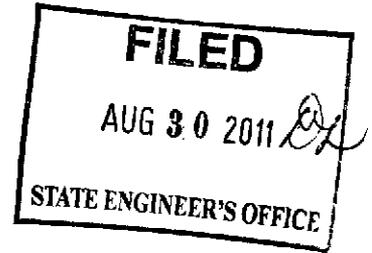


IN THE OFFICE OF THE STATE ENGINEER OF THE STATE OF NEVADA

IN THE MATTER OF APPLICATION NUMBER 81082
FILED BY LEADVILLE MINING COMPANY, INC.
ON AUGUST 15, 2011, TO APPROPRIATE THE WATERS OF
LEADVILLE SPRING



PROTEST



Comes now Robert R. Depaoli

Printed or typed name of protestant

whose post office address is 1415 Arobia Lane, Lovelock, NV 89419

Street No. Or P.O. Box, City, State and Zip Code.

whose occupation is Rancher and protests the granting

of Application Number 81082, filed on August 15, 2011

by Leadville Mining Company, Inc. to appropriate

the waters of Leadville Spring situated in Washoe

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:

Please refer to Attachments "A" and "B"

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

Agent of protestant

Gregory M. Bilyeu - Agent

Printed or typed name, if agent

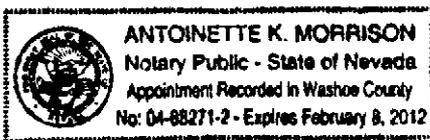
Address 9480 Double Diamond Parkway, Suite 200

Street No. or P.O. Box No.

Reno, NV 89521

City, State and Zip Code No.

Subscribed and sworn to before me this 18 day of August, 2011



Notary Public

State of Nevada

County of Washoe

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2011 AUG 30 AM 9:27
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+ \$25 FILING FEE MUST ACCOMPANY PROTEST. PROTEST MUST BE FILED IN DUPLICATE.

ALL COPIES MUST CONTAIN ORIGINAL SIGNATURE.

Attachment "A"

Application 81082 seeks to appropriate water from a source (Leadville Canyon Spring aka Leadville Spring) that has been beneficially used by the Protestant and his predecessor's in interest for over 60 years. The proposed source of water lies within the Leadville Grazing Allotment which is administered by the United States Bureau of Land Management (BLM). The Protestant is the legal and recognized holder of this allotment and a copy of this grazing permit is on file with the Division of Water Resources under Application 80605.

In addition, the source of water under Application 81082 is the subject of a cooperative agreement between the BLM and the Protestant wherein the Protestant has the responsibility for the construction and maintenance of the works of diversion at the proposed point of diversion under Application 81082. A copy of this cooperative agreement is included as Attachment "B" to this protest.

The Protestant has installed and is maintaining the existing spring improvements at the proposed source and point of diversion under Application 81082. The Applicant has failed to request or be granted access to the source of water under said Application from either the Protestant or the BLM.

Approval of Application 81082 will interfere with the diversion and use of water under this source by both the BLM and the Protestant. NRS 533.370(5) prohibits the State Engineer from approving an application to appropriate water where its proposed use or change conflicts with existing rights. Application 81082 seeks to appropriate water from a source that has been used by the Protestant and his predecessor's in interest for over 60 years and which is the subject of existing agreements between the Protestant and the BLM as owner of the underlying land. For these reasons, Application 81082 should be denied.

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Attachment "B"

08/11/2011 10:02 2132221
 (formerly 7380-7)

ROBERT K DEPAULI OFFICE USE ONLY PAGE 02

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

COOPERATIVE AGREEMENT
RANGE IMPROVEMENTS AND CONSERVATION
PRACTICES

Expires	EXTENDED TO
Indefinite	Indefinite
Job Number(s)	
4267	
Job Name(s)	
Leadville Canyon Spring	

1. I, (We) Gabica-Royels 72 Ranch of P.O. Box 97
 of Fernley, NV 89408
 of
 of
 and of

hereinafter called cooperator(s) and the United States of America, by the Bureau of Land Management, hereinafter called the Bureau, for and in consideration of the mutual benefits hereunder, and in accordance with the Taylor Grazing Act (43 U.S.C. 315, 315a-r), as amended, and the National Soil Conservation Act (16 U.S.C. 590a-q(1)), as amended, do enter into this cooperative agreement for the construction and/or maintenance of range improvements, installation of conservation works or establishment of conservation practices, hereinafter referred to collectively as improvements, for the benefit of the public lands and of the cooperator(s).

