

## Exhibit "A"

Eureka County Protests to Kobeh Valley Ranch LLC  
Application Nos. 77171, 77174, 77175, 77525, 77526 and 77527

1. These change applications were filed to change the point of diversion of change applications previously filed by this applicant for use by General Moly, Inc. for a mining project. Eureka County protested the previous change applications. Eureka County refers to and incorporates by reference its protest and the evidence on file with the State Engineer's office for the protest hearing held October 13-October 17, 2008 with regard to the change applications.
2. Kobeh Valley is a designated basin. Ground water in the basin is fully or nearly fully appropriated by permits and certificates which total approximately 18,000 acre-feet per year. The perennial yield of the basin is approximately 16,000 acre-feet per year, which assumes that the natural groundwater discharge (phreatophyte evapotranspiration) from the basin can be captured over the long term per a study prepared for General Moly. In Kobeh Valley, most naturally recharged groundwater is discharged by phreatophytic vegetation on the valley floor, with a reconnaissance-level evapotranspiration estimate by the USGS of 15,000 acre-feet per year. The proposed use will not be capturing phreatophytic discharge. The valley floor phreatophytic vegetation will continue to occur notwithstanding the mine's pumping. The groundwater discharged in the Kobeh Valley hydrographic basin by phreatophytic vegetation and applicant's pumping will total approximately 26,300 acre-feet per year. In addition, General Moly's model simulates 1,900 acre-feet per year inflow from Kobeh Valley to Diamond Valley. These total amounts are in excess of the perennial yield of the basin and result in an overdraft situation for the basin. Granting the change applications will cause the basin to be over pumped to the detriment of the basin and prior existing water rights holders.
3. Existing USGS reports suggests that Kobeh Valley may provide underground flow to Diamond Valley. The applicant's groundwater model simulates such an underflow also. Sustained over pumping in Kobeh Valley is likely to reduce that amount and affect prior existing municipal water rights held by Eureka County and Devils Gate GID that supply the majority of the population in Diamond Valley.
4. Sustained over-pumping in Kobeh Valley is likely to impact irrigation and stockwatering water right holders in Kobeh Valley and impact domestic well owners. Sustained over-pumping in Kobeh Valley may impact irrigation and stockwatering water rights and impact domestic well owners in Diamond Valley and Pine Valley. The owners of these rights contribute to the long-term economic viability of the greater Eureka community; therefore, unless adequately mitigated, such impacts may prove detrimental to the health and welfare of Eureka County.
5. General Moly's model simulates impacts to springs, creeks, streams and existing water rights from the mine's proposed pumping for its consumption use mining activities and its pit pumping. General Moly acknowledges that cessation of pumping is not a mitigation measure available to the State Engineer if the subject applications are granted. Therefore, an effective monitoring and mitigation plan is essential, along with the development of a reasonably accurate model, prior to the development or pumping of any water for this

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Application Nos. 77171, 77174, 77175, 77525, 77526 and 77527

project. General Moly has acknowledged that Eureka County should be involved in this additional study and modeling and the development of an effective monitoring and mitigation plan.

6. Hydrologic properties of the proposed points of diversion are currently being determined and analyzed; therefore, impacts associated with sustained pumping of substantial water rights at the proposed points of diversion are not known. General Moly's model report acknowledges that on a regional scale there will be impacts to existing surface water and underground water rights from the proposed plan of pumping. The pit dewatering requires pumping of additional water from Diamond Valley, currently over appropriated and over pumped. Propagation of the cone of depression from the proposed points of diversion must be adequately determined prior to granting the applications. The applicant acknowledges that Eureka County should be involved in the review of all hydrologic data offered in support of the applications. General Moly has acknowledged that Eureka County should be involved in this additional study and modeling and the development of an effective monitoring and mitigation plan.
7. The proposed points of diversion for these applications lie in Basin 139, while the proposed place of use may ultimately include portions of Basin 153 (Diamond Valley) and Basin 53 (Pine Valley); therefore the applications may call for a transfer of ground water out of the source basin for use in another basin. Compliance with the requirements of NRS 533.370(6) must be met.
8. The works necessary to achieve beneficial use of the subject water rights are substantial and costly. The applicant has not shown the State Engineer proof satisfactory of its financial ability and reasonable expectation actually to construct the work and apply the water to the intended beneficial use with reasonably diligence. In a newspaper article dated November 7, 2008, General Moly's chief executive officer indicated that the project might be put on hold in early 2009. As of December 22, 2008, General Moly's stock price was \$0.78 per share, down from a 52 week high of \$12.58 per share. General Moly's financial filings and press releases indicate its current cash balance is anticipated to fund the Company through the first quarter of 2009. Additional financing is not in place. There is no reasonable probability that the financing necessary for the project (estimated costs of over \$1 billion) is available to General Moly to go forward with the project or is forthcoming.
9. As noted in Item 15 of the Applications, the applications are intended to be utilized in conjunction with other applications previously filed by Idaho General Mines, Inc. and Kobeh Valley Ranch LLC for the Mt. Hope Mine project. All of the applications filed by the applicant cannot be granted because the amount of water applied for over 40,000 afa greatly exceeds the 11,300 afa the applicant states is necessary for its mining project.
10. Eureka County recognizes that the custom and culture of mining is part of its history and appreciates the role mining plays in its local and regional economy. Eureka County welcomes new opportunity for mining in its communities as long as mine development is

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not detrimental to existing economic or cultural activity. This protest is aimed at ensuring that any development of water resources in Kobeh Valley is conducted in full accordance with Nevada law, the Eureka County Master Plan and related ordinances, and does not unduly threaten the health and welfare of Eureka County citizens. The State Engineer must ensure that these ground water resources are not effectively depleted for further use after General Moly ceases its mining activities and limit the use of the water to use in Eureka County.

11. The manner of use of water under the subject applications is by nature of its activity a temporary use. Because it is a temporary use, any permits granted should be subject to a restriction that at the end of the mining use, the water will revert back to the source. As of June 16, 2008, General Moly's consultant's report indicated that a majority of the water sought to be pumped would come from groundwater storage. The State Engineer has previously recognized that water sought to be appropriated from groundwater storage is not a permanent water right.
12. The State Engineer should consider the consumptive use of the water rights sought to be changed and the consumptive use of the proposed beneficial use of water in determining whether the proposed change in the place of diversion, manner of use and place of use complies with the provisions of NRS 533.3703. The subject change applications seek to change previously filed changed applications. The original change applications sought a change in the manner of use from agricultural to mining and milling purposes.
13. Should these protests result in hearings before the State Engineer, Eureka County requests that such hearings be held in Eureka to facilitate access by protestants.

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

IN THE MATTER OF APPLICATION NUMBER. 77553  
FILED BY. KOBEH VALLEY RANCH LLC (C/O GENERAL MOLY, INC.)  
ON NOVEMBER 3, 2008, TO APPROPRIATE THE  
WATERS OF UNDERGROUND (EUREKA COUNTY)

PROTEST

Comes now EUREKA COUNTY

Printed or typed name of protestant

whose post office address is P.O. BOX 677, EUREKA, NEVADA 89316

Street No. Or P.O. Box, City, State and Zip Code.

whose occupation is POLITICAL SUBDIVISION

and protests the granting

of Application Number 77553 filed on NOVEMBER 3, 2008

by KOBEH VALLEY RANCH LLC (c/o General Moly, Inc.)

to appropriate the

waters of UNDERGROUND

Underground or name of stream, lake, spring or other source

situated in EUREKA

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

SEE EXHIBIT "A" ATTACHED

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

J.P. "JIM" ITHURRALDE, CHAIRMAN, CO. COMMISSIONERS

Printed or typed name, if agent

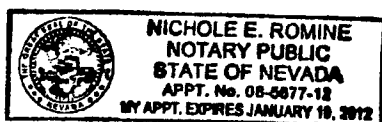
Address P.O. Box 677

Street No. or P.O. Box No.

EUREKA, NEVADA 89316

City, State and Zip Code No.

Subscribed and sworn to before me this 30 day of March 2009



State of NEVADA

County of EUREKA

**\$25 FILING FEE MUST ACCOMPANY PROTEST. PROTEST MUST BE FILED IN DUPLICATE.  
ALL COPIES MUST CONTAIN ORIGINAL SIGNATURE.**



Exhibit "A"  
Eureka County Protest to Kobeh Valley Ranch LLC  
Application No. 77553

1. This change application was filed to change the point of diversion of change application 75997 previously filed by this applicant for use by General Moly, Inc. for a mining project. Eureka County protested the previous change application. Eureka County refers to and incorporates by reference its protest and the evidence on file with the State Engineer's office submitted for the protest hearing held October 13-October 17, 2008 with regard to change application 75997. The State Engineer approved Application 75997 in Ruling 5966 issued March 26, 2009. Eureka County filed a petition for judicial review challenging Ruling 5966 issued by the State Engineer which is currently pending in the Seventh Judicial District Court. The previous grant of change application 75997 may not be upheld if the State Engineer's Ruling is vacated by the Court.
2. General Moly's model, which the State Engineer determined in Ruling 5966 was "suitable for estimating impacts at this time" is not technically adequate as publically admitted by the Applicant the same day the Ruling was issued. In a press release dated March 26, 2009, General Moly acknowledged that its technical hydrologic studies were not adequate. The press release states in pertinent part: "Following recent discussions with the Bureau of Land Management (BLM) related to the Company's hydrologic studies of both pit lake geochemistry and regional hydrology, the Company determined that additional analysis and data acquisition will be conducted to improve the technical adequacy of the studies. Although this further work does not indicate a concern related to ultimate permit receipt, the Company now expects to receive its Record of Decision (ROD) approximately mid-year 2010." Thus, the model previously relied upon by the State Engineer to grant change application 75997 is not adequate and cannot be used as a basis to approve pending Application 77553. As the State Engineer has acknowledged in other proceedings pending before him, it is preferable to have consistent models and an important consideration is preparation of a completed, thoroughly reviewed model for the State Engineer's use in his proceeding.
3. The proposed point of diversion for application 77553 is located in the Kobeh Valley Hydrographic Basin approximately 1,500 feet west of the basin boundary that separates Kobeh Valley from Diamond Valley. The application requests a diversion rate of approximately 1,000 gallons per minute and an annual duty of approximately 571 acre-feet per year.

The hydrogeologic investigations and the groundwater model prepared by the applicant's consultants in support of the mine's groundwater rights applications concluded that the geologic materials comprising the mountains that separate the two basins are characterized as relatively impermeable and that the groundwater flow from Kobeh to Diamond Valley through the mountains is trivial. Comparison of the proposed point of diversion to the information provided in *Hydrogeology and Numerical Modeling of the Mount Hope Area, Including Kobeh, Diamond and Pine Valleys, Eureka County, Nevada*. Prepared for General Moly, Inc. (Interflow Hydrology, Cordilleran Hydrology, Inc. and Environmental Simulations, Inc., June 2008) (Exhibit 116) shows the proposed well site is located in the mountains in an area where the model incorporated low values for hydraulic conductivity.

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Because a well yield of 1,000 gpm is possible only if the geologic materials exhibit relatively high transmissivity (and, by extension, moderate to high hydraulic conductivity), one can only conclude that the model does not accurately portray the current interpretation of the conditions in the aquifer at this locale.

A cursory review of the USGS topographic quadrangle for the well site and vicinity leads to speculation why this particular point of diversion was selected. Several parallel northwest-southeast trending linear features are easily discerned from the topographic map and the proposed point of diversion appears to be aligned with these features (represented as heavy dashed lines on the attached map). These features appear to extend through the mountain range into Diamond Valley to the general location of Stinking Springs and it is possible that the springs owe their presence to these features. The suggestion is that the mine's consultants now believe that significant secondary permeability exists in the rocks at this locale; otherwise there would be little reason to propose construction of a well. If so, there now appears to be justification for groundwater flow from Kobeh Valley to Diamond Valley in this area. A well located along this trend appears to be ideally located to intercept this flow.

If the proposed point of diversion is based on new data that support moderate to high values for hydraulic conductivity in the mountains, as opposed to low hydraulic conductivity represented in the model, the model should be revised to reflect this change and the model run to assess the impact of groundwater extractions so close to Diamond Valley.

4. Kobeh Valley is a designated basin. The perennial yield of the basin is approximately 16,000 acre-feet per year, which assumes that the natural groundwater discharge (phreatophyte evapotranspiration) from the basin can be captured over the long term per a study prepared for General Moly. In Kobeh Valley, most naturally recharged groundwater is discharged by phreatophytic vegetation on the valley floor, with a reconnaissance-level evapotranspiration estimate by the USGS of 15,000 acre-feet per year. The proposed use will not be capturing phreatophytic discharge. The valley floor phreatophytic vegetation will continue to occur notwithstanding the mine's pumping. The groundwater discharged in the Kobeh Valley hydrographic basin by phreatophytic vegetation and applicant's pumping will total approximately 26,300 acre-feet per year. In addition, General Moly's model simulates 1,900 acre-feet per year inflow from Kobeh Valley to Diamond Valley. These total amounts are in excess of the perennial yield of the basin and result in an overdraft situation for the basin. Granting the change application will cause the basin to be over pumped to the detriment of the basin and prior existing water rights holders.
5. Existing USGS reports suggest that Kobeh Valley may provide underground flow to Diamond Valley. The applicant's groundwater model simulates such an underflow also. Sustained over pumping in Kobeh Valley is likely to reduce that amount and affect prior existing municipal water rights held by Eureka County and Devils Gate GID that supply the majority of the population in Diamond Valley. The Diamond Valley Regional Flow System is being studied at the present time by the USGS. The grant of any further

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Application No. 77553

applications for the mine's project should be not be considered until the USGS study is complete and the additional analysis and data acquisition that will be conducted as described in Paragraph 2 above by the applicant to improve the technical adequacy of the applicant's studies is complete.

6. Sustained over-pumping in Kobeh Valley is likely to impact irrigation and stockwatering water right holders, impact domestic well owners and surface water flows in Kobeh Valley. Sustained over-pumping in Kobeh Valley may impact irrigation and stockwatering water rights, domestic well owners and surface water rights in Diamond Valley and Pine Valley. The owners of these rights contribute to the long-term economic viability of the greater Eureka community; therefore, unless adequately mitigated, such impacts may prove detrimental to the health and welfare of Eureka County.
7. Hydrologic properties of the proposed point of diversion are not known. The mine is currently determining and analyzing the proposed points of diversions for all of its wells and whether the pumping will be from the alluvial aquifer or the carbonate aquifer. Therefore, impacts associated with sustained pumping of substantial water rights at the proposed point of diversion listed in this application and for the applicant's points of diversions for its overall groundwater pumping for its project are not known. General Moly's outdated model report relied upon by the State Engineer in issuing his Ruling 5966 acknowledges that on a regional scale there will be impacts to existing surface water and underground water rights from its then proposed plan of pumping. General Moly's most recent Form 8-K filed with the Securities and Exchange Commission (Date of Earliest Event Reported: March 26, 2009) states in part on page 16 with regard to the Mt. Hope Permitting Requirements under the section entitled *Plan of Operations Approval -Bureau of Land Management*: "Other significant potential impacts include effects of groundwater pumping on existing water rights and/or surface water flows. . . ". This Form 8-K was filed after the evidence was submitted for and the protest hearing held on October 13-October 17, 2008 and should be considered by the State Engineer in determining whether to grant change application 77553.

The pit dewatering requires pumping of additional water from Diamond Valley, currently over appropriated and over pumped. Propagation of the cone of depression from the proposed point of diversion must be adequately determined prior to granting the application. The applicant acknowledges that Eureka County should be involved in the review of all hydrologic data offered in support of its project. General Moly has acknowledged that Eureka County should be involved in this additional study and modeling and the development of an effective monitoring and mitigation plan.

8. The proposed point of diversion for this application lies in Basin 139, while the proposed place of use may ultimately include portions of Basin 153 (Diamond Valley) and Basin 53 (Pine Valley); therefore the application may call for a transfer of ground water out of the source basin for use in another basin. Compliance with the requirements of NRS 533.370(6) must be met.

Exhibit "A"  
Eureka County Protest to Kobeh Valley Ranch LLC  
Application No. 77553

9. The works necessary to achieve beneficial use of the subject water rights are substantial and costly. While the instant application is for only a portion of the water rights needed for the Mt. Hope Mine Project, General Moly requires 11,300 afa of water rights to operate its Mt. Hope Mine Project. The State Engineer found in Ruling 5966 that the applicant provided proof satisfactory to the State Engineer that there is a reasonable expectation of the financial ability to construct the work and apply the water to the intended beneficial use with reasonable diligence and of its good faith intention to construct any work necessary to apply the water to the intended beneficial use, to actually construct the work and apply the water to the intended beneficial use with reasonable diligence. Since the hearing evidence was presented, the Applicant has issued numerous press releases regarding the project and its financial situation. On March 26, 2009, General Moly announced further cash conservation efforts to preserve its current cash balance. In a newspaper article dated November 7, 2008, General Moly's chief executive officer indicated that the project might be put on hold in early 2009. At the close of the stock market trading on May 1, 2009, General Moly's stock price was \$1.52 a share, down from a 52 week high of \$9.69 per share. The 52 week low for General Moly shares was \$0.64 per share. General Moly's most recent Form 8-K filed with the Securities and Exchange Commission (Date of Earliest Event Reported: March 26, 2009) indicates interim financing is not in place. In addition, there is no reasonable probability that the financing necessary for the project (estimated costs of over \$1 billion) is available to General Moly to go forward with the project or is forthcoming. The applicant has not shown the State Engineer proof satisfactory of its financial ability and reasonable expectation actually to construct the work and apply the water to the intended beneficial use with reasonable diligence.
10. The manner of use of water under the subject application is by nature of its activity a temporary use. Because it is a temporary use, any permit granted should be subject to a restriction that at the end of the mining use, the water will revert back to the source. As of June 16, 2008, General Moly's consultant's report indicated that a majority of the water sought to be pumped would come from groundwater storage. The State Engineer has previously recognized that water sought to be appropriated from groundwater storage is not a permanent water right.
11. The subject change application seeks to change a previously filed change application that changed the manner of use from irrigation at a consumptive use duty or 2.3 acre feet/acre. Permit 75997 has not been issued as of the date of filing of this protest. The limitation of the consumptive use duty of 2.3 acre-feet/acre should be maintained if Application 77553 is granted.
12. Should this protest result in a hearing before the State Engineer, Eureka County requests that any such hearing be held in Eureka to facilitate access by protestant.

10381 Double R Boulevard

• Reno, NV 89521

• Tel 775.827.2311

• Fax 775.827.2316

• El Dorado Hills

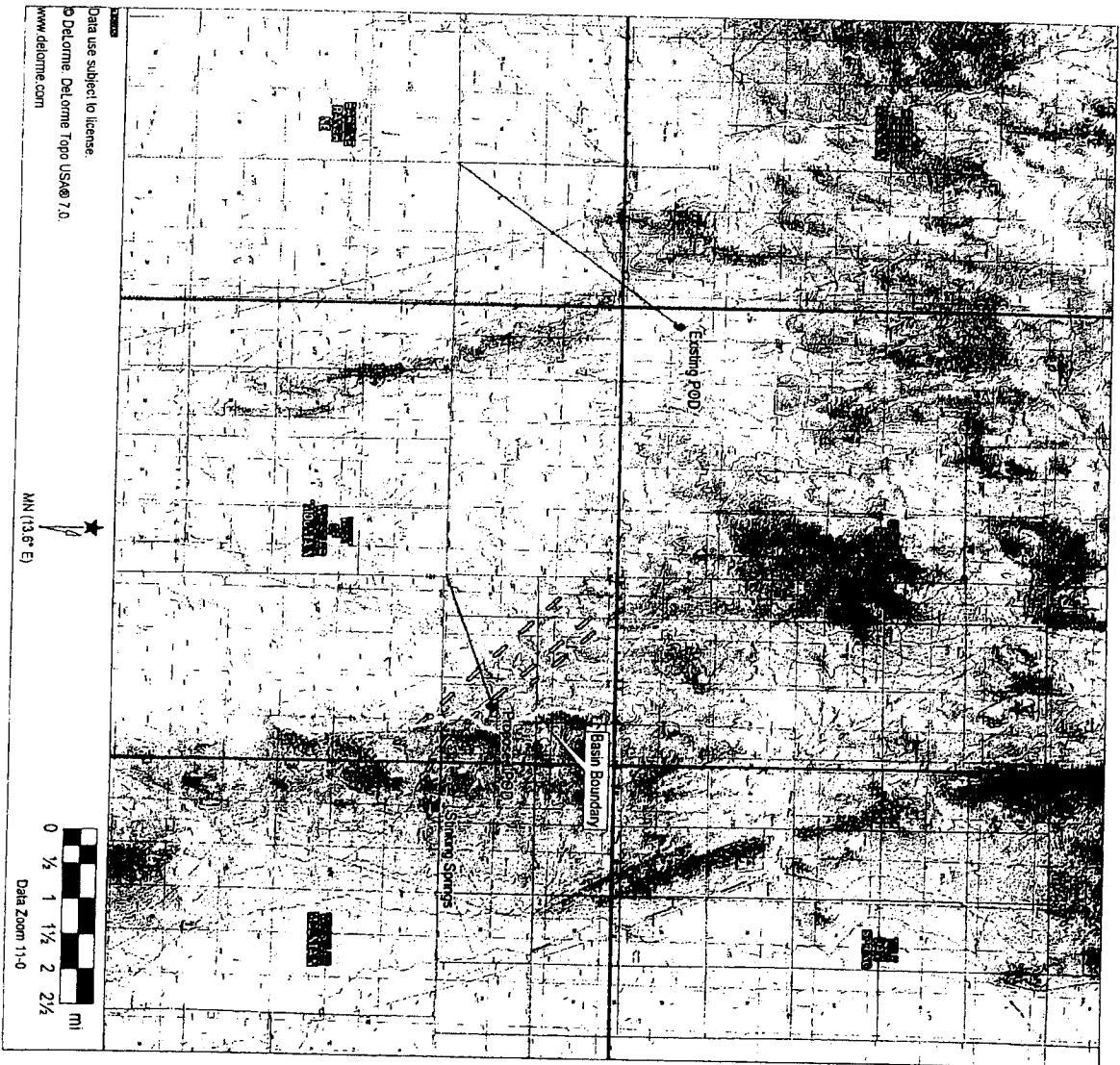
• Nevada City

• Reno

• Rocklin

• Stockton

• San Andreas



003438

JA4850

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

IN THE MATTER OF APPLICATION NUMBER, 78424  
FILED BY, KOBEH VALLEY RANCH LLC  
ON APRIL 30, 2009, TO APPROPRIATE THE  
WATERS OF UNDERGROUND (EUREKA COUNTY)



PROTEST

STATE ENGINEER  
2009 JUL 10 PM 3:45

Comes now EUREKA COUNTY  
Printed or typed name of protestant  
whose post office address is P.O. BOX 677, EUREKA, NEVADA 89316  
Street No. Or P.O. Box, City, State and Zip Code.  
whose occupation is POLITICAL SUBDIVISION and protests the granting  
of Application Number 78424 filed on APRIL 30, 2009  
by KOBEH VALLEY RANCH LLC to appropriate the  
waters of UNDERGROUND 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 EXHIBIT "A" ATTACHED

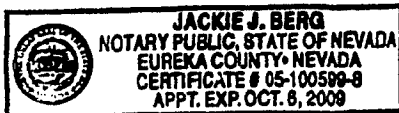
THEREFORE the Protestant requests that the application be DENIED  
Denied, issued subject to prior rights, etc., as the case may be  
and that an order be entered for such relief as the State Engineer deems just and proper.

Signed [Signature]  
Agent or protestant

J.P. "JIM" THURRALDE, CHAIRMAN, CO. COMMISSIONERS  
Printed or typed name, if agent

Address P.O. Box 677  
Street No. or P.O. Box No.  
EUREKA, NEVADA 89316  
City, State and Zip Code No.

Subscribed and sworn to before me this 25<sup>th</sup> day of JUNE 2009



[Signature]  
Notary Public

State of NEVADA  
County of EUREKA

**\$25 FILING FEE MUST ACCOMPANY PROTEST. PROTEST MUST BE FILED IN DUPLICATE.  
ALL COPIES MUST CONTAIN ORIGINAL SIGNATURE.**

Exhibit "A"  
Eureka County Protest to Kobre Valley Ranch LLC  
Application No. 78424

1. This change application was filed to change the point of diversion of change application 76803 previously filed by this applicant for use by General Moly, Inc. for a mining project. Eureka County protested the previous change application. Eureka County refers to and incorporates by reference its protest and the evidence on file with the State Engineer's office submitted for the protest hearing held October 13-October 17, 2008 with regard to change application 76803. The State Engineer approved Application 76803 in Ruling 5966 issued March 26, 2009. Eureka County filed a petition for judicial review challenging Ruling 5966 issued by the State Engineer which is currently pending in the Seventh Judicial District Court. The previous grant of change application 76803 may not be upheld if the State Engineer's Ruling is vacated by the Court.
2. General Moly's model, which the State Engineer determined in Ruling 5966 was "suitable for estimating impacts at this time" is not technically adequate as publically admitted by the Applicant the same day the Ruling was issued. In a press release dated March 26, 2009, General Moly acknowledged that its technical hydrologic studies were not adequate. The press release states in pertinent part: "Following recent discussions with the Bureau of Land Management (BLM) related to the Company's hydrologic studies of both pit lake geochemistry and regional hydrology, the Company determined that additional analysis and data acquisition will be conducted to improve the technical adequacy of the studies. Although this further work does not indicate a concern related to ultimate permit receipt, the Company now expects to receive its Record of Decision (ROD) approximately mid-year 2010." Thus, the model previously relied upon by the State Engineer to grant change application 76803 is not adequate and cannot be used as a basis to approve pending Application 78424. As the State Engineer has acknowledged in other proceedings pending before him, it is preferable to have consistent models and an important consideration is preparation of a completed, thoroughly reviewed model for the State Engineer's use in his proceeding.
3. The Diamond Valley Regional Flow System is being studied at the present time by the USGS. The grant of any further applications for the mine's project should be not be considered until the USGS study is complete and the additional analysis and data acquisition that will be conducted as described in Paragraph 2 above by the applicant to improve the technical adequacy of the applicant's studies is complete.
4. Hydrologic properties of the proposed point of diversion are not known. The mine is currently determining and analyzing the proposed points of diversions for all of its wells. Therefore, impacts associated with sustained pumping of substantial water rights at the proposed point of diversion listed in this application and for the applicant's points of diversions for its overall groundwater pumping for its project are not known. General Moly's outdated model report relied upon by the State Engineer in issuing his Ruling 5966 acknowledges that on a regional scale there will be impacts to existing surface water and underground water rights from its then proposed plan of pumping. General Moly's most recent Form 8-K filed with the Securities and Exchange Commission (Date of Earliest Event Reported: March 26, 2009) states in part on page 16 with regard to the Mt. Hope

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Eureka County Protest to Kobeh Valley Ranch LLC  
Application No. 78424

Permitting Requirements under the section entitled *Plan of Operations Approval –Bureau of Land Management*: "Other significant potential impacts include effects of groundwater pumping on existing water rights and/or surface water flows. . .". This Form 8-K was filed after the evidence was submitted for and the protest hearing held on October 13-October 17, 2008 and should be considered by the State Engineer in determining whether to grant change application 78424.

The pit dewatering requires pumping of additional water from Diamond Valley, currently over appropriated and over pumped. Propagation of the cone of depression from the proposed point of diversion must be adequately determined prior to granting the application.

5. The proposed point of diversion for this application lies in Basin 153, while the proposed place of use may ultimately include portions of Basin 139 (Kobeh Valley) and Basin 53 (Pine Valley); therefore the application may call for a transfer of ground water out of the source basin for use in another basin. Compliance with the requirements of NRS 533.370(6) must be met.
6. The works necessary to achieve beneficial use of the subject water rights are substantial and costly. While the instant application is for only a portion of the water rights needed for the Mt. Hope Mine Project, General Moly requires 11,300 afa of water rights to operate its Mt. Hope Mine Project. The State Engineer found in Ruling 5966 that the applicant provided proof satisfactory to the State Engineer that there is a reasonable expectation of the financial ability to construct the work and apply the water to the intended beneficial use with reasonable diligence and of its good faith intention to construct any work necessary to apply the water to the intended beneficial use, to actually construct the work and apply the water to the intended beneficial use with reasonable diligence. Since the hearing evidence was presented, the Applicant has issued numerous press releases regarding the project and its financial situation. On March 26, 2009, General Moly announced further cash conservation efforts to preserve its current cash balance. In a newspaper article dated November 7, 2008, General Moly's chief executive officer indicated that the project might be put on hold in early 2009. At the close of the stock market trading on May 1, 2009, General Moly's stock price was \$1.52 a share, down from a 52 week high of \$9.69 per share. The 52 week low for General Moly shares was \$0.64 per share. General Moly's most recent Form 8-K filed with the Securities and Exchange Commission (Date of Earliest Event Reported: March 26, 2009) indicates interim financing is not in place. In addition, there is no reasonable probability that the financing necessary for the project (estimated costs of over \$1 billion) is available to General Moly to go forward with the project or is forthcoming. The applicant has not shown the State Engineer proof satisfactory of its financial ability and reasonable expectation actually to construct the work and apply the water to the intended beneficial use with reasonable diligence.
7. The manner of use of water under the subject application is by nature of its activity a temporary use. Because it is a temporary use, any permit granted should be subject to a



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**Eureka County Protest to Kobeh Valley Ranch LLC**  
**Application No. 78424**

restriction that at the end of the mining use, the water will revert back to the source. As of June 16, 2008, General Moly's consultant's report indicated that a majority of the water sought to be pumped would come from groundwater storage. The State Engineer has previously recognized that water sought to be appropriated from groundwater storage is not a permanent water right.

8. Should this protest result in a hearing before the State Engineer, Eureka County requests that any such hearing be held in Eureka to facilitate access by protestant.

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

IN THE MATTER OF APPLICATION NUMBER 79911  
FILED BY Kobe Valley Ranch LLC (c/o General Moly, Inc.)  
ON June 15, 2010, TO APPROPRIATE THE  
WATERS OF UNDERGROUND (EUREKA COUNTY)

PROTEST

Comes now EUREKA COUNTY

Printed or typed name of protestant  
whose post office address is POST OFFICE BOX 677, EUREKA, NEVADA 89316  
Street No. or PO Box, City, State and ZIP Code  
whose occupation is POLITICAL SUBDIVISION and protests the granting  
of Application Number 79911, filed on JUNE 15, 2010  
by KOBEH VALLEY RANCH LLC (c/o General Moly, Inc.) to appropriate the  
waters of UNDERGROUND 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 EXHIBIT "A" ATTACHED HERETO

RECEIVED  
2010 AUG 12 PM 4:21  
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

*Leonard Fiorenzi*

Agent or protestant

LEONARD FIORENZI, COMMISSION CHAIRMAN

Printed or typed name, if agent

Address

POST OFFICE BOX 677

Street No. or PO Box

EUREKA, NEVADA 89316

City, State and ZIP Code

(775) 237 - 5262

Phone Number

Subscribed and sworn to before me this 6

day of

AUGUST

, 20 10



*Sara G. Simmons*

Notary Public

State of NEVADA

County of EUREKA

+ \$25 FILING FEE MUST ACCOMPANY PROTEST. PROTEST MUST BE FILED IN DUPLICATE.  
ALL COPIES MUST CONTAIN ORIGINAL SIGNATURE. 003443

Exhibit "A"  
Eureka County Protest to Kobeh Valley Ranch LLC  
Application Nos. 79911 - 79942

1. The proposed use conflicts with or will impair and interfere with existing rights and protectable interests in existing domestic wells and threatens to prove detrimental to the public interest. Kobeh Valley is a designated basin. The perennial yield of Basin 139 based upon *Ground-Water Resources – Reconnaissance Series Report 30* by Rush and Everett (1964) is 16,000 acre feet annually (afa) and assumes that the natural groundwater discharge (phreatophyte evapotranspiration) from the basin can be captured. In Kobeh Valley, most naturally recharged groundwater is discharged by phreatophytic vegetation on the valley floor, with a reconnaissance-level evapotranspiration estimate by the USGS of 15,000 acre-feet per year. Hydrogeologic investigations and groundwater modeling by the applicant clearly conclude that the proposed use will take decades before it results in capture of a significant proportion of phreatophytic discharge. The valley floor phreatophytic vegetation will continue to occur notwithstanding the mine's pumping. The groundwater discharged in the Kobeh Valley hydrographic basin by phreatophytic vegetation and applicant's pumping will total approximately 26,300 acre-feet per year. These total amounts are in excess of the perennial yield of the basin and result in mining groundwater from the basin, which is specifically prohibited in Nevada. In addition, there is a consensus that underflow from Kobeh Valley to Diamond Valley does occur. In dispute is the quantity of interbasin flow. Predictive modeling studies by the applicant's consultants suggest pumping in Diamond Valley has a potential to cause water-level declines in Kobeh Valley, suggesting a hydrologic continuum between the two basins. Granting the change applications will cause the basin to be over pumped to the detriment of the basin and prior existing water rights holders.

The applicant's own investigations show most of the water sought to be appropriated by these applications will be derived from basin storage. The State Engineer has previously denied applications seeking to appropriate water from basin storage.

Diversion of groundwater above the annual recharge may unreasonably lower the static water in the subject basin and could negatively affect hydraulic gradient influences and adversely affect the quality of the remaining groundwater. Groundwater modeling by the applicant's consultants show that the effects of the applicant's groundwater extractions will continue for decades after mine operations cease.

