

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

In the Matter of Application Number 79881  
Filed By Sonterra Development Company, LLC  
on June 2, 2010 for Permission to Change  
the Point of Diversion and Place of Use of  
a Portion of Water Appropriated Under  
Permit No. 65337

**FILED**  
JUL 29 2010  
PROTEST STATE ENGINEER'S OFFICE

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 79881, filed on June 2, 2010 by Sonterra Development, LLC for permission to change the point of diversion and place of use of a portion of water appropriated under Permit No. 65337, for the following reasons and on the following grounds, to wit:

1. The base water rights sought for transfer by Application No. 79881 originate from Permit No. 65337. The terms of Permit No. 65337 required Proof of Beneficial Use to be filed by March 29, 2002. On information and belief, proof of beneficial use has not been filed and the transfer involves water rights that have been forfeited and/or abandoned pursuant to NRS 534.090.

2. The base water rights sought for transfer by Application No. 79881 were previously sought to be changed for municipal use and a proposed water exportation scheme, illustrating the speculative nature of the attempted use of the water rights. The application should be denied and the base water rights should be cancelled pursuant to NRS 533.045 as the necessity for the use of the water rights does not exist.

3. The base water rights sought for transfer by Application No. 79881 were previously sought to be changed by Application No. 75709. Application No. 75709 is "ready-for action," protested, and should be withdrawn by the applicant or denied by the State Engineer.

4. Granting the application would threaten to prove detrimental to the public interest and the interests and existing water rights of the Pyramid Lake Paiute Tribe for the reasons stated above, and because, among other things, it would:

- A. Deplete water from Pyramid Lake by depleting the underflow from the San Emidio Desert Basin to the Pyramid Lake Basin;

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- B. Degrade or impair water quality in the Pyramid Lake Basin as a result of increasing groundwater withdrawals from the San Emidio Desert Basin;
- C. Adversely affect regional groundwater levels to the detriment of Pyramid Lake and the groundwater resources of the Pyramid Lake Paiute Tribe;
- D. Have a detrimental effect on the quality of the Pyramid Lake Paiute Tribe's groundwater resources;
- E. Prevent or interfere with the conservation or recovery of the two principal fish in the lower Truckee River and Pyramid Lake, the endangered cui-ui and the threatened Lahontan cutthroat trout, in violation of (i) the Endangered Species Act, 16 U.S.C § 1531 et seq., and (ii) Nevada Law protecting the cui-ui;
- F. Adversely affect the recreational value of Pyramid Lake;
- G. Interfere with the purposes for which the Pyramid Lake Indian Reservation was established;
- H. Deplete the supply of groundwater within the Pyramid Lake Indian Reservation portion of the San Emidio Desert Basin;
- I. Affect the suitability of irrigation water within the Pyramid Lake Indian Reservation of the San Emidio Desert Basin;
- J. Increase the cost of supplying irrigation water within the Pyramid Lake Indian Reservation portion of the San Emidio Desert Basin;
- K. Adversely affect springs and flowing wells within the Pyramid Lake Indian Reservation portion of the San Emidio Desert Basin;
- L. Decrease the recharge to the San Emidio Desert Basin, to the detriment of existing senior water rights, including those of the Pyramid Lake Paiute Tribe;
- M. Lower the groundwater table within the Pyramid Lake Indian Reservation portion of the San Emidio Desert Basin which would increase the pumping lift and cost of producing groundwater from that area; and
- N. Otherwise adversely affect the interests and the reserved water rights of the Tribe.

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

6. Granting the application would 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.

7. 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.

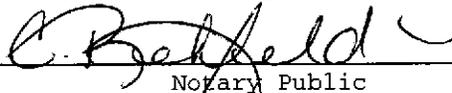
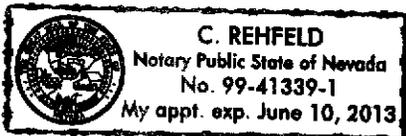
THEREFORE the protestant requests that the above-referenced application be denied and that an order be entered for such relief as the State Engineer deems just and proper.

Wolf, Rifkin, Shapiro, Schulman and Rabkin, LLP



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Las Vegas, NV 89120  
Tel: (702) 341-5200  
Agents for the Tribe

Subscribed and sworn to before me this 28th day of July, 2010.

  
Notary Public

State of Nevada

County of Clark

My Commission Expires: June 10, 2013

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