

P E R M I T

PERMIT NO. 501154

A(2-8)36dca
A(1-8)1 abb
FILE NO. A(1-8)1 cab

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

REGISTRATION NO. 55-501154
55-501155
55-501156

This is to certify that I have examined the foregoing application and have determined that the applicant is entitled to withdraw groundwater in an Active Management Area pursuant to Article 7 of the Groundwater Management Act of 1980. By this examination, the Department has determined that the Mineral Extraction and Metallurgical Processing well is necessary to meet the water requirements of the applicant for mining purposes. Under the terms set forth in Section 45-514, Arizona Revised Statutes, I hereby grant to the applicant a permit to withdraw groundwater for Mineral Extraction and Metallurgical Processing, subject to the following limitations and conditions:

Applicant: DARRELL G HAND, SR. P O Box 999, Camp Verde, Arizona 86322

Active Management Area Phoenix Subbasin East Salt River Valley
Location of Well: Township 2N, Range 8E, Section 36, NE 1/4, SW 1/4, SE 1/4
Township 1N, Range 8E, Section 1, NW 1/4, NW 1/4, NE 1/4
Township 1N, Range 8E, Section 1, NW 1/4, NE 1/4, SW 1/4

Depth 1,000feet Diameter 24 inches Type of Casing Steel

Authorized use of groundwater a Mineral Extraction and Metallurgical Processing.

Land groundwater will be used upon:

Township 2N, Range 8E, Section 36
Township 1N, Range 8E, Section 1

Three Wells

Total amount of groundwater to be withdrawn 3,000 acre feet per annum

Duration of permit: From February 2, 1982 to January 1, 86.

Special conditions of the permit: If during the life of the permit, the Director determines that uncommitted Municipal and Industrial Central Arizona Project Water is available or other water or effluent of adequate quality is available at a cost comparable to groundwater, the Director may require the permittee to use such water in lieu of groundwater. The total amount of groundwater to be withdrawn is limited to that amount indicated above and total pumpage from all three wells is limited to that amount. Renewal of the "Mineral Extraction and Metallurgical Processing Permit" is contingent upon consistency with the management plan for the first management period developed pursuant to ARS Section 45-564 and will not be renewed beyond that period unless consistent with plans for subsequent management periods.

Witness my hand and seal of office this 1st day of February, 1982.

W. Don Maughan
W. Don Maughan, Deputy Director

MICROFILMED

October 8, 1981

Paul Wolfe, Managing Editor
Mesa Tribune
120 West First Avenue
Mesa, Arizona 85202

Dear Mr. Wolfe:

Enclosed please find a Department of Water Resources legal notice pertaining to an application for withdrawal of groundwater. We request that this notice be published in your newspaper on the following dates: October 19 and 26, 1981.

Please return affidavits of publication for both dates, with your billing, to the Department.

Thank you for your cooperation in this matter.

Sincerely,

Richard A. Gessner
Chief, Operations Branch

RAG:jc
Enclosure

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LEGAL NOTICE
DEPARTMENT OF WATER RESOURCES
BEFORE THE DIRECTOR

In the matter of the application for permit to withdraw groundwater for a General Industrial Use.

In accordance with Section 45-521, Arizona Revised Statutes, Darrell G. Hand, Sr., P. O. Box 999, Camp Verde, Arizona 86322 has filed an application with the Department of Water Resources for a Permit to withdraw groundwater for a General Industrial Use in the East Salt River Valley subbasin of the Phoenix Active Management Area. The specific use the applicant intends is for a mineral extraction and metallurgical processing. The applicant proposes to withdraw groundwater through the use of three wells located in the NE $\frac{1}{4}$, SW $\frac{1}{4}$, SE $\frac{1}{4}$, Section 36, Township 2 North, Range 8 East; NW $\frac{1}{4}$, NW $\frac{1}{4}$, NE $\frac{1}{4}$, Section 1, Township 1 North, Range 8 East and NW $\frac{1}{4}$, NE $\frac{1}{4}$, SW $\frac{1}{4}$, Section 1, Township 1 North, Range 8 East.

