



THE STATE OF NEVADA

PERMIT TO APPROPRIATE WATER

Name of applicant: BASALITE CONCRETE PRODUCTS, LLC, A SUBSIDIARY
OF PACIFIC COAST BUILDING PRODUCTS, INC

Source: UNDERGROUND

Basin: DAYTON VALLEY

Manner of Use: MINING AND MILLING

Period of Use: January 1st to December 31st

Priority Date: 07/23/2010

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 a quarterly basis within 15 days after the end of each calendar quarter.

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 68172, Certificate 16884, and Permit 80026 shall not exceed 60.0 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.

The approval of this permit expires Permit 68173.

(Continued on Page 2)

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 0.47 cubic feet per second or 40.0 acre-feet annually.**

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

November 18 2011

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

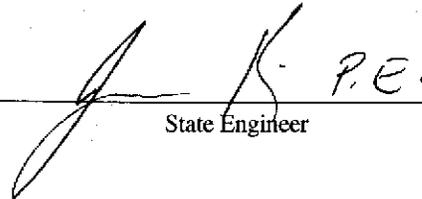
November 18 2015

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 18th day of **November**, A.D. **2010**



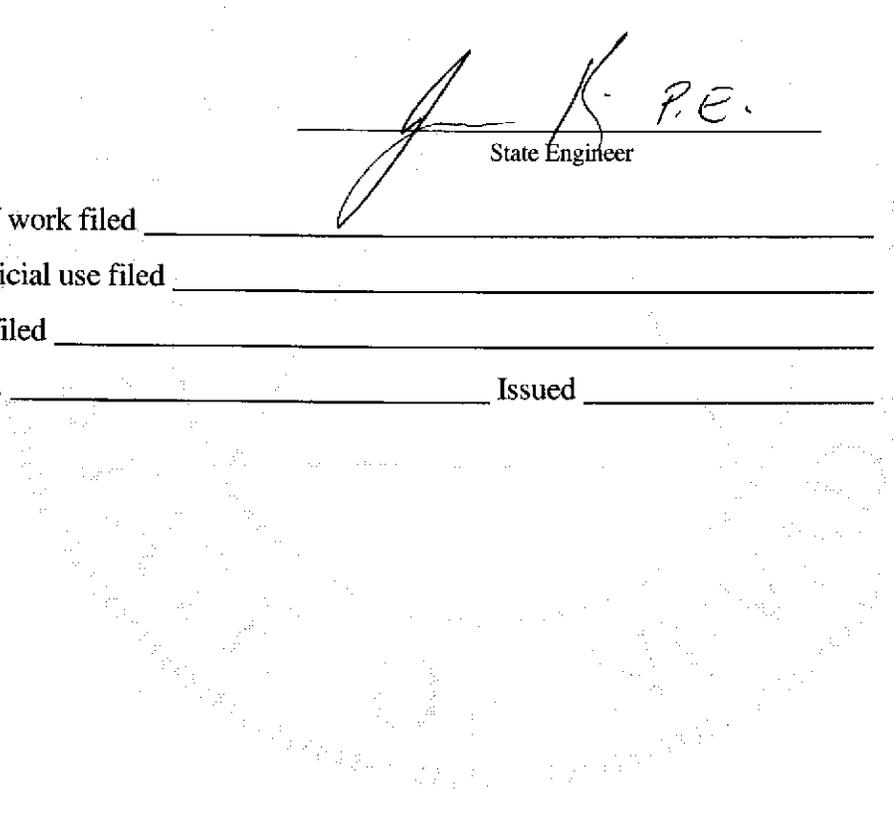
State Engineer

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 State Engineer's Office	<u>JUL 23 2010</u>
Returned to applicant for correction	_____
Corrected Application filed	Map filed DEC 31 2001 under 68172

The applicant Basalite Concrete Products, LLC, a Subsidiary of Pacific Coast Building Products, Inc.