2. Existing USGS reports suggest that Kobeh Valley may provide underground flow to Diamond Valley. However, it is USGS's opinion that data are currently insufficient with which to determine the amount of interbasin flow with any level of certainty. In light of the applicant's most recent groundwater model, there are regions of suspected high hydraulic conductivity in the mountains between Diamond Valley and Kobeh Valley that provide potential conduits for groundwater flow between the basins. Sustained over pumping in Kobeh Valley is likely to reduce that amount and affect prior existing municipal water rights held by Eureka County and the Devils Gate GID that supply the majority of the population in Diamond Valley.

Exhibit "A"  
Eureka County Protest to Kobeh Valley Ranch LLC  
Application Nos. 79911 - 79942

3. Currently, there are other pending applications to appropriate groundwater and pending change applications in the Kobeh Valley basin filed by this applicant pertaining to the Mt. Hope Mine Project. These outstanding applications seek to appropriate an additional approximately 16,120 acre-feet of water rights per year and seek changes to an additional 2,829.72 acre-feet of water rights per year. The applicant does not appear to intend to place the water sought to be appropriated in the other pending applications to beneficial use. The applicant must withdraw these applications or a decision must be rendered on these applications prior to ruling on change applications 79911 - 79942. If all the applicant's pending applications are approved, the quantity of water granted to the applicant would exceed the project needs. Change applications 79915, 79917, 79920 and 79936 seek to change the same water rights as other pending change applications currently on file by this applicant.
4. Sustained over-pumping in Kobeh Valley is likely to impact irrigation and stock watering water right holders, impact domestic well owners and surface water flows in Kobeh Valley. Sustained over-pumping in Kobeh Valley may impact irrigation and stock watering water rights, domestic well owners and surface water rights in Diamond Valley and Pine Valley. The owners of these rights contribute to the long-term economic viability of the greater Eureka community; therefore, unless adequately mitigated, such impacts will prove detrimental to the health and welfare of Eureka County.
5. Not all of the proposed points of diversion have been explored. Consequently, well yields and the hydrologic properties of the aquifer near some proposed points of diversion are purely hypothetical; therefore, impacts associated with pumping of substantial water rights at the proposed points of diversion are not known. Propagation of the cones of depression from each of the proposed points of diversion must be adequately determined prior to granting the applications. In accordance with the Eureka County Code and the Eureka County Master Plan, Eureka County requests the ability to continue to review all hydrologic data offered in support of the applications. The applicant has acknowledged that Eureka County should be involved in the review of all hydrologic data offered in support of its project and that Eureka County should be involved in the development of an effective monitoring, management and mitigation plan.
6. Groundwater modeling studies by the applicant show more than five feet of drawdown in southern Pine Valley attributable to the mine's groundwater withdrawals. This drawdown occurs near springs of regional significance. Some of these springs are located in the headwaters of streams with known populations of endangered Lahontan Cutthroat Trout and most of these waters have been fully adjudicated. For example, all waters of and contributing to Pete Hanson Creek and Henderson Creek have been fully adjudicated. On page 6 of the Pete Hansen and Henderson Creek decree, it is stated that "These proceedings adjudicate *all stream waters* (emphasis added) tributary to both Pete Hansen Creek and Henderson Creek. Henderson Creek, the principal east tributary to the drainage basin, transports stream waters from the east flank of the Roberts Mountains and the western

Exhibit "A"  
Eureka County Protest to Kobeh Valley Ranch LLC  
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slopes of the Sulphur Springs Range south of Table Mountain. Several perennial springs situated in the stream system as well as snow melt waters, contribute to the stream system flow." Considering that *all* water of and contributing to Pete Hanson Creek and Henderson Creek has been adjudicated, the applicant must prove that pumping will not impact any of the sources contributing to these creeks.

7. Eureka County recognizes that the custom and culture of mining is part of its history and appreciates the role mining plays in its local and regional economy. Eureka County welcomes new opportunity for mining in its communities as long as mine development is not detrimental to existing economic or cultural activity or the environment. This protest is aimed at ensuring that any development of water resources in Kobeh Valley is conducted in full accordance with Nevada law, the Eureka County Master Plan and related ordinances, and does not unduly threaten the health and welfare of Eureka County citizens. Eureka County encourages the proponents of these applications to engage its representatives and the Office of the State Engineer in dialogue that will result in a binding, mutually-beneficial agreement for development, management, monitoring, and mitigation of these groundwater resources.
8. The proposed place of use described in the applications is much larger than the mine's Plan of Operations project boundary.
9. The Diamond Valley Regional Flow System is being studied at the present time by the USGS. The grant of any further applications for the mine's project should be not be considered until the USGS study is complete.
10. The pit dewatering requires pumping of groundwater from Diamond Valley, currently over appropriated and over pumped. Propagation of the cones of depression from each of the proposed points of diversion must be adequately determined prior to granting the applications in light of the pit dewatering in Diamond Valley.
11. The proposed points of diversion for the applications lie in Basin 139 (Kobeh Valley), while the proposed place of use includes portions of Basin 153 (Diamond Valley) and Basin 53 (Pine Valley); therefore the applications involve a transfer of groundwater out of the source basin for use in another basin. As the applications state, the water will be placed to beneficial use in Diamond Valley. Compliance with the requirements of NRS 533.370(6) for interbasin transfers must be met.
12. The works necessary to achieve beneficial use of the subject water rights are substantial and costly. As the applications state, the applicant requires 11,300 afa of water rights to operate its Mt. Hope Mine Project. The applicant has not provided proof that there is a reasonable expectation of the applicant's financial ability to construct the work and apply the water to the intended beneficial use with reasonable diligence and of its good faith intention to construct any work necessary to apply the water to the intended beneficial use, to actually

Exhibit "A"  
Eureka County Protest to Kobeh Valley Ranch LLC  
Application Nos. 79911 - 79942

construct the work and apply the water to the intended beneficial use with reasonable diligence.

13. The manner of use of water under the subject application is by nature of its activity a temporary use. Because it is a temporary use, any permit granted should be subject to a restriction that at the end of the mining use, the water will revert back to the source. Previous reports issued by the applicant indicated that a majority of the water sought to be pumped would come from groundwater storage. The State Engineer has previously denied applications seeking to appropriate water from groundwater storage and recognized that water sought to be appropriated from groundwater storage is not a permanent water right.
14. The applicant holds notices filed with the BLM associated with water supply exploration activities for locations in Diamond Valley, which is over appropriated and over pumped. The notices associated with the water supply exploration activities in Diamond Valley are outside the Plan of Operations project boundary but within the proposed place of use listed in the applications.
15. Any further changes to points of diversion for a proposed future well field shall require the filing of additional change applications subject to the same regulatory process as the current applications, that is, they must be published in the local newspaper, are subject to protest, and must meet the statutory requirements for approval.
16. Some of the subject change applications seek to change a previously filed change application that changed the manner of use from irrigation at a consumptive use duty of 2.3 acre feet/acre. The limitation of the consumptive use duty of 2.3 acre-feet/acre should be maintained if the change applications to the base irrigation applications are granted.
17. Any proposed management, monitoring and mitigation plan to address potential impacts from the applicant's proposed pumping must be developed to a reasonable degree with supporting analytical data prior to any approval of the applications. A plan for monitoring and mitigation of potential impacts to water rights holders and threatened species must include specific, realistic measures to mitigate adverse impacts. The proposed mitigation measures must be clearly defined and demonstrated to have the desired affect. Overly broad proposals are not acceptable. Section 6.1.3 of Eureka County's Master Plan states "implementation of this Plan requires that...the Board of Eureka County Commissioners stay involved with analysis and evaluation through all stages of federal, state and local planning efforts... [through] review of data for scientific and factual soundness, plan development, implementation, monitoring, and evaluation of plan implementation." Section 6.2.6, the mining section of the Master Plan, states that the County will "Develop an evaluation program that relies upon and uses all available data, including, but not limited to reviewing existing data including hydrological data..." The Eureka County Code 9.060.C "mandates the use of peer-reviewed science in the assessment of impacts related to water resource development".

Exhibit "A"  
Eureka County Protest to Kobeh Valley Ranch LLC  
Application Nos. 79911 - 79942

18. Applications 79911 – 79942 seek to change water right applications previously protested by Eureka County and approved by the State Engineer in Ruling 5966 issued March 26, 2009. The Seventh Judicial District Court vacated Ruling 5966 in its Order entered April 21, 2010 and ordered a new hearing on the applications. Based upon the Court's Order entered April 21, 2010, the representations of the applicant that it was not opposed to a full, new hearing on the previously filed applications at the prehearing conference held on May 24, 2010, and the fact that these are new applications for which no hearing has ever been held, the State Engineer needs to conduct a full and fair hearing on change applications 79911 - 79942.
19. Previous hydrogeologic investigations and groundwater modeling undertaken by the applicant's consultants and entered into evidence during the prior hearing in support of the mine's groundwater rights applications concluded that the geologic materials comprising the mountains that separate the Kobeh Valley and Diamond Valley basins are characterized as relatively impermeable. Consequently, the groundwater flow from Kobeh Valley to Diamond Valley through the mountains was previously characterized as trivial.

The locations of some of the points of diversion for these change applications suggest that significant secondary permeability exists in the rocks separating Kobeh and Diamond Valleys, otherwise there would be little reason to propose constructing wells at these locations. Furthermore, the current iteration of the regional groundwater model developed by the Applicant's consultants shows a region of high hydraulic conductivity in the mountains north of Mount Whistler that is likely associated with the development of secondary permeability related to deformation of the rocks due to faulting. If the proposed points of diversion are based on new data that support moderate to high values for hydraulic conductivity in the mountains, as opposed to low hydraulic conductivity, the impacts of groundwater extractions so close to Diamond Valley need to be specifically assessed. Given the extent of the deformation of the rocks and multiple episodes of faulting, it is unlikely that high secondary permeability is limited only to one area in the mountains.

20. Granting change applications that are not supported by adequate proof of beneficial use will cause the basin to be over pumped to the detriment to the basin, prior water right holders and in direct conflict with the forfeiture provisions of Nevada water law.
21. Eureka County requests that the hearing on these applications be held in Eureka, Nevada to facilitate access by protestant, the water users in the area and interested citizens.



**EUREKA MOLY**

EUREKA MOLY, LLC  
P.O. Box 1057  
Eureka, NY 80316

POST STANDARD  
US POSTAGE  
PAID  
EUREKA, NY 80316



*Where will the  
Mt. Hope Mine  
get its water?*

*Will our community be affected?*

*The water for the Mt. Hope Mine  
will come from a well field  
in Kobeh Valley.*

*The well field is completely within Kobeh Valley  
supplies water 15 miles away from the center of the  
Diamond Valley farms.*

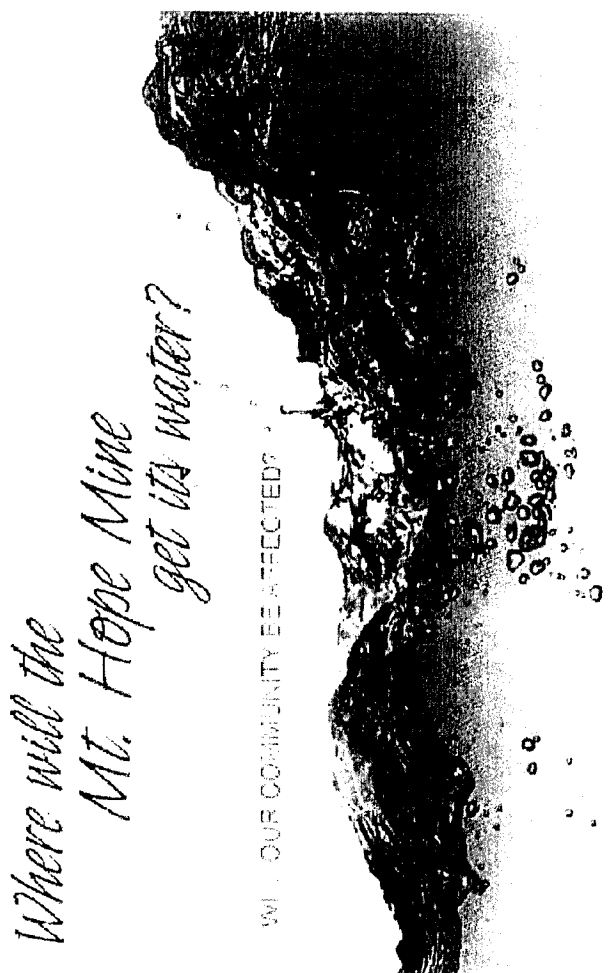
*The water for the Mt. Hope Mine is owned by Kobeh  
Valley Ranch, LLC, a subsidiary of General Moly Inc.*

*The well field will produce a total of 1,000 gallons per  
minute which is equivalent to the water needed for  
2,000 acres in 2005. Agriculture water use in Diamond  
Valley was approximately 150 ponds.*

*The water will be utilized for milling and processing  
ore.*

*Will the mining  
in Kobeh Valley  
affect the groundwater  
in Diamond Valley?*

SEE INSIDE FOR DETAILS...



*Where will the  
Mt. Hope Mine  
get its water?*

*Will our community be affected?*

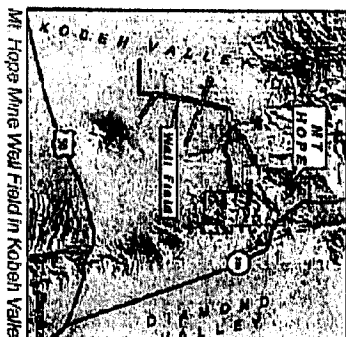
The water for the Mt. Hope Mine will come from a well field in Kobeh Valley.

The well field is completely within Kobeh Valley supplies water 15 miles away from the center of the Diamond Valley farms.

The water for the Mt. Hope Mine is owned by Kobeh Valley Ranch, LLC, a subsidiary of General Moly Inc.

The well field will produce a total of 1,000 gallons per minute which is equivalent to the water needed for 2,000 acres in 2005. Agriculture water use in Diamond Valley was approximately 150 ponds.

The water will be utilized for milling and processing ore.



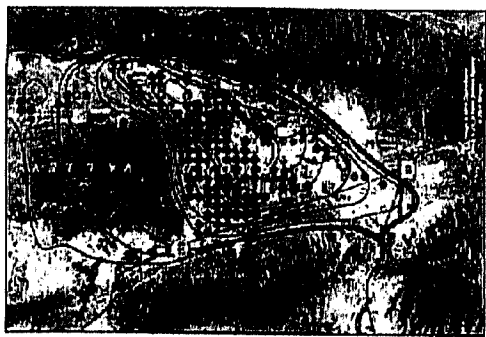
Mt. Hope Mine Well Field in Kobeh Valley



## Are the two basins connected?

Not really. Although they are located next to each other, they are separated by a mountain range of low-permeability rock that restricts water from flowing between the two basins. In fact, the ground water elevation in Kobeh Valley is 100 to 300 feet higher than groundwater levels in Diamond Valley. If water did flow easily between the two basins, these levels would have evened out, but the mountain range and impermeability of the ground in that area has kept most water in Kobeh Valley from flowing to Diamond Valley. We estimate that only 40-260 acre feet per annum (afa\*) flows from Kobeh to Diamond Valley, about equivalent to a strong garden hose.

\* One acre foot is the volume of water that will cover one acre to a depth of one foot, or 12 inches. It is equivalent to 326,000 gallons of water. A typical farm utilizes about three acre feet of water, a depth of 36 inches, per acre during a growing season.



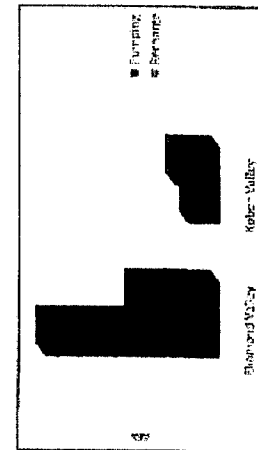
Drew Down Contours in Diamond Valley

## Will the Mt. Hope Mine cause over-pumping of the regional aquifer?

No. The Kobeh Valley gets filled back up each year from snow and rain, a term called "recharge." The annual recharge rate in Kobeh Valley is 16,000 afa. In order for Mt. Hope to over-pump the Kobeh Valley aquifer, it would have to pump more than 16,000 afa. However, Mt. Hope is only pumping 11,300 afa, well below a level that would deplete the aquifer. The Diamond Valley recharges at a rate of 30,000 afa but is pumped at 55,000 afa annually, which has caused the aquifer to be slowly depleted for many years.



CURRENT - WITHOUT MINING



PROPOSED - DURING MINING

## Kobeh Valley and Diamond Valley...

IS THERE A SURFACE WATER CONNECTION?

Rarely. Surface flows from Kobeh Valley to Diamond Valley can occur along Slough Creek through Devil's Gate, but only in very wet years and typically lasting only a couple days or weeks. The amount of flow that occurs on the surface would not be affected by the mine's groundwater pumping.



Devil's Gate is located between Kobeh Valley & Diamond Valley

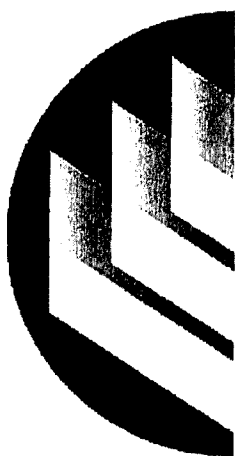
## A Eureka Moment!

EUREKA POLYMETALLIC WATER RESOURCES IN THE REGION

By initiating the following safeguards:

- Limit groundwater pumping in Kobeh Valley to less than the annual recharge amount.
- Conduct extensive monitoring throughout the area to refine the hydrologic model.
- Use the monitoring results to determine actual groundwater changes including those due to Mt. Hope water use.
- Make the results of monitoring and modeling available to interested parties.
- Participate in technical review committees, including Diamond Valley stakeholders to continually assess monitoring results and effectiveness.

*This Eureka Moment was brought to you by: General Moly, Inc.  
Mt. Hope Mine and Eureka Moly, LLC.*



# GENERAL MOLY

*The Right Moly Investment*

## Mt. Hope Tour

October 18, 2010





# Forward Looking Statements

Statements herein that are not historical facts are "forward-looking statements" within the meaning of Section 27A of the Securities Act, as amended and Section 21E of the Securities Exchange Act of 1934, as amended and are intended to be covered by the safe harbor created by such sections. Such forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those projected, anticipated, expected, or implied by the Company. These risks and uncertainties include, but are not limited to, metals price and production volatility, global economic conditions, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, exploration risks and results, political, operational and project development risks, including the Company's ability to obtain required permits to commence production and its ability to raise required financing, adverse governmental regulation and judicial outcomes. The closing of the Hanlong transaction and obtaining bank financing are subject to a number of conditions precedent that may not be fulfilled. For a detailed discussion of risks and other factors that may impact these forward looking statements, please refer to the Risk Factors and other discussion contained in the Company's quarterly and annual periodic reports on Forms 10-Q and 10-K, on file with the SEC. The Company undertakes no obligation to update forward-looking statements.



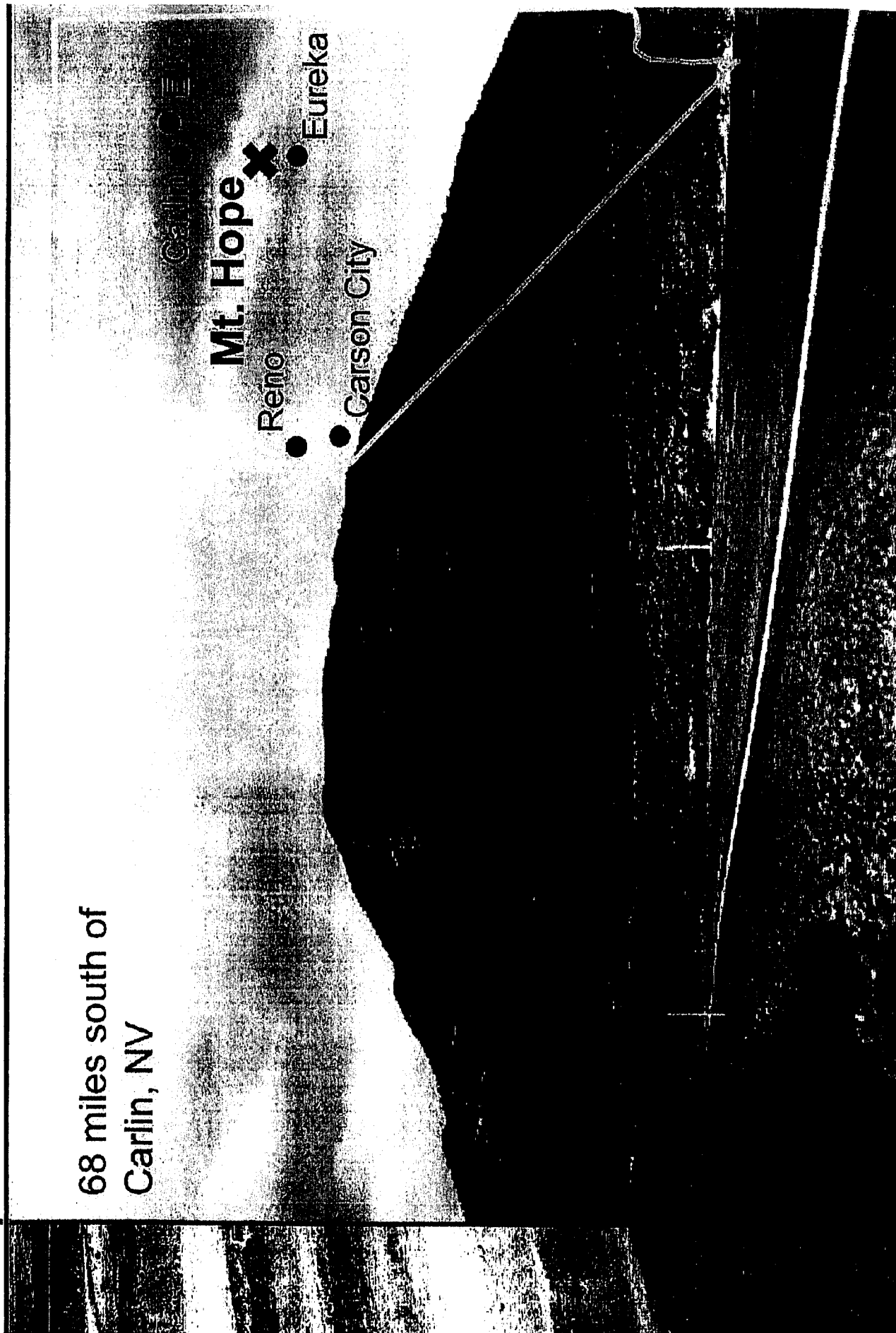
# Presentation Outline

1. Logistics
  - Mine and mill layout
  - Access to water
  - Access to power
2. Production Costs
  - Mt. Hope operating cost evolution
  - Current operating cost estimate and components
3. Permitting
  - Permitting Overview
  - Permitting Issues & Mitigation
  - EIS Status, Path Forward
  - Hydrology Modeling
  - Water Rights, protests, appeals



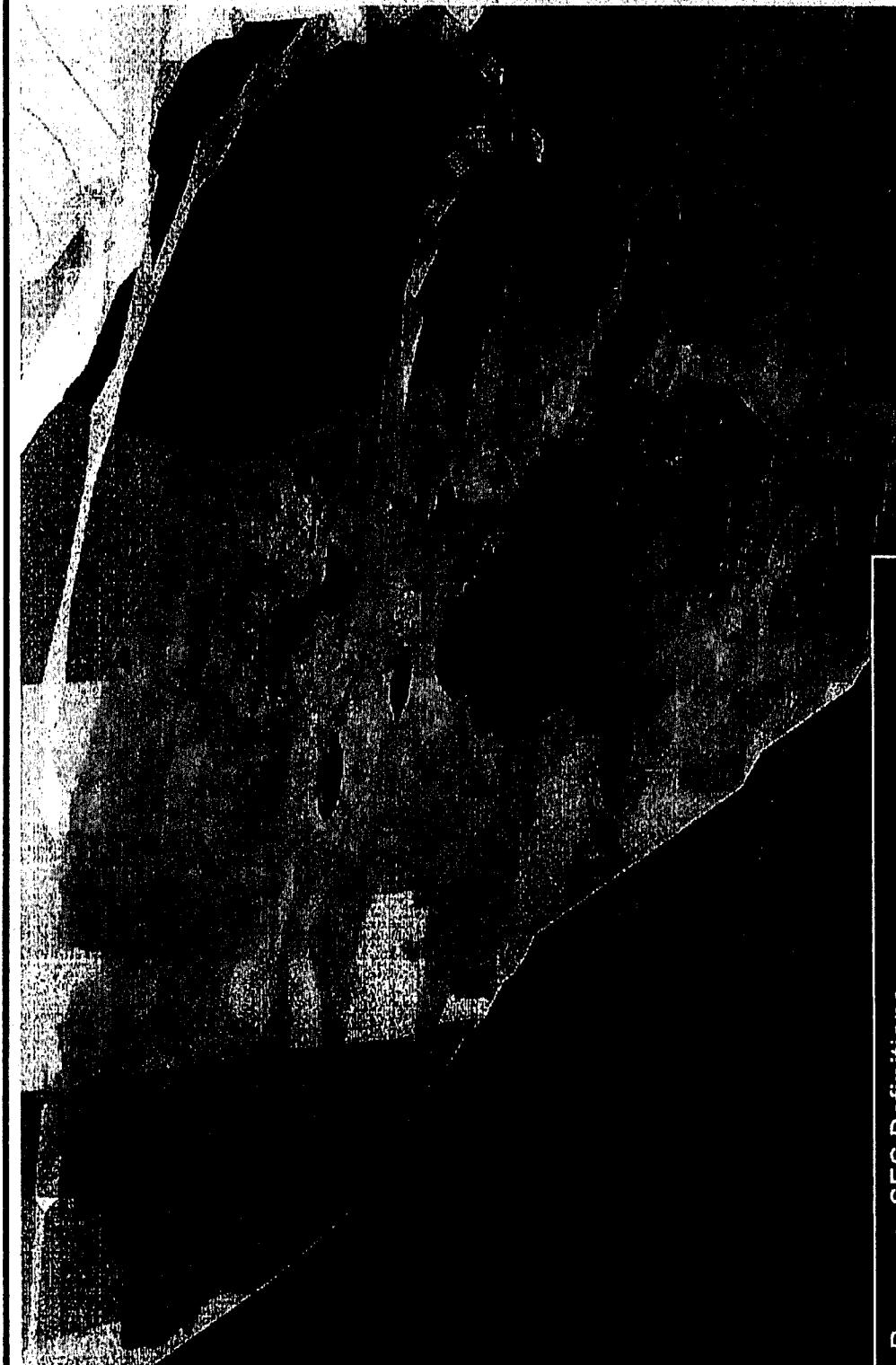
## Location

68 miles south of  
Carlin, NV





## Reserves



### Reserves, SEC Definitions

Proven	189,675K tons	0.083%
Probable	776,251K tons	0.065%
Proven + Probable	965,926K tons	0.068%
Contained Pounds	1,313,659	





## Mineralization

- Rocks: 80% quartz-porphyry and 20% meta-sedimentary rocks
- Molybdenite ( $\text{MoS}_2$ ) is the only economic mineral







# Mine and Mill Layout



	<u>Million st</u>
Ore	966
Waste	<u>1,738</u>
Total	2,704

## Stripping Ratio

Overall	1.80
Yr 1-33	2.76

## Production

Mining Rate	260k tpd
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# Mine Plan

Looking West from NV State Route 278



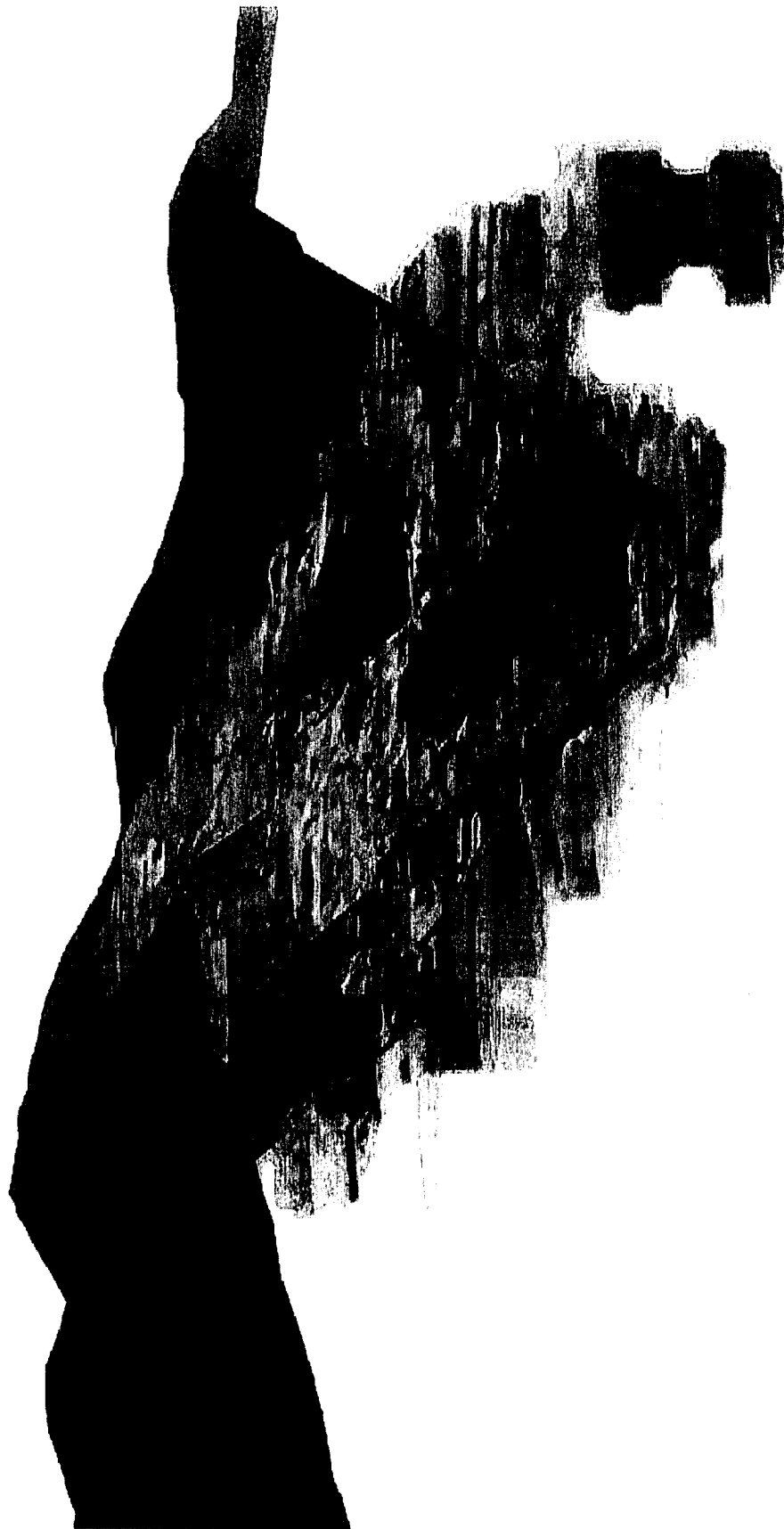


# Mine Plan





# Mine Plan





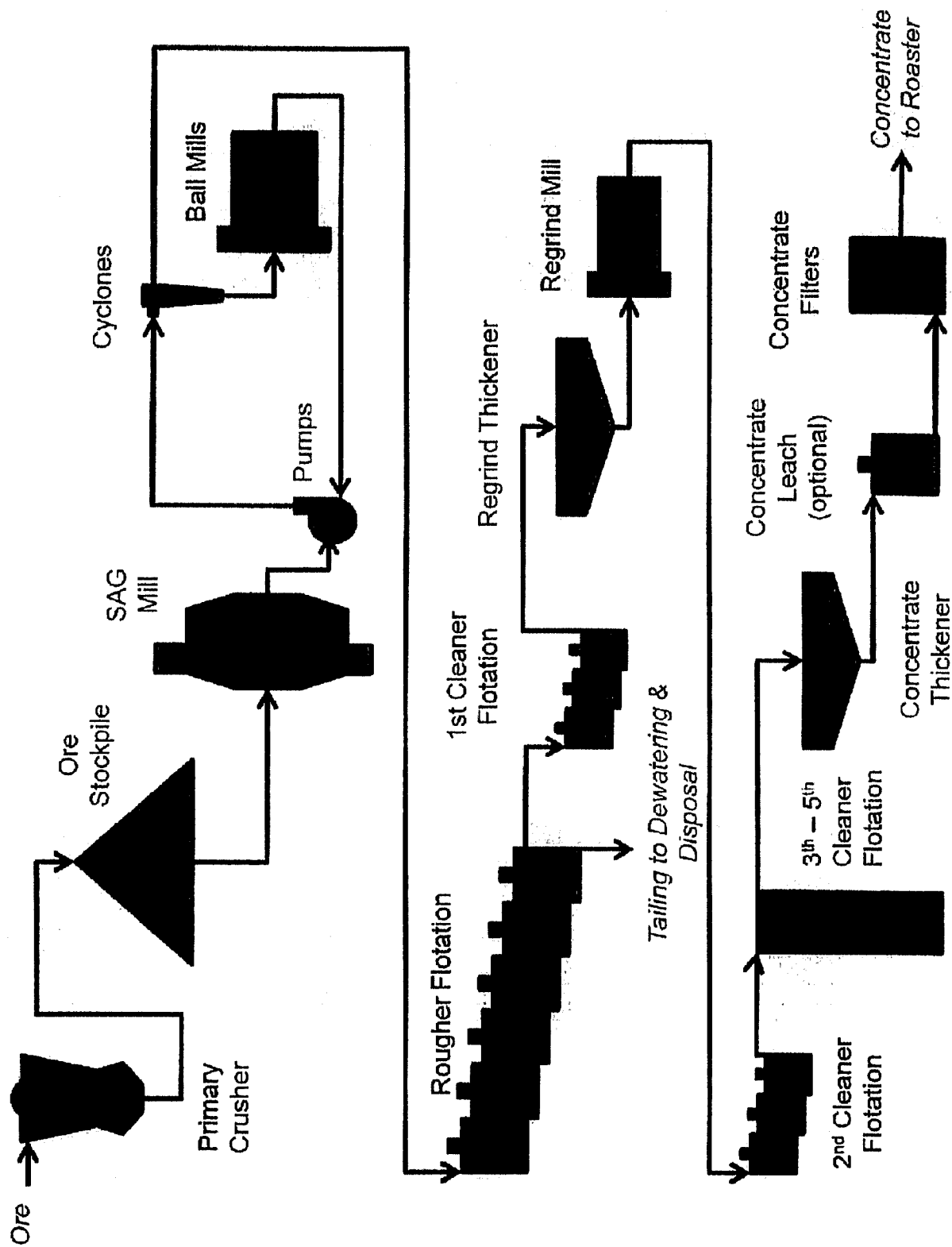
## Major Mining Equipment

- 4 Hitachi EX5500 35-cuyd diesel hydraulic shovels
- 2 LeTourneau L-1850 31-cuyd front-end loaders
- 24 Caterpillar 793 240-st trucks
- 4 Atlas Copco PV 271 blast-hole drills
- 1 pioneering drill
- 2 Caterpillar 773 50-st trucks
- 7 Caterpillar dozers
- 3 Caterpillar motor graders
- 2 20,000-gallon water trucks



