

AMENDED

Ident. No. 65-23097

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

RECEIVED

APPLICATION FOR PERMIT

JUL 31 2007

To appropriate the public water of the State of Idaho

WATER RESOURCES
WESTERN REGION

1. Name: KCM ENTERPRISES LP
~~2098 W CHAMPAGNE CT~~ 3294 S. Eagle Rd.
EAGLE ID 83616
(208)938-4160

AMENDED

2. Source: GROUND WATER

3. Location of Point of Diversion:

- #1 GROUND WATER SW $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 7, Twp 06N, Rge 01E, B.M., GEM County
#2 GROUND WATER SW $\frac{1}{4}$ SE $\frac{1}{4}$ Sec. 7, Twp 06N, Rge 01E, B.M., GEM County
#3 GROUND WATER SW $\frac{1}{4}$ NE $\frac{1}{4}$ Sec. 18, Twp 06N, Rge 01E, B.M., GEM County

4. Water will be used for the following purposes:

Purpose	From To	RATE OF DIVERSION
STOCKWATER	01/01 to 12/31	0.05 CFS
IRRIGATION	04/15 to 10/15	4.80 CFS
DOMESTIC	01/01 to 12/31	0.02 CFS

5. Total quantity to be appropriated is: 4.87 CFS

6. Proposed diverting works:

POINT OF DIVERSION #1

- a. Type and size of devices used to divert water from the source:
b. Height of storage dam _____ feet;
Active reservoir capacity _____ acre-feet;
Total reservoir capacity _____ acre-feet;
c. Proposed well diameter is 8 inches;
Proposed depth of well is 213 feet.
d. Is ground water with a temperature of greater than 85F being sought? N
e. If well is already drilled, when? 11/20/2006;
Drilling Firm: 332;
Drilling Permit No. _____.

POINT OF DIVERSION #2

- a. Type and size of devices used to divert water from the source:
b. Height of storage dam _____ feet;
Active reservoir capacity _____ acre-feet;
Total reservoir capacity _____ acre-feet;
c. Proposed well diameter is 8 inches;
Proposed depth of well is 300 feet.
d. Is ground water with a temperature of greater than 85F being sought? N
e. If well is already drilled, when? _____;
Drilling Firm _____;
Drilling Permit No. _____.

To appropriate the public water of the State of Idaho

a. Type and size of devices used to divert water from the source:

b. Height of storage dam _____ feet;
Active reservoir capacity _____ acre-feet;
Total reservoir capacity _____ acre-feet;

c. Proposed well diameter is 8 inches;
Proposed depth of well is 300 feet.

d. Is ground water with a temperature of greater than 85F being sought? N

e. If well is already drilled, when? _____;
Drilling Firm _____;
Drilling Permit No. _____.

8. PLACE OF USE: STOCKWATER

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			<u>NE</u>	<u>NW</u>	<u>SW</u>	<u>SE</u>	<u>NE</u>	<u>NW</u>	<u>SW</u>	<u>SE</u>	<u>NE</u>	<u>NW</u>	<u>SW</u>	<u>SE</u>	<u>NE</u>	<u>NW</u>	<u>SW</u>	<u>SE</u>	
06N	01E	7																	
06N	01E	17																	
06N	01E	18	X	X	X	X	X					X					X		

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			<u>NE</u>	<u>NW</u>	<u>SW</u>	<u>SE</u>	<u>NE</u>	<u>NW</u>	<u>SW</u>	<u>SE</u>	<u>NE</u>	<u>NW</u>	<u>SW</u>	<u>SE</u>	<u>NE</u>	<u>NW</u>	<u>SW</u>	<u>SE</u>	
06N	01E	7												40.0			40.0	15.0	95.0
06N	01E	17							20.0										20.0
06N	01E	18	25.0	20.0	20.0	10.0	15.0			15.0	10.0					10.0			125.0

PLACE OF USE: DOMESTIC

[illegible]

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

APPLICATION FOR PERMIT

To appropriate the public water of the State of Idaho

9a. Who owns the property at the point of diversion? If other than applicant, describe the arrangement enabling the applicant to make this filing.

