MME Form 9
Rev. Mar. 59

UNITED STATES
DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

OFFICIAL DOCKET FILE

Contract No. 14-23-2219 Docket No. MME-6495

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- [ ] Withdrawn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

(3) June 1971
(2) February 1970;
(1) see Rep.Rev.Jan.1969 /

- [x] Royalty Audits
- [x] Certification of Discovery
- [ ] Closing Letter
- [x] Cost Audits March 1968 (Interim)
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [x] Contract Amendments
- [x] Contract with all exhibits and annexes
- [x] Owner's Consent to Lien and Subordination Agreement
- [x] Application and Attachments

2-14-69

Right Side

- [ ] Project Summary (final)
- [ ] Work Completed Analysis (final)
- All other material filed in chronological order including the following reports if checked:
- [ ] Field Team Semiannual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [x] Operator's Final Report (Tab) 12-3-68
- [ ] Interim Field Team Reports
- [x] Operator's monthly reports and all attachments
- [x] On-site Exam. Report (Tab) 3/9/68
- [x] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No. 2 : Reports
- [ ] Analysis of Semiannual Inspection Reports
- [ ] Project Summary (Interim) by MME Engineers

Right Side

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

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

Folders No. 3 : Settlement Sheets

Folders No. _____ : Drill Logs

Folders No. _____ : Royalty Material

52615

I-C-DC-OME-26-71

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UNITED STATES
DEPARTMENT OF THE INTERIOR

Office of Survey and Review

Audit Operations

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Report of Royalty Review-Contract 2219
Docket No. OME 6495 (Silver)
Beardsley Gulch Mining Company, Inc. (Operator)
Custer County, Idaho

Washington, D.C.
June 1971

United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240
OFFICE OF SURVEY AND REVIEW
Audit Operations, Region I
801 19th Street, N.W., Room 813
Washington, D.C. 20240

June 11, 1971

Memorandum

To: Director, Geological Survey

From: Regional Director, Audit Operations

Subject: Royalty Review-Contract 2219
Docket No. OME-6495 (Silver)
Beardsley Gulch Mining Company, Inc. (Operator)
Custer County, Idaho

As requested by the Chief, Office of Minerals Exploration, we made a royalty review of Contract 2219. The results of our review are shown in the attached report.

C. D. Bare

Attachment

We examined the cash receipts record in the Branch of Budget and Finance, Administration Division, Geological Survey, and reviewed the contract files of the Office of Minerals Exploration (OME) pertaining to royalty due the Government on the value of production from the property included in Contract 2219 with Beardsley Gulch Mining Company, Inc. (Operator). The review was made during June 1971 at Washington, D.C.

The contract, as amended, provides that the Operator shall pay the Government a 5 percent royalty on the value of any production from the property specified in this contract for a period of 12 years from the date of the amended contract, July 1966, or until the Government's participation in the exploration costs, $33,324, is repaid with simple interest at 6 3/4 percent, whichever occurs first.

Two royalty reviews were made on this contract, one completed in January 1969 and the other in February 1970 covering the period October 26, 1968, through December 12, 1969. Royalty payments of $3,343 were received by OME on production, valued at $66,862.

The present review covers production from January 22 through September 28, 1970, the date of the last royalty payment received by OME. No ore production reports or royalty payments were received from September 28, 1970, through May 31, 1971. The value of production reported during this period was $55,207 with royalty payments received by OME of $2,760.

The OME Field Officer, Region I, noted in his November 10, 1970 inspection report that the mining operations were continuing on a very restricted basis and that only two men were working underground. OME has received no royalty payments since the settlement for ore sold in late September 1970.

An Agreement of Merger, dated December 1, 1970 between Beardsley Gulch Mining Company and Bayhorse Minerals, Inc., took effect on December 30, 1970. The two corporations were combined into one and hereafter the corporation is known as the Bayhorse Minerals Inc. The Agreement of Merger states inpart:

> "....all debts, liabilities, and duties of the respective constitutent corporation....shall thenceforth attach to the surviving corporation and may be enforced against it to the same extent as if said debts, liabilities, obligations and duties had been incurred or contracted by it...."

The value of production reported and royalties paid to the Government through September 28, 1970, as of May 31, 1971, are as follows:

Period of Review	Value of Production Reported	Status of royalty account thru September 1970 Royalty Due & Paid
October 1968-December 1969	$ 66,862	$3,343
January 1970-May 1971	55,207	2,760
Total	$122,069	$6,103

During our discussion of a draft of this report, OME officials stated they were in the process of preparing Form 63, Request for Information on Certified Project under Royalty Agreement. Since no production was reported and no royalty payments have been received since September 28, 1970, we recommend that the Form 63 be sent to the operator as soon as possible.

C. D. Baer
Regional Director

I-C-DC-OME-18-70

Docket copy

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UNITED STATES
DEPARTMENT OF THE INTERIOR

Office of Survey and Review
Audit Operations

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Report of Royalty Review-Contract 2219
Docket No. OME-6495 (Silver)
Beardsley Gulch Mining Company, Inc.
Custer County, Idaho

Washington, D. C.
February 1970

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

FEB 13 1970

Memorandum

To: Director, Geological Survey

From: Regional Director, Audit Operations

Subject: Royalty Review-Contract 2219
Docket No. OME-6495 (Silver)
Beardsley Gulch Mining Company, Inc. (Operator)
Custer County, Idaho

As requested by the Chief, Office of Minerals Exploration, we made a royalty review of Contract 2219. The results of our review are shown in the attached report.

C. D. Bar

Attachment

We examined the cash receipts records in the Branch of Budget and Finance, Administrative Division, Geological Survey, and reviewed the contract files of the Office of Minerals Exploration (OME) pertaining to royalty due to the Government on the value of production from the property included in Contract 2219 with Beardsley Gulch Mining Company, Inc. (Operator). The review was made during February 1970 at Wasington, D.C.

Under the terms of this contract, the Operator is obligated to pay the Government a 5-percent royalty on the value of any production from the land specified in this contract for a period of 12 years from the date of the contract (July 14, 1966), or until the total net amount ($33,324) contributed by the Government to the exploration costs, with simple interest at 6-3/4 percent, shall have been repaid, whichever occurs first.

A prior review completed January 1969, reported that during the period October 26, 1968, to January 14, 1969, the value of production was $20,824 and that royalty payments of $1,041 had been received by OME.

The present review covers production from January 22 to December 12, 1969, the date of the last royalty payment received by OME from the Operator. During this period the value of production was $46,038 and royalty payments received by OME were $2,302.

A royalty inspection made by OME, Region I, Field officer on September 4, 1969, revealed that mining was being done in the Beardsley Gulch mine

and a new stope had been driven above the main level. The field officer also stated that most of the high-grade shipping ore that was stockpiled at the mine in June had been sold and only a few tons remain. Smelter settlement sheets show that this ore contains about 20 percent lead and about 45 ounces silver per ton.

The value of production and royalty due and paid to the Government through December 12, 1969, is as follows.

Period of Review	Value of Production	Royalty Due	Royalty Paid
Prior Review	$20,824	$1,041	$1,041
This Review	46,038	2,302	2,302
Total	$66,862	$3,343	$3,343

C. D. Barr
Regional Director

MME Form 7
(2/63)

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Date	Surname	Code
2/5/69	Kirkham	120
2/6	Johnson	110
	Long	140
	Appd. Sol. Off.	
2/11	Kilzgaard	120M
2/13	Clyp	
		110
2/14	Cace	220

~~120M~~
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UNITED STATES OF AMERICA
CERTIFICATION OF POSSIBLE PRODUCTION
UNDER AN EXPLORATION CONTRACT

Beardsley Gulch Mining Co., Inc.
King Street Dock
Burlington, Vermont 05401

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Pursuant to Article 7 of the referenced contract, as amended, the Government hereby certifies that mineral or metal production may be possible as a result of the exploration work.

Therefore, royalties shall be paid to the Government as provided in the contract on all production from the land described in the contract from July 14, 1966, to July 14, 1978, or until the total amount contributed by the Government under the contract ($33,323.88) is fully repaid with interest at the rate of 6-3/4 percent per annum, whichever occurs first. The payment of royalties is secured by a lien upon the land and upon any production therefrom.

We direct your attention to "A Special Agreement Concerning Land" in Annex I of the contract which provides that any land situate within 1,500 feet of the southern boundary of the Clark claim which is acquired by the Operator or any subsidiary or successor thereof at any time during the royalty period is subject to the royalty provisions described above.

As heretofore, royalty payments should be made in favor of the U. S. Geological Survey, and mailed or delivered to the Field Officer, Office of Minerals Exploration, U. S. Geological Survey, Region I, U. S. Courthouse, Room 656, West 920 Riverside Avenue, Spokane, Washington 99201. Each payment should be accompanied by two copies of settlement sheets or other suitable sales evidence showing the date of sale, name of the purchaser, the quantity and grade of the production sold, the price per unit, and the gross proceeds and allowable deductions therefrom. The purchaser should be notified of the Government's royalty on production and directed to pay the royalty, computed as provided in the contract, directly to the Government.

FROM SOLICITOR
FEB 10 1969
FOR SIGNATURE

The Field Officer should be notified upon any extended cessation of production. Production unsold or unused six months after extraction from the ground should be reported promptly to the Field Officer.

Attention is specifically invited to the provisions of Article 2(c) of the contract referring to the preservation of the Government's royalty rights. Two true copies of any instrument transferring, surrendering, or encumbering any of said rights shall be furnished to the Field Officer.

Dated this 14th day of February, 1969.

THE UNITED STATES OF AMERICA

FRANK E. JOHNSON (gla)

Chief, Office of Minerals Exploration
U.S. Geological Survey

Copy to:
Mr. O. J. Salisbury, Vice President
Ramshorn Mines Company, and
President, Bayhorse Mines, Inc.
Challis, Idaho 83226

cc: Director's Reading File
Economic Geology File
Branch of Budget and Finance
Assoc. Sol. - Room 6554
OME docket
OME Region I
OME Reading File
Frank E. Johnson
Mr. Kirkemo
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GLAult 12-27-68
RWBliss/HKirkemo/gla 2-5-69

I-C-DC-OME-10-69

UNITED STATES
DEPARTMENT OF THE INTERIOR

Office of Survey and Review

Audit Operations

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Report of Review-Contract No. 2219
Docket No. OME-6495 (Silver)
Beardsley Gulch Mining Company, Inc.
Custer County, Idaho

Washington, D.C.
January 1969

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
OFFICE OF SURVEY AND REVIEW
AUDIT OPERATIONS, REGION I
1325 K STREET, N. W., ROOM 614
WASHINGTON, D. C. 20005

FEB 5 1969

Memorandum

To: Director, Geological Survey

From: Regional Director, Audit Operations, Region I

Subject: Review of Contract 2219
Docket No. OME-6495 (Silver)
Beardsley Gulch Mining Company, Inc. (Operator)
Custer County, Idaho

As requested by the Chief, Office of Minerals Exploration, we made a cost review of Contract 2219. The results of our review are shown in the attached report.

C. D. Bar

We reviewed the contract files of the Office of Minerals Exploration (OME) pertaining to their minerals exploration Contract No. 2219 with Beardsley Gulch Mining Company, Inc. (Operator), and examined the records in the Branch of Budget and Finance, Administrative Division, Geological Survey. This review made at Washington, D. C. during January 1969, covered the nine months extension to October 14, 1968, granted by Amendments Nos. 5 and 6.

The contract was awarded July 14, 1966, for $44,680, the total estimated cost of the contract, with OME participation on a 75 percent basis. The contract provided for certain exploratory mining operations to be performed by the Operator on land consisting of three patented claims and three unpatented claims in the Bayhorse District, Custer County, Idaho. The exploration was to be performed by trenching, drifting, and crosscutting, long-hole drilling, and raising for silver-bearing ore bodies in or near the Hoffman shear zone and the K-7 vein in the Bayhorse Dolomite of Cambrian Age underlying the Ramshore slate of Ordovician Age.

Repayment of disbursed Federal funds plus simple interest at 6-3/4 percent was to be made on the basis of established royalties of all minerals and metals produced from the land during the exploratory operation and for a period of 12 years from the date of the contract

should a certificate of possible production be made by OME. Work under the contract started August 15, 1966, and was completed on October 14, 1968.

Amendment No. 6 divided the work under this contract into three stages, established that the total costs of Stage I and II be limited to those accepted through January 31, 1968, and that the balance of the funds, $14,263, remaining under the contract was to be applied to the costs of Stage III.

The units of work authorized and paid under this contract are summarized on Exhibit I. We believe that the claimed and accepted costs for $44,432, and the OME participation on the 75 percent basis for $33,324, were proper under the terms of the contract.

The OME inspector, in his final inspection report of November 19, 1968, recommended that a certificate of possible production be issued. The OME contract files do not indicate that this certificate was issued. The Operator in his final report of December 3, 1968, stated that they were producing 15 to 20 tons per day of ore averaging about 32.5 ounces of silver and 10 percent lead, and that they hoped to produce at least 700 tons of such ore during the last quarter of 1968.

The OME contract files contained evidence of nine ore shipments from October 1968 to January 1969. Eight of these shipments were

sold to American Smelting and Refining Company, and one to International Smelting and Refining Company. Royalties earned and paid were $20,824, and $1,041 respectively.

Value of ore on which 5% royalty paid

royalty paid @ 5%

C. D. Bare

Regional Director

see Operators letter Mar. 7, 1969 to Field Officer R-I + reply March 13, 1969. Copies of each to B + F and Office of Survey + Review Audit Operations March 25, 1969

EXHIBIT I

Summary of Costs
Office of Minerals Exploration Contract No. 2219
to Beardsley Mining Company, Inc.

Actual Costs	Authorized Amounts	Accepted Costs	Unexpended Balance
STAGE I	$ 4,106	$ 4,106 a/	$ -0-
STAGE II	$26,311	$26,311 a/	$ -0-
STAGE III			
Category (1)			
Drifting and crosscutting	$ 5,130	$ 6,341	$(1,211) b/
Long-hole drilling	645	542	103 b/
Slusher drifting or slusher raising	5,428	4,320	1,108 b/
Total Category (1)	$11,203	$11,203	-0-
Category (2)			
Supervision	$ 2,250	$ 2,250	-0-
Category (7)			
FICA, etc.	$ 125	$ 125	$ -0-
Accounting and office expenses	135	135	-0-
Assays	550	302	248
Total Category (7)	$ 810	$ 562	$ 248
Total Stage III	$14,263	$14,015	$ 248
Totals	$44,680	$44,432	$ 248
Government Participation @ 75%		$33,324	

a/ Accepted by previous review.
b/ Authorized by Amendment No. 6.

Docket copy

UNITED STATES DEPARTMENT OF THE INTERIOR

OFFICE OF SURVEY AND REVIEW
AUDIT OPERATIONS
WASHINGTON, D. C.

Report of Review-Contract 2219
Docket No. OME-64~~59~~95-(Silver)
Beardsley Gulch Mining Co., Inc. (Operator)
Beardsley et al., Group of Claims
Custer County, Idaho

March 1968

Report of Review

We examined the disbursement records in the Branch of Budget and Finance, Administrative Division, Geological Survey, and reviewed the contract files of the Office of Minerals Exploration (OME), pertaining to the subject minerals exploration contract. The review was made at Washington, D. C. on March 18, and 19, 1968.

This contract contemplated certain exploration to be performed by the Operator at a total estimated actual cost of $44,680, with Government participation, on a 75 percent basis, amounting to $33,510. The contract has been amended five times, principally to allow for changes mutually agreed upon as desirable in furthering the exploration. None of these amendments changed the total estimated actual cost of the project or the amount of the Government's participation. Amendment No. 5 provided for a suspension in the work for a period ending not later than April 1, 1968.

The purpose of the present audit review is to determine the propriety of settlements already made with the Operator for acceptable exploration work performed prior to the current recess in the work and to establish the balance that may be expended, within the contract terms, for conducting certain exploration work now deemed to be desirable based on information obtained as a result of the work already accomplished.

The Operator has claimed costs on vouchers submitted for work performed through January 1968, aggregating $32,246.97. OME has disallowed $1,829.97, of claimed costs as not proper under the contract, has approved costs aggregating $30,417.20, and has determined the amount payable to the Operator to be $22,812.89. The latter amount, less $200 withheld from settlement pending resumption of exploration work, has been paid to the Operator.

We find the settlements made by OME to date to be proper and in conformity with the contract as amended by Amendments Nos. 1 through 5. We further find that the unexpended estimated actual costs amount to $14,262.80 of which the Government's proportion, on the 75 percent basis, amounts to $10,697.11.

Exhibit I of this audit report summarizes the amended contract terms, accepted costs, and the unexpended balance.

C. E. Fisher

C. E. Fisher, Auditor

Reviewed by:

W. H. Wilkerson, Jr.

W. H. Wilkerson, Jr., Contract and Grant Audit
Audit Operations, Office of Survey and Review

Exhibit I

Summary of contract terms, accepted costs, and unexpended balance

Contract 2219 Beardsley Gulch Mining Co., Inc. Docket No. 6459 (Silver)

Amended Contract Work Items	Amount	Accepted Costs	Unexpended Balance
Stage I			
Category (1)			
Dozer mobilization and demobilization	$ 111.00	$ 110.00	$ 1.00
Dozing	1,550.00	1,550.00	--
Slusherdrift	2,250.00	1,560.00	690.00
Total Category (1)	3,911.00	3,220.00	691.00
Category (2)			
Supervision, etc.	750.00	750.00	--
Category (7)			
FICA, etc.	62.00	62.00	--
Acctg. & office expenses, etc.	25.00	25.00	--
Assays	75.00	49.00	26.00
Total Category (7)	162.00	136.00	26.00
Total Stage I	4,823.00	4,106.00	717.00
Stage II			
Category (1)			
Rehabilitation K-7 level	3,041.50	3,041.50	--
Drift and crosscut	11,193.75	11,193.75	--
Drift timber	621.00	403.65	217.35
Timbered raise	14,225.00	6,406.25	7,818.75
Slusher drift or raise	3,350.00	315.00	3,035.00
Long-hole drilling	850.00	205.00	645.00
Addition to make "round" amount	.75	--	.75
Total Category (1)	33,282.00	21,565.15	11,716.85
Category (2)			
Supervision, etc.	4,500.00	3,750.00	750.00

Category (7)			
FICA, etc.	$ 675.00	$ 251.26	$ 423.74
Acctg. & office expenses, etc.	275.00	264.29	10.71
Assays	1,125.00	480.50	644.50
Total Category (7)	2,075.00	996.05	1,078.95
Total Stage II	39,857.00	26,311.20	13,545.80
Total Estimated Cost	$44,680.00	$ 30,417.20	$ 14,262.80
Government Participation - 75%	$33,510.00	$ 22,812.89	$ 10,697.11

Government's Copy

EXPLORATION CONTRACT
BEARDSLEY GULCH MINING CO., INC.
OME-6495

Amendment No. 6

It is agreed this 8th day of April, 1968, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Beardsley Gulch Mining Co., Inc., hereinafter called the "Operator," that Exploration Contract 2219 (OME-6495), dated July 14, 1966, as amended, is further amended effective April 1, 1968, as follows:

1. The time fixed by Article 1 (a) of the contract as amended by Amendments Nos. 2 and 5 for completion of the work is extended from twenty-four (24) to twenty-seven (27) months from the date of the contract, or until October 14, 1968.

2. (a) Work under the contract may be suspended during the period beginning April 1, 1968, and ending not later than July 1, 1968.

(b) The Government shall not contribute to any costs of rehabilitation or repair which in its opinion would not have occurred had there been no suspension of the work.

(c) The Operator, at its own cost and expense, without contribution by the Government during the period of suspension, shall preserve and protect the project work.

3. In Exhibit A under the heading General Provisions:

(a) The eighth paragraph is revised to read as follows:

"The work shall be divided into three stages. No work shall be performed under Stages I and II after January 31, 1968. The Operator shall perform as much of the Stage III work as has the prior approval of the Government."

(b) A new paragraph is added reading as follows:

"Slusher drifts and slusher raises shall be not less than 35 square feet in cross section area."

4. Under the heading Description of the Work five new paragraphs comprising Stage III are added reading as follows:

Stage III

(a) Extend K-7 tunnel level by drifting and crosscutting in the vicinity of Raise 1 to further explore the Hoffman shear zone and K-7 vein. Approximately 100 feet of drift and crosscut may be required of which about 15 feet may require timber support. Long-holes may be drilled to test the area prior to drifting and cross-cutting. Any footage allowed for slusher drifts remaining after slusher drifting is completed in Raise 1 may be applied to slusher drifting on the K-7 tunnel level to explore the Hoffman shear zone and K-7 vein.

(b) Test by long-hole drilling the direction and extent of mineralized structures exposed in Raise 1 at about the 145-foot or Upper Adit level, the 95- to 105-foot interval, and the 65- to 72-foot interval.

(c) If the long-hole drill cuttings indicate continuity of mineralized material extending at least 25 feet beyond the outline of the raise, slusher drifts or slusher raises not exceeding 50 feet in length may be driven on the structure.

(d) Not more than two slusher drifts or slusher raises may be driven at each of the three levels described above.

(e) A long-hole extending at least 25 feet beyond the outline of Raise 1 shall be drilled into each of the walls where no mineralized structure is exposed to explore for unknown ore bodies at or near each of the levels described. A slusher drift may be driven to explore any ore bodies found by drilling.

5. Under the heading Estimated Costs of the Project, the following new paragraphs are added:

The total costs of Stages I and II are limited to those accepted through January 31, 1968. These were $4,106.00 and $26,311.20, respectively, for a total of $30,417.20 as determined by audit completed in March 1968. The balance of funds, $14,262.80, remaining under the contract shall be applied to the costs of Stage III.

Stage III

Actual Costs

Category (1) Independent Contracts 1/

Drifting and crosscutting, 2/
100 feet untimbered @ $49.75/foot $4,975.00

Drift timbering, 15 feet @ $10.35/foot 155.25

Long-hole drilling, 645 feet @ $1.00/foot 645.00

Slusher drifting or slusher raising,
181 feet
0-50 feet @ $30.00/foot (rounded) 5,427.55

Total Category (1) $11,202.80

Category (2) Personal Services

None except:

Subcategory (a) Supervision and Technical Services

1 - Supervisor-geologist-engineer,
3.0 months @ $750.00/month $ 2,250.00

Category (7) Miscellaneous

None except:

Payroll taxes, F.I.C.A., insurance, etc.	$ 125.00	
Accounting, office expenses	135.00	
Assaying, including sample sacks and handling	550.00	
Gold, silver, lead and zinc analyses @ $6.00/sample		
Gold, silver, lead, zinc, and copper analyses @ $7.50/sample		$ 810.00
Total Estimated Actual Costs Stage III		14,262.80

The SUMMARY of Estimated Costs of Project is revised to read as follows:

Total Accepted Actual Costs - Stage I	$ 4,106.00
Total Accepted Actual Costs - Stage II	26,311.20
Total Estimated Actual Costs - Stage III	14,262.80
Total Estimated Actual Costs of the Project	$44,680.00
Government Participation at 75 percent	$33,510.00

1/ Funds not used for one item of work in Category (1) may be applied to other items of work in the same category.

2/ The Government retains no equity in any of the materials used.

This amendment shall not be construed to increase the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
Chief, Office of Minerals Exploration
U. S. Geological Survey

Bliss
Long
Kirkemo
Kilsgaard
Duff

BEARDSLEY GULCH MINING CO., INC.

By Dudley P. Wheeler Jr.

Title Vice President

MME Form 7
(2/63)

OFFICIAL FILE C

Date	Surname	Co
3/27/68		120
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3/28		110
		220
		120M

Memorandum

To: The File

From: Assistant Chief
Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley County, Idaho
Contract 2219

Justification for Amendment No. 6

This amendment was prepared in response to written requests from the Operator's General Manager dated February 7 and March 5, 1968, a conference with the General Manager in Washington, D. C., on March 1, and a review and recommendation by the Field Officer, Region I dated February 23, 1968.

The amendment allows an additional 3-months recess in order that operations can await possible settlement of a labor strike at the smelter where the Operator sells his ore. The strike has been in force since July 1967 and the Operator's cash reserve is too low to risk resumption of work until ore shipments can be resumed. The work necessary to explore the targets described in the contract cannot be completed otherwise.

An audit of costs for work done through January 31, 1968, on Stages I and II was completed in March 1968. The balance of $14,262.80 remaining in the contract will be used for additional work requested by the Operator, and reviewed and revised by the Government as described in Stage III. This includes additional work on K-7 tunnel level, and long hole drilling and slusher drifting to explore mineralized structures at three levels in Raise 1.

The liberal flexibility requested by the Operator for supervision of this work was denied. Instead, the Operator has to test the continuity of structures beyond the outline of the raise by long hole drilling prior to drifting.

Harold Kirkemo

Harold Kirkemo

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

HKirkemo/bsl 3/27/68

Government's copy

EXPLORATION CONTRACT
BEARDSLEY GULCH MINING CO., INC.
OME-6495

AMENDMENT NO. 5

It is agreed this 12th day of January, 1968, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Beardsley Gulch Mining Co., Inc., hereinafter called the "Operator," that Exploration Contract 2219 (OME-6495), dated July 14, 1966, as amended, is further amended effective January 14, 1968, as follows:

1. The time fixed by Article 1.(a) of the contract, as amended by Amendment No. 2, for completion of the work is extended from eighteen (18) to twenty-four (24) months from the date of the contract or until July 14, 1968.

