

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

FILED
FEB 10 2006
STATE ENGINEER'S OFFICE

IN THE MATTER OF APPLICATION NUMBER 72698
FILED BY IDAHO GENERAL MINES, INC.
ON MAY 03, 2005, TO APPROPRIATE THE WATERS OF
EUREKA COUNTY

} PROTEST

Comes now U.S. Bureau of Land Management
Printed or typed name of protestant

whose post office address is 50 Bastian Road, Battle Mountain, NV, 89820
Street No. Or P.O. Box, City, State and Zip Code.

whose occupation is Public Land Administrator and protests the granting
of Application Number 72698, filed on May 03, 2005

by Idaho General Mines, Inc to appropriate the
waters of Underground situated in Eureka County
Underground or name of stream, lake, spring or other source

County, State of Nevada, for the following reasons and on the following grounds, to wit:

The U.S. Bureau of Land Management (BLM) is the legal entity to manage public lands for the purposes intended by the Federal Land Management and Policy Act (FLPMA). FLPMA mandates multiple use which is defined as "the management of public lands and their various resource values so that they are utilized in the combination that will best meet the present and future needs of the American people."

The applicant has no authorization to develop or use the public lands identified in the application and map. Authority is issued to an operator to develop a mine for a finite resource under a Plan of Operation (43 Code of Federal Regulations § 3809), however no authorization currently exists. Prior to a Plan of Operations approval, baseline environmental analyses will provide a basis on the amount of water required for dewatering purposes. Operational and process methods identified in a proposed Plan of Operations will provide a basis for the water requirements for mining and milling. In a Plan of Operations, the water use, water quantity, and the area of use must also be identified and consistent with the purpose and need of the operation. To date, there has been no Plan of Operations or baseline environmental analyses submitted to the BLM. Therefore, BLM objects to the amount of water applied for and the extent of the Place of Use.

No authority exists for the BLM to allow mining and milling in perpetuity, even with an authorized Plan of Operation, on public lands. Typically, water rights associated with mining and milling is a temporary use commensurate with the life of a project; therefore, BLM also objects to a non-temporary water right for mining and milling.

BLM may withdrawal the Protest if all water rights (cumulative from Idaho General Mines, Inc. for the Mt. Hope Project) are consistent (i.e., quantity and Place of Use) with an approvable Plan of Operations and the environmental analyses and if constraints are issued that limit the longevity of the water right to that of the operations.

THEREFORE the Protestant requests that the application be Denied or Revised
Denied, issued subject to prior rights, etc., as the case may be

and that an order be entered for such relief as the State Engineer deems just and proper.

Signed Gerald M. Smith
Agent or protestant

Gerald M. Smith, Field Manager
Printed or typed name, if agent

Address 50 Bastian Road
Street No. or P.O. Box No.

Battle Mountain, NV 89820
City, State and Zip Code No.

Subscribed and sworn to before me this 17th day of Feb, 2006
Elizabeth Barela
Notary Public

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STATE ENGINEERS OFFICE

ELIZABETH BARELA
Notary Public - State of Nevada
Appointment Recorded in Lander County
No: 96-5540-10 - Expires December 10, 2008

State of Nevada
County of Lander

\$25 FILING FEE MUST ACCOMPANY PROTEST. PROTEST MUST BE FILED IN DUPLICATE.
ALL COPIES MUST CONTAIN ORIGINAL SIGNATURE.