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

IN THE MATTER OF APPLICATIONS 72296, 72297, 72298, 72299, 72300, 72301, 72302, 72303, 72304, 72305, 72306, 72308, 72309, 72310, 72311, 72312, 72313, 72314, 72315, 72316, 72317, 72318, 72319, 72320, 72321, 72322, 72323, 72324, 72325, 72326, 72327, 72328, 72329, 72330, 72331, 72332, 72333, 72334, 72335, 72336, 72337, 72338, 72339, **RULING** 72340, 72341, 72342, 72343, 72344, 72345, 72346, 72347, 72348, AND 72349 FILED TO CHANGE #5918 THE POINT OF DIVERSION, PLACE OF USE AND MANNER OF USE OF THE PUBLIC WATERS OF AN UNDERGROUND SOURCE PREVIOUSLY APPROPRIATED WITHIN THE) LAKE VALLEY HYDROGRAPHIC BASIN (183), LINCOLN COUNTY, NEVADA.

GENERAL

I.

Application 72296 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 5.4 cubic feet per second (cfs), not to exceed 1,280 acre-feet annually (afa), of underground water previously permitted for appropriation under Permit 22557, Certificate 7555. A review of records on file in the Office of the State Engineer show approximately 869.12 afa is available for change under Permit 22557, Certificate 7555. The existing manner and place of use are described as being for irrigation and domestic purposes within the W½ NW¼ of Section 28 and the E½ NW¼, NE¼ of Section 29, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are described as being for municipal and domestic purposes within all of Sections 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 32, 33, 34, and 35, the S½ of Section 13, the W½ of Section 36, and Sections 19, 30, and 31 except those portions lying west of the centerline of U.S. Highway 93, all in T.11S., R.63E., M.D.B.&M., and all of Sections 2, 3, 4, 5, 8, 9, 10, 11, 14, 15, 16, 17, 20, 21, 22, 23, 25, 26, 27, 28, 33, 34, 35, and 36, the W½ of Section 1, the W½ of Section 13, the W½ of Section 24, the W½ W½ of Section 12, and Sections 6, 7, 18, 19, 29, 30, and 32 except those portions lying west of the centerline of U.S. Highway 93, all in T.12S., R.63E., M.D.B.&M., and the W½ SW¼ of Section 31, T.12S., R.64E., M.D.B.&M. The point of diversion is described as being located within the SE¼ NW¼ of Section 29, T.6N., R.66E., M.D.B.&M.

II.

Application 72297 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 5.4 cfs, not to exceed 1,280 afa, of underground water previously permitted for appropriation under Permit 21616, Certificate 7809. A review of records on file in the Office of the State Engineer show approximately 1,048.56 afa is available for change under Permit 21616, Certificate 7809. The existing manner and place of use are described as being for irrigation and domestic purposes within the S½ SW¼, SE¼ of Section 27 and the S½ SE¼ of Section 28, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the SE¼ SE¼ of Section 27, T.6N., R.66E., M.D.B.&M.

III.

Application 72298 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 2.15 cfs, not to exceed 339.68 afa, of underground water previously permitted for appropriation under Permit 63111, Certificate 16179. The existing manner and place of use are described as being for irrigation and domestic purposes within portions of the NW¼ NW¼, NE¼ NW¼, SW¼ NW¼, SE¼ NW¼ of Section 35, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NW¼ NW¼ of Section 35, T.6N., R.66E., M.D.B.&M.³

IV.

Application 72299 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 1.15 cfs, not to exceed 503.088 afa, of underground water previously permitted for appropriation under Permit 59114, Certificate 15797. The existing manner and place of use are described as being for irrigation and domestic purposes within portions of the NW¼ SW¼, NE¼ SW¼, SW¼ SW¼, SE¼ SW¼ of Section 10, T.5N., R.66E., M.D.B.&M. The proposed manner of

¹ File No. 72296, official records in the Office of the State Engineer.

² File No. 72297, official records in the Office of the State Engineer.

³ File No. 72298, official records in the Office of the State Engineer.

use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NE¼ SW¼ of Section 10, T.5N., R.66E., M.D.B.&M.⁴

V.

Application 72300 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 4.0 cfs, not to exceed 960 afa, of underground water previously permitted for appropriation under Permit 23103, Certificate 7705. The existing manner and place of use are described as being for irrigation and domestic purposes within portions of the SE¼ SE¼ of Section 19, S½ SW¼, SW¼ SE¼ of Section 20, NW¼ NW¼ of Section 29, NE¼ NE¼ of Section 30, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NW¼ NW¼ of Section 29, T.6N., R.66E., M.D.B.&M.

VI.

Application 72301 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 3.31 cfs, not to exceed 994.5 afa, of underground water previously permitted for appropriation under Permit 19473, Certificate 6125. The existing manner and place of use are described as being for irrigation purposes within the NE¼ SE¼, SE¼ SE¼ of Section 21, SE¼ NW¼, NE¼ SW¼, NW¼ SW¼, SE¼ SW¼, SW¼ SW¼ of Section 22, NE¼ NW¼ of Section 27, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the SE¼ NW¼ of Section 22, T.6N., R.66E., M.D.B.&M.

VII.

Application 72302 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 1.93 cfs, not to exceed 623.2 afa, of underground water previously permitted for appropriation under Permit 19545, Certificate 6126. The existing manner and place of use are described as being for irrigation purposes within the SE¼ SW¼, SW¼ SW¼ of Section 15, SE¼ SE¼, of Section 16, NE¼ NE¼, SE¼ NE¼ of Section 21, NE¼ NW¼, NW¼, NW¼, SW¼ NW¼

⁴ File No. 72299, official records in the Office of the State Engineer.

⁵ File No. 72300, official records in the Office of the State Engineer.

⁶ File No. 72301, official records in the Office of the State Engineer.

of Section 22, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NE¼ NW¼ of Section 22, T.6N., R.66E., M.D.B.&M.⁷

VIII.

Application 72303 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 3.10 cfs, not to exceed 640 afa, of underground water previously permitted for appropriation under Permit 21611, Certificate 7377. The existing manner and place of use are described as being for irrigation and domestic purposes within the SW¼ SE¼, SE¼ SE¼ of Section 19, NW¼ NE¼, NE¼ NE¼ of Section 30, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NW¼ NE¼ of Section 30, T.6N., R.66E., M.D.B.&M.

IX.

Application 72304 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 1.072 cfs, not to exceed 430.388 afa, of underground water previously permitted for appropriation under Permit 59110, Certificate 15907. The existing manner and place of use are described as being for irrigation and domestic purposes within the SW¼ NE¼, SE¼ NE¼, NW¼ SE¼, NE¼ SE¼ of Section 10, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the SE¼ NE¼ of Section 10, T.5N., R.66E., M.D.B.&M.

X.

Application 72305 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.1236 cfs, not to exceed 49.612 afa, of underground water previously permitted for appropriation under Permit 63115, Certificate 15908. The existing manner and place of use are described as being for irrigation purposes within the SW¼ NE¼, SE¼ NE¼, NW¼ NE¼, NE¼ NE¼ of Section 10, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the

⁷ File No. 72302, official records in the Office of the State Engineer.

⁸ File No. 72303, official records in the Office of the State Engineer.

⁹ File No. 72304, official records in the Office of the State Engineer.

same as described in Application 72296. The point of diversion is described as being located within the SE¼ NE¼ of Section 10, T.5N., R.66E., M.D.B.&M.¹⁰

XI.

Application 72306 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.0632 cfs, not to exceed 25.40 afa, of underground water previously permitted for appropriation under Permit 63343, Certificate 15909. The existing manner and place of use are described as being for irrigation purposes within the SW¼ NE¼, SE¼ NE¼, NW¼ NE¼, NE¼ NE¼ of Section 10, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the SE¼ NE¼ of Section 10, T.5N., R.66E., M.D.B.&M.

XII.

Application 72308 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 2.0 cfs, not to exceed 501.268 afa, of underground water previously permitted for appropriation under Permit 57109, Certificate 14274. The existing manner and place of use are described as being for irrigation and domestic purposes within the SW¼ NW¼, SE¼ NW¼, NW¼ SW¼, NE¼ SW¼ of Section 27, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NE¼ SW¼ of Section 27, T.6N., R.66E., M.D.B.&M. 12

XIII.

Application 72309 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 1.075 cfs, not to exceed 240 afa, of underground water previously permitted for appropriation under Permit 63110, Certificate 15919. The existing manner and place of use are described as being for irrigation purposes within the SW¼ SE¼, SE¼ SE¼, S½ NW¼ SE¼, S½ NE⅓ SE¼ of Section 10, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are

¹⁰ File No. 72305, official records in the Office of the State Engineer.

¹¹ File No. 72306, official records in the Office of the State Engineer.

¹² File No. 72308, official records in the Office of the State Engineer.

the same as described in Application 72296. The point of diversion is described as being located within the SE¼ SE¼ of Section 10, T.5N., R.66E., M.D.B.&M.¹³

XIV.

Application 72310 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.2705 cfs, not to exceed 64.12 afa, of underground water previously permitted for appropriation under Permit 63340, Certificate 15920. The existing manner and place of use are described as being for irrigation purposes within the SW¼ SE¼, SE¼ SE¼, S½ NW¼ SE¼, S½ NE¼ SE¼ of Section 10, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the SE¼ SE¼ of Section 10, T.5N., R.66E., M.D.B.&M. ¹⁴

XV.

Application 72311 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.8622 cfs, not to exceed 304.78 afa, of underground water previously permitted for appropriation under Permit 63113, Certificate 15924. The existing manner and place of use are described as being for irrigation purposes within the SW¼ NW¼, SE¼ NW¼, NW¼ NW¼, NE¼ NW¼ of Section 11, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NW¼ NW¼ of Section 11, T.5N., R.66E., M.D.B.&M. ¹⁵

XVI.

