

**FLORENCE COPPER INC.
FLORENCE COPPER PROJECT
FOURTH QUARTER 2002 MONITORING REPORT
U.I.C. PERMIT AZ396000001
AND
A.P.P. PERMIT 101704**

JANUARY 28, 2003

MERRILL MINING, LLC
PMB 315
3232 Cobb Parkway
Atlanta, Georgia 30339
404-495-9577 Fax: 404-495-9578

ADRIN TAYLOR
SENIOR VICE PRESIDENT

January 28, 2003

Mr. Martin Zeleznik
Ground Water Office WTR-0
US Environmental Protection Agency Region IX
Water Management Division (WTR-9)
75 Hawthorne Street
San Francisco, California 94105-3901

**RE: MONITORING REPORT FOR UIC PERMIT NUMBER AZ396000001-
FOURTH QUARTER 2002**

Dear Mr. Zeleznik:

This report is submitted in accordance with the reporting requirements of Parts II.G.2.(a) through (j) of the referenced permit. It pertains to monitoring activities conducted at the Florence In-Situ Mine Site from October 1 through December 31, 2002. Copies of records required by Part II.G.1 are maintained at the Mine Site along with other information that is summarized in the following:

(a) A map showing the current status of the mine

Figure 1 shows the current monitoring area including the Point of Compliance (POC) wells and the wellfield. Figure 2 shows the approximate layout of the wellfield and denotes the four well pairs. There are four injection/recovery wells and nine pumping wells. Five observation wells were installed to demonstrate net inward hydraulic gradient for the 90 days required by the permit. Solution injection began on October 31, 1997, and ceased on February 8, 1998.

(b) A table and graph showing daily cumulative injection flows and extraction flows in each active mine block over the reporting period.

Daily flowrates for each well have been recorded to show the relationship of flow into and out of the wellfield. The flow rates have been combined and are shown in Figure 1 of Attachment 1. Note that injection last occurred in early 1998 and that water has been continuously withdrawn since that time.

(c) A table and graph comparing average daily head in the four observation wells

Figures 2 through 5 of Attachment 1 and the supporting data compare the average daily water levels in the five observation wells with their nearest inward neighbor. Readings are either taken by continuous down-hole measurements recorded on the system computer or done manually. The figures show the hydraulic gradients were maintained throughout the quarter meeting the permit conditions.

(d) A table showing POC monitoring wells analytical results and alert levels

The attached report *Florence Project Quarterly Compliance Monitoring Report – Fourth Quarter 2002* by Brown and Caldwell and sealed by Ms. Tekla King, Registered Professional Geologist (Attachment 2), contains the POC monitoring records and results. Brown and Caldwell, along with Project personnel, conducted compliance sampling during the period October 8 through October 10, 2002. Quarterly parameters were conducted for 29 of the 31 POC monitor wells. POC monitor wells M32-UBF and M33-UBF were dry and could not be sampled. All results were below the Alert Level concentrations (ALs). The results are discussed in the report.

(e) Results of the monthly analyses of organic in the injectate

Organic analyses are not required because no solution was injected during the reporting period.

(f) Results of monitoring required by 40 CFR 146.33 (b)(1)

No solution was injected.

(g) Results of the mechanical integrity tests

No mechanical integrity test was required.

(h) Results of the annular conductivity monitoring

Although injection ceased in early 1998, annular conductivity measurements have continued to the present time. A graph showing measurement results for this reporting period is presented in Attachment 1, Figure 6. No unusual conditions were noted.

Mr. Martin Zeleznilo

January 28, 2003

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(i) Well and core hole plugging and abandonment.

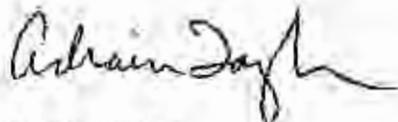
None of the existing wells and core holes were abandoned during the report period.

(j) A summary of closure operations during the reporting period.

There were no closure operations during the reporting period.

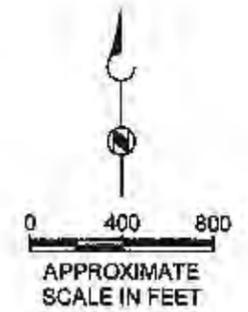
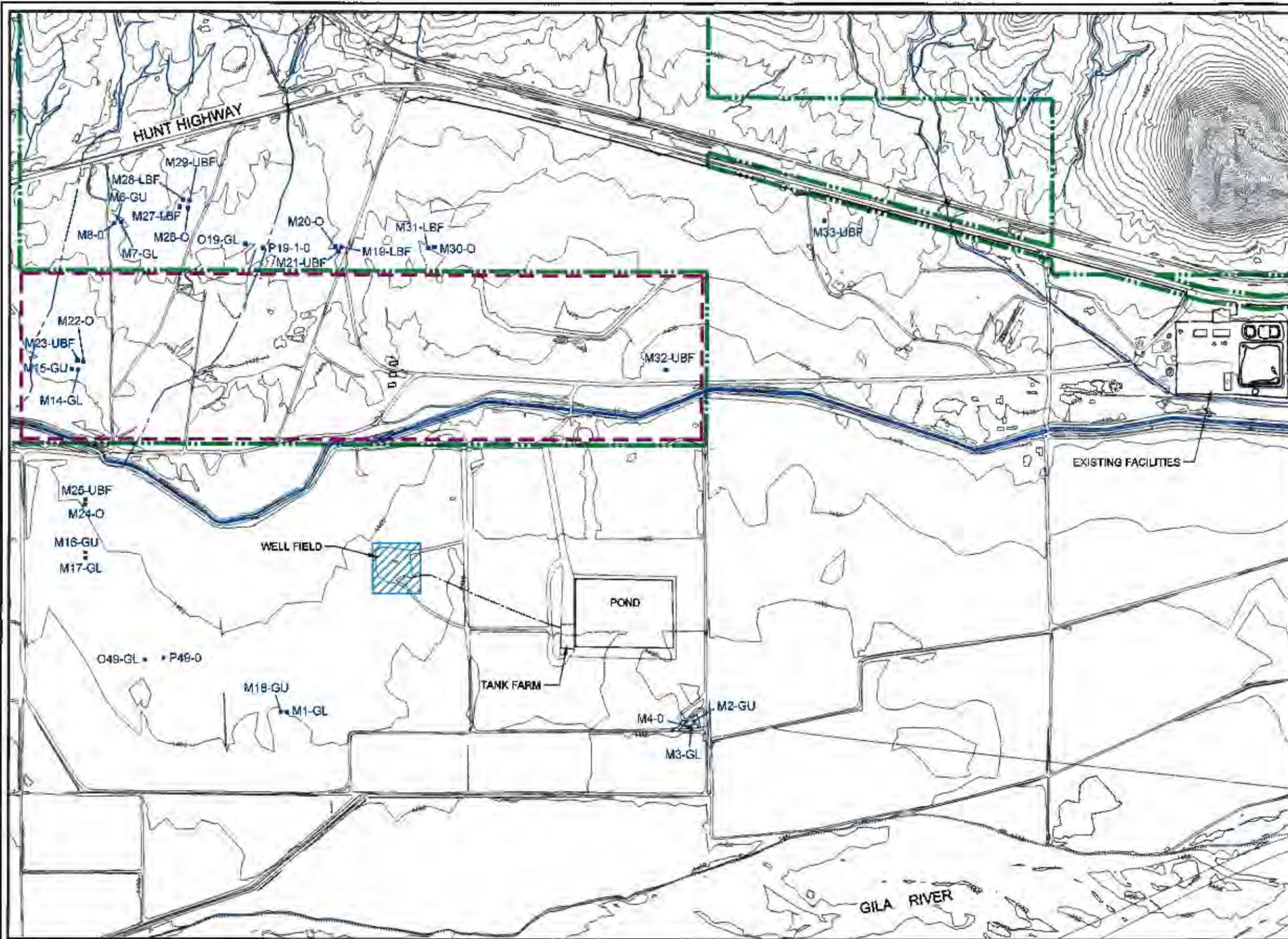
Florence Copper, Inc., believes that you will find this report complete and in compliance with all permit conditions. Please contact me at (404) 495-9577 should you have any questions regarding this report.

