



Klepfer Mining Service LLC

Project Management, Engineering, and Environmental Services

December 8, 2003

Mr. Corey Skinner, PE
Water Resource Engineer
Idaho Department of Water Resources
1341 Fillmore Street, Suite 200,
Twin Falls, ID 83301-3380

Re: Water Rights Transfer

Dear Mr. Skinner:

I am submitting this revised permit application to address the questions from your November 17, 2003 letter. Please note that there is a change of address for future correspondence. We have closed the Coeur d'Alene office, the Boise office remains open, and I will remain the contact person for this application.

Signatures

George and Pamella Forestier have both signed the appropriate sections and they are included in the revised application.

Proof of Ownership

I have provided two letters from the BLM. The one letter explains the currently approved activities and the second letter is concerning the project expansion request (Plan of Operations).

L&W Stone Corporation currently holds claims, which are in good standing, on public lands. As such, under the 1872 Mining Law, they have the right to access the land and develop the deposit.

Water Consumption

Enclosed is a letter from a neighbor that can verify that the land has been irrigated as pasture lands. It is our intent to use the full consumptive portion (10 ac-ft) of the current water right (12 ac-ft.). Water use at the mine will result in full consumptive use and will not have any return flows to the Salmon River system.

A project description has been attached to address specific details of the project and water use.

Detailed description

Water will be trucked from the point of diversion to the place of use as described in the attached project description. I have corrected the location of the point of diversion and included it on the topography map.

Correction of the Place of Use

I have reviewed the description of the place of use and made corrections as necessary. I did have a bit of trouble correlating government lot numbers and the section proposed. Most of the area covered by the mine operation does not contain government lot numbers. I would appreciate your assistance in identification of the government lot numbers that are applicable.

Changing the Period of Use

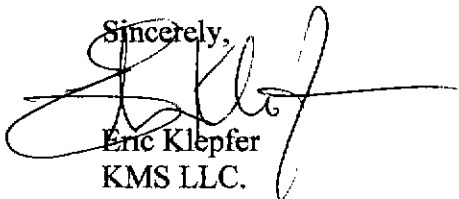
The permit application was not modified but retains the same period of use. We are, however, proposing to construct a small pond to store water for use during the period of November to March. Details are included in the project description.

Previous Applications

L&W Stone Corporation has submitted several water rights applications. I would like to review the applications with you and make a determination on how to best handle those issues. It is likely that we will only want to retain the water well application request.

Thank you for your assistance and would like to discuss the permit application if there are further questions or information required, I could supplement the enclosed permit application and fee. If you have any question, please let me know. I can be reached at 208-772-6993.

Sincerely,



Eric Klepfer
KMS LLC.

Enclosures: Revised Permit Application and Fee.

SCANNED

DEC 26 2003



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Challis Field Office
801 Blue Mountain Road
Challis, Idaho 83226

In Reply Refer To:
3809 (084)
IDI-29482

January 17, 2003

CERTIFIED MAIL 7000 1530 0001 8501 3521
RETURN RECEIPT REQUESTED

Scott Laine
L & W Stone Corporation
PO Box 1224
Orland, California 95963

Dear Mr. Laine:

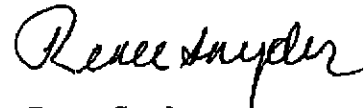
Thank you for your December 2002 amended plan of operations for the Three Rivers Stone Quarry. The BLM has reviewed the plan, and will begin the environmental analysis required by the National Environmental Policy Act. The plan cannot be approved until such analysis is completed, as well as consultation required by the National Historic Preservation Act. The BLM will request additional information from L & W Stone Corporation during development of the environmental analysis when such information is needed to improve the quality or timeliness of the analysis.

The cover letter stated "certain information" in the plan is considered confidential. The BLM should process the plan in a manner that is, as much as possible, transparent to the public. Considering such, please call Ken Gardner at (208) 879-6200 and identify each page that contains confidential information. Each page will be clearly marked "CONFIDENTIAL INFORMATION" and will be separated from the other submitted materials (Title 43 Code of Federal Regulations [43 CFR] §3809.111).