Application 72312 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.3309 cfs, not to exceed 175.22 afa, of underground water previously permitted for appropriation under Permit 63117, Certificate 15925. The existing manner and place of use are described as being for irrigation purposes within the SW¼ NW¼, SE¼ NW¼, NW¼ SW¼, NE⅓ SW¼ of Section 11, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NW¼ NW¼ of Section 11, T.5N., R.66E., M.D.B.&M. ¹⁶

¹³ File No. 72309, official records in the Office of the State Engineer.

¹⁴ File No. 72310, official records in the Office of the State Engineer.

¹⁵ File No. 72311, official records in the Office of the State Engineer.

¹⁶ File No. 72312, official records in the Office of the State Engineer.

XVII.

Application 72313 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.0657 cfs, not to exceed 23.24 afa, of underground water previously permitted for appropriation under Permit 63341, Certificate 15926. The existing manner and place of use are described as being for irrigation purposes within the SW¼ NW¼, SE¼ NW¼, NW¼ SW¼, NE⅓ SW¼ of Section 11, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NW¼ NW⅓ of Section 11, T.5N., R.66E., M.D.B.&M. ¹⁷

XVIII.

Application 72314 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 1.92 cfs, not to exceed 478.71 afa, of underground water previously permitted for appropriation under Permit 63112, Certificate 15915. The existing manner and place of use are described as being for irrigation purposes within the S½ SW¼ NW¼, S½ SE¼ NW¼, NW¼ SW¼, NE¼ SW¼, SW¼, SE¼ SW¼ of Section 35, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NW¼ SW¼ of Section 35, T.6N., R.66E., M.D.B.&M.¹⁸

XIX.

Application 72315 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.11 cfs, not to exceed 26.17 afa, of underground water previously permitted for appropriation under Permit 63344, Certificate 15916. The existing manner and place of use are described as being for irrigation purposes within the S½ SW¼ NW¼, S½ SE¼ NW¼, NW¼ SW¼, NE¼ SW¼, SW¼ SW¼, SE¼ SW¼ of Section 35, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NW¼ SW¼ of Section 35, T.6N., R.66E., M.D.B.&M.

¹⁷ File No. 72313, official records in the Office of the State Engineer.

¹⁸ File No. 72314, official records in the Office of the State Engineer.

¹⁹ File No. 72315, official records in the Office of the State Engineer.

XX.

Application 72316 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.486 cfs, not to exceed 159.2 afa, of underground water previously permitted for appropriation under Permit 59119, Certificate 15819. The existing manner and place of use are described as being for irrigation and domestic purposes within the SW¼ NE¼, SE¼ NE¾, NW¼ NE¼, NE¼ NE¾ of Section 27, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the SW¼ NE¼ of Section 27, T.6N., R.66E., M.D.B.&M.²⁰

XXI.

Application 72317 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.056 cfs, not to exceed 40.55 afa, of underground water previously permitted for appropriation under Permit 60018, Certificate 15820. The existing manner and place of use are described as being for irrigation purposes within the SW¼ NE¼, SE¼ NE¼, NW¼ NE¼, NE¼ NE¾ of Section 27, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the SW¼ NE¾ of Section 27, T.6N., R.66E., M.D.B.&M.²¹

XXII.

Application 72318 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.752 cfs, not to exceed 246.244 afa, of underground water previously permitted for appropriation under Permit 60019, Certificate 15821. The existing manner and place of use are described as being for irrigation purposes within the SW¼ NE¼, SE¼ NE¼, NW¼ NE¼, NE¼ NE¼ of Section 27, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the SW¼ NE¼ of Section 27, T.6N., R.66E., M.D.B.&M.²²

²⁰ File No. 72316, official records in the Office of the State Engineer.

²¹ File No. 72317, official records in the Office of the State Engineer. ²² File No. 72318, official records in the Office of the State Engineer.

XXIII.

Application 72319 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.165 cfs, not to exceed 54.16 afa, of underground water previously permitted for appropriation under Permit 63332, Certificate 15822. The existing manner and place of use are described as being for irrigation purposes within the SW¼ NE¼, SE¼ NE¼, NW¼ NE¼, NE¼ NE¼ of Section 27, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the SW¼ NE¼ of Section 27, T.6N., R.66E., M.D.B.&M.²³

XXIV.

Application 72320 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 1.136 cfs, not to exceed 480 afa, of underground water previously permitted for appropriation under Permit 59116, Certificate 15903. The existing manner and place of use are described as being for irrigation and domestic purposes within the SW¼ NE¼, SE¼ NE¾, NW¼ NE¼, NE¼ NE¾ of Section 2, T.5., R.66E., M.D.B.&M., SW¼ SW¼, SE¼ SW¼ of Section 35, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within Lot 6 of Section 2, T.5N., R.66E., M.D.B.&M.

XXV.

Application 72321 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.0671 cfs, not to exceed 28.32 afa, of underground water previously permitted for appropriation under Permit 63336, Certificate 15904. The existing manner and place of use are described as being for irrigation purposes within the SW¼ NE¼, SE¼ NE¼, NW¼ NE¼, NE¼ NE¼ of Section 2, T.5N., R.66E., M.D.B.&M., SW¼ SW¼, SE¼ SW¼ of Section 35, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within Lot 6 of Section 2, T.5N., R.66E., M.D.B.&M.

²³ File No. 72319, official records in the Office of the State Engineer.

²⁴ File No. 72320, official records in the Office of the State Engineer.

²⁵ File No. 72321, official records in the Office of the State Engineer.

XXVI.

Application 72322 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.8179 cfs, not to exceed 480 afa, of underground water previously permitted for appropriation under Permit 59112, Certificate 15898. The existing manner and place of use are described as being for irrigation and domestic purposes within the SW¼ NW¼, SE¼ NW¼, NW¼ NW¼, NE¼ NW¼ of Section 33, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NE¼ NW¼ of Section 33, T.6N., R.66E., M.D.B.&M.

XXVII.

Application 72323 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.0399 cfs, not to exceed 23.44 afa, of underground water previously permitted for appropriation under Permit 63337, Certificate 15899. The existing manner and place of use are described as being for irrigation purposes within the SW¼ NW¼, SE¼ NW¼, NW¼ NW¼, NE¼ NW¼ of Section 33, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NE¼ NW¼ of Section 33, T.6N., R.66E., M.D.B.&M.²⁷

XXVIII.

Application 72324 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 5.4 cfs, not to exceed 1,208 afa, of underground water previously permitted for appropriation under Permit 27096, Certificate 10541. The existing manner and place of use are described as being for irrigation purposes within the Lot 7, Lot 8, SW¼ NW¼, SE¼ NW¼, NW¼ SW¼, NE¼ SW¼, SW¼ SW¼, SE¼ SW¼ of Section 2, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the SE¼ NW¼ of Section 2, T.5N., R.66E., M.D.B.&M.²⁸

²⁶ File No. 72322, official records in the Office of the State Engineer.

²⁷ File No. 72323, official records in the Office of the State Engineer.

²⁸ File No. 72324, official records in the Office of the State Engineer.

XXIX.

Application 72325 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 1.87 cfs, not to exceed 504.5 afa, of underground water previously permitted for appropriation under Permit 54367, Certificate 14273. The existing manner and place of use are described as being for irrigation purposes within the NW¼ SW¼, NE¼ SW¼, SW¼ SW¼, SE¼ SW¼ of Section 2, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NW¼ SW¼ of Section 2, T.5N., R.66E., M.D.B.&M.²⁹

XXX.

Application 72326 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.6995 cfs, not to exceed 319 afa, of underground water previously permitted for appropriation under Permit 59109, Certificate 15912. The existing manner and place of use are described as being for irrigation and domestic purposes within the NW¼ SW¾, NE⅓ SW¼, SW¼ SW¼, SE⅓ SW¼ of Section 3, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NE⅓ SW⅓ of Section 3, T.5N., R.66E., M.D.B.&M.

XXXI.

Application 72327 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.3530 cfs, not to exceed 161.036 afa, of underground water previously permitted for appropriation under Permit 60014, Certificate 15913. The existing manner and place of use are described as being for irrigation purposes within the NW¼ SW¾, NE¼ SW¼, SW¼ SW¼, SE¼ SW¼ of Section 3, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NE¼ SW¼ of Section 3, T.5N., R.66E., M.D.B.&M.³¹

²⁹ File No. 72325, official records in the Office of the State Engineer.

³⁰ File No. 72326, official records in the Office of the State Engineer.

³¹ File No. 72327, official records in the Office of the State Engineer.

XXXII.

Application 72328 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.0504 cfs, not to exceed 23 afa, of underground water previously permitted for appropriation under Permit 63334, Certificate 15914. The existing manner and place of use are described as being for irrigation purposes within the NW¼ SW¼, NE¼ SW¼, SW¼ SW¼, SE¼ SW¼ of Section 3, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NE¼ SW¼ of Section 3, T.5N., R.66E., M.D.B.&M.³²

XXXIII.

Application 72329 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.663 cfs, not to exceed 480 afa, of underground water previously permitted for appropriation under Permit 59120, Certificate 15905. The existing manner and place of use are described as being for irrigation and domestic purposes within the NW¼ SE¼, NE¼ SE¼, SW¼ SE¼, SE¼ SE¼ of Section 22, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the SW¼ SE¼ of Section 22, T.6N., R.66E., M.D.B.&M.³³

XXXIV.

