



0000151936

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3 Phoenix, AZ 85044
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RECEIVED
AZ CORP COMMISSION
DOCKET 0000151936

ORIGINAL

2014 MAR 21 5:03:14
BEFORE THE ARIZONA CORPORATION COMMISSION

8 IN THE MATTER OF THE APPLICATION
9 OF PAYSON WATER CO., INC., AN
10 ARIZONA CORPORATION, FOR A
11 DETERMINATION OF THE FAIR VALUE
12 OF ITS UTILITY PLANTS AND
13 PROPERTY AND FOR INCREASES IN ITS
14 WATER RATES AND CHARGES FOR
15 UTILITY SERVICE BASED THEREON.

DOCKET NO: W-03514A-13-0111

Arizona Corporation Commission
DOCKETED
MAR 21 2014

DOCKETED BY 

17 IN THE MATTER OF THE APPLICATION
18 OF PAYSON WATER CO., INC., AN
19 ARIZONA CORPORATION, FOR
20 AUTHORITY TO: (1) ISSUE EVIDENCE
21 OF INDEBTEDNESS IN AN AMOUNT
22 NOT TO EXCEED \$1,238,000 IN
23 CONNECTION WITH INFRASTRUCTURE
24 IMPROVEMENTS TO THE UTILITY
25 SYSTEM; AND (2) ENCUMBER REAL
26 PROPERTY AND PLANT AS SECURITY
27 FOR SUCH INDEBTEDNESS.

DOCKET NO: W-03514A-13-0142

INTERVERNER REPLY TO
POST HEARING BRIEFS - 03/21/14

30 The Interveners did not prolong and unduly complicate this case, as stated by Payson Water
31 Company, "PWC", in their post-hearing brief¹. The evidence did. It was a complicated case to
32 disentangle, as PWC consolidated, bifurcated and expedited the case and then changed the rate design
33 4 times over the course of it.

35 The Interveners do not wish to deny the Company any and all necessary rate relief either, as
36 stated by PWC in their post-hearing brief². They have merely asked for the rate increase to be just and
37 reasonable and based on *actual* cost of service.

39 PWC's disdain for ratepayer intervention is evident in their post-hearing brief, as it has been
40 evident throughout the rate case. If the Company's goal was to win support from the Interveners on

¹ See Post-Hearing Brief of PWC, page 17, lines 19-20 and page 18, line 1.

² See Post-Hearing Brief of PWC, page 3, lines 10-11.

1 their proposals, they would have stated them straightforwardly and addressed some of the concerns of
2 the Interveners, working **with them** towards a reasonable resolution. That did not happen. The proof
3 is in the filings. The late notice of the Phase 1 proceedings, which violated the due process rights of the
4 ratepayers, may have been intentional, as evidenced by this attitude. Intentional or not, however, the
5 breach of notice harmed the ratepayers and must be remedied.

6
7 There is no foundation to support PWC's claim in their post-hearing brief that the Company has
8 likely been subsidizing the ratepayers for many years³. They appear to have adopted a theory that was
9 floated by ACC Staff witness Crystal Brown during the Phase 2 testimony, which was also unsupported
10 by any factual evidence in the case. It is conjecture and subject to verification, in contrast to actual fact.
11 It should, therefore, be disregarded.

12
13 The Company's complaint that their bank accounts were essentially empty when the stock was
14 sold and ownership changed⁴ is absurd, based on the fact that they caused the bank accounts to be
15 empty by paying a Dividend of \$352,206 to the former shareholder in 2013⁵. It is very clear that they
16 caused the financial distress that they now complain of. This evidence should be weighed carefully, as it
17 has been established that if the money from the sale of the Star Valley/Quail Valley plant had remained
18 in the Company's treasury, Staff would have recommended a sharing of the gain for ratemaking
19 purposes.⁶ The ratepayers should be entitled to some remedy for this irresponsible and harmful action.

20
21 The Company has stated that, "after determining that further well drilling in MDC was not
22 prudent, the Company began focusing its attention on working with the TOP on the Cragin Pipeline
23 Project." However, there is no evidence to support the determination that further well drilling in MDC
24 was not prudent and there *is* evidence that shows the imprudence of that decision⁷. That decision cost
25 ratepayers in MDC **sorely** over 3 years of water hauling exercises at their own expense. It has not been
26 demonstrated that PWC is capable of making prudent decisions in the interest of the customer, only in
27 the interest of the Company. The Commission has a duty to protect the public interest, and that duty is
28 based on preventing "excessive and discriminatory rates and **inferior service**."⁸ (Emphasis added.)
29 Causing serious economic harm to your customers⁹ certainly must qualify as inferior service.

30
³ See Post-Hearing Brief of PWC, page 7, lines 7-10.

⁴ See Post-Hearing Brief of PWC, page 7, lines 10-11.

