DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
~~Defense Minerals Exploration Administration~~ Office of Minerals Exploration

OFFICIAL DOCKET FILE Idm-E NO. _____ OME ~~DMEA~~ NO. 6478

Application
- [ ] Denied
- [ ] Withdrawn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 Semi-Annual 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 Semi-Annual Inspection Reports
- [ ] Project Summary (Interim) by DMEA Engineers

Right Side

- [ ] Field Team Semi-Annual 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

17963

STONE SILVER CORP.
200 CENTRAL PARK SOUTH
NEW YORK CITY, NEW YORK.

Tel: Co. 5 - 5619
Co. 5 - 5724

July 2nd,1965.

Mr. George C. Selfridge,
Chief - Division of Exploration Operations,
O.M.E.
Geological Survey,
Room 4460
Interior Building,
Washington, D.C. 20240.

Dear Mr. Selfridge:

It was indeed a pleasure speaking to you on the telephone and, as you suggested, we are getting one complete copy of the application off to your office, and the duplicate off to Hugh Connors, O.M.E. Denver, Colorado. He will have returned in several days from his field trip to Utah.

So much preliminary work has been done on this project, and the findings of the eminent mining engineer and consultant, Warren C. Prosser, are so conclusive and well documented, that I believe you will understand our anxiety to have this application processed as expeditiously as possible. Prosser considers it one of the most outstanding silver properties he has ever come across in his long career.

We have been in personal contact with Hugh Connors for some time, and he has evinced a great deal of sincere interest in the operation. Unfortunately, the red tape of title searches, etc., etc., has held things up, and only now is everything completely buttoned up so that our Corporation may formally apply.

We have just deposited $50,000.00 (Fifty Thousand Dollars) in the account of STONE SILVER CORP. in the Chemical Bank New York Trust Company, 277 Park Avenue, New York City. These funds are to be held and used solely as our share of the exploration work.

We have highly competent mining people in our employ, and have already made preliminary contracts with top personnel in the Silverton area. It is vitally important to all of us to start work as early as possible. Once the exploration tunnel is well under way, when the snow and cold weather finally arrives, the County has assured us that approach roads will be kept clear by them.

We would appreciate it very much, if you could find time to give this matter your early attention. I am sure the Denver Field Office will cooperate

Mr. George C. Selfridge July 2nd,1965

fully in getting things rolling as quickly as possible.

If there are any questions, please feel free to telephone me.

Thank you again for your help today. We will look forward to hearing from you and perhaps meeting you in the near future.

Very truly yours,

Janice Gilbert Stone

(MRS.) JANICE GILBERT STONE,
Vice President - Secretary.

JGS:LHM

MINING
MINERALS
URANIUM
METALLIC AND NON METALLIC

WARREN C. PROSSER
CONSULTING MINING ENGINEER

430
~~414~~ COOPER BLDG.
DENVER 2, COLORADO

PHONE: ALPINE 5-9827

July 2~~1~~9 1965

Mr. George C. Selfridge
Chief, Division Exploration Operations, O.M.E.
Geological Survey, Room 4460
Interior Bldg.
Washington, D.C. 20240

Dear Sir:-

Under separate cover we are sending you by mail a roll of maps to support the Application of Stone Silver Corp. for Exploration assistance, as follows:

1. Prosser-Smith Assay Plan, Buffalo Boy Mine 1913.
2. Metzer Assay plan, Buffalo Boy mine, 1928
3. Prosser overlay, Metzer assay plan.
4. Claim Map. Old Abe, Buffalo Boy, Slide groups of lode mining claims, by Prosser.
5. Plan and elevation of proposed Oyama tunnel.
6. Sketch, ideal geological section along Buffalo Boy vein.
7. Plate 111 Silverton Quadrangle (Burbank), approximate location Buffalo Boy Mine indicated.
8. Plate 1V, Pattern of Fracture system, Silverton Caldera with approximate position Buffalo Boy Mine.

Note. Silverton and Howardsville Topograph sheets, mentioned in the Report, not included.

Very Truly Yours

Warren C. Prosser

Warren C. Prosser
Registered Professional Colorado
No. 30.

WCP-hs

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 6 1965
INITIALS | CODE
1

MME Form 40
Jan. 65

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 7 1965
INITIALS CODE

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.)*

STONE SILVER CORP.
200 CENTRAL PARK SOUTH
NEW YORK CITY 10019

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER 6478

DATE RECEIVED 7-7-65

REGION III

DIVISION CODE

BUSINESS ORGANIZATION *(Check one)*

INDIVIDUAL
CORPORATION X X
PARTNERSHIP
OTHER *(Specify)*

STATE IN WHICH FIRM IS ORGANIZED New York

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
TOBIAS STONE	200 CENTRAL PARK SOUTH, N.Y.C.	President
PHILIP M. KING	509 MADISON AVENUE, N.Y.C.	Vice Pres.
JANICE GILBERT STONE	200 CENTRAL PARK SOUTH, N.Y.C.	Vice Pres. Secretary.
LILIANE H. McKINLEY	509 MADISON AVENUE, N.Y.C.	Treasurer Vice President.

MINERAL(S) FOR WHICH YOU WISH TO EXPLORE
Silver, primarily, and Gold

ESTIMATED COST OF PROJECT
$ 140,000.00 One-Hundred-Forty-Thousand

PROPERTY NAME	LOCATION COUNTY	STATE
VERTEX AND SLIDE GROUP OF CLAIMS	SAN JUAN	COLORADO

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.

July 2nd, 1965
DATED

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).]

1. Financial Eligibility

(a) Attached are two letters from our company to banks and their replies.
(b) None
(c) We have furnished $50,000.00 (Fifty Thousand Dollars) as our share of the exploration work. The monies have already been deposited in our company's account STONE SILVER CORP. in the 277 Park Avenue Branch of Chemical Bank New York Trust Company, and shall be used solely for this purpose. As we begin operations, another account will be opened in Colorado for convenience in payments of labor and material on the job.

2. (a) Our company, the Stone Silver Corp., owns the land and mineral rights to the described property, with full title, no liens, mortgages or encumbrances. It includes the 37 patented claims of the Vertex Group and the 12 patented claims of the Slide Group.

(b) The property is known as the Buffalo Boy Group of Lode Mining Claims and the Slide Group of Claims, also known as the Vertex Mine and the Old Abe. It is in the Animas Mining District, San Juan County, Colorado, several miles from Silverton. The legal description, nos. of the claims etc. are listed in the deeds and accompanying documents. See coordinated claim map; Buffalo Boy and Slide Patent Survey plats Nos. 17207, 19397, and 20329.

(c) All land and mineral rights are unencumbered and owned by the corporation.

3. Physical Description

(a) See coordinated Claim Map, Buffalo Boy and Slide patent plats, Surveys Nos. 17207, 19397, and 20329. Former early mining operations are described under History on pages 3 and 4 of accompanying Prosser Report. Also pages A to C near end of report (after page 18) headed Excerpts from Reports of Mine Inspector to Colorado State Bureau of Mines - Mine Commissioner.

(b) Our interest, as owning and managing company, is to explore and develop this property, and go into active production as soon as possible.

(c) See report page 4, Old Abe. Past production Buffalo Boy, see report pages 8 - 11 and pages B and C of Mine Inspector reports. No assay certificates or settlement sheets available.

(d) See report pages 9, 10 and 11. Maps: Prosser-Smith Assay Plan; Metzer Vertex Assay Map with Prosser overlay.

(e) The geologic features of the property, ore minerals, formations, types of deposits, etc. are described extensively on pages 5,6,7 and 8 of the Prosser report.

(f) See report, pages 7 - 11. See also letter marked "Letter A" at beginning of report and Prosser "Letter B" accompanying application. See conclusions page 17 of the Prosser report.

(g) Two copies of the Prosser reports are included and two copies of all maps, assay plans, etc., as well as two copies of deeds, titles and contracts. We request return, if possible, of one copy of the property maps and assay maps.

4. Accessibility of the property

(a) See Report page 1. U.S.G.S. Howardsville Quadrant topography map. Access to this property and others in the surrounding area is kept clear by the county and mining operations there are carried out twelve months a year.

(b) There are several shipping and supply points available. Grand Junction, which has the large Western States Machinery Company, is about 110 miles from the property.

5. (a) See Prosser's attached "Letter B.", also Report pages 11,12 and 15. Pages 13,14 and 15 describe other developed mines in the area. Also bottom of page 5 and top of page 6. It is to be noted that while we are driving the proposed exploration tunnel and drifting upon the vein, exploring and sampling the ore deposits along the way, we also will explore, by the proposed raise, the potential ore values up to and in the area of the Old Abe workings above. Our ultimate target in this current exploration is to come under the Buffalo Boy vein and winzes and explore and make available the ore reserves in the original Buffalo Boy workings. As you will note on page 15 of the Report, the ore sampled here, for purposes of the assay, was on the basis of 3:59' width (grade as per sample page 15) but the entire vein width was not exposed in its development and is estimated at 6 feet and according to report may reasonably be as wide as on the tunnel level. (See also last paragraph, page C of 1930 Inspectors' Report). As stated in "Letter A.", attached to inner cover of Report, you will observe that the present Buffalo Boy workings, Blocks A to W, as embraced in the Metzer sampled area is only 14:3% of the huge area described in the engineer's letter.