Application 72330 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.0986 cfs, not to exceed 23.36 afa, of underground water previously permitted for appropriation under Permit 63333, Certificate 15906. The existing manner and place of use are described as being for irrigation purposes within the NW¼ SE¼, NE¼ SE¼, SW¼ SE¼, SE¼ SE¼ of Section 22, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the SW¼ SE¼ of Section 22, T.6N., R.66E., M.D.B.&M.³⁴

³² File No. 72328, official records in the Office of the State Engineer.

³³ File No. 72329, official records in the Office of the State Engineer.

³⁴ File No. 72330, official records in the Office of the State Engineer.

XXXV.

Application 72331 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 5.4 cfs, not to exceed 1,280 afa, of underground water previously permitted for appropriation under Permit 21612, Certificate 7223. The existing manner and place of use are described as being for irrigation and domestic purposes within the W½ of Section 34, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the SE¼ SW1/4 of Section 34, T.6N., R.66E., M.D.B.&M.35

XXXVI.

Application 72332 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 1.94 cfs, not to exceed 500.884 afa, of underground water previously permitted for appropriation under Permit 54366, Certificate 14272. The existing manner and place of use are described as being for irrigation purposes within the NW1/4 NW1/4, NE1/4 NW1/4, SW1/4 NW1/4, SE1/4 NW1/4 of Section 34, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NE¼ NW¼ of Section 34, T.6N., R.66E., M.D.B.&M.³⁶

XXXVII.

Application 72333 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.909 cfs, not to exceed 319.29 afa, of underground water previously permitted for appropriation under Permit 63114, Certificate 15927. The existing manner and place of use are described as being for irrigation purposes within the NW¼ NE¼, NE¼ NE¼, SW¼ NE¼, SE¼ NE¼ of Section 11, SW1/4 SE1/4 SE1/4 SE1/4 of Section 2, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NW¼ NE¼ of Section 11, T.5N., R.66E., M.D.B.&M.³⁷

³⁵ File No. 72331, official records in the Office of the State Engineer.

File No. 72332, official records in the Office of the State Engineer. ³⁷ File No. 72333, official records in the Office of the State Engineer.

XXXVIII.

Application 72334 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.221 cfs, not to exceed 159.65 afa, of underground water previously permitted for appropriation under Permit 63118, Certificate 15928. The existing manner and place of use are described as being for irrigation purposes within the NW¼ NE¼, NE¼ NE¼, SW¼ NE¼, SE¼ NE¼ of Section 11, SW¼ SE¼, SE¼ SE¼ of Section 2, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NW¼ NE¼ of Section 11, T.5N., R.66E., M.D.B.&M.³⁸

XXXIX.

Application 72335 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.073 cfs, not to exceed 25.7 afa, of underground water previously permitted for appropriation under Permit 63342, Certificate 15929. The existing manner and place of use are described as being for irrigation purposes within the NW¼ NE¼, NE¼ NE¼, SW¼ NE¼, SE¼ NE¼ of Section 11, SW¼ SE¼, SE¼ SE¼ of Section 2, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NW¼ NE¼ of Section 11, T.5N., R.66E., M.D.B.&M.³⁹

XL.

Application 72336 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 5.3 cfs, not to exceed 1,264 afa, of underground water previously permitted for appropriation under Permit 22558, Certificate 7247. The existing manner and place of use are described as being for irrigation and domestic purposes within the NE¼, N½ SE¼, SW¼ SE¼, SE¼ SE¼ of Section 34, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NE¼ SE¼ of Section 34, T.6N., R.66E., M.D.B.&M.

³⁸ File No. 72334, official records in the Office of the State Engineer.

³⁹ File No. 72335, official records in the Office of the State Engineer.

⁴⁰ File No. 72336, official records in the Office of the State Engineer.

XLI.

Application 72337 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 1.89 cfs, not to exceed 501.44 afa, of underground water previously permitted for appropriation under Permit 54365, Certificate 14271. The existing manner and place of use are described as being for irrigation and domestic purposes within the NW¼ NE¼, NE¼ NE¼, SW¼ NE¼, SE¼ NE¼ of Section 34, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the SW¼ NE¼ of Section 34, T.6N., R.66E., M.D.B.&M.⁴¹

XLII.

Application 72338 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 1.2068 cfs, not to exceed 480 afa, of underground water previously permitted for appropriation under Permit 59113, Certificate 15917. The existing manner and place of use are described as being for irrigation and domestic purposes within the NW¼ NW¼, NE¼ NW¼, SW¼ NW¼, SE¼ NW¼ of Section 10, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NE¼ NW¼ of Section 10, T.5N., R.66E., M.D.B.&M.

XLIII.

Application 72339 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.052 cfs, not to exceed 20.68 afa, of underground water previously permitted for appropriation under Permit 63331, Certificate 15918. The existing manner and place of use are described as being for irrigation purposes within the NW¼ NW¼, NE¼ NW¼, SW¼ NW¼, SE¼ NW¼ of Section 10, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NE¼ NW¼ of Section 10, T.5N., R.66E., M.D.B.&M.

⁴¹ File No. 72337, official records in the Office of the State Engineer.

⁴² File No. 72338, official records in the Office of the State Engineer.

⁴³ File No. 72339, official records in the Office of the State Engineer.

XLIV.

Application 72340 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.3127 cfs, not to exceed 226.4 afa, of underground water previously permitted for appropriation under Permit 59123, Certificate 15900. The existing manner and place of use are described as being for irrigation and domestic purposes within the NW¼ NE¼, NE¼ NE¼, SW¼ NE¼, SE¼ NE¼ of Section 33, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NE¼ NE¼ of Section 33, T.6N., R.66E., M.D.B.&M.

XLV.

Application 72341 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 1.1359 cfs, not to exceed 253.6 afa, of underground water previously permitted for appropriation under Permit 60016, Certificate 15901. The existing manner and place of use are described as being for irrigation purposes within the NW¼ NE¼, NE¼ NE¼, SW¼ NE¾, SE¼ NE¾ of Section 33, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NE¼ NE¼ of Section 33, T.6N., R.66E., M.D.B.&M.⁴⁵

XLVI.

Application 72342 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.1021 cfs, not to exceed 24.20 afa, of underground water previously permitted for appropriation under Permit 63338, Certificate 15902. The existing manner and place of use are described as being for irrigation purposes within the NW¼ NE¼, NE¼ NE¼, SW¼ NE¼, SE¼ NE¼ of Section 33, T.6N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NE¼ NE¼ of Section 33, T.6N., R.66E., M.D.B.&M. 46

⁴⁴ File No. 72340, official records in the Office of the State Engineer.

⁴⁵ File No. 72341, official records in the Office of the State Engineer.

⁴⁶ File No. 72342, official records in the Office of the State Engineer.

XLVII.

Application 72343 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.7761 cfs, not to exceed 325.792 afa, of underground water previously permitted for appropriation under Permit 59115, Certificate 15921. The existing manner and place of use are described as being for irrigation and domestic purposes within the NW¼ SE¼, NE¼ SE¼, SW¼ SE¼, SE¼ SE¼ of Section 2, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NW¼ SE¼ of Section 2, T.5N., R.66E., M.D.B.&M.

XLVIII.

Application 72344 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.3674 cfs, not to exceed 154.208 afa, of underground water previously permitted for appropriation under Permit 63116, Certificate 15922. The existing manner and place of use are described as being for irrigation purposes within the S½ SW¼ NE¼, S½ SE¼ NE¼, NW¼ SE¼, NE¼ SE¼ of Section 2, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NW¼ SE¼ of Section 2, T.5N., R.66E., M.D.B.&M.

XLIX.

Application 72345 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.0596 cfs, not to exceed 25.04 afa, of underground water previously permitted for appropriation under Permit 63339, Certificate 15923. The existing manner and place of use are described as being for irrigation and domestic purposes within the S½ SW¼ NE¼, S½ SE¼ NE¼, NW¼ SE¼, NE¼ SE¼ of Section 2, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NW¼ SE¼ of Section 2, T.5N., R.66E., M.D.B.&M.

⁴⁷ File No. 72343, official records in the Office of the State Engineer.

⁴⁸ File No. 72344, official records in the Office of the State Engineer.

⁴⁹ File No. 72345, official records in the Office of the State Engineer.

Application 72346 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 5.23 cfs, not to exceed 1,240 afa, of underground water previously permitted for appropriation under Permit 22754, Certificate 7365. A review of records on file in the Office of the State Engineer show approximately 838.17 afa is available for change under Permit 22754, Certificate 7365. The existing manner and place of use are described as being for irrigation and domestic purposes within the NW¼ NE¼, NE¼ NE¾, SW¼ NE¼, SE¼ NE¾, SE¾ of Section 3, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the SE¼ NE¾ of Section 3, T.5N., R.66E., M.D.B.&M.

T.T.

Application 72347 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 1.883 cfs, not to exceed 297.928 afa, of underground water previously permitted for appropriation under Permit 57110, Certificate 14275. The existing manner and place of use are described as being for irrigation and domestic purposes within the NW¼ SE¼, NE¼ SE¼, SW¼ SE¼, SE¼ SE¼ of Section 3, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the SE¼ SE¼ of Section 3, T.5N., R.66E., M.D.B.&M. ⁵¹

LII.

Application 72348 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 1.199 cfs, not to exceed 480 afa, of underground water previously permitted for appropriation under Permit 59108, Certificate 15910. The existing manner and place of use are described as being for irrigation and domestic purposes within the NW¼ SE¼, NE¼ SE¼, SW¼ SE¼, SE¼ SE¼ of Section 4, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NE¼ SE¼ of Section 4, T.5N., R.66E., M.D.B.&M.

⁵⁰ File No. 72346, official records in the Office of the State Engineer.

⁵¹ File No. 72347, official records in the Office of the State Engineer.