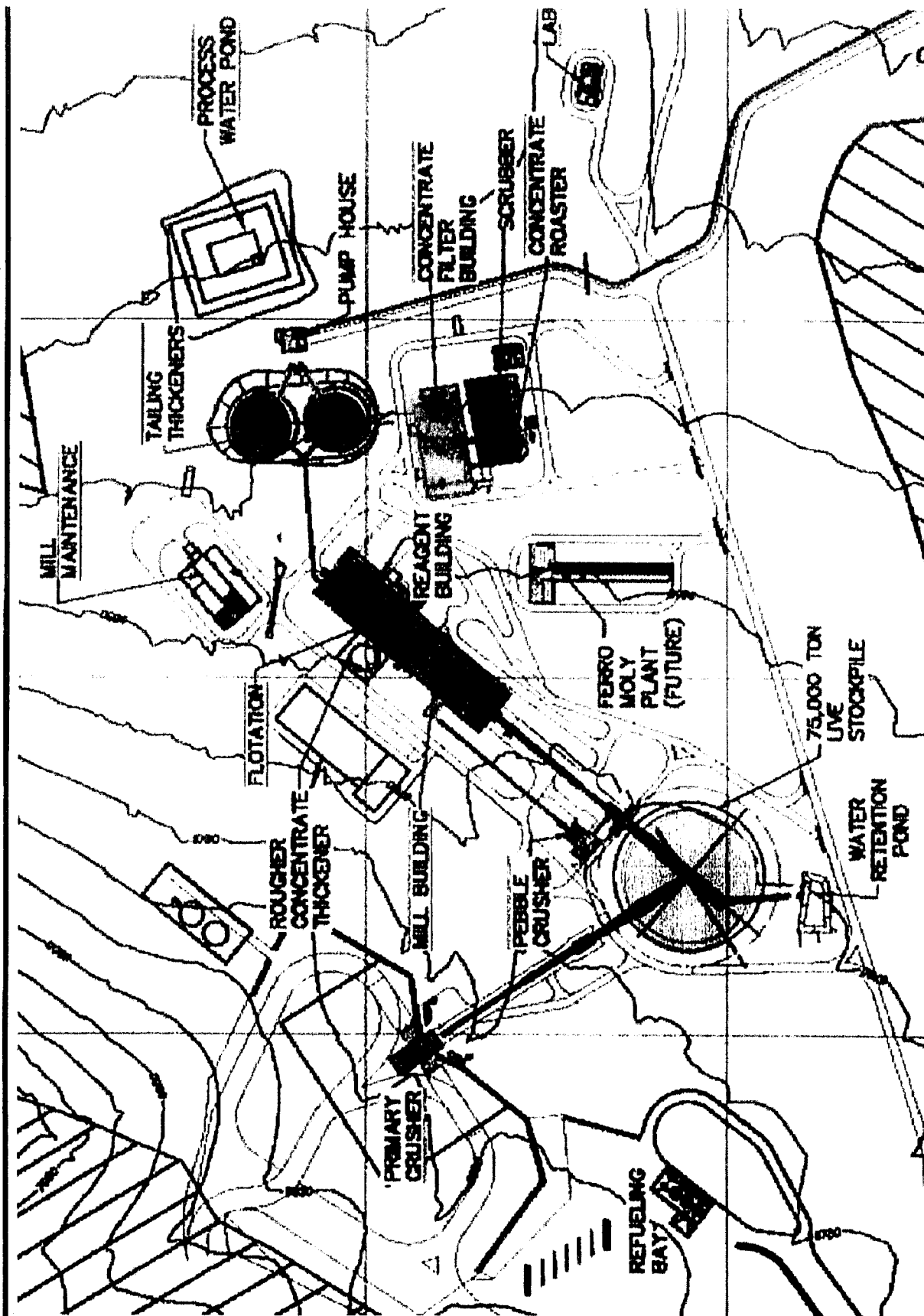


# Mill Flowsheet



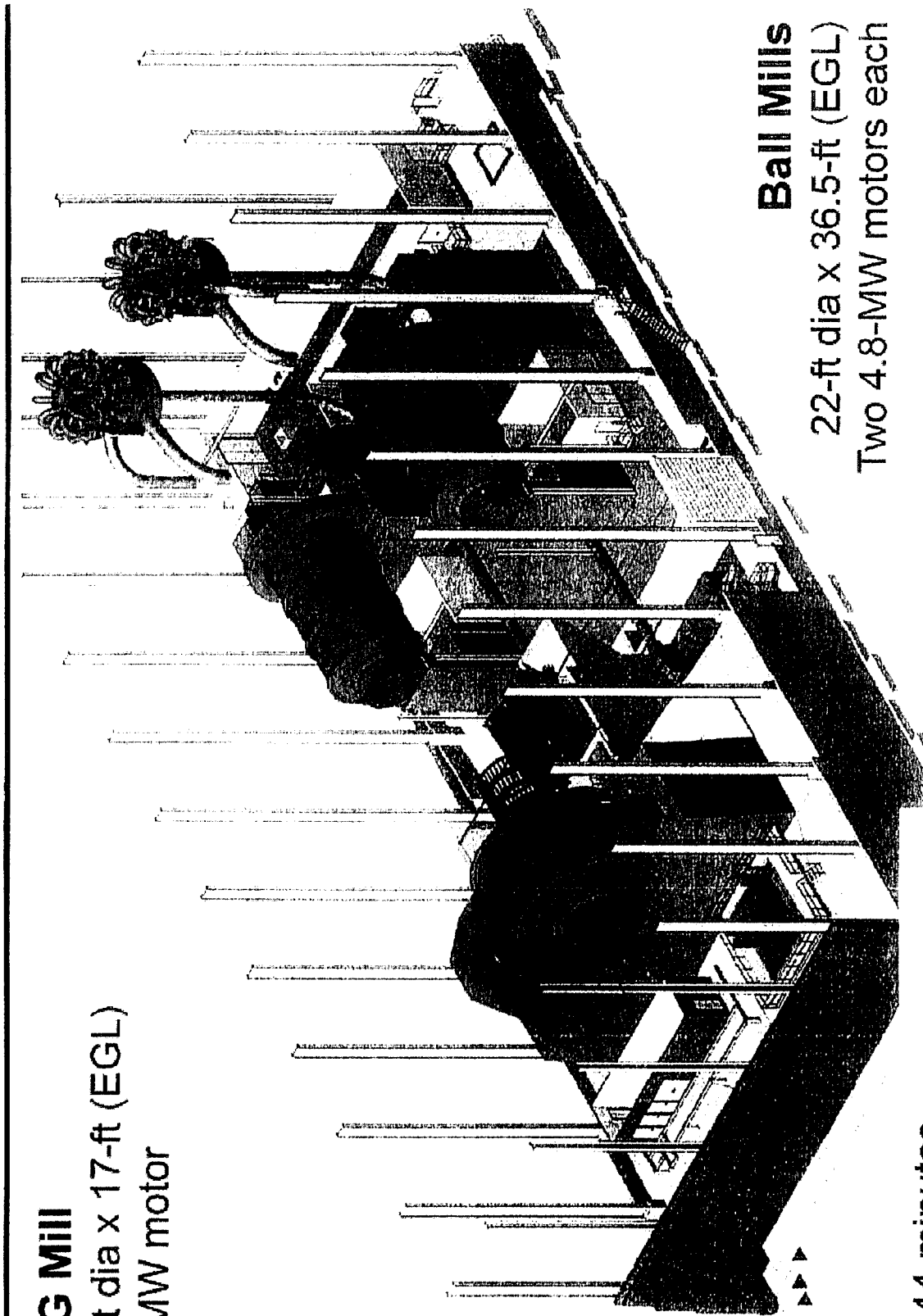


# Mill Layout





## Grinding Design



### **SAG Mill**

36-ft dia x 17-ft (EGL)  
13-MW motor

### **Ball Mills**

22-ft dia x 36.5-ft (EGL)  
Two 4.8-MW motors each

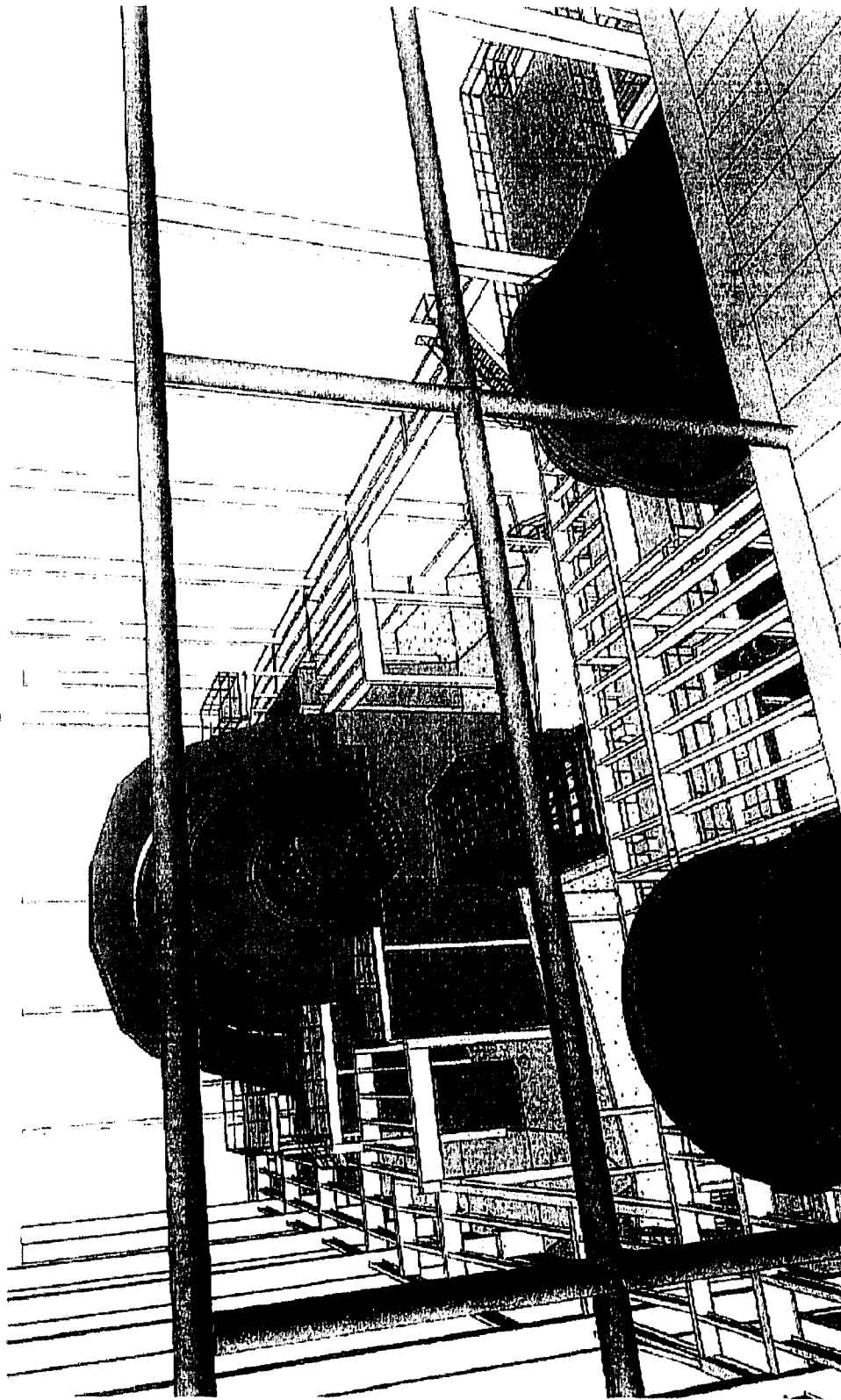
SPI 44 minutes  
Bond WI 10.7 kWh/st  
Energy consumption 9.3 kWh/st





# Grinding Design

SAG grates 70 mm  
Trommel 13 x 13 ft with 10 mm openings  
Screen 12 x 24 ft with 11 mm openings



# Recommendation

Large-scale aquifer stress test of KVCWF during first year of operation

- Data loggers in wellfield monitoring wells
- Compare observed and simulated water-level changes
- Revisit model early on and recalibrate in Kobreh Valley, if necessary
  - New predictions if different from current predictions

## Conclusions

- Because of the uncertainty in the model analysis, an iron-clad program to mitigate impacts is required
- Mitigation measures themselves could trigger NEPA review and regulation by NDWR

# Recommendation

- Test mitigation strategies with model
- Adopt Eureka County's proposed 3M plan

# Rebuttal of Terry Katzer's Basis of Testimony

“Vinini Creek is perennial, except in the late summer when it becomes intermittent.”

Source: Terry Katzer's Basis of Testimony, 10/18/10

# Potential Impact on Vinini and Henderson Creeks

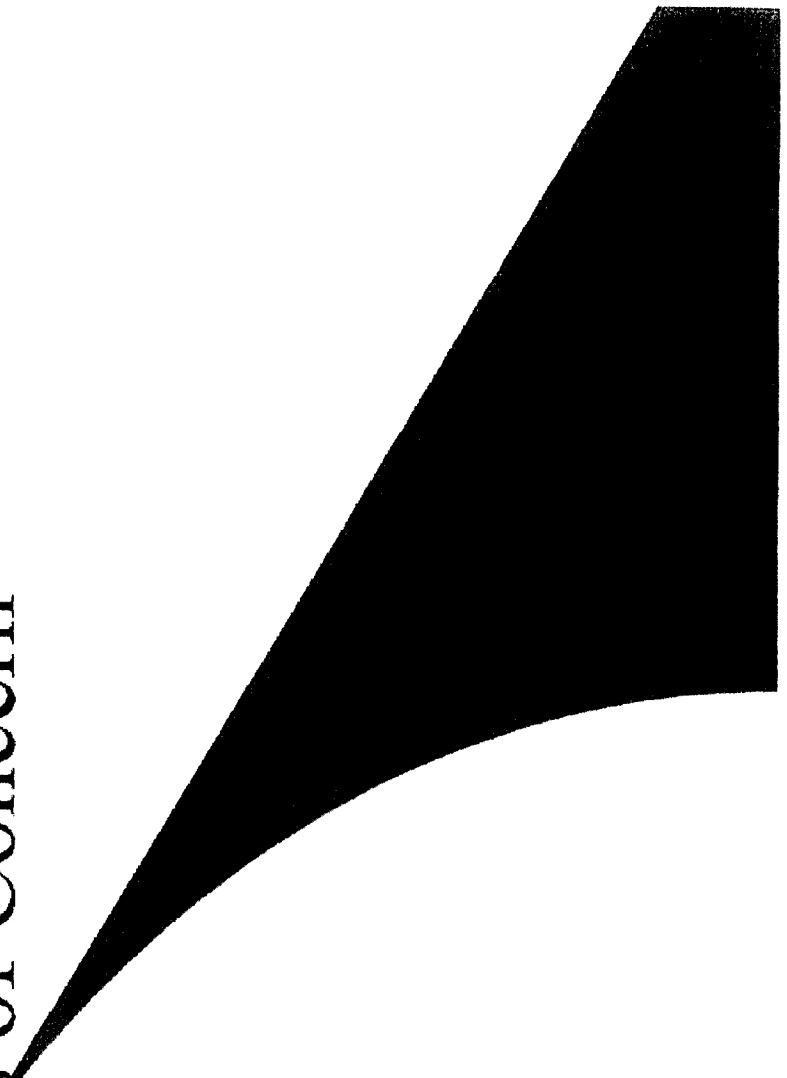
- Starts with an assumption that mine's pumping will not affect flows in the stream
- Conjures up a conceptual model consistent with the assumption
- Provides an opinion that the conceptual model demonstrates no impact

# Potential Impact on Vinini and Henderson Creeks

- Model shows 5-10 feet of drawdown at springs that are the source of Henderson Creek
- Consultant team admits they have not found evidence that refutes the model conclusion

# Mt Hope Groundwater

## Issues of Concern



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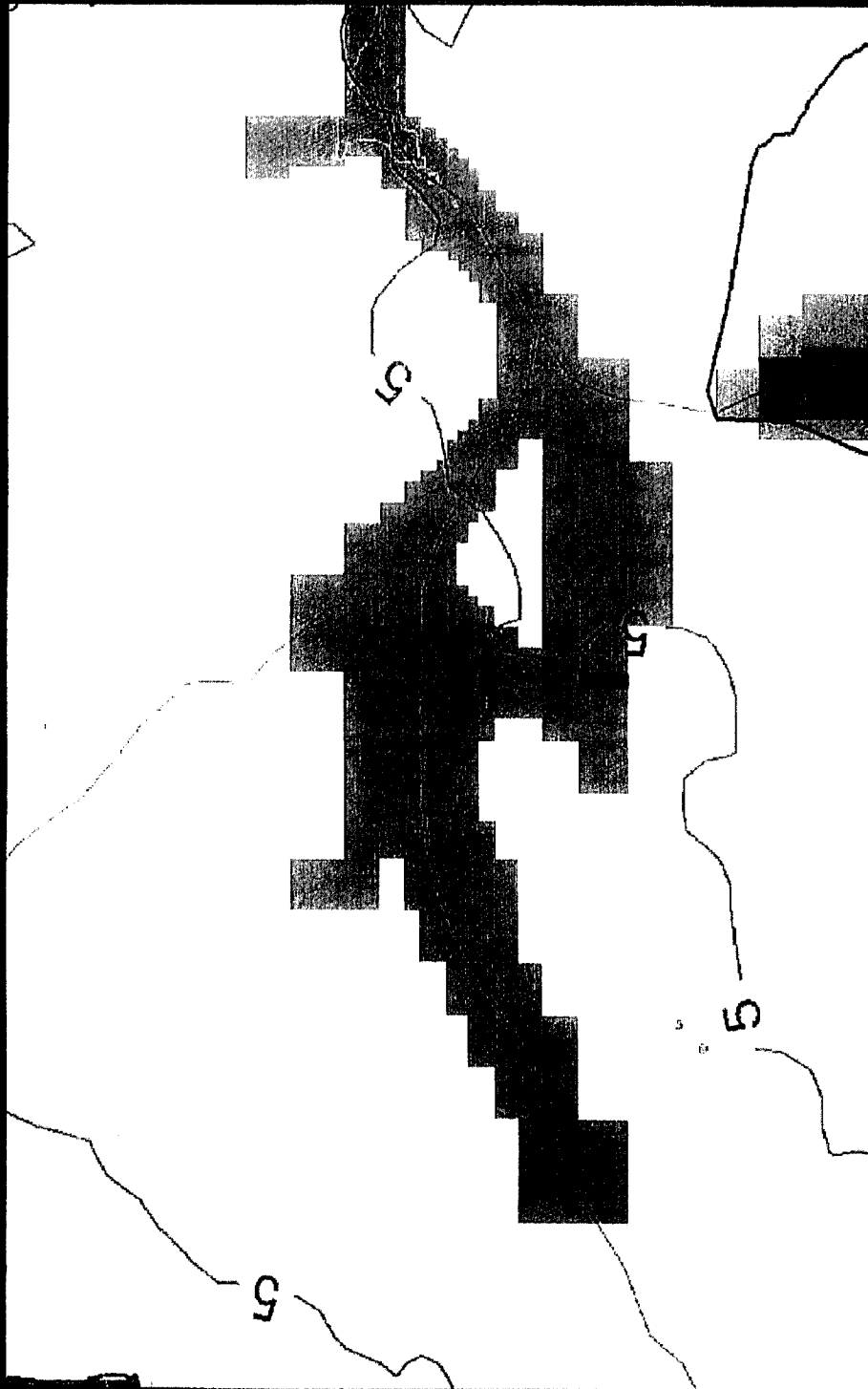
JA4788



# Necessary Use of Five Foot Contour Line

Evaluate Phyreatophyte Impacts  
Drawdown at Springs and Streams  
Impact to Flow Rates and Aquatic Life  
Model Boundary influx and outflux through  
CH or General Head Boundary

Change in Values Moves 6 Foot Control Line



003378

JA4790

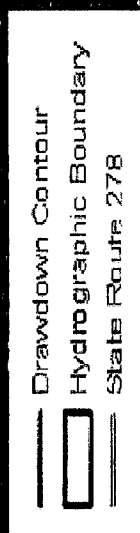
# Henderson and Vini Creeks

Impacts to Henderson Creek Shown by  
Depth Averaged Drawdown in HSU module  
Max Drawdown in South is 35 Feet  
25 Feet from Diamond and 10 Feet from  
Mining  
Flux Out of Garden to Kobeh Sharply  
Changes When Mining Stops Indicating  
Mining Influence

Garden HSU with  
Cumulative Depth  
Averaged Drawdown

003380

Figure 1 - Garden Valley Drawdown Depth  
Averaged-Cumulative Scenario (ft)



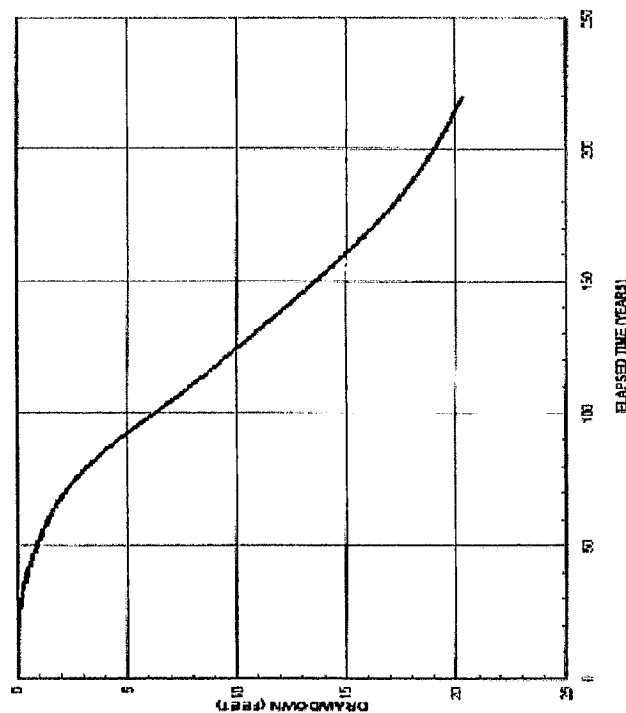
Mount Hope

0 0.4 0.8 1.6 2.4 3.2

# Garden Valley Hydrographs

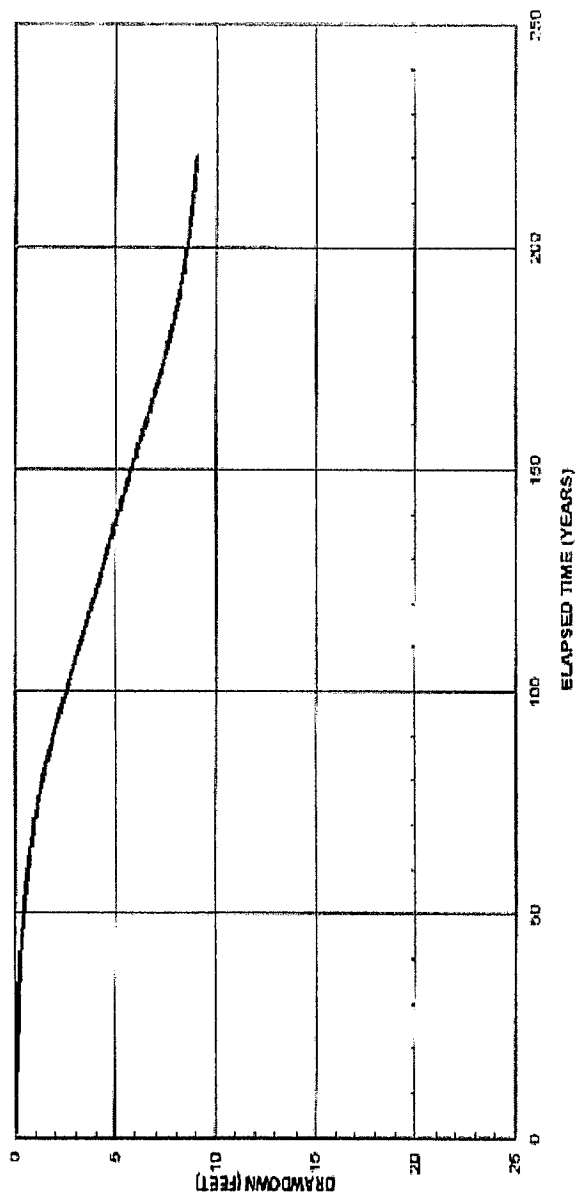
Drawdown Over Time  
Continues Until About  
300 Years at the N.  
Henderson Creek  
Target Location

FIGURE 2. DRAWDOWN AT HEADWATERS OF HENDERSON CREEK

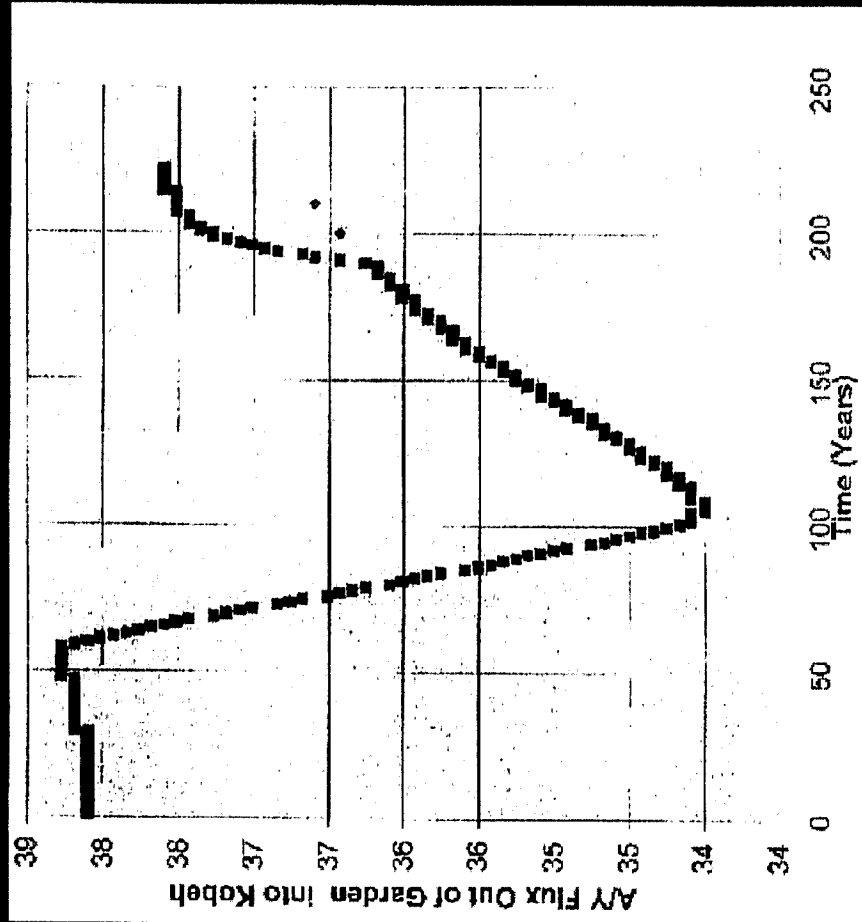


# Drawdown at Confluence of Henderson Creek

FIGURE 3. DRAWDOWN AT SOUTH GARDEN VALLEY



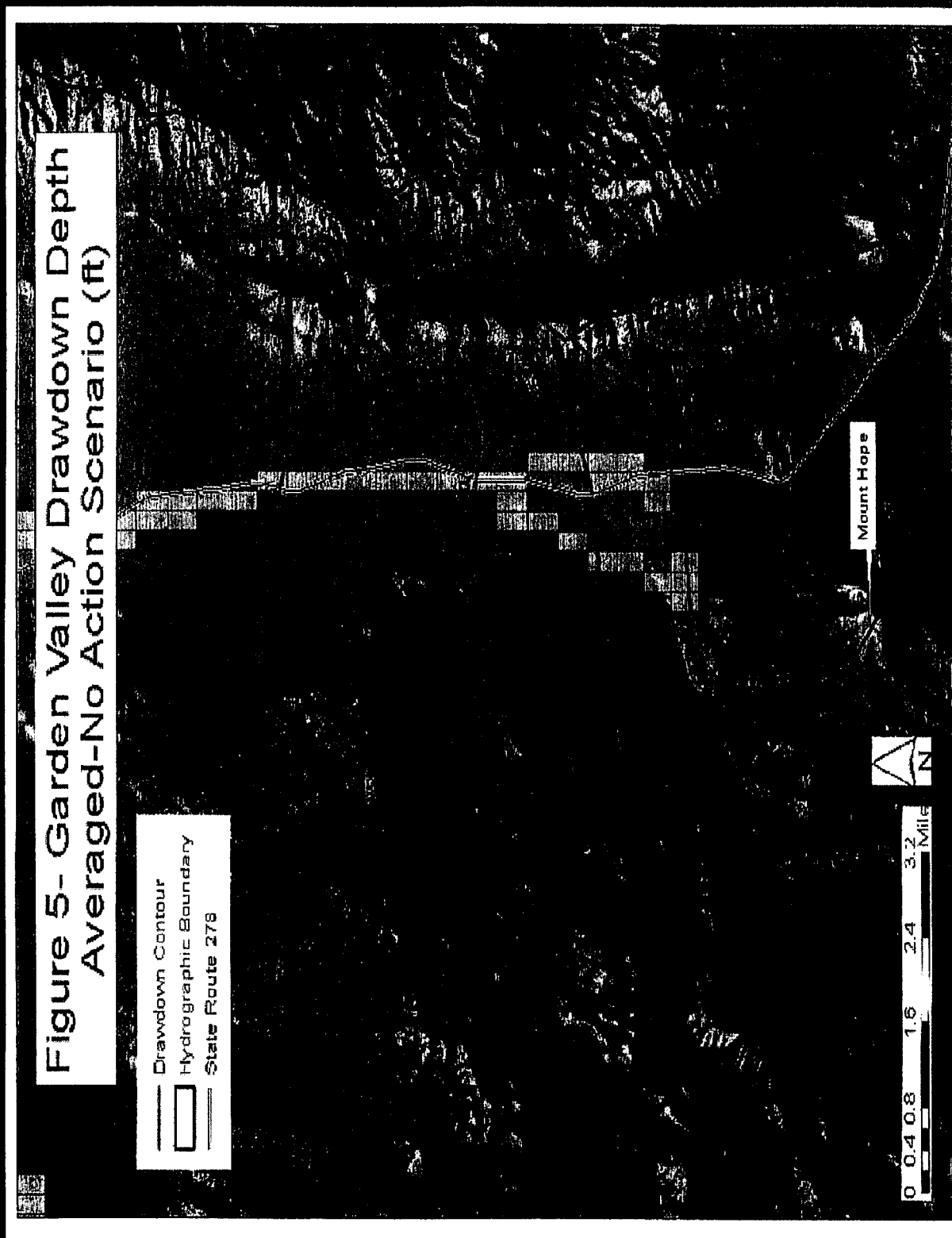
# Flux into Garden From Kobeh



Y off by  
1 and a negative  
Pump all -  
Candidate



# Averaged Drawdown in Garden Valley from Diamond Valley Pumping Only



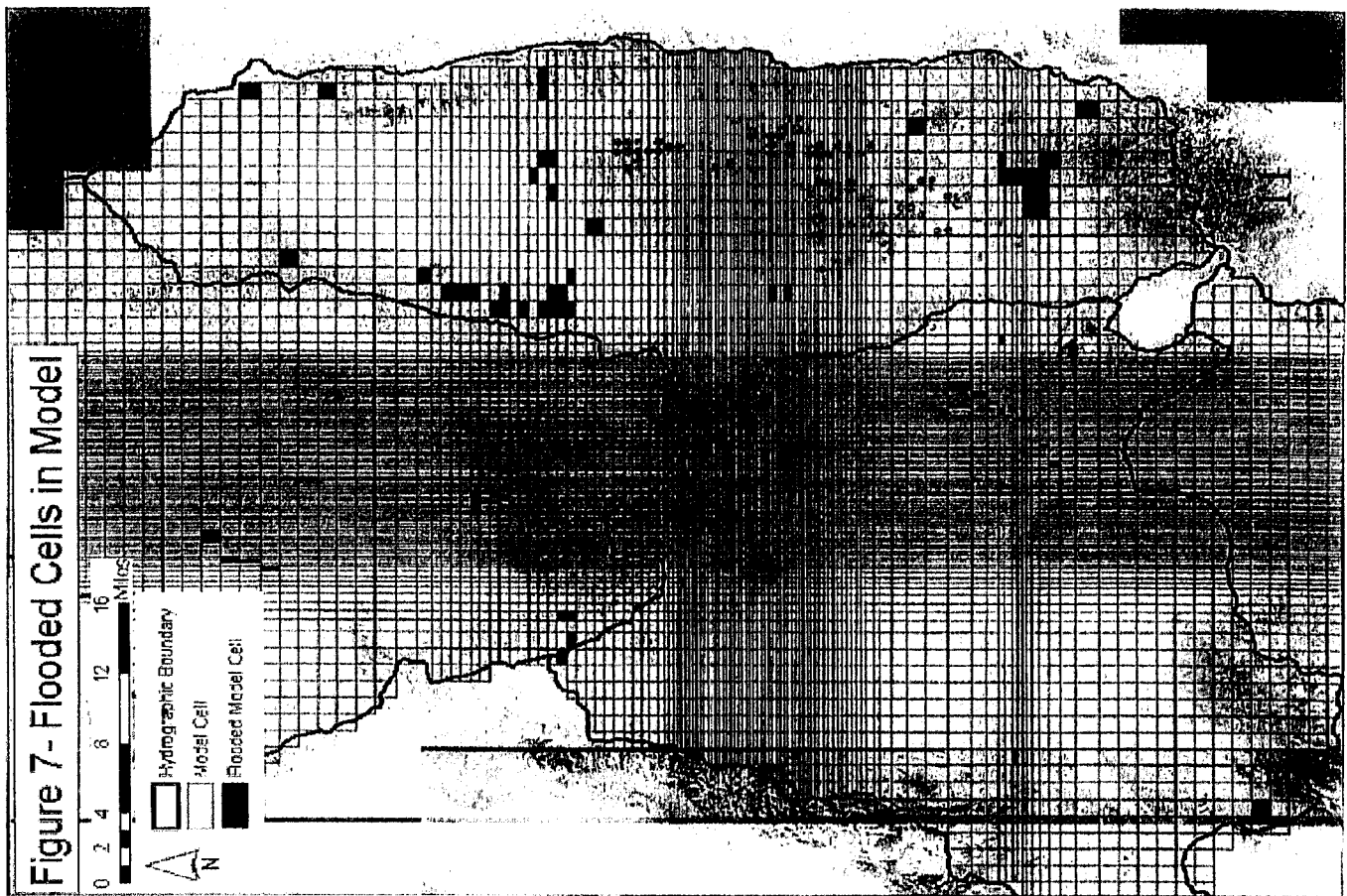
# Flooded Cells in Model in Steady State

Over 127 cells found  
in layer 1 of steady  
state model

Flooded water on top  
of cell height as  
great as 146 feet

Flooded water not  
included in model  
water balance,  
calibration or output

Over 77,000 A/Y  
found in 30 out of  
127 cells



# Springs Represented as Drains in Model

Drains at Depth in Model do not use Return Function to take Flux to Layer 1

Instead Wells are used with Specified Flux  
Some Instances Where Model Predicts No  
Drain Flux but Well Flux Still Occurs

Others Where Both are used, Is This  
Counting the Flux from Drains (SPRINGS)  
Twice?

