



CONTACT INFORMATION
Mining Records Curator
Arizona Geological Survey
416 W. Congress St., Suite 100
Tucson, Arizona 85701
602-771-1601
<http://www.azgs.az.gov>
inquiries@azgs.az.gov

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MARCH 24, 1989

ARIZONA DEPARTMENT OF WATER RESOURCES

15 South 15th Avenue, Phoenix, AZ 85007

A.F. BUDGE(MINING)LTD.
4301 N. 75th St. Ste.101
Scottsdale, Az. 85251

Registration No. 55-524036
File No. D(8-30)3



RECEIVED MAR 28 1989

ATTN: DON C. WHITE

Dear Well Owner:

Enclosed for your records is an annotated copy of the Notice of Intention to Drill an exploration well which was recently filed with this Department. This is returned to you as evidence of compliance with A.R.S. §45-596. Your designated driller has been mailed separately a Well Drilling Card which he is required to have in his possession before commencing to drill the well.

Since this well is being drilled as a monitor well, or for cathodic protection, grounding, geotechnical or piezometer purposes, our standard driller report form is also being furnished to the driller which he is required to complete and return to the Department within 30 days after the completion of drilling. A Completion Report form is being furnished for monitor wells where pump equipment is authorized to be installed as part of this packet so that you may submit the report within 30 days after the installation of pumping equipment on a monitor well as required by A.R.S. §45-600.

This well is authorized to be drilled for mineral exploration purposes. Because of this, no pump equipment may be installed. A Project Completion Report is being furnished your designated driller for each hole to be drilled. Your driller is required to submit this Project Completion Report within 30 days after completion of drilling. You should insist that this is done.

For monitor, geotechnical, cathodic protection, grounding and piezometer wells, you should obtain the written permission of the Department of Water Resources before proceeding with the drilling in the event that you determine it necessary to change the location of the proposed well. A properly signed amended Drilling Card must be in the possession of the driller before drilling commences at a different location than originally authorized.

For your future use, a Change of Well Information form is enclosed should it become needed. Per A.R.S. §45-593, the person to whom a well is registered shall notify this Department of a change of ownership of the well and/or information pertaining to the physical characteristics of the well, including abandonment, in order to keep the well registration file current and accurate.

Sincerely,

R.A. Gessner
R. A. Gessner

Chief, Operations Division

RAG:

Enclosures

DWR-55-8-8/84

EXPLORATION WELL(S)
FILING FEE \$10.00

DEPARTMENT OF WATER RESOURCES (DWR)
NOTICE OF INTENTION TO DRILL
EXPLORATION WELL(S)

EXPLORATION WELL(S)

Section 45-596, Arizona Revised Statutes and Rule R12-15-817 provide: Prior to drilling one or more exploration wells, the well owner, lessee or exploration firm shall file a Notice of Intention to Drill on a form provided by the Department.

WELL/LAND LOCATION

1. Township 8 N1/8
Range 30 EW
Section 3

7. Number of wells 3
(See Condition 3 on reverse)

11. Drilling firm:

In the case of a single well,
list 10-acre subdivision

1/4, 1/4, 1/4

2. County Greenlee

8. Owner of land:

U.S. Federal Gov't
Name

S.D.S Drilling Co.
Name

(BLM)
Address admin.

P.O. Box 796
Address

3. Applicant:

A.F. Budge (Mining) Ltd
Name

4301 N. 75th St.
Address Suite 101
Scottsdale, AZ 85251
City State Zip

9. DESCRIPTION OF WELL:

Diameter ≤ 6 inches

Depth ≤ 3,000 feet

Type of casing None
(If none, so state)

Sparks, NV 89432
City State Zip

410
DWR License Number

12. Period well will remain
in use 2 months.

4. Don C. White
NAME OF CONTACT PERSON

Phone 778-3140

10. Construction will start: April 5, 1989 or sooner if possible completed:
Month Day Year to be approved in less time.

13. Proposed method of
abandonment of well(s)
after project is

5. Owner of well:

Same as applicant
Name

Address

City State Zip

DO NOT WRITE IN THIS SPACE
OFFICE RECORD

File No. D(8-30)3

Filed 3-21-89 By SV

Input _____ By _____

Duplicate Mailed 3-24-89 By SV

Registration 55-524036

AMA/INA _____

W/S _____ S/B _____

Sealed, plugged,
+ grouted in
accordance with
R12-15-816

6. Purpose of well(s) drilled
pursuant to this Notice:

- Mineral Exploration
- Geotechnical
- Cathodic Protection
- Grounding

14. Is the proposed wellsite within 100 feet of a septic tank system, sewage disposal area, landfill, hazardous waste facility or storage area of hazardous materials? Yes No

If yes, a request for a variance must accompany this application pursuant to R12-15-820.

GENERAL INSTRUCTIONS

Fill out this form in duplicate and mail to Department of Water Resources, 15 South 15th Ave. Phoenix, Arizona 85007

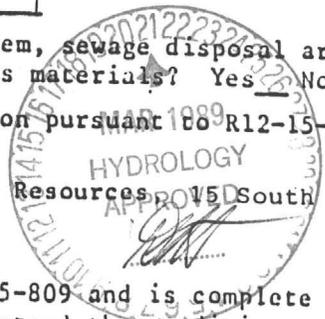
Proper filing fee of \$10.00 must accompany Notice.

I state that this Notice is filed in compliance with Rule R12-15-809 and is complete and correct to the best of my knowledge and belief and that I understand the conditions set forth on the reverse side of this form.

