



CONTACT INFORMATION
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Arizona Geological Survey
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Reply To: 2800 Mining

Date: April 20, 1988

Subject: Notes on Field Meeting of Korn Kob Project

To: The Files

STEVE 

TOM S. 

WAYNE. 

ALEX 

BILL -LAST

On April 19, 1988 a field meeting was held to discuss the Korn Kob Project and the environmental concerns. This was the first meeting between the proponent and the Forest Service ID team. The following notes were written on the flip chart:

Roger Marion breakdown of the Operation Plan:

- Boundaries
- Access
- Water
- Process (circuit)
- Erosion control
- Stabilization of dump and heaps
- Reclamation

Brain Storming the Project

1. Contact the BLM--if surface owner has any right for the mill site?
2. Access in Buehman Canyon--Access to mill site--Access in General? The right/permit to use the road for the operation.
3. Conflict between the Project and the other User's: campers, hunters, birders, etc.
4. Riparian Area Impacts--short and long term, the road on private land.
5. Put Resource Analysis into the Design.

6. Threaten and Endangered Species List--data need, and check on Gila Top Minnow.

7. Grazing Permitttee--Access on cattle/people thru project--will cause his spring to run dry is a possibility.

8. Power Corridor--mostly off Forest.

9. Water Source--Amount and water rights issues.

10. Notify On-site Residents

11. Road Improvement will cause increase use, long term impact on wildlife and the habitat.

12. Cultural Resource Clearance--survey the project site.

13. Land Line Location

14. Claim map around the project area--BLM.

15. Rehab the area--what can grow, design of waste dump and heaps to help establish vegetation.

16. Look for opportunities--during the operation and after--ex. build dam with waste dump for water storage.

17. Increase traffic on the Redington Pass Road

18. Sills/Failures--what precautions are needed

19. State/County Health Requirements

20. Skill on the ID Team--what is needed--visual-wildlife-land uses

21. Air Quality Impacts/Water Impacts

22. Affected/Interested Publics

--Private land owners--Defenders of Wildlife--State Dept. of Envir.
Quality--Pima Cty Bd. of Supervisors--Redington Resource
Conservation District (SCS)--Tucson Rod and Gun Club--Audubon
Society--Az. Mining Assoc.--Cattle Growers--State Land Dept.

23.

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 12 N/S
Range 17 E/W
Section 23

7. Number of wells 50
(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 Pima

8. Owner of land:
US Forest Service
Name

Harris Exploration Drilling
Name

5700 N. Sabino Canyon Road
Address

472 Escondido Boulevard
Address

3. Applicant:

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

Tucson Arizona 85715
City State Zip

Escondido, CA 92025
City State Zip

#429

4. Carole A. O'Brien
NAME OF CONTACT PERSON
Phone (602) 945-4630

9. DESCRIPTION OF WELL:
Diameter 5 1/2 inches
Depth ± 500 feet

DWR License Number
12. Period well will remain
in use 2 months.

5. Owner of well:
same as applicant
Name

Address
City State Zip

10. Construction will start:
October 10, 1989
Month Day Year

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

sealed, plugged

and grouted in

accordance with

R12-15-816

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 _____
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 September 22, 1989

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 12 N/S
Range 17 E/W
Section 14

7. Number of wells 50
(See Condition 3 on reverse)

11. Drilling firm:

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

1/2, 1/2, 1/2

8. Owner of land:
Bellota Ranch/Riley West, Inc.
Name

Harris Exploration Drilling
Name

4400 E. Broadway, Suite 811
Address

472 S. Escondido Blvd.
Address

2. County Pima

Tucson Arizona 85711
City State Zip

Escondido, CA 92025
City State Zip

3. Applicant:
A.F. Budge (Mining) Ltd.
Name

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

9. DESCRIPTION OF WELL:
Diameter 5 1/2 inches
Depth 500 feet

#429
DWR License Number
12. Period well will remain
in use 2 months.

4. Carole A. O'Brien
NAME OF CONTACT PERSON
Phone (602)945-4630

Type of casing none
(If none, so state)
10. Construction will start:
October 10, 1989
Month Day Year

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

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 _____

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
and 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

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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 September 21, 1989

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 12 N S
Range 17 E W
Section 23

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

1/4, 1/4, 1/4

2. County Pima

3. Applicant:

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

4. Carole A. O'Brien
NAME OF CONTACT PERSON
Phone (602)945-4630

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 5
(See Condition 3 on reverse)

8. Owner of land:

US Forest Service
Name
5700 N. Sabino Canyon Road
Address
Tucson Arizona 85715
City State Zip

9. DESCRIPTION OF WELL:

Diameter 4 to 6 inches
Depth + 500 feet

Type of casing none
(If none, so state)

10. Construction will start:

October 10, 1989
Month Day Year

11. Drilling firm:

SDS Drilling Company
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 completed:

sealed, plugged

and grouted in

accordance with

R12-15-816

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 September 22, 1989

DWR 55-40-10/88 (Revised)

Signature of Applicant

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 12 N/S
Range 17 E/W
Section 14

7. Number of wells 5
(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 Pima

8. Owner of land:
Bellota Ranch/Riley West, Inc.
Name
4400 E. Broadway, Suite 811
Address
Tucson, AZ 85711
City State Zip

SDS Drilling Company
Name
P.O. Box 796
Address
Sparks, NV 89432
City State Zip

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

9. DESCRIPTION OF WELL:
Diameter 4 to 6 inches
Depth + 500 feet
Type of casing _____
(If none, so state)

#410
DWR License Number
12. Period well will remain
in use 2 months.

4. Carole A. O'Brien
NAME OF CONTACT PERSON
Phone (602)945-4630

10. Construction will start:
October 10, 1989
Month Day Year

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

5. Owner of well:
same as applicant
Name
Address
City State Zip

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

GENERAL INSTRUCTIONS

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- 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 September 22, 1989

Signature of Applicant

FILING FEE \$10.00

NOTICE OF INTENTION TO DRILL

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 12 N/S
Range 17 E/W
Section 23

7. Number of wells 50
(See Condition 3 on reverse)

11. For monitoring wells, is pump equipment to be installed?

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

8. Owner of land:
US Forest Service
Name
5700 North
Sabino Canyon Road
Address
Tucson, AZ 85715
City State Zip

(a) If so, what will be the design pump capacity?
gallons per minute.

(b) What use will be made of the water?

2. County Pima

3. Applicant:
A.F. Budge Mining Limited
Name
Suite 101
4301 North 75th Street
Address
Scottsdale, AZ 85251
City State Zip

9. DESCRIPTION OF WELL:
Diameter 5 1/2 inches
Depth + 500 feet
Type of Casing none
(If none, so state)

12. Drilling firm:
Harris Drilling Co.
Name
472 Escondido Blvd.
Address
Escondido, CA 92025
City State Zip

4. Carole A. O'Brien
NAME OF CONTACT PERSON
Phone (602) 945-4630

10. Construction will start:
26 February 1990
Day Month Year

Escondido, CA 92025
City State Zip
#429

5. Applicant is well:
Owner:
Lessee: [checked]
Other:

DO NOT WRITE IN THIS SPACE OFFICE RECORD
FILE NO.
FILED BY
INPUT BY
DUPLICATE MAILED BY
REGISTRATION NO.
AMA/INA
W/S S/B

DWR License Number
13. Period well will remain in use 6 months.

6. Purpose of well(s) drilled pursuant to this Notice:
Mineral Exploration [checked]
Geotechnical
Cathodic Protection
Grounding
Monitor
Piezometer

14. Proposed method of abandonment of well(s) after project is completed:
sealed, plugged & grouted in accordance with R12-15-816

GENERAL INSTRUCTIONS

- 1. Fill out this form in duplicate and mail to Department of Water Resources, Suite 100, 99 East Virginia, Phoenix, Arizona 85004. Filing fee must accompany Notice.
2. Item 15 must be completed on the reverse side of this form for monitor wells.

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 February 8, 1990

Carole A. O'Brien
Signature of Applicant

EXPLORATION WELL(S)
FILING FEE \$10.00

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

EXPLORATION WELL(S)

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WELL/LAND LOCATION

1. Township 12 N/S
Range 17 E/W
Section 23

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

2. County Pima

3. Applicant:
A.F. Budge Mining Limited

Name Suite 101
4301 North 75th Street
Address

Scottsdale, AZ 85251
City State Zip

4. Carole A. O'Brien
NAME OF CONTACT PERSON
Phone (602) 945-4630

5. Applicant is well:

Owner: _____
Lessee: _____
Other: _____

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

Mineral Exploration _____
Geotechnical _____
Cathodic Protection _____
Grounding _____
Monitor _____
Piezometer _____

7. Number of wells 50
(See Condition 3 on reverse)

8. Owner of land:
US Forest Service
Name
5700 North
Sabino Canyon Road
Address
Tucson, AZ 85715
City State Zip

9. DESCRIPTION OF WELL:
Diameter 5 1/2 inches
Depth + 500 feet
Type of Casing none
(If none, so state)

10. Construction will start:
26 February 1990
Day Month Year

DO NOT WRITE IN THIS SPACE
OFFICE RECORD

FILE NO. _____
FILED _____ BY _____
INPUT _____ BY _____
DUPLICATE
MAILED _____ BY _____
REGISTRATION NO. _____
AMA/INA _____
W/S _____ S/B _____

11. For monitoring wells,
is pump equipment to
be installed? _____

(a) If so, what will be
the design pump capacity?
_____ gallons per minute.

(b) What use will be made
of the water? _____

12. Drilling firm:
Harris Drilling Co.
Name
472 Escondido Blvd.
Address
Escondido, CA 92025
City State Zip
#429

DWR License Number
13. Period well will remain
in use 0 months.

14. Proposed method of aban-
donment of well(s) after
project is completed:
sealed, plugged &
grouted in accordance
with R12-15-816

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DATE February 8, 1990

Carole A. O'Brien
Signature of Applicant

EXPLORATION WELL(S)
FILING FEE \$10.00

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

EXPLORATION WELL(S)

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WELL/LAND LOCATION

1. Township 12 N/S
Range 17 E/W
Section 23

7. Number of wells 50
(See Condition 3 on reverse)

11. For monitoring wells, is pump equipment to be installed? _____

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

_____ 1/4, _____ 1/4, _____ 1/4

2. County Pima

3. Applicant:

A.F. Budge Mining Limited

Name Suite 101

4301 North 75th Street

Address

Scottsdale, AZ 85251

City State Zip

4. Carole A. O'Brien

NAME OF CONTACT PERSON

Phone (602) 945-4630

5. Applicant is well:

Owner: _____

Lessee: _____

Other: _____

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

Mineral Exploration _____

Geotechnical _____

Cathodic Protection _____

Grounding _____

Monitor _____

Piezometer _____

8. Owner of land:

US Forest Service

Name

5700 North

Sabino Canyon Road

Address

Tucson, AZ 85715

City State Zip

9. DESCRIPTION OF WELL:

Diameter 5 1/2 inches

Depth + 500 feet

Type of Casing none

(If none, so state)

12. Drilling firm:

Harris Drilling Co.

Name

472 Escondido Blvd.

Address

Escondido, CA 92025

City State Zi

#429

DWR License Number

13. Period well will remain

in use 0 months.

14. Proposed method of aban-

donment of well(s) afte-

project is completed:

sealed, plugged &

grouted in accordance

with R12-15-816

DO NOT WRITE IN THIS SPACE	
OFFICE RECORD	
FILE NO. _____	
FILED _____ BY _____	
INPUT _____ BY _____	
DUPLICATE _____ BY _____	
MAILED _____ BY _____	
REGISTRATION NO. _____	
AMA/INA _____	
W/S _____ S/B _____	

GENERAL INSTRUCTIONS

- Fill out this form in duplicate and mail to Department of Water Resources, Suite 100, 99 East Virginia, Phoenix, Arizona 85004. Filing fee must accompany Notice.
- Item 15 must be completed on the reverse side of this form for monitor wells.

