

Merritt, Allen

From: Jim Speck [jim@speckandaanestad.com]
Sent: Monday, October 01, 2007 7:48 PM
To: Merritt, Allen
Cc: 'Steve Beevers'; 'Jan Edelstein'; 'Gary Ashby'; 'Stefanie Webster'; Keen, Shelley
Subject: Re: Cove Springs Development Inc. - Transfer Application

Allen,

I fax'd to you earlier today an application for transfer of water rights in the name of Cove Springs Development, Inc. However, it did not include the proof of ownership document for Part 2. Attached is a copy of the warranty deed by which Redstone Partners acquires the entire ranch. You have in the file for the companion application for permit 37-22161 the required information on the option to purchase granted by Redstone Partners to Cove Springs Development, Inc. These documents together should be sufficient for the proof of ownership.

The ranch is also presently encumbered by a mortgage in favor of First Bank of Idaho. I will provide you with the consent form from the bank as soon as it is signed.

Finally, I noticed a recurring typographical error in each of the Part 2's. The description of the unchanged portion of each right states the SRBA recommendation should be reduced by 184.3 acres when it should be by 202.2 acres. Please make that correction on the original application when you receive it by mail.

Please contact me right away if there are any questions. Thank you.

Jim

James P. Speck
SPECK & AANESTAD
A Professional Corporation
120 East Avenue
P.O. Box 987
Ketchum, ID 83340
208.726.4421
208.726.0752 (fax)
jim@speckandaanestad.com

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10/2/2007

MEMORANDUM OF OPTION AGREEMENT

Between

**Redstone Partners, L.P., a Nevada limited partnership, ("Redstone") and
Cove Springs Development, Inc., a Nevada corporation, ("CSDI")**

Copied from AP for Permit 37-22161

1. Redstone is the owner of certain real property and improvements thereon located in Blaine County, Idaho, consisting of approximately four thousand six hundred (4,600) acres and commonly known as "Cove Ranch" (the "Ranch").
2. CSDI is in the business of developing real property.
3. On or about December, 15, 2004, the parties entered into an Option Agreement whereby Redstone agreed to sell to CSDI for good and valuable consideration:
 - a. the Option Property,
 - b. so many of the development rights from the entire Ranch for which CSDI could obtain subdivision approval from Blaine County, and
 - c. "such water rights, if any, upon which Blaine County shall condition its approval of the Development."
4. The Option Property is described as the 600 acres, more or less, consistent with the Application for Subdivision Approval submitted by CSDI to Blaine County on December 16, 2004.
5. The Term of Option is for three years from the date of the Option Agreement. The Option Term may be extended for such additional consideration and upon such terms as the parties shall determine in writing.

Redstone Partners, L.P. a Nevada
limited partnership, by its general
partner, SDB Ventures, LLC, a
Nevada limited liability company

By Steve Beevers
Steve Beevers, Manager

Cove Springs Development, Inc., a
Nevada Corporation

By John B. Miley
John B. Miley, Secretary

DATED: November 28, 2006

SCANNED
11/29/2006

SVTC ORDER NO. 03-19722

This Deed is being re-recorded to correct the legal
description of Government Lot 1 in Section 19, 1 North,
20 East.

CORPORATION WARRANTY DEED

507537

FOR VALUE RECEIVED

COVE RANCH, INC., an Idaho corporation, as to an undivided 26% interest as a tenant in
common AND NMS LEASING, INC., an Idaho corporation, as to an undivided 74% interest
as a tenant in common

each a corporation duly organized and existing under the laws of the State of Idaho, grantor, does
hereby Grant, Bargain, Sell and Convey unto

REDSTONE PARTNERS L.P., a Nevada Limited Partnership

grantee whose current address is

1188 Eagle Vista Court
Reno, NV 89511

the following described real estate, to-wit:

SEE ATTACHED 'LEGAL DESCRIPTION OF COVE RANCH'

SUBJECT TO: Taxes, easements, restrictions, reservations, assessments and encumbrances as
shown of record, if any.

"SUBJECT FURTHER TO: The rights, covenants, conditions, restrictions and other agreements set
forth in that certain unrecorded Agricultural Lease dated March 5, 2004."

This agreement may be executed in counterparts, and as executed shall constitute one agreement,
binding on all parties, even though all the parties do not sign the original or the same counterpart.

Grantor Warrants to the Grantee and its successors in title, that Grantor has not created
nor permitted to be created any lien, charge or encumbrance against said real estate which is not
shown herein, and Grantor covenants that it will defend said premises to the extent of the
warranties made herein against the lawful claims of all persons.

