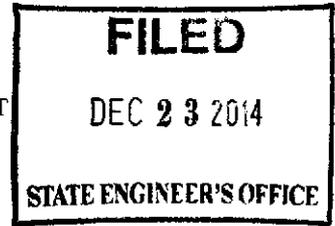


IN THE OFFICE OF THE STATE ENGINEER OF THE STATE OF NEVADA

IN THE MATTER OF APPLICATION NUMBER 84449
FILED BY Humboldt River Basin Water Authority
ON December 23, 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 84449

, filed on October 17

, 20 14

by Santa Fe Pacific Gold Corporation

for the

waters of an underground source

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. Mine dewatering related groundwater pumping pursuant to Permit 60296 and Certificate 15287 and other dewatering permits held by the applicant has resulted in a significant lowering of the groundwater table in Basin 65. Groundwater levels are now recovering from over 20 years of dewatering related groundwater pumping in the Basin. Approval of Application 84449 and related groundwater pumping may impair the recovery of groundwater levels in Basin 65.

(see Attachment A for continuation of Reasons and Grounds)

THEREFORE the Protester 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

[Handwritten signature of Mike Baughman]

Agent or protestant

Mike Baughman, Executive Director

Printed or typed name, if agent

Address

P.O. Box 2008

State of Nevada

Street No. or PO Box

County of Carson city

Carson City, Nevada 89702

City, State and ZIP Code

Subscribed and sworn to before me on December 23, 2014

775-315-2544

Phone Number

by Mike Baughman

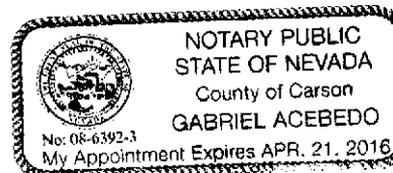
mikebaughman@charter.net

E-mail

RECEIVED 2014 DEC 23 PM 3:14 STATE ENGINEER'S OFFICE

[Handwritten signature of Gabriel Acebedo]

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.

Attachment A
Continuation Sheet
Reasons and Grounds for Protest
Humboldt River Basin Water Authority
Protest to Application 84449
December 23, 2014

2. Mine dewatering related groundwater pumping pursuant to Permit 60296 and Certificate 15287 and other dewatering permits held by the applicant has resulted in significant levels of subsidence and related loss of aquifer storage in Basin 65 (for example see <http://adsabs.harvard.edu/abs/2012AGUFM.H24C..03B>). As a result, the perennial yield of Basin 65 is likely to have been permanently reduced and the amount of unappropriated water in the Basin is uncertain. Given a potentially permanently reduced perennial yield, approval of Application 84449 and/or companion applications 84450 through 84461 may result in or contribute to over-appropriation of Basin 65.

3. Evaporative loss associated with the pit lake resulting from applicants mining activities associated with Permit 60296 and Certificate 15287 is not accounted for in the Nevada Division of Water Resources water budget for Basin 65. The degree of evaporative loss from the pit lake will increase as the pit fills and the surface area of the pit lake increases. Ultimately, as much as 2,000 acre feet of water may annually be lost to evaporative losses from said pit lake. Approval of Application 84449 and/or companion applications 84450 through 84461 without accounting for pit lake related evaporative losses may result in or contribute to over-appropriation of Basin 65.

4. The underlying Permit 60296 and Certificate 15287 is for mine dewatering, a temporary beneficial use of groundwater. Mine dewatering related groundwater pumping pursuant to Permit 60296 and Certificate 15287 and other dewatering permits held by the applicant has resulted in a significant lowering of the groundwater table in Basin 65. As anticipated by the Nevada State Engineer in granting Permit 60296 (and related underlying permits as far back as 1992) groundwater levels are now recovering from over 20 years of dewatering related groundwater pumping in the Basin. The granting of Application 84449 to change the manner of use from the temporary beneficial use which mine dewatering is to less or non-temporary mining, milling and domestic beneficial uses would establish precedent which would be adverse to the recovery of groundwater levels in Basin 65 and similar basins in which temporary mining of groundwater has been allowed to enable mining.

5. Dewatering at the Lone Tree Mine ceased in 2006. Consequently, no beneficial production of water under Permit 60296 and Certificate 15287 has occurred for a period of nearly 8 years. Under Nevada water law, Certificate 15287 has been subject to forfeiture for non-use for at least 2 years. For unknown reasons, the Nevada State Engineer has not pursued forfeiture proceedings regarding Certificate 15287. Approval of Application 84449, given its long period of non-use would establish an adverse precedent, may encourage similar non-use of other water rights and does not appear to be in the public interest.

6. Twenty years of groundwater pumping associated with Permit 60296, Certificate 15287 and other dewatering permits held by the applicant has resulted in a significant lowering of the groundwater table in Basin 65. Groundwater pumping associated with Permit 60296, Certificate 15287 and other dewatering permits held by the applicant in Basin 65 is suspected in causing a loss to the base flow of the Humboldt River in the vicinity of the Lone Tree Mine. The Humboldt River is a fully adjudicated system. The proposed point of diversion for Application 84449 remains proximate to the Humboldt River. A review of geologic mapping and well logs for other existing groundwater wells in the vicinity of the proposed point of diversion suggests that groundwater production resulting from approval of Application 84449 may result in continued impacts to the base flow of the Humboldt River. Consequently, Application 84449 should be denied as production of groundwater from a well at the proposed point of diversion is likely to have an adverse impact upon the base flow of the Humboldt River and to existing decreed surface water rights on the Humboldt River.

7. The proposed point of diversion is within a section of land which has been designated by the Nevada State Engineer through Order 1241 as requiring special management pursuant to NRS 534 and accordingly, approval of Application 84449 and production of groundwater from a well at the proposed point of diversion may impair other existing groundwater rights.