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 February 8, 1990

Carole A. O'Brien
Signature of Applicant

Reply to: 2810 Mining Claims

Date: September 12, 1989

Dr. Dirk Den-Baars
6318 E. Hayne St.
Tucson, Arizona 85710

Dear Dr. Den-Baars:

Attached is the signed Decision Memo concerning the exploration (constructing roads to drill sites) of the Korn Kob Mine. I have approved the project with two stipulations:

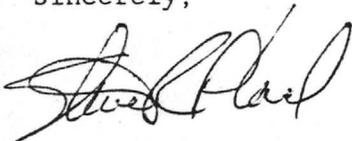
1. Documented evidence from a qualified person that there are no threatened or endangered plants in the project area.
2. A bond of \$700 be obtained for the restoration of the site, if the mine does not go into production by 1993. The amount was determined using the following factors, seed = \$200, labor = \$160, vehicle w/rake = \$40, and a pipe gate = \$300. The restoration will include seeding all the roads, raking the seed into the soil, and closing the area to vehicles with the gate.

The project will not start until these two items are satisfied.

I would recommend starting the environmental process for the production phase of the mine as soon as possible.

Thank you for your cooperation in this matter.

Sincerely,



STEVE R. PLEVEL
District Ranger

Attachments

DECISION MEMO

KORN KOB MINE - ROAD BUILDING TO NEW DRILL SITES

Coronado National Forest
Santa Catalina Ranger District
Pima County, Arizona

September, 1989

The companies of Keystone Minerals, Inc., and A.F. Budge Mining Co. have proposed to do additional exploration and program development for the Korn Kob Mine. The mine is located in T 12 S, R 17 E, in section 23 -see appendix A, general map of mine location. The proposal will include road building to new drill sites for the purpose of defining the location of the ore body and testing the ore--"drill proven reserves". Appendix B shows the existing roads in the area and the proposed roads to be constructed. The roads will be approximately 12 feet wide, out-sloped, mostly on the contour, with a total disturbed area of about 2.5 acres. We have requested that if the mine does not go into production by 1993, that all the existing roads and fill slopes will be seeded and the roads closed to vehicle access. The specifics will be addressed at that time (such as grass seed mix, rate of application, location of gate, etc.).

The production phase of the mine will be addressed at a later time. This proposal only deals with the exploration of the site. Another environmental document will be developed before the mine starts production.

The no action alternative was considered but was rejected because it does not meet the objectives of the Mining Laws. Directional drilling was discussed to limit the amount of road construction. This will be done in a few cases but in general, the data is not as useable as vertical drilling.

I have determined through the environmental analysis and from past experience, that the proposed action as described will have limited context and intensity (40 CFR 1508.27(a) and (b) and will produce little or no environmental effect, individually or cumulatively, to either the physical or biological components of the human environment. Neither an environmental impact statement nor an environmental assessment is needed. This determination is based on the following factors:

1. There are no threatened or endangered animals or plants that will be directly affected by the road construction. A memo from Tom Skinner,

FS wildlife biologist, deals with the animals and the plants will be documented by a letter before construction begins.

2. The proposal will not affect public health or safety. Roads will be constructed and maintained to Forest Service policy and standards (see appendix C).
3. The proposal will not violate any federal, state, or local laws.
4. On August 17, 1989, the area was surveyed for cultural and historical resources. No cultural resources were found and if during construction any are discovered, the construction will stop and the Forest Service will be notified.
5. This proposal doesn't involve highly uncertain or unknown risks. There are numerous roads in the area at the present time and most are well maintained and show little sign of erosion.
6. This proposed action is not considered to be controversial. The major public concern is the affect it would have on the Buehman Creek riparian habitat if the mine goes into production. That action will be covered under another environmental document.
7. There are no special or unique areas, such as wetlands or flood plains that would be adversely affected by this proposed action.
8. There are no adverse cumulative effects expected.
9. The project does not set a precedent for future similar actions. Each area must be evaluated individually to determine road construction impacts.

This proposal is within the scope of the objectives, standards and guidelines of the Coronado National Forest Plan. It responds directly to the objectives on page 40, of working with the proponent to gain cooperation and rehabilitation to protect and restore surface resources.

It is my decision to approve the drill testing and road construction as shown on the map in appendix B. I have requested the mining company post a bond of \$700 for reclamation work if the mine does not go into production by 1993. If the mine goes into production, the majority of these roads will be destroyed due to the mining operation. The purpose of the drill testing will help determine if the ore-body is large and rich enough to economically mine. This decision will provide the mining company with the data they need to make a knowledgeable decision on the validity of proceeding with the development of the mine.

This decision is subject to administrative review pursuant to 36 CFR 217. Any appeal of this decision must be fully consistent with 36 CFR 217.9 (Content of Notice of Appeal), including the reasons for appeal. It must be filed within 45 days to the District Ranger, Santa Catalina Ranger District, 5700 N. Sabino Canyon Road, Tucson, Arizona, 85715. The contact person is William Lewis at 602-749-8700.

If there are no concerns about the project we anticipate signing this Decision Memo on September 11, 1989. For additional information concerning this decision or possible concerns, please contact William Lewis.



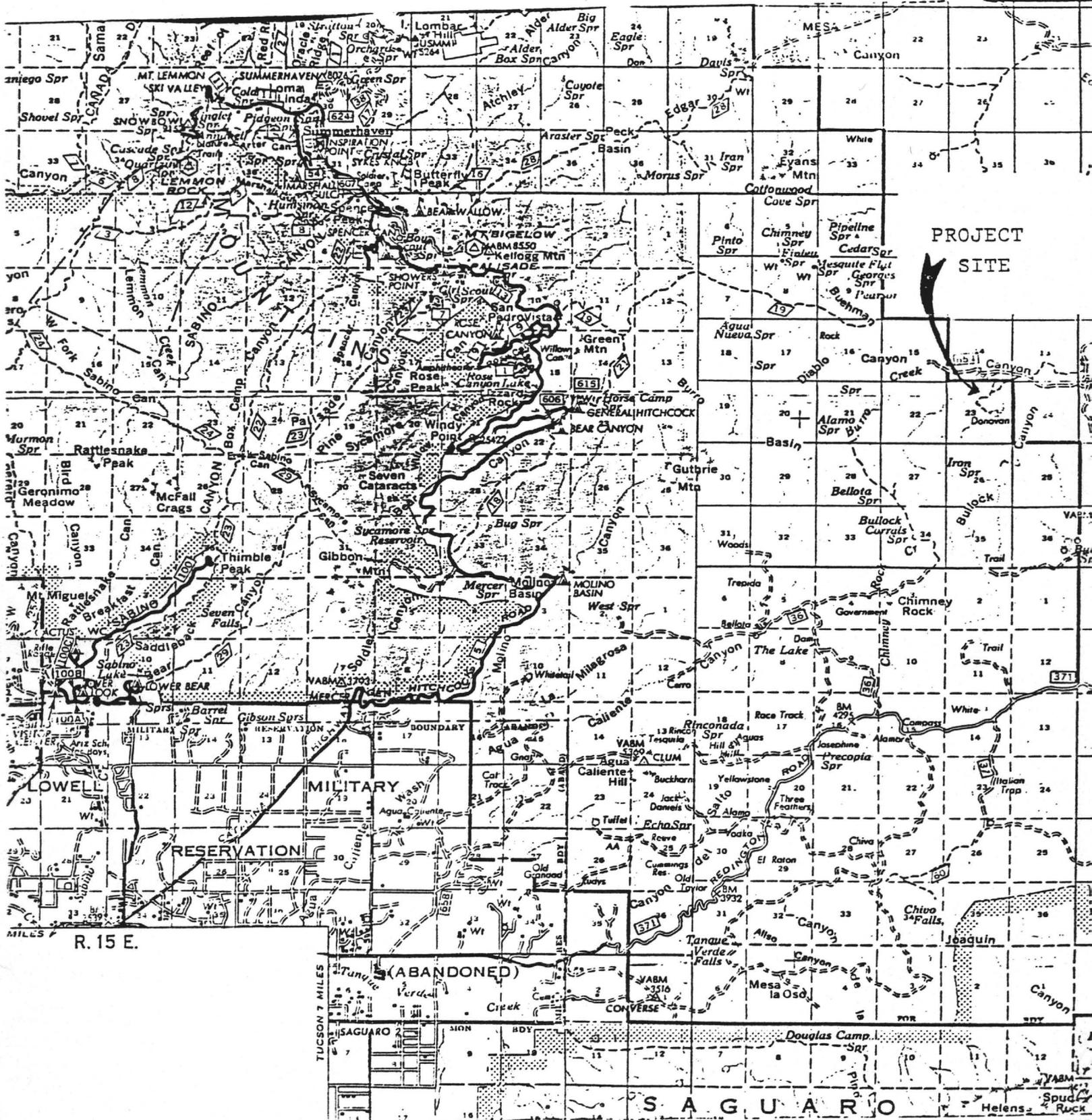
STEVE R. PLEVEL
District Ranger

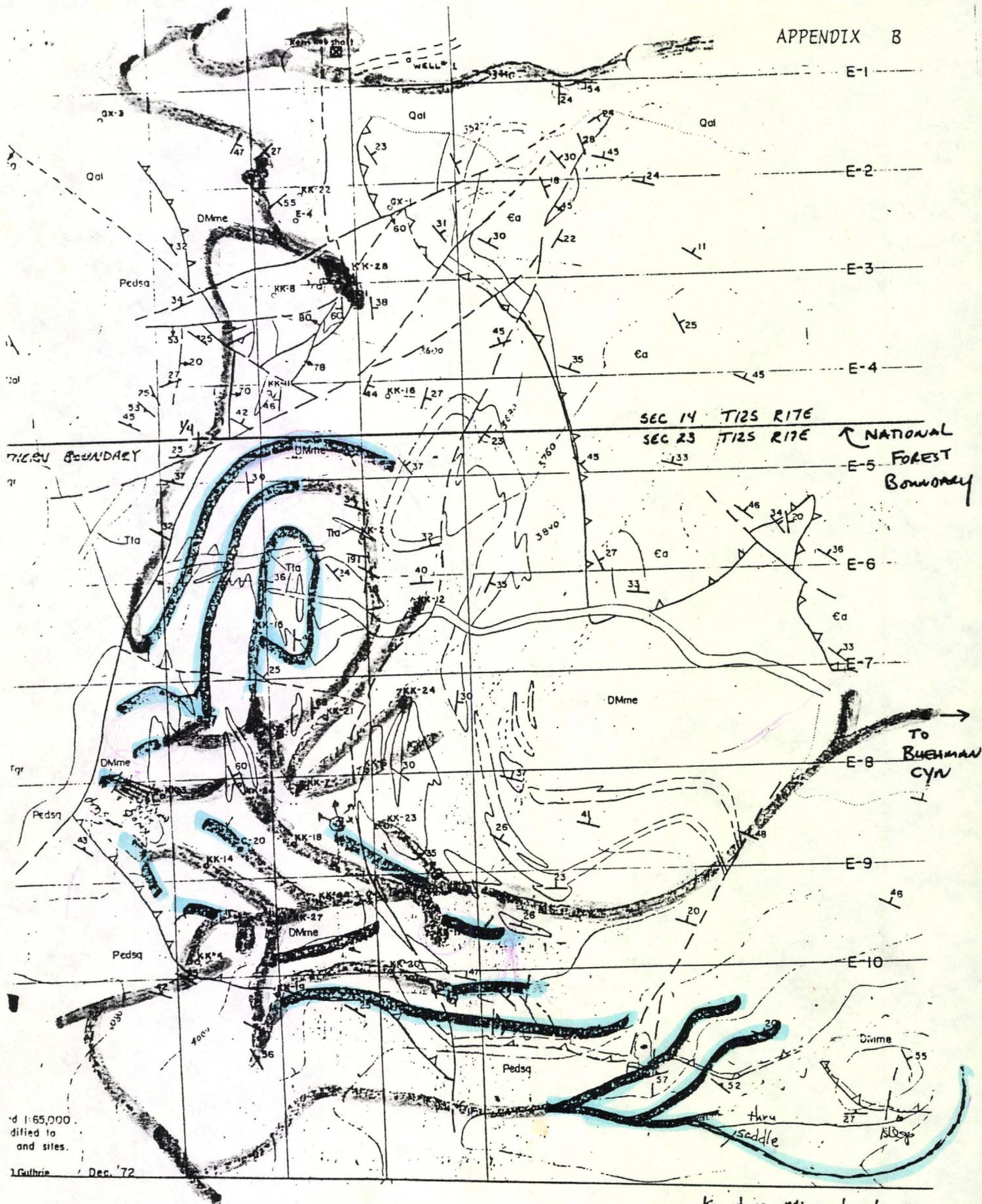
9/12/89

Date

Korn Kob Mine - Road Construction Project

General Location Map





Scale 1:65,000
modified to
show sites.

