MME Form 9
Rev. Mar. 59

UNITED STATES
DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration
GEOLOGICAL SURVEY

OFFICIAL DOCKET FILE

Contract No. 14-23-_____ Docket No. MME-6545

Application
- [ ] Denied
- [x] Withdrawn

Contract
- [ ] Terminated - Not Certified
- [ ] Terminated - Certified
- [ ] Cancelled
- [ ] Royalty Agreement

The records contained in this file are marked (x) and arranged in this order:

Folder No. 1:

Left Side

- [ ] Royalty Audits
- [ ] Certification of Discovery
- [ ] Closing Letter
- [ ] Cost Audits
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [ ] Contract Amendments
- [ ] Contract with all exhibits and annexes
- [ ] Owner's Consent to Lien and Subordination Agreement
- [x] Application and Attachments

Right Side

- [ ] Project Summary (final)
- [ ] Work Completed Analysis (final)

All other material filed in chronological order including the following reports if checked:

- [ ] Field Team Semiannual Report for Certified Project
- [ ] Final Field Team Report (Tab)
- [ ] Operator's Final Report (Tab)
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [ ] On-site Exam. Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No._____: Reports

- [ ] Analysis of Semiannual Inspection Reports
- [ ] Project Summary (Interim) by MME Engineers

Right Side

- [ ] Field Team Semiannual Report for Certified Project
- [ ] Field Team Interim Reports
- [ ] Operator's Monthly Reports with Transmittal, Narrative and Maps

Folders No._____: Maps (Use pocket folder or envelope)

Folders No._____: Settlement Sheets

Folders No._____: Drill Logs

Folders No._____: Royalty Material

52625

DAVIS MINING COMPANY, INC.
2919 North 36th Street
Phoenix, Arizona 85018

March 24, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 28 1966
REFERENCE | CODE
MES | 110
8 | 120
| 120

Mr. Frank E. Johnson
Chief, Office of Minerals Exploration
United States Department of the Interior
Washington 25, D. C.

Ref: OME - 6545

Dear Mr. Johnson:

Enclosed are the copies of drilling bids from three companies which we discussed in your office. As I indicated to you at that time we prefer to use Boyles Brothers Drilling Company not only because of their excellent report but also because of their experience in the immediate area.

Two copies of our correspondence with Mr. Duckworth of the Arizona Bank are enclosed.

Both Phil Oxley and myself were very appreciative of your courtesy to us at the time of our visit to your office. We are well aware of the pressure on your staff and so we will be particularly grateful for such expeditious action as you may be able to take on our application.

Sincerely,

Bill G. Davis

Bill G. Davis

BGD/js

Enc.

DAVIS MINING COMPANY, INC.
2919 North 36th Street
Phoenix, Arizona 85018

March 23, 1966

Mr. Robert Duckworth
Vice-President
The Arizona Bank
44 West Monroe
Phoenix, Arizona

Dear Mr. Duckworth:

Davis Mining Company, Inc., is operator in a joint venture minerals exploration effort with Peninsula Mining, Inc., a subsidiary of Signal Oil and Gas Company. Our jointly held properties are located on the Alaska Peninsula, roughly mid-way between Port Heiden and Chignik, in the Chignik Quadrangle.

We wish to carry out an exploration program during the summer of 1966 which will cost $166,595.14. Each company in the joint venture is prepared to furnish $20,824.36, and we wish to borrow the remaining $124,946.42. Please consider this letter an application for a long term commercial loan in that amount. We offer as security the property upon which those funds will be expended.

Listed below are those enclosures which are pertinent to your consideration of this application.

Sincerely yours,

Bill G. Davis

BGD/js

Enc.
1. Geological Report - P. Joralemon
2. Claim maps
3. Joint Venture Agreement
4. Proposed program
5. Proposed budget

THE Arizona BANK

HOME OFFICE • 44 WEST MONROE STREET • PHOENIX, ARIZONA

ROBERT H. DUCKWORTH
VICE PRESIDENT

March 24, 1966

Mr. Bill G. Davis
Davis Mining Company, Inc.
2919 North 36th Street
Phoenix, Arizona 85018

Dear Mr. Davis:

This is in reply to your letter of March 23, 1966 concerning the financing of an exploration program for properties located on the Alaska Peninsula. We will not be able to assist you with this loan for this venture.

No acceptable collateral has been offered in connection with the risk capital needed to carry out your program and the source of repayment of the loan has not been definitely established.

Sincerely,

Robert H. Duckworth

Robert H. Duckworth
Vice President

RHD/ct

DIAMOND CORE DRILLING
DIAMOND DRILLING EQUIPMENT
GROUTING
FOUNDATION TESTING
MINING
QUARRYING
SHAFT SINKING
TUNNEL DRIVING
MINE PLANT DESIGN
AND FABRICATION

Bevins Bros.
DRILLING COMPANY

CONTRACTORS-ENGINEERS-GEOLOGISTS

1415 Riverside P.O. Box 4307
SPOKANE, WASHINGTON 99202
Phone (509) KE 4-0862

General Offices and Plant
1624 Pioneer Road P. O. Box [illegible]
SALT LAKE CITY, UTAH [illegible]
Phone 487-7895

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
SACRAMENTO
SANTIAGO, CHILE
LIMA, PERU

February 18, 1966

Davis Mining Company
2919 North 36th Street
Phoenix, Arizona 85018

Gentlemen:

The following confirms our rates for doing the proposed drilling on your project in the vicinity of Black Lake southwest of Port Heiden, Alaska.

TERMS

1. Mobilization and demobilization between "lower 48" states and Anchorage, Alaska. Lump sum $4,000.00 (This quotation is made with the understanding that a drilling machine and accessories currently in Alaska can be utilized for the job. Should it become necessary to transport a drill machine, pumps, etc. from Spokane, Washington or Salt Lake City, Utah, freight and handling charges for such items would be to your account.)

2. Transportation costs for all personnel, supplies and equipment between Anchorage and the job site would be to your account.

3. Moving equipment from the project staging area to the drilling location, from hole to hole, setting up, tearing down, installation and recovery of water supply systems and return of equipment to the staging area. Per hour per 2 man crew. $15.00

4. Drilling and casing unconsolidated overburden. Per foot $15.00

5.

Core Drilling in Rock Formation:	BX Size	NX Size
0.0 to 250 feet	$11.75 per foot	$12.25 per foot
250 to 500 feet	12.25 per foot	12.75 per foot
500 to 750 feet	12.75 per foot	
750 to 1,000 feet	13.50 per foot	

6. Reaming and casing: BX per foot $6.00 NX per foot $6.50

7. Cementing, waiting for cement to set during a regular drill shift, drilling out cement. Per hour $15.00 plus cost of cement, cement substitutes or drill mud.

8. Delays for your convenience. Per hour $13.50

9. Casing left in holes at your request. List price f.o.b. the job site.

DIAMOND CORE DRILLING
DIAMOND DRILLING EQUIPMENT
GROUTING
FOUNDATION TESTING
MINING
QUARRYING
SHAFT SINKING
TUNNEL DRIVING
MINE PLANT DESIGN
AND FABRICATION

Boyles Bros.
DRILLING COMPANY

CONTRACTORS-ENGINEERS-GEOLOGISTS

1415 Riverside P.O. Box 4307
SPOKANE, WASHINGTON 99202
Phone (509) KE 4-0862

General Offices and Plant
1624 Pioneer Road P. O. Box 58
SALT LAKE CITY, UTAH 84110
Phone 487-7595

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
SACRAMENTO
SANTIAGO, CHILE
LIMA, PERU

TERMS (Cont.)

10. All fuel, oil and lubricants will be furnished to the job site at no cost to Boyles Bros. Drilling Co..

11. Food and living quarters for Boyles Bros.' personnel will be furnished at no cost to the men or Boyles Bros. Drilling Co..

12. Boyles Bros. will furnish 1 drill of suitable capacity, with supplies, accessories and fittings for drilling BX and NX size holes to 1,000' depth.

13. The drill would be operated 2 ten hour shifts per day, 6 days per week. The operation would be under the direct supervision of a runner foreman who would operate the drill 1 shift each day.

14. Boyles Bros. Drilling Co. is prepared to start the work as early in the 1966 season as is feasible and can be expected to start the work within 3 weeks after notice to proceed. The drilling would be prosecuted with diligence in order to acquire an early completion of the project or provide for additional work if desired.

Thank you for the opportunity to bid for this work. Should you have any questions regarding this or any other project please call on us at your convenience.

Very truly yours,
Boyles Bros. Drilling Co.

E. G. Tucker

E. G. Tucker - District Manager

Longyear
E. J. LONGYEAR COMPANY
General Offices, 76 South 8th St.
Minneapolis 2, Minnesota, U. S. A.
TELEPHONE: FEDERAL 9-7631 • CABLE LONGCO

October 22, 1965

Davis Mining Company
2919 North 36th Street
Phoenix, Arizona 85018

PROPOSED CORE DRILLING PROGRAM - NEAR CHIGNIK, ALASKA

Gentlemen:

In response to your recent request, we are pleased to set forth below, for your consideration, our proposal to undertake an exploratory drilling program contemplated by Davis Mining Company, hereinafter referred to as "Davis", to be carried out near Chignik, Alaska.

We understand that the drilling as now planned will consist of a maximum of approximately 10,000 feet of drilling in vertical holes which will average approximately 350 feet in depth; that it is anticipated that the material to be penetrated will be altered sediments, which are highly silicified, and that the maximum amount of core is desired in the mineralized veins.

1. WORK TO BE DONE BY LONGYEAR: E. J. Longyear Company (hereinafter called "Longyear") proposes, and upon acceptance by Davis of this proposal, agrees:

a) To furnish a minimum of one to a maximum of two complete Longyear diesel or gasoline powered skid-mounted diamond drills equipped with "N" hydraulic head and 20' pull steel mast; and two Triplex pumping units fitted for clear water circulation.

b) To furnish Longyear BQ WL or AQ WL core barrels equipped with chrome plated inner tubes to ensure maximum core recovery.

c) To furnish diamond bits, reaming shells, roller bits, miscellaneous supplies and spare parts as required to maintain the equipment in serviceable condition and permit recovery of BQ WL or AQ WL size core.

d) To furnish one experienced drill foreman and/or runner foreman to supervise and direct the drilling operations; and possibly four experienced diamond drill operators all of whom would be familiar with the application of wire line coring techniques.

e) To arrange for expedient transportation of our personnel from point of residence in continental United States to the scene of the work, and return to point of origin upon completion of the drilling program, using Longyear's best efforts and judgment in selecting reasonable methods of transportation.

f) To ship the drill and accessory equipment from Keewatin, Minnesota, to the Alaskan project site by ocean freight and other reasonable methods of transportation: all shipments to be subject to the prior approval of Davis with regard to route and timing.

g) To proceed with said equipment and personnel to drilling locations designated by your Engineer at the location in Alaska, and undertake there diamond drilling operations to secure drill cores, and to include, if necessary, reaming and casing, cementing, and other drill hole stabilizing operations. All holes will be drilled to the depth specified by the Davis Engineer. Drill cores will be delivered to the Davis representative as requested, and in containers to be furnished by Davis. The drill outfit will be shipped upon notice from Davis to the scene of the work; and personnel will be sent to Alaska to arrive concurrently as practicable with arrival of the drill.

h) In addition to all the requirements of this agreement, Longyear agrees to carry out the work hereunder in a good and workmanlike manner, in good faith and without waste, interruption or delay except for causes beyond its control.

2. TIME OF COMMENCEMENT AND COMPLETION: The work will commence promptly after arrival of said personnel and equipment at the location of the work, and the drilling operations will continue without substantial interruption except as hereinafter provided, until completion of the drilling program at said location as required by Davis. The work will be carried out on a basis of a minimum of two 8-hour shifts per day, six days per week; overtime beyond eight hours per day and Sunday work may be called for when necessary, subject to any restrictions imposed by the Laws of the State of Alaska.

3. INSURANCE: Longyear will carry the following insurance covering the operations under this agreement - all insurance being for the benefit of Davis as its interest may appear:

a) Public liability insuring Longyear and its personnel against liability for personal injury and property damage sustained by others, in such amounts as Longyear customarily deems sufficient.

b) Workmen's Compensation insurance covering its personnel furnished to perform this agreement under the Workmen's Compensation Act of the State of Minnesota, and any similar act of the State of Alaska.

c) All risk insurance on drilling equipment protecting it against loss by fire, theft, flood, landslides and other similar hazards, including marine insurance while the equipment is in transit.

d) Life and accident insurance covering personnel while in travel status in such amounts as are customarily secured by Longyear for this purpose.

e) Any other insurance required by the applicable laws of the United States, or any state thereof.

4. FACILITIES AND SERVICES TO BE FURNISHED BY DAVIS: It is understood and agreed that, at no expense to Longyear, Davis will:

a) Provide for suitable transportation for Longyear personnel from living quarters to drill site, from day to day, at the work location.

b) Provide suitable meals, potable water, and suitable living accommodations for Longyear personnel during the whole time they are required to be at the site of

the work in performance of the agreement, and during such periods of interruption, and during such reasonable time after completion of the work as may be necessary to arrange for their return transportation.

c) Employ and make available to Longyear personnel such number of drill helpers and laborers as shall be required to accomplish the work to be done by Longyear under this agreement unless it should be subsequently agreed that these workmen be supplied by Longyear. Should the drill helpers and laborers be supplied by Davis, it is understood that these helpers and laborers will fully cooperate with the Longyear personnel in carrying on the work under direction of Davis' Engineer and the Longyear foreman, but will be Davis employees and not employees of Longyear; and Davis will pay all taxes, termination pay and assume all other obligations imposed by law or employment agreement as the employer of these employees.

d) Provide liability insurance covering Davis and Longyear also, for liability imposed on account of the activities of Davis employees working under direction of Longyear personnel for personal injury and property damage in such amounts as Davis customarily deems sufficient for similar operations.

e) Provide bulldozer and other service equipment, together with operators, and laborers, required to construct roads as needed for access to drill sites and for maintenance of roads and preparation of drill sites.

f) Provide water as required for drilling operations.

g) Provide receptacles for drill cores delivered to you.

5. COMPENSATION AND REIMBURSEMENT TO LONGYEAR: In consideration of the services to be performed by Longyear personnel and use of Longyear equipment furnished Davis pursuant to this agreement Davis will pay to Longyear in United States dollars a sum which will aggregate the items to be determined as follows:

a) A sum to be computed on the basis of footage of drilling and reaming as follows:

	BQ WL 1-7/16"Core	AQ WL 1-1/16"Core
1) For overburden and diamond core drilling in vertical holes --		
0 to 500 feet in depth, measured from the collar of the hole	$1.50/foot	$1.00/foot
2) For reaming - all sizes --		
0 to 500 feet in depth, measured from the collar of the hole	$0.75/foot	

b) Also, the sum of $1,200.00 per month, per drill, for single 8-hour shift operation; $1,450.00 per month, per drill, for two 8-hour shift operation; commencing as of the date the drill outfits arrive at the site of the work in Alaska, and continuing during the whole period said outfits remain at the site of the work available for service under this agreement. Also, the sum of $500.00 per month, per drill, covering the period during which the said drill outfits are in transit

from Keewatin, Minnesota, to the site of the work in Alaska, and the period during which said outfits are in transit and waiting shipment following completion of the work to the Longyear warehouse at Keewatin, Minnesota. If you desire to terminate the work but have the drill outfits immobilized in Alaska for further prospective work, a standby rental charge will be paid on the basis of $500.00 per month, per drill, during the period of immobilization. In computation of the foregoing monthly charges, periods of less than a calendar month shall be allocated on a per diem basis. The aggregate amount to be paid under this subparagraph shall not be less than $10,000.00.

c) In addition to the sums to be paid as specified above, Davis will reimburse Longyear for all its expenses incurred by it in connection with the work to be done under this agreement as follows:

1) All wages and accrued vacation pay of Longyear personnel and replacements thereof as required, furnished by Longyear for the purpose of performing this agreement. Such wages and accrued vacation pay shall be determined on the basis of the customary rates deemed necessary by Longyear to secure competent personnel for the work to be done under this contract. The period during which such wages will be reimbursable will commence from the time the employees are directed to proceed from their point of residence, or other point of availability, including such reasonable time as necessary for the preparation for their overseas service, and their actual transportation to the site of the work, and the full time of their employment at the scene of the work, and the period for return transportation by most direct practicable route from the site of the work to the point of residence in the United States. Overtime beyond eight hours per day, and Sunday and holiday work, shall be paid for in addition to the established monthly salaries. Davis is granted right to demand the replacement and removal of any Longyear employee for reasonable cause without obligation on Davis after such removal, to pay any expenses, salaries, and transportation or other costs with respect to any Longyear employee so removed.

2) All transportation for Longyear personnel, either assigned directly to the work or other Longyear drilling technicians who may with your approval be sent to the jobsite to consult with our drill supervisor relative to drilling problems or other matters relating to the performance of the service being provided, to the point of residence in the United States to the scene of the work and return, including the cost of tickets, taxes imposed thereon, necessary rental of vehicles and customary allowances for gratuities and travel expenses.

3) Transportation costs incurred by Longyear for all drilling outfits and equipment, including freight expense, trucking, assembling and crating charges.

4) All fees, imposts, customs and duties necessarily or properly paid by Longyear on account of entry of Longyear equipment and personnel into, and maintenance in the State of Alaska and return to the continental United States; taxes of every nature payable by Longyear, or its personnel serving under this agreement in Alaska which are measured by wages paid to said Longyear personnel or payments received hereunder by Longyear, except taxes which may be levied upon or against the net income of Longyear and its employees.

5) The cost of all supplies, repairs, replacements, fuel, and oil, used in performing the work and a sum equal to Longyear's currently listed retail prices of bortz, bortz bits and bortz reaming shells, less credit received from salvaged stones, and a sum equal to Longyear's currently listed retail prices of Carboloy, roller bits and other special type bits or equipment required and used in performing the work.

6) All premiums on insurance carried by Longyear as outlined in Paragraph 3 above.

7) The current Longyear listed retail price for any rods or casing which may be lost in holes or discarded on account of damages due to causes other than ordinary wear and tear and negligence of Longyear employees.

8) Telephone tolls and telegraph charges.

9) The cost of any items necessarily paid or advanced by Longyear in performance of this agreement, or payment for any items by Longyear which is requested by Davis, and which items are to be furnished by Davis at its expense under Paragraph 4 above.

6. TERMS OF PAYMENT AND STATEMENT: Payment of the foregoing items due to Longyear shall be payable in currency of the United States of America. The price for all bortz, bortz bits and bortz reaming shells shall be due and payable in advance of shipment thereof. Statements will be rendered by Longyear to Davis once during each 30-day period covering all other items in such detail and with such supporting data as Davis may request. Such statements shall be considered as provisional and shall list all items incurred during the previous 30-day period insofar as available; but it is understood that, inasmuch as reports from the scene of the work may be delayed on account of the remote location of the job, monthly statements will not be construed as including all items accrued to the date thereof. Sums payable as billed will be due 20 days after receipt of statements. Davis will have the right at any reasonable time to inspect and examine the books and records of Longyear relating to reimbursable costs of the Alaskan project.

7. CONDITIONS: It is to be understood and agreed that the services to be performed by Longyear as herein proposed will be furnished to Davis subject to the following conditions: It is represented by Davis that Davis will have full right and authority to authorize Longyear to enter upon the premises where drilling is to be performed under this agreement and that Longyear representatives, together with the drill outfits and other equipment, are to be authorized to enter upon said premises and to conduct drill-operations and remove drill cores therefrom for delivery to Davis. It is to be understood and agreed that Davis will indemnify and save Longyear, its officers, and employees harmless from any claims asserted against it or any of them by the Owner of any interest in said premises, or any Governmental authority, for alleged unauthorized entry, trespass, or operations under this agreement upon said premises, and that Davis will reimburse Longyear, and its officers and employees, for the full cost of defense of any such claims or litigation in connection therewith and judgment or settlement on account thereof.

8. TERMINATION:

a) Longyear shall be entitled to terminate the work to be performed under this agreement if any sum payable to Longyear under this agreement is not made in United States currency within 30 days of due date, or if prevented from continuing on account of war, hostilities, riots, civil insurrections, or interference by Governmental authority or other conditions beyond its control, which effectually prevent performance of this agreement by Longyear. Upon the happening of any such events, Longyear shall be entitled on notice in writing to

Davis to promptly proceed to arrange for return of its personnel and property, the expense of which shall be reimbursable under this agreement on the same basis as if the work had been completed. Longyear shall also be entitled to terminate this agreement unless Davis shall have requested shipment of the drill outfit within 30 days from date of acceptance by Davis of this proposal. In the event of termination for any cause whatsoever, Davis shall be under no obligation to pay or reimburse Longyear for capital expenditures for drilling equipment.

b) This agreement may be terminated by Davis at any time upon notice in writing to Longyear at its office in Minneapolis, Minnesota, provided that in the event of such termination, if Longyear has not been in substantial default prior thereto, in addition to sums accrued prior to termination, Longyear shall be entitled to payment of a minimum under Paragraph 5.b) above of the sum of $10,000.00, less payments made previous to termination under said paragraph, and Longyear shall be entitled to reimbursement of items of cost under Paragraph 5.c) necessarily or properly incurred in connection with winding up the work and the return of personnel and equipment; and Davis will provide and furnish at its expense, all items under Paragraph 4, necessary or proper in connection with completion of the project and return of Longyear equipment and personnel.

9. INDEMNITY: With respect to all claims or damages on account of loss of or damage to property, or injury to or death of any person or persons arising from, or growing out of, work or operations hereunder of Longyear, its agents or employees, Longyear is and shall be deemed to be an independent Contractor and not agent of Davis, and Davis will not be responsible or liable therefor; and Longyear agrees to indemnify and save harmless Davis from and against any and all liability for such loss, damage, injury or death, including any expenses, costs or reasonable attorney's fees incurred in connection therewith, except such liability as may arise out of the sole negligence of Davis or may result from performance of this agreement by Longyear in accordance with its terms and without negligence of Longyear, its agents or employees.

