



THE STATE OF NEVADA

PERMIT TO APPROPRIATE WATER

Name of Permittee: DESERT HILLS DAIRY, LLC
Source: UNDERGROUND
Basin: MASON VALLEY
Manner of Use: COMMERCIAL
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 permit, for diversion rate only, is issued subject to existing rights. It is understood that the amount of water 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 beneficial use. It is also understood that this right must allow for a reasonable lowering of the static water level. This well shall be equipped with a two (2) inch opening for measuring depth to water. If the well is flowing, a valve must be installed and maintained to prevent waste. 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 water begins or before the proof of completion of work is filed. 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 granted herein at any and all times.

The total combined duty of water under Permits 66193, 67035, 85656, 85657, 85658, 85659, 85660 and 85661 shall not exceed 500.34 acre-feet annually.

The total combined duty of diversion rate only Permit 85656 and Permit 85659 shall not exceed the net consumptive use amount of 233.0 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)

This permit is issued for diversion rate only. The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, **and not to exceed 0.5 cubic feet per second or 233.0 acre-feet annually.**

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

April 29 2017

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

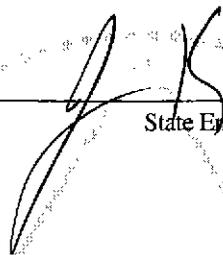
April 29 2019

Map in support of proof of beneficial use shall be filed on or before:

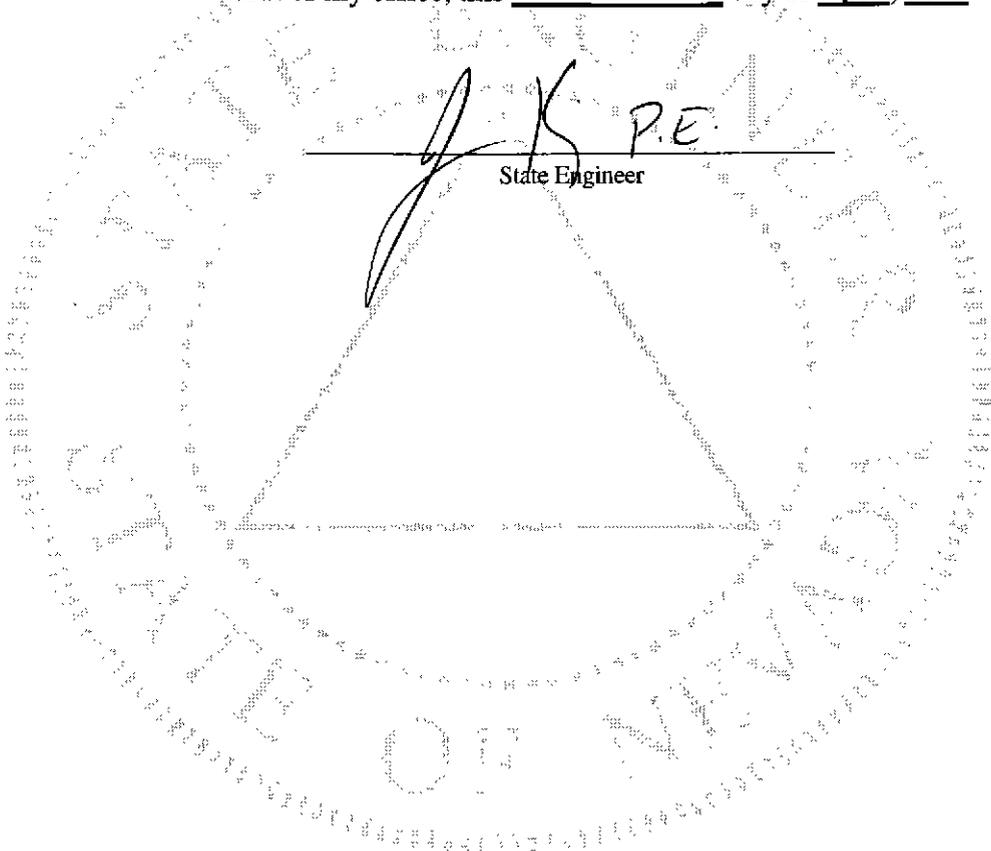
N/A

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

State Engineer of Nevada, have hereunto set my hand and the seal of my office, this 29th day of **April, 2016**

 P.E.

State Engineer



Application No. 85656

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	Under 85655
Corrected Application 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 underground source
Name of the stream, lake, underground, spring or other sources.

2. The amount of water applied for is 0.5 cubic feet per second (Diversion Rate Only)
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 Commercial 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 _____

(b) Stockwater, state number and kind of animals _____

(c) Other use (describe fully in No. 12) _____

(d) Power:

(1) Horsepower developed _____

(2) Point of return of water to stream _____

9-108
54

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.)

11/19/15
LMJ

NW1/4 NE1/4 Section 12, T14N, R.4E, MDM, or at a point from which the NE corner of said Section 12 bears N 88° 21'31" E, a distance of 1370.91 ft. (Moreda Well). Refer to map filed in support of Permit No. 47055.

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

w/in the E1/2 SW1/4 & W1/2 SE1/4 Section 1, E1/2 W1/2 & W1/2 E1/2 Section 12, W1/2 NE1/4 Section 13 T.14N., R.24E., MDM - Lyon County APN 014-161-01, 02, 03, & 04. Refer to map filed in support of Permit No. 76215.

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.)

Existing well drilled and equipped with a pump, motor, and totalizing meter, and pipeline to existing distribution system.

9. Estimated cost of works: None - existing

10. Estimated time required to construct works: None - existing
(If the well is complete, describe works.)

11. Estimated time required to complete the application of water to beneficial use: Five (5) 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 being filed for diversion rate only; no additional volume of water is being requested. Refer to attached Exhibit "A" for additional information.

13. Miscellaneous remarks:

The well described in the proposed point of diversion was drilled in 1986. Refer to Well Log No. 28037. Refer to Exhibit "A" for additional information.

cfacque@farrwestengineering.com

E-mail Address

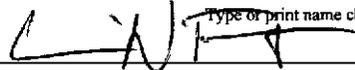
(775) 853-7268

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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