2. The improvements known as the Leadville Canyon Spring

will be are located upon: NW 1/4, Sec(s). 17, T. 37 N.,
 R. 23 E., Meridian,
 County of Washoe, State of Nevada

3. IT IS MUTUALLY AGREED:
 (a) The parties hereto will furnish labor, materials, and equipment as required, the total cost or value not to exceed the amount listed below for each of the parties respectively for the initial construction and/or installation of the improvements indicated in paragraph 2.

NAME(S) OF COOPERATOR(S)	ITEMS	TOTAL COST OR VALUE
<u>Gabica-Royels 72 Ranch</u>	<u>Normal maintenance. This agreement covers maintenance on an existing project completed in 1972.</u>	\$
BUREAU OF LAND MANAGEMENT		

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Attachment "B"

Bureau, cooperator(s) will promptly supply labor, materials, and equipment as specified in paragraph 3(a) as required. Contributed materials in excess of the amount required shall be returned to the contributor. Equipment contributed shall be returned promptly following completion of the work. Work will be conducted under the supervision and direction of the authorized officer and shall be pursued with diligence until completed.

4(a) The cooperator(s) shall be liable, jointly and severally, for the repair and maintenance of the improvements following completion, in good and serviceable condition. The cooperator(s), without further notice from the authorized officer shall do the necessary work promptly. If work is not performed as necessary, the authorized officer shall notify the cooperator(s) and specify a period within which to complete the work as required.

(b) In event the cooperator(s) default in the repair and maintenance of the improvements the authorized officer may do or cause such work to be done for and in behalf of the cooperator(s), and the necessary cost and expense thereof shall become a charge and obligation upon and shall be paid by the cooperator(s). It is further understood in case of default that any permit, license, or lease may be cancelled and may not be renewed or extended or any assignment thereof may not be approved unless and until all charges and costs owed by the cooperator(s) hereunder shall have been paid; and provided that the Bureau may pursue such other remedies, legal or administrative, as may be authorized.

(c) Repair and maintenance, as herein required, shall mean normal upkeep and maintenance necessary to preserve, protect, and prolong the useful life of the improvements, but shall not include major repairs where the damage is due to floods, earthquakes, or other acts of God, or fire not the result of fault or negligence of the cooperator(s) as determined by the authorized officer.

5. IT IS FURTHER AGREED:

(a) Title to the said improvements in place, together with all labor and materials furnished by either party and used in the construction and maintenance thereof, shall be in the United States of America. The improvements may be removed, in whole or in part, during the term of this agreement or any extension thereof, by mutual consent of the parties or by direction of the authorized officer; such removal shall be made by the cooperator(s), or by the Bureau at its option. Upon removal of the improvements, any salvageable materials, after deducting an amount to compensate for

ROBERT R. DEPAOLI
CASE 60
tive contributions to the initial construction of the improvements. The parties shall take possession and remove their portion of the salvaged materials within ninety (90) days after first notification in writing that such material is available; upon failure to do so within the time allowed, the materials shall be deemed to have been abandoned and title thereto shall thereupon vest in the United States.

(b) During the course of salvaging material, the United States assumes no responsibility for the protection or preservation of said material.

6. If the cooperator(s) shall assign or transfer his interest in any grazing permit, license, or lease embracing the lands upon which the improvements are constructed or in connection with which they are used, the cooperator(s) may include in such assignment or transfer his interest in this Cooperative Agreement, including his right to the use of the improvements and to his proportionate share of the salvageable material. Before the assignee or transferee will be recognized as successor to the cooperator(s)'s interest hereunder, such assignee or transferee will be required by the authorized officer to accept an assignment of this agreement and agree to be bound by the provisions respecting the use and maintenance of the improvements.