⁵² File No. 72348, official records in the Office of the State Engineer.

LIII.

Application 72349 was filed on March 4, 2005, by Tuffy Ranch Properties, LLC, to change the place of use and manner of use of 0.0598 cfs, not to exceed 23.92 afa, of underground water previously permitted for appropriation under Permit 63335, Certificate 15911. The existing manner and place of use are described as being for irrigation purposes within the NW¼ SE¼, NE¼ SE¼, SW¼ SE¼, SE¼ SE¼ of Section 4, T.5N., R.66E., M.D.B.&M. The proposed manner of use and place of use are the same as described in Application 72296. The point of diversion is described as being located within the NE¼ SE¼ of Section 4, T.5N., R.66E., M.D.B.&M.⁵³

LIV.

Review by the Office of the State Engineer of the above Applications determined that several of the Applications attempt to change an annual duty in excess of the duty available for change under the existing base right. Several of the discrepancies were noted by the Applicant via letter dated October 2, 2007, and the Applicant has requested that the excess amounts be withdrawn.² Listed below in Table 1 is a summary of the gross annual duty of the certificated base rights pertaining to this ruling prior to adjustment for supplemental uses. The corresponding priority dates of the existing water rights are also listed.

⁵³ File No. 72349, official records in the Office of the State Engineer.

Table 1. Base rights of existing Permits subject to Change Applications in this ruling.

Application	Base Right	Duty (Acro Foot)	Priority Data
Number	Permit	Duty (Acre-Feet)	Priority Date
72296	22557	869.12	11/4/1963
72297	21616	1048.56	11/4/1963
72298	63111	339.68	12/27/1963
7229 9	59114	503.09	12/27/1963
72300	23103	960.00	4/21/1966
72301	19473	994.50	1/23/1961
72302	19545	623.20	2/9/1961
72303	21611	640.00	11/4/1963
72304	59110	430.39	12/27/1963
72305	63115	49.61	4/3/1974
72306	63343	25.40	11/4/1963
72308	57109	501.27	2/23/1961
72309	63110	240.00	4/3/1974
72310	63340	64.12	11/4/1963
72311	63113	304.78	12/27/1963
72312	63117	175.22	4/3/1974
72313	63341	23.24	11/4/1963
72314	63112	478.71	12/27/1963
72315	63344	26.17	11/4/1963
72316	59119	159.20	5/11/1964
72317	60018	40.55	8/16/1954
72318	60019	246.24	4/3/1974
72319	63332	54.16	11/4/1963
72320	59116	480.00	12/27/1963
72321	63336	28.32	11/4/1963
72322	59112	480.00	12/27/1963
72323	63337	23.44	11/4/1963
72324	27096	1208.00	11/1/1972
72325	54367	504.50	11/1/1972
72326	59109	319.00	12/27/1963
72327	60014	161.04	4/3/1974
72328	63334	23.00	11/4/1963
72329	59120	480.00	8/16/1954
72330	63333	23.36	11/4/1963
72331	21612	1280.00	11/4/1963
72332	54366	500.88	11/4/1963
72333	63114	319.29	12/27/1963
72334	63118	159.65	4/3/1974
72335	63342	25.70	11/4/1963
72336	22558	1264.00	11/4/1963
72337	54365	501.44	11/4/1963
72338	59113	480.00	12/27/1963
72339	63331	20.68	11/4/1963
72340	59123	226.40	12/27/1963
72341	60016	253.60	4/3/1974
72342	63338	24.20	11/4/1963
72343	59115	325.79	12/27/1963
72344	63116	154.21	4/3/1974
72345	63339	25.04	11/4/1963
72346	22754	838.17	9/2/1965
72347	57110	297.93	9/2/1965
72348	59108	480.00	12/27/1963
72349	63335	23.92	11/4/1963

Applications 72296, 72297, 72298, 72299, 72300, 72301, 72302, 72303, 72304, 72305, 72306, 72308, 72309, 72310, 72311, 72312, 72313, 72314, 72315, 72316, 72317, 72318, 72319, 72320, 72321, 72322, 72323, 72324, 72325, 72326, 72327, 72328, 72329, 72330, 72331, 72332, 72333, 72334, 72335, 72336, 72337, 72338, 72339, 72340, 72341, 72342, 72343, 72344, 72345, 72346, 72347, 72348, and 72349 were timely protested by White Pine County on the following grounds: 1-53

- 1. It is unknown what effect these withdrawals will have on White Pine County aquifers.
- 2. The applicants cannot put the water to beneficial use. The applicants do not possess a Right of Way or an easement to transport water from the underground source to a municipality.
- 3. The point of diversion for the underground water source is not within the proximity of a municipality.
- 4. The applications appear to be speculative, which is not within the guidelines of Nevada water law.
- 5. The applications are not in the best public interest for the Basin. Public land resources in the basin which are dependent on the present hydrologic balance would be negatively impacted.
- 6. The hydrologic balance of the basin would be altered. The applicants would need to transport the water outside of Basin to put it to beneficial use as stated, creating conditions whereby surface waters, including the alluvial aquifer would be depleted to provide a deeper recharge.

LVI.

Application 72296 was timely protested by Louis Benezet on the following grounds:⁵⁴

This Application is the first of 54 applications, numbers 72296 through 72349, to change the manner of use and place of use of waters heretofore appropriated. Applicant seeks to change the manner of use from agricultural to municipal, and to transfer the water from Lake Valley in northern Lincoln County to Coyote Springs Valley, a distance of over 100 miles.

These applications are speculative in nature. The applicant cannot put the water to beneficial use. Applicant does not possess a right of way to transfer the water. The amount of water he proposes to transfer is far in excess of the amount applicant has stated he will require to develop his land in Coyote Springs Valley. Applicant has other water rights near the proposed place of use. Applicant has stated that he will not use his own water to develop this property, but will buy water from Lincoln County

⁵⁴ Exhibit No. 58.

Water District. Lincoln County Water District is in process of developing adequate water in the Coyote Springs area to serve applicants projected development. For all these reasons the applications must be considered speculative, and not within State guidelines.

The applications are not in the public interest, and would be harmful to other water rights holders and to the environment and socio-economic conditions of the basin of origin. Transfer of agricultural water out of the basin would reduce recharge to the aquifer. The basin is designated fully appropriated by the state. Transfer of the water would negatively affect the hydrologic balance. Effects to the environment would include loss of springs and riparian areas, affecting wildlife and plant communities. Water transfers would impact neighboring ranchers. Municipalities like the town of Pioche would suffer from loss of water supply. Socio-economic impacts would result from the loss of agriculture, which would affect the economy in northern Lincoln County, with loss of employment and increased per capita costs for government services.

LVII.

Application 72296 was timely protested by Jo Anne Garrett on the following grounds:⁵⁵

This Application is the first of 54 applications, numbers 72296 through 72349, to change the manner of use and place of use of waters heretofore appropriated. Applicant seeks to change the manner of use from agricultural to municipal, and to transfer the water from Lake Valley in northern Lincoln County to Coyote Springs Valley, a distance of over 100 miles.

No municipality exists in the vicinity of this appropriation, and applicant does not possess a right of way to transfer the water. The amount of water he proposes to transfer is far in excess of the amount the applicant has stated he will require to develop his land in Coyote Springs Valley. Applicant has other water rights near the proposed place of use. Applicant has stated that he will not use his own water to develop this property, but will buy water from Lincoln County Water District. Lincoln County Water District is in the process of developing adequate water in the Coyote Springs area to serve applicant's projected development. For all these reasons the applications must be considered speculative, and not within State guidelines.

The quantity of water applied for is more than is available. The applications are not in the public interest, and would be harmful to other water rights holders and to the environment and socio-economic conditions of the basin of origin. Transfer of agricultural water out of the basin would reduce recharge to the aquifer. The basin is designated fully

⁵⁵ Exhibit No. 59.

appropriated by the state. Transfer of the water would negatively affect the hydrologic balance. Effects to the environment would include loss of springs and riparian areas, affecting wildlife and plant communities. Water transfers would impact neighboring ranchers, including those in White Pine County to the north. Municipalities like the town of Pioche would suffer from loss of water supply. Socio-economic impacts would result from the loss of agriculture in both counties, as well as from the loss of a rapidly expanding tourism and recreation industry in White Pine County.

LVIII.

After all parties were duly noticed by certified mail, a public administrative hearing was held on March 31, 2008, regarding Applications 72296, 72297, 72298, 72299, 72300, 72301, 72302, 72303, 72304, 72305, 72306, 72308, 72309, 72310, 72311, 72312, 72313, 72314, 72315, 72316, 72317, 72318, 72319, 72320, 72321, 72322, 72323, 72324, 72325, 72326, 72327, 72328, 72329, 72330, 72331, 72332, 72333, 72334, 72335, 72336, 72337, 72338, 72339, 72340, 72341, 72342, 72343, 72344, 72345, 72346, 72347, 72348, and 72349 in Carson City, Nevada, before representatives of the Office of the State Engineer. ⁵⁶

LIX.

The Applicant (Tuffy Ranch) intends to sell the water rights to Coyote Springs Investment who in turn will dedicate the water to the Lincoln County General Improvement District for water service to the Coyote Springs Development. The Wingfield Nevada Group is the parent of Tuffy Ranch and Coyote Springs Investment, LLC.

FINDINGS OF FACT

I.

STATUTORY STANDARD TO GRANT

The State Engineer finds that NRS § 533.370(1) provides that the State Engineer shall approve an application submitted in the proper form which contemplates the application of water to beneficial use if the applicant provides proof satisfactory of his intention in good faith to construct any work necessary to apply the water to the intended beneficial use with reasonable diligence, and his financial ability and reasonable expectation actually to construct the work and apply the water to the intended beneficial use with reasonable diligence.

