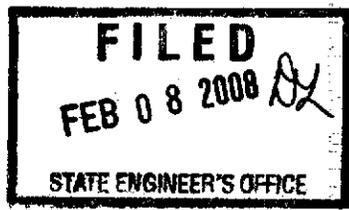


IN THE OFFICE OF THE STATE ENGINEER OF THE STATE OF NEVADA

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PROTEST

IN THE MATTER OF APPLICATION NUMBER. 76365
FILED BY. KOBEH VALLEY RANCH LLC
ON OCTOBER 9, 2007, TO APPROPRIATE THE
WATERS OF UNDERGROUND (EUREKA COUNTY)



Comes now EUREKA COUNTY Printed or typed name of protestant

whose post office address is P.O. BOX 677, EUREKA, NEVADA 89316 Street No. Or P.O. Box, City, State and Zip Code.

whose occupation is POLITICAL SUBDIVISION and protests the granting
of Application Number 76365 filed on OCTOBER 9, 2007

by KOBEH VALLEY RANCH LLC to appropriate the
waters of UNDERGROUND situated in EUREKA
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 EXHIBIT "A" ATTACHED

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

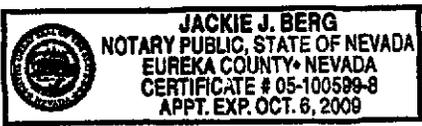
and that an order be entered for such relief as the State Engineer deems just and proper.

Signed [Signature] Agent or protestant

J.P. "JIM" ITHURRALDE, CHAIRMAN, COUNTY COMMISSIONERS Printed or typed name, if agent

Address P.O. Box 677 Street No. or P.O. Box No.
EUREKA, NEVADA 89316 City, State and Zip Code No.

Subscribed and sworn to before me this 5th day of FEBRUARY, 2008



[Signature] Jackie J. Berg Notary Public

State of NEVADA
County of EUREKA

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

[Handwritten initials]

**Exhibit "A"**  
**Eureka County Protests to Kobeh Valley Ranch LLC Application Nos. 76364  
& 76365**

1. Pine Valley is a designated basin per NRS 534.050. Existing permitted and certificated ground water rights in the basin total approximately 15,694 acre-feet per year. The perennial yield listed for the basin is 20,000 afa. The instant applications are part of a group of applications seeking a total combined duty of 16,000 afa for mining, milling and domestic purposes. The instant applications filed by Kobeh Valley Ranch are the most junior underground applications in the Pine Valley hydrographic basin. Granting these new applications may cause the basin to be over pumped to the detriment of the basin and prior existing water rights holders, including surface right holders. The owners of these rights contribute to the long-term economic viability of the greater Eureka community; therefore, unless adequately mitigated, such impacts may prove detrimental to the health and welfare of Eureka County.
2. Hydrologic properties of the proposed points of diversion are currently being analyzed; therefore, impacts associated with sustained pumping of substantial water rights at the proposed points of diversion are not known. Propagation of the cone of depression from the proposed points of diversion must be adequately determined prior to granting the applications. Eureka County requests the ability to review all hydrologic data offered in support of the applications.
3. The proposed points of diversion for these applications lie in Basin 53, while the proposed place of use may ultimately include portions of Basin 153 (Diamond Valley) and Basin 139 (Kobeh Valley); therefore the applications may call for a transfer of ground water out of the source basin for use in another basin. Compliance with the requirements of NRS 533.370(6) must be met.
4. There are currently outstanding applications to appropriate underground water in Pine Valley. Eureka County requests that a decision be rendered on these applications prior to dispensation of the present applications.
5. The works necessary to achieve beneficial use of the subject water rights are substantial and costly. The applicant has not presented the State with the scope of its proposed works, nor has the applicant demonstrated its ability to finance the works. Eureka County remains unclear whether the applicant is a mining company or a holding company. Eureka requests the opportunity to 1) review a proposed scope of work to achieve beneficial use and 2) satisfy its concerns regarding corporate purpose and financial ability.
6. Eureka County recognizes that the custom and culture of mining is part of its history and appreciates the role mining plays in its local and regional economy. Eureka County welcomes new opportunity for mining in its communities as long as mine development is not detrimental to existing economic or cultural activity. This protest is aimed at ensuring that any development of water resources in Pine Valley is conducted in full accordance with Nevada law, the Eureka County Master Plan and related ordinances, and does not unduly threaten the health and welfare of Eureka County citizens. Eureka County encourages the proponents of these applications to engage its representatives and the Office of the State Engineer in dialog that will result in a binding, mutually-beneficial agreement for development and management of these ground water resources, including but not limited to reinjection or infiltration of water not consumed in the mining operation back in to the basin of origin in Eureka County to mitigate the effects of the Applicant's pumping.
7. The manner of use of water under the subject applications is by nature of its activity a temporary use. Because it is a temporary use, any permits granted should be subject to a restriction that any water reverts back to the groundwater source after the cessation of the mining and milling use or that any application to change the manner of use under any such permit will be subject to additional determination and evaluation with respect to the permanent effects on existing rights and the resource within the groundwater basin.

Exhibit "A"

Eureka County Protests to Kobeh Valley Ranch LLC Application Nos. 76364  
& 76365

8. Should these protests result in hearings before the State Engineer, Eureka County requests that such hearings be held in Eureka to facilitate access by the body of protestants.