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

IN THE MATTER OF APPLICATION NUMBER 79925
FILED BY Kobeh Valley Ranch, LLC
ON June 15, 2010, TO APPROPRIATE THE
WATERS OF Kobeh Valley Groundwater BASIN

PROTEST

FILED
AUG 23 2010
STATE ENGINEER'S OFFICE

Comes now BAXTER GLENN TACKETT
Printed or typed name of protestant

whose post office address is POB 695, EUREKA, NV 89316
Street No. or PO Box, City, State and ZIP Code

whose occupation is Engineering Geologist, Outfitter and protests the granting

of Application Number 79925, filed on June 15, 2010

by Kobeh Valley Ranch, LLC to appropriate the

waters of Kobeh Valley Groundwater BASIN situated in EUREKA
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:

See Addendum 1

RECEIVED
2010 AUG 23 AM 11:36
STATE ENGINEER'S OFFICE

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 Baxter Glenn Tackett
Agent or protestant

BAXTER GLENN TACKETT
Printed or typed name, if agent

Address POB 695
Street No. or PO Box

EUREKA, NV 89316
City, State and ZIP Code

775-318-0100
Phone Number

Subscribed and sworn to before me this 20 day of August, 2010

A. LOU STOKER
Commission # 1882368
Notary Public - California
Kern County
My Comm. Expires Apr 8, 2014

A. Lou Stoker
Notary Public

State of CA

County of Kern

+ $25 FILING FEE MUST ACCOMPANY PROTEST. PROTEST MUST BE FILED IN DUPLICATE.

ALL COPIES MUST CONTAIN ORIGINAL SIGNATURE.

ADDENDUM 1

August 20, 2010

State of Nevada
Department of Conservation & Natural Resources
Division of Water Resources

Jason King, PE
State Engineer
901 S. Stewart St., Suite 2002
Carson City, NV 89701

Re: Protest, Application Numbers ~~79914~~, ~~7991~~8, 79925

Dear Sir:

I am writing as the President and Resident Agent of Hot Springs Ranch, Limited, (HSR), 181 Antelope Road, Eureka NV, 89316 to protest the applications filed by Kobeh Valley Ranch, LLC, (KVR) for the extraction of groundwater in the Kobeh Valley Groundwater Basin. My protest is in actuality for the entire water extraction project contained in 32 applications, Application Numbers 79911-79942, but lack of funds prevents me from protesting all individual applications.

In 2009, I attended hearings held before the State Engineer in Carson City, Nevada and provided public testimony regarding the detrimental effect the extraction of waters from Kobeh Valley could have on natural artesian hot springs owned and operated by Hot Springs Ranch, Limited. Per testimony of General Moly's (GMO), owners of KVR, contracted hydrologist, groundwater from Kobeh Valley, the

Monitor Valley, and Pine Valley, flowed subsurface under the Roberts Mountains, through Kobeh Valley, and subsequently down Antelope Valley, to source above ground at Fish Creek Ranch. Though vehemently protested by the citizens of Eureka County, the water rights and use were granted by the State to KVR and a random boundary for the project was drawn along US Highway 50, although to my knowledge random asphalt delineations on the surface of the earth do not control groundwater flows. Even though assurances made to me personally by the contract hydrologist that the springs at HSR were to be monitored regularly, thus providing background data in the event future flows were affected, no such sampling has occurred. This lack of due diligence by GMO/KVR is, I believe, directly linked to the random drawing of the project line upon US Highway 50 by the State Engineer.

Drawing down the Kobeh Valley aquifer will have a direct impact upon the flow of groundwater through Antelope Valley, and with that reduction of flows there is a distinct possibility that the artesian nature of the springs at HSR shall be adversely affected. This lack of artesian flow will impact greatly the business plans currently being implemented at HSR. These plans include HSR as the base of operations for adventure sports activities and various types of retreats. Without the flow of pure thermally heated waters at HSR these plans cannot be realized.

Applications made by GMO/KVR are false in that they are circumventing inter-basin transfer laws within the State. Per the application, GMO/KVR asserts, "the vast majority of waters will be carried via the tailings leaving the reduction plant, and will be placed in a tailings pond, located within Kobeh Valley. Thus the majority of water consumption will take place in Kobeh Valley, and not Diamond Valley." This is a patently false assumption. The beneficial use of the waters gained from Kobeh Valley is directly linked to the extraction of molybdenum from ores mined from Mount Hope. As these waters are to be used to process ores at the future mill to be located on the eastern flank of Mount Hope in the Diamond Valley Groundwater Basin, <u>DIAMOND VALLEY</u> is where the beneficial use is to occur. Water carried <u>BACK</u> to Kobeh Valley via the tailings leaving the reduction plant is now effectively a waste product, and while the bulk of the waters may be "consumed" in Kobeh Valley, via,

I would assume, percolation and evaporation, the consumption of water is not now a beneficial use to the Kobeh Valley Groundwater Basin, directly. The professed beneficial use is simply a stopgap measure to allow inter-basin transfer. Too, in the event water is recycled from the said tailings pond, the recycling will be performed for use in the mill, again to process molybdenum from ores mined from Mount Hope, and again the beneficial use of water is occurring in the DIAMOND VALLEY Groundwater Basin. Where in GMO/KVR's application is a statement made regarding beneficial use in Kobeh Valley? There is none. And, how can water percolating into and evaporating from a tailings pond be beneficial, even while these same activities and the extraction of water from the Kobeh Valley Groundwater Basin eliminate existing, productive artesian flows? I fail to see the "benefit".

In summary, I protest the Application based on an ill conceived inter-basin transfer of water, an erroneous definition of beneficial use of those waters and consumption for beneficial use in Kobeh Valley, and the very real potential that artesian flows in both Kobeh and Antelope Valleys will be adversely affected. Too, in the case of Hot Springs Ranch, adequate studies have not been performed by GMO/KVR in Antelope Valley, even though promised by the consulting hydrologist, to establish baseline flows.

Should a reduction in flows occur from the springs at HSR over the course of the mine's life, they will be directly attributable to GMO/KVR per testimony made to the State Engineer by their own hired guns.

Sincerely,

B.G. Tackett

B.G. Tackett
President
Hot Springs Ranch