



CONTACT INFORMATION  
Mining Records Curator  
Arizona Geological Survey  
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Tucson, Arizona 85701  
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[inquiries@azgs.az.gov](mailto:inquiries@azgs.az.gov)

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To avoid payment of penalty and interest this payment must be IN the OFFICE of the State Land Department ON or BEFORE the DUE DATE. Date of POSTAL STAMP will not be accepted as time of payment. Payment must be received by close of business on 25-jun-1996.

KE-LEASE NO: 003-001150-00  
 ACCOUNT RECEIVABLE NO: 21326  
 NAME REFERENCE NO: 8265  
 AMOUNT DUE: \$ 3,135.00  
 DUE DATE: 25-jun-1996

ARIMETCO INC  
 950 FINANCE CENTER DR STE #180  
 TUCSON AZ 85710

PLEASE RETURN THIS PORTION WITH YOUR PAYMENT - THANK YOU

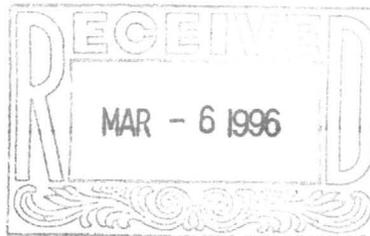
ARIZONA STATE LAND DEPARTMENT 1616 West Adams Phoenix, AZ 85007

KE-LEASE NO: 003-001150-00  
 LESSEE: ARIMETCO INC

ACCOUNT RECEIVABLE NO: 21326

-----Billing-----		Amount
Code	Description	
4	RENTAL	\$ 3,135.00
		\$ 3,135.00

Billing Dates		Date Billed	Due Date	Effective	Expiration
From	Through				
25-jun-1996	24-jun-1997	22-feb-1996	25-jun-1996	25-jun-1991	24-jun-1994



*80 acres / South Kirkland Junction  
 Mineral Lease @ Zonia 679633-65*

*Paid*

ARIZONA STATE LAND DEPARTMENT  
1616 West Adams  
Phoenix, Arizona 85007

P/R \_\_\_\_\_  
\_\_\_\_\_

Rolodex \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ADDRESS CHANGE REQUEST NOTICE

For legal and security purposes you must submit a request to change your address in writing to the State Land Department which specifies the following information:

1. Indicate the lease or permit number(s) which will require an address change.
2. The previous address which the Land Department has on record.
3. The new address at which you wish to have all correspondence and billing mailed to by the State Land Department.
4. Signature(s) of all the lessees or permittees who are named on the original lease or permit; or the person who has been authorized thru a Power of Attorney, or named by the Courts to sign on behalf of the lessee or permittee. (These documents must be in the records of the State Land Department.)

5. Return to: State Land Department  
Land Title and Lease Records  
1616 West Adams  
Phoenix, AZ 85007

=====

LEASE OR PERMIT NO.	_____ - _____ - _____	_____ - _____ - _____
	_____ - _____ - _____	_____ - _____ - _____
	_____ - _____ - _____	_____ - _____ - _____

OLD ADDRESS:

NEW ADDRESS:

\_\_\_\_\_  
Lessee

\_\_\_\_\_  
Mailing Address

\_\_\_\_\_  
City State Zip

\_\_\_\_\_  
Phone

\_\_\_\_\_  
Dated \_\_\_\_\_

\_\_\_\_\_  
Lessee

\_\_\_\_\_  
Mailing Address

\_\_\_\_\_  
City State Zip

\_\_\_\_\_  
Phone

By: \_\_\_\_\_  
Signature(s)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Allen +*

**PHONE CALL**

FOR Allen Harrison DATE 1/11 TIME 9:29 A.M.  
P.M.

M Steve Pendleton

OF Headquarters West

PHONE (602) 958-1647

FAX# \_\_\_\_\_

MESSAGE re: appraisal on land adjacent to Zonia mine.

<input checked="" type="checkbox"/>	TELEPHONED
<input type="checkbox"/>	RETURNED YOUR CALL
<input checked="" type="checkbox"/>	PLEASE CALL
<input type="checkbox"/>	WILL CALL AGAIN
<input type="checkbox"/>	CAME TO SEE YOU
<input type="checkbox"/>	WANTS TO SEE YOU

SIGNED SN

Adams  
SC 1154

# ARIMETCO, INC.

## CHECK - CASH - WIRE REQUEST

DATE: FEB 20, 1996

PAYABLE TO: ARIZONA STATE LAND DEPARTMENT

1616 WEST ADAMS

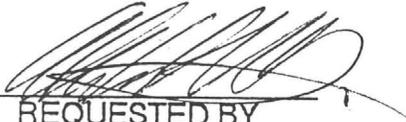
PHOENIX, ARIZONA 85007

AMOUNT REQUESTED: (US\$) <sup>\$1</sup> 3,135<sup>00</sup>

ZONIA MINE

PURPOSE: STATE LEASE PAYMENT 003-061150-00

DATE NEEDED BY: 2/24/96 RETURN TO: \_\_\_\_\_ MAIL:

  
REQUESTED BY

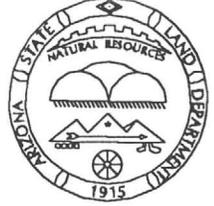
\_\_\_\_\_  
AUTHORIZED BY

\_\_\_\_\_  
REVIEWED BY

ACCOUNTING USE:		
PAID: CASH/XFR/CHECK	DATE:	NO:

CHARGE:	ACCOUNT #	AMOUNT
---------	-----------	--------

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____



To avoid payment of penalty and interest this payment must be IN the OFFICE of the State Land Department ON or BEFORE the DUE DATE. Date of POSTAL STAMP will not be accepted as time of payment. Payment must be received by close of business on 25-feb-1996.

KE-LEASE NO: 003-001150-00  
 ACCOUNT RECEIVABLE NO: 19753  
 NAME REFERENCE NO: 8265  
 AMOUNT DUE: \$ 3,135.00  
 DUE DATE: 25-feb-1996

ARIMETCO INC  
 950 FINANCE CENTER DR STE #180  
 TUCSON AZ 85710

PLEASE RETURN THIS PORTION WITH YOUR PAYMENT - THANK YOU

ARIZONA STATE LAND DEPARTMENT 1616 West Adams Phoenix, AZ 85007

KE-LEASE NO: 003-001150-00  
 LESSEE: ARIMETCO INC

ACCOUNT RECEIVABLE NO: 19753

-----Billing-----  
 Code Description

Amount

4 RENTAL

\$ 3,135.00

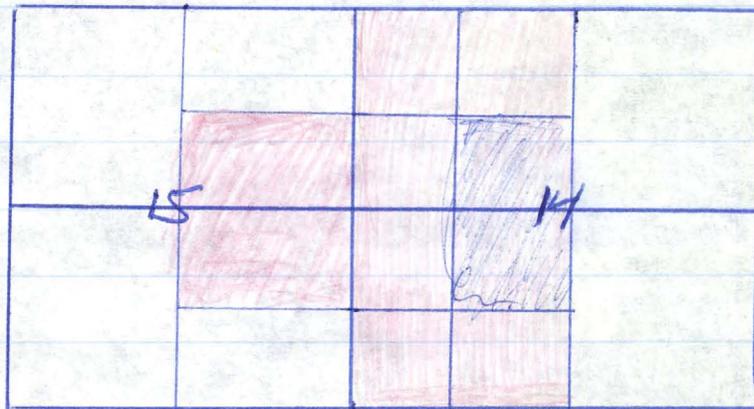
\$ 3,135.00

Billing Dates		Date Billed	Due Date	Effective	Expiration
From	Through				
25-jun-1995	24-jun-1996	26-jan-1996	25-feb-1996	25-jun-1991	24-jun-1994



8/17/95 9:15am - Spoke with a lady at the information desk concerning the status of land up at ZONJA.

TIIN R4W



STATE LAND

PORTION WE ARE PURCHASING

LEGAL DESCRIPTION

238 ACRES  
Lots 1 & 2

S $\frac{1}{2}$  NE, N $\frac{1}{2}$  SE

LEASED TO MAUGHAN  
GRAZING LEASE

320 ACRES  
WEST HALF

OUR APP TO PURCHASE IS  
STILL IN APPRAISAL

OUR LEASE IS IN ASSIGNMENT. CORALIE  
(602) 542-2651 IN CHARGE OF IT.

8/17/95 9:45 LEFT MSG FOR CORALIE TO CALL ME

7/3/95 - JANET NELSON IS NO LONGER WITH THE  
STATE LAND DEPT. I LEFT A MESSAGE  
≈ 2:15pm WITH AL BICLOWY (?), her SUPERVISOR, TO  
GIVE ME A CALL

7/5/95 - Spoke w/ Jim Anthony concerning  
THE APPLICATION TO PURCHASE TAKE LAND  
UP AT ZONIA. HE TOLD ME THAT IT  
WENT IN FOR Appraisal ON MAY 11, 95  
AND WOULD TAKE ABOUT 4 months TO process.  
ALSO THE LEASE IS SHOWN AS EXPIRED AS  
OF JUNE 24 94.

His #: 542-3681

2:00pm  
7/18/95 - Spoke w/ Jim Anthony concerning lease he referred me to  
AL Dickey HEAD OF LEASING Dept. 542-2650

7/18/95 - CALLED AL Dickey - LEFT MESSAGE FOR  
2:05pm him TO CALL ME BACK.

## ACTIVITY HISTORY : Zonia State Lease

10/1/1992

Arimeto receives a copy of  
the lease agreement for  
the state commercial lease

2/9/1993

Zonia company receives notice  
from the Arizona State Land  
Department that the annual  
proof of insurance was not  
filed. → lease subject to  
cancellation

2/15/1993

Arimeto receives a copy of  
the aforementioned letter.

3/2/1993

Arimeto sends a copy of the  
certificate of insurance along  
with a promise to get in the  
application for assignment of  
lease from the Zonia Company  
to Arimeto.

7/19/1993

The Zonia company is given  
a notice of default & hearing  
and order to pay rent.

7/21/1993

Arimeto receives a signed/notarized  
lease form for filing with the state

8/4/1993

Arimeto sends in payment for  
lease.

4/21/1994

Allen spoke with Janet Nelson concerning  
lease - said we would send in the application  
to purchase as soon as possible. - Filled w/ Ron  
a check request in the amount of \$ 200<sup>00</sup>

PAYMENT History: Zonia State lease

8/28/92

state lease rental payment  
with interest and penalties

# 3,152.20

8/4/93

state lease rental payment  
with interest and penalties

# 3,229.09

State land:

LEASE #: 03-1150

LOCATION: T11N, R4W, Sec 14  
SE NW, NESW

CURRENT LESSEE:

CONTACT WITH ARIZONA STATE LAND DEPT.: JANET NEISON

VOICE: 542-2652

FAX: 542-4668

---

~~CURRENT application to purpose~~

HARRISON GAVE ME THE AUTHORITY TO SIGN THE APPLICATION  
4/20/1994.

6/17/94 - CALLED AND LEFT MESSAGE

CONVERSATION Log:

Arizona State Land Dept.

JANET NELSON

(V) 1-602-542-2652

(F) 1-602-542-4668

---

4/21/94 12:30 pm - CALLED - SHE WAS NOT IN OFFICE SHE SHOULD BE BACK IN AROUND 1:00pm - LEFT MESSAGE FOR HER TO CALL ME.

1:05 pm - THERE CAN NOT BE AN ASSIGNMENT OF LEASE UNTIL THE PURCHASE ~~APPLY~~ APPLICATION IS SENT IN - THAT ASPECT IS A CONDITION OF THE LEASE AND THEREFORE THE LEASE IS NOT IN GOOD STANDING

ALL THAT IS NEEDED FOR THE PURCHASE APPLICATION IS THE APPLICATION, MAP SHOWING LOCATION, AND 200<sup>00</sup>

\* THE ASSIGNMENT OF LEASE IS ALREADY IN THE HANDS OF THE AZ STATE LAND DEPT. WILL BE PROCESSED AS SOON AS APP'D IN.

SPOKE WITH JOE SMITH ~ 2:00pm  
4/19/1994 CONCERNING THE "Purchase"  
OF THE STATE LAND UP AT JONIA.  
HE TOLD ME THAT HE FILLED OUT THE  
PAPERWORK AND GAVE IT TO HARRISON...  
IT WAS JOE'S UNDERSTANDING THAT THE  
STATE WOULD NOT EVEN LOOK AT  
THE APPLICATION TO PURCHASE ~~THE~~ THE  
STATE LEASE UNTIL THE RENTAL  
PAYMENTS AND PENALTIES WORK TAKEN  
CARE OF. ALL OF THIS TOOK PLACE  
LAST LAST YEAR.

SENT: 7/25/94

RETURN TO:

ARIZONA STATE LAND DEPARTMENT  
TITLE AND CONTRACTS SECTION  
1616 WEST ADAMS  
PHOENIX, ARIZONA 85007

SUBMIT FILING FEE:  
New: \$200  
Renewal: \$100  
Renewal: \$100  
per lease

DEPARTMENTAL USE ONLY		ROLODEX # _____	
ACCOUNTING	T AND C	RECOMMENDATION/INITIAL	DATE
Filing Fee:	Exam: _____	APPROVE _____	_____
New: \$200	Exam # _____	DENY _____	_____
Renewal: \$100	Int Title: _____	REJECT _____	_____
N(34) R(35)	App Entry: _____	WITHDRAW _____	_____

# COMMERCIAL LEASE APPLICATION

Type or print in ink.

APPLICATION NO. 03- \_\_\_\_\_

COMPLETE ALL QUESTIONS, SIGN APPLICATION AND ATTACH filing fee of \$200 (NEW) \$100 (RENEWAL)

### 1. APPLICANTS:

Arimetco, Inc.  
Name(s)

950 N. Finance Center Drive #180  
Mailing Address  
Tucson Arizona 85710  
City State Zip  
Allen E. Wells (602) 721-1505  
Contact Person Phone No.

### 2. TYPE OF APPLICATION:

NEW  
 RENEWAL of those State Trust lands described  
in Commercial Lease Number 03- 001150-00  
which expires on June 25, 1994  
(Date)

### 3. REQUEST FOR COMMERCIAL LEASE:

Applicant hereby makes application to lease the State lands described below in accordance with the laws of the State of Arizona and the rules of the State Land Department.

### 4. LEGAL DESCRIPTION: (To be completed for NEW applicants only.)

TWN.	RNG.	SEC.	LEGAL DESCRIPTION	ACRES	COUNTY	SLD USE ONLY		
						CTY	GRT	PARCEL
<u>11N</u>	<u>4W</u>	<u>14</u>	<u>SE1/4 NE1/4</u>	<u>80.0</u>	<u>Yavapai</u>	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____

### 5. PURPOSE FOR COMMERCIAL LEASE:

Leach and Storage basins, Overburden and waste dumps

### 6. TERM: How many years are you requesting this lease for? 10 years

7. **ACCESS:**

Do you have legal access to the proposed site? Yes XX No \_\_\_\_\_ If no, do you need to apply for a right-of-way on State Trust Land? Yes \_\_\_\_\_ No \_\_\_\_\_ If no, state your legal access route: \_\_\_\_\_

8. **OTHER LAND OWNED OR LEASED:**

A. Do you own or control other land which will be used in connection with the land being applied for? Yes XX No \_\_\_\_\_

If yes, name of owner or lessor is: Arimetco, Inc.

B. What is the legal description of the property owned or leased with respect to the land being applied for: \_\_\_\_\_

See Attachment B

9. **NATURE OF BUSINESS:**

Give full description of the nature of the business or businesses, that you propose to operate on the land being applied for. (NOTE: THE LEASE ONLY PERMITS THE USE OF THE LAND FOR THE PURPOSES EXPRESSLY STATED IN THE CONTRACT AND CANNOT BE CHANGED WITHOUT PRIOR WRITTEN APPROVAL FROM THE DEPARTMENT.)

Leach and Storage basins, overburden and waste dumps

10. **PLAN OF OPERATION:**

What is your plan of operation? (If you plan to develop this parcel, you must include a conceptual plan with this application.) If a lease is approved, a complete site plan will be required before you begin grading or construction. The State Land Department development guidelines may apply. Include dates you intend to start. Complete Attachment A, PART I on page 4 of this application.

11. **IMPROVEMENTS:**

A. Are there any improvements at this time on the lands being applied for? Yes XX No \_\_\_\_\_. If yes, give a complete description of each improvement, its present condition, value and ownership on Attachment A, PART II on page 4 of this application.

B. Are any improvements or changes in existing improvements to be constructed or installed on the leased land? Yes XX No \_\_\_\_\_. If yes, complete attachment A, PART III on page 4 of this application.

**NOTE:** Approval of this application does not constitute approval of the improvements. An application to place improvements must be submitted to the Department after a lease is obtained and PRIOR to construction of the improvement(s).

*Pursuant to A.R.S. § 37-321, lessee is not entitled to reimbursement for improvements that have not been authorized by prior written approval from the Department.*

12. **RENTAL:**

What in your opinion would be a fair market rental for:

A. The first year \$ 2953; B. Second year \$ 2953; C. Subsequent years \$ 2953?

If it is determined that the annual rental will be a percentage of gross sales, what is your estimate of gross sales per year? \$ \_\_\_\_\_.

What percentage of gross sales would you be willing to pay? \_\_\_\_\_.

**NOTE:** If a lease is offered to the applicant, but not accepted without any reasonable cause, the applicant may be assessed the costs incurred by the State Land Department for appraisals and processing expenses.

*Commercial Holding lease applications should refer to A.R.S. § 37-101.10 and A.R.S. § 37-286(B) regarding definitions of a Commercial Holding Lease and the payment of one-half of the consideration upon assignment of a lease.*

13. **APPLICANT COMPLETE AND SIGN PAGE 3.**

**CERTIFICATION:** Pursuant to A.R.S. Title 37 and the Rules of the Arizona State Land Department, A.A.C. Title 12, Chapter 5, you must complete the following information pertinent to you and/or the organization you represent and sign the certification or your application will not be processed.

1. Is this application made in the name of: (check one)  
 \_\_\_\_\_ Individual(s) \_\_\_\_\_ Husband & Wife xx Corporation \_\_\_\_\_ Partnership \_\_\_\_\_ Limited Partnership \_\_\_\_\_ Estate  
 \_\_\_\_\_ Trust \_\_\_\_\_ Joint Venture \_\_\_\_\_ Municipality \_\_\_\_\_ Political Subdivision \_\_\_\_\_ Other (specify) \_\_\_\_\_

2. INDIVIDUAL(S) OR HUSBAND & WIFE: Complete the following for each applicant:

NAME	AGE	MARITAL STATUS
_____	_____	_____
_____	_____	_____
_____	_____	_____

3. CORPORATION: Complete the following:

- (A) Do you have authority from the Arizona Corporation Commission to do business in the State of Arizona? Yes X No \_\_\_\_\_.  
 (B) Is the corporation presently in good standing with the Arizona Corporation Commission? Yes X No \_\_\_\_\_.  
 (C) In what state are you incorporated? Nevada  
 (D) Is the legal corporate name and Arizona business address the same as stated in this application? Yes X No \_\_\_\_\_.  
 If no, state the Legal Corporate Name: \_\_\_\_\_

Address: \_\_\_\_\_  
 (Street or Box Number) (City) (State) (Zip)

4. PARTNERSHIP OR JOINT VENTURE: Complete the following for each authorized partner or principal in the partnership or joint venture:

NAME	BUSINESS ADDRESS	AGE	MARITAL STATUS
_____	_____	_____	_____
_____	_____	_____	_____

5. LIMITED PARTNERSHIP: Is this Limited Partnership on file with the Arizona Secretary of State?  Yes  No

Complete the following for the authorized general partner(s) only:

GENERAL PARTNER(S) NAME	BUSINESS ADDRESS
_____	_____
_____	_____

6. ESTATE: Complete the following and attach a copy of the court or estate document(s):

Name of the court appointed administrator or personal representative: \_\_\_\_\_  
 List the type and date of issuance of the court or Estate document: \_\_\_\_\_  
 (Type of Document) (Date issued)

7. TRUST: (A) Complete the following pursuant to A.R.S. §33-404, for each beneficiary of the Trust:

NAME	ADDRESS	AGE	MARITAL STATUS
_____	_____	_____	_____
_____	_____	_____	_____

or (B) Identify the Trust document by title, document number, and county where document is recorded: \_\_\_\_\_

8. I HEREBY CERTIFY, UNDER PENALTY OF PERJURY, THAT THE INFORMATION AND STATEMENTS CONTAINED HEREIN, TOGETHER WITH ALL EXHIBITS AND ATTACHMENTS ARE TRUE, CORRECT AND COMPLETE AND THAT I/WE HAVE AUTHORITY TO SIGN THIS DOCUMENT.

