

**AMENDED****THE STATE OF NEVADA****PERMIT TO APPROPRIATE WATER**

Name of Permittee: HEAVENLY VALLEY, A NEVADA LIMITED PARTNERSHIP
Source: LAKE TAHOE
Basin: LAKE TAHOE BASIN
Manner of Use: RECREATIONAL
Period of Use: JANUARY 1ST TO DECEMBER 31ST
Priority Date: 02/19/2010

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 is issued under the provisions of NRS 533.520 and is subject to all existing rights on the source. It is understood that the 4.46 cubic feet per second and not to exceed 592 acre-feet annually herein granted is only a temporary allowance and that the final water right obtained under this permit will be dependent upon the amount of water actually placed to a beneficial use. A totalizing meter must be installed and monthly records shall be kept of water placed to beneficial use. The records shall be submitted to the State Engineer on an annual basis within 30 days after the end of each calendar year. The totalizing meter must be a separate, dedicated meter installed at a point that will quantify only the water utilized under this permit. Per notice dated December 21, 2009, from the California State Water Resources Control Board, this permit is subject to the final allocation of the State of California under the California Nevada Interstate Compact. This permit is issued subject to the continuing jurisdiction and regulation of the State of California, Water Resources Control Board and the Nevada State Engineer.

The total combined duty of water appropriated under Permits 79612 and 79613 shall not exceed 592 acre-feet annually.

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

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

This permit is issued for the express purpose of allowing up to 592 acre-feet annually of water to be diverted for snowmaking purposes, of which, the consumptive use portion for snowmaking is determined to be 16%. The issuance of this permit does not authorize any additional appropriation for consumptive use beyond the 16% portion.

The place of use under this permit is limited to the Heavenly Valley Ski Resort area that lies within the Lake Tahoe Hydrographic Basin and the State of California. Use of the water granted under this permit outside of the Lake Tahoe Hydrographic Basin is prohibited.

(Continued on Page 2)

Any future attempts to change the manner of use of this permit will be denied. If any water under this permit is cancelled, withdrawn, or if any water is not put to beneficial use, it will revert to the source.

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 4.46 cubic feet per second or 592.0 acre-feet annually.**

Work must be prosecuted with reasonable diligence and proof of completion of work shall be filed on or before:

October 25, 2014

Water must be placed to beneficial use and proof of the application of water to beneficial use shall be filed on or before:

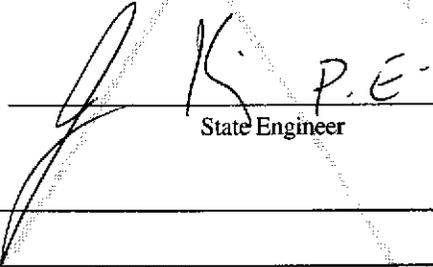
October 25, 2018

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 27th day of August, 2013



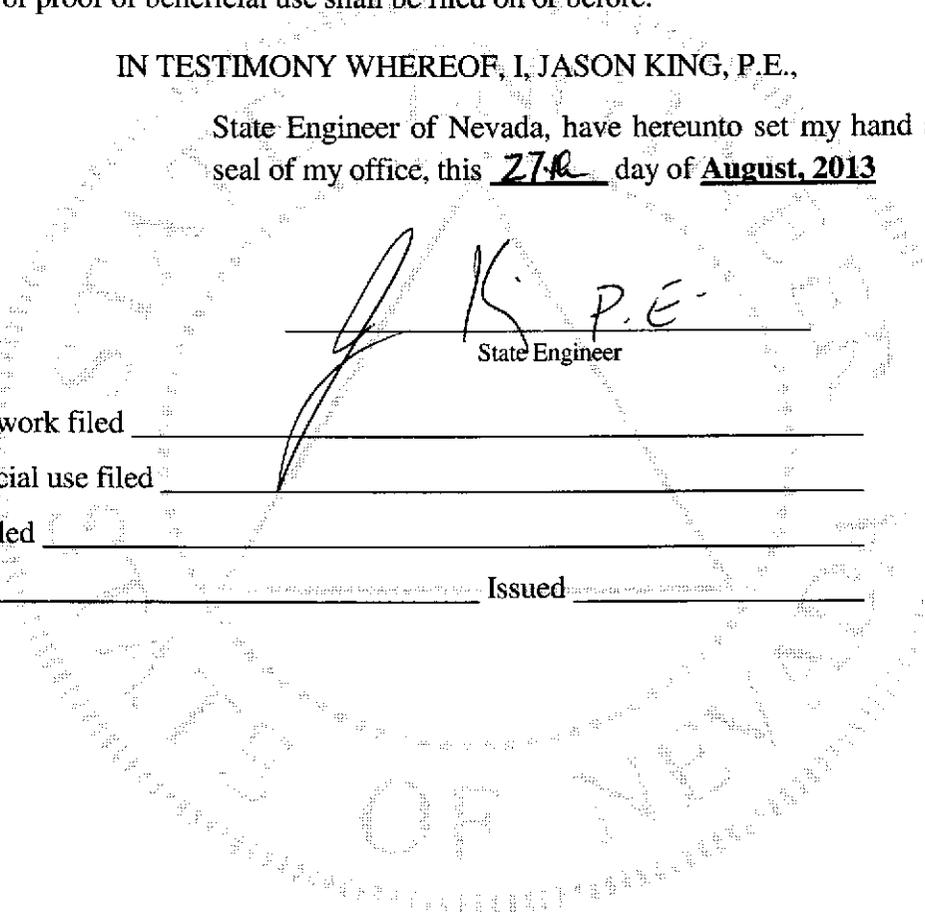
State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____