The economic breakdown on page 16 of the Report refers only to the ore in sight in the sampled area and does not include any of the ore bodies surrounding it, and outside of the Metzer area, to be explored and developed.

(b) Stony Gulch Road to be used. Clean up and repair of road after spring runoff, aside from county work, estimated to cost company $1,000.00 (One Thousand dollars). Maps included.

(c) If the OME contract is executed, we propose to start work on the tunnel immediately. The road clearing, and preparation of the portal of the tunnel, work area, dump, etc. should take a short time. The driving of the tunnel itself (approximately 3,300 feet) will be at the rate of roughly 17 to 30 feet daily, depending upon conditions along the way, and the number of shifts used. The contractor has agreed to work three shifts daily whenever possible. Work figures to be completed in six or seven months.

6. Experience

1. We have as a member of our organization, Philip M. King, a well known and highly respected mining man throughout his life, whose background and experience in his field is extensive and whose career includes discovery and development of many renowned mining operations.

2. Warren C. Prosser, our consulting engineer, 412 Cooper Building, Denver, 3, Colorado, needs no introduction to people of the mining world. One of the outstanding graduates of all times of the Colorado School of Mines, his reputation with private mining industry and the U.S. Government is of the highest caliber. We are indeed fortunate to be able to have had his report, based on many years first hand acquaintance with the property and the area, and to have him continue with us in the capacity of our supervising engineer.

3. As our company superintendent at the mine, we will engage the services of Ernest Hoffman, a man of fine reputation in the Silverton area. He has worked in this capacity all his life, is highly knowledgeable in his field, and has been familiar with the specific property for some time.

7. Estimate of Costs

(a) Independent contract with Clifford White of Silverton. See attached.

Tunnel - 3,300 feet at $29.00 (twenty nine dollars) per foot $95,700.00

(Rails, ties, pipe and lumber to be furnished by the company, installed and left in place by contractor. Performance bond to be given by contractor.

Other work to be performed by White, contractor, for the tunnel:

1. Prepare county road	1,000.00
2. Prepare service road to tunnel portal	2,000.00
3. Rehabilitate portal of tunnel in concrete and timber, prepare work area, waste dump, ore dump, etc.	4,000.00
4. Short exploratory crosscuts which may become necessary while drifting on the vein $15.00 per foot	2,500.00
5. 360 foot, 4' X 8' raise from tunnel to original Old Abe tunnel (to explore Old Abe vein in that area, and for required ventilation for present tunnel	4,500.

(b) Personal services

Engineering (1 - Prosser) approximately $500.00 per month, plus transportation from Denver.	4,000.00
Superintendent for Company (1 - Hoffman) approximately $600.00 per month	4,000.00
Company personnel - Essential services performed directly applicable to project, i.e., renting or purchasing equipment, supervising operation, hiring labor, payrolls to contractor and labor, etc.	7,000.00
Outside consultants, geological services, assay reports, etc.	1,000.00

(c) Operating materials and supplies

Pipe (3,300 ft. estimated from supply company	3,234.00
Rails, ties, spikes, etc. (24" gauge 16 lb)	2,480.00
Transportation from Grand Junction	400.00
Lumber for shoring, timbering for entire project. Costs plus 15% to tunnel contractor	2,500.00
Blacksmith equipment, tools, etc. Shower for men. Heater for service building, etc. Assay equipment for on the spot sampling (material to be purchased and left in place)	1,500.00

	Toilet facilities for men. Cesspool arrangement. Small out-house building.	$250.00
(d)	Operating equipment - for driving tunnel, heavy machinery, drills, bull dozers, etc. to be furnished by contractor for tunnel.	
(e)		
(f)	Service building at portal (to house blacksmith equipment, shower, heater, office, assay equipment, etc.). Timber and quonset, concrete slab.	1,800.00
(g)	Miscellaneous - Repairs, analytical work, contingencies, etc.	2,500.00

Letter "B"

Provisions for driving the Old Abe-Buffalo Boy tunnel, by Warren C. Prosser, Consulting Mining Engineer.
Application 5 a, see also claim maps and vein plan and elevation.

It is proposed to drive an exploration tunnel in the Stony Pass area of San Juan County, Colorado at an elevation of approximately 12,000 feet.

The tunnel is to be 6 x 8 ft. in section, in the clear, with a drainage ditch on one side, preferably on the footwall side of the vein, ample in size to provide for water drainage. The grade of the tunnel is to be 6 inches to 100 feet.

The entrance of the proposed exploration is to be at the portal of the Oyama tunnel, which bears from Corner No. 3 Arrow Head lode, Survey No. 20329, BLM records N 18° 30' W, 301.82 ft.; running thence N 50° 24' E, 35.6 ft. to a point; thence N 82° 36' E, 11.3 ft. to a point; thence N 26° 52' E 87.5 ft. to the breast, as described in Patent survey notes, of Survey No. 20329.

This Oyama tunnel is to be cleaned out and restored to the proscribed size and the Portal is to be substantially timbered and the tunnel timbered in to solid rock.

This tunnel is to be continued as a drift upon the vein on an approximate course of N 26° 52' E, to come under the Old Abe tunnel workings, a distance of approximately 750 feet, as correlated to the vein in the Old Abe workings on its dip, which is assumed to be 78° to the southeast, similar to that of the Buffalo Boy vein.

The Old Abe tunnel is driven along the east side of the vein in the wall rock, for a distance of 384 feet, with 4 short crosscuts to the west at intervals, each exposing both walls of the vein. In these crosscuts the vein widths are reported to be 8'4", 5.0', 9.0' and 8'4". (See description by Fred B Peck)

The tunnel shall be timbered wherever soft caving ground may be encountered, with substantial timber round or square, with sets placed at 5 ft. intervals and lagged sufficiently to hold the ground. No timber was required in the Buffalo Boy tunnel for a length of over 1800 feet.

The Company is to pay for timber, rails, track spikes, bolts, fishplates and ties, 4 inch compressed air pipe.

It is understood that the tunnel is to follow the vein wherever practical in order that it may be explored.

The ultimate intent is to drive the tunnel so as to drift upon the veins followed, to explore them and to come under the Buffalo Boy vein and winze, as indicated by the accompamying maps.

The gauge of the track is to be 24 inches.

In the event that ore is discovered in the veins followed, where they come under the Old Abe workings, it is proposed to

explore it by driving a raise on the vein to extend up into the Old Abe workings a distance of approximately 360 feet.

Vein material and waste from the driving of the tunnel shall be disposed of by dumping it on a general dump, extending from the portal of the tunnel upon ground controlled by the Company. When and if the vein matter proves to be ore, it shall by agreement be deposited upon a separate dump.

The tunnel work is to be done under contract and supervised by the Consulting Engineer and Superintendent of the Company.

Warren C. Prosser

200 Central Park South
New York City, 10019 , N.Y.
May 2 , 1965

Chemical Bank New York Trust Co.
277 Park Avenue
New York City, N.Y.

Gentlemen:

Our organization, the Stone Silver Corporation, has recently purchased a property in the Animas mining district of San Juan County , Colorado , comprising forty nine patented mining claims. We have had a report made by a leading engineer, and extensive information has been compiled by qualified experts. The findings are excellent , and the indications are such that mining this property is expected to produce high yields of silver and gold with abundant reserves.

The original exploration and development work to be done will necessitate an expenditure of one hundred and forty to one hundred and fifty thousand dollars.

We would like to apply at this time for a loan from your bank to cover these initial costs. We are prepared to start actual mining within a period of approximately six months from the time we begin driving the exploration tunnel.

The reports, assay maps and plans and other descriptive data are available for your immediate inspection.

Yours Very Truly,

Tobias Stone, president

TS:jgs

ORIGINAL COPY
O. M. E.
RECEIVED
JUL 2 1965
INCOMING CODE

CHEMICAL BANK NEW YORK TRUST COMPANY

277 Park Avenue

WILLIAM H. SCHOFIELD
Vice President

NEW YORK, N. Y. 10017
Telephone: (212) 922-5550

May 19, 1965

Mr. Tobias Stone, President
Stone Silver Corporation
200 Central Park South
New York, New York 10019

Dear Mr. Stone:

We have received your letter of May 2nd requesting a loan up to $150,000 in order to finance the exploration and development work to be performed by your company in the Animas mining district of San Juan County, Colorado. As you undoubtedly know, we hold you and your associates in very high regard and have a great deal of faith in your undertaking. However, it is against our policy to make exploration loans for reasons which, I believe, are very obvious. Actually, the type of financing you have in mind is considered equity financing which, of course, is not a bank function. We, therefore, find it necessary to decline your request in this connection.

Please be assured of our sincere appreciation for the business which you have entrusted to us in the past and we do hope that you will call on us again in the future.

Very truly yours,

William H. Schofield

Vice President

WHS:kc

Suite 1812
509 Madison Avenue
New York City.

May 19th,1965

Mr. Herman J. Allhusen
Marine Midland Trust Company
120 Broadway,
New York City.

Dear Herman:

Our organization, the Stone Silver Corporation, has recently acquired a property in the Animas mining district of San Juan County, Colorado, comprising forty nine patented mining claims. We have had a report made by a leading engineer and extensive information has been compiled by qualified experts. The findings indicate the property will produce high yields of silver and gold with abundant reserves.