**SIGNATURE(S)**

Arimetco, Inc. 7/25/94  
 (Name of Corporation, Partnership, etc.) Date  
\_\_\_\_\_ Engineer  
 Signature Title  
 Agent - Arimetco, Inc.

\_\_\_\_\_  
 Signature of Applicant (Individual) Date  
 \_\_\_\_\_  
 Signature of Applicant (Individual) Date

# ATTACHMENT A

## PART I.

### Question 10, Plan of Operation:

To operate a leach and storage basin with future consideration of overburden and/or waste dumps.

## PART II.

### Question 11.A., Existing Improvements:

<u>DESCRIPTION</u>	<u>CONDITION</u>	<u>PRESENT VALUE</u>	<u>OWNERSHIP</u>
SW Holding Pond	Good	\$20,000 (Est.)	Arimetco, Inc.

## PART III.

### Question 11.B., Proposed Improvements:

<u>DESCRIPTION</u>	<u>CONDITION</u>	<u>PRESENT VALUE</u>	<u>OWNERSHIP</u>
Leach Basin	Good		Arimetco, Inc.

This page is part of the application - DO NOT DETACH.

The purpose of this questionnaire is to give the Department an opportunity to detect proposed land uses that may have potential environmental impacts and risks, and to consider these impacts and risks in the processing of the application.

If you have questions regarding this questionnaire, please contact the State Land Department, Environmental Section at (602) 542-2119.

Other Federal, State, County and local agencies may also need to be contacted regarding environmental regulations.

PLEASE INDICATE BELOW THE TYPE(S) OF POTENTIAL ENVIRONMENTAL IMPACTS FROM YOUR CURRENT OR PROPOSED USE:

TYPE OF ENVIRONMENTAL IMPACT

WILL YOUR USE INVOLVE:

- | <u>YES</u>                          | <u>NO</u>                           |  |
|-------------------------------------|-------------------------------------|--|
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <u>WASTE TIRES</u><br>The collection of waste tires? If yes, explain: _____  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <u>LEAD ACID BATTERIES</u><br>The sale and disposal of lead acid batteries? If yes, explain: _____   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/>            | <u>DISCHARGE IMPACTING GROUNDWATER</u><br>Generating a discharge that may potentially impact groundwater? If yes, explain: <u>Currently the Southwest Holding Pond is located on the property. However any future structures built will be of a "zero-discharge" nature.</u> |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <u>PESTICIDES ?</u> If yes, explain use: _____   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <u>DRY WELLS ?</u> If yes, ADEQ Registration #(s): _____   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <u>POTABLE WATER (DRINKING WATER) SYSTEMS ?</u> If yes, explain: _____   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <u>WASTEWATER COLLECTION AND TREATMENT SYSTEMS</u><br>Wastewater collection and/or treatment? If yes, explain: _____   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <u>AIR CONTAMINANTS/AIR POLLUTION CONTROL</u><br>Air contaminant emissions? If yes, explain: _____   |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <u>SOLID WASTE - GENERAL</u><br>Solid waste generation, transportation, treatment, recycling, storage or disposal? If yes, explain: _____  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <u>SOLID WASTE - MEDICAL WASTE</u><br>Medical waste generation, transportation, treatment, recycling, storage or disposal? If yes, explain: _____  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <u>SOLID WASTE - SEWAGE SLUDGE/SEPTAGE (Septic Tank Waste)</u><br>Sewage sludge/septage generation, transportation, treatment, storage, use or disposal? If yes, explain: _____  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <u>USED OIL</u><br>Used oil generation, transportation, storage, recycling, use, disposal, marketing or burning? If yes, explain: _____  |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | <u>RECYCLING ACTIVITIES ?</u> If yes, explain: _____   |

(over)

WILL YOUR USE INVOLVE:

YES NO

SPECIAL WASTE

X Special waste (asbestos, motor vehicle shredding waste) generation, transportation, treatment, recycling, storage or disposal? If yes, explain: \_\_\_\_\_

HAZARDOUS WASTE GENERATOR

X Generating hazardous waste? If yes, explain: \_\_\_\_\_

HAZARDOUS WASTE TREATMENT, STORAGE, OR DISPOSAL ? If yes, explain: \_\_\_\_\_

X HAZARDOUS WASTE TRANSPORTATION ? If yes, explain: \_\_\_\_\_

HAZARDOUS WASTE TRANSPORTATION ? If yes, explain: \_\_\_\_\_

X UNDERGROUND STORAGE TANK (UST) ? If yes, explain: \_\_\_\_\_

UNDERGROUND STORAGE TANK (UST) ? If yes, explain: \_\_\_\_\_

X ABOVEGROUND STORAGE TANK (AST) ? If yes, explain: \_\_\_\_\_

ABOVEGROUND STORAGE TANK (AST) ? If yes, explain: \_\_\_\_\_

X HAZARDOUS SUBSTANCES ? If yes, explain: Dilute Sulfuric Acid in water (1%)

HAZARDOUS SUBSTANCES ? If yes, explain: Dilute Sulfuric Acid in water (1%)

CURRENTLY UNCLASSIFIED WASTE

X Will your use involve currently unclassified waste containing the following? (A.R.S. §49-854). If yes, check appropriate waste category:

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Polychlorinated biphenyls (PCBs) | <input type="checkbox"/> Oil and gas exploration drilling muds                               | <input type="checkbox"/> Petroleum contaminated soil    |
| <input type="checkbox"/> Incinerator ash                  | <input type="checkbox"/> Categorical industrial pretreatment sludge                          | <input type="checkbox"/> Commercial/Industrial septage  |
| <input type="checkbox"/> Petroleum refining waste         | <input type="checkbox"/> Radioactive waste   | <input type="checkbox"/> Used antifreeze                |
| <input type="checkbox"/> Slag and refractory material     | <input type="checkbox"/> Uranium ore tailings  | <input type="checkbox"/> Contaminated process equipment |
| <input type="checkbox"/> Precious metals recycling        | <input type="checkbox"/> Industrial catalysts  | <input type="checkbox"/> Industrial Sludges             |
| <input type="checkbox"/> Aluminum dross                   | <input type="checkbox"/> Industrial sands (excluding mining or mineral processing operation) |   |

If checked, explain waste generation process: \_\_\_\_\_

SUPERFUND SITES

X Is the State Trust land located in a National Priority List (NPL, Federal Superfund) area or in a Water Quality Assurance Revolving Fund (WQARF, State Superfund) study area? If yes, NPL or WQARF area name: \_\_\_\_\_

LAND DISTURBANCE

X If land disturbance will occur, will it be on previously undisturbed land? If yes, explain: Currently the Southwest Holding Pond is located on the property. Future modification are anticipated.

WATER WELLS

X Are there open and/or abandoned water wells on the property? If yes, submit a site diagram showing location(s) and use(s).

ADJACENT LAND USES

X To the best of your knowledge, are adjacent lands subject to any of the above-referenced environmental impacts? If yes, explain: \_\_\_\_\_

ON-SITE INSPECTION/ENVIRONMENTAL ASSESSMENT

X To the best of your knowledge, has an on-site inspection and/or an environmental site assessment been performed at this location? If yes, explain: \_\_\_\_\_

An environmental site assessment have been performed by Arimetco, ADEQ, and USEPA

PREVIOUS ENVIRONMENTAL IMPACT

X To the best of your knowledge has any environmental impact been reported previously to ADEQ? If yes, explain: The Southwest Holding Pond

ADDITIONAL COMMENTS:

PARCEL NO. 1:

Georgia, Georgia No. 2, Georgia No. 3, Yankee Girl, Sunrise, Sunrise No. 2, Sunrise No. 3 and Sunrise No. 4 Lode Mining Claims in Walnut Grove Mining District, being shown on Mineral Survey No. 3866 on file in the Bureau of Land Management, as granted by Patent recorded in Book 134 of Deeds, page 557, records of Yavapai County, Arizona.

PARCEL NO. 2:

Richmond and Virginia Lode Mining Claims in Walnut Grove Mining District being shown on Mineral Survey no. 3867 on file in the Bureau of Land Management, as granted by Patent recorded in Book 134 of Deeds, page 369, records of Yavapai County, Arizona.

PARCEL NO. 3:

Polar Star, Tourmaline, Copper Glance, Sunset, Manilla, Copperopolis, Defiance and Fairplay Lode Mining Claims in Walnut Grove Mining District, being shown on Mineral Survey No. 1324 on file in the Bureau of Land Management, as granted by Patent recorded in Book 49 of Deeds, page 485, records of Yavapai County, Arizona;

EXCEPT all that portion within the boundaries of Quartette Lode Mining Claim, according to Mineral Survey No. 1321, all veins, lodes and ledges, throughout their entire depth, the tops or apexes of which may be inside of said excluded portion, as set forth in said Patent.

PARCEL NO. 4:

Quartette Lode Mining Claim in Walnut Grove Mining District, being shown on Mineral Survey No. 1321 on file in the Bureau of Land Management, as granted by Patent recorded in Book 77 of Deeds, page 114, records of Yavapai County, Arizona.

PARCEL NO. 5:

Sunflower, Lone Pine, Fraction and Iron Hat Lode Mining Claims in Walnut Grove Mining District, being shown on Mineral Survey No. 1323A on file in the Bureau of Land Management, as granted by Patent recorded in Book 49 of Deeds, page 478, records of Yavapai County, Arizona;

EXCEPT all that portion within the boundaries of Fountain Lode Mining Claim and Arrastra Lode Mining Claim, according to Mineral Survey Nos. 762 and 767 respectively, and all veins lodes and ledges, throughout their entire depth, the tops of apexes of which may be inside of said excluded portion, as set forth in said Patent.

(continued)

Fountain Lode Mining Claim in Walnut Grove Mining District, being shown on Mineral Survey No. 762 on file in the Bureau of Land Management, as granted by Patent recorded in Book 27 of Deeds, page 633, records of Yavapai County, Arizona.

PARCEL NO. 7:

Arrastra Lode Mining Claim in Walnut Grove Mining District, being shown on Mineral Survey No. 767 on file in the Bureau of Land Management, as granted by Patent recorded in Book 27 of Deeds, page 636, records of Yavapai County, Arizona;

EXCEPT all that portion within the boundaries of Fountain Lode Mining Claim, according to Mineral Survey No. 762, and all veins, lodes and ledges, throughout their entire depth, the tops or apexes of which may be inside of said excluded portion, as set forth in said Patent.

PARCEL NO. 8:

Cuprite, Black Prince, Shamrock, Zonia, Fraction, Victor Copper, Victory Copper No. 1 and One Lode Mining Claims, and Zonia Millsite Nos. 2 to 6, inclusive, 12 to 16, inclusive, 21 to 32, inclusive, 37 to 39, inclusive, 43, 46 to 56, inclusive, 59 to 61, inclusive and 63 in Walnut Grove Mining District, being shown on Mineral Survey Nos. 4659 A and B Amended on file in the Bureau of Land Management, as granted by Patent recorded in Book 1294 of Official Records, page 686, records of Yavapai County, Arizona; and

EXCEPT all that portion within the boundaries of Quartette Lode Mining Claim, according to Mineral Survey No. 1321; Copperopolis, Defiance and Fairplay Lode Mining Claims, according to Mineral Survey No. 1234; Contact No. 1, Navy No. 1, Navy No. 2 and Navy No. 3 Lode Mining Claims, according to Mineral Survey No. 1495; Sunrise No. 3 and Sunrise No. 4 Lode Mining Claims, according to Mineral Survey No. 3866; Zonia Millsite Nos. 70 to 73, inclusive, Lode Mining Claims in Walnut Grove Mining District, according to Mineral Survey no. 4681 A and B; and the West half of Section 14, Township 11 North, Range 4 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, as set forth in said Patent.

(continued)

PARCEL NO. 9:

Zonia No. 26 Lode Mining Claim and Zonia Millsite Nos. 70 to 73, inclusive, Lode Mining Claims in Walnut Grove Mining District, being shown on Mineral Survey Nos. 4681 A and B Amended on file in the Bureau of Land Management, as granted by Patent recorded in Book 1294 of Official Records, page 686, records of Yavapai County, Arizona;

EXCEPT all that portion within the boundaries of Quartette Lode Mining Claim, according to Mineral Survey No. 1321; Copperopolis, Defiance and Fairplay Lode Mining Claims, according to Mineral Survey No. 1324; Contact No. 1, Navy No. 1, Navy No. 2 and Navy No. 3 Lode Mining Claims, according to Mineral Survey No. 1495; Sunrise No. 3 and Sunrise No. 4 Lode Mining Claims, according to Mineral Survey No. 3866; and the West half of Section 14, Township 11 North, Range 4 West of the Gila and Salt River Base and Meridian, Yavapai County, Arizona, as set forth in said Patent.

ALL OF WHICH patented lode mining claims and millsite claims are SUBJECT TO:

1. Exceptions and reservations contained in the United States Patents thereto;
2. All existing roads, rights of way and easements and those of record in the office of the recorder of Yavapai County;
3. Taxes, if any, which may constitute a lien but which are not yet due and payable.

The unpatented lode mining claims situated in the Walnut Grove Mining District, County of Yavapai, State of Arizona; the location notices of which are of record in the Office of the County Recorder, Prescott, Arizona and filed in the State Office of the Bureau of Land Management, Phoenix, Arizona are as follows:

<u>Name of Claim</u>	<u>Book of Official Record</u>	<u>Page Number</u>	<u>AMC Number</u>
Zonia No. 2	1358	591-592	124258
Zonia No. 3			
Zonia No. 5	1358	593-594	124259
Zonia No. 6	1358	595-596	124260
Zonia No. 7	1358	597-598	124261
Zonia No. 8	1358	599-600	124262
Zonia No. 9	1358	601-602	124263
Zonia No. 10	1358	603-604	124264
Zonia No. 11	1358	605-606	124265
Zonia No. 14	1358	607-608	124266
Zonia No. 15	1358	609-610	124267
Zonia No. 16	1358	611-612	124268
Zonia No. 17	1358	613-614	124269
Zonia No. 18	1358	617-616	124270
Zonia No. 19	1358	617-618	124271
Zonia No. 20	1358	619-620	124272
Zonia No. 21	1358	621-622	124273
Zonia No. 22	1358	623-624	124274
Zonia No. 23	1358	625-626	124275
Zonia No. 24	1358	627-628	124276
Copper Bar No. 2	1358	645-646	124285
Copper King No. 1	1358	635-636	124280
Copper King No. 3	1358	637-638	124281
Copper King No. 4	1358	639-640	124282
Scott No. 1	1358	641-642	124283
Scott No. 2	1358	643-644	124284
Mistake Fraction No. 1	761	114	75989
Mistake Fraction No. 2	761	115	75990
Mistake No. 1	761	116	75991
Mistake No. 2	761	117	75992
Mistake No. 3	761	117	75993
Mistake No. 4	761	119	75994
Mistake No. 5	761	120	75995
Mistake No. 6	761	121	75996
Mistake No. 7	761	122	75997
Mistake No. 8	761	123	75998
Mistake No. 9	761	124	75999

<u>Name of Claim</u>	<u>Book of Official Record</u>	<u>Page Number</u>	<u>AMC Number</u>
Mistake No. 10	761	125	76000
Mistake No. 11	761	126	76001
Mistake No. 12	761	127	76002
Mistake No. 13	761	128	76003
Mistake No. 14	761	129	76004
Mistake No. 15	761	130	76005
Mistake No. 16	761	131	76006
Mistake No. 17	761	132	76007
Mistake No. 17	761	132	76007
Mistake No. 18	761	133	76008
Last Mistake	761	134	76009
Lois No. 1	464	551	75979
Lois No. 2	464	554	75980
Lois No. 3	464	555	75981
Lois No. 4	464	556	75982
Lois No. 5	464	555	75983
Lois No. 6	464	556	75984
Lois No. 17	464	557	75985
Lois No. 18	464	558	75986
Lois No. 19	464	559	75987
Lois No. 20	464	560	75988

The unpatented lode mining claims situated in the Walnut Grove Mining District, County of Yavapai, State of Arizona; the location notices of which are of record in the Office of the County Recorder, Prescott, Arizona and filed in the State Office of the Bureau of Land Management, Phoenix, Arizona are as follows:

<u>Claim Name</u>	<u>County Book</u>	<u>Records Page</u>	<u>B.L.M. Serial #</u>
Zonia MS No. 1 Amended	1294	748	A MC 76098
Zonia MS No. 7 Amended	1294	756	A MC 76104
Zonia MS No. 8 Amended	1294	757	A MC 76105
Zonia MS No. 9 Amended	1294	758	A MC 76106
Zonia MS No. 10 Amended	1294	759	A MC 76107
Zonia MS No. 11 Amended	1294	759	A MC 76108
Zonia MS No. 17 Amended	1294	767	A MC 76114
Zonia MS No. 18 Amended	1294	767	A MC 76115
Zonia MS No. 19 Amended	1294	768	A MC 76116
Zonia MS No. 20 Amended	1294	769	A MC 76117
Zonia MS No. 33 Amended	1294	783	A MC 76130
Zonia MS No. 34 Amended	1294	784	A MC 76131
Zonia MS No. 35 Amended	1294	785	A MC 76132
Zonia MS No. 36 Amended	1294	786	A MC 76133
Zonia MS No. 40	1294	790	A MC 76137
Zonia MS No. 41	1294	791	A MC 76138
Zonia MS No. 42	1294	792	A MC 76139
Zonia MS No. 44	1294	794	A MC 76141
Zonia MS No. 45	1294	795	A MC 76142
Zonia MS No. 57	1294	840	A MC 76154
Zonia MS No. 58	1294	808	A MC 76155

ALL OF WHICH unpatented lode mining claims are SUBJECT TO:

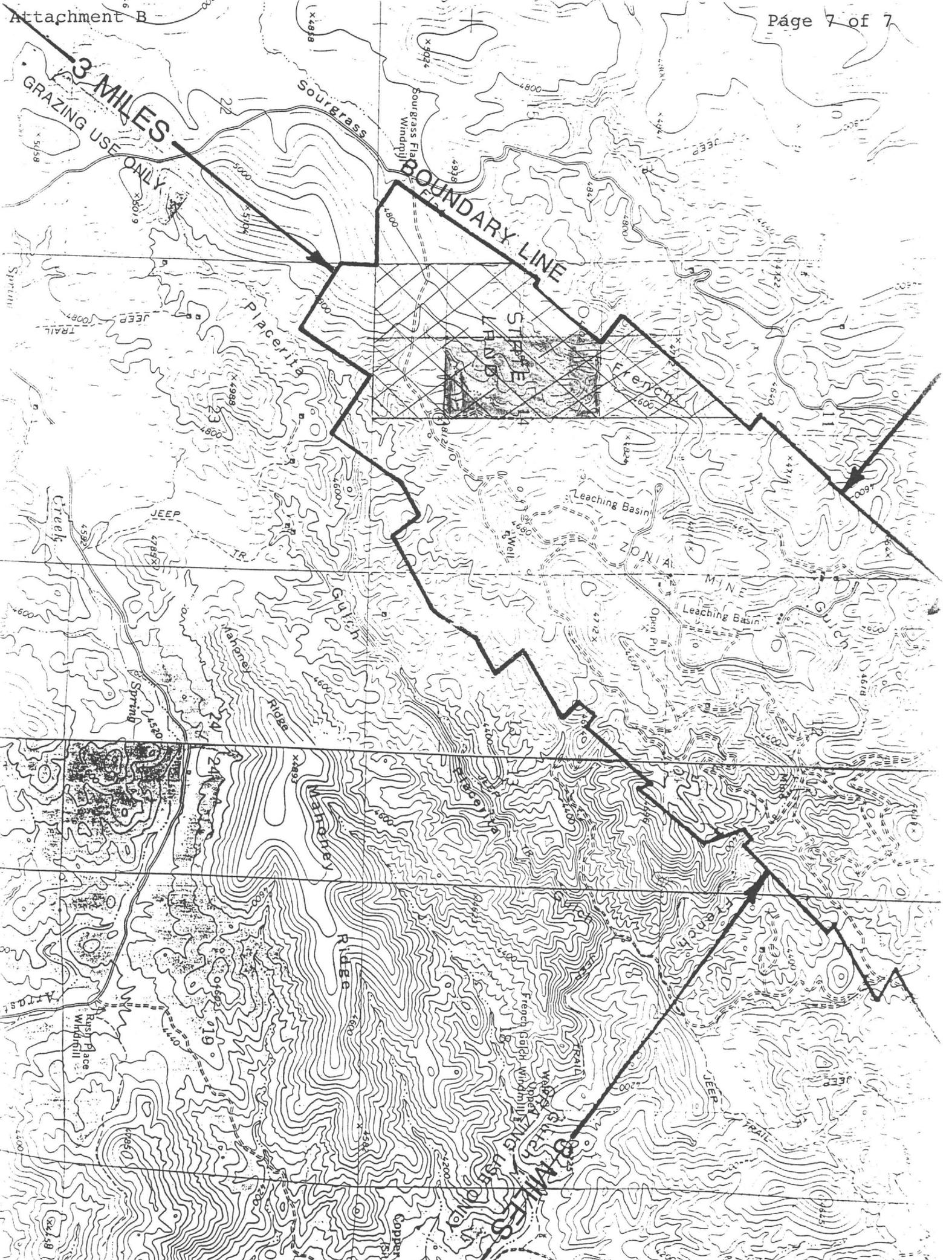
1. Paramount title of the United States;
2. All existing roads, rights of way and easements and those of record in the office of the recorder of Yavapai County and those of record in the Arizona State office of the Bureau of Land Management;
3. All leases, permits, approvals and other rights and privileges heretofore or hereafter granted by or obtained from the United States in its administration of its paramount title; and
4. Exceptions and reservations contained in surface patents (if any) issued by the United States or the State of Arizona.