10. MISCELLANEOUS: Longyear shall not assign all or any part of this agreement or its rights and obligations hereunder, or subcontract any work contemplated herein except with the prior written approval of Davis provided, however, that Longyear may assign or sublet all or any part of its rights and obligations hereunder to a subsidiary corporation for performance of the services and furnishing of equipment and materials in Alaska without approval of Davis.

11. ACCEPTANCE: This proposal will be the agreement for the performance of the services and the furnishing of the equipment as described above if accepted by you and returned to Longyear at its Minneapolis office within 60 days from date hereof, provided that satisfactory financial arrangements have been made with Longyear before the work is commenced to cover payment of Longyear invoices.

Sincerely,

E. J. LONGYEAR COMPANY

MJGleason:APW:bal

Vice President - Contract Drilling

The above proposal is hereby accepted, and E. J. Longyear Company is authorized to proceed with the work described above upon the terms and conditions of said proposal.

DAVIS MINING COMPANY

Dated:_____ By:_____

MINING - INDUSTRIAL & OIL FIELD
CORE DRILLING

ALASKA DIAMOND DRILL CONTRACTORS, INC.
3500 MINNESOTA DRIVE
ANCHORAGE, ALASKA

SOIL SAMPLING - GROUTING
DRILLING SALES - SERVICE

FA 2-3509

Nov.26,1965

Mr. Bill G. Davis
Davis Mining Co.
2919 N. 36th St.
Phoenix, Arizona

Dear Bill,

Received your letter of Nov. 17, and to bid the coring at your Chignik properties would be almost impossible, "Sight Unseen". However I can give you an estimated cost of coring, by pricing Equipment, Diamonds, Fuel & Operating Supplies Ect.

a--Rig & equipment (pump, rods, hoses, operating equip.) per shift	$120.00
b--Fuel,Oil, Grease, Casing, Core Barrels & Operating supplies --$2.90 per foot (based on 30 ft. per shift)	87.00
c--Diamond Core Bits(AX Core-based on 30 ft per shift-$2.00 ft.)	60.00
d--Labor--1 Driller & 1 Helper per rig shift	120.00
e-- Total for 30 ft. AX Coring	$387.00

Estimated cost per foot--$12.90
Estimated cost 4000 ft. --$51,600.00

1--Camp Housing & Feeding per man per day	15.00
2--Transportation at Cost Plushandling	
3--Communications at Cost Plus handling	

Bill I hope this estimate will help with your figuring. I am doing reaserch on the cost of transportation and communications and will send these along as soon as they are compiled.

Upon examination of the properties and conditions involved I will be able to come up with a much better estimate.

Yours Truly,

Bob

R.E. Metler
Alaska Diamond Drill Contractors Inc.

cc-file

PENINSULA MINING, INC.
1010 Wilshire Blvd.
Los Angeles, Calif.

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 28 1966
INITIALS | CODE
HK | 110
120

March 21, 1966

Office of Minerals Exploration
Department of the Interior
Washington 25, D.C.

Re: Application for Financial Assistance in Minerals Exploration by DAVIS MINING COMPANY, INC., and PENINSULA MINING, INC.

Gentlemen:

By application previously filed, Davis Mining Company, Inc., as Operator of a joint venture composed of Davis Mining Company, Inc., and Peninsula Mining, Inc., has applied for financial assistance in the exploration for silver in Alaska, as detailed more fully therein.

The undersigned, Philip Oxley, President of Peninsula Mining, Inc., both in his own behalf and acting for Peninsula Mining, Inc., certifies that the information set forth in the above referred to application and the accompanying papers, is correct and complete to the best of his knowledge and belief, and that Peninsula Mining, Inc., would not ordinarily undertake the proposed exploration under current conditions and circumstances at its sole expense.

Very truly yours,

PENINSULA MINING, INC.

By Philip Oxley
Philip Oxley
President

PO:mr

CHARLES G. BOTSFORD
ASSISTANT TO THE VICE PRESIDENT
GOVERNMENT RELATIONS

SIGNAL OIL AND GAS COMPANY
815 CONNECTICUT AVENUE, N.W.
WASHINGTON, D.C. 20006
298-7730

MME Form 40
Jan. 65

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 18 1966
INITIALS CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Budget Bureau No. 42-R1368
Approval expires Dec. 31, 1968

APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

Pursuant to Public Law 85–701 (72 Stat. 700; 30 U.S.C. 641)

NAME OF APPLICANT *(Full legal name and mailing address as they should appear on contract if one is executed.)*

DAVIS MINING COMPANY, INC.
2919 North 36th Street, Phoenix, Arizona 85018

For
Joint Venture by
DAVIS MINING CO., INC. & PENINSULA MINING, INC.

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: 6545

DATE RECEIVED: 3/18/66

REGION: II

DIVISION CODE:

BUSINESS ORGANIZATION *(Check one)*

- INDIVIDUAL [ ]
- CORPORATION [ ]
- PARTNERSHIP [ ]
- OTHER *(Specify)* [X] Joint Venture

STATE IN WHICH FIRM IS ORGANIZED:

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
DAVIS MINING CO., INC.	2919 North 36th St. Phoenix, Arizona	
PENINSULA MINING, INC.	1010 Wilshire Blvd. Los Angeles, Calif.	

MINERAL(S) FOR WHICH YOU WISH TO EXPLORE: Silver

ESTIMATED COST OF PROJECT: $166.595.14

PROPERTY NAME	LOCATION COUNTY	STATE
Unpatented claims	Chignik Quad.	Alaska

GENERAL INSTRUCTIONS

Before filling out this application, please read the *OME Regulations for Obtaining Federal Assistance in Financing Explorations for Mineral Reserves* (30 CFR Chap. III). To assure prompt action, your application must provide all applicable material and information specified on the back of this application form. Avoid unnecessary correspondence and delays by submitting complete and accurate information. *Please submit two copies of this application and all accompanying papers* except as otherwise noted. Place your name and address on each sheet. Each item of information, maps, and reports required as a part of this application is described on the back of this form. Identify each attached statement by the item number to which it applies. If an item does not apply to your application, show the item number on your statement and after it write "not applicable." Maps or sketches should be used to supplement narrative descriptions of the property location and boundaries in item 2, existing mine workings and geology in item 3, and the proposed exploration work in item 5. When this information is not too complex, all of it may be shown on one map or sketch. All documents and other attachments submitted as a part of this application, except those in item 3(g) which you mark to be returned, become the property of the Government and will not be returned to the applicant. Send true copies, *not originals*, of leases, contracts, and other documents which are an essential part of your business records. *File this application with the Office of Minerals Exploration, Department of the Interior, Washington 25, D. C., or with the nearest OME Field Office.*

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief, and that he would not ordinarily undertake the proposed exploration under current conditions and circumstances at his sole expense.

3-14-66
DATED

Bill H. Davis
BY *(Signature)*

President
TITLE

A wilfully false statement or certification to any Department or Agency of the United States Government is a criminal offense. U. S. Code, Title 18, Sec. 1001.

INFORMATION REQUIRED WITH THIS APPLICATION

1. Financial Eligibility:

(a) Submit evidence of efforts made within 90 days preceding the filing of this application to obtain credit from your bank of account and at least one other banking institution or other private source of credit. Such evidence shall include true copies of correspondence which show: (1) date of loan request, (2) amount and terms requested, (3) proposed use of loan funds, and (4) the replies from credit sources. If the loan was offered under terms which you consider unreasonable, state why you consider them so.

(b) List names and addresses of affiliated, parent, or controlling companies or organizations and state extent and nature of their interest.

(c) State how you propose to furnish your share of the cost of the exploration work.

2. Applicant's Rights in Land:

(a) State your interest in the land and mineral rights, whether owner, lessee, purchaser under contract, or other. If you are not the owner, submit one true copy of the lease, contract, or other document (with address of owner) under which you control the property. Describe all liens, mortgages, or other encumbrances on the land and state book and page number and official place where recorded.

(b) State the legal description (section, township, and range; metes and bounds; patent number of claims) of the land upon which you wish to explore and all adjacent land which you own or control. Describe any part of the land or workings which should not be subject to Government royalty and liens. If the land consists of unpatented claims, state book and page number for each recorded location notice, including amended locations, and official place where recorded. State all the names by which you know the property.

(c) For all land or mineral rights encumbered or not owned, submit five copies of Lien and Subordination Agreements on MME Form 52. If the agreements cannot be obtained, state reasons and provide copies of letters of refusal.

3. Physical Description:

(a) Describe in detail and illustrate with maps or sketches all mining or exploration operations which you know have been or are being conducted upon the land. Include existing mine workings and all production facilities.

(b) State your interest, if any, in operations described in (a).

(c) State, if you know, the past and current production, supporting your statement with copies of settlement sheets, mine records, or published data if available.

(d) Describe known ore reserves, giving quantities and grades and sampling methods used. Support your statement with copies of assay certificates and assay maps if available.

(e) Describe by narrative and maps or sketches the geologic features of the property, including ore minerals, geologic formations if known, and type of deposit (vein, bedded, etc.).

(f) State your reasons for expecting to find ore, and if you have sampled the area you propose to explore, show where the samples were taken, describe sampling methods used, and provide copies of assay certificates.

(g) Send with your application at least *two* copies of all geologic or engineering reports, assay maps, or technologic information which you have, indicating whether you require their return.

4. Accessibility of Property:

(a) To aid the OME representative who may examine the property, state name and address of person who will meet him; give directions for reaching the property; and describe accessibility of property and of any mine workings.

(b) Name the shipping and supply points and state the distances to the property.

5. Exploration Work:

(a) Describe fully the proposed exploration work giving individual footages and sizes of openings *for each item of work.* Use narrative, maps, plans, and sections as necessary. Show location of the proposed work as related to geologic features such as veins, ore-bearing beds, contacts of rock formations, etc. Show also the relation of the proposed work to any existing mine workings and to *land boundaries* or to the closest identifiable corner.

(b) If an access road must be built, show the proposed location on the property map and state the length, type and construction methods proposed.

(c) If an OME contract is executed, state how soon thereafter work would be started and finished. State your anticipated average daily or monthly rate of progress for each type of work.

6. Experience:

State your operating experience and background to conduct this exploration work and also that of the person who will supervise the work.

7. Estimate of Costs:

Furnish detailed estimates of the necessary costs *for each item of the work proposed in 5(a)* under the headings listed below with a total for each heading and the estimated total cost of the work. Costs for any work to be performed by an independent contractor should be listed separately under category (a) below. Costs for any work that is not to be performed by an independent contractor should be listed under categories (b) through (g).

(a) Independent contracts. State the total cost of any proposed independent contract for all or any part of the work, and the number of units and the unit cost for each type of work, such as per foot of drilling, per foot of drifting, per hour of bulldozer operations, or per cubic yard of material moved. Cost estimates should be supported by bids from three contractors if possible. (*Note*—If none of the work is to be contracted, write "none" after this item.)

(b) Personal services. The cost of supervision, engineering and geological services, outside consultants, and labor should be itemized by numbers and classes of employees; rates of wages, salaries or fees; and periods of employment. State whether these services are available.

(c) Operating materials and supplies. List items of material and supplies giving quantity and cost of each. Include under this heading power, water, and fuel, and units of equipment and tools costing less than $50 each.

(d) Operating equipment. List items of equipment and tools costing $50 or more per unit. Give specifications and indicate how each item is to be acquired—i.e., rented, purchased or provided by the applicant. If rented or purchased, state the estimated rental or purchase price. If furnished by the applicant, state condition and present fair market value.

(e) Initial rehabilitation and repairs. Describe the type and the cost of *initial* rehabilitation or repair of existing buildings, fixtures, installations (exclusive of mine workings), and movable operating equipment now owned by the applicant which will be used in the exploration work.

(f) New buildings, fixtures, installations. Describe each building, fixed improvement, and installation to be purchased, constructed, or installed for the exploration work, stating specifications and cost including labor, materials, and supervision.

(g) Miscellaneous. Describe the type and estimate the cost of repairs and maintenance of the operating equipment listed in 7(d). Do not repeat initial repairs listed in 7(e). Show also the costs of analytical work, accounting, workmen's compensation and employees' liability insurance, payroll taxes, and other required costs that do not fall within the previous categories. [*Note*—The Government will not contribute to costs incurred before the date of the contract, or to costs of or incident to: (1) acquiring, using, or possessing land and any existing improvements, facilities, buildings, installations, and appurtenances, or the depreciation and depletion thereof; (2) general overhead, corporate management, interest and taxes (other than payroll and sales taxes); (3) insurance (other than employees' liability insurance); and (4) damages to persons or property (other than authorized repair to or replacement of equipment or other property used in the work).]

NT.-DUP. SEC., WASH., D.C

A T T A C H M E N T

APPLICATION FOR FINANCIAL ASSISTANCE IN MINERAL EXPLORATION

1. (a) See correspondence with Valley National Bank and Pioneer Bank, attached.

   (b) DAVIS MINING COMPANY, INC. owns an undivided one-half interest in subject claims, PENINSULA MINING, INC. owns an undivided one-half interest in subject claims. PENINSULA MINING, INC. is a wholly owned subsidiary of the SIGNAL OIL AND GAS COMPANY.

   (c) DAVIS MINING COMPANY, INC. will make cash calls upon the joint venture partners for those expenditures necessary to carry out the exploration program agreed upon.

2. (a) DAVIS MINING COMPANY, INC. and PENINSULA MINING, INC. each own an undivided one-half interest in the subject claims.

   (b) Ser. #65- 909 - 976 Book 10 - page 1 - 68
   Ser. #65- 977- 1063 Book 10 - pages 69 - 155
   Ser. #65- 1064 - 1083 - Book 10 - pages 156- 175
   Ser. # 65-1084 - 1124 - Book 10 pages - 176 - 216
   Ser. #65- 1125 - 1210 - Book 10 pages 217 - 302
   Ser. #65- 780 - 65 - 908 - Book 9 pages 286 - 414

   (c) Not applicable

3. (a) See report by Peter Joralemon - attached.

   (b) All operations described in (a) were carried out by above mentioned companies.

   (c) None

   (d) See Joralemon report and assays attached.

   (e) See Joralemon report.

   (f) See Joralemon report.

   (g) Attached, please return.

4. (a) See Joralemon report.

   (b) Two shipping and supply points lie some 25 miles from the property. At Port Heiden a commercial air field is serviced by Reeves Aleutian Airways and at Chignik shipping from Seattle calls periodically.

5. (a) See Joralemon report and proposed program attached.

   (b) No road construction is proposed at this time.

   (c) Work is planned for the months of June, July and August of 1966.

6. Arthur R. Still, a well qualified geologist will supervise all work performed under contract. His resume is attached. SIGNAL OIL AND GAS COMPANY, operating through the subsidiary PENINSULA MINING INC. is well qualified to under take exploratory programs in any phase of natural resources exploration. As operator, B. G. Davis, President of DAVIS MINING COMPANY, INC. has been active in petroleum and minerals exploration for the past 16 years.

1(a)

DAVIS MINING COMPANY, INC.
2919 North 36th Street
Phoenix, Arizona 85018

February 25, 1966

Mr. Harris Wood
Valley National Bank
Tower Plaza
Phoenix, Arizona

Dear Mr. Wood:

Davis Mining Company, Inc., is operator in a joint venture minerals exploration effort with Peninsula Mining, Inc., a subsidiary of Signal Oil and Gas Company. Our jointly held properties are located on the Alaska Peninsula, roughly mid-way between Port Heiden and Chignik, in the Chignik Quadrangle.

We wish to carry out an exploration program during the summer of 1966 which will cost $166,595.14. Each company in the joint venture is prepared to furnish $20,824.36, and we wish to borrow the remaining $124,946.42. Please consider this letter an application for a long term commercial loan in that amount. We offer as security the property upon which those funds will be expended.

Listed below are those enclosures which are pertinent to your consideration of this application.

Sincerely yours,

Bill G. Davis

BGD/js

Enc.
1. Geological Report - P. Joralemon
2. Claim maps
3. Joint venture agreement
4. Proposed program
5. Proposed budget

VALLEY NATIONAL BANK

HOME OFFICE
PHOENIX
ARIZONA

HARRIS WOOD
MANAGER

TOWER PLAZA OFFICE

March 2, 1966

Mr. Bill G. Davis
Davis Mining Company
2919 N 36th Street
Phoenix, Arizona

Dear Mr. Davis:

Your proposed mineral exploration on the Alaskan Peninsula looks very promising. The request of approximately $124M is not out of line considering the financial worth of the participants but it is not our policy at this time to provide any funds for use out of state.

NG

As you know our loan ratio continues to be extremely high and we're hard put at times to furnish funds for our own states expansion.

I know that you will appreciate the reason for our refusual.

Very truly yours,

Harris A Wood
c/g

DAVIS MINING COMPANY, INC.
2919 North 36th Street
Phoenix, Arizona 85018

February 28, 1966

Mr. Don L. Moore
Pioneer Bank of Arizona
Financial Center
Phoenix, Arizona

COPY

Dear Mr. Moore:

Davis Mining Company, Inc., is operator in a joint venture minerals exploration effort with Peninsula Mining, Inc., a subsidiary of Signal Oil and Gas Company. Our jointly held properties are located on the Alaska Peninsula, roughly mid-way between Port Heiden and Chignik, in the Chignik Quadrangle.

We wish to carry out an exploration program during the summer of 1966 which will cost $166,595.14. Each company in the joint venture is prepared to furnish $20,824.36, and we wish to borrow the remaining $124,946.42. Please consider this letter an application for a long term commercial loan in that amount. We offer as security the property upon which those funds will be expended. The repayment of the loan must be from the successful commercial operation of the property.

Listed below are those enclosures which are pertinent to your consideration of this application.

Sincerely yours,

Bill G. Davis

BGD/js

Encl.
1. Geological Report - P. Joralemon
2. Claim maps
3. Joint venture agreement
4. Proposed program
5. Proposed budget

March 3, 1966

Davis Mining Company, Inc.
2919 North 36th Street
Phoenix, Arizona 85018

Attention: Bill G. Davis

Gentlemen:

Your request for a loan in the amount of $124,946.42 has been considered.

We will be unable to approve your application due to the inadequate collateral available and to the lack of an assured repayment program. The application, as presented, does not meet our usual requirements for extending long term commercial loans. Your financial requirements seem to be of the nature that would require risk capital, which risk capital might well be rewarded, according to the report by Mr. Peter Joralemon.

Thank you for giving us this opportunity to study your application.

Very truly yours,

D. L. Moore

jh

1.(b)

ASSIGNMENT AND ASSUMPTION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

That for and in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration, receipt of which is hereby acknowledged, SIGNAL OIL AND GAS COMPANY, a Delaware Corporation, Assignor, does hereby sell, assign, transfer, convey and set over unto PENINSULA MINING, INC., a Delaware Corporation, Assignee, all of Assignor's right, title, interest, and benefits of any and all kinds whatsoever in and to that certain Letter Agreement dated June 8, 1965, by and between Davis Mining Company, Inc., an Arizona Corporation and Signal Oil and Gas Company.

The effective date of this Assignment shall be the 1st day of February 1966.

SIGNAL OIL AND GAS COMPANY

By _____
Vice-President

By _____
Assistant Secretary

PENINSULA MINING, INC., hereby accepts the foregoing Assignment and in consideration of the Assignment, hereby assumes all of the obligations of the Assignor under said Agreement.

PENINSULA MINING, INC.

By _____
President

By _____
Secretary

The undersigned, Davis Mining Company, Inc., hereby consents to the foregoing Assignment and Assumption.

DAVIS MINING COMPANY, INC.

By _____

By _____

COPY

AGREEMENT

THIS AGREEMENT, made and entered into this 21st day of February, 1966, by and

BETWEEN PENINSULA MINING, INC., a Delaware corporation, 1010 Wilshire Boulevard, Los Angeles, California 90017, hereinafter referred to as

"PENINSULA"

AND DAVIS MINING COMPANY, INC., an Arizona corporation, 2919 North 36th Street, Phoenix, Arizona 85018, hereinafter referred to as

"DAVIS"

WITNESSETH:

WHEREAS, Signal Oil and Gas Company, hereinafter referred to as "Signal", and Davis entered into a Letter Agreement dated June 8, 1965, covering the exploration of portions of the Alaska peninsula therein described on terms and conditions therein contained; and

WHEREAS, Paragraph 6 of said Letter Agreement provided, in part, that upon the earning of an interest by Signal the parties should thereupon enter into an agreement for the development and operation of the mutually owned interests; and

WHEREAS, by Assignment dated February 1, 1966, and consented to by Davis, Signal assigned to Peninsula all of its right, title and interest arising out of said Letter Agreement; and

WHEREAS, Peninsula has earned said interest and the claims referred to therein are now owned in undivided interests, one-half by Peninsula and one-half by Davis.

NOW, THEREFORE, for and in consideration of the premises and the mutual agreements herein contained, the parties hereto hereby agree as follows:

1. DEFINITIONS: The following terms, as used in this agreement, shall have the meaning and definition for each as hereinbelow provided:

1.1 "Area of Mutual Interest" - That portion of the Alaska Peninsula lying within the area described as follows:

> BEGINNING at the point 56° 40' N. Lat., 159° W. Long.; Thence East to the point 56° 40' N. Lat., 158° 30' W. Long; Thence South to the point 56° 25' N. Lat., 158° 30' W. Long.; Thence West to the point 56° 25' N. Lat., 159° W. Long., Thence North to the point of beginning.

1.2 "Claims" - Any mining claims now held or hereafter acquired by the parties within the Area of Mutual Interest.

1.3 "Operator" - The party hereto so designated to conduct operations on and in the Area of Mutual Interest on behalf of the parties hereto.

1.4 "Nonoperator" - The party hereto not designated as Operator.

