ASSIGNED

No. 60049

APPLICATION FOR PERMIT
TO APPROPRIATE THE PUBLIC WATERS OF THE STATE OF NEVADA

Date of filing in State Engineer's Office MAY 10 1994

Returned to applicant for correction

Corrected application filed

Map filed MAY 10 1994 under 60048

The applicant RABBIT CREEK MINING, INC.

P. O. Box 69 (Street and No. or P.O. Box No.), of Golconda (City or Town),

89414 (State and Zip Code No.), hereby make.... application for permission to appropriate the public waters of the State of Nevada, as hereinafter stated. (If applicant is a corporation, give date and place of incorporation; if a copartnership or association, give names of members.) January 12, 1989 in the State of Delaware

1. The source of the proposed appropriation is underground (Name of stream, lake, spring, underground or other source)

2. The amount of water applied for is 1.0 (One second-foot equals 448.83 gals. per min.) second-feet

   (a) If stored in reservoir give number of acre-feet not applicable

3. The water to be used for mine dewatering (Irrigation, power, mining, manufacturing, domestic, or other use. Must limit to one use.)

4. If use is for:

   (a) Irrigation, state number of acres to be irrigated

   (b) Stockwater, state number and kinds of animals to be watered

   (c) Other use (describe fully under No. 12. "Remarks" See No. 12

   (d) Power:

      (1) Horsepower developed

      (2) Point of return of water to stream

5. The water is to be diverted from its source at the following point A point in the SE¼SE¼, Section 30, T39N, R43E, MDB&M, from which the northwest corner of said Section 30 bears N42°52'03"W, 5555.00 feet (Describe as being within a 40-acre subdivision of public survey, and by course and distance to a section corner. If on unsurveyed land, it should be so stated.)

6. Place of use See Attachment A and maps (Describe by legal subdivision. If on unsurveyed land, it should be so stated.)

7. Use will begin about January 1 (Month and Day) and end about December 31 (Month and Day), of each year.

8. Description of proposed works. (Under the provisions of NRS 535.010 you may be required to submit plans and specifications of your diversion or storage works.) well, pump, motor and distribution system (State manner in which water is to be diverted, i.e. diversion structure, ditches and flumes, drilled well with pump and motor, etc.)

9. Estimated cost of works $250,000.00

10. Estimated time required to construct works is four years
If well completed, describe works.

11. Estimated time required to complete the application of water to beneficial use is five years

12. Remarks: For use other than irrigation or stock watering, state number and type of units to be served or annual consumptive use:

See Attachment B.

By s/Richie D. Haddock
Rabbit Creek Mining, Inc.
P. O. Box 69
Golconda, NV. 89414

Compared jr/ jv jr/vjw

Protested

APPROVAL OF STATE ENGINEER

This is to certify that I have examined the foregoing application, and do hereby grant the same, subject to the following limitations and conditions:

This permit is issued subject to existing rights. It is understood that the amount of water herein granted is only a temporary allowance and that the final water right obtained under this permit will be dependent upon the amount of water actually placed to beneficial use. It is also understood that this right must allow for a reasonable lowering of the static water level. This well shall be equipped with a two (2) inch opening for measuring depth to water. If the well is flowing, a valve must be installed and maintained to prevent waste. A totalizing meter must be installed and maintained in the discharge pipeline near the point of diversion and accurate measurements must be kept of water placed to beneficial use. The totalizing meter must be installed before any use of water begins, or before the Proof of Completion of Work is filed. This source is located within an area designated by the State Engineer, pursuant to NRS 534.030. The State retains the right to regulate the use of the water herein granted at any and all times.
(CONTINUED ON PAGE 2)

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, and not to exceed 1.0 cubic feet per second

Work must be prosecuted with reasonable diligence and be completed on or before May 19, 1996

Proof of completion of work shall be filed before June 19, 1996

Application of water to beneficial use shall be filed on or before May 19, 1998

Proof of the application of water to beneficial use shall be filed on or before June 19, 1998

Map in support of proof of beneficial use shall be filed on or before N/A

Completion of work filed

Proof of beneficial use filed

Cultural map filed

Certificate No. Issued

IN TESTIMONY WHEREOF, I, R. MICHAEL TURNIPSEED, P.E. State Engineer of Nevada, have hereunto set my hand and the seal of my office, this 15th day of February, A.D. 1995

R. Michael Turnipseed P.E.
State Engineer

(PERMIT TERMS CONTINUED)

This permit will allow the permittee to dewater the pit area.

It is understood that any water pumped as a result of the production and dewatering operation shall be used first by the permittee for mining, milling, heap leaching, drilling, road watering and other related mining uses hereinafter referred to as mining and milling uses within the described place of use on this permit.

The State Engineer retains the right to regulate pumping from the dewatering project and/or any other groundwater withdrawals herein authorized to protect the public interest and existing rights. Any water pumped and not used for mining and milling purposes shall be injected or infiltrated back to the Kelley Creek Groundwater Basin. The design of the infiltration system or other disposal method and the delivery system to the site shall be submitted to the State Engineer for approval prior to any diversion of water. The permittee shall discharge water in a manner to achieve maximum conservation of the water resource. It is understood that this right must allow for a reasonable lowering of the static water level.

