26 N., R. 48 E., M.D.M. or at a point from which the NE corner of Section 1, T. 26 N., R. 47 E., MDM bears North 67°59' West, a distance of 3,483 feet. (Well DW-16. See attached remarks)

see attached exhibit for additional PODs

REL

6. The existing point of diversion is located within (If point of diversion is not changed, do not answer.)

NW 1/4 NW 1/4 Section 31, T. 27 N., R. 48 E., M.D.M. or at a point from which the NW corner of said Section 31 bears North 45° West, a distance of 250 feet. (Master Permit location under Order 1189)

7. Proposed place of use (Describe by legal subdivisions. If for irrigation, state number of acres to be irrigated.)

See Attached

8. Existing place of use (Describe by legal subdivisions. If changing place of use and/or manner of use of irrigation permit, describe acreage to be removed from irrigation.)

T.27 N., R. 47 E., MDM: E½ Section 24, all of Sections 25 and 36; T.27 N., R. 48 E., MDM: W½ Section 19, all of Sections 30 and 31; T.26 N., R. 47 E., MDM: E½ Section 1, portions of Section 12; T.26 N., R. 48 E., MDM: portions of Sections 6 and 7; all known as the Cortez Hills Project Area within Lander County and all within the Crescent Valley Hydrographic Basin.

Use map on file at the Division of Water Resources under Application 77179 to support the existing place of use.

9. Proposed use will be from January 1 to December 31 of each year.
Month and Day Month and Day

10. Existing use permitted from January 1 to December 31 of each year.
Month and Day Month and Day

11. Description of proposed works. (Under the provision of NRS 535.010 you may be required to submit plans and specifications of your diversion or storage works.) (State manner in which water is to be diverted, i.e., diversion structure, ditches, pipes and flumes or drilled well, pump and motor, etc.)

Drilled wells, pumps, motors, meters, conveyance works and facilities.

12. Estimated cost of works in excess of \$10,000,000

13. Estimated time required to construct works See Attached Well List

If well completed, describe well.

14. Estimated time required to complete the application of water to beneficial use 10 years

15. Provide a detailed description of the proposed project and its water usage (use attachments if necessary): (Failure to provide a detailed description may cause a delay in processing.)

This Application is filed in support of the Cortez Hills Mining Project and the Rules established under Order 1189. Please see attached.

16. Miscellaneous remarks:

Please see attached.

rciwater@rci-nv.com

E-mail Address

775-883-1600

Phone No.

Bruce R. Scott

Type or print name clearly

Signature, applicant or agent

Resource Concepts, Inc.

Company Name

340 North Minnesota Street

Street Address or PO Box

Carson City, NV 89703

City, State, ZIP Code

APPLICATION MUST BE SIGNED
BY THE APPLICANT OR AGENT

STATE ENGINEERS OFFICE

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**ATTACHMENT TO TEMPORARY APPLICATIONS TO CHANGE
PERMIT 77179
PER STATE ENGINEER WELL SPACING ORDER 1189**

5. Proposed Point of Diversion:

This Proposed Point of Diversion represents one of a total of 12 separate wells within the Cortez Hills project, as described by Sheet 2 of the supporting map, from which water may be pumped in 2010. Records of actual pumpage from individual wells will be provided as required under the conditions of the Order.

7. Proposed Place of Use:

T.26N., R.47E., MDM: Portion E $\frac{1}{2}$ Sec. 1 and Portion E $\frac{1}{2}$ Sec. 12 within Crescent Valley (Basin 054)

T.26N., R.48E., MDM: Portion Sec. 6 and Portion Sec. 7 within Crescent Valley (Basin 054)

T.27N., R.46E., MDM: W $\frac{1}{2}$ SE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$ Sec. 13; SW $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 23; NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$ Sec.24; NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 26

T.27N., R.47E., MDM: All Sec. 4, 5, and 6; E $\frac{1}{2}$ Sec. 7, All Sec. 8 and 9; E $\frac{1}{2}$, SW $\frac{1}{4}$ Sec. 18; N $\frac{1}{2}$, SW $\frac{1}{4}$ Sec. 19; E $\frac{1}{2}$ Sec. 24; All Sec. 25; SE $\frac{1}{4}$ Sec. 30; All Sec. 36

T.27N., R.48E., MDM: W $\frac{1}{2}$ Sec. 19, All Sec. 30 and 31

T.28N., R.47E., MDM: E $\frac{1}{2}$, SW $\frac{1}{4}$ Sec. 13; SE $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 15; SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 21; NW $\frac{1}{4}$, NW $\frac{1}{4}$ SW $\frac{1}{4}$ Sec. 22; E $\frac{1}{2}$ Sec. 27; NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$ Sec. 28; S $\frac{1}{2}$ Sec. 29; SE $\frac{1}{4}$ Sec. 30; Lots 7, 8, 9, 10, E $\frac{1}{2}$ Sec. 31; All Sec. 32; SE $\frac{1}{4}$ Sec. 34; W $\frac{1}{2}$, SE $\frac{1}{4}$ Sec. 35

T.28N., R.48E., MDM: All Sec. 1, 3, 5, and 7; NE $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ S $\frac{1}{2}$ Sec. 8; All Sec. 9, 11, and 13; N $\frac{1}{2}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ Sec. 14, All Sec. 15; W $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ Sec. 16; All Sec. 17; N $\frac{1}{2}$ N $\frac{1}{2}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$ Sec. 18; N $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 23

T.28N., R.49E., MDM: All Sec. 3, 7, 9 and 17

Items 15 and 16:

These Temporary Applications are being filed in accordance with State Engineer's Order 1189 dated June 4, 2008, to meet the annual temporary filing requirements as described under Rule Number 3 of said Order. In accordance with Rule Number 3 of the Order, these temporary applications are based on the total amount of water permitted under master Permit 77179, issued February 6, 2009.