⁵ See testimony of Thomas Bourassa at the Phase 2 Hearing on 02/04/14, Document #151328, page 173/214, lines 11-25 & page 174/214, lines 1-15. Also available @ 04:11:42 - 04:14:15 of the archived video.

⁶ See testimony of Crystal Brown at the Phase 2 Hearing on 02/10/14, Document #151335, page 184/202, lines 1-12. Also available @ 05:28:15 - 05:37:20 of the archived video.

⁷ See Exhibit A-17, Exhibit C - Southwest Groundwater Consultants interpretation of Zonge Engineering Study. Also, Exhibit KMR-4, attached Exhibit KMR-G.

⁸ SW Gas Corp. v. Ariz. Corp. Comm'n, 169 Ariz. 279, 286, 818 P.2d 714, 721 (App. 1991) (quoting Petrolane-Ariz. Gas Serv. v. Ariz. Corp. Comm'n, 119 Ariz. 257, 259, 580 P.2d 718, 720 (1978)).

⁹ See testimony of Richard Burt at Phase 2 Hearing on 02/05/14, Document #151329, page 218/236, lines 23-25 and page 219/236, lines 1-6. Also available @ 04:39:00 - 04:46:00 of the archived video. Also, the testimony of Bobby & Lois Jones at the Phase 1 Hearing on 09/25/13, Document #148254, pages 14, 15, 16, & 17 and the testimony of J. Stephen Gehring at the Phase 1 Hearing on 09/25/13, Document #148254, pages 26, 27, 28 & 29. Also available via the archived video of the Phase 1 Hearing @ 00:10:20 - 00:15:15 and 00:28:42 - 00:33:24.

1 The Interveners are not arguing that "the Commission reduce an otherwise prudent operating
2 expense because economic conditions might make it more difficult for some customers to pay the cost
3 of service" as the Company argues against in their post-hearing brief¹⁰. KMR is arguing that the
4 consolidation of rates is discriminatory as it will most severely impact Gisela, the one system that is still
5 currently on a single tier rate structure and pays a much lower commodity rate. Accordingly, the Gisela
6 system is being asked to pay a disproportionate share of the rate increase. The law protects against this
7 type of discrimination, per A.R.S. §40-203.

8
9 Further, she is arguing that the actual cost of service has not been properly determined during
10 the rate case. There are trends showing Miscellaneous expenses increased substantially over the period
11 of 2008 through 2012 and asks that those be examined more closely to determine if they are actual or
12 prudent expenses, as the 591.8%¹¹ increase in Miscellaneous Expenses over the period of 2001-2012 is
13 far beyond what typical cost-of-living increases would be. The Repairs and Maintenance expenses
14 claimed over 2008-2012 are also *significantly* higher than what was shown during 2001-2007. It is
15 important to note that 2008 was when Mr. Hardcastle began expressing his interest in Cragin water
16 supplies and it appears highly suspicious that the expenses of the Company significantly increased ever
17 since. Therefore, a more thorough audit of the books should be conducted to assure that the Company
18 is not attempting to deceive and defraud the ratepayers via inflated expenses.

19
20 KMR is also asking the Commission to carefully consider the impact of the rate increase on the
21 customers and to carefully consider lifestyle, elevation, climate and hydro-geological facts, which are
22 important distinctions related to water usage patterns. The 2 systems that reside in the Tonto Creek
23 Water Basin (Gisela and Deer Creek Village) will be unduly impacted by the current proposal. The
24 consolidation of rates and the inverted tier rate structure that is proposed for all 8 systems served by
25 PWC is not an equitable approach, based on the specific facts of this case. **State ex rel. Corbin v. Ariz.
26 Corp. Comm'n, 143 Ariz. 219, 223-24, 693 P.2d 362, 366-67 (App. 194)**, states in part, "Facts and
27 circumstances which ought to be considered must not be excluded."

28
29 The Company's late-filed Exhibit A-19 contains a consent order between the Arizona
30 Department of Environmental Quality, "ADEQ" and PWC to resolve violations related to third-party
31 owned wells used by the Company under water sharing arrangements in MdC. However, this
32 agreement references a well #55-588967 that is a well physically located in Cochise County, AZ in the
33 San Pedro Water Basin belonging to US Geological Survey, according to the Arizona Department of
34 Water Resources well registry. This can be verified at www.azwater.gov, click on "Imaged Records",
35 click on "Online Well Registry Data (Wells 55)", click on "Well Registry" and then click on "Search
36 Wizard" and follow the prompts to enter the well # 55-588967. From there, ✓ the box next to the well
37 number and click on "Well Info", "Imaged Record" and "Map" to observe all the details relating to this
38 well. Details are attached as Exhibit A. There continues to be a discrepancy in the data related to well
39 reporting for MdC. This well cannot be connected to the distribution system in MdC if it is physically

¹⁰ See Post-Hearing Brief of PWC, page 11, lines 11-13.