The State Engineer will retain the right to require additional monitoring of the water levels in observation and monitor wells and of the flow rates of surface sources. The permittee, on a schedule acceptable to the State Engineer, shall prepare and present an update on the activities of the mine and the monitoring on a periodic basis, but not less than two times per year.

This permit does not extend the permittee the right of ingress and egress on public, private or corporate land.

The issuance of this permit does not waive the requirements that the permit holder obtain other permits from the State, Federal and local agencies and is specifically issued contingent upon approval by the Nevada Division of Environmental Protection of the dewatering project.

The total combined duty of water for consumptive purposes under Permits 49633, 49634, 50853, 50854, 52046, 52047, 52048, 52049, 52050, 52051, 53339, 53340, 53341, 58042, 58043, 58044, 58045, 59012-T, 59202-T, 59203-T, 59220-T, 59348-T, 59349-T, 59386-T, 59387-T, 60048, 60049, 60050, 60051, 60052, 60053, 60054, 60055, 60056, 60057, 60058-T, 60259-T, 60374-T, 60679-T, 60680-T and 60681-T shall not exceed **6,121.0 ACRE-FEET ANNUALLY**. The total combined diversion rate of the above referenced permits shall not exceed **30.75 CUBIC FEET PER SECOND** on an instantaneous basis.

This permit is issued subject to, and also incorporates the terms and conditions set forth in the State Engineer's Order No. 1087, Order Adopting Rules For Well Spacing and Modification of Regulations For Water Well and Related Drilling (January, 1990) In The Heretofore Designated Kelley Creek Ground Water Basin (4-66), dated December 30, 1993, on file in the office of the State Engineer.

This permit is issued subject to and also incorporates the terms and conditions set forth in the State Engineer's Ruling No.3606, dated May 19, 1989.

This permit is issued subject to Stipulation to Withdraw Protests of Lavar Murdock to Application Nos. 58041-58044, inclusive, dated October 14, 1994, and further issued subject to Amendment to Stipulation to Withdraw Protests dated December 21, 1994, on file in the office of the State Engineer in 58041.

A monthly report shall be submitted to the State Engineer within 15 days after the end of each calendar quarter which shall include: the volume of water pumped from each well, the measurement of pumping water level (drawdown) from each production well and each monitoring well, the volume of water consumptively used for mining and milling uses projectwide, and the amount of water discharged for infiltration.

A method that estimates the amount of evaporative losses from the discharge system shall be submitted with the monthly report. The evaporative losses will be considered as part of the combined duty for consumptive purposes.

All of the above stated conditions are issued subject to having no adverse impacts on existing rights.

ATTACHMENT A

6. **Proposed place of use:**

T39N, R42E: Section 24, part Sections 1, 2, 13, 12;

T39N, R43E: Sections 3-10, 15-21, 28-33, part Sections 2, 11, 14, 22;

T40N, R42E: Sections 13, 24, 25, 36, part Sections 1, 12, 14, 23, 26, 35;

T40N, R43E: Sections 5-8, 14-23, 26-34, part Sections 4, 9-11, 35;

T41N, R42E: Part Sections 35, 36;

T41N, R43E: Part Sections 31 and 32 all MDB&M.

ATTACHMENT B

12. Remarks.

Rabbit Creek Mining, Inc., ("RCMI") has filed application numbers 58041-58045 for permits to dewater the Twin Creeks Mine South Pit (the "Original Permits"). The Original Permits would allow RCMI to pump up to 40 cfs, for a total annual combined duty of 28,960 acre feet. By Order dated December 30, 1993, the Nevada State Engineer adopted a Rule for Well Spacing and Modification of Regulations for Water Well and Related Drilling (January 1990) in the Northern Portion of the Heretofore Designated Kelley Creek Ground Water Basin (4-66), Humboldt County, Nevada (the "Dewatering Rule"). The Dewatering Rule provides inter alia for 160-acre spacing units, changes in point of diversion within each spacing unit without prior approval of the State Engineer and for cumulation and rotation between related spacing units. The Original Permits established spacing units in Section 19 and the NW¼ of Section 29, T39N, R43E, MDB&M, the area which encompassed the Twin Creeks Mine South Pit at the time the applications for the Original Permits were filed. This application and the applications filed concurrently herewith do not seek any additional volume of water rights beyond those granted by the Original Permits. Rather, the purpose of these applications is to expand the area in which dewatering may occur to encompass the expansions of the Twin Creeks Mine South Pit. Any water right granted pursuant to this application shall be subject to the same combined duty as the Original Permits. Further, RCMI intends this application to be "related" to the Original Permits within the meaning of the Dewatering Rule. Thus, the effect of this application and the applications filed concurrently herewith is to add ten 160-acre spacing units around the units established by the Original Permits and to spread-out the area of dewatering without allowing the pumping of any additional volume of water.

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