DATE March 20, 1989

DWR 55-40-10/88 (Revised)

Donald C. White
Signature of Applicant



2 copies
Check (1)
accompanying

CONDITIONS

1. Construction and abandonment standards for all wells shall be in accordance with DWR Rules R12-15-811 and R12-15-816.
2. Drilling of the well(s) shall be completed within one (1) year after the date of Notice.
3. Mineral exploration, geotechnical cathodic protection or grounding holes of 100 feet of depth or less do not apply to these provisions and do not require filing. However, if water is encountered during the drilling of these wells, then the well(s) must be properly abandoned in accordance with Condition 1 above.
4. More than one well may be drilled under a single notice for mineral exploration, geotechnical, cathodic protection and grounding purposes, so long as they are located within a single section.
5. A Project Completion Report (DWR-55-42-10/83) must be filed for each hole, within 30 days of completion of drilling. A Well Driller Report (DWR-55-6-Rev.) for each hole drilled, must be filed by the well driller within 30 days of completion of drilling for geotechnical, cathodic protection, and grounding wells.
6. Pump equipment may not be installed on wells drilled for mineral exploration, geotechnical, cathodic protection or grounding purposes.
7. Special construction standards required pursuant to R12-15-821: _____



Registration No. _____

File No. _____

COMPLETION REPORT

1. Per A.R.S. §45-600, the Completion Report is to be filed with the Department within 30 days after installation of pump equipment by the registered well owner.
2. Drawdown of the water level for a non-flowing well should be measured in feet after not less than 4 hours of continuous operation and while still in operation and for a flowing well the shut-in pressure should be measured in feet above the land or in pounds per square inch at the land surface.
3. The static groundwater level should be measured in feet from the land surface immediately prior to the well capacity test.
4. The tested pumping capacity of the well in gallons per minute for a non-flowing well should be determined by measuring the discharge of the pump after continuous operation for at least 4 hours and for a flowing well by measuring the natural flow at the land surface.

LOCATION OF THE WELL:

Township _____ Range _____ Section _____ $\frac{1}{4}$ $\frac{1}{4}$ $\frac{1}{4}$

EQUIPMENT INSTALLED:

Kind of pump _____
Turbine, centrifugal, etc.

Kind of power _____ H.P. Rating of Motor _____
Electric, natural gas, gasoline, etc.

Pumping Capacity _____ Date pump installed: _____
Gallons per minute

WELL TEST:

Test pumping capacity _____ Date Well Tested: _____
Gallons per minute

Method of Discharge Measurement _____
Weir, orifice, current meter, etc.

Static Groundwater Level _____ ft. Drawdown _____ ft.

Total Pumping Lift _____ ft. Drawdown _____ lbs.,
(Flowing Well)

I HEREBY CERTIFY that the above statements are true to the best of my knowledge and belief.

Print Well Owner's Name

_____, 19_____
Date

Signature of Well Owner or Agent

Address

City

State

Zip

ARIZONA DEPARTMENT OF WATER RESOURCES
Operations Division
15 South 15th Avenue
Phoenix, Arizona 85007

CHANGE OF WELL INFORMATION

Well Reg. No.

File (location) No.

I/We request the following well information be changed:

Date: _____, 19____ Signature of current Well Owner _____

(DO NOT CUT THIS FORM IN HALF)

STATEMENT OF CHANGE OF WELL OWNERSHIP

I, _____, state that I am (no longer) the (new)
(please print)
owner of the well described below:

Township _____ Range _____ Section _____; _____¹/₄ _____¹/₄ _____¹/₄

Well Registration No. _____ File (location) No. _____

Previous Owner PRINT New Owner's Name

Address Signature of New Owner

City State Zip Address

DATED: _____

City State Zip

NOTE: A.R.S. §45-593.C. requires that the Department be notified of change of well ownership and that the well owner is required to keep the Department's Well Registration records current and accurate. Well data and ownership changes must be submitted within thirty (30) days after changes take place.

SAVE THIS FORM TO REPORT FUTURE CHANGES IN OWNERSHIP, CHANGES IN ADDRESS, OR CHANGE IN WELL DATA SUCH AS PUMP CAPACITY, CORRECTION OF LEGAL DESCRIPTION, CHANGE OF WELL DRILLER, PRIOR TO DRILLING THE WELL, IN ADDITION TO AMENDING INFORMATION PREVIOUSLY FILED.

* * * * *

Carole

M E M O

TO: Ron Short; cc Carole O'Brien, A.F. Budge
FROM: Don White
DATE: March 21, 1989
SUBJECT: Ash Peak drilling contract, supplies, and authorization

A number of issues are being expedited in an effort to advance the startup date of drilling at Ash Peak. They include:

- a) Selection of a contractor; the best quality and most available being S.D.S. Drilling, contract/bid enclosed. They are prepared to mobilize as soon as we have D.W.R. approval in hand.
- b) Arizona Department of Water Resources (DWR) approval; must be granted for any drill hole over 100 feet deep anywhere in Arizona. Can take up to 15 days. "Notice of intent to drill" form, as filed, is attached. Response should be due by April 5th.
- c) Bureau of Land Management approval; any surface disturbances such as drill roads or drill sites on unpatented claims of BLM jurisdiction require filing a "plan of operations" with the appropriate district office. Approval can take 30 days. In the case of our initial hole near to an existing mine road and on a nearly flat area, I have tentative approval for simply parking the rig and drilling with no dozer work. My letter sent at BLM request is accompanying. A plan of operations must be filed promptly for the second hole which probably will require dozed access.
- d) Down-hole survey instrument; two sources are known for single-shot camera survey instruments. S.D.S. will provide one for \$1,500. per month. A Colorado outfit will rent one I have used before for \$1,000. per month. The latter is Crittendon Drilling with an excellent Welnav unit and good service in regard to film, developing chemicals, maintenance of the instrument, etc. In lieu of any better deals, I will arrange for Crittendon's rental in time for our first hole.
- e) Core boxes; will be supplied by the drill contractor, as will core blocks.