⁵⁶ Exhibits and Transcripts, public administrative hearing before the State Engineer, March 31, 2008, official records in the Office of the State Engineer (Hereafter, "Transcript" and "Exhibits").

II.

STATUTORY STANDARD TO DENY

The State Engineer finds that NRS § 533.370(5) provides that the State Engineer shall reject an application and refuse to issue the permit where there is no unappropriated water in the proposed source of supply, or where the proposed use conflicts with existing rights or with protectable interests in existing domestic wells as set forth in NRS § 533.024, or where the proposed use threatens to prove detrimental to the public interest.

III.

STATUTORY STANDARD FOR INTERBASIN TRANSFERS

The State Engineer finds that NRS § 533.370(6) provides that in determining whether an application for an interbasin transfer of ground water must be rejected, the State Engineer shall consider: (a) whether the applicant has justified the need to import the water from another basin; (b) if the State Engineer determines a plan for conservation is advisable for the basin into which the water is imported, whether the applicant has demonstrated that such a plan has been adopted and is being effectively carried out; (c) whether the proposed action is environmentally sound as it relates to the basin from which the water is exported; (d) whether the proposed action is an appropriate long-term use which will not unduly limit the future growth and development in the basin from which the water is exported; and (e) any other factor the State Engineer determines to be relevant.

IV.

BENEFICIAL USE AND REASONABLE DILIGENCE

Testimony was provided that the Coyote Springs development is progressing and the Applicant, through its association with Coyote Springs Investment, has continued to pursue development. Aerial photographs, as recent as January 2008, were provided to show the pace of construction. The Applicant indicated that the first model home complex is scheduled to be completed no later than 2009 and the championship golf course is currently open for VIP play. Also, development plans with respect to Lincoln County have not changed and that ultimately at build-out they would like to develop up to 100,000 homes in Lincoln County depending on the availability of natural resources. The economic viability of the project was also confirmed.⁵⁷

⁵⁷ Transcript, pp. 129-131; Exhibit Nos. 66, 101, 102.

The State Engineer finds the Applicant provided proof satisfactory to the State Engineer of an intention in good faith to construct any work necessary to apply the water to the intended beneficial use with reasonable diligence and a reasonable expectation to actually construct the work and apply the water to the intended beneficial use with reasonable diligence.

V.

PROTECTIBLE INTEREST IN EXISTING DOMESTIC WELLS

Nevada Revised Statute § 533.370(5) provides that the State Engineer shall reject an application and refuse to issue the permit where the proposed use of the water will conflict with the protectible interests in existing domestic wells as set forth in NRS § 533.024. Nevada Revised Statute § 533.024 provides that it is the policy of this State to recognize the importance of domestic wells as appurtenances to private homes, to create a protectable interest in such wells and to protect their supply of water from unreasonable effects which are caused by municipal, quasi-municipal or industrial uses and which cannot be reasonably mitigated. The State Engineer finds that no evidence was presented that demonstrated with any certainty there would be unreasonable adverse effects to any specifically indentified domestic well and it is not possible in this case to know in advance with any certainty that such impacts will occur and could not be reasonably mitigated. The State Engineer finds that if the project is developed and unreasonable adverse effects are seen in any domestic well the Applicant may be required to mitigate the impacts in a timely manner.

VI.

LOCATIONS OF EXISTING PLACES OF USE AND PROPOSED PLACE OF USE

State Engineer's Order No. 726, issued June 11, 1976, described and designated the Lake Valley Hydrographic Basin as a ground-water basin in need of additional administration under the provisions of NRS § 534.030.⁵⁸ The applications are seeking to change the place of use and manner of use of existing water rights and the points of diversion are unchanged. The majority of the Lake Valley Hydrographic Basin is located within Lincoln County; with the northern tip extending into White Pine County.

⁵⁸ State Engineer's Order No. 726, June 11, 1979, official record in the Office of the State Engineer.

The State Engineer finds that Applications 72296, 72297, 72298, 72299, 72300, 72301, 72302, 72303, 72304, 72305, 72306, 72308, 72309, 72310, 72311, 72312, 72313, 72314, 72315, 72316, 72317, 72318, 72319, 72320, 72321, 72322, 72323, 72324, 72325, 72326, 72327, 72328, 72329, 72330, 72331, 72332, 72333, 72334, 72335, 72336, 72337, 72338, 72339, 72340, 72341, 72342, 72343, 72344, 72345, 72346, 72347, 72348, and 72349 have points of diversion that are located within the Lake Valley Hydrographic Basin and the points of diversion, existing places of use and proposed place of use are located entirely within Lincoln County.

VII.

CONSUMPTIVE USE

The State Engineer defines the consumptive use of a crop as that portion of the annual volume of water diverted under a water right that is transpired by growing vegetation, evaporated from soils, converted to non-recoverable water vapor, or otherwise does not return to the waters of the State. Consumptive use does not include any water that falls as precipitation directly on the place of use nor does it include irrigation inefficiencies or waste. The consumptive use of a crop is equal to the crop evapotranspiration less the amount of precipitation available for evapotranspiration by the crop.

The State Engineer's consumptive use estimate for the Lake Valley Hydrographic Basin is based on the Penman-Monteith short reference evapotranspiration and dual-crop coefficient approach for estimating crop evapotranspiration, similar to methods described by the American Society of Civil Engineers, ⁵⁹ Food and Agriculture Organization of the United Nations, ⁶⁰ and Allen et al., (2005). ⁶¹ For the Lake Valley Hydrographic Basin a crop of alfalfa is simulated for the estimation of consumptive use. Weather data used for the analysis were obtained for Lake Valley from the National Weather Service (NWS) Geyser Ranch weather station, which has been in operation intermittently from 1904 to 2002, with 19 years of complete data. Using these methods, the State Engineer estimates the alfalfa crop evapotranspiration during the growing season in the Lake Valley Hydrographic Basin to be 3.1 acre-feet per acre per year.

⁵⁹ State Engineer's Office, <u>The ASCE Standardized Reference Evapotranspiration Equation</u>, 2005.

⁶⁰ State Engineer's Office, <u>Crop Evapotranspiration: Guidelines for Computing Crop Water Requirements</u>, FAO Irrigation and Drainage Paper No. 56, 1998.

⁶¹ State Engineer's Office, Allen, R.G., Pereira, L.S., Smith, M., Raes, D., and Wright, J.L., <u>FAO-56 Dual Crop Coefficient Method for Estimating Evaporation from Soil and Application Extensions</u>, Journal of Irrigation and Drainage Engineering, 2005, pp. 131(1), 2-13.

Effective precipitation as defined by the Natural Resource Conservation Service (NRCS) is the part of precipitation that can be used to meet the evapotranspiration of growing crops. Precipitation that falls during the growing season and non-growing season that is stored in the soil column reduce the irrigation water requirement and therefore must be considered when calculating consumptive use. By maintaining a daily soil water balance following methods of Allen et al., (2005), 60 which accounts for the daily precipitation, crop evapotranspiration, runoff, and deep percolation, the State Engineer finds that the effective precipitation in Lake Valley averages 0.2 acre-feet per acre per year. Therefore, the State Engineer finds the annual consumptive use for alfalfa in the Lake Valley Hydrographic Basin is 2.9 acre-feet per acre.

The Applicant presented evidence and testimony regarding the consumptive use rate and their expert witness opined that the rate should be 3.15 acre-feet per acre using a variety of different techniques.⁶² The witness specifically referred to a BARCASSrelated USGS report where Priestley-Taylor reference ET was computed for a nearby location in Spring Valley.⁶³ The witness tabulated the Priestley-Taylor reference ET from the bar graph to be 37.8 inches per year (3.15 feet).⁶⁴ The witness further explained that he did not agree with the practice of including effective precipitation in computing crop consumptive use. However, in the BARCASS report effective precipitation is clearly considered and is subtracted from the crop ET in the computation of application rate, 65 which is simply consumptive use divided by application efficiency. The net consumptive use as computed in the BARCASS report from appendix A is 2.4 acre-feet per acre. The State Engineer does not accept the Applicants estimate of consumptive use of 3.15 acre-feet per acre and does not accept the BARCASS estimate of 2.4 acre-feet per acre. Instead, as described in the section above, the State Engineer estimates the net consumptive use in Lake Valley to be 2.9 acre-feet per acre. It should be noted that the difference between net consumptive use computations in BARCASS and by the State Engineer are due to the estimated effective precipitation. The State Engineer estimates only 0.2 feet of effective precipitation while BARCASS estimated 0.7 feet, otherwise the two estimates of net consumptive use would be the same.

⁶² Transcript, pp. 270-277.

⁶³ Moreo, M.T., Laczniac, R.J., and Stannard, D.I., Evapotranspiration Rate Measurements of Vegetation Typical of Ground-Water Discharge in Areas of the Basin and Range Carbonate-Rock Aquifer System, Nevada and Utah, September 2005-August 2006, USGS SIR 2007-5078, 2007. Transcript, p. 272.

⁶⁵ BARCAS Study, USGS SIR 2007-5261, p. 63, Equation 2, p. 63.

VIII.

EVALUATION OF EXISTING WATER RIGHTS

By statute, the consumptive use of existing water rights may be used to determine the amount of water that may be changed from irrigation to municipal use.⁶⁶ As described in the section above, the State Engineer has determined the annual consumptive use value to be 2.9 acre-feet per acre. Under the change applications, the Applicant is requesting to export 12,000 afa of ground water from the Lake Valley Hydrographic Basin. An analysis of the Applicant's existing water rights was performed to determine whether sufficient existing water rights, based on the consumptive use of said water rights, support the requested change of 12,000 afa.

