Permit No. 80714

THE STATE OF NEVADA

PERMIT TO APPROPRIATE WATER

Name of Permittee:	**RODEO CREEK GOLD, INC**
Source:	**UNDERGROUND**
Basin:	**WILLOW CREEK VALLEY**
Manner of Use:	**MINING AND MILLING**
Period of Use:	**JUNE 1ST TO SEPTEMBER 30TH**
Priority Date:	**03/30/2011**

****

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.

The Permittee shall keep monthly records of the amount of water pumped from this well and the records must be 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 well must be sealed with cement grout, concrete grout or neat cement from ground level to 100 feet.

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 groundwater 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 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 0.668 cubic feet per second or 29.95 acre-feet seasonally.**

Work must be prosecuted with reasonable diligence and proof of completion of work shall be filed on or before: **September 14 2012**

Water must be placed to beneficial use and proof of the application of water to beneficial use shall be filed on or before: **September 14 2014**

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 14th day of **September**, A.D. **2011**

P.E.

State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____

Application No. 80714

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 MAR 3 0 2011

Returned to applicant for correction _____

Corrected Application filed _____ Map filed AUG 28 2009 under 78862

The applicant Rodeo Creek Gold Inc.

P.O. Box 2610 (Street Address or P.O. Box) of Winnemucca (City or Town)

Nevada 89446 (State and ZIP Code) 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.)

Incorporated in Nevada on July 17, 1997

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 0.668 cfs - 29.95 AFA
   (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
   (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) _____
   (d) Power:
      (1) Horsepower developed _____
      (2) Point of return of water to stream _____

Revised 07/09

63-EL

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.)

Within the SW1/4 SE1/4 of Section 35, T. 39 N., R. 46 E., M.D. B. & M. or at a point from which the South 1/4 corner of said Section 35 bears S. 76d54'55" W. a distance of 1,148.45 feet.

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

Sections 33, 34, 35 and 36 of T. 39 N., R. 46 E.; Sections 31, 32, 33, 34, 35 and 36 of T. 39 N., R.47 E.; Sections 2, 3 and 4 of T. 38 N., R. 46 E.; Sections 1, 2, 12 and 13 of T. 38 N., R. 47 E.; Sections 17, 18, 19, 20, 29, 30, 31, 32, 33 and 34 of T. 38 N., R. 48 E.; Sections 3, 4, 5, 8, 9, 10, 16, 17, 20, 21, 28, 29, 32 and 33 of T. 37 N., R. 48 E., M.D.B. & M.

7. Use will begin about June 1 (Month and Day) and end about September 30 (Month and Day) 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.) (State manner in which water is to be diverted, i.e. diversion structure, ditches and flumes, drilled well with a pump and motor, etc.)

Existing well, pump, motor and distribution lines.

9. Estimated cost of works: $150,000

10. Estimated time required to construct works: Well completed under Permit 78862, see Attachments A and B
(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.)

Water will be used for dust supression and road maintenance on access roads in and around the Hollister Mine Project as shown on the proposed place of use map. It is estimated that a 4000 gallon water truck will be filled twice every hour, ten hours per day during the months of June through September.

13. Miscellaneous remarks:

Please refer to map on file in support of Application 78862 for proposed point of diversion.
Please refer to map on file in support of Application 69732 for proposed place of use.

Robert Hunt (agent)
Type or print name clearly

rhunt@brwncald.com
E-mail Address

Signature, applicant or agent

(775) 883-4118 Phone No. 804 Ext.

Brown and Caldwell
Company Name

APPLICATION MUST BE SIGNED BY THE APPLICANT OR AGENT

3264 Goni Rd., Suite 153
Street Address or PO Box

Carson City, NV. 89706
City, State, ZIP Code

STATE ENGINEER'S OFFICE
2011 MAR 30 PM 12:57

Revised 07/09 $300 FILING FEE AND SUPPORTING MAP MUST ACCOMPANY APPLICATION

Protested: April 8, 2011, by Pershing County Water Conservation District of Nevada
Pro. Overruled 8/10/11 See Ruling #6139

80714

Attachment A

STATE OF NEVADA
DIVISION OF WATER RESOURCES
WELL DRILLER'S REPORT

OFFICE USE ONLY
Log No. 112014
Permit No. 78862
Basin Ø63

PRINT OR TYPE ONLY
DO NOT WRITE ON BACK

Please complete this form in its entirety in accordance with NRS 534.170 and NAC 534.340

NOTICE OF INTENT NO. 61799

1. OWNER RUBY PIPELINE LLC
MAILING ADDRESS 2 NEVADA AVE. COLORADO SPRINGS CO, 80903

ADDRESS AT WELL LOCATION NO ADDRESS, MILE MARKER 381 RUBY PIPELINE ACCESS
Subdivision Name: County: ELKO

2. LOCATION SW ¼ SE ¼ Sec 35 T 39 N/S R 46 E
PERMIT/WAIVER No. 78862 NONE
Issued by Water Resources Parcel No.

Latitude 41.20676864 UTM E ☐ NAD 27
Longitude 116.74529242 N ☒ NAD 83/WGS 84
41.206863°N, 116.744355°W NAD 27 (TA)

