

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
TRANSFER OF WATER RIGHT
TRANSFER NO. 77748

This is to certify that: MIDAS GOLD INC
13876 HWY 55
MC CALL ID 83638

has requested a change to the water right listed below. This change in water right is authorized pursuant to the provisions of Section 42-222, Idaho Code. A summary of the changes is also listed below. The authorized change for each affected water right, including conditions of approval, is shown on the following pages of this document.

Summary of Water Rights Before the Proposed Change

<u>Right</u>	<u>Origin/Basis</u>	<u>Priority</u>	<u>Rate</u>	<u>Volume</u>	<u>Acre Limit</u>	<u>Total Acres</u>	<u>Source</u>
77-7141	WR/Decreed	06/09/1981	0.2 cfs	11.4 af	N/A	N/A	GROUND WATER

Purpose of Transfer (Changes Proposed)

<u>Current Number</u>	<u>Split</u>	<u>POD</u>	<u>POU</u>	<u>Add POD</u>	<u>Period of Use</u>	<u>Nature of Use</u>
77-7141	NO	YES	NO	NO	NO	NO

Summary of Water Rights After the Approved Change

<u>Existing Right</u>	<u>New No. (changed portion)</u>	<u>Transfer Rate</u>	<u>Transfer Volume</u>	<u>Acre Limit</u>	<u>Total Acres</u>	<u>New No. (remaining portion)</u>	<u>Remaining Rate</u>	<u>Remaining Volume</u>	<u>Remaining Acre Limit</u>	<u>Remaining Total Acres</u>
77-7141	77-7141	0.2 cfs	11.4 af	N/A	N/A		N/A	N/A	N/A	N/A
COMBINED										
TOTALS		0.2 cfs	11.4 af	N/A	N/A		N/A	N/A	N/A	N/A

Detailed Water Right Description attached

Dated this 1st day of March, 20 12


JOHN WESTRA, Western Regional Manager

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WATER RIGHT NO. 77-7141
As Modified by Transfer No. 77748

In accordance with the approval of Transfer No. 77748, Water Right No. 77-7141 is now described as follows.

Right Holder: MIDAS GOLD INC
 13876 HWY 55
 MC CALL ID 83638

Priority Date: June 09, 1981

Source: GROUND WATER

<u>BENEFICIAL USE</u>	<u>From</u>	<u>To</u>	<u>Diversion Rate</u>	<u>Volume</u>
DOMESTIC	01/01	to 12/31	0.20 CFS	11.4 AF
			0.20 CFS	11.4 AF

LOCATION OF POINT OF DIVERSION:

GROUND WATER SWSW Sec. 11, Twp 18N, Rge 09E, VALLEY County

PLACE OF USE: DOMESTIC

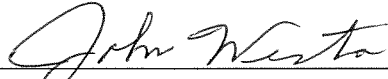
Twp Rge Sec	NE				NW				SW				SE				
	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	Totals
18N 09E 11										X	X						

CONDITIONS OF APPROVAL

1. The right holder shall accomplish the change authorized by this transfer within one year of the date of this approval.
2. Failure of the right holder to comply with the conditions of this transfer is cause for the Director to rescind approval of the transfer.
3. Pursuant to Section 42-1412(6), Idaho Code, this water right is subject to such general provisions necessary for the definition of the rights or for the efficient administration of water rights as may be determined by the Snake River Basin Adjudication court at a point in time no later than the entry of the final unified decree.
4. Right holder shall comply with the drilling permit requirements of Section 42-235, Idaho Code and applicable Well Construction Rules of the Department.
5. Domestic use is for 19 homes.

This water right is subject to all prior water rights and shall be administered in accordance with Idaho law and applicable rules of the Department of Water Resources.

Dated this 15th day of March, 2012


 JOHN WESTRA, Western Regional Manager

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MAR 06 2012



State of Idaho

DEPARTMENT OF WATER RESOURCES

Western Region, 2735 Airport Way • Boise, Idaho 83705-5082

Phone: (208) 334-2190 • Fax: (208) 334-2348 • Web Site: www.idwr.idaho.gov

C. L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Interim Director

March 1, 2012

MIDAS GOLD INC
13876 HWY 55
MC CALL ID 83638

RE: Transfer No.: 77748
Water Right No(s): 77-7141
Transfer Approval Notice

Dear Water Right Holder:

The Department of Water Resources has issued the enclosed approved Transfer of Water Right(s). Please be sure to thoroughly review the conditions of approval and remarks listed on the approval document.

The Transfer of Water Right(s) is a PRELIMINARY ORDER issued by the Department pursuant to section 67-5243, Idaho Code. It can and will become a final order without further action by the Department unless the APPLICANT petitions for reconsideration or files an exception and/or brief within fourteen (14) days of the service date as described in the enclosed information sheet.