3 MILES  
GRAZING USE ONLY

BOUNDARY LINE

STATE 14

3 MILES



ARIMETCO, INC.

VENDOR NO:

NAME:

DATE:

REFERENCE NUMBER	INVOICE DATE	GROSS AMOUNT	DISCOUNT TAKEN	NET AMOUNT PAID
------------------	--------------	--------------	----------------	-----------------

Renewal of State lease @ Zonia

\$100.00

TOTAL ▶

**ARIMETCO, INC.**  
 950 N. Finance Center Dr., Suite 180  
 Tucson, Arizona 85710  
 (602) 721-1505

NORWEST BANK ARIZONA, N.A.  
 1 S. Church Street  
 Tucson, AZ 85701

023684

91-527  
1221

DATE 25 Jul 94

AMOUNT\*\*\$100.00

PAY \*\*\*\*\* One hundred and 00/100 Dollars \*\*\*\*\*

TO THE  
ORDER  
OF

Arizona State Land Department  
 1616 W. Adams  
 Phoenix, AZ 85007

OPERATING ACCOUNT  
2 SIGNATURES REQUIRED

*[Signature]*  
 \_\_\_\_\_  
*[Signature]*  
 \_\_\_\_\_



 **RIMETCO, INC.**  
950 N. Finance Center Dr., Suite 180  
Tucson, Arizona 85710  
(602) 721-1505

NORWEST BANK ARIZONA, N.A.  
1 S. Church Street  
Tucson, AZ 85701

023684

91-527  
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DATE 25 Jul 94

AMOUNT\*\*\$100.00

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TO THE  
ORDER  
OF

Arizona State Land Department  
1616 W. Adams  
Phoenix, AZ 85007

OPERATING ACCOUNT  
2 SIGNATURES REQUIRED


⑈00000⑈10000⑈

Allen,  
Here's a copy of  
the cancelled check.  
Let me know if you  
need anything else.  
Travis

Pay To The Order Of Any Bank  
By The State Agency Payee

JUL 26 1994

For Deposit Only  
Arizona State Treasurer  
001-000985

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JY '94 29

1221017054

DEPARTMENTAL USE ONLY			
ACCOUNTING	DATA MANAGEMENT	DISPOSITION/INITIAL	DATE
Filing Fee: \$200  (34)	EXAM: _____	APPROVED _____	_____
	RE-ASSIGN: _____	DENIED _____	_____
	APP TYPE: <u>NEW</u>	REJECTED _____	_____
	NO. OF APPS: _____	WITHDRAWN _____	_____

RETURN TO:  
ARIZONA STATE LAND DEPARTMENT  
TITLE AND CONTRACTS  
ROOM 126  
1616 WEST ADAMS  
PHOENIX, ARIZONA 85007

FILING FEE: \$200

APPLICATION NUMBER 53- \_\_\_\_\_

**APPLICATION TO PURCHASE STATE LANDS**

Type or print in ink.

Complete ALL questions, SIGN and NOTARIZE application.

I/We Arimetco, Inc. [Applicant Name(s)] Harrison Matson (Contact Person)  
6245 E. Broadway Suite 350 / Tucson AZ 85711 (602)745-8882  
(Address) (City) (State) (Zip) (Phone Number)

hereby make application to purchase land(s) described below in accordance with the laws of the State of Arizona and the rules of the State Land Department.

TWN.	RNG.	SEC.	LEGAL DESCRIPTION	ACRES	COUNTY
<u>11N</u>	<u>4W</u>	<u>14</u>	<u>SENW NESW</u>	<u>80.0</u>	<u>Yavapai</u>
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

SLD USE ONLY		
CTY	GRT	PARCEL
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

- Are you the current State lessee of the land? Yes X No \_\_\_\_\_. Lease No 003-001150-00  
If your answer is yes, do you agree, in consideration of favorable action on this application, to surrender your lease on the date of the sale even if you are not the successful bidder? Yes  
A. If you are the lessee, have you subleased this land to anyone? Yes \_\_\_\_\_ No X  
If yes, list the sub-lessee's name \_\_\_\_\_  
B. Are there any liens, mortgages, or other encumbrances on the leasehold interests in the land? Yes \_\_\_\_\_ No X  
If yes, you must submit a release, satisfaction, or written consent from the lienholder, with your application.  
C. Are there any improvements on the land? Yes X No \_\_\_\_\_. If yes, do you claim reimbursement for improvements? Yes \_\_\_\_\_ No X. If yes, a list of improvements must be attached to this application.
- Give a brief statement of the proposed use of the land if purchased: Leach and storage basins, overburden and waste dumps.
- Are the lands applied for adjacent to an existing commercial or homesite developed lands? Yes \_\_\_\_\_ No X  
If yes, is it:  
a) Within the corporate boundaries of a city or town? Yes \_\_\_\_\_ No X  
b) Adjacent to the corporate boundaries of a city or town? Yes \_\_\_\_\_ No X  
c) Distance from corporate boundaries: (Check one) 0-1 miles \_\_\_\_\_ 1-3 miles \_\_\_\_\_ Over 3 miles X  
If yes, state the name of the city or town and explain: \_\_\_\_\_

**CERTIFICATION:** Pursuant to A.R.S. Title 37 and the Rules of the Arizona State Land Department, A.A.C. Title 12, Chapter 5, you must complete the following information and sign the certification or your application will not be processed.

1. Is this application made in the name of: (check one)

Individual(s)     Husband & Wife     Corporation     Partnership     Limited Partnership     Estate  
 Trust     Joint Venture     Municipality     Political Subdivision     Other (specify) \_\_\_\_\_

2. INDIVIDUAL(S) OR HUSBAND & WIFE: Complete the following for each applicant:

NAME	AGE	MARITAL STATUS
_____	_____	_____
_____	_____	_____
_____	_____	_____

3. CORPORATION: Complete the following:

- (A) Do you have authority from the Arizona Corporation Commission to do business in the State of Arizona? Yes  No .  
 (B) Is the corporation presently in good standing with the Arizona Corporation Commission? Yes  No .  
 (C) In what state are you incorporated? Nevada  
 (D) Is the legal corporate name and Arizona business address the same as stated in this application? Yes  No .  
 If no, state the Legal Name: \_\_\_\_\_

Address: \_\_\_\_\_  
 (Street or Box Number) (City) (State) (Zip)

4. PARTNERSHIP OR JOINT VENTURE: Complete the following for each authorized partner or principal in the partnership or joint venture:

NAME	BUSINESS ADDRESS	AGE	MARITAL STATUS
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

5. LIMITED PARTNERSHIP: Complete the following for the authorized general partner(s) only:

GENERAL PARTNER(S) NAME	BUSINESS ADDRESS
_____	_____
_____	_____

6. ESTATE: Complete the following and attach a copy of the court or estate document:

Name of the court appointed administrator or personal representative: \_\_\_\_\_  
 List the type and date of issuance of the court or Estate document: \_\_\_\_\_  
 (Type of Document) (Date issued)

7. TRUST: Complete the following pursuant to A.R.S. §33-404, for each beneficiary of the Trust:

NAME	ADDRESS	AGE	MARITAL STATUS
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

or (B) Identify the Trust document by title, document number, and county where document is recorded:

(Title) (Document No.) (County)

8. Are you acting as an Attorney in Fact for the applicant? Yes  No . If yes, you must submit a copy of your notarized Power of Attorney and a \$50.00 additional fee.

I HEREBY CERTIFY, UNDER PENALTY OF PERJURY, THAT THE INFORMATION AND STATEMENTS CONTAINED HEREIN, TOGETHER WITH ALL EXHIBITS AND ATTACHMENTS ARE TRUE, CORRECT AND COMPLETE AND THAT I/WE HAVE AUTHORITY TO SIGN THIS DOCUMENT.

Applicant [Signature] Date 4/21/94      Applicant \_\_\_\_\_ Date \_\_\_\_\_  
 AGENT: ARIMETCO, INC.

INDIVIDUAL FORM OF ACKNOWLEDGEMENT

STATE OF ARIZONA )  
 )ss.  
County of \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_, before me, a Notary Public within and for said  
County and State, personally appeared \_\_\_\_\_

to me known to be the person(s) described in and who executed the same as \_\_\_\_\_ free act and deed.

(SEAL)

\_\_\_\_\_  
Notary  
\_\_\_\_\_  
County, \_\_\_\_\_  
Commission expires \_\_\_\_\_

PARTNERSHIP FORM OF ACKNOWLEDGEMENT

STATE OF ARIZONA )  
 )ss.  
County of \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_, before me, a Notary Public within and for said  
County and State, personally appeared \_\_\_\_\_

for \_\_\_\_\_  
a \_\_\_\_\_ partnership, for and on behalf of the partnership and to me known to be the person(s)  
described in and who executed the same as \_\_\_\_\_ free act and deed.

(SEAL)

\_\_\_\_\_  
Notary  
\_\_\_\_\_  
County, \_\_\_\_\_  
Commission expires \_\_\_\_\_

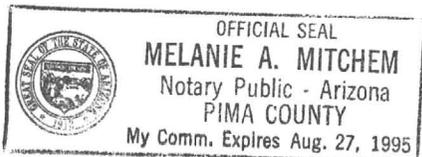
CORPORATE FORM OF ACKNOWLEDGEMENT

STATE OF ARIZONA )  
 )ss.  
County of Pima )

On this 21<sup>st</sup> day of April, 19 94, before me, a Notary Public within and for said  
County and State, personally appeared Allen Edward Wells

the Agent, of Arimetco Inc.  
an Nevada corporation, for and on behalf of the corporation, to me known to be  
the person(s) described in and who executed the same as \_\_\_\_\_ free act and deed.

(SEAL)



Melanie A. Mitchem  
Notary  
Pima County, Arizona  
Commission expires August 27, 1995

				14			

DEPARTMENTAL USE ONLY			
ACCOUNTING	DATA MANAGEMENT	DISPOSITION/INITIAL	DATE
Filing Fee: \$200  (34)	EXAM: _____	APPROVED _____	_____
	RE-ASSIGN: _____	DENIED _____	_____
	APP TYPE: <u>NEW</u>	REJECTED _____	_____
	NO.OF APPS: _____	WITHDRAWN _____	_____

RETURN TO:  
 ARIZONA STATE LAND DEPARTMENT  
 TITLE AND CONTRACTS  
 ROOM 126  
 1616 WEST ADAMS  
 PHOENIX, ARIZONA 85007

FILING FEE: \$200

APPLICATION NUMBER 53- \_\_\_\_\_

**APPLICATION TO PURCHASE STATE LANDS**

Type or print in ink.

Complete ALL questions, SIGN and NOTARIZE application.

I/We Arimetco, Inc. [Applicant Name(s)] Harrison Matson (Contact Person)  
6245 E. Broadway Suite 350 / Tucson AZ 85711 (602)745-8882  
 (Address) (City) (State) (Zip) (Phone Number)

hereby make application to purchase land(s) described below in accordance with the laws of the State of Arizona and the rules of the State Land Department.

TWN.	RNG.	SEC.	LEGAL DESCRIPTION	ACRES	COUNTY	SLD USE ONLY		
						CTY	GRT	PARCEL
<u>11N</u>	<u>4W</u>	<u>14</u>	<u>SE NW NESW</u>	<u>80.0</u>	<u>Yavapai</u>	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____

1. Are you the current State lessee of the land? Yes X No \_\_\_\_\_. Lease No 003-001150-00

If your answer is yes, do you agree, in consideration of favorable action on this application, to surrender your lease on the date of the sale even if you are not the successful bidder? Yes

A. If you are the lessee, have you subleased this land to anyone? Yes \_\_\_\_\_ No X  
 If yes, list the sub-lessee's name \_\_\_\_\_

B. Are there any liens, mortgages, or other encumbrances on the leasehold interests in the land? Yes \_\_\_\_\_ No X  
 If yes, you must submit a release, satisfaction, or written consent from the lienholder, with your application.

C. Are there any improvements on the land? Yes X No \_\_\_\_\_. If yes, do you claim reimbursement for improvements? Yes \_\_\_\_\_ No X. If yes, a list of improvements must be attached to this application.

2. Give a brief statement of the proposed use of the land if purchased: Leach and storage basins, overburden and waste dumps.

3. Are the lands applied for adjacent to an existing commercial or homesite developed lands? Yes \_\_\_\_\_ No X  
 If yes, is it:

- a) Within the corporate boundaries of a city or town? Yes \_\_\_\_\_ No X
- b) Adjacent to the corporate boundaries of a city or town? Yes \_\_\_\_\_ No X
- c) Distance from corporate boundaries: (Check one) 0-1 miles \_\_\_\_\_ 1-3 miles \_\_\_\_\_ Over 3 miles X

If yes, state the name of the city or town and explain: \_\_\_\_\_



The image shows a grid with 8 columns and 8 rows. A central 2x2 area of cells is shaded with a stippled pattern. The number '14' is handwritten in the center of the grid, positioned between the two shaded cells in the second row from the top.

				14			

INDIVIDUAL FORM OF ACKNOWLEDGEMENT

STATE OF ARIZONA )  
 )ss.  
County of \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_, before me, a Notary Public within and for said  
County and State, personally appeared \_\_\_\_\_

to me known to be the person(s) described in and who executed the same as \_\_\_\_\_ free act and deed.

(SEAL)

Notary \_\_\_\_\_  
County, \_\_\_\_\_  
Commission expires \_\_\_\_\_

PARTNERSHIP FORM OF ACKNOWLEDGEMENT

STATE OF ARIZONA )  
 )ss.  
County of \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_, before me, a Notary Public within and for said  
County and State, personally appeared \_\_\_\_\_

for \_\_\_\_\_

a \_\_\_\_\_ partnership, for and on behalf of the partnership and to me known to be the person(s)  
described in and who executed the same as \_\_\_\_\_ free act and deed.

(SEAL)

Notary \_\_\_\_\_  
County, \_\_\_\_\_  
Commission expires \_\_\_\_\_

CORPORATE FORM OF ACKNOWLEDGEMENT

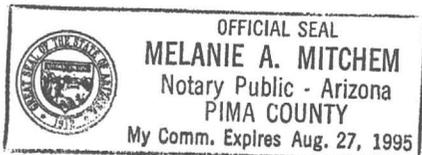
STATE OF ARIZONA )  
 )ss.  
County of Pima )

On this 21<sup>st</sup> day of April, 19 94, before me, a Notary Public within and for said  
County and State, personally appeared Allen Edward Wells

the Agent, of Arimetco Inc.

an Nevada corporation, for and on behalf of the corporation, to me known to be  
the person(s) described in and who executed the same as \_\_\_\_\_ free act and deed.

(SEAL)



Melanie A. Mitchem  
Notary  
Pima County, Arizona  
Commission expires August 27, 1995



FIFE SYMINGTON  
GOVERNOR

Arizona  
State Land Department

1616 WEST ADAMS  
PHOENIX, ARIZONA 85007



M.J. HASSELL  
STATE LAND COMMISSIONER

**ASSIGNMENT DOCUMENT  
ENCLOSED**

Harrison Matson  
Arimetco, Inc.  
6245 E. Broadway, Suite 350  
Tucson, AZ 85711

Date MAY 16 1994

Contract No. 03-1150



1.

Enclosed is the assignment document which verifies that the transfer of the referenced contract has been completed. The original contract was not submitted to the Department. It is your responsibility to obtain the original contract from the assignor and attach this assignment document to the front of the contract.

If the original contract has been lost, a certified copy may be obtained through our Public Records Section by requesting an Affidavit of Lost Lease at (602) 542-4631.



2.

Enclosed is the original contract with an assignment document attached which verifies that the transfer of the referenced contract has been completed.

This is your legal contract and should be kept in a secure place.

**STATE LAND DEPARTMENT**  
Title and Contracts Section

**PLEASE NOTE:** This lease expires  
June 24, 1994. Enclosed is a renewal  
application for your convenience.

## ASSIGNMENT OF COMMERCIAL LEASE

The State Land Commissioner hereby consents to the Assignment of Lease Number  
03 - 1150 which expires on June 24, 1994

*(Date of expiration)*

and hereby orders that the lease and all rights therein are hereby assigned and transferred  
to:

**ARIMETCO, INC., a Nevada Corporation**

6245 E. Broadway, Suite 350  
Tucson, AZ 85711

This assignment is made pursuant to application to assign the lease made by ASSIGNOR(S):

**ZONIA COMPANY, an Arizona Corporation**

and pursuant to application for the assumption of said lease made by ASSIGNEE(S):

**ARIMETCO, INC., a Nevada Corporation**

and in accordance with the law of the STATE of Arizona and the rules of the STATE LAND  
DEPARTMENT.

*This assignment is made without waiver or relinquishment of any rights of the State of Arizona which may exist  
under the lease assigned and does not initiate any new rights to the assignee of this lease other than the rights  
as are set forth in the existing lease.*

Dated this 10th day of May, 1994.

State of Arizona  
State Land Commissioner

(SEAL)

By Rozanna Sedillo

ARIMETCO, INC.

VENDOR NO: arizst

NAME Arizona State Land Department

DATE: Aug 4 93

REFERENCE NUMBER	INVOICE DATE	GROSS AMOUNT	DISCOUNT TAKEN	NET AMOUNT PAID
5139	MAY 30 93	3,044.00	0.00	3,044.00
5139A	Jul 31 93	Interest 32.89	0.00	32.89
5139B	Jul 31 93	Penalty 152.20	0.00	152.20

TOTAL

3,229.09

0.00

3,229.09



6245 E. Broadway Suite 350  
Tucson, Arizona 85711  
(602) 745-8882

CITIBANK (Arizona)  
1 S. Church St.  
Tucson, AZ 85701

91-265  
1221

0018933

DATE  
Aug 4 93

AMOUNT  
\$3,229.09

PAY

\*\*\*\*\* Three Thousand Two Hundred Twenty-Nine and 09/100 \*\*\*\*\*

TO THE  
ORDER  
OF

Arizona State Land Department  
1616 W. Adams  
Phoenix, AZ

85007

OPERATING ACCOUNT  
2 SIGNATURES REQUIRED

*MV Martin*  
*D. [Signature]*  
**NON-NEGOTIABLE**

PAID. CASH/DEPOSIT/CHECK DATE. NO.

CHARGE: ACCOUNT # AMOUNT

3044.00

~~40 days~~ 39 days  
~~185.09~~ 184.34

679 571 -65

185.09 32.89

32.89 interest

679 572 -65

152.20

152.20 penalty

185.09

POSTED  
*8/3*

ARIZST

ARIMETCO, INC.

CHECK - CASH - WIRE REQUEST

DATE: 8/3/93

PAYABLE TO: State Land Department

AMOUNT REQUESTED: (US\$) 3229.09

PURPOSE: Lease payment

CHECK REQ'D BY: 8/3/93 RETURN TO: AJ Smith MAIL: \_\_\_\_\_

H. Malton  
REQUESTED BY

\_\_\_\_\_  
AUTHORIZED BY

JMM  
REVIEWED BY

ACCOUNTING USE:  
PAID: CASH/XFR/CHECK      DATE:      NO:

CHARGE:      ACCOUNT #      AMOUNT

~~40 days~~ 39 days  
~~185.09~~  
18434  
32.89 interest  
152.20 penalty  
185.09

\_\_\_\_\_  
3044.00

679571-65  
~~185.09~~ 32.89

679572-65  
152.20

POSESSED  
8/3

A21257

# THE ZONIA COMPANY

ZONIA MINE  
ROUTE 1  
KINGLAND, ARIZONA

GENERAL OFFICE  
212 S. MARINA ST.  
PRESCOTT ARIZONA 86908  
(903) 778-8104  
FAX (602) 778-9249

DATE: 7-19-93  
NAME: HARRISON MATSON  
ADDRESS:  
TELECOPIER NO: 602 - 745 - 0863  
ATTN: OPERATOR

The following document is being sent via telecopier for the immediate attention of HARRISON. Please expedite its delivery. Thank you.

