NOTICE OF ORDER INITIATING PROCEEDINGS

TO DETERMINE WATER RIGHTS

Before the State Engineer of the State of Nevada

IN THE MATTER OF THE DETERMINATION OF THE RELATIVE RIGHTS IN AND TO ALL WATERS OF JERSEY HOT SPRINGS, A SURFACE SOURCE, ALL THE WATER OF BUTCHER CANYON, JERSEY CANYON (AKA OLD TOWN CANYON), CEDAR CANYON AND HOME STATION WASH AND THEIR TRIBUTARIES AND SPRINGS LOCATED WITHIN THE JERSEY VALLEY HYDROGRAPHIC BASIN (NO. 132) PERSHING AND LANDER COUNTIES, NEVADA.

TO WHOM IT MAY CONCERN:

You are hereby notified that on the 9th day of July, 2010, the State Engineer will begin proceedings for the determination of the relative rights in and to all surface water sources for Jersey Hot Springs, a surface source, all the water of Butcher Canyon, Jersey Canyon (AKA Old Town Canyon), Cedar Canyon, and Home Station Wash and their tributaries and springs located within a portion of the Jersey Valley Hydrographic Basin (No. 132), Pershing and Lander Counties, Nevada, as described within the attached Exhibit 1.

The State Engineer has determined that the facts and conditions regarding the current controversy over these water sources warrant the initiation of the proceeding to determine the relative rights of claimants for the aforementioned water sources.

By virtue of the authority granted him, in NRS 533.090(2), the State Engineer enters this order initiating proceedings to determine the relative rights to claimants and will make proper arrangements to proceed with the determination in question.

All claimants to rights in and to the waters of said source are required to make proof of their claims in the manner prescribed by law.

At a later date you will be notified of the period of submitting evidence to substantiate your claim of vested right.

P.E.

JASON KING, P.E.
State Engineer

Dated at Carson City, Nevada

this 9TH day of July, 2010.

Exhibit 1.

Legal Descriptions of the areas included In the Matter of the Determination of the Relative Rights in and to all waters of Jersey Hot Springs, a surface source, all the water of Butcher Canyon, Jersey Canyon (AKA Old Town Canyon), Cedar Canyon, and Home Station Wash and their Tributaries and Springs located within the Jersey Valley Hydrographic Basin (No. 132), Pershing and Lander Counties, Nevada:

Jersey Hot Springs
T.27N., R.40E., M.D.B.&M.
Sections 28 and 29.

Butcher Canyon and its tributaries and springs
T.27N., R.40E., M.D.B.&M.
All of Sections 25 and 26
Portions of Sections 22, 23, 24, 27, 34, 35, and 36, lying within the natural drainage boundaries of Butcher Canyon.

T.27N., R.41E., M.D.B.&M.
Portions of Sections 19, 30, and 31, lying within the natural drainage boundaries of Butcher Canyon.

Jersey Canyon (aka Old Town Canyon) and its tributaries and springs
T.26N., R.40E., M.D.B.&M.
Portions of Sections 1, 2, and 3, lying within the natural drainage boundaries of Jersey Canyon (aka Old Town Canyon).

T.26N., R.41E., M.D.B.&M.
Portion of Section 6, lying within the natural drainage boundaries of Jersey Canyon (aka Old Town Canyon).

T.27N., R.40E., M.D.B.&M.
Portions of Sections 34, 35, and 36, lying within the natural drainage boundaries of Jersey Canyon(aka Old Town Canyon).

T.27N., R.41E., M.D.B.&M.
Portions of Section 31, lying within the natural drainage boundaries of Jersey Canyon (aka Old Town Canyon).

Cedar Canyon and its tributaries and springs

T.26N., R.40E., M.D.B.&M.

All of Section 12, lying within the natural drainage boundaries of Cedar Canyon.

Portions of Sections 1, 2, 7, 8, 9, 10, 11, 13, 14, and 15 lying within the natural drainage boundaries of Cedar Canyon.

T.26N., R.41E., M.D.B.&M.

Portions of Section 7, lying within the natural drainage boundaries of Cedar Canyon.

Home Station Wash and its tributaries and springs

T.26N., R.40E., M.D.B.&M.

All of Sections 16, 21, 22, 23, 26, 27, 28, 33, and 34, lying within the natural boundaries of Home Station Wash.

Portions of Sections 7, 8, 9, 10, 12, 13, 14, 15, 17, 18, 19, 20, 24, 25, 29, 31, 32, 35, and 36, lying within the natural boundaries of Home Station Wash.

T.26N., R.41E., M.D.B.&M.

Portions of Sections 6, 7, 18, and 19 lying within the natural boundaries of Home Station Wash.

T.25N., R.40E., M.D.B.&M.

All of Sections 4, and 5, lying within the natural boundaries of Home Station Wash.

Portions of Sections 2, 3, 6, 7, 8, 9, and 10 lying within the natural boundaries of Home Station Wash.