Sincerely,



Adrain Taylor
Senior Vice President

AT:sdw
Attachments

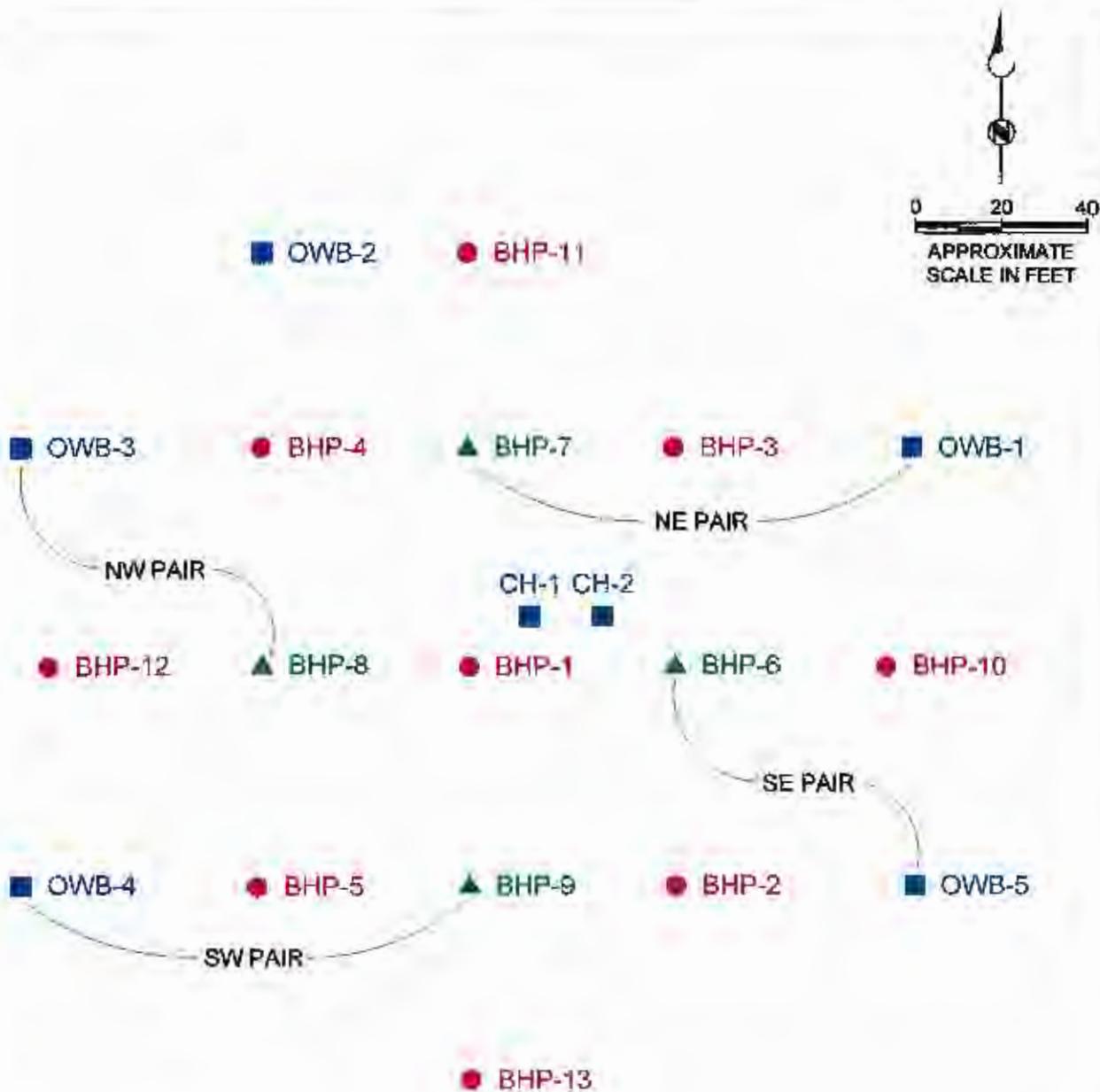


EXPLANATION

- APPROXIMATE PROPERTY BOUNDARY
- STATE LEASE LAND BOUNDARY
- O19-GL POC MONITORING WELL
- ENLARGED AREA ON FIGURE 2

**BROWN AND
CALDWELL**

**Figure 1
MONITORING AREA
MERRILL MINING, L.L.C.
FLORENCE, ARIZONA**



EXPLANATION

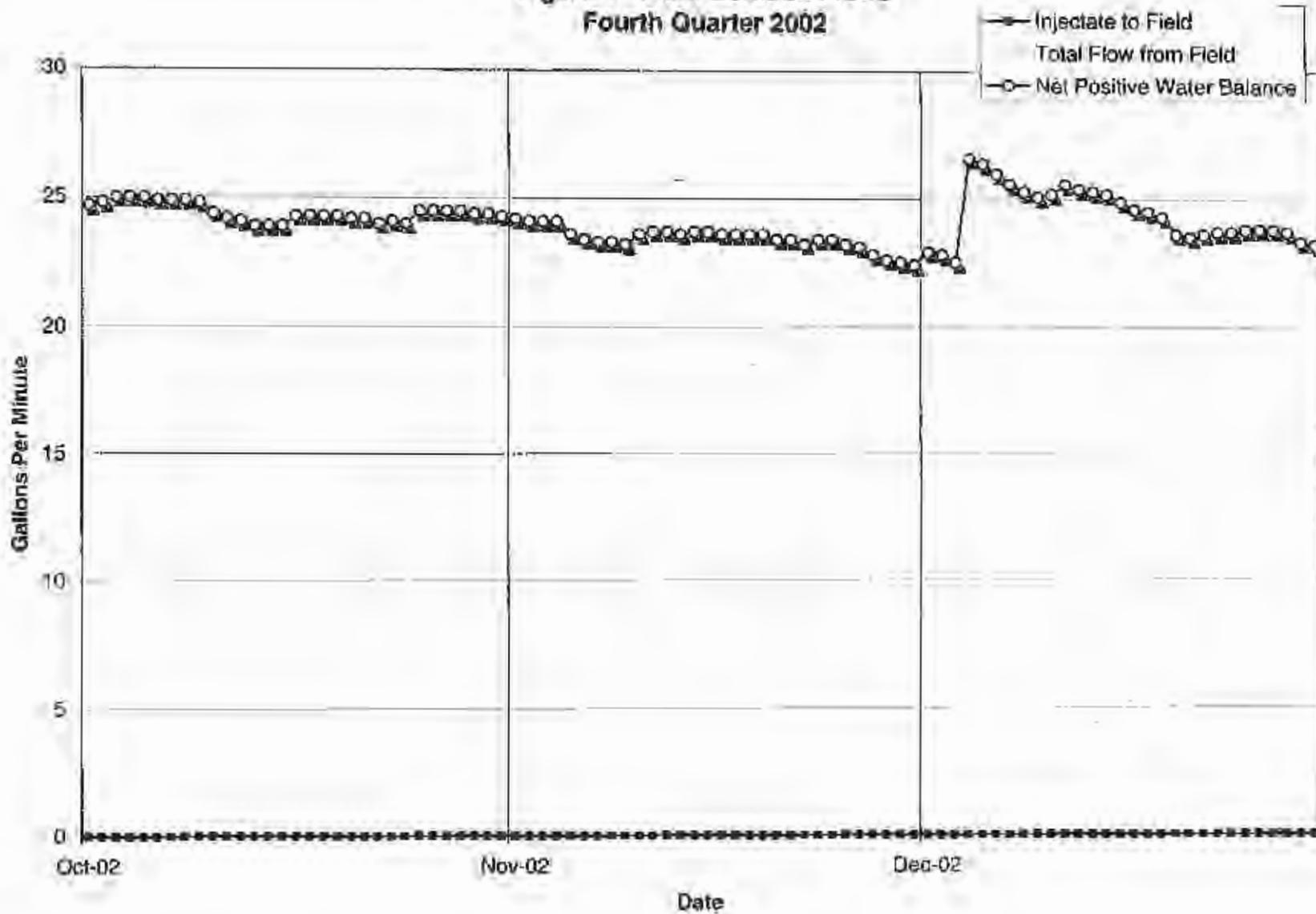
- **BHP-10** PUMPING WELL (CURRENTLY INACTIVE)
- **OWB-2** OBSERVATION WELL
- ▲ **BHP-8** INJECTION / RECOVERY WELL (RECOVERY MODE SINCE 1999)