Sincerely,  
THE ZONIA COMPANY

BY: WR Hill  
cc:  
NUMBER OF PAGES: 3  
OPERATOR: \_\_\_\_\_

*Harrison:*  
Enclosed please find Notice of Default from State Land Dept. regarding the commercial lease. I'll be in touch later this week with regards to the Purchase Option.

*Sincerely:  
Ray*

STATE LAND DEPARTMENT OF THE STATE OF ARIZONA  
BEFORE THE STATE LAND COMMISSIONER

IN THE MATTER OF COMMERCIAL LEASE  
NO. 03-01150-00

NOTICE OF DEFAULT & HEARING  
AND  
ORDER TO PAY RENT

LESSEE: ZONIA COMPANY

1. A rent statement covering the subject lease/permit was issued by the Department, due and payable on 06-25-93.

2. To date, the Lessee/Permittee has not paid the rent nor filed an appeal within the specified time indicated on the billing statement.

3. The Lessee/Permittee has not applied for nor requested an extension of time in which to pay the rent as provided in A.R.S. § 37-288.

4. The Commissioner has not authorized an extension of time for payment.

5. The above referenced lease/permit is now in default and under A.R.S. § 37-289, you have 30 days from receipt of this Order to cure this default by paying all rent, penalty and interest due as follows:

RENT . . . . .	\$	<u>3,044.00</u>
PENALTY DUE . . . . .	\$	<u>152.20</u>
INTEREST AT THE RATE OF . . . . .	\$	<u>0.8434</u>
PER DAY FROM DATE DUE.		

IT IS ORDERED THAT:

1. the rent for the subject lease/permit is as established above;

2. requests for an extension of time to pay rent will not be considered;

3. the Lessee/Permittee or registered mortgagee and lienholders must pay the above amount within 30 days of receipt of this Order; and

4. if said rent, penalty and interest are not received by the Department within the specified time, a hearing will be held at the State Land Department, on AUGUST 18, 1993 at 9:15A.M., in Suite 150, 1616 West Adams, Phoenix, Arizona, at which time the lessee/permittee, registered mortgagees or lienholders may show cause why the subject lease/permit should not be cancelled pursuant to A.R.S. § 37-289.

If the lessee/permittee cures the default prior to the hearing, the hearing shall be automatically vacated.

The lessee/permittee may appear with or without the assistance of legal counsel. If the lessee/permittee fails to appear, the Commissioner shall proceed to determine the matter in the lessee's/permittee's absence.

This Order is effective immediately.

Arizona  
State Land Department  
1616 WEST ADAMS  
PHOENIX, ARIZONA 85007

Notice of Default/Hearing & Order to Pay Rent  
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GIVEN under my hand and the official seal of the Arizona State Land Department this 14th day of July, 1993.

( S E A L )

M. J. HASSELL  
State Land Commissioner

by: *Mary J. Hassell*

Certified No. 210524 Zonia Company  
212 S. Marina  
Prescott, AZ 86303

Copy to: Attorney General's Office, Natural Resources Office  
Accounting Section  
Land Disposition Division/Comm. Sec.  
File No. 03-01150

011 -93/94  
100

# THE ZONIA COMPANY

ZONIA MINE  
ROUTE 1  
KIRKLAND, ARIZONA

GENERAL OFFICE  
212 S. MARINA ST.  
PRESCOTT ARIZONA 86303  
(602) 778-2100

October 1, 1992

Mr. Alan Matthews  
Arimetco International, Inc.  
6245 E. Broadway, Suite 350  
Tucson, Arizona 85711

RE: Zonia

Dear Alan:

I inadvertently left our State Commercial Lease out of our Lease Agreement. This 80-acre lease, number 03-1150, is the ground upon which McAlester built the 100,000,000 gallon solution reservoir and was part of their operation.

I have enclosed the lease agreement and this year's rental statements, which we paid. I am hoping we can get reimbursed by Arimetco on a pro-rated basis. This would amount of \$2,460.83 from the period our lease was in effect until June 25, 1993. Let me know your thoughts.

Very truly yours,

THE ZONIA COMPANY

  
W. Ray Hill

WRH/spd  
Enclosure

4-3092

payment of penalty and interest this payment must be made to the OFFICE OF the State Land Department ON or before the DUE DATE. Date of POSTAL STAMP will not be accepted as time of payment.

STATE OF ARIZONA  
STATE LAND DEPARTMENT  
1616 WEST ADAMS  
PHOENIX, ARIZONA 85007

03	01150	00
KIND ENTRY	LEASE OR C. P. REFERENCE NO.	

Zonia Company  
212 South Marina Street  
Prescott, AZ 86303

SEC	TOWNSHIP	RANGE

RECEIPT

ACCOUNT NO GRANT FUND	SUB	BILLING DESCRIPTION	RATE	ACRES	\$ AMOUNT
031	04	Rental		80 00	2 953 00

P - 147.65  
I - 0.8182



DATE OF PURCHASE UNPAID BALANCE	BILLING PERIOD FROM MO DAY YR TO MO DAY YR 06 25 92 06 24 93	DATE BILLED MO DAY YR 04 30 92	DATE DUE MO DAY YR 06 25 92	TOTAL ACRES 80 00	TOTAL AMOUNT \$ 2 953 00
---------------------------------	--	--------------------------------------	-----------------------------------	----------------------	-----------------------------

IF PAYMENT IS MADE ON OR BEFORE THIS DATE → PAY THIS AMOUNT

AMOUNT DELINQUENT SUBJECT TO PENALTY & INTEREST		\$	
5% PENALTY OF RENTAL.		\$	147.65
TOTAL RENTAL AMOUNT PLUS PENALTY.		\$	3100.65
* INTEREST PER ANNUM ON RENTAL AMOUNT AND PENALTY— NUMBER OF DAYS DELINQUENT (63)		\$	51.50
TOTAL AMOUNT DUE INCLUDING PENALTY AND INTEREST		\$	3152.15
CASH RECEIVED		\$	2152.15
BALANCE DUE OR OVERPAYMENT		\$	0.00
* INTEREST SET BY TREASURER UNDER ARS 37-288. ANY PROTEST OF THIS RENTAL AMOUNT MUST BE IN WRITING, RECEIVED BY THE STATE LAND DEPARTMENT WITHIN 30 DAYS FROM THE DATE BILLED.			

PENALTY & INTEREST	DISTRIBUTION

TJC

# COMMERCIAL LEASE NO. 03-1150

## ARIZONA STATE LAND DEPARTMENT

THIS COMMERCIAL LEASE is entered into by and between the State of Arizona (acting as "Lessor" by and through the Arizona State Land Department) and \_\_\_\_\_

ZONIA COMPANY

(as "Lessee"). In consideration of the payment of rent and the performance by the parties of each of the provisions set forth herein intending to be legally bound, the parties agree as follows:

### ARTICLE 1 PREMISES

1.1 Lessor hereby leases to Lessee for the term, at the rent, and in accordance with the provisions set forth herein, the right and easement to use the State land in Yavapai County, Arizona described in Exhibit "A" attached hereto (the "Premises") for the uses and purposes specified in Article 4 hereof.

1.2 The premises shall be used solely and exclusively for leach and storage basins, overburden and waste dumps.

### ARTICLE 2 TERM

2.1 The term of this Lease shall be for a period of no more than 3 years commencing on June 25, 1991 and ending on June 24, 1994, unless terminated earlier as a result of a sale, issuance of a right-of-way, exchange, taking, condemnation, or eminent domain, or as otherwise provided in this Lease.

### ARTICLE 3 RENT

3.1 Lessee shall pay rent to Lessor each year on the anniversary of the commencement date of this Lease for the use and occupancy of the Premises during the term of this Lease without offset or deduction except as provided hereafter and, without notice or demand.

3.2 Base rent for the first lease year shall be \$2,800.00 based upon 10% of the Appraised Land Value (A.L.V.) which is \$350.00 per acre for 80 acres.

3.3 Base rent for the second and third lease years shall be adjusted by the Consumer Price Index.

3.4 The A.L.V. for the second and third lease years shall equal the A.L.V. of the first lease year as adjusted each lease year by the Consumer Price Index, but shall never be less than the amount due for the previous lease year's rent. The A.L.V. for the sixth lease year shall be the actual appraised value of the premises as reappraised during the fifth lease year. The A.L.V. for the remaining years of the Lease shall equal the A.L.V. of the sixth lease year as adjusted each lease year by the Consumer Price Index, but shall never be less than the amount due for the previous lease year's rent.

3.5 "CPI" shall mean the Revised Consumer Price Index, U.S. City Average for all Urban Consumers--All Items (1982-1984 equals 100) for the pertinent month, issued by the Bureau of Labor Statistics of the U.S. Department of Labor. If the CPI shall hereafter be converted to a different standard reference base or otherwise revised, adjustments of rent based upon the CPI shall be made with the use of such conversion factor, formula or table for converting the CPI as may be published by the Bureau of Labor Statistics, or if said Bureau shall not publish the same, then with the use of such conversion factor, formula or table as may be published by any nationally recognized publisher of similar statistical information. If the CPI shall cease to be published, there shall be substituted therefore such index as Lessor selects as a reasonable substitute.

3.6 Annual Permitted CPI Adjustment. The Annual Permitted CPI Adjustment shall be the actual percentage increase or decrease in the CPI for the preceding twelve (12) month period, provided however, that the annual adjustment (whether it be an increase or a decrease) shall not exceed N/A, nor shall any decrease below zero be considered in the annual adjustment. For purposes of calculating the actual percentage increase or decrease in the CPI, the preceding twelve (12) month period shall be deemed to end five (5) months prior to the anniversary of the Commencement Date.

3.7 "Gross Receipts" shall mean the selling and leasing price of all goods, wares and merchandise and receipts of all transactions and the charges for all services performed at, from, within or from any part of the demised premises including all departments and concessions therein and subtenancies, where permitted, pursuant to the provisions of this Lease, no matter by whom operated, for cash or on credit, whether payment is actually made or not, the risk of such payment being assumed by Lessee. Concessionaires, demonstrators or vending machines, including those owned by others, operating in the demised premises shall be included within gross sales.

3.8 Within sixty (60) days after the end of each lease year, Lessee shall deliver to Lessor a statement signed by Lessee and either certified under oath to be correct or certified by a Certified Public Accountant, setting forth the gross sales made during the preceding lease year, such annual statement to be accompanied by a payment of percentage rent, if any, due for such period.

3.9 Lessee shall pay a penalty of five percent (5%) plus interest on any amount of delinquent rent. Interest shall accrue daily on the delinquent amount and on the penalty at the rate set by the Arizona State Treasurer under A.R.S. 37-241(D) (3) until paid. The delinquent rent, penalty and interest shall be a lien on the improvements and other property on the Premises.

#### **ARTICLE 4** **USE OF PREMISES**

4.1 The Premises shall be used solely and exclusively for the purpose described in Article 1.2.

4.2 Before there is any substantial digging or earth movement on the Premises, Lessee shall satisfy Lessor in writing that no significant cultural, historical, paleontological or archaeological resources, materials or sites will be disturbed, damaged or destroyed. In the event that such resources, materials or sites may be disturbed, damaged or destroyed, proper mitigation measures must be agreed upon in writing between Lessor and Lessee. If after initial Lessor approval for substantial digging or earth movement by Lessee any additional resources, materials or sites are discovered, Lessee shall immediately cease construction and report such discovery to Lessor. Any materials, including but not limited to, pottery or other archaeological artifacts, found on or in the Premises are Lessor's property and Lessee shall not remove or permit removal of such materials.

4.3 Lessee shall not conduct or permit to be conducted any public or private nuisance on the Premises, nor commit or permit to be committed any waste thereon. Lessee shall not move, use, destroy, cut or remove or permit to be moved, used, destroyed, cut or removed any timber, cactus, protected native plants, standing trees or products of the land except that which is necessary for the use of the Premises, and then only with the prior written approval of Lessor. If the removal or destruction of plants protected under the Arizona Native Plant Law is necessary to the use of the Premises, Lessee shall also obtain the prior written approval of the Arizona Department of Agriculture. Lessee shall report to Lessor and appropriate law enforcement authorities any known or suspected trespass or waste committed on the Premises.

4.4 Lessee shall maintain the entire Premises in a clean and wholesome condition. Lessee shall also construct and maintain the entire Premises in conformity with all federal, state and local jurisdictional laws, statutes, ordinances, regulations and building codes.

4.5 Lessor excepts and reserves out of the Premises all oil, gases, geothermal resources, coal, ores, limestone, minerals, fossils, and fertilizers of every name and description that may be found in or upon the Premises, and the Lessor reserves the right to enter upon the land for the purpose of prospecting therefor, or extracting any or all of the commodities therefrom. Lessor reserves the right to issue to other persons, rights to use the Premises in a manner not inconsistent with the purposes for which this Lease was issued. Lessor further excepts and reserves the right to relinquish to the United States lands needed for irrigation works in connection with a government reclamation project, and to grant or dispose of rights-of-way and sites for canals, reservoirs, dams, power or irrigation plants or works, railroads, tramways, transmission lines or any other purpose or use on or over the Premises.

4.6 Lessee shall quietly have, hold and enjoy the Premises during the term of this Lease so long as Lessee is in compliance with all the provisions of this Lease.

4.7 Lessor, its duly authorized agents, employees and representatives shall have the right to enter upon and inspect the Premises and all improvements thereon at reasonable time, and in a reasonable manner.

4.8 In the event this Lease is not renewed, Lessee shall surrender peaceably the possession of the Premises upon expiration of the term of this Lease.

4.9 Lessee shall submit an application to purchase prior to June 24, 1993.

## **ARTICLE 5** **RECORDS**

5.1 Lessee shall make and keep for the term of the Lease and either (i) five years thereafter; or (ii) until the conclusion of any dispute concerning this Lease, whichever is later, appropriate books and records concerning the operation of this Lease including but not limited to Federal and State tax statements, receipts and other records. Lessor, its duly authorized agents, employees and representatives shall have the right at all times during the term of this Lease and for one (1) year after the expiration or termination hereof, to make reasonable examination of those books, records or other material in order to obtain information which Lessor deems necessary to administer this Lease. Further, Lessor, its duly authorized agents, employees and representatives shall have the right at all times during the term of any sublease or any extension thereof, and for one (1) year after expiration or termination thereof, to make reasonable examination of any sublessee's books, records or other material which Lessor deems necessary in order to obtain information to administer Article 3 of this Lease.

**ARTICLE 6**  
**CONSTRUCTION AND IMPROVEMENTS**

**6.1** Lessee shall not place or construct or permit to be placed or constructed any improvement or temporary improvement on the Premises, unless Lessee has obtained the prior written approval of Lessor. Along with any application to place improvements on the Premises, and prior to Lessee applying for a building permit from the local government authority, Lessee shall file with Lessor plans and specifications (including but not limited to grading, construction and landscape plans) showing the nature, location, approximate cost, and quality of the proposed improvements. At the request of Lessor, Lessee shall also submit a perimeter survey of the Premises. The location of completed improvements, as built construction plans and any other information Lessor may require, for purposes of determining developed acres, shall be submitted by the Lessee to the Lessor within three (3) months following the completion of construction. Any improvements placed on the Premises shall conform to existing laws and ordinances applicable to commercial construction and maintenance in the jurisdiction where the Premises are located, unless Lessor determines and advises Lessee in writing that such conformity is not in the best interest of the Trust.

**6.2** Gas, electric, power, telephone, water, sewer, cable television and other utility or service lines of every nature shall be placed and kept underground unless Lessor grants prior written approval otherwise. All buildings and structures shall be of new construction and no buildings or structures shall be moved from any other location onto the Premises without Lessor's prior written approval.

**6.3** Annually, by the anniversary of the commencement date of this Lease, Lessee shall file with Lessor a sworn statement setting forth the description of any improvements placed on the Premises during the prior lease year and the actual cash value of such improvement.

**6.4** All improvements placed upon the Premises by Lessee shall be the property of Lessee subject to the terms of this Lease and shall, unless they become the property of Lessor, be subject to assessment for taxes in the name of Lessee, the same as other property of Lessee. Within sixty (60) days prior to or ninety (90) days following the expiration or termination of this Lease, Lessee may remove those improvements which belong to it, have been previously approved by Lessor in writing, are free of any liens and can be removed without causing injury to the Premises. At its option, Lessor may waive any of the above listed prerequisites to Lessee's removal of improvements on the Premises. Lessee may, with Lessor's prior written approval and within the time allowed for removal, sell its improvements to the succeeding Lessee.

6.5 Improvements made on or to the Premises without Lessor's prior written approval shall constitute a breach of this Lease and the improvements shall forfeit to Lessor.

6.6 This Lease does not confer upon Lessee, its assignees or sublessees, any express or implied rights to the use or removal of surface or ground water from the Premises except as otherwise provided herein. Any use or removal of water from the Premises shall be pursuant to an independent written agreement with Lessor and no claim thereto shall be made by Lessee. Any water right established shall attach and be appurtenant to the Premises.

## **ARTICLE 7**

### **REPAIRS AND MAINTENANCE**

7.1 Lessor shall be under no obligation whatever to maintain, repair, rebuild or replace any improvement on the Premises. Lessee shall, subject to the provisions of Article 12 (Damage) and Article 15 (Eminent Domain) and at its own expense, keep and maintain the Premises in good order, condition and repair in conformity with all governmental requirements and if applicable, those of the insurance underwriting board or insurance inspection bureau having jurisdiction over the Premises, unless Lessor determines and advises Lessee that such conformity is not in the best interest of the Trust.

## **ARTICLE 8**

### **MECHANICS' LIENS**

8.1 Lessee shall be responsible for payment of all costs and charges for any work done by or for it on the Premises or in connection with Lessee's occupancy thereof, and Lessee shall keep the Premises free and clear of all mechanics' liens and other liens and encumbrances on account of work done for Lessee or persons claiming under it; provided, however, that Lessee may in good faith, and with reasonable diligence, contest or dispute any such lien claims in any appropriate forum so long as this Lease or the Leased Premises are not actually in danger of levy or sale. Lessee expressly agrees to and shall indemnify and save Lessor harmless against liability, loss, damages, costs, attorney's fees and all other expenses on account of claims of lien or other encumbrances of laborers or materialmen or others for work performed or materials or supplies furnished to Lessee or persons claiming under it. Further, any contracts between Lessee or sublessees and any contractors and subcontractors shall expressly hold Lessor harmless against any liability arising from such contracts, as described above.

8.2 Should any such claims of lien or other encumbrances be filed against the Premises or any action affecting the title to the Premises be commenced, the party receiving notice of such lien or action shall immediately give the other party written notice thereof.

**ARTICLE 9**  
**UTILITIES**

9.1 Lessee shall be responsible for and shall hold Lessor harmless from any liability for all charges for water, gas, sewage, electricity, telephone and any other utility service.

**ARTICLE 10**  
**TAXES AND ASSESSMENTS**

10.1 In addition to the rent set herein, Lessee shall timely pay and discharge, without deduction or abatement for any cause, all duties, taxes, charges, assessments, impositions and payments, extraordinary as well as ordinary, unforeseen as well as foreseen, of every kind and nature (under or by virtue of any current or subsequently enacted law, ordinance, regulation or order of any public or governmental authority), which during the term are due, imposed upon, charged against, measured by or become a lien on (i) the Premises; (ii) any improvements or personal property thereon; (iii) the interest of any of the parties to this Lease or in proceeds received pursuant to this Lease; and (iv) the rent paid pursuant to this Lease.

**ARTICLE 11**  
**INSURANCE AND INDEMNITY**

11.1 Irrespective of any insurance carried by Lessor for the benefit of Lessor, Lessee hereby expressly agrees to indemnify and hold Lessor harmless, or cause Lessor to be indemnified and held harmless, from and against all liabilities, obligations, damages, penalties, claims, causes of action, costs, charges and expenses, including attorney's fees and costs, which may be imposed upon or incurred by or asserted against Lessor by reason of the following: (i) any accident, injury or damage to any person or property occurring on or about the Premises or any portion thereof; (ii) any use, nonuse or condition of the Premises or any portion thereof; or (iii) any failure on the part of Lessee to perform or comply with any of the provisions of this Lease; except that none of the foregoing shall apply to Lessor's intentional conduct or active negligence. In case any action or proceeding is brought against Lessor by reason of any such occurrence, Lessee, upon Lessor's request and at Lessee's expense, will resist and defend such action or proceeding, or cause the same to be resisted and defended either by counsel designated by Lessee or, where such occurrence is covered by liability insurance, by counsel designated by the insurer.