¹¹ See Exhibit SN-5, Exhibit A.

1 located in Cochise County, AZ. Therefore, the consent order appears to contain inaccurate data at this
2 time.

3
4 There is no evidence presented throughout the rate case to support the Arizona Corporation
5 Commission, "Staff's" contention that MdC has had water supply issues since the 1990s. It is
6 inappropriate to make a claim during post-hearing briefs that has not been established anywhere in the
7 evidence of the case, especially a claim that contradicts the evidence that has been admitted in the case
8 and is presently being ignored¹². This shows a prejudicial posture towards obtaining a specific desired
9 outcome in the case, instead of weighing the evidence presented and making a just and reasonable
10 recommendation based on the evidence set forth. If MdC did, in fact, have water supply issues in the
11 1990s, perhaps the reason a moratorium was lifted in 1993 was because the Company drilled a well,
12 which would also have been a responsible action for the Company to take in 2009, 2010, 2011, 2012 or
13 2013, instead of hauling water at extreme costs. We just don't know what happened in the 1990s, as
14 Decisions 58333 and 60734 referenced in Staff's post-hearing brief are not in evidence, nor imaged or
15 available on the edocket website for review. It is entirely inappropriate to use that reference in a
16 closing argument without establishing it during the evidentiary portion of the case so that all parties can
17 examine the evidence and have the opportunity to cross-examine witnesses about it. It should,
18 therefore, be disregarded. Properly admitted evidence relating to the stability of water production from
19 wells in and nearby MdC for the period from 2000-2013¹³ should be considered instead.

20
21 Proper oversight of PWC has not been conducted by the ACC. The evidence speaks for itself.
22 The false well information documented in Exhibit A-17's attached Exhibit 2 and Exhibit 4 as well as the
23 failure to regard Exhibit 6 led to serious consequences for the ratepayers of MdC via the water
24 augmentation tariff authorized in Decision 71902¹⁴. The post-hearing brief submitted by Intervener
25 KMR is footnoted to document the facts that support the arguments made by her. Therefore, it should
26 be carefully considered before the Commissioners decide this matter.

27
28 Please note the following corrections to the Post-Hearing Brief of KMR submitted on March 10,
29 2014: on page 11, line 19, the date of the Open Meeting was stated as October 1, 2013, but the correct
30 date of that meeting was October 16, 2013. This was a typographical error. Also, the debt service
31 coverage, "DSC", of 1.2 or greater from the Phase 1 Decision *may be* included in the calculation for the
32 MdC WIFA loan surcharge, in contrast to the narrative given on page 13, lines 16-23 of KMR's post-
33 hearing brief. However, that line of questioning (relating to the DSC of 1.2 or greater) was halted by
34 protest from the Company during the Phase 2 Hearing, so KMR was unable to thoroughly clarify that
35 detail¹⁵ through cross-examination of Staff witness Crystal Brown. She contends the stoppage of that
36 line of questioning was a violation of her due process rights and led to an unclear understanding of that
37 detail.

¹² See Exhibit A-17. Also, Exhibit KMR-5, page 4, lines 22-26.

¹³ See Exhibit KMR-5, page 4, lines 22-26 & attached Exhibit KMR-K. Also, see Exhibit KMR-4, attached Exhibit KMR-G. Also, see Exhibit KMR-3, attached Exhibits KMR-A, KMR-B, KMR-C, KMR-D & KMR-E.

¹⁴ See Exhibit S-6.

¹⁵ See testimony of Crystal Brown at Phase 2 Hearing on 02/10/14, Document #151335, pages 29-33, specifically page 32/202, lines 10-25 & page 33/202, lines 1-7. Also available @ 46:20 - 51:10 of the archived video.

1
2 Despite the possible misunderstanding on that one detail, the overall arguments made in KMR's
3 Post Hearing brief remain intact. (A) The ratepayers are harmed by their inability to intervene in Phase 1
4 due to late notice which violated their rights to due process. (B) Intervention by ratepayers during
5 Phase 1 would have exposed false data submitted by PWC to obtain the MdC water augmentation tariff
6 issued in Decision 71902¹⁶ in 2010 and revealed the false narrative being advanced in pursuit of the
7 expedited Phase 1 Decision 74175¹⁷ in 2013. (C) Irregularities in financial data (exceedingly high
8 increases in expenses over 2000-2012) should be regarded with much suspicion, based on the other
9 false, inaccurate and incomplete data submitted by the Company and therefore, should not be relied
10 upon for the setting of rates without a more thorough audit. (D) The ratepayers are harmed by the
11 removal of monetary assets resulting from the sale of the Star Valley/Quail Valley plant and the paying
12 of a dividend of \$352,206 in 2013 to a former shareholder of the Company which Staff acknowledges
13 they would have recommended a sharing of that gain for ratemaking purposes if it had remained in the
14 Company's treasury. Therefore, the current rate design proposal agreed upon by Staff and PWC should
15 be denied. New rates should be set only after the proceedings are redone consistent with the due
16 process clause of the US Constitution and after careful evaluation of all the relevant evidence that was
17 presented during Phase 2.
18

