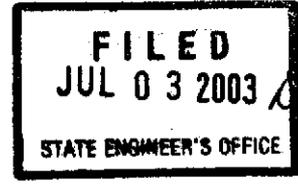


IN THE OFFICE OF THE STATE ENGINEER OF THE STATE OF NEVADA

IN THE MATTER OF APPLICATION NUMBER.....69552.....
FILED BY..... W. DALTON LA RUE, JR. AND/OR ANASTASIA J. RUE
DBA WINNEMUCCA RANCH.....
ON...FEB 06....., 2003....., TO APPROPRIATE
THE WATERS OF AN UNDERGROUND SOURCE

} PROTEST



Comes now..... INTERMOUNTAIN PIPELINE LTD.....
Printed or typed name of protestant

whose post office address is.....2440 HOLCOMB LANE, RENO, NEVADA, 89511.....
Street No. Or P.O. Box, City, State and Zip Code.

whose occupation isAttorney, Rancher, and Water Development Company Owner and Managerand protests the granting
of Application Number ...69552....., filed onFeb 06....., 2003.....

by W. Dalton La Rue, Jr. and/or Anastasia J. Rue dba Winnemucca Ranch.....to appropriate the

waters ofan Underground Source.....situated in Dry Valley, Washoe County,.....
Underground or name of stream, lake, spring or other source

State of Nevada, for the following reasons and on the following grounds, to wit:

.....SEE ATTACHED EXHIBIT "A".....
.....
.....
.....
.....
.....
.....
.....

THEREFORE the Protestant requests that the application beDENIED.....
Denied, issued subject to prior rights, etc., as the case may be

and that an order be entered for such relief as the State Engineer deems just and proper

Signed *Dwight L. Smith*
Agent or protestant

.....Dwight L. Smith, PE, WRS, Agent
Printed or typed name, if agent

Address.....P.O. Box 1482.....
Street No. or P.O. Box No.

.....Truckee, CA 96160.....
City, State and Zip Code No.

Subscribed and sworn to before me this3.....day of.....July....., 2003.....

..... *Lori A. Breen*
Notary Public

State of.....California.....

County of.....Nevada.....

RECEIVED
03 JUL -3 PM 12:53
STATE ENGINEERS OFFICE



\$25 FILING FEE MUST ACCOMPANY PROTEST. PROTEST MUST BE FILED IN DUPLICATE.
ALL COPIES MUST CONTAIN ORIGINAL SIGNATURE.

EXHIBIT "A"

Protest to Application 69552

1. *No Unappropriated Underground Water Available in the Dry Valley Hydrographic Basin.*

Intermountain Pipeline LTD's Permit Nos. 64977, 64978, and 66400 have been issued by the State Engineer for a total combined duty not to exceed 2,999 acre-feet annually from the Dry Valley hydrographic basin (Basin 95). Additionally, application 66961 for a requested duty of 2,000 acre-feet annually has been filed to appropriate additional underground waters, should data collected during development of permitted rights show that additional underground water resources are available in Dry Valley. The combined duty of existing permitted underground water rights that have been issued to Intermountain Pipeline LTD is consistent with estimates of ground recharge to the Dry Valley hydrographic area as defined by the U.S. Geological Survey of 2,400 acre-feet annually (Rush and Glancy, 1967) and recent scientific evaluations made for Intermountain Pipeline LTD in support of development of water resources from Dry Valley, indicating 3,000 acre-feet annually as a reasonable estimate of perennial ground water yield from the basin. In granting of Permit Nos. 64977, 64978 and 66400, the State Engineer has applied his discretion to grant water rights permits up to the best available quantification of the magnitude of water resources in the basin. Upon granting of Permit Nos. 64977, 64978 and 66400, all known underground water resources in the Dry Valley hydrographic basin are fully appropriated, and no unappropriated underground water is known to exist in the Dry Valley hydrographic basin.

2. *Detrimental to Existing Permitted Underground Water Rights*

The resulting impacts of granting any new appropriations of underground water in the basin would be impairment of the ability of Intermountain Pipeline LTD to proceed with development and perfection of their senior water rights in the basin. Granting of any additional permits to appropriate underground water in the basin would result in questions of the ability to fully develop and deliver the currently permitted duty of 2,999 acre-feet annually, as granted in Permit Nos. 64977, 64978 and 66400.

3. *Detrimental to Maintaining Sustainable Ground Water Resources Development in the Basin.*

The requested duty of application 69552 is 1,400 acre-feet annually (underground water sufficient to irrigate 350 acres). Issuance of these permits will result in an overdraft of ground water resources in the basin resulting in impairment of long-term sustainable withdrawal of underground water by Intermountain Pipeline LTD under Permit Nos. 64977, 64978 and 66400.