11.2 Lessee at its expense, shall at all times during the term, and any extension thereof, maintain in full force a policy or policies of comprehensive liability insurance, including property damage, written by one or more responsible insurance companies licensed to do business in the State of Arizona, and each policy shall be written on an occurrence basis, which insure Lessee and Lessor against liability for injury to persons and property and death

of any person or persons occurring in, on or about the Premises, or arising out of Lessee's maintenance, use and occupancy thereof. All public liability and personal property damage policies shall contain a provision that Lessor, named as an additional insured, shall be entitled to recovery under the policies for any loss occasioned to it, its servants, agents and employees by reason of the negligence or wrongdoing of Lessee, its servants, agents and employees or sublessees. Further, the policies shall provide that their coverage is primary over any other insurance coverage available to the Lessor, its servants, agents and employees. All policies of insurance delivered to Lessor must contain a provision that the company writing the policy shall give to Lessor thirty (30) days notice in writing in advance of any cancellation or lapse, or the effective date of any reduction in the amounts of insurance.

11.3 The insurance as described in Paragraph 11.1 herein shall afford protection not less than \$1,000,000 in combined single limits for bodily injury and property damage and each liability policy shall be written on an occurrence basis; provided, however, that the minimum amount of coverage for the above shall be adjusted upward on Lessor's reasonable request so that such respective minimum amounts of coverage shall not be less than the amounts then required by statute or generally carried on similarly improved real estate in the Yavapai County herein described, whichever is greater. If at any time Lessee fails, neglects or refuses to cause such insurance to be provided and maintained, then Lessor may, at its election, procure or renew such insurance and any amounts paid therefor by Lessor shall be an additional amount due at the next rent day.

11.4 Notwithstanding anything to the contrary in this Article, Lessee's obligations to carry the insurance provided for herein may be bought within the coverage of a so-called blanket policy or policies of insurance maintained by Lessee, provided, however, that the coverage afforded Lessor will not be reduced by reason of the use of such blanket policy of insurance.

11.5 Copies of certificates of insurance shall be delivered to Lessor prior to Lessee's occupancy of the Premises. Lessee shall also submit proof of payment of premium.

## **ARTICLE 12**

### **DAMAGE**

12.1 If the Premises or any building or other improvement located thereon are damaged or destroyed during the term of this Lease, Lessee may arrange at its expense for the repair, restoration and reconstruction of the same substantially to its former condition, but such damage or destruction shall not terminate this Lease or relieve Lessee from its duties and liabilities hereunder.

**ARTICLE 13**  
**TRADE FIXTURES AND PERSONAL PROPERTY**

13.1 Any trade fixtures, signs, store equipment, and other personal property installed in or on the Premises by Lessee or any sublessee shall remain their property subject to the provisions of this Lease. Lessee shall have the right, provided it is not then in breach hereunder, at any time to remove any and all of the same, subject to the restrictions of Article 6.4.

**ARTICLE 14**  
**ASSIGNMENT, SUBLETTING AND ENCUMBRANCE**

14.1 Lessee shall not assign this Lease or any interest therein, nor shall Lessee sublease any portion or all of the Premises without obtaining Lessor's prior written approval. In no event may this Lease or any interest therein be assigned or sublet unless Lessee is in full compliance with this Lease. Lessee shall not enter into a contract of sale, mortgage, lien or other encumbrance affecting this Lease unless a copy is filed with Lessor.

14.2 An assignment of this Lease shall not be made without the consent of all the parties. Lessee may assign all or a portion of the Premises as allowed by the terms of this Article provided Lessee shall assign Lessee's entire interest in that portion of the Premises.

14.3 There shall be no assignment or sublease made except to an assignee or sublessee that will use the Premises for the purpose(s) described herein.

14.4 Notwithstanding any sublease, Lessee shall remain responsible to the Lessor for the performance of the provisions of this Lease.

14.5 The assignment of Lessee's entire interest in a portion of the Premises shall not relieve Lessee of its responsibility to Lessor for the performance of the provisions of this Lease as it relates to that portion of the Premises not transferred by the assignment. Following assignment, an assignee may apply with Lessor for a lease concerning the assigned Premises with a term in excess of ten (10) years. Such leases may be issued only upon approval by the State Land Commissioner, the Board of Appeals, and public auction, and in accordance with the Constitution and Statutes of this State and the rules of the State Land Department.

**ARTICLE 15**  
**EMINENT DOMAIN**

15.1 If at any time during the duration of this Lease the whole or any part of the Premises is taken by direct sale, lease, institutional taking or acquisition in any manner through condemnation proceedings or otherwise, for any quasi-public or public purpose by any person, private or public corporation, or any governmental agency having authority to exercise the power of eminent domain or condemnation pursuant to any law, general, special or otherwise, this Lease shall expire on the date when the Premises are taken or acquired except as otherwise provided.

15.2 In the event of a partial taking and if the Lessor determines that it is in the best interest of the Trust, the Lease may continue in full force and effect for that portion of the Premises not taken. As against Lessor, Lessee and any sublessee shall not have a compensable right or interest in the real property being taken and shall have no compensable right or interest in severance damages which may accrue to the remainder of the Premises not taken, nor shall Lessee or any sublessee have any compensable right or interest in the remaining term of this Leasehold or any renewal. Rent shall be apportioned as of the day of such taking. Lessor shall be entitled to and shall receive any awards, including severance damage to remaining state lands, that may be made for any taking concerning the Premises.

15.3 In the event of any taking, Lessee shall have the right to receive any and all awards or payments made for any building or other improvements on the lands fully placed on the Premises by Lessee with the Lessor's prior written approval.

**ARTICLE 16**  
**BANKRUPTCY AND INSOLVENCY**

16.1 If (i) all or substantially all of Lessee's assets are placed in the hands of a receiver, and such receivership continues for a period of thirty (30) days; or (ii) should Lessee make an assignment for the benefit of creditors; or (iii) should Lessee institute any proceedings under any present or future provisions of the Bankruptcy Code or under a similar law wherein Lessee seeks to be adjudicated as bankrupt, or to be discharged of its debts, or to effect a plan of liquidation, composition or reorganization; or (iv) should any involuntary proceedings be filed against Lessee under such bankruptcy laws and not be dismissed or otherwise removed within ninety (90) days after its filing, then this Lease shall not become an asset in any of such proceedings or assignment. In addition to all other rights and remedies of Lessor provided hereunder or by law, Lessor shall have the right to declare the term of this Lease at an end and to re-enter the Premises, take possession and remove all persons, and Lessee shall have no further claim on the Premises under this Lease.

**ARTICLE 17**  
**LESSEE DEFAULTS AND LESSOR'S REMEDIES**

17.1 All of the provisions of this Lease are conditions. Breach of any one of these conditions by Lessee or any sublessee shall be sufficient grounds for cancellation of this Lease by Lessor, subject to the other provisions of this Article.

17.2 If Lessee fails to keep any provision of this Lease, Lessor may cancel this Lease and declare Lessee's interest forfeited. Lessor shall be forever wholly absolved from liability for damages which might result to Lessee or any sublessee on account of this Lease having been cancelled or forfeited prior to the expiration of the full term, subject to the other provisions of this Article.

17.3 In the event of a breach of this Lease which is not curable or remains uncured after thirty (30) days notice by Lessor of failure to pay rent, taxes or other assessments, and forty-five (45) days from the receipt of the notice to cure any other curable default, to Lessee of the breach, Lessor may, in addition to all other remedies which may be available to Lessor in law or in equity, (i) enter and repossess the premises or any part thereof, expelling and removing therefrom all persons and property (either holding such property pursuant to Lessor's landlord's lien, or storing it at Lessee's risk and expense, or otherwise disposing thereof), as to which Lessor shall not be liable to Lessee or any sublessee for any claim for damage or loss which may thereby occur, and (ii) either (a) terminate this Lease, holding Lessee liable for damages for its breach or (b) treat the Lease as having been breached anticipatorily and the premises abandoned by Lessee without thereby altering Lessee's continuing obligations for the payment of rent and the performance of those Lease provisions to be performed by Lessee during the lease term.

17.4 If Lessor terminates this Lease for Lessee's breach, Lessee shall be liable to Lessor, as liquidated damages and not as a penalty, an amount, which at the time of such termination, represents the amount equal to a six month prorata portion of the last annual rent paid by Lessee. If termination is made at such time as Lessee is current in annual rent payments, Lessor shall return to Lessee that portion of the annual rent after deducting the above-described liquidated damages. The liquidated damages will compensate Lessor for the loss of rent from the parcel due to the default and costs incurred to re-lease the premises.

17.5 Lessee shall pay to Lessor upon demand all costs, expenses and fees, including attorneys' fees, which Lessor may incur in connection with the exercise of any remedies on account of or in connection with any breach by Lessee, plus interest on all amounts due from Lessee to Lessor at the rate set by the Arizona State Treasurer, according to law.

17.6 The remedies herein granted to Lessor shall not be exclusive or mutually exclusive and Lessor shall have such other additional remedies against Lessee as may be permitted in law or in equity at any time; provided, however, Lessor shall not be relieved of any obligation imposed by law for mitigation of damages, nor shall Lessor recover any duplicative damages, and Lessee shall be reimbursed by any subsequent Lessee or purchaser of the premises for any amount by which the value of Lessee's improvements exceed Lessor's damages, notwithstanding any other provision in this Lease to the contrary. In particular, any exercise of a right of termination by Lessor shall not be construed to end or discharge any right of Lessor to damages on account of Lessee's breach.

17.7 No waiver of breach of any provision of this Lease shall be construed as a waiver of succeeding breach of the same or other provisions.

## **ARTICLE 18** **HOLDING OVER**

18.1 There shall not be any holding over by Lessee or any assignee or sublessee, upon the expiration or cancellation of this Lease for any reason. If nevertheless there be any holding over by Lessee or any assignee or sublessee, the holding over shall give rise to a tenancy at the sufferance of Lessor upon the same terms and conditions as are provided for herein with a rent for the holdover period proportionate to twice the last annual installment of rent.

## **ARTICLE 19** **MISCELLANEOUS**

19.1 This Lease grants Lessee only those rights expressly and unequivocally granted herein and Lessor retains and reserves all other rights in the Premises.

19.2 Each provision of this Lease shall extend to, be binding on and inure to the benefit of not only Lessee but each of its respective heirs, administrators, executors, successors and assigns. When reference is made in this Lease to either "Lessor" or "Lessee", the reference shall be deemed to include, wherever applicable, the heirs, administrators, executors, successors and assigns of the parties. This Lease shall be binding upon all subsequent owners of the Premises, and of any interest or estate therein or lien or encumbrance thereon.

19.3 The relationship of the parties is that of Lessor and Lessee, and it is expressly understood and agreed that Lessor does not in any way or for any purpose become a partner of Lessee or a joint venturer with Lessee in the conduct of Lessee's business or otherwise, and that the provisions of any agreement between Lessor and Lessee relating to rent are made solely for the purpose of providing a method by which rental payments are to be measured and ascertained.

19.4 After the expiration or termination of this Lease, Lessee shall execute, acknowledge and deliver to Lessor within thirty (30) days after written demand from Lessor to Lessee, any document requested by Lessor quitclaiming any right, title or interest in the Leasehold to Lessor or other document required by any reputable title company to remove the cloud of this Lease from the Premises.

19.5 The titles to the Articles of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part of the Lease.

19.6 If during the term of this Lease it appears that there has been fraud or collusion on the part of Lessee to obtain or hold this Lease at a rent less than its value, or through Lessee's fraud or collusion a former Lessee of the Premises has been allowed to escape payment of the rent due for former Lessee's use of the Premises, Lessor may cancel this Lease and the Premises shall immediately revert to Lessor. If during the term of this Lease it appears that Lessee has misrepresented, by implication, willful concealment or otherwise, (i) the value of the improvements placed on the Premises by a former Lessee or any other person; or (ii) the Lessee not being the owner of the improvements placed on the Premises by a former Lessee or any other person at the commencement of the Lease term, Lessor may cancel this Lease and the Premises shall immediately revert to Lessor.

19.7 Any notice to be given or other document to be delivered to Lessee or Lessor hereunder shall be in writing and delivered to Lessee or Lessor by depositing same in the United States Mail, with prepaid postage thereon fully prepaid and addressed as follows:

**TO Lessor:** Arizona State Land Department  
1616 West Adams Street - First Floor  
Phoenix, Arizona 85007

**TO Lessee:** Zonia Company  
212 South Marina Street  
Prescott, AZ 86303

Lessee must notify Lessor by written notice of any change in address within thirty (30) days. Lessor may, by written notice to Lessee, designate a different address.

19.8 If it is determined that Lessor has failed to receive title to any of the Premises, the Lease is null and void insofar as it relates to the land to which Lessor has failed to receive title. Lessor shall not be liable to Lessee or any assignee or sublessee for any damages that result from Lessor's failure to receive title.

**19.9 Lessee grants to Lessor a lien superior to all others in Lessee's interest in improvements and valuable materials located on the Premises. Lessor has the right to recover any rent arrearage and outstanding liabilities of the Lessee from the Lessee's interest in the improvements or valuable materials.**

**19.10 Lessee acknowledges that it has not been induced to enter into this Lease by any promise from Lessor or any of its agents, servants or employees that the Premises will be offered for sale at any time.**

**19.11 Lessor may cancel this Lease, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the Lease on behalf of Lessor or any of its departments or agencies is, at any time while the Lease or any extension of the Lease is in effect, an employee of any other party to the Lease in any capacity, or a consultant to any other party of the Lease with respect to the subject matter of the Lease. The cancellation shall be effective when written notice from the Governor is received by all other parties to the Lease unless the notice specifies a later time.**

**19.12 This Lease is subject to all current and subsequently enacted rules, regulations and laws applicable to State lands and to the rights and obligations of Lessors and Lessees. No provision of this Lease shall create any vested right in Lessee except as otherwise specifically provided in this Lease.**

**19.13 This Lease may be amended only in writing and upon agreement by all parties.**

**19.14 Lessee agrees and understands that all uses of the land not expressly authorized or permitted by this Lease are expressly prohibited.**

**19.15 In any action arising out of this Lease, the prevailing party is entitled to recover reasonable attorneys' fees and costs in addition to the amount of any judgment, costs and other expenses as determined by the court. In the case of the Lessor, reasonable attorneys' fees shall be calculated at the reasonable market value for such services when rendered by private counsel, notwithstanding that it is represented by the Arizona Attorney General's Office or other salaried counsel.**

**19.16 This document is submitted for examination and shall have no binding effect on the parties unless and until executed by the Lessor (after execution by the Lessee), and a fully executed copy is delivered to the Lessee. Upon the execution hereof, at the request of Lessee, the parties also shall execute, so that Lessee may cause it to be recorded, a short form of this Lease.**

**ARTICLE 20**  
**ENCUMBRANCES**

**20.1 Lessee, and its successors and assigns, shall have the unrestricted right to mortgage and pledge this Lease, subject, however, to the limitations of this section. Any such mortgage/deed of trust or pledge shall be subject and subordinate to the rights of Lessor, and nothing in this Lease shall be construed to impose upon the Lessor any obligation or liability with respect to the payment of any indebtedness to any holder of a mortgage/deed of trust or pledge of this Lease.**

**20.2 The term of any leasehold mortgage or deed of trust shall not be longer than the remaining lease term.**

**20.3 No holder of a mortgage/deed of trust on this Lease shall have the rights or benefits provided by this Article nor shall the provisions of this Article be binding upon Lessor, unless and until the name and address of the holder of the mortgage/deed of trust is registered with Lessor.**

**20.4 If Lessee, or Lessee's successors or assigns, shall mortgage this Lease in compliance with provisions of this Article, then so long as any such mortgage/deed of trust remains unsatisfied of record, the following provisions shall apply:**

**(a) Lessor, upon giving Lessee any notice of default, or any other notice under the provisions of or with respect to this Lease, shall also give a copy of such notice to the registered holder of a mortgage/deed of trust on this Lease.**

**(b) Any holder of such mortgage/deed of trust, in case Lessee shall have a monetary default hereunder, shall, within thirty (30) days from the receipt of notice have the right to cure such default, or cause the same to be cured, and Lessor shall accept such performance by or at the instance of such holder as if the same had been made by Lessee, all as provided in A.R.S. §37-289 (A)(2).**

**(c) Nothing herein contained shall preclude Lessor, subject to the provisions of this Article, from exercising any rights or remedies under this Lease with respect to any other default by Lessee during the pendency of any foreclosure or trustee's sale proceedings.**

**(d) Any holder of such mortgage/deed of trust, in case Lessee shall have a default other than a default involving failure to pay rent, taxes or other assessments, shall have forty-five (45) days from the receipt of notice to cure any curable default.**

**(e) If a default is not cured within the applicable time period, the Lessor may make an order cancelling the Lease. The cancellation order shall not become final if the holder of a mortgage/deed of trust files written notice with Lessor of its intent to proceed with a foreclosure action within sixty (60) days from the issuance of the cancellation order and**

commences the foreclosure action in court and provides Lessor with a certified copy of the complaint within one hundred twenty (120) days of the issuance of the cancellation order. Upon foreclosure of the mortgage/deed of trust, the Lessor shall assign this Lease to the holder of the mortgage/deed of trust, if all taxes, rent and assessment payments are current.

(f) No failure on the part of Lessor to give the required notice of default to the holder of a mortgage/deed of trust shall be deemed a waiver and Lessor's continuing right to give notice of the default continues so long as it remains uncured.

(g) Any notice or other communication which Lessor shall desire or is required to give to or serve upon the holder of a mortgage/deed of trust on this Lease, shall be deemed to have been duly given or served if sent in duplicate by registered or certified mail, addressed to such holder, at his address as set forth in the registration, or at any such other address as shall be designated by Lessor by notice in writing given to such holder by registered or certified mail, postage pre-paid.

Any notice or other communication which the holder of a mortgage/deed of trust on this Lease shall desire or is required to give or serve upon Lessor shall be deemed to have been duly given or served if sent in duplicate by registered or certified mail addressed to Lessor at Lessor's address as set forth in this Lease or at such other address as shall be designated by Lessor by notice in writing given to such holder by registered or certified mail, postage pre-paid.

(h) Effective upon the commencement of the term of any assignment executed pursuant to paragraph (e) all subleases shall be assigned or transferred without recourse by Lessor to the assignor and all monies on deposit with Lessor which Lessee would have been entitled to use but for the assignment of this Lease may be used by the assignor under the terms of the Lease for the purposes of and in accordance with the provisions of such assignment.

(i) Anything herein contained to the contrary notwithstanding, the provisions of this Article shall inure only to the benefit of the holders of leasehold mortgages which term may also be read to mean deed of trust.

(j) Nothing herein contained shall be deemed to obligate the Lessor to deliver possession of the demised premises to the assignor under any assignment entered into pursuant to paragraph (e) of this section.

(k) No agreement between Lessor and Lessee modifying, cancelling or surrendering this Lease shall be effective without the prior written consent of the registered mortgagees and lienholders.

(l) No union of the interest of Lessor and Lessee shall result in a merger of this Lease in the fee interest.

**20.5 Casualty Loss.** A standard Mortgage Clause naming each leasehold mortgagee may be added to any and all insurance policies required to be carried by Lessee hereunder on condition that the insurance proceeds are to be applied in the manner specified in this Lease and the leasehold mortgage shall so provide; except that the leasehold mortgage may provide a manner for the disposition of such proceeds, if any, otherwise payable directly to the Lessee (but not such proceeds, if any, payable jointly to the Lessor and the Lessee) pursuant to the provisions of this Lease.

**20.6** If any holder of a mortgage or deed of trust on this Lease shall acquire title to Lessee's interest in the Lease, by foreclosure of a mortgage thereon, by Trustee's Sale of a deed of trust thereon, by assignment in lieu of foreclosure or by an assignment from a designee or wholly owned subsidiary corporation of such holder, such holder may assign such Lease and shall thereupon be released from all liability for the performance or observance of the covenants and conditions in such Lease contained on Lessee's part to be performed and observed from and after the date of such assignment provided that the assignee for such holder of a mortgage/deed of trust shall have assumed such Lease.

**20.7 Eminent Domain.** Lessee's share, as provided in Article 15 of this Lease, of the proceeds arising from an exercise of the power of eminent domain shall, subject to the provisions of such Article 15, be disposed of as provided for by any leasehold mortgage.

## **ARTICLE 21**

### **ENVIRONMENTAL INDEMNITY**

**21.1** Lessee shall protect, defend, indemnify and hold harmless the Lessor from and against all liabilities, costs, charges and expenses, including attorneys' fees and court costs arising out of or related to the presence of or existence of any substance regulated under any applicable federal, state or local environmental laws, regulations or ordinances or amendments thereto because of: (a) any substance that came to be located on the Lease resulting from any use or occupancy of the lands by the Lessee before or after the issuance of the Lease; or (b) any release, threatened release, escape, substance in, on, under or from said Lease that is caused, in whole or in part, by any conduct, actions or negligence of the Lessee, regardless of when such substance came to be located on the Lease.