Objections to the issuance of the permit may be filed by persons residing in the Active Management Area, in writing, with the Department of Water Resources, Box 2600, Phoenix, Arizona 85002, within 30 days after the last day of publication of notice, which in this case is November 25, 1981. Objections are limited to whether the permit application meets the criteria for issuance of a permit as set forth in Article Seven, Arizona Revised Statutes. An objection shall state the name and mailing address of the objector, be signed by the objector, his agent, or attorney, and clearly set forth reasons why the permit should not be issued.

This notice issued this 8th day of October, 1981.

Wesley Steiner
Director

MICROFILMED

MEMORANDUM

TO: W. Don Maughan
Deputy Director

FROM: Richard A. Gessner

SUBJECT: Application for a Permit for Mineral Extraction and
Metallurgical Processing. 55-501154, 55-501155 and
55-501156 - Darrell G. Hand, Sr.

DATE: December 1, 1981

The purpose of this memorandum is to provide a written record of the rationale used in determining the granting of a permit for 3 wells to withdraw groundwater for Mineral Extraction and Metallurgical Processing pursuant to ARS 45-514.

The legal notice of the application was published in the Mesa Tribune on October 19 and October 26, 1981. An objection period of 30 days was established through November 25, 1981. There were no objections.

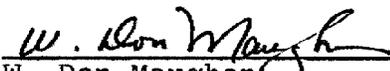
Adequacy of water supply is negative but is not required per ARS 45-514.

The applicant is within 3 miles of the service area of the Arizona Water Company but does not pertain per ARS 45-514.

Per ARS 45-514, a review of other water sources does not appear to be available or feasible at this time in that:

1. The amount of groundwater available under a dewatering permit is insufficient.
2. CAP water is not available.
3. Surface water of adequate quality or effluent of adequate quality is not available.
4. Management plans for the Phoenix Active Management Area have not yet been developed or implemented.
5. A permit would be limited to a ~~XXXXXX~~ period from February 1, 1982 to January 1, 1986.

APPROVED:


W. Don Maughan
Deputy Director

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State of Arizona
DEPARTMENT OF WATER RESOURCES

99 E Virginia Avenue, Phoenix, Arizona 85004



BRUCE BABBITT, Governor
WESLEY E. STEINER, Director

February 1, 1982

Darrell G. Hand, Sr.
P O Box 999
Camp Verde, Arizona 86322

Registration NO. 55-501156

Dear Well Owner:

Enclosed is a copy of your permit for your records, also a Well Drilling Card, Well Drilling Report, and a Completion Report for your well driller. The drilling authority granted by this permit via the drilling card will be valid only when drilled by a currently registered and licensed driller and after the Department has been furnished the name and address of the driller by certified mail.

Arizona Revised Statute 45-600 requires the driller to furnish this Department a complete and accurate log of the well within 30 days of completion of drilling, and a Completion Report within 30 days after installation of pumping equipment.

Also enclosed for your future use is a Change of Well Information form. Per Arizona Revised Statute 45-593, the person to whom a well is registered shall notify this Department of a change in ownership of the well and information pertaining to the physical aspects of the well to keep the well registration record current and accurate.

In the event it is necessary to change the location of the proposed well, you should obtain the written permission of the Department of Water Resources before proceeding with the drilling.

Sincerely,

Richard A. Gessner
Chief, Operation Branch

RAG:jc
Enclosures

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Think Conservation!

Office of Director 255-1554

Administration 255-1550, Water Resources and Flood Control Planning 255 1566, Dam Safety 255-1541,
Flood Warning Office 255-1548, Water Rights Administration 255-1581, Hydrology 255-1586.

State of Arizona

DEPARTMENT OF WATER RESOURCES

99 E Virginia Avenue, Phoenix, Arizona 85004



December 8, 1982

BRUCE BABBITT, Governor
WESLEY E STEINER, Director

A 1.C 8.C C1 A B B WR 501155
FANC SR D G
P O BOX 999
CAMP VERDE AZ 86322

Registration No. 55-501155

Permit No. 55- P-501155, P-501156

Dear Mr. Hand: _____

In the past year, this Department issued a permit or Notice of Intention to Drill along with drilling authority for you to drill a non-exempt well in an Active Management Area. By the absence of a Driller's Log, your file reflects that the well has not yet been drilled as of this date.