APPLICANT

9b. Who owns the land to be irrigated or place of use? If other than applicant, describe the arrangement enabling the applicant to make this filing.

APPLICANT

10. Remarks:

11. Map of proposed point of diversion and place of use attached? ☒

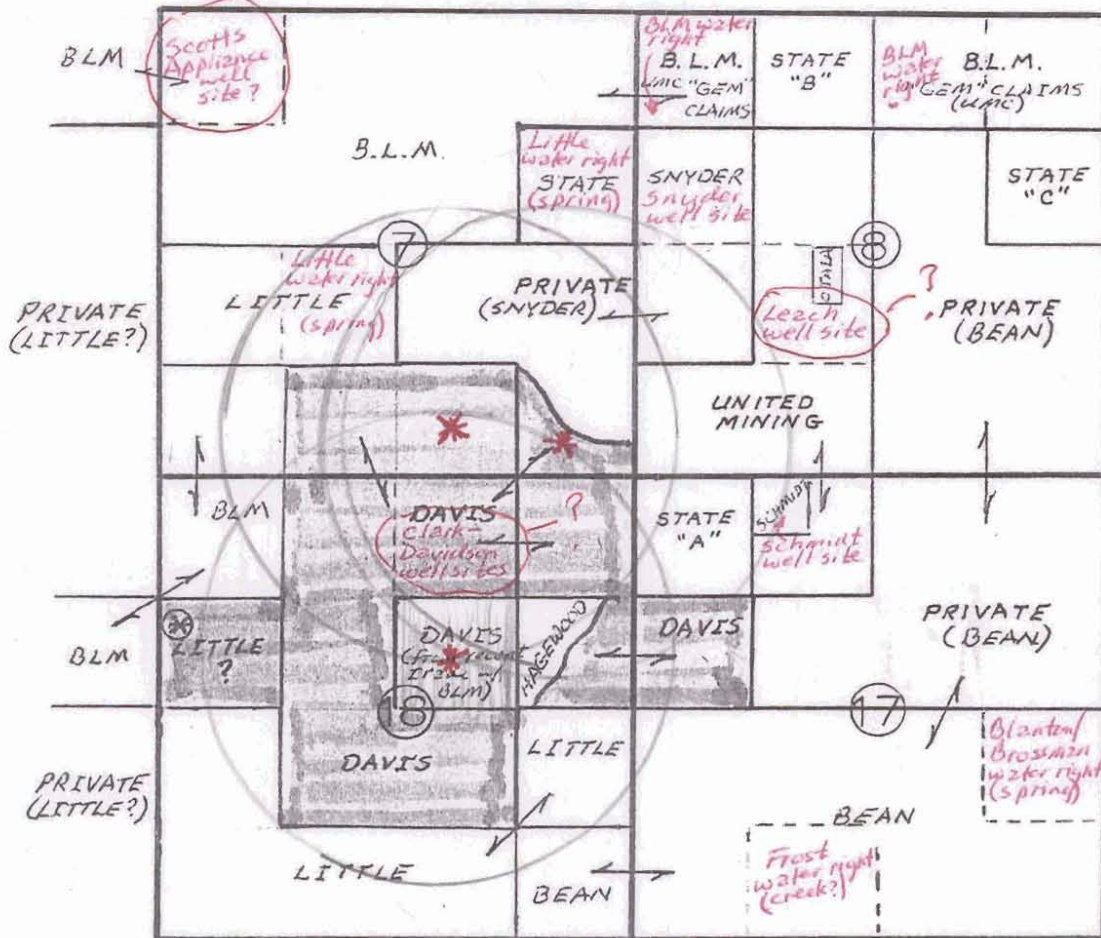
BE IT KNOWN that the undersigned hereby makes application for permit to appropriate the public waters of the State of Idaho as herein set forth.