The original exploration and development work to be done will necessitate an expenditure of one hundred and forty to one hundred and fifty thousand dollars.

We would like to apply at this time for a loan from your bank to cover these initial costs. We are prepared to start actual mining within a period of approximately six months from the time we begin driving the exploration tunnel.

The reports, assay maps and plans and other descriptive data are available for your immediate inspection.

Very truly yours,

PHILIP M. KING, Vice President.

PMK:LM

THE MARINE MIDLAND TRUST COMPANY OF NEW YORK

120 BROADWAY

NEW YORK 15, N.Y.

HERMAN J. ALLHUSEN
ASSISTANT TREASURER

REctor 2-2200

May 21, 1965

Stone Silver Corporation
Suite 1812
509 Madison Avenue
New York, New York
Att: Mr. Philip M. King, V.P.

Gentlemen:

We have your letter of May 19, 1965 requesting a loan of approximately $150,000.00 to cover the cost of exploration and development work on a mining project in San Jaun County, Colorado. We do not make loans of this type and, therefore, could not advance the funds requested by you.

Yours very truly,

H J Allhusen

Assistant Treasurer

HJA:bm

WHITE CONSTRUCTION CO.
GENERAL CONTRACTING

48 MacAlester Rd. Telephone LI 4-1991

PUEBLO, COLORADO

May 12, 1965

Mr. Philip M. King
Suite 1812
509 Madison Avenue
New York, N. Y.

Dear Mr. King;

In reference to our conversation of Saturday, April 10th, 1965 and other discussions prior to that date, we agree to do the following: and it is understood that a formal contract suitable to both parties will be drawn up and signed.

We agree to furnish all equipment, and do all the work necessary t o dig a tunnel 6 ft. by 8 ft. by the proposed 3,300 ft. of length in a direction and in a manner prescribed by your company. This work to take place in your Vertex Mine, comprising the Buffalo Boy Group and other lode mining claims, Animas Mining District, San Juan County, Colo.

Your cost for this work will be $29.00 (Twenty Nine Dollars) per running foot: the rails, ties, and airpipe to be furnished by you, installed by us, and left in place. The rail cars are to be furnished by us and remain our property. Any necessary shoring will be installed by us for cost plus 15%. The rails are to be 16 lb. and 24 in. gauge.

If for any reason it should become necessary to run the tunnel to additional footage, it is understood that we agree to continue the work at the agreed price of $29.00 per foot. This, of course, is mutually understood as simply meaning any footage, 300 ft. or under, that might be required to reach the proposed target, as per the Warren C. Prosser Report.

If it becomes desirable on your part to terminate the work after 800 ft. and befor the proposed 3,300 feet of tunnel are completed, it is agreed by us that we do so and receive payment on the basis of footage completed.

We also agree to build a n access road, level tunnel site and work area, and build a concrete portal for the sum of $4,500.00(Fourty Five

Hundred Dollars).

We agree, if it is deemed advisable by you to do so, to run a 360 ft. two compartment raise 4 ft. x 8 ft. up to the Old Abe Tunnel. The terms for doing this work will be agreed upon later.

We agree to furnish a performance bond of $10,000.00 (Ten Thousand Dollars) for all the above mentioned work, settle on a completion time, based on working a maximum number of shifts, and allow you to withhold 10% (Ten per cent) from each weekly or mounthly payment until the job is completed.

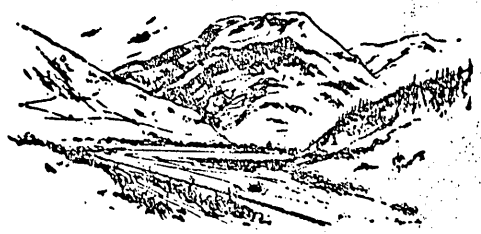
Yours truly,

Clifford O. White

Clifford O. White

Subscribed and sworn to before me this 12th day of May, 1965.

Kennie Lou Sanders, Notary Public



Silverton Colorado.

May 12 1965.

Mr. Phil King
509 Madison Ave.,
New York City
New York.

Dear Mr. King:

I would like to place my bid on the construction of the Old Abe Tunnel,as follows; I will drive the 3300 feet of tunnel 6 feet wide and 7 feet high,with a water ditch on one side, for $38.00 per foot. I will furnish the necessary equipment to do the work,and your company will furnish the rail,ties, spikes, bolts, air pipe, water pipe and vent pipe, which we will install.

I will also build the access road and concrete the portal of the tunnel for $6500.00 dollars.

Yours very truly

Ernest S. Hoffman

Ernest S. Hoffman
Box 388
Silverton, Colorado.

WESTERN STATES MACHINERY CO.
CONSTRUCTION AND MINING

GRAND JUNCTION, COLORADO
WEST ON HIGHWAY 6 & 50
P. O. BOX 1498
PHONE 242-1983
AREA CODE 303

April 14, 1965

Mr. Philip King
509 Madison Avenue
New York, N. Y.

Dear Mr. King:

In accordance with your telephone request we are pleased to quote on 4" pipe, 16 pound rail and 20 pound rail for your Silverton operation as follows:

3300 feet 4-1/2" O.D. Schedule 5 Alumimum pipe having a wall thickness of .083". Weight per hundred feet 135 pounds; therefore, a 20 ft. length weighs only 27 pounds. Pipe comes in 20 ft. lengths with a rolled groove on each end for Victaulic type couplings. Price per foot, complete with couplings in 3000 ft. lots, $0.98.

As an alternate we can furnish 14 gauge, 4-1/2" O.D. welded steel pipe in 20 ft. lengths rolled for Victaulic type couplings both ends. Weight per foot 3.6 pounds. Price, F.O.B. Grand Junction, Colorado, complete with couplings, $81.50 per hundred feet.

For your track requirements, we have available in Grand Junction stock approximately 9000 feet of 16 pound mine rail in almost new condition at $135.00 per ton if purchased in lots of ten tons or more. This price includes splice bars at $135.00 per ton also.

For 3300 feet of track you will require approximately 18 tons of track and splice bars for a total cost of $2430.00 F.O.B. Grand Junction. New 16 pound rail in 18 ton quantities is priced at $184.00 per ton for a total of $3,312.00. Twenty pound new rail will weigh 22 tons and is priced at $184.00 per ton for a total of $4048.00. Delivery on new rail would be two weeks if items are in stock; if not in stock delivery might be as late as the last of May.

Good used pipe and rail are in rather short supply in this area. The sizes which you request have been in demand by uranium miners over a period of ten years, and the rail has been used and reused to a point where most of it is no longer suitable for re-laying and the labor cost of reclaiming, straightening and laying is out of proportion to any savings which can be made using this type of material.

We appreciate your inquiry and hope that we will be favored with your order for the 16 pound rail and steel or aluminum pipe with couplings.

Very truly yours,

A. George Setter

A. George Setter, Vice President
WESTERN STATES MACHINERY CO.

AGS:ow

WESTERN STATES MACHINERY CO.

CONSTRUCTION AND MINING

GRAND JUNCTION, COLORADO
WEST ON HIGHWAY 6 & 50
P. O. BOX 1498
PHONE 242-1983
AREA CODE 303

June 3, 1965

Mr. Phillip M. King
509 Madison Avenue
Suite 1812
New York 22, N. Y.

Dear Mr. King:

We have been looking forward to hearing from you on your anticipated arrival in Grand Junction in accordance with your letter of May 11.

We believe that we can take care of your requirements for pipe and rail. However, there is increased activity and demand for mining equipment at this time so thatsupplies are becoming less certain. At the present time we still have the 16 pound rail quoted in our letter of April 14, and have been offered 15 tons of 30 pound rail which is reported to be in good condition and can be delivered to Silverton at $125.00 per ton.

We will appreciate knowing when you anticipate arriving in Grand Junction.

Very truly yours,

A. George Setter, Vice President
WESTERN STATES MACHINERY CO.

AGS:ow

Recorded at ..... o'clock ..... M., ...

Reception No. .... Recorder.

RECORDER'S STAMP

THIS DEED, Made this 22nd day of June in the year of our Lord one thousand nine hundred and sixty-five between PHILIP M. KING of the County of New York and State of ~~Colorado~~ New York of the first part, and STONE SILVER CORP. a corporation organized and existing under and by virtue of the laws of the State of New York, of the second part:

WITNESSETH, That the said party of the first part, for and in consideration of the sum of other valuable consideration and Five and no/100 - - - - - - - - - - - DOLLARS, to the said party of the first part in hand paid by the said party of the second part, the receipt whereof is hereby confessed and acknowledged, has granted, bargained, sold and conveyed, and by these presents does grant, bargain, sell, convey and confirm, unto the said party of the second part, its successors and assigns forever, all of the following described lot or parcel of land, situate, lying and being in the Animas Mining District County of San Juan and State of Colorado, to-wit: the 37 patented lode mining claims, known collectively as the Vertex Group, more particularly: Niegoldstown-site Lode Claim and Townsite Lode Claim, U.S. Survey No. 17287; Buffalo Boy Lode Claim, June Bug Lode Claim, Silver Bell Lode Claim, Quail Lode Claim, Golden Fleece Lode Claim, Smuggler Union Lode Claim, Roosevelt Lode Claim, Lizzie D. Lode Claim and August Lode Claim, U.S. Survey No. 19397; Old Abe Lode Claim, Ned Lode Claim, Silent Friend No. 1 Lode Claim, Silent Friend No. 2 Lode Claim, Silent Friend No. 3 Lode Claim, Posiedon Lode Claim, Ymir Lode Claim, Surya Lode Claim, Mithra Lode Claim, Faust Lode Claim, Fortuna Lode Claim, Lachesis Lode Claim, Interocean Lode Claim, LaNieve Lode Claim, Illiad Lode Claim, Mt. Canby Lode Claim, Tenderfoot Lode Claim, Niflhein Lode Claim, Arrow Head Lode Claim, Kansas Girl Lode Claim and O.K. Lode Claim, U.S. Survey No. 20329; Storm King Lode Claim and Oyama Lode Claim, U.S. Survey No. 20328; and Silver Tape Lode Claim, I.X.L. Lode Claim and No Name Lode Claim, U.S. Survey No. 11319;

TOGETHER with all and singular the hereditaments and appurtenances thereunto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof; and all the estate, right, title, interest, claim and demand whatsoever of the said party of the first part, either in law or equity, of, in and to the above bargained premises, with the hereditaments and appurtenances.

