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KMS**Klepfer Mining Service LLC**

Project Management, Engineering, and Environmental Services

February 9, 2004

Department of Water Resources
Southern RegionMr. George Forestier
6548 Red Rock Rd.
Marsing, ID 83638-8018**Re: Assignment to L&W Stone Corporation (W.R. 72-7247 - Transfer #70989)**

Dear Mr. Forestier:

This letter is written on behalf of L&W Stone Corporation. I have discussed with the BLM their protest of the application filed by L&W Stone Corporation. They are concerned that the current application provides for transfer of the water right directly into your name prior to the land purchase. It was our expectation that the water rights would remain with the land and would be automatically changed with the change in ownership.

While this is the case, it is also the key element of the BLM's protest. The BLM and the State have indicated a willingness to work with L&W Stone Corporation to resolve this matter and remove the protest allowing the water application to be processed. In order to accommodate this, the State has suggested that the water right application be assigned to L&W Stone Corporation contingent upon the transfer of real property.

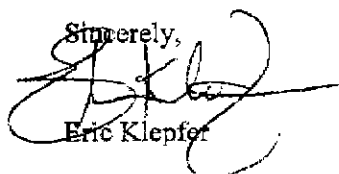
This letter is intended to provide that assignment approval and as such provide a resolution to the BLM's protest. The BLM indicated they would immediately remove the protest on the water right application if such an agreement was reached between the parties.

Your signature is necessary to authorize the assignment to L&W Stone Corporation and this letter will become part of the application. The water application would not be finalized without the transfer of real property between you and L&W Stone Corporation.

Attached is an assignment agreement that I have put together that will be provided with this letter to the State and the BLM. Please review the documents and sign the attachment and the letter as noted below. I have included your wife on the signature lines as well.

If you have any questions, please let me know.

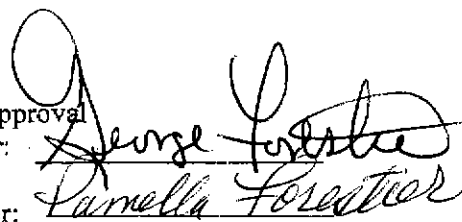
Sincerely,


Eric Klepfer

Acknowledge/Approval

George Forestier:

Pamella Forestier:



**Assignment of
Water Right 72-7247
Transfer Application No. 70989**

This agreement provides for the assignment of the water right application/change for water right 72-7247 (Transfer No. 70989) currently in the Idaho Department of Water Resource's review process. L&W Stone Corporation initiated a change of use and place of use on this water right to support the Three Rivers Stone Quarry located near the Forestier's Property.

George and Pamella Forestier agree to assign the current application to L&W Stone Corporation contingent upon the transfer of real property from George and Pamella Forestier to L&W Stone Corporation, as outlined in the Purchase and Sale Agreement signed by both parties. The sales agreement covers the property located in Custer County for which water right 72-7247 is attached.

If for any reason, the permit or transfer of real property does not occur, the water right will revert back to the original condition prior to L&W Stone Corporation implementing the changes to the water right application.

By assigning this application, it allows the State to continue to process the application and make the name change retroactive to the conditions of this agreement. The full State approval will be contingent upon the transfer of the real property associated with this water right into L&W Stone Corporation's name.

This acknowledgement that the land sale and water rights transfer are contractually liked and will allow BLM to withdraw their protest, by resolving the interim water right ownership issue, for the water application filed and allow the State process to continue.

George Forestier:

George Forestier

Date:

2-12-04

Pamella Forestier:

Pamella Forestier

Date:

2/12/04

William F. Gigney

WILLIAM F. GIGRAY, IV
Notary Public
State of Idaho

My Commission Expires On
June 16, 2009