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

IN THE MATTER OF APPLICATION NUMBER 71225,
FILED BY Vidler Water Co.,
ON May 17, 2004 ~~19~~, TO APPROPRIATE THE
WATERS OF Basin 163

PROTEST

Comes now John H. and Mary E. Bacher
Printed or typed name of protestant
whose post office address is HCR 37 Box 649 Sandy Valley Nevada 89019
Street No. or P.O. Box, City, State and Zip Code
whose occupation is Retired, and protests the granting
of Application Number 71225, filed on May 17, 2004 ~~19~~ 2004
by Vidler Water Company to appropriate the
Printed or typed name of applicant
waters of underground Basin 163 situated in Clark
Underground or name of stream, lake, spring or other source
County, State of Nevada, for the following reasons and on the following grounds, to wit:

See attachment 1

THEREFORE the protestant requests that the application be Denied
(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 John H. Bacher Mary E. Bacher
Agent or protestant
John H. Bacher
Printed or typed name, if agent
Address HCR 37 Box 649
Street No. or P.O. Box No.
Sandy Valley Nevada 89019
City, State and Zip Code No.

Subscribed and sworn to before me this 27th day of October ~~19~~ 2004

Cynthia Barnes-Zalsman
Notary Public
State of Nevada
County of Clark

CYNTHIA BARNES-ZALSMAN
Notary Public, State of Nevada
Appointment No. 02780081
My Appt. Expires Sept. 26, 2006

$25

~~$10~~ FILING FEE MUST ACCOMPANY PROTEST. PROTEST MUST BE FILED IN DUPLICATE.
ALL COPIES MUST CONTAIN ORIGINAL SIGNATURE.

Protest filed with the Nevada State Engineer
Against
Application 71225
Attachment 1

In the 2003 Annual Report, filed with the Securities and Exchange Commission, by Vidler Water Company's parent company, Pico Holdings, Inc., states:

1). Vidler is "a Private Water Resource Company which uses its own risk capital to develop and acquire strategic new supplies of water",

2). The main goal of Pico "is to provide shareholders with a superior long term rate of return" (profit),

3). "Water Right sales in Northern Nevada (are) at a 55.2% gross margin" (profit),

4). **Vidler seeks to acquire water rights at prices consistent with their current use, with the expectation of an increase in value"**,

5). **"Water rights are assets which can be bought and sold"**,

6). "generating cash flow from charging customers fees",

7). In addition, "continuing trends in Nevada indicate strong future demand for Vidler's water rights....including Sandy Valley and Muddy River in Clark County".

Sandy Valley is a rural community which is zoned at 2+ acre parcels for one residence. Each household is allowed to drill one domestic well for their use. Private property is limited and the extent of water available in Basin 163 has already been determined by the State Engineer. This application plus coupled with other Vidler Applications exceed the Basin's perennial yield. These and other factors stated in Pico Holdings, Inc. Securities and Exchange Commission filing of Form 10-K, Commission File # 0-18786, proves that this application is speculative in nature and no need exists except to acquire water rights for sale and profit. We request the State Engineer deny this application!