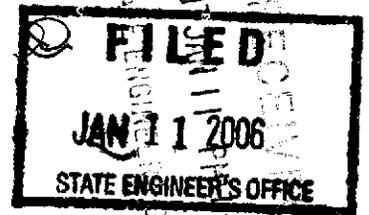


IN THE OFFICE OF THE STATE ENGINEER OF THE STATE OF NEVADA

In the Matter of Application Number 75054
Filed By Fernley Hills Enterprises LLC
on November 14, 2006 for Permission to
Change the Place of Use of Water
Appropriated Under Application No. 68336

PROTEST



Comes now The Pyramid Lake Paiute Tribe of Indians, whose post office address is P.O. Box 256, Nixon, Nevada 89424, whose occupation is a federally recognized Tribe of Indians, the governing body of the Pyramid Lake Indian Reservation, organized pursuant to the Indian Reorganization Act of 1934, with a Constitution and By-laws approved by the Secretary of Interior, and protests the granting of Application Number 75054 filed on November 14, 2006 by Fernley Hills Enterprises LLC, for permission to change the place of use of water appropriated under Application No. 68336, for the following reasons and on the following grounds, to wit:

1. The proposed use of Newlands Project water rights for commercial purposes (dust control) is subject to the regulatory authority and approval of the Secretary of the Interior, which has not been obtained.

2. The proposed transfer is not in the best interests of the United States or the Newlands Reclamation Project.

3. The proposed use of decreed agricultural water rights for commercial use, using irrigation facilities for the conveyance of the water, is not contemplated and is not allowed under the existing Operating Criteria and Procedures (OCAP) for the Newlands Project.

4. The applicant has not obtained permission to use federal facilities for the transportation of the water it is seeking to transfer.

5. The application should not be approved because it involves the proposed transfer of alleged water rights which have been abandoned.

6. The Pyramid Lake Paiute Tribe of Indians would be adversely affected if the above referenced application were granted because it would result in greater diversions of Truckee River water away from Pyramid Lake to the detriment of the threatened and endangered species inhabiting Pyramid Lake.

7. Granting the application will threaten to prove detrimental to the public interest.

8. Granting the application will threaten to prove detrimental to the public interest in light of the declining quantity and quality of the groundwater available in the Fernley hydrographic basin to serve existing permits and commitments, and in light of the obligations of the State Engineer pursuant to NRS Chapters 534 and 278 to require that there be adequate plans to protect existing uses and commitments of ground water and to require that the subject rights, or an appropriate portion of them, be devoted to ground water recharge to protect existing users and customers before any additional rights are allocated to new development.

9. Granting the application may threaten to prove detrimental to the public interest in ways that are not yet known to this Protestant, but which may arise or first become known to this Protestant in the period between the date of filing of the Application and the hearing on the protested Application - by way of example Fernley's Application #57555 was filed on May 1, 1992, and the hearing was not held until February 6, 2006 - and in light of the position of the State Engineer that a specifically stated protest ground may not be amended regardless of the extensive passage of time between the date the protest is required to be filed, and the date of the hearing on a protested application.

10. This Protestant incorporates in this Protest by reference as if fully set forth herein every relevant protest ground set forth in any other Protest filed by any other Protestant regarding this application.

THEREFORE this Protestant requests that the above-referenced application be denied and that an order be entered for such relief as the State Engineer deems just and proper.

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THEREFORE the Protestant requests that the above-referenced application be denied and that an order be entered for such relief as the State Engineer deems just and proper.

Robert C. Maddox & Associates



Don Springmeyer, Esq.

Bruce Cyra, Esq.
3811 W Charleston Blvd Suite 110
Las Vegas NV 89102
Tel: (702) 366-1900
Agents for the Tribe

Subscribed and sworn to before me this 11th day of January, 2007.





Notary Public

State of NV
County of Washoe

My Commission Expires: _____

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