J. Guthrie Dec. '72

KEY

- = PROPOSED DRILL ROAD
- = EXISTING DRILL ROAD

Keystone Minerals, Inc.
A.F. Budge (Mining) Ltd.
8/89

EROSION CONTROL AND PROTECTION OF RESOURCES

FAIR WEATHER ROADS

The following guidelines should be applied on both Government and user constructed roads. The road shall be outsloped at 2%, and dips shall be constructed to drain surface water on the road.

On continuous grades, the spacing of dips in feet for surface drainage shall be not more than that shown in the following table:

% GRADE OF ROAD	LOOSE/HIGHLY ERODIBLE SOIL	MODERATELY ERODIBLE CONSOLIDATED SOILS PREDOMINATELY FINER THAN GRAVEL	PREDOMINATELY COBBLE AND GRAVEL
0	N/A	N/A	N/A
1	1000	1000	1000
2	750	800	850
3	500	700	750
4	450	600	650
5	400	500	550
6	300	400	450
7	200	300	350
8	100	200	250
9	80	100	150
10	75	80	100

If steeper grades are used, the spacing for the three categories of soil types shall be determined as follows:

1. Highly erodible soils. 50 foot spacing.
2. Moderately erodible soils. 60 foot spacing.
3. Predominately gravel soils. 70 foot spacing.

Where roadside ditches are constructed on both sides of the road, leadoff ditches for ditch relief shall be required at spacing not greater than that shown in the above table.

Cut and fill slopes shall be 2:1 in rippable soil. 1-1/4:1 cut slopes and 1-1/2:1 fill slopes in blasted excavation.

U.S. FOREST SERVICE — REGION 3

MINIMUM STANDARDS FOR SINGLE LANE FAIR WEATHER ROAD

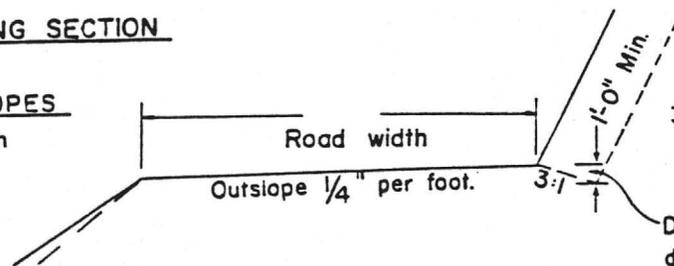
EXHIBIT "A"

DESIGN CRITERIA

- Grade — Maximum of 8% unless approved in writing by the Forest Service.
- Alignment — Minimum radius 50 ft.

TYPICAL GRADING SECTION

FILL SLOPES
 1 1/2:1 Common
 1 1/2:1 Rock

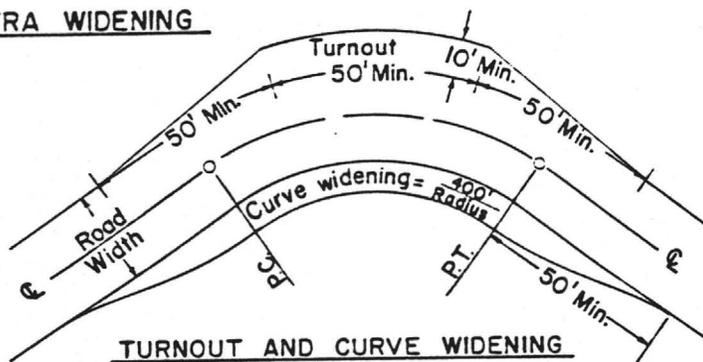


CUT SLOPES

- 1:1 — Common, 0-55% Side Slopes.
 - 3/4:1 — Common, over 55% Side Slopes.
 - 1/2:1 — Hardpan — Soft rock.
 - 1/4:1 — Solid rock.
- Ditch only where required for adequate drainage.

Side cast on contour grade line permitted except where topography is so broken that designed end haul is necessary to obtain reasonable minimum alignment standard.

EXTRA WIDENING



WIDENING ON FILL

Height of fill at Shoulder	Widen each Shoulder
0' - 6' (1 1/2:1 Fill Slopes)	1'-0"
Over 6' (1 1/2:1 Fill Slopes)	2'-0"

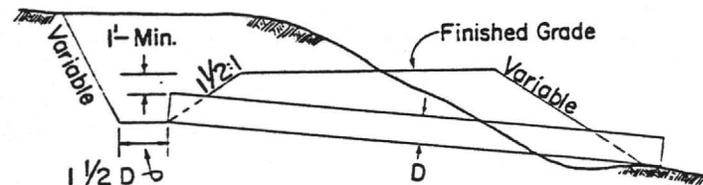
TURNOUT SPACING

Turnouts to be located on blind curves and supplemented between blind curves as necessary to keep spacing less than 1,000 ft.

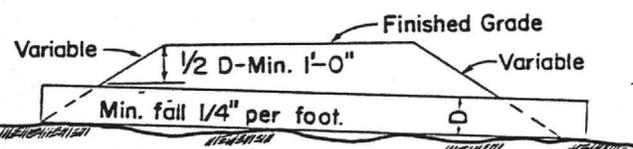
SURFACING

Spot surface with selected material where needed.

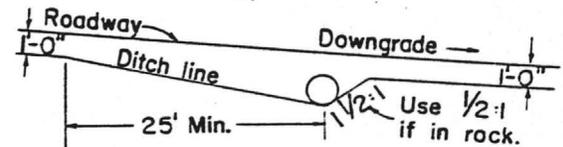
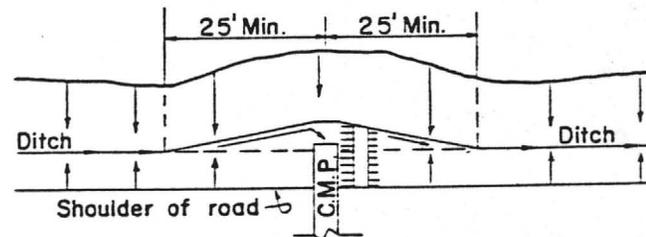
CULVERTS



SIDEHILL INSTALLATION



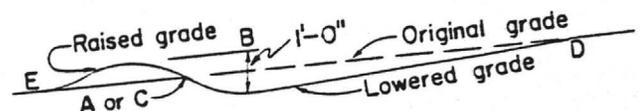
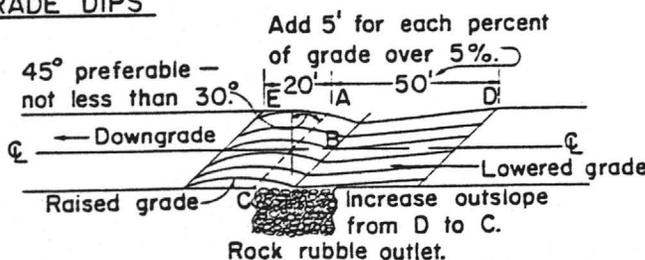
THROUGH FILL



SIDEHILL INSTALLATION

All culverts must discharge at natural ground level unless slope under pipe is protected by rock fill. Gradient of culverts on Sidehill Installation not less than approaching ditch gradient.

GRADE DIPS



Grade Dips may be used in lieu of culverts ordinarily used for ditch relief.

For spacing of Grade Dips and Ditch Relief Culverts see F.S.M. 5613.54.

BROWN DRILLING
4559 N. CASTLEROCK
KINGMAN, ARIZONA 86401

August 14, 1989

A.F. BUDGE MINING LTD.
4301 N. 75 th. Suite 101
Scottsdale, Arizona 85251

ATTN: John Norby

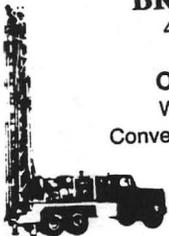
BID PROPOSAL FOR DRILLING NEAR SAN MANUEL, ARIZONA

Equipment to be used:

1.) 600' of reverse circulation pipe.

Footage Rate: \$ 6.50 per foot
Angle footage: \$ 8.00
Standby Rate: \$ 150.00 per hour
Casing or Conditioning Hold: \$ 200.00 per hour
Mobilization: none
Materials: cost plus 10%

BROWN DRILLING
4559 Castle Rock Road
Kingman, AZ 86401
Office: (602) 757-1920
Water Well & Exploration
Conventional & Reverse Circulation



Gene Brown
753-9279

LICENSED
& BONDED

Dave Brown
753-7687

Thank you,

A handwritten signature in cursive script that reads "Gene Brown". The signature is written in black ink and is positioned to the right of the typed name.

Gene Brown

BROWN DRILLING
4559 N. Castlerock
Kingman, Arizona 86401
(602) 757-1920

Gene Brown (602) 753-9279
Dave Brown (602) 753-7687

Attention Project Manager:

We appreciate the opportunity to bid your drilling projects, either conventional, reverse circulation and angle drilling. We have experience in all types of drilling. Enclosed are some specific project experience and references. These references are only those related to the specific jobs which would be closely related to your project drilling needs.

There are three partners in our company who each have at least 15 years experience. We feel that being a small company, we can maintain better control of the on site work.

We take pride in our work and would appreciate the opportunity to be of service.

Thank you for considering our company.

Sincerely,

BROWN DRILLING



GENE BROWN

Encls:

LIST OF EQUIPMENT

650 Chicago Pneumatic with 500 ft. of 4 1/2" reverse pipe
W650 Chicago Pneumatic with 500 ft. of 4 1/2" reverse pipe
3 - 670 Chicago Pneumatic with 600 ft. of 4 1/2" reverse pipe
One four thousand gallon water truck

Three (3) all wheel drive water trucks and pumps
Collector and Gilson Splitters for each rig
Hammer or tri-cone drilling
Mud Pump

This is a general hourly rate that can be negotiated and we would be glad to bid on a footage basis with some information.

\$150/hr	...Conventional
\$200/hr	...Reverse Circulation
\$220/hr	...Angle Reverse

Hourly includes driller and two (2) helpers; one to take samples.

O.P. & P.
Alan Brown
916 Nevada Hiway #3
Boulder City, Nevada 89005
702-294-2604

Westmont
Clancey Wendt
390 Freeport #12
Sparks, Nevada 89431

Roddy Resources
Walter Hurapick
990 Whipple St.
Wickenburg, Arizona
602-684-2865

Red Rock Mining
George Bennett
P.O. Box 160
Goldfield, Nevada 89013
702-485-6376

Billiton Minerals
Ed Handly
254 E. Ave. K-4 Suite A
Lancaster, CA 93535
805-948-9555

Battle Mountain Exploration
Bob Metz
2700 E. Executive Dr., Ste.152
Tucson, Arizona 85106
602-741-2807

American Gold Resources Corp.
Mac McEldowney
134 Union Blvd. Suite 600
Lakewood, Colorado 80228
303-989-3833

Echo Bay Exploration
Casey Danielson
370 17th St., Suite 4050
Denver, Colorado 80202
303-592-5450

Norgold Resources
Chris Mowett
555 W. Hastings St., Box 12122
Suite 2380 Harbour Center
Vancouver, B.C. V6B-4N6
604-681-5566

Artic Precious Metals
Bob Perkins
390 Freeport Blvd. #11
Sparks, Nevada 89431
702-331-0836

REFERENCES

Dome Exploration
Ed Rugg
1503 Greg
Sparks, Nevada 89431
702-331-3517

Western States Minerals
Tom Vehrs
4975 Van Gordon
Wheatridge, Colorado 80033
303-425-7042

Arizona Star Resource Corp.
Peter Drobeck
114 Tucker Suite 5
Kingman, Arizona 86401
602-753-1100

Atlas Precious Metals
Jim Newman
463 Turner Drive #108
Durango, Colorado 81301
303-259-4682

Tenneco Minerals
Ken Cunningham
300 Union Blvd. Box 27F
Lakewood, Colorado 80227
800-255-2836

Glamis (Chem Gold)
Tom Wood
Reno, Nevada
702-356-1030

Austin Gold Venture
Steve Bruff
P.O. Box 184
Austin, Nevada 89310

American Girl Corp.
Dick Thompson
2450 South 4th Avenue #310
Yuma, Arizona 85364
602-344-8924

Hecla Mining
Rich Leap
P.O. Box 310
Enterprise, Utah 84725
702-786-3498

Western States Minerals
Jim Woods
3340 Ocotillo Road
Kingman, Arizona 86401
602-565-4359

Fischer Watt Gold
Perry Durning
114 Tucker #7
Kingman, Arizona 86401
602-753-1622

Westmont Mining
Hugo Dummett
2341 S. Friebas
Tucson, Arizona 85713
602-881-8871

Gexa Gold Corp.
Dave Fanning
1015 Telegraph
P.O. Box 10877
Reno, Nevada 89510-0877
702-786-7667

Westgold
Dave Earnst
290 S. Rock Blvd. S.
Reno, Nevada 89502
702-825-2333

U.S.M.X.
John Cox
5635 Riggins Ct. #16
Reno, Nevada 89502

U.S. Borax
Bill Pennell
255 Glendale #19
Sparks, Nevada
702-358-9500

RECEIVED AUG 26 1989

Drilling Services Company

Division of LAYNE-WESTERN COMPANY, INC.

