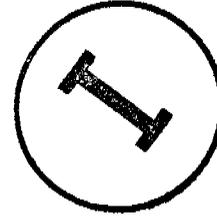


#81756

Notice of Intent # 31402
Basin 189D
Permit Number 39428

July 24, 2000

Tom Gallagher
Nevada Division of Water Resources
123 Nye Lane
Carson City, Nevada 89706



Plugging Report
for Stockwater well
Elko County

Dear Tom,

Following is per our telephone conversation on June 15, 2000:

On July 14, 2000 I capped a 10 inch diameter open hole located NE 1/4 NE 1/4 Sec 31 T37N R68E.

The hole was originally started in the late fall of 1975 by myself, with a cable rig. A tilted rock formation encountered at approximately 285 feet prevented me from continuing drilling a straight hole. I recommended that the ranch manager, Howard Robinson, secure the services of a rotary capable of running a down-hole hammer. Unfortunately Howard hired Muth Drilling's mud rotary. Muth's driller was able to drill an additional 95 feet before twisting off, and (after two months fishing) leaving approximately 130 feet of tools in the hole, at which point they folded up the rig and left.

When I checked the hole June 14, 2000 I found 8 feet of 10 inch conductor pipe (with a cap securely welded on) and 63 feet of open 10 inch hole. The sounding probe was retrieved coated with bentonite mud.

I filled the remaining hole with concrete - leaving the conductor pipe as a monument to the importance of hiring a sober driller.

Sincerely,

Ray Reynolds
R.D. Reynolds Drilling No. 1390

Contractors Lic. No. 014410

owner: US Government

010-340-001

per Elko
Co Assessors
Office

MAK
MLG
7/31/00