BROWN AND
CALDWELL

Figure 2
WELLFIELD LAYOUT
MERRILL MINING, L.L.C.
FLORENCE, ARIZONA

ATTACHMENT 1
MINE OPERATIONS MONITORING

Figure 1 - Plant Solution Flows
Fourth Quarter 2002



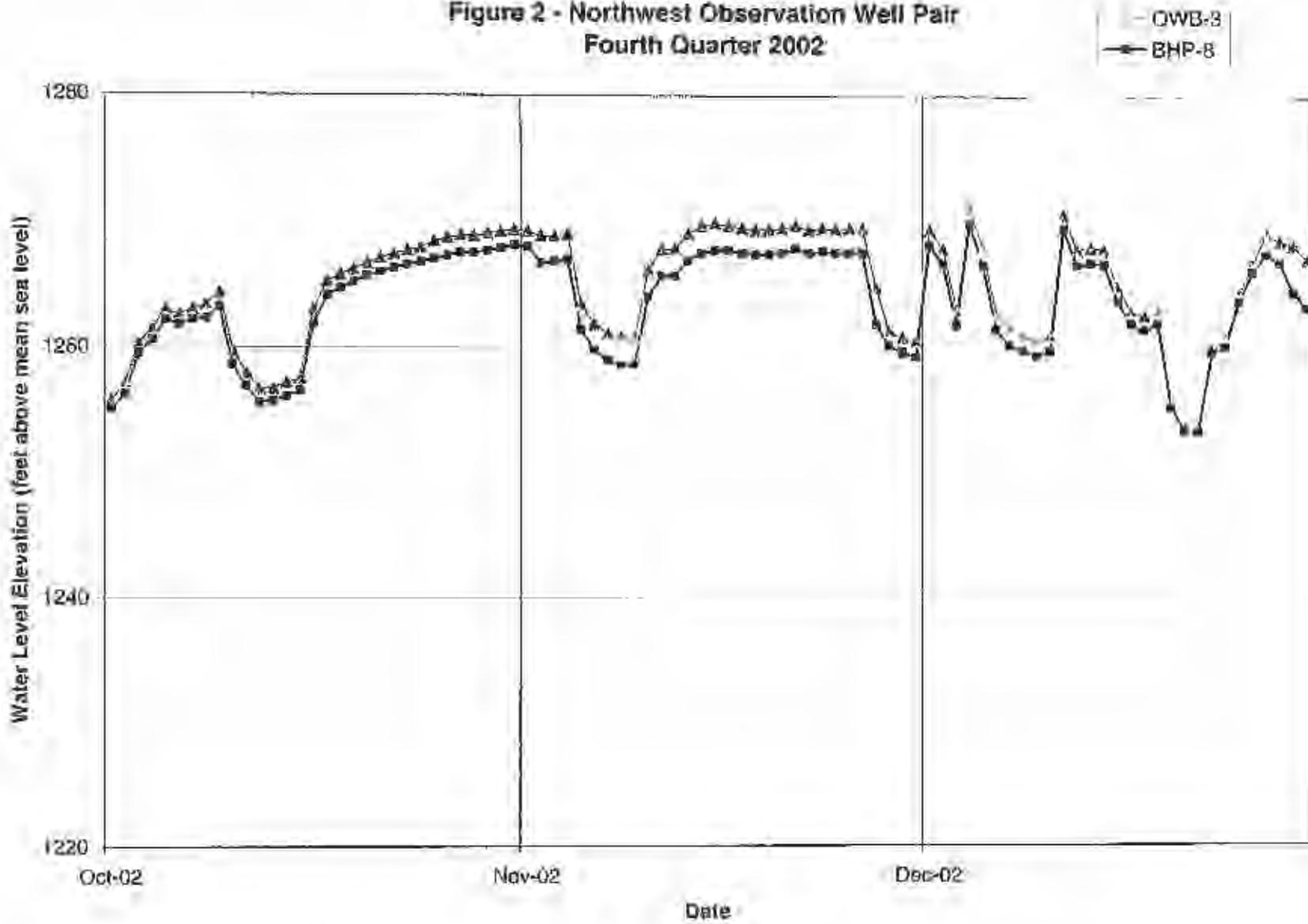
Plant Solution Flows - Daily Averages
Fourth Quarter 2002

Date	Injectate to Field (gpm)	BHP-6 (gpm)	BHP-7 (gpm)	BHP-8 (gpm)	BHP-9 (gpm)	Total Flow from Field (gpm)	Net Positive Water Balance (gpm)	Maintained Hydrologic Control (Yes/No)
10/1/2002	0		11.9		12.8	24.7	24.7	Yes
10/2/2002	0		12.0		12.8	24.8	24.8	Yes
10/3/2002	0		12.0		13.0	25.0	25.0	Yes
10/4/2002	0		12.0		13.0	25.0	25.0	Yes
10/5/2002	0		12.0		13.0	25.0	25.0	Yes
10/6/2002	0		11.9		13.0	24.9	24.9	Yes
10/7/2002	0		11.9		13.0	24.9	24.9	Yes
10/8/2002	0		11.8		13.1	24.9	24.9	Yes
10/9/2002	0		11.7		13.1	24.8	24.8	Yes
10/10/2002	0		11.5		12.9	24.4	24.4	Yes
10/11/2002	0		11.4		12.8	24.2	24.2	Yes
10/12/2002	0		11.3		12.8	24.1	24.1	Yes
10/13/2002	0		11.1		12.8	23.9	23.9	Yes
10/14/2002	0		11.1		12.8	23.9	23.9	Yes
10/15/2002	0		11.1		12.8	23.9	23.9	Yes
10/16/2002	0		11.2		13.1	24.3	24.3	Yes
10/17/2002	0		11.2		13.1	24.3	24.3	Yes
10/18/2002	0		11.1		13.2	24.3	24.3	Yes
10/19/2002	0		11.1		13.2	24.3	24.3	Yes
10/20/2002	0		11.0		13.2	24.2	24.2	Yes
10/21/2002	0		11.0		13.2	24.2	24.2	Yes
10/22/2002	0		10.8		13.2	24.0	24.0	Yes
10/23/2002	0		10.8		13.3	24.1	24.1	Yes
10/24/2002	0		10.8		13.2	24.0	24.0	Yes
10/25/2002	0		10.3		13.2	24.5	24.5	Yes
10/26/2002	0		10.3		13.2	24.5	24.5	Yes
10/27/2002	0		10.3		13.2	24.5	24.5	Yes
10/28/2002	0		10.2		13.3	24.5	24.5	Yes
10/29/2002	0		10.2		13.2	24.4	24.4	Yes
10/30/2002	0		10.2		13.2	24.4	24.4	Yes
10/31/2002	0		10.1		13.2	24.3	24.3	Yes
11/1/2002	0		10.0		13.2	24.2	24.2	Yes
11/2/2002	0		10.9		13.2	24.1	24.1	Yes
11/3/2002	0		10.9		13.2	24.1	24.1	Yes
11/4/2002	0		10.9		13.2	24.1	24.1	Yes
11/5/2002	0		10.6		13.0	23.6	23.6	Yes
11/6/2002	0		10.4		13.0	23.4	23.4	Yes
11/7/2002	0		10.3		13.0	23.3	23.3	Yes
11/8/2002	0		10.3		13.0	23.3	23.3	Yes
11/9/2002	0		10.2		13.0	23.2	23.2	Yes
11/10/2002	0		10.4		13.2	23.6	23.6	Yes
11/11/2002	0		10.5		13.2	23.7	23.7	Yes
11/12/2002	0		10.5		13.2	23.7	23.7	Yes
11/13/2002	0		10.4		13.2	23.6	23.6	Yes
11/14/2002	0		10.4		13.3	23.7	23.7	Yes
11/15/2002	0		10.4		13.3	23.7	23.7	Yes
11/16/2002	0		10.3		13.3	23.6	23.6	Yes
11/17/2002	0		10.3		13.3	23.6	23.6	Yes

**Plant Solution Flows - Daily Averages
Fourth Quarter 2002**

Date	Injectate to Field (gpm)	BHP-6 (gpm)	BHP-7 (gpm)	BHP-8 (gpm)	BHP-9 (gpm)	Total Flow from Field (gpm)	Net Positive Water Balance (gpm)	Maintained Hydrologic Control (Yes/No)
11/18/2002	0		10.3		13.3	23.6	23.6	Yes
11/19/2002	0		10.3		13.3	23.6	23.6	Yes
11/20/2002	0		10.1		13.3	23.4	23.4	Yes
11/21/2002	0		10.1		13.3	23.4	23.4	Yes
11/22/2002	0		10.0		13.2	23.2	23.2	Yes
11/23/2002	0		10.1		13.3	23.4	23.4	Yes
11/24/2002	0		10.1		13.3	23.4	23.4	Yes
11/25/2002	0		10.0		13.2	23.2	23.2	Yes
11/26/2002	0		9.9		13.2	23.1	23.1	Yes
11/27/2002	0		9.7		13.1	22.8	22.8	Yes
11/28/2002	0		9.6		13.0	22.6	22.6	Yes
11/29/2002	0		9.5		13.0	22.5	22.5	Yes
11/30/2002	0		9.4		13.0	22.4	22.4	Yes
12/1/2002	0		9.6		13.3	22.9	22.9	Yes
12/2/2002	0		9.7		13.1	22.8	22.8	Yes
12/3/2002	0		9.5		13.0	22.5	22.5	Yes
12/4/2002	0		13.3		13.3	26.6	26.6	Yes
12/5/2002	0		13.2		13.2	26.4	26.4	Yes
12/6/2002	0		12.9		13.1	26.0	26.0	Yes
12/7/2002	0		12.6		13.0	25.6	25.6	Yes
12/8/2002	0		12.3		13.0	25.3	25.3	Yes
12/9/2002	0		12.1		13.0	25.1	25.1	Yes
12/10/2002	0		12.1		13.1	25.2	25.2	Yes
12/11/2002	0		12.3		13.3	25.6	25.6	Yes
12/12/2002	0		12.1		13.3	25.4	25.4	Yes
12/13/2002	0		12.0		13.3	25.3	25.3	Yes
12/14/2002	0		12.0		13.3	25.2	25.2	Yes
12/15/2002	0		11.7		13.2	24.9	24.9	Yes
12/16/2002	0		11.5		13.1	24.6	24.6	Yes
12/17/2002	0		11.4		13.1	24.5	24.5	Yes
12/18/2002	0		11.2		13.1	24.3	24.3	Yes
12/19/2002	0		10.8		12.8	23.6	23.6	Yes
12/20/2002	0		10.7		12.8	23.5	23.5	Yes
12/21/2002	0		10.8		12.8	23.6	23.6	Yes
12/22/2002	0		10.7		13.0	23.7	23.7	Yes
12/23/2002	0		10.6		13.1	23.7	23.7	Yes
12/24/2002	0		10.6		13.2	23.8	23.8	Yes
12/25/2002	0		10.5		13.3	23.8	23.8	Yes
12/26/2002	0		10.5		13.3	23.8	23.8	Yes
12/27/2002	0		10.4		13.3	23.7	23.7	Yes
12/28/2002	0		10.2		13.1	23.3	23.3	Yes
12/29/2002	0		10.1		13.1	23.2	23.2	Yes
12/30/2002	0		9.9		13.1	23.0	23.0	Yes
12/31/2002	0		9.7		13.1	22.8	22.8	Yes