# Hydraulic Flow Barrier (HFB) Inserted Between Koben and Garden Valleys To Evaluate Flux.

003388

JA4800

Use of Large Total Head  
Change

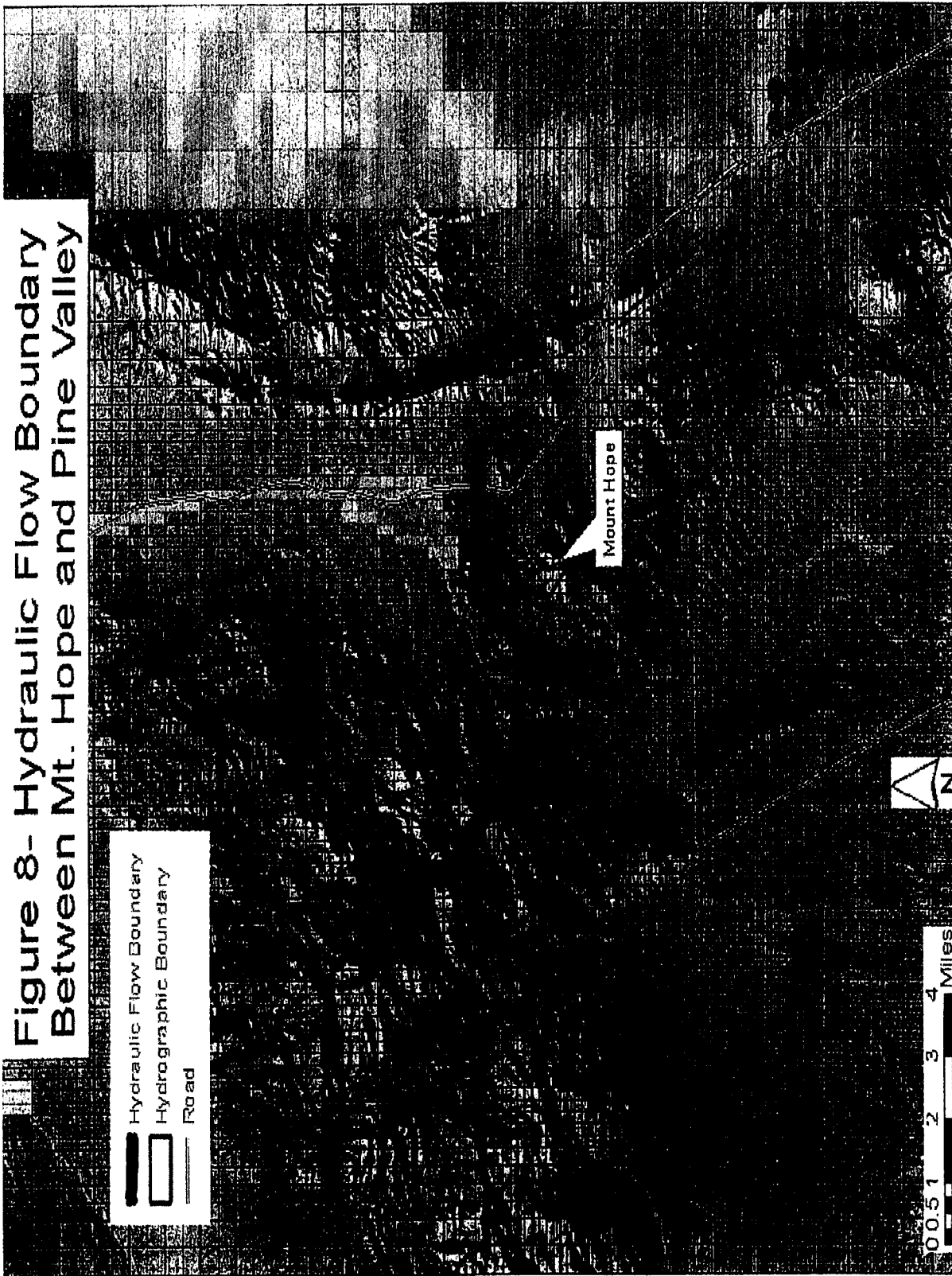
The total head change of 1962 ft over the  
regional model

No information on where they are collected

Not Accepted practice

Misleading in Evaluating Significance of  
Residual Error

**Figure 8- Hydraulic Flow Boundary  
Between Mt. Hope and Pine Valley**



# Sensitivity Analysis

Need to Use More Realistic Variation in  
Key Parameters  
I.e. Hydraulic Conductivity  
Storage  
Precipitation

# ET Simulations

Zero ET at Bartine Ranch and Bean  
Flat in Model

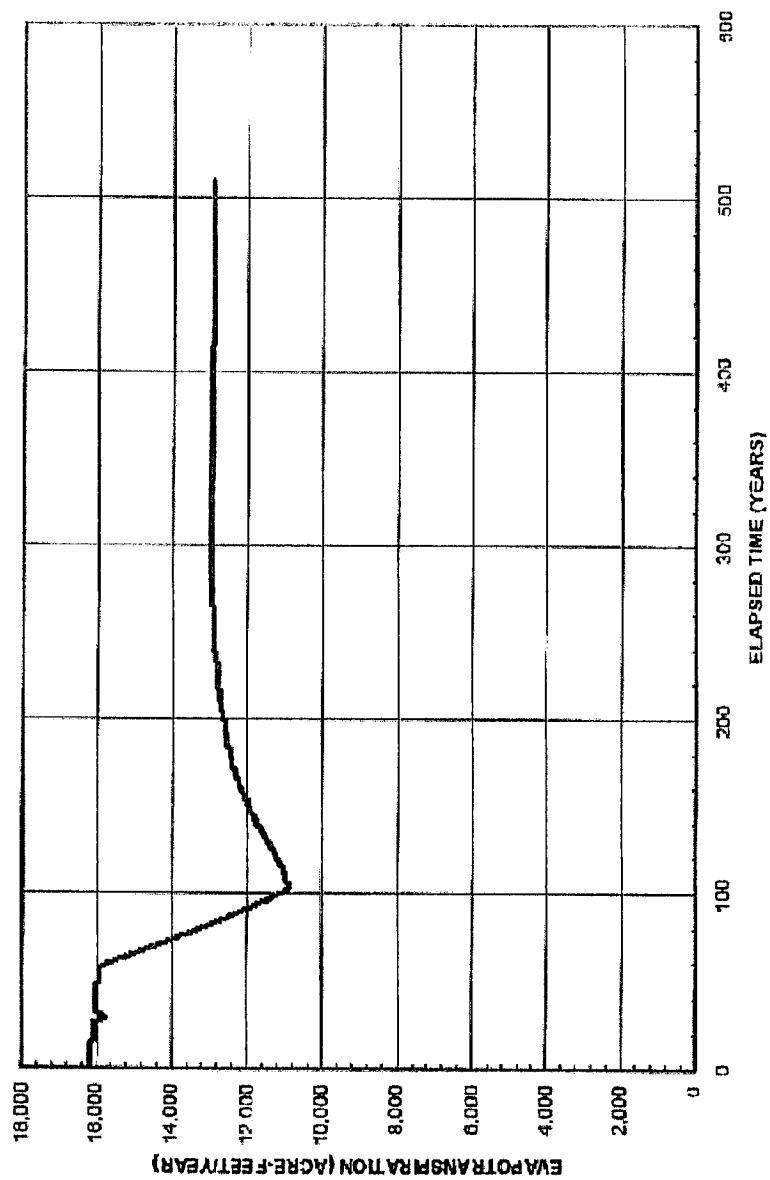
ET Observed on Ground at These  
Locations

Discrepancy Between on Ground and  
in Model



# ET in Kobeh over Time

FIGURE 6. KOBEB VALLEY ET



003393

# ET Table

Table 1 ET at Kubeih Valley

Row	Column	2055 Drawdown	Head at Layer 1 at 2055 + Drawdown=1955 Head	Land Surface	Head at Layer 1 Steady State 1955	Head at Layer 1 in 2055	Subtract ten from land surface	ET Zone for Ten Foot Extinction Depth	ET	Layer Bottom 1
ZIG ZAG								(Land Surface-10 Feet)		
104	24	8.41		6142	6117-6130	6115-6120	6132	6142-6132	0	6050
<b>Barine Properties</b>										
117	34	3	6054	6105	6035	6081	6098	6105-6098	0	6037
117	35	3.12	6084.12	6099	6033	6081	6098	6102-6099	0	6037
117	36	2.9	6081.9	6099	6033	6079	6099	6102-6099	0	6037
117	37	2.4	6050.9	6093	6031	6075	6093	6102-6093	0	6037
117	38	2.79	6070.79	6093	6030	6077	6093	6102-6093	0	6027
<b>Bean Flat</b>										
114	21	0.9		6185	6145	6135	6155	6155-6155	0	6115
114	22	8.2		6155	6140	6131	6145	6145-6131	0	6105
114	23	6.5		6181	6152	6124	6171	6171-6171	0	6140
116	21	12.1		6185	6130	6139	6155	6155-6139	0	6115
116	22	10.6		6181	6141	6132	6181	6181-6132	0	6112
116	23	9.5		6181	6133	6124	6171	6171-6171	0	6131
Cell r.115 c23 is not an ET of in the model										

Note: 10' from Bean Flat at 24.4 Sky from the polygon under 2055 to 1955

EUREKA COUNTY  
DEPARTMENT of NATURAL RESOURCES  
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To: County Commissioners  
From: Jake Tibbitts, Natural Resource Manager  
CC: Ted Beutel, District Attorney; Karen Peterson, Esq.  
Date: November 29, 2010  
Re: Mount Hope Mine Project Water Resources Monitoring Plan

The purpose of this memo is to provide response and input regarding the Mount Hope Mine Project Water Resources Monitoring Plan (WRMOP) developed by Eureka Moly, LLC (EML).

**Background**

To fully understand the response to the proposed WRMOP, one needs to understand the history related to Eureka County's desire and exerted effort in pursuing active involvement in the development of a water resources monitoring, management, and mitigation (3M) plan that would work for all stakeholders, including the proponent.

- February 3, 2009- EML distributed 2 page Draft Mt Hope Mine Water Resources Mitigation Plan which stated that a monitoring plan "will be developed in conjunction with BLM, NDOW and other stakeholders" with an "agreed upon sub set of points."
- February 20, 2009- Eureka County provided substantive comment on the February 2009 Plan and highlighted the County's desire "to take an active, lead role in coordinating development of a water resources monitoring and mitigation plan."
- March 6, 2009- Eureka County developed and transmitted to EML, BLM, and other stakeholders a Draft Mt. Hope Project Water Resources Monitoring, Management and Mitigation Plan heavily modeled on and modified from other 3M plans implemented by both BLM and Nevada Division of Water Resources such as the North Valleys Water Importation Project and Lincoln County Water Importation Project. It should be noted that these plans were developed (as stated in the Final EIS and ROD for these projects) **"due to the lack of concurrence between Cooperating Agencies and the Project Proponents regarding the adequacy of existing data and hydrologic evaluations to substantiate sustainable annual groundwater extraction levels in the Project areas."** There is a very similar and parallel track to what is happening with the Mt. Hope Project. Eureka County moved forward with a proposed 3M plan because the County believed that the February Plan submitted by EML "lack[ed] the robust and detailed monitoring, management, and mitigation measures needed to ensure that the water and water related resources...are protected." In this same letter, Eureka County again committed "to being a full and active partner." It should be noted that Eureka County described the following when the 3M plan developed by Eureka County was submitted:

"We are providing this Plan to you as an initial step toward establishing a constructive dialogue and collaborative working relationship among all parties. We want to support a Plan that involves and engages all affected Parties, is effective in its implementation, and protects the water and natural resources. In order to be effective and meaningful, the Plan must have the support and active involvement of all affected parties, including Mt. Hope Project representatives, the BLM, Eureka County, the other Cooperating Agencies, agricultural users, other parties identified through the Plan, and the State Engineer. When dealing with water resource issues, we recognize that the Nevada State Engineer must be involved as all water resource decision making is ultimately under the jurisdiction of the State Engineer. We would like the Mt. Hope Project Proponent, the BLM, and all Cooperating Agencies to request and support the involvement of the State Engineer in the Plan. A request for that involvement must come as soon as possible in order to bring all the necessary and relevant parties to the table. To that end, we request a meeting of the Mt. Hope Project Proponent, the BLM, and all Cooperating Agencies as soon as possible within the next two weeks to coordinate and discuss the Plan."

- August 6, 2009- Five months go by without response by EML or BLM to Eureka County's request. Eureka County sends another letter to EML and BLM stating that "As Eureka County would rather be proactive now rather than reactive later, we ask that this letter serve to initiate a dialogue leading to full participation by the Cooperating Agencies, including Eureka County, to develop meaningful and effective water resources monitoring, management, and mitigation that will meet our mutual needs and stand the test of time. So once again, we request a meeting with the BLM, GMI, and all interested Cooperating Agencies as soon as possible to coordinate and discuss the 3M plan and framework."
- September 18, 2009- BLM convened a meeting with EML and Eureka County and the outcome of the meeting was BLM informing Eureka County that "a draft monitoring plan can be developed and submitted by the proponent" and "once a monitoring plan has been submitted to the BLM, the BLM will distribute the documents to project cooperators...for review and comments." This again highlights that it is solely up to EML to address Eureka County's concerns and incorporate Eureka County's efforts in any plan. Otherwise, Eureka County is relegated to solely reviewing and commenting while being afforded no active participation.
- December 21, 2009- After Eureka County learns that EML has developed another 3M plan and submitted it to BLM without Eureka County's participation, the County sends another letter to EML and BLM recounting that, "Eureka County is still extremely interested in participating in the *development* of the monitoring, mitigation, and management plan related to water resources (3M plan). On February 20, 2009, we submitted comments to the BLM on the mine's initial draft water resources mitigation plan which included a monitoring portion. On March 6, 2009, the County provided a framework for the 3M plan to the BLM and other parties. On September 18, 2009, we participated in a meeting in Battle Mountain, convened by BLM, with the mine, NDOW, Eureka County, and other parties to discuss the status and content of a 3M plan. In nearly all correspondences and discussions regarding water resources, we have noted and underscored our desire to be active in development of the 3M plan and not being relegated to merely commenting on a plan submitted by the mine and reviewed by the BLM."
- December 23, 2009- Pat Rogers of EML forwards a copy of the 3M plan developed by EML to Eureka County. Eureka County reviews and provides substantive input to this plan.

- January 13, 2010- EML convenes a meeting at BLM in Battle Mountain to gather comment and review of its plan. Meeting is attended by 1 NDOW representative, 1 USGS representative, 6 BLM representatives, 7 EML representatives, and 6 Eureka County representatives. Eureka County again highlights its concerns and provides input but states that the County wanted a role in development of the plan before it got to this stage.
- March 1, 2010- Pat Rogers and Sherry Gaddy of EML met with Jake Tibbitts and provided a memo in response to Eureka County's comments on the 3M plan. Most of Eureka County's comments are not taken into account or accepted.
- July 8, 2010- WRMOP as submitted for EIS (in Plan of Operations) is received by Eureka County. Most of the comments and concerns provided by Eureka County on all previous plans are not addressed in this plan. Also, some of the changes that EML specifically stated would be added were not included.
- September 23, 2010- Eureka County provided comment on the WRMOP as part of the Administrative Draft EIS review. EML received all comment provided by Eureka County on the WRMOP on September 23 as well.

It can be clearly seen that Eureka County has sought an active participatory role in the development of a robust 3M plan for nearly two years. The County's efforts have had little effect upon EML's progress towards a plan than can be accepted by the people most directly affected by the Mt. Hope Project. The overall effect of this approach to a 3M plan by EML has laid a framework that will be open for disagreement and challenge well into the future.

### **WRMOP Response**

The WRMOP reads as if its purpose is to demonstrate that the Mine will *not* have an adverse impact on water resources. The purpose of the plan should be to ensure necessary data collection and analysis, provide an early warning capability, provide safeguards for responsible management, and define remedies for adverse impacts of water resources.

The WRMOP describes depictions on figures, yet no figures were included with the WRMOP submitted for the hearing before the State Engineer. The responses of this memo that describe depictions on figures refer to figures attached to the WRMOP in the Plan of Operations. It is unclear whether the figures discussed in the WRMOP submitted for the hearing, the subject of this memo, are the same.

What follows is response to each numbered section of the proposed WRMOP. It should be acknowledged that most of the comments provided below have been made to EML multiple times on previous plans discussed above. Therefore, these comments should come as no surprise to EML.

#### **Section 1:**

- Development of the WRMOP by EML is contrary to the statement by EML that a monitoring plan "will be developed in conjunction with BLM, NDOW and other stakeholders" but does follow the pattern that EML has established—EML knows best.

- WRMOP based on predicted impacts only is disingenuous and dangerous especially given the lack of concurrence regarding the adequacy of existing data and hydrologic evaluations to substantiate the water resource and potential water related impacts. This serves to overlook impacts not predicted that will occur due to the uncertainty of the numeric model.
- Only addressing predicted impacts to BLM-administered resources, under BLM requirements, is disconcerting. The WRMOP must be based on impacts to all water and water dependent resources, regardless of who administers the resource. The people and resources most directly affected should not have to rely on underfunded regulatory agencies to “administer” disclosure and implement mitigation of impacts.

#### Section 2:

- The statement that “mitigation...may be required...based on the degree of impact” highlights the fact that there will be some impact due to groundwater pumping. However, without a clear definition of what is an acceptable or reasonable “degree of impact,” there is no way to know if the quality, quantity, and resolution of data collected will ever be able to measure the necessary threshold to determine if mitigation is warranted.
- Developing a monitoring plan in a vacuum without framing management and mitigation in the same plan creates a large potential to undermine future sound management and unreasonable impact avoidance. Monitoring must be based on management objectives and threshold detection objectives.

#### Section 3:

- This section alludes to adaptive management but the positives of this section are undermined by the fact that management and mitigation are not fleshed out in the WRMOP.

#### Section 4:

- It reads as though EML is at the helm as protector of the water resources under the WRMOP (collector, manager, reporter, and modification proposer). This is framing the future for unnecessary challenge and disagreement by creating a “fox guarding the henhouse” scenario.
- There is not a protocol defined on how EML proposed modifications will be accepted or rejected. There is very little oversight provided to stakeholders.

#### Section 5:

- Providing data to regulatory agencies and stakeholders must take place at regular intervals much less than annually. The peer-review of the Mt. Hope Project monitoring data must take place at least quarterly given the potential for large adverse impacts related to the mine’s pumping.

#### Section 6:

- There is no mention of the Technical Review Panel’s (TRP) role in monitoring, management or mitigation. Rather, there is a cursory role defined of strict review and recommendation. The TRP must be given an advisory role (e.g., Technical *Advisory* Panel) that has some defined non-

regulatory authority to affect changes under the acknowledgement and direction of the State Engineer. Giving the TRP only a cursory role does little to justify having a TRP at all. The TRP is an integral part of the 3M Plan and should exist and be engaged for a balanced and diverse view and should be given active involvement in recommending monitoring, management, and mitigation of water resources under the plan.

- The proposed responsibilities of the TRP fail to 1) include representatives from ranchers, farmers, and water rights holders in Kobeh Valley; 2) include review of suitability in determining impacts to all potentially impacted resources outside of BLM administration and water rights holders (e.g., private meadows); 3) define how changes to the WRMOP are implemented; and 4) define how disputes will be resolved. The main purpose of the TRP should be for transparency, dispute resolution and sustainable water resource management.

#### Section 7:

- This should be revised to state that the dewatering is anticipated to occur in Kobeh and Diamond Valleys with the majority occurring within Diamond Valley. The current statement suggests that it is clear where the groundwater flow comes from. Given the complex geology of this area, the lack of data to make conclusive determinations, and the acknowledgment by EML in its model report that so little water-level and subsurface geologic data are available for the Roberts Mountains, there is much uncertainty of where the groundwater originates and water could be flowing to the pit area from Pine Valley as well. In fact, the drawdown into Garden Valley under the mine only pumping scenario shows that water will be flowing to the pit from the Pine Valley hydrographic basin.

#### Section 8:

- The statement that the purpose of the WRMOP “is to identify and characterize changes to the hydrologic environment” implies that the data collected will be at the necessary scale and resolution (i.e., spatial and temporal) to adequately characterize changes. It is assumed that characterizing changes means to quantify impacts. Yet, without a discussion on what degree of impact is reasonable or acceptable, there is no way to determine if the WRMOP is sufficient as proposed. Also, since the WRMOP is based on predicted impacts under a 10-foot drawdown scenario, impacts that may occur at less than 10-feet of drawdown or in areas where the model may turn out to be completely wrong are completely ignored.
- The purpose of the plan should be to establish baseline conditions, provide the necessary data, provide an early warning capability, and provide safeguards for responsible management of water resources.
- By including statements such as “could be caused by groundwater withdrawals for the Mt Hope Mine” and “it is recognized that impacts...may occur for natural processes, non-project related water resource development, and land management practices” in the same section as the purposes of the plan gives insight into what EML is really looking for—setting a stage for the future to argue that impacts are not attributable to the Mt. Hope Project. This also highlights the fact that the proposed WRMOP fails to establish proper baseline conditions against which the

mine's pumping can be measured. The purpose of the plan should be for determining what "is" caused by the Mt. Hope mine's groundwater withdrawals, not what "could be caused" by the mine's pumping.

#### Section 9:

- There is a lack of specific objectives necessary to sustain the water and water dependent resources. "Monitoring is the orderly collection, analysis, and interpretation of resource data to evaluate progress toward meeting management objectives. This process must be conducted over time to determine if management objectives are being met" (Bedell 1998). Objectives of monitoring must be based on resource management—not purely data collection and characterization. The WRMOP tries to define monitoring objectives without incorporation of management or mitigation thresholds. The WRMOP highlights objectives on pages 2 and 3:

"Specific objectives of this WRMOP plan are to:

- Confirm or improve the understanding of the hydro-geologic system.
  - Measure changes to surface water flows and groundwater levels caused by the groundwater withdrawals for the project.
  - Characterize impacts to streams, seeps and springs caused by the project.
  - Evaluate impacts to vegetation and/or wildlife habitat caused by the project.
  - Support periodic updates to the hydrologic model to improve the predictive quality of the model.
  - Provide an early warning capability to detect adverse impacts before they become unmanageable."
- What is worrisome is that the WRMOP has no objectives that will sustain the water resource. What must be acknowledged is that there is some amount of environmental impact that has to occur with any groundwater pumping. The degree of acceptable or reasonable impact must be first clearly defined by all stakeholders before any monitoring is proposed and management objectives set to avoid meeting these impact thresholds. Monitoring is a component of proper resource adaptive management that emphasizes the use of monitoring data to determine whether or not progress is being made toward management objectives. Monitoring therefore flows directly from the objectives. Without well defined impact thresholds, it is uncertain if any of the proposed monitoring will be able to detect, discern or evaluate impacts attributable by Mt. Hope Mine pumping because it is unclear what level of precision is needed to evaluate impacts. One of the explicit objectives should be to "Assess and focus thresholds for mitigation."
  - Overall, it is disingenuous and improper to develop a monitoring plan without incorporating management and mitigation into the same plan.

#### Section 10:

- Monitoring parameters should include ground subsidence related to groundwater withdrawal. EML used Dr. Bell from UNR to do a baseline study on the possibility of subsidence in Kobeh Valley. Dr. Bell used InSAR in his study. It seems reasonable to have this as an alternative given the large extent of subsidence possibility and the potential impact to aquifer storage if subsidence were to occur.



- There is a reliance on “pre-development data” to determine a baseline. It must be acknowledged that much of these data is in fact one measurement (datum) and does not make a baseline (but rather a basepoint). The plan must have some provision to determine whether or not there is adequate baseline data and if not, provide that more data will be collected to establish an adequate baseline before pumping starts. The TRP should play a role in baseline data development.

#### Section 11:

- Although much of the monitoring should be based on predicted impacts, it is the uncertainty of the predictions that should define the bulk of the monitoring. EML fails to acknowledge in the WRMOP that there could be impacts to water rights and water dependent resources outside of the 10-foot predicted drawdown area and fails to implement additional monitoring sites outside of the 10-foot predicted drawdown area.
- A statement that “impacts to the core agricultural...area of Diamond Valley are not predicted (Current data suggests that the hydrologic interconnection between Kobeh Valley and Diamond Valley is minimal)” is very subjective and disingenuous given the fact that the mine’s own groundwater model suggests this hydrologic interconnection is 1,583 acre-feet per year, which amounts to approximately 13% of the total recharge to southern Diamond Valley, and is far from minimal.

#### Section 12:

- Although there may be proper baseline conditions established in some areas, it must be acknowledged that much of these data is in fact one measurement (datum) and does not make a baseline (but rather a basepoint). The plan must have some provision to determine if there is not an adequate baseline, so that more data can be collected to establish one before pumping starts.
- There is definitely a lack of data available to establish baseline conditions related to the water dependent resources (i.e., phreatophytes, wet meadows, riparian zones, macroinvertebrates). These data must be gathered and a baseline established before pumping takes place.

#### Section 13:

- At this time, EML limits its additional monitoring responsibilities to constructing nine monitoring wells and collecting one measurement per quarter. Again, the stakeholders should shape the number, location, and collection frequency on additional monitoring wells. Monitoring frequency is addressed later in this memo.

#### Section 14:

- The USGS and NDWR monitoring network contains numerous wells for which only a few data points exist over large temporal periods. Not every USGS site depicted on the figures is currently monitored and not every NDWR site has measurements taken every year. Of concern is that the USGS typically requires a joint funding source, such as the current cooperative agreement with Eureka County for

study and monitoring and NDWR must use taxpayer funds in order to monitor. There is no guarantee the USGS or NDWR will continue to monitor all of the sites identified on the map and the plan does not address a source of funding to continue the monitoring. If one were to remove the USGS and NDWR sites from Figure 7, it is apparent that the monitoring is not as extensive as EML purports. If EML wants to include all of the USGS and NDWR sites, EML should commit to funding the continued USGS and NDWR monitoring. Of particular note is that virtually all of the data that USGS has collected within the Diamond Valley Flow System in the past decade was due to funding by Eureka County. Therefore, the WRMOP as proposed contemplates saddling an additional party other than EML (most likely Eureka County) with funding USGS and NDWR data collection well into the future if these data are to be incorporated.

Section 15:

- Eureka County has asked for active USGS involvement from the beginning since USGS is the primary water resources data collection agency in the United States, it is in the process of studying and monitoring the Diamond Valley Flow System, and the NDWR accepts USGS as the non-biased technical authority related to water resources. The USGS already houses the National Water Inventory System (NWIS) database. This database is accessible to all stakeholders, decision makers, and the public. Inherent in the use of NWIS as the database to house and manage the data is the fact that the data would need to go through a QA/QC process before being available. This would foster transparency and would help ensure data quality.

Section 16:

- Updating the model every third year for the first 6 years is dangerous thinking especially given the fact the Kober Valley groundwater system has never been stressed. The model should be updated at least every year for the first 3 years in order to get a firm grasp on the aquifer response and in order to frame and analyze management and mitigation scenarios. EML's model report opines that the current model cannot accurately portray the complex geologic conditions in the Roberts Mountains. The first 5 years of groundwater pumping should be seen somewhat as a large-scale aquifer stress test. The data should be rigorously analyzed annually during these first years of operation, followed by a comparison with model predictions. The model should be updated to include new information and data and new predictive scenarios run, including mitigation scenarios to provide bright-line mitigation thresholds. It is reasonable to assume that the modeling update intervals can be extended as the hydrologic system is better defined and understood, but it is absolutely necessary to update the model yearly for at least the first 3 years of pumping.
- The TRP should be given a major role in determining model update intervals since they would be the technical experts.

Section 17:

- Another example of EML being the sole authority. There should be a definition of the role of the TRP in the analysis of water chemistry.

Section 18:

- Oversight, participation and input afforded to stakeholders are again omitted.

#### Section 19:

- It is assumed that these parameters would be accomplished through use of precision GPS. There should be some reference to a common datum that is acceptable to all stakeholders.

#### Section 20, Table 1, and Figures:

- This is another example of EML forging ahead in spite of acknowledging that other stakeholders and technical experts may have some valid input in the monitoring site locations, type of monitoring, and monitoring frequency.
- With the possibility of a decrease in vegetation cover of phreatophytes due to groundwater pumping, there is an increase in the possibility of fugitive dust (Musick, H.B., and Gillette, D.A., 1990, "Field Evaluation of Relationships Between a Vegetation Structural Parameter and Sheltering Against Wind Erosion", Land Degradation and Rehabilitation, v.2, p. 87-94). This occurs mainly through increased soil surface exposure and subsequent increased wind erosion. There should be installation of wind eroding mass sensors and fugitive dust catchers (e.g., BSNE catchers) co-located with vegetation transects and shallow groundwater wells at the USGS ET stations and/or future meteorological stations in the phreatophyte vegetation communities. Otherwise, there will be no way to link groundwater withdrawals to increased particulates in the air and loss of topsoil.
- There are not any proposed monitoring locations in the Coils Creek watershed. Therefore, there will be no sentinel monitoring of pumping impacts in this entire area. This area is an important resource area and has multiple water rights associated with it. The monitoring should be expanded to include the Coils Creek watershed, especially given the fact that previous modeling efforts predicted impacts in this area. In addition to sentinel wells, two main surface waters should be monitored in this area, Cottonwood Creek and Jack Spring. These same suggestions were brought forward to EML many times over the past 2 years.
- Tonkin Springs will have to exhibit decreased flow before any management changes are put into effect because there is no early warning system between the well field and Tonkin Springs.
- Remove the uncertain USGS and NDWR "Monitoring Data from Others" and it is apparent that the monitoring network is not as extensive as EML would like it to appear.
- Absent from the figures are monitoring wells associated with each of the proposed production wells in the Kobeh Valley Central Wellfield. This is at odds with statements made by EML representatives that there will be such wells.
- The WRMOP calls for quarterly water-level measurements. These are fine for defining a trend after-the-fact. Higher-frequency measurements are needed to discern a trend in the early stages. Data loggers should be installed in a large number of the monitoring wells to collect measurements at a much higher frequency, perhaps hourly or daily for the first few years. The higher frequency

measurements will allow for a more robust analysis of water-level changes. The loggers could be downloaded quarterly. EML recognizes the importance of continuous data because they propose continuous recorders for the streams in the Roberts Mountains and in their production wells.