**21.2** For the purposes of this Lease, the term "regulated substances" shall include substances defined as "regulated substances," "hazardous waste," "hazardous substances," "hazardous materials," "toxic substances" or "pesticides" in the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments of 1984, the Comprehensive Environmental Response, Compensation and Liability Act, the Hazardous Materials Transportation Act, the Toxic Substance Control Act, the Federal Insecticide, Fungicide and Rodenticide Act, the relevant local and state environmental laws, and the regulations, rules and ordinances adopted and publications promulgated pursuant to the local, state and federal laws. This indemnification shall include, without limitation, claims

or damages arising out of any violations of applicable environmental laws, regulations, ordinances or subdivisions thereof, regardless of any real or alleged strict liability on the part of Lessor. This environmental indemnity shall survive the expiration or termination of this Lease and/or any transfer of all or any portion of the Premises and shall be governed by the laws of the State of Arizona.

**21.3** In the event any such action or claim is brought or asserted against the Lessor, the Lessee shall have the right, subject to the right of the Lessor to make all final decisions with respect to Lessor's liability for claims or damages, (i) to participate with Lessor in the conduct of any further required cleanup, removal or remedial actions and/or negotiation and defense of any claim indemnifiable under this environmental indemnity provision, having reasonable regard to the continuing conduct of the operation/business located on the Premises and (ii) to participate with the Lessor in negotiating and finalizing any agreement or settlement with respect to any such claim or cleanup.

EXHIBIT "A"

IN WITNESS HEREOF, the parties hereto have signed this Lease Agreement effective the day and year set forth below.

STATE OF ARIZONA, LESSOR  
Arizona State Land Commissioner

By: [Signature] 9/9/92  
Date

(Seal)

[Signature] ✓ 9.2.92  
Lessee Date

THE ZONIA COMPANY

Lessee Date

Lessee Date

✓ 212 SOUTH MARINA ST.  
Address

✓ PRESCOTT AZ ✓ 86203  
City State Zip

SENT BY ZONIA COMPANIES

; 2-15-94 4:19PM ;

6027782101→

18197972481;# 2



FIFE SYMINGTON  
GOVERNOR

Arizona  
**State Land Department**

1818 WEST ADAMS  
PHOENIX, ARIZONA 85007



M.J. HASSELL  
STATE LAND COMMISSIONER

FAX

February 9, 1993

542 7668

Zonia Company  
212 S. Marina Street  
Prescott, Arizona 86303

Re: 03-1150

Dear Lessee:

The Arizona State Land Department records indicate that proof of insurance has not been submitted annually as required in the above-referenced lease terms. Please provide proof of insurance within thirty (30) days of receipt of this letter or your lease may be in default and may be subject to cancellation for non-compliance.

The Arizona State Land Department must be shown as Certificate holder.

If you have more than one lease or permit covered under the requested policy, please advise the number(s) and a copy will be placed in each respective case file.

Please call me at 542-2653 if you have any questions. Your prompt response is appreciated.

Sincerely,

Pat Ryan  
Commercial Leasing Administrator

PR/cjw

# THE ZONIA COMPANY

ZONIA MINE  
ROUTE 1  
KIRKLAND, ARIZONA

GENERAL OFFICE  
212 S. MARINA ST.  
PRESCOTT ARIZONA 86303  
(602) 778-2108  
FAX (602) 778-9249

DATE: 2/15/93  
NAME: HARRISON MATSON  
ADDRESS:  
TELECOPIER NO: 602-745-0863  
ATTN: OPERATOR

The following document is being sent via telecopier for the immediate attention of HARRISON. Please expedite its delivery. Thank you.

Sincerely,

THE ZONIA COMPANY

BY: Q.H.W.

cc:

NUMBER OF PAGES: 6

OPERATOR: \_\_\_\_\_



FIFE SYMINGTON  
GOVERNOR

Arizona  
**State Land Department**

1616 WEST ADAMS  
PHOENIX, ARIZONA 85007



M.J. HASSELL  
STATE LAND COMMISSIONER

February 9, 1993

Zonia Company  
212 S. Marina Street  
Prescott, Arizona 86303

Re: 03-1150

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If you have more than one lease or permit covered under the requested policy, please advise the number(s) and a copy will be placed in each respective case file.

Please call me at 542-2653 if you have any questions. Your prompt response is appreciated.

Sincerely,

A handwritten signature in cursive script that reads "Pat Ryan".

Pat Ryan  
Commercial Leasing Administrator

PR/cjw



# GELLHAUS ENGINEERING & TESTING LABORATORIES

417 North Arizona Street  
Prescott, Arizona 86301  
(802) 778-9001

E. Marian Gellhaus, P.E./L.S.  
Gary R. Kelley, P.E.

October 10, 1990

Mr. John Rubel  
Zonia Company  
212 South Marina Street  
Prescott, Arizona 86303

RE: Permeability Tests

Dear Mr. Rubel:

We have completed the three falling head permeability tests as requested. Enclosed, please find the test data sheets. Your personnel sampled and labeled the samples; #1 - Discard, #2 - Collection, and #3 - Barren. All samples were remolded and compacted to about 95% ASTM D-698 as shown on the results sheets.

The five foot falling head permeability results are as follows:

Sample #1	Discard . . . . .	2.7 x 10 <sup>-7</sup> cm/sec
Sample #2	Collection . . . . .	8.9 x 10 <sup>-7</sup> cm/sec
Sample #3	Barren . . . . .	1.4 x 10 <sup>-6</sup> cm/sec

This test method has limitations for various reasons, the major ones are as follows:

1. The remolded and compacted soil sample in the permeability device can be different than the field conditions.
2. Orientation of the in-situ stratum to the flow of water is probably not duplicated. Clayey fills will have horizontal jointing due to placing the fill in lifts to obtain proper compaction.
3. Boundary conditions exist in the laboratory by the smooth walls of the permeability mold.
4. The hydraulic head may be different in the laboratory.

ENGINEERING OFFICE

778-9001

CONSULTING ENGINEERING  
CIVIL ENGINEERING DESIGN  
SURVEYING

LABORATORY

417 NORTH ARIZONA STREET  
778 4084

GEOTECHNICAL ENGINEERING  
SUBSURFACE SOIL EXPLORATION  
SOIL & MATERIAL TESTING



October 10, 1990  
Permeability Tests  
Page 2

5. The effect of entrapped air on the laboratory sample will be large, even for small air bubbles since the sample is small.
6. Long duration tests, such as these, can loose water in the stand pipe through evaporation.

We recommend that you have the three pond sides and bottoms tested for compaction. If we can be of further assistance, please advise.

Very truly yours,

GELLHAUS ENGINEERING AND TESTING LABORATORIES

  
E. Harlan Gellhaus, P.E./L.S.



/ds

Enclosure

File No. 2274



# GELLHAUS ENGINEERING & TESTING LABORATORIES

417 North Arizona Street • Prescott, Arizona 86301 • (602) 778-4094

## INVOICE

RE: Permeability Testing

Zonia Company  
212 South Marina Street  
Prescott, AZ 86303

P.O.# Per Contract #953

JOB INV.# 2274-A

ATTN: John Rubel

DATE MAILED: October 10, 1990

**PLEASE NOTE:** PAYMENT DUE IN 10 DAYS AFTER 30 DAYS FROM THE ABOVE DATE. INTEREST OF 2% PER MONTH WILL BE CHARGED. THE CLIENT WILL ALSO BE RESPONSIBLE FOR REASONABLE ATTORNEY'S FEES OR COLLECTION FEES IN THE EVENT THESE SERVICES ARE REQUIRED IN COLLECTING THE AMOUNT DUE

DATE	OPERATION NUMBER	SERVICES FOR <u>To Date</u>	TECH ENGR	NUMBER OR TIME	COST PER UNIT	AMOUNT
	621	Geotechnical Engineer	EHG	1.0 hr		\$ 75.00
	650	Site Observation/Engineer				
	240	Site Observation/Technician				
	250	Site Concrete Pour Sample Molds				
	200	Concrete Compression Tests				
	312	Concrete Coring				
	240	Field Soil Sampling				
	550	Subgrade/ABC Density Testing				
	400	Soil Laboratory Tests Moisture Density Relationship Liquid Limit/Plastic Limit Gradations Permeability		3	\$200/ea	600.00
	265	Field/Plant Asphalt Sampling				
	500	Asphalt Concrete Density Testing				
	510	A/C Laydown Observation				
	400	Asphalt Laboratory Tests Marshall Densities Extraction with Gradation				
	350	Field Technician Mobilization				
	351	Mileage				
	300	Drilling				
	310	Asphalt Core Drilling				
	366	Drill Rig Mobilization (2 Men)				
	356	Mileage				
	325	Soil Percolation Testing Subsurface Soil Exploration Soil Survey Special Testing				
<b>TOTAL</b>						<b>\$675.00</b>

*Paid 10-12-90  
ch # 1178  
675.00  
Bg*

March 2, 1993

Ms. Pat Ryan  
Commercial Leasing Administrator  
Arizona State Land Dept.  
1616 West Adams  
Phoenix, Az. 85007

Dear Ms. Ryan,

As per our recent phone conversation, I am sending you a certificate of insurance to demonstrate compliance with the terms of commercial lease #03-1150. As you will note, the certificate names Arimetco, Inc. as the insured party.

Arimetco Inc. has recently leased the entire Zonia mine property from the Zonia Company and an assignment of the state lease ground was supposed to be included as part of the arrangements. Unfortunately, an application to the State Land Department for approval of the lease assignment has yet to be submitted. This application will be tendered to the Department as soon as the proper forms are received.

Please be assured that full liability insurance coverage is in effect for the protection of the State Land Department, as lessor.

I appreciate your help in resolving this matter.

Sincerely,

  
Harrison Matson  
Chief Geologist

HM:y1

**PRODUCER**

KOTY-LEAVITT INSURANCE  
 P O BOX 12649  
 TUCSON AZ 85732-2649

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

**INSURED**

ARIMETCO, INC.  
 6245 EAST BROADWAY #350  
 TUCSON, AZ 85711

**COVERAGES**

THIS IS TO CERTIFY THAT THE 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)	LIMITS
A	<b>GENERAL LIABILITY</b>	59UUNHD05338	07/20/92	07/20/93	GENERAL AGGREGATE \$ 2,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				PRODUCTS—COMP/OP AGG. \$
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR.				PERSONAL & ADV. INJURY \$ 1,000,000
	<input checked="" type="checkbox"/> OWNER'S & CONTRACTOR'S PROT.				EACH OCCURRENCE \$ 1,000,000
					FIRE DAMAGE (Any one fire) \$ 300,000
					MED.EXP. (Any one person) \$ 10,000
	<b>AUTOMOBILE LIABILITY</b>				COMBINED SINGLE LIMIT \$
	<input type="checkbox"/> ANY AUTO				BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident) \$
	<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE \$
	<input type="checkbox"/> HIRED AUTOS				
	<input type="checkbox"/> NON-OWNED AUTOS				
	<input type="checkbox"/> GARAGE LIABILITY				
	<b>EXCESS LIABILITY</b>				EACH OCCURRENCE \$
	<input type="checkbox"/> UMBRELLA FORM				AGGREGATE \$
	<input type="checkbox"/> OTHER THAN UMBRELLA FORM				
	<b>WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY</b>				STATUTORY LIMITS
					EACH ACCIDENT \$
					DISEASE—POLICY LIMIT \$
					DISEASE—EACH EMPLOYEE \$
	<b>OTHER</b>				

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

RE: LEASE #03-1150

**CERTIFICATE HOLDER**

ARIZONA STATE LAND  
 DEPT  
 1616 W ADAMS  
 PHOENIX AZ

**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**

*Loysel Koty*

# THE ZONIA COMPANY

ZONIA MINE  
ROUTE 1  
KIRKLAND, ARIZONA

GENERAL OFFICE  
212 S. MARINA ST.  
PRESCOTT ARIZONA 86303  
(602) 778-2100  
FAX (602) 778-9249

DATE: 7-19-93

NAME: HARRISON MATSON

ADDRESS:

TELECOPIER NO: 602 - 745-0863

ATTN: OPERATOR

The following document is being sent via telecopier for the immediate attention of HARRISON. Please expedite its delivery. Thank you.

Sincerely,

THE ZONIA COMPANY

BY: WRH

cc:

NUMBER OF PAGES: 3

OPERATOR: \_\_\_\_\_

Harrison:  
Enclosed please find Notice of Default from State Land Dept. regarding the commercial lease. I'll be in touch later this week with regards to the Purchase Option.

Sincerely:  
Ray.

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STATE LAND DEPARTMENT OF THE STATE OF ARIZONA  
BEFORE THE STATE LAND COMMISSIONER

IN THE MATTER OF COMMERCIAL LEASE  
NO. 03-01150-00 .

NOTICE OF DEFAULT & HEARING  
AND  
ORDER TO PAY RENT

LESSEE: ZONIA COMPANY

1. A rent statement covering the subject lease/permit was issued by the Department, due and payable on 06-25-93.

2. To date, the Lessee/Permittee has not paid the rent nor filed an appeal within the specified time indicated on the billing statement.

3. The Lessee/Permittee has not applied for nor requested an extension of time in which to pay the rent as provided in A.R.S. § 37-288.

4. The Commissioner has not authorized an extension of time for payment.

5. The above referenced lease/permit is now in default and under A.R.S. § 37-289, you have 30 days from receipt of this Order to cure this default by paying all rent, penalty and interest due as follows:

RENT . . . . .	\$	<u>3,044.00</u>
PENALTY DUE . . . . .	\$	<u>152.20</u>
INTEREST AT THE RATE OF . . . . .	\$	<u>0.8434</u>
PER DAY FROM DATE DUE.		

IT IS ORDERED THAT:

1. the rent for the subject lease/permit is as established above;

2. requests for an extension of time to pay rent will not be considered;

3. the Lessee/Permittee or registered mortgagee and lienholders must pay the above amount within 30 days of receipt of this Order; and

4. if said rent, penalty and interest are not received by the Department within the specified time, a hearing will be held at the State Land Department, on AUGUST 18, 1993 at 9:15A.M., in Suite 150, 1616 West Adams, Phoenix, Arizona, at which time the lessee/permittee, registered mortgagees or lienholders may show cause why the subject lease/permit should not be cancelled pursuant to A.R.S. § 37-289.

If the lessee/permittee cures the default prior to the hearing, the hearing shall be automatically vacated.

The lessee/permittee may appear with or without the assistance of legal counsel. If the lessee/permittee fails to appear, the Commissioner shall proceed to determine the matter in the lessee's/permittee's absence.

This Order is effective immediately.

Arizona  
State Land Department  
1616 WEST ADAMS  
PHOENIX, ARIZONA 85007

Notice of Default/Hearing & Order to Pay Rent  
page 2

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GIVEN under my hand and the official seal of the Arizona  
State Land Department this 14th day of July, 1993.

( S E A L )

M. J. HASSELL  
State Land Commissioner

by: *Mervyn J. Hassell*

Certified No. 210524 Zonia Company  
212 S. Marina  
Prescott, AZ 86303

Copy to: Attorney General's Office, Natural Resources Office  
Accounting Section  
Land Disposition Division/Comm. Sec.  
File No. 03-01150

011 -93/94  
100

# THE ZONIA COMPANY

ZONIA MINE  
ROUTE 1  
KIRKLAND, ARIZONA

GENERAL OFFICE  
212 S. MARINA ST.  
PRESCOTT ARIZONA 86303  
(602) 778-2100

July 21, 1993

Mr. Harrison Matson  
Arimetco International  
6245 E. Broadway, Suite 350  
Tucson, Arizona 85711

RE: State Lease Agreement

Dear Harrison:

Enclosed please find the signed and notarized lease form for filing with the State.

I do have a question regarding page 9b, Part II, "Existing Improvements". McAlester Fuel Company originally listed the existing improvements as \$75,000 relating to the construction of the dam, etc. I do believe it is in our best interest to include this figure as opposed to the \$1,000 value you have indicated. McAlester's figure is important when Arimetco proceeds with the purchase as other potential bidders would be required to reimburse you for these improvements, should there be other bids. Let me know what you think.

Sincerely,

THE ZONIA COMPANY



W. Ray Hill

WRH/spd  
Enclosure

RETURN TO:

ARIZONA STATE LAND DEPARTMENT  
TITLE AND CONTRACTS  
1616 WEST ADAMS  
PHOENIX, ARIZONA 85007

SUBMIT FILING FEE OF \$200

DEPARTMENTAL USE ONLY		A. ROLCOEX # _____	B. ROLCOEX # _____
ACCOUNTING	T and C	DISPOSITION/INITIAL	DATE
Filing Fee: \$200	Exam: _____	APPROVED _____	_____
	Exam # _____	DENIED _____	_____
	Int Title: _____	REJECTION _____	_____
(24) Partial (25)	App Entry: _____	WITHDRAWN _____	_____

**APPLICATION FOR ASSIGNMENT  
OF LEASE OR PERMIT  
AND ASSUMPTION OF INTEREST**

Type or print in ink.

LEASE OR PERMIT NUMBER 03 - 1150

Complete Assignment

Partial Assignment

1. COMPLETE ALL QUESTIONS, SIGN APPLICATION AND ATTACH \$200 filing fee.
2. NOTICE: Any assignment of interest is not binding to either party or the State Land Department until this application has received the written consent of the STATE LAND COMMISSIONER.

**1. APPLICANTS:**

**A. ASSIGNOR NAME(S)**

(Also known as the Seller and State Lessee)

ZONIA COMPANY

**B. ASSIGNEE NAME(S)**

(Also known as the Buyer)

ARIMETCO INC.

212 SOUTH MARINA STREET

Mailing Address

6245 E. BROADWAY

Mailing Address

PRESOTT AZ. 85303

City

State

Zip

TUCSON AZ. 85711

City

State

Zip

RAY HILL (602) 778-2101

Contact Person

Phone No.

HARRISON MATSON (602) 745-8882

Contact Person

Phone No.

**2. REQUEST TO ASSIGN INTEREST IN LEASE OR PERMIT AND REQUEST TO ASSUME INTEREST OF LEASE OR PERMIT:**

Assignor(s) not being in default of the rental and/or the conditions of the state lease or permit does, HEREBY MAKE APPLICATION AND REQUEST that the State Land Department authorize and consent to in writing, the assignment of all rights, title, interest and claim in and to the State lease, permit, or right-of-way No. 03 - 1150 AND

Assignee(s) in consideration of the sum of TEN DOLLARS AND OTHER VALUABLE CONSIDERATIONS (\$ 10.<sup>00</sup>), paid to the assignor, does HEREBY MAKE APPLICATION AND REQUEST that the State Land Department authorize the transfer and assumption of all rights, title, interest and claim of the lease described in this application and agrees to assume all duties and obligations thereunder.

3. **TYPE OF ASSIGNMENT REQUESTED:** (Check one)



**COMPLETE ASSIGNMENT:**

You are requesting assignment of all of the land in your lease or permit.



**UNDIVIDED INTEREST OR PERCENTAGE ASSIGNMENT:**

You are requesting that all the land in the lease or permit be assigned to more than one individual or entity in the following undivided interest or percentage.

ASSIGNEE(S)	UNDIVIDED INTEREST OR PERCENTAGE OF INTEREST
_____	_____
_____	_____
_____	_____



**PARTIAL ASSIGNMENT:**

You are requesting assignment of only that portion of the land described in your lease or permit listed below or attached to this application:

TWN.	RNG.	SEC.	LEGAL DESCRIPTION	ACRES	COUNTY	SLD USE ONLY		
						CTY	GRT	PARCEL
_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____

4. **ENCUMBRANCES:** (This portion is to be completed by assignor.)

A. **Mortgage or lien:**

Are there any mortgages or liens on file with the Department?  Yes  No

If YES, you must enclose a copy of the satisfaction or release of lien signed by the lienholder. If the lien is not paid, a written letter from the lienholder consenting to this assignment must be attached to this application.

**NOTICE:** Pursuant to A.R.S. § 37-255(A), your application cannot be processed without a release of all liens or a written consent from each lienholder. Your application will be rejected if submitted without the required documents. For information regarding liens on file, contact: Operations Division, (602) 542-4631 or 542-4623.

B. **Sublease of Record:**

Is there any sublease on file with the Department against this lease or permit?  Yes  No

If YES, you must submit a termination of sub-lease or a written letter of consent signed by all sub-lessee(s).

5. **Assignor(s) complete and sign page 3 and have all signatures notarized on page 4.**

**NOTE:** Arizona is a community property state. If the assignor(s) of this application is/are married, the assignor(s) and his/her spouse must both sign and have this application notarized, unless the original lease or permit was issued with the statement "Sole and Separate Property".