1.5 "Joint Account" - Operator shall maintain a joint account to reflect all costs and expenses incurred in the conduct of operations hereunder. The parties shall bear the burden of joint account costs in the following proportions:

PENINSULA - 50%
DAVIS - 50%

2. OPERATING COMMITTEE:

2.1 An Operating Committee of the parties is hereby constituted and shall be composed of two representatives of each party. Within thirty (30) days after the date hereof, each party shall notify, in writing, the other party of the name and address of its representatives. The representatives of each party are authorized and empowered to represent and bind such party with respect to any matters or determinations which pertain to operations hereunder and which are within the jurisdiction of the Operating Committee. The representatives of each party may be replaced at any time by such party, effective upon written notice to the other party. The Chairman of the Operating Committee shall be one of the representatives of the Operator. The Chairman shall appoint a Secretary who shall keep formal minutes

of each meeting of the Operating Committee and provide each representative with a written copy of each determination.

2.2 The Operating Committee shall have all powers and duties with respect to any matters of policy and management of the operations hereunder for the joint account. The Operator under the control, direction and supervision of the Operating Committee shall carry out such operations. Without limiting the generality of the foregoing, the powers and duties of the Operating Committee shall include:

(a) The adoption of all budgets and work programs; provided, however, that any budget or work program calling for the expenditure of more than $25,000.00 shall require ratification by the parties.

(b) To establish all general policies, procedures and methods of operation.

(c) To decide and determine all other matters pertaining to operations hereunder in accordance with the terms and provisions of this agreement, which decisions and determinations shall be binding upon all parties hereto except as otherwise expressly provided in this agreement.

(d) To determine the location, depth, time and order of drilling all core holes and mining shafts.

2.3 No later than forty-five (45) days prior to the beginning of each calendar year during the term hereof the Operating Committee shall meet for the purpose of determining and deciding upon all work programs and budgets therefor with respect to operations for such calendar year. The Chairman shall give written notice to all representatives of such regular meeting at least thirty (30) days in advance, which notice shall include an agenda for such meeting together with the proposal of Operator with respect to such work program and budget.

2.4 At the request of any representative the Chairman shall call a special meeting of the Operating Committee to consider and determine any proposal submitted to him and the

Chairman shall notify all representatives in writing of the date, time, place and purpose of such special meeting not later than ten (10) days prior to the date of such meeting unless all representatives waive such notice in writing.

2.5 In all meetings of the Operating Committee the affirmative vote of three or more representatives shall constitute a determination and bind all parties.

2.6 Any determination adopted in writing and signed by three or more representatives shall be deemed a determination of the Operating Committee without the necessity of a formal meeting thereof.

3. GENERAL POWERS AND DUTIES OF OPERATOR:

3.1 The Operator shall be designated and appointed by a Determination of the Operating Committee. In the absence of any such determination, Davis shall act as Operator.

3.2 Operator shall have, subject to this agreement, exclusive charge, control, custody and supervision of operations of every kind conducted hereunder and also shall have custody of all property owned by the parties hereto, the cost of which is chargeable to the joint account. Operator shall consult with Nonoperator at all times on all matters not minor or routine in nature and shall give due consideration to the advice of Nonoperator. Operator shall also consult with Nonoperator with respect to all major personnel policy matters which affect the conduct of operations hereunder. The number of employees to be employed by Operator in conducting operations hereunder, their selection, hours of work and compensation shall be determined solely by Operator and they shall be Operator's employees.

3.3 Operator shall conduct all operations hereunder at all times with due and reasonable diligence and with prudent business judgment in accordance with good mining and engineering practices and in compliance with the terms and provisions of

all applicable laws, rules and regulations.

3.4 In the conduct of operations hereunder Operator shall keep true and correct books, accounts and records, including an accurate record of the joint account, showing the costs incurred and the charges made.

3.5 The party acting as Operator hereunder may resign upon sixty (60) days advance notice or may be removed as Operator by a Determination of such removal by the Operating Committee. In such event the other party hereto shall be the Operator. In the event the party acting as Operator sells its interest subject to this agreement, the other party shall be the Operator.

4. COST:

4.1 All costs properly chargeable to the Joint Account, as herein provided, shall be borne equally by the parties hereto.

5. WORK PROGRAMS AND BUDGETS:

5.1 All work to be conducted by Operator hereunder and all cost incurred for the joint account in connection therewith shall be done only pursuant to an approved work program and budget therefor. Subject to subparagraph 5.3 below, Operator is hereby authorized to conduct all work and to incur all cost for the Joint Account to the extent such work and cost are included within an approved work program and budget.

5.2 Upon approval of each budget Operator shall have the right on a current basis only to make monthly cash calls. Each such cash call shall be equal to Operator's estimate of the actual money required by it to perform its duties under the approved work program and budget therefor during the month concerned. Each such cash call may be increased or decreased if required in order to replace any deficit or eliminate any unnecessary surplus, as the case may be, of the cash funds available in the joint account.

5.3 If at any time a party fails to pay its proportionate share of a cash call, within fifteen (15) days of the

date called, the other party hereinafter called "Non-Defaulting Party", may elect (at its sole option) to pay such amount, hereinafter called "Amount of Default". The non-defaulting party shall be entitled to receive an amount equal to twenty-five (25) times the amount of default payable as follows:

1. An amount equal to the amount of default payable out of proceeds attributable to one hundred percent (100%) of the other party's share of the gross production obtained.

2. An amount equal to twenty-four (24) times the amount of default payable out of proceeds attributable to twenty-five percent (25%) of the other party's share of gross production obtained.

5.4 No later than the last day of each month Operator shall furnish Non-operator with a written summary statement of all cash expenditures for the Joint Account during the preceding month.

5.5 Operator shall prepare and maintain the Joint Account which shall be subject to the audit of Non-operator at all reasonable times upon at least two (2) weeks' prior written notice.

6. <u>BUY OR SELL</u>:

6.1 Either party hereto may at any time after three (3) years from the date hereof submit an offer (hereinafter called "Offering Party") setting forth a specific price at which the offering party will either sell its interest or purchase offeree's interest. In consideration of the mutual covenants herein contained and for no additional consideration, offeree shall have an irrevocable option for a period of ninety (90) days after receipt of such offer to notify the offering party whether offeree elects to buy or sell such interest. Upon failure of offeree to notify offering party, offeree shall be deemed to have accepted the offering party's offer to purchase offeree's interest at the

specific price stated in such notice.

6.2 The terms of the purchase pursuant to 6.1 above shall be standard purchase and sale provisions including the following:

(a) Purchase price payable in cash or upon such other terms as are mutually agreeable to the parties ninety (90) days after the date offeree communicates his election to the offering party, or, in the event offeree does not make an election, one hundred twenty (120) days after the receipt of the original offer by the offeree.

(b) The interest sold hereunder shall include all jointly-owned interests of any nature owned or held by the selling party in the Area of Mutual Interest, including but not limited to, mining claims, equipment, machinery, ore, etc. The selling party shall execute such deeds, assignments or other documents as may be necessary to carry out the purposes hereof.

6.3 For the purposes of this Paragraph 6, the purchase price payable shall be increased or decreased (as the case may be) by [redacted] twice the "Amount of Default" [redacted] as provided in Subparagraph 5.3 hereof.

6.4 Effective upon the date of completion of the transfer and sale contemplated in subparagraph (a) above,

(a) Operator shall render a final account pursuant to Paragraph 3.4 hereof and the parties shall finally settle and balance their accounts; and

(b) This agreement shall terminate and be of no further force or effect.

7. <u>ACQUISITION OF ADDITIONAL RIGHTS</u>:

7.1 In the event any party hereto shall acquire a mining claim, lease, mineral fee or other interest covering mining rights in any land within the Area of Mutual Interest (hereinafter called "acquiring party"), such party shall give written notice of such acquisition to the other party hereto. The notice shall describe the rights acquired and shall state the price at which and the terms upon which such party acquired said interest.

The party so notified shall, within thirty (30) days of the date such notice is given, reply in writing thereto and state in such reply whether or not it desires to acquire an undivided interest in said interest. If said party replies that it desires to acquire an undivided interest in said interest then the acquiring party shall thereafter assign an undivided one-half (1/2) of said interest to such party upon the payment by such party to acquiring party of one-half (1/2) of all costs incurred by acquiring party in acquiring the interest. Upon failure to notify within thirty (30) days, said party shall have no right, title or interest in said property.

8. OWNERSHIP OF PROPERTY:

8.1 All property of every kind and description (other than that which Operator or Non-operator may furnish on a rental basis), the cost of which has been charged to the Joint Account, shall belong equally to the parties hereto.

8.2 Each party shall own and have the right to take its share of production. If either party shall fail to take in kind or separately dispose of its share of production, the other party shall have the right for the time being and subject to revocation at will by the party owning such share, to purchase for its own account or sell to others such share; provided that all contracts of sale of either party's share of production shall be only for such reasonable periods of time as are found necessary, but in no event shall such contract be for a period in excess of one (1) year. The proceeds of the production so disposed shall be paid to the party entitled thereto.

9. SALE OF INTEREST:

9.1 No sale or assignment of any party's interest subject to this agreement shall be effective unless within a period of not less than thirty (30) days nor more than ninety (90) days prior to such sale or assignment, such party has made a written offer to sell or assign such interest to the other party

hereto on the same or more favorable terms as are embodied in such sale or assignment, and the other party hereto has failed to accept such offer within a period of thirty (30) days from the receipt thereof.

9.2 The limitations of Paragraph 8.1 of this section shall not apply where any party hereto desires to transfer its interest to a subsidiary or parent company or to a company in which any one party hereto owns a majority of the stock.

9.3 No sale or assignment otherwise permitted by Paragraph 8.1 or 8.2 shall be effective except as to a sale or assignment of all of the undivided interest held by such party under this agreement.

9.4 No such sale or assignment shall be effective unless the third party acquiring such interest shall agree in the instrument of transfer to be substituted hereunder to the extent of such interest in lieu of the party whose interest has been sold, and unless such transfer shall provide that said party shall become a party hereto and shall assume all of the obligations and liabilities hereunder of the party so selling as to the interest sold.

10. PAYMENT OF TAXES:

10.1 As between the parties hereto, Operator shall file returns and pay all taxes on all real and personal property including minerals subject to this agreement, and shall pay all taxes and assessments on or measured by the production of minerals from said lands, and shall charge same to the Joint Account.

11. PARTITIONING:

11.1 Each of the parties hereto, for itself, its successors and assigns, does hereby waive its right to bring an action for partition of its interest in real or personal property held subject to this agreement, and each does hereby covenant that during the existence of this agreement it shall not at any time resort to any action at law or in equity to partition the real or

personal property, or any thereof, subject to this agreement.

12. LIABILITIES AND RELATIONSHIP OF THE PARTIES:

12.1 In the conduct of operations hereunder Operator shall be obligated to use only the care and diligence customarily exercised by a prudent operator and except as otherwise herein expressly provided, Operator shall not be liable in damages to Non-operator for any act done or omitted in good faith in the performance of the provisions of this agreement, or for error in judgment or for the loss or damage to any property or equipment owned by the parties not resulting from the gross negligence or willful misconduct of Operator.

12.2 The rights, duties, obligations and responsibilities of the parties shall be several and not joint or collective, each party being responsible only for its share of costs incurred for the Joint Account in accordance with this agreement. The relationship of the parties, as between themselves, is that of tenants in common. No new juridical person or entity is created by this agreement, nor is it the purpose or intention of this agreement to create any mining company, corporation, partnership or association, nor shall this agreement and the operations hereunder be interpreted or considered as creating any new entity since each party hereto shall be individually responsible only for its own obligations hereunder. Specifically and without restricting the generality of the foregoing, each party hereto agrees to elect to be excluded from the applications of subchapter K of Chapter I of Subtitle A of the United States Internal Revenue Code of 1954 and similarly elects to be excluded from any similar provisions of the income tax law of any state of the United States of America, and Operator is hereby authorized and directed to file whatever election, declaration or declarations are required or desirable for such purpose on behalf of all parties.

13. INSURANCE:

13.1 All insurance required by law and any other

insurance as determined, from time to time, by the Operating Committee, shall be obtained by the Operator and the cost thereof charged to the Joint Account. Any party may obtain whatever other insurance it deems advisable for its own account and at its own expense.

14. TERM:

14.1 The term of this agreement shall be ten (10) years from the date hereof and so long thereafter as the parties jointly retain any claims in the Area of Mutual Interest.

15. NOTICES:

15.1 All notices that are required or authorized to be given hereunder, except as may be otherwise specifically provided herein, shall be given in writing by United States mail or commercial telegram, postage or charges prepaid, and addressed to the party to whom such notice is given as set forth below. Any notice to be given under any provisions hereof shall be deemed effective when received by the party to whom such notice is directed, and the time for such party to give any response thereto shall run from the date such notice is received.

PENINSULA:	1010 Wilshire Boulevard Los Angeles, California 90017
DAVIS:	2919 North 36th Street Phoenix, Arizona 85018

16. SUCCESSORS AND ASSIGNS:

16.1 This agreement and all of its terms, provisions, covenants and conditions shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto, and shall be deemed to be covenants running with the land subject hereto.

17. INTERPRETATION:

17.1 This agreement shall be construed and the relations between the parties be determined in accordance with the law of California.

18. TITLE HEADINGS:

18.1 The title headings of the respective sections

of this agreement are inserted for convenience only and shall not be deemed to be a part of this agreement or considered in construing this agreement.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the date first hereinabove written.

PENINSULA MINING, INC.

By /s/ Philip Oxley
[redacted] President

By /s/ Wm. J. Keese
[redacted] Secretary

"PENINSULA"

DAVIS MINING COMPANY, INC.

By /s/ B. G. Davis
President

By /s/ Alfred E. Gay
Secretary

"DAVIS"

June 8, 1965

Signal Oil and Gas Company
1010 Wilshire Boulevard
Los Angeles, California 90017

Gentlemen:

When this letter has been accepted by your endorsement hereon, it shall constitute an agreement between Signal Oil and Gas Company (herein "Signal") and Davis Mining Company, a partnership, (herein "Davis") covering the joint exploration of portions of the Alaska Peninsula described within the area bounded by lines drawn from the northwest corner at 56° 40' N. Lat. - 159° W Long., East to 56° 40' N. Lat. - 158° 30' W Long., then South to 56° 25' N. Lat. - 158° 30' W Long., then West to 56° 25' N. Lat. - 159° W Long., then North to the starting point, which area is hereinafter referred to as said "area of mutual interest".

NOW THEREFORE, in consideration of the mutual terms, conditions and covenants to be performed, the parties do hereby agree as follows:

1. Davis is the holder of 229 unpatented mining claims in said area of mutual interest, which claims Davis warrants are properly recorded and existing and that all work has been performed prior to the date hereof to maintain said claims in effect, and that Davis has not to the date hereof encumbered, hypothecated or transferred any interest in such claims and knows of no adverse interest or claimed adverse interest therein by any other party whatsoever.

2. Signal agrees to spend up to $30,000 for the purpose of the joint exploration of said claims in said area of mutual interest. Such amount shall be advanced by Signal as follows:

   A. Concurrent with the execution hereof, Signal will deposit $10,000 in a special trust account in the name of Davis Mining Company in the Tower Plaza Branch of the Valley National Bank in Phoenix, Arizona.

   B. Upon receipt of invoices from Davis indicating that said amount has been spent, Signal will deposit a

second amount of $10,000 and a third amount when needed up to the total commitment of $30,000 by Signal.

3. The parties agree that they shall employ Peter Joralemon as a Geologist to do the exploratory work herein contemplated.

4. The money advanced by Signal shall be spent only in carrying out exploratory work in said area of mutual interest and Davis shall account to Signal for all monies expended for the following:

   A. Fee and expenses of the Geologist, Mr. Joralemon.

   B. Wages for two helpers.

   C. Travel and field expenses for the two helpers and for Mr. Bill Davis.

   D. The cost of chartering one airplane and one helicopter (the type of helicopter to be selected by Signal).

   E. Such other expenses as may reasonably be incurred in connection with the exploratory activity in said area of mutual interest.

5. When Signal has advanced or paid the $30,000 as required in Paragraph 2 above, Signal shall have earned an option to acquire an undivided one-half interest in and to all 229 unpatented mining claims held by Davis in said area of mutual interest by the payment to Davis of the sum of $35,000 at any time on or before thirty days following receipt by Signal of a report filed by Mr. Joralemon evaluating the geological potential of said area of mutual interest. In the event Signal should exercise said option, then any amount remaining from the $30,000 advanced by Signal under Paragraph 2 above shall be held for further joint exploratory work for the benefit of said parties. In the event the option is not exercised by Signal, then any part of the $30,000 theretofore advanced by Signal which has not been spent shall be returned to Signal.

6. In the event Signal earns its interest and exercises its option as hereinabove provided, then Davis shall assign, transfer and set over unto Signal an undivided one-half interest in and to each of said 229 unpatented mining claims upon the payment to Davis of said $35,000 by Signal, and the parties shall thereupon enter into an agreement for

the development of such claims, which agreement shall include customary and usual provisions to provide for appropriate financing, and do such other acts and enter into such other agreements as may be mutually acceptable for the purpose of developing such claims. Such agreement, in addition, will include a right of preferential purchase in the event that either Davis or Signal should at a later date desire to sell all or a portion of their undivided interest in such claims, that the nonselling party shall have the right to acquire selling party's interest at the same price and upon the same terms as any bona fide offer received by such party within a period of thirty days after notice of such bona fide offer.

7. In the event of any discovery within said area of mutual interest which is not on any existing claim, it shall be marked and filed upon by Davis and/or Signal and shall belong jointly to Signal and Davis, or if either party hereto acquires any interest of any kind in said area of mutual interest during the term hereof, the acquiring party shall assign an undivided one-half interest to the other party hereto.

8. This agreement shall be effective as of the date hereof and shall continue in effect so long as the parties are conducting joint exploratory work in said area of mutual interest and/or so long as each party maintains a joint interest in any of said unpatented mining claims pursuant to the provisions hereof.

9. Except as otherwise herein set forth, Davis shall not incur any indebtedness or do any act for or on account of Signal without Signal's prior written approval.

10. Nothing contained herein, or in any agreement hereafter entered into as contemplated under Paragraph 6 above, shall be construed as creating a partnership of any kind, joint venture, association or trust among the parties, and the liability of each shall be several and not joint or collective.

11. Neither of the parties hereto shall assign or transfer in whole or in part any of their interest herein without the written consent of the other party hereto.

Very truly yours,

DAVIS MINING COMPANY

By Bill H. Davis
Partner

By _____
Partner

Agreed to and accepted this 8th day of June, 1965.

SIGNAL OIL AND GAS COMPANY

By Philip Oxley

3(d)

ARIZONA TESTING LABORATORIES

A DIVISION OF CLAUDE E. McLEAN & SON LABORATORIES, INC.
PHONE 254-6181 817 WEST MADISON ST. P. O. BOX 1888 PHOENIX 85001

Chemist . . . Engineers

For Davis Mining Company
2919 North 36th Street
Phoenix, Arizona 85018
Mr. Al Gay

Date July 22, 1965

Received: ----

Sample of Ore

Submitted by: Same

ASSAY CERTIFICATE

Gold figured at $ 35.00 per ounce

Silver figured at $ 1.29 per ounce

LAB. NO.	IDENTIFICATION	GOLD		SILVER		PERCENTAGES		
		OZ. PER TON	VALUE	OZ. PER TON	VALUE	ZINC	TIN	NICKEL
159911	1 Creek Vein	0.34	$11.90	1.20	$1.55	Nil	Nil	Nil
	2 "	0.01	0.35	1.00	1.29	Nil	Nil	Nil
	3 "	0.40	14.00	0.80	1.03	Nil	Nil	Nil
	4 "	0.18	6.30	29.80	38.44	1.40%	Nil	Nil
	5 "	trace	---	0.20	0.26	Nil	Nil	Nil
	6 "	0.14	4.90	22.20	28.64	Nil	Nil	Nil
	7 "	0.22	7.70	43.80	56.50	2.10%	Nil	Nil
	8 "	0.01	0.35	0.20	0.26	Nil	Nil	Nil
	9 "	0.01	0.35	0.40	0.52	Nil	Nil	Nil
	10 "	trace	----	0.80	1.03	Nil	Nil	Nil
	11 Dry Creek	0.01	0.35	0.80	1.03	Nil	Nil	Trace
	12 "	trace	----	0.20	0.26	5.30%	Nil	Nil
	13 "	trace	----	0.20	0.26	Nil	Nil	Nil
	14 "	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	15 "	Nil	Nil	Nil	Nil	1.60%	Nil	Nil
	16 "	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	17 "	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	18 "	0.01	0.35	Nil	Nil	Nil	Nil	Nil
	19 "	Nil	Nil	Nil	Nil	Nil	Nil	Trace
	20 "	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Sheet 1 of 2 sheets.

Respectfully submitted,

ARIZONA TESTING LABORATORIES

METALLURGICAL LABORATORIES INC. CHEMISTS • ASSAYERS • SPECTROGRAPHERS

1142 HOWARD STREET • SAN FRANCISCO, CALIFORNIA
UNDERHILL 3-8575

REPORT OF ASSAY

Submitted by Mr. Peter Joralemon
315 Montgomery Street
San Francisco, California

Date June 25, 1965

Sample of Ore

LABORATORY NO. 3750

MARK	GOLD, PER TON OF 2,000 LBS.		SILVER, PER TON OF 2,000 LBS.		Lead %	%	%
	TROY OUNCES	VALUE AT $35.00 OZ.	TROY OUNCES	VALUE			
Aleut.							
#1	0.05		16.21				
#2	0.12		24.48		1.82		
#3	0.05		21.47				

METALLURGICAL LABORATORIES INC.

By [signature]

ARIZONA TESTING LABORATORIES

A DIVISION OF CLAUDE E. McLEAN & SON LABORATORIES, INC.