DW:sk



SDS DRILLING COMPANY

Mailing Address: P.O. Box 796 • Sparks, NV 89432
Street Address: 500 Dermody Way • Sparks, NV 89431
(702) 331-7878

March 16, 1989

Don White
521 E. Willis Street
Prescott, Arizona 86301

Dear Mr. White:

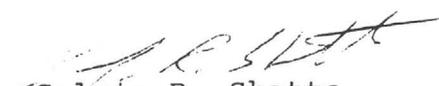
Enclosed is our response to your bid request on your core drilling project near Safford, Arizona as per our telephone conversation of March 15, 1989.

We appreciate this opportunity to bid. Should you avail yourself of our services this year, we will endeavor to insure you have a successful drilling program.

Our Arizona Contractor's License number is 073813-010. Our DWR number is 410.

Sincerely,

SDS DRILLING COMPANY


Calvin R. Shatto
Owner/Field Manager

CRS:ld

Encl.

Copy to Mr. Ron Short
AF Budge (Mining) LTD.
4301 N. 75th Street
Suite 101
Scottsdale, Arizona 85251

Bid request date or current date: March 16, 1989Company AF BUDGE (MINING) LTD.Contractor SDS DRILLING COMPANY

PART I
DESCRIPTION OF MAJOR ITEMS OF CONTRACTOR'S
EQUIPMENT TO BE FURNISHED

Drill- LY 44 truck mountedWater truck (with loading pump)-All- Casing, Drill Pipe, Core Barrels and Tools required for job

All- Pumps, Mud Tanks, Storage Tanks, Labor, Fuel, Supervision, Pickup Trucks,
Core Boxes, Tools, Drilling Mud Additives, Lost Circulation Materials, Ce-
ment, Water Lines, Transfer Pump, Supplies, Bits and Operating Equipment
necessary to complete the job.

PART II
CONTRACTOR'S CREWS AND WORK SCHEDULE

Contractor will work 2 shift(s) per day with 2 -man crews, conducting its operations on a 5 working days per week basis and a 10 days on and 4 days off schedule, and will provide an on-site supervisor if needed.

Days off are: Friday thru MondayShift schedules are: 1st shift: 7am to 7pm2nd shift: 7pm to 7am

PART III
SPECIAL ITEMS (checklist)

(NOTE: Where CE is used it means the item is to be furnished at Contractor's expense, and CR means the item is to be furnished on the basis that Contractor will be reimbursed for the actual cost of the item plus 10 %, and a footnote, designated by letter, will be used to set out a basis other than CE or CR.

ITEM	COMPENSATION BASIS WHERE			
	CONTRACTOR FURNISHED	CONTRACTOR FURNISHED	COMPANY FURNISHED	NOT REQUIRED
1. Drill road and drill site preparation			X	
2. Drilling mud	X	CR		
3. Drilling mud additives	X	CR		
4. Lost circulation materials	X	CR		
5. Cement and other materials required for cementing operations	X	CR		

<u>ITEM</u>	<u>CONTRACTOR FURNISHED</u>	<u>COMPENSATION BASIS WHERE CONTRACTOR FURNISHED</u>	<u>COMPANY FURNISHED</u>	<u>NOT REQUIRED</u>
6. Cement and other materials required for plugging operations	<u>X</u>	<u>CR</u>	<u> </u>	<u> </u>
7. Drilling water source	<u> </u>	<u> </u>	<u>X</u>	<u> </u>
8. Transportation of drilling water to location	<u>X</u>	<u>CR</u>	<u> </u>	<u> </u>
(a) Water Truck (See Footnote A)	<u>X</u>	<u>CR</u>	<u> </u>	<u> </u>
(b) Water Truck Driver (See Footnote B)	<u>X</u>	<u>CR</u>	<u> </u>	<u> </u>
NOTE: Where water truck, but not driver, is specified to be furnished, the driving is to be handled by competent personnel on Contractor's drilling crews.				
9. Core Boxes (See Footnote C)	<u>X</u>	<u>CR</u>	<u> </u>	<u> </u>
10. Tractor service for between drilling location moves of Contractor's drilling unit	<u>N/A</u>	<u> </u>	<u> </u>	<u> </u>
11. Casing lost or ordered left in hole (See Footnote D)	<u>X</u>	<u>CR</u>	<u> </u>	<u> </u>
12. Soluble oil & rod grease	<u>X</u>	<u>CR</u>	<u> </u>	<u> </u>
13. Diesel for mixing drilling fluid additives	<u>X</u>	<u>CR</u>	<u> </u>	<u> </u>
14. Single shot camera, if required (See Footnote E)	<u>X</u>	<u>CR</u>	<u> </u>	<u> </u>

Footnotes to Part III:

A. If specified to be Contractor furnished, Contractor will furnish water trucks, with fuel, supplies, maintenance and insurance therefor, at a rate of: \$750.00 per month

Contractor's said water truck being described as follows:

1988 Ford F-700 1500 gallon

B. If a water truck driver is required to be furnished by Contractor, Company will, in compensation for the services of such driver, reimburse Contractor at a rate of: \$12.00 per hour

C. If specified to be Contractor furnished, Contractor will supply _____ size; core boxes furnished to be of the following type:

corrugated 175 lb. strength wax inside

D. List Price for Casing: cost plus shipping

E. If specified to be Contractor furnished, Contractor will supply single shot camera at a rate of: _____

\$1500 per month

PART IV
CONTRACTOR'S RATES AND CHARGES

obilization Rate: \$1000.00

emobilization Rate: \$1000.00

etween Hole Moving Rate: n/c

ootage Rates:

Interval	Non-core Drilling			
		H	N	B
to <u>500</u>	<u>N/A</u> /ft.	<u>18.50</u> /ft.	<u>18.00</u> /ft.	<u> </u> /ft.
to <u>1000</u>	<u>N/A</u> /ft.	<u>19.75</u> /ft.	<u>19.25</u> /ft.	<u> </u> /ft.
to <u>1500</u>	<u>N/A</u> /ft.	<u>21.50</u> /ft.	<u>21.00</u> /ft.	<u> </u> /ft.
to <u>2000</u>	<u>N/A</u> /ft.	<u>24.00</u> /ft.	<u>23.50</u> /ft.	<u>23.00</u> /ft.
to <u>2500</u>	<u>N/A</u> /ft.	<u> </u> /ft.	<u>26.50</u> /ft.	<u>26.00</u> /ft.
to <u>3500</u>	<u>N/A</u> /ft.	<u> </u> /ft.	<u>29.50</u> /ft.	<u>29.00</u> /ft.
to <u>4000</u>	<u>N/A</u> /ft.	<u> </u> /ft.	<u>33.00</u> /ft.	<u>32.50</u> /ft.

eaming Footage Rate: _____

ourly Rates:

(1) Standby Rate \$55.00

(2) Cementing Rate \$85.00

(3) Waiting on Cement Rate	<u>55.00</u>
(4) Drilling Out Cement Rate	<u>85.00</u>
(5) Casing Setting Rate	<u>85.00</u>
(6) Surveying Time Rate	<u>85.00</u>
(7) Casing Pulling Rate	<u>85.00</u>
(8) Reaming Rate	<u>85.00</u>
(9) Lost Circulation Rate	<u>85.00</u>
(10) Hole Stabilizing Rate	<u>85.00</u>
(11) Plugging Rate	<u>85.00</u>
(12) Re-Entry Rate	<u>85.00</u>
(13) Wedging Rate	<u>85.00</u>
(14) Other Rig Time	<u>85.00 all time not coring except moving & maintenance will be rig time.</u>

NOTE: All of the above operations require a full crew.

Other Rates:

- (1) Per Diem \$20.00 per man
-

Don White
521 E. Willis St.
Prescott, AZ 86301
602-778-3140

March 20, 1989

Mr. Larry Thrasher, Geologist
Bureau of Land Management
425 East 4th Street
Safford, AZ 85546

Dear Larry,

Thank you for your help on the phone earlier today. As I explained:

- a) My client, A.F. Budge (Mining) Ltd., 4301 N. 75th St., Suite 101, Scottsdale, AZ 85251 (945-4630) wishes to commence drilling on a site in Greenlee County as soon as possible.
- b) The purpose of the diamond core drilling is mineral exploration.
- c) The site of drilling is within the SE $\frac{1}{4}$ Section 3, T8S - R30E on the unpatented Hardy-1 or adjacent Lone Camp 3 claim. That is just NW of patented claims with the presently active Ash Peak Mine.
- d) The initial hole will be just off an existing mine access road and will not likely require any dozed access or site preparation (other than a sump and water return trench) since it is an area of very low relief.

In view of this minimal disturbance associated with the first hole, we are hoping that this letter will serve as adequate notice, as you advised, of our activities.

Would you please send me copies of any "plan of operations" forms or other materials that we need for followup holes which may well require dozed access and drill pads. We expect at least two more sites just SW of the initial hole and the hillside steepens that way.

Thank you for your help.

Sincerely,



Don White
Geologist, C.P.G.

Enclosure

cc: Ron R. Short

Section 45-596, Arizona Revised Statutes and Rule R12-15-817 provide: Prior to drilling one or more exploration wells, the well owner, lessee or exploration firm shall file a Notice of Intention to Drill on a form provided by the Department.

WELL/LAND LOCATION

1. Township 8 N16
Range 30 E/W
Section 3

7. Number of wells 3
(See Condition 3 on reverse)

11. Drilling firm:

In the case of a single well,
list 10-acre subdivision

1/4, 1/4, 1/4

2. County Greenlee

8. Owner of land:
U.S. Federal Gov't
Name

S.D.S Drilling Co
Name

(BLM)
Address admin

P.O. Box 796
Address

3. Applicant:
A.F. Budge (Mining) Ltd
Name
4301 N. 75th St.
Address Suite 101
Scottsdale, AZ 85251
City State Zip

9. DESCRIPTION OF WELL:
Diameter ≤ 6 inches

Sparks, NV 89432
City State Zip

Depth ≤ 3,000 feet

410

Type of casing None
(If none, so state)

DWR License Number

12. Period well will remain
in use 2 months.

4. Don C. White
NAME OF CONTACT PERSON
Phone 778-3140

10. Construction will start: April 5, 1989 ^{or sooner} after project is
Month Day Year ^{if possible} completed;
to be approved in less time.

13. Proposed method of
abandonment of well(s)

5. Owner of well:
Same as applicant
Name

DO NOT WRITE IN THIS SPACE
OFFICE RECORD

File No. _____
Filed _____ By _____
Input _____ By _____
Duplicate _____
Mailed _____ By _____
Registration _____
AMA/INA _____
W/S _____ S/B _____

Sealed, plugged,
+ grouted in
accordance with

Address _____
City State Zip

R12-15-816

6. Purpose of well(s) drilled
pursuant to this Notice:
Mineral Exploration
Geotechnical _____
Cathodic Protection _____
Grounding _____

14. Is the proposed wellsite within 100 feet of a septic tank system, sewage disposal area, landfill, hazardous waste facility or storage area of hazardous materials? Yes No
If yes, a request for a variance must accompany this application pursuant to R12-15-820.

GENERAL INSTRUCTIONS

- 2 copies
① Fill out this form in duplicate and mail to Department of Water Resources, 15 South 15th Ave
Phoenix, Arizona 85007
Check ② Proper filing fee of \$10.00 must accompany Notice.
accompanying

I state that this Notice is filed in compliance with Rule R12-15-809 and is complete and correct to the best of my knowledge and belief and that I understand the conditions set forth on the reverse side of this form.

