

**IN THE OFFICE OF THE STATE ENGINEER
OF THE STATE OF NEVADA**

IN THE MATTER OF A GENERAL
ADJUDICATION OF THE WATER
RIGHTS AND CLAIMS TO THE
SURFACE AND GROUND WATERS IN
THE HONEY LAKE VALLEY
HYDROGRAPHIC BASIN (097).

**PETITION FOR A GENERAL
ADJUDICATION OF THE
WATER RIGHTS AND CLAIMS
TO THE SURFACE AND
GROUND WATERS IN THE
HONEY LAKE VALLEY
HYDROGRAPHIC BASIN (097)**

COME NOW petitioners, FISH SPRINGS RANCH, LLC (“Fish Springs”) and V&B, LLC, by and through their counsel, ALLISON, MacKENZIE, RUSSELL, PAVLAKIS, WRIGHT & FAGAN, LTD., and petition the STATE ENGINEER for a general adjudication of the water rights and claims to the surface ground waters in the Honey Lake Valley Hydrographic Basin (097).

Petitioner, Fish Springs, is the owner of certain real property consisting of approximately 9,000 deeded acres within the Honey Lake Valley Hydrographic Basin (097) (the “Honey Lake Basin”) commonly known as Fish Springs Ranch (the “Ranch”). A legal description of the Honey Lake Basin is attached hereto as Exhibit 1. Fish Springs holds permitted groundwater rights and certificated and vested surface water rights in the Honey Lake Basin. Petitioner, V&B, LLC, holds certificated surface water and groundwater rights and permitted groundwater rights in the Honey Lake Basin. A list of Honey Lake Basin water rights held by petitioners is attached hereto as Exhibit 2.

On October 9, 1992, over the objections of the Pyramid Lake Paiute Tribe (the “Tribe”), Lassen County, California, and others, the State Engineer authorized Washoe County to proceed with an inter-basin transfer of up to 13,000 acre-feet per year (“af/yr”) of groundwater from the Ranch to the Stead/Lemmon Valley Area. Pursuant to

that authorization, Fish Springs has conveyed 13,000 acre-feet of its groundwater rights into a water banking trust to Washoe County. Under the terms of the water banking trust agreement between Fish Springs and Washoe County, Fish Springs retains a beneficial interest in the conveyed water rights. A list of the Fish Springs groundwater rights held in trust by Washoe County is attached hereto as Exhibit 3. In addition, Fish Springs has secured a right-of-way from the Bureau of Land Management and begun construction of water transmission facilities necessary to effect the inter-basin transfer of 8,000 acre-feet of its groundwater rights as authorized by the State Engineer (the "Project").

Since the decision of the State Engineer in 1992, the Tribe has continued to assert, most recently in proceedings before the Bureau of Land Management and the Department of the Interior, Interior Board of Land Appeals, and in the United States District Court for the District of Nevada that it has an unadjudicated, reserved right to the waters of the Honey Lake Basin and that the inter-basin transfer of water to the Stead/Lemmon Valley Area will interfere with the Tribe's claimed right. A copy of the Notice of Appeal, Statement of Reasons and Petition for Stay submitted by the Tribe in opposition to BLM's grant of a right-of-way for the Project is attached hereto as Exhibit 4.¹ A copy of the Complaint for Declaratory Relief and Injunctive Relief filed by the Tribe alleging that pumping of groundwater by Fish Springs will reduce the flow of groundwater to Pyramid Lake and to two groundwater aquifers within the Pyramid Lake Indian Reservation is attached hereto as Exhibit 5.

Fish Springs, Washoe County and numerous other private and municipal entities have made, and continue to make, enormous investments in the Stead/Lemmon

¹ By order dated September 7, 2006, the Interior Board of Land Appeals denied the Tribe's Petition for Stay.

