THE STATE OF NEVADA

PERMIT TO CHANGE POINT OF DIVERSION, MANNER OF USE AND PLACE OF USE OF THE PUBLIC WATERS OF THE STATE OF NEVADA HERETOFORE APPROPRIATED

Name of applicant:	**DAYTON VALLEY INVESTORS, LLC & LYON COUNTY**
Source:	**UNDERGROUND**
Basin:	**DAYTON VALLEY**
Manner of Use:	**MUNICIPAL**
Period of Use:	**January 1st to December 31st**
Priority Date:	**04/08/1955**

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APPROVAL OF STATE ENGINEER

This is to certify that I have examined the foregoing application, and do hereby grant the same, subject to the following limitations and conditions:

This permit to change the point of diversion, place and manner of use of the waters of an underground source as heretofore granted under Permit 64783 is issued subject to the terms and conditions imposed in said Permit 64783 and with the understanding that no other rights on the source will be affected by the change proposed herein. The well shall be equipped with a 2-inch opening and a totalizing meter must be installed and maintained in the discharge pipeline near the point of diversion and accurate measurements must be kept of water placed to beneficial use. The totalizing meter must be installed before any use of the water begins or before the proof of completion of work is filed. If the well is flowing, a valve must be installed and maintained to prevent waste. This source is located within an area designated by the State Engineer pursuant to NRS 534.030. The State retains the right to regulate the use of the water herein granted at any and all times.

Monthly records shall be kept of the amount of water pumped from this well and the records submitted to the State Engineer on a quarterly basis within 15 days after the end of each calendar quarter.

This permit does not extend the permittee the right of ingress and egress on public, private or corporate lands.

The total combined duty of water under Permits 49483, 49486, Certificate 14718; Permits 50361, 56593, Certificate 14706; Permit 58931, Certificate 14719; Permits 58932, 58933, Certificate 14720; Permits 58934, 62937, 62938, Certificate 15662; Permits 62939, 62940, 63626, 63628, 63630, 63632, 63633, 64128, 64957, 66427, 68155, 68156, 68196, 68197, 68198, 68708, 68737, 69243, 69244, 69245, 70040, 70041, 70042, 70693, 70846, 71379, 71476, 71477, 71536, 71537, 71688, 71856, 71857, 71872, 71873, 72603, 72773, 72774, 72775, 72914, 72931, 72932, 72933, 73157, 73158, 73183, 73393, 73394, 73473, 73474, 73490, 73491, 73992, 74369, 74370, 74427, 74434, 75101, 75102, 75103 and 75104 shall not exceed 8575.65 acre-feet annually.

The issuance of this permit does not waive the requirements that the permit holder obtain other permits from State, Federal and local agencies.

The permittee shall report to the State Engineer on a quarterly basis the effect of pumping this well on other previously existing wells that are located within 2,500 feet of this well. Any pumping of water in this well may be limited or prohibited to prevent any unreasonable adverse effects on an existing domestic well located within 2,500 feet of this well, unless the holder of this permit and the owner of the domestic well have agreed to alternative measures that mitigate adverse effects.

This permit is issued subject to the terms and conditions set forth in State Engineer's Ruling #5823 dated March 18, 2008.

The point of diversion and place of use are as described on the submitted application to support this permit.

(Continued on Page 2)

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, **and not to exceed 2.1761 cubic feet per second or 396.96 acre-feet annually.**

Work must be prosecuted with reasonable diligence and proof of completion of work shall be filed on or before: **August 10, 2009**
Water must be placed to beneficial use and proof of the application of water to beneficial use shall be filed on or before: **August 10, 2017**
Map in support of proof of beneficial use shall be filed on or before: **N/A**

IN TESTIMONY WHEREOF, I, TRACY TAYLOR, P.E.,

State Engineer of Nevada, have hereunto set my hand and the seal of my office, this 11th day of **July**, A.D. **2008**

Tracy Taylor, P.E.
State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____

llb

No. 75102

APPLICATION FOR PERMISSION TO CHANGE POINT OF DIVERSION, MANNER OF USE AND PLACE OF USE OF THE PUBLIC WATERS OF THE STATE OF NEVADA HERETOFORE APPROPRIATED

