

IN THE OFFICE OF THE STATE ENGINEER  
OF THE STATE OF NEVADA

O R D E R

Adroit Mining Co.  
dba M.A.C. Milling Co.  
P. O. Box 7900  
Chicago, Illinois 60680-7900

Fred Molitor  
P. O. Box 19  
Fallon, Nevada 89406

A field investigation made by the State Engineer's office on June 18, 1985 revealed that a dam had been constructed across Buffalo Canyon Creek with various pipes leading to a mill site in Section 2, T.15N., R.37E., M.D.B.&M. A search of the records in the State Engineer's office revealed no approved water rights in your name nor any other name for mining or milling use in the area. NRS Chapter 533 of the Nevada Water Law provides the exclusive means by which water can be appropriated.

NRS 535.010, subsection 1, states "Any person, firm, association or corporation proposing to construct a dam in this state shall, before beginning construction, obtain from the State Engineer, a permit to appropriate, store and use the water to be impounded by or diverted by the dam."

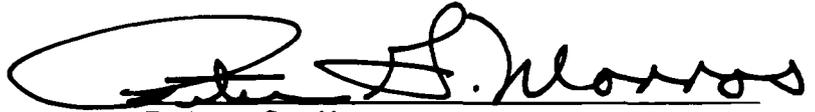
(Emphasis added)

Your dam was ordered removed under the powers vested in NRS 535.050, subsection 1, which states:

"The state engineer has the right, power and authority to order the removal of any dam, diversion works or obstruction that has been placed in any stream channel or watercourse when the dam, diversion works or obstruction has not been legally established and recognized through a valid claim of vested right, by decree of court or by a permit issued by the State of Nevada."

Your diversion and use are clearly a violation of the law as evidenced in NRS 533.460 which states "The unauthorized use of water to which another person is entitled, or the willful waste of water to the detriment of another, shall be a misdemeanor, and the possession or use of such water without legal right shall be prima facie evidence of guilt of the person using or diverting it." (Emphasis added)

YOU ARE HEREBY ORDERED to cease and desist from reconstructing or rebuilding the dam, diverting any water or placing any obstruction in the subject stream that would prevent the entire natural flow from continuing down the canyon to satisfy prior existing rights.

A handwritten signature in black ink, appearing to read "Peter G. Morros". The signature is written in a cursive style with a large, prominent initial "P".

Peter G. Morros  
State Engineer

Dated at Carson City, Nevada,  
this 21st day of June, 1985.