19 The loud and clear outcry by the Public that has been evidenced by the Public Comments given,
20 along with letters and emails written to the ACC, should be carefully considered as well. If a Decision is
21 rendered, as proposed, granting the Company the exorbitant rate increase they seek, the Company and
22 the ACC can expect the outcry to become louder. As additional consumers react to high water bills, the
23 Company will likely face even more scrutiny as examination of the details of the case will be more
24 widespread.
25

26 Respectfully submitted this 21st day of March, 2014.

27 By Kathleen M. Reidhead
28 Kathleen M. Reidhead, Intervener
29 14406 S. Cholla Canyon Dr.
30 Phoenix, AZ 85044
31
32

33 **ORIGINAL** and thirteen (13) copies
34 of the foregoing were filed this 21st
35 day of March, 2014 with:

36
37 Docket Control
38 Arizona Corporation Commission
39 1200 W. Washington Street
40 Phoenix, AZ 85007

¹⁶ See Exhibit S-6.

¹⁷ See Exhibit S-5.

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COPY of the foregoing was mailed
this 21st day of March, 2014 to:

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Kathleen M. Reidhead

EXHIBIT A



Home | [FAQ](#) | [Links](#) | [Contact Us](#) | [Water Resource Data](#) | [Imaged Records](#)

[Search](#) [Map](#) [Data Export](#) [Well Registry Help](#) [Email](#)

Well Registry Information

Registration Number **55- 588967**

General Construction Status Owner Driller Pump Data

Well Information

Site Type W - WELL Well Type MN - MONITOR Replaces Well 55-

Location Information

Cadastral D23022022CBB Book Map Parcel Latitude 31 24 53 Longitude 110 6 11

Basin and County Information

Basin UPPER SAN PEDRO Sub Basin 76 - SIERRA VISTA Watershed 11 - SAN PEDRO RIVER
 AMA/INA 0 - NOT WITHIN ANY AMA OR INA County 2 - COCHISE

Site Uses

Water Uses

Site Use 1 MONITOR Water Use 1 MONITORING
 Site Use 2 Water Use 2
 Site Use 3 Water Use 3

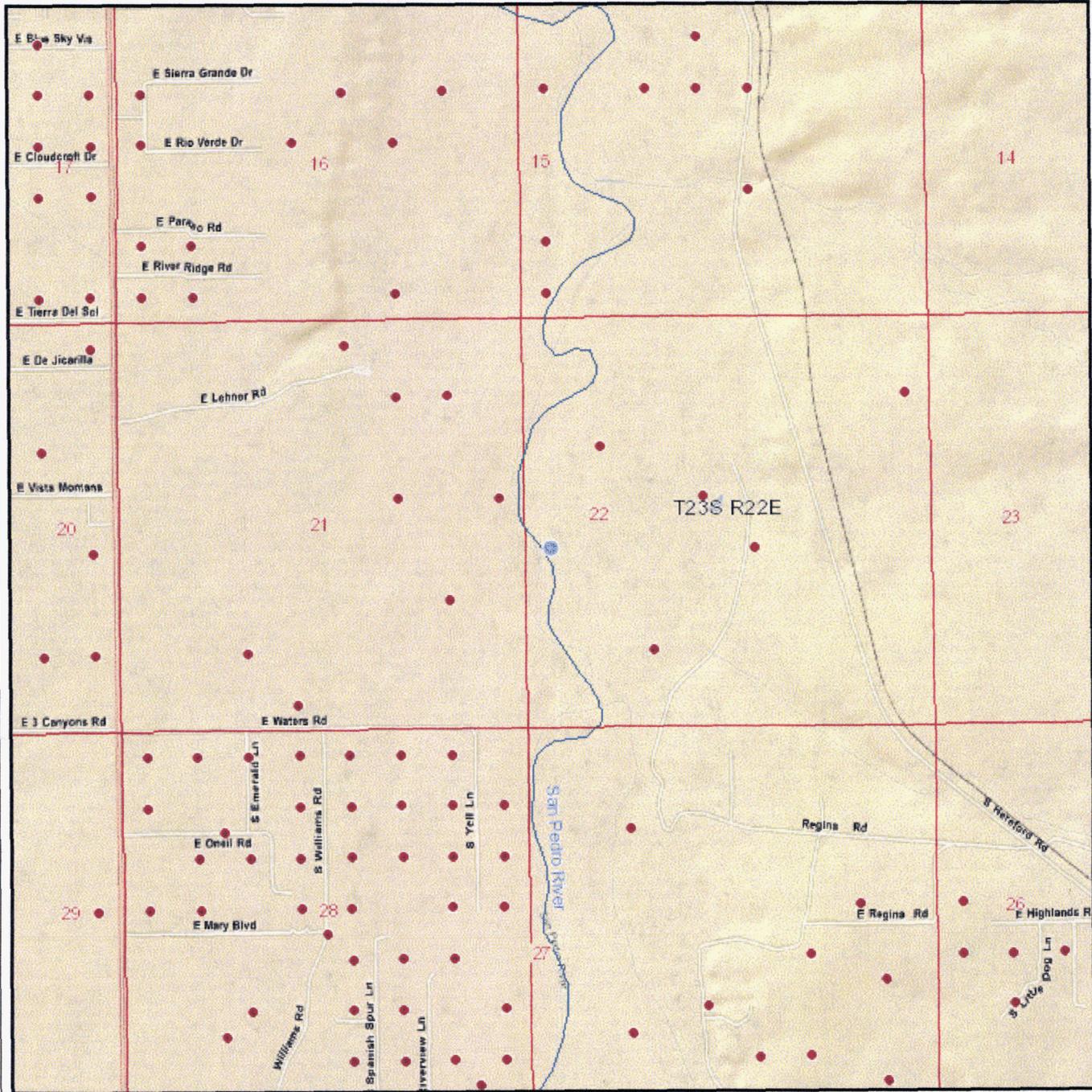
GWSI Well Information [What is this?](#)