2. The maximum period for royalty payments and for the lien to secure payments thereof provided for in the contract as amended by Amendment No. 2, is extended from eleven (11) to twelve (12) years from the date of the contract.

3.(a) Work under the contract may be suspended during the period beginning January 1, 1968, and ending not later than April 1, 1968.

(b) The Government shall not contribute to any costs of rehabilitation or repair which in its opinion would not have occurred had there been no suspension of the work.

(c) The Operator, at its own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work.

This amendment shall not be construed to increase the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
Chief, Office of Minerals Exploration
U. S. Geological Survey

BEARDSLEY GULCH MINING CO., INC.

By Dooley P. Wheelock

Title General Manager.

Chas Lang
Alba Stone
Kirkemo
Johnson
I. Ingegaard

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(10-58)

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12/28/67		120
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Memorandum

To: The File

From: Assistant Chief, Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Justification for Amendment No. 5

The Operator in a letter dated December 11, 1967 to the Field Officer, Region I, points out three reasons why it is unlikely that the raise from K-7 tunnel to the slusher drift can be completed within the contract period. These reasons are attributed to an expected slow rate of advance through hard silicified rock, difficult operating conditions due to winter weather, and a possible lack of miners after December.

The rate of advance in the raise for the first 80 feet averaged about 2 feet per day. It is unlikely that the remaining 80 feet required to finish the raise can be completed in the period between December 11, 1967 and January 14, 1968, the date fixed for completion of the contract.

The raise is approaching the more attractive target area and a considerable share of the potential of the deposit will be explored in the remaining 80 feet of raise advance.

Therefore, it is in the best interests of the Government to extend the contract an additional six months, and to allow a recess period of three months during the winter.

The Operator did not specifically request a recess but in view of the current difficulties, a request for one can be expected, hence, allowance for a recess in the amendment.

Harold Kirkemo

Harold Kirkemo

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

HKirkemo/bsl 12/28/67

43683

MME FORM 6 REFERENCE SLIP
REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO: Chief, OME

	DATE	INITIALS
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Re: OME-6495 (Silver)
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

D. R. MacLaren

FROM: Fld. Officer, Reg. I

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FOR: Check items for action desired

X Action ___ Reply for signature of ___
___ Approval ___ Investigate ___ Surname
___ Comment ___ Recommendations ___ Signature
___ Conference ___ Rewrite ___ File
___ Instructions ___ Your information

REMARKS:
Transmittal of the Gov't. and Budget and Finance copies of Amendment No. 4 to the above-cited contract.

INT.-DUP. SEC., WASH., D.C. M56300-62

Government's Copy

EXPLORATION CONTRACT
BEARDSLEY GULCH MINING CO., INC.
OME-6495

AMENDMENT NO. 4

It is agreed this 20th day of November, 1967, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Beardsley Gulch Mining Co., Inc., hereinafter called the "Operator," that Exploration Contract 2219 (OME-6495), dated July 14, 1966, as amended, is further amended effective the date of the contract as follows:

In Exhibit A:

1. The first paragraph is revised to read as follows:

"The purpose of this project is to explore by trenching, drifting, crosscutting, long-hole drilling, and raising for silver-bearing ore bodies occurring in or near the Hoffman shear zone and the K-7 vein in the Bayhorse Dolomite of Cambrian age underlying the Ramshorn slate of Ordovician age."

2. Under the heading General Provisions the last paragraph is revised to read as follows:

"Raises may be either 5 by 7 feet or 4 by 9 feet in cross section. Raises in firm rock shall be divided into a manway and chute by 8- by 8-inch stulls with 3-inch lagging on the chute side and with ladders in the manway. Raises in rock requiring support shall be timbered using raise sets of not less than 8- by 8-inch cut timber or equivalent round timber, 3-inch lagging for wall plates and dividers, and ladders in the manway. Slusher drifts and raises shall be timbered as necessary for ground support."

3. Under the heading Description of the Work, Stage II:

(a) A new paragraph is added reading as follows:

"Long-holes may be drilled into the hanging wall and footwall of the K-7 tunnel and Raise 1 at intervals not less than 20 feet apart to test the fault zone for vein segments."

4. Under the heading Estimated Costs of the Project:

(a) Stage I, Actual Costs, Category (1) Independent Contracts, as amended by Amendment No. 1, is further revised to read as follows:

Mobilization and demobilization, one bulldozer	$ 111.00	
Bulldozing access road and trenches HD-21, 62 hours @ $25.00/hr., or TD-18, 91 hours @ $17.00/hr., or TD-14, 129 hours @ $12.00/hr.	1,550.00	
Slusher drift, 75 feet @ $30.00/ft.	2,250.00	
		$ 3,911.00

The total for Stage I costs is revised to read as follows:

Total Estimated Actual Costs Stage I (rounded)	$ 4,823.00

(b) Stage II, Actual Costs, Category (1) Independent Contracts is revised to read as follows:

Rehabilitation of K-7 tunnel 790 feet @ $3.85/foot 1/ 2/	$ 3,041.50
Drifting and crosscutting 225 feet untimbered @ $49.75/foot 2/	11,193.75
Drift timbering, 60 feet @ $10.35/foot	621.00
Raising, including necessary timber, 275 feet (rounded)	14,225.00

Feet	Divider Timber Only	Full Timber
0-50	$35.00/ft.	$45.00/ft.
50-100	42.00/ft.	52.00/ft.
100-150	47.50/ft.	57.50/ft.
150-200	52.50/ft.	62.50/ft.

Slusher drift or raise, 100 feet 2/ 0-50 feet @ $30.00/foot 50-100 feet @ $37.00/foot	$ 3,350.00	
Long-hole drilling, 850 feet @ $1.00/foot	850.00	
Total Category (1) (Rounded)		$33,282.00

The total for Stage II costs is revised to read as follows:

Total Estimated Actual Costs Stage II	$39,857.00

The SUMMARY of Estimated Costs of the Project is revised to read as follows:

Total Estimated Actual Costs - Stage I	$ 4,823.00
Total Estimated Actual Costs - Stage II	39,857.00
Total Estimated Actual Costs of the Project	$44,680.00
Government Participation at 75 percent	$33,510.00

1/ The completed job is the unit of work, and costs include labor, supplies, and equipment used.

2/ The Government retains no equity in any of the materials used.

This amendment shall not be construed to increase the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
Chief, Office of Minerals Exploration
U. S. Geological Survey

BEARDSLEY GULCH MINING CO., INC.

By Dudley P. Wheelock

Title General Manager

Long
Asst. Sec. Int.
Kirkemo
Johnson
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(2/63)

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NOV 8 1967

Memorandum

To: The File

From: Assistant Chief, Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Justification for Amendment No. 4

Geologic and working conditions encountered by the Operator in advancing K-7 tunnel on Stage II of the Contract indicate that:

1 - The K-7 vein structure may consist of a number of veins in a fault zone 10 to 35 feet wide, and

2 - The vein along which K-7 tunnel and No. 1 raise will be driven may be in a fault zone. If so, full timber support may be required.

The Operator has stated the necessity for testing the walls of K-7 tunnel and No. 1 raise for vein segments in the fault zone by means of crosscutting and/or long-hole drilling, and for providing safe working conditions in the heavy ground by properly timbering K-7 tunnel and No. 1 raise as necessary.

Funds to provide for long-hole drilling and full timbering are available from excess funds under the item "Drift timbering" in Stage I, and from "Raising" in Stage II.

I concur in the Field Officer's recommendation to amend the contract.

Harold Kirkemo

Harold Kirkemo

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

HKirkemo/bsl 11/8/67

23263

Government's Copy

EXPLORATION CONTRACT
BEARDSLEY GULCH MINING CO., INC.
OME-6495

AMENDMENT NO. 3

It is agreed this 12th day of July, 1967, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Beardsley Gulch Mining Co., Inc., hereinafter called the "Operator," that Exploration Contract 2219 (OME-6495), dated July 14, 1966, as amended, is further amended effective May 1, 1967, as follows:

In Exhibit A:

1. Under the heading General Provisions, the ninth paragraph is revised to read as follows:

"New and rehabilitated drifts and crosscuts shall be not less than 5 by 7 feet in cross section and shall be timbered as necessary using standard 8- by 8-inch drift sets or equivalent round timber. In rehabilitated workings and in new workings, mine rails shall be not less than 15-pound size, air lines not less than 2-inch diameter, water lines not less than 1-inch diameter, and ventilation pipe not less than 12-inch diameter."

This amendment shall not be construed to increase the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Thomas E. Johnson
Chief, Office of Minerals Exploration
U. S. Geological Survey

BEARDSLEY GULCH MINING CO., INC.

By Dooley P. Wheeler Jr.

Title General Manager

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MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
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June 23, 1967

Memorandum

To: The File

From: Harold Kirkemo, Assistant Chief
Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Group of Claims
Custer County, Idaho
Contract 2219

Justification for Amendment No. 3

The contract specification for 14-inch diameter vent pipe was an error which the Operator noted when checking the requirements for Stage II of the project. Estimated costs for the contract included the cost for 12-inch diameter vent pipe, but not for the more costly 14-inch diameter pipe. The smaller pipe is adequate for the job.

The Operator has a supply of the smaller vent pipe and plans to purchase enough additional supply to properly ventilate the active workings.

I concur with the Field Officer's recommendation to amend the contract to allow use of 12-inch diameter vent pipe.

Harold Kirkemo

Harold Kirkemo

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

HKirkemo/gla 6-22-67

23263

Government's Copy

EXPLORATION CONTRACT
BEARDSLEY GULCH MINING CO., INC.
OME-6495

AMENDMENT NO. 2

It is agreed this 2nd day of February, 1967, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Beardsley Gulch Mining Co., Inc., hereinafter called the "Operator," that Exploration Contract 2219 (OME-6495), dated July 14, 1966, as amended, is amended further effective October 22, 1966, as follows:

1. (a) Work under the contract may be suspended during the period beginning October 22, 1966, and ending not later than April 22, 1967.

(b) The Government shall not contribute to any costs of rehabilitation or repair which in its opinion would not have occurred had there been no suspension of the work.

(c) The Operator, at its own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work.

2. The time fixed by Article 1.(a) of the contract for completion of the work is extended from twelve (12) to eighteen (18) months from the date of the contract or until January 14, 1968.

3. The maximum period for royalty payments and for the lien to secure payments thereof provided for in the contract is extended from ten (10) to eleven (11) years from the date of the contract.

This amendment shall not be construed to increase the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
Chief, Office of Minerals Exploration
U. S. Geological Survey

Long
Kirkemo
Johnson
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BEARDSLEY GULCH MINING CO., INC.

By Dudley P. Wheelock

Title General Manager

MME Form 7
(2/63)

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Date	Surname	Code
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January 24, 1967

Memorandum

To: The File

From: Harold Kirkemo, Assistant Chief
Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Group of Claims
Custer County, Idaho
Contract 2219

JUSTIFICATION FOR AMENDMENT NO. 2

This project has been inactive since October 1966 because of the shortage of miners and the illness of the contractor. It is hoped that both difficulties will be corrected during the period of suspension. The Operator's request for this amendment is a reasonable one in view of the circumstances.

The amendment extends the termination date and the royalty period of the contract. Both items were mentioned by the Field Officer and referred to the Washington office for consideration.

Harold Kirkemo

Harold Kirkemo

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

HKirkemo/gla 1-24-67

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Government's Copy

EXPLORATION CONTRACT
BEARDSLEY GULCH MINING CO., INC.
OME-6495

AMENDMENT NO. 1

It is agreed this 17th day of August, 1966, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Beardsley Gulch Mining Co., Inc., hereinafter called the "Operator," that Exploration Contract 2219 (OME-6495), dated July 14, 1966, is amended effective the date of the contract as follows:

In Exhibit A:

1. Under the heading General Provisions the first paragraph is revised to read as follows:

"A bulldozer no smaller than an International TD-14 or an equivalent unit of any other make shall be used for the bulldozing of access road and trenches."

2. Under the heading Description of the Work, Stage I, the first paragraph is revised to read as follows:

"West of Beardsley Gulch on the terrace in the slope east of the road bulldoze trenches to locate and expose the Hoffman shear zone, and possibly the K-7 vein at the intersection with the Hoffman shear zone. Approximately 250 feet of access road and 300 feet of trenching may be required. No trenching shall be done within 100 feet of the Hood claim. The rock formations, veins, shear zones and mineralized material shall be mapped and the mineralized material sampled and assayed."

3. Under the heading Estimated Costs of the Project, Stage I, Actual Costs, Category (1) Independent Contracts is revised to read as follows:

Mobilization and demobilization, one bulldozer	$ 111.00
Bulldozing access road and trenches HD-21, 62 hours @ $25.00/hr., or TD-18, 91 hours @ $17.00/hr., or TD-14, 129 hours @ $12.00/hr.	1,550.00
Slusher drift, 75 feet @ $30.00/ft.	2,250.00
Drift timbering, 30 feet @ $10.35/ft.	310.50
	$4,221.50

This amendment shall not be construed to increase the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Frank E. Johnson
Chief, Office of Minerals Exploration
U. S. Geological Survey

BEARDSLEY GULCH MINING CO., INC.

By Dowley Pittsberger

Title General Manager

McPhillamy
Asst. Dir. Op.
Kirkemo
Johnson
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(2/63)

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August 4, 1966

Memorandum

To: The File

From: Assistant Chief, OME

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

JUSTIFICATION FOR AMENDMENT NO. 1

The Operator had not indicated in the application the direction of slope in the project area, or any choice in which direction to proceed in bulldozing the trench to locate the Hoffman shear zone. The contract directed that bulldozing should progress in a northeasterly direction which, incidentally, was downgrade. Subsequently, the Operator informed the Field Officer that bulldozing and removal of overburden on a downgrade would be more difficult and costly to accomplish than on an upgrade. A request was made by the Operator to allow bulldozing on an upgrade. Also, the Operator requested permission to bulldoze an access road from an existing road to the area to be trenched and to the approximate site of the portal of the slusher drift. The Operator stated that both the access road and the trenching for the Hoffman shear zone would be completed with the equipment specified in the contract and on the funds allowed originally for trenching.

The Field Officer recommended by phone that the Operator's request for this amendment be approved. I concur with this recommendation.

Harold Kirkemo

Harold Kirkemo

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

HKirkemo/gla 8-4-66

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UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
U. S. GEOLOGICAL SURVEY

EXPLORATION CONTRACT
(Long Form)

Docket No.	Commodity	Contract No.	County	State
OME-6495	Silver	2219	Custer	Idaho

It is agreed JUL 14 1966 (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

Beardsley Gulch Mining Co., Inc., a Vermont corporation

whose mailing address is King Street Dock, Burlington, Vermont 05401, hereinafter called the "Operator," as follows:

ARTICLE 1. Authority and scope.--(a) This contract entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before August 15, 1966 (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within 12 months from the date of the contract or shall have incurred allowable costs (see Article 6) in a sum not less than the total cost set forth in Exhibit A.

(b) The total allowable cost of the work set forth in Exhibit A is $44,680.00. The Government will contribute ~~50~~ 75 percent of the allowable costs as they are incurred, in a total sum not in excess of $33,510.00 in accordance with the provisions of Articles 3, 4, 5, and 6. "Costs incurred" means costs that have been paid or have become due and payable, or that the Government determines have become obligations.

(c) Interest computation.--Simple interest at the rate of 6 ~~%~~ percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

(d) The Operator shall not transfer or assign this contract or any right or obligation thereunder without the written consent of the Government.

ARTICLE 2. Operator's right in land.--(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's right of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances:

See Annex I

(b) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above and (if the Operator does not hold the legal title) the lien agreement of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached as follows:

See Annex I

(c) The Operator shall preserve and maintain his right, title, or interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 7 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, in a workmanlike manner in accordance with good mining standards, and in compliance with State laws governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work as specified in Article 1(a).

(b) Independent contracts.--To the extent that the allowable costs are estimated in Exhibit A with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed (see Article 6(a), Category (1)). Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract, the Government will participate in payments to the independent contractor only as to work performed in accordance with the provisions of this exploration contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) Government may inspect.--The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract and production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. Contribution by the Government.-- The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5(b), but all payments by the Government are provisional only, subject to audit. Until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been received, the Government may withhold such sums as are necessary to protect its interests. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. Reports, accounts, audits.--(a) Operator's records.--The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) Monthly reports.--The Operator shall provide the Government with four copies of monthly reports in three sections as follows:

(1) Operator's Monthly Voucher claiming costs for work performed;

(2) Operator's Progress Report showing the number of units of the various types of work performed; and

(3) a narrative report of the work performed during the reporting period, including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground.

(Forms for reporting under (1) and (2) above will be provided by the Government; however, the original of the Operator's Monthly Voucher shall be supported by documentary evidence, such as certified copies or transcripts of payrolls and invoices, for all costs claimed under Article 6 (a) (1).)

(c) Final report.--Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with three copies of a final report (in addition to the final monthly report). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the related costs.

(d) Report of sales.--The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's royalty relates, such as two copies of smelter or concentrator settlement sheets and certified accounts of production and sale or other disposition of production.

(e) Compliance with requirements.--If the Government determines that any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the preparation or completion of the same with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 6. Costs.--(a) Allowable costs.--The allowable costs of the work to which the Government will contribute are limited to:

(1) the necessary, reasonable, and direct actual costs that are estimated in Exhibit A by categories as specified in this article; and

(2) fixed costs for units of work to be performed (per foot, per hour, etc.) agreed upon in lieu of actual costs and set forth in Exhibit A.

The Government will not contribute to costs under any category or subcategory omitted from the estimate of costs in Exhibit A. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost; any excess over a fixed unit cost; and any excess over the total allowable cost of the work are not allowable. The Operator shall incur such excesses for his own account without contribution by the Government, but the Operator is not obligated to incur more than his agreed percentage of the total allowable cost of the work.

Any category or subcategory or element thereof not designated as a maximum in this article, or in Exhibit A may be exceeded, provided that the total allowable cost of the work, which is a maximum, is not exceeded.

CATEGORY (1)--INDEPENDENT CONTRACTS.--(See Article 3(b)). The total of this category and the average unit cost estimated for each type of work to be performed under an independent contract are maximums.

CATEGORY (2)--PERSONAL SERVICES.

Subcategory (a)--Supervision and Technical Services--All elements of this subcategory (number of supervisors, technicians, outside consultants, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)--Labor.

CATEGORY (3)--OPERATING MATERIALS AND SUPPLIES.--Includes such items as drill bits and steel, explosives, fuel, pipe, power, timber, rail, and small tools costing less than $50 each.

CATEGORY (4)--OPERATING EQUIPMENT.

Subcategory (a)--Rental.--The number of each rented item [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)--Purchases.--The total of this subcategory is a maximum.

Subcategory (c)--Depreciation.--All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)--INITIAL REHABILITATION AND REPAIRS.--Costs of items listed under this category include all requirements, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The total of this category is a maximum.

Subcategory (a)--Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).--The total of this subcategory is a maximum.

Subcategory (b)--Initial rehabilitation and repairs of operating equipment.--The total of this subcategory is a maximum.

CATEGORY (6)--NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).--Costs of items listed under this category include all requirements, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The total of this category is a maximum.

CATEGORY (7)--MISCELLANEOUS.--Includes requirements and costs that do not fall within any of the first six categories, such as repairs other than initial and maintenance of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, and communications.

(b) Nonallowable costs.--In addition to the limitations imposed by paragraph (a) of this Article 6 the Government will not contribute to the following costs:

(1) Costs of the land, such as rental, depreciation, depletion, or other costs of acquiring, owning, or holding possession;

(2) Indirect costs, such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) Previous work performed or costs incurred before the date of this contract; and

(4) Deferred payments.--Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods, unless the purchase agreement is approved by the Government in writing.

(c) Reductions in costs.--The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original total cost. The provision does not apply to receipts from production which are subject to the Government's royalty under the provisions of Article 7.

ARTICLE 7. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retains his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

(1) irrespective of any certification of possible production--from the date of the contract until the lapse of the time within which the government may issue such certification or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first; or

(2) if the Government issues a certification of possible production--for a period of ten years from the date of the contract, or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first.

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrate, metal or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business and shown as deductions on the buyer's settlement sheets (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable by the buyer to a carrier (not the Operator or producer)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator or Producer are deductible in arriving at the "gross proceeds" as that term is here used.

The term "treatment processes" means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(2) The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be.

(d) Unsold production.--If any production (ore, concentrate, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrate, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination or the market value, whichever is greater.

(e) Lien for payment.--To secure the payment of royalty (see Article 7(b)), the Operator hereby grants to the Government a lien upon his interest in the land and upon any production of minerals and metals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(f) Notice to purchasers.--The Operator or producer shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Government, and this estimate shall be final and binding upon the Operator or producer.

(g) No obligation to produce.--Nothing in this contract shall be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(h) Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals and metals mined or produced from the land.

ARTICLE 8. Interests in purchased property.--(a) Title and ownership.--All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions although title thereto shall be taken in the name of the Operator.

(b) Preservation of property.--Until the final disposal of any property in which the Government has an interest, the Operator shall preserve and protect same for the best interest of the Government, and any reasonable and necessary cost thereof will be treated as an allowable cost of the exploration. After the completion of the work, termination of the Government's obligation to contribute, or when such property is not being used for the work, the Operator shall not use it elsewhere without the written consent of the Government and without paying a reasonable rental to be fixed by the Government for its proportionate interest.

(c) Disposal of property.--Upon the completion of the work, termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, sale to others, purchase by the Operator, or sale or transfer to the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government, the Operator shall not sell at any price any item of property that cost more than $500, and shall not sell at less than 25 percent of the purchase price any item of property that cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or offers. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, explosives, pipe, or rail), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item, the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the exploration.

(d) Default of the Operator re disposal.--If within 90 days after the completion of the work, termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may:

(1) in writing extend the time within which the Operator must dispose of or liquidate the property;

(2) by written notice to the Operator, place upon such property what it determines to be a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; and

(3) enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 9. Termination of the Government's obligations.--(a) If the Government determines that operations at any time have failed to achieve anticipated results and further work is not justified, the Government may give the Operator written notice thereof, and thereupon:

(1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to final accounting and reporting; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

(b) If the Government determines that the Operator is in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon:

(1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to final accounting and reporting; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 9 shall not affect the Government's rights as provided for in the contract with respect to royalty and liens to secure the payment thereof, and such rights shall be fully preserved.

(d) The determinations of the Government are subject to appeal under Article 13.

ARTICLE 10. Notices to be given by the Government may be delivered to the Operator, or may be sent by certified mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 11. Officials not to benefit.--No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 12. Nondiscrimination in Employment. The provisions respecting nondiscrimination in employment which are required by section 301 of Executive Order 10925, dated March 6, 1961 as amended and supplemented are attached hereto as Exhibit B and are hereby incorporated in and made a part of this contract.

ARTICLE 13. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, U. S. Geological Survey, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, U. S. Geological Survey, shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Operator mails or otherwise furnishes to the Director, U. S. Geological Survey, a written appeal addressed to the Secretary of the Interior. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence.

The term "Director, U. S. Geological Survey," as used herein includes his duly authorized representative.

ARTICLE 14. Work Hours Act of 1962 - Overtime Compensation.--This contract, to the extent that it is of a character specified in the Work Hours Act of 1962 (Public Law 87-581, 76 Stat. 357-360) and is not covered by the Walsh-Healey Public Contracts Act (41 U.S.C. 35-45), is subject to the following provisions and to all other provisions and exceptions of said Work Hours Act of 1962.

(a) Overtime requirements.--No Operator or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic to be employed on such work in excess of eight hours in any calendar day or in excess of forty hours in any workweek unless such laborer or mechanic receives compensation at a rate of not less than one and one-half times his basic rate of pay for all hours worked in excess of eight hours in any such calendar day or in excess of forty hours in any such workweek, as the case may be.

(b) Violations; liability for unpaid wages; liquidated damages.--In the event of any violation of the clause set forth in subparagraph (a) of this paragraph, the Operator and any subcontractor responsible therefor shall be liable to any affected employee for his unpaid wages. In addition, such Operator and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for

liquidated damages. Such liquidated damages shall be computed, with respect to each individual laborer or mechanic employed in violation of the clause set forth in subparagraph (a) of this paragraph, in the sum of $10 for each calendar day on which such employee was required or permitted to work in excess of eight hours or in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in subparagraph (a) of this paragraph.

(c) Withholding for unpaid wages and liquidated damages.--The U. S. Geological Survey may withhold or cause to be withheld, from any moneys payable on account of work performed by the Operator or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Operator or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (b) of this paragraph.

ARTICLE 15. Copeland (Anti-Kickback) Act--Nonrebate of wages.--The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U. S. C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U. S. C. 874) are made a part of this contract by reference. The Operator will comply with these regulations and any amendments or modifications thereof and will be responsible for the submission of affidavits required of independent contractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

ARTICLE 16. Changes and added provision.--

Executed in quintuplicate the day and year first above written.

BEARDSLEY GULCH MINING CO., INC.
(Operator)

By Dooley P. Wheeler Jr.