Ronald E. Rayburn
GP, KCM B+ Applicant

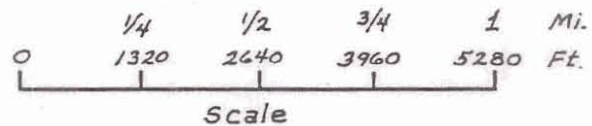
Received by LG by kw Date 9-18-06 Time 12:04 Preliminary check by kw
Publication prepared by DB Date 9/10/07 Published in MESSENGER INDEX
Publication approved _____ DATE: _____ Date 7 SEPT. 19 & 26, 2007

Receipt No. W034691 \$410.00
Date: 9-18-2006
Receipted by: LG (by kw)

T. 6 N., R. 1 E.



Need to check -
 * Was told by Davis that this was parcel traded to BLM, but my notes from exam. of Assessor Plat. indicate parcel is now owned by Little



Notations in red - IDWR records show water rights & wells in these 40-acre parcels. Locations are "points of diversion"



United Mining Corp. PEARL PROJECT Gem Co., Idaho		
ADJOINING LANDS		
6-14-96	GLO	Rev. 10-15-04

* = well sites

65-23097



ALLIANCE

TITLE & ESCROW CORP.

Please Reply To: 1022 South Washington Avenue
P.O. Box 622
Emmett, ID 83617
208-365-4486
FAX: 208-365-4541

KCM Enterprises
2098 W. Champagne Court
Eagle, Idaho 83616

ESCROW NO. 405045791
RE: KCM
DATE: November 17, 2004

In connection with the above numbered Escrow, we enclose the following:

☐ Our check #	In the sum of \$	
☒ Deed recorded 10-26-2004	Instrument No.	239643
☐ Deed of Trust recorded	Instrument No.	
☐ Note Dated	In the sum of \$	
☐ Title Insurance Policy No.		
☐ Title Insurance Binder		
☐ Copy of Closing Statement		
☐ Copy of Escrow Instructions		
☐ Assignment of Trust Fund		
☐ Change of ownership agreement		
☐		
☐		
☐		

Any other documents to which you are entitled will be forwarded as soon as they are available.

Yours very truly,
ALLIANCE TITLE & ESCROW

By: _____

ALLIANCE

TITLE & ESCROW CORP.

INSTRU. NO. 239643
PAGES 1 OF 2

Instrument # 239643

EMMETT, GEM, IDAHO

2004-10-26

09:30:00 No. of Pages: 2

Recorded for : ALLIANCE TITLE & ESCROW

SUSAN K. HOWARD

Fee: 6.00

Ex-Officio Recorder Deputy

Index to: WARRANTY DEED

Judy Evans

WARRANTY DEED

Order No.: AT-405045791

FOR VALUE RECEIVED

Warren J. Davis,

the grantor(s), do(es) hereby grant, bargain, sell and convey unto

KCM Enterprises Limited Partnership, a Nevada Limited Partnership,

whose current address is

2098 W. Champagne Court, Eagle, Idaho, 83616,

the grantee(s), the following described premises, in Gem County, Idaho, TO WIT:

Township 6 North, Range 1 East, Boise Meridian, Gem County, Idaho:

Section 7: The SE $\frac{1}{4}$ SE $\frac{1}{4}$ lying South of County Road; ←

The SW $\frac{1}{4}$ of the SE $\frac{1}{4}$;

The SE $\frac{1}{4}$ of the SW $\frac{1}{4}$;

Section 17: The SW $\frac{1}{4}$ of the NW $\frac{1}{4}$;

Section 18: The SE $\frac{1}{4}$ of the NE $\frac{1}{4}$ lying South and East of County Road;

The East $\frac{1}{2}$ of the NW $\frac{1}{4}$;

The NW $\frac{1}{4}$ of the NE $\frac{1}{4}$;

The NE $\frac{1}{4}$ of the NE $\frac{1}{4}$;