6. **Assignee(s) complete and sign page 5 and have all signatures notarized on page 6.**

**NOTE:** If you wish to hold title as "sole and separate property" or "joint tenants with right of survivorship", please indicate in Question No. 1 (Page 1).

7. **Assignee(s) complete and attach only the appropriate questionnaire. (See Pages 7-11.)**

TO BE COMPLETED BY ASSGNOR(S) AKA SELLER(S)

CERTIFICATION: Pursuant to A.R.S. Title 37 and the Rules of the Arizona State Land Department, A.A.C. Title 12, Chapter 5, you must complete the following information pertinent to you and/or the organization you represent and sign the certification or your application will not be processed.

1. Is this application made in the name of: (check one) Individual(s) Husband & Wife X Corporation Partnership Limited Partnership Estate Trust Joint Venture Municipality Political Subdivision Other (specify)

2. INDIVIDUAL(S) OR HUSBAND & WIFE: Complete the following for each applicant: NAME AGE MARITAL STATUS

3. CORPORATION: Complete the following: (A) Do you have authority from the Arizona Corporation Commission to do business in the State of Arizona? Yes X No (B) Is the corporation presently in good standing with the Arizona Corporation Commission? Yes X No (C) In what state are you incorporated? ARIZONA (D) Is the legal corporate name and Arizona business address the same as stated in this application? Yes X No If no, state the Legal Corporate Name:

Address: (Street or Box Number) (City) (State) (Zip)

4. PARTNERSHIP OR JOINT VENTURE: Complete the following for each authorized partner or principal in the partnership or joint venture: NAME BUSINESS ADDRESS AGE MARITAL STATUS

5. LIMITED PARTNERSHIP: Is this limited partnership on file with the Arizona Secretary of State? Yes No Complete the following for the authorized general partner(s) only: GENERAL PARTNER(S) NAME BUSINESS ADDRESS

6. ESTATE: Complete the following and attach a copy of the court or estate document(s): Name of the court appointed administrator or personal representative: List the type and date of issuance of the court or Estate document: (Type of Document) (Date issued)

7. TRUST: Complete the following pursuant to A.R.S. §33-404, for each beneficiary of the Trust: NAME ADDRESS AGE MARITAL STATUS

or (B) Identify the Trust document by title, document number, and county where document is recorded:

8. I HEREBY CERTIFY, UNDER PENALTY OF PERJURY, THAT THE INFORMATION AND STATEMENTS CONTAINED HEREIN, TOGETHER WITH ALL EXHIBITS AND ATTACHMENTS ARE TRUE, CORRECT AND COMPLETE AND THAT I/WE HAVE AUTHORITY TO SIGN THIS DOCUMENT.

SIGNATURE(S)

ZONIA COMPANY (Name of Corporation, Partnership, etc.) Signature - PRESIDENT Title

Signature of Assignor (Individual) Signature of Assignor (Individual)

(Signatures must be notarized on page 4)

INDIVIDUAL ACKNOWLEDGEMENT

To be used for:  
ASSIGNOR(S) AKA SELLER(S)

STATE OF ARIZONA )  
 )ss.  
County of \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_, before me, a Notary Public within and for said  
County and State, personally appeared \_\_\_\_\_

to me known to be the person(s) described in and who executed the same as \_\_\_\_\_ free act and deed.  
(his/her/their)

(SEAL)

\_\_\_\_\_  
Notary  
\_\_\_\_\_  
County, \_\_\_\_\_  
Commission expires \_\_\_\_\_

PARTNERSHIP OR TRUST ACKNOWLEDGEMENT

STATE OF ARIZONA )  
 )ss.  
County of \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_, before me, a Notary Public within and for said  
County, personally appeared \_\_\_\_\_  
(Name of Partner or Trustee)

for \_\_\_\_\_  
(Name of Partnership or Trust)

a \_\_\_\_\_ for and on behalf of the partnership or trust and to me known to be the person(s)  
(General or Limited Partnership or Trust)

described in and who executed the same for the partnership or trust.

(SEAL)

\_\_\_\_\_  
Notary  
\_\_\_\_\_  
County, \_\_\_\_\_  
Commission expires \_\_\_\_\_

CORPORATE ACKNOWLEDGEMENT

STATE OF ARIZONA )  
 )ss.  
County of YAVAPAI )

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_, before me, a Notary Public within and for said  
County, personally appeared RAY HILL  
(Name of officer)

for ZONIA COMPANY  
(Name of Corporation)

a ARIZONA  
(State incorporated in) corporation, for and on behalf of the corporation and to me known to be the person(s)

described in and who executed the same for the corporation.

(SEAL)

\_\_\_\_\_  
Notary  
\_\_\_\_\_  
County, \_\_\_\_\_  
Commission expires \_\_\_\_\_

TO BE COMPLETED BY ASSIGNEE(S) AKA BUYER(S)

CERTIFICATION: Pursuant to A.R.S. Title 37 and the Rules of the Arizona State Land Department, A.A.C. Title 12, Chapter 5, you must complete the following information pertinent to you and/or the organization you represent and sign the certification or your application will not be processed.

1. Is this application made in the name of: (check one)
Individual(s) Husband & Wife Corporation Partnership Limited Partnership Estate
Trust Joint Venture Municipality Political Subdivision Other (specify)

2. INDIVIDUAL(S) OR HUSBAND & WIFE: Complete the following for each applicant:
NAME AGE MARITAL STATUS

3. CORPORATION: Complete the following:
(A) Do you have authority from the Arizona Corporation Commission to do business in the State of Arizona? Yes X No
(B) Is the corporation presently in good standing with the Arizona Corporation Commission? Yes X No
(C) In what state are you incorporated? NEVADA
(D) Is the legal corporate name and Arizona business address the same as stated in this application? Yes X No
If no, state the Legal Corporate Name:

Address: (Street or Box Number) (City) (State) (Zip)

4. PARTNERSHIP OR JOINT VENTURE: Complete the following for each authorized partner or principal in the partnership or joint venture:
NAME BUSINESS ADDRESS AGE MARITAL STATUS

5. LIMITED PARTNERSHIP: Is this limited partnership on file with the Arizona Secretary of State? Yes No
Complete the following for the authorized general partner(s) only:
GENERAL PARTNER(S) NAME BUSINESS ADDRESS

6. ESTATE: Complete the following and attach a copy of the court or estate document(s):
Name of the court appointed administrator or personal representative:
List the type and date of issuance of the court or Estate document: (Type of Document) (Date issued)

7. TRUST: Complete the following pursuant to A.R.S. §33-404, for each beneficiary of the Trust:
NAME ADDRESS AGE MARITAL STATUS

or (B) Identify the Trust document by title, document number, and county where document is recorded:

8. I HEREBY CERTIFY, UNDER PENALTY OF PERJURY, THAT THE INFORMATION AND STATEMENTS CONTAINED HEREIN, TOGETHER WITH ALL EXHIBITS AND ATTACHMENTS ARE TRUE, CORRECT AND COMPLETE AND THAT I/WE HAVE AUTHORITY TO SIGN THIS DOCUMENT.

SIGNATURE(S)

ARIMETCO, INC.
(Name of Corporation, Partnership, etc.)

Signature of Assignee (Individual)

Signature Title

Signature of Assignee (Individual)

(Signature must be notarized on page 6)

STATE OF ARIZONA )  
 )ss.  
County of \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_, before me, a Notary Public within and for said  
County and State, personally appeared \_\_\_\_\_

to me known to be the person(s) described in and who executed the same as \_\_\_\_\_ free act and deed.  
(his/her/their)

(SEAL)

Notary

County, \_\_\_\_\_

Commission expires \_\_\_\_\_

PARTNERSHIP OR TRUST ACKNOWLEDGEMENT

STATE OF ARIZONA )  
 )ss.  
County of \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_, before me, a Notary Public within and for said  
County, personally appeared \_\_\_\_\_  
(Name of Partner or Trustee)

for \_\_\_\_\_  
(Name of Partnership or Trust)

a \_\_\_\_\_ for and on behalf of the partnership or trust and to me known to be the person(s)  
(General or Limited Partnership or Trust)

described in and who executed the same for the partnership or trust.

(SEAL)

Notary

County, \_\_\_\_\_

Commission expires \_\_\_\_\_

CORPORATE ACKNOWLEDGEMENT

STATE OF ARIZONA )  
 )ss.  
County of PIMA )

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_, before me, a Notary Public within and for said  
County, personally appeared \_\_\_\_\_  
(Name of officer)

for ARIMETCO, INC.  
(Name of Corporation)

a NEVADA corporation, for and on behalf of the corporation and to me known to be the person(s)  
(State incorporated in)

described in and who executed the same for the corporation.

(SEAL)

Notary

County, \_\_\_\_\_

Commission expires \_\_\_\_\_

# INFORMATION REQUIRED:

The following information must be provided to assist the Department in processing your application and returning all documents to the correct individual or firm.

**APPLICATION SUBMITTED BY:**

**RETURN COMPLETED ASSIGNMENT TRANSACTION TO:**

ZONIA COMPANY

(Name of individual and/or firm)

ARIMETCO, INC.

(Name of individual or firm)

212 SOUTH MARINA STREET

Mailing Address

6245 E. BROADWAY, SUITE 350

Mailing Address

PRESCOTT

City

AZ. 86303

State Zip

TUCSON, AZ

City

AZ. 85711

State Zip

(602) 778-2101

Phone

RAY HILL

Contact Person

(602) 745-8882

Phone

HARRISON MATSON

Contact Person

## ASSIGNEE (BUYER) ASSIGNMENT QUESTIONNAIRES:

Pages 8 through 11 are specific questions that are required to be answered by the Assignee (Buyer) and returned with the application. Complete only the appropriate questionnaire (pages) which pertain to the specific type of lease or permit being assigned.

- Grazing . . . . . Complete Pages 8a & 8b
- Commercial. . . . . Complete Pages 9a & 9b
- Homesite. . . . . Complete Pages 10a & 10b
- Agriculture . . . . . Complete Pages 11
- Right-of-Way. . . . . (Questionnaire not required - you may discard pages 8-11.)

**COMMERCIAL ASSIGNMENT APPLICANT ONLY:**

Assignee (Buyer) complete this questionnaire if you are applying to assume a Commercial lease.  
(Pages 8, 10 and 11 may now be discarded.)

Lease or Permit No. 03 - 1150

1. Give full description of the nature of the business, or businesses, that you propose to operate on the land being applied for: LEACH AND STORAGE BASINS, OVERBURDEN AND WASTE DUMPS.

**NOTE: THE LEASE ONLY PERMITS THE USE OF THE LAND FOR THE PURPOSES EXPRESSLY STATED IN THE CONTRACT AND CANNOT BE CHANGED WITHOUT PRIOR WRITTEN APPROVAL FROM THE DEPARTMENT.**

2. What is your plan of operation? (If you plan to develop this parcel, you must include a conceptual plan to complete this application). A complete site plan will be required before you begin any grading or construction. The State Land Department development guidelines may apply. Indicate dates you intend to start. Complete page 9b, Part I. (To request assistance completing this questionnaire, contact 542-2650.)
3. Are there any improvements on the lands applied for at this time? Yes  No . If yes, give a complete description of each improvement, its present condition, value and ownership on page 9b, Part II.
4. If there are existing improvements on the lands who will be the owner of these improvements if this Application to Assign the lease is approved? ~~STATE OF ARIZONA~~ ARIMETCO, INC.
5. Are any improvements or changes in existing improvements, to be constructed or installed on the leased land? Yes  No . If yes, complete page 9b, Part III.
6. When do you estimate that the improvements you propose will be completed? \_\_\_\_\_

**NOTE:** Approval of this application does not constitute approval of any improvements. An application to Place Improvements must be submitted to the Department after a lease is obtained and **PRIOR** to construction of the improvement(s).

*Pursuant to A.R.S. §37-321, lessee is not entitled to reimbursement for improvements that have not been authorized by prior written approval from the Department.*

7. What is, or will be, the source of water for the use of the land being applied for?  
PRECIPITATION RUN-OFF
8. What is, or will be, the source of utilities for the use of the land being applied for?  
ARIZONA POWER SERVICE

9. **HOLDING LEASE ASSIGNMENT APPLICATIONS ONLY:**  
Is this an application to assign a holding lease as defined in A.R.S. 37-101.10? Yes  No . If yes, you must indicate the dollar amount of value the assignor/seller will receive from the assignee/buyer for this assignment.  
\$ \_\_\_\_\_.

**NOTE:** A.R.S. § 37-286(B) states in part . . . a lessee who assigns a Holding lease shall pay to the Department one-half of the consideration received for the assignment. A check for one-half of the consideration must be submitted with your application or it may be rejected.

# COMMERCIAL APPLICATION ONLY

Assignee (Buyer) complete this questionnaire only if you are applying to assume a Commercial lease.

**PART I. Plan of Operation(s): (Include starting date.)**

EXISTING USAGE AS LEACH AND STORAGE BASINS, OVERBURDEN AND WASTE DUMPS.

**PART II. Existing Improvements:**

<u>DESCRIPTION</u>	<u>CONDITION</u>	<u>PRESENT VALUE</u>	<u>OWNERSHIP</u>
EARTHEN DAM	FAIR	\$1000. <sup>00</sup> / <sub>100</sub>	100%

**PART III. Proposed Improvements:**

<u>DESCRIPTION</u>	<u>ANTICIPATED VALUE</u>	<u>OWNERSHIP</u>
--------------------	--------------------------	------------------

**HOMESITE ASSIGNMENT APPLICANT ONLY:**

Assignee (*Buyer*) complete the following questionnaire if you are applying to assume a Homesite lease.  
(Pages 8, 9 and 11 may now be discarded.)

Lease or Permit No. \_\_\_\_\_ - \_\_\_\_\_

1. What is, or will be, the source of water for use of the land being applied for?  
\_\_\_\_\_
2. What is, or will be, the source of utilities for the use of the land being applied for?  
\_\_\_\_\_
3. Are there any improvements on the lands applied for at this time? Yes \_\_\_\_\_ No \_\_\_\_\_. If yes, give a complete description of each improvement, its present condition, value and ownership on page 10b, Part I.
4. Are any improvements or changes in existing improvements to be constructed or installed on the leased land? Yes \_\_\_\_\_ No \_\_\_\_\_. If yes, complete page 10b, Part II.
5. What is the estimated date of completion of the proposed improvement? \_\_\_\_\_

**NOTE:**

*Approval of this application does not constitute approval of any improvements. An application to Place Improvements must be submitted to the Department after a lease is obtained and PRIOR to construction of the improvement(s).*

*Pursuant to A.R.S. §37-321, lessee is not entitled to reimbursement for improvements that have not been authorized by prior written approval from the Department.*

# HOMESITE APPLICATION ONLY

Assignee (*Buyer*) complete this questionnaire only if you are applying to assume a Homesite lease.

## PART I. Existing Improvements:

<u>DESCRIPTION</u>	<u>CONDITION</u>	<u>PRESENT VALUE</u>	<u>OWNERSHIP</u>
--------------------	------------------	----------------------	------------------

## PART II. Proposed Improvements:

<u>DESCRIPTION</u>	<u>ANTICIPATED VALUE</u>	<u>OWNERSHIP</u>
--------------------	--------------------------	------------------

**AGRICULTURE ASSIGNMENT APPLICANT ONLY**

Assignee (*Buyer*) complete this questionnaire if you are applying to assume an Agriculture lease.  
(Pages 8, 9 and 10 may now be discarded.)

Lease or Permit No. \_\_\_\_\_ - \_\_\_\_\_

1. If your application to assign is approved, do you intend to farm the subject lands? Yes \_\_\_\_\_ No \_\_\_\_\_.
2. If yes, how many acres will be farmed? \_\_\_\_\_
3. If no, indicate reason: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
4. If you intend to place any new improvements on the subject lands, please list the proposed improvements and placement starting dates:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
5. Do you own, sublease or control farmland within any Federal Reclamation Project (irrigation district) in the Western United States? Yes \_\_\_\_\_ No \_\_\_\_\_. If yes, please indicate: State \_\_\_\_\_ District \_\_\_\_\_  
Number of Acres: \_\_\_\_\_.
6. Is this application for an agriculture lease located within an irrigation district? Yes \_\_\_\_\_ No \_\_\_\_\_. If yes, a copy of the paid irrigation tax receipt must be submitted with this application.

**NOTICE:** *If the acreage under this application is located within a Central Arizona Project irrigation district, the assignment will not be approved unless the assignee has filed the proper acreage certification form with the irrigation district. Please contact the irrigation district for forms and information.*

**NOTE:** *Approval of this application does not constitute approval of any improvements. An application to Place Improvements must be submitted to the Department after a permit is obtained and PRIOR to construction of the improvement(s).*

*Pursuant to A.R.S. §37-321, lessee is not entitled to reimbursement for improvements that have not been authorized by prior written approval from the Department.*

**GRAZING ASSIGNMENT APPLICANT ONLY:**

Assignee (*Buyer*) complete this questionnaire if you are applying to assume a Grazing lease.  
(Pages 9 through 11 may now be discarded.)

Lease or Permit No. \_\_\_\_\_ - \_\_\_\_\_

*No credit shall be given to the applicant for any claimed grazing use of private or federal lands within the ranch unit, unless disclosed at this time, or subsequently disclosed by an amended statement of your ranch holdings.*

1. Do you control a federal grazing allotment that will be used in association with this grazing lease?  
Yes \_\_\_\_\_ No \_\_\_\_\_. If yes, indicate the following:
  - a. Total acres of federal land: \_\_\_\_\_
  - b. Name of the federal grazing allotment: \_\_\_\_\_
  - c. Federal agency that administers that allotment: \_\_\_\_\_
  - d. District office: \_\_\_\_\_
  
2. Do you own contiguous land which will be used in connection with this State grazing lease? Yes \_\_\_\_\_ No \_\_\_\_\_.  
If yes, indicate the total acres: \_\_\_\_\_.
  
3. Do you control any contiguous private land by written agreement or deed reservation that will be used in connection with the State lease lands? Yes \_\_\_\_\_ No \_\_\_\_\_. If yes, indicate the total acres \_\_\_\_\_, and supply a copy of each written agreement for private lands you control but do not own.
  
4. Do you have a registered brand? Yes \_\_\_\_\_ No \_\_\_\_\_. If yes, list the brand number(s) and illustrate the brand symbol(s):  
  
\_\_\_\_\_

**If no, proof of a registered brand will be required prior to final approval.**

5. Do you intend to use the leased land for livestock grazing? Yes \_\_\_\_\_ No \_\_\_\_\_.
  
6. Indicate below the type of livestock operation you intend to manage on the subject land: (check one)  

<input type="checkbox"/> cow/calf	<input type="checkbox"/> cow/calf/stocker	<input type="checkbox"/> cow/calf/yearling
<input type="checkbox"/> stocker	other; describe: _____	
  
7. Indicate the time of year livestock will be grazed upon the subject land: (check one)  

<input type="checkbox"/> year long
<input type="checkbox"/> seasonal: Date of use, from ____/____/____ to ____/____/____
<input type="checkbox"/> other; describe: _____
  
8. Do you claim superior right to lease this tract by virtue of other land holdings, water rights, or other equities in the vicinity of same? Yes \_\_\_\_\_ No \_\_\_\_\_. If yes, explain in detail: \_\_\_\_\_  
  
\_\_\_\_\_  
  
\_\_\_\_\_

9. COMPLETE THE MAP ON THE REVERSE SIDE OF THIS QUESTIONNAIRE. (Page 8b)

**NOTE:** Approval of this application does not constitute approval of any improvements. An application to Place Improvements must be submitted to the Department after a lease is obtained and PRIOR to construction of the improvement(s).

Pursuant to A.R.S. §37-321, lessee is not entitled to reimbursement for improvements that have not been authorized by prior written approval from the Department.

**COMPLETE THIS MAP, COLOR CODE THE VARIOUS CATEGORIES OF LAND OWNERSHIP OR CONTROL AS FOLLOWS:**

- |                          |   |                          |   |
|--------------------------|---|--------------------------|---|
| <input type="checkbox"/> | 1. Location of perimeter fencing (---x---x---x)                                   | <input type="checkbox"/> | 6. Location of any private land you control by written agreement or deed reservation within your boundaries = green |
| <input type="checkbox"/> | 2. Location of major cross fencing (---/---/---)                                  | <input type="checkbox"/> | 7. Indicate the appropriate township and range in the blanks provided along the margins of the plat                 |
| <input type="checkbox"/> | 3. Location of State leased land within your ranch boundaries = blue              | <input type="checkbox"/> | 8. Uncontrolled land = orange   |
| <input type="checkbox"/> | 4. Location of any federal land you control within your ranch boundaries = yellow |                          |   |
| <input type="checkbox"/> | 5. Location of any private land you own within your ranch boundaries = red        |                          |   |

**You may submit the map information on the enclosed plat, county highway map, BLM, or Forest Service allotment map.**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36

# THE ZONIA COMPANY

Zonia Mine  
Route 1  
Kirkland, Arizona

General Office  
212 S. Marina Street  
Prescott, Arizona 86303  
(602)778-2101

4/6/94

Harrison Matson  
Armetec, Inc.  
950 N. Finance Center Dr.  
Tucson, AZ 85710

RE: State Lease 003-001150

Dear Harrison:

Enclosed please find some information from the Arizona State Land Department regarding the above-referenced lease.