PHONE 254-6181 817 WEST MADISON ST. P. O. BOX 1888 PHOENIX 85001

Chemist.. Engineers

For Davis Mining Company
2919 North 36th Street
Phoenix, Arizona

Date August 10, 1965

Sample of Ore

Received: 8-9-65

Submitted by: Mr. Bill Davis

ASSAY CERTIFICATE

Gold figured at $ 35.00 per ounce

Silver figured at $ 1.29 per ounce

LAB. NO.	IDENTIFICATION	GOLD		SILVER		PERCENTAGES	
		OZ. PER TON	VALUE	OZ. PER TON	VALUE	COPPER	ZINC
156004	A66	0.01	$0.35	0.20	$0.26		
	A67	0.02	0.70	1.20	1.55		1.20%
	A68	0.04	1.40	0.20	0.26		
	A69	nil		nil		nil	
	A70	nil		nil		nil	
	A71	nil		nil			
	A72	nil		nil			
	A73	0.01	0.35	0.20	0.26		
	A74	nil		nil			1.90%
	Z-1	0.01	0.35	0.40	0.52		
	Z-2	0.01	0.35	0.40	0.52		
	M-1A	0.01	0.35	0.20	0.26		2.85%

cc: Mr. Bill Davis
Davis Mining Company
Port Heiden, Alaska

Respectfully submitted,

ARIZONA TESTING LABORATORIES

Claude E. McLean Jr.

Claude E. McLean, Jr.

ARIZONA TESTING LABORATORIES

A DIVISION OF CLAUDE E. McLEAN & SON LABORATORIES, INC.

PHONE 254-6181 817 WEST MADISON ST. P. O. BOX 1888 PHOENIX 85001

Chemist . . . Engineers

For Davis Mining Company
2919 North 36th Street
Phoenix, Arizona

Date September 3, 1965

Sample of Ore

Received: ---

Submitted by: Same

ASSAY CERTIFICATE

Gold figured at $ 35.00 per ounce

Silver figured at $ 1.29 per ounce

LAB. NO.	IDENTIFICATION	GOLD		SILVER		PERCENTAGES		
		OZ. PER TON	VALUE	OZ. PER TON	VALUE	LEAD	ZINC	IRON
156054	M-1-B	0.18	$6.30	1.60	$2.06	0.50%	2.10%	
	M-1-C	0.12	4.20	2.80	3.61	0.75	3.10	
	M-1-D	0.08	2.80	0.20	0.26		3.30	
	White Creek #1	0.01	0.35	1.40	1.81		0.80	
	White Creek #2	0.01	0.35	0.20	0.26		trace	
	White Creek #3	0.04	1.40	0.20	0.26		trace	
	White Creek #4	0.01	0.35	0.20	0.26		trace	
	#101 Creek Vein	0.01	0.35	2.60	3.35	0.50	trace	
	#102	0.02	0.70	nil		0.45	0.85	
	#103	0.01	0.35	nil		0.45	0.75	
	#201	trace		nil			0.65	
	#202	trace		nil			1.40	
	#203	trace		nil			0.50	
	#001	trace		nil		0.50	0.25	
	#002	trace		nil		0.55	0.20	
	#003	trace		nil		0.45	0.20	
	#004	trace		nil		0.50	0.35	
	#005	trace		nil		0.50	1.20	
	#006	trace		nil		0.75	0.10	
	#1001							38.4
	#1002							48.6
	#1003							31.8

Respectfully submitted,

ARIZONA TESTING LABORATORIES

Claude E. McLean

Claude E. McLean, Jr.

ARIZONA TESTING LABORATORIES
A DIVISION OF CLAUDE E. McLEAN & SON LABORATORIES, INC.
PHONE 254-6181 817 WEST MADISON ST. P. O. BOX 1888 PHOENIX 85001

Chemist . . . Engineers

For Davis Mining Company
2919 North 36th Street
Phoenix, Arizona

Date August 3, 1965

Sample of Ore

Received: 8-2-65

Submitted by: Mr. Bill Davis

ASSAY CERTIFICATE

Gold figured at $ 35.00 per ounce

Silver figured at $ 0.29 per ounce

LAB. NO.	IDENTIFICATION	GOLD		SILVER		PERCENTAGES	
		OZ. PER TON	VALUE	OZ. PER TON	VALUE	ZINC	
159984	52A	trace		nil			
	53A	nil		nil			
	54	nil		nil			
	55	nil		nil			
	56	nil		nil			
	57	nil		nil			
	57A	nil		nil			
	58	nil		nil			
	59	nil		nil			
	60	nil		nil			
	61	0.01	$0.35	2.80	$3.61	2.85%	
	62A	nil		nil			
	63A	nil		nil			
	64A	nil		nil			
	65A	nil		nil			
	G-1	nil		nil			
	G-1A	nil		nil			
	G-2	nil		nil			
	G-3	nil		nil			
	P-1	nil		nil			
	P-2	nil		nil			
	~~No Mark~~	~~nil~~		~~nil~~			

Respectfully submitted,

ARIZONA TESTING LABORATORIES

Claude E. McLean

Claude E. McLean, Jr.

ARIZONA TESTING LABORATORIES

A DIVISION OF CLAUDE E. McLEAN & SON LABORATORIES, INC.

PHONE 254-6181 817 WEST MADISON ST. P. O. BOX 1888 PHOENIX 85001

Chemist . . . Engineers

For Davis Mining Company
2919 North 36th Street
Phoenix, Arizona

Date September 3, 1965

Sample of Ore

Received: ----

Submitted by: Mr. Davis

ASSAY CERTIFICATE

Gold figured at $ 35.00 per ounce

Silver figured at $ 1.29 per ounce

LAB. NO.	IDENTIFICATION	GOLD		SILVER		PERCENTAGES		
		OZ. PER TON	VALUE	OZ. PER TON	VALUE	COPPER	LEAD	ZINC
136077	A-75	0.01	$0.35	0.80	$1.03	nil		
	A-76	trace		nil				
	A-77	trace		nil				
	A-78	trace		nil				
	A-79	trace		nil				
	A-80	trace		nil				0.7
	A-81	trace		nil				
	A-81-2	trace		nil				0.7
	A-82	0.01	$0.35	7.40	$9.55		1.45%	1.6
	A-83	trace		nil				0.6
	A-84	trace		nil				
	A-85	trace		nil				0.1
	A-87	trace		nil				0.1
	6' Breccia zone, 700' E. upper heliport	trace		nil				0.1
	8 Sand Vein on Waterfall creek	trace		nil				0.0
	Spec → Hanging Wall 18"	trace		nil				0.6
	Top of Alcat ridge	0.20	$7.00	nil				

Respectfully submitted,

ARIZONA TESTING LABORATORIES

Claude E. McLean

Claude E. McLean, Jr.

METALLURGICAL LABORATORIES INC. CHEMISTS • ASSAYERS • SPECTROGRAPHERS

1142 HOWARD STREET • SAN FRANCISCO, CALIFORNIA
UNDERHILL 3-8575

REPORT OF ASSAY

Submitted by Peter Joralemon
315 Montgomery
San Francisco

Date July 27, 1965

Sample of Minerals

LABORATORY NO. 3945 1-13

MARK	GOLD, PER TON OF 2,000 LBS		SILVER, PER TON OF 2,000 LBS		%	%	%
	TROY OUNCES	VALUE AT $35.00 OZ.	TROY OUNCES	VALUE			
J-5	T		N				
Aleut #45	T		N				
Aleut #46	T		N				
Aleut #47	0.005	0.17	4.99	6.43			
Aleut #48	0.004	0.14	N				
Aleut #49	0.005	0.17	N				
Aleut #50	0.005	0.17	N				
Aleut #51	0.006	0.21	N				

Ps

METALLURGICAL LABORATORIES INC.

By Robert G. Atwood

ARIZONA TESTING LABORATORIES

A DIVISION OF CLAUDE E. McLEAN & SON LABORATORIES, INC.
PHONE 254-6181 817 WEST MADISON ST. P. O. BOX 1888 PHOENIX 85001

For Bill Davis
2919 N. 36th Street
Phoenix, Arizona

Date June 29,1965

Sample of Ore

Received: Same

Submitted by: Same

ASSAY CERTIFICATE

Gold figured at $ 35.00 per ounce

Silver figured at $ 1.29 per ounce

LAB. NO.	IDENTIFICATION	GOLD		SILVER		PERCENTAGES	
		OZ. PER TON	VALUE	OZ. PER TON	VALUE		
159735	Vein	.04	1.40 ✓	.40	0.52	1.92	
159736	Yellow Bluff	.01	0.35	.80	1.03	138	
159737	Red Bluff	.02	0.70	1.20	1.55	2.25	

Respectfully submitted,

ARIZONA TESTING LABORATORIES

Claude E. McLean, Jr.

CHEMICAL • RESEARCH • ASSAY • ORE TESTING • PHYSICAL TESTING

ARIZONA TESTING LABORATORIES

A DIVISION OF CLAUDE E. McLEAN & SON LABORATORIES, INC.
PHONE 254-6181 817 WEST MADISON ST. P. O. BOX 1888 PHOENIX 85001

For Davis Mining Company
2919 North 36th Street
Phoenix, Arizona

Date September 22, 1965

Sample of Ore

Received: ----

Submitted by: Same

ASSAY CERTIFICATE

Gold figured at $ 35.00 per ounce

Silver figured at $ 1.29 per ounce

LAB. NO.	IDENTIFICATION	GOLD		SILVER		PERCENTAGES	
		OZ. PER TON	VALUE	OZ. PER TON	VALUE	LEAD	ZINC
156147	A-76					0.25%	0.45%
156148	A-77					0.40	0.40
156149	A-78					0.35	0.55

Respectfully submitted,

ARIZONA TESTING LABORATORIES

Claude E. McLean, Jr.

Claude E. McLean, Jr.

A DIVISION OF [illegible]

PHONE [illegible] [illegible] WEST MADISON ST. [illegible]

[illegible] Engineers

[illegible]

[illegible] Drive

[illegible]

Date [illegible]

Received [illegible]

ASSAY CERTIFICATE

[illegible] per ounce

Silver [illegible]

IDENTIFICATION	GOLD		[illegible]
	OZ. PER TON	VALUE	OZ. PER TON
[illegible]	3.00	$97.00	22.00
[illegible]	2.00	32.00	32.00
[illegible]	0.02	35.20	[illegible]

[illegible]

[illegible]

5(a)

PROPOSED PROGRAM FOR JOINT VENTURE OPERATIONS
OF
DAVIS MINING COMPANY, INC.
AND
PENINSULA MINING, INC.

A proposed program for the joint venture operation of the Davis Mining Company, Inc. and Peninsula Mining, Inc. on their gold and silver prospect area near Chignik, Alaska is outlined below:

Operations are planned to begin the first part of the month of June and continue through the month of August. Additionally if late drilling seems to be desirable, that portion of the program could be extended through October. The work is expected to be divided into phases of core drilling, geo-chem work, trenching, and general exploratory effort. For this work a complement of 16 on site workers seems justified. Activities of and supply requirements ofr personnel are broken down as follows:

GEO-CHEMICIAL SURVEY:
Six men are to be employed in the process of collecting soil, rock and water samples for analysis. Soil or rock samples will be collectedfrom each claim corner and water samples will be collected at points to be designated by the consulting geologist. After analysis, values will be plotted on claim maps so that delineation of mineral anomalies will, hopefully, indicate trends within the mineralized area which merit the greatest effort in continuing exploration.

Prospecting

RECONNAISSANCE EXPLORATION:
This phase of the operation will included trenching to expose extensions of known veins, covering the various claim areas on foot to trace vein out crops and follow up leads afforded by float samples. Two men will be assigned to this job full time. Additional men will assist in this effort as required.

DRILLING:
4000 feet of core drilling has been recommended for this summers work and this does not seem to be an excessive amount. To carry out such a program will require one rig working two 10 hour shifts daily. Large cores being desirable both for attaining more complete recovery of cores and to yield a greater bulk of samples for testing and inspection, we will plan to take BX cores. Both the above requirements will be met under the Boyles Brothers Drilling Company bid. Drilling locations are shown on maps in Joralemon report.

TRANSPORTATION:
It is proposed to use a tracked ground vehicle as well as a helicopter for our transportation for this seasons work. The helicopter type will probably be a G-a although a G-3B is more desirable and an attempt will be made to secure this type of aircraft. It is anticipated that by using a tracked vehicle for hauling in heavy supplies that any need for a second aircraft can be eliminated. The helicopter will be used chiefly to take the staking party from location to location, as required, and to carry the reconnaissance team around to the various points which they find it necessary to visit. Additionally the helicopter will be required to bring in light supplies, and all fresh foods. By shipping a tracked vehicle to Chignik on one of the cannery ships normally calling at that port available to us. At the same time and at these low rates we would send stakes, a skid trailer, material for building huts, a complete supply of gasoline for the summer operation, the drill rig, drill bits, drilling rods, cement, and other hard goods, normally required in this type of operation. Since these shipments will have to be made during the month of April it would be possible for the tractor to pull the skid trailer loaded with these materials to our base camp of operations for use during the summer. The dozer equiped tractor could then be used to expose surfaces hidden by brush, talus or other cover.

CAMP ACCOMMODATION:
Camp for the six man Geo-Chemical survey party, for the two reconnaissance men, for the two transport operators, and a cook and helper, will be set up at the Black Lake Air Strip. The two drillers and two helpers will be housed in the West Cathedral Creek Valley adjacent to the drilling operation. The present plan is to rent the living facilities for the six men presently errected at the landing site and to build additional huts for the cooking and the quartering of the additional men at the air field and to build a hut for the drilling crews at their location.

COMMUNICATIONS:
A great deal of wasted time and expense can be avoided by setting up a good radio for communciations with Port Heiden and possibly even with Anchorage. We propose to use a powerful radio with a small generator this summer.

CONSULTANT GEOLOGIST:
Present plans are for a consulting geologist, Arthur Still, to visit the site twice during the summer season. His first visit should occur in early June for the purpose chiefly of inspecting the areas in which we plan to do our core drilling and select the sites for this drilling. Additionally, at this time he will do such exploratory work as is possible in the area surrounding our location so that he may recommend additional acquisition or exploratory effort. He will return in August for a general reconnaissance tour and to check out the drilling and reconnaissance operation.

who is responsible for drilling supervision?

SUPPLY AND CONSTRUCTION:
As indicated above in so far as possible supplies will be bought in the States and sent to Alaska via the ships which normally call at the cannery sites. These shipments would have to be made in April. At this time it would seem desirable to send along a driver for the tracked vehicle and an man who could begin work erecting the huts which we contemplate setting up. These men then could transport all the supplies to the proper areas and have the camp set up and ready for the arrival of exploration personnel.

5 21

PROPOSED OPERATIONS BUDGET--JOINT VENTURE

DAVIS MINING COMPANY, INC.

AND

PENINSULA MINING, INC.

THREE MONTHS OPERATION

DRILLING (4000' of Core Hole)		$76,000.00
Mobilization	$4,000.00	
Anchoriage-Black Lake Travel	2,000.00	
Location Moves (7 days)	10,000.00	
Core Drilling	50,000.00	
Contingency	10,000.00	
AIR TRANSPORT		28,500.00
Standby minimum @ $5000.00/mo.	15,000.00	
Flying 5 hours / day @$30.00/hr	13,500.00	
GROUND TRANSPORT		12,000.00
International TD6 @ $3000.00/mo.	12,000.00	
TRAVEL		8,412.34
9 Men Phoenix-Port Heiden and return plus expenses	5,720.34	
2 Men two trips - same	2,692.00	
FOOD $3.75 / day / man (16 men)		5,400.00
FUEL 100 gallon / day $0.45 one gallon		4,050.00
SHELTER (3 huts @ $450.00 / each)		1,350.00
RADIO & GENERATOR		650.00
PUMP (powered, w/ 300' hose)		482.80
FIELD SAMPLE ANALYSIS LABORATORY		750.00
LABOR (10 Men)		12,000.00
7 @ $350.00 month		
2 @ $400.00 month		
1 @ $750.00 month		
GEOLOGIST		7,000.00
CONTINGENCY		10,000.00
TOTAL		$166,595.14

6

GENERAL BACKGROUND DATA ON THE FIRM

Partners: Arthur R. Still and J. W. Still

Date of Origin: Jan. 1,1956 (A. R. Still consulting practice dating back to October 1950.)

Nature of Services: The firm is a general consulting house in all phases of mining save for metallurgy. The practice consists of property examinations and appraisals, complete open pit or underground mining plan studies (capital cost estimates, mining plan layouts, crew requirements & scheduling, operating cost estimates, etc.), operation analyses, efficiency studies, exploration planning and management, geological studies and mining tax cases.

The firm has done work in many parts of the United States as well as in Mexico, Panama, Peru, Chile, Puerto Rico and Canada.

Brief Resume of Some Past Jobs:

Year	Client	Partner	Description of Job
1955-56	Cerro Corp.	A. R. S.	Geologic study, in both engineering and economic aspect, of route of proposed 10.5 km. deep drainage adit, Casapalca, Peru.
1957	Magnet Cove Barium Corp.	J.W.S.	Complete underground mine layout, 1,000 tpd barium mine, Nova Scotia, Canada.
1958-59	Cerro Corp.	J.W.S.	Complete underground mine layout, 10,000 tpd Rio Blanco copper project, Chile.
1954-63	American Cement Corp.	A.R.S.	Appraisal, acquisition and development of several non-metallic deposits.
1956	United States Steel Corporation	J.W.S.	Study & mine layout of proposed 10,000 tpd underground iron mine, Utah.
1960-61	United States Steel Corporation	A.R.S.	Evaluation and appraisal of 389 sq. mi. owned by Crow's Nest Pass Coal Co., British Columbia, Canada.(In excess of $ 1.5 million was expended on this examination.)
1959-63	Phelps Dodge Corp.	ARS & JWS	Exploration management on non-metallic projects and some property evaluations.
1959	Consolidated Mining & Smelting Co, of Canada	A.R.S.	Recommendations for Exploration Projects in Arizona.
1959	State of Arizona	J.W.S.	Tax suit - Arizona vs. Kennecott Copper Corp. (Ray Mines Div.)

Brief Resume of Some Past Jobs: (con't.)

Year	Client	Partner	Description of Job
1959	International Minerals & Chemicals Corp.	J.W.S.	Tax suit - State of Ariz. vs. International Minerals &.Chem. Corporation
1959-'63	Shattuck Denn Mining Corp.	A.R.S.	Retained as consulting geologist for geological work on 1000 tpd lead-zinc-gold-silver mine.
1962-63	Shattuck Denn Mining Corp.	J.W.S.	Efficiency studies - 1000 tpd mine (as above).
1950-63	Shattuck Denn Mining Corp.	A.R.S.	Examine and appraise approx. 70 outside mining properties.
1961	Kerr-McGee Oil Industries, Inc.	ARS & JWS	Examination and appraisal of one of Arizona's principal large porphyry copper deposits.
1961	Newmont Mng. Corp.	ARS & JWS	Appraisal of property status and exploration potential of one of Arizona's leading mining districts.
1962	American Metal Climax, Inc.	J.W.S.	Detailed study of open pit (proposed) copper mine, Puerto Rico.
1963	American Cement Corp.	JWS & ARS	Complete appraisal and evaluation (for possible acquisition) of an operating non-metallics company.
1963	Magnet Cove Barium Corp.	J.W.S.	Expert witness in litigation suit, Arkansas.
1963	U. S. Dept. of Justice(*)	J. W. S. & A. R. S.	Evaluation and appraisal of mineral worth of Haulapai Tribal Lands (5.2 million acres) as of Jan. 4, 1883.

(*) Actually sub-contract under William S. Winter of Oklahoma City, Oklahoma

List of References:

Mr. A. H. Engelhardt, Vice Pres., Cerro Corp., 300 Park Ave., New York, N.Y.

Mr. George W. Tower, South American Minerals & Merchandise Corp., 425 Park Avenue, New York, N.Y.

Mr. John C. Tobler, Production Manager, Magnet Cove Barium Corp., P.O. Box 6504, Houston, Texas

Mr. Ray R. Adams, President, Phoenix Cement Company Division of American Cement Corp., 3550 North Central Ave., Phoenix, Ariz.

Mr. Max C. Scheble, Ass't. to the Pres., Columbia-Geneva Steel Division, United States Steel Corp., 120 Montgomery St., San Francisco, Calif.

Dr. C. A. Anderson, Chief Geologist, U. S. Geological Survey, Washington 25, D.C.

Dr. Neil Campbell, Senior Geologist, Consolidated Mining & Smelting Co. of Canada, Ltd., Trail, British Columbia, Canada

Mr. R. B. Fulton, Vice Pres., Newmont Mining Corp., 300 Park Avenue, New York, N.Y.

Mr. R. T. Zitting, Manager of Mineral Exploration, Kerr-McGee Oil Industries, Inc., Kerr-McGee Building, Oklahoma City, Oklahoma

Mr. John W. Chandler, Manager - Mine Development Dept., American Metal Climax, Inc., 1270 Avenue of the Americas, New York 20, N.Y.

Mr. M. C. Stacy, Director - Raw Materials Investigations, United States Steel Corp., 525 William Penn Place, Pittsburgh, Pa.

Dr. Robert M. Garrels, Chairman - Dept. of Geological Sciences, Harvard University, Cambridge, Mass.

Mr. Allan Bowman, Vice Pres. & Gen'l. Mgr., Banner Mining Company, Tucson, Ariz.