ANY PERSON aggrieved by any decision, determination, order or action of the Department and who has not previously been afforded an opportunity for a hearing on the matter may request a hearing pursuant to section 42-1701A(3), Idaho Code. A written petition contesting the action of the Department and requesting a hearing shall be filed within fifteen (15) days after receipt of the denial or conditional approval.

If the transfer approval includes a condition requiring measuring and recording devices, such devices shall comply with specifications established by the Department. Detailed specifications are available on the Department's homepage on the Internet, or you can request a copy by contacting any office of the Department. Please be sure to thoroughly review the specifications to avoid unnecessary costs for reinstallation or modification due to non-conforming or improperly installed devices.

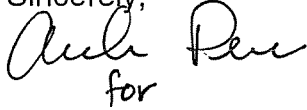
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Please note that water right owners are required to report any change of water right ownership and/or mailing address to the Department within 120 days of the change. Failure to report these changes could result in a \$100 late filing fee. Contact any office of the Department or visit the Department's homepage on the Internet to obtain the proper forms and instructions.

If you have any questions, please contact me at 208-334-2190.

Sincerely,


for

John Westra

Western Regional Manager

Enclosure(s)

cc: HDR ENGINEERING

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CERTIFICATE OF SERVICE

I hereby certify that on March 2, 2012 I mailed a true and correct copy, postage prepaid, of the foregoing TRANSFER APPROVAL to the person(s) listed below:

RE: TRANSFER NO. 77748

WATER RIGHTS NOS. 77-7141

**HDR ENGINEERING
ATTN MANUEL RAUHUT
412 E PARKCENTER BLVD STE 100
BOISE ID 83706**

**MIDAS GOLD INC
13876 HWY 55
MC CALL ID 83638**



**Mandi Pearson
Office Specialist 2**

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EXPLANATORY INFORMATION TO ACCOMPANY A PRELIMINARY ORDER

(To be used in connection with actions when a hearing was **not** held)

(Required by Rule of Procedure 730.02)

The accompanying order or approved document is a "**Preliminary Order**" issued by the department pursuant to section 67-5243, Idaho Code. **It can and will become a final order without further action of the Department of Water Resources ("department") unless a party petitions for reconsideration, files an exception and brief, or requests a hearing as further described below:**

PETITION FOR RECONSIDERATION

Any party may file a petition for reconsideration of a preliminary order with the department within fourteen (14) days of the service date of this order. **Note: the petition must be received by the department within this fourteen (14) day period.** The department will act on a petition for reconsideration within twenty-one (21) days of its receipt, or the petition will be considered denied by operation of law. See Section 67-5243(3) Idaho Code.

EXCEPTIONS AND BRIEFS

Within fourteen (14) days after: (a) the service date of a preliminary order, (b) the service date of a denial of a petition for reconsideration from this preliminary order, or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration from this preliminary order, any party may in writing support or take exceptions to any part of a preliminary order and may file briefs in support of the party's position on any issue in the proceeding with the Director. Otherwise, this preliminary order will become a final order of the agency.

REQUEST FOR HEARING

Unless a right to a hearing before the Department or the Water Resource Board is otherwise provided by statute, any person aggrieved by any final decision, determination, order or action of the Director of the Department and who has not previously been afforded an opportunity for a hearing on the matter may request a hearing pursuant to section 42-1701A(3), Idaho Code. A written petition contesting the action of the Director and requesting a hearing shall be filed within fifteen (15) days after receipt of the denial or conditional approval.

ORAL ARGUMENT

If the Director grants a petition to review the preliminary order, the Director shall allow all parties an opportunity to file briefs in support of or taking exceptions to the preliminary order and may schedule oral argument in the matter before issuing a final order. If oral arguments are to be heard, the Director will within a reasonable time period notify each party of the place, date and hour for the argument of the case. Unless the Director orders otherwise, all oral arguments will be heard in Boise, Idaho.

CERTIFICATE OF SERVICE

All exceptions, briefs, requests for oral argument and any other matters filed with the Director in connection with the preliminary order shall be served on all other parties to the proceedings in accordance with IDAPA Rules 37.01.01302 and 37.01.01303 (Rules of Procedure 302 and 303).

FINAL ORDER

The Director will issue a final order within fifty-six (56) days of receipt of the written briefs, oral argument or response to briefs, whichever is later, unless waived by the parties or for good cause shown. The Director may remand the matter for further evidentiary hearings if further factual development of the record is necessary before issuing a final order. The department will serve a copy of the final order on all parties of record.

Section 67-5246(5), Idaho Code, provides as follows:

Unless a different date is stated in a final order, the order is effective fourteen (14) days after its service date if a party has not filed a petition for reconsideration. If a party has filed a petition for reconsideration with the agency head, the final order becomes effective when:

- (a) The petition for reconsideration is disposed of; or
- (b) The petition is deemed denied because the agency head did not dispose of the petition within twenty-one (21) days.

