MW2-2

WHITE—DIVISION OF WATER RESOURCES
CANARY—CLIENT'S COPY
PINK—WELL DRILLER'S COPY

PRINT OR TYPE ONLY
DO NOT WRITE ON BACK

STATE OF NEVADA
DIVISION OF WATER RESOURCES

WELL DRILLER'S REPORT

Please complete this form in its entirety in accordance with NRS 534.170 and NAC 534.340

OFFICE USE ONLY
Log No. 89055
Permit No.
Basin 072

NOTICE OF INTENT NO. 43493

1. OWNER FLORIDA CANYON MINING, INC.
MAILING ADDRESS P.O. BOX 330
IMLAY, NV 89418
ADDRESS AT WELL LOCATION
STANDARD MINE AREA

2. LOCATION SE ¼ NE ¼ Sec. 34 T 31 N N/S R 33 E PERSHING County
PERMIT NO. M/O 1229 A (Issued by Water Resources) | Parcel No. | Subdivision Name

3. WORK PERFORMED
☒ New Well ☐ Replace ☐ Recondition
☐ Deepen ☐ Abandon ☐ Other

4. PROPOSED USE
☐ Domestic ☐ Irrigation ☐ Test
☐ Municipal/Industrial ☒ Monitor ☐ Stock

5. WELL TYPE
☐ Cable ☐ Rotary ☒ RVC
☐ Air ☐ Other

6. LITHOLOGIC LOG

Material	Water Strata	From	To	Thickness
Alluvium		0	350	350
Orange Siltstone		350	490	140
Argillite		490	630	140
Siltstone		630	700	70
Water Level: 193 feet below surface				

RECEIVED
02 AUG -2 AM 11:08
NEVADA DIVISION OF WATER RESOURCES

DCNR/DWR
RECEIVED
MAY 08 2003
LAS VEGAS OFFICE

Date started July 11, 2002, 19
Date completed July 13, 2002, 19

7. WELL TEST DATA
TEST METHOD: ☐ Bailer ☐ Pump ☐ Air Lift

G.P.M.	Draw Down (Feet Below Static)	Time (Hours)

8. WELL CONSTRUCTION
Depth Drilled 700 Feet Depth Cased 470 Feet

HOLE DIAMETER (BIT SIZE)

	From	To
5 3/4 Inches	0 Feet	700 Feet
Inches	Feet	Feet
Inches	Feet	Feet

CASING SCHEDULE

Size O.D. (Inches)	Weight/Ft. (Pounds)	Wall Thickness (Inches)	From (Feet)	To (Feet)
2	PVC	Sch.80	+2	470

Perforations:
Type perforation Mill Slot PVC
Size perforation .020
From 100 feet to 470 feet
From feet to feet
From feet to feet
From feet to feet
From feet to feet

Surface Seal: ☒ Yes ☐ No
Depth of Seal 50
Placement Method: ☒ Pumped ☐ Poured
Seal Type: ☒ Neat Cement ☐ Cement Grout ☐ Concrete Grout

Gravel Packed: ☒ Yes ☐ No
From 100 feet to 470 feet

9. WATER LEVEL
Static water level 193 feet below land surface
Artesian flow G.P.M. P.S.I.
Water temperature °F Quality

10. DRILLER'S CERTIFICATION
This well was drilled under my supervision and the report is true to the best of my knowledge.

Name DELONG CONSTRUCTION, INC. (Contractor)
Address P.O. BOX 907 WINNEMUCCA, NV 89446 (Contractor)

Nevada contractor's license number issued by the State Contractor's Board 0002120C
Nevada driller's license number issued by the Division of Water Resources, the on-site driller 01325

Signed (By driller performing actual drilling on-site or contractor)
Date 8-2-02

(Rev. 3-91) USE ADDITIONAL SHEETS IF NECESSARY (O)-627

Fred Anderson & Sons Drilling, Inc
10760 Grass Valley Road
Winnemucca, Nevada. 89445
623-4203 fax 623-4225

Tim Hunt
Division of Water Resources
123 W. Nye lane, Suite 246
Carson City, Nevada. 89706

December 30 2002

RE: Monitoring wells not cased to total depth

Attention: Tim Hunt

The wells in question that your letter dated December 18th 2002 refer to, were drilled to the depths that are stated on the drill log. The current condition of these holes below the casing is native material which has filled the void due to hole stability problems after the total drilling depth was reached, i.e. water entry & caving. We were unable to get the casing installed to total depth. We did try on holes MW2-7,6,5, and 1 two times to pull the casing and clean the hole to bottom. On MW2 – 3 and 2 we pulled the pipe 3 times and cleaned to the bottom but the water influx from the formation caused the hole to fill with cuttings while reaching equilibrium as we were tripping out. As these are monitoring holes, the introduction of drilling mud to stabilize the formation is out of the question.

I assure you that every attempt to not violate NAC 534.360 by getting this casing to bottom was tried. Being a licensed driller of the state of Nevada and knowing the provisions in NAC 534 we went beyond the standards to try and make this work. The amounts of sand that were required skyrocketed along with the bentonite chips due to the voids created by the repeated attempts to clean the hole. I did not then and I am not now trivializing the procedure set forth in NAC 534.360. When these wells were drilled, I had no solution to solve this problem without violating NAC 534.4355 and there was still no guarantee that I was going to get an oversized casing into the ground to install the 4" inside of it so it would make it to the total depth drilled.

My mistake was in overlooking the wavier option. My decision was to truthfully report what had happened because in all honesty I did not even think of NAC 534 450 as a path that I could proceed down. I assumed that drilling problems occurred and that as much as we wanted to obtain our total depth objective, there were forces that were working against us that did not let us obtain the said objective on the six holes in question.

I hope that this has cleared the air on this problem. I would like to know the proper time line that needs to be followed when drilling problems occur, for example, do we stop drilling when the casing is not landing on bottom and request a waiver before we proceed?

Please advise me on this.

Fred S Anderson