The NE $\frac{1}{4}$ of the SW $\frac{1}{4}$;

The NW $\frac{1}{4}$ of the SE $\frac{1}{4}$;

The SW $\frac{1}{4}$ of the NE $\frac{1}{4}$

TO HAVE AND TO HOLD the said premises, with their appurtenances unto the said Grantee, heirs and assigns forever. And the said Grantor does hereby covenant to and with the said Grantee(s), that (s)he is/are the owner(s) in fee simple of said premises; that they are free from all encumbrances Except: Current Year Taxes, conditions, covenants, restrictions, reservations, easements, rights and rights of way, apparent or of record.

WARRANTY DEED

Order No.: AT-405045791

FOR VALUE RECEIVED

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Section 18: The SE $\frac{1}{4}$ of the NE $\frac{1}{4}$ lying South and East of County Road;

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The NW $\frac{1}{4}$ of the NE $\frac{1}{4}$;

The NE $\frac{1}{4}$ of the NE $\frac{1}{4}$;

The NE $\frac{1}{4}$ of the SW $\frac{1}{4}$;

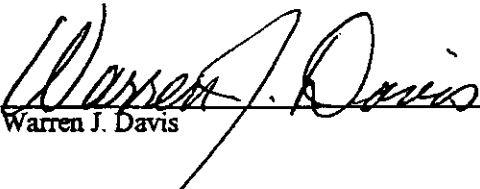
The NW $\frac{1}{4}$ of the SE $\frac{1}{4}$;

The SW $\frac{1}{4}$ of the NE $\frac{1}{4}$;

TO HAVE AND TO HOLD the said premises, with their appurtenances unto the said Grantee, heirs and assigns forever. And the said Grantor does hereby covenant to and with the said Grantee(s), that (s)he is/are the owner(s) in fee simple of said premises; that they are free from all encumbrances Except: Current Year Taxes, conditions, covenants, restrictions, reservations, easements, rights and rights of way, apparent or of record.

And that (s)he will warrant and defend the same from all lawful claims whatsoever.

Dated: October 22, 2004


Warren J. Davis

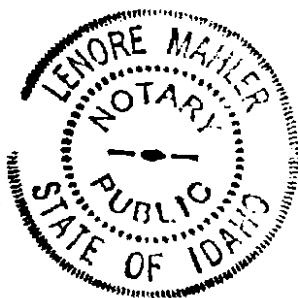
State of Idaho

}
}ss
}

County of Gem

On this 26th day of October 2004, before me, a Notary Public in and for said state, personally appeared Warren J. Davis, known or identified to me to be the person(s) whose name(s) is/are subscribed to the within Instrument and acknowledged to me that he/she/they executed same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