- The WRMOP does not address decreed water rights, which require special consideration as a result of the April 2010 9<sup>th</sup> Circuit Court of Appeals decision (600 F.3d 1152 (9th Cir. 2010)). Of particular interest is that the springs that provide a primary source of streamflow to Henderson Creek do not even have a monitoring well associated with them. There should be Henderson Creek sentinel wells installed near the perennial reach of the south fork. A minimum of two wells in the same basic area are often needed to identify the specific cause of the change to the groundwater regime.
- There are statements of proposed monitoring of groundwater dependent wet meadow complexes on Roberts Mountain as well as phreatophytic vegetation areas in lower Kobeh Valley and lower Roberts Creek. All of these areas are associated with groundwater at shallow depth, yet no shallow monitoring wells are proposed. Shallow monitoring wells must be installed and co-located in these areas and each well must be equipped with a water-level data logger to collect continuous water level measurements. Otherwise, impacts to these areas due to water level decline can never be attributed to a specific cause.
- The figures fail to show where vegetation monitoring transects will be located. Further, on page 5, Section 20, sub e, speaks of wet meadow complexes "relatively close to the open pit and well field." This is truly a relative statement given that much of the well field is as far away from the open pit as the meadows and other sites not proposed for monitoring are closer to the well field (or pit) but outside of the predicted 10-ft drawdown contour.
- Measuring the vegetation parameters in April and June (and gathering imagery every two years) will make it difficult to quantify variability related to climate, livestock grazing, wild horse grazing, and wildlife use. For example, the phenology of vegetation may have a variability of 3 months when compared to another year under different climatic conditions. In addition to any measurements in April and June, the parameters should be measured pre-grazing (before cattle are turned out), post-grazing (when cattle are removed), and end of growing season.
- Given the large variability in vegetation year-to-year, it is imperative that multiple years of baseline data are collected in order to quantify impacts to vegetation related to groundwater withdrawal.
- In the past, EML agreed to include macroinvertebrate monitoring, yet there is no inclusion in the WRMOP. Macroinvertebrate baseline data must be collected and re-collected at various intervals, as recommended by the TRP, using standard protocols. The presence, condition, and numbers of macroinvertebrates can provide accurate information about the health of a specific stream. Macroinvertebrates are good indicators of water quality because they are sensitive to changes in an ecosystem, many live in an aquatic ecosystem for over a year, they cannot easily escape changes in the water quality, and they can be collected very easily from most aquatic systems with inexpensive equipment.

- The various protocols for monitoring need to be spelled out in detail. For example, what is the protocol for water chemistry analysis, vegetation monitoring, and riparian monitoring? Taking the time now to include the necessary details will allow the Mine, stakeholders, and the public to have a firm understanding of what will be taking place.
- Aerial photography is the data collected and photogrammetry is the process of analyzing what the data says (including collection). By definition, remote sensing is the "process of recording, measuring, and interpreting imagery...from noncontact sensor systems" (American Society of Photogrammetry and Remote Sensing). "Flight photogrammetry" is not the correct statement as the "flight" is only the process of collecting the data.
- More discussion is needed on the remote sensing methodology. Specifically needed is the spatial and temporal resolution of the data collected and the image processing techniques to extract information out of the data (i.e., vegetation indices, object oriented classification, maximum likelihood). Will the spatial and temporal resolution be sufficient to pair with the on-the-ground data used for image processing training and ground-truthing? Further, how will remote sensing reduce observer bias when the image processing training data and ground-truthing data result from ground based measurements? If the data going into the analysis have bias, the error will propagate throughout the entire area assessed.
- Eureka County also actively monitors various irrigation wells and municipal wells located in the Devil's Gate area and southern Diamond Valley. Given the recognized connection through Devil's Gate, these data should also be included.
- Precipitation data collected at one meteorological station will do little to quantify weather and climate variability related to impacts to water clearly demonstrated by EML in its model report. Further, more detail is needed on the precipitation gage itself. Will the precipitation gages have wind shields? Research shows that a 10 mph wind can reduce gage capture by 40%. Additionally, the Diamond Valley Agrimet station and the two southern Eureka County Snotel sites should be included.
- It appears that there is no monitoring of domestic wells in Kobeh Valley. These wells should be included as they tend to be shallower and impacts to these domestic wells should not be overlooked.
- Eureka County has asked many times over the past 2 years to include Coils Creek, Nichols Spring, Slough Creek (crest stage gage), Devil's Gate, domestic wells and more sentinel wells in Garden Valley. The WRMOP does not include any of these sites.
- The smallest drawdown the isocontour line depicts in the figures is 10 feet. This provides a misleading sense of the area where the model predicts drawdown might occur. A 5-foot drawdown isocontour line shows a much larger area where potential impacts might be felt. While five feet of drawdown does not seem significant, it can make a very large difference at a spring or gaining reach of a stream or a phreatophyte area. Depicting 5-foot isocontour lines will also promote public awareness through full disclosure and transparency.

## **Conclusion**

If the State Engineer does grant the water appropriations for the Mt. Hope Project, Eureka County asks the State Engineer to implement a comprehensive and inclusive water resources monitoring, management, and mitigation program that is much more comprehensive than the one proposed by the mine and which takes into account our comments and provides for active participation of Eureka County and other stakeholders (not just receipt and review of data).

Failure to adequately establish a framework for constructive dialogue and collaborative working relationships among all parties will only serve to stymie future management efforts—all while the water resource and people and species reliant on the resource suffer. Eureka County (and its affected citizens) must be afforded more opportunity for involvement than has been provided by EML's WRMOP.

Eureka County believes that the 3M plan submitted by Eureka County establishes the necessary framework to engage all stakeholders and technical expertise in a fair and balanced way to help ensure that the Mt. Hope Project is “done right” with minimal unreasonable or unacceptable impact to water and water dependent resources. The County has spent a tremendous amount of time and resources to develop a 3M plan similar to others already in existence throughout the State of Nevada.

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

IN THE MATTER OF APPLICATION NUMBER 72695  
FILED BY IDAHO GENERAL MINES, INC.  
ON MAY 3, 2005, TO APPROPRIATE THE  
WATERS OF UNDERGROUND (EUREKA COUNTY)

PROTEST

Comes now, EUREKA COUNTY  
whose post office address is P.O. BOX 677, EUREKA, NEVADA 89316  
whose occupation is POLITICAL SUBDIVISION and protests the granting  
of Application Number 72695, filed on MAY 3, 2005  
by IDAHO GENERAL MINES, INC. to appropriate the  
waters of UNDERGROUND situated in EUREKA  
County, State of Nevada, for the following reasons and on the following grounds, to wit:

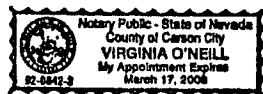
SEE EXHIBIT "A" ATTACHED

THEREFORE the Protestant requests that the application be DENIED  
and that an order be entered for such relief as the State Engineer deems just and proper.

Signed Donna Bailey  
Agent or Consentant  
DONNA BAILEY, CHAIRMAN, COUNTY COMMISSIONERS  
Printed or typed name, if agent

Address P.O. BOX 677  
EUREKA, NEVADA 89316  
Street No. or P.O. Box No.  
City, State and Zip Code No.

Subscribed and sworn to before me this 14<sup>th</sup> day of FEBRUARY, 2006



Virginia O'Neill  
Notary Public  
State of Nevada

County of Carson City

**\$25 FILING FEE MUST ACCOMPANY PROTEST. PROTEST MUST BE FILED IN DUPLICATE.  
ALL COPIES MUST CONTAIN ORIGINAL SIGNATURE.**

003407

JA4819

## Exhibit A

### Eureka County Protests to Idaho General Mines, Inc. Application Nos. 72695, 72696, 72697, 72698, 73545, 73546, 73547, 73548, 73549, 73550, 73551 and 73552

1. Kobeh Valley is a designated basin per NRS 534.050. The perennial yield of the basin is 16,000 acre-feet annually. Existing ground water use in the basin totals approximately 17,741 acre-feet per year. Granting the applications will cause the basin to be further over appropriated and subject to over pumping by an additional 16,000 acre-feet per year, exceeding the annual recharge and safe yield of the basin.
2. There are currently five outstanding applications to appropriate underground water in Kobeh Valley for irrigation. These applications are protested by the Department of Interior. Eureka County requests that a decision be rendered on these applications prior to dispensation of the present applications.
3. USGS reports state that up gradient basins provide 9,000 acre-feet per year to Diamond Valley as underflow. Sustained over pumping in Kobeh Valley is likely to reduce that amount and affect prior existing municipal water rights held by Eureka County and Devils Gate GID. These water rights are the primary source of drinking water for residents of Eureka Town and southern Diamond Valley.
4. Sustained over-pumping in Kobeh Valley will impact existing irrigation, stockwatering and domestic water rights holders in Kobeh Valley. Sustained over-pumping in Kobeh Valley will likely impact irrigation, stockwatering and domestic water right holders in Diamond Valley and Pine Valley. The owners of these rights contribute to the long-term economic viability of the greater Eureka community; therefore, unless adequately mitigated, such impacts will prove detrimental to the health and welfare of Eureka County.
5. The proposed place of use is inconsistent with the stated purpose of the appropriation. The location of the mine site, including tailings piles is proposed for the vicinity of Mount Hope, not some 90,000 acres of federal land located in the valley.
6. The proposed points of diversion lie in Basin 139, while the proposed place of use includes substantial portions of Basin 153 (Diamond Valley) and Basin 53 (Pine Valley); therefore the applications call for a transfer of ground water out of the basin of origin for use in another basin. The applicant has not shown compliance with the requirements of NRS 533.370(5).
7. Eureka County recognizes that the custom and culture of mining is part of its history and appreciates the role mining plays in its local and regional economy. Eureka County welcomes new opportunity for mining in its communities as long as mine development is not detrimental to existing economic or cultural activity. This protest is aimed at ensuring that any development of water resources in Kobeh Valley is conducted in full accordance with Nevada law,



Eureka County Protests to Idaho General Mines, Inc. Application Nos. 72696, 72697, 72698, 73545, 73546, 73547, 73548, 73549, 73550, 73551 and 73552

the Eureka County Master Plan and related ordinances, and does not unduly threaten the health and welfare of Eureka County citizens. In addition, if the State Engineer granted these applications, all dewatering water not consumed by the mining operation must be reinjected or infiltrated back into the hydrographic basin of origin in Eureka County to mitigate the effects of the Applicant's pumping.

8. There is no unappropriated water in the proposed source of supply, the proposed use conflicts with or will impair and interfere with existing rights and protectible interests in existing domestic wells and threatens to prove detrimental to the public interest.
9. The applications cannot be granted because the applicant has failed to provide the State Engineer with all relevant information required by Nevada Revised Statutes. See letter from the State Engineer to the Applicant dated January 24, 2006. Because this information is missing, Eureka County reserves the right to supplement this protest to include other grounds of protest based on any further information submitted by the applicant in support of its applications to the State Engineer.
10. Should these protests result in hearings before the State Engineer, Eureka County requests that such hearings be held in Eureka to facilitate access by affected parties.

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

RECEIVED

2007

STATE ENGINEER'S OFFICE

IN THE MATTER OF APPLICATION NUMBER. 75988

FILED BY. KOBEH VALLEY RANCH LLC

ON JUNE 29, 2007, TO APPROPRIATE THE

WATERS OF UNDERGROUND (EUREKA COUNTY)



PROTEST

Comes now EUREKA COUNTY

Printed or typed name of protestant

whose post office address is P.O. BOX 677, EUREKA, NEVADA 89316

Street No. Or P.O. Box, City, State and Zip Code.

whose occupation is POLITICAL SUBDIVISION and protests the granting

of Application Number 75988 filed on JUNE 29, 2007

by KOBEH VALLEY RANCH LLC to appropriate the

waters of UNDERGROUND 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 EXHIBIT "A" ATTACHED

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 Kenneth F. Benson

Agent or protestant

KENNETH BENSON, CHAIRMAN, COUNTY COMMISSIONERS

Printed or typed name, if agent

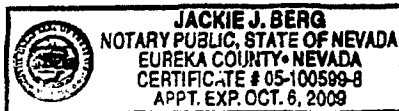
Address P.O. Box 677

Street No. or P.O. Box No.

EUREKA, NEVADA 89316

City, State and Zip Code No.

Subscribed and sworn to before me this 24<sup>th</sup> day of AUGUST, 2007



Jackie J. Berg  
Notary Public

State of NEVADA

County of EUREKA

**\$25 FILING FEE MUST ACCOMPANY PROTEST. PROTEST MUST BE FILED IN DUPLICATE.  
ALL COPIES MUST CONTAIN ORIGINAL SIGNATURE.**

## Exhibit "A"

### Eureka County Protests to Kobeh Valley Ranch LLC Application Nos. 75979 through 76009

1. Kobeh Valley is a designated basin per NRS 534.050. Ground water in the basin is fully or nearly fully appropriated at approximately 18,000 acre-feet per year. Granting change applications that are not supported by adequate proof of beneficial use will cause the basin to be over pumped to the detriment of the basin, prior existing water rights holders and in direct conflict with forfeiture provisions of Nevada water law. In the same way, transfer of ground water rights that supplement surface water irrigation rights will cause the basin to be over pumped to the detriment of the basin and prior existing water rights holders.
2. Existing USGS reports suggest that Kobeh Valley may provide 9,000 acre-feet per year to Diamond Valley as underflow. Sustained over pumping in Kobeh Valley is likely to reduce that amount and affect prior existing municipal water rights held by Eureka County and Devils Gate GID that supply the majority of the population in Diamond Valley.
3. Sustained over-pumping in Kobeh Valley is likely to impact irrigation and stockwatering water right holders in Kobeh Valley and impact domestic well owners. Sustained over-pumping in Kobeh Valley may impact irrigation and stockwatering water rights and impact domestic well owners in Diamond Valley and Pine Valley. The owners of these rights contribute to the long-term economic viability of the greater Eureka community; therefore, unless adequately mitigated, such impacts may prove detrimental to the health and welfare of Eureka County.
4. Hydrologic properties of the proposed points of diversion are currently being analyzed; therefore, impacts associated with sustained pumping of substantial water rights at the proposed points of diversion are not known. Propagation of the cone of depression from the proposed points of diversion must be adequately determined prior to granting the applications. Eureka County requests the ability to review all hydrologic data offered in support of the applications.
5. Some of the proposed points of diversion lie in Basin 139, while the proposed place of use may ultimately include portions of Basin 153 (Diamond Valley) and Basin 53 (Pine Valley); therefore the applications may call for a transfer of ground water out of the source basin for use in another basin. Compliance with the requirements of NRS 533.370(6) must be met.
6. There are currently 5 outstanding applications to appropriate underground water in Kobeh Valley for irrigation and 13 applications to appropriate underground water in Kobeh Valley for mining and milling. These applications are protested by numerous parties including, Eureka County, the Department of Interior and numerous private interests. Eureka County requests that a decision be rendered on these applications prior to dispensation of the present applications.
7. The works necessary to achieve beneficial use of the subject water rights are substantial and costly. The applicant has not presented the State with the scope of its proposed works, nor has the applicant demonstrated its ability to finance the works. Eureka County remains unclear whether the applicant is a mining company or a holding company. Eureka requests the opportunity to 1) review a proposed scope of work to achieve beneficial use and 2) satisfy its concerns regarding corporate purpose and financial ability.

## Exhibit "A"

### Eureka County Protests to Kobeh Valley Ranch LLC Application Nos. 75979 through 76009

8. The applications cannot be granted because the applicant has failed to provide the State Engineer with all relevant information required by Nevada Revised Statutes. See letter from the State Engineer to the Applicant dated July 16, 2007. Because this information is missing, Eureka County reserves the right to supplement this protest and include other grounds of protest based on any further information submitted by the applicant in support of its applications to the State Engineer.
9. Eureka County recognizes that the custom and culture of mining is part of its history and appreciates the role mining plays in its local and regional economy. Eureka County welcomes new opportunity for mining in its communities as long as mine development is not detrimental to existing economic or cultural activity. This protest is aimed at ensuring that any development of water resources in Kobeh Valley is conducted in full accordance with Nevada law, the Eureka County Master Plan and related ordinances, and does not unduly threaten the health and welfare of Eureka County citizens. Eureka County encourages the proponents of these applications to engage its representatives and the Office of the State Engineer in dialog that will result in a binding, mutually-beneficial agreement for development and management of these ground water resources, including but not limited to reinjection or infiltration of dewatering water not consumed in the mining operation back in to the basin of origin in Eureka County to mitigate the effects of the Applicant's pumping.
10. The manner of use of water under the subject applications is by nature of its activity a temporary use. Because it is a temporary use, any permits granted should be subject to a restriction that any application to change the manner of use under any such permit will be subject to additional determination and evaluation with respect to the permanent effects on existing rights and the resource within the groundwater basin.
11. The State Engineer should consider the consumptive use of the water rights sought to be changed and the consumptive use of the proposed beneficial use of water in determining whether the proposed change in the place of diversion, manner of use and place of use complies with the provisions of subsection 5 of NRS 533.370.
12. Should these protests result in hearings before the State Engineer, Eureka County requests that such hearings be held in Eureka to facilitate access by the body of protestants.

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

RECEIVED  
2007 NOV -5 AM 11:21  
STATE ENGINEER'S OFFICE

IN THE MATTER OF APPLICATION NUMBER. 76005  
FILED BY. KOBEH VALLEY RANCH LLC  
ON JUNE 29, 2007, TO APPROPRIATE THE  
WATERS OF UNDERGROUND (EUREKA COUNTY)

AMENDED PROTEST

Comes now EUREKA COUNTY  
Printed or typed name of protestant  
whose post office address is P.O. BOX 677, EUREKA, NEVADA 89316  
Street No. Or P.O. Box, City, State and Zip Code.  
whose occupation is POLITICAL SUBDIVISION and protests the granting  
of Application Number 76005 filed on JUNE 29, 2007  
by KOBEH VALLEY RANCH LLC to appropriate the  
waters of UNDERGROUND 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 AMENDED EXHIBIT "A" ATTACHED

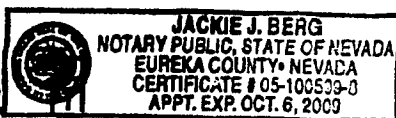
THEREFORE the Protestant requests that the application be DENIED  
Denied, issued subject to prior rights, etc., as the case may be  
and that an order be entered for such relief as the State Engineer deems just and proper.

Signed Kenneth Benson  
Agent or protestant

KENNETH BENSON, CHAIRMAN, COUNTY COMMISSIONERS  
Printed or typed name, if agent

Address P.O. Box 677  
Street No. or P.O. Box No.  
EUREKA, NEVADA 89316  
City, State and Zip Code No.

Subscribed and sworn to before me this 24<sup>th</sup> day of OCTOBER, 2007



Jackie J. Berg  
Notary Public

State of NEVADA  
County of EUREKA

**\$25 FILING FEE MUST ACCOMPANY PROTEST. PROTEST MUST BE FILED IN DUPLICATE.  
ALL COPIES MUST CONTAIN ORIGINAL SIGNATURE.**

WFS01 USER: JONAS KAPEUREKA KOBEH VALLEY RANCH, LLC PROTESTS OF KOBEH VALLEY RANCH APPS\F07ERKA26.PRT.DOC

003413

## Exhibit "A"

### Eureka County Amended Protests to Kobeh Valley Ranch LLC Application Nos. 75005 through 76009

1. Kobeh Valley is a designated basin per NRS 534.050. Ground water in the basin is fully or nearly fully appropriated at approximately 18,000 acre-feet per year. Granting change applications that are not supported by adequate proof of beneficial use will cause the basin to be over pumped to the detriment of the basin, prior existing water rights holders and in direct conflict with forfeiture provisions of Nevada water law. In the same way, transfer of ground water rights that supplement surface water irrigation rights will cause the basin to be over pumped to the detriment of the basin and prior existing water rights holders.
2. Existing USGS reports suggest that Kobeh Valley may provide 9,000 acre-feet per year to Diamond Valley as underflow. Sustained over pumping in Kobeh Valley is likely to reduce that amount and affect prior existing municipal water rights held by Eureka County and Devils Gate GID that supply the majority of the population in Diamond Valley.
3. Sustained over-pumping in Kobeh Valley is likely to impact irrigation and stockwatering water right holders in Kobeh Valley and impact domestic well owners. Sustained over-pumping in Kobeh Valley may impact irrigation and stockwatering water rights and impact domestic well owners in Diamond Valley and Pine Valley. The owners of these rights contribute to the long-term economic viability of the greater Eureka community; therefore, unless adequately mitigated, such impacts may prove detrimental to the health and welfare of Eureka County.
4. Hydrologic properties of the proposed points of diversion are currently being analyzed; therefore, impacts associated with sustained pumping of substantial water rights at the proposed points of diversion are not known. Propagation of the cone of depression from the proposed points of diversion must be adequately determined prior to granting the applications. Eureka County requests the ability to review all hydrologic data offered in support of the applications.
5. The proposed points of diversion lie in Basin 153 (Diamond Valley), while the proposed place of use may ultimately include portions of Basin 139 (Kobeh Valley) and Basin 53 (Pine Valley); therefore the applications may call for a transfer of ground water out of the source basin for use in another basin. Compliance with the requirements of NRS 533.370(6) must be met.
6. There are currently 5 outstanding applications to appropriate underground water in Kobeh Valley for irrigation and 13 applications to appropriate underground water in Kobeh Valley for mining and milling. These applications are protested by numerous parties including, Eureka County, the Department of Interior and numerous private interests. Eureka County requests that a decision be rendered on these applications prior to dispensation of the present applications.
7. The works necessary to achieve beneficial use of the subject water rights are substantial and costly. The applicant has not presented the State with the scope of its proposed works, nor has the applicant demonstrated its ability to finance the works. Eureka County remains unclear whether the applicant is a mining company or a holding company. Eureka requests the opportunity to 1) review a proposed scope of work to achieve beneficial use and 2) satisfy its concerns regarding corporate purpose and financial ability.

## Exhibit "A"

### Eureka County Amended Protests to Kobeh Valley Ranch LLC Application Nos. 75005 through 76009

8. The applications cannot be granted because the applicant has not yet provided the State Engineer with certain information requested by the State Engineer. See letter from the State Engineer to the Applicant dated October 1, 2007. Because this information is missing, Eureka County reserves the right to supplement this protest and include other grounds of protest based on any further information submitted by the applicant in support of its applications to the State Engineer.
9. Eureka County recognizes that the custom and culture of mining is part of its history and appreciates the role mining plays in its local and regional economy. Eureka County welcomes new opportunity for mining in its communities as long as mine development is not detrimental to existing economic or cultural activity. This protest is aimed at ensuring that any development of water resources in Kobeh Valley and Diamond Valley is conducted in full accordance with Nevada law, the Eureka County Master Plan and related ordinances, and does not unduly threaten the health and welfare of Eureka County citizens. Eureka County encourages the proponents of these applications to engage its representatives and the Office of the State Engineer in dialog that will result in a binding, mutually-beneficial agreement for development and management of these ground water resources, including but not limited to reinjection or infiltration of dewatering water not consumed in the mining operation back in to the basin of origin in Eureka County to mitigate the effects of the Applicant's pumping.
10. The manner of use of water under the subject applications is by nature of its activity a temporary use. Because it is a temporary use, any permits granted should be subject to a restriction that any application to change the manner of use under any such permit will be subject to additional determination and evaluation with respect to the permanent effects on existing rights and the resource within the groundwater basin.
11. The State Engineer should consider the consumptive use of the water rights sought to be changed and the consumptive use of the proposed beneficial use of water in determining whether the proposed change in the place of diversion, manner of use and place of use complies with the provisions of subsection 5 of NRS 533.370.
12. Should these protests result in hearings before the State Engineer, Eureka County requests that such hearings be held in Eureka to facilitate access by the body of protestants.

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

IN THE MATTER OF APPLICATION NUMBER. 76483

FILED BY. KOBEH VALLEY RANCH LLC

ON NOVEMBER 14, 2007, TO APPROPRIATE THE

WATERS OF UNDERGROUND (EUREKA COUNTY)

PROTEST

Comes now EUREKA COUNTY

Printed or typed name of protestant

whose post office address is P.O. BOX 677, EUREKA, NEVADA 89316

Street No. Or P.O. Box, City, State and Zip Code.

whose occupation is POLITICAL SUBDIVISION and protests the granting

of Application Number 76483 filed on NOVEMBER 14, 2007

by KOBEH VALLEY RANCH LLC

waters of UNDERGROUND 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 EXHIBIT "A" ATTACHED

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

J.P. "JIM" ITHURRALDE, CHAIRMAN, COUNTY COMMISSIONERS

Printed or typed name, if agent

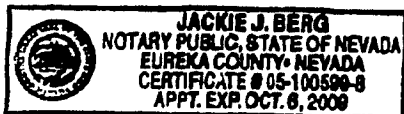
Address P.O. Box 677

Street No. or P.O. Box No.

EUREKA, NEVADA 89316

City, State and Zip Code No.

Subscribed and sworn to before me this 15<sup>TH</sup> day of JANUARY, 2008



Jackie J. Berg  
Notary Public

State of NEVADA

County of EUREKA

**\$25 FILING FEE MUST ACCOMPANY PROTEST. PROTEST MUST BE FILED IN DUPLICATE.  
ALL COPIES MUST CONTAIN ORIGINAL SIGNATURE.**

\\FS01\\PUBLIC\\SHARED\\FOLDER\\USERS\\NROMINE\\EKA\\EUREKA COUNTY\\F07ERKA30 PRT 76483.DOC

003416

JA4828



## Exhibit "A"

### Eureka County Protests to Kobeh Valley Ranch LLC Application Nos. 76483 through 76486

1. Kobeh Valley is a designated basin per NRS 534.050. Ground water in the basin is fully or nearly fully appropriated at approximately 18,000 acre-feet per year. Granting change applications that are not supported by adequate proof of beneficial use will cause the basin to be over pumped to the detriment of the basin, prior existing water rights holders and in direct conflict with forfeiture provisions of Nevada water law. In the same way, transfer of ground water rights that supplement surface water irrigation rights will cause the basin to be over pumped to the detriment of the basin and prior existing water rights holders.
2. Existing USGS reports suggest that Kobeh Valley may provide 9,000 acre-feet per year to Diamond Valley as underflow. Sustained over pumping in Kobeh Valley is likely to reduce that amount and affect prior existing municipal water rights held by Eureka County and Devils Gate GID that supply the majority of the population in Diamond Valley.
3. Sustained over-pumping in Kobeh Valley is likely to impact irrigation and stockwatering water right holders in Kobeh Valley and impact domestic well owners. Sustained over-pumping in Kobeh Valley may impact irrigation and stockwatering water rights and impact domestic well owners in Diamond Valley and Pine Valley. The owners of these rights contribute to the long-term economic viability of the greater Eureka community; therefore, unless adequately mitigated, such impacts may prove detrimental to the health and welfare of Eureka County.
4. Hydrologic properties of the proposed points of diversion are currently being analyzed; therefore, impacts associated with sustained pumping of substantial water rights at the proposed points of diversion are not known. Propagation of the cone of depression from the proposed points of diversion must be adequately determined prior to granting the applications. Eureka County requests the ability to review all hydrologic data offered in support of the applications.
5. The proposed points of diversion for these applications lie in Basin 139, while the proposed place of use may ultimately include portions of Basin 153 (Diamond Valley) and Basin 53 (Pine Valley); therefore the applications may call for a transfer of ground water out of the source basin for use in another basin. Compliance with the requirements of NRS 533.370(6) must be met.
6. There are currently outstanding applications to appropriate underground water in Kobeh Valley for irrigation and applications to appropriate underground water in Kobeh Valley for mining and milling. These applications are protested by numerous parties including, Eureka County, the Department of Interior and numerous private interests. Eureka County requests that a decision be rendered on these applications prior to dispensation of the present applications.
7. The works necessary to achieve beneficial use of the subject water rights are substantial and costly. The applicant has not presented the State with the scope of its proposed works, nor has the applicant demonstrated its ability to finance the works. Eureka County remains unclear whether the applicant is a mining company or a holding company. Eureka requests the opportunity to 1) review a proposed scope of work to achieve beneficial use and 2) satisfy its concerns regarding corporate purpose and financial ability.
8. As noted in Item 15 of the Applications, the applications are intended to be utilized in conjunction with other applications previously filed by Idaho General Mines, Inc. Applications 75979 through 76009 filed by the same applicant as these applications also indicate those applications are intended to be utilized in conjunction with the applications filed by Idaho General Mines, Inc. The subject applications cannot be granted because the applicant has failed to provide the State Engineer with all relevant information required by Nevada Revised Statutes. See letter from the State Engineer to the Applicant dated October 1, 2007. Because this information is missing, Eureka County reserves

**Exhibit "A"**  
**Eureka County Protests to Kobe Valley Ranch LLC Application Nos. 76483  
through 76486**

the right to supplement this protest and to include other grounds of protest based on any further information submitted by the applicant in support of its applications to the State Engineer.

9. Eureka County recognizes that the custom and culture of mining is part of its history and appreciates the role mining plays in its local and regional economy. Eureka County welcomes new opportunity for mining in its communities as long as mine development is not detrimental to existing economic or cultural activity. This protest is aimed at ensuring that any development of water resources in Kobe Valley is conducted in full accordance with Nevada law, the Eureka County Master Plan and related ordinances, and does not unduly threaten the health and welfare of Eureka County citizens. Eureka County encourages the proponents of these applications to engage its representatives and the Office of the State Engineer in dialog that will result in a binding, mutually-beneficial agreement for development and management of these ground water resources, including but not limited to reinjection or infiltration of dewatering water not consumed in the mining operation back in to the basin of origin in Eureka County to mitigate the effects of the Applicant's pumping.
10. The manner of use of water under the subject applications is by nature of its activity a temporary use. Because it is a temporary use, any permits granted should be subject to a restriction that any application to change the manner of use under any such permit will be subject to additional determination and evaluation with respect to the permanent effects on existing rights and the resource within the groundwater basin.
11. The State Engineer should consider the consumptive use of the water rights sought to be changed and the consumptive use of the proposed beneficial use of water in determining whether the proposed change in the place of diversion, manner of use and place of use complies with the provisions of subsection 5 of NRS 533.370.
12. Should these protests result in hearings before the State Engineer, Eureka County requests that such hearings be held in Eureka to facilitate access by the body of protestants.

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

IN THE MATTER OF APPLICATION NUMBER. 76744  
FILED BY. KOBEH VALLEY RANCH LLC  
ON FEBRUARY 13, 2008, TO APPROPRIATE THE  
WATERS OF UNDERGROUND (EUREKA COUNTY)

PROTEST

Comes now EUREKA COUNTY  
whose post office address is P.O. BOX 677, EUREKA, NEVADA 89316  
whose occupation is POLITICAL SUBDIVISION and protests the granting  
of Application Number 76744 filed on FEBRUARY 13, 2008  
by KOBEH VALLEY RANCH LLC to appropriate the  
waters of UNDERGROUND situated in EUREKA  
County, State of Nevada, for the following reasons and on the following grounds, to wit:

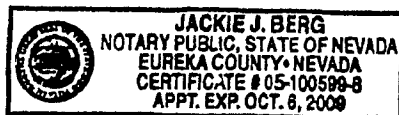
SEE EXHIBIT "A" ATTACHED

THEREFORE the Protestant requests that the application be DENIED  
and that an order be entered for such relief as the State Engineer deems just and proper.

Signed J.P. "JIM" ITHURRALDE  
Agent or protestant  
J.P. "JIM" ITHURRALDE, CHAIRMAN, COUNTY COMMISSIONERS  
Printed or typed name, if agent

Address P.O. Box 677  
EUREKA, NEVADA 89316  
City, State and Zip Code No.