GWSI Site ID No corresponding GWSI well GWSI Local ID No corresponding GWSI well

Well Registry is ADWR's well database containing reported information on well status, location and construction.

e:

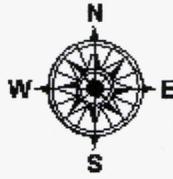
Well Registry Map



Well 55-588967 is the blue dot near the center of the map.

- Registered Well(s)*
- Selected Well
- Selection Area
- ~ CAP Aqueduct
- ~ River
- ~ Interstate
- ~ State Route
- ~ US Route

*Locations are approximate and based on the well's legal description



0.150750 0.15 Miles

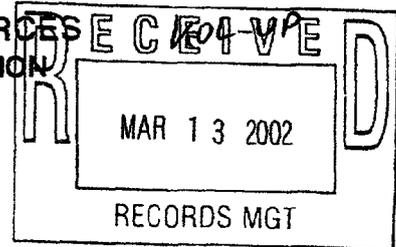


For more information about this map contact:
Arizona Department of Water Resources
3550 N Central Avenue
Phoenix, AZ 85012
Phone: (602)771-8500 or 1-800-352-8488

Map created on 3/18/2014

ARIZONA DEPARTMENT OF WATER RESOURCES
GROUNDWATER MANAGEMENT SUPPORT SECTION

P.O. Box 458 Phoenix, Arizona 85001-0458
Phone (602) 417-2470 Fax (602) 417-2422



WELL DRILLER REPORT

This report should be prepared by the Driller in detail and filed with the Department within 30 days following completion of the well.

1. Owner's Name: U.S. Geological Survey
Address: 520 N. Park Ave. Tucson AZ. 85719 (520)-670-6671
Street City State Zip Telephone Number
2. Drilling Firm: USG-S-Tucson
Address: 520 N. Park Ave. Tucson AZ. 85719 (520)-670-6671 ext. 278
Street City State Zip Telephone Number
3. Location: NW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 22 Township 23 S Range 22 E
10 Acre 40 Acre 160 Acre
4. Well Registration No. 55- 588967 (Required) 6a. Latitude 31 24 53 "
5. Permit No. _____ (If issued) 6b. Longitude 110 06 11 "

DESCRIPTION OF WELL

7. Total Depth of Hole 16 ft
8. Type of Casing(s): Surface Seal steel Well PVC
9. Diameter and length of casing(s) 1.5 inches from -4.15 to 10.85 1 inches from -4 to 11
10. Method of sealing at reduction points no reduction points
11. Perforated from 11 to 16 from _____ to _____ from _____ to _____
12. Size of cuts _____ Number of cuts per foot _____
13. If screen was installed: Length 5 feet. Diameter 1 inches. Type Slotted .020 PVC
14. Constructed by: Air Rotary _____ Mud Rotary _____ Reverse Rotary _____ Cable Tool _____ Boring/Augering _____ Jet/Driven _____
Sonic _____ Hand Dug _____ Other: (Check One) Geoprobe
15. Date started 04 19 2001
Month Day Year
16. Date completed 04 19 2001
Month Day Year
17. Depth to water 14.0 ft. (If flowing well, so state).
18. Describe point from which depth measurements were made, and give sea-level elevation if available Measured down from lip of galv. casing at 4.15 ft above land surface.
19. If flowing well, state method of flow regulation: _____