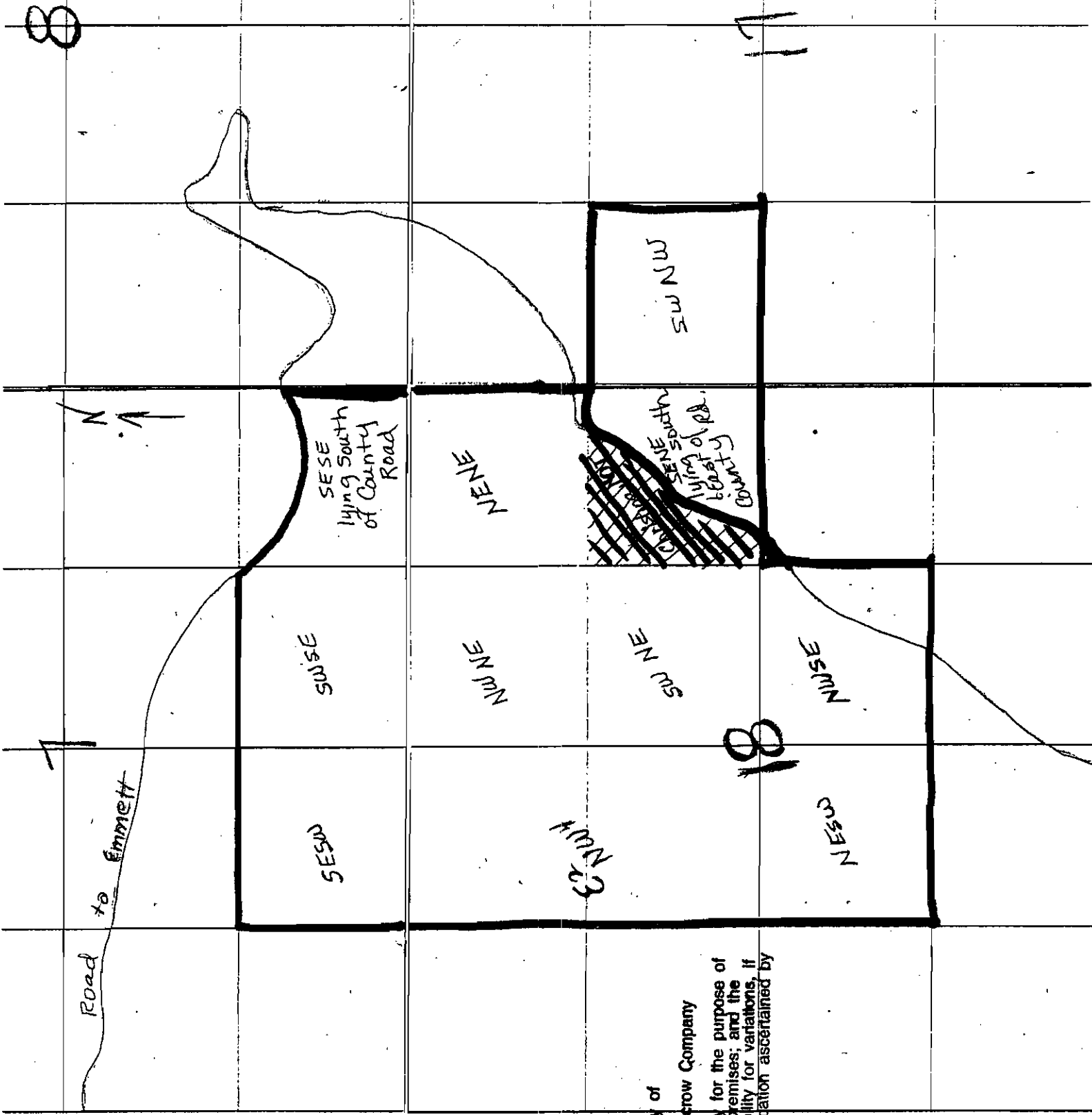


Lenore Mahler

Notary Public for the State of Idaho
Residing at: Emmett, Idaho
Commission Expires: 4/18/06

138-4162
KON

Courtesy of
Alliance Title & Escrow Company
This sketch is made solely for the purpose of
relating in locating said premises; and the
company assumes no liability for variations, if
any, in dimensions and location ascertained by
actual survey.



State of Idaho

Office of the Secretary of State

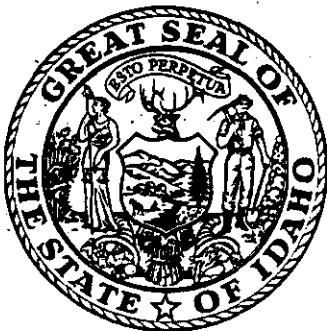
**CERTIFICATE OF REGISTRATION
OF
KCM ENTERPRISES LIMITED PARTNERSHIP**

File Number L 5144

I, BEN YSURSA, Secretary of State of the State of Idaho, hereby certify that an Application for Registration, duly executed pursuant to the provisions of the Idaho Limited Partnership Act, has been received in this office and is found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Certificate of Registration to transact business in this State and attach hereto a duplicate of the Application for Registration.

