

THE STATE OF NEVADA

PERMIT TO APPROPRIATE WATER

Name of Permittee: DESERT HILLS DAIRY, LLC
Source: EFFLUENT
Basin: MASON VALLEY
Manner of Use: STORAGE
Period of Use: JANUARY 1ST THROUGH DECEMBER 31ST
Priority Date: 11/16/2015

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 primary permit is issued under the authority of NRS 533.440 (Secondary Applications are required for the use of the appropriated effluent) and is only a temporary allowance and the quantity granted may exceed the effluent discharged. The final water right obtained will be dependent upon the amount of effluent actually placed to beneficial use under the secondary permits. A totalizing meter must be installed at the discharge near the point of diversion and accurate measurements must be kept of effluent discharged. Granting of this permit is not intended in any way to waive or affect authority or requirements of appropriate water quality control agencies or regulations. This permit is further issued subject to the provisions of NRS 533.395 and the State retains the right to regulate the use of water herein granted at any and all times.

The amount of primary storage of Permit 85655 is limited to the amount non-consumptively used under Permits 66193, 67035, 85656, 85657, 85658, 85659, 85660, and 85661, but not to exceed 500.35 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.

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 500.35 acre-feet of storage annually.**

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

September 8 2018

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

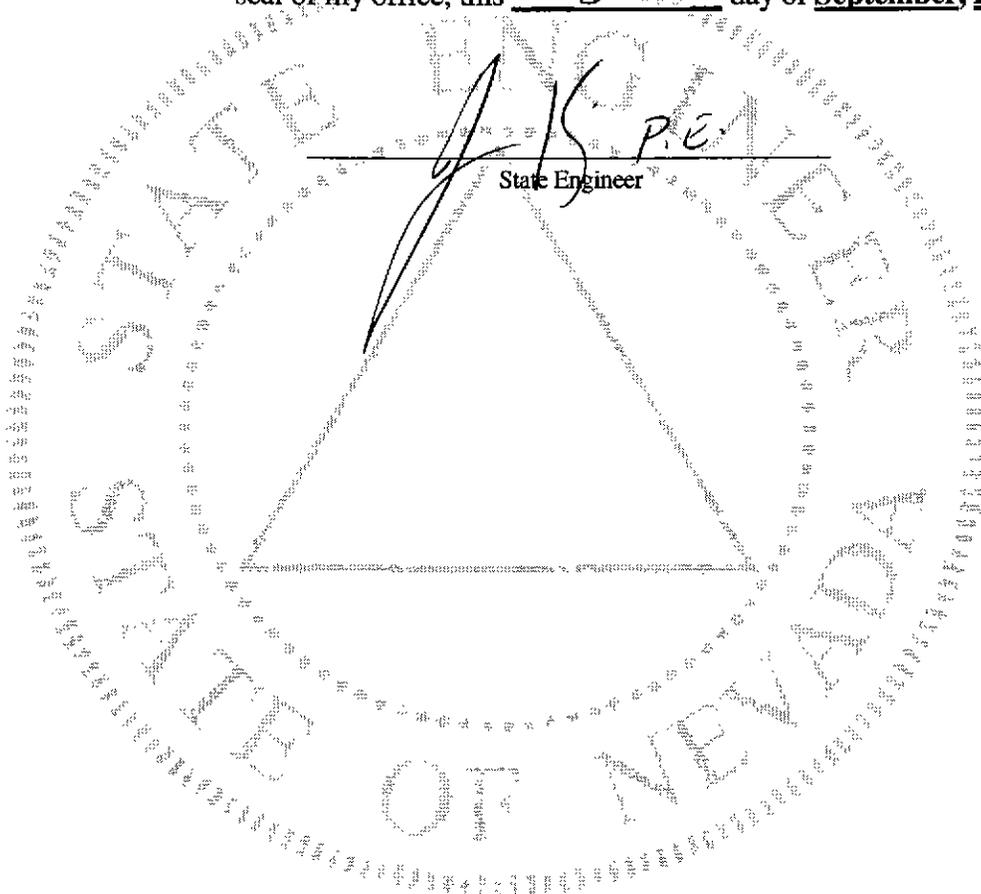
N/A

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 8th day of September, 2016



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	NOV 16 2015
Returned to applicant for correction	_____
Corrected Application filed	Map filed NOV 16 2015

The applicant Desert Hills Dairy, LLC
350 Campbell Lane of Yerington
Street Address or P.O. Box City or Town
Nevada 89447 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.)