Personal Data - J. W. Still

Born October 21,1900 - Tucson, Arizona

Married (Lillian C. Cronin) December 31,1921 - 3 sons

Height - 5'10½" Weight - 192# Health excellent

Educational:

Grade and High School in Tucson, Arizona - 1906 to 1917
College of Mines, Univ. of Ariz. 3½ years 1917 to 1921

Professional:

1921-1930 Miami Copper Co., Miami, Arizona - Jr. Engineer, Underground Transitman, Stope & Efficiency Engineer, Office Engineer
1930-1934 Bagdad Copper Co., Bagdad, Arizona - Mine Supt.
1934 (6 mo.) Benguet Consol. Mining Co., Phillippines, Shift Boss
1934 (6 mo.) Phelps Dodge Corp., Ajo, Ariz., Office Engineer
1936-1944 Bagdad Copper Co., Assistant Manager, General Manager
1944-1945 U. S. Government, Wash. D. C. - Commodity Specialist, Metal Reserve & Chief of Copper Section, Foreign Economic Administration
1945-1955 Miami Copper Company, Mine Supt. ('45-'50), General Supt. ('50-'55)
1956-Present - Partner, Still & Still, Prescott, Ariz.

Professional Organizations:

Member - American Institute of Mining, Metallurgical & Petroleum Engineers (AIME)

Registration:

Registered Mining Engineer, State of Arizona - No. 2136

Other:

Member - Board of Governors, Arizona State Dept. of Mineral Resources

Director - Arizona State Section AIME

Personal Data - Arthur R. Still

Born January 11,1927 - Miami, Arizona

Married (E. Beatrice Tomkinson) Dec. 14,1946 - 2 daughters

Height - 5' 10" Weight - 165# Health excellent

Educational:

High School - Prescott Sr. High School, Prescott, Ariz.
College:
B. S. Mining Geology - Univ. of Arizona 1949
M. S. Geology - Harvard University 1950
Geol. Eng. (Prof. Deg.) - Univ. of Ariz. 1960
Ph. D. (Geol.) - Harvard University 1962

Professional:

6/49 - 9/49 - Geological Assistant to A. F. Buddington U.S.G.S.

6/50 - 10/50- Resident Geol., Vermont Copper Co., So. Strafford, Vt.

10/50 - Present - Consulting Geologist, Prescott, Arizona - Since 1/1/56 as Partner in Still & Still

Professional Organizations:

Member - American Institute of Mining, Metallurgical & Petroleum Engineers (AIME)

Member - Geological Society of America (GSA)

Member - Society of Economic Geologists (SEG)

Member - Canadian Institute of Mining and Metallurgy (CIM)

Registration:

Registered Geologist, State of Arizona - No. 1828

Maps and Report by
Davis Mining Company Exploration
Cathedral Creek Area
Aleutian Range, Alaska

Submitted with Application.

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Robert Brown Room 6-244	STOP	G/G 1316 Int.	STOP
Hal James 4243 GSA	STOP	P. Killeen 5916 B Interior	STOP
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DAVIS MINING COMPANY EXPLORATION
CATHEDRAL CREEK AREA, ALEUTIAN RANGE, ALASKA

SUMMARY AND CONCLUSIONS

The Davis Mining Company area is located in the rugged and inaccessible Aleutian Range on the Alaskan Peninsula, about midway between Chignik and Port Heiden. No evidence has been seen of prior mineral exploration in this remote area. A reported silver discovery in an adjacent area in 1964 led to the present Davis Mining Company activity, the goal of which is the development of an important silver district.

The Davis Mining Company claims are underlain by early or pre-Tertiary sandstone and shale capped with Tertiary and Quaternary volcanics and interbedded conglomerate. All Tertiary and older formations are intruded by small stocks and dikes of coarse grained porphyritic diorite. The structural grain of the area trends northeasterly, but northwest structures are also important.

Rocks in a large portion of the claim area have been intensely pyritized and show prominent bands of silicification and sericitization. This belt of alteration, about 3 miles long and a mile wide, crosses intrusive, volcanic, and sedimentary boundaries with no change in intensity, and there is no indication that selective replacement of certain rock types has exercised any control on mineralization.

Alteration and mineralization are characteristically epithermal and exploration targets within the altered belt are silver-gold-lead-zinc-quartz-calcite veins and silicified shear zones.

Over 100 samples of various veins and silicified shear zones in the altered area were taken during the past summer. All but two of the samples containing silver-base metal values came from within 100 feet of the floor of the West Fork of Cathedral Creek at elevations of between 800 and 1400 feet.

Known silver-gold-lead-zinc values appear to be largely restricted to a northwesterly silicified shear zone that follows the course of this creek. This steeply north-dipping zone is apparently over 500 feet wide and over a mile long. It contains at least three veins of interest, ranging in width from 4 to 12 feet.

The outcropping veins are vuggy and iron-stained and have obviously been leached of a part of their silver and zinc values.

Samples of veins within this zone show a range of from 0.01 to 0.34 oz. Au, 0.20 to 43.80 oz. Ag, and Tr to 3% Pb and Zn. Certain bands in the silicified wall rock enclosing the veins contain up to 2.60 oz. Ag and 1.50% Zn.

The concentration of silver-zinc values at lower elevations is believed to be an indication of vertical zoning, a common feature in epithermal veins. The hypothesis is presented that deeper veins of banded quartz and calcite, containing gold, silver, lead, and zinc, grade upward into barren quartz pyrite veins. Little or no silver values are expected above an elevation of 1400 feet.

Since silver values appear to increase with depth, future exploration should be planned to probe the silicified vein-bearing zone below the level of the West Fork of Cathedral Creek.

A diamond drilling program that may exceed 2000 feet is proposed to explore this zone from a point near the junction of Waterfall Creek with the West Fork of Cathedral Creek. The purpose of this work is fourfold: 1. To test for depth and lateral persistence of known veins; 2. To determine the possible existence of blind veins within the silicified zone; 3. To determine the value of the veins below the leached zone; and 4. To confirm the vertical zoning theory which suggests an improvement in metal values with depth.

The goal of this exploration program is to prove the presence of one or more commercial silver veins and the ultimate development of an important silver district in this totally unexplored region. The program is warmly recommended by the writer.

Drilling costs for a 2000 foot program will be between $35,000 and $50,000, including mobilization charges but excluding helicopter and subsistence costs for the summer's work.

Peter Joralemon

INTRODUCTION

About a year ago, Pan American Petroleum Company made what is considered to be a significant discovery of gold-silver-base metal mineralization fifteen miles north of Chignik on the Alaskan Peninsula. During the 1965 field season Pan American tested this area using geophysics, geochemistry, geology, and, finally, diamond drilling. In late July this work was reported to be moving out of the exploration and into the development phase. Rumors indicate substantial tonnages of $50.00 ore.

If further work confirms this discovery, it will be the first significant silver-base metal deposit found on the Alaskan peninsula. This will increase the possibility that similar deposits may be found in this virgin country.

Shortly after this initial discovery, Davis Mining Company located large groups of mining claims in the same general area. As nearly as can be determined this country has never before been explored for possible ore deposits. In late June 1965, the writer made a reconnaissance survey of the Davis area to assess the mineral potential and to outline an exploration program. This program was followed during July and August and included additional claim staking, sampling of numerous mineralized zones, and limited trenching.

The writer examined the property again in early August. This report is based on personal observation made in July and early August, augmented by verbal reports from William Davis as to results of exploration in August.

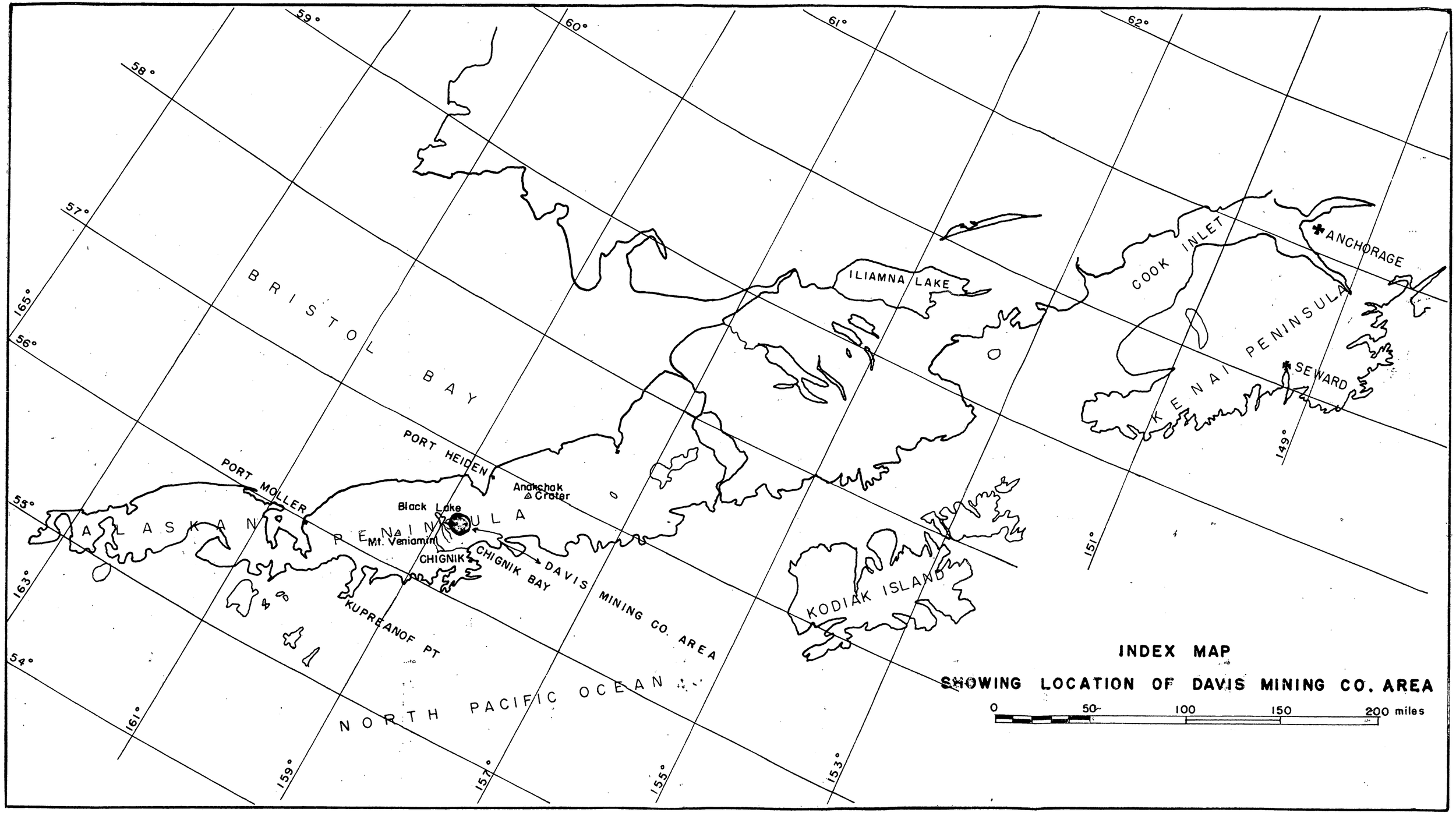
LOCATION AND PHYSICAL FEATURES

The accompanying index map shows the location of the Davis area with respect to commercial airfields at Port Heiden and Port Moller, to deep water shipping at Chignik, and to supply sources at Anchorage.

The area of interest is some 400 miles southwest of Anchorage and 30 miles west of the Port Heiden airport.

The area of specific present interest includes both sides of the West Fork of Cathedral Creek extending northwestward to the divide between Cathedral and Milk Creek. The West Fork of Cathedral is about 5 miles from the Davis landing strip and camp site and 12 miles northeast of Black Lake.

Black Lake drains through the broad and sluggish Chignik River into Chignik Lake and thence into Chignik Bay. The depth of water in the Bay increases to from 60 to 100 feet within a mile from the shoreline.



INDEX MAP

SHOWING LOCATION OF DAVIS MINING CO. AREA

The mountains in the Davis area rise abruptly from a base elevation of 600 feet to over 3000 feet. The major valleys have been scoured by mountain glaciers and the glaciated slopes of the valley walls approach 45°. Tributary canyons have undergone less glaciation and recent stream erosion has incised these gorges to depths of over 100 feet with nearly vertical walls. Hanging valleys are common.

The lower portions of the mountains and the major canyons are covered with a thin but unbroken layer of tundra, interrupted only where recent stream erosion has cut through to bedrock. Tundra and a profuse growth of scrub alder stop at an elevation of from 1000 to 1500 feet and above that level the mountains are almost completely bare of vegetation.

Snow covers over half of the area from late October through early July. In August and September only the glaciers and perennial snow packs remain.

The Aleutian range in the vicinity of the Davis area is subject to high gusty winds and low clouds that hide the mountain peaks on all but an occasional clear day. Light drizzles fall almost continuously during the summer months and the winter snow fall in the higher mountains may be measured in tens of feet.

The Davis camp site is on a dry lake bed near the junction of Cathedral and Broad Creeks. Light planes are able to land and take off from this lake bed, which is about 1000 feet long and covered with sand and fine gravel. Camp supplies are flown to this strip from Port Heiden, Chignik, or King Salmon.

GEOLOGY

The Alaskan Peninsula is underlain by a spine of Tertiary and Quaternary volcanics and interbedded sandstones, conglomerates, shales, and water-laid tuffs. Quaternary alluvium, beach sands, and glaciofluvial sands lie along the broad flat northwest coast. Occasional erosional windows or uplifted fault blocks expose upper Jurassic sediments of the Naknek formation and upper Cretaceous coal beds and sediments of the Chignik formation.

The Tertiary sediments and volcanics are intruded by small plugs and dikes of Tertiary igneous rocks. In the Davis area these are generally of diorite, although most of the Alaskan Tertiary intrusives are granitic.

Regional mapping has not progressed far enough to give an idea of the structure of the volcanic mountains on the south side of

the Peninsula. The attitude of the volcanics and interlayered sediments in the Chignik-Port Heiden area varies from nearly horizontal to nearly vertical. No indications of folding were seen although the attitude of the beds frequently varies widely within a short distance. This abrupt variation in strike and dip has probably been brought about by tilting within numerous fault blocks. USGS Bulletin 773 (pp. 209-213) states that the Aleutian Range in the Chignik district is "a mosaic of uplifted fault blocks".

The area surrounding the Davis claims shows a striking radial drainage pattern that differs from the usual drainage in the Aleutian Range in which streams flow northwest and southeast, normal to the spine of the range. This radial drainage suggests a relatively recent domal uplift. The presence of a series of intrusive plugs in this area suggests further that this doming may have been brought about in the course of intrusion of this cluster of mid or late Tertiary plugs.

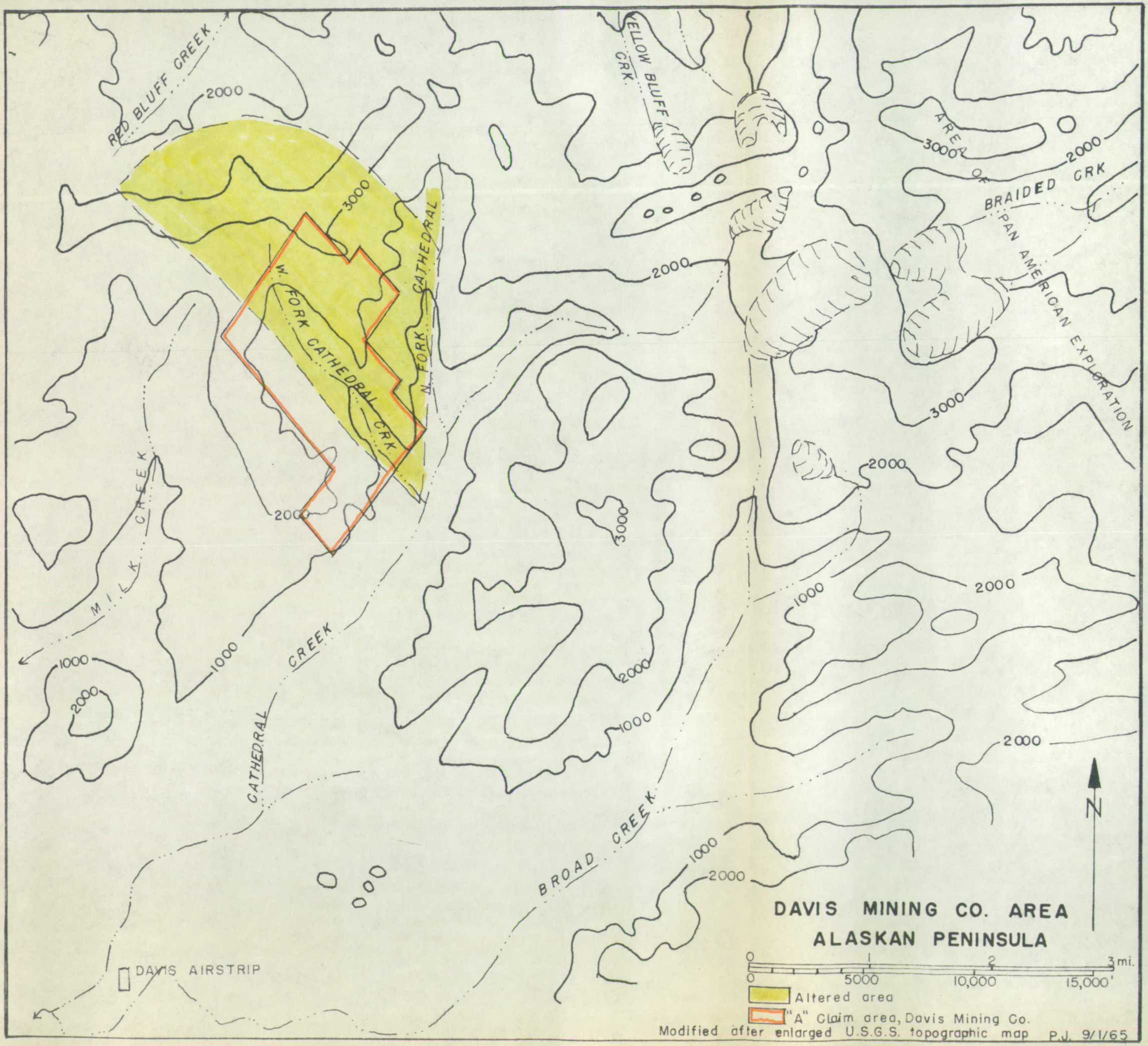
The portion of the Davis area lying along the West Fork of Cathedral Creek is underlain by interbedded sandstone and mudstone that strike northwesterly and dip steeply to the north. These are probably of early or pre-Tertiary age. The ridges to the north and south of this creek are underlain by layers of coarse flat lying silicified conglomerate and andesitic lavas, all of which are intruded by a small diorite plug. These appear to be younger than the sediments exposed in the creek bottom.

ALTERATION

In the Davis area, diorite plugs measuring from a few hundred feet to a half mile across intrude waterlain tuffs, sandstone, conglomerate, and mudstone interlayered with flows of andesite, rhyolite, and basalt.

Both the intrusive and the volcanic rocks contain some pyrite which appears to be an accessory mineral. In addition to this uniform sparsely distributed pyrite, several zones in the Davis area contain from moderate to abundant secondary or introduced pyrite. These zones, which include both diorite and the intruded rocks, show marked sericitization and, to a lesser extent, silicification.

The most prominent of these altered zones parallels the west to northwest trend of the West Fork of Cathedral Creek and extends from the north fork of Cathedral Creek on the east for at least 3 miles, past the headwaters of Milk Creek and into the head of Red Bluff Creek. Oxidation has stained this belt a striking yellow brown, making it readily visible for several miles distance. This main altered belt shows unusually sharp boundaries against fresh unmineralized rocks.


RED BLUFF CREEK
YELLOW BLUFF CRK.
AREA OF PAN AMERICAN EXPLORATION
BRAIDED CRK
W. FORK CATHEDRAL CRK.
N. FORK CATHEDRAL
MILK CREEK
CATHEDRAL CREEK
BROAD CREEK
DAVIS AIRSTRIP
2000
3000
1000
N
DAVIS MINING CO. AREA
ALASKAN PENINSULA
0 1 2 3 mi.
0 5000 10,000 15,000'
Altered area
"A" Claim area, Davis Mining Co.
Modified after enlarged U.S.G.S. topographic map
P.J. 9/1/65

Within this zone of intense alteration are a series of silicified bands trending generally to the northwest. Individual bands, varying in width from 3 feet to over 300 feet, form ledges on the hill sides that may be followed for several hundred feet. At the outcrops these siliceous bands have been heavily leached and appear as porous gossans. Fresh surfaces show residual particles of pyrite and, rarely, marcasite.

MINERALIZATION

The principal belt of alteration resembles the zones that enclose many of the Nevada epithermal gold-silver districts such as Tonopah, Goldfield, and the Comstock Lode. Experience in these districts has shown that, although some mineralization may occur outside the altered zone, all valuable deposits will be confined to the zone itself.

For this reason the prospecting and exploration efforts of the Davis Mining Company during the past summer have been almost entirely restricted to the main belt of alteration.

This summer's work indicates that mineralization in the Davis area is in the form of quartz-calcite veins containing commercial quantities of silver and gold with minor but valuable amounts of lead and zinc, and possibly antimony.

The outcropping veins thus far examined have been almost entirely oxidized and are porous and vuggy, indicating that a considerable amount of metallic minerals has been leached from the veins. The surface vein material is composed of iron-stained banded quartz and calcite and included sections of silicified country rock. A yellow crust, probably calamine, commonly occurs along fractures near the surface. Occasional residual particles of galena, sphalerite, and pyrite may be found in denser portions of the veins. Total sulfide content of the primary ore is nowhere expected to exceed 10%.

In the course of the summer exploration program, veins occurring in the altered belt at all elevations, from Creek bottom to ridge top, were sampled and assayed for gold and silver, and frequently for lead, zinc, and copper. With only two exceptions out of over 100 samples taken, all samples with encouraging values came from within 100 feet vertically above the floor of the West Fork of Cathedral Creek. Veins above that elevation appear to be similar in nature to those below except that they lack the calcite and the calamine found in the creek bottom veins.