Figure 2 - Northwest Observation Well Pair
Fourth Quarter 2002



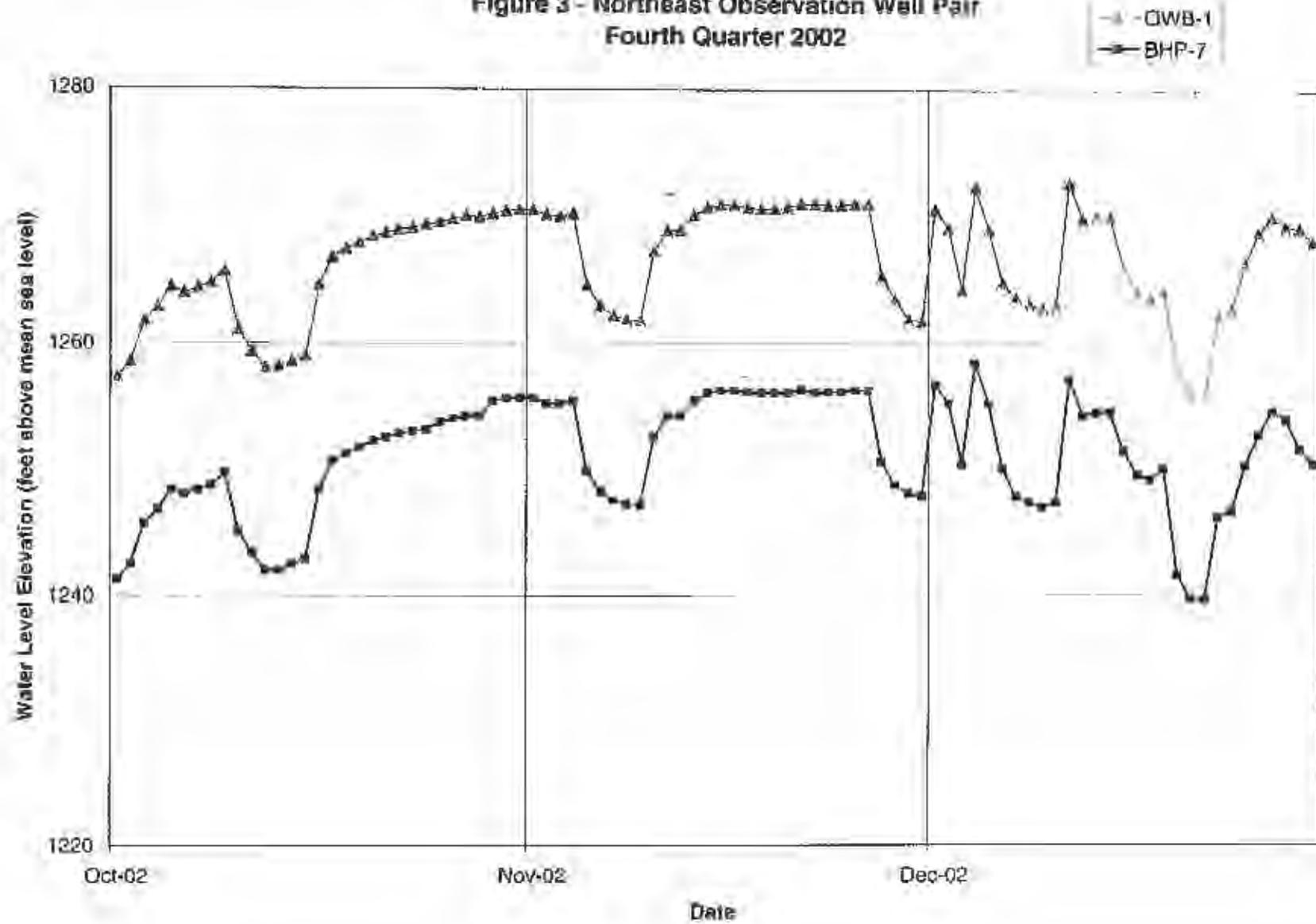
**Northwest Observation Well Pair
Fourth Quarter 2002**

Date	BHP-8	OWB-3	Difference in Gradient	Maintained Hydrologic Control
	Water Level Elevation (feet AMSL)	Water Level Elevation (feet AMSL)	(feet)	(Yes/No)
10/1/2002	1255.1	1255.8	-0.7	Yes
10/2/2002	1256.3	1257.1	-0.8	Yes
10/3/2002	1259.5	1260.3	-0.8	Yes
10/4/2002	1260.6	1261.4	-0.8	Yes
10/5/2002	1262.2	1263	-0.8	Yes
10/6/2002	1261.8	1262.6	-0.8	Yes
10/7/2002	1262.2	1263	-0.8	Yes
10/8/2002	1262.3	1263.4	-1.1	Yes
10/9/2002	1263.2	1264.3	-1.1	Yes
10/10/2002	1258.6	1259.7	-1.1	Yes
10/11/2002	1256.9	1258	-1.1	Yes
10/12/2002	1255.6	1256.7	-1.1	Yes
10/13/2002	1255.7	1256.7	-1	Yes
10/14/2002	1256.1	1257.2	-1.1	Yes
10/15/2002	1256.5	1257.5	-1	Yes
10/16/2002	1261.9	1263	-1.1	Yes
10/17/2002	1264.1	1265.2	-1.1	Yes
10/18/2002	1264.7	1265.8	-1.1	Yes
10/19/2002	1265.2	1266.2	-1	Yes
10/20/2002	1265.7	1266.7	-1	Yes
10/21/2002	1266	1267.1	-1.1	Yes
10/22/2002	1266.3	1267.4	-1.1	Yes
10/23/2002	1266.6	1267.7	-1.1	Yes
10/24/2002	1266.8	1267.9	-1.1	Yes
10/25/2002	1267	1268.4	-1.4	Yes
10/26/2002	1267.3	1268.7	-1.4	Yes
10/27/2002	1267.5	1268.9	-1.4	Yes
10/28/2002	1267.5	1268.8	-1.3	Yes
10/29/2002	1267.7	1269	-1.3	Yes
10/30/2002	1267.9	1269.2	-1.3	Yes
10/31/2002	1268.1	1269.3	-1.2	Yes
11/1/2002	1268	1269.2	-1.2	Yes
11/2/2002	1266.7	1268.8	-2.1	Yes
11/3/2002	1266.8	1268.8	-2	Yes
11/4/2002	1267	1269	-2	Yes
11/5/2002	1261.4	1263.4	-2	Yes
11/6/2002	1259.8	1261.8	-2	Yes
11/7/2002	1259	1261.1	-2.1	Yes
11/8/2002	1258.6	1260.8	-2.2	Yes
11/9/2002	1258.6	1260.7	-2.1	Yes
11/10/2002	1264	1266.1	-2.1	Yes
11/11/2002	1265.7	1267.8	-2.1	Yes
11/12/2002	1265.7	1267.8	-2.1	Yes
11/13/2002	1266.9	1269	-2.1	Yes
11/14/2002	1267.5	1269.6	-2.1	Yes
11/15/2002	1267.7	1269.8	-2.1	Yes

**Northwest Observation Well Pair
Fourth Quarter 2002**

Date	BHP-8	OWB-3	Difference in Gradient	Maintained Hydrologic Control
	Water Level Elevation (feet AMSL)	Water Level Elevation (feet AMSL)	(feet)	(Yes/No)
11/16/2002	1267.7	1269.6	-1.9	Yes
11/17/2002	1267.5	1269.4	-1.9	Yes
11/18/2002	1267.4	1269.3	-1.9	Yes
11/19/2002	1267.4	1269.3	-1.9	Yes
11/20/2002	1267.5	1269.4	-1.9	Yes
11/21/2002	1267.8	1269.6	-1.8	Yes
11/22/2002	1267.5	1269.3	-1.8	Yes
11/23/2002	1267.6	1269.4	-1.8	Yes
11/24/2002	1267.5	1269.3	-1.8	Yes
11/25/2002	1267.5	1269.4	-1.9	Yes
11/26/2002	1267.5	1269.4	-1.9	Yes
11/27/2002	1261.8	1264.7	-2.9	Yes
11/28/2002	1260.1	1261.2	-1.1	Yes
11/29/2002	1259.5	1260.7	-1.2	Yes
11/30/2002	1259.2	1260.4	-1.2	Yes
12/1/2002	1268.1	1269.3	-1.2	Yes
12/2/2002	1266.6	1267.8	-1.2	Yes
12/3/2002	1261.7	1262.9	-1.2	Yes
12/4/2002	1269.8	1271	-1.2	Yes
12/5/2002	1266.5	1267.7	-1.2	Yes
12/6/2002	1261.3	1262.5	-1.2	Yes
12/7/2002	1260.3	1261.3	-1.2	Yes
12/8/2002	1259.7	1260.8	-1.1	Yes
12/9/2002	1259.3	1260.4	-1.1	Yes
12/10/2002	1259.6	1260.8	-1.2	Yes
12/11/2002	1269.4	1270.6	-1.2	Yes
12/12/2002	1266.5	1267.7	-1.2	Yes
12/13/2002	1266.7	1267.9	-1.2	Yes
12/14/2002	1266.6	1267.8	-1.2	Yes
12/15/2002	1263.6	1264.7	-1.1	Yes
12/16/2002	1261.8	1262.8	-1	Yes
12/17/2002	1261.3	1262.4	-1.1	Yes
12/18/2002	1261.8	1262.8	-1	Yes
12/19/2002	1255.1	1255.2	-0.1	Yes
12/20/2002	1253.2	1253.3	-0.1	Yes
12/21/2002	1253.1	1253.2	-0.1	Yes
12/22/2002	1259.5	1259.6	-0.1	Yes
12/23/2002	1260	1260.5	-0.5	Yes
12/24/2002	1263.6	1264.1	-0.5	Yes
12/25/2002	1266	1266.6	-0.6	Yes
12/26/2002	1267.4	1269	-1.6	Yes
12/27/2002	1266.7	1268.4	-1.7	Yes
12/28/2002	1264.3	1268.1	-3.8	Yes
12/29/2002	1263.1	1266.9	-3.8	Yes

