

IN THE OFFICE OF THE STATE ENGINEER

#1232

OF THE STATE OF NEVADA

ORDER

ADOPTING RULES TO ALLOW FOR MULTIPLE POINTS OF DIVERSION FOR WATER USE FOR MINING, MILLING AND DEWATERING OPERATIONS WITHIN THE DESIGNATED KELLY CREEK AREA HYDROGRAPHIC BASIN (66), HUMBOLDT COUNTY, NEVADA.

WHEREAS, this Order is issued pursuant to the provisions of Chapter 534 of Nevada Revised Statutes (NRS) that authorize the State Engineer to prescribe and adopt rules and regulations for the administration of groundwater. The State Engineer finds that, as a result of the necessities and unique characteristics of mine dewatering and its associated consumptive and non-consumptive uses, the adoption of rules to allow multiple points of diversion to support mining operations at the Twin Creeks Mine area near Golconda, Humboldt County, Nevada, is warranted. The area is more particularly described as follows:

S $\frac{1}{2}$ Sections 31 and 32, T.40N., R.43E.; Sections 3, 4, 5, 6, 7, 8, 9, 10, 15, 16, 17, 18, 19, 20, 21, 22, W $\frac{1}{2}$ 27, 28, 29, 30, 31, 32 and W $\frac{1}{2}$ 33, T.39N., R.43E.; E $\frac{1}{2}$ Sections 12 and 13, Sections 24, 25, and 36, T.39N., R.42E.; Sections 3, 4, 5, 8, 9 and 10, T.38N., R.42E.; Section 3, S $\frac{1}{2}$ Section 4, NW $\frac{1}{4}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 5, Sections 9, 15 and 17, T.38N., R.43E., M.D.B.&M., and presently known as the Twin Creeks Plan of Operations Boundary (POO Boundary).

The above described designated area is depicted and defined on maps on file in the Office of the State Engineer.

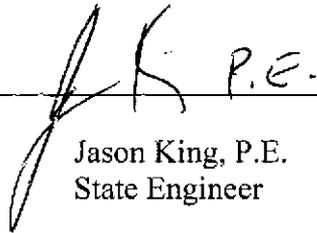
The State Engineer finds that the procedures set forth in this Order effect compliance with NRS § 534.050 under authority provided in NRS § 534.120.

IT IS HEREBY ORDERED, that within the above-described area the following rules shall apply:

1. The operator shall file one application to appropriate water in the amount equal to the total amount of water presently held for mining and milling purposes within 30 days after issuance of this Order. The proposed point of diversion described in the application will be the surface expression of the approximate centroid of the Twin Creeks Mine as of the date of filing. The application shall be accompanied with a substantially accurate description of the point of diversion by bearing and distance to an established survey corner and by GPS coordinates and a supporting map. The proposed place of use described in the application must be the POO Boundary, as described above.

2. Upon approval of any such application or subsequent temporary application(s), wells and other underground water diversions may be constructed anywhere within the above-described area as required for mine dewatering purposes and subsequent use for associated mining and milling purposes.
3. Beginning in 2014, and by February 15th annually thereafter, the operator shall file a temporary change application requesting a permit for the anticipated water requirement for the forthcoming year.
4. The State Engineer will review and may approve the above-described application(s) in accordance with the provisions in the Nevada Revised Statutes (NRS) Chapters 533 and 534.
5. Together with the application filed as set forth in (3) above, the operator shall file with the State Engineer an annual report setting forth in detail, all total gross individual well head and other site groundwater withdrawals (acre-feet) for dewatering, mining, milling, discharge, dust control and domestic purposes as well as documentation of all other distribution of water diverted for the previous year. The annual report must further document the status and location (with GPS coordinates) of each well constructed in the project area together with a description of all other diversions of groundwater from sumps, seeps, horizontal, and vertical drain holes.
6. After consideration of the total groundwater withdrawals, injection and consumptive use from the previous year, the State Engineer will consider all the evidence and may approve the annual temporary change application(s) for the total amount of water projected to be pumped by the Applicant for the forthcoming year.
7. The statutory fees set forth in NRS § 533.435 for the temporary permit approval shall be based upon the total amount of water in acre-feet provided in the application. The Applicant cannot exceed the estimated pumping volume approved for the year under the temporary permit without timely filing an additional temporary application that must be approved prior to any additional withdrawals. No statutory fee credit will be given for pumping volumes that are less than estimated and filed for in the temporary application.
8. Due to the supplemental nature of these temporary permits, the existing certificated water rights held by the operator within the project area shall remain active during the time this order is in effect and for a period of five years following the date of any repeal or amendment of this order.
9. In addition, all existing unperfected underground water rights held by the operator and subject to this Order shall remain active provided the associated statutory and permit requirements are continually met or may be withdrawn.
10. All wells within the area of this order that have not been used for any permitted purpose within the preceding year shall be plugged in accordance with the provisions of Chapter 534 of the Nevada Administrative Code or justification for keeping the unused well open must be made in conjunction with the annual report.

11. This order will expire and become of no effect five years after the mining or mine dewatering operations cease in the project area. This order may be modified or rescinded at any time by the State Engineer if required to satisfactorily administer the water resources within this designated basin.



Jason King, P.E.
State Engineer

Dated at Carson City, Nevada,

this 12th day of December, 2013.