2500 Boeing Way of Carson City
Street Address or P.O. Box City or Town

Nevada 89706 hereby make(s) application for permission to appropriate the
State and ZIP Code

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.)
1976 in Sacramento, California

1. The source of water is Underground
Name of the stream, lake, underground, spring or other sources.
2. The amount of water applied for is 0.47 c.f.s. (40 acre-feet)
One second foot equals 448.83 gallons per minute.
 - (a) If stored in a reservoir give the number of acre-feet _____
3. The water is to be used for Mining, Milling and Dust Control
Irrigation, power, mining, commercial, domestic or other use. Must be limited 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 in No. 12) See Attached
 - (d) Power:
 - (1) Horsepower developed _____
 - (2) Point of return of water to stream _____

163-ST

5. The water is to be diverted from its source 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 so stated.)

NE1/4 SW1/4 Section 16, T.17N., R.22E., M.D.B. & M., or at a point from which the SW corner of said Section 16 bears S. 31 degrees 10' 17" W., a distance of 2,574.04 feet, situated in Storey County, Nevada

6. Place of use: (Describe by legal subdivision. If on unsurveyed land, it should be so stated)

SE1/4 Section 8, S1/2 SW 1/4 Section 9, NW1/4 NE1/4, E1/2 E1/2 Section 17, NW1/4, W1/2 NE1/4, N1/2 S1/2 Section 16, all within T.17N., R.22E., M.D.B. & M.

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.) (State manner in which water is to be diverted, i.e. diversion structure, ditches and flumes, drilled well with a pump and motor, etc.)

Drilled well, 940 feet deep, 8-inch diameter casing, equipped with a 100 H.P. Franklin motor, Berkeley pump and totalizing meter, thence thru a distribution system to the place of use.

9. Estimated cost of works: Complete

10. Estimated time required to construct works: 3 Years
(If the well is complete, describe works.)

11. Estimated time required to complete the application of water to beneficial use: 5 Years

12. 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.)

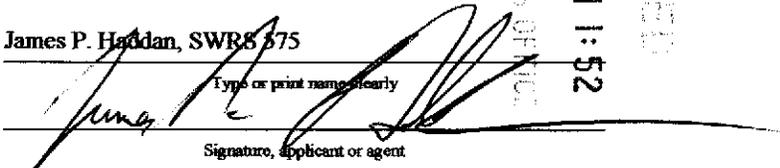
See Attachment

13. Miscellaneous remarks:

Use map filed under Permit 68172 for proposed point of diversion and place of use.

RECEIVED
2010 JUL 23 PM 1:52
STATE ENGINEERS OFFICE

chukar@gmail.com
E-mail Address
(775) 883-6595
Phone No.

James P. Haddan, SWRS 575
Type or print name clearly

Signature, applicant or agent
Haddan Engineering, Inc.
Company Name
Post Office Box 2300
Street Address or PO Box
Dayton, Nevada 89403-2300
City, State, ZIP Code

APPLICATION MUST BE SIGNED BY THE APPLICANT OR AGENT

ATTACHMENT TO ITEM NO. 12 OF WATER RIGHTS APPLICATION

BY:

***BASALITE CONCRETE PRODUCTS, LLC, A SUBSIDIARY OF PACIFIC COAST
BUILDING PRODUCTS, INC.***

Prepared for Review by:

THE NEVADA STATE ENGINEER'S OFFICE

Prepared by:

***Haddan Engineering, Inc.
P.O. Box 2300
Dayton, Nevada 89403-2300***

July 2010

ATTACHMENT TO ITEM NO. 12 OF WATER RIGHTS APPLICATION**BY:*****BASALITE CONCRETE PRODUCTS, LLC, A SUBSIDIARY OF PACIFIC COAST
BUILDING PRODUCTS, INC.***

This application is being made by Basalite Concrete Products, LLC, a Subsidiary of Pacific Coast Building Products, Inc. for 0.47 c.f.s. (not to exceed 40 acre-feet per annum) for Mining, Milling and Fugitive Dust Control purposes.