Dated: 5 January 2004



Ben Ysursa

SECRETARY OF STATE

By *Lynette Holloman*



KENNY C. GUINN
Governor

BARBARA SMITH CAMPBELL
Chair, Nevada Tax Commission

CHARLES E. CHINNOCK
Executive Director

STATE OF NEVADA DEPARTMENT OF TAXATION

Web Site: <http://tax.state.nv.us>
1550 E. College Parkway, Suite 115
Carson City, Nevada, 89706-7937
Phone: (775) 684-2000 Fax: (775) 684-2020
In State Toll Free: (800) 992-0900

LAS VEGAS OFFICE
Grant Sawyer Office Bldg, Suite 1300
555 E. Washington Avenue
Las Vegas, Nevada, 89101
Phone: (702) 486-2300 Fax: (702) 486-2373

RENO OFFICE
4600 Keady Lane
Building L, Suite 235
Reno, Nevada, 89502
Phone: (775) 668-1295 Fax: (775) 688-1303

HENDERSON OFFICE
2550 Paseo Verde Parkway, Suite 180
Henderson, Nevada, 89074
Phone: (702) 486-2300 Fax: (702) 486-3377

KCM ENTERPRISES LIMITED PARTNE
711 S CARSON ST
#4
CARSON CITY NV 89701-0000

Correspondence ID: 0500000179085
Taxpayer ID: 1000993248
Date: 12/09/2005

Dear Taxpayer:

Your Business License registration application has been processed and the taxpayer identification number assigned to you is 1000993248. Please use this number on any correspondence with the Department of Taxation. Please review your attached license. You should advise the Department of Taxation promptly of any changes to your business information or of any additional locations. This license is renewed annually and you will receive a renewal notice in the mail prior to your license expiration. Entities no longer in business in this state must submit a written statement to the Department at least 10 days before their anniversary date in order to avoid the annual fee and a penalty for non-payment.

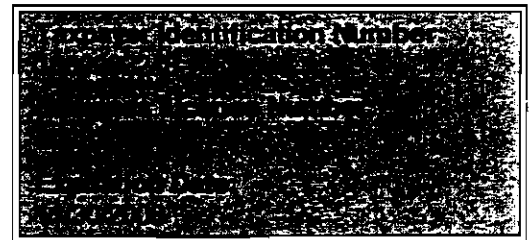
For more information on filing and payment options, including on-line payment and account inquiries, visit our website at <http://nevadatax.nv.gov>. To pay your taxes online or view your account online you will need to register your business by answering a few simple questions on our website. Your pre-approved authorization code is: F64E061D-94CF-49BC-BA8D-907C7A9BD537.



NEVADA STATE BUSINESS LICENSE

State of Nevada
Department of Taxation

KCM ENTERPRISES LIMITED PARTNE



In accordance with Title 32 of Nevada Revised Statutes, pursuant to proper application duly filed and payment of appropriate prescribed fees, the above named is hereby granted a Nevada State Business License for business activities conducted within the State of Nevada. Pursuant to NRS 360.780.5, it shall be considered valid until the expiration date listed above unless suspended or revoked for good cause in accordance with Title 32.

This document is not transferable and is not issued in lieu of any locally required business license, permit or registration.

AGREEMENT OF LIMITED PARTNERSHIP

OF

KCM ENTERPRISES LIMITED PARTNERSHIP,

A NEVADA LIMITED PARTNERSHIP

PREPARED BY:

D. JOHN THORNTON & ASSOCIATES, P.A.
THE GOLDEN EAGLE AT FOREST RIVER
1101 WEST RIVER STREET, SUITE 340
P.O. BOX 7156
BOISE, ID 83707-1156
208/344-8600