Title General Manager

THE UNITED STATES OF AMERICA

By Arthur B. Baker
Acting Director, U. S. Geological Survey

July 25, 1966

Long
APPR. SOL. OFF.
Sisbarno
Johnson
Kilagard
Lucas

I, R. H. Wadhams (Name), certify that I am the President secretary of the corporation named as Operator herein; that Dooley P. Wheeler Jr. (Name), who signed this contract on behalf of the Operator, was then General Manager (Title) of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

R H Wadhams

[CORPORATE SEAL]

EXPLORATION CONTRACT
BEARDSLEY GULCH MINING CO., INC.
OME-6495

ANNEX I

The land including all rights pertaining thereto referred to in Article 2 of the contract consists of three (3) patented and three (3) unpatented lode mining claims in sec. 2, T. 12 N., R. 18 E., Boise Principal Meridian, Bayhorse mining district, Custer County, Idaho.

These claims are shown on Figure 1, entitled "Map Showing Operator's Property Rights, Beardsley Gulch Mining Co., Inc., Custer County, Idaho" which is attached hereto and made part hereof.

The patented claims included in the group are as follows:

Claim	Survey No.	Patent No.
Beardsley	38	38
Beardsley N. Extension	527	
Beardsley Extension Fraction	526	

The unpatented claims are recorded in the Custer County Court House, Challis, Idaho, as follows:

Claim	Book	Page No.
Butte	15	175
Mabel	15	186
Clark	15	182

The Operator is in possession of the Beardsley, Beardsley N. Extension, Beardsley Extension Fraction, Mabel, and Clark claims by virtue of a Lease Agreement dated August 20, 1965, between

Umont Mining, Inc., and Beardsley Gulch Mining Co., Inc., whereby Umont Mining, Inc. assigned its Option Agreement dated June 1, 1964, with Bayhorse Mines, Inc., including underlying leases, to Beardsley Gulch Mining Co., Inc. Bayhorse Mines, Inc. officially consented to the assignment on August 7, 1965. An Amendment to Lease Agreement dated May 13, 1966, added the Butte unpatented claim to the original group of five claims.

A Lien and Subordination Agreements executed on March 10, 1966, by Bayhorse Mines, Inc., owner of the unpatented claims, and Ramshorn Mines Company, owner of the patented claims, is attached hereto and made part hereof.

A Special Agreement Concerning Land

In the event that the Operator or any subsidiary or successor thereof at any time during the period expiring ten years from the date of this contract acquires any interest, title, or equity in or with respect to any land, including minerals therein, situate within 1,500 feet of the southern boundary of the Clark claim described in this contract, it is agreed that such land shall thereupon become subject to the provisions of this contract, and the parties hereto shall promptly execute amendments to this contract listing such land as land included in this contract.

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY
Operator
Docket No. OME –
Contract No. 14-23-090– 2219
Contract Date JUL 1 4 1966 ~~JUN 7 1966~~

LIEN AND SUBORDINATION AGREEMENTS 1/

To the United States of America:

That certain land in the County of Custer, State of Idaho,

described as follows: 2/

	Name	Survey No.	Book	Page	Custer Co. Recorder
Unpatented Lode Claim	Butte		15	175	Challis
" " "	Mable		15	186	"
" " "	Clark		15	182	"
Patented Lode Claim	Beardsley	38	1	127	"
" " "	Beardsley N. Ext.	527	6	438	"
" " "	Beardsley Fract.	526	6	110	"

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

Beardsley Gulch Mining Company, Inc. 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 none (State "None" or "See Annex No. ____".)

Dated this 10 day of Mar, 19 66.

O. J. Salisbury (Seal) — Challis, Idaho (Street) (City & State)

O. J. Salisbury
For: Bayhorse Mines, Inc., and
For: Ramshorn Mines Company (Seal) ____ (Street) (City & State)

____ (Seal) ____ (Street) (City & State)

____ (Seal) ____ (Street) (City & State)

____ (Seal) ____ (Street) (City & State)

____ (Seal) ____ (Street) (City & State)

I, Leo Eagar (Name), certify that I am the Secretary (Title—Secretary, etc.) of the corporations named herein; that O. J. Salisbury (Name), who signed this agreement was then President Bayhorse Mines Vice-pres. Ramshorn Mines Co., and (Title—Pres., Vice-Pres., etc.) of said corporations, that said agreement was duly signed for and in behalf of said corporations by authority of its governing body, and was within the scope of its corporate powers.

Leo Eagar (Corporate Seal)

EXPLORATION CONTRACT
BEARDSLEY GULCH MINING CO., INC.
OME-6495

EXHIBIT A

The purpose of this project is to explore by trenching, drifting, crosscutting, and raising for silver-bearing ore bodies occurring in or near the Hoffman shear zone and the K-7 vein in the Bayhorse Dolomite of Cambrian age underlying the Ramshorn slate of Ordovician age.

General Provisions

A bulldozer no smaller than an International TD 18-181 or equivalent unit of any other make shall be used for trenching.

All significantly mineralized areas exposed by the trenching and by underground exploratory workings shall be sampled. A representative bulk sample shall be collected from each round broken in mineralized rock. Channel samples shall be cut normal to the trends of the deposits at intervals of not more than 5 feet.

Samples shall be split as necessary and assayed for gold, silver, lead, and zinc. Assays for copper shall be made if samples indicate significant copper mineralization. The Operator shall store one split of each sample in a suitable container properly identified as to source and location for Government inspection and possible use. With prior Government approval, the Operator may dispose of the stored samples.

True copies of assay certificates of all samples shall be submitted with the Operator's monthly reports, which shall also include maps or sketches showing the work completed during the reporting period, the location, width, and assay values of the samples, and the general geologic formations and structures traversed by the workings or exposed in the trenches.

The Operator shall provide such supervision, labor, and technical services as may be required to complete the work in a satisfactory manner.

No trenching or underground work shall be done within 100 feet of the exterior boundaries of the land indicated by heavy outline on the map showing the Operator's property rights (Figure 1).

The location, direction, and extent of each work item shall be subject to Government approval.

The work shall be divided into two stages. The Operator shall complete all of Stage I or as much as is necessary to explore the projected trace of the Hoffman shear zone and intersecting K-7 vein. Approval of Stage II shall be dependent upon favorable geological evidence and assay results having been obtained in Stage I, and shall have prior written authorization of the Government.

New and rehabilitated drifts and crosscuts shall be not less than 5 by 7 feet in cross section and shall be timbered as necessary using standard 8- by 8-inch drift sets or equivalent round timber. In rehabilitated workings and in new workings, mine rails shall be not less than 15-pound size, air lines not less than 2-inch diameter, water lines not less than 1-inch diameter, and ventilation pipe not less than 14-inch diameter.

Raises shall be 5 by 7 feet in cross section, and be divided into a manway and chute by a row of 8- by 8-inch stulls with 3-inch lagging nailed to the stulls on the chute side. Slusher drifts and raises shall be timbered as necessary for ground support.

Description of the Work

The approximate locations of the work described are shown in yellow for Stage I and in green for Stage II on Figure 2, entitled "Map Showing Proposed Trenching and Underground Exploration, Beardsley Gulch Mining Co., Inc., Custer County, Idaho" which is attached hereto and made part hereof.

Stage I

West of Beardsley Gulch on the terrace in the slope east of the road and starting from a point not less than 100 feet from the Hood claim, bulldoze a trench in a northeasterly direction to locate and expose the Hoffman shear zone and possibly the K-7 vein at the intersection with the Hoffman shear zone. Approximately 300 feet of trenching may be required. The rock formations, veins, shear zones and mineralized material shall be mapped and the mineralized material sampled and assayed.

If the intersection of Hoffman shear zone with K-7 vein is not exposed in the trenches, and if geological evidence warrants, a slusher drift shall be driven on a grade approximately parallel to the slate-dolomite contact in a westerly direction on the best mineralized structure in Hoffman shear zone in the Bayhorse Dolomite for not more than 75 feet or to K-7 vein, whichever is the shorter distance.

Stage II

The start of Stage II shall be dependent upon the presence of geological structures and mineralized material warranting additional exploration as disclosed by bulldozing and slusher drifting in Stage I, and is subject to prior written approval by the Government.

Before drifting, crosscutting, and raising can be started under Stage II, approximately 790 feet of K-7 tunnel shall be rehabilitated from the portal to the face at approximately 325 feet northeast of the Hood claims as indicated on Figure 2.

To further explore K-7 vein and the Hoffman shear zone at depth, extend K-7 tunnel as a drift or crosscut in a southwesterly direction to the Hoffman shear zone but not closer than 100 feet to the Hood claim.

If the Hoffman structure is intersected in K-7 tunnel and is significantly mineralized, or if results of Stage I exploration warrant driving a raise on a predetermined bearing toward a target area, a raise totalling not more than 200 feet shall be driven on or toward the Hoffman structure starting at approximately the position indicated for Raise 1, Stage II on Figure 2.

If K-7 tunnel is rehabilitated in order to explore the primary target area, the Hoffman shear zone, a secondary target may be explored from a point in K-7 tunnel about 300 feet from the portal indicated for Raise 2, Stage II on Figure 2. A raise not exceeding 50 feet may be driven from this point along a mineralized easterly-striking vein or to the contact of the Bayhorse Dolomite with the overlying Ramshorn Slate, whichever is reached first. If an ore body is found, explore an additional 100 feet with a drift or inclined raise. A slusher may be used for this purpose.

Estimated Costs of the Project

Stage I

Actual Costs

Category (1) Independent Contracts

Mobilization and demobilization, one bulldozer	$ 111.00	
Bulldozing of trenches HD-21, 62 hours @ $25.00/hr. TD-18, 91 hours @ $17.00/hr.	1,550.00	
Slusher drift, 75 feet @ $30.00/ft.	2,250.00	
Drift timbering, 30 feet @ $10.35/ft.	310.50	
		$ 4,221.50

Category (2) Personal Services

None except:

Subcategory (a) - Supervision and Technical Services

1 - Supervisor -geologist-engineer 1.0 month @ $750.00/month		$ 750.00

Category (7) Miscellaneous

None except:

Payroll taxes, F.I.C.A., insurance, etc.	$ 62.00	
Accounting, office expenses	25.00	
Assays, including sample sacks and handling	75.00	
Gold, silver, lead, and zinc analyses @ $6.00/sample		
Gold, silver, lead, zinc, and copper analyses @ $7.50/sample		
		$ 162.00
Total Estimated Actual Costs Stage I (rounded)		$ 5,134.00

Stage II

Actual Costs

Category (1) Independent Contracts

Rehabilitation of K-7 tunnel 1/2/ 790 feet @ $3.85/foot	$ 3,041.50	
Drifting and crosscutting 2/ 225 feet untimbered @ $49.75/foot	11,193.75	
Drift timbering, 30 feet @ $10.35/foot	310.50	

Raising, including timber divider, 350 feet 2/	$15,075.00	
0 - 50 feet @ $35.00/foot		
50 - 100 feet @ $42.00/foot		
100 - 150 feet @ $47.50/foot		
150 - 200 feet @ $52.50/foot		
Slusher drift or raise, 100 feet 2/	3,350.00	
0 - 50 feet @ $30.00/foot		
50 - 100 feet @ $37.00/foot		
		$32,970.75

Category (2) Personal Services

None except:

Subcategory (a) Supervision and Technical Services

1 - Supervisor-geologist-engineer 6 months @ $750.00/month		$ 4,500.00

Category (7) Miscellaneous

None except:

Payroll taxes, F.I.C.A., insurance, etc.	$ 675.00	
Accounting and office expenses	275.00	
Assays, including sample sacks, and handling	1,125.00	
Gold, silver, lead, and zinc analyses @ $6.00/sample		
Gold, silver, lead, zinc, and copper analyses @ $7.50/sample		
		$ 2,075.00
Total Estimated Actual Costs Stage II (rounded)		$39,546.00

S U M M A R Y

Total Estimated Actual Costs - Stage I	$ 5,134.00
Total Estimated Actual Costs - Stage II	39,546.00
Total Estimated Actual Costs of the Project	$44,680.00
Government Participation @ 75%	$33,510.00

1/ The completed job is the unit of work, and costs include labor, supplies, and equipment used.

2/ The Government retains no equity in any of the materials used.

EXHIBIT B

NONDISCRIMINATION IN EMPLOYMENT

(Section 202, Executive Order 11246, September 24, 1965)

"During the performance of this contract, the contractor agrees as follows:

'(1) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

'(2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.

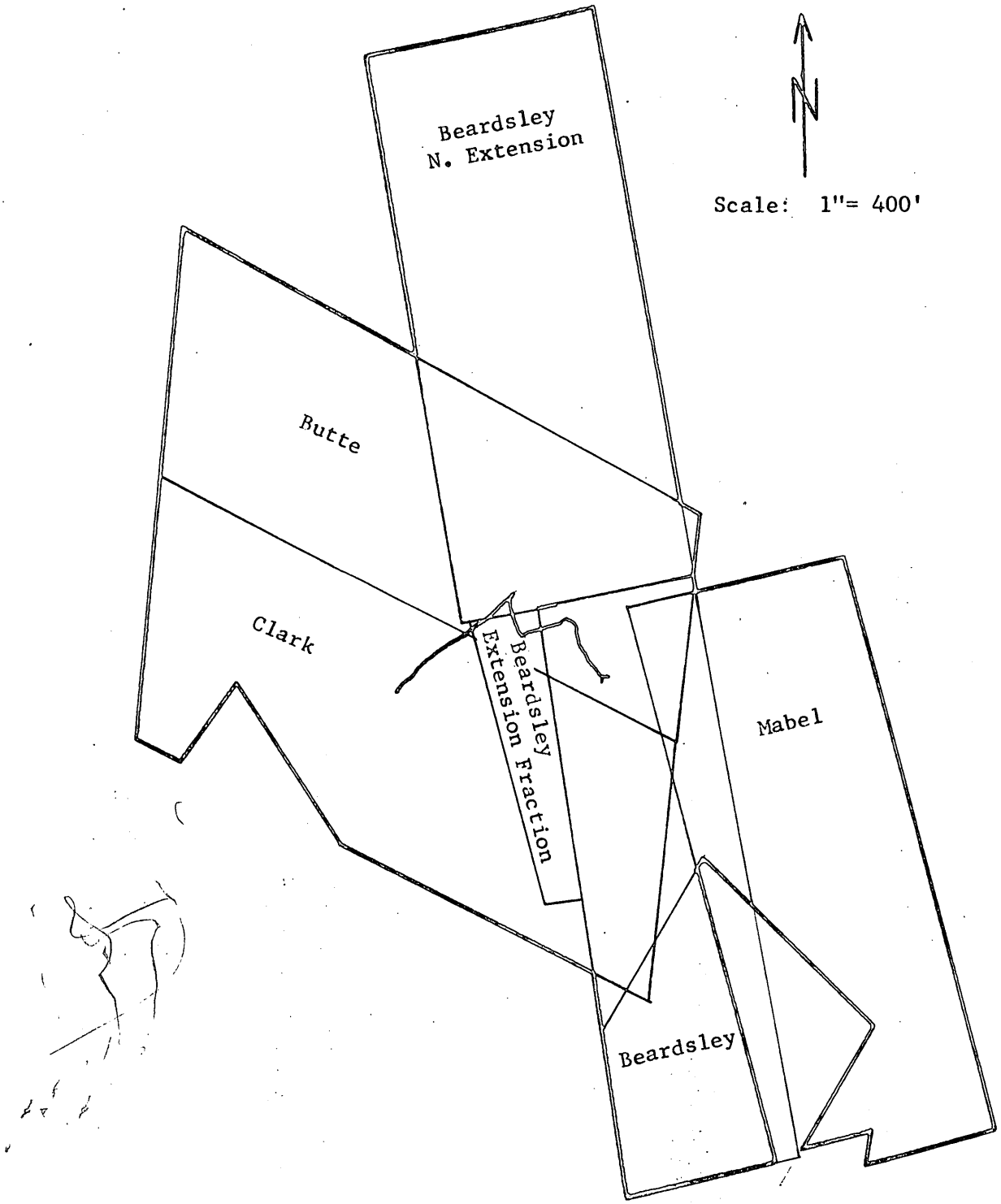
'(3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

'(4) The contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

'(5) The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contractingagency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

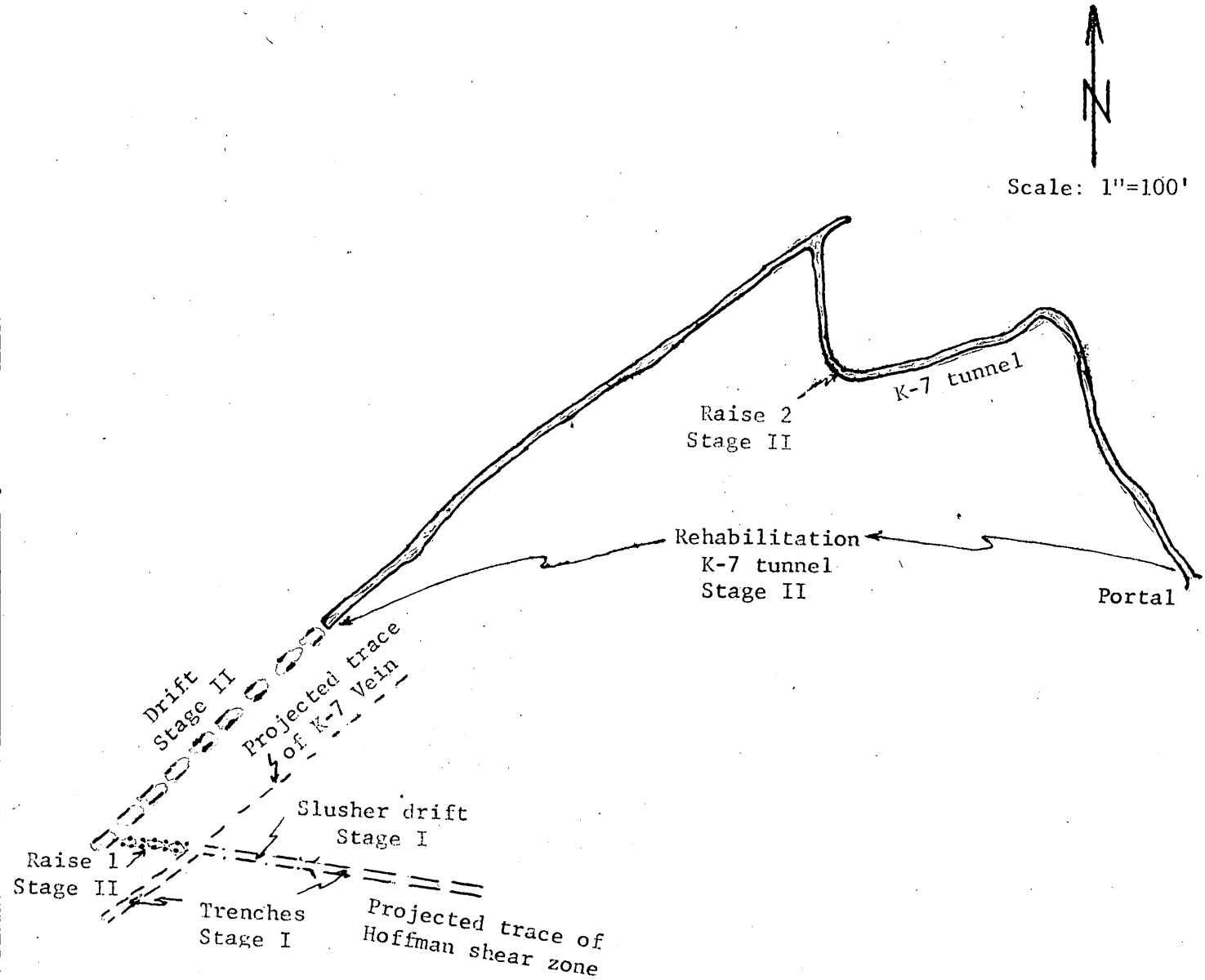
'(6) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

'(7) The contractor will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, That in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.'"



Map Showing
Operator's Property Rights
Beardsley Gulch Mining Co., Inc.
Custer County, Idaho

Figure 1



Map Showing
Proposed Trenching and Underground Exploration
Beardsley Gulch Mining Co., Inc.
Custer County, Idaho

Figure 2

December 21, 1970

Bayhorse Minerals, Inc.
King Street Dock
Burlington, Vermont 05401

Gentlemen:

Please be advised that the United States Department of Interior, Office of Mineral Exploration, holds a lien upon the following Custer County, Idaho claims to be transferred to you: Mable, Clark, Beardsley, Beardsley North Extension, Beardsley Fraction, Butte, Iowa, Florida, Northern Star and Silver Creek.

Copies of the Lien and Subordination Agreements, dated February 24, 1966 and March 1, 1966 are enclosed herewith for your information.

Very truly yours,

UMONT MINING, INC.

By _____
Treasurer

cc: 2 cys one - Wash
w/o
encl

Agreement of Merger, dated December 1, 1970, by and between Bayhorse Minerals, Inc., a Vermont corporation (hereinafter sometimes called "Bayhorse"), and Beardsley Gulch Mining Co., Inc., a Vermont corporation (hereinafter sometimes called Beardsley Gulch"), said two corporations acting by their respective boards of directors and being hereinafter sometimes collectively referred to as the "Constituent Corporations".

The authorized capital stock of Bayhorse consists of 200,000 shares of par value $1 common stock, of which 500 shares are presently issued and outstanding, and the authorized capital stock of Beardsley Gulch consists of 200,000 shares of par value $1 common stock, of which 115,794 are presently issued and outstanding.

The respective boards of directors of Bayhorse and Beardsley Gulch deem it desirable and in the best interests of said corporations and their stockholders that said corporations merge pursuant to Article 3, Subchapter 3 of the Vermont General Corporation Law (Chapter 1, Title 11, V.S.A.).

NOW, THEREFORE, in consideration of the premises and mutual agreements, provisions and covenants herein contained, it is hereby agreed by and between the parties hereto that, in accordance with the aforesaid provisions of the laws of Vermont, Bayhorse and Beardsley Gulch shallbe, and they hereby are, as of the merger date (as defined in Paragraph 3 of Article I hereof) merged into a single surviving corporation (hereinafter sometimes called the "Surviving Corporation"), which shall be and is Bayhorse, one of the Constituent Corporations, which shall continue its corporate existence and remain a Vermont corporation governed by the laws of that State, all on the terms and conditions herein set forth.

ARTICLE I

MERGER

1. This agreement of merger (hereinafter sometimes called the "agreement") shall be submitted for adoption and approval by the shareholders of each of the Constituent Corporations at separate meetings, each of which shall be held in accordance with 11 V.S.A. Sec. 162.

2. After the adoption and approval of this agreement by the respective shareholders of the Constituent Corporations, this agreement shall be promptly filed in the office of the Secretary of State of the State of Vermont in accordance with 11 V.S.A. Sec. 167.

Letter May 20, 1971

3. The merger of Beardsley Gulch into Bayhorse shall become effective upon the filing of this agreement, pursuant to 11 V.S.A. Sec. 167, in the office of the Secretary of State of the State of Vermont. The date on which the taking of the action aforesaid in this paragraph is completed is referred to in this agrement as the "merger date".

ARTICLE II

CONTINUED CORPORATE EXISTENCE OF SURVIVING CORPORATION

1. The corporate name of Bayhorse Minerals, Inc., the Constituent Corporation whose corporate existence is to survive this merger and continue thereafter as the surviving corporation, and its identify, existence, purposes, powers, objects, franchises, rights and immunities shall continue unaffected and unimpaired by the merger, and the corporate identify, existence, purposes, powers, objects, franchises, rights and immunities of Beardsley Gulch shall be wholly merged into Bayhorse and Bayhorse shall be fully vested therewith. Accordingly, on the merger date the separate existence of Beardsley Gulch, except insofar as continued by statute, shall cease.

2. From and after the merger date the present Articles of Association and By-Laws of Bayhorse shall be and become the Articles of Association and By-Laws of the surviving corporation until the same shall be altered, amended or repealed in accordance with the provisions thereof or of the laws of the State of Vermont.

3. The first annual meeting of the shareholders of the surviving corporation after the merger date shall be the annual meeting provided by the by-laws of the surviving corporation for the year 1971.

4. The first directors and officers of the surviving corporation, who shall hold office until their successors shall have been elected or appointed and shall have qualified, or as otherwise provided in its by-laws, are the directors and officers of Bayhorse immediately prior to the merger date.

5. If, on or after the merger date, a vacancy shall for any reason exist in the board of directors of the surviving corporation, or in any of the offices, such vacancy shall thereafter be filled in the manner provided in the Articles of Association of the surviving corporation or in its by-laws.

6. The capitalization of the surviving corporation upon the merger date shall be as set forth in the Articles of Association of the surviving corporation.

ARTICLE III

CONVERSION OF SECURITIES ON MERGER

The manner and basis of converting the shares of stock of each of the Constituent Corporations into shares of stock of the surviving corporation is as follows:

1. Each issued share of common stock, of the par value of $1 each, of Bayhorse shall on the merger date continue to be issued shares of common stock, par value $1 per share of the surviving corporation (hereinafter called "Bayhorse stock"). Each 23.16 shares of the shares of common stock, par value $1 per share of Beardsley Gulch outstanding on the merger date(hereinafter called "Beardsley Gulch stock"), and all rights in respect thereof, shall forthwith upon the merger date be converted into one share of Bayhorse stock; provided, however, that fractional shares of Bayhorse created by such conversion shall be deemed to be converted to full shares.