The location of the veins and sections of mineralized country rock that contain appreciable amounts of gold, silver, lead, or zinc are shown on the accompanying map. These locations are only approximate and have been taken from field notes of the samplers. The writer has plotted them as closely as possible on an enlarged aerial photograph.

In most instances the veins are exposed only for short strike lengths along the banks of creeks tributary to West Fork, and disappear under the tundra a few feet from the creeks.

Where attitudes can be observed, the veins maintain a northwesterly strike and a steep dip, generally to the north. The ground between veins consists of sheared, silicified or sericitized sediments and it is probable that all of these veins lie within a broad northwesterly silicified shear zone. This indicated zone may be more than 500 feet wide and a mile long, containing several bands of vein material or mineralized rock.

The widest vein thus far seen is 12 feet wide and is composed of quartz, bladed calcite, and silicified sandstone. The quartz-calcite portion of the vein shows parallel banding that is characteristic of epithermal mineralization. Within this vein the gold content varies from 0.01 to 0.34 oz. and silver varies from 0.20 to 43.80 oz. per ton. The vein averages 0.189 oz. Au and 14.14 oz. Ag across 12 feet.

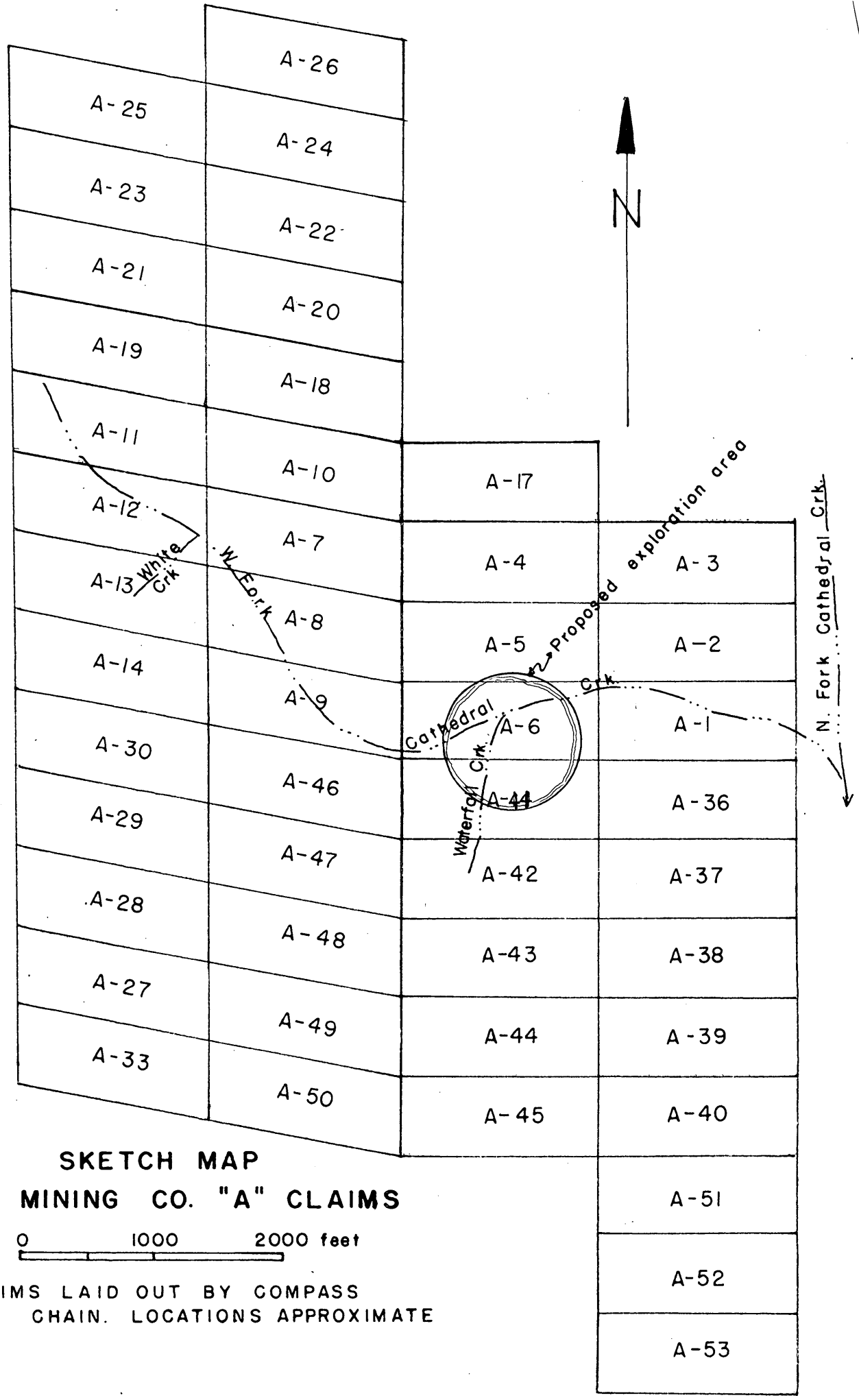
At creek level this vein is cut and offset for an unknown distance by a flat fault.

The wall rock several hundred feet north of this outcrop is silicified and contains bands carrying up to 2.60 oz. Ag and 0.5% Pb.

About 1200 feet northwest of this vein outcrop and 100 feet higher in elevation, a zone of intense alteration is exposed in Waterfall Creek over a width of more than 100 feet. Within this band are at least three northwesterly quartz-calcite veins ranging in thickness from 5 to 10 feet. The veins are heavily iron-stained and show some indication of calamine along fracture surfaces as well as a few residual grains of sphalerite. Gold and silver are present in small but encouraging amounts, and the veins contain from 1.5% to nearly 3% Zn and about 1.5% Pb.

A fourth vein is exposed 800 feet further up Waterfall Creek from this series of veins, having a width of 4 feet and silver content of nearly 5 ounces. It is not likely that this vein is within the broad silicified zone that contains the other mineralized bands.

Nearly a mile further to the northwest, near the junction of White Creek with the West Fork of Cathedral Creek, is another outcropping zone of silicification with included quartz-calcite veins. Two of the veins sampled contain about an ounce of silver with 1% Zn and a 24 foot band of silicified sandstone lying between the veins contains 1.24% Zn. It is likely that this zone is an extension of that exposed in Waterfall Creek.



SKETCH MAP

DAVIS MINING CO. "A" CLAIMS

CLAIMS LAID OUT BY COMPASS AND CHAIN. LOCATIONS APPROXIMATE

P.J. 9/1/65

RECOMMENDATIONS

The concentration of metal values in quartz calcite veins at lower elevations rather than in quartz veins at higher elevations has been mentioned in a previous section. There are two possible explanations for this feature. First, mineralization in the Davis area may have occurred in two stages: an early widespread wave of quartz-pyrite deposition with no silver and base metals, followed by a later and much more restricted wave of quartz-calcite and associated gold-silver-lead-zinc mineralization. This latter stage was restricted to a shear zone which has also localized the West Fork of Cathedral Creek. If this hypothesis is correct, the apparent relation of silver-base metal values to lower elevations is accidental and has no significance.

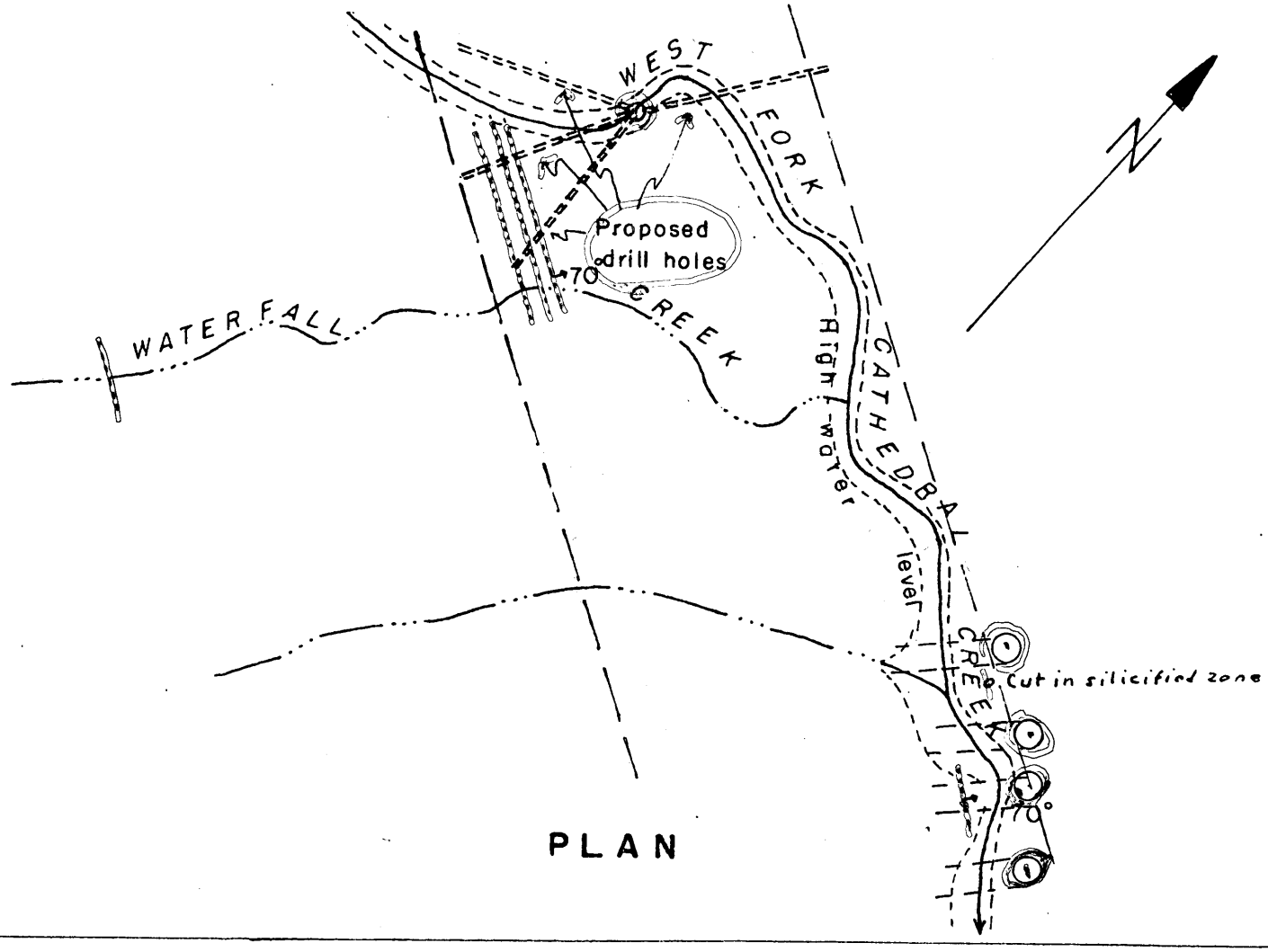
The second possibility, favored by the writer, is that here, as in most epithermal districts, the mineralization shows some vertical zoning, with deeper silver-zinc-lead ore in quartz calcite veins grading upward into barren quartz-pyrite veins. With only one known exception silver values do not occur above an elevation of 1400 feet and the best known values occur at about 800 feet. This hypothesis of vertical zoning suggests that future exploration should concentrate on known veins at an elevation of less than 800 feet.

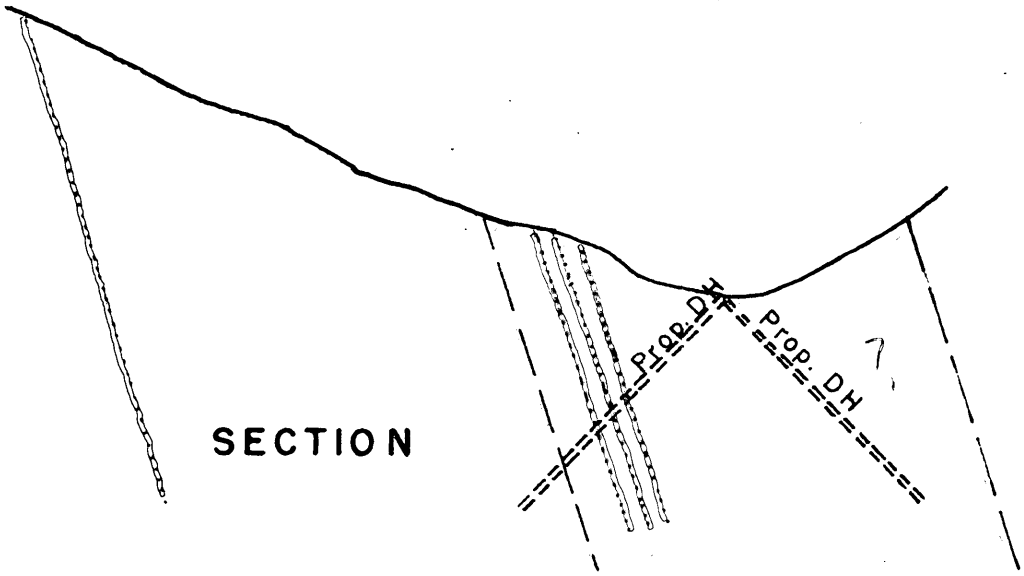
The series of veins exposed in the broad silicified zone in Waterfall Creek are recommended as the primary exploration target. These veins appear to dip steeply downstream to the north and could be probed most effectively through angle holes drilled from a point near the junction of Waterfall and the West Fork of Cathedral Creeks.

A series of -45° core holes are recommended, to be drilled from a common collar and fanned out to explore this vein system in particular and the silicified zone in general along a strike length of several hundred feet. Since some values have been found on the north side of Cathedral, one hole should be drilled north from this same drill site. All holes should be drilled to depths of at least 500 feet. The proposed initial drilling program is illustrated in the accompanying plan and section.

The actual location of the drill site may be kept flexible for convenience of setting up, as long as the selected drill site is within reach of the vein system target.

Davis Mining Company should be prepared to drill a total of 2000 feet in this initial stage of drilling. The purpose of this work is four fold: (1) to test for depth and lateral persistence of the known veins; (2) to determine the possible existence of blind veins within the silicified zone; (3) to determine the ore value of the veins below the leached zone; and (4) to confirm the vertical zoning theory which suggests an improvement in metal values with depth.





SKETCH PLAN AND SECTION
SHOWING PROPOSED DRILLING
WEST FORK CATHEDRAL CREEK

0 500 1000 feet

Silicified zone

Quartz vein

P.J. 9/1/65

The goal of this work is the discovery of one or more major silver veins. Such a discovery could lead to the development of an important silver district in this totally unexplored region. This drilling program is warmly recommended.

In conjunction with the drilling, the prospecting and sampling program initiated during the previous summer should be continued.

PROCEDURE

The terrain in the area to be drilled is too rugged to allow transportation of drilling equipment by any means other than helicopter. Arrangements should be made with a charter helicopter service for flying in a diamond drill rig, broken down to necessary size.

Since flying weather is undependable, the camp for the drill crew should be established at or near the drill site rather than at the existing base camp. Adequate facilities should be obtained and, if possible, installed prior to the arrival of the drill crew. At this time the actual drill site may be selected and cleared of brush.

Any responsible contract diamond driller will be acceptable. Drilling should be with a wire line rig capable of drilling to a depth of 1000 feet. Bit size should be limited to NX and BX unless bad ground conditions require casing.

COSTS

Boyles Bros. Drilling Company did the drilling for Pan American Petroleum during the past summer. Basing figures on this experience, Boyles has submitted a drilling bid for this 2000 foot program that is summarized below.

1. Mobilization and demobilization from continental U. S. to Anchorage or other Alaskan port of debarkation, $8000.

2. Moving equipment from staging area to drill site (estimated 2 weeks) $15.00 per hour.

3. Core drilling:

	NX	BX
0-250 feet	$12.25	$11.75
250-500 "	12.75	12.25
500-750 "		12.75
750-1000 "		13.25

4. Cementing, $15.00 per hour plus cement costs.

5. Delays for our convenience, $13.50 per hour.

It is likely that the 2000 foot drilling program could be completed during one year's field season at a total drilling cost of between $35,000 and $50,000. Helicopter and fixed wing flying service, Davis Mining Company supervision, and camp supply costs are not included in this sum.

Peter Joralemon

PJ:B
October 11, 1965

MME Form 7
(2/63)

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Date	Surname	Code
12/21	Kirkham	120
		110
		220

DEC 2 7 1966

Mr. Bill G. Davis
Davis Mining Company
2919 North 36th Street
Phoenix, Arizona 85018

Re: OME-6545 (Silver)
Davis Mining Company, Inc.
& Peninsula Mining, Inc.
Unpatented Claims
Chignik Quadrangle, Alaska

Dear Mr. Davis:

In accordance with your letter of December 12, 1966, to Mr. N. K. Stager, Field Officer, Region II, your application for exploration assistance under the subject docket number is considered as withdrawn and is being placed in our inactive file. Your interest in the Office of Minerals Exploration program is appreciated.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Division File
Economic Geology File
OME Docket
OME Reading File
OME Region II
120M

GLAult/a 12-21-66

23263

DAVIS MINING COMPANY
2919 N. 36th St.
Phoenix, Ariz. 85018

December 12, 1966

OFFICIAL
COPY
O. M. E.
RECEIVED
DEC 21 1966

Mr. H. K. Stager, Field Officer
OME, Region II
U. S. Dept. of Interior, Geological Survey
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Re: OME - 6545 (Silver)

Dear Mr. Stager:

Thank you for your letter of November 1. We have been lax in not informing you earlier of our intentions with regard to our OME application. At this time I can advise you that it seems useless to continue to hold our application in abeyance. We wish to withdraw it at this time.

I wish to thank you very much for your cooperation and help in our efforts to acquire OME assistance. We, of course, are extremely disappointed that this prospect did not measure up. It is our hope in the future that we may have other properties and that we may again depend upon your favorable assistance.

Very truly yours,

Bill G. Davis

Bill G. Davis

BGD:gd

RECEIVED
DEC 15 1966
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

OFFICIAL
COPY
O. M. E.
RECEIVED
NOV 3 1966

November 1, 1966

Davis Mining Company, Inc.
2919 North 36th Street
Phoenix, Arizona 85018

Attention: Mr. Bill G. Davis

Re: OME-6545 (Silver)
Davis Mining Company, Inc. &
Peninsula Mining, Inc.
Unpatented Claims
Chignik Quadrangle, Alaska

Dear Mr. Davis:

We have not heard from you since your letter of August 9, 1966, concerning your application for OME assistance. Do you wish us to continue to hold your application in abeyance, or do you wish to withdraw it? May we please have your early reply.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

cc: Chief, OME, WDC
cc: D RF
ACG RF
MP RF
File 6545
HKStager:mlb

Bruce L. Reed
Alaskan Branch
Iliamna, Alaska

August 12, 1966

H. K. Stager
Field Officer
OME, Region II

OME-6545 (Silver)
Davis Mining Co., Inc., and
Peninsula Mining, Inc.
Unpatented Claims
Chignik quadrangle, Alaska

Enclosed for your information is a copy of a letter from Mr. Bill G. Davis requesting that the subject application be held in abeyance.

H. K. Stager

OFFICIAL
COPY
O. M. E.
RECEIVED
AUG 15 1966
INITIALS/DATE

cc: Chief, OME, WDC
Dir RF
ACG RF
MP RF
File 6545
HKStager:mlb

DAVIS MINING COMPANY, 2919 North 36th Street, Phoenix, Arizona 85018 * 955-3750

August 9, 1966

Mr. Harold K. Stager, Field Officer
Region II, Office of Minerals Exploration
U. S. Geological Survey, Bldg. 2
345 Middlefield Road
Menlo Park, California 94025

Dear Hal:

I am very sorry that I missed seeing you in San Francisco and wish to express my appreciation that you took the trouble to call me upon my return from Alaska.

As I indicated to you in our telephone conversation, there is an apparent discrepancy of considerable substance between the opinions of the two consultants which we have engaged to work on our silver prospect area near Chignik. It does seem rather hard to accept, but Arthur Still believes that the "500-feet wide sheer zone showing silicification and mineralization" in Mr. Joralemon's report does not exist. Until some results become apparent in this situation, we will have to ask you to hold our request for OME assistance in abeyance.

I shall consult further with you as soon as I have received the report which Mr. Still is expected to transmit to us in about three weeks.

Thanks for all of your help. I shall look forward to meeting with you again on this and other exploration efforts in which we are engaged.

Very truly yours,

Bill G. Davis

Bill G. Davis

BGD:hs

OME-6545 (Silver)
Davis Mining Co., and
Peninsula Mining Co.
Chignik Quad., Alaska

RECEIVED
AUG 12 1966
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

OFFICIAL
COPY
O. M. E.
FILE

Memorandum

August 5, 1966

To: Bruce L. Read
Alaskan Branch
Iliamna, Alaska

From: H. K. Stager
Field Officer
OME, Region II

Subject: OME-6545 (Silver)
Davis Mining Co., Inc., and
Peninsula Mining, Inc.
Unpatented Claims
Chignik Quadrangle, Alaska

Thank you for your letter of July 31, 1966, and I am sorry you had to make a "wild goose chase." I called Mr. Davis this morning, in Phoenix, to ask him what the score was, and he was very sorry you had gone to so much unnecessary trouble. He said they had tried for several days to contact you via a public information station on Kodiak but were not successful. They pulled out of their camp on the 29th and tried to get a message to you at FAA Iliamna, but evidently you did not get it.

The new consultant geologist they had on the property took a much different view from that of Pete Joralemon and advised them to pull in their horns. He believes the so-called "silification" is really due to a quartzite host rock and that the veins and potential are much smaller than previously postulated. At any rate, they are probably going to request withdrawal of the application, or may perhaps submit a revised application at a later time.

So it appears your, and OME's, time has been largely wasted. I'll talk to you at greater length when you return to Menlo.

Mr. Davis did say that the Pan Am Mining people were anxious to talk to you about their property. He also said that the plane that cracked up at Chignik was not theirs—he thought it belonged to some fishermen.