See Amended Permit

Permit No. 79613

THE STATE OF NEVADA

PERMIT TO APPROPRIATE WATER

Name of Permittee: HEAVENLY VALLEY, A NEVADA LIMITED PARTNERSHIP
Source: LAKE TAHOE
Basin: LAKE TAHOE BASIN
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Period of Use: JANUARY 1ST TO DECEMBER 31ST
Priority Date: 02/19/2010

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 is issued under the provisions of NRS 533.520 and is subject to all existing rights on the source. It is understood that the 4.46 cubic feet per second and not to exceed 592 acre-feet annually herein granted is only a temporary allowance and that the final water right obtained under this permit will be dependent upon the amount of water actually placed to a beneficial use. A totalizing meter must be installed in the intake pipeline near the point of diversion and accurate measurements must be kept of water placed to a beneficial use. The totalizing meter must be a separate, dedicated meter installed at a point that will quantify only the water utilized under this permit. Per notice dated December, 12, 2009, from the California State Water Resources Control Board, this permit is subject to the final allocation of the State of California under the California Nevada Interstate Compact. This permit is issued subject to the continuing jurisdiction and regulation of the State of California, Water Resources Control Board and the Nevada State Engineer.

The total combined duty of water appropriated under Permits 79612 and 79613 shall not exceed 592 acre-feet annually.

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

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

This permit is issued for the express purpose of allowing up to 592 acre-feet annually of water to be diverted for snowmaking purposes, of which, the consumptive use portion for snowmaking is determined to be 20%. The issuance of this permit does not authorize any additional appropriation for consumptive use beyond the 20% portion.

The place of use under this permit is limited to the Heavenly Valley Ski Resort area that lies within the Lake Tahoe Hydrographic Basin and the State of California. Use or storage of the water granted under this permit outside of the Lake Tahoe Hydrographic Basin is prohibited.

Any future attempts to change the place of use or manner of use of this permit will be denied. If any water under this permit is cancelled, withdrawn, or if any water is not put to beneficial use, it will revert to the source.

(Continued on Page 2)

See Amended Permit

Permit No. 79613

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 4.46 cubic feet per second or 592.0 acre-feet annually.**

Work must be prosecuted with reasonable diligence and proof of completion of work shall be filed on or before:

October 25 2012

Water must be placed to beneficial use and proof of the application of water to beneficial use shall be filed on or before:

October 25 2016

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 October, A.D. 2011

Jason King, P.E.
State Engineer

Completion of work filed _____

Proof of beneficial use filed _____

Cultural map filed _____

Certificate No. _____ Issued _____

APPLICATION FOR PERMIT TO APPROPRIATE THE PUBLIC WATERS OF THE STATE OF NEVADA

| | |
|---|--|
| THIS SPACE FOR OFFICE USE ONLY | |
| Date of Filing in State Engineer's Office | <u>FEB 19 2010</u> |
| Returned to applicant for correction | _____ |
| Corrected Application filed | Map filed <u>Sept. 27, 1963</u> under <u>20980</u> |

The applicant Heavenly Valley, A Nevada Limited Partnership
 Post Office Box 2180 of Stateline
Street Address or P.O. Box City or Town
Nevada 89449 hereby make(s) application for permission to appropriate the
State and ZIP Code

public waters of the State of Nevada, as hereinafter stated. (If applicant is a corporation, give date and place of incorporation; if a copartnership or association, give names of members.)
VR Heavenly I, Inc., a Colorado Corporation, General Partner

1. The source of water is Lake Tahoe
Name of the stream, lake, underground, spring or other sources.
2. The amount of water applied for is 4.46 c.f.s, up to 592 acre-feet annually
One second foot equals 448.83 gallons per minute.
 - (a) If stored in a reservoir give the number of acre-feet _____
3. The water is to be used for Recreation (snowmaking)
Irrigation, power, mining, commercial, domestic or other use. Must be limited to one major use.
4. If use is for:
 - (a) Irrigation, state number of acres to be irrigated _____
 - (b) Stockwater, state number and kind of animals _____
 - (c) Other use (describe fully in No. 12) See #12
 - (d) Power:
 - (1) Horsepower developed _____
 - (2) Point of return of water to stream _____

90-70

5. The water is to be diverted from its source 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 so stated.)

Within the NW 1/4 NW 1/4 of Section 27 (extended into the lake), T13N, R18E, MDB&M, or at a point from which the northeast corner of said Section 27, bears N. 86° 22' E., a distance of 4748.00 feet, as shown on the map on file under Application 20980 and Permit 22006.