3. WORKED PERFORMED
☒ New Well ☐ Replace ☐ Recondition ☐ Deepen ☐ Other

4. PROPOSED USE
☐ Domestic ☐ Irrigation ☐ Test ☒ Municipal/Industrial ☐ Monitor ☐ Stock

5. WELL TYPE
☐ Cable ☒ Rotary ☐ RVC ☐ Air ☐ Other

6. LITHOLOGIC LOG

Material	Water Strata	From	To	Thickness
TOP SOIL	NO	0	5	5
BROWN CLAY / BOULDERS	NO	5	30	25
BROWN CLAY / COBBLES	NO	30	50	20
BROWN CLAY / GRAVEL	NO	50	85	35
GRAVEL 1"	YES	85	100	15
SANDY CLAY	NO	100	160	60
SAND / GRAVEL	YES	160	230	70
BROWN CLAY	NO	230	240	10
RED GRAVEL / SAND	YES	240	340	100
RED ROCK	NO	340	365	25
BROKEN RED ROCK	YES	365	375	10
BROWNISH RED ROCK	NO	375	430	55
BROKEN RED ROCK	YES	430	440	10
YELLOW CLAY	NO	440	450	15
RED CLAY	NO	450	460	10
GREY CLAY	NO	460	480	20
RED CLAY	NO	480	490	10
GREY CLAY	NO	490	500	10

Date started: 8/21, 20 10
Date completed: 9/3, 20 10

7. Water Level
Static water level: 88.7 feet below land surface
Artesian Flow: G.P.M. P.S.I.
Water Temperature: COLD °F
Quality: GOOD

8. WELL TEST DATA
TEST METHOD: ☐ Bailer ☒ Pump ☒ Air Lift

	G.P.M.	Draw Down (Feet Below Static)	Time (Hours)
AIRLIFT	110		6
PUMP	300	126.23	12

9. WELL CONSTRUCTION
Depth Drilled 500 Feet Depth Cased 460 Feet

HOLE DIAMETER (BIT SIZE)

		From		To	
22	Inches	0	Feet	20	Feet
14 3/4	Inches	20	Feet	480	Feet
6 3/4	Inches	480	Feet	500	Feet

CASING SCHEDULE

Size O.D. (Inches)	Weight/Ft. (Pounds)	Wall Thickness (Inches)	From (Feet)	To (Feet)
16	62.64	.375	+2	20
8 5/8	22.90	.256	+2	460

Perforations:
Type of perforation MILL SLOT 8 SLOTS/ROUND 16 SLOTS/LIN FT.
Size of perforation .100 x 2½ LONG
From 320 feet to 440 feet
From feet to feet
From feet to feet
From feet to feet
From feet to feet

Annular Seal: ☒ Yes ☐ No
☒ Neat Cement 0 to 110 ☒ Pumped ☐ Poured
☐ Cement Grout to ☐ Pumped ☐ Poured
☐ Concrete Grout to ☐ Pumped ☐ Poured
☐ ≥30% Bentonite Grout to ☐ Pumped ☐ Poured

Gravel Pack: ☒ Yes ☐ No 112 to 465 ☒ Pumped ☐ Poured
Type: #6
Bentonite Chips: ☒ Yes ☐ No 465 to 500 ☒ Pumped ☐ Poured
Type: 1/4 COATED PELLETS ALSO 110-112'

10. DRILLER'S CERTIFICATION
This well was drilled under my supervision and the report is true to the best of my knowledge.
Name LAYNE CHRISTENSEN CO.
Contractor
Address 11001 ETIWANDA AVE FONTANA, CA 92337
Contractor

Nevada contractor's license number issued by the State Contractor's Board 0043608
Nevada driller's license number issued by the Division of Water Resources, the on-site driller 2420

Signed [signature]
By driller performing actual drilling on-site or contractor
Date 9/13/10

USE ADDITIONAL SHEETS IF NECESSARY

(NSPO 3-08) (O) 637

Attachment B

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Layne Christensen Company Submersible Install/ Pull Report

Date 9-28-10 Operator Wes Van Allen
Job No. 1000-2456 Electrical
Well No. # 381 Locked out by
Customer Ruby Pipeline Time
Location Date
Well Diameter 8" Transducer
Sounding Depth 460 S.W.L. 87.95 P.W.L. 169.27
Discharge Piping Size 4" Flange Gasket
Bolting Air Release Valve
Discharge Piping Condition, Recommendations Good

Discharge Head : TEE Air Vent
Size 4" Bolts Electrical Wire Seal
Discharge Head Condition, Recommendation

Submersible Electrical Wire :
Size #10 Length 310 Splice Kit
Submersible Electrical Wire Condition, Recommendation NEW

Column Pipe : Air Line Size 1" Type PVC Length 300
Qty. 15 Dia. 4" Length 20' Thread Taper
Qty. Dia. Length Thread
Total 300 Tally Pipe if Random
Column Pipe Condition, Recommendation NEW

Bowl Assembly : Pump Shroud Size N/A Length N/A
Mfg. Grundfos Size 300S200-68 No. Stages 6
Serial No. L1035171170 Model No.
Bowl Assembly Condition, Recommendation NEW

Seal Assembly : N/A Dia : N/A Length: N/A
Model : Serial : Type:
Motor :
Mfg. Grundfos Serial No.
HP 20 Voltage 460 Amps 32 max Phase 3 RPM 3470
Motor Condition, Recommendation NEW
Meg Readings A 2000 meg B 2000 meg C 2000 meg
Meg w/Down hole Cable A 2000 meg B 2000 meg C 2000 meg
OHM Reading Phase to Phase A-B 2.1 A-C 2.1 B-C 2.1
Voltage: A-B 480 A-C 480 B-C 480
Amperage : A 30.1 B 30.1 C 30.1