H. K. Stager

cc: Chief, OME, WDC
cc: Dir RF
ACG RF
MP RF
Docket 6545
HKStager:mlb

RECEIVED
AUG 4 1966
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

31 July 1966
Iliamna Alaska
99606

Dear Hal

The following is my report of the examination (?) of the Davis Mining Company's claims at Chignik.

From July 5th to 25th no radio contact was established, and, as explained to Davis earlier, I would not depart until some means of communication was established, either a letter, or a message to the FAA at Iliamna. On July 25th I received Davis letter of the 14th and yours of the 15th. Davis stated that they did not have a radio that transmitted, and that they still expected me on the 25th. I made arrangements on the 25th to charter from Pilot Point to their camp on the 26th. From the 26th to the 29th the weather from Iliamna to King Salmon, and during most of that time from points south of King Salmon, simply was not flyable. Iliamna was on IFR conditions for 2 of these days and winds were in excess of 30 knots accompanied by rain and fog, I was able to depart on the 30th and arrived at Pilot Point before noon.

From Pilot Point I chartered Peninsula Airways to the Davis camp. No one was there. On my return to Pilot Point I checked with the station manager at Port Heiden for any messages. I learned that the entire Davis crew had left about 2 days previous, and it was the station managers opinion that the Davis crew was a bit concerned by the fact that they had been promised work for the summer and now they found themselves looking for a job. No message was left for me concerning the Davis departure at Port Heiden, Pilot Point, King Salmon or Iliamna.

Expenses:

1 hr 30 min. charter from Pilot Point to Chignik and return - see enclosed TR which should be found also on	$90.00
4 hrs flying in own airplane @ $.12 per mile - this will be on July's per diem	$73.44

Per diem is nil as I ate breakfast

here and did not eat again until I arrived back at 10:30 PM.

I am at a loss to explain the absence of Davis and crew at Chignik. I am somewhat disappointed in not visiting the property as I have put a considerable amount of time on the previous report and assay reports. Perhaps Davis left because I did not arrive on the 25th. Believe me Hal I was champing at the bit from the 26th to the 29th to go - but we all have certain responsibilities and flying is one of mine. I would rather be writing you this letter - than have you writing one. At any rate Davis should be aware that the weather in this country frequently fouls up the best laid plans. I am truly sorry I was unable to get there at the appointed time, and by the same token a message to the FAA at Iliamna would have saved considerable expense and time on the part of the government.

Perhaps Davis has contacted you. I will be interested in learning what he had to say.

If there is anything else I could do please let me know.

Yours sincerely

B.H

P.S. By way of coincidence it just came over the radio that a light plane had crashed at Chignik - killing two.

OFFICIAL
COPY
O. M. E.
JUL 18 1966

July 15, 1966

Memorandum

To: Bruce L. Reed
Alaskan Branch
Iliamna, Alaska

From: H. K. Stager
Field Officer, OME, Region II

Subject: OME-6545 (Silver)
Davis Mining Co., Inc., and
Peninsula Mining, Inc.
Unpatented Claims
Chignik Quadrangle, Alaska

Thank you for your letter of July 7, 1966, concerning the Davis Mining Company application. Enclosed are copies of letters from Mr. Davis to OME and OME's reply, indicating that they do not intend to undertake any exploration using OME funds this year. Therefore, there will be no big rush to complete your report on the property and I can help you with it when you return to Menlo Park.

Mr. Davis stopped in my office on his way back to Phoenix early in July and we discussed the application, etc. No second visit to the property by OME or Survey personnel is planned until such time as a contract is approved and work started--next year or the year following. Yours will be the only Survey examination.

We have ample funds in our budget to cover your travel expenses. Charge any expenses to Project No. 940104.

H. K. Stager

Enclosures

cc: Chief, OME, WDC
D RF
ACG RF
MP RF
File 6545

HKStager:mlb

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
6/21	Kirkemo	120
		110
		220
		120M

JUN 21 1966

AIRMAIL

Mr. Bill G. Davis
President
Davis Mining Company, Inc.
2919 North 36th Street
Phoenix, Arizona 85018

Re: OME-6543 (Silver)
Davis Mining Company, Inc.
& Peninsula Mining, Inc.
Unpatented Claims
Chignik Quadrangle, Alaska

Dear Mr. Davis:

We have your letter of June 2, 1966, advising us that you are not hoping to undertake exploration of your property this summer using OME funds, but will continue your geological investigations of the property and will assist USGS personnel with an on-site examination.

We believe this is a logical decision in view of the short operating season. The additional information that will be gained this summer may lead to significant changes in your original proposal. Your application will remain in active status until we have had opportunity to study the report and recommendations of our geologist and of any new information you may submit as a result of your own investigations.

In the event of an amended application, all items requiring up-to-date information must be submitted with new data. This applies particularly to correspondence with banks regarding possible loans, bids from contractors, and any new information disclosed in the course of your work this summer.

Thank you for keeping us informed of your plans.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Region II (2) w/2 cys
incoming letter
OME Reading File
Mr. Kirkemo

HKirkemo/gla 6-21-66

23263

DAVIS MINING COMPANY, INC., 2919 North 36th Street, Phoenix, Arizona 85018 * 955-3750

OFFICIAL
COPY
O. M. E.
RECEIVED
JUN 13 1966
INITIALS | CODE

June 2, 1966

RE: OME-6545 (Silver)

Mr. Frank E. Johnson, Chief
Office of Minerals Exploration
U. S. Department of the Interior
Washington 25, D. C.

Dear Mr. Johnson:

I have been remiss in not replying earlier to your letter of May 19 and apologize for this delay.

We very much appreciate your courtesy and your efforts and attention to our particular problem in attempting to acquire OME participation funds upon short notice. Since your letter arrived, I have been in touch with Mr. Stager and have concluded that we were overly optimistic in expecting that we might be able to get our application processed in time for OME participation in this summer's work. Consequently, we have decided that we will devote this summer to getting precise geological information and to having on-site inspection by USGS personnel prior to September.

As soon as possible, we will make amended application for OME assistance in drilling during the summer of 1967.

Again, please accept our sincere thanks for your help.

Very truly yours,

Bill G. Davis

Bill G. Davis

BGD:hs

REGISTERED AIR MAIL

Memorandum

May 25, 1966

OFFICIAL
O. M. E.
RECEIVED
MAY 27 1966
INITIATE | CODE
120K

To: Bruce L. Reed
U. S. Geological Survey
Iliamna, Alaska

From: H. K. Stager
Field Officer
OMK, Region II

Subject: OMK-6545 (Silver)
Davis Mining Company, Inc., and
Peninsula Mining, Inc.
Unpatented Claims
Chignik quadrangle, Alaska

Enclosed is the docket and correspondence for the Chignik property that you looked over last month. The referral from Washington, D. C., arrived the day you took off for Alaska. I called your home and your wife said you had just left. Inasmuch as you have already looked over most of this material and we have discussed it, there is little for me to add to what you already know.

I talked to Mr. Davis in Phoenix, Arizona, this morning by telephone and told him you would be looking at the property sometime this summer. He stated that they expected to arrive at the property about June 20th. They expect the snow to be off enough to expose most of the area about July 1st. Their consulting geologist, Mr. Arthur Still, will be at the property from July 3 to July 17 and again from August 5 to August 19. Mr. Davis stated that the best time for you to examine the area would probably be during the second visit of their consultant (August 5-19). I told Mr. Davis that you would be working out of Iliamna between May 27th and September 3rd. He will contact you at Iliamna, either when they pass through there or by radio. They have a plane and helicopter and will be able to pick you up and take you to the property or--if you fly your own plane down to Black Lake will meet you with their helicopter and take you to the property. They have radio communication, from their camp, with Iliamna on ship-to-shore and aircraft frequencies.

Please keep me posted on your progress and charge any field and travel expenses to Project No. 940104.

Enclosure

cc: Alaskan Branch

D RF
Chief, OME, WDC
ACG RF
MP RF
File 6545

HKStager:mlb

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/19	Kirkemo	120
		110
		220
		120M

AIRMAIL

MAY 19 1966

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6545 (Silver)
Davis Mining Company, Inc.
& Peninsula Mining, Inc.
Unpatented Claims
Shignik Quadrangle, Alaska

This is to confirm Mr. Kirkemo's conversation with you May 18, 1966, regarding further processing of the subject application.

In reply to your question about the eligibility of the Applicant, we have decided that he qualifies.

The Applicant, Davis Mining Company, Inc., the sole signator of the application, owns an undivided half interest in the subject claims, lacks adequate financial resources to support the proposed project at its sole expense and has been refused exploration loans from banks. Davis is authorized to conduct operations on the claims on behalf of a joint venture partnership with Peninsula Mining, Inc.

Peninsula Mining, Inc., a wholly-owned subsidiary of the Signal Oil and Gas Company, also owns an undivided 50 percent interest in the subject claims. Signal Oil informed us by letter (copy enclosed) that it would not undertake the proposed project at its sole expense.

Our final decision on this application will depend in large degree upon the information gathered by the field examiner and upon his recommendation. Without this independent appraisal of the property, we would be hard pressed to defend a decision that is adverse to the Applicant's interests inasmuch as some of the critical geological factors are favorable. The vein structures are wide and if there is reason to expect continuity along strike and in depth, the tonnage possibilities may be good. The silver content is interesting but not of economic importance unless a significant quantity of ore can be developed. The field examiner will have to determine whether the veins merit further exploration and, if so, how to explore them--by drilling, bulldozing, shaft sinking, or other methods.

FRANK E. JOHNSON

Frank E. Johnson

Enclosure

cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
Mr. Kirkemo

HKirkemo/gla 5-19-66

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/19	Kirkemo	120
		110
5/19	Cal	220
		120M

AIRMAIL

MAY 19 1966

Mr. Bill G. Davis
President
Davis Mining Company, Inc.
2919 North 36th Street
Phoenix, Arizona 85018

Re: OME-6545 (Silver)
Davis Mining Company, Inc.
& Peninsula Mining, Inc.
Unpatented Claims
Chignik Quadrangle, Alaska

Dear Mr. Davis:

Thank you for your letter of May 5, 1966, enclosing a sketch map, West Fork Cathedral Creek.

The application is now being referred to Mr. Harold K. Stager, Field Officer, Region II, Office of Minerals Exploration, U. S. Geological Survey, Building 2, 345 Middlefield Road, Menlo Park, California 94025.

The Regional Office will notify you in case additional information concerning the application is needed.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Region II
OME Reading File
Mr. Kirkemo
130

GLAult/a 5-19-66

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MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/12	Kirkemo	120
		110
5/13	Cal	220
		120M

MAY 13 1986

AIRMAIL

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: GME-6545 (Silver)
Davis Mining Company, Inc.
& Peninsula Mining, Inc.
Unpatented Claims
Chignik Quadrangle, Alaska

The enclosed copy of a letter and sketch map from the Davis Mining Company, Inc., offers some additional information that may help us with this application. The location, strike, and dip of the fault which cuts the widest and best mineralized vein on the property is shown. The map definitely shows that the vein is not present in the rocks underlying the fault in the area mapped.

If the fault extends on the same dip and strike into the next two canyons west of this point, the veins shown there occur in rocks underlying the fault plane. The veins may offer exploration targets in depth if other conditions warrant.

We find no support for the consultant's belief that ". . . the importance of a favorable depth zone surpasses somewhat the relationship of ore occurrence and favorable host rock, . . .". It seems to us that both relationships are necessary to localize ore, but there is no particular evidence to ignore the host rocks in favor of the depth zone idea alone.

A few holes drilled from sites downstream from the veins in Waterfall Creek and in the unnamed tributary to the southeast might be considered if the other factors involved suggest favorable consideration of the application. The factors to be considered, of course, are the field examiner's recommendations if an examination is made, small footage of drilling involved, accessibility, et cetera.

23263

These views are offered not to influence your consideration of the application but to augment the information already submitted.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's Reading Fil e
Division File
Economic Geology File
OME File
OME Reading File
Kirkemo
130

HKirkemo/gla 5-12-66

DAVIS MINING COMPANY, INC.
2919 North 36th Street
Phoenix, Arizona 85018

May 5, 1966

OFFICIAL
COPY
O. M. E.
RECEIVED
MAY 9 1966
INITIALS | CODE
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120K

Mr. Frank Johnson
Chief, Office of Minerals Exploration
United States Department of the Interior
Washington 25, D. C.

Ref: OME 6545

Dear Mr. Johnson:

Enclosed please find a map of the West Fork of Cathedral. This is the map which you requested in your letter of March 30, 1966.

In correspondence with Mr. Joralemon he points out the difficulty of extending our knowledge by surface work because of the tundra and scree cover which is wide spread in the area. Also he feels that the importantance of a favorable depth zone surpasses somewhat the relationship of ore occurrence and favorable host rock, and that since younger rocks do not out-crop along the creek only the drill will determine which factor is more important.

Mr. Joralemon feels that the Waterfall Creek area should be the primary target and that the plane of the flat fault which he mentions in his report would be above ground level at that point.

To sum up, Mr. Joralemon expresses the opinion that we are working in an area of high potential, that we have significant out-croping veins in which he expects increasingly rich ore with depth, and which cannot be traced on the surface because of the thick tundra and scree cover. He believes rather strongly that drilling is the next logical step and that a drilling program is fully justified by the promise derived from our present knowledge.

My reply to your letter has been necessarily delayed because Mr. Joralemon has been engaged in India.

We will appreciate any possible action you may take in an early conclusion in this matter.

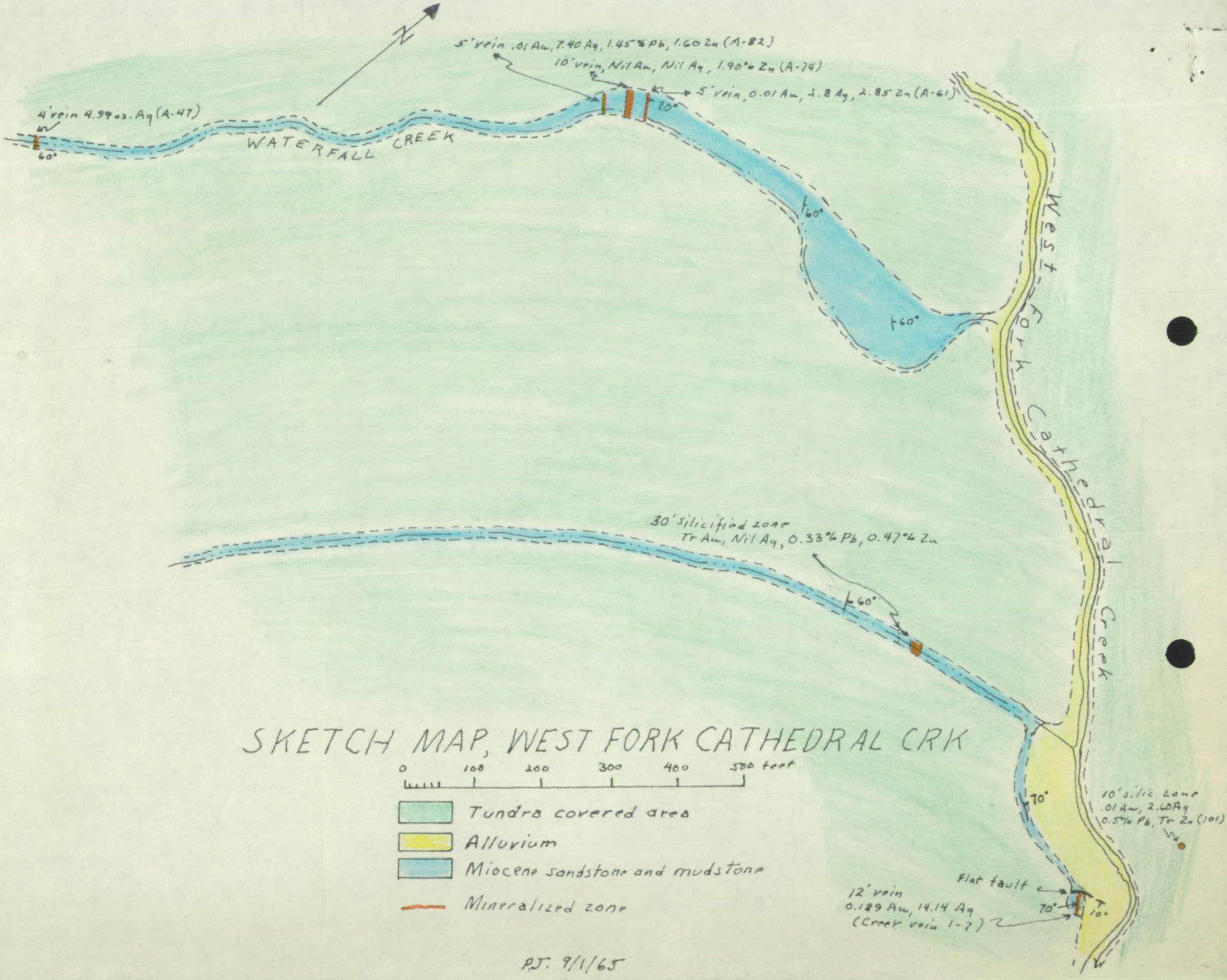
Very truly yours,

Bill G. Davis

Bill G. Davis

BGD/js

Encl.


N
5' vein .01 Au, 7.40 Ag, 1.45% Pb, 1.60 Zn (A-82)
10' vein, Nil Au, Nil Ag, 1.90% Zn (A-74)
5' vein, 0.01 Au, 1.8 Ag, 2.85 Zn (A-61)
4' vein 4.99 oz. Ag (A-47)
WATERFALL CREEK
60°
70°
60°
60°
West Fork Cathedral Creek
30' silicified zone
Tr Au, Nil Ag, 0.33% Pb, 0.47% Zn
60°
70°
10' silic zone
.01 Au, 2.60 Ag
0.5% Pb, Tr Zn (101)
Flat fault
12' vein
0.189 Au, 14.14 Ag
(Creek vein 1-7)
70°
70°
SKETCH MAP, WEST FORK CATHEDRAL CRK
0 100 200 300 400 500 feet
Tundra covered area
Alluvium
Miocene sandstone and mudstone
Mineralized zone
P.J. 9/1/65

SIGNAL OIL AND GAS COMPANY

Washington Office • Suite 401 Chanin Building

815 CONNECTICUT AVENUE, N.W. • WASHINGTON, D. C. 20006

ALBERT Y. WOODWARD
VICE-PRESIDENT

TELEPHONE: 298-7730

OFFICIAL COPY
M. E.
RECEIVED
APR 6 1966
INITIALS | CODE
110
120 m

April 4, 1966

Office of Minerals Exploration
Department of the Interior
Washington 25, D. C.

Re: Application for Financial Assistance in Minerals Exploration by DAVIS MINING COMPANY, INC., and PENINSULA MINING, INC.

Gentlemen:

This correspondence relates to an application previously filed by Davis Mining Company, Inc., as Operator of a joint venture composed of Davis Mining Company, Inc., and Peninsula Mining, Inc. Peninsula Mining, Inc. is a wholly owned subsidiary of Signal Oil and Gas Company. Signal Oil and Gas Company would not ordinarily undertake, and under current conditions would not assume at its sole expense, the financing of this joint venture.

Very truly yours,

Albert Y. Woodward

Albert Y. Woodward
Vice President

AYW:ck

MME Form
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/30/66	Kirbens	
3/30	Cal.	210
		130

AIRMAIL

MAR 30 1966

Memorandum

To: Field Officer, Region II

From: Chief, Office of Mineral Exploration

Subject: OME-4343 (Silver)
Davis Mining Company, Inc.
& Peninsula Mining, Inc.
Unpatented Claims
Chignik Quadrangle, Alaska

This application is referred to you for further consideration. A field examination, if warranted by the technical facts, should not be planned until the applicant furnishes additional information. We are not favorably impressed with the potential of the property as presented, but perhaps answers to the following comments would provide enough facts to convince us that the proposal is exploration and not prospecting. The principal reason for the referral at this time is to give you an opportunity to discuss the geology and other factors involved with Alaska Branch personnel before they leave Menlo Park for the field.

We had a brief opportunity to review the application with Mr. Lee M. Sherrels, Regional Mining Supervisor, Conservation Division, U.S.G.S., P. O. Box 259, Anchorage, Alaska 99501 last week during his visit in Washington. It was his opinion that perhaps more information should be furnished regarding the geology of the veins before a drilling program is started. However, time did not permit him to fully review the application.

We agree that more details of the geology in the altered zone where the veins are situated should be furnished as the copy of our letter to the Applicant indicates. In describing the geology of the Alaska Peninsula, Peter Jorgensen, the consulting geologist, mentions Jurassic (Naknek Formation) and Cretaceous (Chignik Formation) sediments, Tertiary sediments and volcanics, and Tertiary intrusives (diorite in the Davis area). Whether the host rocks are equally altered is not mentioned, nor is it stated whether the better ore values occur in veins within the older rocks, the younger rocks, or in a border zone along the intrusive bodies without regard to age or composition of the host rock. Perhaps the target area can be located within a particular rock type.

23263

Jeralemon notes on Page 5 of his report that the 12-foot wide vein is cut and offset an unknown distance by a flat fault at creek level. This indicates that the vein is lost below the lowest point (elevation 800 ft.) on the claim group, and raises the question whether other veins also are cut by the same fault. The geology should have been mapped in detail before drill holes were planned to intersect the downward extensions of the veins.

The locations and widths of samples listed on the assay certificates should be furnished by the Applicant.

The proposed supervision of the project, particularly for the technical work, is not as constant as we would desire. Two visits by a consultant geologist, Arthur Still, during the summer are not enough to properly direct a program of diamond drilling and geochemical surveying.

The proposed geochemical survey is more prospecting than exploring, especially since daily technical supervision is not available. Sampling at claim corners and in designated points in the streams is reconnaissance type work. The Applicants' proposal to trench to expose extensions of known veins is the type of work required to learn more about the geology and to better define the targets.