12030 East Riggs Road • Chandler, Arizona 85249 • (602) 895-9336

August 25, 1989

Mr. John Norby
Chief Geologist
A.F. Budge (Mining), Ltd.
4301 North 75th Street, Suite 101
Scottsdale, Arizona 85251

Dear Mr. Norby:

As we agreed yesterday when I met with you in the field, I have enclosed an amended page three of our quote No. 7065 to include a pre-payment for your drilling project near Redington, Arizona.

A pre-payment is customary when working with a new client. However, if this presents a stumbling block to us working together, please let me know. We may be able to work something out satisfactory to both parties.

Thanks for showing me around on your property yesterday. I am looking forward to working with you!

Sincerely,


Michael Pitterle
Sales Geologist

MP
Enclosures



REVERSE CIRCULATION ROTARY DRILLING SERVICES

Drilling Services Company
Offer of Drilling Services
Quotation No. 7065
Date: August 23, 1989

This page amended (Section 2.7) - August 25, 1989

the drilling location named herein, the Client shall have determined and marked the locations of the bore holes and shall have made provisions for right-of-way, reasonable maintained access roads, sound locations, adequate in size and capable of properly supporting the drill unit. The Client shall procure all entry permits and hold harmless the Contractor for claims of trespass or damage to property required in carrying out the work contemplated by the Client hereunder, except where Contractor is negligent or has violated the Client's specific written instructions. The Client will provide a bulldozer and/or some other suitable machine and/or vehicle to provide towing and other assistance as may be required for the satisfactory performance of the undertaking.

- 2.2 The Client shall be responsible for all underground utilities, the plugging of bore holes and the refurbishing of the ground surface as may be required.
- 2.3 That should it direct, in writing, the Contractor to furnish supplies, materials, personnel and equipment other than those items specifically furnished by Contractor in Schedules "A" and "B" of this quotation, the Client will reimburse Contractor for those items as detailed in Schedule "G" attached.
- 2.4 The Client agrees to pay Contractor for the mobilization and demobilization of personnel and equipment, for services provided and for materials supplied at the rates as detailed in Schedule "G" herein upon receipt of the Contractor's invoice.
- 2.5 The Client shall be responsible for the handling transporting, and safekeeping of the geological samples and will provide all sample bags and/or containers for the storage of the samples.
- 2.6 That the information detailed on Schedule "F" hereto reasonable and adequately describes the conditions of the work to be undertaken.
- 2.7 The Client agrees to pre-pay Contractor the sum of twenty thousand dollars (\$20,000.00) prior to the mobilization of personnel and equipment. Of this amount, eight hundred dollars (\$800.00) shall be directed toward mobilization, while the rest will be applied to services and materials provided at the rates set forth in Schedule "G" herein.

Drilling Services Company
Offer of Drilling Services
Quotation No. 7065

Date: August 23, 1989

This page amended (Section 2.7) - August 25, 1989

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M.P.



REVERSE CIRCULATION
ROTARY DRILLING

Drilling Services Company

A DIVISION OF LAYNE - WESTERN COMPANY, INC.

MICHAEL PITTERLE
SALES GEOLOGIST

12030 EAST RIGGS ROAD
CHANDLER, ARIZONA 85249
(602) 895-9336

OFFER OF DRILLING SERVICES
TO
JOHN NORBY
Chief Geologist
FOR
A.F. BUDGE (MINING), LTD.
4301 NORTH 75th STREET, SUITE 101
SCOTTSDALE, ARIZONA 85251

(Hereinafter referred to as Client)

FROM
DRILLING SERVICES COMPANY
Division of Layne-Western Company, Inc.
12030 EAST RIGGS ROAD
CHANDLER, ARIZONA 85249
(602) 895-9336

(Hereinafter referred to as Contractor)

IN CONSIDERATION OF THE MUTUAL PROMISES, CONDITIONS AND AGREEMENTS HEREIN CONTAINED AND THE SPECIFICATIONS, SPECIAL PROVISIONS SET FORTH IN SCHEDULES "A" THROUGH "G" ATTACHED HERETO AND MADE A PART HEREOF, CONTRACTOR OFFERS TO UNDERTAKE THE WORK ON A CONTRACT BASIS:

1. THE CONTRACTOR PROMISES AND AGREES:

- 1.1 To furnish equipment as per Schedule "A" attached.
- 1.2 To furnish personnel as per Schedule "B" attached.
- 1.3 To provide a board and room allowance for the personnel furnished by the Contractor.
- 1.4 To provide parts, supplies, materials, fuels, lubricants, etc. pertinent to the efficient performance of this undertaking, excepting casing, cement, drilling mud, additives, rotary, diamond and down-the-hole hammer bits.
- 1.5 To procure, at the request of the Client and/or Client's representative, casing, cement, drilling mud, additives, rotary, diamond, down-the-hole-hammer bits and such other additional supplies, materials, personnel and equipment as may be necessary for the efficient operation and completion of the drilling assignment. Compensation for the procurement of such additional supplies, materials, personnel and equipment shall be at the rates set forth in Schedule "G" attached.
- 1.6 To leave the drill site free of all debris resulting from the work performed by the Contractor excepting drill cuttings.
- 1.7 To conduct all operations hereunder in full compliance of all rules and regulations adopted by any legal government ordinance whether Federal, State, Municipal or City.
- 1.8 To prepare a daily drill log (Schedule "C") summarizing in detail the days activities including consumable and chargeable items. One copy of the daily drill log will be provided the Client and/or the Client's representative on a daily basis.

Drilling Services Company
Offer of Drilling Services
Quotation No. 7065
Date: August 23, 1989

- 1.9 To provide and maintain insurance coverage with an insurance company or companies authorized to do business in the State where the work is to be performed and satisfactory to the Client, insurance coverage of the kind and in the amounts set forth in Schedule "D". Contractor will, if requested to do so by the Client, procure from the company or companies writing said insurance a certificate or certificates satisfactory to the Client that said insurance is in full force and effective and that the same shall not be cancelled or materially changed without ten (10) days prior written notice to the Client.
- 1.10 To operate the Contractor's equipment on a single shift basis up to ten (10) hours per day, on a ten (10) days on, four (4) days off schedule, or at some other schedule mutually agreeable to Contractor and Client.
- 1.11 To commence drilling operations as scheduling and rig availability permits and to diligently continue the work until it is completed or until the assignment is terminated as hereinafter provided.
- 1.12 To render an invoice for services performed within five (5) days after the end of the month or alternately within ten (10) days of the conclusion or termination of the assignment, if such assignment is commenced and concluded within a calendar month.
- 1.13 To conduct drilling and sampling operations in accordance with the procedures detailed on Schedule "E".

2. THE CLIENT PROMISES AND AGREES:

- 2.1 It is recognized that the Client has superior knowledge of the location of the work, the access routes to the location of the work, surface and sub-surface conditions, weather patterns, etc. and Client is obligated to advise Contractor of all or any of the conditions that may affect Contractor's performance of this undertaking. Additionally, prior to the commencement of drilling at

Drilling Services Company
Offer of Drilling Services
Quotation No. 7065
Date: August 23, 1989

This page amended (Section 2.7) - August 25, 1989

the drilling location named herein, the Client shall have determined and marked the locations of the bore holes and shall have made provisions for right-of-way, reasonable maintained access roads, sound locations, adequate in size and capable of properly supporting the drill unit. The Client shall procure all entry permits and hold harmless the Contractor for claims of trespass or damage to property required in carrying out the work contemplated by the Client hereunder, except where Contractor is negligent or has violated the Client's specific written instructions. The Client will provide a bulldozer and/or some other suitable machine and/or vehicle to provide towing and other assistance as may be required for the satisfactory performance of the undertaking.

- 2.2 The Client shall be responsible for all underground utilities, the plugging of bore holes and the refurbishing of the ground surface as may be required.
- 2.3 That should it direct, in writing, the Contractor to furnish supplies, materials, personnel and equipment other than those items specifically furnished by Contractor in Schedules "A" and "B" of this quotation, the Client will reimburse Contractor for those items as detailed in Schedule "G" attached.
- 2.4 The Client agrees to pay Contractor for the mobilization and demobilization of personnel and equipment, for services provided and for materials supplied at the rates as detailed in Schedule "G" herein upon receipt of the Contractor's invoice.
- 2.5 The Client shall be responsible for the handling transporting, and safekeeping of the geological samples and will provide all sample bags and/or containers for the storage of the samples.
- 2.6 That the information detailed on Schedule "F" hereto reasonable and adequately describes the conditions of the work to be undertaken.
- 2.7 The Client agrees to pre-pay Contractor the sum of twenty thousand dollars (\$20,000.00) prior to the mobilization of personnel and equipment. Of this amount, eight hundred dollars (\$800.00) shall be directed toward mobilization, while the rest will be applied to services and materials provided at the rates set forth in Schedule "G" herein.

M.P.

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- 2.6 That the information detailed on Schedule "F" hereto reasonable and adequately describes the conditions of the work to be undertaken.
- 2.7 Client agrees to pay Contractor a pre-payment in the amount of \$20,000.00 prior to the commencement of drilling.

M.P.

(will send ammended page 3)

Drilling Services Company
Offer of Drilling Services
Quotation No. 7065
Date: August 23, 1989

3. OTHER SPECIAL CONSIDERATIONS:

- 3.1 Contractor's invoices for services provided are net, due and payable upon receipt. Invoices unpaid thirty (30) days after date of the invoice will be subject to a delinquency charge of one and one half percent per month (18 percent per annum).
- 3.2 All the information and data obtained by reason of, or in connection with, the work shall be the exclusive property of the Client. The Contractor will keep all such information and data strictly confidential and will not divulge or use, or permit its employees to divulge or use any information or data so obtained.
- 3.3 All risk and damage to Contractor's tools, machinery, appliances or equipment shall be at all times borne and assumed by the Contractor unless Client expressly agrees to reimburse Contractor for such loss or damage.
- 3.4 It is specifically understood that the Contractor is not the agent of the Client and is not authorized to act for or on behalf of the Client or to bind the Client in any manner whatsoever, and that this agreement shall never be construed as creating a joint venture or other relationship whereby either party hereto shall be held for the acts either of omission or commission of the other party hereunder. Contractor agrees that the services provided herein will be performed as an independent Contractor. The exclusive direction, management and control of the employees of Contractor and of the work to be done under the provisions of this contract shall always reside in Contractor.
- 3.5 That neither party to this agreement shall be liable for any loss or damage caused by reason of strikes, accidents, acts of God, action of the elements, or of any other caused beyond its control.

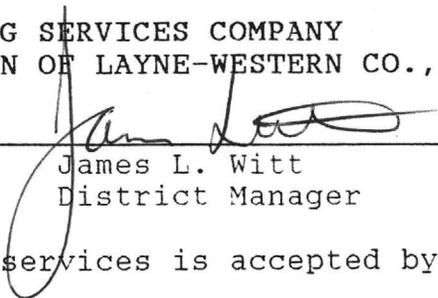
Drilling Services Company
Offer of Drilling Services
Quotation No. 7065
Date: August 23, 1989

- 3.6 That this assignment is based upon Contractor performing this assignment with his regular drill crew and under a non-union operation. Should local unions require Contractor or its employees to join their local union against Contractor's will, this agreement shall terminate and shall be open for renegotiation.
- 3.7 It is fully understood and agreed that none of the requirements of this contract shall be considered as waived and/or modified unless the same is done in writing, and then only by the persons executing this contract, or other duly authorized agent or representative of the party.
- 3.8 Contractor may employ other Contractors to perform the work detailed in Schedule "F" provided that the Contractor obtains written consent from the Client.
- 3.9 This agreement shall continue in force until the drilling assignment is completed or until cancelled by either party hereto, such cancellation to be effective by giving written notice (by mail or telegram) to the other party at the addresses given herein not less than three (3) calendar days prior to date of termination; **PROVIDED HOWEVER**, upon the breach of any substantial provision of this agreement, the party not guilty of such breach, may if it elects, cancel this agreement without the written notice provided for above. In the event of termination under this provision, the Client shall compensate Contractor in accordance with the schedule of compensation as detailed in Schedule "G" herein.
- 3.10 This agreement will be governed by and construed in accordance with the laws of the State of Arizona.
- 3.11 This offer of drilling services is valid for acceptance through September 23, 1989. After this date, the honoring of this quotation would be subject to the availability of personnel and equipment and any extension of this offer would be entirely discretionary by the Contractor.