DATE March 20, 1989
DWR 55-40-10/88 (Revised)

Donald C. White
Signature of Applicant

Section 45-596, Arizona Revised Statutes and Rule R12-15-817 provide: Prior to drilling one or more exploration wells, the well owner, lessee or exploration firm shall file a Notice of Intention to Drill on a form provided by the Department.

WELL/LAND LOCATION

1. Township _____ N/S
Range _____ E/W
Section _____

In the case of a single well,
list 10-acre subdivision

_____, _____, _____

2. County _____

3. Applicant:

Name _____

Address _____

City _____ State _____ Zip _____

4. _____
NAME OF CONTACT PERSON
Phone _____

5. Owner of well:

Name _____

Address _____

City _____ State _____ Zip _____

6. Purpose of well(s) drilled
pursuant to this Notice:

- Mineral Exploration _____
- Geotechnical _____
- Cathodic Protection _____
- Grounding _____

7. Number of wells _____
(See Condition 3 on reverse)

8. Owner of land:
Name _____

Address _____

City _____ State _____ Zip _____

9. DESCRIPTION OF WELL:
Diameter _____ inches

Depth _____ feet

Type of casing _____
(If none, so state)

10. Construction will start:
Month _____ Day _____ Year _____

11. Drilling firm:
Name _____

Address _____

City _____ State _____ Zip _____

DWR License Number _____

12. Period well will remain
in use _____ months.

13. Proposed method of
abandonment of well(s)
after project is
completed:

DO NOT WRITE IN THIS SPACE
OFFICE RECORD

File No. _____

Filed _____ By _____

Input _____ By _____

Duplicate _____

Mailed _____ By _____

Registration _____

AMA/INA _____

W/S _____ S/B _____

14. Is the proposed wellsite within 100 feet of a septic tank system, sewage disposal area, landfill, hazardous waste facility or storage area of hazardous materials? Yes ___ No ___
If yes, a request for a variance must accompany this application pursuant to R12-15-820.

GENERAL INSTRUCTIONS

1. Fill out this form in duplicate and mail to Department of Water Resources, 15 South 15th Ave. Phoenix, Arizona 85007
2. Proper filing fee of \$10.00 must accompany Notice.

I state that this Notice is filed in compliance with Rule R12-15-809 and is complete and correct to the best of my knowledge and belief and that I understand the conditions set forth on the reverse side of this form.

DATE _____
DWR 55-40-10/88 (Revised)

Signature of Applicant _____

ARIZONA ADMINISTRATIVE RULES AND REGULATIONS
 TITLE 12, CHAPTER 15, ARTICLE 8
 WELL CONSTRUCTION AND LICENSING OF WELL DRILLERS



**ARIZONA
 DEPARTMENT
 OF WATER
 RESOURCES**

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R12-15-803.	Well drilling standards and requirements.....	4
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R12-15-806.	License fee; issuance and term of licenses;.. renewal; display of license.....	6
R12-15-807.	Single well license.....	7
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R12-15-816.	<u>Abandonment.....</u>	<u>12</u>
R12-15-817.	<u>Exploration wells.....</u>	<u>13</u>
R12-15-818.	Minimum distance from septic system.....	14
R12-15-819.	Use of well as disposal site.....	14
R12-15-820.	Request for variance.....	14
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 ARTICLE 10. WELLS

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design. The passing grade on the sections of the examination dealing with construction standards and drilling techniques, respectively, shall be seventy percent.

D. Rule R12-15-805, subsections D and E, relating to testing procedures, shall be fully applicable.

E. Applicants who twice fail the examination shall wait a minimum of ninety days before re-testing, to provide an opportunity to confer with Department personnel and become familiar with the proper manner in which to construct a well.

F. Upon passing the examination, the applicant shall be issued a single well license, authorizing him to drill one exempt well at the location specified in the application. This authorization shall be valid for a period of one year from issuance.

G. All well drilling activities performed by a single well licensee shall be in conformance with Title 45, Chapter 2, Article 10, Arizona Revised Statutes, and the well construction rules adopted thereunder.

R12-15-808. Revocation of license

The Department may revoke, suspend, or place on probationary status a well driller's license issued pursuant to R12-15-806, or a single well license, for good cause, including:

1. Intentionally making a misstatement of fact on any filing with the Department.
2. Violating any provision of Title 45, Chapter 2, Article 10, Arizona Revised Statutes, and the rules promulgated thereunder, or aiding and abetting in such a violation.

R12-15-809. Notice of intention to drill

A notice of intention to drill required to be filed pursuant to A.R.S. § 45-596 shall be signed by the owner or lessee of the property upon which the well is to be drilled.

R12-15-810. Authorization to drill

A. The Director shall, upon mailing a duplicate copy of the notice of intention to drill as provided in A.R.S. § 45-596(D), mail a drilling card to the designated well drilling contractor or single well licensee.

B. A well drilling contractor or single well licensee may commence drilling a well only if he has in his possession such a drilling card issued in the name of the contractor or licensee, authorizing the drilling of that specific well or wells in that specific location.

C. In extraordinary situations not requiring a permit, but only a notice of intention to drill, the Director may grant a request by telephone for emergency authorization of commencement of drilling prior to the actual receipt by the well driller of the drilling card. Within seventy-two hours after such a request is granted, the well driller shall file a written statement indicating the nature and reasons for the request, and the date, time and Department employee granting the request, and the well owner shall file a notice of intent to drill if such a notice has not previously been filed.

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A. Well casing

1. Casing shall be of sufficient strength to hold the borehole open and survive any necessary grouting. The well casing or an extension of the casing shall extend a minimum of one foot above ground level. When installing a pitless adaptor, the casing may be terminated below ground level for aesthetic reasons or freeze protection purposes. Casing made of hazardous or potentially harmful materials, such as asbestos, shall not be used.

2. All well casing joints or overlaps shall be made watertight to prevent the degradation of the water supply by the migration of inferior quality water. Any openings in the casing that will be above the water level in the well, such as bar holes, cracks or perforations, shall be completely plugged or sealed.