7. The cooperator(s) use of the improvements will be in conformance with the regulations and any stipulations of a permit, license, or lease.

8. This agreement shall not accord to cooperator(s) any preference, privilege, or consideration with respect to any permit, license, or lease not expressly provided herein or in the rules and regulations governing such permit, license, or lease.

9. Items 2, 3, and 4(a) of this agreement may be modified or cancelled by written agreement of the parties, which agreement shall become a part hereof.

10. This contract is subject to the provisions of Executive Order No. 11246 of September 24, 1965, as amended, which sets forth the nondiscrimination clauses. A copy of this order may be obtained from the authorized officer.

11. This agreement shall remain in full force and effect until Indefinite, 19
unless (1) sooner terminated by mutual written consent of the parties, or (2) is terminated by the authorized officer after notice in writing because of the cooperator(s) default or violation, or (3) is terminated by the authorized officer after notice in writing because the im-

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Attachment "B"

12. Special conditions

Normal maintenance and upkeep is defined as:

The labor and material required annually to keep an existing spring (and pipeline) in a condition adequate to satisfy the proper distribution and maintenance of livestock. Normal maintenance and upkeep will include cleaning the spring head box, inlet and overflow pipes and trough(s) (overflow pond, if present) of debris, repair of broken or split pipe, and other repairs not requiring major expenditures or heavy equipment.

COOPERATOR(S)

THE UNITED STATES OF AMERICA

Mary Lee Lopez
(Signature) (Date)

State of Nevada

(Signature) (Date)

District Winnemucca

(Signature) (Date)

By Brad Hines
(Signature)

(Signature) (Date)

Acting Area Manager
(Title)

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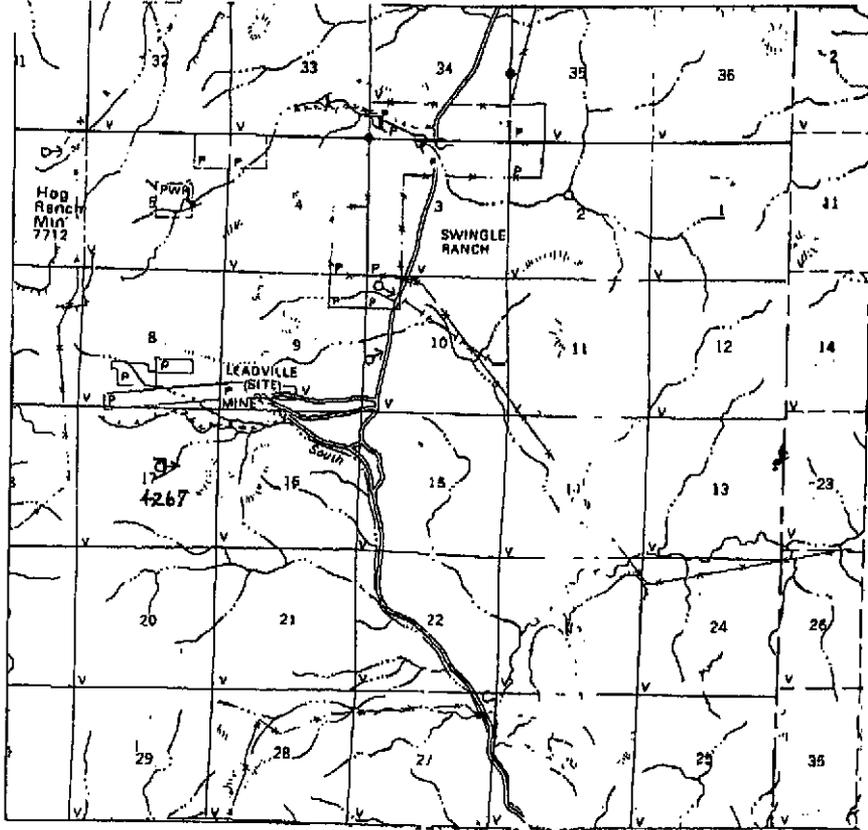
Attachment "B"

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PAGE 04

LOCATION PLAT



Scale: 1 inch equals one mile

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Attachment "B"

02/14/2011 11:41 2732227
(September 1989)

ROBERT R DEPAOLI

PAGE 03

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FOR BLM USE ONLY

ASSIGNMENT OF RANGE IMPROVEMENTS

INSTRUCTIONS- Prepare four copies. Submit original to assignor and one copy each to the assignee, case or lease file, and District project file.