Subscribed and sworn to before me this 16<sup>TH</sup> day of APRIL, 2008



Jackie J. Berg  
Notary Public  
State of NEVADA  
County of EUREKA

**\$25 FILING FEE MUST ACCOMPANY PROTEST. PROTEST MUST BE FILED IN DUPLICATE.  
ALL COPIES MUST CONTAIN ORIGINAL SIGNATURE.**

## Exhibit "A"

### Eureka County Protests to Kobeh Valley Ranch LLC Application Nos. 76744 through 76746

1. Kobeh Valley is a designated basin per NRS 534.050. Ground water in the basin is fully or nearly fully appropriated at approximately 18,000 acre-feet per year. Granting change applications that are not supported by adequate proof of beneficial use will cause the basin to be over pumped to the detriment of the basin, prior existing water rights holders and in direct conflict with forfeiture provisions of Nevada water law. In the same way, transfer of ground water rights that supplement surface water irrigation rights will cause the basin to be over pumped to the detriment of the basin and prior existing water rights holders.
2. Existing USGS reports suggest that Kobeh Valley may provide underground flow to Diamond Valley. Sustained over pumping in Kobeh Valley is likely to reduce that amount and affect prior existing municipal water rights held by Eureka County and Devils Gate GID that supply the majority of the population in Diamond Valley.
3. Sustained over-pumping in Kobeh Valley is likely to impact irrigation and stockwatering water right holders in Kobeh Valley and impact domestic well owners. Sustained over-pumping in Kobeh Valley may impact irrigation and stockwatering water rights and impact domestic well owners in Diamond Valley and Pine Valley. The owners of these rights contribute to the long-term economic viability of the greater Eureka community; therefore, unless adequately mitigated, such impacts may prove detrimental to the health and welfare of Eureka County.
4. Hydrologic properties of the proposed points of diversion are currently being analyzed; therefore, impacts associated with sustained pumping of substantial water rights at the proposed points of diversion are not known. Propagation of the cone of depression from the proposed points of diversion must be adequately determined prior to granting the applications. Eureka County requests the ability to review all hydrologic data offered in support of the applications.
5. The proposed points of diversion for these applications lie in Basin 139, while the proposed place of use may ultimately include portions of Basin 153 (Diamond Valley) and Basin 53 (Pine Valley); therefore the applications may call for a transfer of ground water out of the source basin for use in another basin. Compliance with the requirements of NRS 533.370(6) must be met.
6. The works necessary to achieve beneficial use of the subject water rights are substantial and costly. The applicant has not presented the State with the scope of its proposed works, nor has the applicant demonstrated its ability to finance the works. Eureka County remains unclear whether the applicant is a mining company or a holding company. Eureka requests the opportunity to 1) review a proposed scope of work to achieve beneficial use and 2) satisfy its concerns regarding corporate purpose and financial ability.
7. As noted in Item 15 of the Applications, the applications are intended to be utilized in conjunction with other applications previously filed by Idaho General Mines, Inc. Applications 75979 through 76009 filed by the same applicant as these applications also indicate those applications are intended to be utilized in conjunction with the applications filed by Idaho General Mines, Inc. All the subject applications cannot be granted because the amount of water applied for greatly exceeds the 16,000 afa the applicant states is necessary for its mining project.
8. Eureka County recognizes that the custom and culture of mining is part of its history and appreciates the role mining plays in its local and regional economy. Eureka County welcomes new opportunity for mining in its communities as long as mine development is not detrimental to existing economic or cultural activity. This protest is aimed at ensuring that any development of water resources in Kobeh Valley is conducted in full accordance with Nevada law, the Eureka County Master Plan and related ordinances, and does not unduly threaten the health and welfare of Eureka County citizens. Eureka County encourages the proponents of these applications to engage its representatives and the

**Exhibit "A"**  
**Eureka County Protests to Kobeh Valley Ranch LLC Application Nos. 76744  
through 76746**

Office of the State Engineer in dialog that will result in a binding, mutually-beneficial agreement for development and management of these ground water resources, including but not limited to reinjection or infiltration of dewatering water not consumed in the mining operation back in to the basin of origin in Eureka County to mitigate the effects of the Applicant's pumping and limitation of the use of the water in Eureka County.

9. The manner of use of water under the subject applications is by nature of its activity a temporary use. Because it is a temporary use, any permits granted should be subject to a restriction that any application to change the manner of use under any such permit will be subject to additional determination and evaluation with respect to the permanent effects on existing rights and the resource within the groundwater basin or that at the end of the mining use, the water will revert back to the source.
10. The State Engineer should consider the consumptive use of the water rights sought to be changed and the consumptive use of the proposed beneficial use of water in determining whether the proposed change in the place of diversion, manner of use and place of use complies with the provisions of subsection 5 of NRS 533.370.
11. Should these protests result in hearings before the State Engineer, Eureka County requests that such hearings be held in Eureka to facilitate access by the body of protestants.

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

IN THE MATTER OF APPLICATION NUMBER. 76802

FILED BY. KOBEH VALLEY RANCH LLC

ON MARCH 11, 2008, TO APPROPRIATE THE

WATERS OF UNDERGROUND (EUREKA COUNTY)

PROTEST

Comes now EUREKA COUNTY

Printed or typed name of protestant

whose post office address is P.O. BOX 677, EUREKA, NEVADA 89316

Street No. Or P.O. Box, City, State and Zip Code.

whose occupation is POLITICAL SUBDIVISION and protests the granting

of Application Number 76802 filed on MARCH 11, 2008

by KOBEH VALLEY RANCH LLC to appropriate the

waters of UNDERGROUND 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 EXHIBIT "A" ATTACHED

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

J.P. "JIM" ITHURRALDE, CHAIRMAN, COUNTY COMMISSIONERS

Printed or typed name, if agent

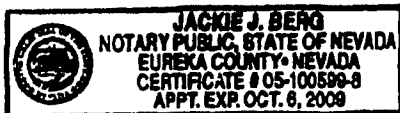
Address P.O. Box 677

Street No. or P.O. Box No.

EUREKA, NEVADA 89316

City, State and Zip Code No.

Subscribed and sworn to before me this 23<sup>RD</sup> day of MAY, 2008



Jackie J. Berg  
Notary Public

State of NEVADA

County of EUREKA

**\$25 FILING FEE MUST ACCOMPANY PROTEST. PROTEST MUST BE FILED IN DUPLICATE.  
ALL COPIES MUST CONTAIN ORIGINAL SIGNATURE.**

## Exhibit "A"

### Eureka County Amended Protests to Kobeh Valley Ranch LLC Application Nos. 76802 through 76805

1. Diamond Valley is a designated basin per NRS 534.050. The yield of the basin is 30,000 acre feet annually ("afa") per the State Engineer's records. The existing water right appropriations in the basin total approximately 133,816 afa. Irrigation use in 2007 per the State Engineer's pumpage inventory was 95,738 acre feet. Ground water in the basin is over appropriated. Granting change applications that are not supported by adequate proof of beneficial use will cause the basin to be over pumped to the detriment of the basin, prior existing water rights holders and in direct conflict with forfeiture and/or cancellation provisions of Nevada water law. In the same way, transfer of supplemental ground water rights will cause the basin to be over pumped to the detriment of the basin and prior existing water rights holders.
2. Existing USGS reports suggest that Kobeh Valley may provide underground flow to Diamond Valley. Sustained over pumping in Kobeh Valley and Diamond Valley is likely to affect prior existing municipal water rights held by Eureka County and Devils Gate GID that supply the majority of the population in Diamond Valley.
3. As noted in Item 15 of the Applications, the applications are intended to be utilized in conjunction with other applications previously filed by Idaho General Mines, Inc. and the applicant with points of diversion in Kobeh Valley, Pine Valley and Diamond Valley and places of use in Kobeh Valley, Pine Valley and Diamond Valley. Kobeh Valley is a designated basin per NRS 534.050. Ground water in the Kobeh Valley basin is fully or nearly fully appropriated at approximately 18,000 acre-feet per year. Sustained over-pumping in Kobeh Valley and Diamond Valley is likely to impact irrigation and stockwatering water right holders in Kobeh Valley and Diamond Valley and impact domestic well owners. Sustained over-pumping in Kobeh Valley may impact irrigation and stockwatering water rights and impact domestic well owners in Diamond Valley and Pine Valley. The owners of these rights contribute to the long-term economic viability of the greater Eureka community; therefore, unless adequately mitigated, such impacts may prove detrimental to the health and welfare of Eureka County.
4. Hydrologic properties of the proposed points of diversion are currently being analyzed; therefore, impacts associated with sustained pumping of substantial water rights at the proposed points of diversion are not known. Propagation of the cone of depression from the proposed points of diversion must be adequately determined prior to granting the applications. Eureka County requests the ability to review all hydrologic data offered in support of the applications.
5. The proposed points of diversion lie in Basin 153 (Diamond Valley), while the proposed place of use may ultimately include portions of Basin 139 (Kobeh Valley) and Basin 53 (Pine Valley); therefore the applications may call for a transfer of ground water out of the source basin for use in another basin. Compliance with the requirements of NRS 533.370(6) must be met.
6. The works necessary to achieve beneficial use of the subject water rights are substantial and costly. The applicant has not presented the State with the scope of its proposed works, nor has the applicant demonstrated its ability to finance the works. Eureka County remains unclear whether the applicant is a mining company or a holding company. Eureka requests the opportunity to 1) review a proposed scope of work to achieve beneficial use and 2) satisfy its concerns regarding corporate purpose and financial ability.

## Exhibit "A"

### Eureka County Amended Protests to Kobeh Valley Ranch LLC Application Nos. 76802 through 76805

7. As noted in Item 15 of the Applications, the applications are intended to be utilized in conjunction with other applications previously filed by Idaho General Mines, Inc. and the applicant. All of the subject applications cannot be granted because the amount of water applied for greatly exceeds the 16,000 cfs the applicant states is necessary for its mining project.
8. Eureka County recognizes that the custom and culture of mining is part of its history and appreciates the role mining plays in its local and regional economy. Eureka County welcomes new opportunity for mining in its communities as long as mine development is not detrimental to existing economic or cultural activity. This protest is aimed at ensuring that any development of water resources in Kobeh Valley, Pine Valley and Diamond Valley is conducted in full accordance with Nevada law, the Eureka County Master Plan and related ordinances, and does not unduly threaten the health and welfare of Eureka County citizens. Eureka County encourages the proponents of these applications to engage its representatives, Eureka County and the Office of the State Engineer in dialog that will result in a binding, mutually-beneficial agreement for development and management of these ground water resources and mitigation of any impacts from the pumping of the applied for water rights, including but not limited to, reinjection or infiltration of water not consumed in the mining operation back in to the basin of origin in Eureka County to mitigate the effects of the Applicant's pumping and limitation of the use of the water in Eureka County.
9. The manner of use of water under the subject applications is by nature of its activity a temporary use. Because it is a temporary use, any permits granted should be subject to a restriction that any application to change the manner of use under any such permit will be subject to additional determination and evaluation with respect to the permanent effects on existing rights and the resource within the groundwater basin, or that at the end of the mining use, the water will revert back to the source.
10. The State Engineer should consider the consumptive use of the water rights sought to be changed and the consumptive use of the proposed beneficial use of water in determining whether the proposed change in the place of diversion, manner of use and place of use complies with the provisions of NRS 533.3703.
11. Should these protests result in hearings before the State Engineer, Eureka County requests that such hearings be held in Eureka to facilitate access by the body of protestants.



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

IN THE MATTER OF APPLICATION NUMBER. 76989

FILED BY. KOBEH VALLEY RANCH LLC

ON APRIL 23, 2008, TO APPROPRIATE THE

WATERS OF UNDERGROUND (EUREKA COUNTY)

PROTEST

Comes now EUREKA COUNTY

Printed or typed name of protestant

whose post office address is P.O. BOX 677, EUREKA, NEVADA 89316

Street No. Or P.O. Box, City, State and Zip Code.

whose occupation is POLITICAL SUBDIVISION

of Application Number 76989 filed on APRIL 23,

by KOBEH VALLEY RANCH LLC

waters of UNDERGROUND 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 EXHIBIT "A" ATTACHED

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

J.P. "JIM" ITHURRALDE, CHAIRMAN, COUNTY COMMISSIONERS

Printed or typed name, if agent

Address P.O. Box 677

Street No. or P.O. Box No.

EUREKA, NEVADA 89316

City, State and Zip Code No.

Subscribed and sworn to before me this 19<sup>TH</sup> day of JUNE 2008



Jackie J. Berg  
Notary Public

State of NEVADA

County of EUREKA

**\$25 FILING FEE MUST ACCOMPANY PROTEST. PROTEST MUST BE FILED IN DUPLICATE.  
ALL COPIES MUST CONTAIN ORIGINAL SIGNATURE.**

\\FS01\\USERS\\OLD FOLDERS\\NILLI\\WHITEKAP CLIENTS\\EUREKA COUNTY - 04478\\PROTEST 76989.DOC

003425

JA4837

Exhibit "A"  
Eureka County Protests to Kobeh Valley Ranch LLC  
Application Nos. 76989 and 76990

1. Kobeh Valley is a designated basin. Ground water in the basin is fully or nearly fully appropriated at approximately 18,000 acre-feet per year. Granting change applications that are not supported by adequate proof of beneficial use will cause the basin to be over pumped to the detriment of the basin, prior existing water rights holders and in direct conflict with forfeiture provisions of Nevada water law. In the same way, transfer of ground water rights that supplement surface water irrigation rights will cause the basin to be over pumped to the detriment of the basin and prior existing water rights holders. Phreatophytic/spring discharge should also be discounted from the total duty sought to be transferred by the subject applications.
2. Existing USGS reports suggest that Kobeh Valley may provide underground flow to Diamond Valley. Sustained over pumping in Kobeh Valley is likely to reduce that amount and affect prior existing municipal water rights held by Eureka County and Devils Gate GID that supply the majority of the population in Diamond Valley.
3. Sustained over-pumping in Kobeh Valley is likely to impact irrigation and stockwatering water right holders in Kobeh Valley and impact domestic well owners. Sustained over-pumping in Kobeh Valley may impact irrigation and stockwatering water rights and impact domestic well owners in Diamond Valley and Pine Valley. The owners of these rights contribute to the long-term economic viability of the greater Eureka community; therefore, unless adequately mitigated, such impacts may prove detrimental to the health and welfare of Eureka County.
4. Hydrologic properties of the proposed points of diversion are currently being analyzed; therefore, impacts associated with sustained pumping of substantial water rights at the proposed points of diversion are not known. Propagation of the cone of depression from the proposed points of diversion must be adequately determined prior to granting the applications. Eureka County requests the ability to review all hydrologic data offered in support of the applications.
5. The proposed points of diversion for these applications lie in Basin 139, while the proposed place of use may ultimately include portions of Basin 153 (Diamond Valley) and Basin 53 (Pine Valley); therefore the applications may call for a transfer of ground water out of the source basin for use in another basin. Compliance with the requirements of NRS 533.370(6) must be met.
6. The works necessary to achieve beneficial use of the subject water rights are substantial and costly. The applicant has not presented the State with the scope of its proposed works, nor has the applicant demonstrated its ability to finance the works. Eureka County remains unclear whether the applicant is a mining company or a holding company. Eureka requests the opportunity to 1) review a proposed scope of work to achieve beneficial use and 2) satisfy its concerns regarding corporate purpose and financial ability.

Exhibit "A"  
Eureka County Protests to Kobeh Valley Ranch LLC  
Application Nos. 76989 and 76990

7. As noted in Item 15 of the Applications, the applications are intended to be utilized in conjunction with other applications previously filed by Idaho General Mines, Inc. and Kobeh Valley Ranch LLC for the Mt. Hope Mine project. All of the applications filed by the applicant cannot be granted because the amount of water applied for greatly exceeds the 16,000 afa the applicant states is necessary for its mining project.
8. Eureka County recognizes that the custom and culture of mining is part of its history and appreciates the role mining plays in its local and regional economy. Eureka County welcomes new opportunity for mining in its communities as long as mine development is not detrimental to existing economic or cultural activity. This protest is aimed at ensuring that any development of water resources in Kobeh Valley is conducted in full accordance with Nevada law, the Eureka County Master Plan and related ordinances, and does not unduly threaten the health and welfare of Eureka County citizens. Eureka County encourages the proponents of these applications to engage its representatives and the Office of the State Engineer in dialog that will result in a binding, mutually-beneficial agreement for development and management of these ground water resources, including but not limited to reinjection or infiltration of dewatering water not consumed in the mining operation back in to the basin of origin in Eureka County to mitigate the effects of the Applicant's pumping and limitation of the use of the water in Eureka County.
9. The manner of use of water under the subject applications is by nature of its activity a temporary use. Because it is a temporary use, any permits granted should be subject to a restriction that any application to change the point of diversion, place of use or manner of use under any such permit will be subject to additional determination and evaluation with respect to the permanent effects on existing rights and the resource within the groundwater basin or that at the end of the mining use, the water will revert back to the source.
10. The State Engineer should consider the consumptive use of the water rights sought to be changed and the consumptive use of the proposed beneficial use of water in determining whether the proposed change in the place of diversion, manner of use and place of use complies with the provisions of NRS 533.3703.
11. Should these protests result in hearings before the State Engineer, Eureka County requests that such hearings be held in Eureka to facilitate access by protestants.
12. It was specifically requested at the prehearing conference held on March 17, 2008, with regard to the applications filed by Kobeh Valley Ranch LLC for the Mt. Hope Mine project, that that change applications relating to the mine's purchase of the Fish Creek/Bartine Ranch water rights, Applications 76989 and 76990, be included in the hearing for the mine project. See, *Pre-Hearing Conference March 17, 2008 Transcript ("Transcript")* at page 60. These applications are part of the consumptive use duty sought for the mine project. *Transcript* at page 60, lines 11-25. The discussion at the prehearing conference indicated that the Fish Creek/Bartine Ranch change applications would be included in the hearing. *Transcript* at pages 60-61. These applications were filed by

Exhibit "A"  
Eureka County Protests to Kobreh Valley Ranch LLC  
Application Nos. 76989 and 76990

Kobreh Valley Ranch LLC on April 23, 2008. The Notice of Hearing was issued May 7, 2008. These applications were not included in the Notice of Hearing.

It is important that all water rights the mine intends to utilize for the project be included in the hearing. As stated at the prehearing hearing, Eureka County believes some of the permits sought be changed by the mine are not in good standing and cannot be validly approved. *Transcript* at page 32, lines 18-22. Thus, if certain applications are not able to be approved, the applicant will presumably, based upon comments made at the prehearing conference, be looking to other pending applications to meet the water needs for its project. *Transcript* at page 21, lines 8-25, page 22, lines 1-5. Thus, for the State Engineer to appropriately review this project and the water rights necessary for the proposed use, all water rights associated or to be associated with the project need to be included in the hearing.

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

IN THE MATTER OF APPLICATION NUMBER. 77171  
FILED BY: KOBEH VALLEY RANCH LLC (C/O GENERAL MOLY, INC.)  
ON JUNE 20, 2008, TO APPROPRIATE THE  
WATERS OF UNDERGROUND (EUREKA COUNTY)

PROTEST

Comes now EUREKA COUNTY  
Printed or typed name of protestant  
whose post office address is P.O. BOX 677, EUREKA, NEVADA 89316  
Street No. Or P.O. Box, City, State and Zip Code.  
whose occupation is POLITICAL SUBDIVISION and protests the granting  
of Application Number 77171 filed on JUNE 20, 2008,  
by KOBEH VALLEY RANCH LLC (c/o General Moly, Inc.) to appropriate the  
waters of UNDERGROUND 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 EXHIBIT "A" ATTACHED

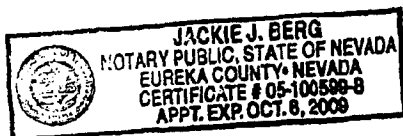
THEREFORE the Protestant requests that the application be DENIED  
Denied, issued subject to prior rights, etc., as the case may be  
and that an order be entered for such relief as the State Engineer deems just and proper.

Signed [Signature]  
Agent or protestant

J.P. "JIM" ITHURRALDE, CHAIRMAN, CO. COMMISSIONERS  
Printed or typed name, if agent

Address P.O. Box 677  
Street No. or P.O. Box No.  
EUREKA, NEVADA 89316  
City, State and Zip Code No.

Subscribed and sworn to before me this 19<sup>TH</sup> day of DECEMBER, 2008



[Signature: Jackie J. Berg]  
Notary Public

State of NEVADA  
County of EUREKA

**\$25 FILING FEE MUST ACCOMPANY PROTEST. PROTEST MUST BE FILED IN DUPLICATE.  
ALL COPIES MUST CONTAIN ORIGINAL SIGNATURE.**

**IN THE SUPREME COURT OF THE STATE OF NEVADA**

EUREKA COUNTY, A POLITICAL  
SUBDIVISION OF THE STATE OF  
NEVADA; KENNETH F. BENSON,  
INDIVIDUALLY; DIAMOND CATTLE  
COMPANY, LLC, A NEVADA LIMITED  
LIABILITY COMPANY; AND MICHEL  
AND MARGARET ANN ETCHEVERRY  
FAMILY, LP, A NEVADA REGISTERED  
FOREIGN LIMITED PARTNERSHIP,

Appellants,

vs.

THE STATE OF NEVADA STATE  
ENGINEER; THE STATE OF NEVADA  
DIVISION OF WATER RESOURCES;  
AND KOBEH VALLEY RANCH, LLC, A  
NEVADA LIMITED LIABILITY  
COMPANY,

Respondents.

---

Case No. 61324

District Court Case Nos.

CV 1108-15; CV 1108-156;  
CV 1108-157; CV 1112-164;  
CV 1112-165; CV 1202-170

Electronically Filed  
Dec 27 2012 10:21 a.m.  
Nacie K. Lindeman  
Clerk of Supreme Court

**JOINT APPENDIX**

**Volume 25**

KAREN A. PETERSON, NSB 366  
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402 North Division Street  
Carson City, NV 89703  
(775) 687-0202

and

THEODORE BEUTEL, NSB 5222  
[tbeutel@eurekanv.org](mailto:tbeutel@eurekanv.org)  
Eureka County District Attorney  
702 South Main Street  
P.O. Box 190  
Eureka, NV 89316  
(775) 237-5315

Attorneys for Appellant,  
EUREKA COUNTY

## CHRONOLOGICAL APPENDIX TO APPEAL FROM JUDGMENT

<b><u>DOCUMENT</u></b>	<b><u>DATE</u></b>	<b><u>VOL</u></b>	<b><u>JA NO.</u></b>
Petition for Judicial Review	08/08/2011	1	01-06
Notice of Verified Petition for Writ of Prohibition, Complaint and Petition for Judicial Review	08/10/2011	1	07- 08
Verified Petition for Writ of Prohibition, Complaint and Petition for Judicial Review	08/10/2011	1	09-59
Summons and Proof of Service, Kobeh Valley Ranch, LLC	08/11/2011	1	60-62
Summons and Proof of Service, Jason King	08/11/2011	1	63-65
Affidavit of Service by Certified Mail	08/11/2011	1	66-68
Notice of Petition for Judicial Review	08/11/2011	1	69-117
Summons and Proof of Service, Kobeh Valley Ranch, LLC	08/15/2011	1	118-120
Summons and Proof of Service, Jason King	08/15/2011	1	121-123
Summons and Proof of Service, The State of Nevada	08/17/2011	1	124-128
First Additional Summons and Proof of Service, State Engineer, Division of Water Resources	08/17/2011	1	129-133
Order Allowing Intervention of Kobeh Valley Ranch, LLC, to Intervene as a Respondent	09/14/2011	1	134-135



<b><u>DOCUMENT</u></b>	<b><u>DATE</u></b>	<b><u>VOL</u></b>	<b><u>JA NO.</u></b>
Partial Motion to Dismiss, Notice of Intent to Defend	09/14/2011	1	136-140
Order Allowing Intervention of Kobeh Valley Ranch, LLC, as a Party Respondent	09/26/2011	1	141-142
Answer to Verified Petition for Writ of Prohibition, Complaint and Petition for Judicial Review by Kobeh Valley Ranch, LLC	09/28/2011	1	143-149
Answer to Petition for Judicial Review by Kobeh Valley Ranch, LLC	09/29/2011	1	150-154
Answer to Petition for Judicial Review by Kobeh Valley Ranch, LLC	09/29/2011	1	155-160
Order Directing the Consolidation of Action CV1108-156 and Action No. CV1108-157 with Action CV1108-155	10/26/2011	1	161-162
Summary of Record on Appeal	10/27/2011	2-26	163-5026
Request for and Points and Authorities in Support of Issuance of Writ of Prohibition and in Opposition to Motion to Dismiss	11/10/2011	27	5027-5052
Order Setting Briefing Schedule	12/02/2011	27	5053-5055
Reply in Support of Partial Motion to Dismiss and Opposition to Request for Writ of Prohibition	12/15/2011	27	5056-5061

<b><u>DOCUMENT</u></b>	<b><u>DATE</u></b>	<b><u>VOL</u></b>	<b><u>JA NO.</u></b>
Kobeh Valley Ranch's Reply to Conley/Morrison's Request for and Points and Authorities in Support of Issuance of Writ of Prohibition and in Opposition to Motion to Dismiss	12/15/2011	27	5062-5083
Kobeh Valley Ranch's Joinder in the State of Nevada and Jason King's Partial Motion to Dismiss	12/15/2011	27	5084-5086
Petition for Judicial Review	12/29/2011	27	5087-5091
Petition for Judicial Review	12/30/2011	27	5092-5097
Summons and Proof of Service, The State of Nevada	01/11/2012	27	5098-5100
First Additional Summons and Proof of Service, State Engineer, Division of Water Resources	01/11/2012	27	5101-5103
First Amended Petition for Judicial Review	01/12/2012	27	5104-5111
Opening Brief of Conley Land & Livestock, LLC and Lloyd Morrison	01/13/2012	27	5112-5133
Petitioners Kenneth F. Benson, Diamond Cattle Company, LLC, and Michel and Margaret Ann Etcheverry Family LP's Opening Brief	01/13/2012	27	5134-5177
Eureka County's Opening Brief	01/13/2012	27	5178-5243
Eureka County's Summary of Record on Appeal - CV1112-0164	01/13/2012	28	5244-5420
Eureka County's Supplemental Summary of Record on Appeal - CV1108-155	01/13/2012	29-30	5421-5701

<b><u>DOCUMENT</u></b>	<b><u>DATE</u></b>	<b><u>VOL</u></b>	<b><u>JA NO.</u></b>
Order Granting Extension	01/26/2012	31	5702-5703
Answer to Petition for Judicial Review	01/30/2012	31	5704-5710
Answer to First Amended Petition for Judicial Review	01/30/2012	31	5711-5717
Supplemental Petition for Judicial Review	01/31/2012	31	5718-5720
Petition for Judicial Review	02/01/2012	31	5721-5727
Summary of Record on Appeal	02/03/2012	31	5728-5733
Record on Appeal, Vol. I, Bates Stamped Pages 1-216	02/03/2012	31	5734-5950
Record on Appeal, Vol. II, Bates Stamped Pages 217-421	02/03/2012	32	5951-6156
Record on Appeal, Vol. III, Bates Stamped Pages 422-661	02/03/2012	33	6157-6397
Answer to Petition to Judicial Review	02/23/2012	34	6398-6403
Answering Brief	02/24/2012	34	6404-6447
Respondent Kobeh Valley Ranch, LLC's Answering Brief	02/24/2012	34	6448-6518
Reply Brief of Conley Land & Livestock, LLC and Lloyd Morrison	03/28/2012	34	6519-6541
Petitioners Kenneth F. Benson, Diamond Cattle Company, LLC, and Michel and Margaret Ann Etcheverry Family LP's Reply Brief	03/28/2012	34	6542-6565
Eureka County's Reply Brief	03/28/2012	34	6566-6638

<b><u>DOCUMENT</u></b>	<b><u>DATE</u></b>	<b><u>VOL</u></b>	<b><u>JA NO.</u></b>
Transcript for Petition for Judicial Review	04/03/2012	35	6639-6779
Corrected Answering Brief	04/05/2012	35	6780-6822
Findings of Fact, Conclusions of Law, and Order Denying Petitions for Judicial Review	06/13/2012	36	6823-6881
Notice of Entry of Findings of Fact, Conclusions of Law, and Order Denying Petitions for Judicial Review	06/18/2012	36	6882-6944
Notice of Appeal	07/10/2012	36	6945-6949
Petitioners Benson, Diamond Cattle Co., and Etcheverry Family LP's Notice of Appeal	07/12/2012	36	6950-6951
Excerpts from Transcript of Proceedings	10/13/2008	36	6952-6964

**ALPHABETICAL APPENDIX TO  
APPEAL FROM JUDGMENT**

<b><u>DOCUMENT</u></b>	<b><u>DATE</u></b>	<b><u>VOL</u></b>	<b><u>JA NO.</u></b>
Affidavit of Service by Certified Mail	08/11/2011	1	66-68
Answer to Verified Petition for Writ of Prohibition, Complaint and Petition for Judicial Review by Kobeh Valley Ranch, LLC	09/28/2011	1	143-149
Answer to Petition for Judicial Review by Kobeh Valley Ranch, LLC	09/29/2011	1	150-154
Answer to Petition for Judicial Review by Kobeh Valley Ranch, LLC	09/29/2011	1	155-160
Answer to Petition for Judicial Review	01/30/2012	31	5704-5710
Answer to First Amended Petition for Judicial Review	01/30/2012	31	5711-5717
Answer to Petition to Judicial Review	02/23/2012	34	6398-6403
Answering Brief	02/24/2012	34	6404-6447
Corrected Answering Brief	04/05/2012	35	6780-6822
Eureka County's Supplemental Summary of Record on Appeal - CV1108-155	01/13/2012	29-30	5421-5701
Eureka County's Summary of Record on Appeal - CV1112-0164	01/13/2012	28	5244-5420
Eureka County's Opening Brief	01/13/2012	27	5178-5243
Eureka County's Reply Brief	03/28/2012	34	6566-6638
Excerpts from Transcript of Proceedings	10/13/2008	36	6952-6964

<b><u>DOCUMENT</u></b>	<b><u>DATE</u></b>	<b><u>VOL</u></b>	<b><u>JA NO.</u></b>
Findings of Fact, Conclusions of Law, and Order Denying Petitions for Judicial Review	06/13/2012	36	6823-6881
First Additional Summons and Proof of Service, State Engineer, Division of Water Resources	08/17/2011	1	129-133
First Additional Summons and Proof of Service, State Engineer, Division of Water Resources	01/11/2012	27	5101-5103
First Amended Petition for Judicial Review	01/12/2012	27	5104-5111
Kobeh Valley Ranch's Reply to Conley/Morrison's Request for and Points and Authorities in Support of Issuance of Writ of Prohibition and in Opposition to Motion to Dismiss	12/15/2011	27	5062-5083
Kobeh Valley Ranch's Joinder in the State of Nevada and Jason King's Partial Motion to Dismiss	12/15/2011	27	5084-5086
Notice of Verified Petition for Writ of Prohibition, Complaint and Petition for Judicial Review	08/10/2011	1	07- 08
Notice of Petition for Judicial Review	08/11/2011	1	69-117
Notice of Entry of Findings of Fact, Conclusions of Law, and Order Denying Petitions for Judicial Review	06/18/2012	36	6882-6944
Notice of Appeal	07/10/2012	36	6945-6949
Opening Brief of Conley Land & Livestock, LLC and Lloyd Morrison	01/13/2012	27	5112-5133

<b><u>DOCUMENT</u></b>	<b><u>DATE</u></b>	<b><u>VOL</u></b>	<b><u>JA NO.</u></b>
Order Allowing Intervention of Kobreh Valley Ranch, LLC, to Intervene as a Respondent	09/14/2011	1	134-135
Order Allowing Intervention of Kobreh Valley Ranch, LLC, as a Party Respondent	09/26/2011	1	141-142
Order Directing the Consolidation of Action CV1108-156 and Action No. CV1108-157 with Action CV1108-155	10/26/2011	1	161-162
Order Setting Briefing Schedule	12/02/2011	27	5053-5055
Order Granting Extension	01/26/2012	31	5702-5703
Partial Motion to Dismiss, Notice of Intent to Defend	09/14/2011	1	136-140
Petition for Judicial Review	08/08/2011	1	01-06
Petition for Judicial Review	12/29/2011	27	5087-5091
Petition for Judicial Review	12/30/2011	27	5092-5097
Petition for Judicial Review	02/01/2012	31	5721-5727
Petitioners Kenneth F. Benson, Diamond Cattle Company, LLC, and Michel and Margaret Ann Etcheverry Family LP's Opening Brief	01/13/2012	27	5134-5177
Petitioners Kenneth F. Benson, Diamond Cattle Company, LLC, and Michel and Margaret Ann Etcheverry Family LP's Reply Brief	03/28/2012	34	6542-6565
Petitioners Benson, Diamond Cattle Co., and Etcheverry Family LP's Notice of Appeal	07/12/2012	36	6950-6951

<b><u>DOCUMENT</u></b>	<b><u>DATE</u></b>	<b><u>VOL</u></b>	<b><u>JA NO.</u></b>
Record on Appeal, Vol. II, Bates Stamped Pages 217-421	02/03/2012	32	5951-6156
Record on Appeal, Vol. I, Bates Stamped Pages 1-216	02/03/2012	31	5734-5950
Record on Appeal, Vol. III, Bates Stamped Pages 422-661	02/03/2012	33	6157-6397
Reply in Support of Partial Motion to Dismiss and Opposition to Request for Writ of Prohibition	12/15/2011	27	5056-5061
Reply Brief of Conley Land & Livestock, LLC and Lloyd Morrison	03/28/2012	34	6519-6541
Request for and Points and Authorities in Support of Issuance of Writ of Prohibition and in Opposition to Motion to Dismiss	11/10/2011	27	5027-5052
Respondent Kobeh Valley Ranch, LLC's Answering Brief	02/24/2012	34	6448-6518
Summary of Record on Appeal	10/27/2011	2-26	163-5026
Summary of Record on Appeal	02/03/2012	31	5728-5733
Summons and Proof of Service, Kobeh Valley Ranch, LLC	08/11/2011	1	60-62
Summons and Proof of Service, Jason King	08/11/2011	1	63-65
Summons and Proof of Service, Jason King	08/15/2011	1	121-123
Summons and Proof of Service, Kobeh Valley Ranch, LLC	08/15/2011	1	118-120



<b><u>DOCUMENT</u></b>	<b><u>DATE</u></b>	<b><u>VOL</u></b>	<b><u>JA NO.</u></b>
Summons and Proof of Service, The State of Nevada	08/17/2011	1	124-128
Summons and Proof of Service, The State of Nevada	01/11/2012	27	5098-5100
Supplemental Petition for Judicial Review	01/31/2012	31	5718-5720
Transcript for Petition for Judicial Review	04/03/2012	35	6639-6779
Verified Petition for Writ of Prohibition, Complaint and Petition for Judicial Review	08/10/2011	1	09-59

CERTIFICATE OF APPENDIX (NRAP 30(g)(1))

In compliance with NRAP 30(g)(1) I hereby certify that this Appendix consists of true and correct copies of the papers in the District Court file.