Drilling Services Company
Offer of Drilling Services
Quotation No. 7065
Date: August 23, 1989

The foregoing offer of drilling services is made by:

DRILLING SERVICES COMPANY
DIVISION OF LAYNE-WESTERN CO., INC.

By: 

Title: James L. Witt
District Manager

The foregoing offer of drilling services is accepted by:

By: _____

Title: _____

Date of Acceptance _____

Compensation Plan Selected: _____

Drilling Services Company
Offer of Drilling Services
Quotation No. 7065
Date: August 23, 1989

SCHEDULE "A"

SCHEDULE OF EQUIPMENT TO BE SUPPLIED

ITEM	QTY	DESCRIPTION OF EQUIPMENT
1.	1	Cyclone Model TH-100 mounted on a diesel powered carrier. The drill unit is equipped with air compressors delivering 750 CFM free air at 250 PSI, a reverse circulation system for drilling with dual-tube drill pipe and hydraulically controlled water injection system.
2.	800	Feet of 4 1/2 inch O.D. by 2 1/4 inch I.D. dual-tube drill pipe.
3.	1	Pickup truck.
4.	1	Cyclone assembly complete with discharge hose.
5.		Drill bit subs and adapters for tricone and/or down-the-hole hammer drilling up to a hole diameter of 5 1/4 inch.
6.	1	Mission SD-5 Silverdril Hammer.
7.	1	Three-tiered Jones-type splitter.
8.	1	Combination pipe, service and water truck.

SCHEDULE "B"

SCHEDULE OF PERSONNEL TO BE FURNISHED

DRILLER (S)	1
DRILL HELPER (S)	1
SUPERVISOR	As Required
SAMPLE HANDLER (S)	1

qcord CERTIFICATE OF INSURANCE

ISSUE DATE (MM/DD/YY)

PRODUCER

FRANK B. HALL & CO. OF MO., INC.
100 N. BROADWAY, BOATMEN'S TOWER
ST. LOUIS, MO 63102
(314) 231-0100

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

COMPANIES AFFORDING COVERAGE

- COMPANY LETTER **A** HARTFORD INSURANCE GROUP
- COMPANY LETTER **B**
- COMPANY LETTER **C**
- COMPANY LETTER **D**
- COMPANY LETTER **E**

INSURED

DRILLING SERVICES CO.
A DIV. OF LAYNE-WESTERN CO., INC.
12030 E. RIGGS ROAD
CHANDLER, AZ 85249

COVERAGES

THIS IS TO CERTIFY THAT POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS, AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	ALL LIMITS IN THOUSANDS	
A	GENERAL LIABILITY	84CLRP35014E 84JSED55307E	10-01-88	10-01-89	GENERAL AGGREGATE	\$5,000.
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				PRODUCTS-COMP/OPS AGGREGATE	\$5,000.
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCURRENCE				PERSONAL & ADVERTISING INJURY	\$2,000.
	<input type="checkbox"/> OWNER'S & CONTRACTORS PROTECTIVE				EACH OCCURRENCE	\$2,000.
	<input checked="" type="checkbox"/> CONTRACTUAL				FIRE DAMAGE (ANY ONE FIRE)	\$ 250.
					MEDICAL EXPENSE (ANY ONE PERSON)	\$ 5.
A	AUTOMOBILE LIABILITY	84ABRP35015E NJ 84ABRP35016E TX 84ABRP35017E MA 84MCP35018E	10-1-88	10-1-89	CSL	\$ 2,000.
	<input checked="" type="checkbox"/> ANY AUTO				BODILY INJURY (PER PERSON)	\$
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (PER ACCIDENT)	\$
	<input checked="" type="checkbox"/> HIRED AUTOS				PROPERTY DAMAGE	\$
	<input checked="" type="checkbox"/> NON-OWNED AUTOS					
	GARAGE LIABILITY					
	EXCESS LIABILITY				EACH OCCURRENCE	AGGREGATE
	<input type="checkbox"/> OTHER THAN UMBRELLA FORM				\$	\$
A	WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY	84WBRP35013E	10-1-88	10-1-89	STATUTORY	
					\$ 2,500.	(EACH ACCIDENT)
					\$ 2,500.	(DISEASE-POLICY LIMIT)
					\$ 2,500.	(DISEASE-EACH EMPLOYEE)
	OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/RESTRICTIONS/SPECIAL ITEMS

CERTIFICATE HOLDER

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

[Handwritten Signature]

AAC

POLICIES AND COVERAGE SUBJECT TO THE TERMS AND CONDITIONS OF THE POLICY CONTRACTS. QCORD IS A SERVICE MARK OF QCORD CORPORATION.

Drilling Services Company
Offer of Drilling Services
Quotation No. 7065
Date: August 23, 1989

SCHEDULE "E"

PROPOSED METHOD OF DRILLING AND SAMPLING

The reverse circulation rotary method (RCR) will be employed utilizing double wall drill pipe, full bore tricone and/or button bits and reverse circulation air flow to drill and sample the formation. Should it be necessary and/or desirable to drill the hard formations with a down-the-hole hammer drill, the double wall drill pipe, interchange sub and down-the-hole hammer drill would be utilized. With either method, the reverse circulation system would be employed to recover the geological sample up through the center of the double wall pipe and the sample will be discharged at the surface via a cyclone directly onto a Contractor supplied three tiered Jones splitter. Should the sample be in a completely dry state and/or in a sticky condition, water may be injected into the air flow, on an intermittent or continuous basis, to assist in the recovery of the sample. Surface casing may be employed as required to stabilize any alluvial fill that may be present at the top of the hole.

SCHEDULE "F"

INFORMATION RELATIVE TO THE WORK TO BE UNDERTAKEN

1. Location of the Work:

Near Redington, Pima County, Arizona.

2. Formation to be drilled:

Fractured and altered sedimentary rocks; locally garnetiferous.

3. Hole Size and Angle:

The bore holes shall be drilled a minimum diameter of 4 7/8 inches to a maximum diameter of 5 1/4 inches. The bore holes shall be drilled vertically or at angles.

Drilling Services Company
Offer of Drilling Services
Quotation No. 7065
Date: August 23, 1989

4. **Hole Depth:**

The bore holes shall be drilled to a maximum of 800 feet.

Should down-the-hole conditions be such as to preclude the drilling of the bore hole to the desired maximum depth, the driller, in consultation with the Client and/or Client's representative, would jointly decide the maximum safe depth and their decision would be binding upon the Contractor and the Client.

5. **Scope and Purpose of this Undertaking:**

Approximately 15,000 feet of exploratory drilling.

6. **Sampling Interval:**

After setting of the blowout preventer and/or surface casing, drilling would proceed to provide geologic samples in increments of five (5) feet.

SCHEDULE "G"

COMPENSATION SCHEDULE

1. **Mobilization & Demobilization:**

For the supply of equipment and the furnishing of personnel, as per Schedule "A" and "B", there will be a one-time mobilization charge of eight hundred dollars (\$800.00).

2. **Daily Travel Time:**

The first one (1) hour of daily travel time from the nearest available source of accommodation and fuel supply is included in the compensation plans set forth herein. However, daily travel in excess of one (1) hour per day per shift would be chargeable at the hourly rate of forty five dollars (\$45.00).

Drilling Services Company
Offer of Drilling Services
Quotation No. 7065
Date: August 23, 1989

3. Drilling Services:

The job site drilling and ancillary services will be provided at one of the following plans. Prior to the commencement of drilling operations, Client will have the option of selecting the plan best suited for their requirement and the Contractor will perform the drilling and ancillary services in accordance with the plan selected for the drilling program.

PLAN "A" - HOURLY RATE:

For all hours consumed at the job site commencing and ending with the shift in the field, drilling and ancillary services would be chargeable at the following rate:

\$215.00 per hour

PLAN "B" - FOOTAGE RATE:

For all footage drilled calculated from the surface of the bore hole to the depth penetrated by the drill bit the footage charge would be at the following rate:

\$7.95 per foot

The footage rate quoted above, under this plan, includes on a per hole basis, the first one hour of time (one hour for each circumstance) that may be consumed in setting surface casing, blowout preventer, moving between holes, reaming, hole stabilization, water haulage, etc. However, time consumed excess of one hour for any one of the above described circumstances, beyond the control of the Contractor, would be chargeable at the hourly rate of one hundred ninety dollars (\$190.00).

In the event that down-the-hole and/or job site conditions due to circumstances beyond the control of the Contractor are such that the revenue earned at the footage rate does not equal the revenue that would be earned at the hourly rate for three (3) consecutive days, all drilling after the third day would be conducted at either Plan "A" or "C" of this offer.

Drilling Services Company
Offer of Drilling Services
Quotation No. 7065
Date: August 23, 1989

PLAN "C" - HOURLY PLUS FOOTAGE RATE:

For all hours consumed at the job site commencing and ending with the shift in the field, drilling and ancillary services would be chargeable at the following rate:

N/A

The footage charge would be calculated on all footage drilled measured from the surface of the bore hole to the total depth penetrated by the drill bit.

4. Breakdown and Servicing Equipment Time:

No charge for down time would apply for the time consumed repairing Contractor supplied equipment. Breakdown is defined as that breakage occurring above the ground.

5. Compensation for Extracting Stuck and/or Broken Drill Pipe and/or Drill Tools, etc.:

Hours consumed in the recovery and/or attempted recovery of drill pipe and/or drill tools, etc. on any one bore hole would be chargeable at an hourly rate of \$190.00 for the first eight (8) hours and at an hourly rate of \$150.00 for all hours consumed after the first eight (8) hours. The maximum chargeable on any one bore hole would be thirty two (32) hours.

6. Compensation for Abandoned and/or Broken Drill Pipe and/or Drill Tools:

In the event that Contractor would be required to drill without water injection, or through old mine workings (shafts, stopes and drifts) which results in stuck and/or broken drill pipe and tools, Contractor will exert his best effort to extract the stuck and/or broken drill pipe and tools for a period of thirty two (32) hours. At the end of that period, should recovery not be achieved, the drill pipe and/or drill tools would be considered lost and/or abandoned and Contractor would be entitled to receive payment according to the following Schedule:

Drilling Services Company
Offer of Drilling Services
Quotation No. 7065
Date: August 23, 1989

Within the first 10,000 feet of drilling at seventy five (75) per cent of the replacement cost. Thereafter, liability would be decreased by five (5) per cent for each increment of 1,000 feet drilled.

The current replacement cost of the drill pipe and drill tools F.O.B. job site are:

- Dual wall drill pipe 20 feet lengths	\$1,690
- Interchange Sub	899
- Regular Bit Sub	584
- Mission SD-5 Silverdril Hammer	4,215

7. Standby Time:

Hours consumed per shift on a standby basis at the convenience and/or request of the Client will be chargeable at the following rates:

- a. With drill crew @ \$150.00 per hour
- b. Without drill crew @ \$110.00 per hour

(Provided the drilling supervisor and/or crew driller is notified at least eight (8) hours in advance that standby will be required.)

All standby charges would be limited to eight (8) hours per shift in any one day.

8. Providing Drill Bits, Additional Supplies, Equipment, Personnel, etc.:

The Contractor will, at the request of the Client, provide drilling bits, drilling mud, casing, drilling additives, cement, supplies, equipment, etc., and engage subcontractors, and provide such additional services as may be required at Contractor's cost, plus fifteen (15) percent handling.