4/30/1999; Nevada

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1. The source of water is an effluent source
Name of the stream, lake, underground, spring or other sources.
2. The amount of water applied for is 0.7 cubic feet per second and 500.35 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 Primary Storage Purposes
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 See Secondary Applications
 - (b) Stockwater, state number and kind of animals See Secondary Applications
 - (c) Other use (describe fully in No. 12) See Secondary Applications
 - (d) Power:
 - (1) Horsepower developed _____
 - (2) Point of return of water to stream _____

9-108
801-6
4

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 NW1/4 SE1/4 Section 1, T.14N., R.24E., M.D.M., or at a point from which the N1/4 corner of said Section 1 bears North 22°00'32" West, a distance of 3,261.50 feet. (Separator System) Refer to map filed in support of this application.

6. Place of use: (Describe by legal subdivision. If on unsurveyed land, it should be so stated)
within the E1/2 Section 36, T.15N., R.24E.; W1/2 Section 31, T.15N., R.25E.; NE1/4, E1/2 SE1/4 Section 1, NE1/4 NE1/4 Section 12, T.14N., R.24E.; W1/2 W1/2 Section 6, N1/2 NW1/4 Section 7, T.14N., R.25E., all in M.D.M.; and within the E1/2 SW1/4, and W1/2 SE1/4 Section 1, E1/2 W1/2, and W1/2 E1/2 Section 12, W1/2 NE1/4 Section 13, T.14N., R.24E., all in MDM. Refer to map filed in support of this application.

7. Use will begin about January 1 and end about Decemeber 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.)

Discharge from dairy facilities is collected and piped or channeled to a separator system located at the north end of a lagoon pond. Effluent for secondary purposes is diverted from a pump installed in pond with installed totalizing meter.

9. Estimated cost of works: \$300,000

10. Estimated time required to construct works: Two (2) Years

(If the well is complete, describe works.)

11. Estimated time required to complete the application of water to beneficial use: See Secondary Application

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.)

Refer to Exhibit "A" for additional information.

13. Miscellaneous remarks:

Refer to Exhibit "A"

cfacque@farrwestengineering.com

E-mail Address

(775) 853-7268

Phone No.

Ext.

APPLICATION MUST BE SIGNED
BY THE APPLICANT OR AGENT

Chris N. Facque

Type or print name clearly



Signature, applicant or agent

Farr West Engineering

Company Name

5442 Longley Lane, Suite A

Street Address or PO Box

Reno, Nevada 89511

City, State, ZIP Code

Exhibit "A"
Applicant – Desert Hills Dairy, LLC

Item No. 8 - Existing Place of Use - (Describe by legal subdivision. If changing place of use and/or manner of use of irrigation permit, describe acreage removed from irrigation.)

(For changes to Permit Nos. 65210, 65211, and 80918)

Lot 1 (NE1/4 of the NE1/4), SE1/4 of the NE1/4 of Section 1, T14N, R24E, MDM, SE1/4 of the NE1/4, NE1/4 of the SE1/4, SE1/4 of the SE1/4 of Section 36, T15N, R24E, MDM, Lot 4 (NW1/4 of the NW1/4), Lot 5 (SW1/4 of the NW1/4), Lot 6 (NW1/4 of the SW1/4), Lot 7 (SW1/4 of the SW1/4) of Section 6, T14N, R25E, MDM, Lot 1: (NW1/4 of the NW1/4), NE1/4 of the NW1/4 of Section 7, T14N, R25E, MDM, SE1/4 of the NW1/4, Lot 2 (SW1/4 of the NW1/4), Lot 3 (NW1/4 of the SW1/4), NE1/4 of the SW1/4, SE1/4 of the SW1/4, Lot 4 (SW1/4 of the SW1/4), of Section 31, T15N, R25E, MDM

Refer to map filed in support of Permit No. 17643.