DATED: December 21, 2012.

/s/ KAREN A. PETERSON

KAREN A. PETERSON, NSB #366  
ALLISON, MacKENZIE, PAVLAKIS,  
WRIGHT & FAGAN, LTD.  
P.O. Box 646  
Carson City, NV 89702

Attorneys for Appellant,  
EUREKA COUNTY

# Review of the Hydrogeology & Numerical Modeling of the Mt. Hope Area

Steve Walker

Principal

Walker and Associates

# Testimony

- Assessment of beneficial use on certain parcels associated with water rights transfers in Kober Valley Hydrographic Basin
- Estimates of consumptive use rates for haylands in Eureka County
- Evaluation of Potential Water Right Transfers from Phreatophytic Areas

# Assessment of Beneficial Use

# Summary of Cropping Inventories/Photo Interpretation from Kobreh Valley Hydrographic Basin

Ranch	Duty of Change Application / Priority Date	Cropping Evidence per Reports - water levels (a)	Cropping Evidence per aerial photos (b)
Bean Flat - Damele	951 ac-ft / 1951	Cropping reports limited to 2006 - 2008 - adjacent Grub Flat surveyed via earlier reports - groundwater at 3 to 4 feet	No evidence of beneficial use on photos - pasture area very consistent over 50 year period
Bartine Ranch	804 ac-ft / 1933 and 1944	17 years of cropping report records - with 20 to 60 acres irrigated from artesian well - water level at surface	Aerial photos indicate some contour ditch spreading - no changes over photo record
Willow Creek	1879 ac-ft / 1939 and 1967	1983 cropping report indicated 100 acres of alfalfa production - all others - no crop - water levels at 68 to 80 feet	Aerial photos indicate cropping between 1975 and 1981

(a) Cropping report cover 17 years between 1983 and 2009 with consistent reporting occurring from 2000 on.

(b) Photos obtained from UNR School of Mines and other sources - Photos years 1954, 1975 and 1981 - all before cropping inventories started

## Conclusion

- Total certificated duties from Bean Flat, Willow Creek & Bartine Ranch to be transferred = 3634 acft
- Per Cropping Reports beneficial use of 60 acres total has only recently been reported at Bartine Ranch – 240 acft duty used.
- If water right is transferred from the phreatophytic areas – Bean Flat, Bartine Ranch – then remaining ET discharge at these areas needs to be considered as part of the total duty.

# Estimates of Consumptive Use for Irrigated Crops in Diamond Valley, Eureka County, Nevada

- Natural Resource Conservation Service estimate for consumptive use for alfalfa and grass hay, using methodology developed specifically for Diamond Valley is 31 inches or 2.6 feet per year for alfalfa and 2.5 for orchard grass – Nevada Irrigation Guide Manual
- January 2010 State Engineer's Crop ET Report for Diamond Valley estimated 2.5 feet per year for alfalfa
- Estimates are basically the same with recommendation to use State Engineer's estimate of 2.5 feet per year

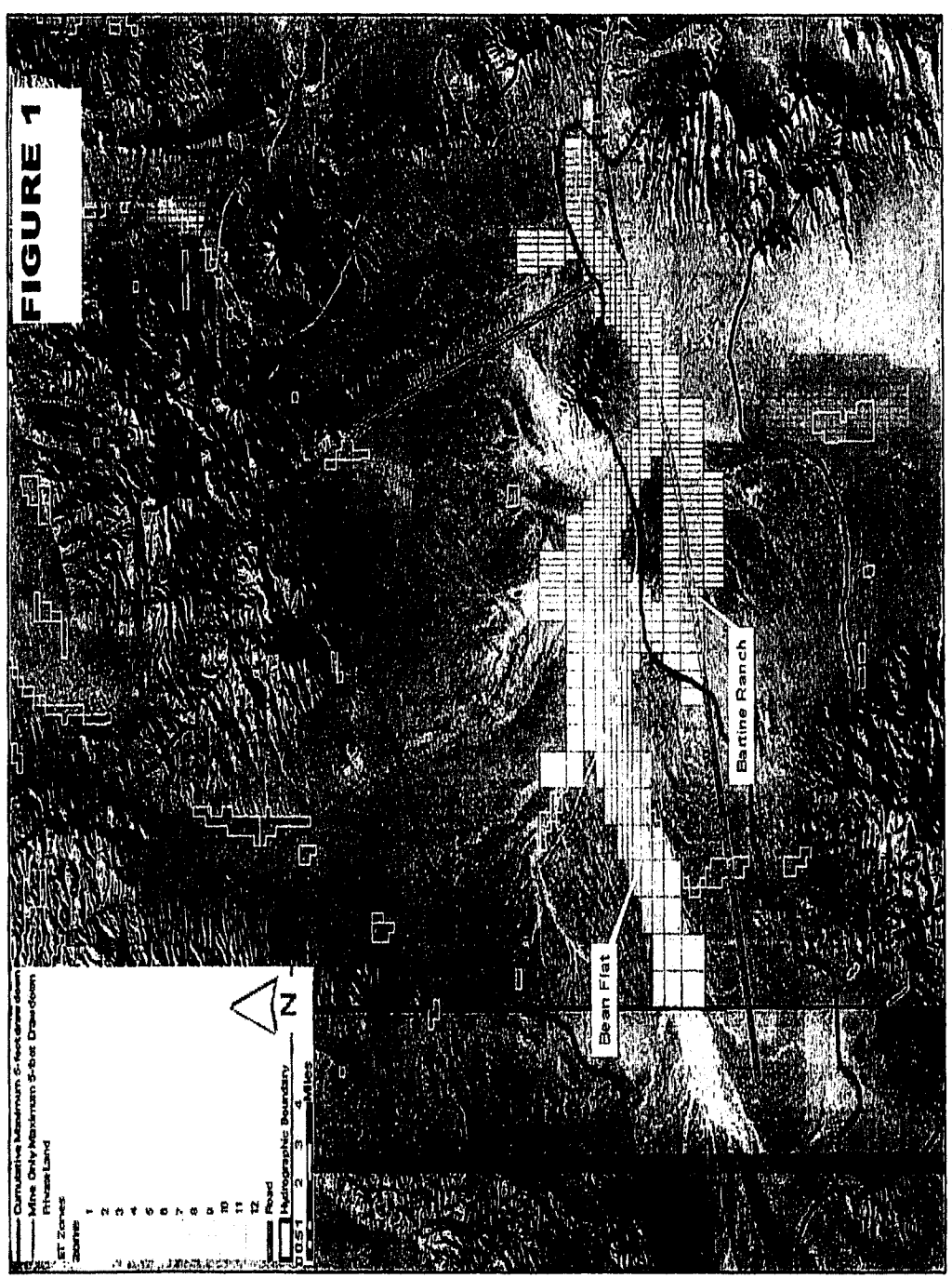


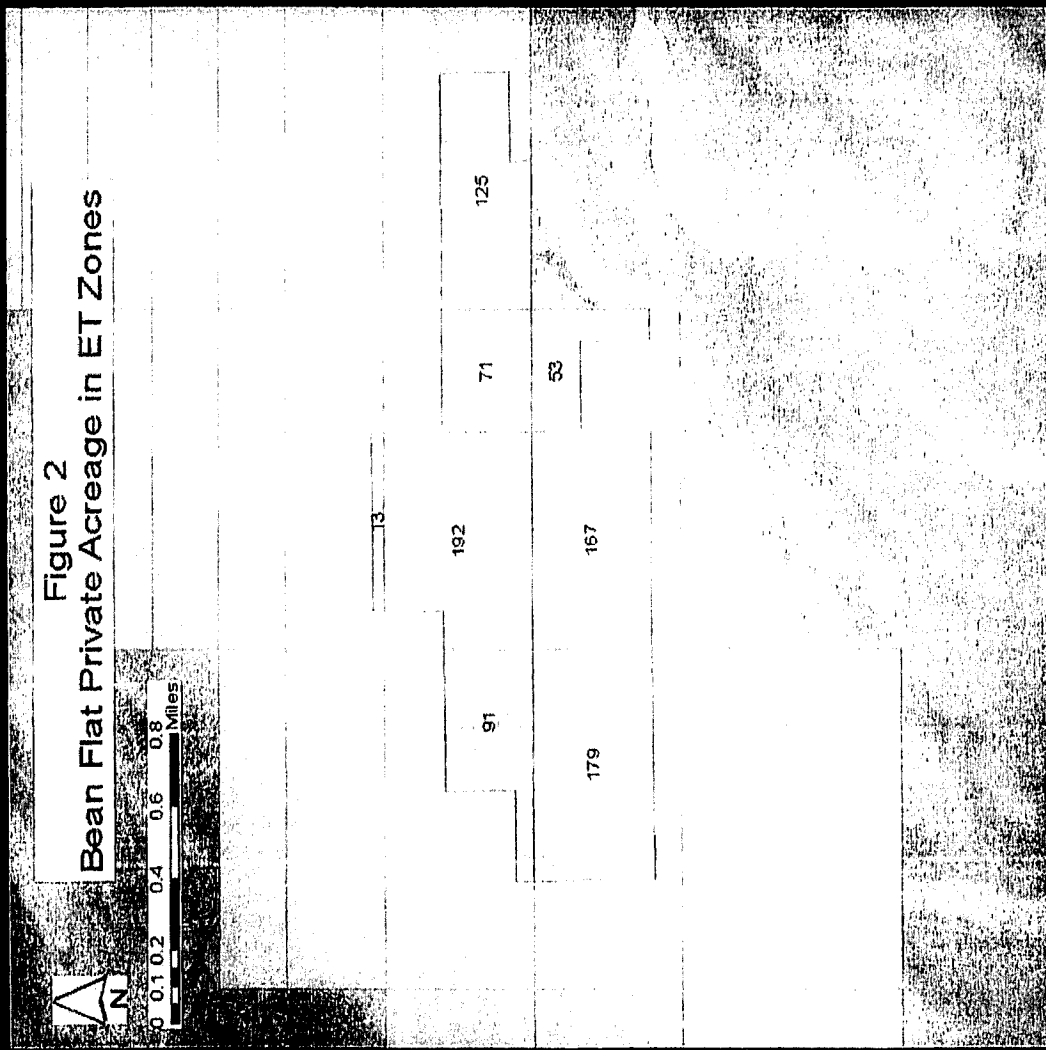
# Evaluation of Continued Evapotranspiration After Proposed Water Right Transfer from Applications 76744, 76989 and 76990

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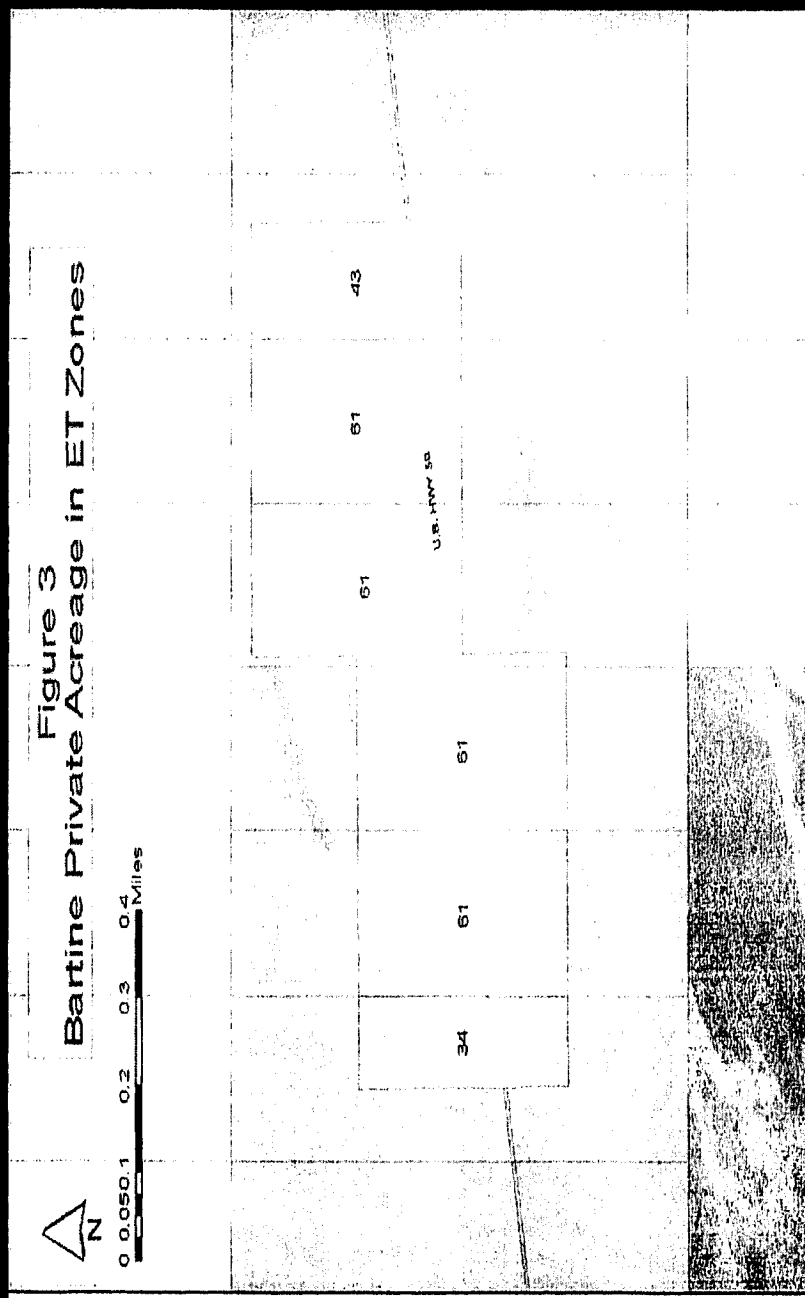
**FIGURE 1**





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# Table 2

R	C	WS 1955 (feet)	WS 2055 (feet)	Draw- down (feet)	Assumed Depth to Water 2010 (feet)	Depth to water 2055 (feet)	ET Zone ft day <sup>-1</sup>	ET ft yr <sup>-1</sup>	Acres in cell (Fig 2)	ac ft yr <sup>-1</sup> ET <sup>2</sup>
11	34	6085	6081	3.0	5	8.0	0.002	0.73	34	25
11	35	6084	6081	3.1	5	8.1	0.00215	0.78	61	48
11	36	6082	6079	2.9	5	7.9	0.0023	0.84	61	51
11	37	6081	6078	2.9	5	7.9	0.0023	0.84	61	51
11	38	6080	6077	2.8	5	7.8	0.0025	0.91	61	56
11	39	6079	6076	2.5	5	7.5	0.0027	0.98	43	42
<b>Total</b>									<b>273</b>	

1. Regional Groundwater Flow Map and Column Numbers
2. Draw Surface elevation from Tide at Sandy Gate Station - 1955
3. Draw Surface elevation from Tide at Sandy Gate Station - 2055
4. Current draw down and ET (assuming 10 feet below the 2055 surface estimate) is more than 10 feet below the 2055 surface estimate. Estimated draw down ET is 0.73 ft day<sup>-1</sup> and 0.78 ft day<sup>-1</sup> respectively. Estimated draw down ET is 0.84 ft day<sup>-1</sup> and 0.91 ft day<sup>-1</sup> respectively. Estimated draw down ET is 0.98 ft day<sup>-1</sup> and 1.05 ft day<sup>-1</sup> respectively.
5. Draw down is assumed to be 10 feet below the 2055 surface
6. ET Zone 10 feet below the 2055 surface is added. ET Zone 10 feet below the 2055 surface is added. ET Zone 10 feet below the 2055 surface is added.
7. Estimated ET is 0.73 ft day<sup>-1</sup> and 0.78 ft day<sup>-1</sup> respectively. Estimated draw down ET is 0.84 ft day<sup>-1</sup> and 0.91 ft day<sup>-1</sup> respectively. Estimated draw down ET is 0.98 ft day<sup>-1</sup> and 1.05 ft day<sup>-1</sup> respectively.
8. Estimated draw down ET is 0.73 ft day<sup>-1</sup> and 0.78 ft day<sup>-1</sup> respectively. Estimated draw down ET is 0.84 ft day<sup>-1</sup> and 0.91 ft day<sup>-1</sup> respectively. Estimated draw down ET is 0.98 ft day<sup>-1</sup> and 1.05 ft day<sup>-1</sup> respectively.

# Conclusions

- Under the mine only scenario E-T would be at a much higher rate – see Figure 1.
- Bartine Ranch with no draw down – 5 foot groundwater level – E-T would be .006 ft/day or 2.13 acft/yr
- Moving place of use would create two points of discharge for the same water right

# Review of the "Hydrogeology & Numerical Flow Modeling [of the] Mt. Hope Area"\*

\*Prepared by:

Montgomery and Associates, Interflow Hydrology, Inc. and  
Barranca Group, LLC. July 2010, revised September 2010

Dale C. Bugenig, RG

Dale C. Bugenig, Consulting Hydrogeologist, LLC



# General Moly Appropriations

- Estimated perennial yield of Kobeh Valley is 16,000 AF/year
- The 11,300 AF/yr requested for the Mt Hope Project and new appropriations requested for Bobcat Ranch tie up the vast majority of the available GW resources
  - Little GW left for appropriation by others in the foreseeable future

# Purpose

Do the investigations by GMI's consultants reasonably portray potential changes in the groundwater regime that might arise from groundwater resource exploitation by the Mt. Hope project?

What are the chances that groundwater exploitation by the Mt. Hope project will adversely impact other water users and the environment in Eureka County?

# Goals

- Help the Board of Eureka County Commissioners understand potential impacts
- Constructive criticism of report and model
- Provide information and a different perspective to the Nevada State Engineer to aid in decision making

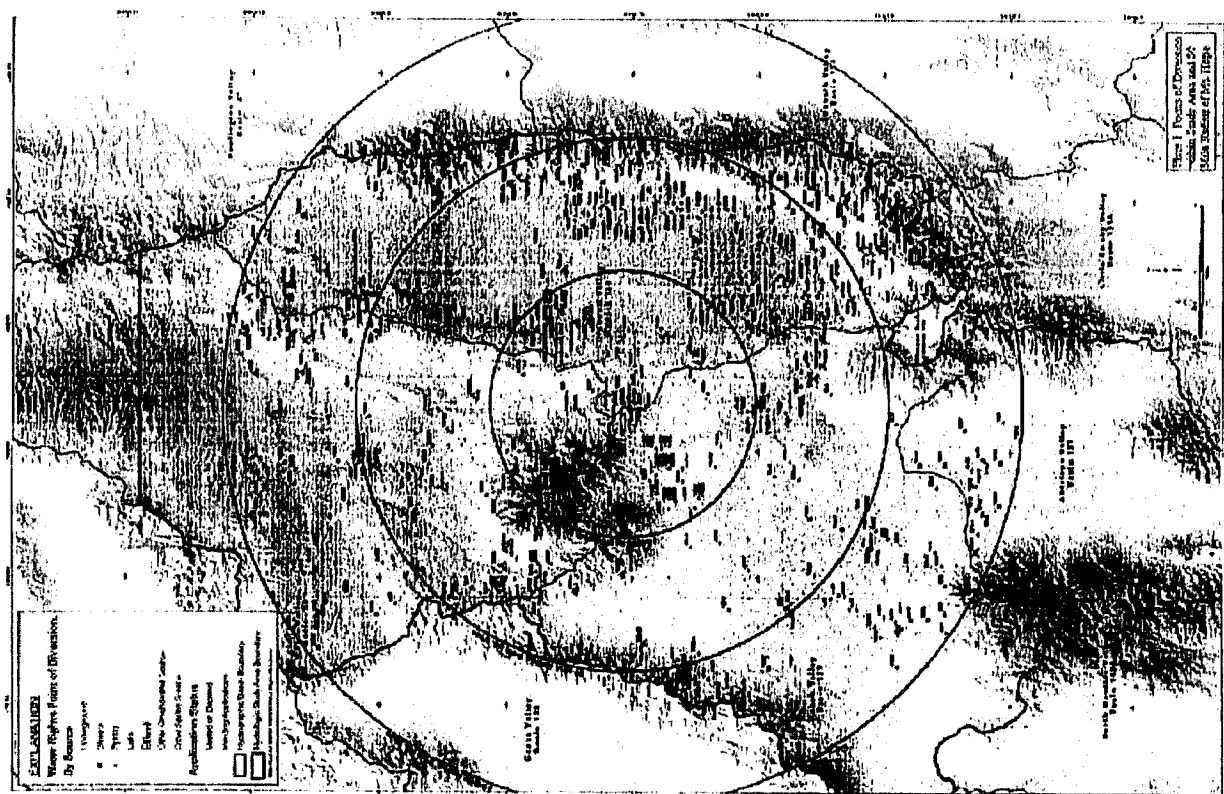
# MODEL EVOLUTION

- Several iterations of the model since the previous hearing
- Some of the County's comments were incorporated
  - Resulted in a more robust and defensible model
- Some comments were ignored

# Model Reports Not Completely Up to Date

# Example 1: Plate 1

Why were Applications 79911 through 79942 (proposed production well PODs) omitted?



## Report Bias

- Accentuates conclusions or postulates hypotheses that benefit the project
- Down plays results that may be construed as counter to the mine's interests.
  - Consistent with the tenor of Eureka Moly pamphlets distributed to Eureka County residents

# Eureka Moly Pamphlets

Equates flow from Kobeh to Diamond Valley to a "strong garden hose"\*

– Model calculates 1,583 AF/yr flow from Kobeh to Southern Diamond Valley\*\*

• 13% of recharge to southern Diamond Valley is not a trivial amount

Sources: \*A Eureka Moment – Eureka Moly LLC. 2010

\*\*Montgomery. et al.. 2010' Table 4.4-6

“ . . . the PRISM data suggest generally greater quantities of water in the overall hydrologic system compared with the Reconnaissance Series Reports.” \*

- If ET estimates are reliable, then where does this additional water go?

\*source: Montgomery, et al, 2010; Sec. 3.2.1

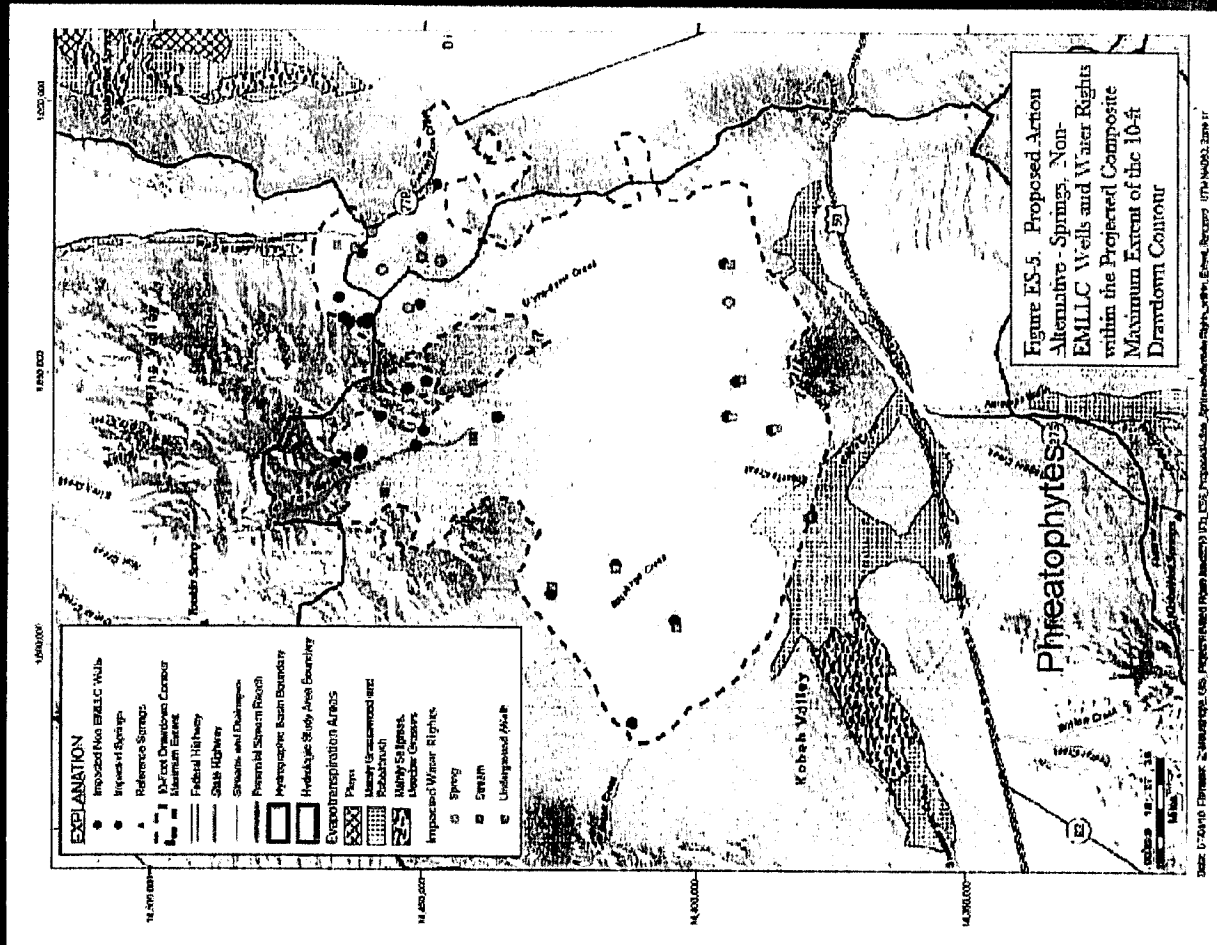


# Potential Impacts

The projected maximum extent of the 10-ft drawdown contour was selected as the metric for determining which springs, streams and wells and associated water rights potentially will be impacted

- No scientific basis provided to support this metric
- Under emphasizes extent of potential impacts

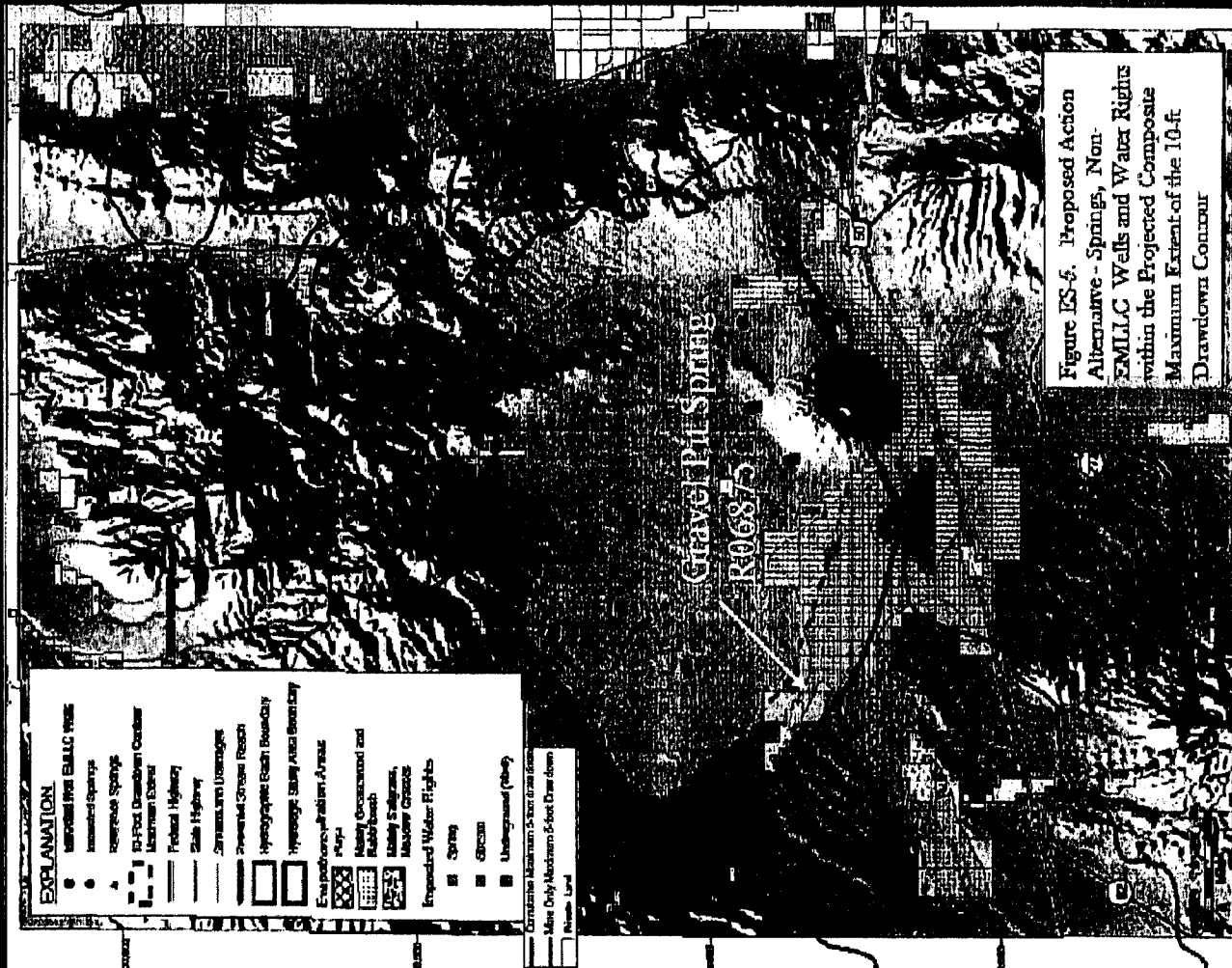
- No potential impact perceived where drawdown is less than 10 feet
- Note that area where phreatophyte discharge (4,800 AFA) is captured by mine pumping is outside 10 ft drawdown contour



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- Is 10 feet of drawdown a good metric for assessing impacts?
- What about a spring with between 5 & 10 ft of drawdown?

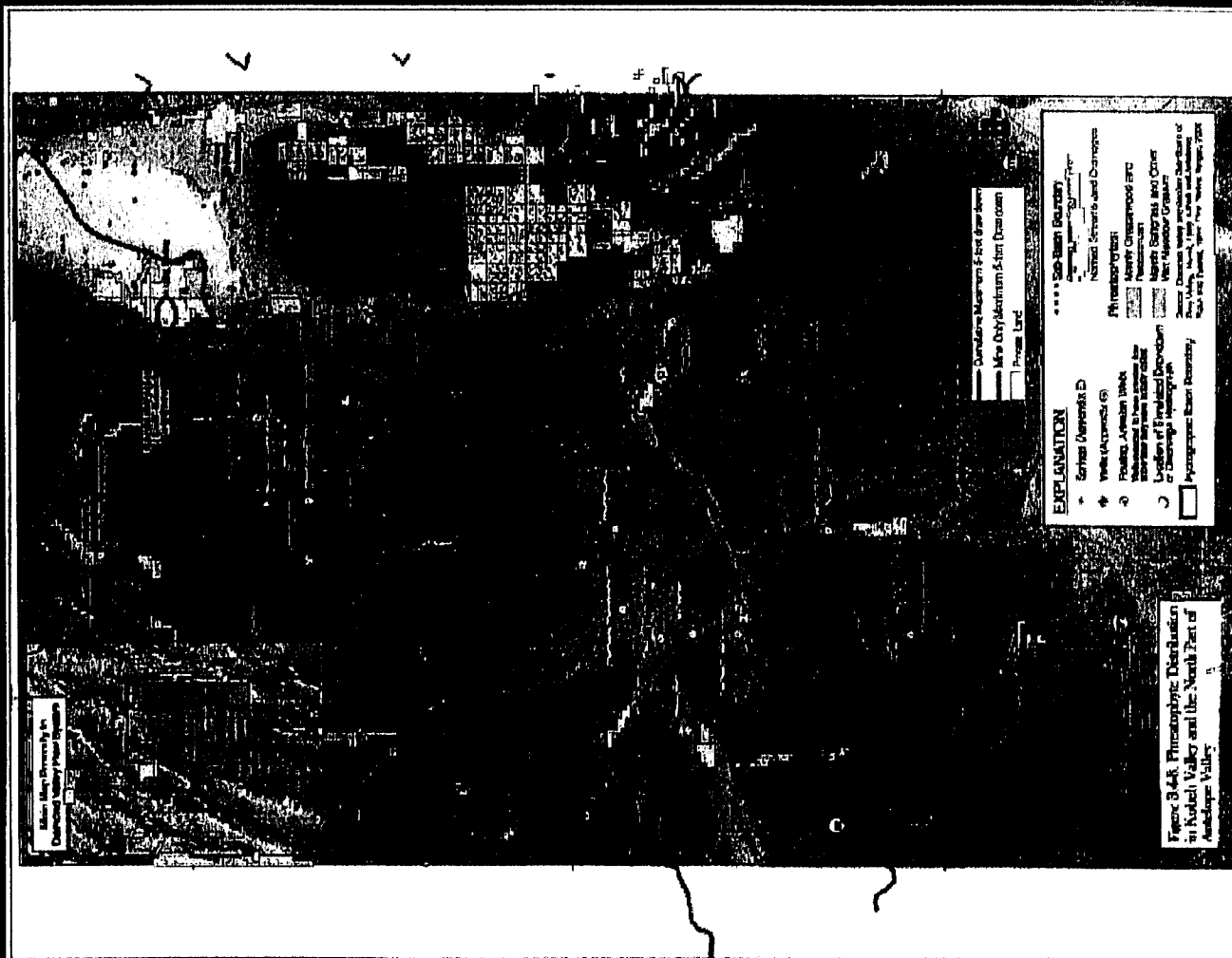
**Note:** Figure ES-5 amended to show 5 ft drawdown contours, model ET cells, and private lands



# Gravel Pit Spring



- Use of 5-ft contour expands area of concern
- 5 wells and 2 springs in sw Kobeh Valley



## The postulated presence of flow barriers between the mine and the Henderson Creek drainage

“Springs and flowing wells in the model are situated on valley floors or peripheries. Many springs exist in the mountain blocks but are not simulated. The model resolution, geologic complexity, topographic relief, and calibration abilities in the mountainous portions of the model limit the ability to represent mountain block springs.”