2. At any time and from time to time after the merger date, each holder of an outstanding certificate or certificates theretofore representing shares of Beardsley Gulch stock shall be entitled, upon the surrender of such certificate or certificates to the Clerk of the surviving corporation to receive in exchange therefor a certificate or certificates representing the number of shares of Bayhorse stock into which the shares of Beardsley Gulch stock theretofore represented by the certificate or certificates so surrendered shall have been converted pursuant to paragraph 1 above. No dividend shall be paid by the surviving corporation to the holders of outstanding certificates expressed to represent shares of Beardsley Gulch stock, but, upon surrender and exchange thereof as herein provided, there shall be paid to the record holder of the certificate or certificates for Bayhorse stock issued in exchange therefor an amount with respect to each such share of Bayhorse stock equal to all dividends which shall have been paid or become payable to holders of record of Bayhorse stock between the merger date and the date of such exchange.

ARTICLE IV

ASSETS AND LIABILITIES

1. On the merger date, all property, real, personal and mixed, and all debts due to either of the constituent corporations on whatever account, all choses or things in action, and all and every other interest of or belonging to either of said Constituent Corporations, including mineral leases and options, shall be taken by and deemed to be transferred and assigned to and vested in the surviving corporation without further act or deed; and all property and every other interest shall be thereafter as effectually the property of the surviving corporation as it was of the respective constituent corporations, and the title to any real estate or any leasehold, option or interest therein, whether vested by deed, lease, option or otherwise, in either of the constituent corporations shall not revert or be in any way impaired by reason of the merger; provided, however, that all rights of creditors and all liens upon the property of either of the constituent corporations shall be preserved unimpaired, and all debts, liabilities, obligations and duties of the respective constituent corporations including specifically tax liabilities, shall thenceforth attach to the surviving corporation, and may be enforced against it to the same extent as if said debts, liabilities, obligations and duties had been incurred or contracted by it. Any action or proceeding pending by or against either of the constituent corporations may be prosecuted to judgment as if the merger had not taken place, or the surviving corporation may be substituted in place of either of the constituent corporations. The parties hereto hereby respectively agree that from time to time, as and when requested by the surviving corporation or by its successors or assigns, they will execute and deliver or cause to be executed and delivered all such deeds and instruments, and will take or cause to be taken all such further or other action, as the surviving corporation may deem necessary or desirable in order to vest in and confirm to the surviving corporation or its successors or assigns title to and possession of all the aforesaid property and rights and otherwise carry out the intent and purposes of this agreement.

2. Without limiting the generality of the foregoing, it shall be a specific condition of this agreement and of the shareholder approval thereof that upon the merger date there shall be effective in respect of and binding upon the surviving corporation and enforceable against it and against Northern Star Mining Co., Inc. (hereinafter called"Northern Star"), Umont Mining, Inc., (hereinafter called "Umont"), Lewis P. Evans, Jr., Richard H. Wadhams and Albert W. Coffrin (hereinafter called "incorporating stockholders") respectively, (a) the merger agreement, of even date herewith, by and between Bayhorse and Northern Star, which agreement shall have been approved by the stockholders of Bayhorse and Northern Star in accordance with the terms thereof; (b) the sales agreement covering certain mineral claims and mineral claim leases and options, of even date herewith, between Bayhorse and Umont, which agreement shall have been approved by the stockholders of Bayhorse and Umont in accordance with the terms thereof; and (c) the stock repurchase agreement, of even date herewith, by and between the incorporating stockholders and Bayhorse.

3. Immediately after the merger date the amount of outstanding capital stock of Bayhorse, as provided for in Article III hereof and the agreements as set forth above in paragraph 2 of this Article Iv, shall be 45,000 shares of par value $1 common stock.

ARTICLE V

CONDUCT OF BUSINESS BY CONSTITUENT CORPORATIONS

Prior to the merger date Beardsley Gulch and Bayhorse shall conduct their businesses in the usual and ordinary manner, and shall not enter into any transactions other than in the usual and ordinary course of such businesses except as herein provided. Without limiting the generality of the foregoing Beardsley Gulch and Bayhorse shall not, except as otherwise consented to in writing by all of the shareholders of Beardsley Gulch or as otherwise provided in this agreement:

(1) Issue or sell any shares of their capital stock in addition to those outstanding on the date hereof;

(2) Issue rights to subscribe to or options to purchase any shares of their stock in addition to those outstanding on the date hereof;

(3) Amend their Articles of Association or by-laws;

(4) Mortgage, pledge, subject to lien or otherwise encumber any realty or interest in realty or any tangible or intangible personal property;

(5) Sell, assign or otherwise transfer any assets of whatever kind, including leases and options, or cancel any claims, except in the ordinary course of business;

(6) Default in performance of any material provision of any material contract or other obligation; or

(7) Waive any right of any substantial value.

ARTICLE VI

CONSUMMATION OF MERGER

Notwithstanding shareholder authorization and at any time prior to the filing, the filing and recording of this agreement may be deferred from time to time by mutual consent of the respective boards of directors of each of the constituent corporations, and, to the extent provided in (a), (b) and (c) below, the merger may be abandoned:

(a) By the mutual consen t of the respective boards of directors of each of the Constituent Corporations;

(b) At the election of the board of directors of either Constituent Corporation if:

(1) In the judgment of such board any judgment is rendered relating to any legal proceeding not heretofore commenced and the existence of such judgment will or may materially affect the rights of either Constituent Corporation to sell, convey, transfer or assign any of its assets or materially interfere with the operation of its business, renders the merger impracticable, undesirable or not in the best interests of its shareholders; or

(2) The covenants herein contained of the other Constituent corporation shall not have been performed or satisfied in all material respects; or

(3) This agreement shall not have been approved by the requisite votes of shareholders of the Constituent Corporations on or before December 31, 1970; or

(4) The taking of any steps necessary to effect the merger by either of the Constituent Corporations shall be permanently or temporarily enjoined by a court having jurisdiction.

(c) If the merger date shall not have occured by December 31, 1970, then, at the option of the board of directors of either Constituent Corporation the merger may be abandoned.

In the event of the abandonment of the merger pursuant to the foregoing provisions, this agreement shall become void and have no effect, without any liability on the part of either of the Constituent Corporations or its shareholders or directors or officers in respect of this merger.

IN WITNESS WHEREOF, the president and a majority of the directors of each of the Constituent Corporations have duly subscribed their names to this agreement on behalf of their respective corporations, all as of the day and year first above written.

BAYHORSE MINERALS, INC.

(SEAL) BY _____
President

_____
Director

_____
Director

_____
Director

BEARDSLEY GULCH MINING CO., INC.

(SEAL) X BY _____
President

_____
Director

_____
Director

X _____
Director

A-1

LEASE AGREEMENT

This agreement made and entered into this 20th day of August, 1965, by and between UMONT MINING, INC., a Vermont corporation with principal offices in Burlington, County of Chittenden, State of Vermont, herein called "UMONT", and BEARDSLEY GULCH MINING CO., INC., a Vermont corporation with principal offices in Burlington, County of Chittenden, State of Vermont, herein called "BEARDSLEY",

W I T N E S S E T H

In consideration of ten and more dollars, and other valuable considerations and the agreements and covenants herein contained the parties hereto agree as follows:

1. Umont hereby leases and lets unto Beardsley, its successors and assigns all of the patented and unpatented claims hereafter listed together with any and all right, title and interest of Umont in and to any and all veins, lodes or mineral deposits contained in said properties; and all rights-of-way, easements, water, water rights, privileges and appurtenances of every kind and nature belonging to Umont located on or appertaining to said claims.

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 2 1965
INITIALS | CODE

The claims subject to this conveyance are the following:

Patented claims:
Beardsley, Patent Number 38, Survey No. 38
Beardsley N. Extension, Survey No. 527
Beardsley Extension Fraction, Survey No. 526

Unpatented Claims:	Book No.	Page No.
Mabel	15	186
Clark	15	182

as recorded in Recorder's Office, Custer County, Challis, Idaho.

2. Umont grants to Beardsley the exclusive right and privilege during the term hereof to explore for, develop, extract, remove, mine, mill, smelt, refine, ship and sell such ores, minerals and metals as are found and contained in said properties to the extent that Beardsley may in its sole discretion deem profitable, together with the right to do all or any other necessary acts or things to fully exercise the rights herein granted.

3. The term of this lease shall commence on the date of this agreement and shall continue for the term to which Umont is entitled under its lease with Bayhorse Mines, Inc. or until terminated as hereinafter set forth.

A-2

UMONT MINING, INC.

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

July 30, 1965

Mr. O. J. Salisbury, President
Bayhorse Mines, Inc.,
33 Felt Building
Salt Lake City, Utah

Dear Mr. Salisbury:

Umont Mining, Inc., would like to have the official approval of Bayhorse Mines, Inc., to assign its rights to the Beardsley no. 38, Beardsley North Extension, Beardsley Extension Fraction, Habel and Clark claims under the agreement of June 1, 1964, to Beardsley Gulch Mining Company. Refer to paragraph 16.

Umont would also like to have the official approval of Bayhorse Mines, Inc., to permit a lien against the above claims of the nature required by the Office of Mineral Exploration in event a discovery is certified by OME. The official approval would need be for Umont or Beardsley Gulch Mining Company and would be in effect an amendment to paragraph 8 of the agreement of June 1, 1964.

If you approve both of the above please sign in the space provided above your name and date same.

Please keep one executed copy, and return three executed copies to me.

Yours very truly

Dooley P. Wheeler Jr.

Dooley P. Wheeler Jr.
General Manager.

Approved: O. J. Salisbury
O. J. Salisbury
President, Bayhorse Mines, Inc.
August 7, 1965

DPW/kv

4. As consideration for this lease, Beardsley shall deliver to Umont shares of its capital stock which shall represent 40% of the total issued and outstanding stock of Beardsley.

5. Beardsley shall have the sole and exclusive right to operate said properties for the full period of this agreement in the free exercise of its own discretion and best judgment, without consultation with or prior approval of Umont.

6. Beardsley agrees to comply with and perform all of the covenants and agreements undertaken by Umont in its agreement with Bayhorse Mines, Inc. hereinbefore referred to.

7. Beardsley shall have the right to terminate its rights and obligations under this agreement with respect to said properties by giving Umont 90 days prior notice in writing of its intention to terminate the same. Upon such termination, Beardsley shall transfer and convey to Umont all of its interests in said properties.

8. Umont agrees and consents to such action as Beardsley may take in obtaining assistance from the Office of Minerals Exploration, Department of the Interior and further consents to the granting of lien on said property as security for repayment of any loan granted by O.M.E.

In witness whereof, the parties have executed this agreement on the day and year first above written.

UMONT MINING, INC.
BY: Lewis P. Evans Jr.
President
BEARDSLEY GULCH MINING CO., INC.
BY: Richard H. Wadhams
President

STATE OF VERMONT)
) SS
COUNTY OF CHITTENDEN)

On this 20th day of August, 1965, before me personally appeared Lewis P. Evans Jr., who acknowledged himself to be the President of Umont Mining, Inc., a corporation, and that he, as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My commission expires Feb 10, 1969.

Hilliard B. Bell
Notary Public

STATE OF VERMONT)
(SS
COUNTY OF CHITTENDEN)

On this 20th day of August, 1965, before me personally appeared Richard A. Watkins who acknowledged himself to be the President of Beardsley Gulch Mining Co., Inc., a corporation, and that he, as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My commission expires Feb 10 1967.

Willard B. Bell
Notary Public

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

AMENDMENT TO LEASE AGREEMENT

This Amendment made and entered into this 13th day of May, 1966, to the Agreement made and entered into the 20th day of August, 1965 by and between UMONT MINING, INC., a Vermont corporation with principal offices in Burlington, County of Chittenden, State of Vermont, herein called "UMONT", and BEARDSLEY GULCH MINING CO., INC., a Vermont corporation with principal offices in Burlington, County of Chittenden, State of Vermont, herein called "BEARDSLEY",

W I T N E S S E TH

In consideration of Ten and more dollars and other valuable considerations and the agreements and covenants herein contained the Lease Agreement of August 20, 1965 between the parties is hereby amended as follows:

1. Umont leases and lets unto Beardsley, its successors and assigns the unpatented claim hereafter listed together with any and all right, title and interest of Umont in and to any and all veins, lodes or mineral deposits contained in said property; and all rights-of-way, easements, water, water rights, privileges and appurtenances of every kind and nature belonging to Umont located on or appertaining to the following claim:

Unpatented claim:	Book No.	Page No.
Butte	15	175

as recorded in Recorder's Office, Custer County, Challis, Idaho.

2. All terms and conditions of said agreement shall apply to the Butte claim conveyed hereby as though set forth herein in full.

IN WITNESS WHEREOF, the parties have executed this Amendment to Lease Agreement on the day and year first above written.

UMONT MINING, INC.

BY: [signature]
President

BEARDSLEY GULCH MINING CO., INC.

BY: [signature]
President

STATE OF VERMONT)
) SS
COUNTY OF CHITTENDEN)

On this 16th day of May 1966, before me personally appeared Lewis P. Evans Jr., who acknowledged himself to be the President of Umont Mining, Inc., a corporation, and that he as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My commission expires Feb. 10, 1967.

Willard B. Bell
Notary Public

STATE OF VERMONT)
) SS
COUNTY OF CHITTENDEN)

On this 16th day of May 1966, before me personally appeared R. N. Wadhams, who acknowledged himself to be the President of Beardsley Gulch Mining Co., Inc., a corporation, and that he as such President, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My commission expires Feb 10, 1967.

Willard B. Bell
Notary Public

OPTION AGREEMENT

THIS AGREEMENT MADE THIS 1st DAY OF ~~MAY~~ June, 1964, BETWEEN BAYHORSE MINES, INC., AN IDAHO CORPORATION, HEREINAFTER CALLED BAYHORSE, AND UMONT MINING, INC., A VERMONT CORPORATION, HEREINAFTER CALLED UMONT,

WITNESSETH,

WHEREAS, BAYHORSE REPRESENTS AND WARRANTS THAT IT IS THE SOLE OWNER OF, FREE AND CLEAR OF LIENS AND ENCUMBRANCES, AND HAS THE UNQUALIFIED RIGHT TO SELL, ASSIGN AND TRANSFER:

1. THOSE CERTAIN LEASES AND OPTION AGREEMENTS (HEREINAFTER REFERRED TO AS THE "UNDERLYING LEASES") PARTICULARLY DESCRIBED IN EXHIBIT A, HERETO ATTACHED AND HEREBY MADE A PART HEREOF, AND THE RIGHT TO PROSPECT FOR, DEVELOP, MINE AND REMOVE ORES, MINERALS, AND METALS FROM AND TO PURCHASE THE THEREIN DESCRIBED CUSTER COUNTY, IDAHO, REAL PROPERTIES, AND,

2. THOSE AND EACH OF THOSE CERTAIN CUSTER COUNTY, IDAHO, UNPATENTED MINING LOCATIONS PARTICULARLY DESCRIBED IN EXHIBIT B, HERETO ATTACHED AND HEREBY MADE A PART HEREOF, AND

3. THE MACHINERY, BUILDINGS, STRUCTURES AND FACILITIES PARTICULARLY DESCRIBED IN EXHIBIT C, HERETO ATTACHED AND HEREBY MADE A PART HEREOF,

AND FURTHER REPRESENTS AND WARRANTS THAT EACH OF SAID UNDERLYING LEASES IS VALID AND SUBSISTING AND IN FULL FORCE AND EFFECT, AND THAT ALL DEFAULTS, IF ANY, ON THE PART OF ANY OF THE PARTIES THERETO HAVE BEEN WAIVED AND FORGIVEN, SUCH MUTUAL WAIVERS AND FORGIVENESS BEING PARTIAL CONSIDERATIONS FOR THE EXECUTION OF THIS AGREEMENT BY THE PARTIES HERETO, AND

WHEREAS, UPON THE TERMS AND CONDITIONS HEREINAFTER STATED, UMONT DESIRES TO OBTAIN THE ASSIGNMENT, TRANSFER AND CONVEYANCE TO IT OF ALL THE RIGHTS, TITLES AND INTERESTS OF BAYHORSE IN AND TO EACH AND ALL THE UNDERLYING LEASES AND REAL AND PERSONAL PROPERTIES AND RIGHTS DESCRIBED IN SAID EXHIBITS A, B AND C, AND IN AND TO ANY AND ALL OTHER LEASES AND OPTION AGREEMENTS HEREAFTER ENTERED INTO BETWEEN BAYHORSE, AS LESSEE OR OPTIONEE, AND THE OWNERS OF MINING CLAIMS AND PROPERTIES SITUATED IN THE BAYHORSE CANYON AREA, CUSTER COUNTY, IDAHO.

NOW THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND PROMISES HEREIN CONTAINED, THE PARTIES HERETO AGREE AS FOLLOWS:

1. BAYHORSE HEREBY ASSIGNS AND TRANSFERS EACH OF SAID UNDERLYING LEASES [illegible] ALL ITS RIGHTS, TITLES AND INTERESTS IN, TO AND UNDER THE SAME TO UMONT AND [illegible] OPTION AND [illegible] TO UMONT, IMMEDIATELY AFTER [illegible]

ANY AND ALL OTHER LEASES AND/OR OPTION AGREEMENTS (AND ALL ITS RIGHTS, TITLES AND INTERESTS THEREIN AND THEREUNDER) HEREAFTER ENTERED INTO BETWEEN BAYHORSE, AS LESSEE OR OPTIONEE, AND THE OWNER OF MINING CLAIMS AND PROPERTIES SITUATED IN THE BAYHORSE CANYON AREA.

UMONT HEREBY ASSUMES THE PERFORMANCE OF EACH OF SAID UNDERLYING LEASES INSOFAR AS PERFORMANCE FROM AND AFTER THE DATE HEREOF IS REQUIRED BY THE TERMS OF SUCH LEASE AND AGREES TO ASSUME THE PERFORMANCE OF ANY SUCH HEREAFTER OBTAINED AND ASSIGNED LEASE OR OPTION AGREEMENT FROM AND AFTER THE DATE OF THE ASSIGNMENT THEREOF TO UMONT, BUT UPON THE UNDERSTANDING THAT UMONT SHALL HAVE THE UNRESTRICTED RIGHT, PRIVILEGE AND OPTION TO, AT ANY TIME, SURRENDER AND REASSIGN ANY OR ALL THEREOF TO BAYHORSE AND SHALL, UPON ANY TERMINATION OF THIS AGREEMENT, REASSIGN ALL THEREOF TO BAYHORSE, AND THAT UPON SUCH REASSIGNMENT UMONT SHALL BE DISCHARGED FROM ANY FURTHER OBLIGATION UNDER OR AS TO EACH LEASE SO REASSIGNED.

FOR THE PURPOSE OF THIS AGREEMENT, FUTURE REFERENCES HEREIN TO "UNDERLYING LEASES" SHALL BE CONSTRUED TO INCLUDE, AND EXHIBIT A HERETO SHALL BE CONSTRUED TO LIST AND DESCRIBE, EACH AND ALL OF SUCH HEREAFTER OBTAINED AND ASSIGNED LEASES AND OPTION AGREEMENTS, WITH THE SAME FORCE AND EFFECT AS IF THE SAME EXISTED AND WERE DESCRIBED IN SAID EXHIBIT A ON THE DATE HEREOF.

ANY SUCH REASSIGNMENT BY UMONT SHALL EITHER BE DELIVERED TO BAYHORSE OR DEPOSITED IN THE REGISTERED MAIL ADDRESSED TO BAYHORSE. SUCH REASSIGNMENT SHALL NOT BE EFFECTIVE TO RELIEVE UMONT OF ITS SAID ASSUMPTION OF THE PERFORMANCE OF THE AFFECTED LEASE OR LEASES UNTIL THIRTY DAYS (30) DAYS AFTER THE DATE OF DELIVERY TO BAYHORSE OR DEPOSIT IN THE REGISTERED MAIL, AS THE CASE MAY BE, IT BEING UNDERSTOOD THAT AFTER SUCH EFFECTIVE DATE UMONT SHALL BE LIABLE ONLY FOR OBLIGATIONS INCURRED WITH RESPECT TO THE REASSIGNED LEASE OR LEASES PRIOR TO SUCH EFFECTIVE DATE.

2. UPON REQUEST AND UPON REASONABLE NOTICE, BAYHORSE SHALL EXECUTE AND DELIVER TO THE WALKER BANK AND TRUST COMPANY AT SALT LAKE CITY GOOD AND SUFFICIENT QUITCLAIM DEEDS, BILLS OF SALE AND OTHER APPROPRIATE INSTRUMENTS OF TRANSFER, TRANSFERRING TO UMONT ALL OF THE RIGHTS, TITLES AND INTERESTS OF BAYHORSE IN AND TO THE MINING LOCATIONS DESCRIBED IN SAID EXHIBIT B AND ANY AND ALL OTHER MINING CLAIMS (HEREINAFTER CALLED ADDITIONAL LOCATIONS) OWNED BY BAYHORSE, OR ITS OFFICERS ON ITS BEHALF, IN THE BAYHORSE CANYON AREA, AND IN AND TO THE MACHINERY, BUILDINGS, STRUCTURES AND FACILITIES DESCRIBED IN SAID EXHIBIT C, SAID DEEDS, BILLS OF SALE AND OTHER INSTRUMENTS OF TRANSFER, SHALL BE ACCOMPANIED BY AN ESCROW

AGREEMENT SIGNED BY THE PARTIES HERETO, INSTRUCTING SAID ESCROW HOLDER TO DELIVER SAID DEEDS, BILLS OF SALE AND OTHER INSTRUMENTS OF TRANSFER TO UMONT, OR UMONT'S DESIGNEE, IF AND WHEN CERTAIN CONDITIONS AND TERMS THEREIN STATED HAVE BEEN KEPT AND PERFORMED BY UMONT INCLUDING THE PAYMENT OF THE PURCHASE PRICE THEREIN RECITED. IF ANY CONDITION OR PAYMENT SPECIFIED TO BE DONE OR MADE BY UMONT IS NOT MADE AS AND WITHIN THE TIME SPECIFIED IN SAID AGREEMENT, SAID ESCROW HOLDER SHALL, UPON THE REQUEST OF BAYHORSE, RETURN SAID DEEDS, BILLS OF SALE AND OTHER INSTRUMENTS OF TRANSFER TO BAYHORSE AT 533 FELT BUILDING ANNEX, SALT LAKE CITY, UTAH. Bank escrow charges to be paid by [illegible]

IN THE EVENT OF TERMINATION OF THIS AGREEMENT, UMONT WILL PAY [illegible] TO BAYHORSE ANY AND ALL MINING CLAIMS AND MILL SITES LOCATED BY UMONT OR ITS EMPLOYEES OR AGENTS IN THE DRAINAGE BASIN OF BAYHORSE CREEK AND TRIBUTARIES SINCE MAY 1, 1964, TO THE DATE OF SAID TERMINATION.

3. BAYHORSE HEREBY GRANTS TO UMONT, FOR THE PERIOD OF FIVE (5) YEARS FROM DATE, THE SOLE AND EXCLUSIVE OPTION TO PURCHASE ALL OF BAYHORSE'S RIGHTS, TITLES AND INTERESTS IN, TO AND UNDER THE UNDERLYING LEASES AND REAL AND PERSONAL PROPERTIES AND RIGHTS DESCRIBED IN EXHIBITS A, B AND C, AND IN AND TO SAID ADDITIONAL LOCATIONS FOR A TOTAL PURCHASE PRICE OF $80,000 PAYABLE AS FOLLOWS, VIZ.:

(A) DURING THE LIFE OF THIS OPTION (THIS IS, WHILE IT REMAINS IN FORCE AND UNTERMINATED) UMONT, ON OR BEFORE THE 15TH DAY OF EACH MONTH SHALL PAY BAYHORSE A ROYALTY AT THE RATE OF TEN PER CENT (10%) OF THE NET SMELTER RETURNS RECEIVED BY UMONT DURING THE PRECEDING MONTH FOR ORES, CONCENTRATES AND METALS EXTRACTED, REMOVED AND SHIPPED BY IT FROM THE UNPATENTED MINING CLAIMS DESCRIBED IN EXHIBIT B AND FROM THE ABOVE-MENTIONED ADDITIONAL LOCATIONS. ALL SUCH ROYALTIES SHALL BE APPLIED AND CREDITED UPON AND AGAINST SAID PURCHASE PRICE AND REDUCE THE BALANCE PAYABLE THEREON ACCORDINGLY. ALL ROYALTY PAYMENTS SHALL BE ACCOMPANIED BY A COPY OF ANY SMELTER RETURN SHEET FOR THE PRODUCT SOLD.

(B) "NET SMELTER RETURNS RECEIVED BY UMONT" SHALL MEAN THE NET AMOUNT REMAINING AFTER DEDUCTING FROM THE NET MONEYS PAID BY SUCH SMELTER TO UMONT FOR THE SAME ALL COSTS FOR TRANSPORTATION (NOT INCLUDING MINE TO MILL TRANSPORTATION), HANDLING, SAMPLING, ASSAYING, TREATMENT, PROCESSING AND EXCISE TAXES, BUT NOT THE COST OF ANY MILLING OR CONCENTRATING DONE BY OR FOR THE ACCOUNT OF

UMONT IN BAYHORSE CANYON OR ELSEWHERE.