TO HAVE AND TO HOLD the said premises above bargained and described, with the appurtenances, unto the said party of the second part, its successors and assigns forever. And the said party of the first part, for himself, his heirs, executors, and administrators, does covenant, grant, bargain and agree to and with the said party of the second part, its successors and assigns, that at the time of the ensealing and delivery of these presents, he is well seized of the premises above conveyed, as of good, sure, perfect, absolute and indefeasible estate of inheritance, in law, in fee simple, and has good right, full power and lawful authority to grant, bargain, sell and convey the same in manner and form as aforesaid, and that the same are free and clear from all former and other grants, bargains, sales, liens, taxes, assessments and incumbrances of whatever kind or nature soever, SUBJECT to reservation in deed from WALTER KRUEGER, REUBEN LEHMAN and JESSIE M. PETERSON to PHILIP M. KING dated December 23,1964 recorded in SanJuan,Colorado reserving an undivided 15% royalty interest in and to any and all minerals of every kind and description produced from the land computed upon the gross profits thereof, after deduction of mill, smelter and freight charges,

and the above bargained premises in the quiet and peaceful possession of the said party of the second part, its successors and assigns, against all and every person or persons lawfully claiming or to claim the whole or any part thereof, the said party of the first part shall and will WARRANT AND FOREVER DEFEND.

IN WITNESS WHEREOF, The said party of the first part has hereunto set his hand and seal the day and year first above written.

Signed, Sealed and Delivered in the Presence of

Philip M. King ..... [SEAL]
Philip M. King

..... [SEAL]

..... [SEAL]

STATE OF ~~COLORADO~~ NEW YORK
County of NEW YORK } ss.

The foregoing instrument was acknowledged before me this 22nd day of June 1965, by PHILIP M. KING

WITNESS my hand and official seal.

HELEN HARRISON
Notary Public, State of New York
No. 41-6785675
Qualified in Queens County
Commission Expires March 30, 1966

My commission expires ..... Notary Public.

No. 952 WARRANTY DEED TO CORPORATION—For Photographic Record.
—Bradford-Robinson Printing Company, 1824-46 Stout Street, Denver, Colorado

No.

WARRANTY DEED

PHILIP M. KING

TO

STONE SILVER CORP.

STATE OF COLORADO,
County of } ss.

I hereby certify that this instrument was filed for record in my office this day of , A. D. 19 at o'clock M., and duly recorded in Book Page

Recorder.

By

Deputy.

Fees, $

Mail to: ROGER D. STERN
(or return to) 777 Third Avenue
New York N.Y. 10017

Send future tax statements to:
ROGER D. STERN
777 Third Avenue
New York N.Y. 10017

8-63 BRADFORD-ROBINSON PTG. CO., DENVER

Recorded at.....o'clock.....M., ...

Reception No..... .....Recorder.

RECORDER'S STAMP

THIS DEED, Made this 22nd day of June in the year of our Lord one thousand nine hundred and sixty-five between PHILIP M. KING of the County of New York and State of ~~Colorado~~ New York, of the first part, and STONE SILVER CORP. a corporation organized and existing under and by virtue of the laws of the State of New York, of the second part:

WITNESSETH, That the said party of the first part, for and in consideration of the sum of other valuable consideration and Five and no/100 - - - - - - - - - - - - DOLLARS, to the said party of the first part in hand paid by the said party of the second part, the receipt whereof is hereby confessed and acknowledged, has granted, bargained, sold and conveyed, and by these presents does grant, bargain, sell, convey and confirm, unto the said party of the second part, its successors and assigns forever, all of the following described lot or parcel of land, situate, lying and being in the Animas Mining District County of San Juan and State of Colorado, to-wit: the twelve patented lode mining claims, known collectively as the Slide Group, more particularly: Slide Lode Claim, Eugenia Lode Claim, Ouray Chief Lode Claim, LeRoi Lode Claim, Burr Oak Lode Claim, Sunbeam Lode Claim and Twenty Three Lode Claim, U.S. Survey No. 17207; Volapuk Lode Claim and Humboldt Lode Claim, U.S. Survey No. 15090; Gold Age Lode Claim, U.s. Survey No. 15089; Silver Bell Lode Claim, U.S. Survey No. 20359; and Gold Wedge Lode Claim, U.S. Survey No. 20360;

TOGETHER with all and singular the hereditaments and appurtenances thereunto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof; and all the estate, right, title, interest, claim and demand whatsoever of the said party of the first part, either in law or equity, of, in and to the above bargained premises, with the hereditaments and appurtenances.

TO HAVE AND TO HOLD the said premises above bargained and described, with the appurtenances, unto the said party of the second part, its successors and assigns forever. And the said party of the first part, for himself, his heirs, executors, and administrators, does covenant, grant, bargain and agree to and with the said party of the second part, its successors and assigns, that at the time of the ensealing and delivery of these presents, he is well seized of the premises above conveyed, as of good, sure, perfect, absolute and indefeasible estate of inheritance, in law, in fee simple, and has good right, full power and lawful authority to grant, bargain, sell and convey the same in manner and form as aforesaid, and that the same are free and clear from all former and other grants, bargains, sales, liens, taxes, assessments and incumbrances of whatever kind or nature soever, SUBJECT to reservation in deed from WALTER KRUEGER and JESSIE M. PETERSON to PHILIP M. KING dated December 23, 1964 recorded in San Juan, Colorado, reserving an undivided 15% royalty interest in and to any and all minerals of every kind and description produced from the land computed upon the gross profits thereof after deduction of mill, smelter and freight charges, and the above bargained premises in the quiet and peaceful possession of the said party of the second part, its successors and assigns, against all and every person or persons lawfully claiming or to claim the whole or any part thereof, the said party of the first part shall and will WARRANT AND FOREVER DEFEND.

IN WITNESS WHEREOF, The said party of the first part has hereunto set his hand and seal the day and year first above written.

Signed, Sealed and Delivered in the Presence of

Philip M. King [SEAL]
Philip M. King

[SEAL]

[SEAL]

STATE OF ~~COLORADO~~ NEW YORK
County of NEW YORK } ss.

The foregoing instrument was acknowledged before me this 22nd day of June 1965, by PHILIP M. KING

WITNESS my hand and official seal.

My commission expires

HELEN HARRISON
Notary Public, State of New York
No. 41-6785675
Qualified in Queens County
Commission Expires March 30, 1966

Co..... Notary Public.

No.

WARRANTY DEED

PHILIP M. KING

TO

STONE SILVER CORP.

STATE OF COLORADO,
County of } ss.

I hereby certify that this instrument was filed for record in my office this day of , A. D. 19 at o'clock M., and duly recorded in Book Page

Recorder.

By

Deputy.

Fees, $

Mail to: ROGER D. STERN
(or return to) 777 Third Avenue
New York N.Y. 10017

Send future tax statements to:
ROGER D. STERN
777 Third Avenue
New York N.Y. 10017

8-63 BRADFORD-ROBINSON PTG. CO., DENVER

6478

PHILIP M. KING
NEW YORK 22, N. Y.
509 Madison Avenue
Plaza 9- 5170

January 24th,1966.

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 25 1966
INITIALS | CODE
44 | 110
HK. | 120

Mr. Frank E. Johnson,
Chief, Office of Minerals Exploration,
United States Dept. of the Interior,
343 - 1100 "C" Street,
Washington, D.C.

Dear Mr. Johnson: Re: STONE SILVER CORPORATION
VERTEX AND SLIDE GROUP OF CLAIMS
SAN JUAN COUNTY, COLORADO.

In pursuance of our trip to Washington in connection with our Loan Application for our Silverton, Colorado property, as above, I would like to go on record as follows:

Our Engineer, Mr. Warren Prosser, was quite astounded at the reaction which you advised us Mr. Bolmer had after examining our property. When I telephoned Mr. Prosser and told him of the results of our trip, he advised me that Mr. Bolmer had never been in the Silverton area - that it was his first trip - and that he, Mr. Prosser, has spent fifty years in that area. He is not only a specialist in that area but knows every foot of it. Mr. Prosser's reputation is of the highest in engineering circles, and he is very faborably known to some of the members of the U.S. Geological Survey.