Item No. 12 (for appropriations) and 15 – Provide a detailed description of the proposed project and its water usage (use attachments if necessary):

Water Rights for Irrigation Purposes

(For changes to Permit Nos. 30218, 65210, and 65211)

Permit Nos. 30218, Certificate 9432, 65210, 65211, 80918, and 80919 are primary, stand-alone groundwater rights Permitted or Certificated for irrigation of alfalfa to support the commercial dairy operation. The North Well, Little House Well, and East Well are existing wells drilled under approved water right Permits and Certificates; no additional wells are proposed to be drilled, and only the point of diversion legal description are being revised under these Applications. Land within the proposed place use has been under irrigation from approved water right Permits and Certificates since the 1970s; no new acreage is proposed to be placed into production. These Applications are being filed to correct the place of use legal description under existing Permits based on a field survey conducted July and August of 2015. Please refer to each Application for well log information.

Based on available data, there are no surface water rights, either Decreed, Storage of Newlands, used on the parcels within the proposed place of use. Historically, waste and drain water from Walker River Decreed, Storage, or Newlands rights has been captured and returned to the river via drain ditches before traveling to lands within the proposed place of use. Desert Hills Dairy, LLC, holds no Walker River Irrigation District Ledger Cards.

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Water Rights for Commercial Purposes

(For changes to Permit Nos. 65210, 66038, 66039, 76215, 76216, and an Appropriation for Diversion Rate-Only)

Permit Nos. 66038, 66039, 66193, 67035, 76215, and 76216 are primary, stand-alone groundwater rights permitted for commercial purposes. The total combined duty under these Permits is 267.349 acre-feet annually. Based on increase operations at the dairy, additional water is needed for commercial purposes. A portion of Permit No. 65210 is proposed to be converted from irrigation purposes to meet this demand. The net irrigation water requirement (NIWR) in Mason Valley Hydrographic Basin No. 108 is 3.1 acre-feet per acre for alfalfa; this Application proposes a reduction to the consumptive use portion based on this factor. Desert Hills Dairy, LLC, wishes to retain the ability to change excess water from NIWR conversion back to irrigation up to the original permitted amount, if new conservation technology is developed and implemented in the future. The total combined duty of water rights under these Applications once approved will not exceed 500.35 acre-feet annually.

Water under these applications is being used to support the commercial dairy operations, and include wash pens and cattle cooling, milk cooling, equipment sanitization, dust control, and general dairy facility operations. The Moreda Well, LS Well, and 680 Well are existing wells drilled under approved water right Permits; no additional wells are proposed to be drilled under these Applications. In addition to adjusting the permitted duty allowed under each well, these Applications are being filed to correct the point of diversion legal description of the 680 Well based on a field survey conducted July and August of 2015. Please refer to each Application for well log information.

A diversion rate-only Application is being filed to allow the Moreda Well to be used as a back-up well to the system during well failure or improvement, and to provide flows for peak water usage. No additional volume of water is being requested under that Application.

Water Rights for Primary – Storage Purposes

Wastewater is captured and collected from various locations on the dairy and delivered to a separator system. This water is then process and collected in a lagoon pond, where it is proposed to be diverted for secondary purposes. Under current operations, placing this effluent water for irrigation purposes is the best use. Additional secondary Applications may be filed in the future to facilitate dairy expansion with other uses.

These Applications seek to replace Permit No. 65290, 65290-S01, 65290-S02, 68823, 68823-S01, and 68823-S02. Expansion to the dairy and additional sources of funding allowed for construction of the new system. Once dairy operations between the Moreda and LS Dairy were combined, the effluent system was improved and expanded. The total amount of water proposed under the new Applications shall not exceed the total combined duty of all commercial water right permits. The total amount of water available for re-use is dependent on water consumption from the dairy. Desert Hills Dairy, LLC, wishes to appropriate the total duty to provide long term flexibility.

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