I'm not exactly sure about this, but a Ms. Janet Nelson with the Agency indicated the State will not extend a lease beyond 6-24-94, the date of the current lease agreement. I did send you ~~for~~ some information in this regard last summer. Did you follow-up with her, if not I think it would be a good idea to do so. Obviously, it may be that the enclosed renewal application slipped through the department and was automatically sent out.

Ray.



Arizona State Land Department

1616 West Adams

Phoenix, AZ 85007

To avoid payment of penalty and interest this payment must be IN the OFFICE of the State Land Department ON or BEFORE the DUE DATE. Date of POSTAL STAMP will not be accepted as time of payment. Payment must be received by close of business on 6/25/1994.

KE-LEASE NO: 003-001150-00  
ACCOUNT RECEIVABLE NO: 10677  
NAME REFERENCE NO: 2231  
AMOUNT DUE: \$100.00  
AMOUNT ENCLOSED: \_\_\_\_\_

ZONIA COMPANY  
212 S MARINA

PRESCOTT

AZ 86303

PLEASE RETURN THIS PORTION WITH YOUR PAYMENT - THANK YOU

ARIZONA STATE LAND DEPARTMENT 1616 West Adams Phoenix, AZ 85007

KE-LEASE NO: 003-001150-00  
LESSEE: ZONIA COMPANY

ACCOUNT RECEIVABLE NO: 10677

-----Billing-----

Code	Description	Amount
35	APP FEE RENEWAL	\$100.00
		\$100.00

Billing Dates		Date Billed	Due Date	Effective	Expiration
From	Through				
		3/31/1994	6/25/1994	6/25/1991	6/24/1994

RENEWAL NOTICE: YOUR LEASE/PERMIT IS DUE TO EXPIRE ON THE DUE DATE NOTED ABOVE. AN APPLICATION FEE AND RENEWAL APPLICATION MUST BE SUBMITTED AT LEAST 31 DAYS PRIOR TO THE DUE DATE. FAILURE TO FILE BEFORE THE DUE DATE WILL FORFEIT ANY PREFERRED RIGHTS YOU MAY HAVE.

# COMMERCIAL LEASE INSTRUCTIONS

(Please read instructions carefully before filing.)

FILING FEE must be submitted with your application:      New Application:      \$200  
Renewal Application:      \$100

**NOTICE:** If you are filing a renewal application and you fail to file the application prior to the lease expiration date, you forfeit any renewal rights you may have. You will be required to file a NEW application and pay the NEW application fee if you wish to reapply to lease the property.

1. **LEGAL DESCRIPTION:**

A new application must contain the township, range, section, description, acreage and county where the land is located. (Example: T1N, R3E, Section 17, SWNW, 40 acres, Maricopa County.) If the intended parcel is irregular in shape or has a curved side, a certified land survey by a registered Arizona land surveyor may be requested prior to approval of the application. For information regarding legal descriptions, you may contact our Engineering Section at (602) 542-2601.

2. **LAND DEVELOPMENT:**

If you intend to develop the land and place improvements, include a conceptual plan with the application. If a lease is approved, a complete site plan will be required and State Land Department Development Plan guidelines may apply.

3. **IMPROVEMENTS:**

Approval of this application does not constitute approval of any improvements. An application to place improvements must be submitted to the Department after a lease is obtained and PRIOR to any grading or construction of the improvement(s).

Pursuant to A.R.S. § 37-321, lessee is not entitled to reimbursement for improvements that have not been authorized by prior written approval from the Department.

4. **APPRAISAL EXPENSE:**

The applicant may be assessed the costs incurred by the State Land Department for appraisals and processing expenses in the amount of \$300.00 or actual appraisal costs, whichever is greater, in the event that a lease is not accepted by the applicant, without reasonable causes, after such expense has been incurred.

5. **PROCESSING TIME:**

Your application requires adequate processing time. You will be contacted when your application has been approved, denied, or rejected. Depending on the complexity of the lease, a long-term lease may take as long as 12 or more months to process. A short-term (less than 10 years) can take 6 months or more.

6. **POWER OF ATTORNEY:**

If you are acting as an Attorney in Fact for the applicant you must submit a copy of your notarized Power of Attorney and a \$50.00 additional fee.

See reverse side for Trust Land Lease Information

For additional information call: Commercial Section at (602) 542-2650

# TRUST LAND LEASE INFORMATION

## 1. EVALUATION CRITERIA:

All Trust land transaction must be in accordance with the State's responsibility to assure the highest and best use of the land in order to maximize revenues to the Trust's beneficiaries. Annual rental rates are based upon fair market rental value. The Land Department will review the proposal taking into consideration the compatibility with surrounding uses, local zoning, hydrology, geology, archaeology and economic factors. For further information, please call (602) 542-2650.

## 2. LONG-TERM LEASES:

Leases in excess of ten years are considered "Long-Term" and must go to public auction. Terms, conditions and rents are established and then the lease is auctioned on a bonus basis. Notice of the auction will be published for not less than ten successive weeks in a newspaper of general circulation, published regularly at the State Capitol and in a newspaper of like circulation regularly published nearest the location of the lands to be leased.

## 3. SHORT-TERM LEASES:

Leases of 10 years or less for most purposes do not require public auction.

## 4. HOLDING LEASES:

A "Holding Lease" is defined as "a commercial lease issued solely to grant a limited use lease hold interest in State land in anticipation of future development" [ARS 37-101, 11]. New and renewal holding leases are required by Statute to be advertised as being considered for issuance. An estimated additional fee of \$1,500 for advertising costs will be billed prior to issuance of any holding leases. Additional advertising costs in excess of the estimated fee may be charged should the actual costs exceed the estimate.

RETURN TO:

ARIZONA STATE LAND DEPARTMENT  
TITLE AND CONTRACTS SECTION  
1616 WEST ADAMS  
PHOENIX, ARIZONA 85007

SUBMIT FILING FEE:

New: \$200  
Renewal: \$100  
Renewal: \$100  
per lease

DEPARTMENTAL USE ONLY		ROLODEX # _____	
ACCOUNTING	T AND C	RECOMMENDATION/INITIAL	DATE
Filing Fee:	Exam: _____	APPROVE _____	_____
New: \$200	Exam # _____	DENY _____	_____
Renewal: \$100	Int Title: _____	REJECT _____	_____
N(34)	R(35) App Entry: _____	WITHDRAW _____	_____

## COMMERCIAL LEASE APPLICATION

*Type or print in ink.*

APPLICATION NO. 03- \_\_\_\_\_

COMPLETE ALL QUESTIONS, SIGN APPLICATION AND ATTACH filing fee of **\$200 (NEW)** **\$100 (RENEWAL)**

### 1. APPLICANTS:

\_\_\_\_\_  
Name(s)

\_\_\_\_\_

\_\_\_\_\_  
Mailing Address

\_\_\_\_\_  
City State Zip

\_\_\_\_\_  
Contact Person Phone No.

### 2. TYPE OF APPLICATION:

NEW

RENEWAL of those State Trust lands described

in Commercial Lease Number 03- \_\_\_\_\_

which expires on \_\_\_\_\_  
(Date)

### 3. REQUEST FOR COMMERCIAL LEASE:

Applicant hereby makes application to lease the State lands described below in accordance with the laws of the State of Arizona and the rules of the State Land Department.

### 4. LEGAL DESCRIPTION: (To be completed for NEW applicants only.)

TWN.	RNG.	SEC.	LEGAL DESCRIPTION	ACRES	COUNTY
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

SLD USE ONLY		
CTY	GRT	PARCEL
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

### 5. PURPOSE FOR COMMERCIAL LEASE: \_\_\_\_\_

### 6. TERM: How many years are you requesting this lease for? \_\_\_\_\_

**7. ACCESS:**

Do you have legal access to the proposed site? Yes \_\_\_\_\_ No \_\_\_\_\_ If no, do you need to apply for a right-of-way on State Trust Land?  
Yes \_\_\_\_\_ No \_\_\_\_\_ If no, state your legal access route: \_\_\_\_\_

**8. OTHER LAND OWNED OR LEASED:**

A. Do you own or control other land which will be used in connection with the land being applied for? Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, name of owner or lessor is: \_\_\_\_\_

B. What is the legal description of the property owned or leased with respect to the land being applied for: \_\_\_\_\_

**9. NATURE OF BUSINESS:**

Give full description of the nature of the business or businesses, that you propose to operate on the land being applied for. (NOTE: THE LEASE ONLY PERMITS THE USE OF THE LAND FOR THE PURPOSES EXPRESSLY STATED IN THE CONTRACT AND CANNOT BE CHANGED WITHOUT PRIOR WRITTEN APPROVAL FROM THE DEPARTMENT.)

**10. PLAN OF OPERATION:**

What is your plan of operation? (If you plan to develop this parcel, you must include a conceptual plan with this application.) If a lease is approved, a complete site plan will be required before you begin grading or construction. The State Land Department development guidelines may apply. Include dates you intend to start. Complete Attachment A, PART I on page 4 of this application.

**11. IMPROVEMENTS:**

A. Are there any improvements at this time on the lands being applied for? Yes \_\_\_\_\_ No \_\_\_\_\_. If yes, give a complete description of each improvement, its present condition, value and ownership on Attachment A, PART II on page 4 of this application.

B. Are any improvements or changes in existing improvements to be constructed or installed on the leased land? Yes \_\_\_\_\_ No \_\_\_\_\_ If yes, complete attachment A, PART III on page 4 of this application.

**NOTE:** Approval of this application does not constitute approval of the improvements. An application to place improvements must be submitted to the Department after a lease is obtained and PRIOR to construction of the improvement(s).

Pursuant to A.R.S. § 37-321, lessee is not entitled to reimbursement for improvements that have not been authorized by prior written approval from the Department.

**12. RENTAL:**

What in your opinion would be a fair market rental for:

A. The first year \$ \_\_\_\_\_; B. Second year \$ \_\_\_\_\_; C. Subsequent years \$ \_\_\_\_\_?

If it is determined that the annual rental will be a percentage of gross sales, what is your estimate of gross sales per year? \$ \_\_\_\_\_.

What percentage of gross sales would you be willing to pay? \_\_\_\_\_.

**NOTE:** If a lease is offered to the applicant, but not accepted without any reasonable cause, the applicant may be assessed the costs incurred by the State Land Department for appraisals and processing expenses.

Commercial Holding lease applications should refer to A.R.S. § 37-101.10 and A.R.S. § 37-286(B) regarding definitions of a Commercial Holding Lease and the payment of one-half of the consideration upon assignment of a lease.

**13. APPLICANT COMPLETE AND SIGN PAGE 3.**

**CERTIFICATION:** Pursuant to A.R.S. Title 37 and the Rules of the Arizona State Land Department, A.A.C. Title 12, Chapter 5, you must complete the following information pertinent to you and/or the organization you represent and sign the certification or your application will not be processed.

1. Is this application made in the name of: (check one)  
 \_\_\_\_\_ Individual(s) \_\_\_\_\_ Husband & Wife \_\_\_\_\_ Corporation \_\_\_\_\_ Partnership \_\_\_\_\_ Limited Partnership \_\_\_\_\_ Estate  
 \_\_\_\_\_ Trust \_\_\_\_\_ Joint Venture \_\_\_\_\_ Municipality \_\_\_\_\_ Political Subdivision \_\_\_\_\_ Other (specify) \_\_\_\_\_

2. **INDIVIDUAL(S) OR HUSBAND & WIFE:** Complete the following for each applicant:

NAME	AGE	MARITAL STATUS
_____	_____	_____
_____	_____	_____
_____	_____	_____

3. **CORPORATION:** Complete the following:  
 (A) Do you have authority from the Arizona Corporation Commission to do business in the State of Arizona? Yes \_\_\_ No \_\_\_.  
 (B) Is the corporation presently in good standing with the Arizona Corporation Commission? Yes \_\_\_ No \_\_\_.  
 (C) In what state are you incorporated? \_\_\_\_\_.  
 (D) Is the legal corporate name and Arizona business address the same as stated in this application? Yes \_\_\_ No \_\_\_.  
 If no, state the Legal Corporate Name: \_\_\_\_\_

Address: \_\_\_\_\_  
 (Street or Box Number) (City) (State) (Zip)

4. **PARTNERSHIP OR JOINT VENTURE:** Complete the following for each authorized partner or principal in the partnership or joint venture:

NAME	BUSINESS ADDRESS	AGE	MARITAL STATUS
_____	_____	_____	_____
_____	_____	_____	_____

5. **LIMITED PARTNERSHIP:** Is this Limited Partnership on file with the Arizona Secretary of State?  Yes  No  
 Complete the following for the authorized general partner(s) only:

GENERAL PARTNER(S) NAME	BUSINESS ADDRESS
_____	_____
_____	_____

6. **ESTATE:** Complete the following and attach a copy of the court or estate document(s):  
 Name of the court appointed administrator or personal representative: \_\_\_\_\_  
 List the type and date of issuance of the court or Estate document: \_\_\_\_\_  
 (Type of Document) (Date issued)

7. **TRUST:** Complete the following pursuant to A.R.S. §33-404, for each beneficiary of the Trust:

NAME	ADDRESS	AGE	MARITAL STATUS
_____	_____	_____	_____
_____	_____	_____	_____

or (B) Identify the Trust document by title, document number, and county where document is recorded: \_\_\_\_\_

8. I HEREBY CERTIFY, UNDER PENALTY OF PERJURY, THAT THE INFORMATION AND STATEMENTS CONTAINED HEREIN, TOGETHER WITH ALL EXHIBITS AND ATTACHMENTS ARE TRUE, CORRECT AND COMPLETE AND THAT I/WE HAVE AUTHORITY TO SIGN THIS DOCUMENT.

**SIGNATURE(S)**

_____ (Name of Corporation, Partnership, etc.)	_____ Date	_____ Signature of Applicant (Individual)	_____ Date
_____ Signature	_____ Title	_____ Signature of Applicant (Individual)	_____ Date

# ATTACHMENT A

## PART I.

### Question 10, Plan of Operation:

## PART II.

### Question 11.A., Existing Improvements:

<u>DESCRIPTION</u>	<u>CONDITION</u>	<u>PRESENT VALUE</u>	<u>OWNERSHIP</u>
--------------------	------------------	----------------------	------------------

## PART III.

### Question 11.B., Proposed Improvements:

<u>DESCRIPTION</u>	<u>CONDITION</u>	<u>PRESENT VALUE</u>	<u>OWNERSHIP</u>
--------------------	------------------	----------------------	------------------

ARIZONA STATE LAND DEPARTMENT ENVIRONMENTAL DISCLOSURE QUESTIONNAIRE

This page is part of the application - DO NOT DETACH.

The purpose of this questionnaire is to give the Department an opportunity to detect proposed land uses that may have potential environmental impacts and risks, and to consider these impacts and risks in the processing of the application.

If you have questions regarding this questionnaire, please contact the State Land Department, Environmental Section at (602) 542-2119.

Other Federal, State, County and local agencies may also need to be contacted regarding environmental regulations.

PLEASE INDICATE BELOW THE TYPE(S) OF POTENTIAL ENVIRONMENTAL IMPACTS FROM YOUR CURRENT OR PROPOSED USE:

TYPE OF ENVIRONMENTAL IMPACT

WILL YOUR USE INVOLVE:

YES NO

WASTE TIRES

The collection of waste tires? If yes, explain: \_\_\_\_\_

LEAD ACID BATTERIES

The sale and disposal of lead acid batteries? If yes, explain: \_\_\_\_\_

DISCHARGE IMPACTING GROUNDWATER

Generating a discharge that may potentially impact groundwater? If yes, explain: \_\_\_\_\_

PESTICIDES ? If yes, explain use: \_\_\_\_\_

DRY WELLS ? If yes, ADEQ Registration #(s): \_\_\_\_\_

POTABLE WATER (DRINKING WATER) SYSTEMS ? If yes, explain: \_\_\_\_\_

WASTEWATER COLLECTION AND TREATMENT SYSTEMS

Wastewater collection and/or treatment? If yes, explain: \_\_\_\_\_

AIR CONTAMINANTS/AIR POLLUTION CONTROL

Air contaminant emissions? If yes, explain: \_\_\_\_\_

SOLID WASTE - GENERAL

Solid waste generation, transportation, treatment, recycling, storage or disposal? If yes, explain: \_\_\_\_\_

SOLID WASTE - MEDICAL WASTE

Medical waste generation, transportation, treatment, recycling, storage or disposal? If yes, explain: \_\_\_\_\_

SOLID WASTE - SEWAGE SLUDGE/SEPTAGE (Septic Tank Waste)

Sewage sludge/septage generation, transportation, treatment, storage, use or disposal? If yes, explain: \_\_\_\_\_

USED OIL

Used oil generation, transportation, storage, recycling, use, disposal, marketing or burning? If yes, explain: \_\_\_\_\_

RECYCLING ACTIVITIES ? If yes, explain: \_\_\_\_\_

WILL YOUR USE INVOLVE:

ES NO

SPECIAL WASTE

Special waste (asbestos, motor vehicle shredding waste) generation, transportation, treatment, recycling, storage or disposal? If yes, explain: \_\_\_\_\_

HAZARDOUS WASTE GENERATOR

Generating hazardous waste? If yes, explain: \_\_\_\_\_

HAZARDOUS WASTE TREATMENT, STORAGE, OR DISPOSAL ? If yes, explain: \_\_\_\_\_

HAZARDOUS WASTE TRANSPORTATION ? If yes, explain: \_\_\_\_\_

UNDERGROUND STORAGE TANK (UST) ? If yes, explain: \_\_\_\_\_

ABOVEGROUND STORAGE TANK (AST) ? If yes, explain: \_\_\_\_\_

HAZARDOUS SUBSTANCES ? If yes, explain: \_\_\_\_\_

CURRENTLY UNCLASSIFIED WASTE

Will your use involve currently unclassified waste containing the following? (A.R.S. §49-854). If yes, check appropriate waste category:

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Polychlorinated biphenyls (PCBs) | <input type="checkbox"/> Oil and gas exploration drilling muds                               | <input type="checkbox"/> Petroleum contaminated soil    |
| <input type="checkbox"/> Incinerator ash                  | <input type="checkbox"/> Categorical industrial pretreatment sludge                          | <input type="checkbox"/> Commercial/industrial septage  |
| <input type="checkbox"/> Petroleum refining waste         | <input type="checkbox"/> Radioactive waste   | <input type="checkbox"/> Used antifreeze                |
| <input type="checkbox"/> Slag and refractory material     | <input type="checkbox"/> Uranium ore tailings  | <input type="checkbox"/> Contaminated process equipment |
| <input type="checkbox"/> Precious metals recycling        | <input type="checkbox"/> Industrial catalysts  | <input type="checkbox"/> Industrial Sludges             |
| <input type="checkbox"/> Aluminum dross                   | <input type="checkbox"/> Industrial sands (excluding mining or mineral processing operation) |   |

If checked, explain waste generation process: \_\_\_\_\_

SUPERFUND SITES

Is the State Trust land located in a National Priority List (NPL, Federal Superfund) area or in a Water Quality Assurance Revolving Fund (WQARF, State Superfund) study area? If yes, NPL or WQARF area name: \_\_\_\_\_

LAND DISTURBANCE

If land disturbance will occur, will it be on previously undisturbed land? If yes, explain: \_\_\_\_\_

WATER WELLS

Are there open and/or abandoned water wells on the property? If yes, submit a site diagram showing location(s) and use(s).

ADJACENT LAND USES

To the best of your knowledge, are adjacent lands subject to any of the above-referenced environmental impacts? If yes, explain: \_\_\_\_\_

ON-SITE INSPECTION/ENVIRONMENTAL ASSESSMENT

To the best of your knowledge, has an on-site inspection and/or an environmental site assessment been performed at this location? If yes, explain: \_\_\_\_\_

PREVIOUS ENVIRONMENTAL IMPACT

To the best of your knowledge, has any environmental impact been reported previously to ADEQ? If yes, explain: \_\_\_\_\_

ADDITIONAL COMMENTS:

ARIZONA STATE LAND DEPARTMENT  
1616 WEST ADAMS  
PHOENIX, ARIZONA 85007

PLACE  
STAMP  
HERE

---

---

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