(C) ALL ORES, CONCENTRATES, METALS OR VALUABLE PRODUCTS PRODUCED FROM ANY OF THE PROPERTIES INCLUDED IN THIS AGREEMENT AND THE UNDERLYING AGREEMENTS WHICH ARE A PART HEREOF, SHALL BE SHIPPED TO THE SMELTER OR PROCESSING PLANT OF UMONT'S CHOICE, PROVIDED THAT THE ROYALTIES RECEIVED BY THE OWNERS OF THE PROPERTIES SHALL NEVER BE LESS THAN THE ROYALTIES THE OWNERS WOULD HAVE RECEIVED HAD THE ORES, CONCENTRATES, METALS OR VALUABLE PRODUCTS BEEN SHIPPED TO A THIRD PARTY SMELTER OR PROCESSING PLANT OFFERING THE HIGHEST NET RETURN TO OWNERS CONSIDERING PRICES PAID, TREATMENT, TRANSPORTATION AND OTHER SPECIFIED DEDUCTIBLE COSTS.

(D) UNLESS THIS OPTION SHALL HAVE BEEN TERMINATED IN THE AFFECTED YEAR PRIOR TO THE PAYMENT DATE, UMONT SHALL PAY TO BAYHORSE THE FOLLOWING PAYMENTS;

ON JUNE 1, 1966 THE AMOUNT OF $20,000,

ON JUNE 1, 1967 THE AMOUNT OF $25,000,

ON JUNE 1, 1968 THE AMOUNT OF $35,000,

EACH SUCH PAYMENT BEING DECREASED BY THE TOTAL OF ALL ROYALTIES PAID BY UMONT TO BAYHORSE HEREUNDER DURING THE PRECEDING TWELVE-MONTH PERIOD. IF IN ANY YEAR THE ROYALTIES PAID TO BAYHORSE EXCEED THE REQUIRED PAYMENT FOR THE YEAR, THE EXCESS SHALL BE APPLIED AND CREDITED AGAINST THE PAYMENT FOR THE ENSUING YEAR AND REDUCE ACCORDINGLY ANY BALANCE PAYABLE THEREON. ALL PAYMENTS MADE UNDER THIS SUB-PARAGRAPH (D) SHALL BE APPLIED AND CREDITED UPON AND AGAINST SAID PURCHASE PRICE AND REDUCE THE BALANCE PAYABLE THEREON ACCORDINGLY.

(E) UMONT AGREES THAT IF, AFTER TERMINTION AND SURRENDER BY IT OF THIS OPTION, IT SHALL CONTINUE AFTER JUNE 1, 1966, TO HOLD ANY PROPERTIES IN THE DRAINAGE BASIN OF BAYHORSE CREEK AND TRIBUTARIES, WHETHER ACQUIRED FROM BAYHORSE OR FROM THIRD PARTIES, OR BY MINING LOCATION MADE BY IT, IT WILL CONTINUE TO PAY BAYHORSE THE REQUIRED ANNUAL PAYMENTS ON JUNE 1ST OF EACH YEAR UNTIL SUCH PAYMENTS PLUS ALL PAYMENTS THERETOFORE MADE BY IT TO BAYHORSE HEREUNDER SHALL TOTAL $80,000 OR UNTIL IT SHALL HAVE ENTIRELY WITHDRAWN FROM THE DRAINAGE BASIN OF BAYHORSE CREEK AND TRIBUTARIES, WHICHEVER SHALL FIRST OCCUR.

4. (A) UNTIL UMONT SHALL HAVE PAID BAYHORSE SAID $20,000 (OR BALANCE DUE THEREON) SPECIFIED TO BE PAID ON OR BEFORE JUNE 1, 1966, BAYHORSE OR SUB-LESSEES AT THEIR SOLE COST AND EXPENSE, MAY CONDUCT SUCH MINING AND DEVELOPMENT

OPERATIONS UPON ANY OF THE PROPERTIES COVERED BY THIS OPTION AS DO NOT INTERFERE WITH THE OPERATIONS OF UMONT THEREON, PROVIDED, THAT IN SO DOING BAYHORSE AND THEIR SUBLESSEES SHALL COMPLY WITH THE TERMS OF ANY AFFECTED UNDERLYING LEASE, INCLUDING PAYMENT, FOR THE ACCOUNT OF UMONT, OF ALL ROYALTIES DUE ON ORES, CONCENTRATES AND METALS REMOVED BY BAYHORSE FROM THE LEASED PROPERTY, IT BEING UNDERSTOOD HOWEVER, THAT EXCEPT FOR PAYMENT OF SUCH ROYALTIES AND ANY COST OF OTHERWISE COMPLYING WITH THE AFFECTED UNDERLYING LEASES, BAYHORSE OR SAID SUBLESSEES SHALL RETAIN AND OWN THE PROCEEDS FROM ORES, CONCENTRATES AND METAL REMOVED BY THEM DURING THEIR SAID MINING OPERATIONS. OTHERWISE, DURING THE LIFE OF THIS OPTION, UMONT, SUBJECT TO THE PROVISIONS OF SAID UNDERLYING LEASES, SHALL BE ENTITLED TO THE SOLE AND EXCLUSIVE POSSESSION AND USE OF THE REAL PROPERTIES AFFECTED BY SAID UNDERLYING LEASES AND SAID MINING LOCATIONS DESCRIBED IN EXHIBIT B AND SAID ADDITIONAL LOCATIONS, SUBJECT ONLY TO THE RIGHT OF INSPECTION AND OTHER RIGHTS HEREIN RESERVED TO BAYHORSE, AND TO THE SOLE AND EXCLUSIVE RIGHT TO PROSPECT, TEST AND EXPLORE THE SAME AND TO MINE THE SAME AND EXTRACT, REMOVE AND SELL THE ORES, CONCENTRATES, METALS AND MINERALS THEREIN AND RETAIN THE PROCEEDS THEREOF, SUBJECT, HOWEVER, TO ITS OBLIGATION TO PAY ROYALTIES THEREON, AS HEREIN PROVIDED; IT BEING UNDERSTOOD, HOWEVER, THAT UMONT IS NOT OBLIGATED TO MINE MORE THEREOF THAN IT DEEMS ADVISABLE OR ANY THEREOF WHICH IT MAY CONSIDER UNPROFITABLE TO MINE; FURTHER, UMONT SHALL HAVE THE RIGHT TO USE THE SAME FOR ANY AND ALL PURPOSES REASONABLY NECESSARY OR INCIDENTAL TO ITS MINING AND OTHER OPERATIONS THEREON HEREUNDER, INCLUDING THE RIGHT TO CUT SUCH TIMBER AS MAY BE REQUIRED IN ITS OPERATIONS AND THE RIGHT TO EXPLORE, DEVELOP AND MINE CONTIGUOUS OR ADJACENT LANDS THROUGH THE MINE WORKINGS EXISTING OR HEREAFTER CONSTRUCTED BY IT THEREON AND SHALL ALSO HAVE THE RIGHT OF INGRESS AND EGRESS TO AND FROM THE SAME OVER ANY CONTIGUOUS OR NEARBY LANDS OF BAYHORSE AND, FOR USE IN CONNECTION WITH ITS OPERATIONS ON THE SAME, TO CONSTRUCT, MAINTAIN AND USE ON SUCH BAYHORSE LANDS WATER DITCHES, FLUMES, CONDUITS, PIPE LINES, POWER AND TELEPHONE LINES AND ROADS.

(B) ALL NEW SUB-LEASES AND RENEWALS OF EXISTING SUBLEASES AUTHORIZED HEREIN ABOVE SHALL BE SUBJECT TO APPROVAL OF UMONT, WHICH APPROVAL SHALL NOT BE UNREASONABLY WITHHELD.

5. (A) DURING THE LIFE OF THIS AGREEMENT AND OPTION, UMONT WILL ASSUME AND BE RESPONSIBLE FOR THE FOLLOWING:

(1) MAINTAINING A WATCHMAN AT BAYHORSE TOWNSITE,
(2) MAINTAINING FIRE INSURANCE ON MILL BUILDING AND EQUIPMENT EQUAL TO PRESENT COVERAGE ($50,000), AND PROVIDING FOR PAYMENT TO BAYHORSE OF THE SAME PROPORTION OF THE POLICY PROCEEDS AS THE UNPAID BALANCE OF SAID PURCHASE PRICE AT THE TIME OF LOSS BEARS TO SAID TOTAL PURCHASE PRICE AND FOR PAYMENT TO UMONT OF THE REMAINDER OF THE POLICY PROCEEDS, AND
(3) PAYMENT OF TAXES ON REAL AND PERSONAL PROPERTY INCLUDED IN THIS AGREEMENT (PATENTED CLAIMS AND MILL BUILDING AND EQUIPMENT), PRO-RATING FOR FRACTIONAL YEARS.

(B) IF DURING THE LIFE OF THIS AGREEMENT, UMONT SHALL CHOOSE TO USE ANY OF THE MACHINERY, BUILDINGS, STRUCTURES AND FACILITIES DESCRIBED IN EXHIBIT C, UMONT AT ITS SOLE COST AND EXPENSE WILL MAINTAIN THE SAME IN GOOD REPAIR AND WORKING ORDER.

6. UPON FULL PAYMENT OF SAID PURCHASE PRICE IN ACCORDANCE WITH THE TERMS HEREOF, ALL OF BAYHORSE'S RIGHTS, TITLES AND INTERESTS IN, TO AND UNDER SAID UNDERLYING LEASES (EXCEPT SUCH AS UMONT MAY HAVE THERETOFORE REASSIGNED TO BAYHORSE) AND REAL AND PERSONAL PROPERTIES AND RIGHTS DESCRIBED IN EXHIBIT A, B AND C AND IN AND TO SAID ADDITIONAL LOCATIONS SHALL VEST IRREVOCABLY IN UMONT, WHICH SHALL THEREAFTER BE THE UNQUALIFIED OWNER THEREOF.

7. ALL WORK DONE BY UMONT ON THE REAL PROPERTIES AFFECTED BY THIS AGREEMENT SHALL BE DONE IN A GOOD AND MINERLIKE MANNER AND IN ACCORDANCE WITH THE LAWS, RULES AND REGULATIONS OF THE UNITED STATES AND OF THE STATE OF IDAHO, WHICH MAY BE APPLICABLE TO ITS OPERATIONS, AND UMONT SHALL KEEP ITS EMPLOYEES INSURED IN COMPLIANCE WITH THE WORKMAN'S COMPENSATION STATUTES OF THE STATE OF IDAHO, PROVIDED THAT NOTHING HEREIN SHALL BE CONSTRUED TO REQUIRE UMONT TO COMPLY WITH ANY FEDERAL, STATE OR COUNTY LAWS, ORDINANCES, REGULATIONS OR ORDERS BELIEVED BY IT TO BE UNCONSTITUTIONAL OR FOR OTHER REASONS VOID. IF UMONT, HAVING APPLIED FOR AND BEEN REFUSED EXEMPTION FROM THE REQUIREMENTS THEREOF, SHALL INSTITUTE LEGAL PROCEEDINGS TO DETERMINE THE VALIDITY OF ANY SUCH LAW, ORDINANCE, REGULATION OR ORDER, OR THE LEGAL PROPRIETY OF ITS APPLICATION TO UMONT'S OPERATIONS HEREUNDER, THEN DURING THE PERIOD UNTIL ALL ISSUES THEREIN HAVE BEEN FINALLY DETERMINED, UMONT SHALL HAVE THE RIGHT AT ANY TIME, AND FROM TIME TO TIME, TO SUSPEND ITS MINING AND OTHER OPERATIONS HEREUNDER AND DURING THE PERIOD OR PERIODS OF SUCH SUSPENSION ALL OF UMONT'S OBLIGATIONS, EXCEPT OBLIGATIONS IMPOSED ON IT BY SUCH OF SAID UNDERLYING LEASES AS IT MAY THEN HOLD, SHALL BE SUSPENDED AND TOLLED AND THE TIME FOR THE PERFORMANCE OF SUCH OBLIGATIONS AND THE TERMS HEREOF SHALL BE EXTENDED FOR A PERIOD OF TIME EQUAL TO THAT DURING WHICH UMONT SHALL HAVE SO SUSPENDED ITS OPERATIONS. BAYHORSE, IF SO REQUESTED, BUT AT THE SOLE EXPENSE OF UMONT, WILL JOIN IN AND AFFIX ITS

WRITTEN CONSENT TO ANY APPLICATION BY UMONT FOR EXEMPTION OF THE HEREBY AFFECTED PROPERTY AND UMONT'S OPERATIONS THEREON FROM THE PROVISIONS OF ANY SUCH LAW, ORDINANCE, REGULATION OR ORDER, AND UMONT AGREES TO HOLD BAYHORSE FREE AND CLEAR OF ANY LIABILITY AND/OR DAMAGE OR CLAIMS OF DAMAGE AND/OR PENALTIES ARISING FROM BAYHORSE HAVING JOINED IN SUCH ACTION.

8. ALL WORK DONE ON AND MATERIALS FURNISHED FOR OR USED UPON SAID PROPERTY BY UMONT SHALL BE AT ITS SOLE EXPENSE AND UMONT HEREBY INDEMNIFIES BAYHORSE AGAINST AND AGREES TO HOLD IT AND THE PROPERTIES AND RIGHTS DESCRIBED IN EXHIBITS A, B AND C AND SAID ADDITIONAL LOCATIONS FREE OF AND HARMLESS FROM ANY AND ALL LIENS, CHARGES AND/OR LIABILITY ARISING BY REASON OF THE OPERATIONS OF UMONT HEREUNDER. BAYHORSE SHALL HAVE THE RIGHT TO POST ON SAID PROPERTIES, AND UMONT AGREES TO THEREAFTER KEEP POSTED, A NOTICE OR NOTICES OF THE NON-RESPONSIBILITY OF BAYHORSE FOR ANY OF THE ACTS AND DEEDS OF UMONT HEREUNDER. UMONT HEREBY INDEMNIFIES BAYHORSE AGAINST AND AGREES TO HOLD IT FREE OF AND HARMLESS FROM ANY AND ALL CLAIMS AND LIABILITY FOR INJURY OR DAMAGE TO THE PERSON OR PROPERTY OF OTHERS RESULTING FROM UMONT'S POSSESSION AND/OR OPERATION OF SAID PROPERTY.

9. UMONT SHALL PAY WHEN DUE ALL TAXES IMPOSED DURING THE LIFE OF THIS OPTION UPON SAID MINING LOCATIONS DESCRIBED IN EXHIBIT B AND SAID ADDITIONAL LOCATIONS AND UPON THE REAL PROPERTIES DESCRIBED IN SAID UNDERLYING LEASES, PROVIDED THAT TAXES FOR THE FRACTIONAL TAX YEAR REMAINING AFTER THE DATE OF THIS AGREEMENT AND TAXES FOR ANY FRACTIONAL TAX YEAR PRECEDING ANY TERMINATION AND SURRENDER HEREOF BY UMONT SHALL BE PRO RATED, AND PROVIDED FURTHER THAT IF UMONT SHALL REASSIGN ANY OF SAID UNDERLYING LEASES TO BAYHORSE, IT SHALL BE LIABLE ONLY FOR THE PRO RATA OF TAXES FOR THE FRACTIONAL TAX YEAR PRECEDING THE DATE OF SUCH REASSIGNMENT.

10. UMONT SHALL KEEP FULL, TRUE AND CORRECT BOOKS OF ACCOUNT (AND SEPARATELY WITH RESPECT TO THE PROPERTIES COVERED BY EACH OF SAID UNDERLYING LEASES) SHOWING THE AMOUNTS AND VALUE OF ALL ORES, CONCENTRATES AND METALS RECOVERED AND SOLD BY IT DURING THE LIFE OF THIS CONTRACT FROM THE REAL PROPERTIES AFFECTED BY THIS AGREEMENT, AND THE MONEYS RECEIVED BY IT THEREFOR, AND THE SAME SHALL BE OPEN TO THE INSPECTION OF BAYHORSE AND ITS AUTHORIZED AGENTS AT ALL REASONABLE TIMES. BAYHORSE AND ITS AUTHROIZED AGENTS SHALL HAVE THE RIGHT TO INSPECT THE REAL AND PERSONAL PROPERTIES HEREBY AFFECTED

AND THE OPERATIONS OF UMONT HEREUNDER AT ALL REASONABLE TIMES, BUT SHALL NOT UNWARRANTEDLY INTERFERE WITH SUCH OPERATIONS.

11. IT BEING UNDERSTOOD THAT UMONT SHALL HAVE ADEQUATE OPPORTUNITY TO RE-EXAMINE THE TITLE TO THE PROPERTIES COVERED BY SAID UNDERLYING LEASES OR THE VALIDITY OF OR TITLE TO THE UNPATENTED MINING LOCATIONS DESCRIBED IN EXHIBIT B, BAYHORSE AGREES THAT SHOULD TITLE EXAMINATION BY UMONT REVEAL CLAIMS, LIENS OR ENCUMBRANCES OR OTHER TITLE DEFECTS AFFECTING THE TITLE TO ANY OF SAID PROPERTIES, BAYHORSE, AT ITS OWN COST AND EXPENSE WILL, ON WRITTEN REQUEST FROM UMONT, FORTHWITH CAUSE THE SAME TO BE CURED AND REMOVED. SHOULD BAYHORSE FAIL TO CURE AND REMOVE SUCH TITLE DEFECTS AND SUBMIT TO UMONT FORMAL EVIDENCE THEREOF WITHIN THREE MONTHS AFTER SUCH REQUEST, UMONT MAY UNDERTAKE TO DO SO AND ITS COSTS AND OUTLAYS FOR SO DOING, INCLUDING REASONABLE ATTORNEY'S FEES, SHALL BE CREDITED AGAINST AND SHALL REDUCE SAID $80,000 PURCHASE PRICE ACCORDINGLY. AT UMONT'S OPTION, IT MAY REIMBURSE ITSELF FOR SUCH COSTS AND OUTLAYS BY DEDUCTING THE SAME FROM THE NEXT SUCCEEDING ANNUAL INSTALLMENT OR INSTALLMENTS OF PURCHASE PRICE DUE HEREUNDER.

12. UMONT SHALL PERFORM ALL ANNUAL ASSESSMENT WORK REQUIRED FOR THE ASSESSMENT YEAR SEPTEMBER 1, 1963, TO SEPTEMBER 1, 1964, WITH RESPECT TO ALL UNPATENTED MINING LOCATIONS, INCLUDING THOSE COVERED BY SAID UNDERLYING LEASES, AFFECTED BY THIS AGREEMENT. THEREAFTER, DURING THE LIFE OF THIS OPTION, UMONT SHALL PERFORM ALL ANNUAL REQUIRED ASSESSMENT WORK WITH RESPECT TO SUCH UNPATENTED MINING CLAIMS AND SHALL PREPARE AND FILE PROPER PROOFS THEREOF BEFORE AUGUST 31ST, OF EACH YEAR FOR WHICH SAID WORK IS REQUIRED, FURNISHING COPIES OF SUCH PROOFS TO BAYHORSE. SPECIFICALLY, WITH RESPECT TO ALL UNPATENTED MINING LOCATIONS COVERED BY ANY UNDERLYING LEASE WHICH UMONT SHALL REASSIGN TO BAYHORSE, UMONT SHALL PERFORM ANY REQUIRED ASSESSMENT WORK IF REASSIGNMENT IS EFFECTIVE AFTER JUNE 1ST OF SAID ASSESSMENT YEAR, AND FURTHER, SHALL PERFORM ALL ANNUAL ASSESSMENT WORK REQUIRED WITH RESPECT TO ALL UNPATENTED LOCATIONS COVERED BY THIS OPTION, FOR THE ASSESSMENT YEAR IN WHICH THIS OPTION IS TERMINATED OR FORFEITED, IF TERMINATION BECOMES EFFECTIVE AFTER JUNE 1ST. IF UMONT SHALL DESIRE THAT A PATENT OR PATENTS BE OBTAINED FOR ANY OF SUCH UNPATENTED MINING CLAIMS, BAYHORSE, BUT AT THE SOLE EXPENSE OF UMONT, SHALL FULLY ASSIST AND COOPERATE IN THE INSTITUTION AND CONDUCT OF SUCH PROCEEDINGS AS SHALL BE REQUIRED FOR THAT PURPOSE.

13. SUBJECT TO ANY CONTRARY PROVISION OF THE UNDERLYING LEASE WHICH, AS TO EACH LEASE, SHALL CONTROL WITH RESPECT TO THE PROPERTY AFFECTED, IT IS AGREED THAT IF AND SO LONG AS GOVERNMENTAL RESTRICTIONS, OR THE RESULTS THEREOF, LABOR DISTURBANCES, ACTS OF GOD OR THE ELEMENTS, FIRE, FLOODS, SHORTAGE OF WATER, FAILURE OR RATIONING OF ELECTRIC POWER OR MILITARY SHUT-DOWNS OF MINING OPERATIONS IN COOPERATION WITH WATER OR POWER CONSERVATION PROGRAMS OR ANY CAUSE, WHETHER OR NOT LIKE THOSE ENUMERATED, BEYOND UMONT'S CONTROL, SHALL PREVENT ITS OPERATIONS ON THE REAL PROPERTIES HEREBY AFFECTED, OR WHILE LITIGATION CONTESTING BAYHORSE'S RIGHTS, TITLE OR INTERESTS TO SUCH REAL PROPERTY OR THE RIGHTS, TITLES OR INTERESTS OF THE LESSORS OF ANY UNDERLYING LEASE OR THE RIGHTS GRANTED UMONT HEREUNDER SHALL BE PENDING AND UNDETERMINED, UMONT, WITHOUT IMPAIRMENT OF ITS RIGHTS HEREUNDER, SHALL BE EXCUSED FROM PERFORMANCE AND ITS OBLIGATIONS HEREUNDER SHALL BE SUSPENDED AND TOLLED AND THE TIME FOR PERFORMANCE OF SUCH OBLIGATIONS AND THE TERM HEREOF SHALL BE EXTENDED FOR A PERIOD OF TIME EQUAL TO EACH PERIOD DURING WHICH UMONT IS SO EXCUSED. IF UMONT SHALL ELECT TO OPERATE SAID PROPERTIES DESPITE SUCH LITIGATION, THEN IT SHALL HAVE THE RIGHT TO PAY ALL ROYALTIES BECOMING DUE BAYHORSE HEREUNDER OR BECOMING DUE TO THE LESSORS OF ANY THEREBY AFFECTED UNDERLYING LEASE INTO COURT OR INTO SOME DISINTERESTED BANK, TO BE IMPOUNDED UNTIL THE FINAL DETERMINATION OF SUCH LITIGATION, AND THEN PAID TO BAYHORSE AND/OR SUCH LESSORS AND/OR THE OTHER PARTY OR PARTIES TO SUCH LITIGATION, ACCORDING TO THEIR RELATIVE RIGHTS THERETO AS THEREIN DETERMINED.

14. (A) ANYTHING HEREIN TO THE CONTRARY NOTWITHSTANDING, IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT THIS IS AN OPTIONAL AGREEMENT AS TO UMONT AND NOT A CONTRACT TO PURCHASE, AND THAT UMONT MAY AT ANY TIME TERMINATE THIS AGREEMENT AND DISCONTINUE ITS OPERATIONS HEREUNDER UPON 30 DAYS WRITTEN NOTICE TO BAYHORSE.

(B) TIME IS OF THE ESSENCE HEREOF. IF UMONT, HAVING FAILED TO MAKE ANY PAYMENT OR PERFORM ANY OTHER SUBSTANTIAL OBLIGATION HEREOF WHEN DUE, SHALL FAIL TO MAKE SUCH PAYMENT OR PERFORM SUCH OBLIGATION WITHIN 60 DAYS AFTER RECEIPT OF A WRITTEN NOTICE FROM BAYHORSE SO TO DO, THEN AT THE OPTION OF BAYHORSE, UMONT'S RIGHTS HEREUNDER AND IN AND TO THE PROPERTIES, RIGHTS AND INTERESTS HEREBY AFFECTED SHALL BECOME TERMINATED AND FORFEITED TO BAYHORSE.