Date of filing in State Engineer's Office **NOV 17 2006**

Returned to applicant for correction _____

Corrected application filed _____

Map filed **JUN 20 1962 under 13020**

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The applicant **Dayton Valley Investors, LLC, a Nevada Limited Liability Company and Lyon County** hereby make application for permission to change the **Place and Manner of Use** of water heretofore appropriated under **Permit No. 64783**

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1. The source of water is **Underground**

2. The amount of water to be changed **2.1761 c.f.s., but not to exceed 396.96 acre-feet annually**

3. The water to be used for **Municipal & Domestic purposes**

4. The water heretofore permitted for **Municipal & Domestic purposes**

5. The water is to be diverted at the following point **NW¼ NW¼ Section 19, T.16N., R.22E., M.D.B.&M., or at a point from which the W¼ corner of said Section 19, bears S. 0°49' W., a distance of 1,392.0 feet.**

6. The existing permitted point of diversion is located within **UNCHANGED**

7. Proposed place of use **SEE ATTACHMENT "A" and map filed Under Application No. 74922**

8. Existing place of use **SEE ATTACHMENT "B" and map filed under Permit No. 62937**

9. Use will be from **January 1** to **December 31** of each year.

10. Use was permitted from **January 1** to **December 31** of each year.

11. Description of proposed works **A drilled and cased well, equipped with motor, pump, meter, and municipal distribution system.**

12. Estimated cost of works **$1,000,000.00**

13. Estimated time required to construct works **Completed – See Permit 64783**

14. Estimated time required to complete the application of water to beneficial use **Ten (10) Years**

75102

15. Remarks: **SEE ATTACHMENT "C"**

By **Gregory M. Bilyeu**
s/ **Gregory M. Bilyeu**
500 Damonte Ranch Pkwy, Suite 1056
Reno, NV 89521

Compared **bk/mt**

Protested Yes
Pro. Overruled 3/18/2008 See Ruling #5823

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ATTACHMENT "A"

Question #7 – Proposed Place of Use

T.16 N., R.20 E., M.D.B. & M.:
All of Section 24; E½, those portions of NW¼ and SW¼ Section 25 lying within Lyon County, the portion of the NE¼ Section 36 lying within Lyon County.

T. 16 N., R. 21 E., M.D.B. & M.:
All of Section 1; SE¼ SE¼ Section 2; All of Section 11; All of Section 12; All of Section 13; All of Section 14; All of Section 19; All of Section 20; All of Section 23; All of Section 24; All of Section 26; All of Section 27; All of Section 28; All of Section 29; All of Section 30; N½, the portion of the S½ Section 31 lying within Lyon County; N½ Section 32; N½ Section 33; N½ Section 34; N½ Section 35.

T. 16 N., R. 22 E., M.D.B. & M.:
All of Section 3; All of Section 4; All of Section 5, All of Section 6; All of Section 7; All of Section 8; All of Section 9; N½ Section 16; All of Section 17; All of Section 18; All of Section 19; All of Section 20.

T. 17 N., R. 21 E., M.D.B. & M.:
SE¼, those portions of the SW¼, NW¼ and NE¼ Section 36 lying within Lyon County.

T. 17 N., R. 22 E., M.D.B. & M.:
The portion of the S½ Section 21 lying within Lyon County; S½, the portion of the N½ Section 22 lying within Lyon County; All of Section 27; All of Section 28 lying within Lyon County; SE¼, those portions of the SW¼, NW¼, NE¼ Section 29 lying within Lyon County; the portion of the S½ Section 30 lying within Lyon County; S½, NE¼, the portion of the NW¼ Section 31 lying within Lyon County; All of Section 32; All of Section 33; All of Section 34; All of Section 35.

In addition to the above described Place of Use, it is the intent of these applications to provide water service to the entire Lyon County/Dayton Utilities service area as determined by the Lyon County Public Works Director. If in the future, some other entity is determined to have that authority, the Place of Use of this permit shall be pursuant to that authority's determination of the service area.

