Permit No. 78977

THE STATE OF NEVADA

PERMIT TO CHANGE THE PUBLIC WATERS OF THE STATE OF NEVADA HERETOFORE APPROPRIATED

Name of applicant:	**HUGH B. THORSON**
Source:	**UNDERGROUND**
Basin:	**DAYTON VALLEY**
Manner of Use:	**COMMERCIAL**
Period of Use:	**January 1st to December 31st**
Priority Date:	**04/20/1972**

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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 place and manner of use of a portion of the waters of an underground source as heretofore granted under Permit 27817, Certificate 9178 is issued subject to the terms and conditions imposed in said Permit 27817, Certificate 9178 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.

A monthly report shall be submitted to the State Engineer within 10 days from the end of each month which shall include the amount of water pumped from all wells within the place of use and the amount of water used from each source.

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 78697, 78701, 78703, 78977, 78979 and 78981 shall not exceed 162.62 acre-feet annually for the commercial cultivation of lawn sod within the described place of use.

The total combined duty of water from this well for the commercial cultivation of lawn sod under Permits 78701, 78977 and 78981 shall not exceed 122.25 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 approval of this permit expires Temporary Permit 78976T.

(Continued on Page 2)

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

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, **and not to exceed 0.1166 cubic feet per second or 53.98 acre-feet annually**.

Work must be prosecuted with reasonable diligence and proof of completion of work shall be filed on or before: **January 25, 2011**

Water must be placed to beneficial use and proof of the application of water to beneficial use shall be filed on or before: **January 25, 2012**

Map in support of proof of beneficial use shall be filed on or before: **N/A**

IN TESTIMONY WHEREOF, I, JASON KING, P.E.,

State Engineer of Nevada, have hereunto set my hand and the seal of my office, this 25th day of **May**, A.D. **2010**

P.E.

State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____

Application No. 78977

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

THIS SPACE FOR OFFICE USE ONLY

Date of filing in State Engineer's Office OCT 20 2009

Returned to applicant for correction

Corrected application filed Map filed OCT 13 1977 under 27817 PBU

The applicant HUGH B. THORSON

4463 Shadow Hills Blvd. (Street Address or PO Box) of Santa Barbara (City or Town)

California 93105 (State and ZIP Code) hereby make(s) application for permission to change the

☐ Point of diversion ☑ Place of use ☑ Manner of use ☑ of a portion

of water heretofore appropriated under (Identify existing rights by Permit, Certificate, Proof or Claim Nos. If Decreed, give title of Decree and identify right in Decree.)

Permit 27817 Certificate 9178

1. The source of water is Underground
   Name of stream, lake, underground, spring or other sources.

2. The amount of water to be changed 0.1166 cfs, 53.98 acre-feet
   Second feet, acre-feet. One second foot equals 448.83 gallons per minute.

3. The water to be used for Commercial
   Irrigation, power, mining, commercial, etc. If for stock, state number and kind of animals. Must limit to one major use

4. The water heretofore used for Irrigation and Domestic
   If for stock, state number and kind of animals.

5. The water is to be diverted at the following point (Describe as being within a 40-acre subdivision of public survey and by course and distance to a found section corner. If on unsurveyed land, it should be stated.)

   NW 1/4 SW 1/4 Section 17, T. 17 N., R. 23 E., M.D.B.& M., or at a point from which the SW corner of said Section 17 bears S. 04 30' W., a distance of 2520.0 feet.

6. The existing point of diversion is located within (If point of diversion is not changed, do not answer.)

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7. Proposed place of use (Describe by legal subdivisions. If for irrigation, state number of acres to be irrigated.)

Portion NW 1/4 SW 1/4 lying south of ROW U.S. Hwy 50, NE 1/4 SW 1/4, portion NW 1/4 SE 1/4, portion SW 1/4 SE 1/4 (being the westerly 4 acres shown as stripped on the map), SE 1/4 SW 1/4, SW 1/4 SW 1/4, all in Section 17, and the SE 1/4 SE 1/4, portion NE 1/4 SE 1/4 lying south of ROW U.S. Hwy 50, Section 18, T. 17 N., R. 23 E., M.D.B.& M.

8. Existing place of use (Describe by legal subdivisions. If changing place of use and/or manner of use of irrigation permit, describe acreage to be removed from irrigation.)

13.495 acres in the SE 1/4 SW 1/4 Section 17, T. 17 N., R. 23 E., M.D.B.& M. being removed from irrigation.

9. Proposed use will be from January 1 (Month and Day) to December 31 (Month and Day) of each year.

10. Existing use permitted from January 1 (Month and Day) to December 31 (Month and Day) of each year.

11. Description of proposed works. (Under the provision of NRS 535.010 you may be required to submit plans and specifications of your diversion or storage works.) (State manner in which water is to be diverted, i.e., diversion structure, ditches, pipes and flumes or drilled well, pump and motor, etc.)

Existing drilled and cased well. Please reference Well Log # 14408

12. Estimated cost of works Existing

13. Estimated time required to construct works Existing
If well completed, describe well.

14. Estimated time required to complete the application of water to beneficial use 1 year

15. Provide a detailed description of the proposed project and its water usage (use attachments if necessary): (Failure to provide a detailed description may cause a delay in processing.)

