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

FILED
FEB 15 2008
STATE ENGINEER'S OFFICE

IN THE MATTER OF APPLICATION NUMBER 76365
FILED BY Kobeh Valley Ranch LLC
ON 10-9, 2007, TO APPROPRIATE THE
WATERS OF the State of Nevada

PROTEST

Comes now Etcheverry Family Limited Partnership by Michelle Etcheverry
(Printed or typed name of protestant)
whose post office address is P.O. Box 1093, Eureka, NV 89316
(Street No. Or P.O. Box, City, State and Zip Code)
whose occupation is Rancher; Farmer and protests the granting
of Application Number 76365 filed on 10-9, 2007
by Kobeh Valley Ranch LLC to appropriate the
waters of the State of Nevada (order ground) situated in Eureka Co.
(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 Exhibit "A" which is attached hereto and incorporated herein by this reference

THEREFORE the Protestant requests that the application be denied in full w/prejudice
(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 [signature]
(Agent or protestant)
Michel Etcheverry
(Printed or typed name, if agent)
Address 7933 Calloway Dr
(Street No. or P.O. Box No.)
93314 Bakersfield Calif.
(City, State and Zip Code No.)

Subscribed and sworn to before me this 26th day of February, 2008
[signature]
(Notary Public)
State of California
County of Kern

MELISSA E. MOROVICH
Commission # 1632985
Notary Public - California
Kern County
My Comm. Expires Dec 24, 2009

STATE ENGINEER'S OFFICE
FEB 15 2008

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

02

Exhibit "A"

Etcheverry Family Limited Partnership & Diamond Cattle Co., LLC
Protests to Kobeh Valley Ranch LLC Application Nos. 76364 & 76365

1. Pine Valley is a designated basin per NRS 534.050. Existing permitted and certified ground water rights in the basin total approximately 15.694 acre-feet per year. The perennial yield listed for the basin is 20,000 afa. The instant applications are part of a group of applications seeking a total combined duty of 16,000 afa for mining, milling and domestic purposes. The instant applications filed by Kobeh Valley Ranch, we understand are the most junior underground applications in the Pine Valley hydrographic basin/watershed. Granting these new applications may likely cause the basin to be over pumped to the detriment of the basin as a whole and our prior existing water rights, including our surface rights. We have owned these rights for approximately 60 years and they contribute to the continued and long-term economic viability of our ranching and farming operations; therefore, unless adequately mitigated and protected, such impacts will likely prove detrimental to these important water rights.

2. Hydrologic properties of the proposed points of diversion are still currently being analyzed by experts and consultants; therefore, even expert opinions about the potential impacts associated with sustained pumping of substantial water rights at the proposed points of diversion are not known. Propagation of the cone of depression from the proposed points of diversion must be adequately determined prior to granting the applications. We request the ability to review any and all hydrologic data and expert reports containing opinions and conclusions offered in support of the applications.

3. The proposed points of diversion for these applications lie in Basin 53, while the proposed place of use may ultimately include portions of Basin 153 (Diamond Valley) and Basin 139 (Kobeh Valley); therefore the applications may call for transfer of ground water out of the source basin for use in another basin. Compliance with the requirements of NRS 533.370(6) must be met.

4. There are currently outstanding applications to appropriate underground water in Pine Valley. Eureka County requests that a decision be rendered on these applications prior to dispensation of the present applications;

5. The works necessary to achieve beneficial use of the subject water rights are substantial and costly. The applicant has not presented us nor do we understand the state with the scope of its proposed works, nor has the applicant demonstrated its ability to finance the works. We were told by applicant that they did not have the present ability to finance the project and their future ability to do so remains unclear. It is also unclear whether the applicant is a mining company, holding company or some type special

purpose limited liability entity with no assets (a shell). We request the opportunity to 1) review a proposed scope of work to achieve beneficial use and 2) satisfy our concerns regarding corporate purpose and financial ability to complete this project and respond in money damages to any injuries to our water rights and ranching operations.

6. We recognize that mining is part of the history of the State of Nevada and Eureka County. But, mining has no superior right to exist and thrive over livestock grazing and farming operations. This protest is aimed at ensuring that any development of water resources in Pine Valley is conducted in full accordance with applicable Federal Law, Nevada Law, the Eureka County Master Plan and related ordinances. and does not unduly threaten our property rights and livestock and farming operations. We would encourage the proponents of these applications to engage its representatives and the Office of the State Water Resources Engineer in dialog that will result in a binding, mutually-beneficial agreement for development and management of these precious ground water resources, including but not limited to reclamation, reinjection or infiltration of dewatering water not consumed in the mining operation back in to the basin or origin in order to mitigate the effects of the Applicant's pumping.

7. The manner of use of water under the subject applications is by nature of its activity a temporary use. Because it is a temporary use, any permits granted should be subject to a restriction that any application to change the manner of use under any such permit will be subject to additional determination and evaluation with respect to the permanent effects on existing rights and the resources within the groundwater basin and the entire watershed.

8. The State Water Resources Engineer should consider the consumptive use of the water rights sought to be changed and the consumptive use of the proposed beneficial use of water in determining whether the proposed change in the place of diversion, manner of use and place of use complies with the provisions of subsection 5 of NRS 533.370. and all other applicable laws, rules and regulations

9. Should these protests result in hearings before the State Water Resources Engineer, we request that such hearings be held in Eureka to facilitate our access to these proceedings.