APPEAL OF FINAL ORDER TO DISTRICT COURT

Pursuant to sections 67-5270 and 67-5272, Idaho Code, if this preliminary order becomes final, any party aggrieved by the final order or orders previously issued in this case may appeal the final order and all previously issued orders in this case to district court by filing a petition in the district court of the county in which:

- i. A hearing was held,
- ii. The final agency action was taken,
- iii. The party seeking review of the order resides, or
- iv. The real property or personal property that was the subject of the agency action is located.

The appeal must be filed within twenty-eight (28) days of this preliminary order becoming final. See section 67-5273, Idaho Code. The filing of an appeal to district court does not itself stay the effectiveness or enforcement of the order under appeal.

Grimm, Angie

From: Rauhut, Manuel [Manuel.Rauhut@hdrinc.com]
Sent: Friday, February 24, 2012 9:59 AM
To: Grimm, Angie
Subject: New man camp well

Hi Angie –

The new well will be drilled to bedrock which is anticipated to be at about 75 feet based on the recently completed “domestic well”. The existing well is a total depth of 43 feet, it does not appear that they went to bedrock. In general our assumption is that this area is alluvial on top of bedrock and that we will be pumping from the same aquifer.

Please let me know if that answers your question.

Thanks,

Manuel

MANUEL RAUHUT, P.E.

HDR Engineering, Inc.
Associate Project Manager

412 E Parkcenter Blvd., Ste. 100 | Boise, ID 83706
208.387.7087 | c: 208.283.1331

Manuel.Rauhut@hdrinc.com | hdrinc.com

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MEMORANDUM

TO: Transfer No. 77748
FROM: Angie Grimm
DATE: February 22, 2012
RE: Evaluation of Application

The transfer proposes to change the point of diversion for right 77-7141.

The site is generally located at the confluence of Garnet Creek and the East Fork South Fork Salmon River at Stibnite approximately 10 miles southeast of Yellow Pine.

Contact person for the applicant is **Manuel Rauhut, HDR Engineering Inc.**

Summary of Information Submitted

Authority to File: The applicant is the current owner of record for the water right proposed for transfer. The water right owner has authority to change the right.

Water Right Validity: The partial decree for this water right was issued 10/13/06. Recent beneficial use confirmed via an Idaho Geological Survey (IDGS) report, submitted by the applicant, confirming workers on site for drilling operations in 2009 within the past 5 year period. Also, correspondence documenting the on-site project manager confirms use of well water and installation of a new pump in current PD well in 2010 based on driller receipts submitted with the correspondence. 2010 imagery submitted with the transfer application also shows existing camp tents are present indicated workers on site within the past 5 year period.

Injury to Other Water Rights: Injury should not occur under this proposal provided use of the new well proposed as the PD for the right does not interfere with nearby wells. The new well proposed as the PD has not been drilled yet. It will be approximately 0.15 miles from the historic PD well and completed into the same general aquifer zone. As a ground water right, use of the proposed PD is subject to reasonable pumping level provisions of I. C. § 42-226. The nearest production well to the existing PD is a domestic well drilled with well tag D0060111, which will be right next to the new well proposed to be drilled for this right. The nearest production well not associated with the mine is over seven miles away. Considering the applicant is not proposing to increase diversion beyond authorized limits it is not likely the proposed PD change will impact ground water supply in the area.

Enlargement of Use: The diversion rate and annual diversion volume will not increase as a result of this transfer. The applicant does not propose to enlarge use of water for domestic purposes under this right.

Local Public Interest: Allowing the applicant to change the PD to a new well upslope of any surface water drainage through mining/milling operations and drain fields to ensure better water

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quality for domestic/drinking water use serves the local public interest. The applicant is in the process of seeking approval for constructing the new well as a public water supply.

Beneficial Use/Conservation of Water Resources: The application proposes beneficial use consistent with conservation of water resources in Idaho.

The application is consistent with criteria of I. C. § 42-222 and should be processed.

Discussion

Data entry affected the correct record for right 77-7141. This water right was decreed on 10/16/06. The results of the SRBA decree were migrated to the water right record prior to data entry of this transfer.

There are no overlapping rights using the existing PD well or the proposed new PD. The only other right with the same PU as the right proposed for transfer is 77-7293, which is a surface water right for mining use (dust suppression). There are no changes to the PU proposed.

This application proposing a simple PD change to a location less than 0.5 miles from the current PD does not require advertisement. No comment letters are required for this application.

The proposed PD well has not been constructed yet. The camp drain field is located too close to the existing/current PD well, hence the need for a new PD further away. Well with tag # D006011 was constructed on 11/17/2011 to provide better quality drinking water for workers until approvals acquired (water right and IDEQ PWS). Use from this well is limited to less than 2,500 gpd per the drilling permit issued. This well will not be used as the PD, because the proposed PD well will be drilled to PWS standards once this transfer approves the change of PD for the water right.

Summary

Assuming protests are not filed and/or other information does not contradict the above analysis, the application can be approved as reflected by the draft approval.

Condition 046 is applicable since a new well is proposed.