The Applicant presented evidence that the existing water rights sought for change total 20,230± afa. 67 An independent evaluation by the State Engineer's staff, utilizing the available records in the Office of the State Engineer, indicates that the actual duty of the Applicant's existing water rights when supplementally adjusted is about 17,925± afa for the irrigation of approximately 4,351 acres of land. The State Engineer finds the amount of water that may be available for transfer under all of the pending change applications is about 12,619 acre-feet annually, when the consumptive use factor of 2.9 acre-feet per acre is applied.

IX.

NEED TO IMPORT WATER

The State Engineer specifically adopts and incorporates that finding in State Engineer's Ruling No. 5712, which held that this same project justified the need to import water from another basin. Testimony was also provided on the need to import water from Lake Valley. Specifically, the Lincoln County side of the development is planned for up to one hundred thousand homes.⁶⁸ Testimony indicated that there is not sufficient water in the Coyote Spring Hydrographic Basin to support full development of the project and additional water is necessary.⁶⁹ The remaining requirements of NRS § 533.370(6) along with other statutory criteria are addressed in the following sections.

⁶⁶ NRS § 533.370(5). ⁶⁷ Exhibit No. 107.

⁶⁸ Transcript, p. 131.

⁶⁹ Transcript, pp. 155-156.

X.

PLAN FOR CONSERVATION OF WATER

The Applicant showed that conservation measures were part of a development agreement and a cooperative agreement and they require, for example, water conservation restrictive covenants and the reuse of effluent for golf course irrigation or ground-water recharge. Additional testimony regarding the agreements stated the County wanted to make sure that they put the requirements on the developer to put in reuse programs, to have as strict conservation as possible, to make sure that the limited water resources in the county would be used as to the maximum extent.

XI.

ENVIRONMENTALLY SOUND

The interbasin transfer statute requires a determination of whether the proposed change applications are environmentally sound as it relates to the basin from which the water is exported. In State Engineer's Ruling No. 5726, the meaning of this statutory language was reviewed:

The words environmentally sound have intuitive appeal, but the public record and discussion leading up to the enactment of NRS § 533.370(6)(c) do not specify any operational or measureable criteria for use as the basis for a quantitative definition. This provision of the water law provides the State Engineer with no guidance as to what constitutes the parameters of "environmentally sound;" therefore, . . . it has been left to the State Engineer's discretion to interpret the meaning of environmentally sound.

The legislative history of NRS § 533.370(6)(c) shows that there was minimal discussion regarding the term environmentally sound. However, the State Engineer at that time indicated to the Subcommittee on Natural Resources that he did not consider the State Engineer to be the guardian of the environment, but rather the guardian of the state ground water and surface water. The State Engineer noted that he was not a range manager or environmental scientist. [Citation omitted.] Senator James pointed out that by the language "environmentally sound" it was not his intention to create an environmental impact statement process for every interbasin water transfer application and that the State Engineer's responsibility should be for the hydrologic environmental impact in the basin of export. [Citation omitted.]

⁷⁰ Transcript, pp. 149-151; Exhibit Nos. 63 and 64.

⁷¹ Transcript, p. 216.

⁷² Exhibit No. 100, pp. 46-48.

Also in State Engineer's Ruling No. 5726, the State Engineer found that "environmentally sound" must be within the parameters of Nevada water law and found this means that whether the use of the water is sustainable over the long-term without unreasonable impacts to the water resources and the hydrologic-related natural resources that are dependent on those water resources. The State Engineer found that in consideration of whether a proposed project is environmentally sound there can be a reasonable impact on the hydrologic related natural resources in the basin of origin.

The water at issue is currently pumped for irrigation purposes at the Atlanta Farms property owned by the Applicant. The Applicant's witness testified that there has been minimal effect on water levels as a result of this concentrated pumping for irrigation purposes, with only a slight drawdown indicated in one well. Testimony indicated that the longest term monitor well in the basin, the Pony Springs Well, has only declined 20 feet over a period from 1965 to 2008.⁷³ There are additional long-term water level data in the Office of the State Engineer for several other wells in the Atlanta Farms area. Those data show that water levels in the Atlanta Farms area have declined 20 to 30 feet since the mid-1960s, or a rate of 1/2 to 3/4 feet per year on average.⁷⁴ Under the proposed applications, the water would be pumped for municipal purposes but only the consumptive portion of the water heretofore pumped for irrigation would be available for export. Therefore, the net impact on the Lake Valley Hydrographic Basin would not change from present conditions.

The Protestants raised the issue of existing water rights exceeding the perennial yield of the basin and the environmental soundness of exporting the full perennial yield of the basin. The State Engineer finds that to export an amount of water in excess of the perennial yield from a basin would not be environmentally sound. The most recent estimate of in-basin natural recharge and discharge in Lake Valley is 13,000 afa and 6,100 afa, respectively. On this basis, the perennial yield would be between 6,100 and 13,000 af. On the basis of the moderate observed drawdown due to Tuffy Ranch pumping, the State Engineer finds the perennial yield of the Lake Valley Hydrographic Basin is at least 13,000 af. Present non-supplemental ground-water appropriations in the

⁷³ Transcript, p. 236; Exhibit Nos. 77, 78, 79, 80, and 81.

⁷⁴ Nevada Division of Water Resources' Water Level Database, official records in the Office of the State Engineer.

⁷⁵ BARCAS Study, USGS SIR 2007-5261, pp. 43 - 63.

basin are about 21,000 afa, and the consumptive use portion is approximately 15,000 afa; therefore, the basin may be over appropriated.

In considering whether the basin is over appropriated, the State Engineer is going to consider observed pumping effects and the uncertainty in the estimate of the perennial yield. Water levels in the center of the Tuffy Ranch pumping center are currently declining at a moderate rate, and no unreasonable effects have been observed. It has not been demonstrated that there is a need to regulate this basin to bring the amount of existing appropriations back in line with the estimated perennial yield; however, it is also recognized that the long-term effects of pumping are often slow to develop. Therefore, in order to assure that the water exportation project is environmentally sound, while at the same time allowing continued pumping of the certificated and permitted water rights, the amount available for export must allow for a margin of safety. Therefore, the State Engineer finds that staged development of the exportation project is warranted. remainder of the appropriated water will remain in the basin to maintain this margin of safety. To ensure there are no unreasonable impacts on the hydrologic related natural resources in the basin due to continued pumping and exporting of water, the State Engineer finds the Applicant will be required to submit and comply with a monitoring, management, and mitigation plan.

XII.

LONG-TERM USE OF THE WATER AND FUTURE GROWTH AND DEVELOPMENT IN THE BASIN OF ORIGIN

The State Engineer has issued several recent rulings on large water importation requests.⁷⁶ The applications involved in those rulings sought to appropriate additional ground water within each basin and a case-by-case approach was used to determine the amount of water that could be exported without unduly limiting future growth and development in the basin of origin, in accordance with NRS § 533.370(6)(d).

In Kane Springs, it was determined that there was no private land within the basin. The entire basin was public land managed by the U.S. Bureau of Land Management (BLM) and there was no recognized potential for future growth within the basin. In addition, there were no existing water rights within the basin. It was ultimately

⁷⁶ State Engineer Ruling Nos. 5712, 5726 and 5785, February 2, 2007, April 16, 2007, July 9, 2008, official records in the Office of the State Engineer.

determined that the full perennial yield could be appropriated and exported from the basin without unduly limiting future growth and development.⁷⁷

In Cave Valley, the evidence indicated that there was about 4,692 acres of potentially developable land. If the land was divided into 5-acre lots, there would be 938 lots for possible development; however, the evidence indicated the type of development would be mostly seasonal homes or cabins. A total of 275 afa was left in the basin of origin for future growth and development, including 40 afa for stock watering and commercial uses.⁷⁸

In Dry Lake Valley, there are only 35 individual parcels encompassing 1,117 acres of private land. There was no evidence that anyone lives within the valley on a year-round or temporary basis and no evidence was provided of any future development within the basin. The State Engineer found that a minimal quantity of water, being 50 afa, should be left in the basin of origin for future growth and development.⁷⁸

In Delamar Valley, there is no private land and there was no indication that anyone lives in the valley on a year-round or temporary basis. The State Engineer found that a minimal quantity of water, being 50 afa, should be left in the basin of origin for future growth and development.⁷⁸

In Spring Valley, there were both existing water rights and private property within the basin. The perennial yield was estimated at 80,000 afa and the amount of water available for export was limited to a maximum of 60,000 afa. It was determined that there was the potential for future growth within the basin and leaving the existing water rights (11,000+ afa consumptive) would not be sufficient; therefore, 10% of the perennial yield was also left in the basin (8,000 afa).⁷⁹

The applications in Spring, Cave, Delamar, Dry Lake and Kane Springs Valleys, all sought to appropriate and export the entire perennial yield, excepting existing water rights, if any, and in Spring, Cave, Delamar and Dry Lake Valleys, a portion of the unappropriated perennial yield was left in the basins. The applications considered in this ruling seek to change existing water rights. There is no unappropriated water in the basin to leave for future growth and development and the evidence indicates that the basin may be over-appropriated based on current estimates of the perennial yield. The State

<sup>Exhibit No. 99.
State Engineer's Ruling No. 5875.
Exhibit No. 100.</sup>

Engineer finds that the water needed for future growth and development within the Lake Valley Hydrographic Basin will come from existing water rights within the Lake Valley Hydrographic Basin and within the perennial yield of the Lake Valley Hydrographic Basin.