As previously discussed, the BLM will not require a reclamation cost estimate until a final reclamation plan has been provisionally approved. However, the BLM still requires mine information on the feasibility of pit backfilling that details economic, environmental and safety factors, 43 CFR §3809.401(b) (3). Such information is necessary for the BLM to evaluate the plan, e.g., 43 CFR §3809.420(c) (7). The statement "backfilling of Pit 1 is not currently possible" (p. 54) is not adequate. Regardless, in an effort to expedite the approval process, the

BLM will begin the environmental analysis and expect to obtain the necessary information during the process. To this end, a meeting has been scheduled for January 29, 2003 with Eric Klepfer, Ken Gardner, Gail O'Neill and myself. Please call Ken Gardner or myself at (208) 879-6200 if you have any questions concerning this or other related matters.

Sincerely,



Renee Snyder
Field Manager

cc:

Eric Klepfer; Earthworks Technology, 910 West Main Street, Suite 260, Boise, ID 83702

Gary Babbitt; HTEH, P.O. Box 1617; Boise, ID 83701-1617

Bob Lewis (ID-087)

Nate Helm; 304 North 8 Street, Room 149, Boise, Idaho 83702-5820



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Challis Field Office
801 Blue Mountain Road
Challis, Idaho 83226

In Reply Refer To:
3809 (084)
IDI-29482

November 15, 2002

CERTIFIED MAIL 7000 1530 0001 8501 4535
RETURN RECEIPT REQUESTED

Mr. Gary Babbitt
PO Box 1617
Boise, ID 83701-1617

Dear Mr. Babbitt:

This letter is to address your concerns raised during the conference call yesterday between Fritz Rennebaum, Bob Lewis and yourself. Specifically, you were concerned about limitations to development of Pit 2 in a Bureau of Land Management (BLM) letter to Mr. Scott Laine, dated October 28, 2002:

"Therefore, until BLM receives a complete amended plan of operations and finishes the necessary environmental review, including public involvement, L & W Stone Corporation's expansion of Pit 2 is limited to the scope and extent of the December 8, 1992 Decision Record for EA #ID-040-3-4."

Development of Pit 2 was not addressed in the 1992 environmental analysis or decision record. However, BLM analyzed and approved the proposed mining and reclamation methods for Pit 1. The above-referenced sentence was intended simply to point out that development and reclamation of Pit 2 must be done in a similar manner to that approved for Pit 1, until an amended plan of operations is approved.

At the Boise meeting on October 9, 2002 between L. & W Stone Corporation, BLM and Senator Craig's representative, we jointly agreed that the company had written approval for development of Pit 2 by BLM letter dated November 4, 1997:

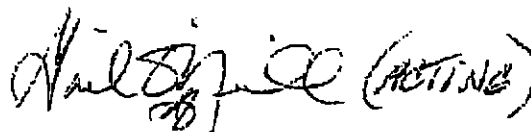
"Your request for expansion of operations to the north satellite pit [Pit 2] has been analyzed and found to conform to the environmental assessment (EA# ID-040-3-4) and is therefore approved."

Such approval was discussed at the Boise meeting with certain annual volume limitations in relation to a proposed amendment to the plan of operations dated July 26, 2000. However, that amendment was never approved by the BLM. The approval was for an amendment proposed by letter from Mr. Lawrence Dee, agent for L & W Stone Corporation, dated June 5, 1997:

"Operating under the current bond, L&W proposes to open a new quarry as shown on Figure (1). The new quarry is accessible by a currently existing trail as shown [approximate location] on Figure (1). It is expected that only widening will be necessary to put the trail into use. The quarry will be operated in the same manner and under the same conditions as those described in EA #ID-040-3-4."

The currently approved plan of operations, environmental assessment, and decision record do not provide any annual volume limitations. The currently approved plan of operations, with approved amendments, provides for Pit 2 to be operated in the same manner and under the same conditions as described in EA #ID-040-3-4. The orderly development of the Three Rivers Stone Quarry is important to the community of Challis. Consequently, I look forward to receiving your complete amended plan of operations so we can begin the necessary reviews. Please call Ken Gardner or myself at (208) 879-6200 if you have any questions concerning this or other related matters.

Sincerely,

A handwritten signature in dark ink, appearing to read "Renee Snyder" with a stylized flourish at the end. To the right of the signature, the word "(ACTING)" is written in parentheses.

Renee Snyder
Field Manager

cc:

Scott Laine
Fritz Rennebaum
Eric Klepfer
Bob Lewis (ID-087)