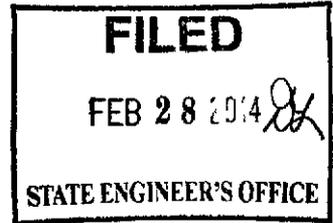


IN THE OFFICE OF THE STATE ENGINEER OF THE STATE OF NEVADA

IN THE MATTER OF APPLICATION NUMBER 83348
FILED BY Humboldt River Basin Water Authority
ON February 28, 20 14



PROTEST



Comes now Humboldt River Basin Water Authority

Printed or typed name of protestant

whose post office address is P.O. Box 2008, Carson City, Nevada 89702

Street No. or PO Box, City, State and ZIP Code

whose occupation is unit of local government

and protests the granting

of Application Number 83348, filed on December 27, 20 13

by Santa Fe Pacific Gold Corporation for the

waters of underground source from Basin 66 situated in Humboldt

an underground source or name of stream, lake, spring or other source

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

- 1. Basin 66 is a designated basin and managed by the Nevada State Engineer in conjunction with designated Basins 64 and 65, and there is no unappropriated water available in collective Basins 64, 65 and 66.
- 2. Evaporative losses from the Twin Creeks Pit Lake have been estimated by the Nevada Division of Water Resources at 12 acre feet per year and the Nevada State Engineer has indicated that this amount of annual consumptive use of groundwater is not factored into the water budget for Basin 66.

(See Attached Page for continuation of reasons and grounds)

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 or protestant

Mike Baughman

Printed or typed name, if agent

Address

P.O., Box 2008

Street No. or PO Box

Carson City, Nevada 89702

City, State and ZIP Code

775-883-2051

Phone Number

mikebaughman@charter.net

E-mail

STATE ENGINEER'S OFFICE
RECEIVED
FEB 28 2014

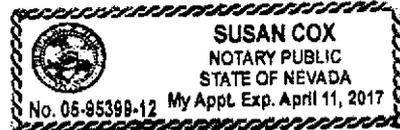
State of Nevada

County of Carson City

Subscribed and sworn to before me on Feb 28, 2014

by Mike Baughman

Signature of Notary Public Required



Notary Stamp or Seal Required

+ \$30 FILING FEE MUST ACCOMPANY PROTEST. PROTEST MUST BE FILED IN DUPLICATE.
ALL COPIES MUST CONTAIN ORIGINAL SIGNATURE.

Continuation Sheet
Reasons and Grounds for Protest
Humboldt River Basin Water Authority
Protest to Application 83348
February 28, 2014

3. Currently, permitted non-temporary groundwater rights and evaporative losses from the Twin Creeks Pit Lake total 49,105.38 acre feet and existing temporary mining, milling and dewatering water rights total 31,111.18 acre feet, collectively exceeding the safe yield of Basins 64, 65 and 66 by 8,216.56 acre feet.
4. Base applications were filed in 1985 and have been continuously revised through applications to change the manner and place of use or filing of new applications over the past 29 years, a period of time which severely challenges the notion that mining of groundwater as being a beneficial use because it is temporary and the basin can recover when pumping ceases.
5. The long term mining of groundwater in Basin 66 may have and/or likely will have adverse effects upon existing underground rights and may have or will in the future impact the base flows of the Humboldt River, all of which are decreed rights.
6. The long term mining of groundwater in Basin 66 may have and/or likely will have adverse effects upon the environment.
7. Notwithstanding the recognized benefits of mining to Nevada's economy, the aforementioned long term mining of groundwater in Basin 66 may not be in the public interest.
8. Order 1232 requires "the operator to file one application equal to the total amount of water presently held for mining and milling purposes..." The application should have been filed as a change application rather than a new application for water rights.
9. The applicant holds both existing mining/milling and dewatering rights. Notwithstanding the applicability and plain language of Order 1232 and its requirement that an operator file an application "for mining and milling" only, the application states "the intent of the application is to ...accomodate the necessities and unique characteristics of mine dewatering." The application appears to support a beneficial use not specifically addressed in Order 1232.
10. It is not at all clear that the requested amount of water is required for mining and milling purposes, and in fact the amount requested (10,125 acre feet annually) appears excessive for a typical mining and milling operation. The applicant should be required to breakout how much water is being requested for mining and milling purposes and how much water is being requested for dewatering purposes.
11. If the proposed mining operation will result in maintenance or expansion of the existing Twin Creeks Pit Lake, the applicant should be required to obtain a permanent water right covering the amount of annual evaporation to result from said pit lake.

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