



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

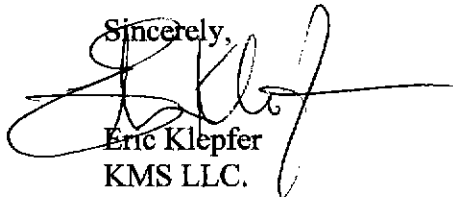
The permit application was not modified but retains the same period of use. We are, however, proposing to construct a small pond to store water for use during the period of November to March. Details are included in the project description.

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.