Figure 3 - Northeast Observation Well Pair
Fourth Quarter 2002



**Northeast Observation Well Pair
Fourth Quarter 2002**

Date	BHP-7	OWB-1	Difference in Gradient	Maintained Hydrologic Control
	Water Level Elevation (feet AMSL)	Water Level Elevation (feet AMSL)	(feet)	(Yes/No)
10/1/2002	1241.3	1257.4	-16.1	Yes
10/2/2002	1242.5	1258.6	-16.1	Yes
10/3/2002	1245.7	1261.8	-16.1	Yes
10/4/2002	1246.8	1262.9	-16.1	Yes
10/5/2002	1248.4	1264.5	-16.1	Yes
10/6/2002	1248	1264	-16	Yes
10/7/2002	1248.4	1264.4	-16	Yes
10/8/2002	1248.7	1264.8	-16.1	Yes
10/9/2002	1249.7	1265.7	-16	Yes
10/10/2002	1245.1	1261.1	-16	Yes
10/11/2002	1243.4	1259.4	-16	Yes
10/12/2002	1242	1258.1	-16.1	Yes
10/13/2002	1242	1258.2	-16.2	Yes
10/14/2002	1242.5	1258.6	-16.1	Yes
10/15/2002	1242.9	1259	-16.1	Yes
10/16/2002	1248.4	1264.6	-16.2	Yes
10/17/2002	1250.6	1266.8	-16.2	Yes
10/18/2002	1251.2	1267.4	-16.2	Yes
10/19/2002	1251.7	1267.9	-16.2	Yes
10/20/2002	1252.2	1268.4	-16.2	Yes
10/21/2002	1252.5	1268.7	-16.2	Yes
10/22/2002	1252.8	1268.9	-16.1	Yes
10/23/2002	1253	1269.1	-16.1	Yes
10/24/2002	1253.1	1269.3	-16.2	Yes
10/25/2002	1253.7	1269.5	-15.8	Yes
10/26/2002	1254	1269.8	-15.8	Yes
10/27/2002	1254.2	1270	-15.8	Yes
10/28/2002	1254.2	1269.9	-15.7	Yes
10/29/2002	1255.4	1270.2	-14.8	Yes
10/30/2002	1255.6	1270.4	-14.8	Yes
10/31/2002	1255.7	1270.5	-14.8	Yes
11/1/2002	1255.6	1270.5	-14.9	Yes
11/2/2002	1255.2	1270.1	-14.9	Yes
11/3/2002	1255.2	1270	-14.8	Yes
11/4/2002	1255.4	1270.2	-14.8	Yes
11/5/2002	1249.8	1264.6	-14.8	Yes
11/6/2002	1246.2	1263	-14.8	Yes
11/7/2002	1247.5	1262.2	-14.7	Yes
11/8/2002	1247.2	1261.9	-14.7	Yes
11/9/2002	1247.1	1261.8	-14.7	Yes
11/10/2002	1252.5	1267.2	-14.7	Yes
11/11/2002	1254.2	1268.9	-14.7	Yes
11/12/2002	1254.2	1268.9	-14.7	Yes
11/13/2002	1255.4	1270.1	-14.7	Yes
11/14/2002	1256	1270.7	-14.7	Yes
11/15/2002	1256.2	1270.9	-14.7	Yes

**Northeast Observation Well Pair
Fourth Quarter 2002**

Date	BHP-7	OWB-1	Difference in Gradient	Maintained Hydrologic Control
	Water Level Elevation (feet AMSL)	Water Level Elevation (feet AMSL)	(feet)	(Yes/No)
11/16/2002	1256.2	1270.9	-14.7	Yes
11/17/2002	1256.1	1270.7	-14.6	Yes
11/18/2002	1256	1270.6	-14.6	Yes
11/19/2002	1256	1270.6	-14.6	Yes
11/20/2002	1256	1270.7	-14.7	Yes
11/21/2002	1256.3	1271	-14.7	Yes
11/22/2002	1256	1271	-15	Yes
11/23/2002	1256.1	1270.9	-14.8	Yes
11/24/2002	1256.1	1270.9	-14.8	Yes
11/25/2002	1256.2	1271	-14.8	Yes
11/26/2002	1256.2	1271	-14.8	Yes
11/27/2002	1250.5	1265.3	-14.8	Yes
11/28/2002	1248.7	1263.5	-14.8	Yes
11/29/2002	1248.1	1261.9	-13.8	Yes
11/30/2002	1247.8	1261.7	-13.9	Yes
12/1/2002	1256.7	1270.6	-13.9	Yes
12/2/2002	1255.2	1269.1	-13.9	Yes
12/3/2002	1250.3	1264.2	-13.9	Yes
12/4/2002	1258.4	1272.3	-13.9	Yes
12/5/2002	1255.1	1269	-13.9	Yes
12/6/2002	1250	1264.8	-14.8	Yes
12/7/2002	1247.8	1263.6	-15.8	Yes
12/8/2002	1247.3	1263.1	-15.8	Yes
12/9/2002	1247	1262.7	-15.7	Yes
12/10/2002	1247.3	1262.9	-15.6	Yes
12/11/2002	1257.1	1272.7	-15.6	Yes
12/12/2002	1254.2	1269.8	-15.6	Yes
12/13/2002	1254.4	1270	-15.6	Yes
12/14/2002	1254.4	1270	-15.6	Yes
12/15/2002	1251.4	1265.9	-14.5	Yes
12/16/2002	1249.5	1264	-14.5	Yes
12/17/2002	1249.1	1263.5	-14.4	Yes
12/18/2002	1250	1264	-14	Yes
12/19/2002	1241.6	1257.7	-16.1	Yes
12/20/2002	1239.7	1255.8	-16.1	Yes
12/21/2002	1239.6	1255.7	-16.1	Yes
12/22/2002	1246.1	1262.1	-16	Yes
12/23/2002	1246.6	1262.7	-16.1	Yes
12/24/2002	1250.2	1266.3	-16.1	Yes
12/25/2002	1252.6	1268.8	-16.2	Yes
12/26/2002	1254.5	1270	-15.5	Yes
12/27/2002	1253.8	1269.3	-15.5	Yes
12/28/2002	1251.5	1269.1	-17.6	Yes
12/29/2002	1250.3	1268	-17.7	Yes