Attachment "B"

Question No. 8.) Existing Place of Use:

T.16N., R.21E., M.D.B. & M.:

All of Section 1; SE ¼ SE ¼, Section 2; All of Section 11; SW ¼,W ½ NW ¼,NE ¼ NW ¼, portion of the SE ¼ NW ¼, portion of the W ½ NE ¼, portion of the NE ¼ NE ¼, SW ¼ SE ¼, portion of the NW ¼ SE ¼, potion of the E ½ SE ¼, Section 12; Portion of the W ½ NW ¼, portion of the NE ¼ NW ¼, portion of the N ½ NE 1/4, Section 13; E ½, Section 14; SE ¼ SW ¼, E ½, Section 23; N ½ Section 24; Portions of the NW ¼, Section 26; SW ¼, W ½ SE ¼, portion of the SE ¼ NE ¼, portion of the NE ¼ SE ¼, Section 27; E ½ SW ¼, SE ¼, Section 28; NE ¼ NW ¼, N ½ NE ¼, Section 33; N ½ NW ¼, Section 34.

T.16N., R.22E., M.D.B. & M.:

All of Section 3; N ½, N ½ SW ¼, SE ¼ SW ¼, portion of the SW ¼ SE ¼, Section 4; Portion of the NW ¼ NW ¼, Section 5; NW ¼, N ½ NE ¼, portion of the S ½ NE ¼, portion of the NW ¼ SE ¼, NW ¼ SW ¼, portion of the NE ¼ SW ¼, portion of the S ½ SW ¼, Section 6; W ½ W ½, NE ¼ NW ¼, portion of the NW ¼ NE ¼, Section 9, NW ¼ Section 16; All of Section 17; S ½ SW ¼, NE ¼ SW ¼, S ½ NE ¼, SE ¼, Section 18; All of Section 19.

T.17N., R.21E., M.D.B. & M.:

SE ¼ SE ¼, Section 36.

T.17N., R.22E., M.D.B. & M.:

S ½ N ½, S ½, Section 31; S ½ S ½, NW ¼ SW ¼, NW ¼ SE ¼, SE ¼ NE ¼ SE ¼, Section 33; SW ¼, S ½ NW ¼, NE ¼ NW ¼, portion of the SW ¼ NE ¼, S ½ SE ¼, Section 34.

ATTACHMENT "C"

Applications to change Permits 64782 through 64785 are being filed to provide for the unstacking of the non-supplemental portion of these water rights as detailed in the letter dated April 11, 2006 already on file with the Division of Water Resources and the allocation table submitted to the State Engineer's office on October 26, 2006 and incorporated by reference to this application.

The original non-supplemental duty of Permits 64782 through 64785 was limited to 290.25 acre-feet based on the assumption that these rights were supplemental to junior surface water rights from El Dorado Canyon under Permit 53460 and decreed surface rights from the Carson River under DCR Claims 723, 724 and 725.

As detailed in the dated April 11, 2006 to Tracy Taylor and Jason King, the base rights for Permits 64782 through 64785 (Permits 13020, 16361 and 16362) were senior to the El Dorado Canyon water rights under Permit 53460 and the base right under Permit 23729.

An analysis of the place of use of the base rights under Permit 13020, Permit 16361 and Permit 16362 in relation to the place of use of Carson River Decree Claims 723 through 725 shows that a significant quantity of these underground rights are non-supplemental. This change application is being made to reflect the original and correct allocation of supplemental and non-supplemental acreage of the base right for this permit. The allocation table submitted to the State Engineer's office on October 26, 2006 and incorporated by reference to applications to change Permits 64782 through 64785 illustrates the portions of each permit that are supplemental and non-supplemental to surface rights from the Carson River.

The total duty under this application to change Permit 64783 is unchanged at 396.96 acre-feet annually. The water rights under both Permit 64783 and this application change are completely supplemental to surface water rights under DCR Claims 723, 724 and 725.

The total combined duty of the applications to change Permits 64782 through 64785 is unchanged at 1354.35 acre-feet annually. The total combined non-supplemental duty of Permits 64782 through 64785 as changed by these applications is 715.35 acre-feet annually.

Both the existing and proposed manner of use are for municipal and domestic purposes. However a change in the manner of use is being listed to reflect the fact that the non-supplemental and supplemental portions of these rights are being changed.