Regarding whether the proposed water exportation project in Lake Valley is an appropriate long-term use, which will not unduly limit the future growth and development in the basin from which the water is exported, testimony was provided that less than 5% (4.8%) of the land in the basin is privately held, with the remaining 95% being public land managed by the BLM. Of the 5% of private lands, Tuffy Ranch holds or has a controlling interest in about 83%, or 17,126 acres, primarily the Atlanta Farms and Geyser Ranch properties. Private lands not controlled by Tuffy Ranch total about 3,049 acres. If this land were divided into 5-acre parcels, there would be 610 lots. The estimated potential water use for the private lands at 1.0 afa per lot is equal to 610 afa for future growth and development. Existing water rights not controlled by the Applicant or its related entities are about 294 afa. Subtracting the 610 afa and the 294 afa from the perennial yield leaves about 12,100 afa available.

For the Atlanta Farms property, the Applicant indicated that they intend to develop land removed from cultivation at Atlanta Farms by subdividing the property into 40-acre or 100-acre lots; essentially converting the former agricultural property to miniranches. The Applicant further indicated that water remaining on Atlanta Farms, subsequent to these transfers, would be used to support the 40-acre or 100-acre lots, which may include horses and pasture, but did not specify how much water would be reserved for these mini-ranches. The Applicant further stated that the water on Geyser Ranch would remain appurtenant to the property as there is no intent to move those water rights at this time. To account for the potential development of the Atlanta Farms properties as land is fallowed, the State Engineer has chosen to use a minimum lot size of 5 acres. For each 5 acres fallowed, the State Engineer has determined a consumptive amount of 1 acre-foot would be required. Since the consumptive use rate is 2.9 acre-feet per acre, for every 5 acres fallowed there are 14.5 acre-feet are available for export, and 1

⁸⁰ Transcript, pp. 123-125.

⁸¹ Exhibits Nos. 110 and 111.

⁸² Transcript, pp. 172-173.

⁸³ Transcript, pp. 140-141.

⁸⁴ Transcript, pp. 141-142.

acre-foot must remain in the basin for use on that future 5-acre parcel. The amount of water that can be exported under this scenario can be easily calculated using the following formula and solving for X:

12,100 = X + (X / 2.9*5)

12,100 = X * (1 + (1/2.9*5))

X = 12,100 / (1 + (1 / 14.5))

X = 11,320 afa

The equation yields 11,320 afa that can be exported. Rounding to the nearest 100, the amount of water that can be exported is 11,300 afa. If this full amount is exported, 3,897 acres will be fallowed, creating 779 potential 5-acre lots. All remaining water in the basin beyond the export limitation of 11,300 afa shall remain in the basin and will be available for the future growth and development in the Lake Valley Hydrographic Basin.

The State Engineer finds that the export of the reduced amount of water is an appropriate long-term use, which will not unduly limit the future growth and development in the basin from which the water is exported.

XIII.

OTHER RELAVANT FACTORS

In considering interbasin transfers of water, the State Engineer may consider "any other factor the State Engineer determines to be relevant." As noted, in the preceding section, there have been several recent decisions regarding the interbasin transfer of ground water. In each of these decisions, there was unappropriated water available within the ground-water basin. The exportation of water from Lake Valley is unique in that the Applicant is not requesting an additional appropriation of water. Not only is there no unappropriated water available in Lake Valley, the State Engineer has found in this ruling that the basin may be over appropriated even if the highest estimate of perennial yield is utilized (13,000 afa). If the entire perennial yield of the basin is exported and the existing water rights remaining within the basin are exercised, the basin will be over-pumped and the estimated perennial yield will be exceeded. The Applicant has asked that the State Engineer approve its applications to export the entire perennial yield of the basin, which it estimates at 12,000 afa. The State Engineer has found that, in order for the project to be considered environmentally sound, a maximum of 11,300 afa

⁸⁵ NRS § 533.370(6)(e).

may be exported and only under strict monitoring. In calculating the consumptive use of the existing water rights, the State Engineer used a calculation that assumes a pristine crop and optimal growing conditions considering the local climate. However, actual pumpage and consumptive use are unknown. The Applicant declined to provide any documentation on historical pumpage, stating that accurate pumpage records were not available, ⁸⁶ even though accurate measurements of water placed to beneficial use were required as a condition of the permits. Due primarily to the uncertainties in actual pumpage and consumptive use, a conservative approach to this exportation project is warranted. The State Engineer finds the initial export will be limited to 9,000 afa; the remaining 2,300 afa may be allowed only after an evaluation of the initial staged development. The State Engineer has also found that existing water rights in the basin in excess of the 11,300 afa must remain in the basin to satisfy the requirements of NRS § 533.370 (6)(d), regarding future growth and development.

Despite the limitation on exportation to 11,300 afa, the monitoring, management and mitigation program may show that ground-water pumping unreasonably impacts other water rights or creates environmentally unsound conditions. If this occurs, it may be necessary to regulate the basin back to the perennial yield on a priority basis. The priority of a water right is tied to its filing date and under the prior appropriation doctrine, the earliest or senior water rights would be allowed to pump and the newest or junior water rights would be out of priority and would not be allowed to pump. Since the exportation project is being limited to a possible 11,300 afa, the changes of the earliest priority base rights will be considered for approval and the changes of some of the latest priority base rights will be considered for denial. If the circumstances were such that the basin needed to be regulated back to the perennial yield, the municipal exported water rights would not be affected.

The State Engineer finds that the pending applications will be approved on the basis of the priority of the existing water rights that form the basis for the change applications with the senior water rights transferred, such that the junior water rights remain in the basin, up to the 11,300 afa limitation.

⁸⁶ Transcripts, pp. 256 - 257 and 263 - 266.

XIV.

WHITE PINE COUNTY PROTEST

In support of its protest, Protestant White Pine County read a statement into the record. The statement asks the State Engineer to consider the negative economic impacts to White Pine County, a consumptive use limitation, and impact to the surrounding basins including cumulative impacts. The statement indicated that there are 669 acres of private land taxed as agricultural property in Lake Valley, and the White Pine County portion of agricultural land generates approximately \$40,000 in economic activity each year. Also mentioned is economic activity related to hunting and cattle ranching. As noted in the above section, the irrigated land sought for change under these applications is located entirely within Lincoln County. It is unclear, and the Protestant failed to provide any evidence, how these applications would negatively affect cattle and wildlife or otherwise negatively impact the economy of White Pine County.

The second issue is whether a consumptive use reduction should be applied to the Applicant's proposed conversion of irrigation water rights to municipal water rights. A review of the applications and existing rights indicates that such a reduction will be necessary prior to any approval of the applications; therefore, this protest issue is affirmed.

The final issue is the impact to surrounding basins and the cumulative impact of all the plans to export water from White Pine County. First, no water is being exported from White Pine County as the existing place of use of the water is within Lincoln County. Second, with a consumptive use limitation only the amount of water currently consumed under existing irrigation water rights will be considered for export to Coyote Spring Valley.

The State Engineer finds that Protestant White Pine County failed to provide substantial evidence to support its protest.

⁸⁷ Exhibit No. 120.

XV.

BENEZET AND GARRETT PROTESTS

Protestants Benezet and Garrett protested on similar grounds and presented a joint effort at the administrative hearing, however, both Protestants did speak on their own behalf.⁸⁸ The parties offered expert testimony through their hydrogeologist Dr. Meyers. The protest issues center around claims that the applications are speculative and that the applications are not in the public interest. In addition, Protestant Garrett also mentions a loss of tourism and recreation in White Pine County.⁸⁹

Testimony was received that the perennial yield of the Lake Valley Hydrographic Basin cannot be adequately captured from pumping at the Atlanta Farms property without significant long-term drawdown of two to three hundred feet, before steady-state can be reached. It was also opined that the State Engineer should limit the transfer to the consumptive use of the water rights and that the consumptive use should be the same rate as applied in the Spring Valley ruling, about 3.2 feet per year. The expert witness testified that pumping at the Atlanta Farms would capture discharge of ground-water flow to Patterson Valley and would not capture discharge from the northern part of Lake Valley, near the Geyser Ranch. The witness also stated that existing rights in the southern portion of Lake Valley exceed the natural discharge in that area. Additionally, it was estimated that the existing water rights covered 4,100 acres of land and if a duty of only 4.0 acre-feet per acre were applied, it would only equate to 16,000 acre-feet as opposed to the Applicant's assertion of over 20,000 acre-feet sought for change. The supplemental nature or comingling of many of the existing rights was also mentioned as a confounding issue in determining an accurate depiction of the quantity of water sought for transfer.⁹⁰

As discussed in preceding sections, the State Engineer has determined that only the consumptive use portion of the existing water rights may be considered for export from Lake Valley and the annual consumptive use rate is calculated at 2.9 acre-feet per acre. The existing water rights are currently, and have in the past, been pumped for irrigation purposes at the Atlanta Farms and there should be no increase in the water use if only the consumptive use portion of the water right is exported from the basin.

⁸⁸ Transcript, p. 26.

⁸⁹ Exhibit Nos. 58 and 59.

⁹⁰ General summary of direct examination of Dr. Meyers, Transcript, pp. 34-58; Exhibit Nos. 90 and 100.

The protests assert that the applications are speculative because the Applicant does not have a right of way to deliver the water, the amount of water requested is in excess of that needed, and the Lincoln County Water District is developing water for service to this project; therefore, it is implied that the water from Lake Valley is not needed. A review of the testimony and evidence show little support for this protest claim. The Applicant testified that the current plan is to move the water through the proposed Southern Nevada Water Authority (SNWA) pipeline⁹¹ and, if it turns out that the SNWA pipeline does not receive all of its approvals, a private pipeline would be used.⁹² Testimony and evidence was also received regarding the justification and demand for the water in order to continue the Coyote Springs development.⁹³ The Lincoln County Water District and the associated General Improvement District were created, at least in part, to deliver water to the Lincoln County side of the Coyote Springs development. The protest issue regarding the Lincoln County Water District is unclear and there was no testimony or evidence offered by the Protestants to clarify this claim. The State Engineer finds that the Protestants failed to prove the applications were filed for speculative purposes.