(C) IN THE EVENT OF EITHER THE VOLUNTARY TERMINATION OF THIS OPTION BY UMONT OR THE FORFEITURE OF UMONT'S RIGHTS THEREIN, AS AFORESAID, UMONT SHALL IMMEDIATELY EXECUTE AND DELIVER TO BAYHORSE APPROPRIATE REASSIGNMENTS, QUITCLAIMS,

BILLS OF SALE AND RELEASES SURRENDERING AND REASSIGNING ALL UNDERLYING LEASES NOT THERETOFORE REASSIGNED AND RECONVEYING AND RETRANSFERRING TO BAYHORSE THE PROPERTIES DESCRIBED IN EXHIBITS B AND C AND SAID ADDITIONAL LOCATIONS AND QUITCLAIMING TO BAYHORSE ANY AND ALL MINING CLAIMS AND MILLSITES LOCATED BY UMONT OR ITS AGENTS OR EMPLOYEES IN THE DRAINAGE BASIN OF BAYHORSE CREEK AND TRIBUTARIES BETWEEN MAY1ST, 1964, AND THE EXECUTION OF THIS AGREEMENT AND DURING THE LIFE OF THIS AGREEMENT, AND SHALL SURRENDER POSSESSION OF SAID REAL PROPERTIES TO BAYHORSE AND SHALL REDELIVER TO BAYHORSE THE MACHINERY, BUILDINGS, STRUCTURES AND FACILITIES DESCRIBED IN EXHIBIT C, OR ANY REPLACEMENTS THEREOF, IN THEIR PRESENT CONDITION, REASONABLE WEAR AND TEAR EXCEPTED, IT BEING SPECIFICALLY UNDERSTOOD THAT THE MILL WILL BE RETURNED IN A CONDITION, AS TO WORKING ORDER AND EQUIPMENT, EQUAL TO ITS PRESENT CONDITION. FROM AND AFTER THE EFFECTIVE DATE OF SUCH REASSIGNMENTS, RETRANSFERS, TRANSFERS AND DELIVERY, UMONT SHALL NOT BE OBLIGATED TO BAYHORSE ON ACCOUNT OF SAID UNDERLYING LEASES OR THE PROPERTIES COVERED THEREBY OR OTHERWISE AFFECTED BY THIS AGREEMENT, EXCEPT AS TO OBLIGATIONS INCURRED PRIOR TO SUCH EFFECTIVE DATE.

(D) IN THE EVENT OF EITHER THE VOLUNTARY TERMINATION OF THIS OPTION BY UMONT OR THE FORFEITURE OF UMONT'S RIGHTS THEREIN, AS AFORESAID, BAYHORSE WILL RETAIN ANY AND ALL PAYMENTS THERETOFORE MADE TO IT HEREUNDER, WHICH PAYMENTS SHALL BE TREATED AS COMPENSATION FOR THE PRIVILEGE HEREBY GRANTED AND LIQUIDATED DAMAGES IN FULL, AND SHALL BE THE FULL MEASURE OF DAMAGES TO BAYHORSE BECAUSE OF ANY FAILURE, NEGLECT OR REFUSAL OF UMONT TO CARRY OUT, FULFILL OR COMPLY WITH ANY OF THE TERMS HEREOF, AND UMONT, IN EITHER OF SUCH EVENTS, SHALL THEREUPON BE RELIEVED FROM ANY AND ALL OBLIGATIONS HEREUNDER, EXCEPT AS TO ANY UNPAID ROYALTY ON ORES, CONCENTRATES OR METALS PREVIOUSLY REMOVED FROM THE PROPERTIES HEREBY AFFECTED AND LIENS, CHARGES OR ENCUMBRANCES TO WHICH BAYHORSE OR SAID PROPERTIES MAY HAVE BECOME SUBJECT BY REASON OF THE OPERATIONS OF UMONT HEREUNDER.

(E) IN THE EVENT OF EITHER SUCH VOLUNTARY TERMINATION OR FORFEITURE, UMONT WILL PROMPTLY THEREAFTER SUPPLY BAYHORSE, WITHOUT COST TO BAYHORSE, WITH A COMPLETE SET OF THE MAPS, CROSS-SECTIONS, ASSAY RETURNS, DIAMOND DRILL HOLE LOGS AND OTHER GEOLOGICAL DATA COMPILED BY UMONT DURING ITS EXAMINATION OF THE BAYHORSE DISTRICT.

15. IN THE EVENT OF EITHER THE VOLUNTARY TERMINATION OF THIS OPTION BY UMONT OR THE FORFEITURE OF ITS RIGHTS THEREIN BY BAYHORSE, AS AFORESAID, EXC-

AS HEREIN EXPRESSLY PROVIDED, UMONT SHALL NOT REMOVE PERMANENT BUILDINGS, MINE TIMBERS, MINE RAIL AND EMPLACED AIR PIPE LINES PLACED BY IT ON SAID PROPERTIES, NOR ANY EQUIPMENT INSTALLED BY IT AS A REPLACEMENT FOR EXISTING BAYHORSE EQUIPMENT, BUT OTHERWISE UMONT MAY REMOVE ALL TOOLS, SUPPLIES, EQUIPMENT, IMPROVEMENTS AND FIXTURES PLACED BY IT ON AND THEN REMAINING ON THE REAL PROPERTIES HEREBY AFFECTED; PROVIDED, THAT IF UMONT SHALL DESIRE TO SELL ANY OF SUCH REMOVABLE PROPERTY, BAYHORSE SHALL, FOR A PERIOD OF 30 DAYS HAVE THE FIRST OPPORTUNITY TO PURCHASE THE SAME OR ANY PART THEREOF. PREFABRICATED BUILDINGS OR STRUCTURES SHALL NOT BE DEEMED PERMANENT BUILDINGS OR STRUCTURES AND ANY SUCH BUILDINGS OR STRUCTURES PLACED BY UMONT ON SAID PROPERTIES, AND PIPE AND RAIL INSTALLED BELOW THE LEVEL OF THE WATER TABLE BY UMONT SO THAT SAME WILL BE FLOODED IF WORKINGS ARE ABANDONED, MAY BE REMOVED BY UMONT. Subject to the approval of Bayhorse, UMONT MAY ALSO REMOVE ANY PIPE AND RAIL INSTALLED BY IT WHICH MAY BE LOST DUE TO GROUND CONDITIONS OR OTHER CAUSES. UMONT SHALL HAVE A PERIOD OF 90 DAYS FROM AND AFTER THE EXPIRATION OF ANY 30-DAY PURCHASE RIGHT PERIOD SO GIVEN BAYHORSE WITHIN WHICH TO COMPLETE SUCH REMOVAL; PROVIDED, THAT IF WEATHER, ROAD CONDITIONS, ACTS OF GOD, OR OTHER CAUSES BEYOND UMONT'S CONTROL, PREVENT OR INTERRUPT SUCH REMOVAL, THEN THE TIME PERMITTED FOR SUCH REMOVAL SHALL BE TOLLED FOR A PERIOD EQUAL TO THAT DURING WHICH SUCH CONDITIONS EXIST.

16. THIS AGREEMENT SHALL INURE TO THE BENEFIT OF AND BECOME BINDING UPON THE SUCCESSORS AND ASSIGNS OF THE RESPECTIVE PARTIES HERETO. IT IS AGREED THAT UMONT SHALL HAVE THE RIGHT, UPON WRITTEN NOTICE TO BAYHORSE, TO ASSIGN THIS AGREEMENT OR ANY PARTICIPATION THEREIN UNTO Sovic, Inc., BUT OTHERWISE NEITHER BAYHORSE OR UMONT MAY ASSIGN THIS AGREEMENT OR ANY OF THEIR RIGHTS HEREUNDER WITHOUT THE PRIOR WRITTEN CONSENT OF THE OTHER, WHICH CONSENT SHALL NOT BE UNREASONABLY WITHHELD.

17. NOTICES HEREUNDER SHALL BE DELIVERED PERSONALLY OR SENT BY REGISTERED MAIL TO THE PARTIES AT THE FOLLOWING ADDRESSES, VIZ.:

TO BAYHORSE MINES, INC. AT:	333 FELT BUILDING ANNEX SALT LAKE CITY, UTAH
TO UMONT MINING, INC. AT;	KING STREET DOCK BURLINGTON, VERMONT

OR TO SUCH OTHER ADDRESS OR ADDRESSES AS THE PARTIES MAY FROM TIME TO TIME DESIGNATE IN WRITING; MAILED NOTICES TO BE CONSIDERED AS RECEIVED WITHIN 48 HOURS AFTER THEIR DEPOSIT IN THE MAIL.

IN WITNESS WHEREOF, THE PARTIES, BY THEIR PROPER OFFICERS FIRST THEREUNTO DULY AUTHORIZED, HAVE EXECUTED THESE PRESENTS THE DAY AND YEAR FIRST ABOVE WRITTEN.

BAYHORSE MINES, INC.

BY O. J. Salisbury
PRESIDENT

WITNESS

UMONT MINING, INC.

BY [illegible]
VICE PRESIDENT & DULY AUTHORIZED AGENT

WITNESS

STATE OF UTAH)
) SS
COUNTY OF SALT LAKE)

ON THIS 1st DAY OF June, 1964, BEFORE ME PERSONALLY APPEARED DOOLEY P. WHEELER, JR., WHO ACKNOWLEDGED HIMSELF TO BE THE VICE PRESIDENT OF UMONT MINING, INC., A CORPORATION, AND THAT HE, AS SUCH VICE PRESIDENT, BEING AUTHORIZED SO TO DO, EXECUTED THE FOREGOING INSTRUMENT FOR THE PURPOSES THEREIN CONTAINED, BY SIGNING THE NAME OF THE CORPORATION BY HIMSELF AS VICE PRESIDENT.

IN WITNESS WHEREOF, I HEREUNTO SET MY HAND AND OFFICIAL SEAL.

MY COMMISSION EXPIRES Mar. 8, 1966.

Eugene West
NOTARY PUBLIC

STATE OF UTAH)
) SS
COUNTY OF SALT LAKE)

ON THIS 1st DAY OF June, 1964, BEFORE ME PERSONALLY APPEARED O. J. Salisbury, WHO ACKNOWLEDGED HIMSELF TO BE THE President OF BAYHORSE MINES, INC. A CORPORATION, AND THAT HE, AS SUCH President, BEING AUTHORIZED SO TO DO, EXECUTED THE FOREGOING INSTRUMENT FOR THE PURPOSES THEREIN CONTAINED, BY SIGNING THE NAME OF THE CORPORATION BY HIMSELF AS President.

IN WITNESS WHEREOF I HEREUNTO SET MY HAND AND OFFICIAL SEAL.

MY COMMISSION EXPIRES Mar. 8, 1966.

Eugene West
NOTARY PUBLIC

Exhibit A

Bayhorse Mines, Inc. - Umont Mining, Inc. Option AGreement

May 1964

Underlying Leases, covering the therein described Custer County, Idaho real properties, assigned by Bayhorse to Umont, each lease and the property descriptions therein being hereby incorporated herein:

1. (RAMSHORN) Agreement of Lease and Option dated November 20, 1962, between Ramshorn Mining Company, Lessor, and Bayhorse Mines, Inc., Lessee. Upset price $150,000.

2. (AETNA) Agreement of Lease and Option, dated November 20, 1962, between Aetna Mining & Investment Company, Lessor, and Bayhorse Mines, Inc., Lessee. (subsequently assigned by Aetna to The Salisbury Corporation, the successor owner). Upset price $30,000.

3. (SALMON RIVER - McGREGOR) Agreement of Lease and Option, dated May 1, 1964 between Swigert Mines, Lessor, and Bayhorse Mines, Inc., Lessee. Upset price $80,000.

4. (SWIGERT PERSONAL) Agreement of Lease and Option, dated May 1, 1964 between Swigert Mines, Lessor, and Bayhorse Mines, Inc., Lessee. Upset price $10,000.

5. (SKYLARK & HOOD) Agreement of Lease and Option dated November 13, 1962, between Clayton Mining & Smelting Company, Lessor, and Bayhorse Mines, Inc., Lessee. Upset price $32,500.

And, generally, any and all other leases and option agreements hereafter entered into between Bayhorse, as Lessee or Optionee, and the owners of mining claims and properties situated in the Bayhorse Canyon Area, Custer County, Idaho.

EXHIBIT B

Bayhorse Mines, Inc. - Dumont Mining, Inc. Option Agreement

May 1964

Unpatented Lode Mining Claims owned by Bayhorse Mines, Inc., situated in the Bayhorse Canyon Area, Custer County, Idaho, notices of location of which are recorded in the office of the County Recorder of Custer County, Idaho, said claims being known and designated as:

Group 1 (23)	Missouri Indiana Ohio Michigan Kansas Wisconsin Dakota Texas Illinois Carolina Florida Iowa	Washington Idaho Nevada Wyoming Montana Utah Arizona New Mexico California Oragon Sonora
Group II (5)	Rio Negro Rio Bravo Rio Alto	Rio Rico Rio Vista II
Group III (22)	Don Dennis Jerry Roy Austin Mabel ✓ Al Veral Charlotte Elmo Jim	Teton Latah Butte ✓ Gem Clark ✓ Ada Adams Shoshone Carbou Fremont Valley
Group IV (25)	Cortez & Cortez 1 through Cortez 20 (21 claims) Vermont, New Jersey, New York, Delaware (4 claims)	

Exhibit C

Bayhorse Mines, Inc. - Uncom Mining, Inc. Option [illegible]

May [illegible]

1. BUILDINGS AT BAYHORSE CAMP:

Mill and crushing plant building (includes shop [illegible] room, power plant).
Old hotel building (including furnishings therein).
Six-room family residence
Three-room family residence (including furnishings therein).
Warehouse building (stone building with basement).
Single-room living quarters
Old hydro power-plant building

2. POWER PLANT AT MILL: Installed complete with controls, transformers, wiring, etc., to furnish electrical power to mill and crushing plant (including lighting) and lighting for Bayhorse Camp. Principal items:

Buda-Lanova Diesel Engine, 103 h.p., 1200 RPM, Model [illegible] Serial #18735, direct-connected to
Westinghouse Generator, A.C. 240/480 volt, 3-phase, 60-cycle, 226/113 amperes, 1200 RPM, Serial 599664; direct-connected exciter, 2 KW 240 volt, Serial #1-599664
International UD9 diesel-electric power plant, v-belt connected to 50 KVA, 440-volt, 3-phase, 60-cycle generator (used for stand-by and extra load operation)
Control panel complete for operating above units individually or in synchronization
Main diesel oil storage tank (outside building) 5500 gal.
Day tank, 300 gal.

3. CRUSHING PLANT: Capacity of 100 tons of mill feed per shift. Feed passes 8" Grizzly; plant discharges a minus 3/8" product to fine ore bins (300 ton capacity in two sections). Coarse ore bin, 100 ton capacity, in one section. Principal items:

Rogers (Wheeling type) Jaw Crusher, 10 x 18"
Symons 20" Cone Crusher (25 h.p. motor and drive available)
Waukesha-Hesselman Oil Engine, W B F H 4 V, 6 1/2 x 8", 100 h.p. Drives the crushers off a line shaft.
Diester Vibrating Screen, 30 x 48, double deck.
Dings Perma-plate magnetic separator and belt conveyor to Symons.
18' Bucket Elevator, w. heat blower, from Symons to vibrating screen
Belt Conveyor, 18" width, approx. 80' conveyance to fine ore bin.

4. MILL: Installed complete, and having capacity of 100 tons per 24 hours. All powered units driven by electric motors. Primary circuit 440 volts; light circuit110 volts. Principal items:

Belt Feeder Conveyor.
Trommel Screen, 1/16" punched plate, 18" x 6'
Bendalari Jigs (two) 26 x 26.
Dewatering Screen, 18 x 36.
Roll Crusher, Traylor, 30 x 14
Vibrating Screen, 1/16" openings, 3' x 8'
Bucket Elevator (closing roll circuit).
Double Cone Hydraulic classifier
Settling Cones (two) 8" diam.
Wilfley Concentrating Tables (three) each fed thru Dunham Cone Classifier
Denver Agitator Conditioner, 6' x 6'
Denver Sub-A 4-cell Flotation unit, 72 cu. ft.
Denver Vertical Sand Pump, 1 1/2"
Filter Pans (three) (2-3x 3, 1-5 x 5) with G.D. vacuum pumps
Metal cons. bin, 75-ton.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
March 4, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 7 1966

INITIALS	CODE
JJ	110
	120
	~~120~~
	120

Air Mail - Special Delivery

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley Claims
Custer County, Idaho

The claim map requested in our letter of February 24, 1966, to Mr. Wheeler was received this morning. As Wheeler has advised me that he expects to call on you after March 6, which I presume will be on Monday, the 7th, I hope the enclosed Washington docket copy will reach you in time. Also refer to Exhibit C-4 with the application.

In area 5 a 1 on the enclosed map, I am recommending drilling from the road just west of the old ore bin (Exhibit C-4), and, if successful, some winzing. I lack time now to make a geometric determination of whether the winze will cross into the Mable claim, but in case it should, that claim will have to be included. Exploratory work will also be recommended in area 5 a 2 involving possible extension of the K-7 level to the southwest. Therefore, the Clark claim will also be necessary.

I recall many cases in the past where the inclusion of parts of claims has not been accepted and that is what concerns me. Wheeler is aware of my concern and will probably wish to discuss this matter with you. The question of property will be covered in my report which is about completed, but for discussion with Wheeler, it can be summarized as follows: No work within 100 feet of an exterior boundary will be recommended, and none will be recommended on any of the overlapping claims. However, the Hood 1160 patented claim overlaps part of the unpatented Clark claim and the Excelsior 44 and Beardsley Extension 45 patented claims overlie parts of the unpatented Mable claim. Also, part of the haulage way over which OME muck will be transported passes through the Butte claim and is therefore outside of land controlled by the Applicant.

On the accompanying map I have outlined in red the exterior boundary of the Applicant's claims as he has proposed in his application and in blue I have indicated the areas overlapped by patented claims which he does not control. Also, a pencil line marks the 100-foot limit if the northerly end line of Hood 1160 is considered to be an acceptable part of the exterior boundary.

The question I am raising is whether the overlapping claims must be included since they take precedence over parts of the unpatented claims.

I hope you receive this in time and that it will be helpful in your talk with Wheeler.

D. R. MacLaren

Enclosure

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

	DATE	INITIALS
TO: Chief, OME		
1.	02/28/66	
Re: OME-6495 (Silver) Beardsley Gulch Mining Co., Inc.	COPY	
2. Beardsley Claims	RECEIVED	
3. Custer County, Idaho		
and		
OME-6499 (Silver)		
4. Northern Star Mining Co., Inc.		
Northern Star, et al., Claims		
5. Custer County, Idaho		
FROM: D. R. MacLaren, Fld. Offr., Reg. 1		

FOR: Check items for action desired

____ Action	____ Reply for signature of	
____ Approval	____ Investigate	____ Surname
____ Comment	____ Recommendations	____ Signature
____ Conference	____ Rewrite	____ File
____ Instructions	X Your information	

REMARKS:

Additional data for respective dockets. Please return settlement data which we have been unable to reproduce to this office.

INT.-DUP. SEC., WASH., D.C. M56300-62

UMONT MINING, INC.

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

February 25, 1966

Mr. D. R. MacLaren, Field Officer
OME Region I
Geological Survey
So. 157 Howard Street
Spokane, Washington 99204

Re: OME - 6495 (Silver)

Dear Mr. MacLaren:

In our OME application we didinot dwell on the high silver ratio aspect of the project, but in order to guard against erroneous or unrepresentative data in such reports as those by Ross and Umpleby, that may tend to throw 6495 out of the Silver class, we are herein supplying more data.

In space within the Bayhorse district the Beardsley Mining Company, Inc. project is intermediate between the copper-silver core, Northern Star area, and the peripheral silver-lead zone as characterized by the Pacific and other mines of the zone. Silver is the predominant value in the intermediate zone ore, judging by large composit samples of stope pillars and edges in the Hoffman and Beardsley stopes, and the enclosed "Exhibit F" production record of Beardsley stope for the interval December 1884 to November 1886. Also a sample taken by you of the rich silver-lead-copper ore 300 feet in from the portal of K7 adit is predominantly silver in value.

The arithmetic averages are arrived at as follows:

Place	Au oz P/T	Ag oz P/T	Cu %	Pb %	Zn %	Samples
Hoffman Stope	0.01	18.32	0.27	9.8	3.6	AS&R Composite
Hoffman Stope	0.01	42.00	0.20	17.5	5.0	Umont-Sidney Composite
Beardsley Stope	0.01	89.5	0.35	28.9	3.7	Umont-Sidney Composite
Beardsley Prod.	----	76.5	----	25.91	---	Operators 1884-1886
K7 Adit at 300'	0.05	371.7	8.71	37.71	3.2	D. R. MacLaren
Average	0.02	119.6	1.91	23.9	3.1	
Adjusted Average	0.01	59.8	0.40	11.9	1.6	
Gross Value of Adjusted Average	$0.35	$77.32	$2.88	38.08	4.8	

(1) Silver value = $77.32: Base Metal Value = 45.76

Drop K7 Assay

Average	56.6	0.27	20.5	3.1
Gross value	$73.18	$1.94	$65.60	$9.3

(2) Silver value = $73.18: Base Metal Value = $76.84

The above two derivations of the ratio of gross value of silver to base metals should perhaps be averaged in order to arrive at the ratio to expect.

Umont, Sidney, Bayhorse, Swigert and undoubtedly other mining companies have tried to find the large low grade ore body referred to by R. N. Bell (USGS Bulletin 877 page 128) in the Beardsley Mine. It does not exist. The 1884-1886 production record (Exhibit F) was used for court evidence and is not likely to be wrong. The Exhibit F silver to base metal ratio checks stope sampling by Umont-Sidney and AS & R Co. The low silver to lead ratio, approximately 1:1, indicated in USGS Bulletin 877, page 131, is not thought to be correct for an average.

The gross value figures given above are based upon silver at $1.293 per ounce, copper at 36 cents per pound, lead at 16 cents per pound and zinc at 15 cents per pound. Silver, which is the dominant metal, in value, is artificially depressed by the U.S. Government policy whereas the two dominant base metals, lead and zinc, enjoy a free competitive market and the prices of both are likely to drop in a year or two when new mines in S.E. Missouri and Canada start producing. If silver were also on a free market the gross value of silver in the ore would be very much above the gross value of base metals in the ore, instead of a little above it, and would stay there for the foreseeable future.

Yours very truly,

Dooley P. Wheeler

Dooley P. Wheeler, Jr.
General Manager

DPW:ja

RECEIVED
FEB 28 1966
Reg. - R. R. R.

Please return this "Exhibit F" after you have copied it or studied it. D. P. W.

Brandeis Mine

Exhibit "F"

Date Sample	Lot No.	Lot Class	Net Weight	Assay % Lead	Assay Oz. Silver	Contents Lbs. Lead	Contents Oz. Silver
1884. Decr.	I	Ist.	I6424	34.	I25.25	5584	I028.55
"	2	"	32726	36.I	93.60	II8I4	I53I.57
1885. Jan'y	3	"	I8560	32.4	93.60	60I3	868.6I
"	4	"	25396	29.5	89.60	749I	II37.74
"	5	"	30056	29.	II6.	87I0	I743.24
"	6	"	I20023	37.2	I53.4I	44648	9206.I3
"	7	"	93966	33.8	I35.9I	3I760	6385.05
"	8	"	23450	33.8	78.74	7926	923.22
"	9	"	3I050	33.	82.53	I0246	I28I.27
Feb'y	I0	"	23272	33.8	86.04	7866	I00I.I6
"	II	"	43306	28.	74.95	I2I25	I622.26
"	I2	"	68086	29.	80.49	I9745	2740.I2
"	I3	"	II0924	32.5	80.49	36050	4464.I3
"	I4	"	86844	32.	83.I2	27726	3600.92
"	I	2d.	454I6	4.	20.II	I8I6	456.67
March	I5	Ist.	25850	26.5	76.70	6850	99I.34
"	I6	"	I65608	22.5	69.99	37262	5795.45
June	I7	"	I4I587	28.3	74.37	40060	5264.65
"	I8	"	I86636	28.4	74.07	53004	69I2.06
"	I9	"	64630	25.	60.37	I6I57	I950.85
"	2	2d.	43056	I8.3	60.37	7879	I299.64
July		sax	2882	35.	I08.83	I008	I56.82
August	20	"	4I5I0	I7.5	59.49	7264	I234.7I
Sept'r.	2I	"	44878	I9.5	47.53	875I	I066.02
Octr.	22	2d.	24468	2I.	58.62	5I38	7I7.I5
"	23	"	8909	I8.5	6I.82	I648	275.37
"	24	"	II002	I8.	44.90	I980	246.99
Carried forward			I5303I5			426536	63901.59

Date Sample	Lot No.	Lot Class	Net Weight	Assay % Lead	Assay Ozs. Silver	Contents Lbs. Lead	Contents Ozs. Silver
Brought forward			1530315			426536	63901.59
1886. July	1	Lease	38778	19.1	48.99	7406	949.86
August	2	"	23112	16.2	44.30	3744	511.93
Septr.	1	Q.	6708	9.7	34.41	650	115.41
"	1		18981	20.3	45.78	3853	434.47
"	2		30630	23.	45.78	7044	701.12
"	3		82174	33.8	71.74	27774	2947.53
Octr.	4		95069	27.8	71.74	26429	3410.12
"	5		85422	20.5	64.16	17511	2740.32
"	6		109692	24.8	72.03	27203	3950.55
Septr.	1	2d.	3918	10.3	27.11	403	53.10
"	2	"	95050	13.8	27.99	1248	126.65
Novr.	3	"	38709	17.7	65.03	6851	1258.62
"	7	1st.	139076	19.3	66.49	2 6841	4623.53
"	2	Q.	53502	6.8	33.54	3638	897.22
	Total		2265136 2202746 62390			587131 575981 11150	86622.13 85200.34 1421.79

1133. tons

2351136 ✓

25.91 | 518.2 (20, 40, 118, 172, 182, 150, 20)

25.91% Pb.

567125 ✓

76.5 oz. P.T.