20. Remarks: _____

DO NOT WRITE IN THIS SPACE
OFFICE RECORD

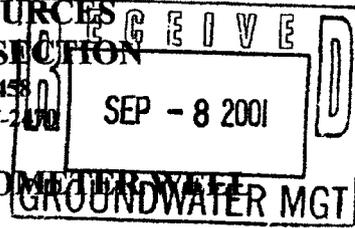
Registration No. _____
File No. _____
Received _____ By _____
Entered _____ By _____

KOL-UP

ARIZONA DEPARTMENT OF WATER RESOURCES
GROUNDWATER MANAGEMENT SUPPORT SECTION

ILLEGAL WELL

MAIL TO: P.O. BOX 458, PHOENIX, ARIZONA 85001-0458
FOR INFORMATION: CALL MONICA ORTIZ AT 602-417-2400



NOTICE OF INTENTION TO DRILL MONITOR/PIEZOMETER WELL

PLEASE READ GENERAL INSTRUCTIONS AND CONDITIONS ON REVERSE SIDE OF THIS FORM BEFORE COMPLETING.

1. Well/land Location:

23 N 22 E 22 S
Township Range Section
NW 1/4 NW 1/4 SW 1/4
10 Acre 40 Acre 160 Acre

2. Position location of the well on the land:

Latitude 31 ° 24 ' 53 "
Longitude 110 ° 06 ' 11 "

3. County: COCHISE

4. Owner of the well:

USGS - TUCSON
Name
520 S PARK AVE
Mailing Address
TUCSON AZ 85719
City State Zip
Telephone No. (520) 670-6671

5. Lessee of the land of wellsite:

Name
Mailing Address
City State Zip
Telephone No.

6. Owner of the Land of Wellsite:

BLM
Name
12141 E. BROADWAY
Mailing Address
TUCSON AZ 85748
City State Zip
Telephone No. (520) 258-7200

7. Consulting firm:

USGS (TUCSON)
Name
JIM LEENHOUTS
Contact Person
Telephone No. (520) 670-6671 EXT 778

8. Purpose of well drilled pursuant to this notice:

Monitor
Piezometer

9. If for deepening or modifying, list well registration number:

55- _____

ILLEGAL WELL
* FOR DEPARTMENT USE ONLY
File No. D(23-22)22 CBB
Filed 9-8-01 By JG
Input 9-8-01 By JG
DUPLICATE
Mailed _____ By _____
Registration 55- 588916 T
AMA/INA _____
W/S 11 S/B 26
NO

10. Will this proposed well be associated with a permit: Yes _____ No

If yes, Permit No. _____

11. Construction will start:

04 19 2001
Month Day Year

12. Period well will remain in use:

5 Months Years

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

Yes _____ No

(a) If yes, design pump capacity: _____

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

14. Drilling Firm:

USGS - TUCSON
Name
520 S PARK AVE
Mailing Address
TUCSON AZ 85719
City State Zip
(520) 670-6671 ext 778
Telephone No.
DWR License Number
ROC License Category

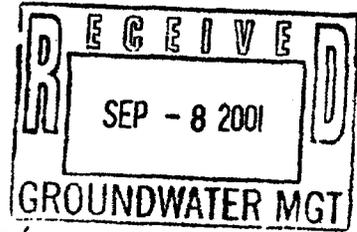
15. Proposed method of abandonment of well after project is completed: Cement fill, pursuant to R12-15-816.

16. Is this well to monitor existing contamination? NO Potential contamination: NO Please explain: _____

17. If construction plans have been coordinated with Arizona Department of Environmental Quality, who is the agency contact? _____

18. If construction plans have been coordinated with Arizona Department of Water Resources, who is the agency contact? _____

ILLEGAL WELL



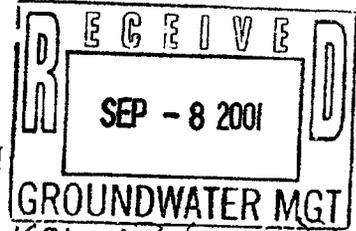
Date: September 5, 2001
To: Greg Wallace, Chief Hydrologist
Arizona Department of Water Resources
From: James Leenhouts, Hydrologist, Arizona District, USGS JL
Through: Nick Melcher, District Chief, Arizona District, USGS
Re: Request for construction variance

The attached form describes the construction of the piezometer identified as KOL-UP, which is located at D-23-22 22 CBB3. A variance is requested in the construction of the surface casing and the annular seal.

This is a small-diameter piezometer screened at a depth of less than 20 feet below land surface in the stream alluvium near the San Pedro River. USGS staff installed the piezometer using a USGS direct-push drill rig. Although both a surface casing and seal were installed, they do not extend to the requisite depth. A good seal is provided, in part, from the very tight fit between the borehole and the surface casing.