The protests assert that approval of the applications would not be in the public interest because it would reduce recharge to the aquifer, the basin is fully appropriated, there would be a loss of springs and riparian areas, impact to neighboring ranches, loss of water supply to the Town of Pioche, socio-economic impacts and loss of tourism and recreation in White Pine County.

The first claim is that the applications would reduce recharge to the aquifer. If the entire duty of water under the existing rights were transferred, this claim might have merit. However, by limiting the change applications to the consumptive use portion of the water right, the loss of recharge from the irrigation to the aguifer is nullified. For example, consider one acre of land irrigated at an application rate of 4 feet per acre. Under irrigation, 4 feet of water would be pumped but only 2.9 feet would be consumed with the remaining 1.1 feet recharging the aquifer. By limiting the pumping and export of water for municipal purposes to 2.9 feet per acre, 1.1 acre-feet will still remain in the aquifer and the net amount of water removed from the aquifer will be unchanged.

 ⁹¹ Transcript, p. 134; Exhibit No. 66.
 ⁹² Transcript, p. 157.
 ⁹³ Transcript, pp. 130, 154-155; Exhibit Nos. 98 and 99.

The second claim is that the basin is fully appropriated. The applications at issue are not requesting a new appropriation of water, rather they seek to change existing water rights previously approved for the appropriation of water from the Lake Valley Hydrographic Basin for irrigation purposes. The State Engineer finds that the protest grounds that the basin is fully appropriated are insufficient for denial of an application to export water from a basin, and the protest is overruled.

The third claim is a loss of springs and riparian areas will occur. The record lacks substantial evidence to support this claim; however, the State Engineer finds a conservative approach is best and any permits approved under these change applications will be subject to an approved monitoring, management, and mitigation plan to ensure no unreasonable adverse affects occur as a result of this water exportation project.

The fourth claim is that there will be an impact to neighboring ranchers. There was no testimony or evidence that quantified, documented or even identified which ranchers are being referenced in this protest claim. However, as noted above, a conservative approach will be taken and any permits approved under these change applications will be subject to an approved monitoring, management, and mitigation plan.

The fifth claim is that there will be a loss of water supply to the Town of Pioche. In reviewing the Protestants testimony, it is implied that this protest claim refers to the future need for water in the rural communities of Pioche, Panaca, Caliente, Rachel and Alamo. The Protestants provided testimony that if the federal government disposes some of the public land near these communities water will be needed to develop the additional land and if the water in Lake Valley is sent to the Coyote Springs development that water will be potentially lost to these communities, ergo there will be a loss of water supply. It should be mentioned that none of the communities are within the Lake Valley Hydrographic Basin and there are no cities or towns within Lake Valley. The protest issue appears to be that the water should be preserved for growth in the towns mentioned above rather than for growth in Coyote Spring Valley. There is no basis for a finding that existing water rights should be exported to any specific location in preference to another location, and that protest issue is overruled. The State Engineer also finds that there will be no loss of water supply to Pioche, as defined by the Protestant, as the Town of Pioche does not have any claim or ownership interest to the existing water rights of the

⁹⁴ Transcript, p. 105.

Applicant nor is the community threatened with an imminent or foreseeable water shortage.

The final issue is the socio-economic impacts and the loss of tourism and recreation in White Pine County. The water rights at issue are existing water rights appurtenant to property that is wholly contained in Lincoln County. The change applications seek to move the water to the Lincoln County side of the Coyote Springs development. The water will remain in Lincoln County, whether it is used at Atlanta Farms or for the Coyote Springs development. The Applicant provided testimony and evidence indicating that the transfer of this water from an agricultural use to a municipal use would create a net economic benefit to Lincoln County. The State Engineer finds that the Protestants claims are unsubstantiated by the record.

XVI.

WATER RESOURCE MANAGEMENT

Ground water exportation projects present numerous water resource management challenges. The State Engineer has found that there exists an uncertainty with such projects such that a cautious water management approach is warranted. The State Engineer finds, in order to gather the necessary information to more accurately predict the effects of pumping, the staged development of water will occur in conjunction with a monitoring, management, and mitigation plan. The State Engineer finds that prior to the Applicant exporting any ground-water resources from the Lake Valley Hydrographic Basin, hydrologic baseline studies shall be completed and approved by the State Engineer.

The State Engineer finds that the export of ground water from the Lake Valley Hydrographic Basin will be as follows:

- A hydrologic monitoring, management, and mitigation plan shall be submitted and approved by the State Engineer.
- A minimum of five years of hydrologic data shall be collected by the Applicant subsequent to the approval of the monitoring, management, and mitigation plan and submitted to the State Engineer prior to the Applicant exporting any ground-water resources from Lake Valley.

⁹⁶ Exhibit No. 100, p. 53.

⁹⁵ Transcript, pp. 191-192; Exhibit No. 102.

- The Applicant will be limited to exporting a maximum of 9,000 afa during the initial staged development period. During the staged development, the Applicant must export at least 8,000 afa and not more than 9,000 afa for a period of ten consecutive years. The Applicant must demonstrate through pumpage records and water-level monitoring over the same ten-year period that the Tuffy Ranch area and the Lake Valley Hydrographic Basin can sustain the export of 11,300 acre feet without substantially increasing the current rate of water-level decline.
- The Applicant shall file an annual report with the State Engineer by March 15th of each year detailing the findings of the monitoring, management, and mitigation plan.

CONCLUSIONS

I.

The State Engineer has jurisdiction over the parties and the subject matter of this action and determination.⁹⁷

II.

The State Engineer is prohibited by law from granting an application to appropriate or change the public waters where: 98

- A. there is no unappropriated water at the proposed source;
- B. the change conflicts with existing rights;
- C. the proposed change conflicts with protectible interests in existing domestic wells as set forth in NRS § 533.024; or
- D. the proposed use or change threatens to prove detrimental to the public interest.

III.

The State Engineer concludes, based on the findings and limiting the export of water to 11,300 afa, there is water available for export from the basin, there is no substantial evidence the proposed changes will conflict with existing rights, there is no substantial evidence the proposed use will conflict with the protectable interests in existing domestic wells, or that the use of the water will threaten to prove detrimental to the public interest; thus, under NRS § 533.370(5), the law mandates the granting of the water rights.

98 NRS § 533.370(5).

⁹⁷ NRS chapters 533 and 534.

The State Engineer concludes the Applicant provided proof satisfactory of its intention in good faith to construct any work necessary to apply the water to the intended beneficial use with reasonable diligence, and its financial ability and reasonable expectation actually to construct the work and apply the water to the intended beneficial use with reasonable diligence.

V.

The State Engineer concludes that based on the findings the Applicant meets the additional statutory criteria required for an interbasin transfer of water under NRS § 533.370(6) and therefore, the applications can be considered for approval.

VI.

To comply with the export limitation of 11,300 afa and to ensure the export of senior water rights, it has been determined that Applications 72327, 72341, and 72344, which seek to change base rights with a 1974 priority, are subject to denial. The base rights associated with these change applications have a common priority date of April 3, 1974, which is the junior-most priority of the water sought for change. Due to comingling, associated change Applications 72326, 72328, 72340, 72342, 72343, and 72345 are also subject to denial. In addition, the duty of water requested for change under Application 72334 (1974 priority), and associated Applications 72333 and 72335, must be reduced in order for Applications 72333, 72334, and 72335 to be considered for approval. The State Engineer concludes that with the preceding limitations the remaining applications can be considered for approval.

RULING

Applications 72326, 72327, 72328, 72340, 72341, 72342, 72343, 72344, and 72345 are hereby denied. The protests to Applications 72296, 72297, 72298, 72299, 72300, 72301, 72302, 72303, 72304, 72305, 72306, 72308, 72309, 72310, 72311, 72312, 72313, 72314, 72315, 72316, 72317, 72318, 72319, 72320, 72321, 72322, 72323, 72324, 72325, 72329, 72330, 72331, 72332, 72333, 72334, 72335, 72336, 72337, 72338, 72339, 72346, 72347, 72348, and 72349 are upheld in part and the applications are hereby granted subject to:

- 1. Existing rights;
- 2. Payment of the statutory permit fees;
- 3. A consumptive use limitation of 2.9 acre-feet per acre.
- 4. A monitoring, management, and mitigation plan approved by the State Engineer that shall, at a minimum, include the collection of five years of baseline data prior to the export of any water from the basin;
- 5. A staged development with an initial maximum export of 9,000 acre-feet annually.
- The total combined duty under Permits 72296, 72297, 72298, 72299, 72300, 72301, 72302, 72303, 72304, 72305, 72306, 72308, 72309, 72310, 72311, 72312, 72313, 72314, 72315, 72316, 72317, 72318, 72319, 72320, 72321, 72322, 72323, 72324, 72325, 72329, 72330, 72331, 72332, 72333, 72334, 72335, 72336, 72337, 72338, 72339, 72346, 72347, 72348, and 72349 shall be limited to 11,300 acre-feet annually.
- 7. If pumpage impacts existing rights, conflicts with the protectible interest in existing domestic wells as set forth in NRS § 533.024, threatens to prove detrimental to the public interest or is found to not be environmentally sound, the Applicant will be required to curtail pumpage and/or mitigate the impacts to the satisfaction of the State Engineer.

Respectfully submitted

TRACY TAYLOR, P.E.
State Engineer

TT/TW/jm

Dated this <u>3rd</u> day of December 2008