Valley Area in reliance upon Fish Springs' water rights and the ability to carry out the inter-basin transfer authorized by the State Engineer more than a decade ago. Continued uncertainty surrounding the Tribe's claimed right to the waters of the Honey Lake Basin is detrimental to the effective management of Nevada's water resources now and in the future.

For all the foregoing reasons, Fish Springs and V&B, LLC petition the State Engineer to initiate a general adjudication to determine the relative rights of all claimants of surface water and groundwater in the Honey Lake Basin pursuant to N.R.S. § 533.090.

RESPECTFULLY SUBMITTED this 20th day of October 2006.

ALLISON, MacKENZIE, RUSSELL,
PAVLAKIS, WRIGHT & FAGAN, LTD.
402 North Division Street
PO Box 646
Carson City, Nevada 89702
(775) 687-0202

By: 
KAREN A. PETERSON, ESQ.,
Attorney for Petitioners,
FISH SPRINGS RANCH, LLC and
V&B, LLC

VERIFICATION

STATE OF NEVADA)
) ss.
CARSON CITY)

I, Dorothy Timian-Palmer, being first duly sworn, depose and say:

I am the Chief Operating Officer of Vidler Water Company, Inc., a Nevada corporation, one of the managing members of Fish Springs Ranch, LLC, a Nevada limited liability company. In such capacity, I am qualified and authorized to file the foregoing Petition for a General Adjudication of the Water Rights and Claims to the Surface and Ground Waters in the Honey Lake Valley Hydrographic Basin. I have read the foregoing Petition for a General Adjudication of the Water Rights and Claims to the Surface and Ground Waters in the Honey Lake Valley Hydrographic Basin and know the contents thereof, and the same is true of my own personal knowledge, except those matters contained stated on information and belief, and as to those matters, I believe them to be true.



Dorothy Timian-Palmer

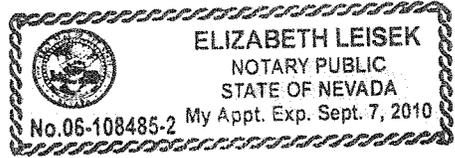
STATE OF NEVADA)
 : ss.
CARSON CITY)

On October 19th, 2006, personally appeared before me, a notary public, DOROTHY TIMIAN-PALMER, personally known (or proved) to me to be the person whose name is subscribed to the foregoing instrument, who acknowledged to me that she is the Chief Operating Officer of Vidler Water Company, Inc, a Nevada corporation, one of the managing members of Fish Springs Ranch, LLC, a Nevada limited liability company, and who further acknowledged to me that she executed the foregoing Petition for a General Adjudication of the Water Rights and Claims to the

Surface and Ground Waters in the Honey Lake Valley Hydrographic Basin (097) on behalf of said corporation as a managing member of Fish Springs Ranch, LLC.



NOTARY PUBLIC



VERIFICATION

STATE OF NEVADA)
CARSON CITY) ss.

I, Dorothy Timian-Palmer, being first duly sworn, depose and say:

I am the Chief Operating Officer of Vidler Water Company, Inc., a Nevada corporation, one of the managing members of V&B LLC, a Nevada limited liability company. In such capacity, I am qualified and authorized to file the foregoing Petition for a General Adjudication of the Water Rights and Claims to the Surface and Ground Waters in the Honey Lake Valley Hydrographic Basin. I have read the foregoing Petition for a General Adjudication of the Water Rights and Claims to the Surface and Ground Waters in the Honey Lake Valley Hydrographic Basin and know the contents thereof, and the same is true of my own personal knowledge, except those matters contained stated on information and belief, and as to those matters, I believe them to be true.



Dorothy Timian-Palmer

STATE OF NEVADA)
CARSON CITY) : ss.

On October 19th, 2006, personally appeared before me, a

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for a General Adjudication of the Water Rights and Claims to the Surface and Ground
Waters in the Honey Lake Valley Hydrographic Basin (097) on behalf of said corporation
as a managing member of V&B, LLC.



NOTARY PUBLIC