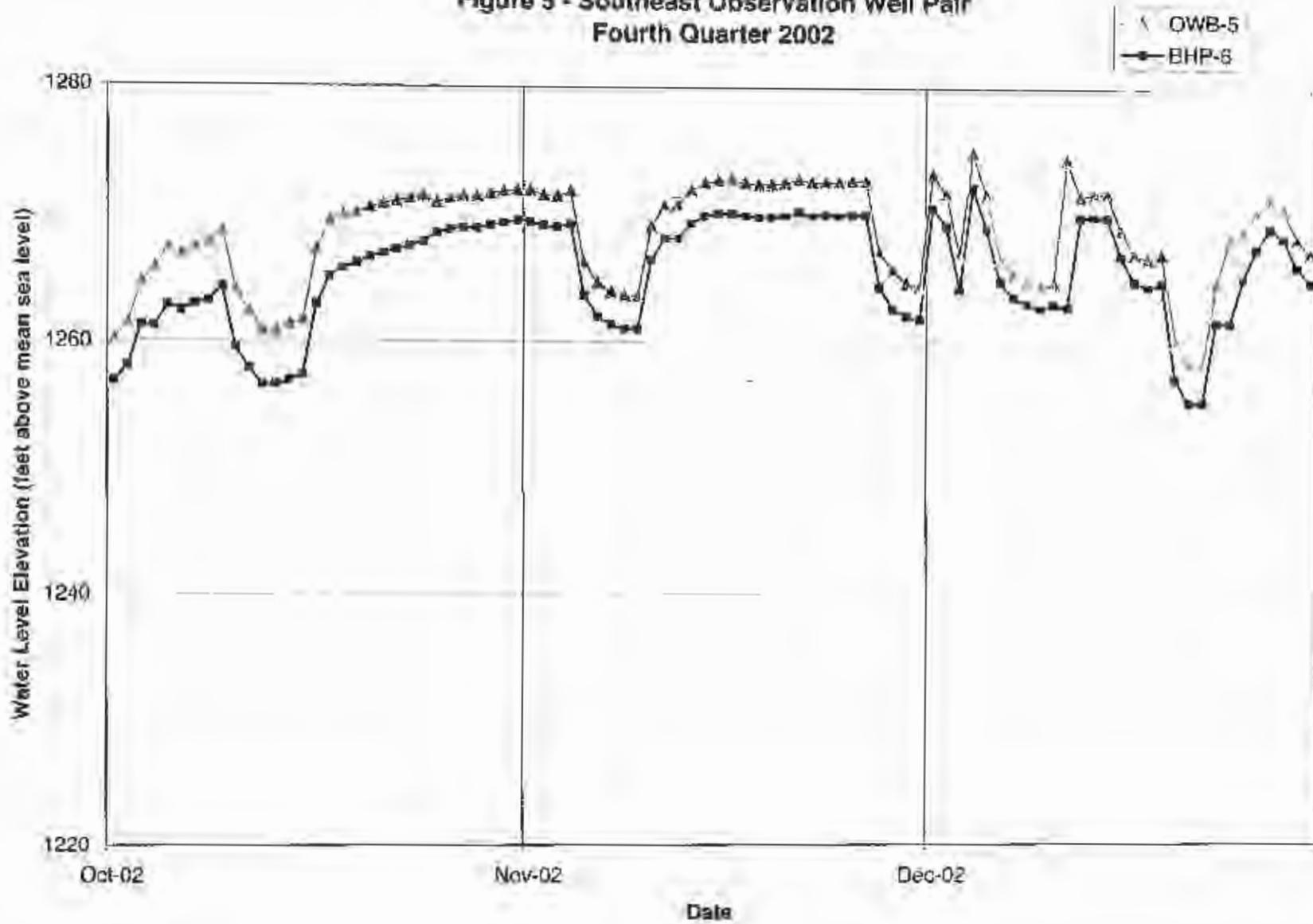
**Southwest Observation Well Pair
Fourth Quarter 2002**

Date	BHP-9	OWB-4	Difference in Gradient	Maintained Hydrologic Control
	Water Level Elevation (feet AMSL)	Water Level Elevation (feet AMSL)	(feet)	(Yes/No)
10/1/2002	1243.9	1256	-12.1	Yes
10/2/2002	1245.1	1257.2	-12.1	Yes
10/3/2002	1248.3	1260.4	-12.1	Yes
10/4/2002	1249.3	1261.5	-12.2	Yes
10/5/2002	1250.9	1263.1	-12.2	Yes
10/6/2002	1250.5	1262.7	-12.2	Yes
10/7/2002	1251	1263.2	-12.2	Yes
10/8/2002	1251.3	1263.6	-12.3	Yes
10/9/2002	1252.3	1264.5	-12.2	Yes
10/10/2002	1247.7	1259.9	-12.2	Yes
10/11/2002	1246.1	1258.2	-12.1	Yes
10/12/2002	1244.8	1256.9	-12.1	Yes
10/13/2002	1244.9	1256.8	-11.9	Yes
10/14/2002	1245.3	1257.2	-11.9	Yes
10/15/2002	1245.7	1257.6	-11.9	Yes
10/16/2002	1251.2	1263.1	-11.9	Yes
10/17/2002	1253.4	1265.3	-11.9	Yes
10/18/2002	1253.9	1265.9	-12	Yes
10/19/2002	1254.4	1266.4	-12	Yes
10/20/2002	1254.9	1266.9	-12	Yes
10/21/2002	1255.2	1267.2	-12	Yes
10/22/2002	1255.5	1267.5	-12	Yes
10/23/2002	1255.8	1267.8	-12	Yes
10/24/2002	1256	1268	-12	Yes
10/25/2002	1254.8	1268.1	-13.3	Yes
10/26/2002	1255.1	1268.4	-13.3	Yes
10/27/2002	1255.3	1268.5	-13.2	Yes
10/28/2002	1255.3	1268.4	-13.1	Yes
10/29/2002	1255.5	1268.7	-13.2	Yes
10/30/2002	1255.7	1268.9	-13.2	Yes
10/31/2002	1255.8	1268.9	-13.1	Yes
11/1/2002	1255.7	1268.8	-13.1	Yes
11/2/2002	1255.2	1268.4	-13.2	Yes
11/3/2002	1255.3	1268.4	-13.1	Yes
11/4/2002	1255.5	1268.6	-13.1	Yes
11/5/2002	1249.9	1263	-13.1	Yes
11/6/2002	1248.3	1261.4	-13.1	Yes
11/7/2002	1247.6	1260.7	-13.1	Yes
11/8/2002	1247.3	1260.4	-13.2	Yes
11/9/2002	1247.2	1260.3	-13.1	Yes
11/10/2002	1252.6	1265.7	-13.1	Yes
11/11/2002	1254.3	1268	-13.7	Yes
11/12/2002	1254.3	1267.4	-13.1	Yes
11/13/2002	1255.5	1268.6	-13.1	Yes
11/14/2002	1256.1	1269.3	-13.1	Yes
11/15/2002	1256.3	1269.4	-13.1	Yes

**Southwest Observation Well Pair
Fourth Quarter 2002**

Date	BHP-9	OWB-4	Difference in Gradient	Maintained Hydrologic Control
	Water Level Elevation (feet AMSL)	Water Level Elevation (feet AMSL)	(feet)	(Yes/No)
11/16/2002	1256.3	1269.3	-13	Yes
11/17/2002	1256.2	1269.1	-12.9	Yes
11/18/2002	1256	1269	-13	Yes
11/19/2002	1255.9	1269	-13.1	Yes
11/20/2002	1256	1269.1	-13.1	Yes
11/21/2002	1256.3	1269.4	-13.1	Yes
11/22/2002	1256.1	1269.1	-13	Yes
11/23/2002	1256.1	1269.2	-13.1	Yes
11/24/2002	1256.2	1269.2	-13	Yes
11/25/2002	1256.3	1269.3	-13	Yes
11/26/2002	1256.3	1269.4	-13.1	Yes
11/27/2002	1250.6	1263.7	-13.1	Yes
11/28/2002	1248.8	1262	-13.2	Yes
11/29/2002	1248.2	1261.4	-13.2	Yes
11/30/2002	1248	1261.1	-13.1	Yes
12/1/2002	1256.9	1270	-13.1	Yes
12/2/2002	1255.4	1268.5	-13.1	Yes
12/3/2002	1250.5	1263.6	-13.1	Yes
12/4/2002	1258.6	1271.7	-13.1	Yes
12/5/2002	1255.3	1268.4	-13.1	Yes
12/6/2002	1250.1	1263.2	-13.1	Yes
12/7/2002	1248.9	1262	-13.1	Yes
12/8/2002	1248.5	1261.5	-13	Yes
12/9/2002	1248.2	1261.1	-12.9	Yes
12/10/2002	1248.5	1261.4	-12.9	Yes
12/11/2002	1258.3	1271.2	-12.9	Yes
12/12/2002	1255.4	1268.3	-12.9	Yes
12/13/2002	1255.6	1268.5	-12.9	Yes
12/14/2002	1255.6	1268.6	-13	Yes
12/15/2002	1252.6	1265.6	-13	Yes
12/16/2002	1250.7	1263.7	-13	Yes
12/17/2002	1250.2	1263.2	-13	Yes
12/18/2002	1250.6	1263.7	-13.1	Yes
12/19/2002	1241.3	1255.9	-14.6	Yes
12/20/2002	1239.4	1254	-14.6	Yes
12/21/2002	1239.4	1253.9	-14.5	Yes
12/22/2002	1245.8	1260.3	-14.5	Yes
12/23/2002	1246.3	1260.9	-14.6	Yes
12/24/2002	1249.9	1264.5	-14.6	Yes
12/25/2002	1252.3	1267	-14.7	Yes
12/26/2002	1254.9	1268.4	-13.5	Yes
12/27/2002	1254.2	1267.7	-13.5	Yes
12/28/2002	1251.9	1265.4	-13.5	Yes
12/29/2002	1250.8	1264.2	-13.4	Yes