3. Plastic casing shall be installed only in an oversized drillhole without driving.

B. Surface seal

1. Except as provided in paragraphs 2, 3 and 4 of this subsection, and R12-15-817.B.1, all wells shall be constructed with a surface seal as herein provided. The seal shall consist of steel casing, one foot of which shall extend above ground level, and cement grout placed in one continuous application from the bottom of the zone to be grouted to the land surface. If a pitless adaptor is utilized, the cement grout may terminate at the bottom of the pitless adaptor. The minimum length of the steel casing shall be twenty feet. The

Ron

M E M O

TO: Ron Short; cc Carole O'Brien, A.F. Budge
FROM: Don White
DATE: March 21, 1989
SUBJECT: Ash Peak drilling contract, supplies, and authorization

A number of issues are being expedited in an effort to advance the startup date of drilling at Ash Peak. They include:

- a) Selection of a contractor; the best quality and most available being S.D.S. Drilling, contract/bid enclosed. They are prepared to mobilize as soon as we have D.W.R. approval in hand.
- b) Arizona Department of Water Resources (DWR) approval; must be granted for any drill hole over 100 feet deep anywhere in Arizona. Can take up to 15 days. "Notice of intent to drill" form, as filed, is attached. Response should be due by April 5th.
- c) Bureau of Land Management approval; any surface disturbances such as drill roads or drill sites on unpatented claims of BLM jurisdiction require filing a "plan of operations" with the appropriate district office. Approval can take 30 days. In the case of our initial hole near to an existing mine road and on a nearly flat area, I have tentative approval for simply parking the rig and drilling with no dozer work. My letter sent at BLM request is accompanying. A plan of operations must be filed promptly for the second hole which probably will require dozed access.
- d) Down-hole survey instrument; two sources are known for single-shot camera survey instruments. S.D.S. will provide one for \$1,500. per month. A Colorado outfit will rent one I have used before for \$1,000. per month. The latter is Crittendon Drilling with an excellent Welnav unit and good service in regard to film, developing chemicals, maintenance of the instrument, etc. In lieu of any better deals, I will arrange for Crittendon's rental in time for our first hole.
- e) Core boxes; will be supplied by the drill contractor, as will core blocks.

DW:sk



SDS DRILLING COMPANY

Mailing Address: P.O. Box 796 • Sparks, NV 89432
Street Address: 500 Dermody Way • Sparks, NV 89431
(702) 331-7878

March 16, 1989

Don White
521 E. Willis Street
Prescott, Arizona 86301

Dear Mr. White:

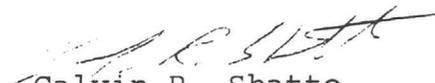
Enclosed is our response to your bid request on your core drilling project near Safford, Arizona as per our telephone conversation of March 15, 1989.

We appreciate this opportunity to bid. Should you avail yourself of our services this year, we will endeavor to insure you have a successful drilling program.

Our Arizona Contractor's License number is 073813-010. Our DWR number is 410.

Sincerely,

SDS DRILLING COMPANY


Calvin R. Shatto
Owner/Field Manager

CRS:ld

Encl.

Copy to Mr. Ron Short
AF Budge (Mining) LTD.
4301 N. 75th Street
Suite 101
Scottsdale, Arizona 85251

Bid request date or current date: March 16, 1989Company AF BUDGE (MINING) LTD.Contractor SDS DRILLING COMPANY

PART I
DESCRIPTION OF MAJOR ITEMS OF CONTRACTOR'S
EQUIPMENT TO BE FURNISHED

Drill- LY 44 truck mounted
Water truck (with loading pump)-
All- Casing, Drill Pipe, Core Barrels and Tools required for job
All- Pumps, Mud Tanks, Storage Tanks, Labor, Fuel, Supervision, Pickup Trucks,
Core Boxes, Tools, Drilling Mud Additives, Lost Circulation Materials, Ce-
ment, Water Lines, Transfer Pump, Supplies, Bits and Operating Equipment
necessary to complete the job.

PART II
CONTRACTOR'S CREWS AND WORK SCHEDULE

Contractor will work 2 shift(s) per day with 2 -man crews, conducting its operations on a 5 working days per week basis and a 10 days on and 4 days off schedule, and will provide an on-site supervisor if needed.

Days off are: Friday thru Monday
 Shift schedules are: 1st shift: 7am to 7pm
 2nd shift: 7pm to 7am

PART III
SPECIAL ITEMS (checklist)

(NOTE: Where CE is used it means the item is to be furnished at Contractor's expense, and CR means the item is to be furnished on the basis that Contractor will be reimbursed for the actual cost of the item plus 10 %, and a footnote, designated by letter, will be used to set out a basis other than CE or CR.

ITEM	COMPENSATION BASIS WHERE			
	CONTRACTOR FURNISHED	CONTRACTOR FURNISHED	COMPANY FURNISHED	NOT REQUIRED
1. Drill road and drill site preparation			X	
2. Drilling mud	X	CR		
3. Drilling mud additives	X	CR		
4. Lost circulation materials	X	CR		
5. Cement and other materials required for cementing operations	X	CR		