The estimated costs are high and some of the items are not necessary for a small drilling project. If it is possible to trench along or across the veins, an International TD-6 which is about the equivalent of a Caterpillar D-4, is too small for the job. Thorough review of the cost estimates is not necessary now because the whole program may be modified if the Applicant accepts our comments about his proposal.

FRANK E. JOHNSON
Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Economic Geology File
OME Docket
OME Reading File
120
Mr. Kirkemo

HKirkemo/mm (3/20/66)

MME
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/30/66	Kishemo	

AIRMAIL

MAR 30 1966

Mr. Bill G. Davis
President
Davis Mining Company, Inc.
2919 North 36th Street
Phoenix, Arizona 85018

Re: OMK-6545 (Silver)
Davis Mining Company, Inc.
& Peninsula Mining, Inc.
Unpatented Claims
Chignik Quadrangle, Alaska

Dear Mr. Davis:

This will acknowledge receipt of your letter of March 24, 1966, with copies of drilling bids from three companies and copies of correspondence with the Arizona Bank. Mr. Charles Botsford delivered two copies of Mr. Philip Oxley's letter of March 21 which states that Peninsula Mining, Inc. would not ordinarily undertake the proposed exploration under current conditions and circumstances at its sole expense.

We have reviewed your application to explore the subject property, and it is our conclusion that additional geological information is necessary before we can proceed further with the review. Perhaps this information was gathered last summer and is readily available.

In describing the geology of the Alaska Peninsula, Mr. Peter Joralemon mentions several ages of rocks and several rock types but he does not identify which of these are the favorable host rocks for the ore-bearing veins. Better definition of the targets is possible if this is known. He also mentions that one of the target veins, the 12-foot wide vein in the West Fork of Cathedral Creek at the 800-foot elevation, is cut and offset an unknown distance by a flat fault at creek level. This indicates to us that the location of the vein below creek level is unknown, and raises the question whether other target veins are displaced by the same fault.

If the geology in these critical areas was mapped on a large scale, such as 1 inch to 100 feet, answers to both of these questions should be available on those maps and in the geologist's field notes. The scales of the maps submitted with your application are too small

23263

to show the necessary details. The maps should show the distribution of the various rock types, attitudes of geological structures, and the strike and dip of the veins to be explored. The locations and widths of all the samples listed on the assay certificates should be furnished and shown on maps.

We hope you will understand that we cannot evaluate the exploration possibilities of potential targets without the details outlined above.

The technical details involved in your program will require close supervision. Daily inspection and possible sampling of the drill core by a geologist or mining engineer are advisable. The geochemical work will require more frequent examination than two visits by a consulting geologist.

The proposed geochemical work is more a prospecting program than exploration. We would suggest that the geology be mapped in detail before this program is planned. If it has been mapped, perhaps favorable zones can be identified and geochemical work planned for better definition of specific targets for subsequent exploration.

We question inclusion of some of the items in your list of estimated costs and the costs themselves. It is more important at this time, however, to determine if the additional geological information is available.

If you have the requested additional maps and information available, please send us two copies for study. Any material furnished will be given prompt and careful attention.

Submittal of this information should not be construed as a commitment by the Government to grant an exploration contract.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Division File
Economic Geology File
OME Docket
OME Reading File
Region II
Mr. Kirkemo

HKirkemo/mm (3/30/66)

SIGNAL OIL AND GAS COMPANY

Washington Office • Suite 401 Chanin Building

815 CONNECTICUT AVENUE, N.W. • WASHINGTON, D. C. 20006

TELEPHONE: 298-7730

28 March 1966

OFFICIAL COPY
E.
IVED
28 1966

PERSONAL

Mr. Frank Johnson
Department of the Interior
Office of Minerals Exploration
18th and C Streets, N.W.
Room 4460
Washington, D. C. 20242

Dear Mr. Johnson:

I fully intended to write you last Monday, but I was called out of town and was unable to do so.

I want to thank you on behalf of Signal for the opportunity to meet with you and discuss the Davis Mining Company problems. Both Mr. Woodward and myself deeply appreciate this support. I anticipate that the documents that Mr. Davis and Phil Oxley were to provide will be forthcoming in the immediate future.

Thank you very much for your courtesy.

Sincerely,

Charlie Botsford

Charles G. Botsford
Assistant to the Vice President

CGB:ck

8me

H. K.STager 3/22/66

D. R. MacLaren

Transmittal of Application for Assistance
Docket No. OME-6545 (Silver)
Davis Mining Co., Inc. and
Peninsula Mining, Inc., a Joint Venture
Unpatented Claims
Chignik Quad., Alaska

This application was inadvertently sent to Region I.

Enclosure

cc: OME

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/22	Kirkemo	120
		110
3/22	COE	220
		120M

MAR 2 2 1966

Memorandum

To: Field Officer, Region I

From: Chief, Office of Minerals Exploration

Subject: OME-6545 (Gold-Silver)
Davis Mining Co., Inc., and
Peninsula Mining, Inc.
Unpatented Claims
Chignik Quadrangle, Alaska

The Field Officer's copy of the subject application inadvertently was mailed to you. Under the recently adopted procedure for new applications pertaining to properties in Alaska, would you please send it to Hal Stager in Menlo Park.

FRANK E. JOHNSON

Frank E. Johnson

cc to: Field Officer, Region II

cc to: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
Mr. Kirkemo
Mr. Selfridge

HKirkemo/gla 3-22-66

March 18, 1966

Davis Mining Company, Inc.
2919 N. 36th Street
Phoenix, Arizona 85018

Subject: OME - 6545

Gentlemen:

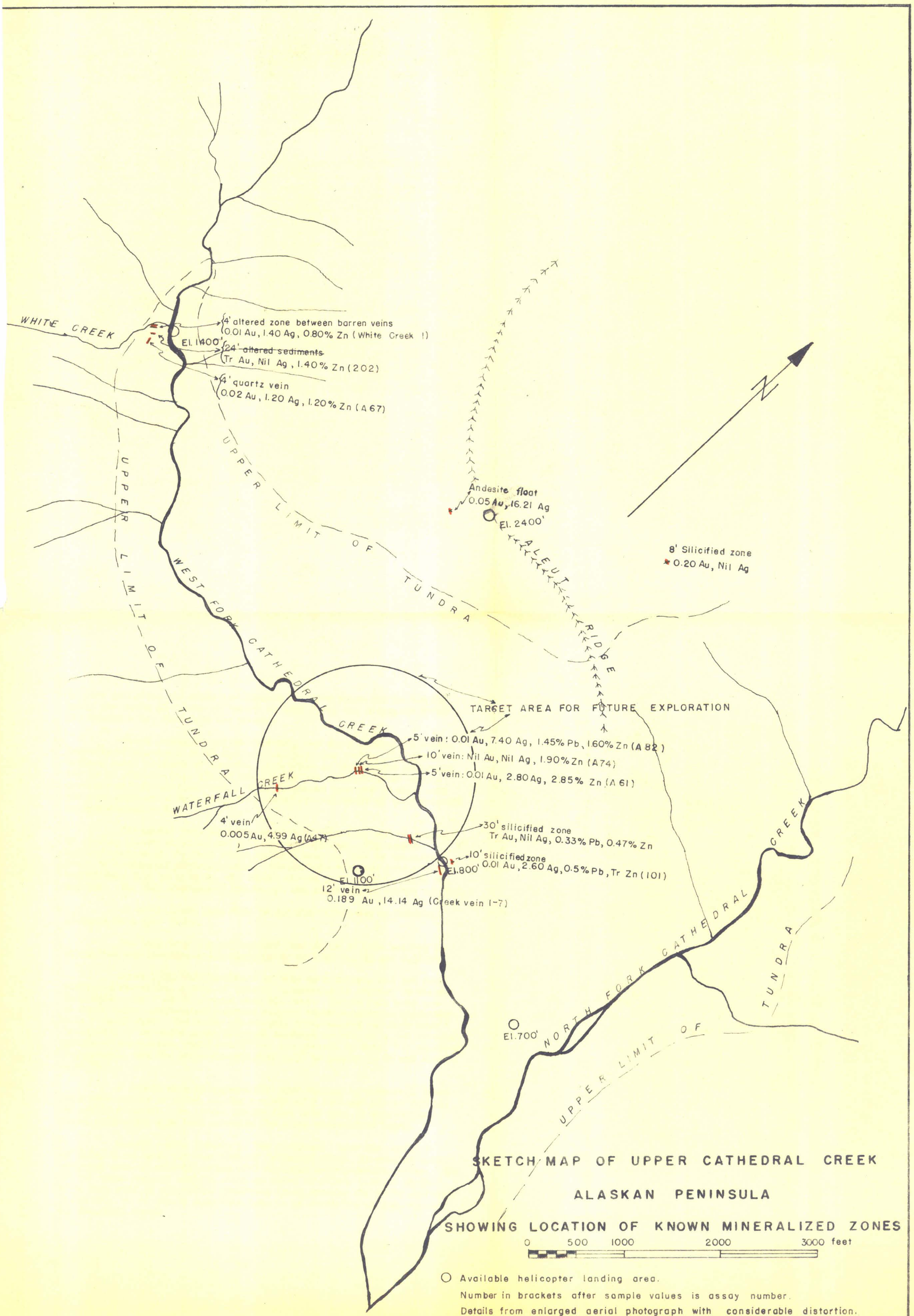
Your application for exploration assistance, dated March 14, 1966, submitted to our office at Washington, D. C., has been assigned Docket No. OME-6545.

Please identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Frank E. Johnson
Chief, Office of
Minerals Exploration

Copy to R-I with
all attachments



SKETCH MAP OF UPPER CATHEDRAL CREEK

ALASKAN PENINSULA

SHOWING LOCATION OF KNOWN MINERALIZED ZONES

○ Available helicopter landing area.

Number in brackets after sample values is assay number.

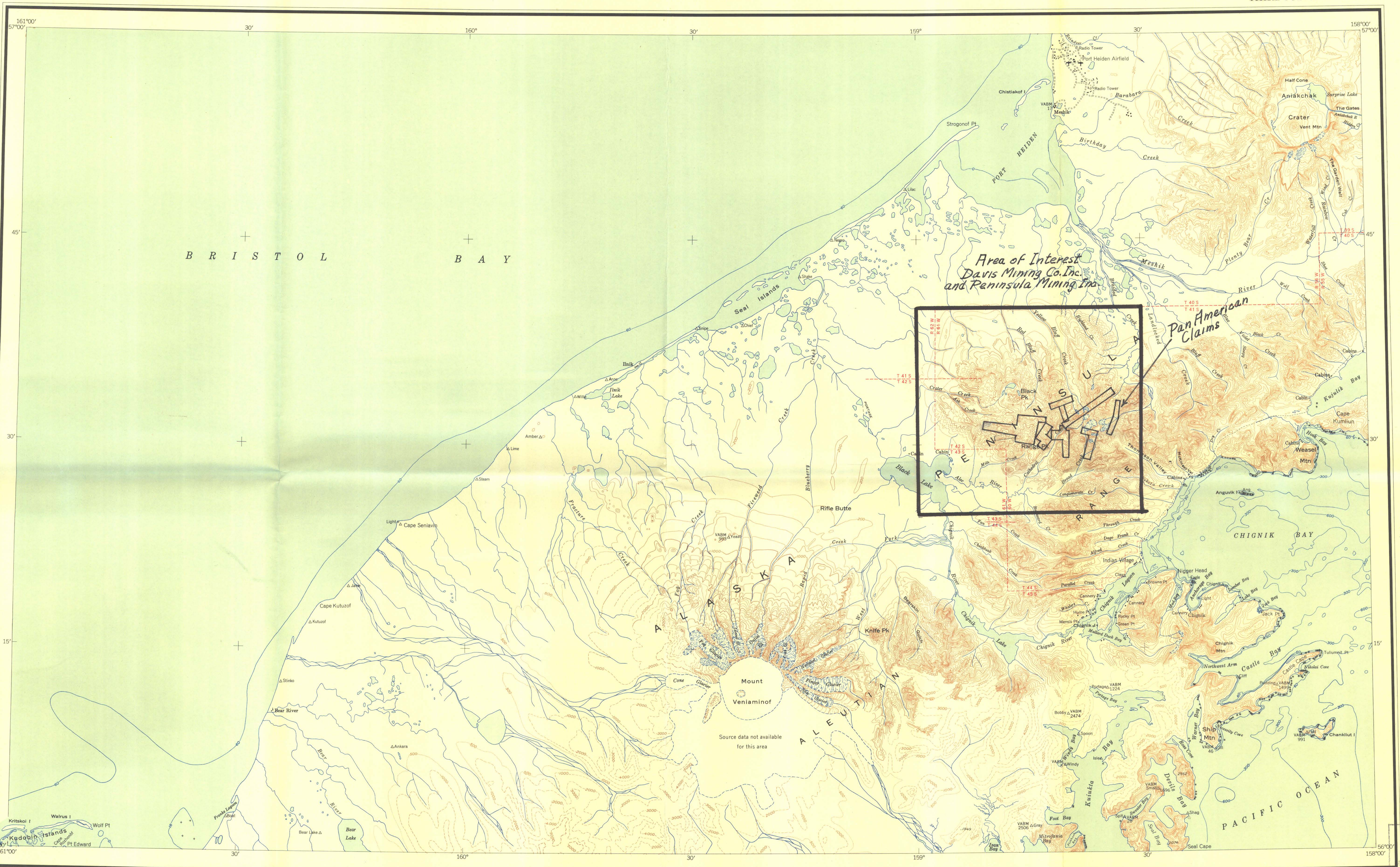
Details from enlarged aerial photograph with considerable distortion.

P.J. 9/1/65

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

CHIGNIK

ALASKA RECONNAISSANCE
TOPOGRAPHIC SERIES
THIRD JUDICIAL DIVISION



MAPPED BY THE GEOLOGICAL SURVEY AND
U. S. COAST AND GEODETIC SURVEY
EDITED AND PUBLISHED BY THE GEOLOGICAL SURVEY

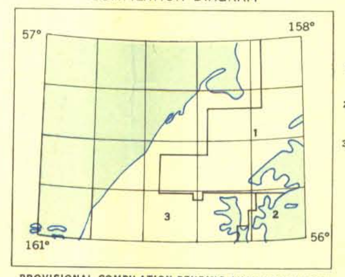
CONTROL BY USC&GS AND USAF
HYDROGRAPHY COMPILED FROM USC&GS CHARTS 8710, 8802, 8833, AND 9302, AND USAF CHARTS 136D-III AND 136D-IV

CULTURE AND DRAINAGE IN PART COMPILED FROM TRIMETROGON PHOTOGRAPHY, 1943 . TOPOGRAPHY COMPILED FROM ORIGINAL SURVEYS OF THE GEOLOGICAL SURVEY AND OTHER OFFICIAL SOURCES 1927-1950, SUPPLEMENTED BY STEREOPHOTO GRAMMETRIC (PHOTOALIDADE AND READING PLOTTER) COMPILATION, 1944-1950

UNIVERSAL TRANSVERSE MERCATOR PROJECTION, ZONE 4
1927 NORTH AMERICAN DATUM

DASHED LAND LINES INDICATE APPROXIMATE LOCATIONS

COMPILATION DIAGRAM



1. TOPOGRAPHY FROM ANIAKCHAK DISTRICT 1:250,000 ADJUSTED TO TRIMETROGON BASE
2. TOPOGRAPHY FROM USC&GS CHARTS T-8822, T-8823, T-8824, T-8825, AND T-8826
3. TOPOGRAPHY FROM PHOTOALIDADE COMPILATION ADJUSTED TO TRIMETROGON BASE

PROVISIONAL COMPILATION PENDING AVAILABILITY OF NEW PHOTOGRAPHY AND SURVEYS OF A HIGHER ORDER

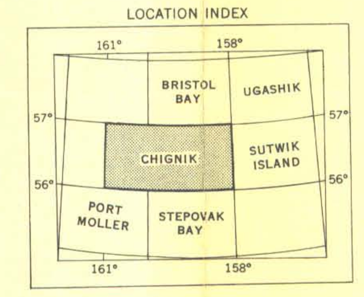
SCALE 1:250 000

5 0 5 10 15 20 25 MILES

5 0 5 10 15 20 25 KILOMETERS

CONTOUR INTERVALS 200 AND 1000 FEET
DOTTED LINES REPRESENT HALF-INTERVAL CONTOURS
AREAS NOT SURVEYED IN DETAIL INDICATED BY BROKEN LINES
DATUM IS MEAN SEA LEVEL
DEPTH CURVES IN FEET-DATUM IS MEAN LOWER LOW WATER
SHORELINE SHOWN REPRESENTS THE APPROXIMATE LINE OF MEAN HIGH WATER
1951 MAGNETIC DECLINATION AT SOUTH EDGE OF SHEET VARIES FROM 18°30′ TO 20°00′ EAST
THIS MAP IS AVAILABLE IN BOTH SHADED RELIEF AND CONTOUR EDITIONS
FOR SALE BY U.S. GEOLOGICAL SURVEY
FAIRBANKS, ALASKA FEDERAL CENTER, DENVER, COLORADO WASHINGTON 25, D.C.
A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST

LOCATION INDEX



INTERIOR—GEOLOGICAL SURVEY, WASHINGTON, D. C.—1956
M R-0886

ROAD CLASSIFICATION

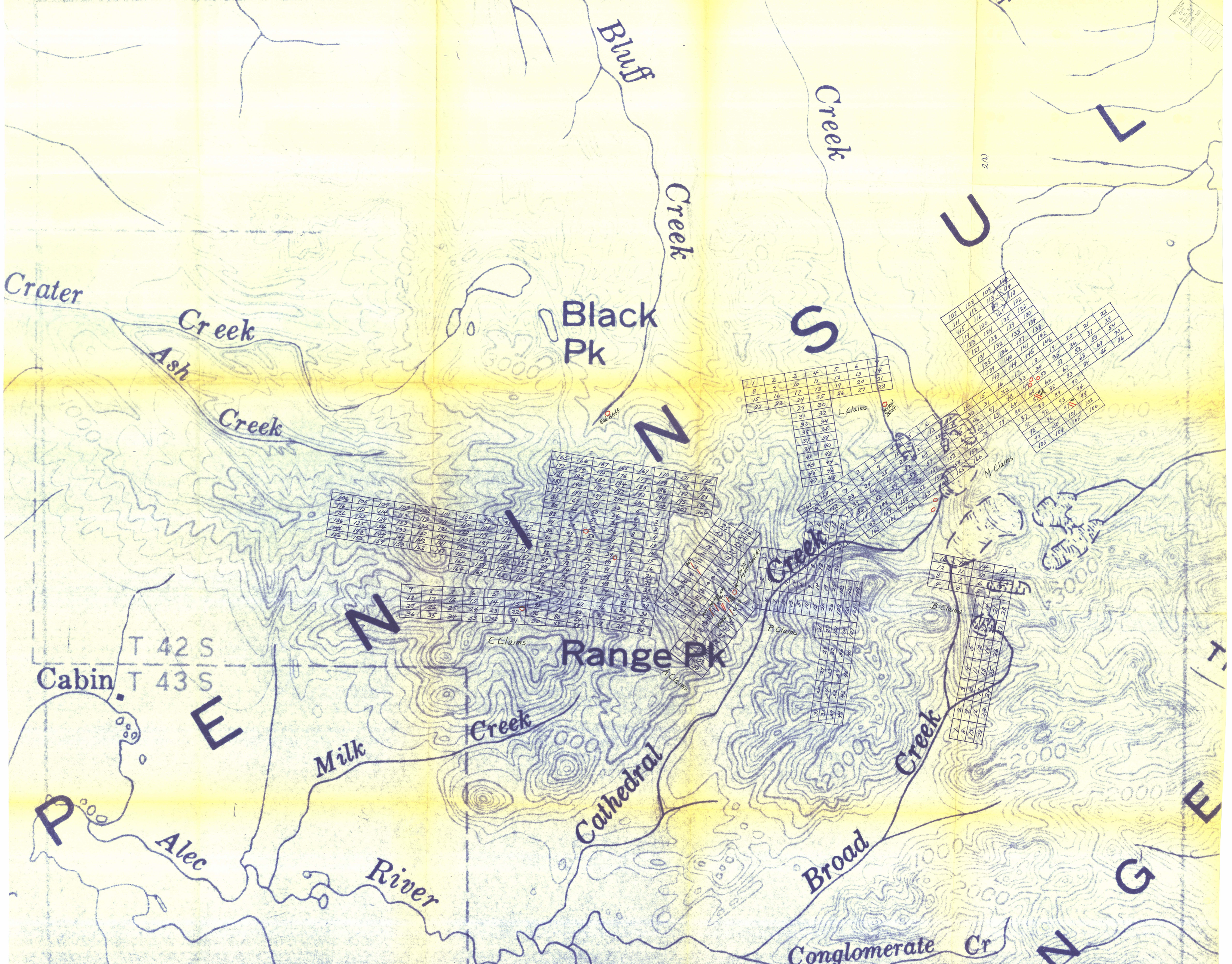
ALL WEATHER ROADS		DRY WEATHER ROADS	
HARD-SURFACE	None	IMPROVED DIRT	None
OTHER	None	UNIMPROVED DIRT	
		TRAILS	

2(a)

OFFICIAL
COPY
O. M. E.
RECEIVED
MAR 18 1966
INITIALS CODE

CHIGNIK, ALASKA
N5600-W15800/60X180

1951
MINOR CORRECTIONS MADE 1956


Bluff
Creek
Creek
Crater
Creek
Ash
Creek
Black
Pk
Red Bluff
L Claims
M Claims
Range Pk
C Claims
A Claims
B Claims
T 42 S
Cabin
T 43 S
Milk
Creek
Cathedral
Creek
Alec
River
Broad
Creek
Conglomerate Cr