Montgomery, et al, 2010; Sec. 4.1.3.4

# Potential Impacts to Water Resources

- “Diminished flow from springs
- Diminished flow in perennial streams
- Diminished density and/or occurrence of phreatophytes, including shrub and grass communities
- Increased depth to water in wells”

Source: Montgomery, et al., 2010; Sec. 4.4.4.5

## Potential Impact on Decreed Rights of Hanson Creek

“Roberts Creek and Henderson Creek are the only perennial streams within the predicted Proposed Action composite 10-foot drawdown contour. The base flows in Roberts Creek and Henderson Creek may depend in part on springs that may be connected to the regional groundwater system. If flow from those springs is diminished, base flow in Roberts Creek and Henderson Creek may also be diminished.”

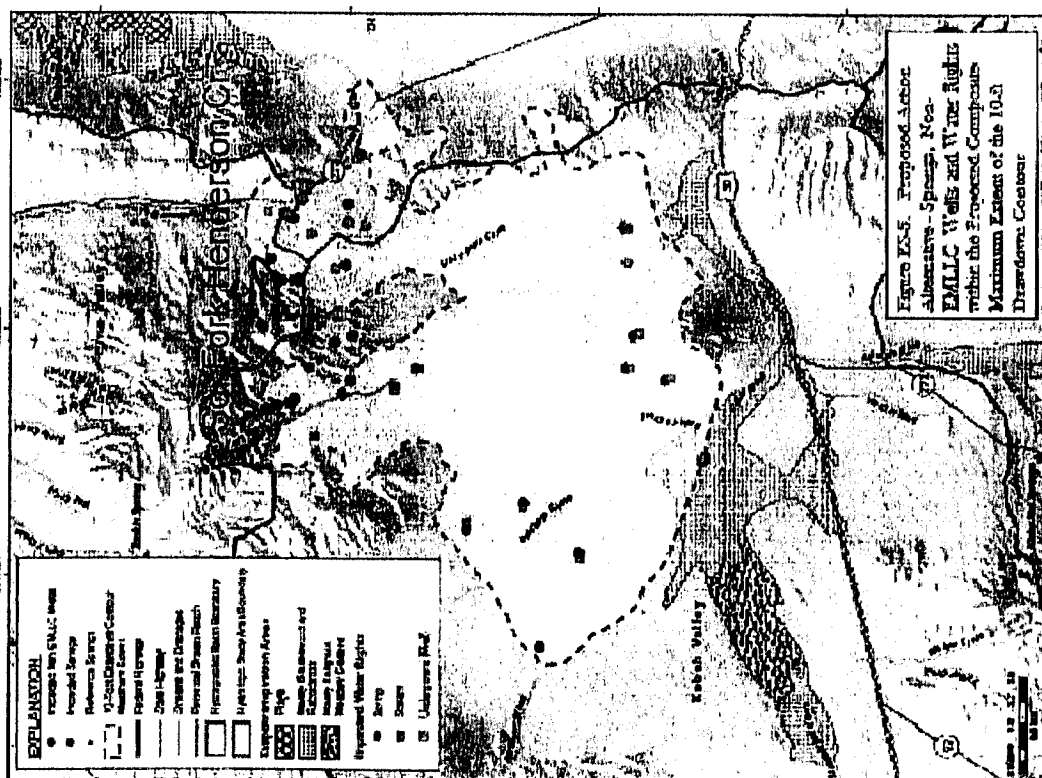
Source: Montgomery, et al., 2010: Sec. 4.4.4.5



# Potential Impact on Decreed Rights of Hanson Creek

•Figure fails to show perennial reaches of Henderson Cr., especially the headwaters of the So. Fork

**•No reference to  
decreed rights of  
Hanson Creek in text or  
tables**



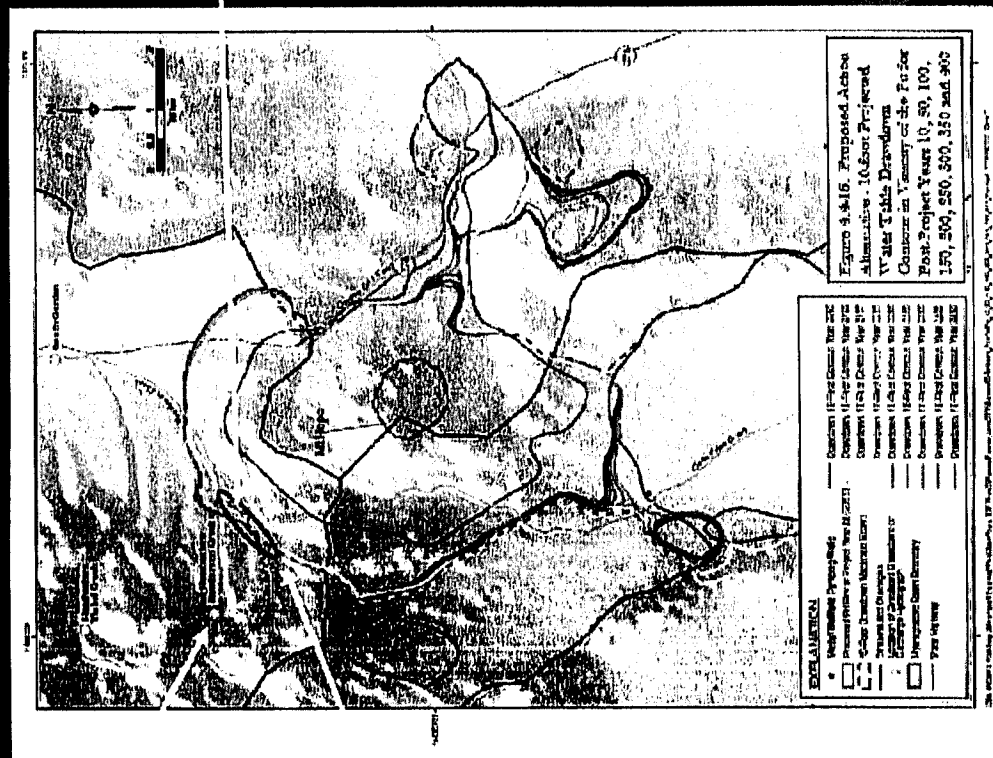
# The Best of New Breed at the New Breed Convention

Location of simulated drawdown hydrograph for headwaters of North Fork of Henderson Cr. Should be located in the South Fork drainage basin near the source springs.

Springs here are the source of flow to South Fork of Henderson Cr.

South Fork of Henderson Cr. is perennial in this reach, but this information is omitted from the figure.

**Model report  
never mentions  
decreed rights of  
Henderson  
Creek**

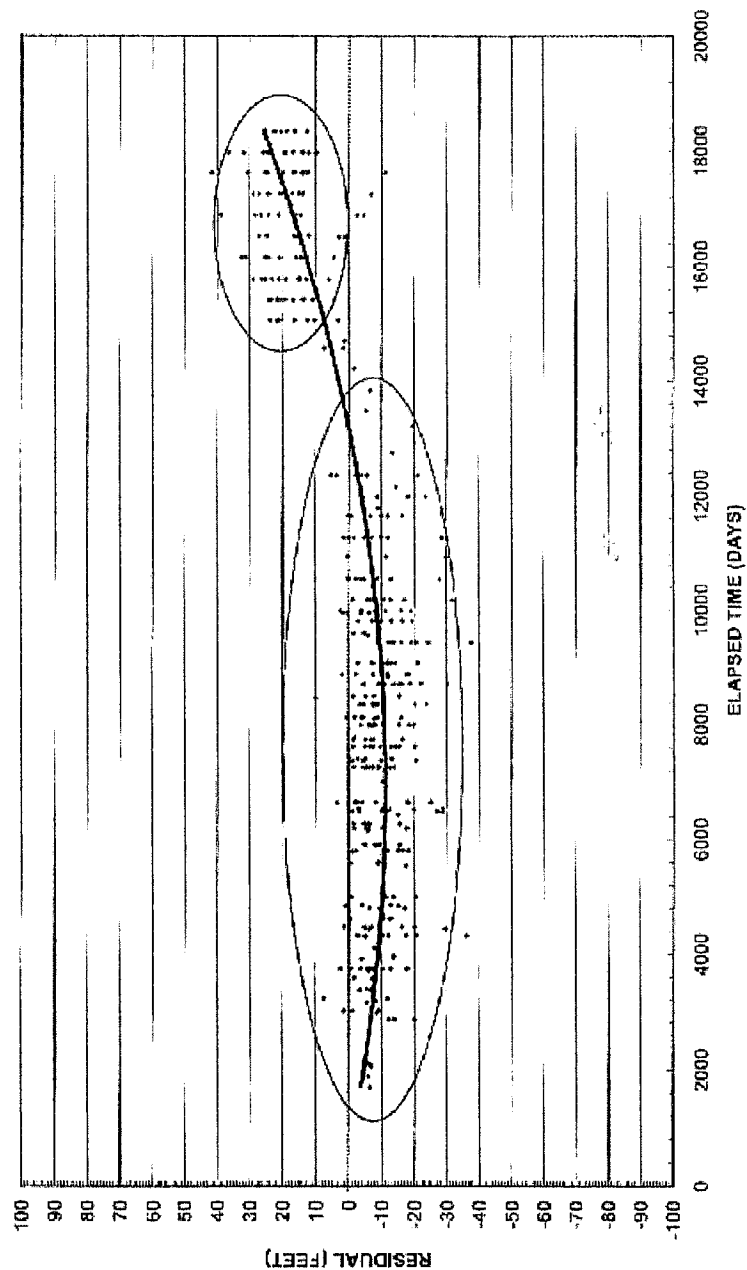


# Transient Model Calibration

- Most transient data are available for Diamond Valley
- Limited transient data for Kobeh Valley

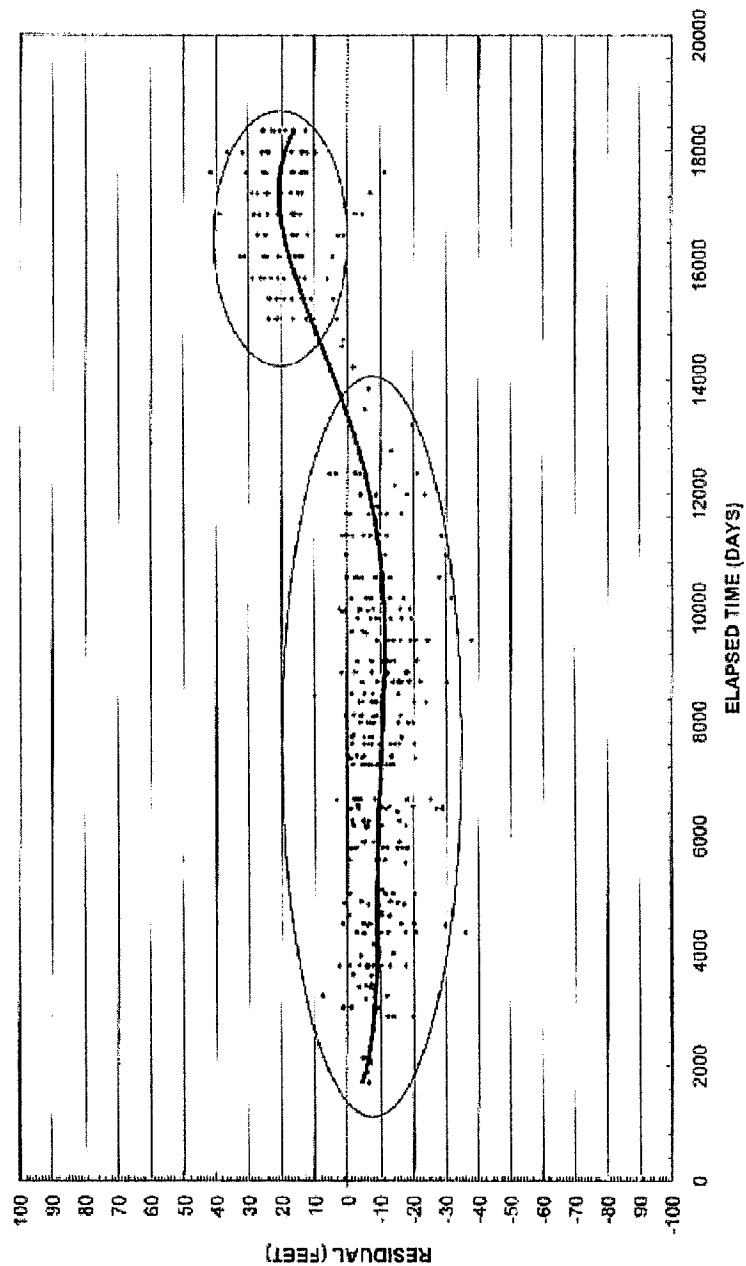
# Transient Model Calibration

Transient Model Residuals



# Transient Model Calibration

Transient Model Residuals



# Diamond V. Transient Model Calibration

Calculated water levels prior to 1980s averaged about 10 feet higher than observed

Calculated water levels since 1990s were 10 to 30 feet lower than observed

- Model over-estimates regional impacts due to Diamond Valley pumping
- Increased impact due to mine

# Transient Model Calibration

- What is the cause of the trends or groupings in the transient model residuals for Diamond Valley?
  - Mine's consultants were unable to determine the cause

# Koben Valley Tests

- “Several criteria were used to gauge success of the effort: the magnitude of the drawdown, the shape of the drawdown and recovery trends, and consideration of the proximity of the observation well to the pumping well.”
- “The calibrated model captures the magnitude of observed drawdown, including the lack of response noted at some locations due to geologic structures and fault barriers. This achieved the goal of calibrating the model to observed results from the transient aquifer testing.”

Source: Montgomery, et al., 2010: Sec. 4.1



# Kobeh Valley Tests

- Used to calibrate transient model in Kobeh Valley



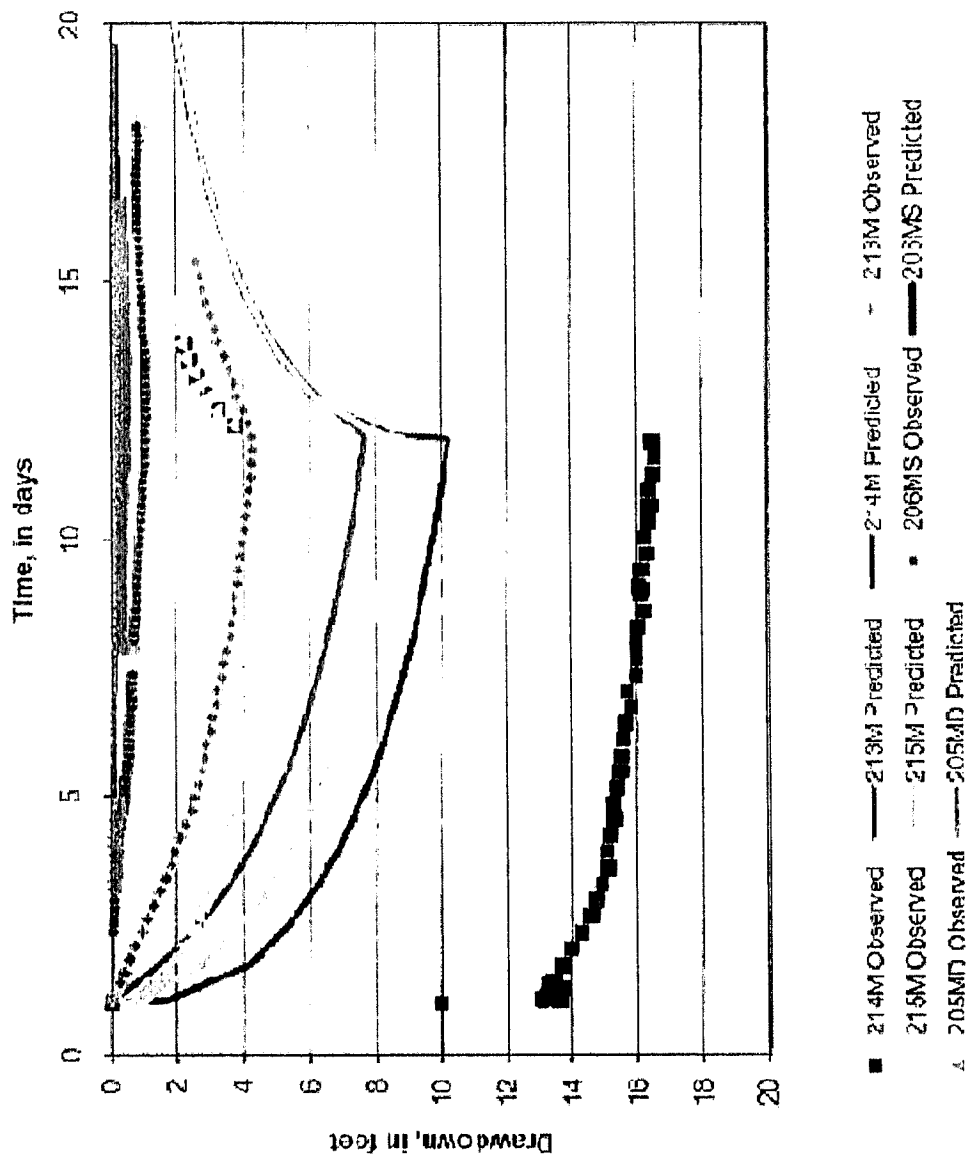


Figure 4.1-48a. Observed and Simulated Water Level Drawdown during Testing at Well 214P

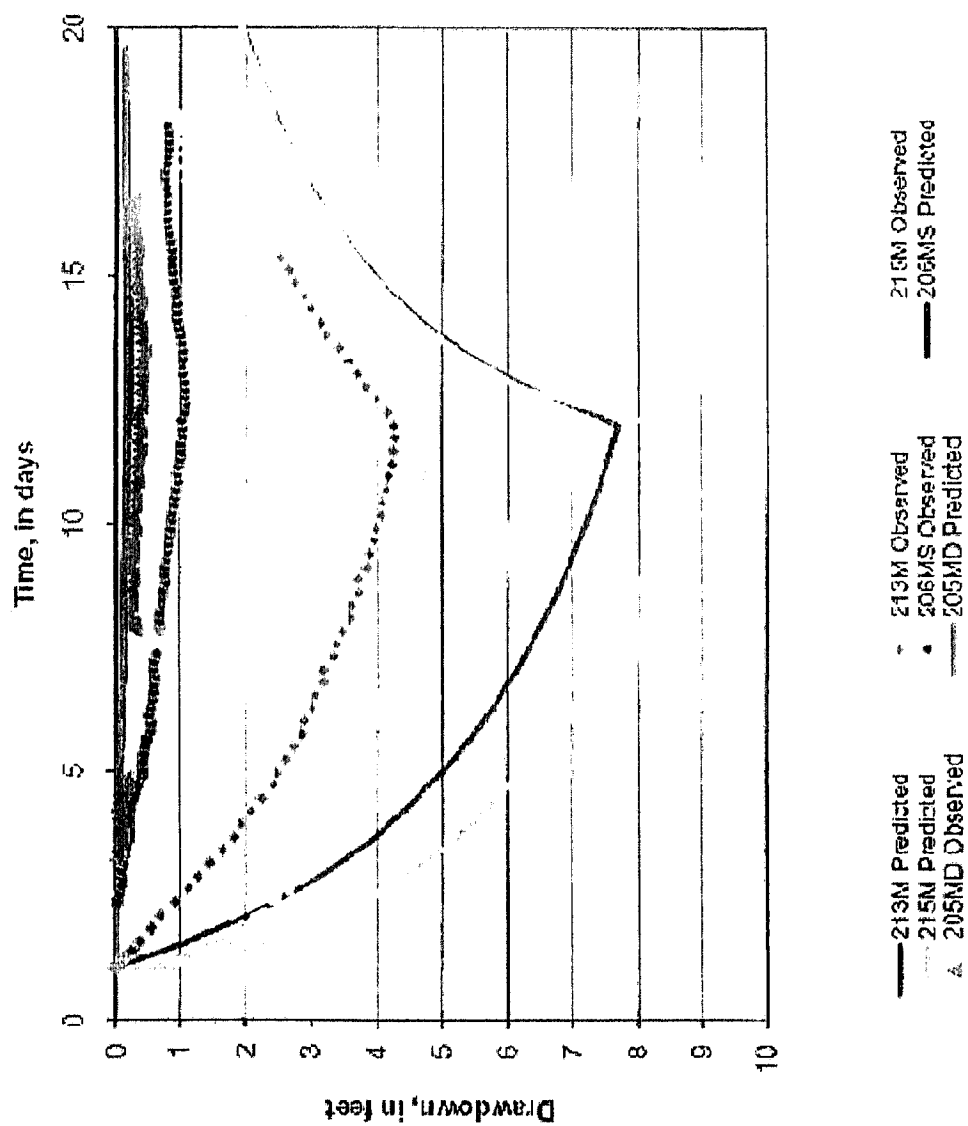


Figure 4.1-48b. Observed and Simulated Water Level Drawdown during Testing at Well 214P

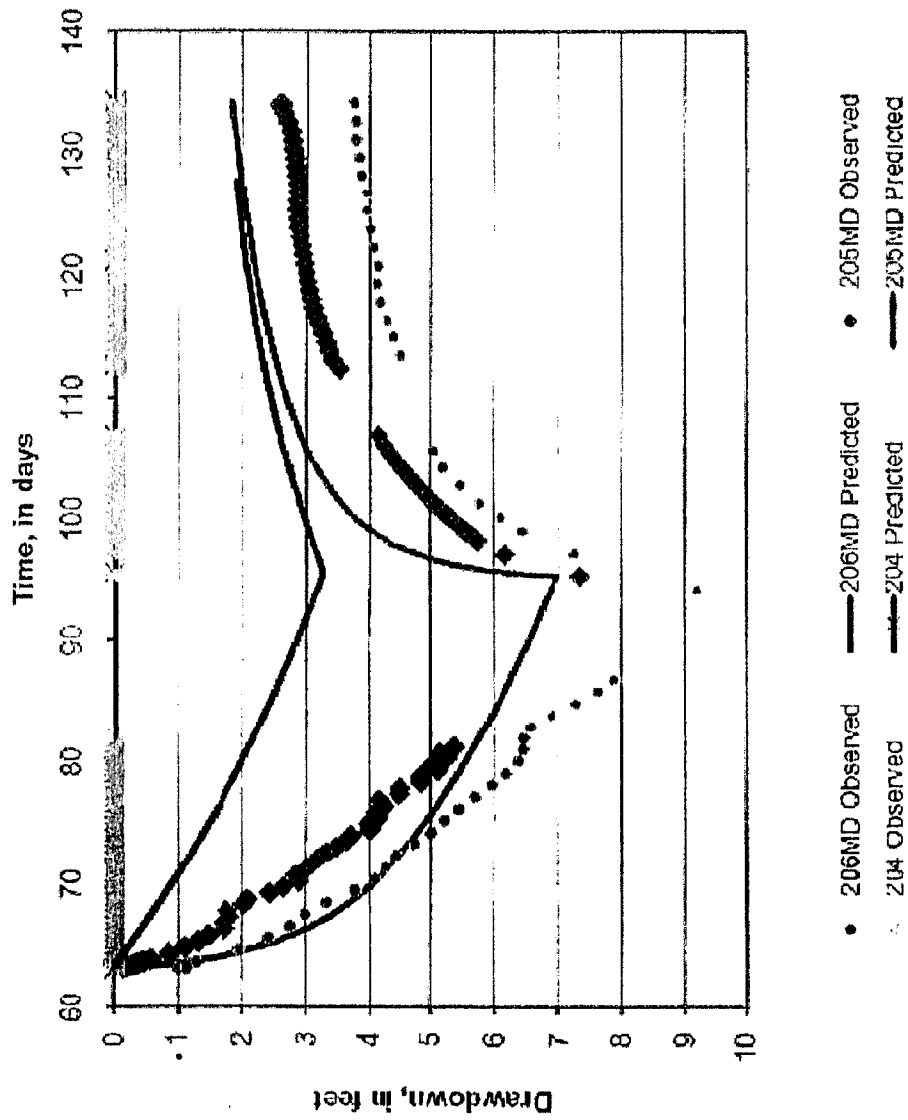
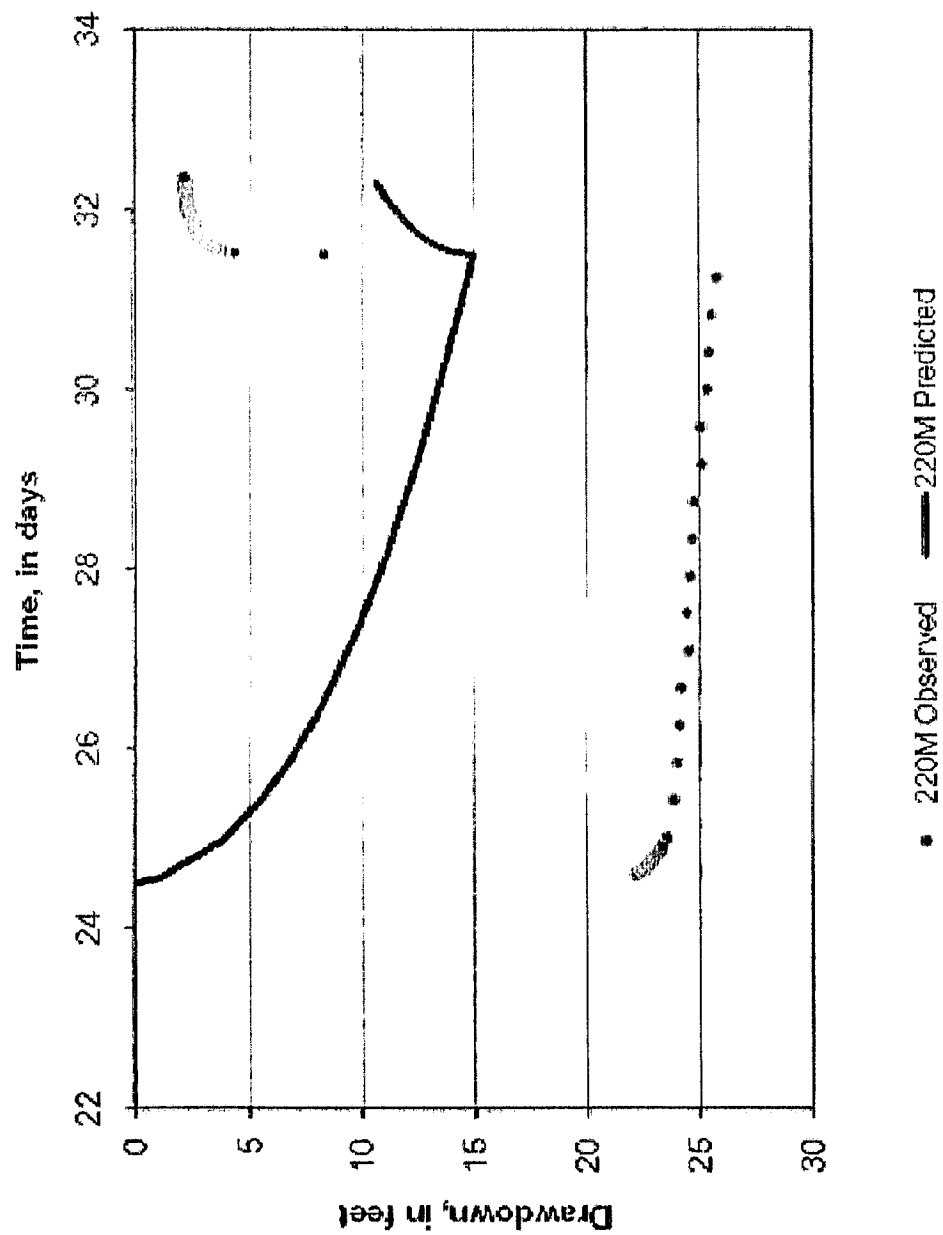


Figure 4.1-49. Observed and Simulated Water Level Drawdown during Testing at Well 206P (Cumulative Run)



**Figure 4.1-50. Observed and Simulated Water Level Drawdown during Testing at Well 220P (Cumulative Run)**

## Kobeh Valley Tests

Mine's consultants express an *opinion* that they "... achieved the goal of calibrating the model to observed results ..."

- I disagree, based on my experience
- Figures speak for themselves

# Monitoring & Mitigation

**ML Hope Project,  
Eureka County, Nevada**

**Proposed Monitoring Program,  
Figure 2**

June 15, 2010

**EUREKA MOLY**

**ML Hope Project,  
Eureka County, Nevada**

**Proposed Monitoring Program,  
Figure 2**

June 15, 2010

**Legend**

- Public Land
- Private Land
- Water
- Trails
- Roads
- Boundaries
- Topography
- Vegetation
- Soil
- Geology
- Mineral Rights
- Water Rights
- Other

**Scale**

0 5 10  
Feet

0 1  
Miles

**North Arrow**

**Disclaimer:** This map is a general representation of the project area and does not constitute a warranty of accuracy. The map is based on the best available information and is subject to change without notice.

**Map Title:** ML Hope Project, Eureka County, Nevada

**Map Date:** June 15, 2010

**Map Author:** Eureka Moly

**Map Scale:** 1 inch = 1000 feet

**Map Projection:** Transverse Mercator

**Map Units:** Feet

**Map Contour Interval:** 20 feet

**Map Elevation Range:** 4000 to 10000 feet

**Map Area:** Approximately 100 square miles

**Map Coordinates:** 37° 15' N, 115° 15' W

**Map Source:** USGS Topographic Maps

**Map Notes:** The map shows the ML Hope Project area in Eureka County, Nevada. The project area is located in the central part of the map, near the town of Eureka. The map includes a legend, a scale bar, and a north arrow. The legend identifies various features such as roads, trails, and land ownership. The scale bar indicates distances in feet (0 to 1000) and miles (0 to 1). The north arrow points towards the top of the map. The map is titled 'ML Hope Project, Eureka County, Nevada' and 'Proposed Monitoring Program, Figure 2'.



# Eureka County's Proposed Monitoring/Mitigation

- Continuous monitoring of major springs
- Continuous monitoring of select municipal and irrigation wells in Diamond Valley
- Continuous monitoring of sentinel wells in Pine Valley, Kobeh Valley, Whistler Mountain and western edge of Diamond Valley

## Monitoring/Mitigation

- GMI consultants propose to mitigate impact to springs by redistributing well field pumping
  - “South shift” has little impact on drawdown in Roberts Mountain

# Conclusions & Recommendations

## Conclusion

- EMLCC and Kobeh Valley Ranch will consume nearly all of the perennial yield in Kobeh Valley
- Little groundwater left for other users in the foreseeable future
  - Aggressive mineral exploration in Kobeh Valley provides potential for several new mines

# Conclusions

Do the investigations by GMI's consultants reasonably portray potential changes in the groundwater regime that might arise from groundwater resource exploitation and dewatering by the Mt. Hope project?

- Qualified "Yes", because:
  - 10-ft drawdown contour shows potential impact to non-EMLLC springs and stream flow in headwaters of Henderson Cr.
  - Limited data and complexity in this area leads to uncertainty

## Conclusions, cont'd.

- What are the chances that groundwater exploitation by the Mt. Hope project will adversely impact other water users in Eureka County?
  - Some springs, particularly in Grub Flat area, likely will be impacted
  - For Roberts Mountain there is a potential to impact springs and stream flow

## Conclusions, cont'd.

- 10-ft model drawdown contour shows potential impact to non-EMLLC springs and stream flow in headwaters of Henderson Cr.
  - Discounted by Mine's consultants as unrealistic
- 5-ft drawdown contour shows impact to non-EMLLC springs and wells in Grub Flat area
  - Discounted by Mine's consultants as unrealistic

## Conclusions cont'd.

Because of the uncertainty in the model predictions, a sophisticated monitoring network is warranted

Network should be designed to identify impact before it is felt at sensitive receptor (i.e., Gravel Pit Spring, Tonkin Springs, Henderson & Roberts Creek, etc.)



# Recommendation

Enhance the network compared to proposed EMLLC network

- More wells
  - Sentinel wells between mine and sensitive receptors
  - Shallow wells in wet meadow complexes & phreatophyte areas
- More data loggers in wells to allow continuous measurements

# Recommendation

- Encourage stakeholder involvement

- Active participation, not just receipt and review of data

- Don't saddle Eureka County with the cost to monitor

- Who pays for USGS & NDWR involvement in data collection?