<u>ITEM</u>	<u>CONTRACTOR FURNISHED</u>	<u>COMPENSATION BASIS WHERE CONTRACTOR FURNISHED</u>	<u>COMPANY FURNISHED</u>	<u>NOT REQUIRED</u>
6. Cement and other materials required for plugging operations	<u>X</u>	<u>CR</u>	<u> </u>	<u> </u>
7. Drilling water source	<u> </u>	<u> </u>	<u>X</u>	<u> </u>
8. Transportation of drilling water to location	<u>X</u>	<u>CR</u>	<u> </u>	<u> </u>
(a) Water Truck (See Footnote A)	<u>X</u>	<u>CR</u>	<u> </u>	<u> </u>
(b) Water Truck Driver (See Footnote B)	<u>X</u>	<u>CR</u>	<u> </u>	<u> </u>
NOTE: Where water truck, but not driver, is specified to be furnished, the driving is to be handled by competent personnel on Contractor's drilling crews.				
9. Core Boxes (See Footnote C)	<u>X</u>	<u>CR</u>	<u> </u>	<u> </u>
10. Tractor service for between drilling location moves of Contractor's drilling unit	<u>N/A</u>	<u> </u>	<u> </u>	<u> </u>
11. Casing lost or ordered left in hole (See Footnote D)	<u>X</u>	<u>CR</u>	<u> </u>	<u> </u>
12. Soluble oil & rod grease	<u>X</u>	<u>CR</u>	<u> </u>	<u> </u>
13. Diesel for mixing drilling fluid additives	<u>X</u>	<u>CR</u>	<u> </u>	<u> </u>
14. Single shot camera, if required (See Footnote E)	<u>X</u>	<u>CR</u>	<u> </u>	<u> </u>

Footnotes to Part III:

A. If specified to be Contractor furnished, Contractor will furnish water trucks, with fuel, supplies, maintenance and insurance therefor, at a rate of: \$750.00 per month

Contractor's said water truck being described as follows:

1988 Ford F-700 1500 gallon

B. If a water truck driver is required to be furnished by Contractor, Company will, in compensation for the services of such driver, reimburse Contractor at a rate of: \$12.00 per hour

C. If specified to be Contractor furnished, Contractor will supply _____ size; core boxes furnished to be of the following type:

corrugated 175 lb. strength wax inside

D. List Price for Casing: cost plus shipping

E. If specified to be Contractor furnished, Contractor will supply single shot camera at a rate of: _____

\$1500 per month

PART IV
CONTRACTOR'S RATES AND CHARGES

obilization Rate: \$1000.00

emobilization Rate: \$1000.00

etween Hole Moving Rate: n/c

ootage Rates:

Interval	Non-core Drilling			
		H	N	B
to <u>500</u>	<u>N/A</u> /ft.	<u>18.50</u> /ft.	<u>18.00</u> /ft.	<u> </u> /ft.
to <u>1000</u>	<u>N/A</u> /ft.	<u>19.75</u> /ft.	<u>19.25</u> /ft.	<u> </u> /ft.
to <u>1500</u>	<u>N/A</u> /ft.	<u>21.50</u> /ft.	<u>21.00</u> /ft.	<u> </u> /ft.
to <u>2000</u>	<u>N/A</u> /ft.	<u>24.00</u> /ft.	<u>23.50</u> /ft.	<u>23.00</u> /ft.
to <u>2500</u>	<u>N/A</u> /ft.	<u> </u> /ft.	<u>26.50</u> /ft.	<u>26.00</u> /ft.
to <u>3500</u>	<u>N/A</u> /ft.	<u> </u> /ft.	<u>29.50</u> /ft.	<u>29.00</u> /ft.
to <u>4000</u>	<u>N/A</u> /ft.	<u> </u> /ft.	<u>33.00</u> /ft.	<u>32.50</u> /ft.

eamming Footage Rate: _____

ourly Rates:

(1) Standby Rate \$55.00

(2) Cementing Rate \$85.00

(3) Waiting on Cement Rate	<u>55.00</u>
(4) Drilling Out Cement Rate	<u>85.00</u>
(5) Casing Setting Rate	<u>85.00</u>
(6) Surveying Time Rate	<u>85.00</u>
(7) Casing Pulling Rate	<u>85.00</u>
(8) Reaming Rate	<u>85.00</u>
(9) Lost Circulation Rate	<u>85.00</u>
(10) Hole Stabilizing Rate	<u>85.00</u>
(11) Plugging Rate	<u>85.00</u>
(12) Re-Entry Rate	<u>85.00</u>
(13) Wedging Rate	<u>85.00</u>
(14) Other Rig Time	<u>85.00 all time not coring except moving & maintenance will be rig time.</u>

NOTE: All of the above operations require a full crew.

Other Rates:

- (1) Per Diem \$20.00 per man
-

Don White
521 E. Willis St.
Prescott, AZ 86301
602-778-3140

March 20, 1989

Mr. Larry Thrasher, Geologist
Bureau of Land Management
425 East 4th Street
Safford, AZ 85546

Dear Larry,

Thank you for your help on the phone earlier today. As I explained:

- a) My client, A.F. Budge (Mining) Ltd., 4301 N. 75th St., Suite 101, Scottsdale, AZ 85251 (945-4630) wishes to commence drilling on a site in Greenlee County as soon as possible.
- b) The purpose of the diamond core drilling is mineral exploration.
- c) The site of drilling is within the SE $\frac{1}{4}$ Section 3, T8S - R30E on the unpatented Hardy-1 or adjacent Lone Camp 3 claim. That is just NW of patented claims with the presently active Ash Peak Mine.
- d) The initial hole will be just off an existing mine access road and will not likely require any dozed access or site preparation (other than a sump and water return trench) since it is an area of very low relief.

In view of this minimal disturbance associated with the first hole, we are hoping that this letter will serve as adequate notice, as you advised, of our activities.

Would you please send me copies of any "plan of operations" forms or other materials that we need for followup holes which may well require dozed access and drill pads. We expect at least two more sites just SW of the initial hole and the hillside steepens that way.

Thank you for your help.

Sincerely,



Don White
Geologist, C.P.G.

Enclosure

cc: Ron R. Short

EXPLORATION WELL(S)
FILING FEE \$10.00

DEPARTMENT OF WATER RESOURCES (DWR)
NOTICE OF INTENTION TO DRILL
EXPLORATION WELL(S)

EXPLORATION WELL(S)

Section 45-596, Arizona Revised Statutes and Rule R12-15-817 provide: Prior to drilling one or more exploration wells, the well owner, lessee or exploration firm shall file a Notice of Intention to Drill on a form provided by the Department.