ILLEGAL WELL

RECORD OF HOLE CONSTRUCTION



SITE ID 312453110061101 STATION NAME D-23-22 22CDB3 OTHER ID KOL-UP (UPPER)
 7.5' QUAD HEREFORD COUNTY COCHISE STATE AZ
 OWNER BLM DRILLER USGS

HOLE DRILLING

START DRILLING: DATE 04/19/01 TIME 08:55 EST local
 COMPLETE DRILLING: DATE 04/19/01 TIME 09:45 EST local

EQUIPMENT/MATERIALS DECONTAMINATION PROCEDURES:

DETERGENT WASH _____; STEAM CLEANED _____; OTHER _____

DRILLING METHOD:

____ AUGER (TYPE: _____); _____ ROTARY (TYPE: _____)
 PERCUSSION (TYPE: GEOPROBE); _____ OTHER _____

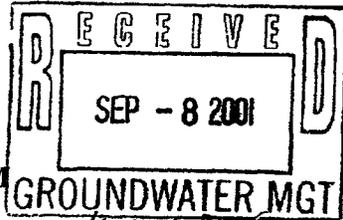
HOLE CONSTRUCTION

START HOLE CONSTRUCTION: DATE 04/19/01 TIME 10:00 EST
 COMPLETE HOLE CONSTRUCTION: DATE 04/19/01 TIME 10:20 EST

CASING/SCREEN MATERIAL	CASING THICKNESS, SCREEN TYPE, SLOT SIZE, ETC.	DIAMETER	FROM	TO	TOTAL LENGTH
		inches	feet	feet	feet
CASING:	1" PVC SCH40		-4	11	15
	GALV SURF		-4.2	10.8	15
	4" 2" TOP PIECE				
SCREEN:	1" PVC SCH40		11	16	5
	.020 slot				

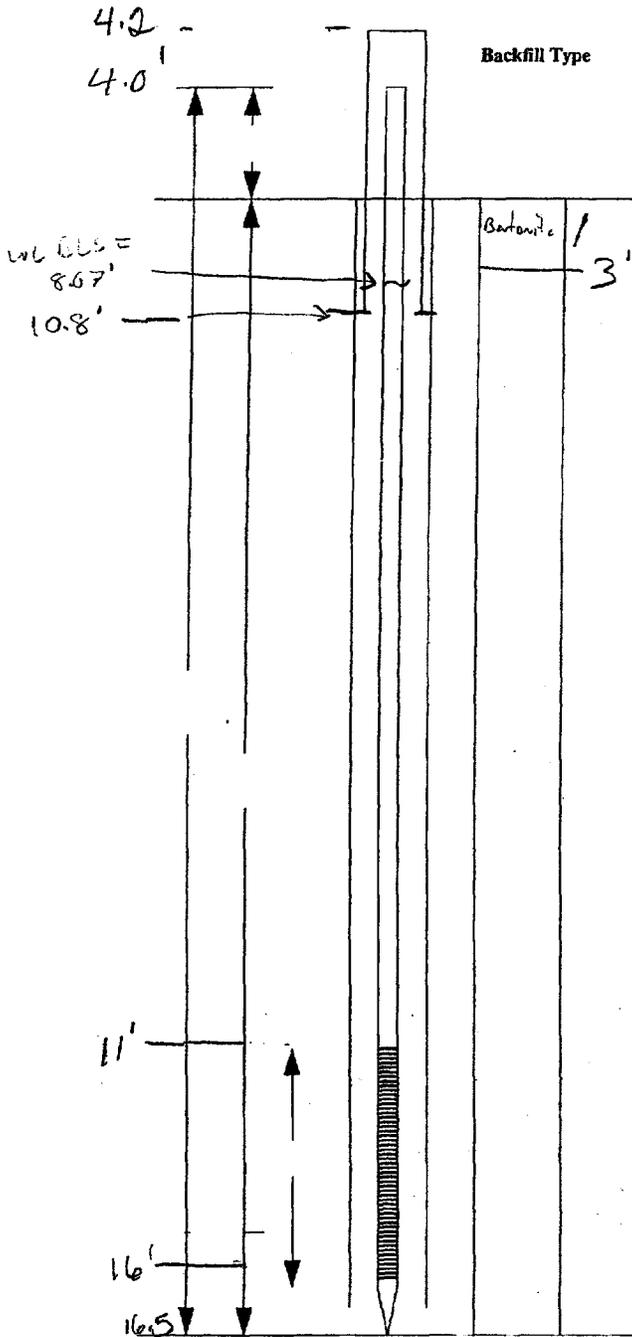
COMMENTS

ILLEGAL WELL



WELL-CONSTRUCTION DIAGRAM

SITE ID 31245310061101 STATION NAME D-23-22 22CBB3 OTHER ID KOL-UP (Copper)