86622.12 ✓

10,000 | 51,82,000

Surveys

MME FORM 6 REFERENCE SLIP
REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Chief, OME	2/21/66	
Re: OME-6495 (Silver)		
2. Beardsley Gulch Mining Co., Inc.		
Beardsley Claims		
3. Custer County, Idaho		
4.		
5. D. R. MacLaren		
FROM: Fld. Officer, Reg. I		

FOR: Check items for action desired

____ Action	____ Reply for signature of	
____ Approval	____ Investigate	____ Surname
____ Comment	____ Recommendations	____ Signature
____ Conference	____ Rewrite	____ File
____ Instructions	X Your information	

REMARKS:

Enclosed is a bid from C. F. Nechanicky in connection with work at the above-cited property.

INT.-DUP. SEC., WASH., D.C. M56300-62

OME Docket 6495
(Silver)

Bid for: Beardsley Gulch Mining Company, Inc., Work

Bid from: C F Nechanicky

The following are our contract prices for work in the Beardsley Gulch Mining Company, Inc., in Bayhorse Mining District, Custer County, Idaho

1. Mobilization. 74 miles at $ 1.50 per mile = _____

2. Bulldozer - (Description TD 18-181 International Cable dozer) per hour = $ 17.00

3. Combination Dump Truck and Loader - (Description HD-7 Loader 10 yd IH-190 Dump truck) per hour = $ 16.00

4. Drilling and blasting of bedrock if necessary - (Equipment Description Atlas Copco Jackhammer - 5.50 per hr 1-IR 600 cu ft Comp 10.00 per hr 1-Cleveland Jackhammer) per hour = $ 12.50
with fittings, hoses, steel

C F Nechanicky
Name of Contractor

Date: 2-7-1966

RECEIVED
FEB 21 1966
OMS

OME Docket 6495
(Silver)

Bid for: Beardsley Gulch Mining Company, Inc., Work

Bid from: C F Nechanicky

The following are our contract prices for work in the Beardsley Gulch Mining Company, Inc., in Bayhorse Mining District, Custer County, Idaho

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4. Drilling and blasting of bedrock if necessary - (Equipment Description Atlas Copco Jackhammer - 5.50 per hr 1-IR 500 cu ft Comp. 10.00 per hr 1-Cleveland Jackhammer with Jackleg, hoses, steel) per hour = $ 12.50

C F Nechanicky

Name of Contractor

Date: 2-7-1966

RECEIVED
FEB 21 1966
OME

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO: Chief, OME	DATE	INITIALS
1.	1/27/66	
Re: OME-6495 (Silver) Beardsley Gulch Mining Co., Inc.		
2.		
Beardsley Claims Custer County, Idaho		
3.		
4.		
D. R. MacLaren		
5.		
FROM: Field Officer, Reg. I		

FOR: Check items for action desired

____ Action ____ Reply for signature of _____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions X Your information

REMARKS:

Forwarding documents received from Beardsley Gulch Mining Co., Inc.

INT.-DUP. SEC., WASH., D.C. M56300-62

BEARDSLEY GULCH MINING CO., INC.

King Street Dock
Burlington, Vermont
05401

January 26, 1966

Mr. D. R. MacLaren
Acting Field Officer, OME Region I
U. S. Department of the Interior
Office of Minerals Exploration
So. 157 Howard Street
Spokane, Washington 99204

Dear Mr. MacLaren:

Re: Beardsley Gulch Mining Co., Inc. (Silver)
OME-6495 Bayhorse, Idaho

We are enclosing five copies each of amendment letters to the Ramshorn Mines Co. - Bayhorse Mines, Inc. agreement and Bayhorse Mines, Inc. - Umont Mining, Inc. agreement in order to complete your file on the Beardsley Gulch Mining Co., Inc. underlying agreements.

Very truly yours,

/s/ L. P. Evans, Jr.
L. P. Evans, Jr.
Vice President

LPE/eb
Enclosures
cc: D. P. Wheeler, Jr.

Via
Air Mail

16 July 1965

Ramshorn Mines Company
333 Felt Building
Salt Lake City, Utah

Gentlemen:

In accordance with the terms of the Lease and Option Agreement now in effect between your company and Bayhorse Mines, Inc., this will serve as notification that we hereby exercise the option granted us in said agreement to extend the term of the agreement by the three year period mentioned therein.

Very truly yours,

BAYHORSE MINES, INC.

By O. J. Salisbury

O. J. Salisbury, President

OJS/lb

c.c D. P. Wheeler, Jr.
Umont Mining, Inc.

NOTICE ACKNOWLEDGED:

Ramshorn Mines Company

By Leo Eagan
Secretary

RECEIVED
Via
JAN
Air Mail

UMONT MINING, IN

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

Mr. [illegible] Salisbury, President
Bayhorse Mines, Inc.
[illegible] Building Annex
Salt Lake City, Utah

Re: Option Agreement, Bayhorse-Umont Mining, Inc.

Gentlemen:

Pursuant to our discussions and negotiations concerning the above agreement of June 1, 1964, and in consideration of the additional exploration work to be done in the Bayhorse Area, it is agreed that the best interests of the parties will be served by modification of the payment provisions in the said agreement, as follows:

[illegible], Subparagraph D is amended to read as follows:

"(D) Unless this option shall have been terminated in the affected year prior to the payment date, Umont shall pay to Bayhorse the following payments:

On June 1, 1968 the amount of $20,000.

On June 1, 1969 the amount of $25,000.

On June 1, 1970 the amount of $35,000.

Each such payment being decreased by the total of all royalties paid by Umont to Bayhorse hereunder during the preceding twelve-month period. If in any year the royalties paid to Bayhorse exceed the required payment for the year, the excess shall be applied and credited against the payment for the ensuing year and reduce accordingly any balance payable thereon. All payments made under this sub-paragraph (D) shall be applied and credited upon and against said purchase price and reduce the balance payable thereon accordingly."

All other provisions of said agreement are hereby reaffirmed.

If the above correctly sets forth our agreement on this matter please indicate your approval and acceptance in the space hereon provided and return two executed copies of same to this office.

Approved and accepted:

BAYHORSE MINES, INC.
BY: [illegible] Salisbury

Date: [illegible] Jan. 1966

Very truly yours,

UMONT MINING, INC.
BY: Dooley P. Wheeler
Duly Authorized Agent

RECEIVED
Via
JAN 27 19[illegible]
Air Mail
[illegible]

16 July 1965

Ramshorn Mines Company
333 Felt Building
Salt Lake City, Utah

Gentlemen:

In accordance with the terms of the Lease and Option Agreement now in effect between your company and Bayhorse Mines, Inc., this will serve as notification that we hereby exercise the option granted us in said agreement to extend the term of the agreement by the three year period mentioned therein.

Very truly yours,

BAYHORSE MINES, INC.

By O. J. Salisbury

O. J. Salisbury, President

OJS/lb

c.c D. P. Wheeler, Jr.
Umont Mining, Inc.

NOTICE ACKNOWLEDGED:

Ramshorn Mines Company

By Leo Eagan
Secretary

RECEIVED
Via
JAN 27 1966
Air Mail
OME
SPOKANE, WASH.

UMONT MINING, INC.

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

Mr. [illegible]ssbury, President
[illegible], Inc.
[illegible] Annex
[illegible]ty, [illegible]

Re: Option Agreement, Bayhorse-Umont Mining, Inc.

[illegible]emen:

Pur[illegible]ant to our discussions and negotiations concerning the above agreement of June 1, 1964, and in consideration of the additional exploration work to be done in the Bayhorse Area, it is agreed that the best interests of the parties will be served by modification of the payment provisions in the said agreement, as follows:

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All other provisions of said agreement are hereby reaffirmed.

If the above correctly sets forth our agreement on this matter please indicate your approval and acceptance in the space hereon provided and return two executed copies of same to this office.

Approved and accepted:

BAYHORSE MINES, INC.
BY: [illegible]

Date: 14 Jan. 1966

Very truly yours,

UMONT MINING, INC.
BY: Dooley P. Wheeler Jr.
Duly Authorized Agent

RECEIVED
JAN 27 1966
Via
air Mail

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Chief, OME	2/ 3/66	
2. Re: OME-6495 (Silver) Beardsley Gulch Mining Co., Inc.		
3. Beardsley Claims Custer County, Idaho		
4.		
5. D. R. MacLaren		
FROM: Field Officer, Region I		

D R MacLaren

FOR: Check items for action desired

____ Action ____ Reply for signature of ____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions X Your information

REMARKS: Let. 1/29/66 from Peter Kiewit Sons' Co. in answer to Dooley P. Wheeler's let. 1/25/66 in re. mobilization charge per mile in their bid for roadwork for the above-cited property. The original corre. was forwarded to your office on 1/26/66 by Reference Slip.

INT.-DUP. SEC., WASH., D.C. M56300-62

PETER KIEWIT SONS' CO.

CONTRACTORS

ESTABLISHED 1884

MAIN OFFICE: OMAHA 31, NEBR.
1000 KIEWIT PLAZA

January 29, 1966

ADDRESS REPLY TO:
Box 2948
Idaho Falls, Idaho

OFFICIAL COPY
RECEIVED
7 1966

Mr. Dooley P. Wheeler, Jr.
Umont Mining, Inc.
1355 Foothill Boulevard
Salt Lake City, Utah 84108

Re: Northern Star & Beardsley Bids
Bayhorse, Idaho

Dear Mr. Wheeler:

Reference is made to your letter of January 25, 1966 relative to mobilization charge per mile in our bid for roadwork for the Beardsley Gulch Mining Co.

Our bid of $20.00/mile covers all of the equipment mobilization required to do the work proposed in the bid schedule. In answer to the question in your letter, our mobilization bid is $20.00/mile, not $2.00. In the event more equipment would be required to do the proposed work our mobilization bid would have to be adjusted upward accordingly.

Very truly yours,

PETER KIEWIT SONS' CO.

W. H. McNeal

W. H. McNeal

RECEIVED
FEB 3 1966

Umont Mining, Inc.
1355 Foothill Blvd.
Salt Lake City, Utah

January 25, 1966

Mr. W. H. McNeal
Peter Kiewit Sons' Company
Box 2948
Idaho Falls, Idaho

Re: Northern Star and Beardsley Bids,
Bayhorse, Idaho

Dear Mr. McNeal:

In your bid for Beardsley Gulch Mining Company you propose to charge 20 dollars per mile for mobilization. I believe you have placed a decimal point too far to the right.

Your mobilization for one of the jobs in the area, one way, at $2.00 per mile is all that you propose to charge, I expect.

I would appreciate clarification of the question raised in the above two paragraphs as soon as possible.

Thank you.

Yours very truly,

Copy original sent O.P.W.

Dooley P. Wheeler, Jr.
General Manager.

RECEIVED
FEB 3 1966

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Chief, OME	1/26/66	
2. Re: OME-6495 (Silver) Beardsley Gulch Mining Co., Inc. Beardsley Claims Custer County, Idaho		
3.		
4.		
5. D. R. MacLaren		

FROM: Field Officer, Reg. I

OFFICIAL COPY
U. S. G. S.
RECEIVED
JAN 28 1966
INITIALS CODE

FOR: Check items for action desired

____ Action	____ Reply for signature of	~~120~~	~~MW~~
____ Approval	____ Investigate	120	Surname
____ Comment	____ Recommendations		Signature
____ Conference	____ Rewrite		File
____ Instructions	X Your information		

REMARKS:

Enclosed are correspondence and a bid from Peter Kiewit Sons' Co., Idaho Falls, Idaho, on work at the above-cited property. I agree with Mr. Wheeler that this bid is ridiculously high.

INT.-DUP. SEC., WASH., D.C. M56300-62

UMONT MINING, INC.

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

OME

January 25, 1966

Mr. D. R. McLaren
Acting Field Officer
OME, Region I
U. S. Department of the Interior
Office of Minerals Exploration
So. 157 Howard Street
Spokane, Washington 99204

Subject: OME - 6495 and 6499 - Silver

Dear Mr. McLaren:

Enclosed are bids from Peter Kiewit Sons' Company on work at Beardsley (6495) and Northern Star (6499) with one cover letter signed by W. H. McNeal of that company. Their mobilisation charge per mile is ten times too high; so a decimal point must be placed wrong, but even then their charges are prohibitive.

I have asked for three or four more bids, but no response has been forthcoming. If, however, bids do come in I shall send them on to you.

Considering the poor response I judge that government and private work has already booked the other contractors solid. I hope, therefore, that the bids from Swigert and Kiewit will do insofar as excavation contractors are concerned.

Yours very truly,

Dooley P. Wheeler, Jr.
General Manager

DPW;vw
cc: L. P. Evans, Jr.
Burlington, Vermont

UMONT MINING, INC.
1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

January 25, 1966

Mr. W. H. McNeal
Peter Kiewit Son's Company
Box 2948
Idaho Falls, Idaho

Re: Northern Star and Beardsley Bids,
Bayhorse, Idaho

Dear Mr. McNeal:

In your bid for Beardsley Gulch Mining Company you propose to charge 20 dollars per mile for mobilization. I believe you have placed a decimal point too far to the right.

Your mobilization for one of the jobs in the area, one way, at $2.00 per mile is all that you propose to charge, I expect.

I would appreciate clarification of the question raised in the above two paragraphs as soon as possible.

Thank you.

Yours very truly,

Dooley P. Wheeler, Jr.
General Manager

RECEIVED
JAN 26 1966
OME

PETER KIEWIT SONS' CO.

CONTRACTORS

ESTABLISHED 1884

MAIN OFFICE: OMAHA 31, NEBR.
1000 KIEWIT PLAZA

January 20, 1966

ADDRESS REPLY TO:
x 9[illegible]8
[illegible]lis, Idaho

Mr. D. P. Wheeler, Jr.
General Manager
Vmont Mining, Inc.
1355 Foothill Blvd.
Salt Lake City, Utah 84108

Ouc - 6445

Dear Sir:

In accordance with your letter of January 11, 1966, we herewith submit our bid for road work near [illegible], to be done in the Bayhorse Mining District.

Enclosed you will find five complete [illegible], for work to be done for the Northern Star Min[illegible] and the Yeardsley Gulch Min' g Co., Inc.

We have well qualified people to staff the work and our equipment is the latest models and in excellent condition.

Thank you for the opportunity to bid on this work.

Very truly Yours,

PETER KIEWIT SONS' CO.

W. [illegible] Watson

[illegible]w
[illegible]

Ouc

OME - 6995 - Silver

Bid for: Beardsley Gulch Mining Company, Inc., Work

Bid from: Peter Kiewit Sons' Co., Box 2948, Idaho Falls, Idaho

The following are our contract prices for work in the Beardsley Gulch Mining Company, Inc., in Bayhorse Mining District, Custer County, Idaho

1. Mobilization. 200.00 miles at $ 20.00 per mile = _____

2. Bulldozer - (Description Caterpillar D-8 Series 46A-Power Steering, TC, Hydraulic Controls) per hour = $ 45.00

3. Combination Dump Truck and Loader - (Description Caterpillar Mod 966 B Front End Loader and Euclid 22 Ton End Dump Truck) per hour = $ 65.00

4. Drilling and blasting of bedrock if necessary - (Equipment Description Gardner Denver 900 CF Compressor and Gardner Denver ADT 3100 Air Trac Drill) per hour = $ 50.00

Peter Kiewit Sons' Co.

Name of Contractor

Date: January 20, 1966

RECEIVED
JAN 26 1966

OME — 6425 — Silver

Bid for: Beardsley Gulch Mining Company, Inc., Work

Bid from: Peter Kiewit Sons' Co., Box 2948, Idaho Falls, Idaho

The following are our contract prices for work in the Beardsley Gulch Mining Company, Inc., in Bayhorse Mining District, Custer County, Idaho

1. Mobilization. 200.00 miles at $ 20.00 per mile = _____

2. Bulldozer - (Description Caterpillar D-8 Series 46A-Power Steering, TC, Hydraulic Controls) per hour = $45.00

3. Combination Dump Truck and Loader - (Description Caterpillar Mod 966 B Front End Loader and Euclid 22 Ton End Dump Truck) per hour = $ 65.00

4. Drilling and blasting of bedrock if necessary - (Equipment Description Gardner Denver 900 CF Compressor and Gardner Denver, ADT 3100 Air Trac Drill) per hour = $0.00

Peter Kiewit Sons' Co.

Name of Contractor

Date: January 20, 1966

RECEIVED
JAN 26 1966
OME

UMONT MINING, INC.
1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

OFFICIAL COPY
O. M. E.
RECEIVED
DEC 8 1965
INITIALS CODE
120

December 3, 1965

Mr. D. R. MacLaren
Acting Field Officer
OME, Region I
Geological Survey
South 157 Howard Street
Spokane, Washington 99204

Dear Mr. MacLaren:

Re: OME 6495 and 6499 (Silver)

Enclosed are two copies each of the Longyear bid on the drilling for the above places.

I favor either Longyear or Boyles because I know they are reliable, but you may note that one has to pay for reliability.

I have been unable to get a bidder other than Swigert on the bulldozer, loader and truck work at Bayhorse. The place is too isolated for other contractors. I shall keep trying anyway.

Yours very truly,

/s/ Dooley P. Wheeler, Jr.

Dooley P. Wheeler, Jr.
General Manager

cc: Mr. L. P. Evans, Jr.

DPW:mo

Sent copy to DC

Longyear

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

OFFICIAL COPY
O. M. E.
RECEIVED
DEC 8 1965
INITIALS | CODE

November 30, 1965

Re: 6495

Umont Mining Company
2028 Kensington Avenue
Salt Lake City, Utah

Attention Mr. Wheeler

PROPOSED EXPLORATORY DRILLING PROGRAM VICINITY BEARDESLEY PROPERTY NEAR CHALLIS, IDAHO

Gentlemen:

1. In response to your recent request, we are pleased to submit below for your consideration our proposal to cover exploration services which will be required in connection with the subject project.

2. We understand that the program as now planned will consist of a minimum of approximately four vertical holes to approximately 50 feet in depth; and that 10 to 20 feet of talus material may be overlying bedrock in this area. percussion?

3. For this work we propose to furnish one suitable Longyear diamond core drill, together with the necessary accessory equipment and materials required to drill the holes as outlined above. We further propose to operate the drill a minimum of two 8-hour shifts per day, a minimum of six days per week.

4. We will carry public liability insurance covering personal injury and property damage, and Workmen's Compensation insurance, and also all-risk insurance on the drilling equipment protecting against loss by theft, fire, flood, landslides, and other similar hazards. Certificates showing the coverage referred to will be furnished upon request.

5. Based upon the conditions as outlined above, we are pleased to quote as follows:

=± 5.00/ft

a) Rotary and diamond core drilling -- $100.00 per 8-hour shift, with 2-man crew, plus $1.00 per foot drilled, as compensation, plus items listed in Paragraph 6.

b) Miscellaneous work - to include time spent in moving and assembling equipment to the property from your Northern Star Property, rigging up and rigging down, moving and any other necessary work performed in connection with the project - $100.00 per 8-hour shift, with 2-man crew. $125.00/hr

6. In addition to the foregoing tabulated shift and compensation charges, it is understood and agreed that you will pay for the following items:

a) Bortz bits and bortz reaming shells at our listed retail prices, less credit received for stones salvaged from worn-out bits and reaming shells; amount?

b) Carboloy casing shoes and roller bits used in connection with the overburden drilling operations - at our listed retail prices; amount?

c) Payment in full for drill rods and casing lost or left in holes or rendered unserviceable due to causes other than ordinary wear and tear; ?

d) Cement, mud and lost circulation material - f.o.b. jobsite. amount?

7. The above-quoted shift and compensation rates are based on wages currently being paid in the Cordilleran District. If during the life of this project, it becomes necessary for us to adjust the wages being paid our workmen because of labor demands, it is understood and agreed that the Longyear Company reserves the right to request a proportionate increase in drilling rates to cover resultant additional operating expenses. However, before any such adjustment were made, it would be reviewed with you, and such an adjustment would not be retroactive.

8. It is further understood and agreed that the shift charge of $100.00 covers all items of operating expense relating to the test boring operations except compensation for footage drilled and items specified in Paragraph 6.

9. It is also understood that all drill sites will be accessible by truck transportation, and that any road building which may be required will be done by Owner at no cost to the Longyear Company.

10. Statements covering the work performed will be prepared as promptly as possible after the 15th and end of each month, and payment will be due within 15 days from date of invoice.

11. We appreciate very much the opportunity to submit a quotation for this project. If our proposal is accepted, we are prepared to commence the work promptly after completion of the drilling operations on your Northern Star Project, provided that satisfactory financial arrangements have been made with our Contract Drilling Division to guarantee payment of our invoices.

Sincerely,

E. J. LONGYEAR COMPANY

Allen P. Wicklund

Contract Engineer -
Contract Drilling Division

APWicklund:bal

ACCEPTED:
UMONT MINING COMPANY

By: _____

Date: _____

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

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 8 1965
INITIALS | CODE

November 30, 1965

Re: mu-6495

Umont Mining Company
2028 Kensington Avenue
Salt Lake City, Utah

Attention Mr. Wheeler

PROPOSED EXPLORATORY DRILLING PROGRAM VICINITY BEARDESLEY PROPERTY NEAR CHALLIS, IDAHO

Gentlemen:

1. In response to your recent request, we are pleased to submit below for your consideration our proposal to cover exploration services which will be required in connection with the subject project.

2. We understand that the program as now planned will consist of a minimum of approximately four vertical holes to approximately 50 feet in depth; and that 10 to 20 feet of talus material may be overlying bedrock in this area.

3. For this work we propose to furnish one suitable Longyear diamond core drill, together with the necessary accessory equipment and materials required to drill the holes as outlined above. We further propose to operate the drill a minimum of two 8-hour shifts per day, a minimum of six days per week.

4. We will carry public liability insurance covering personal injury and property damage, and Workmen's Compensation insurance, and also all-risk insurance on the drilling equipment protecting against loss by theft, fire, flood, landslides, and other similar hazards. Certificates showing the coverage referred to will be furnished upon request.

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b) Miscellaneous work - to include time spent in moving and assembling equipment to the property from your Northern Star Property, rigging up and rigging down, moving and any other necessary work performed in connection with the project - $100.00 per 8-hour shift, with 2-man crew.

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a) Bortz bits and bortz reaming shells at our listed retail prices, less credit received for stones salvaged from worn-out bits and reaming shells;

b) Carboloy casing shoes and roller bits used in connection with the overburden drilling operations - at our listed retail prices;

c) Payment in full for drill rods and casing lost or left in holes or rendered unserviceable due to causes other than ordinary wear and tear;

d) Cement, mud and lost circulation material - f.o.b. jobsite.

7. The above-quoted shift and compensation rates are based on wages currently being paid in the Cordilleran District. If during the life of this project, it becomes necessary for us to adjust the wages being paid our workmen because of labor demands, it is understood and agreed that the Longyear Company reserves the right to request a proportionate increase in drilling rates to cover resultant additional operating expenses. However, before any such adjustment were made, it would be reviewed with you, and such an adjustment would not be retroactive.

8. It is further understood and agreed that the shift charge of $100.00 covers all items of operating expense relating to the test boring operations except compensation for footage drilled and items specified in Paragraph 6.

9. It is also understood that all drill sites will be accessible by truck transportation, and that any road building which may be required will be done by Owner at no cost to the Longyear Company.

10. Statements covering the work performed will be prepared as promptly as possible after the 15th and end of each month, and payment will be due within 15 days from date of invoice.

11. We appreciate very much the opportunity to submit a quotation for this project. If our proposal is accepted, we are prepared to commence the work promptly after completion of the drilling operations on your Northern Star Project, provided that satisfactory financial arrangements have been made with our Contract Drilling Division to guarantee payment of our invoices.

Sincerely,

E. J. LONGYEAR COMPANY

Allen P. Wicklund

Contract Engineer -
Contract Drilling Division

APWicklund:bal

ACCEPTED:
UMONT MINING COMPANY

By: _____

Date: _____

BEARDSLEY GULCH MINING CO., INC.

King Street Dock
Burlington, Vermont
05401

September 21, 1965

OFFICIAL COPY
O. M. E.
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SEP 23 1965
INITIALS | CODE
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110

Office of Minerals Exploration
Geological Survey
U. S. Dept. of Interior
Washington 25, D. C.

Attention: Frank E. Johnson, Chief

Gentlemen:

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley Group Claims
Custer County, Idaho

As requested in your letter of September 17, 1965 we are enclosing copies of our letters to the Merchants Bank and the Howard Bank of Burlington, requesting a loan for exploration work. Also enclosed is a copy of the agreement of June 1, 1964, between Bayhorse Mines and Umont Mining, Inc.

With reference to the suggestions in paragraph four of your letter we will try to prepare a map more to your satisfaction as soon as possible. There may be some delay in this since Mr. Wheeler is at the present time in the field.

In connection with the land situation we believe a field visit will clarify the situation and demonstrate clearly the coverage of the prospect and magnitude of the claims. Therefore we earnestly request that all possible be done to expedite a field visit since we feel it is possible to commence the project this year. At the time of the visit Mr. Wheeler could plan to have the revised maps which you request.

If convenient it would be helpful if you could arrange to send a copy of all correspondence to:

D. P. Wheeler, Jr., Vice President
High Sierra Mining Co., Inc.
Room 206-208
1355 Foothill Blvd.
Salt Lake City, Utah

Very truly yours,

R H Wadhams

R. H. Wadhams
President

RHW/eb
Enclosures
cc: D. P. Wheeler, Jr.