6. Place of use: (Describe by legal subdivision. If on unsurveyed land, it should be so stated)

Portion of Section 35 and portion of SW1/4 SW1/4 Section 36, T13N, R18E, MDB&M, portion of Section 1, T12N, R18E, MDB&M, and portion of Section 7, T12N, R19E, MDB&M, lying within the Lake Tahoe Basin within the State of California.

7. Use will begin about January 1 and end about December 31 of each year.
Month and Day Month and Day

8. Description of proposed works. (Under the provisions 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 and flumes, drilled well with a pump and motor, etc.)

Intake system in Lake Tahoe, pipeline, reservoir, booster pump and pipeline to snowmaking equipment.

9. Estimated cost of works: in excess of \$11,290,000.00

10. Estimated time required to construct works: 5 years
(If the well is complete, describe works.)

11. Estimated time required to complete the application of water to beneficial use: 10 years

12. 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.)

This application is for snowmaking on the California portion of the Heavenly Mountain Resort within the Lake Tahoe Basin. The total amount of water used each year will vary depending on the seasonal needs. A separate application is being filed concurrently herewith for a second intake. The total combined duty of the two applications is for 592 afa.

13. Miscellaneous remarks:

This water is to come out of the California allocation set forth in the Settlement Act per authorization by the California State Water Resource Control Board as indicated in the attached letter. The points of diversion are in Nevada, the place of use is in California.

BCarrig@vailresorts.com

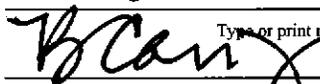
E-mail Address

775-586-2311

Phone No.

APPLICATION MUST BE SIGNED
 BY THE APPLICANT OR AGENT

Blaise Carrig


Type or print name clearly

Signature of applicant or agent

Heavenly Mountain Resort

Company Name

PO Box 2180

Street Address or PO Box

Stateline, NV 89449

City, State, ZIP Code



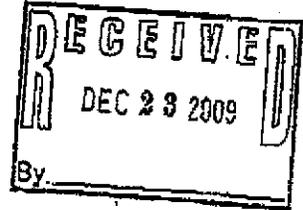
State Water Resources Control Board



Linda S. Adams
Secretary for
Environmental Protection

Division of Water Rights
1001 I Street, 14th Floor • Sacramento, California 95814 • 916.341.5300
P.O. Box 2000 • Sacramento, California 95812-2000
Fax: 916.341.5400 • www.waterboards.ca.gov/water/rights

Arnold Schwarzenegger
Governor



DEC 21 2009

Tracy Taylor, P.E.
State Engineer
Division of Water Resources
901 South Stewart Street, Suite 2002
Carson City, NV 89701

RE: HEAVENLY MOUNTAIN RESORT'S APPLICATIONS TO APPROPRIATE WATER FROM LAKE TAHOE

Dear Mr. Taylor:

Heavenly Mountain Resort (Heavenly) has, since 1992, had two applications for the appropriation of water from Lake Tahoe pending before the California State Water Resources Control Board (State Water Board). These applications are for the appropriation of 942 acre-feet of water for snowmaking with points of diversion at locations in California. Recently Heavenly has petitioned to amend these applications to add a point of diversion just across the state line, in Nevada. We write this letter at the request of Heavenly.

As you are aware, unlike the State of Nevada, California provides no express statutory authority for the State Water Board to permit the diversion of water from a point outside of the State of California. In our discussions with Heavenly it has been suggested that utilization of the provisions of Nevada Revised Statute sections 533.515 and 533.520 might provide a means to facilitate the processing of Heavenly's requests for appropriation and for a point of diversion in Nevada.

In this context, we have told Heavenly that the State Water Board has no objection to the granting of the subject water rights charged against the California allocation set forth in the Settlement Act as long as those rights were granted conditioned on a reservation of authority for the State Water Board, working with your office, to insure that the amounts appropriated are available for appropriation under the California allocation and that the rights remained subject to modification in the same manner that any permit granted by the State Water Board would be. This will allow us to manage California's interstate allocation in accordance with the Settlement Act and Truckee River Operating Agreement.

We will, of course, be willing to work with you on this matter. In any event, please do not hesitate to contact me at (916) 341-5302 if you have any questions or need additional information.

Sincerely,

Victoria A. Whitney
Deputy Director for Water Rights

California Environmental Protection Agency



Tracy Taylor, P.E.
State Engineer
Division of Water Resources

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DEC 21 2009

cc: Stuart L. Somach
Somach Simmons & Dunn
500 Capitol Mall, Suite 1000
Sacramento, CA 95814

Glenn E. Porzak
Porzak Browning & Bushong LLP
929 Pearl St., Suite 300
Boulder, CO 80302

Blaise Carrig
Co-President, Mountain Division
Chief Operating Officer, Heavenly Mountain Resort
P.O. Box 2180
Stateline, NV 89449