Mr. Prosser advised me that the Old Abe Vein outcrops on top of the mountain, with various open cuts along its strike. He also advised me that Mr. Bolmer did not wish to go to the top of the Mountain and he did not do so when he made the examination.

Judging by the publicity which your Department has given to the newspapers about loans for development of mines, and the pamphlet which the Department of the Interior issues, we cannot understand why you have not acted favorably on our Loan Application. If we have to go through a field examination again this year, we would lose another season. We lost the 1965 season due to the delay in your Department having your engineer make his examination.

PHILIP M. KING
~~XXXXXXXXXXXXXX~~ 509 Madison Avenue
NEW YORK 22, N. Y.
~~XXXXXXXXXX~~

January 24th, 19

Mr. Frank E. Johnson

January 24th,1966.

It seems incredible that with $50,000.00 (Fifty Thousand Dollars) of our funds deposited for this operation in the Chemical Bank New York Trust Company, the background of our Engineer, Mr. Warren Prosser and the exceptional merit of our property (this opinion backed by Reports by outstanding engineers), that our Loan should be turned down.

Perhaps I will telephone Mr. Prosser again and endeavor to have him contact you to discuss this matter further in an attempt to clear it up in your mind.

After the correspondence we have had and my telephone conversations with you in Washington, I had been looking forward in high anticipation to meeting you.

With kind personal regards, I am

Very sincerely,

Philip M. King

PHILIP M. KING,
Vice President
STONE SILVER CORPORATION.

PMK:LM

CC: Mr. Warren Prosser.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
1/24	Johnson	110
	Selfridge	120
1/24	Kirkham	120 K
		220

January 24, 1966

Memorandum

To: The File

From: Chief, Office of Minerals Exploration

Subject: OME-6478 (Silver-Gold)
Stone Silver Corp.
Vertex and Slide Groups of Claims
San Juan County, Colorado

On January 18, 1966, Mr. Philip M. King, Vice President, and Mrs. Janice G. Stone, Secretary-Treasurer of the Stone Silver Corp. visited my office and we discussed at length the denied subject application.

These people felt that the results of assays of material selected from the Old Abe dump by Mr. Robert Bolmer (USBM) are not representative of the vein mineralization and should not be used as the basis for denying this application. They believe we should grant a contract on the basis of the application and accompanying engineers report, even though the mine workings are inaccessible for examination.

I explained the OME policy and requirements, and also told them that the application was denied because of lack of information indicating possible geologic targets. I further informed them that, even though they might have favorable reports by reputable engineers, we relied a great deal on factual data obtained by a Government representative and if the mineralization and geologic structures could not be observed and investigated by our representative, we could not help them. I stated that the shallow surface workings along the vein and Old Abe tunnel should have been cleaned out for our examination.

23263

They said Mr. Bolmer should have told them that when he was on the property and they would have cleaned out the workings. I then told them that we didn't want them to go to any unnecessary expense as we would have to be convinced that favorable geologic targets existed on the property to be explored.

They suggested that we give them a contract and they would guarantee repayment from production of developed ore on the nearby Buffalo Boy mine which is also inaccessible. This production was to come at some later date when they would reach the ore with the 3,300-foot drift originally proposed. I told them we couldn't do that but said we would be willing to schedule another field examination by a different person, Mr. J. William Hasler, the new OME Field Officer, in Denver, provided they would clean out any surface cuts along the vein and make the Old Abe adit accessible for an examination. This cannot be done until June or later because of snow conditions.

Frank E. Johnson

Frank E. Johnson

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

FEJohnson/mm (1/24/66)

STONE SILVER CORP.
200 CENTRAL PARK SOUTH
NEW YORK CITY, NEW YORK.

Tel: Co 5- 5619
Co 5- 5724

OME 6478

July 2nd,1965.

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 7 1965

INITIALS	CODE
	120
	120

Mr. George C. Selfridge,
Chief - Division of Exploration Operations
O.M.E.
Geological Survey
Room 4460
Interior Building,
Washington, D.C. 20240.

Dear Mr. Selfridge:

Re: APPLICATION OF STONE SILVER CORP.
FOR VERTEX MINE, SAN JUAN COUNTY, COLORADO

Enclosed please find the Subordination Agreement for the royalty which is to accompany the application our office sent to you by registered mail Friday, July 2nd,1965.

We are taking a copy of this subordination agreement to Denver with us this week, and will give it to Hugh Connors when we submit the other copy of the application to him.

Very truly yours,

Janice Gilbert Stone

(MRS.) JANICE GILBERT STONE
Vice President.

JGS:LHM
Encl. 1.

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

GOVERNMENT USE ONLY
Operator
Docket No. OME –
Contract No. 14-23-090 –
Contract Date

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

That certain land in the County of San Juan, State of Colorado,

described as follows:[2] see Annex A attached hereto and made a part hereof,

hereinafter called the "land", is the subject of a proposed exploration contract, hereinafter called the "Contract", between the United States of America, hereinafter called the "Government" and

STONE SILVER CORP.[3]

hereinafter called the "Operator". In consideration for and as an inducement to the Government executing the Contract, the undersigned:

1. (a) Being the owner of an interest in the land, hereby grants to the Government a lien upon all of his right, title, and interest in the land and upon any production of minerals therefrom to secure the payment to the Government of the royalty on production provided for by the Contract, and agrees if the Operator's interest should be surrendered or terminated at any time prior to the expiration of the rights of the United States under said Contract to pay royalty to the Government according to the terms of said Contract; or

(b) Being the holder of a claim, lien, or encumbrance against the land, hereby subordinates his claim, lien, or encumbrance in or against the land and in any production therefrom to the rights of the Government under the Contract with respect to royalty on production and liens to secure same.[4]

2. Undertakes and agrees that property in which the Government may acquire an interest or equity under the Contract may be dismantled, severed from the land, and removed as may be provided in the Contract; and the Government's interest and equity in such property shall be prior and superior to any adverse right or claim of the undersigned.

3. Represents and undertakes that there is no claim, lien, or encumbrance upon the undersigned's right, title, claim, or interest in or against the land other than the following: (If "none" insert the word "none". Do not leave blank.)

None

1/ Production from the land is not required, and in the absence of production there is no obligation to pay royalty to the Government.

2/ Either (a) insert the legal description of the land, or (b) strike out the words "as follows" and insert "in a lease /or contract, deed, or other document/ dated _____, and recorded in Book_____, Page____, official records of said county". If (b) is used, the book and page of recordation must be inserted above. If the space provided is insufficient, use an Annex and refer to the Annex in the space.

3/ Insert name exactly as it appears in the Application MME Form 40.

4/ Subparagraph 1(a) does not apply to the holder of a claim, lien, or encumbrance.

4. Undertakes and agrees (a) neither to commit any act nor assert any claim in conflict with the provisions of this Agreement; and (b) to give advance notice of the Government's rights under this agreement to any subsequent transferee, mortgagee, encumbrancer, or lessee of any of the undersigned's right, title, claim, or interest in or against the land or any production therefrom, furnishing the Government with two true copies of such notice; and

5. Consents to all amendments (including an agreement of termination) and assignments of the Contract without notice thereof, and undertakes and agrees that this agreement shall extend and apply thereto.

6. Added provisions See Annex A. (State "None" or "See Annex No.____".)

Dated this ____ day of June 14, 1965.

Walter Krueger (Seal) WALTER KRUEGER	Carrington, North Dakota	(Street) (City & State)
Jessie M. Peterson (Seal) JESSIE M. PETERSON	4307 Tejon Street Denver, Colorado	(Street) (City & State)
(Seal)		(Street) (City & State)
(Seal)		(Street) (City & State)
(Seal)		(Street) (City & State)
(Seal)		(Street) (City & State)

I, _____ (Name), certify that I am the _____ (Title—Secretary, etc.) of the corporation named herein; that _____ (Name), who signed this agreement was then _____ (Title—Pres., Vice-Pres., etc.) of said corporation; that said agreement was duly signed for and in behalf of said corporation by authority of its governing body, and was within the scope of its corporate powers.

_____ (Corporate Seal)

INT.-DUP. SEC., WASH., D.C. 21103

Recorded at.....o'clock.....M., ...

Reception No..... .....Recorder.