TO HAVE AND TO HOLD The said premises, with their appurtenances unto the said
Grantee, heirs and assigns forever.

IN WITNESS WHEREOF, The Grantor, pursuant to a resolution of its Board of Directors
has caused its corporate name to be hereunto subscribed by its President and Secretary/Treasurer.

Dated: July 22, 2004

See the signature and notary page attached hereto and made a part hereof.

Instrument # 529086

HOLEY, BLAKE, IDAHO

2006-12-13

11:48:00 No. of Pages: 2

Recorded by: SUN VALLEY TITLE

MARSHA WILSON

Fee: 27.00

Ex-Office Recorder Display

Print to: CONNECTION DMS

Signature and notary page for Warranty Deed 03-19722

COVE RANCH, INC.

Cary Spalding
Cary Spalding, President

NMS LEASING, INC.

Cary Spalding
Cary Spalding, President

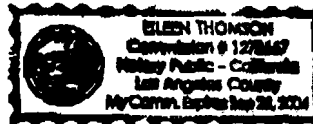
Todd Hoch, Secretary/Treasurer

Todd Hoch, Secretary/Treasurer

State of: California
County of: Los Angeles

On this 26th day of July in the year 2004 before me, a Notary Public personally appeared Cary Spalding known or identified to me to be the President of Cove Ranch, Inc., and NMS Leasing, Inc., the corporations that executed the within instrument or the person who executed the instrument on behalf of said corporations, and acknowledged to me that such corporations executed the same.

Eileen Thomson
Notary Public
Residing at: Los Angeles, CA
Comm. Expires: 9-28-2004



State of: _____
County of: _____

On this _____ day of _____ in the year 2004 before me, a Notary Public personally appeared Todd Hoch known or identified to me to be the Secretary/Treasurer of Cove Ranch, Inc., and NMS Leasing, Inc., the corporations that executed the within instrument or the person who executed the instrument on behalf of said corporations, and acknowledged to me that such corporations executed the same.

Notary Public
Residing at: _____
Comm. Expires: _____

Signature and notary page for Warranty Deed 03-19722

COVE RANCH, INC.

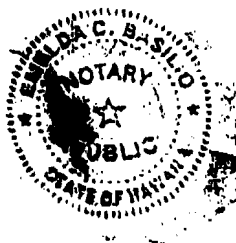
NMS LEASING, INC.

Cary Spalding, PresidentCary Spalding, PresidentTodd Hoch
Todd Hoch, Secretary/TreasurerTodd Hoch
Todd Hoch, Secretary/TreasurerState of: _____
County of: _____

On this _____ day of _____ in the year 2004 before me, a Notary Public personally appeared Cary Spalding known or identified to me to be the President of Cove Ranch, Inc., and NMS Leasing, Inc., the corporations that executed the within instrument or the person who executed the instrument on behalf of said corporations, and acknowledged to me that such corporations executed the same.

Notary Public
Residing at: _____
Comm. Expires: _____State of: Hawaii
County of: Honolulu

On this 23rd day of July in the year 2004 before me, a Notary Public personally appeared Todd Hoch known or identified to me to be the Secretary/Treasurer of Cove Ranch, Inc., and NMS Leasing, Inc., the corporations that executed the within instrument or the person who executed the instrument on behalf of said corporations, and acknowledged to me that such corporations executed the same.

Emelda C. Basilio
Notary Public EMELDA C. BASILIO
Residing at: Honolulu, Hawaii
Comm. Expires: AUG 13 2005

LEGAL DESCRIPTION OF COVE RANCH

A parcel of land lying within Sections 13, 14, 15, 17, 20, 21, 22, 23, 24, 26, 27, 28, 33, and 34 Township 1 North, Range 19 East, Boise Meridian, Blaine County, Idaho and more particularly described as follows:

Beginning at a 5/8" Rebar marking the N 1/16 (North One-Sixteenth) corner common to said Sections 17 and 18, which lies South 00°49' East 1310.8 feet from a 5/8" Rebar marking the Northwest corner of said Section 17, said point being the REAL POINT OF BEGINNING;

thence North 89°36' East 2631.3 feet along the southerly boundary of Griffin Ranch Subdivision, Instrument No. 385534 as Recorded with the Blaine County Recorder's Office, Hailey, Idaho to a 5/8" Rebar marking the CN 1/16 (Center North One-Sixteenth) of said Section 17;

thence North 1°09' West 5.8 feet along the boundary of said Griffin Ranch Subdivision Boundary to a 5/8" Rebar marking the Southwest corner of U.S. Government Lot 2 of said Section 17;

thence North 89°28' East 1315.1 feet along the boundary of said Griffin Ranch Subdivision to the Southeast corner of U.S. Government Lot 2 of said Section 17;