Figure 5 - Southeast Observation Well Pair
Fourth Quarter 2002



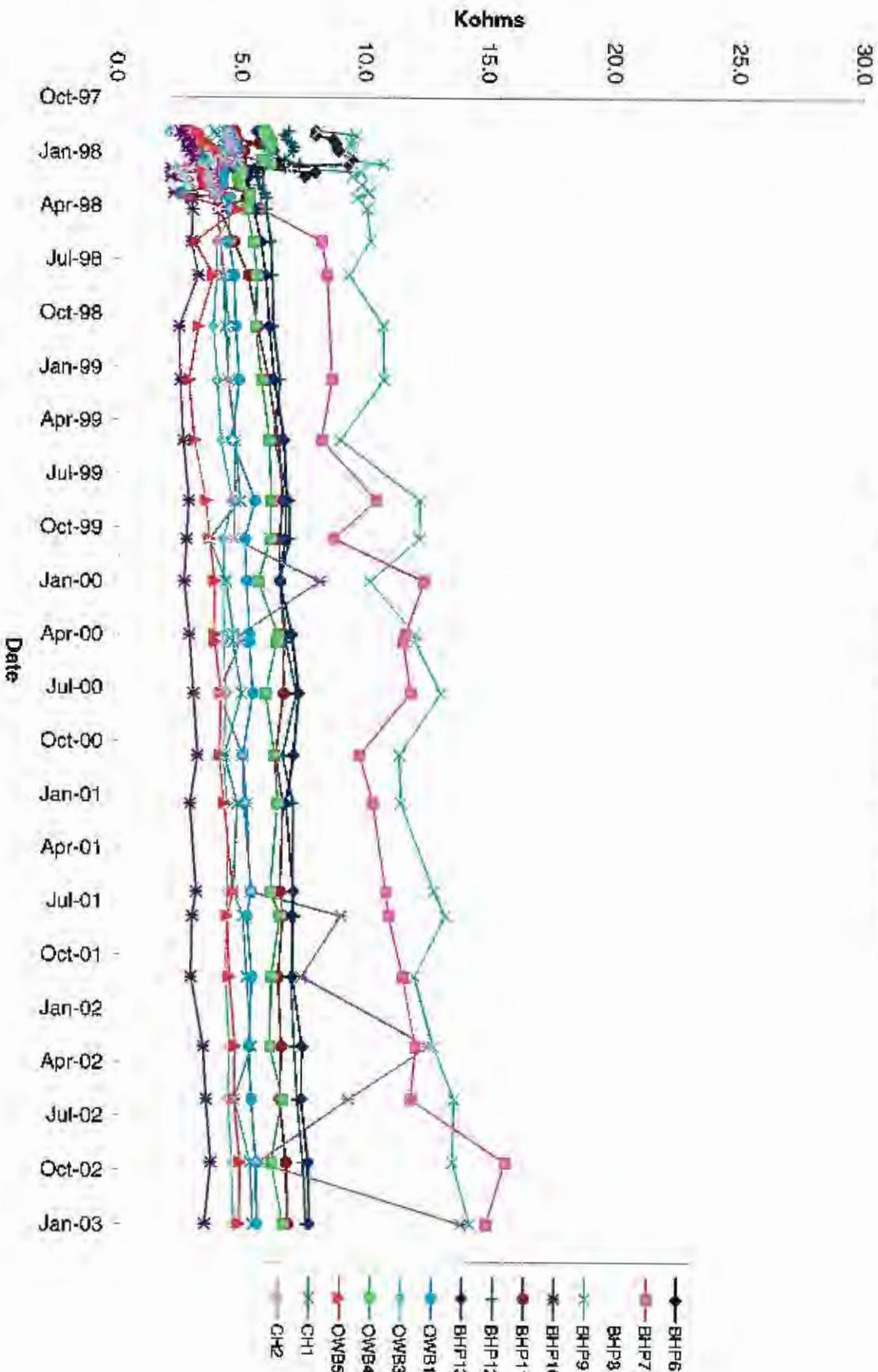
**Southeast Observation Well Fall
Fourth Quarter 2002**

Date	BHP-6	OWB-5	Difference in Gradient	Maintained Hydrologic Control
	Water Level Elevation (feet AMSL)	Water Level Elevation (feet AMSL)	(feet)	(Yes/No)
10/1/2002	1256.9	1260.2	-3.3	Yes
10/2/2002	1258.1	1261.4	-3.3	Yes
10/3/2002	1261.3	1264.6	-3.3	Yes
10/4/2002	1261.2	1265.7	-4.5	Yes
10/5/2002	1262.8	1267.3	-4.5	Yes
10/6/2002	1262.4	1266.8	-4.4	Yes
10/7/2002	1262.9	1267.3	-4.4	Yes
10/8/2002	1263.2	1267.7	-4.5	Yes
10/9/2002	1264.2	1268.6	-4.4	Yes
10/10/2002	1259.6	1264	-4.4	Yes
10/11/2002	1258	1262.3	-4.3	Yes
10/12/2002	1256.6	1260.8	-4.2	Yes
10/13/2002	1256.6	1260.8	-4.2	Yes
10/14/2002	1257	1261.3	-4.3	Yes
10/15/2002	1257.4	1261.7	-4.3	Yes
10/16/2002	1262.9	1267.2	-4.3	Yes
10/17/2002	1265.1	1269.4	-4.3	Yes
10/18/2002	1265.7	1269.9	-4.2	Yes
10/19/2002	1266.1	1270	-3.9	Yes
10/20/2002	1266.6	1270.5	-3.9	Yes
10/21/2002	1266.9	1270.8	-3.9	Yes
10/22/2002	1267.2	1271	-3.8	Yes
10/23/2002	1267.5	1271.2	-3.7	Yes
10/24/2002	1267.8	1271.4	-3.6	Yes
10/25/2002	1268.5	1270.9	-2.4	Yes
10/26/2002	1268.8	1271.2	-2.4	Yes
10/27/2002	1268.9	1271.4	-2.5	Yes
10/28/2002	1268.9	1271.4	-2.5	Yes
10/29/2002	1269.1	1271.6	-2.5	Yes
10/30/2002	1269.3	1271.8	-2.5	Yes
10/31/2002	1269.5	1271.9	-2.4	Yes
11/1/2002	1269.4	1271.9	-2.5	Yes
11/2/2002	1269.1	1271.5	-2.4	Yes
11/3/2002	1269	1271.4	-2.4	Yes
11/4/2002	1269.2	1271.8	-2.6	Yes
11/5/2002	1263.6	1266.2	-2.6	Yes
11/6/2002	1262	1264.6	-2.6	Yes
11/7/2002	1261.3	1263.9	-2.6	Yes
11/8/2002	1261	1263.6	-2.6	Yes
11/9/2002	1261	1263.6	-2.6	Yes
11/10/2002	1266.4	1269	-2.6	Yes
11/11/2002	1268.1	1270.7	-2.6	Yes
11/12/2002	1268.1	1270.7	-2.6	Yes
11/13/2002	1269.3	1271.9	-2.6	Yes
11/14/2002	1269.9	1272.5	-2.6	Yes
11/15/2002	1270.1	1272.7	-2.6	Yes

**Southeast Observation Well Pair
Fourth Quarter 2002**

Date	BHP-6	OWB-5	Difference in Gradient	Maintained Hydrologic Control
	Water Level Elevation (feet AMSL)	Water Level Elevation (feet AMSL)	(feet)	(Yes/No)
11/16/2002	1270.1	1272.7	-2.6	Yes
11/17/2002	1269.9	1272.5	-2.6	Yes
11/18/2002	1269.8	1272.4	-2.6	Yes
11/19/2002	1269.8	1272.4	-2.6	Yes
11/20/2002	1269.9	1272.5	-2.6	Yes
11/21/2002	1270.2	1272.8	-2.6	Yes
11/22/2002	1269.9	1272.6	-2.7	Yes
11/23/2002	1270	1272.6	-2.6	Yes
11/24/2002	1269.9	1272.6	-2.7	Yes
11/25/2002	1270	1272.7	-2.7	Yes
11/26/2002	1270	1272.7	-2.7	Yes
11/27/2002	1264.3	1267	-2.7	Yes
11/28/2002	1262.6	1265.62	-3.02	Yes
11/29/2002	1262	1264.6	-2.6	Yes
11/30/2002	1261.7	1264.3	-2.6	Yes
12/1/2002	1270.6	1273.2	-2.6	Yes
12/2/2002	1269.1	1271.7	-2.6	Yes
12/3/2002	1264.1	1266.8	-2.7	Yes
12/4/2002	1273.2	1274.9	-2.7	Yes
12/5/2002	1268.9	1271.6	-2.7	Yes
12/6/2002	1264.7	1266.4	-1.7	Yes
12/7/2002	1263.5	1265.2	-1.7	Yes
12/8/2002	1263	1264.7	-1.7	Yes
12/9/2002	1262.6	1264.3	-1.7	Yes
12/10/2002	1262.9	1264.6	-1.7	Yes
12/11/2002	1262.7	1274.4	-11.7	Yes
12/12/2002	1269.8	1271.5	-1.7	Yes
12/13/2002	1269.9	1271.7	-1.8	Yes
12/14/2002	1269.8	1271.7	-1.9	Yes
12/15/2002	1266.7	1268.8	-2.1	Yes
12/16/2002	1264.7	1266.9	-2.2	Yes
12/17/2002	1264.3	1266.5	-2.2	Yes
12/18/2002	1264.6	1266.9	-2.3	Yes
12/19/2002	1257	1260	-3	Yes
12/20/2002	1255.1	1258.1	-3	Yes
12/21/2002	1255.1	1258.1	-3	Yes
12/22/2002	1261.5	1264.5	-3	Yes
12/23/2002	1261.4	1268.1	-6.7	Yes
12/24/2002	1263	1266.7	-3.7	Yes
12/25/2002	1267.4	1270.2	-2.8	Yes
12/26/2002	1269	1271.2	-2.2	Yes
12/27/2002	1268.2	1270.5	-2.3	Yes
12/28/2002	1265.9	1268.2	-2.3	Yes
12/29/2002	1264.7	1267	-2.3	Yes

Figure 6 - Annular Resistivity in Kohms



ATTACHMENT 2

POC QUARTERLY COMPLIANCE MONITORING REPORT

201 East Washington Street
Suite 300
Phoenix, Arizona 85004
Tel: (602) 567-4000
Fax: (602) 567-6001
www.brownandcaldwell.com

January 28, 2003



Mr. Adrian Taylor
Senior Vice President
Vanguard Properties, Inc.
3232 Cobb Parkway
PMB 315
Atlanta, Georgia 30339

15-21622.006

Subject: Florence Project
Quarterly Compliance Monitoring Report

Dear Mr. Taylor:

Please find enclosed a final copy of the Florence Project Quarterly Compliance Monitoring Report for the Fourth Quarter 2002. This report is provided for inclusion in the quarterly submittals required by the Arizona Department of Environmental Quality (ADEQ) and the United States Environmental Protection Agency (USEPA) under Aquifer Protection Permit (APP) Number 101704 and Underground Injection Control (UIC) Permit Number AZ396000001.

