

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

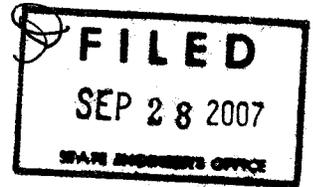
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STATE ENGINEERS OFFICE

In the Matter of Amended Application Number)
75840 Filed By Stonefield, Inc. on)
on June 5, 2007, for Permission to Change)
the Point of Diversion and Place of Use of)
Water Appropriated under Permit No. 66533)

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 Amended Application Number 75840, filed on June 5, 2007 by Stonefield, Inc., for permission to change the point of diversion and place of use of water appropriated under Permit No. 66533, for the following reasons and on the following grounds, to wit:

1. The base water rights sought for change by Application No. 75840 have their origin in Application No. 35364 which was filed in 1978 to appropriate groundwater. The water rights originally appropriated nearly 30 years ago have been reassigned multiple times for various reasons and purposes. The Proof of Beneficial Use associated with the water rights originally appropriated and currently sought for change by Application No. 75840 has not been made and the appropriation has not been pursued with reasonable diligence. For these reasons, Application No. 75840 should be denied and Permit No. 66533 should be cancelled.

2. Application No. 75840 seeks to change the water rights associated with Permit No. 66533 which was filed in the name of TRI Water and Sewer Company. According to the transcript of the December 12, 2006 Public Hearing held before the Nevada State Engineer regarding Application Nos. 63805, 64171, and 65060 through 65071, inclusive, the State Engineer's office had at that time not received any groundwater pumping data for permits held in the name of TRI Water and Sewer Company since approximately 2002. Transcript at 35. The terms and conditions of Permit No. 66533 require monthly records to be kept of the amount of water pumped and submission of those pumping records to the State Engineer on a quarterly basis within 15 days after the end of each calendar quarter. The terms and conditions of Permit No. 66533 have not been met, the permit should therefore be cancelled, and Application No. 75840 should be denied.

3. On information and belief, the base water rights sought for change by Application No. 75840 have been forfeited and/or abandoned,

the application should be denied, and Permit No. 66533 should be cancelled.

4. The committed groundwater water rights in the Tracy Segment Basin, which include the base water rights sought for change by Application No. 75840, exceed the perennial yield of the basin. The perennial yield of the basin was changed by the State Engineer in Ruling No. 5747, which ruling has been appealed. The State Engineer should not act on Application No. 75840 until the appeal of Ruling No. 5747 has been resolved.

5. Granting the application would threaten to prove detrimental to the public interest in light of the over-appropriation of the groundwater available in the basin, and the resulting inability of the perennial yield to serve existing permits and commitments with groundwater, and in light of the obligations of the State Engineer pursuant to NRS Chapters 533, 534, and 278 to require that there be adequate plans to protect existing rights, uses and commitments of groundwater, and to exercise all appropriate authority and discretion to control over-demand on the source and to protect both the public and other right holders of both surface and groundwater rights.

6. Granting the application would threaten to prove detrimental to the Tribe, to the purposes for which the Pyramid Lake Indian Reservation was created, and to the public interest, by depleting flows in the Truckee River and reducing inflows to Pyramid Lake, for the reasons stated above and because of the connection, both legal and physical, between groundwater and surface water in the basin, and which depleted Truckee River flows would operate to the detriment of the threatened and endangered species inhabiting Pyramid Lake and the lower Truckee River, would impair instream flows, and would harm the right of the Tribe to all unappropriated water in the Truckee River, which rights were awarded to the Tribe in State Engineer Ruling Number 4683 (November 24, 1998), and which harm would specifically threaten to prove detrimental to the public interest by endangering the Truckee River Operating Agreement (TROA) among Nevada, California, the United States, the Tribe, and the Truckee Meadows Water Authority because TROA is specifically conditioned upon the right of the Tribe to all unappropriated water in the Truckee River.

7. 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.

8. Granting the application would threaten to prove detrimental to the public interest.

9. 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.

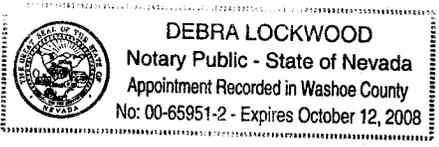
Robert C. Maddox & Associates

[Handwritten Signature]

Don Springmeyer, Esq.
Bruce E. 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 27 th day of September, 2007.

[Handwritten Signature]
Notary Public



State of Nevada
County of Washoe

My Commission Expires: October 12, 2008

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