thence South 00°55' East 1319.2 feet to the Southwest corner of U.S. Government Lot 3 of said Section 17;

thence North 89°36' East 1334.1 feet to the W 1/4 (West One-Quarter) corner of said Section 16;

thence South 00°37' East 2621.0 feet to the Southwest corner of said Section 16;

thence North 88°44' East 1356.9 feet to the W 1/16 (West One-Sixteenth) corner common to said Sections 16 and 21;

thence South 00°48' East 323.0 feet along the boundary common to U.S. Government Lots 3 and 8 of said Section 21 to its intersection with the Northerly boundary of the Hidden Treasure No. 2 Extension Lode of said Section 21;

thence South 61°02' West 627.1 feet along the boundary common to U.S. Government Lot 8 of said Section 21 and the northerly boundaries of Hidden Treasure No. 1 Extension Lode and Hidden Treasure No. 2 Extension Lode to the Northwest corner of Hidden Treasure No. 1 Extension Lode of said section 21;

thence South 03°05' West 1478.2 feet to the Northwest corner of Hidden Treasure No. 1 Lode of said Section 21;

thence North 27°12' West 47.8 feet to the Northeast corner of the Lone Lode of said Section 21;²

thence South 78°58' West 263.7 feet to the Northwest corner of the said Lone Lode;

thence South 41°29' East 371.8 feet to the westerly corner of the said Lone Lode;

thence South 14°16' East 1100.6 feet to the Southwest corner of said Lone Lode;

thence North 77°47' East 526.5 feet to the Southeast corner of said Lone Lode;

thence South 29°19' East 47.3 feet to the Southwest corner of said Hidden Treasure No. 1 Lode;

thence South 30°59' East 1492.6 feet to the Southwest corner of the Idaho Central No. 1 Lode of said Section 21;

thence North 60°28' East 503.5 feet to the intersection with the East boundary of the SW 1/4 (Southwest One-Quarter) of said Section 21;

thence South 01°21' East 850.0 feet, more or less, to the S 1/4 (South One-Quarter) corner of said Section 21;

thence South 89°50' East 2405.8 feet to the Southeast corner of said Section 21;

thence North 00°01' West 2664.6 feet to the E 1/4 (East One-Quarter) corner of said Section 21;

thence North 89°42' West 1270.9 feet to the CE 1/16 (Center East One-Sixteenth) corner of said Section 21;

thence North 00°07' West 2664.6 feet to the E 1/16 (East One-Sixteenth) corner common to said Sections 21 and 16;

thence South 89°47' East 1277.7 feet to the Northeast corner of said Section 21;

thence North 00°01' West 3962.7 feet to the North 1/16 (North One-Sixteenth) corner common to said Sections 15 and 16;

thence North 89°55' East 1320.1 feet to the NW 1/16 (Northwest One-Sixteenth) corner of said Section 15;

thence South 00°02' East 1319.1 feet to the CW 1/16 (Center West One-Sixteenth) corner of said Section 15;

thence South 90°00' East 3959.4 feet to the East 1/4 (East One-Quarter) corner of said Section 15;

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thence South 90°00' East 2639.6 feet to the C 1/4 (Center One-Quarter) corner of said Section 14;

thence South 00°01' East 1319.1 feet to the CS 1/16 (Center South One-Sixteenth) corner of said Section 14;

thence North 89°52' East 1320.2 feet to the SE 1/16 (Southeast One-Sixteenth) corner of said Section 14;

thence North 00°00' East 2641.8 feet to the NE 1/16 (Northeast One-Sixteenth) corner of said Section 14;

thence South 89°52' East 1320.1 feet to the N 1/16 (North One-Sixteenth) corner common to said Sections 13 and 14;

thence South 00°01' East 3957.3 feet to the Southwest corner of Section 13;

thence North 89°48' West 1320.4 feet to the E 1/16 (East One-Sixteenth) common to said Sections 14 and 23;

thence South 00°01' East 1319.1 feet to the NE 1/16 (Northeast One-Sixteenth) corner of said
Section 23;

thence South 89°53' East 1315.1 feet to the North 1/16 corner common to said Sections 23 and 24;

thence South 89°53' East 1315.1 feet to the NW 1/16 (Northwest One-Sixteenth) corner of said Section 24;

thence South 00°11' East 2638.2 feet to the SW 1/16 (Southwest One-Sixteenth) corner of said Section 24;

thence North 89°49' West 1317.5 feet to the S 1/16 (South One-Sixteenth) corner common to said Sections 24 and 23;

thence South 00°01' East 1319.1 feet to the Southeast corner of said Section 23;

