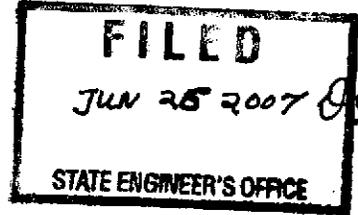


IN THE OFFICE OF THE STATE ENGINEER OF THE STATE OF NEVADA

IN THE MATTER OF APPLICATION NUMBER.....75311.....,
FILED BY....MGC RESOURCES, INC.,
ON.....FEBRUARY 5, 2007....., TO APPROPRIATE THE
WATERS OFRALSTON VALLEY GROUND WATER BASIN.....



PROTEST



Comes now Tonopah Public Utilities c/o Stan Howerton.....

Printed or typed name of protestant

whose post office address isP.O. Box 151, Tonopah, Nevada 89049
Street No. Or P.O. Box, City, State and Zip Code.

whose occupation isDirector of Public Works..... and protests the granting
of Application Number75311....., filed onFebruary 5, 2007
byMGC Resources, Inc.....to appropriate the

waters ofRalston Valley Ground Water Basinsituated in ...Nye
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:

.....
.....SEE ATTACHED EXHIBIT "A".....
.....

2007 JUN 25 11:10:02

THEREFORE the Protestant requests that the application beDENIED.....
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.

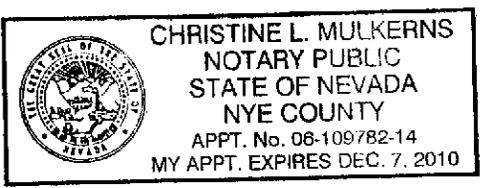
Signed [Signature]
Agent or protestant

Stanley Howerton
Printed or typed name, if agent

Address.....P.O. Box
151.....
Street No. or P.O. Box No.
.....Tonopah, Nevada 89049
City, State and Zip Code No.

Subscribed and sworn to before me this 25th day of June, 2007

[Signature]
Notary Public



State of.....NEVADA.....

County of.....NYE.....

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

[Handwritten mark]

Exhibit "A"
Formal Protest Requesting Denial of Application No. 75311
Applicant - MGC Resources, Inc.

MGC Resources, Inc. under Application No. 75311 proposes to utilize ground water for mining, milling and dewatering at the rate of 1.8 second feet (1,300 acre feet per year) from the Ralston Valley Hydrographic Groundwater Basin No. 141.

A request for denial is based on the following concerns:

COMPREHENSIVE PERENNIAL YIELD AND BASIN ANALYSIS REQUIRED:

The Town of Tonopah (Tonopah), a water right owner within Ralston Valley located within the vicinity of Application No. 75311, is concerned that continued increases of groundwater pumpage will harm their existing municipal water supplies. The Town of Tonopah is asking the State to protect the Tonopah's senior priority permitted and certificated municipal groundwater rights.

Nye County and the Town of Tonopah have been very active in groundwater and surface water management issues in Ralston Valley Hydrographic Basin for many years. At this time, the municipal water for the Town of Tonopah is supplied predominately from a well field near the proposed production well under Application No. 75311. The Town of Tonopah is concerned about MGC Resources, Inc. request for a large amount of ground water within a close proximity to their municipal well field.

The Ralston Valley groundwater basin was designated in 1980 based upon concerns of groundwater depletion and over appropriation. Twenty seven years has passed since this designation. A comprehensive perennial yield and recharge analysis must be required by the Nevada State Engineer of the entire Ralston Valley Hydrographic Basin No. 141 before new appropriations can be considered.

Due to the proximity of the proposed point of diversion under Application No. 75311 to Tonopah's municipal well field, additional hydrogeologic studies, testing monitoring must be completed prior to any further consideration. This is necessary to define the potential impacts to the Tonopah municipal water supply.

The results of this comprehensive analysis must be reviewed by the State and the Town of Tonopah to determine the impacts to existing water consumption and recharge within Ralston Valley before any new appropriations of groundwater can be considered for permitting.

TEST OF GROUNDWATER MUST BE DEMONSTRATED WITHIN THE VALLEY BEFORE APPROVAL IS CONSIDERED:

The applicant proposes to remove a large volume of ground water near the municipal well field for the Town of Tonopah. In addition to supplying water for the mining and

milling, the applicant proposes to dewater the local aquifer to accommodate the mining project. Increased removal of ground water near Tonopah's municipal well field is expected to impact the available ground water quantity and possibly degrade water quality.

Based on Application No. 75311, dewatering may occur. Once mining operations have exhausted the marketable minerals, an open pit with standing exposed ground water or collected precipitation can influence the ground water quality of the Tonopah municipal well field.

The applicant recently completed a 72 hour well pump test from an exploration well at what appears to be the proposed point of diversion. Water from the pump test was discharged over the ground surface and then allowed to seep back into the ground water table. Water samples have been taken by the utility director from Tonopah's wells to determine if there has been an impact to the municipal water quality. Results from this test have not yet been received.

WATER RIGHTS OWNED BY THE PROTESTANT WITHIN RALSTON VALLEY:

The following is a summary of the active municipal water rights owned by the Town of Tonopah within RALSTON VALLEY Hydrographic Basin No. 141.

Permit No.

45148
45149
45150
45151
45221
54929