This application proposes using an existing well, which produces 300 gallons per minute (0.67 c.f.s.) in the Carson Plains sub-basin of the Dayton Valley Hydrographic Basin. There is one existing Certificate on this well (Permit No. 68172/Certificate No. 16884) for 0.2 c.f.s; not to exceed 20.0 acre-feet annually. There is also a temporary Permit No. 68173 set to expire November 11, 2011 for 0.6 c.f.s. and 100 acre-feet per year, which we request be withdrawn upon the approval of this application.

The diversion rate of 0.47 c.f.s. is being applied for so the full pumping rate of the well (300 GPM) can be used under a combination of this application and Certificate No. 16884 during high wind/dust storm conditions. At these times it is important that the water trucks be filled as quickly as possible to control dust. It is anticipated that the total annual usage from this application and Certificate 16884 would be limited to 60 acre-feet.

The purpose of this application is to seek a water right that can be utilized for the life of the mine (estimated to be 75 years). The water is essential to conform to NDEP Order and requirements for fugitive dust control and to comply with the "Fugitive Dust Control Plan Update" (see Appendix Nos. 4 and 5 - NDEP Order and "Fugitive Dust Control Plan Update" in Appendix).

The State Engineer, in a 2008 Ruling, found that the perennial yield in Dayton Valley is equal to annual recharge, which was estimated to be between 8,000 and 20,000 acre feet. The total amount of groundwater pumpage for the water year 2008 was 9,625 acre-feet (Per 2008 Dayton Valley (Hydrographic Area 8-103) Groundwater Pumpage Inventory by the Division of Water Resources).

Conclusion:

We request that the State Engineer consider this application for approval in part for the following reasons:

- 1) It is felt that it is in the best interest of the residents of Lyon County and the State of Nevada that the application be approved not only for the control of fugitive dust but for the economic benefits associated with the continued operation of the Dayton Mine.
- 2) Estimated Dayton Valley water pumpage in 2008 (9,445 acre-feet) was at the low end of the range of perennial yield estimated by the State Engineer (8,000 to 20,000 acre-feet). This permit, if granted, would be limited to the life of the mine with the waters reverting back to the State upon the completion of mining activities.
- 3) The current situation (with a temporary permit) is an impediment to future planning for the mine in that upgrades, purchases, hiring of employees, securing investors and/or loans are all done with a "cloud" due to the fact that if permanent (for the life of the mine) water is not obtained there is a possibility of closure due to insufficient resources to maintain compliance with the NDEP's regulations concerning fugitive dust control.
- 4) Temporary Permit No. 68173 for 0.6cfs and 100 acre-feet per year will be withdrawn upon the approval of this application for 0.47 c.f.s. and 40 acre-feet per year.
- 5) Basalite has made a concerted effort to comply with all NDEP and DWR requirements and has minimized water use through conservation efforts, including "reclaiming mined-out areas using a variety of native plants and grasses to reduce fugitive dust emissions at its mine and ore facility" (see Appendix no. 4).
- 6) Basalite has developed spring sources and used them when available to help reduce reliance on underground sources.
- 7) Due to downturn in the economy and less construction activity since 2008, dust making at the mine has decreased, resulting in less water usage by the Dayton Mine. When the economy rebounds, water usage will increase proportionately.

Appendix/Attachments:

- 1) Copies of Permit 68172/Certificate 16884 and Temporary Permit 68173 and associated well logs.
- 2) Letter dated April 2, 2002 from Diana Lefler to Kyle Holt of Basalite requesting additional information.
- 3) Letter dated May 2, 2002 from Kyle Holt of Basalite responding to request for additional information.
- 4) Notice of action/Order of compliance dated July 9, 2002 sent to Kyle Holt of Basalite by NDEP.
- 5) Fugitive Dust Control Plan for Basalite Dayton Mine dated June 3, 2010.
- 6) Surface Area Disturbance Permit Fugitive Dust Control Plan
- 7) Dayton Pit Water Usage for years 2002 thru 2009, prepared by Basalite.