Water rights are to be used for the Dayton Valley Turf operation on the property. Water rights are being leased from Stagecoach GID, Century Oak Land Company, plus these leased water rights from Hugh B. Thorson. See Permits 78696T, 78700T, 78702T and Applications 78697, 78701, 78703 to used on the turf farm to maintain and grow sod. Attached is the Lease Agreement with Hugh B.Thorson and Terry Flatley. Temporary and permanent change applications for all permits will be filed.

16. Miscellaneous remarks:

Item 5, 6, and 8 - Please use the map filed in support of Permit 27817. Item 7 - Please use the map filed in support of Permit 61572.

Linda K. Rhodes Facque
Type or print name clearly

Linda K. Rhodes Facque
Signature, applicant or agent

Water Rights - Consulting & Research
Company Name

3320 Sandra Drive
Street Address or PO Box

Reno, NV 89503-3835
City, State, ZIP Code

rhodesfacque@earthlink.net
E-mail Address

775-741-4337
Phone No.

APPLICATION MUST BE SIGNED BY THE APPLICANT OR AGENT

RECEIVED
2009 OCT 20 AM 12:14
STATE ENGINEER'S OFFICE

$200 FILING FEE AND SUPPORTING MAP MUST ACCOMPANY APPLICATION

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Lease Agreement

This agreement is made this 1st day of August, 2009, by and between **Dayton Valley Turf**, a Nevada Corporation, hereinafter called "Lessee" and **Hugh B. Thorson and Terry Flatley**, hereinafter called "Lessor".

Recitals

Whereas, Lessor owns certain water rights situated in Lyon County, State of Nevada, which are on file in the Nevada State Engineer's Office, described as follows:

Permit 27817, Certificate 9178, being 53.98 acre-feet annually with a diversion rate of 0.121 cubic feet per second.

Permit 31041, Certificate 9550, being 53.98 acre-feet annually with a diversion rate of 0.1043 cubic feet per second.

Permit 31042, Certificate 9185, being 28.27 acre-feet annually with a diversion rate of 0.03904 cubic feet per second.

Whereas, Lessee desires to rent, lease and hire from Lessor and Lessor desires to let to Lessee those water rights described above for commercial use in it's turf farm business; and

Whereas, the parties desire to set forth their agreement in writing.

Now, Therefore, in consideration of the foregoing and in further consideration of the terms, covenants and conditions set forth in this agreement, the parties do hereby agree as follows:

1. Leased Rights: Lessee desires to rent, lease and hire from Lessor fifty three and 98 hundredths (53.98) acre-feet of water rights situated in the County of Lyon, State of Nevada, including the supplemental water rights, and more particularly described above.

2. Term: The term of this lease shall be for a period of 12 months commencing August 1st, 2009 to August 1, 2010.

3. Assignment and Subletting: Lessee may not assign this lease or sublet the water rights in whole or in part without the written consent of the Lessor being first had and obtained.

4. Use of Water Rights: Restrictions: The water rights are leased to Lessee for use of Lessee's turf farm business and not for other purpose. Lessee shall comply with all Federal, State and local laws, ordinances, rules and regulations governing the use and ownership of water rights and Lessee's use thereof. Lessee shall not commit or cause to committed any waste, damage or misuse of all or any potion of the water. Lessee agrees to put the water rights to beneficial use as required by the Department of Water Resources for continued use.

5. Licenses and Permits: Lessee shall conduct its business in compliance with all local, State and Federal laws, regulations and ordinances. In consideration of its use of Lesssor's water rights, Lessee shall, at its own expense, obtain all necessary permits and transfer

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fees including but not limited to change application and the like. In addition. Lessee shall make an annual lease payment of thirty seven dollars and fifty cents ($37.50) per acre foot, which would total $2024.25 per year.

6. Quiet Enjoyment: Lessee shall, during the term of this lease, have the right to peacefully and quietly have, hold and enjoy the leased water rights, subject to the terms of this lease without hindrance or molestation from Lessor or any person claiming by, from, or under Lessor.

7. Holding Over and Surrender: Should Lessor and Lessee wish to continue the practice of this Agreement after the lease term expires, an addendum may be executed for an additional period of time. Neither party has any further obligation to the other, either expressed or implies, after the termination of this Agreement.

8. Entire Agreement: This lease contains the complete and entire agreement between the parties and no modification hereof shall be binding upon the prtios unless evidenced by an agreement in writing, signed by the Lessor and Lessee after the date of this lease.

9. Transferability- This lease does not prohibit the current owner of selling rights to another party. This lease may transfer to new owner without recourse or penalty, and will continue until the end of the lease term. If new owner decides to use water prior to end of this lease term, this lease terminates immediately upon approval of the new owner's application with the State of Nevada- Division of Water Resources. New owner must notify lessee 30 day's prior to submitting application through a notarized or certified letter.

In Witness Whereof, the parties hereto have executed the lease the day and year first written above.

LESSOR

Hugh B. Thorson and Terry Flatley

4463 N. Shadow Hills Blvd.
Santa Barbara, CA 93105

Hugh B. Thorson
Hugh B. Thorson and Terry Flatley
Date: 8-6-09

Terry Flatley 8-10-09
Terry Flatley, President
Date:

LESSEE

Dayton Valley Turf
A Nevada Corporation
290 Kietzke Lane
Reno, NV 89502

Cary Yamamoto, President
Date: