



THE STATE OF NEVADA

PERMIT TO APPROPRIATE WATER

Name of Permittee: BLUE DIAMOND OIL CORP
Source: UNDERGROUND
Basin: STEPTOE VALLEY
Manner of Use: QUASI-MUNICIPAL
Period of Use: JANUARY 1ST THROUGH DECEMBER 31ST
Priority Date: 07/08/2014

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 granted herein 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 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 0.1 cubic feet per second or 2.24 acre-feet annually.**

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

November 16 2018

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

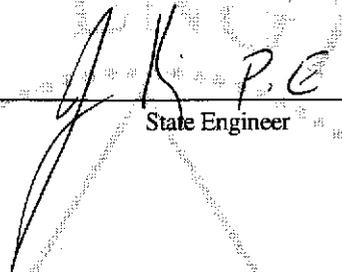
November 16 2020

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

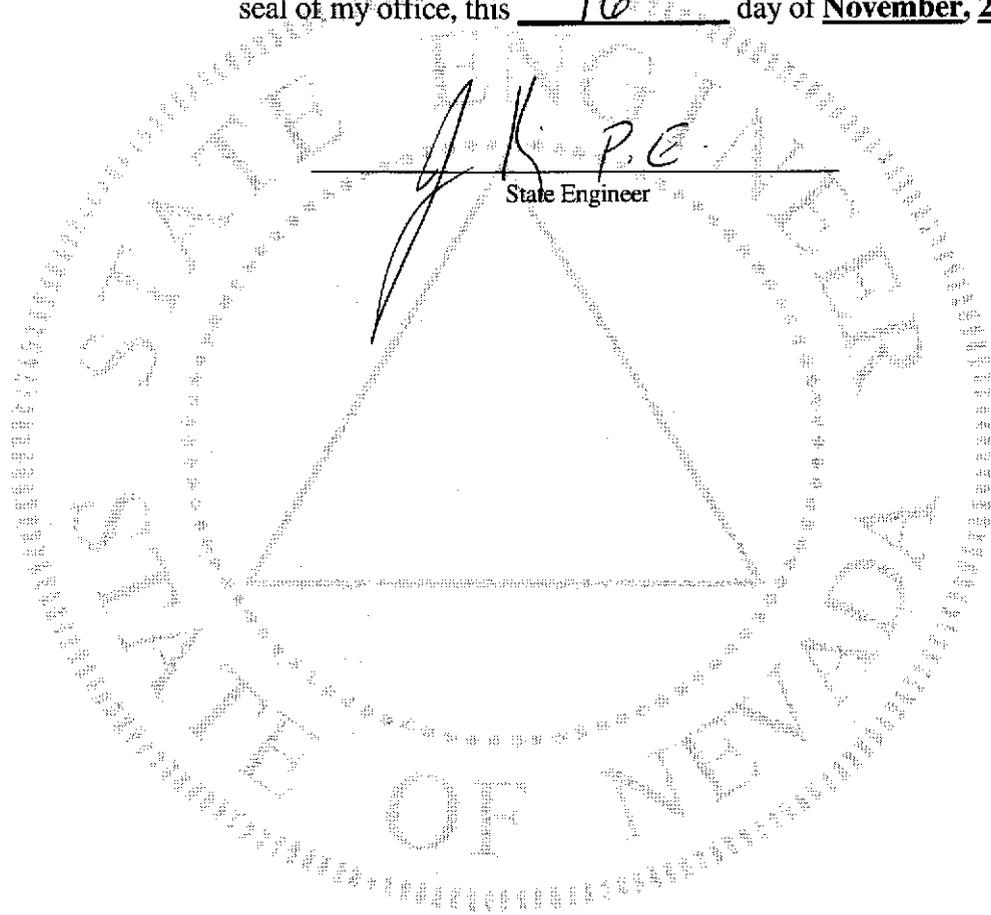
N/A

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

State Engineer of Nevada, have hereunto set my hand and the seal of my office, this 16th day of **November, 2015**



State Engineer



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

THIS SPACE FOR OFFICE USE ONLY
JUL 08 2014

Date of Filing in State Engineer's Office _____

Returned to applicant for correction _____

Corrected Application filed _____ Map filed Feb 27 1997 under 62880

The applicant Blue Diamond Oil Corp
P.O. Box 150432 of Ely, NV 89315
Street Address or P.O. Box City or Town
Ely, NV 89315 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.)

September 21st 1984, State of Nevada

2014 JUL -9 09:11:00
 STATE ENGINEERS OFFICE

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 0.78 C.F.S.
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 Quasi-Municipal
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 _____

Step for V
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 WP

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.)

SW 1/4 SW 1/4 Sec. 35 T16N, R63E, M.D.B. 412.
at a point from which the SW cor of said Section 35 bears South
61°31'8" West a distance of 114.57 Feet

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

a portion of the NE 1/4 SW 1/4 and a portion of the NW 1/4 SE 1/4 of Section 35
T16N, R63E, M.D.B. 412,
(shown as the "Place of Use Well No. 98" on map No. 62350

7. Use will begin about JAN 1 and end about DEC 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.)

EXISTING Well Drilled under Permit 62880.

9. Estimated cost of works: \$800,000 ENTIRE SYSTEM

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.)

Water to be used for 2 Homes LOT 9BD 8A of Blue Diamond
Country Estates Subdivision

13. Miscellaneous remarks:

bluediamond@mwpower.net
E-mail Address
775-289-3849
Phone No. Ext.

Gary Sprague
Type or print name clearly
[Signature]
Signature, applicant or agent
Blue Diamond Oil Corp
Company Name
P.O. Box 150432
Street Address or PO Box
ELY, NV 89315
City, State, ZIP Code

APPLICATION MUST BE SIGNED
BY THE APPLICANT OR AGENT