P.O. Box 621
ZEPHYR COVE, NV 89448
(916) 544-4953

ALEXANDER N. GRAF

2257 SIXTEENTH AVE.
SAN FRANCISCO, CA 94116
(916) 544-3330

MINERAL RESOURCES DEVELOPMENT CONSULTING SERVICES

Property Acquisition/Negotiation Land Title Research
Exploration Packages Real Estate Investment
Staking of Mining Claims Program Management

July 30, 1990

Mr. John Norby
Chief Geologist
A.F. Budge Ltd.
1230 Terminal Way #46
Reno, Nevada 89502

Dear John,

RE: Balance of Invoice for Korn Kob Project

As I indicated to you on July 27, 1990 circumstances make it impossible for me to take the Korn Kob assignment to completion.

I have approximately 3 consulting days (@ \$300 = \$900) plus expenses incurred for the last trip to Tucson outstanding.

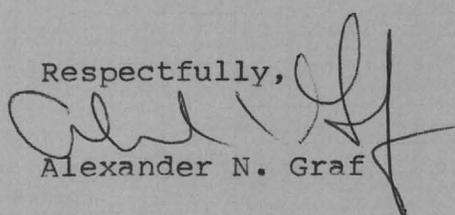
It is my intention to give you the 3 days of consulting time free of charge, but I would like to recover the expenses with regard to the Tucson trip since I believe that the objective set to accomplish by that trip was met, and pot-trip letters and contracts were sent out to all of the prospective lessors. If you feel that this arrangement is fair, then the following expenses were incurred (in addition to my time):

<u>Expenses:</u> Airline Ticket (Reno-Tucson-Reno).....	\$520.00
(6-18/6-20, 1990)	
Mileage: SLT-Reno-SLT (118 mi. x \$0.35).....	\$41.30
Airport Parking.....	\$9.00
Budget Rent-A-Car (6-18/6-20) Tucson.....	\$59.88
Motel (Rodeway Inn East) 6-18/6-20 Tucson.....	<u>\$110.99</u>
TOTAL AMOUNT OF EXPENSES.....	\$741.17

Again my apologies for not being able to complete the job, however, it is good breakpoint, and whoever completes it should be able to step tight in.

With Best Regards.

Respectfully,


Alexander N. Graf

6/

KATHY / CAROLE,

SOME IMPORTANT DECISIONS

PROMPT PAYMENT OF THESE BILLS

WOULD BE APPROPRIATE AS BOTH

CONSULTANTS ARE WORKING ON PROJECTS

WITH THESE

YOUR PAYROLL CHECK MEAT GET

YOU TO

TO BE PAID FROM ANY EXPENSE ACCOUNT

RECEIVED

P.O. Box 521
ZEPHYRUS COVE, NV 89448
(702) 44-4952

2757 SIXTEENTH AVE.
SAN FRANCISCO, CA 94116
(916) 664-3539

ALEXANDER N. GRAF

MINERAL RESEARCHES DEVELOPMENT CONSULTING SERVICES

Environmental Management and Site Remediation
Investigations and Remediation Design and Construction
Resource Management and Environmental Planning

Mr. R. F. Duffy
1230 Parkway

A.P. Office 1100
1230 Parkway

1230 Parkway
Reno, Nevada 89501

Dear Mr. Duffy,

The following bill details your consulting services and expenses incurred during the period of May 25, 1990, from Reno, Nevada, to the above address.

Consulting Services:

3.3 Days	
Expenses	\$990.00
5/23-25/90	Travel (Reno to San Francisco) (Round Trip).....
	41.30
	520.00
	13.50
	4.92
	0-
	8.75
	Total Expenses.....
	\$588.47
	TOTAL AMOUNT DUE TO YOU.....
	\$1,578.47

This bill and invoice are subject to payment to this office.

Sincerely,

Alexander N. Graf

JCL
03-23-90

SURFACE DAMAGE AGREEMENT

BY THIS SURFACE DAMAGE AGREEMENT

effective as of the 23 day of March, 1990 (the "Effective Date"),

by and between BAYLESS AND BERKALEW COMPANY, whose address is HCR 800, Benson, Arizona 85602 (the "Owner"),

and

A.F. BUDGE (MINING) LIMITED, a Nevada corporation, whose address is 4301 N. 75th Street, # 101, Scottsdale, Arizona 85251 (the "Operator"),

the Owner and Operator, for the considerations of mutual promises and obligations, have agreed as follows:

1. Grant

Owner hereby consents to the use by Operator, its employees, agents and contractors, of that certain road described in Exhibit A attached hereto (the "Road" herein). Road can be locally altered to improve access for larger vehicles but road *will remain along same general corridor.*

2. Purpose will remain along same general corridor.

Title to the surface of the property over which the Road passes is vested in Owner with all or some portions thereof subject to a reservation of minerals to the United States of America. Operator has acquired mineral exploration and mining rights under the laws of the United States and Operator is conducting mineral exploration activities in the area that requires the use of the Road. Because damages to Owner's property rights are difficult to determine, it is the purpose of this Agreement to provide a method of computation of payment for any and all damages to Owner's crops, tangible improvements, and grazing values resulting from Operator's use of the Road, and to establish a method for Operator's making payment of the same to Owner.

3. Term

This Agreement shall exist for so long as Operator or its successors and assigns are vested with mineral exploration or mining rights the exploration of which requires the use of the Road; subject, however, to the rights of termination specified in Section 6 hereof.

4. Payments to Owner

a. Liquidated Damages - At all times prior to the date Operator begins construction of a mine at any location where the use of the Road is reasonably required, Operator shall pay Owner One Hundred Fifty Dollars (\$150.00) per month. Operator shall likewise pay Owner Six Hundred Dollars (\$600.00) upon execution of this Agreement as payment for any and all past damages to the Property as a result of Operator's prior use of the Road. At such time as Operator commences construction activities related to full-scale mining operations at any location where the use of the Road is reasonably required, Operator shall pay Owner Three Hundred Dollars (\$300.00) per month. *Payments will escalate at a rate of 6.0% annually.*

b. Compensation for Improvements Destroyed - Owner shall be compensated for the value of any tangible improvements destroyed or rendered non-usable by operations of Operator including buildings, fences, roads, corrals, irrigation ditches, and related improvements. The value shall be the replacement cost for comparable improvements.

d. Method of Payment - All payments required hereunder shall be made by check of Operator and shall be due on or before the fifth day of each month from and after the Effective Date. The personal delivery or the deposit in the mail of any payment to the address for notice under this Agreement on or before the due date thereof shall be deemed timely payment hereunder.

5. Obligations of Operator

a. Conduct of Operations - All work performed by Operator on the Property pursuant to this Agreement shall be done in a good and workmanlike manner and in compliance with all state or federal laws and regulations governing such operations. The operations of Operator shall be further subject to the following special requirements:

(1) Operator shall keep all gates closed and locked when not in use. Where Owner has existing locks at gates on the Road, Operator may either place its own locks at the gate or Owner shall provide Operator with duplicate keys. Operator shall provide Owner with duplicate keys for all locks placed by Operator on gates along the Road where Owner does not have its own separate lock for the gate.

(2) Operator shall permit no carrying of firearms, hunting or shooting along the Road.

(3) Operator shall remove all trash or garbage that may be deposited along the Road, and shall otherwise clean up any waste or spills that may occur along the Road.

(4) Operator shall maintain the Road during the term of this Agreement in a condition at least as good as exists at the time of execution of this Agreement.

b. Indemnity - Operator shall indemnify Owner against and hold Owner harmless from any suit, claim, judgment or demand whatsoever arising out of activities on the part of Operator on the Property, provided, however, if Owner, or any person or instrumentality acting on Owner's behalf, shall have been a contributing cause to the event giving rise to such suit, claim, demand or judgment, Operator's obligation under this indemnification shall be limited to Operator's liability under Arizona law.

6. Termination

a. Termination by Owner - If Operator defaults in the performance of its obligations hereunder, Owner shall give Operator written notice specifying the default. If the default is not cured within thirty (30) days after Operator has received the notice, or if Operator has not within that time begun action to cure the default and does not thereafter diligently prosecute such action to completion, Owner may terminate this Agreement by delivering to Operator written notice of such termination. The time to cure a failure to pay the monthly amount shall be ten (10) days.

b. Termination by Operator - Operator shall have the right to terminate this Agreement at any time by sixty (60) day's written notice from Operator to Owner. From and after the date of termination, all right, title and interest of Operator under this Agreement shall terminate, and Operator shall not be required to make any further payments or to perform any further obligations hereunder concerning the Property, except payment and obligations, the due dates for the payment or performance of which occur prior to the termination date.

Contract will terminate March 23, 2010.

7. Notices

Any notice or communication required or permitted hereunder shall be effective when personally delivered or deposited, postage prepaid, certified or registered, in the United States mail to the addresses specified above. Either party may, by notice to the other given as aforesaid, change its mailing address for future notices.

8. Binding Effect

This Agreement shall run with the land and shall bind the heirs, personal representatives, beneficiaries, successors and assigns of the parties related to both the surface estate vested

A.F. Budge (Mining) Limited

TO: J.R. Bosco

DATE: December 1, 1989

FROM: J.W. Norby

COPIES: File

A.F. Budge
R.R. Short
C.A. O'Brien
D.H. Allen
R.M. Guthrie

SUBJECT: SUMMARY OF RECENT KORN KOB PLANS

South Pit Drilling

- 1) Deepen KKB-15 if need to.
- 2) Retrieve rebar in KKB-14 and complete hole to schist, or redrill hole.
- 3) Mark all holes drilled by Budge and those previously drilled with 3 ft wooden stakes with aluminum tags noting hole number stapled onto stake.
- 3) To date 6 core holes (1505 ft) and 20 reverse circulation holes (about 6200 ft) have been completed.
- 4) It is best to continue drilling out the south orebody first because it has the most tonnage potential and it is away from the riparian environment and associated water table. Remaining south pit drill holes fall into the following groups:

Ready to go sites
(4 holes)

12	(350 ft)
11	(600 ft)
33	(375 ft)
40	(200 ft)

Subtotal 1525 ft

Deeper sites on ore margins
(4 holes)

35	(550 ft)
20	(650 ft)
30	(700 ft)
37	(700 ft)

Subtotal 2600 ft

Angle holes to be planned after contacts are mapped on preliminary version of topo
(6 holes)

2 from site 12	(450 ft)
1 from KKB- 11	(175 ft)
1 from KKB- 13	(200 ft)
2 from KKB- 19	(450 ft)

Subtotal 1275 ft

Sites requiring dozer
(7 holes)

X	(550 ft)
25	(325 ft)
31	(200 ft)
32	(200 ft)
39	(200 ft)
60	(600 ft)
48	(200 ft)

Subtotal 2275 ft

(Site X is added hole in open area between KK-7, KK-18, KKB-9, and site 20)

These 21 holes (7675 ft), in addition to those already drilled, should fairly well block out the southern orebody and its southeast and northwest extensions. At that point Budge reverse circulation drilling will total about 14,000 ft. South pit drilling should be completed by about Christmas.

North Pit and Between-Pit Drilling

1) North pit drilling will test the geologically complex reserve there. Past drilling in this area has been highly concentrated so much of Budge's drilling in the north pit area will be exploratory in nature. The locally shallow water table, close proximity to the riparian environment, and higher stripping ratio on the east side will be parameters that we will have to deal with.

2) North pit drilling will consist of about another 10,000 ft of reverse circulation drilling and will take about a month and a half (February 15?). Drilling will be expanded if results on the margins of the orebody are positive.

3) Between-pit drilling footage will be highly dependent on early results from the shallower west skarn margin. Copper mineralization in this area will have to justify stripping the central limestone knob between the known orebodies.

Other Skarn Bodies

1) The Bolsa quartzite copper skarn west of the north pit has been channel sampled (11/89) and drill sampled by two holes (KK-9 and -10, 1973). All samples returned uneconomic 0.1-0.2% total copper. However, a couple angle drill holes into this body are warranted because surface sample grades have not been indicative of deeper grades to date and the two vertical drill holes were nearly parallel to the ore layering and may not have adequately tested the lower contact where the skarn is higher grade in the south and north pit orebodies. Surface channel samples and drill holes will be plotted on the detailed topographic maps when they are available and subsequently a small drill program will be outlined for this area. It is outside the National Forest so no federal permit is needed.

2) The skarn wedge at and southeast of Donovan's camp needs to be mapped on the new topos and the surface skarn outcrops channel sampled. We also should plan a drill program for this area if the main south and north pit reserves prove an economic base for

project expansion. A drill program will require another Forest Service permit as this mineralization straddles the Forest line.

3) The skarn mineralization in the north face of Buehman Canyon would have a high strip and would be very environmentally sensitive to mine, so no test holes into this skarn are planned in this initial drill program.