Notes

Bentonite poured down annular space @ surface

WL Pre-develop = 12.96 below Galtv at 10:25 developed with pumps

WL Post-develop = 12.87 below Galtv @ 10:45 about 5 min after pump shut down.

screen from 11' to 16' BLS

ARIZONA DEPARTMENT OF WATER RESOURCES

Groundwater Management Support Section

500 North Third Street, Phoenix, Arizona 85004

Telephone 602 417-2470

Fax 602 417-2422

September 19, 2001



JANE DEE HULL
Governor

JOSEPH C. SMITH
Director

Nick B. Melcher, District Chief
United States Geological Survey
520 N. Park Avenue
Tucson, AZ 85719

RE: Well Registration # 55-588967 Well File D (23-22) 22 CBB ILLEGAL WELL

Dear Mr. Melcher:

Enclosed for your records is an annotated copy of the Notice of Intent (NOI) to Drill a monitor or piezometer well, returned to you as evidence of partial compliance with Arizona Revised Statutes (A.R.S.) § 45-454.01. The well was apparently illegally constructed by an unlicensed driller earlier in 2001, prior to filing the Notice of Intent to Drill, which was received by the Department on September 8, 2001. A drilling authority will not be issued after the fact for this well. However, the Department does require the filing of an accurate and complete driller's log for the well, as required by A.R.S. § 45-600, within 30 days of the date of this letter. Appropriate forms are attached.

The Department requires compliance with the minimum well construction standards (Arizona Administrative Code (A.A.C.) R12-15-811), as well as any special well construction requirements deemed necessary pursuant to A.A.C. R12-15-821. The variance request is denied. The Department does not grant variances after the fact. The information provided with the NOI is accepted at face value, and the Department's acceptance of the NOI does not imply endorsement of the construction methods for this well.

If you have any questions, please call the Groundwater Management Support Section at 602-417-2470. Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan R. Dulaney".

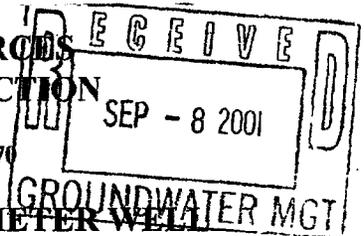
Alan R. Dulaney

attachments

FBK-UP

ARIZONA DEPARTMENT OF WATER RESOURCES
GROUNDWATER MANAGEMENT SUPPORT SECTION

MAIL TO: P.O. BOX 458, PHOENIX, ARIZONA 85001-0458
FOR INFORMATION: CALL MONICA ORTIZ AT 602-417-2470



NOTICE OF INTENTION TO DRILL MONITOR/PIEZOMETER WELL

PLEASE READ GENERAL INSTRUCTIONS AND CONDITIONS ON REVERSE SIDE OF THIS FORM BEFORE COMPLETING.

1. Well/land Location:

20 NW 21 RW 10
Township Range Section
SW 1/4 NE 1/4 NE 1/4
10 Acre 40 Acre 160 Acre

2. Position location of the well on the land:

Latitude 31 0 42 48 "
Longitude 110 0 10 59 "

3. County: COCHISE

4. Owner of the well:

USGS - TUCSON
Name
520 N. PARK AVE.
Mailing Address
TUCSON AZ 85719
City State Zip
Telephone No. (520) 670-6671

5. Lessee of the land of wellsite:

Name
Mailing Address
City State Zip

6. Owner of the Land of Wellsite:

BLM
Name
12601 E. BROADWAY
Mailing Address
TUCSON AZ 85748
City State Zip
Telephone No. (520) 258-7200

7. Consulting firm:

USGS - TUCSON
Name
JIM LEEPHOVTS
Contact Person
Telephone No. (520) 670-6671 EXT 278

8. Purpose of well drilled pursuant to this notice:

Monitor
Piezometer

9. If for deepening or modifying, list well registration number:

55- _____

FOR DEPARTMENT USE ONLY
File No. _____
Filed _____ By _____
Input _____ By _____
DUPLICATE
Mailed _____ By _____
Registration 55- _____

10. Will this proposed well be associated with a permit: Yes _____ No
If yes, Permit No. _____

11. Construction will start:
05 18 2001
Month Day Year

12. Period well will remain in use:
5 Months Years

13. For monitoring wells, is pump equipment to be installed?
Yes _____ No

(a) If yes, design pump capacity: _____

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

14. Drilling Firm:

USGS - WESTERN REGION
Name
345 MIDDLEFIELD ROAD
Mailing Address
MENLO PARK CA 94025
City State Zip
(650) 853-8300
Telephone No.
633
WR License Number

License Category

_____, pursuant to R12-15-816.

se explain: _____

agency contact? _____

y contact? _____