KCM ENTERPRISES LIMITED PARTNERSHIP

PARTNERSHIP HISTORY

* * * * *

DATE FORMED: JANUARY 1, 2001

CERTIFICATE FILED: FEBRUARY 16, 2001

TIN: 82-0529640

GENERAL PARTNER: RONALD E. MAYHEW

LIMITED PARTNERS: RONALD E. MAYHEW
MIRIAM R. MAYHEW

PARTNERSHIP PROPERTY: CASH
SECURITIES:
60,300 nonvoting sh Evergreen Technology Limited
A.G. Edwards account #243-196140-053
McDonald Investments account #63487477
PROMISSORY NOTES/RECEIVABLES FROM DANNY BEEMAN, LLC

INITIAL OWNERSHIP INTERESTS			
PARTNER	GENERAL	LIMITED	TOTAL
RONALD E. MAYHEW	1.0%	49.5%	50.5%
MIRIAM R. MAYHEW	0.0%	49.5%	49.5%
TOTAL:	1.0%	99.0%	100.0%

Regulations § 1.704-1(b)(2)(iv)(g), and (ii) make any appropriate modifications in the event unanticipated events (for example, the acquisition by the Partnership of oil or gas properties) might otherwise cause this Agreement not to comply with Regulations § 1.704-1(b). The parties acknowledge that any adjustments to the Capital Accounts will be made in order to comply with certain income-tax provisions of the above-referenced Treasury Regulations only, and all Interests in the Partnership are intended to be of the same class within the meaning of Code § 2701(a)(2)(B).

ARTICLE 5

RIGHTS AND DUTIES OF THE GENERAL PARTNER

5.1 MANAGEMENT AND CONTROL. Subject to Sections 4.3(c) and (d), the General Partner shall have exclusive management and control of the business of the Partnership, and all decisions regarding the management and affairs of the Partnership shall be made by the General Partner. The General Partner shall have all the rights and powers of a general partner as provided in the Act and as otherwise provided by law. Except as otherwise expressly provided in this Agreement, the General Partner is hereby granted the right, power and authority to do on behalf of the Partnership all things which, in its sole judgment, are necessary, proper or desirable to carry out the aforementioned duties and responsibilities including, but not limited to, the right, power and authority from time to time to do those things specified elsewhere in this Agreement and the following:

(a) To expend the capital and revenues of the Partnership in furtherance of the business and investment strategies of the Partnership;

(b) To retain non-income producing assets within the Partnership and to develop long-term investment strategies that may or may not result in short-term income to the Partnership;

(c) To acquire, improve, manage, charter, operate, sell, transfer, exchange, encumber, pledge, borrow against and dispose of any real, personal or intangible property of the Partnership;

(d) To form subsidiary entities including, but not limited to, single member limited liability companies owned by the Partnership;

(e) To cause the Partnership to reimburse a General Partner for reasonable out-of-pocket expenses actually incurred by the General Partner in connection with the Partnership's business including, but not limited to, any expense incurred in the organization of the Partnership or in connection with the offer and/or sale of Interests;

(f) Employ and dismiss from employment any and all employees, agents, independent contractors, investment advisors, management companies or professionals, attorneys and accountants, including Affiliates of a General Partner;

(g) Subject to Section 10.4, to enter into notes, lending, security agreements/arrangements, nominee agreements, voting trusts, deeds of trust, credit arrangements, management agreements and any other similar or related agreement or arrangement involving the real, personal or intangible property of the Partnership as the General Partner deems necessary or appropriate to accomplish the purposes of the Partnership;

(h) To borrow money on a secured or unsecured basis from individuals, banks and other lending institutions in order to finance or refinance Partnership assets, to meet other Partnership obligations, to provide Partnership working capital and for any other Partnership purposes; to execute promissory notes, deeds of trust and assignments of Partnership property and such other security instruments as a lender of funds may require to secure repayment of such borrowing; to change, substitute, or amend such borrowing as, in their judgment, is in the best interest of the Partnership, and to execute any and all documents which may be required by the bank or other financial institution or other source to establish an escrow, trust agreement, or trust account with the bank, institution or other source for the receipt of funds, sale proceeds and other payments and the disbursements thereof to service such loan(s);