RECORDER'S STAMP

Extra Copy of Deed to be used as "Annex A"

THIS DEED, Made this 22nd day of June in the year of our Lord one thousand nine hundred and sixty-five between PHILIP M. KING of the County of New York and State of ~~Colorado~~ New York of the first part, and STONE SILVER CORP. a corporation organized and existing under and by virtue of the laws of the State of New York, of the second part:

WITNESSETH, That the said party of the first part, for and in consideration of the sum of other valuable consideration and Five and no/100 - - - - - - - - - - DOLLARS, to the said party of the first part in hand paid by the said party of the second part, the receipt whereof is hereby confessed and acknowledged, has granted, bargained, sold and conveyed, and by these presents does grant, bargain, sell, convey and confirm, unto the said party of the second part, its successors and assigns forever, all of the following described lot or parcel of land, situate, lying and being in the Animas Mining District County of San Juan and State of Colorado, to-wit: the 37 patented lode mining claims, known collectively as the Vertex Group, more particularly: Niegoldstown-site Lode Claim and Townsite Lode Claim, U.S. Survey No. 17287; Buffalo Boy Lode Claim, June Bug Lode Claim, Silver Bell Lode Claim, Quail Lode Claim, Golden Fleece Lode Claim, Smuggler Union Lode Claim, Roosevelt Lode Claim, Lizzie D. Lode Claim and August Lode Claim, U.S. Survey No. 19397; Old Abe Lode Claim, Ned Lode Claim, Silent Friend No. 1 Lode Claim, Silent Friend No. 2 Lode Claim, Silent Friend No. 3 Lode Claim, Posiedon Lode Claim, Ymir Lode Claim, Surya Lode Claim, Mithra Lode Claim, Faust Lode Claim, Fortuna Lode Claim, Lachesis Lode Claim, Interocean Lode Claim, LaNieve Lode Claim, Illiad Lode Claim, Mt. Canby Lode Claim, Tenderfoot Lode Claim, Niflhein Lode Claim, Arrow Head Lode Claim, Kansas Girl Lode Claim and O.K. Lode Claim, U.S. Survey No. 20329; Storm King Lode Claim and Oyama Lode Claim, U.S. Survey No. 20328; and Silver Tape Lode Claim, I.X.L. Lode Claim and No Name Lode Claim, U.S. Survey No. 11319;

TOGETHER with all and singular the hereditaments and appurtenances thereunto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof; and all the estate, right, title, interest, claim and demand whatsoever of the said party of the first part, either in law or equity, of, in and to the above bargained premises, with the hereditaments and appurtenances.

TO HAVE AND TO HOLD the said premises above bargained and described, with the appurtenances, unto the said party of the second part, its successors and assigns forever. And the said party of the first part, for himself, his heirs, executors, and administrators, does covenant, grant, bargain and agree to and with the said party of the second part, its successors and assigns, that at the time of the ensealing and delivery of these presents, he is well seized of the premises above conveyed, as of good, sure, perfect, absolute and indefeasible estate of inheritance, in law, in fee simple, and has good right, full power and lawful authority to grant, bargain, sell and convey the same in manner and form as aforesaid, and that the same are free and clear from all former and other grants, bargains, sales, liens, taxes, assessments and incumbrances of whatever kind or nature soever, SUBJECT to reservation in deed from WALTER KRUEGER, REUBEN LEHMAN and JESSIE M. PETERSON to PHILIP M. KING dated December 23, 1964 recorded in SanJuan, Colorado reserving an undivided 15% royalty interest in and to any and all minerals of every kind and description produced from the land computed upon the gross profits thereof, after deduction of mill, smelter and freight charges, and the above bargained premises in the quiet and peaceful possession of the said party of the second part, its successors and assigns, against all and every person or persons lawfully claiming or to claim the whole or any part thereof, the said party of the first part shall and will WARRANT AND FOREVER DEFEND.

IN WITNESS WHEREOF, The said party of the first part has hereunto set his hand and seal the day and year first above written.

Signed, Sealed and Delivered in the Presence of

Philip M. King .....[SEAL]
Philip M. King

.....[SEAL]

.....[SEAL]

STATE OF ~~COLORADO~~ NEW YORK
County of NEW YORK } ss.

The foregoing instrument was acknowledged before me this 22nd day of June 1965, by PHILIP M. KING.

WITNESS my hand and official seal.

Helen Harrison
HELEN HARRISON
Notary Public, State of New York
No. 41-6785675
Qualified in Queens County
Commission Expires March 30, 1966
Notary Public.

My commission expires .....

Recorded at ..... o'clock ..... M., ...

Reception No. ....Recorder.

RECORDER'S STAMP

Photo Copy of Deed to be used as "Exhibit A"

THIS DEED, Made this 22nd day of June in the year of our Lord one thousand nine hundred and sixty-five between PHILIP M. KING of the County of New York and State of ~~Colorado~~ New York, of the first part, and STONE SILVER CORP. a corporation organized and existing under and by virtue of the laws of the State of New York, of the second part:

WITNESSETH, That the said party of the first part, for and in consideration of the sum of other valuable consideration and Five and no/100 - - - - - - - - - - - DOLLARS, to the said party of the first part in hand paid by the said party of the second part, the receipt whereof is hereby confessed and acknowledged, has granted, bargained, sold and conveyed, and by these presents does grant, bargain, sell, convey and confirm, unto the said party of the second part, its successors and assigns forever, all of the following described lot or parcel of land, situate, lying and being in the Animas Mining District County of San Juan and State of Colorado, to-wit: the twelve patented lode mining claims, known collectively as the Slide Group, more particularly: Slide Lode Claim, Eugenia Lode Claim, Ouray Chief Lode Claim, LeRoi Lode Claim, Burr Oak Lode Claim, Sunbeam Lode Claim and Twenty Three Lode Claim, U.S. Survey No. 17207; Volapuk Lode Claim and Humboldt Lode Claim, U.S. Survey No. 15090; Gold Age Lode Claim, U.S. Survey No. 15089; Silver Bell Lode Claim, U.S. Survey No. 20359; and Gold Wedge Lode Claim, U.S. Survey No. 20360;

TOGETHER with all and singular the hereditaments and appurtenances thereunto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof; and all the estate, right, title, interest, claim and demand whatsoever of the said party of the first part, either in law or equity, of, in and to the above bargained premises, with the hereditaments and appurtenances.

TO HAVE AND TO HOLD the said premises above bargained and described, with the appurtenances, unto the said party of the second part, its successors and assigns forever. And the said party of the first part, for himself, his heirs, executors, and administrators, does covenant, grant, bargain and agree to and with the said party of the second part, its successors and assigns, that at the time of the ensealing and delivery of these presents, he is well seized of the premises above conveyed, as of good, sure, perfect, absolute and indefeasible estate of inheritance, in law, in fee simple, and has good right, full power and lawful authority to grant, bargain, sell and convey the same in manner and form as aforesaid, and that the same are free and clear from all former and other grants, bargains, sales, liens, taxes, assessments and incumbrances of whatever kind or nature soever, SUBJECT to reservation in deed from WALTER KRUEGER and JESSIE M. PETERSON to PHILIP M. KING dated December 23, 1964 recorded in San Juan, Colorado, reserving an undivided 15% royalty interest in and to any and all minerals of every kind and description produced from the land computed upon the gross profits thereof after deduction of mill, smelter and freight charges, and the above bargained premises in the quiet and peaceful possession of the said party of the second part, its successors and assigns, against all and every person or persons lawfully claiming or to claim the whole or any part thereof, the said party of the first part shall and will WARRANT AND FOREVER DEFEND.

IN WITNESS WHEREOF, The said party of the first part has hereunto set his hand and seal the day and year first above written.

Signed, Sealed and Delivered in the Presence of

Philip M. King ..... [SEAL]
Philip M. King

..... [SEAL]

..... [SEAL]

STATE OF ~~COLORADO~~ NEW YORK
County of NEW YORK } ss.

The foregoing instrument was acknowledged before me this 22nd day of June, 1965, by PHILIP M. KING

WITNESS my hand and official seal.

My commission expires .....

HELEN HARRISON
Notary Public, State of New York
No. 41-6785675
Qualified in Queens County
Commission Expires March 30, 1966

..... Notary Public.

No. 952 WARRANTY DEED TO CORPORATION—For Photographic Record.
—Bradford-Robinson Printing Company, 1824-46 Stout Street, Denver, Colorado

Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/20/65	Kirkemo	120K
	On from	120
10/20	Johnson	110
		220
10/21	Kilgard	
10/22	Turcotte	
10/22	Kempton	
		110
		220

Stone Silver Corp.
200 Central Park South
New York City, New York 10019

Re: OME-6478 (Silver-Gold)
Stone Silver Corp.
Vertex and Slide Groups of Claims
San Juan County, Colorado

Gentlemen:

Following your acceptance of our suggestion of July 23, 1965, to consider exploring the Old Abe occurrence at the subject property, we reviewed again your application for financial assistance and completed an on-site examination of the property.

Our engineer was unable to examine the veins in the Old Abe and Oyama tunnels because the portals were caved. Assays of mineralized material selected from the dumps of these tunnels show a low content of gold and silver. There is no other information available to us that would suggest the presence of significant ore bodies in the area under consideration. Under these circumstances, therefore, we regret to inform you that the Government cannot join with you in the modified program of exploration.

Sincerely yours,

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

HKirkemo/mm
10/20/65
cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
Region III
Mr. Selfridge
Mr. Kirkemo
120M

23263

DMEA Form 7
(12-56)

OFFICIAL FILE COPY

Date	Surname	Code

October 20, 1965

Memorandum

To: The File

From: Harold Kirkemo, Geologist

Subject: OME-6478 (Silver-Gold)
Stone Silver Corp.
Vertex and Slide Groups of Claims
San Juan County, Colorado

Justification for Denial

The Applicant proposed driving a 3,300-foot drift, 166 feet of crosscut, and a 360-foot raise under old workings on gold-quartz veins in the Animas mining district about 6 miles east of Silverton, Colorado. Estimated cost of the project was $140,000.

The application as originally submitted was denied July 23, 1965, because the proposed drift would be more in the nature of developing the Buffalo Boy mine in the north end of the property than exploration. The Applicant accepted the Government's suggestion to consider exploring only the Old Abe and Oyama tunnel areas in the southern portion of the property.