As another step in its efforts to fully administer the 1980 Groundwater Management Act, the Department has instituted an on-site verification program to insure the accuracy of the location of the well. Consequently, this is to advise that before drilling commences on your new well, you or your driller are required, at least 96 hours in advance of the commencement of drilling, to come into any of our offices and to spot the exact location of the proposed well on one of our aerial photographs. We will then arrange to have a representative of the Department of Water Resources to be available on site to confirm the accuracy of the location of the well as shown on the permit or notice and the Drilling Card. If you wish to arrange for these details in advance, you may contact the Department at (602) 255-1581.

In the event that the well has already been drilled, then obviously these new provisions do not apply. In this event, we request that you ensure that the driller furnishes this Department a complete and accurate log of the well and Completion Report as required by A.R.S. 45-600.

Very truly yours,
Richard A. Gessner
Richard A. Gessner
Chief, Operations Branch

RAG:et

A 1.C 8.C 01 C A B WR 501156
FANC SR D G
P O BOX 999
CAMP VERDE AZ 86322

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Office of Director 255-1554

Administration 255 1550, Water Resources and Flood Control Planning 255 1566, Dam Safety 255 1541,
Flood Warning Office 255 1548, Water Rights Administration 255 1581, Hydrology 255-1586.

Mary Howe
1/1/81



Affidavit of Publication

STATE OF ARIZONA)
County of Maricopa) ss.

MARY HOWE
LEGAL NOTICE
DEPARTMENT
OF WATER
RESOURCES
BEFORE THE
DIRECTOR

In the matter of the application for permit to withdraw groundwater for a General Industrial Use.

In accordance with Section 45-521, Arizona Revised Statutes, Darrell G. Hand, Sr., P. O. Box 999, Camp Verde, Arizona 86323 has filed an application with the Department of Water Resources for a Permit to withdraw groundwater for a General Industrial Use in the East Salt River Valley subbasin of the Phoenix Active Management Area. The specific use the applicant intends is for a mineral extraction and metallurgical processing. The applicant proposes to withdraw groundwater through the use of three wells located in the NE 1/4, SW 1/4, SE 1/4, Section 36, Township 2 North, Range 8 East, NW 1/4, NW 1/4, NE 1/4, Section 1, Township 1 North, Range 8 East and NW 1/4, NE 1/4, SW 1/4, Section 1, Township 1 North, Range 8 East.

Objections to the issuance of the permit may be filed by persons residing in the Active Management Area, in writing, with the Department of Water Resources, Box 2400, Phoenix, Arizona 85002, within 30 days after the last day of publication of notice, which in this case is November 25, 1981. Objections are limited to whether the permit meets the criteria for issuance of a permit as set forth in Article Seven, Arizona Revised Statutes. An objection shall state the name and mailing address of the objector, be signed by the objector, his agent, or attorney, and clearly set forth reasons why the permit should not be issued.

This notice issued this 6th day of October, 1981.

Wesley Steiner
 Director
 10112 Oct 19 20 1981

being duly sworn, depose and say: I am Bookkeeper of the
MESA TRIBUNE
a newspaper of general circulation published **DAILY** at Mesa,

County of Maricopa, and State of Arizona, that the **LEGAL NOTICE** ...
T-9112

APPLICATION TO WITHDRAW GROUNDWATER FOR GENERAL INDUSTRIAL
USE-DARRELL G. HAND SR.

attached hereto, was published in the paper for **TWO TIMES**

on the following dates:

- 1st publication **OCTOBER 19, 1981**
- 2nd publication **OCTOBER 26, 1981**
- 3rd publication
- 4th publication
- 5th publication
- 6th publication

Mary Howe
Bookkeeper

Subscribed and sworn to before me this **26** day of **OCTOBER**, 1981

Chris Huber
Notary Public

My Commission Expires **JANUARY 22, 1983**

MICROFILMED

DEPARTMENT OF WATER RESOURCES
99 East Virginia
Phoenix, Arizona 85004

Registration No. 55-501156
Owner of Well Site DARRELL G. HAND
File No. 59-501154 A(1-8)1 cab

COMPLETION REPORT

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

LOCATION OF THE WELL:

RES
1N Township 8E Range 1 Section NW-NE-SW
1/4 1/4 1/4

EQUIPMENT INSTALLED:

Kind of pump TURBINE
Turbine, centrifugal, etc.
Kind of power ELECTRIC H.P. Rating of Motor 20
Electric, natural gas, gasoline, etc.
Pumping Capacity 213 Gallons per minute Date installed 12-29-85

WELL TEST:

Test pumping capacity 190 Gallons per minute Date Well Tested 12-29-85

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

Static Groundwater Level 80 ft. Drawdown 12 ft.
Total Pumping Lift 280 ft. Drawdown _____ lbs
(Flowing Well)

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

12-31, 1985
DATE

Darrell G. Hand
Signature

RT 1 Box 64
Address

HOME City MO State 64752 Zip

1-14-86
S.V.

State of Arizona
DEPARTMENT OF WATER RESOURCES

99 E. Virginia Avenue, Phoenix, Arizona 85004



April 10, 1986

BRUCE BABBITT, Governor
KATHLEEN FERRIS, Director

Darrell G. Hand
dba Argo Mining
5254 East Apache Trail
Apache Junction, Az. 85219

Dear Mr. Hand:

This Department has been processing application for mineral extraction and metallurgical processing 59-513179 and an application for dewatering of a mine shaft for mineral extraction and metallurgical processing purposes.

We have nearly completed the processing phase and are ready to submit for final recommendation.

However, we intend no action on either application until you comply with our previous requests for the driller's log relating to the three wells previously drilled under the previous permit 59-501154 which has expired. You have been requested on several occasions to provide these logs and have not yet complied.

Further, the previous verbal contacts have attempted to provide some rationale for the amount of water being applied for both under the withdrawal permit and also under the dewatering permit application. We would appreciate that a total of 8000 acre feet is a lot of water. We must have some basis to evaluate the quantification on each. We request your assistance in this regard also.

Meanwhile, we intend no further action pending your resolution of the two matters discussed.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Gessner", is written over the typed name.

Richard A. Gessner
Chief, Operations Division

RAG:et
cc: Phoenix AMA

MICROFILMED

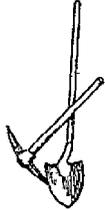
Think Conservation!

Office of Director 255-1554

Administration 255-1550, Water Resources and Flood Control Planning 255-1566, Dam Safety 255-1541,
Flood Warning Office 255 1548, Water Rights Administration 255-1581, Hydrology 255-1586.

ARGO MINING, INC.

5254 E. Apache Trail
Apache Junction, Arizona 85219
(602) 982-0968



PRESIDENT
Darrell G. Hand

Date April 12, 1986

Richard A. Gessner
Chief, Operations Division
Department Of Water Resources
Phoenix, AZ. 85004

Dear Mr. Gessner,

I was very surprised by your letter dated April 10, 1986. I have been to your office on 3 previous occasions and explained in great detail that I could not furnish the drillers log, if you did not already have them. They are not in my possession and I am not able to obtain them.

As you suggested on my last visit to you in December 1985, I filled out a completion report giving the information on the well equipment and water flow. It was my understanding that that would take care of the matter.

I do agree with you that 8000 acre feet is a lot of water, however this is the amount of water that we will require for the size of operation that we have planned. Please find enclosed a separate chart outlining the amount of water and how it will be used.

The financing for this project has been approved subject to the issuing of this permit. Therefore time is of the essence, and I would appreciate your cooperation in resolving this matter.

Sincerely yours,

Darrell G. Hand

DGH/gdh

c.c. sent to:
Scott Donaldson/Corporate Attorney
All share holders



MICROFILMED

P E R M I T

PERMIT NO. P-513179

FILE NO. A(2-8)36 c

STATE OF ARIZONA)
) ss.
 COUNTY OF MARICOPA)

REGISTRATION NO. 55-513179

This is to certify that I have examined the foregoing application and have determined that it meets the requirements of Title 45, Chapter 2, Article 7, Arizona Revised Statutes, for a mineral extraction and metallurgical processing permit. The Department hereby grants a permit to the applicant to withdraw groundwater for a Mineral Extraction and Metallurgical Processing Use, subject to the following limitations and conditions:

Applicant Darrell G. Hand dba Argo Mining
5254 East Apache Trail, Apache Junction, Arizona 85219

Active Management Area Phoenix Subbasin East Salt River Valley
 Location of well(s): Township 2N Range 8E Section 36, SE ¼ NE ¼ SW ¼.
1N Range 8E Section 1, NW ¼ NW ¼ NE ¼.
1N Range 8E Section 1, NW ¼ NE ¼ SW ¼.