2009 Actual Pumpage:

The Cortez Hills mining project pumped a total of 1,720.43 AFA in 2009, as reported to the Division of Water Resources in the Annual Pumpage Report. Of this total, most of the water was consumed in the Cortez Hills project area where it was used for dust control, construction, drilling, reservoir storage, and other on-site needs. Due to poor water quality, a portion (318.82 AF) was conveyed via an 18" Cross Valley Pipeline to the Cortez Pipeline project where it was used in the leaching pads. There was no actual usage of Cortez Hills water under Order 1189 for irrigation or stockwater in 2009, and no water was infiltrated. Attached Table 1 provides a summary of 2009 pumpage from all Cortez Hills project wells.

The following summarizes the 2009 consumptive use of water at the Cortez Hills project:

1. Mining, milling, dewatering – Cortez Hills on-site use :	1,401.61 AF(a)
2. Mining, milling, dewatering – Cross Valley Pipe to leach:	318.82 AFA
3. Irrigation use:	0.00 AFA
4. Stockwater use:	0.00 AFA(b)

(a): This consumptive figure includes 454.52 AFA of water pumped to the Cortez Hills storage reservoir and used on-site.

(b): The Cortez Hills area includes 11 stockwater rights (Permits 73266 – 73276) from seeps and springs not associated with the mining project, whose total combined duties provide enough water for 1000 head of cattle (0.031 cfs /22.4 AFA). Permittee reports that in 2009 no Cortez Hills project water was used for stockwatering.

2010 Projected Pumpage

The estimated Cortez Hills project total to be pumped in 2010 is 1515.4 AF. Of this total, it is estimated that 1025.4 AF will be consumed in the Cortez Hills project area where it will be used for dust control, construction, drilling, reservoir storage, and other on-site needs. Because of improved water quality from dewatering operations, that portion (318.82 AF) pumped in 2009 via Cross Valley Pipeline to the Cortez Pipeline area is expected to be used in 2010 at Cortez Hills.

It is estimated that a total of 10 AF will be used for stock watering at various locations within the Proposed Place of Use area described under Item 7, delivered either by pipeline or by truck hauling.

It is estimated that approximately 480 AF developed through dewatering at Cortez Hills will be consumed by delivery through cross-valley pipeline to irrigated acreage within the Item 7 Proposed Place of Use. Therefore two (2) separate applications to change the point of diversion and place of use of water currently allowed under irrigation Permit 67611 will be filed after filing of the Temporary Applications, which will move 480 AF into two (2) dewatering wells located within the Cortez Hills project area.

Accordingly, the following summarizes the estimated 2010 Cortez Hills dewatering pumpage and anticipated consumptive use:

1. Mining, milling, dewatering – Cortez Hills on-site consumption:	1,025.40 AF
2. Mining, milling, dewatering – Cortez Hills non-consumptive use:	0.00 AF
3. Irrigation use:	480.00 AF
4. Stockwater use:	<u>10.00 AF</u>
2010 Estimated Cortez Hills Use	1,515.40 AF

CORTEZ JOINT VENTURE WELL LOCATIONS										
WELL NUMBER	POINT OF DIVERSION								TIES TO NE CORNER SEC. 1, T.26N., R.47E., M.D.M.	DISTANCE
	1/4				1/4					
	1/4	1/4	S	T	R	BEARING	DISTANCE			
DW-08	SE	NE	31	27	48	S. 58°32'W.	5,918'			
DW-13	NW	SE	31	27	48	S. 67°55'W.	3,870'			
DW-14	NE	SW	31	27	48	S. 46°38'W.	2,588'			
DW-15	SW	SW	31	27	48	S.34°37'W.	1,600'			
DW-16	SW	NE	6	26	48	N. 67°59'W.	3,483'			
M1PW-01	SE	NE	24	27	47	S. 01°49'E.	14,079'			
PPW-01	NE	NW	6	26	48	N. 89°31'W.	2,187'			
PPW-02	NW	NE	6	26	48	N. 85°47'W.	3,936'			
PPW-03	SE	NW	6	26	48	N. 62°41'W.	2,792'			
PPW-05	NW	SE	31	27	48	S.60°22'W.	4,094'			
PPW-06W	SE	NW	31	27	48	S. 40°29'W.	3,895'			
PPW-07W	NE	NW	31	27	48	S. 23°09'W.	4,546'			

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