State.....	N	V				
Office	0	2	0			
Operator No.	2	7	2	0	0	2

I HEREBY ASSIGN all my right, title, and interest to (name of assignee)

Robert R. Depaoli

in and to the range improvements authorized by the following Cooperative Agreements (Form 4120-6) and/or Range Improvement Permit (Form 4120-7) project(s) listed below

NUMBER	TYPE	NAME	LOCATION*
X 520983	A	Bute Spring ok	21 0380N 0230E 004 SESE
X 520984	A	Harry Spring I ok	21 0380N 0240E 028 NWNW
521033	A	Leadville Cattle Guard	21 0380N 0230E 020 NENE
X 521063	A	Willow Creek Reservoir ok	21 0380N 0230E 023 SENW
✓ 524053	A	Leadville Allotment Fence ok	21 0370N 0230E 028 0000
✓ 524073	A	Leadville Allotment Fence ok	21 0370N 0230E 028 W2
✓ 524171	A	Leadville Allotment Fence Int. ok	21 0370N 0230E 014 SESE
524174	A	Swingle Spring Pipe	21 0370N 0230E 010 SWSW
524175	A	Leadville Fence Spring (Whiskey Springs Upper Reservoir)	21 0370N 0220E 035 SESE
524176	A	Horseshoe Spring (Bath tub)	21 0380N 0230E 010 NENW
524216	A	Swingle Ranch Spring (check spring)	21 0370N 0230E 010 SWSW
X 524265	A	Smokey Spring ok	21 0370N 0230E 013 SENW
524267	A	Leadville Canyon Spring	21 0370N 0230E 017 NWNW
524268	A	Lost Spring (Whiskey Springs)	21 0380N 0230E 011 NENE
524284	A	Willow Creek Cattle Guard	21 0380N 0230E 023 SWSW
524345	A	Swingle Pipeline Ext.	21 0370N 0230E 008 SW
524346	A	Lower Cattle Guard	21 0370N 0230E 010 NENW
524376	A	High Rock Lake Cattle Guard	21 0390N 0240E 006 SWSW
524412	A	Buckhorn Spring & Reservoir (Almond tanks)	21 0370N 0230E 020 NWNW
524578	A	Fly Canyon Cattle Guard	21 0390N 0240E 004 SWNW
524621	A	Border Cattle Guard	21 0390N 0240E 010 SWNW
524735	A	Swingle Cattle Guard	21 0370N 0230E 003 NENW

Bureau of Land Management
Reserved
MAY 17 2002
Field Office
Winnemucca, Nevada

Bureau of Land Management
Reserved
JUL 03 2002
Field Office
Winnemucca, Nevada

Date 5/16/02

Signature of Assignor
Nick B. Stewart

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Civil Engineering
Water Rights/Resources
Land Use Planning
Surveying

August 30, 2011

Mr. Jason King, P.E.
State Engineer
Division of Water Resources
901 South Stewart Street, 2nd Floor
Carson City, NV 89701

Re: Application 81082

Dear Mr. King:

On behalf of Robert R. Depaoli enclosed please find a protest being filed against the granting of Application 81082. Two original signed copies of the protest are included along with a TEC check in the amount of \$25.00 in payment of the statutory filing fees.

Thank you for your attention to this matter. Should you have any questions or require additional information please do not hesitate to contact this office.

Sincerely,

TEC Civil Engineering Consultants

A handwritten signature in black ink, appearing to read 'G. M. Bilyeu', written over a circular stamp or seal.

Gregory M. Bilyeu
Exec V.P. of Water Resources

"Engineering Nevada's Interests"

cc w/enc: Robert R. Depaoli

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