thence North 89°47' West 1318.3 feet to the E 1/16 (East One-Sixteenth) corner common to said Sections 23 and 26;

thence South 00°50' East 3973.0 feet to the SE 1/16 (Southeast One-Sixteenth) corner of said Section 26;

thence North 89°55' West 3857.8 feet to the S 1/16 (South One-Sixteenth) corner common to said Sections 26 and 27;

thence North 89°55' West 1285.9 feet to the SE 1/16 (Southeast One-Sixteenth) corner of said Section 27;

thence South 00°17' East 1331.6 feet to the East 1/16 (East One-Sixteenth) corner common to said Sections 27 and 34;

thence South 00°17' East 2663.2 feet to the CE 1/16 (Center East One-Sixteenth) corner of said Section 34;

thence North 89°44' West 3885.9 feet to the W 1/4 (West One-Quarter) corner of said Section 34;

thence South 89°46' West 536.7 feet along the South boundary of the NE 1/4 (Northeast One-Quarter) of said Section 33 to its intersection with the former Railroad right-of-way, lying 100 feet from centerline;

thence North 31°10' West 9304.8 feet along the Railroad right-of-way to its intersection with the West boundary of said Section 21;

thence South 00°37' East 98.3 feet along the Railroad right-of-way to the ITD brass cap marking the corner common to Sections 20, 21, 28, and 29, lying 50 feet from centerline;

thence North 31°09' West 6108.6 feet along the former Railroad right-of-way to its intersection with the boundary common to said Sections 17 and 20;

thence North 89°39' East 58.2 feet along said Section line to a point lying 100 feet from the former Railroad centerline;

thence North 31°09' West 4455.5 feet along the Railroad right-of-way to its intersection with the said Griffin Ranch Subdivision boundary;

thence North 00°49' West 96.4 feet along said Griffin Ranch Subdivision boundary to the REAL POINT OF BEGINNING.

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A parcel of land lying within Sections 13, 14, 15, 17, 20, 21, 22, 23, 24, 26, 27, 28, 33, and 34

Township 1 North, Range 19 East, Boise Meridian, Blaine County, Idaho and more particularly described as follows:

Beginning at a 5/8" Rebar marking the N 1/16 (North One-Sixteenth) common to said Sections 17 and 18, which lies South 00°49' East 1310.8 feet from a 5/8" Rebar marking the Northwest corner of said Section 17, thence South 00°49' East 492.4 feet along the West boundary of said Section 17 to its intersection with the Railroad right-of-way and the REAL POINT OF BEGINNING;

thence South 00°49' East 818.4 feet to the W 1/4 (West One Quarter) of said Section 17;

thence South 00°50' East 2612.4 feet to the Southwest corner of said Section 17;

thence South 00°48' East 1298.0 feet to the N 1/16 (North One Sixteenth) corner common to said Sections 20 and 19;

thence South 89°59' East 2623.7 feet to the CN 1/16 (Center North One- Sixteenth) corner common to said Section 20;

thence North 01°02' West 386.1 feet to the intersection with the Rail Road right- of-way, lying 50 feet from centerline;

thence North 31°09' West 1081.3 feet, more or less, along said Rail Road right -of - way to a point on the boundary of said Sections 17 and 20;

thence South 89°39' West 58.2 feet along said Section line to a point lying 100 feet from centerline;

thence North 31°09' West 3994.5 feet along the Rail Road right-of-way to the REAL POINT OF BEGINNING.

NOT OF LOSS THE SERVICE THE D. REEVEY TITLE THE NO. 1200 11400 11 10

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U.S. Government Lot 1, Section 19, Township 1 North, Range 20 East, Boise Meridian, Blaine County, Idaho and more particularly described as follows:

Beginning at a Brass Cap marking the Section corner common to said Sections 22, 23, 27, and 26, which lies North $00^{\circ}39'$ West 2640.1 feet from a Brass Cap marking the West 1/4 (West One Quarter) corner common to Sections 26 and 27, thence North $63^{\circ}10'$ East 11,711.2 feet to the REAL POINT OF BEGINNING:

thence North $90^{\circ}00'$ East 1249.6 feet,

thence South $00^{\circ}00'$ East 1320.0 feet

thence South $89^{\circ}58'$ West 1256.5 feet

thence North $00^{\circ}18'$ West 1320.7 feet to the REAL POINT OF BEGINNING.

EXCEPTING THEREFROM ANY PORTIONS LYING WITHIN THE RAILROAD RIGHT-OF-WAY.

U.S. Government Lot 1, Section 19, Township 1 North, Range 20 East, Boise Meridian, Blaine County, Idaho.