Depth: N/A Feet Diameter: N/A Inches Type of Casing: N/A

Maximum pumping capacity: N/A gallons per minute.

Authorized use of groundwater Mineral Extraction and Metallurgical Processing.

Land groundwater will be used upon:

Township 2N Range 8E Section 36 SW ¼.
1N Range 8E Section 1, W ½.

Total amount of groundwater to be withdrawn 3,000 acre feet per annum.

Duration of permit: From July 23, 1986 to December 31, 1999.

Standard conditions of the permit:

- o If during the life of the permit, the Director determines that uncommitted Municipal and Industrial Central Arizona Project Water is available or other water or effluent of adequate quality is available at a cost comparable to groundwater, the Director may require the permittee to use such water in lieu of groundwater.
- o Groundwater withdrawals under this permit are subject to the management plans for the designated active management areas, and the permittee should be aware that the Director maintains continuing jurisdiction and can modify the permit terms as needed to conform to the conservation elements of the management plans.
- o The permittee is not authorized to withdraw any groundwater under this permit until he has acquired the necessary discharge permit from the Arizona Department of Health Services or a letter from that agency stating that a permit is not required. Separate copies of the discharge permit or letter stating that no permit is required shall be transmitted to this Department by the permittee.

Witness my hand and seal of office this 23rd day of July, 1986.

MICROFILMED

Herb Dishlip
 Herb Dishlip, Deputy Director

Ursula,

A 010 080 01 CAB WR 501156 FILE TYPE: APPLICATION WELL TYPE: NON-EXEMPT
DATE ISSUED: 07 01 987 PLANNED PUMP CAP:

NAME: HAND SR D G TN CARE OF: SEE-P ~~501154~~ 513179
P O BOX 999
CAMP VERDE AZ 86327

ACCURACY: NOT VERIFIED
AREA: PUDENTX AMA
SUB-DASTN: EAST SALT RIVER VALLEY
WATERSHED: UPPER GILA RIVER
COUNTY: PINAL
OWNER: PRIVATE

WATER USES: MINING
WELL USES: WATER PRODUCTION
DRILLER:

WELL DPTH: CASE DIAM:
PUMP CAP: 213 GPM FTNISH:
DRAW DOWN: 17 FT WATER IVL:
DATE COMPLETED:
POU #1:

CASE DPTH: MFTH DET: ORTFICE
ACRES IRR: YIELD: 190 GPM
LIFT: THIRTYNE POWER: ELE 100HP
POU #2:

STATUS: DATA OWN LOG N CRT ~~X~~ PR NHR: 1501156 TPQ STATUS:

ENTER - READ NEXT RECORD

CLEAR TO RETURN TO SELECTION CRITERIA

Thx!

My

ENTERED MAY 21 1987

MICROFILMED

Darrell G. Hand, Sr.

P. O. Box 999

Camp Verde, AZ 86322

STATE OF ARIZONA
DEPARTMENT OF WATER RESOURCES
WATER RIGHTS ADMINISTRATION
99 EAST VIRGINIA
PHOENIX, ARIZONA 85004

RECEIPT

KIND ENTRY	FILE REFERENCE NO.
55	501154-501156
	THRU

ACCOUNT NO.				INT.	ITEM DESCRIPTION	RATE	\$ AMOUNT
FUND SOURCE	AGENCY	CHAPTER	DIV.	ACCT.			
					Application Fee for P Permit for Mineral Extraction and Metallurgical Processing		8.00
					File #A(2-8)3S dca,A(1-8)1 abb, A(1-8)1 cab	WRITER PAYMENT	
						GUESTS	0
						CHK NO	0
						55-P	8.00
					Paid Cash	TAX	0.00
						TOTL	8.00
						GEN.CASH	8.00
						# 4288 9	11:53

RECORDED

02-09-82

TOTAL

\$ 8.00