Sampling

1) Every fifth hole will have both splits collected from all intervals as checks and these duplicate samples will be analyzed by a different lab (Skyline Labs, Tucson). Additionally, every tenth interval of all holes will be duplicate sampled as a check, and again these samples will be analyzed by a second lab.

2) Analyze the copper-bearing intervals in reverse circulation holes KKB-16, KKB-18, KKB-14, KKB-19, and core holes KK89-1, KK89-3, KK89-5, and KK89-6 for the historically reported zinc, silver and tungsten. Also analyze for gold and molybdenum.

3) Analyze a select 10 copper-bearing representative samples for a suite of elements in order to see if we are missing any other significant economic element.

4) Save all pulps and coarse rejects. Track this at Vulture lab.

5) Dale wants to get dozer cut samples from representative areas (benches) of the deposit. Samples should cut deeper than the surface oxidation layer. This needs to be done after all drilling has been done on the access roads/benches and in conjunction with the dozer time needed for drill hauling up steep benches.

Core

1) Core has been geologically logged.

2) Log core for crushing characteristics. This means logging Rock Quality Descriptor (RQD) parameters, and describing core quantitatively with regard to breaking characteristics and distribution of mineralization. This description will provide part of the information base upon which the metallurgical engineers can decide the needed crush diameter and therefore needed hardware.

3) Split core such that metallurgists get 1/2, assayers get 1/4, and 1/4 remains for visual reference.

4) Have several representative core fragments thin sectioned for ore and gangue mineral identification by Dr. Sid Williams.

5) Rent Tucson storage facility for core and sample reject storage.

Mintec Computer

1) Carole will input drill hole data starting December 4 at the Mintec facility in Tucson.

2) The detailed topographic map will be available about December 11 and will be digitized at that time. This map will allow accurate location of all drill holes. We may want to survey the holes in when initial drilling is complete.

3) Have Mintec generate two sets of perpendicular cross sections at 100 ft intervals through the orebodies. Orient one set of sections with dip (N30E) and the other with strike (N60W). These sections will allow us to check continuity of ore and waste layers in two directions. A third set of sections at pit bench levels will be generated when more mine engineering parameters have been decided.

4) Planimeter-polygon hand calculate reserves in both sections. A fairly accurate south pit reserve will be available mid-January.

Environmental

1) Like reserves and metallurgical characteristics, water and access are major factors which will enter in to a production decision. Therefore, Dames and Moore has been asked to propose scoping type studies of these issues. They have been provided with a memo and maps outlining Budge's possible solutions and ideas on these concerns.

2) Water issues consist of:

- a) water rights,
- b) water volume (enough for mine and riparian?), and
- c) water quality.

3) Dames and Moore will propose a baseline water quality sampling program to record local water chemistry prior to production, or land disturbance. As Fall water samples are only available once a year this work could save us time later.

4) Access to the mine site from the north appears to be a possible solution to avoiding access through the riparian environment. Additionally, locating dump and/or leach pad facilities in the smaller Donovan drainage vs the Buehman Canyon

margin (as presently sited) may have less impact on the riparian environment.

Claim Block Expansion

- 1) The claim block currently consists of 98 claims centered on the known ore deposit. The copper skarn occurs along a thrust contact which trends northwesterly.
- 2) A check at the Pima County courthouse reveals that adjacent federal minerals are not currently claimed by another party.
- 3) Additional claims are needed to cover:
 - a) northwest and southeast extensions of prospective thrust trends,
 - b) possible facility sites (including well sites),
 - c) access in the immediate area of the mine and along the riparian environment.
- 4) Approximately 300 claims will cover the area around the claim block, immediate ore extensions, possible facility sites, and the riparian and close-in access areas. At about \$125/claim staking cost, this coverage will cost about \$40,000. If 500 claims were staked, they would cover more of all of the above but raise the staking costs to about \$65,000. Subsequent annual assessment work would be \$100/claim, but would be covered by exploration work.
- 5) Application for a total of 880 acres of Arizona State prospecting permits is also recommended, which would cover much of the access and flat plateau land (possible facility location) on the north margin of Buehman Canyon.

Possible Rough Time Table

- 1) Map and sample skarn at Donovan's camp and to the southeast, design drill program for this area, and apply for Forest Service drill permit - January 10, 1990.
- 2) South pit reserve estimate - January 15, 1990.
- 3) Collect trench bulk samples from south pit for column leach metallurgy, 1990 - January 15, 1990.
- 4) Results of Dames and Moore's seeping study of site access and water concerns - March 1, 1990.
- 5) North pit reserve estimate - March 1, 1990.

- 6) Collect trench bulk samples from north pit for column leach metallurgy tests - March 1, 1989.
- 7) Begin drill testing Donovan's camp area and skarn wedge to southeast - March 1, 1990.
- 8) Between-pit reserve estimate - March 31, 1990.
- 9) Column leach metallurgy tests on core from both pit areas and on South pit bulk trench sample complete - March 31, 1990.
- 10) Initial results of Donovan's camp and southeast wedge skarn drill program - March 31, 1990.
- 11) Decide if reserves, preliminary metallurgical results, and environmental studies justify further advancement of the property and going ahead with formal federal permit process - April 15, 1990. If yes initiate following:
 - a) Engineering contract on mine and facility design,
 - b) Feasibility study (completed in concert with a),
 - c) Permitting process (critical time element), and
 - d) Bulk sample heap leach metallurgy tests.
- 12) North pit bulk trench sample column leach metallurgy tests complete - June 1, 1990.
- 13) Forest Service approves proposal of permitting consultant - June 15, 1990.
- 14) Mine plan and feasibility study complete - August 1, 1990.
- 15) Exercise purchase option with Keystone Minerals - September 19, 1990.
- 16) Initial bulk sample heap leach metallurgy results - October 1, 1990.
- 17) Updated feasibility study considering heap leach test results - November 1, 1990.
- 18) Additional heap leach results - January 1, 1991.
- 19) Updated feasibility study considering additional heap leach test results - February 1, 1991.
- 20) Production decision - February 15, 1991.
- 21) Order mine and extraction equipment - April 15, 1991.

- 22) Obtain all necessary permits - April 15, 1992.
- 23) Initiate construction of mine facilities - May 1, 1992.
- 24) Begin stripping and stockpiling ore - June 15, 1992.
- 25) Copper production - August 1, 1992.

A.F. Budge (Mining) Limited

TO: J.R. Bosco

DATE: December 1, 1989

FROM: J.W. Norby

COPIES: File

A.F. Budge
R.R. Short
C.A. O'Brien
D.H. Allen
R.M. Guthrie

SUBJECT: SUMMARY OF RECENT KORN KOB PLANS

South Pit Drilling

- 1) Deepen KKB-15 if need to.
- 2) Retrieve rebar in KKB-14 and complete hole to schist, or redrill hole.
- 3) Mark all holes drilled by Budge and those previously drilled with 3 ft wooden stakes with aluminum tags noting hole number stapled onto stake.
- 3) To date 6 core holes (1505 ft) and 20 reverse circulation holes (about 6200 ft) have been completed.
- 4) It is best to continue drilling out the south orebody first because it has the most tonnage potential and it is away from the riparian environment and associated water table. Remaining south pit drill holes fall into the following groups:

Ready to go sites
(4 holes)

12	(350 ft)
11	(600 ft)
33	(375 ft)
40	(200 ft)

Subtotal 1525 ft

Deeper sites on ore margins
(4 holes)

35	(550 ft)
20	(650 ft)
30	(700 ft)
37	(700 ft)

Subtotal 2600 ft

Angle holes to be planned after contacts are mapped on preliminary version of topo

(6 holes)

2 from site 12	(450 ft)
1 from KKB- 11	(175 ft)
1 from KKB- 13	(200 ft)
2 from KKB- 19	(450 ft)

Subtotal 1275 ft

Sites requiring dozer
(7 holes)

X	(550 ft)
25	(325 ft)
31	(200 ft)
32	(200 ft)
39	(200 ft)
60	(600 ft)
48	(200 ft)

Subtotal 2275 ft

(Site X is added hole in open area between KK-7, KK-18, KKB-9, and site 20)

These 21 holes (7675 ft), in addition to those already drilled, should fairly well block out the southern orebody and its southeast and northwest extensions. At that point Budge reverse circulation drilling will total about 14,000 ft. South pit drilling should be completed by about Christmas.

North Pit and Between-Pit Drilling

1) North pit drilling will test the geologically complex reserve there. Past drilling in this area has been highly concentrated so much of Budge's drilling in the north pit area will be exploratory in nature. The locally shallow water table, close proximity to the riparian environment, and higher stripping ratio on the east side will be parameters that we will have to deal with.

2) North pit drilling will consist of about another 10,000 ft of reverse circulation drilling and will take about a month and a half (February 15?). Drilling will be expanded if results on the margins of the orebody are positive.

3) Between-pit drilling footage will be highly dependent on early results from the shallower west skarn margin. Copper mineralization in this area will have to justify stripping the central limestone knob between the known orebodies.

Other Skarn Bodies

1) The Bolsa quartzite copper skarn west of the north pit has been channel sampled (11/89) and drill sampled by two holes (KK-9 and -10, 1973). All samples returned uneconomic 0.1-0.2% total copper. However, a couple angle drill holes into this body are warranted because surface sample grades have not been indicative of deeper grades to date and the two vertical drill holes were nearly parallel to the ore layering and may not have adequately tested the lower contact where the skarn is higher grade in the south and north pit orebodies. Surface channel samples and drill holes will be plotted on the detailed topographic maps when they are available and subsequently a small drill program will be outlined for this area. It is outside the National Forest so no federal permit is needed.

2) The skarn wedge at and southeast of Donovan's camp needs to be mapped on the new topos and the surface skarn outcrops channel sampled. We also should plan a drill program for this area if the main south and north pit reserves prove an economic base for

project expansion. A drill program will require another Forest Service permit as this mineralization straddles the Forest line.

3) The skarn mineralization in the north face of Buehman Canyon would have a high strip and would be very environmentally sensitive to mine, so no test holes into this skarn are planned in this initial drill program.

Sampling

1) Every fifth hole will have both splits collected from all intervals as checks and these duplicate samples will be analyzed by a different lab (Skyline Labs, Tucson). Additionally, every tenth interval of all holes will be duplicate sampled as a check, and again these samples will be analyzed by a second lab.

2) Analyze the copper-bearing intervals in reverse circulation holes KKB-16, KKB-18, KKB-14, KKB-19, and core holes KK89-1, KK89-3, KK89-5, and KK89-6 for the historically reported zinc, silver and tungsten. Also analyze for gold and molybdenum.

3) Analyze a select 10 copper-bearing representative samples for a suite of elements in order to see if we are missing any other significant economic element.

4) Save all pulps and coarse rejects. Track this at Vulture lab.

5) Dale wants to get dozer cut samples from representative areas (benches) of the deposit. Samples should cut deeper than the surface oxidation layer. This needs to be done after all drilling has been done on the access roads/benches and in conjunction with the dozer time needed for drill hauling up steep benches.

Core

1) Core has been geologically logged.

2) Log core for crushing characteristics. This means logging Rock Quality Descriptor (RQD) parameters, and describing core quantitatively with regard to breaking characteristics and distribution of mineralization. This description will provide part of the information base upon which the metallurgical engineers can decide the needed crush diameter and therefore needed hardware.

3) Split core such that metallurgists get 1/2, assayers get 1/4, and 1/4 remains for visual reference.

4) Have several representative core fragments thin sectioned for ore and gangue mineral identification by Dr. Sid Williams.

5) Rent Tucson storage facility for core and sample reject storage.

Mintec Computer

1) Carole will input drill hole data starting December 4 at the Mintec facility in Tucson.

2) The detailed topographic map will be available about December 11 and will be digitized at that time. This map will allow accurate location of all drill holes. We may want to survey the holes in when initial drilling is complete.

3) Have Mintec generate two sets of perpendicular cross sections at 100 ft intervals through the orebodies. Orient one set of sections with dip (N30E) and the other with strike (N60W). These sections will allow us to check continuity of ore and waste layers in two directions. A third set of sections at pit bench levels will be generated when more mine engineering parameters have been decided.

4) Planimeter-polygon hand calculate reserves in both sections. A fairly accurate south pit reserve will be available mid-January.

