

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

1182

ORDER

Rocklin Redding, LLC
1896 Rankin Drive
Carson City, Nevada 89701
Certified Mail No. 71067808063000234245

WHEREAS, by letter dated February 1, 2006, John Flanigan, Nancy Flanigan, Gary Elrod and Sandy Elrod requested through their counsel, that the office of the State Engineer investigate a reduction in the amount of water conveyed from Shay Spring Number 3 and Shay Spring Number 5 to their respective points of diversion. The right to use the waters generated by these two sources for irrigation purposes was established under Permit 23378, Certificate 7484 and Permit 23381, Certificate 7477. An undivided half interest in both of these perfected water rights has been formally transferred through the State Engineer's office to Gary and Sandy Elrod (Elrod), with an undivided half interest remaining under the name of the original permittee, William Shay.

WHEREAS, the records of the office of the State Engineer identify John Flanigan as the owner of record of that portion of Truckee River Decree Claim Number 72/72a appurtenant to APNs 40-680-02 and 40-680-03. A review of the historic documents and supporting maps contained within the office of the State Engineer indicates that this decreed water shares the same ditch that conveys the junior water rights issued under the subject permits.

WHEREAS, informal field investigations were conducted on February 3, 2006, and on May 9, 2006, by staff of the Nevada Division of Water Resources. It was found during the later investigation that the ditch conveying the flow of Shay Spring Number 3 and Shay Spring Number 5 had been permanently altered to provide water for a newly constructed landscape pond located within APN 230-092-12.

WHEREAS, it was determined by both investigating parties that the natural drainage channel created by the flow of Shay Spring Number 3 and Shay Spring Number 5, had been obstructed by an earthen dam adjacent to and east of APN 230-092-12. It was observed during both field investigations that the surface flow traversing the natural drainage was being impounded by this structure, creating an adverse effect upon the right to use water granted to Elrod under Permit 23378, Certificate 7484 and Permit 23381, Certificate 7477, in addition to the Flanigan decreed water right.

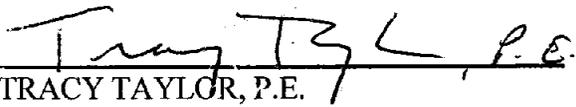
WHEREAS, the records of the Washoe County Assessor's Office indicate that Rocklin Redding, LLC is the owner of record of Assessor's Parcel Number 230-092-12 which is located within the NE¼ SW¼ of Section 12, T.18N., R.19E., M.D.B.&M.

WHEREAS, the records of the office of the Nevada Division of Water Resources indicate that Rocklin Redding, LLC has not established title to any permitted or decreed water rights of record that may be appurtenant to that portion of the NE¼ SW¼ of said Section 12, comprising APN 230-092-12.

WHEREAS, the records of the office of the State Engineer indicate that a portion of APN 230-092-12 is within the place of use of Truckee River Claim #72/72A and Permit 23378, Certificate 7484 and Permit 23381, Certificate 7477.

WHEREAS, Nevada Revised Statute 533.460 states that, "The unauthorized use of water to which another person is entitled, or the willful waste of water to the detriment of another, shall be a misdemeanor, and the possession or use of such water without legal right shall be prima facie evidence of the guilt of the person using or diverting it."

NOW THEREFORE YOU AND ALL OF YOU ARE HEREBY ORDERED to cease and desist immediately the use of water from Shay Spring Number 3 and Shay Spring Number 5. It is further ordered that said dam must be removed and the ditch currently serving the subject pond be returned to its preexisting condition within thirty days of the date of this order. However, if it can be immediately shown that Rocklin Redding, LLC is owner of a portion, or has a lease agreement from the owner of record of the decreed or permitted water right, no action needs to be taken.


TRACY TAYLOR, P.E.
State Engineer

Dated at Carson City, Nevada,

this 27th day of September 2006.