If you should have any questions regarding this report, please do not hesitate to contact me at (602) 567-3894.

Very truly yours,

BROWN AND CALDWELL

A handwritten signature in cursive script, appearing to read "Barbara A. Sylvester".

Barbara A. Sylvester, E.I.T.
Engineer II

BAS:sdw
Attachment

**FLORENCE MINE PROJECT
QUARTERLY COMPLIANCE MONITORING REPORT
FOURTH QUARTER 2002**

Primary Sampling Activities

Quarterly compliance monitoring was conducted for the Florence Mine project on October 8 through October 10, 2002 (Fourth Quarter 2002). Groundwater sampling and analysis was conducted in accordance with the requirements of Aquifer Protection Permit (APP) Permit Number 101704, Part III.3.d (Compliance Monitoring). Level I parameters, as listed in Part IV Table III.B of the APP were analyzed from the designated Point of Compliance (POC) wells. The Level I parameters are magnesium, sulfate, fluoride, and total dissolved solids (TDS).

During the Fourth Quarter 2002 sampling event, 29 POC wells were sampled and a total of 116 constituents were analyzed. Two POC wells, M32-UBF and M33-UBF, were dry and could not be sampled. Of the 116 constituents analyzed, none had reported concentrations exceeding the approved alert levels (ALs).

Analyses of the samples were conducted by Nevada Environmental Laboratories (NEL). Analytical results for the POC wells for the indicator parameters are provided in Table 1 and field parameters measured during sampling are indicated in Table 2.

AL Exceedances and Verification Sampling

Part II.F.4 of the permit (AL, Aquifer Quality Limit [AQL], and Discharge Limit [DL] Contingencies) requires verification sampling for an AL exceedance. There were no AL exceedances during this quarterly sampling. No verification sampling was required.

Contingency Sampling Plan to be Implemented During First Quarter 2003

There were no AL exceedances verified during this quarterly sampling. No contingency sampling plan is required during the fourth quarter of 2002.

Results of Contingency Sampling Plan Implemented from Third Quarter 2002

There were no AL exceedances during the Third Quarter 2001. Therefore, no contingency sampling plan was implemented.

Issues

There were no other issues to report during the Fourth Quarter 2002.



TABLE I. QUARTERLY SUMMARY OF ANALYTICAL RESULTS, LEVEL I PARAMETERS, IN MILLIGRAMS PER LITER (MG/L)

Well ID	Sample Date	Magnesium		Sulfate		Fluoride		Total Dissolved Solids	
		Concentration	Alert Level	Concentration	Alert Level	Concentration	Alert Level	Concentration	Alert Level
M1-GL	Oct 10 2002	19.0	31	77	109	0.7	1.3	620	1028
M2-GU	Oct 09 2002	17.0	39	120	275	0.92	1.4	690	1496
M3-GL	Oct 09 2002	18.0	36	100	187	0.67	1.3	678	1157
M4-O	Oct 09 2002	3.9	15	39	405	2.6	5.1	409	1072
M6-GU	Oct 09 2002	2.8	5.1	33	86	0.66	1.3	349	620
M7-GL	Oct 08 2002	<0.25	0.45	23	82	0.9	1.7	285	464
M8-O	Oct 09 2002	<0.25	0.75	52	122	2.1	3.6	367	609
M8-O (Dup)	Oct 09 2002	<0.25	0.75	49	122	2.2	3.6	357	609
M14-GL	Oct 09 2002	2.5	23	37	144	0.58	1.4	419	874
M15-GU	Oct 09 2002	24.0	44	31	126	0.46	1.2	840	1359
M16-GU	Oct 10 2002	28.0	52	150	248	0.53	1.1	920	1635
M17-GL	Oct 10 2002	5.2	9.3	100	209	0.76	1.6	463	831
M17-GL (Dup)	Oct 10 2002	5.2	9.3	89	209	0.72	1.6	427	831
M18-GU	Oct 10 2002	17.0	36	140	288	1.0	1.6	710	1323
M19-LBF	Oct 08 2002	12.0	21	33	89	0.44	0.92	459	794
M20-O	Oct 08 2002	9.0	14	43	112	0.74	1.7	460	809
M21-UBF	Oct 08 2002	29.0	67	190	487	0.68	1.1	1020	2867
M22-O	Oct 09 2002	5.8	8.6	40	86	0.67	1.3	430	1094
M23-UBF	Oct 09 2002	42.0	69	220	411	0.63	1.3	1320	2392
M24-O	Oct 10 2002	11.0	19	680	1364	1.1	2.5	1290	2363
M25-UBF	Oct 10 2002	25.0	76	130	387	0.69	1.6	977	2683
M26-O	Oct 08 2002	<0.25	0.53	35	105	1.7	3.4	328	556
M27-LBF	Oct 08 2002	31.0	51	91	179	<0.4	0.79	1050	1745
M28-LBF	Oct 08 2002	1.4	2.6	43	81	0.78	1.6	368	610
M29-UBF	Oct 08 2002	42.0	84	220	465	0.58	1.1	1410	2751
M29-UBF (Dup)	Oct 08 2002	43.0	84	210	465	0.57	1.1	1440	2751
M30-O	Oct 08 2002	11.0	18	37	102	0.7	1.6	468	824
M31-LBF	Oct 08 2002	26.0	46	180	330	0.71	1.3	927	1665
O19-GL	Oct 10 2002	8.6	17	44	99	0.59	1.4	427	770
O49-GL	Oct 08 2002	9.3	18	43	159	0.52	0.89	518	849
P19-I-O	Oct 10 2002	6.1	12	45	107	1.4	2.8	437	767
P49-O	Oct 08 2002	3.4	6.2	79	181	1.0	2	468	801
Laboratory Detection Limit		0.25		0.1		0.4		25.0	
Arizona Aquifer Water Quality Standard		-		-		4		-	
Notes: Bold indicates result exceeds alert level < = less than the laboratory practical quantitation limit									

TABLE 2. QUARTERLY SUMMARY OF WATER QUALITY FIELD PARAMETERS

Well ID	Sample Date	Temperature (°C)	Temperature (°F)	pH	Conductivity (µmhos/cm)
M1-GL	Oct 10 2002	22.0	71.6	7.32	1032
M2-GU	Oct 09 2002	20.2	68.4	7.68	1031
M3-GL	Oct 09 2002	21.9	71.4	7.55	1047
M4-O	Oct 09 2002	23.6	74.5	7.48	651
M6-GU	Oct 08 2002	25.1	77.2	8.46	683
M7-GL	Oct 07 2002	24.3	75.7	9.34	497
M8-O	Oct 08 2002	29.2	84.6	8.74	665
M14-GL	Oct 09 2002	27.2	81.0	8.50	815
M15-GU	Oct 09 2002	25.0	77.0	7.56	1293
M16-GU	Oct 10 2002	24.1	75.4	7.46	1533
M17-GL	Oct 09 2002	27.8	82.0	8.45	839
M18-GU	Oct 10 2002	19.4	66.9	7.41	1018
M19-LBF	Oct 08 2002	23.0	73.4	7.31	765
M20-O	Oct 06 2002	23.7	74.7	7.14	745
M21-UBF	Oct 08 2002	22.3	72.1	6.94	1470
M22-O	Oct 08 2002	28.3	82.9	8.35	769
M23-UBF	Oct 09 2002	22.3	72.1	7.12	2127
M24-O	Oct 10 2002	30.6	87.1	7.59	1995
M25-UBF	Oct 10 2002	21.3	70.3	7.08	1456
M26-O	Oct 08 2002	28.9	84.0	6.46	583
M27-LBF	Oct 08 2002	23.2	73.8	7.28	1585
M28-LBF	Oct 06 2002	26.1	79.0	6.07	667
M29-UBF	Oct 08 2002	22.1	71.8	6.80	2137
M30-O	Oct 08 2002	24.2	75.6	7.32	773
M31-LBF	Oct 08 2002	22.3	72.1	7.16	1365
O19-GL	Oct 10 2002	24.2	75.6	7.56	759
O49-GL	Oct 01 2002	26.0	78.8	7.93	897
P19-1-O	Oct 10 2002	24.5	76.1	7.49	732
P49-O	Oct 08 2002	27.8	82.0	7.63	799