Environmental

1) Like reserves and metallurgical characteristics, water and access are major factors which will enter in to a production decision. Therefore, Dames and Moore has been asked to propose scoping type studies of these issues. They have been provided with a memo and maps outlining Budge's possible solutions and ideas on these concerns.

2) Water issues consist of:

a) water rights,

b) water volume (enough for mine and riparian?), and

c) water quality.

3) Dames and Moore will propose a baseline water quality sampling program to record local water chemistry prior to production, or land disturbance. As Fall water samples are only available once a year this work could save us time later.

4) Access to the mine site from the north appears to be a possible solution to avoiding access through the riparian environment. Additionally, locating dump and/or leach pad facilities in the smaller Donovan drainage vs the Buehman Canyon

margin (as presently sited) may have less impact on the riparian environment.

Claim Block Expansion

1) The claim block currently consists of 98 claims centered on the known ore deposit. The copper skarn occurs along a thrust contact which trends northwesterly.

2) A check at the Pima County courthouse reveals that adjacent federal minerals are not currently claimed by another party.

3) Additional claims are needed to cover:

- a) northwest and southeast extensions of prospective thrust trends,
- b) possible facility sites (including well sites),
- c) access in the immediate area of the mine and along the riparian environment.

4) Approximately 300 claims will cover the area around the claim block, immediate ore extensions, possible facility sites, and the riparian and close-in access areas. At about \$125/claim staking cost, this coverage will cost about \$40,000. If 500 claims were staked, they would cover more of all of the above but raise the staking costs to about \$65,000. Subsequent annual assessment work would be \$100/claim, but would be covered by exploration work.

5) Application for a total of 880 acres of Arizona State prospecting permits is also recommended, which would cover much of the access and flat plateau land (possible facility location) on the north margin of Buehman Canyon.

Possible Rough Time Table

1) Map and sample skarn at Donovan's camp and to the southeast, design drill program for this area, and apply for Forest Service drill permit - January 10, 1990.

2) South pit reserve estimate - January 15, 1990.

3) Collect trench bulk samples from south pit for column leach

4) Results of Dames and Moore's seeping study of site access and water concerns - March 1, 1990.

5) North pit reserve estimate - March 1, 1990.

- 6) Collect trench bulk samples from north pit for column leach metallurgy tests - March 1, 1989.
- 7) Begin drill testing Donovan's camp area and skarn wedge to southeast - March 1, 1990.
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 - c) Permitting process (critical time element), and
 - d) Bulk sample heap leach metallurgy tests.
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- 25) Copper production - August 1, 1992.

A. F. BUDGE MINING, LTD.
 4301 N 75th ST. S101
 SCOTTSDALE AZ 85251-3504

STATE OF ARIZONA
 DEPARTMENT OF WATER RESOURCES
 OPERATIONS DIVISION
 15 S. 15TH AVENUE
 PHOENIX, ARIZONA 85007

RECEIPT

KIND ENTRY	FILE REFERENCE NO.
55	526052
	THRU
55	526055

RECEIVED SEP 28 1989

FUND SOURCE	ACCOUNT NO.			INT. ACCT.	ITEM DESCRIPTION	RATE	\$ AMOUNT
	AGENCY	CHAPTER	DIV.				
					FILING FEE FOR NOTICES OF INTENTION TO DRILL	10.00	40.00
					WELLS		
					REGISTRATION#		
					D 2-17) 14 55-526052		
					D 2-17) 14 55-526053		
					D 2-17) 23 55-526054		
					D 2-17) 14 55-526055		

PAID
 SEP 27 1989
PAID

TOTAL

\$

40.00

9/27/89/ek
 CK4472

9/27/89

A.F. BUDGE MINING LTD.
4301 N 75th ST. S101
SCOTTSDALE AZ 85251



ARIZONA
DEPARTMENT
OF WATER
RESOURCES

Rose Mofford, Governor
N. W. Plummer
Director

RE: Registration No. 55-526052 thru 55-526055
File No. D(12-17)14 (2) D(12-17)23 (2)

15 South 15th Avenue
Phoenix, Arizona 85007

Dear Well Owner:

Enclosed for your records is an annotated copy of the Notice of Intention to Drill a monitor or exploration well which you 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 a Well Drilling Card which he must have in his possession before commencing to drill.

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

This well is authorized 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. He is required to submit the Project Completion Report within 30 days after completion of drilling. You should insist that this be done.

In the event that you determine it necessary to change the location of the proposed well, you must obtain the written approval of the Department of Water Resources before proceeding with the drilling. 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,

Handwritten signature of Richard A. Gessner in cursive.
Richard A. Gessner

Chief, Operations Division

Enclosures

DWR-55-51-6/89

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 12 N(S)
Range 17 E(W)
Section 14

7. Number of wells 5
(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

8. Owner of land:
Bellota Ranch/Riley West, Inc.
Name
4400 E. Broadway, Suite 811
Address
Tucson, AZ 85711
City State Zip

SDS Drilling Company
Name
P.O. Box 796
Address
Sparks, NV 89432
City State Zip

2. County Pima

3. Applicant:
A.F. Budge (Mining) Ltd.
Name

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

9. DESCRIPTION OF WELL:
Diameter 4 to 6 inches
Depth + 500 feet
Type of casing _____
(If none, so state)

#410 A-4
DWR License Number

4. Carole A. O'Brien
NAME OF CONTACT PERSON
Phone (602) 945-4630

10. Construction will start:
October 10, 1989
Month Day Year

12. Period well will remain
in use 2 months.
Cono

5. Owner of well:
same as applicant
Name
Address
City State Zip

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

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

DO NOT WRITE IN THIS SPACE
OFFICE RECORD
File No. D(12-17)14
Filed 9-25-89 By sk
Input _____ By _____
Duplicate Mailed 9-27-89 By sk
Registration 55-526052
AMA/INA _____
W/S // S/B _____

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

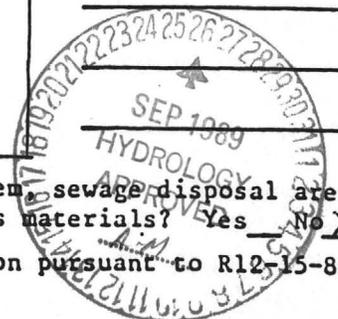
GENERAL INSTRUCTIONS

- 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 September 22, 1989
DWR 55-40-10/88 (Revised)

Carole A. O'Brien
Signature of Applicant



RECEIVED
SEP 25 1989
OPERATIONS DIV.



DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D.C. 20535

TO: DIRECTOR, FBI
FROM: SAC, [illegible]
SUBJECT: [illegible]

RE: [illegible]
[illegible]
[illegible]

[illegible]
[illegible]
[illegible]

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 12 ^N_S
Range 17 ^E_W
Section 23

7. Number of wells 5
(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

8. Owner of land:
US Forest Service
Name
5700 N. Sabino Canyon Road
Address
Tucson Arizona 85715
City State Zip

SDS Drilling Company
Name

P.O. Box 796
Address

Sparks, NV 89432
City State Zip

2. County Pima

3. Applicant:

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

410 A-4
DWR License Number

9. DESCRIPTION OF WELL:
Diameter 4 to 6 inches
Depth + 500 feet
Type of casing none
(If none, so state)

12. Period well will remain
in use 0 months.
Zero

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

4. Carole A. O'Brien
NAME OF CONTACT PERSON
Phone (602)945-4630

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 _____

10. Construction will start:
October 10, 1989
Month Day Year

sealed, plugged
and grouted in
accordance with
R12-15-816

DO NOT WRITE IN THIS SPACE
OFFICE RECORD
File No. D(12-17)23
Filed 9-25-89 By sk
Input _____ By _____
Duplicate Mailed 9-27-89 By sk
Registration 55-526053
AMA/INA _____
W/S 11 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.

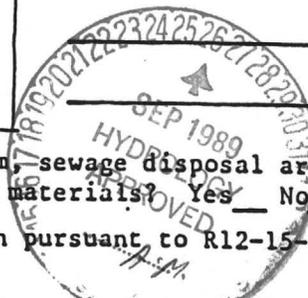
GENERAL INSTRUCTIONS

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- 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 September 22, 1989

Carole A. O'Brien
Signature of Applicant



RECEIVED
SEP 25 1989
OPERATIONS DIV.



[Faint, illegible text and markings, possibly a stamp or handwritten notes.]

[Faint, illegible text, possibly bleed-through from the reverse side of the page.]

[Faint, illegible text, possibly bleed-through from the reverse side of the page.]

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 12 N/S
Range 17 E/W
Section 23

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

1/4, 1/4, 1/4

2. County Pima

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

4. Carole A. O'Brien
NAME OF CONTACT PERSON
Phone (602)945-4630

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 50
(See Condition 3 on reverse)

8. Owner of land:
US Forest Service
Name
5700 N. Sabino Canyon Road
Address
Tucson Arizona 85715
City State Zip

9. DESCRIPTION OF WELL:
Diameter 5 1/2 inches
Depth + 500 feet
Type of casing none
(If none, so state)

10. Construction will start:
October 10, 1989
Month Day Year

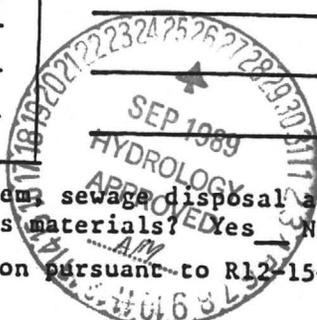
11. Drilling firm:
Harris Exploration Drilling
Name
472 Escondido Boulevard
Address
Escondido, CA 92025
City State Zip
#429 A-4
DWR License Number

12. Period well will remain in use 0 months.
Zero

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

sealed, plugged
and grouted in
accordance with
R12-15-816

DO NOT WRITE IN THIS SPACE
OFFICE RECORD
File No. D(12-17)23
Filed 9-25-89 By AK
Input _____ By _____
Duplicate Mailed 9-27-89 By AK
Registration 55-526054
AMA/INA _____
W/S 11 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 September 22, 1989

DWR 55-40-10/88 (Revised)

Carole A. O'Brien
Signature of Applicant

RECEIVED
SEP 25 1989
OPERATIONS DIV.



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Handwritten notes and markings in the center of the page, including what appears to be a signature and various scribbles.

Faint, mostly illegible text on the right side of the page, possibly bleed-through from the reverse side.

EXPLORATION WELL(S)
FILING FEE \$10.00

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

EXPLORATION WELL(S)

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WELL/LAND LOCATION

1. Township 12 N/S
Range 17 E/W
Section 14

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

1/4, 1/4, 1/4

2. County Pima

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

4. Carole A. O'Brien
NAME OF CONTACT PERSON
Phone (602)945-4630

5. Owner of well:
same as applicant
Name
Address
City State Zip

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

7. Number of wells 50
(See Condition 3 on reverse)

8. Owner of land:
Bellota Ranch/Riley West, Inc.
Name
4400 E. Broadway, Suite 811
Address

Tucson Arizona 85711
City State Zip

9. DESCRIPTION OF WELL:
Diameter 5 1/2 inches
Depth 500 feet
Type of casing none
(If none, so state)

10. Construction will start:
October 10, 1989
Month Day Year

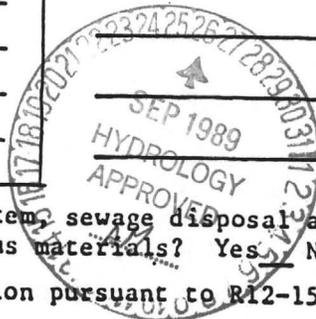
11. Drilling firm:
Harris Exploration Drilling
Name
472 S. Escondido Blvd.
Address
Escondido, CA 92025
City State Zip
#429 A-4
DWR License Number

12. Period well will remain in use 2 months.
Zero

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

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

DO NOT WRITE IN THIS SPACE
OFFICE RECORD
File No. D(12-17) 14
Filed 9-25-89 By ek
Input _____ By _____
Duplicate Mailed 9-27-89 By ek
Registration 55-526055
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 September 21, 1989
DWR 55-40-10/88 (Revised)

Carole A. O'Brien
Signature of Applicant

RECEIVED
SEP 25 1989
DIV.



Handwritten notes and signatures in the center of the page, including the name "GOLDEN" and "MAY 1989".

Vertical text on the left side of the page, including "RECEIVED" and "SEP 25 1989".

Vertical text on the right side of the page, including "RECEIVED" and "SEP 25 1989".

Horizontal text at the bottom of the page, including "RECEIVED" and "SEP 25 1989".