WELL/LAND LOCATION

1. Township 8 N16
Range 30 E/W
Section 3

In the case of a single well,
list 10-acre subdivision

1/2, 1/2, 1/2

2. County Greenlee

3. Applicant:

A.F. Budge (Mining) Ltd
Name

4301 N. 75th St.
Address Suite 101
Scottsdale, AZ 85251
City State Zip

4. Don C. White
NAME OF CONTACT PERSON

Phone 778-3140

5. Owner of well:

Same as applicant
Name

Address

City State Zip

6. Purpose of well(s) drilled pursuant to this Notice:

Mineral Exploration
Geotechnical
Cathodic Protection
Grounding

7. Number of wells 3
(See Condition 3 on reverse)

8. Owner of land:

U.S. Federal Gov't
Name

(BLM)
Address admin.

City State Zip

9. DESCRIPTION OF WELL:

Diameter ≤ 6 inches

Depth ≤ 3,000 feet

Type of casing None
(If none, so state)

10. Construction will start: April 5, 1989 after project is completed:
Month Day Year to be approved in less time.

11. Drilling firm:

S.D.S Drilling Co
Name

P.O. Box 796
Address

Sparks, NV 89432
City State Zip

410
DWR License Number

12. Period well will remain in use 2 months.

13. Proposed method of abandonment of well(s)

after project is

DO NOT WRITE IN THIS SPACE
OFFICE RECORD

File No. _____
Filed _____ By _____
Input _____ By _____
Duplicate _____
Mailed _____ By _____
Registration _____
AMA/INA _____
W/S _____ S/B _____

Sealed, plugged,
+ grouted in
accordance with
R12-15-816

14. Is the proposed wellsite within 100 feet of a septic tank system, sewage disposal area, landfill, hazardous waste facility or storage area of hazardous materials? Yes No

If yes, a request for a variance must accompany this application pursuant to R12-15-820.

GENERAL INSTRUCTIONS

① Fill out this form in duplicate and mail to Department of Water Resources, 15 South 15th Ave Phoenix, Arizona 85007

② Proper filing fee of \$10.00 must accompany Notice.

I state that this Notice is filed in compliance with Rule R12-15-809 and is complete and correct to the best of my knowledge and belief and that I understand the conditions set forth on the reverse side of this form.

DATE March 20, 1989

DWR 55-40-10/88 (Revised)

Donald C. White

Signature of Applicant

2 copies
Check ②
accompanying

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WELL/LAND LOCATION

1. Township _____ N/S
Range _____ E/W
Section _____

7. Number of wells _____
(See Condition 3 on reverse)

11. Drilling firm:

In the case of a single well, list 10-acre subdivision

_____, _____, _____

8. Owner of land:
Name _____

Name _____

Address _____

Address _____

2. County _____

City _____ State _____ Zip _____

City _____ State _____ Zip _____

3. Applicant:

Name _____

9. DESCRIPTION OF WELL:

DWR License Number _____

Address _____

Diameter _____ inches

12. Period well will remain in use _____ months.

Depth _____ feet

Type of casing _____
(If none, so state)

13. Proposed method of abandonment of well(s) after project is completed:

City _____ State _____ Zip _____

4. NAME OF CONTACT PERSON
Phone _____

10. Construction will start:
Month _____ Day _____ Year _____

5. Owner of well:

Name _____

Address _____

City _____ State _____ Zip _____

6. Purpose of well(s) drilled pursuant to this Notice:

- Mineral Exploration _____
Geotechnical _____
Cathodic Protection _____
Grounding _____

DO NOT WRITE IN THIS SPACE OFFICE RECORD
File No. _____
Filed _____ By _____
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Mailed _____ By _____
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14. Is the proposed wellsite within 100 feet of a septic tank system, sewage disposal area, landfill, hazardous waste facility or storage area of hazardous materials? Yes ___ No ___
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DATE _____

Signature of Applicant _____



**ARIZONA
DEPARTMENT
OF WATER
RESOURCES**

**ARIZONA ADMINISTRATIVE RULES AND REGULATIONS
TITLE 12, CHAPTER 15, ARTICLE 8
WELL CONSTRUCTION AND LICENSING OF WELL DRILLERS**

R12-15-801.	Definitions.....	1
R12-15-802.	Scope of article.....	3
R12-15-803.	Well drilling standards and requirements.....	4
R12-15-804.	Licensing and supervision requirements.....	4
R12-15-805.	Examination for well driller's license.....	4
R12-15-806.	License fee; issuance and term of licenses;.. renewal; display of license.....	6
R12-15-807.	Single well license.....	7
R12-15-808.	Revocation of license.....	8
R12-15-809.	<u>Notice of intention to drill.....</u>	<u>8</u>
R12-15-810.	<u>Authorization to drill.....</u>	<u>8</u>
R12-15-811.	Minimum well construction standards.....	9
R12-15-812.	Special aquifer conditions.....	11
R12-15-813.	Unattended wells.....	12
R12-15-814.	Disinfection of wells.....	12
R12-15-815.	Removal of drill rig from well site.....	12
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R12-15-819.	Use of well as disposal site.....	14
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B. A well drilling contractor or single well licensee may commence drilling a well only if he has in his possession such a drilling card issued in the name of the contractor or licensee, authorizing the drilling of that specific well or wells in that specific location.

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1. Casing shall be of sufficient strength to hold the borehole open and survive any necessary grouting. The well casing or an extension of the casing shall extend a minimum of one foot above ground level. When installing a pitless adaptor, the casing may be terminated below ground level for aesthetic reasons or freeze protection purposes. Casing made of hazardous or potentially harmful materials, such as asbestos, shall not be used.

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