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

FILED
AUG 14 2007
STATE ENGINEER'S OFFICE

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STATE ENGINEER'S OFFICE

IN THE MATTER OF APPLICATION NUMBER...**75921**.....,

FILED BY.....**HIGH ROCK HOLDING, LLC**.....,

ON.....**JUNE 20,... 2007**.....,

TO APPROPRIATE THE WATERS OF .....**UNDERGROUND**.....

} PROTEST

Comes now.. **United States Department of Interior, Bureau of Land Management, Winnemucca Field Office**.....
Printed or typed name of protestant

whose post office address is... **5100 East Winnemucca Blvd, Winnemucca, NV 89445**.....
Street No. Or P.O. Box, City, State and Zip Code.

whose occupation is ..... **Federal Land Management Agency**..... and protests the granting

of Application Number .....**75921**....., filed on .....**June 20**....., **2007**.....

by .....**High Rock Holding, LLC,**.....to appropriate the

waters of ..... UNDERGROUND.....situated in .....**Washoe**.....
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:

.....**Please refer to the attached "Exhibit A"**.....

THEREFORE the Protestant requests that the application be: **Held in abeyance, pending further information and analysis.**
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 .....
Agent or protestant

.....**Gail G. Givens**.....
Printed or typed name, if agent

Address.....**5100 E. Winnemucca Blvd**.....
Street No. or P.O. Box No..

.....**Winnemucca, NV 89445**.....
City, State and Zip Code No.

Subscribed and sworn to before me this ..14th.....day of.....**August**....., 20.07.....

.....
Notary Public

ROBERT J. EDWARDS
Notary Public - State of Nevada
Appointment Recorded in Humboldt County
No: 93-0824-9 - Expires March 18, 2009

State of.....**Nevada**.....

County of .....**Humboldt**.....

✚ **$25 FILING FEE MUST ACCOMPANY PROTEST. PROTEST MUST BE FILED IN DUPLICATE.**

ALL COPIES MUST CONTAIN ORIGINAL SIGNATURE.

"Exhibit A"

Applications 75887 through 75921 are seeking to export groundwater from the Hualapai Flat (024) hydrographic area, a designated basin in which existing resources are over-appropriated. The hydrographic area summary report (obtained from the Nevada Division of Water Resources water rights database on August 8, 2007) indicates the estimated perennial yield of the basin is 6,700 acre-feet per year (afy) and that there are in excess of 28,000 afy of committed underground rights; an additional 2,272 afy are ready for action.

The Bureau of Land Management (BLM) recognizes that these applications are seeking changes to valid existing permits and rights as granted by the Nevada State Engineer. The BLM's objections to these applications should not be construed as condemning the project as a whole. Rather, our concerns are related to the extent to which these applications exceed the currently recognized perennial yield of the basin, the potential effects on natural resources for which BLM is responsible, and potential impacts to BLM Public Water Reserves (18 on file with the Nevada State Engineer's office).

NRS 533.370 provides criteria that the State Engineer must consider when deciding whether an interbasin transfer of water should be approved or denied. These criteria include 1) whether the proposed action is environmentally sound as it relates to the basin from which water is exported; and 2) whether the proposed action is an appropriate long-term use of water which will not unduly limit future growth and development in the basin from which water is exported.

Exporting the quantity of water requested under these applications (a minimum of 13,000 afy per Greg Bilyeu) from a basin that has an estimated perennial yield of only 6,700 afy of available water is unsound, based solely on water-budget principles. A change in manner of use from irrigation to municipal is likewise unsound if the total consumptive use of the base right is not reduced to recognize the amount of irrigation water that returns to the aquifer via secondary recharge. Currently within the Hualapai Flat area, the effects of exceeding the perennial yield are being observed. Even with the beneficial effects of secondary recharge occurring, the water table has been lowered by 45 to 87 feet, based on data taken directly from the State Engineer's database (data gathered from original well logs and last collected measurements for wells associated with permits 20165, 22658, 22719, 23168, and 23494).

Exporting a quantity of water that exceeds the estimated perennial yield of the basin also may unduly limit future growth and development within the Hualapai Flat area. There is an interest in geothermal power production in the area as the BLM has issued several geothermal leases within the immediate vicinity. Recreational visitation will continue to increase given nearby access to the Black Rock Desert National Conservation Area, and the Calico wilderness area (which is a part of the Hualapai Flat basin), and organized events such as the Burning Man Festival near the town of Gerlach. This potential growth and development will not be possible if all available water is exported out of the basin.

BLM administers a significant acreage of public lands within the Hualapai Flat hydrographic area in accordance with the Federal Land Policy and Management Act of 1976. Springs and shallow ground water on the land sustain wildlife habitat and support public land uses such as livestock grazing, mining, geothermal energy production, wild horse and burro populations, and recreation. There are numerous surface water resources and areas of shallow groundwater discharge that will be affected by this proposal in its current form, which will negatively affect BLM's ability to manage the public lands.