Field examination of the property showed that the two tunnels were caved at the portals. Two samples of selected material from the dumps of the tunnels showed assays of 0.025 oz. gold, 1.40 oz. silver, and 0.03 oz. gold, and 1.55 oz. silver per ton, respectively. There is no other information available to suggest that there are significant ore bodies in the area worthy of exploration.

The economics of the proposal are not realistic. The Applicant proposed driving the drift for $29.00 per foot whereas actual drifting costs in the district range from $48.00 to $50.00 per foot. Also, the ore reserves in the Buffalo Boy mine, estimated to average $30.00 per ton in gold and silver, must be considered marginal ore because there is no mill on the property and charges for custom milling in the district are reported to be exorbitant. There is no evidence to suggest better grade ore in the veins proposed for exploration.

I concur with the Field Officer's recommendation to deny the application.

Harold Kirkemo
Harold Kirkemo

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

8623

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO

October 8, 1965

OFFICIAL
COPY
O. M. E.
RECEIVED
OCT 11 1965

INITIALS	CODE
	130
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1 cy 130

AIRMAIL

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6478 (Silver-Gold)
Stone Silver Corp.
Vertex and Slide Groups
San Juan County, Colorado
Report of Examination

Attached are the original and one copy of the report of examination on the subject docket by Robert L. Bolmer, Mining Engineer, U.S. Bureau of Mines.

The Field Examiner recommends that the application be denied and I concur in the recommendation.

The accessibility of the project area is limited due to the high altitude and short working season. Mrs. Stone, I am told, is a champion bridge player but has had no mining experience. This property, in my opinion, cannot pay a 15% royalty to the former owners and an additional 5% to OME. Mining costs at this property are too high to pay for mining $30.00 ore without any royalty.

Hugh M. Connors

Hugh M. Connors

HMC 10-8-65

cc: 6478
chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES
AREA V

BUILDING 20
DENVER FEDERAL CENTER
DENVER, COLORADO 80225

Mineral Resource Office

October 8, 1965

Memorandum

To: Chief, Office of Minerals Exploration
Geological Survey, Washington

From: R. L. Bolmer, Mining Engineer, Area V Mineral Resource Office, Bureau of Mines, Denver

Subject: Field examination for OME-6478 (Silver-Gold), Stone Silver Corp., Vertex and Slide Groups of Claims, San Juan County, Colorado

The Vertex and Slide groups of claims were examined July 30, 1965 in response to the subject application for financial assistance in minerals exploration. Exploration of the Buffalo Boy-Old Abe vein below early day mine workings and shallow prospects, by means of a 3,300-foot drift adit costing an estimated $150,000, is proposed in the application. The examination was made with Mr. Warren C. Prosser, consulting engineer for the applicant.

Location, ownership, and extent of property

The Vertex and Slide groups of 49 contiguous patented lode mining claims lie at elevations of 12-13,000 feet on the ridge between Stony and Rocky Gulches in unsurveyed secs. 17 and 20, T 41 N, R 6 W, NMPM, Animas Mining District, San Juan County, Colorado. Stony and Rocky Gulches are tributaries of Cunningham Gulch which joins the Animas River Valley at Howardsville, some 5 miles northeast of Silverton. The Stony Pass Jeep trail, which branches from the County road in Cunningham Gulch about 2 miles south of Howardsville, crosses the southern edge of the property. An old aerial tramway, the towers and cable still intact, extends nearly 9,000 feet from the former mill site in Cunningham Gulch to the Buffalo Boy mine in Rocky Gulch. The mine is accessible over an old wagon trail up Rocky Gulch.

Stone Silver Corp. is the sole recorded owner of the property although a 15 percent royalty interest on all metal production therefrom has been reserved to other parties.

FIELD EXAM. REPT.

The property contains several known veins on which numerous prospect pits and trenches, a few exploratory adits with little or no recorded production, and one moderately productive gold-silver mine (Buffalo Boy) were opened by early-day operators. Evidently, no work has been done on the property since the early 1930's.

Description of property

The factual data concerning the property (geology, history, production, and so on), as outlined in the accompanying report by Prosser, appears to be correct and will not be discussed here.

Proposed project work

The applicant's proposed 3,300-foot extension of the Oyama adit in Stony Gulch would terminate immediately below the old Buffalo Boy mine in Rocky Gulch, where reserves of some 100,000 tons of $30 gold-silver ore reportedly are blocked out ready for mining. Such work was rejected by the Washington Office, OME, on the grounds it was development rather than exploration. However, the initial sections of the proposed adit extension would pass some 350 feet below the Old Abe prospect in Stony Gulch, and it was suggested to the applicant that a limited amount of exploration in that area might be warranted. The applicant subsequently agreed to confine its proposal to the latter target.

Results of examination

The existing 484-foot Old Abe adit, at an elevation of 12,423 feet, appears to have been driven on the projected extension of the Buffalo Boy vein. Reported early-day assays of the 5- to 9-foot vein followed by this adit ranged from $5 to $24 in gold and silver at present market prices. A small amount of higher grade material reportedly was shipped from the adit. However, it is uncertain whether this shipment represented crude (as mined) ore or upgraded (hand sorted) ore. The adit presently is caved tight at the portal and no vein is exposed at the surface. A selected sample of some of the better looking pyritic quartz vein material stockpiled near the portal assayed 0.025 oz. gold and 1.40 oz. silver.

The existing 175-foot Oyama adit, at an elevation of 12,063 feet in the gulch bottom, also is caved tight at the portal. Apparently, this adit started out as a crosscut but later encountered and followed a vein, as evidenced by the mineralized vein material on its dump. A selected sample of the latter material assayed 0.03 oz. gold and 1.55 oz. silver. The adit lies west of the apparent Buffalo Boy-Old Abe vein projection and would have to continue 700 to 900 feet on its present indicated course to intersect the downward extension of that structure. Depth below the surface would not increase appreciably until this intersection was reached. Like most other old workings in the area, the cross section of the Oyama adit probably was excavated too small for modern mining machinery.

Exploration of the Buffalo Boy-Old Abe vein below the existing Old Abe workings would require a 1,200- to 1,400-foot extension of the Oyama adit. A 1,700- to 1,900-foot extension of this adit would be needed to explore the vein as far as the divide between Stony and Rocky Gulches.

Other considerations

The applicant estimates that the proposed adit can be driven for a unit cost of $29 a foot, plus the cost of rail, pipe, and timber, which brings the overall direct unit costs to about $32.39. According to present-day operators in the San Juan area, more realistic costs for such work would range from $48 to $50 a foot. Weather conditions generally do not permit year-around operations at high altitudes in the area unless elaborate and expensive preparations are made. Skilled labor is not plentiful in the area and would insist on higher than average wages or contract rates to work under the anticipated conditions.

Conclusions

It is difficult to appraise the economic potential of the Old Abe vein at depth. Present information indicates only low milling-grade ore on the existing adit level. Development in the Buffalo Boy mine at approximately equal depth as the proposed exploration, on what may be the same vein, indicates a considerable tonnage of $30 gold-silver ore. Consequently, nothing better than this can be expected below the Old Abe workings.

Exploration, development, and mining costs, all are expected to be excessive considering the accessibility, altitude, and climate of the area involved. There are no longer any milling facilities at the property, and the charges for custom milling in the district are exorbitant.

Under the presently indicated price and cost levels, even the highest grade ore that might be found through the proposed exploration must be considered only marginal at best. Government participation in the costs of such exploration therefore is not considered justified.

R. L. Bolmer

R. L. Bolmer

cc: OME-6478
OME chron. file

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Bldg. 20, Denver Federal Center
Denver, Colo. 80225
GEOLOGICAL SURVEY

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 5 1965

INITIALS	CODE
	170
	170

August 2, 1965

Memorandum

To: Chief, Office of Minerals Exploration

From: Acting Field Officer, OME, Region III

Subject: OME-6478 (Silver-Gold)
Stone Silver Corp.
Vertex and Slide Groups of Claims
San Juan County, Colorado

This responds to your memorandum of July 30, 1965 on the subject docket.

Mr. Bolmer left for the San Juan County a week ago. I did not know when we would have a chance to get back there so I had him look at the subject property, even though you had not released it for examination. Luckily, I received a copy of your letter dated July 23 to the Applicant and I forwarded it to Bolmer.

Frankly, this Mrs. Stone is quite a nuisance and is very pushy. I had to tell her that I was not about to put her application ahead of someone who had an application in ahead of hers. Since that time she has not bothered me. She used to call me from New York often, just to keep her foot in the door.

When Bolmer returns I will advise you of his findings.

Hugh M. Connors

Hugh M. Connors

HMC (8-2-65)
cc: 6478
Chron

Denied 7/23

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
	Selfridge	120
7/30	[illegible]	110
7/30	Cal	220
		120 7m

JUL 3 0 1965

Memorandum

To: Acting Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6478 (Silver-Gold)
Stone Silver Corp.
Vertex and Slide Groups of Claims
San Juan County, Colorado

Enclosed is a copy of a letter of July 28, 1965, from the subject Applicant. May we have your comments.

(signed) FRANK E. JOHNSON

Frank E. Johnson

Enclosure

GCSelfridge/mm (7/30/65)

cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
G. C. Selfridge (2)

23263

STONE SILVER CORP.
200 CENTRAL PARK SOUTH
NEW YORK CITY

Tel: Co. 5 - 5619
Co. 5 - 5724

July 28th,1965.

