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STATE ENGINEER OFFICE

Civil Engineering
Water Rights/Resources
Land Use Planning
Surveying

September 2, 2010

Jason King, P.E.
State Engineer
Division of Water Resources
901 South Stewart Street, 2nd Floor
Carson City, NV 89701

**Re: Proof 04692 - Adjudication of the Relative Rights of Johnson Springs
(aka Big Springs), Elko County, Nevada**

Dear Mr. King:

This letter is a follow up to the meeting held at your office on July 16, 2010 with Laura Granier and Doug Cannon regarding water right issues on the Big Springs Ranch in Elko County, Nevada. As you know this discussion was prompted by litigation between the owners of the Big Springs Ranch, Big Spring Ranch, LLC & the Star Living Trust and Fronteer Development (case number CV-C-10-191, 4th Judicial District Court).

At the present time this litigation is being settled and Fronteer Development has acquired the Big Springs Ranch and the water rights owned by Big Spring Ranch, LLC and the Star Living Trust except Proof 04692 which is being held by both Fronteer and Big Springs.

A focal point of discussion at that meeting was the status of Proof 04692 and the fact that it was not an adjudicated right. Proof 04692 was filed in 1988 by prior owners of the Big Springs Ranch claiming a 1903 priority to the water rights of said springs and the creek which is formed by the spring discharge. Big Spring Ranch, LLC and the Star Living Trust were, and remain, concerned that the unadjudicated status of this proof jeopardizes certain supplemental groundwater rights held by the Star Living Trust and Wendover Project, LLC and appurtenant to ground irrigated under Proof 04692. They are also concerned that applications to change the point of diversion, manner and place of use of all or a portion of Proof 04692 would not be approved because this proof is not adjudicated.

At that meeting you stated that it was your opinion that since there were only two or three parties that would be involved in an adjudication of the relative rights of Johnson Springs (aka Big Springs) and also the fact that the claimed priority (1903) was only 8 years earlier than the priority of the earliest permitted water

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right on the ranch (Permits 2210, Certificate 440) your office would be able to adjudicate Proof 04692 relatively quickly.

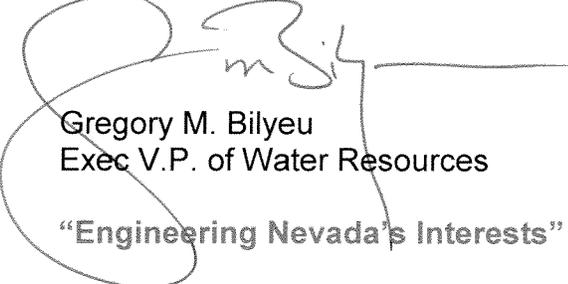
Big Spring Ranch, LLC and the Star Living Trust will be filing an application to change the point of diversion, manner and place of use of a portion of Proof 04692 within the next thirty (30) days. This change application is being filed pursuant to the settlement of the above referenced case. The water under this change application will be transferred from the spring into the spring diversion and pipeline serving West Wendover and Wendover.

Therefore, pursuant to NRS 533.090, TEC Civil Engineering Consultants, acting as agents on behalf of Big Spring Ranch, LLC and the Star Living Trust petitions the Nevada State Engineer begin the proceedings to adjudicate the relative rights of Johnson Springs (aka Big Springs) under Proof 04692. The prompt adjudication of this source will enable Big Spring Ranch, LLC and the Star Living Trust to fulfill their obligations under the settlement for the litigation between them and Frontier Development.

Thank you for your attention to this matter. Should you have any questions please do not hesitate to contact me at this office.

Sincerely,

TEC Civil Engineering Consultants



Gregory M. Bilyeu
Exec V.P. of Water Resources

“Engineering Nevada’s Interests”

cc: Big Spring Ranch, LLC & the Star Living Trust