(i) To enter into margin agreements/arrangements, short and long sales, and hedging agreements/arrangements with respect to marketable and nonmarketable securities;

(j) Subject to Section 5.3, to borrow monies from a General Partner at commercially reasonable rates, or allow any Affiliate of a General Partner to loan monies to the Partnership at commercially reasonable rates for use by the Partnership in its operations, the aggregate amount of which shall become an obligation of the Partnership to a General Partner or such Affiliate, and shall be repaid with interest to such General Partner or such Affiliate out of gross receipts of the Partnership before any Distributions to the Partners, in accordance with Section 4.1 hereof (provided, however, that notwithstanding any other provision herein, the Partners acknowledge that any such repayment shall be treated as a payment of interest or principal with respect to such loan, as the case may be, rather than a return of Capital Contributions to such Partner), with no prepayment charge or penalty permitted on such a loan, and such amounts shall constitute a loan to the Partnership by such General Partner or the Affiliate of such General Partner and not a Capital Contribution;

(k) To purchase at the expense of the Partnership such liability, casualty, property, and other insurance as the General Partner, in its sole discretion, deems advisable to protect the Partnership's assets against loss or claims of any nature; provided, however, that the General Partner shall not be liable to the Partnership or to other Partners for failure to purchase any insurance or if coverage should prove inadequate;

(l) To the extent that funds of the Partnership are, in the sole discretion of the General Partner, not required for the conduct of the Partnership's business, temporarily invest the excess funds in the manner set forth in Section 10.2;

(m) To sue and be sued, complain, defend, settle or compromise with respect to any claim in favor of or against the Partnership, in the name and on behalf of the Partnership;

(n) To prosecute and protect and defend or cause to be protected and defended all patent, patent rights, trade names, trademarks and service marks, and all applications with respect thereto that may be held by the Partnership;

(o) To enter into, execute, amend, supplement, acknowledge and deliver any and all contracts, agreements, licenses or other instruments necessary, proper or desirable to carry out the purposes of the Partnership;

(p) To determine, in accordance with Section 2.12, the Partnership's Distributable Cash;

(q) To appoint or remove by Majority vote one or more of the General Partners, if more than one should then be acting, to act as a Managing Partner or Partners who shall have the power to exercise on behalf of the Partnership all of the rights and powers given hereunder to the General Partner, without the consent or vote of the remaining General Partners, if more than one should then be acting. In the event of such an appointment, the remaining General Partners hereby agree to execute such powers of attorney and/or other documentation as may reasonably be required for such managing Partner or Partners to carry out the General Partners' management duties and powers consistent with this Agreement;

(r) To make loans of Partnership assets/funds and to pledge Partnership assets to secure loans to other entities;

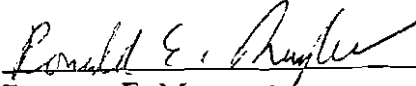
(s) Subject to Sections 4.3(c) and (d), to enter into insurance arrangements and agreements including, but not limited to, split dollar agreements/arrangements, nonqualified deferred compensation arrangements, and any other insurance arrangement deemed appropriate; and

(t) To invest in stock subject to Rule 144 and similar restrictions imposed by the Securities and Exchange Commission and to invest in stock qualifying for preferred treatment under Code § 1202.

5.2 COMPENSATION; REIMBURSEMENT. The General Partner shall be entitled to receive fair compensation for managing the business interests and assets of the Partnership and performing other duties contemplated by this Agreement. In addition, the General Partner shall be entitled to receive: (a) its respective share of Distributions of Partnership funds as set forth in Articles 4 and 8; (b) reimbursement for amounts expended as set forth in Section 5.1(e); and (c) payments pursuant to contracts entered into as provided in Section 5.3. A General Partner shall have the right to waive any right to compensation under this Section 5.2.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

GENERAL PARTNER:


RONALD E. MAYHEW

LIMITED PARTNERS:


RONALD E. MAYHEW


MIRIAM R. MAYHEW