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 29 1965

INITIALS	CODE
	~~120~~
	~~120~~

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

Re: OME - 6478 (SILVER-GOLD)
STONE SILVER CORP
VERTEX AND SLIDE GROUPS OF CLAIMS
SAN JUAN COUNTY, COLORADO

Dear Mr. Johnson:

We received your letter of July 23rd, stating your position on our application for exploration assistance in the Vertex and Slide claims, Silverton area, Colorado.

The proposed adit, which will explore the "Old Abe" vein along its course, will make available for exploration a vast area, almost entirely unexplored, an area believed by Mr. Warren C. Prosser, our consulting engineer, to hold great potential for mineral occurrence. His opinion was formed after considerable study and on the spot inspection. We appreciate your interest in going along with us in the exploration of that area.

It is our understanding that the engineer from your Denver field office is in the Silverton area now, and intends to examine the property later this week. Warren C. Prosser will be there to give him any assistance he may require.

We feel confident that when he finishes his investigation, it will become evident that the project has not only an unusually high potential, but that the proposed work will prove to be purely explorational, and entirely within the scope of your Department's operations.

We will be waiting to hear from you when your engineer reports his findings, and, if they coincide with Mr. Prosser's preliminary observations, we sincerely hope your office will see fit to undertake the project, along with us, according to a suitable plan of operation.

Yours very truly,

TOBIAS STONE,
President.

TS:LHM

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
	Selfridge	120
7/21	Johnson	110
7/22	Hedgpeth	220
23	Peters	
		110
7/26	Cole	220

JUL 2 3 1965

Stone Silver Corp.
200 Central Park South
New York City, New York 10019

Re: OME-6478 (Silver-Gold)
Stone Silver Corp.
Vertex and Slide Groups of Claims
San Juan County, Colorado

Gentlemen:

Your application for financial assistance in minerals exploration at the subject property has now been reviewed, and we sincerely regret to inform you that the Government could not participate in the exploration work as now proposed because (1) primarily the Buffalo Boy mineral occurrence has been explored by several levels, and (2) ultimately the proposed adit would make such ore as now indicated there accessible for mining which is more in the nature of development than exploration.

As the Old Abe occurrence is still in the prospect stage, it may be that a limited amount of work is warranted in that area. Any further work would be dependent upon the preliminary results. Any Government participation probably would have to be limited to 62.5 percent for silver and gold. Will you please inform us whether you wish to have us continue the processing of your application on the basis suggested above.

Sincerely yours,

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

GCSelfridge/mm
7/21/65
cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
OME Region III
Mr. Selfridge

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
7/30		
		220

July 19, 1965

Memorandum

To: The File

From: Harold Kirkemo, U. S. Geological Survey

Subject: Review of application
OME-6478 (Silver-Gold)
Stone Silver Corp.
Vertex and Slide Groups of Claims
San Juan County, Colorado

The Applicant proposes to drive a 3,300-foot drift, 166 feet of crosscut, and a 360-foot raise under old workings on gold-quartz veins in the Animas mining district about 6 miles east of Silverton, Colorado. Estimated cost of the project is $140,000.

Unfavorable geologic factors, insufficient land rights, and underestimated costs are arguments against this proposal. An on-site examination may verify a greater width of vein than is estimated in ore reserve calculations, and gain a first-hand evaluation of field conditions that would affect costs. Such observations, even if favorable, are not expected to outweigh the disadvantages to this proposal.

An old tunnel (Oyama) at an elevation of 12,100 feet in Stony Gulch, a tributary of Cunningham Creek, would be rehabilitated and extended in a northeasterly direction passing 350 feet under the Old Abe tunnel, and about 20 feet below the bottom of a winze in the Buffalo Boy mine. The drift intervals between the three old workings, 750 feet between Oyama and Old Abe, and 1,750 feet between Old Abe and Buffalo Boy, presumably would be the first test underground of possible veins in these intervals. Perhaps the same vein or en echelon segments of the same vein is exposed in the three workings. Splits or intersections with other veins are indicated on the Applicant's assay map of the Buffalo mine tunnel level.

The vein, or veins, occurs in the Burns quartz latite which is a part of the undifferentiated Silverton volcanic series of lower Miocene age. Latite occupies an area of several square miles in the vicinity of the claims . Its thickness probably exceeds several thousand feet.

A quartz monzonite stock of Tertiary age is exposed in Cunningham Gulch about 1½ miles to the west.

The Buffalo Boy and Old Abe veins consist of quartz, pyrite, argentite, proustite, and unidentified gold minerals. This mineral assemblage is characteristic of prospects in a small area near the mouth of Cunningham Gulch, and, unlike the better known producers in the Silverton district, lacks base metal sulfides. The vein walls are free of fault gouge. Wall rock alteration apparently is not extensive.

The Buffalo Boy mine workings follow a vein trending north to N. 15° E. and dipping 75-85° East. The mine is developed for 2,000 feet on the tunnel level, elevation 12,500 feet, and to a depth of about 675 feet. Strike length of workings on the bottom or 5th level is about 175 feet.

Shipments from the mine total about 15,000 tons. The mineral content of this ore is unknown. Material in ore reserve blocks above the old stopes averages about 0.36 ounces gold and 9.58 ounces silver per ton. No stopes are indicated below the tunnel level although 4 lower levels were established.

Presently estimated ore reserves in the mine total nearly 119,000 tons averaging 0.418 ounces gold and 13.0 ounces silver per ton. The average width of vein sampled in the reserve blocks is 3.56 feet. Vein material extending into the walls beyond the sampled channels suggests a possible vein width of about 6 feet according to the consultant's report which accompanied the application. Whether this unsampled portion is mineralized also is not stated.

Perhaps a more favorable average grade is assigned to some ore reserve blocks than the samples warrant. For instance, Block S between the 3rd and 4th levels is credited with 2,700 tons averaging 1.09 ounces gold and 33.29 ounces silver per ton. The map prints are partly illegible but of 24 channel samples cut at 5-foot intervals on the 4th level, none in the north half of the block contained more than 0.68 ounces gold per ton, and on the 3rd level the best sample shows 0.74 ounces gold per ton. Only 5 samples on the 4th level along the 120-foot length of the block show more than 1.0 ounce gold, and none show on the 3rd level above Block 5.

The absence of stopes below the tunnel level suggests that ore values do not persist in significant quantities at depth. High grade, narrow streaks of ore are evident from the assay data but evidently these did not warrant extraction. Rich argentiferous ores of this type in the Silverton district are comparatively superficial, and may change to low-grade ore in less than 1,000 feet. The Applicant's proposed drift under the Buffalo Boy mine would be in the lower portion of this vertical zone.

The Applicant does not seem to control enough claims to protect this project. The portal of the Oyama tunnel (also portal of project tunnel) is about 25 feet from a claim (Gold Bird, 17031) which the Applicant does not control. The Oyama claim, 20328, controlled by the Applicant overlaps the Gold Bird claim. This situation would pose a problem for dump space if a long tunnel is driven. A similar overlap exists along the course of the proposed tunnel with Arrow Head, 20329, Storm King, 20328, an unnamed claim adjoining the latter on the north, and the Gold Bond claim, 19688. The latter is not controlled by the Applicant.

The claim map does not show all of the claims listed on the Applicant's list of deeded claims.

The total cost of the project may be underestimated. A total of $175,000 may be a more realistic estimate than the $140,000 proposed considering the addition of supplies, equipment, engineering and supervision costs to the contractor's estimated labor cost of $29 per foot.

Government participation of 62½ percent in a gold-silver project totalling $175,000 would leave $65,625 as the Applicant's share. This sum is $15,625 more than the Applicant has on deposit for this project.

Harold Kirkemo

Harold Kirkemo

HKirkemo/gla (7-19-65)
cc to: OME Reading File
Docket
Harold Kirkemo

Mr. Selfridge:

Is this another instance to put this application on the denial section of the "Docket Field Actions" - similar to what we did in the Beckley docket (OME-6422):

Letter to the Applicant ~~xxxxxx~~ denying the application for the work proposed. An alternate program was suggested to the Applicant.

gla

ROGER D. STERN
COUNSELLOR AT LAW
777 THIRD AVENUE
NEW YORK, N.Y. 10017
421-6414

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July 6, 1965

Mr. George C. Selfridge
Chief, Division of Exploration Operations
OME Geological Survey
Room 4460 Interior Building
Washington D.C. 20240

6478

Dear Sir:

re Stone Silver Corp. Application for Financial Assistance in Minerals Exploration

In submitting application for financial assistance in exploration of the minerals in the groups of claims known as the Vertex and Slide Groups, copies of the deeds from Philip M. King to Stone Silver Corp. were enclosed. The deeds, themselves had been sent for recording but have not yet been received. Thus the recording information does not appear upon the photostats of the deeds submitted with the application.

Please be advised that everything is in order and that photostats of the deeds, with the recording information will be sent to you upon receipt by me within the next week or two.

Yours truly,

Roger D. Stern
Attorney for Stone Silver Corp.

RDS:HH

July 7, 1965

Stone Silver Corporation
200 Central Park South
New York, New York 10019

Subject: OME - 6478

Gentlemen:

Your application for exploration assistance, dated July 2, 1965 submitted to our office at Washington, D. C. has been assigned Docket Number OME - 6478.

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 Region III