THE STATE OF NEVADA

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

Name of Permittee:	**DESERT HILLS DAIRY, LLC**
Source:	**UNDERGROUND**
Basin:	**MASON VALLEY**
Manner of Use:	**COMMERCIAL AND DOMESTIC**
Period of Use:	**JANUARY 1ST THROUGH DECEMBER 31ST**
Priority Date:	**11/23/1976**

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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 and place of use of the waters of an underground source as heretofore granted under Permit 66038, is issued subject to the terms and conditions imposed in said Permit 66038 and with the understanding that no other rights on the source will be affected by the change proposed herein. This well shall be equipped with a two (2) inch opening for measuring depth to water. 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.

The total combined duty of water under Permits 66193, 67035, 85656, 85657, 85658, 85659, 85660 and 85661shall not exceed 500.349 acre-feet annually.

If any water under this permit is cancelled or any water is not put to beneficial use, it will revert to the groundwater source and not back to the base water right.

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)

Permit No. 85660

The amount of water to be appropriated shall be limited to the amount which can be applied to beneficial use, **and not to exceed 0.122 cubic feet per second or 38.48 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**

J K P.E.

State Engineer

Application No. 85660

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 NOV 16 2015

Returned to applicant for correction

Corrected application filed Map filed NOV 16 2015 Under 85655

The applicant Desert Hills Dairy, LLC

350 Campbell Lane (Street Address or PO Box) of Yerington (City or Town)

Nevada 89447 (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 No. 66038

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

2. The amount of water to be changed 0.122 cubic feet per second and 38.48 acre-feet annually
   Second feet, acre-feet. One second foot equals 448.83 gallons per minute.

3. The water to be used for Commercial and Domestic Purposes
   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 Commercial and Domestic Purposes
   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.)
   within the SE1/4 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 26°12' 04" West, a distance of 5,608.89 feet (680 Well). Refer to map filed in support of this application.

6. The existing point of diversion is located within (If point of diversion is not changed, do not answer.)
   NW1/4 NE1/4 Section 12, T14N, R24E, 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 feet. (Moreda Well) Refer to map filed in support of Permit No. 47055.

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

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.

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.)

within the NE1/4 NW1/4, NW1/4 NE1/4, SE1/4 NW1/4, and SW1/4 NE1/4 of Section 12, T14N, R24E, MDM. Refer to map filed in support of Permit No. 30841.

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 equipped with pump, motor, totalizing meter and pipeline to existing irrigation distribution system.

12. Estimated cost of works None - Existing

13. Estimated time required to construct works None - Existing
If well completed, describe well.

14. Estimated time required to complete the application of water to beneficial use Five (5) Years

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.)

Refer to Exhibit "A" for additional information.

16. Miscellaneous remarks:

The well described in the proposed point of diversion was drilled in 1976. Refer to Well Log No. 15987. 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 85911
City, State, ZIP Code

 $240 FILING FEE AND SUPPORTING MAP MUST ACCOMPANY APPLICATION

Application No. 85660

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.

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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.

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.

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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.