



## COYOTE SPRINGS LAND

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June 14, 2013

Via US First Class Mail, Certified Return Receipt Requested

Mr. Jason King, P.E.  
State Engineer  
Division of Water Resources  
901 South Stewart Street, Suite 2002  
Carson City, Nevada 89701

Re: REPORT OF COYOTE SPRINGS INVESTMENT LLC  
PURSUANT TO NEVADA STATE ENGINEER ORDER 1169A

Dear Mr. King:

Please accept this letter as the Report (the "CSI Report") of Coyote Springs Investment LLC ("CSI") pursuant to Order 1169A issued by your office on December 21, 2012. We understand Southern Nevada Water Authority ("SNWA") will issue a parallel Report pursuant to Orders 1169 and 1169A.

Together, CSI and the Clark County – Coyote Springs Water Resources General Improvement District ("GID"), own 4600 acre-feet-per-year (afy) of water rights appropriated within the Coyote Spring Valley, for the benefit of the Coyote Springs master planned community. These water rights are evidenced by Permit numbers, 70429, 70430, 74094, 74095 and 82051-T (the "CSI Permits"). The GID owns 2000 afy, and CSI owns 2600 afy of which 460 afy is held for the benefit of dedication to U.S. Fish & Wildlife Service and preservation of the Moapa dace.

In addition to the CSI-Permits, CSI holds various applications for additional water rights in the Coyote Spring Valley (Basin 210) which are identified by your office as Application Numbers: 63272 – 63276, inclusive, 63867 – 63876, inclusive, and 64186 – 64192, inclusive (collectively, the "CSI-Applications"). SNWA also holds various applications for additional water rights in, among others, the Coyote Spring Valley which will be referred to herein as the "SNWA-Applications".

As a result of the CSI-Applications, the SNWA Applications, and other related third-party applications and actions, on March 8, 2002, your office issued Order 1169, and thereafter, Order 1169A on December 21, 2012. Arising out of obligations set forth in Order 1169, SNWA established an extensive monitoring network in various basins, including, without limitation, the Coyote Spring Valley. Thereafter, in 2002, SNWA entered into an agreement with CSI and Moapa Valley Water District to conduct the Monitoring Requirements associated with Order 1169, among others, the CSI Permits and CSI-Applications in the Coyote Spring Valley. SNWA's monitoring locations are shown on SNWA's Figure 5 attached to this Report which shows all such Monitoring Locations. These Monitoring Locations are described, and data from these Monitoring Locations, are included in SNWA's Annual Monitoring Reports submitted to the Nevada Division of Water Resources since 1999, the most current of which is entitled "*Monitoring Report for Southern Nevada Water Authority and Las Vegas Valley Water District's Groundwater Rights Permits and Applications in Coyote Springs Valley, Hidden Valley and Garnet Valley within Clark and Lincoln County, Nevada – Calendar Year 2012*".

The overall effect of the pumping tests on the Coyote Spring Valley aquifer are evidenced by the responses from CSI's wells and SNWA's MX-5 well which are indicative of a confined to semi-confined aquifer system and demonstrates a shallow pumping cone that extends miles from SNWA's MX-5 well. This and all of the other information gathered during SNWA's monitoring network will be useful for CSI and the GID as it manages the water resources in the Coyote Spring Valley.

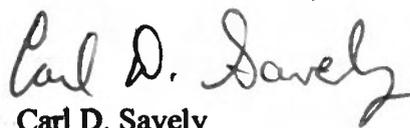
CSI believes SNWA's Annual Monitoring Reports support the assertion that the Kane Springs fault acts as a structural barrier to groundwater flowing from north to south in the Coyote Spring Valley. Water levels observed in the monitoring wells located north of the Kane Springs fault do not reflect any pumping impacts. This fault might also serve as a barrier to pumping cones advancing toward Muddy River Springs, from production occurring north of the fault.

CSI is in agreement with the information presented by SNWA in the prior reports and with the information we understand SNWA will provide in response to Order 1169A.

In sum, CSI opines that SNWA's Annual Monitoring Reports support CSI's position that there is additional groundwater available for appropriation in the Coyote Spring Valley. Thus, the CSI-Applications and the SNWA-Applications should be granted in whole, or in part.

Thank you for your consideration.

Respectfully submitted,



Carl D. Savely

