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

IN THE MATTER OF APPLICATION NUMBER 84457
FILED BY Humboldt River Basin Water Authority
ON December 23, 20 14

PROTEST

FILED
DEC 23 2014
STATE ENGINEER'S OFFICE

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 84457, 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. Groundwater pumping pursuant to Permit 54763 and Certificate 14566 and other 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 84457 and related groundwater pumping may impair the recovery of groundwater levels in Basin 65.

(see Attachment A for continuation of Reasons and Grounds)

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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

Mike Baughman, Executive Director
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

775-315-2544
Phone Number

mikebaughman@charter.net
E-mail

State of Nevada
County of Carson city

Subscribed and sworn to before me on December 23, 2014

by Mike Baughman

[signature]
Signature of Notary Public Required

NOTARY PUBLIC
STATE OF NEVADA
County of Carson
GABRIEL ACEBEDO
No: 08-6392-3
My Appointment Expires APR 21, 2019
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 84457
December 23, 2014

2. Groundwater pumping pursuant to Permit 54763 and Certificate 14566 and other 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 84457 and/or companion applications 84449 through 84456 and 84458 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 54763 and Certificate 14566 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 84457 and/or companion applications 84449 through 84456 and 84458 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 54763 and Certificate 14566 is for (in addition to domestic) mining and milling, temporary beneficial uses of groundwater. Mining and milling related groundwater pumping pursuant to Permit 54763 and Certificate 14566 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 54763 (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 84457 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. Mining and milling at Lone Tree Mine has also been effectively reduced or curtailed as well. Consequently, it is not at all clear that beneficial production of water under Permit 54763 and Certificate 14566 has occurred at allowed for duties for a period of nearly 8 years. Under Nevada water law, all or a portion of Certificate 14566 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 14566. Approval of Application 84457, 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 54763, Certificate 14566 and other permits held by the applicant has resulted in a significant lowering of the groundwater table in Basin 65. Groundwater pumping associated with Permit 54763, Certificate 14566 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 84457 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 84457 may result in continued impacts to the base flow of the Humboldt River. Consequently, Application 84457 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 84457 and production of groundwater from a well at the proposed point of diversion may impair other existing groundwater rights.

8. The proposed beneficial uses of water under Application 84457 include mining, milling and domestic. The detailed description of the proposed project and its water usage does not provide sufficient detail including the quantities of water required for each proposed use. The detailed description of the proposed project and its water usage suggest that intended beneficial uses of the water include industrial (intermittent operation of the mill, which Humboldt River Basin Water Authority (HRBWA) has learned from the Applicant will be toll milling) and environmental (pit lake mitigation which HRBWA has learned from the Applicant will be a non-consumptive use of water used in mixing of the pit lake water for water quality purposes and does not include any water to cover evaporative losses). As noted in Reasons and Grounds 1 through 7, HRBWA believes Application 84457 should be denied. Further, HRBWA believes that Application 84457 should have been filed with the proposed beneficial uses broken out as industrial for that portion of water to be used for toll milling and temporary environmental for that portion of water to be used in a non-consumptive manner for mixing of the pit lake to achieve water quality objectives.