UMONT MINING, INC.

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

September 21, 1965

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SEP 23 1965
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Mr. L. P. Evans, Jr., President
Umont Mining, Inc.
King Street Dock
Burlington, Vermont

Dear Lew:

Re: OME - 6495

You telephoned this morning regarding additional information needed by Mr. Frank E. Johnson.

The part that I am to supply, namely, larger claim maps and the relation of the proposed work with reference to the claims, can probably be supplied in a week or two.

Our exploration work Item 5 (a) (2) steps #I, II, III is the only one where there is a chance that we will find ore that will go into foreign ground (Hood Claim #1160) not far beyond the sub outcrop, but in this case we could follow the ore for about 150 feet before such could be the case. We have asked that OME help us follow the ore for 100 feet.

It now looks unrealistic to expect to start work at the OME-6495 project before next spring. Consequently, I suggest that the OME field representative see the project and OME 6499 this fall, satisfy himself as to the merit of the project and the field relations of the proposed work claims, and if there is any doubt regarding the adequacy of the ground involved, we can correct that during the winter. We can either include the Hood if necessary or agree to pay royalties to OME on production from Item 5 (a) (2) steps I, II, III for a depth (x) number of feet below the surface following ore exposed by Item 5 (a) (2) step I.

Although the Hood is part of our ground in Bayhorse, the owners may not go for an OME lien, hence the above alternate suggestion.

Yours very truly,

Dooley P. Wheeler, Jr.
General Manager

cc: Mr. Frank E. Johnson
Mr. D. R. MacLaren

see letter to appl. 9/29/65

Berkley

August 29, 1969

Mr. William Lockwood, President
Bennet National Bank & Trust Company
Main Street
Burlington, Vermont

Dear Mr. Lockwood:

Our company is planning a silver exploration project in the Bayhorse Mining District in Custer County, Idaho. Our plan is to start work this fall as soon as possible since most of the work will be underground in the nature of drifting, raising and cross cutting. There will also be some surface bulldozing work which can be accomplished in a short time.

Titles to all the claims involved are in good standing.

We are unable to furnish all the financing necessary for this project and therefore wish to borrow $45,000, with interest only repayable during the first year, followed by five annual payments with interest not to exceed 6%. It is anticipated therefore that the loan would be completely paid up in a period of six years.

If this loan is approved we expect that the first call on this loan might be as early as September 15 of this year.

Very truly yours,

R. H. Vadheim
President

RHV/eb

Bradley

August 19, 1955

Mr. Dudley E. Davis, Exec. Vice President
Merchants National Bank
Burlington, Vermont

Dear Mr. Davis:

Our company is planning a silver exploration project in the Bayhorse Mining District in Custer County, Idaho. Our plan is to start work this fall as soon as possible since most of the work will be underground in the nature of drifting, raising and cross cutting. There will also be some surface bulldozing work which can be accomplished in a short time.

Titles to all the claims involved are in good standing.

We are unable to furnish all the financing necessary for this project and therefore wish to borrow $45,000, with interest only repayable during the first year, followed by five annual payments with interest not to exceed 6%. It is anticipated therefore that the loan would be completely paid up in a period of six years.

If this loan is approved we expect that the first call on this loan might be as early as September 15 of this year.

Very truly yours,

R. H. Wadhams
President

RHW/ab

MME FORM 6 REFERENCE SLIP

REV. 2 OFFICE OF MINE S EXPLORATION

TO: Chief, OME	DATE	INITIALS
1.	8/30/65	
2.		
3.		
4. Mary L. Smelser		
5. Mary L. Smelser for D. R. MacLaren		
FROM: Acting Fld. Officer, Reg. I		

FOR: Check items for action desired

X Action	___ Reply for signature of ___	
___ Approval	___ Investigate	___ Surname
___ Comment	___ Recommendations	___ Signature
___ Conference	___ Rewrite	___ File
___ Instructions	___ Your information	

REMARKS: Transmittal of new application
Beardsley Gulch Mining Co., Inc.
Beardsley Mine (Silver)
Custer County, Idaho

Attached is the above-cited application which I am forwarding to you for review in Mr. MacLaren's absence.

INT.-DUP. SEC., WASH., D.C. M56300-62

BEARDSLEY GULCH MINING CO., INC.

King Street Dock
Burlington, Vermont
05401

August 2[illegible], 1[illegible]

Mr. D. K. MacLaren
Acting Field Officer, [illegible], Region I
U. S. Department of the Interior
Office of Minerals Exploration
So. 157 Howard Street
Spokane, Washington 99204

Dear Mr. MacLaren:

Enclosed please find a request for OME assistance for Beardsley Gulch Mining Co., Inc. silver exploration project in the Bayhorse Mining District, Idaho.

I believe that all the necessary exhibits and supporting data are in order.

We know you are busy but hope that you can start processing the application so that we will have a good chance to get into operation on the project this fall. Enclosed with the application are bids on bulldozer, trucking and loading, etc.

Very truly yours,

[illegible]

[illegible] P. Wheeler, Jr.
Vice President and
General Manager

/b
Enclosures

OFFICIAL COPY

MME Form 40
Jan. 65

RECEIVED
AUG 30 1965
O M E
SPOKANE, WASHINGTON

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 2 1965
INITIALS

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.)*

BEARDSLEY GULCH MINING CO., INC.
KING STREET DOCK
BURLINGTON, VERMONT 05401

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER 6495

DATE RECEIVED 9.2.65

REGION I

DIVISION CODE

BUSINESS ORGANIZATION *(Check one)*

INDIVIDUAL [ ]
CORPORATION [x]
PARTNERSHIP [ ]
OTHER *(Specify)* [ ]

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
R. H. Wadhams	King Street Dock, Burlington, Vermont	President
L. P. Evans, Jr.	" " " "	Vice President
D. P. Wheeler, Jr.	1355 Foothill Blvd., Salt Lake City, Utah	Vice President

STATE IN WHICH FIRM IS ORGANIZED: Vermont

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

ESTIMATED COST OF PROJECT: $ 58,480

PROPERTY NAME	LOCATION COUNTY	STATE
Beardsley	Custer	Idaho

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.

August 26, 1965
DATED

R. H. Wadhams
BY *(Signature)*

R. H. Wadhams
President
TITLE

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

INFORMATION REQUIRED WITH THIS APPLICATION

1. Financial Eligibility:

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

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

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

2. Applicant's Rights in Land:

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

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

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

3. Physical Description:

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

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

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

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

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

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

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

4. Accessibility of Property:

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

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

5. Exploration Work:

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

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

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

6. Experience:

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

7. Estimate of Costs:

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

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

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

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

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

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

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

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

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

BEARDSLEY GULCH MINING CO., INC.

OME Application August 26, 1965

1. Financial Eligibility
   a. See attached 1 a.
   b. See attached 1 b.
   c. See attached 1 c.

2. Applicant's Right in Land

   (a) Beardsley Gulch Mining Co., Inc. has a lease and option agreement from Umont Mining, Inc., dated August 20, 1965. Umont Mining, Inc. has consent for an assignment and OME lien from Bayhorse Mines, Inc. All of the rights are assignable through Umont to Beardsley Gulch Mining Co., Inc. There are no liens, mortgages or encumbrances on the property to my knowledge.

   Copies of the above documents are attached as A series exhibits.

   (b) The claims to be explored are in Beardsley Gulch in the west half of Section 2, Township 12 North, Range 18 East.

   The Patented Claims are as follows:

   Beardsley, Patent Number 38, Survey No. 38.
   Beardsley N. Extension, Survey No. 527.
   Beardsley Extension Fraction, Survey No. 526.

   The unpatented claims are, as follows:

	Book No.	Page No.
Mabel	15	186
Clark	15	182

   The above claims are recorded in the Custer County Recorder's office, Challis, Idaho.

   The Beardsley mine, described on pages 125 to 129 inclusive in USGS Bulletin 877 would put the above claims in Section 34, T13N, but judging by Plate 1 of Bulletin 877 the claims should be in Section 2, T12N.

The adjacent land which we control by lease and option is on the attached as B series exhibit B1. The above claims subject to OME lien are shown in red and the claims adjacent are shown in green. The adjacent claims are not included in the application because they include far more ground than is necessary for a successful mining operation.

Page 127 of Bulletin 877 shows the new Beardsley workings which are locally called the Hoffman workings. The old Beardsley mine, which was the main producing mine, is entered by Hamilton tunnel No. 2.

(c) Attached are executed MME Forms 52 from Bayhorse Mines, Inc.

3. Physical Description

(a) The old Beardsley orebody outcrops near the SE corner of Beardsley #38 patented claim. It is formed as a dolomite wall rock replacement on top of a thin interbedded shale unit at the base of the Pacific ore horizon along the NE, striking essentially vertical Beardsley fissure. The ore was up to 20 feet wide at the shale dolomite contact but gradually pinched out upward in 75 to 100 feet. Exhibit C1 shows the ore relations to the fissure and wall rock.

The orebody, which is estimated by Bunker Hill to have produced about 3.5 million dollars, died out down rake (parallel to the intersection of the bedding with the fissure) to the NE in about 700 feet. The fissure zone was explored for approximately 400 feet farther NE by both Bunker Hill and Umont. No ore was found but ore mineralization was encountered locally along the fissure, especially in the upper half of the Pacific ore horizon near the Ramshorn slate contact. The mine, as a steady producer, has been inactive since the 1920's. Ore produced from the mine in 1884, 1885 and 1886 averaged 76.5 ounces silver per ton and 25.91 percent lead.

The new Beardsley workings (Hoffman mine) were worked in the 1920's. The ore is manto-like and replaces dolomite directly underneath the Ramshorn slate. Thus, the ore is at the top of the Pacific ore horizon whereas the ore in the Bayhorse dolomite is elsewhere essentially exclusively in the lower half of the Pacific ore horizon. The Pacific ore horizon is about 200 feet of the Bayhorse dolomite between the underlying interbedded slate (shale) and the Ordovican Ramshorn slate caprock. Mines in the lower half of the Pacific ore horizon are the Pacific, Old Beardsley, Riverview, Forest Rose and probably Silver Brick. The position of

the ore in the Keno is not known. Production from the lower half of the Pacific ore horizon was about $5,000,000 at present metal prices, whereas production from the upper half or top of the horizon is no more than $250,000 and came essentially exclusively from the Hoffman workings.

The new Beardsley (Hoffman) workings rakes essentially due east down under the Ramshorn slate caprock. Many small but rich north and northeast striking veins with only a few feet of displacement across the orebody. It appears that the ore fluids were fed into an east trending shatter zone by the small veins and spread out and filled in the shatter zone between veins.

Umont conducted induced polarization surveys in the Beardsley area, but could get no response from the highly oxidized ore remnants in the Hoffman stope. IP anomalies to the north and northwest of the Hoffman stope were explored and were found to be caused by pyrite in slate which was unoxidized because of the dense impermeable nature of the slate.

The Hoffman workings, on the basis of a composite sample cut from ore left in pillars and edges of the stope, yielded ore assaying about 42 ounces of silver per ton, 17.0 percent Pb and 5.0 percent zinc. The ore is oxidized and zinc is not recoverable.

The old Beardsley orebody, judging by court records, yielded ore assaying about 76.5 ozs. of silver per ton and 25.9 percent Pb. Zinc and copper were undoubtedly present in small amounts, but since the ore is oxidized and selective flotation was not used, no credit was given for either.

(b) Production from the old Beardsley stope and the Hoffman stope was long before Umont appeared on the scene. Umont in a joint venture with Sidney Mining Company in 1958 to 1962 tried to revive the mines after they were closed. Umont is now associated with Beardsley Gulch Mining Co., Inc.

(c) We do not have complete production figures for the Beardsley and Hoffman orebodies. Bunker Hill Company estimated the production at $3,000,000 to $3,500,000. We believe the Beardsley mine yielded about 30,000 tons of ore worth about $100 per ton in the mine. We believe the Hoffman orebody yielded about 4,500 tons of ore worth about $60.00 per ton in the mine. In-mine value of ore is the value of ore in place after deducting freight and smelter charges.

(d) There are no blockable ore reserves, but there are a few tons of pillar and remnant ore in both the Beardsley and Hoffman stopes.

(e) The geologic setting of the Beardsley and Hoffman ore is described under (a) above. Both orebodies are highly oxidized. Galena and straw-colored sphalerite are rare. Sand carbonate (cerussite) as well as the more massive cerussite are common. Smithsonite is present but not easily recognized. Green and yellow copper stains are common as an oxidation product of argentian-tetrahedite. Fine grained quartz of white to colorless variety is found in both mines, but is far more abundant in the Hoffman mine than in the Beardsley mine.

(f) We expect to find ore in the following places for the following reasons:

(1) In the basal part of the Pacific Ore Horizon under the west projection of the Hoffman orebody because the Hoffman orebody environment, the top of the Pacific Ore Horizon, is thought to be only about 1/20th as good an environment for ore as the basal part of the Pacific Ore Horizon. See Exhibit C2. If the ore is found at C2, exploration will be triggered in C3 environments. See plate 21 for detail.

(2) In the Hoffman ore horizon, at the top of the Pacific ore horizon, on the west side of Beardsley Gulch. We expect ore there because there is no evidence that the Hoffman orebody does not project across to the west side of the canyon. Talus covers the contact where the ore should be, and relatively inexpensive bulldozer work will expose the ore if it is present. See the 1" = 500 foot scale Exhibit B1 and Exhibit C4, a 1" = 100 foot scale map.

(3) In the cave, which is 150 feet in from the portal if K7 adit on the west side of the workings. We suspect that the cave could be the result of oxidation slumpage over an orebody. Relatively inexpensive excavation in the cave should test the possibility. See the map of K7 adit and Anomaly D Area, Exhibit C4. We found so much scattered mineralization in our drilling from the road 150 feet east that we feel the cave should be checked for an orebody that we might have missed.

(4) Above the workings over the showing of rich silver-lead-copper ore which is 300 feet in from the portal of K7 Adit. We

attempted to drift along the mineralization, but we ran out of mineralization in a few feet. It now appears that the ore, if present, develops upward and may be capped by Ramshorn slate and be a spur off of a Hoffman-type orebody. An orebody, if it does exist, may be a continuation of the one expected in the cave described under item #3 above. Refer to the map of the K7 Adit and Anomaly D Area, Exhibit C4.

(g) The maps and exhibits referred to above are enclosed in duplicate. In addition there are two 1" = 500 ft. scale geologic and claim maps of the area.

4. Accessibility of Property

(a) Dooley P. Wheeler, Jr., will meet the OME representative at the Challis Transportation Office, Challis, Idaho, on the date set for the examination of the proposed OME projects. The project area is 11 miles by road from Challis up the Salmon River, thence 3 miles west up Bayhorse Canyon, thence 3/4 of a mile south up Beardsley Gulch. The first 11 miles are paved. All mine workings are easily accessible.

(b) The project area is about 65 miles from the railhead at Mackay, Idaho.

Most of the supplies for small mining operations are available at Bayhorse or Challis.

5. Exploration Work

(a) (1) Exploration of the Lower Pacific Ore Horizon west of and under the Hoffman stope, described under 3 (f) (1) above, will be done by bulldozer or loader and truck as illustrated in Plate 21; if the bulldozer cannot get to bedrock and explore the area expected to have ore, a N-S fence of short diamond drill holes will be used to complete the exploration. We estimate that 20 days of bulldozer, truck and loader work and four short drill holes will accomplish our preliminary objectives. If ore is encountered 100 linear feet of inclined shaft or winzing will be needed to explore same.

X

(2) Exploration of the extension of the Hoffman orebody on the west side of Beardsley Gulch. See Exhibit B1 and C4. This, we estimate, will require 15 days of bulldozer work in order to

expose ore, if it exists. Discovery of a showing of ore will require 100 linear feet of raising to explore the ore, and extension of K7 adit and a raise therefrom may be needed.

(3) Exploration of the cavern (part 3 (f) (3) above), we estimate, will require no more than 30 linear feet of excavation essentially on the level in order to break into ore if it exists. The work will be accomplished by slusher drifting or inclined winzing or raising, in the beginning. If an orebody is encountered raise on ore for 100 feet to explore same.

(4) Exploration of the showing of silver-lead-copper ore 300 feet in from the portal of K7 adit will require up to 30 feet or raising. If an orebody is found 100 feet of exploratory raising along it will be required. Exhibit C4.

Note: All maps referred to under 3 (f) and (g) above apply to 5 (a) (1), (2), (3) and (4).

(b) Short access roads will be required but they are allowed for in the estimation of bulldozer exploration costs. The roads are shown on the 1" = 500' geologic map.

(c) If the OME loan is approved by September 15, 1965, work will be started by September 25, 1965, and will be finished by December 15, 1965, except for the 100 foot long winzes and/or raises on ore. The winzes and raises should be finished by early 1966.

6. Experience

Dooley P. Wheeler, Jr., who will be directly in charge of the work has had two years' experience as a miner and mill operator, seven years of engineering and geological training culminating in a masters degree from UC Berkeley and 25 years of experience as a resident and exploration geologist.

During the last 25 years geological work in the USA, Mexico, Canada, Alaska, Peru, Venezuela, Spanish Morocco, Spain and Nigeria has occupied most of Wheeler's time, but he has been in charge of mining operations in Butte (Norwich), Montana and Durango and Copala, Mexico.

R. H. Wadhams and L. P. Evans, Jr., who are officers of the company, are experienced in the legal and accounting phases of mining and have far more than average experience in the general problems of mining. They were both educated at Yale in the Sheffield Scientific School.

7. Estimate of Costs

(a) Item 5 (a) (1) - Exploration of Lower Pacific Ore Horizon.

Step I Bulldozer truck and loader work - 20 8-hour days at $18.00 per hour	$ 2,880.00	
Step II Drilling four vertical NX holes 50 feet deep, at $8.50 per foot	1,700.00	
Mobilization	300.00	
Step III Bulldozer work to expose ore - 10 8-hour days at $18.00 per hour	1,440.00	
Step IV Inclined shaft or winze on ore, 100 ft. x $150 per foot timbered	15,000.00	
Total		$21,320.00

Item 5 (a) (2) - Exploration for west extension of Hoffman orebody.

Step I Bulldozer work - 15 8-hour days at $18.00 per hour	$ 2,160.00	
Step II Inclined raise on ore. 100 ft. at $42.50 per foot, timbered	4,250.00	
Step III Drive K7 drift 150 feet farther SW and raise 70 feet to slate and explore slate dolomite contact with slusher drift 50 feet long, at $50 per ft.	13,500.00	
Total		$19,910.00

Beardsley Gulch Mining Co., Inc.
OME Application August 26, 1965

Item 5 (a) (3) - Exploration of cavern in K7 adit.

Step I Drift, winze or raise on mineral in cavern for 30 ft. at $42.50 per foot, timbered	$1,275.00	
Step II Drift, winze or raise on ore for 100 feet at $42.50 per foot timbered	4,250.00	
Total		$ 5,525.00

Item 5 (a) (4) - Exploration Raise on Ag-Pb-Cu ore.

Step I Raise 30 feet at $42.50 per foot timbered	$1,275.00	
Step II Drift or Raise along ore for 100 ft. at $42.50 per ft. timbered	4,250.00	
		$ 5,525.00
(b) Supervision by D. P. Wheeler, Jr.,- geological and engineering work. 4 mos. at $1,000 per month	$4,000.00	
		4,000.00
(c) Miscellaneous Assays for Au, Ag, Pb, Zn, Cu - 200 at $8.75 sample	$1,750.00	
Accountant, bookkeeper and secretary $75.00 per mo.	300.00	
Sample freight and transportation	150.00	
Total		2,200.00
Grand Total		$ 58,480.00

R H Wadhams
R. H. Wadhams
President

August 26, 1965

BEARDSLEY GULCH MINING CO., INC.

Financial Eligibility Information required by Par. 1., OME Form 40

the original of the letters

a.) See attached letters from Merchants National Bank and Howard National Bank Exhibits D-1 and D-2.

b.) Applicant is a closely held corporation financed by six stockholders, one of which is Umont Mining, Inc. which holds a 40% stock interest in applicant. There are no other affiliated companies or controlling companies or organizations.

c.) Applicant will provide cash, furnished by its stockholders, for its share of the cost of exploration work.

UMONT

40 %

D-1

THE Merchants NATIONAL BANK

BURLINGTON, VERMONT · ESSEX JUNCTION, VERMONT

August 20, 1965

Richard H. Wadhams, President
Beardsley Gulch Mining Co., Inc.
King Street Dock
Burlington, Vermont

Dear Mr. Wadhams:

I have reviewed your application for a loan of $45,000.00 repayable, interest only, the first year, followed by five annual reductions of $9,000.00 each, with interest at 6%. The proceeds of this loan would be used for a silver exploration project in the Bayshore Mining District, Custer County, Idaho.

The Bank is not willing to advance the funds because the term of the loan is long, the Corporation's statement shows very little bankable collateral, and the speculative nature of the venture is inconsistent with our lending policy.

Very truly yours,

Dudley H. Davis

Dudley H. Davis,
Executive Vice President.

DHD/brb

D-2

HOWARD NATIONAL BANK AND TRUST COMPANY

111 MAIN STREET

BURLINGTON, VERMONT

August 25, 1965

Beardsley Gulch Mining Co. Inc.
King Street Dock
Burlington, Vermont

Gentlemen:

Concerning your application for a loan of $45,000 to be repaid over six years with interest at 6% and no principal reduction in the first year, we understand that the loan proceeds would be used for a silver exploration project in the Bayhorse Mining District, Idaho.

From the information furnished, it would appear that the project is of a speculative nature and the corporation's assets seem insufficient to justify this amount of unsecured credit.

We are sorry that we find it impossible to provide this financing in the circumstances.

Sincerely,

William M. Lockwood
President

If Receipt is requested, please sign OFFICIALLY and return promptly.

Received original of this letter and inclosures, if any, mentioned therein.

.....

Date.....

20M 9-63 GLP

Swigert Mines

The following are our contract prices for work in the Beardsley Gulch area for Beardsley Gulch Mining Company in Bayhorse Mining district, Custer County, Idaho:

1. Bulldozer - International Harvester
   T D 142 - - - - - - - - - - - - - - - - - $12.00 per hour
   T D 24 - - - - - - - - - - - - - - - - - - 25.00 " "

2. Combination 10 ton International Harvester dump truck and diesel loader (HD-7B Allis-Chalmers) per hr.

   Capable of loading the truck in three minutes.
   Price for both vehicles and one operator between
   Both vehicles - - - - - - - - - - - - - - 17.00 " "
   Price for both vehicles[x] and an operator
   for each vehicle - - - - - - - - - - - - 25.00 per hr " "

3. Slusher drifts and 20°(±) inclined raises per foot per hr.
   0 - 50 feet, 6' x 7' cross section - - 39.00 " "
   50 - 100 " " " " " - - 37.00 per hr " "

4. Steep raise s, untimbered.
   0 - 50 feet, 5' x 7' cross section - - 30.00 " "

5. Removing Hoffman Ore Bin - - - - - - - - $ 250.00

6. Two compartment vertical raise, timbered and with ladder and chute.
   0 - 100 - - - - - - - - - - - - - - - - - 60.00 " "

water line?

7. Drifting including track, air line, and vent tube. 6' x 7' in clear - - - - - 50.00 " "
   per where timbered 55.00 " "

8. Relaying track in K7 adit - - - - - - - 1.00 " "

R. C. Swigert
R. C. Swigert
August , 1965

x Loader and two (2) trucks with one (1) truck driver.

SHAFT AND DEVELOPMENT MACHINES, INC.

808 NEWHOUSE BUILDING • EMPIRE 3-5373 • SALT LAKE CITY 11, UTAH

March 17, 1965

Umont Mining, Inc.
1355 Foothill Boulevard
Salt Lake City, Utah 84108

ATTENTION: Mr. Dooley P. Wheeler, Jr.
General Manager

Gentlemen:

PROJECT #1 -- BID
Work to Begin Prior to September 10, 1965

In connection with your request for a contract bid to perform the various underground projects at Bayhorse, Idaho, this is to advise that on these several projects, we would furnish all equipment and supplies, labor, etc., to deliver to your firm the completed, serviceable mine opening.

ITEM #1 "An exploratory slusher drift, 6' x 7' in cross section, 30' long in cavernous dolomite," for "bald-headed", untimbered opening our charge would be $37.50 a foot; and if timbering were necessary, this price would be increased to $42.50 per foot.

This same price would apply to "gentle incline 130' long".

In all instances where timbering is mentioned, the cross section of the timber would be 8" x 8".

ITEM #2 "Explorator raise 30' high (long), 6' x 8' cross section untimbered, our price would be $39.50 a foot, and timbered, $44.50 a foot.

On the inclined slusher raise, if this is to be 6' x 7' and untimbered, the price would be $39.00 a foot and would include the incline slusher raise for a distance up to 100'.

ITEM #3 A -20° incline shaft 7' x 13' rock section, our price would be $185.30 a foot untimbered with skip track installed, and $202.80 for timbered, two compartments 5' x 5' with man-way and skip-way.

PROJECT #1 -- BID, Continued

ITEM #4 A +20° incline raise $39.50 6' x 8' cross section a foot untimbered, or $42.50 a foot timbered.

If any rock must be trammed over 300' from these various projects, add $2.50 per foot for haulage.

Respectfully submitted,

SHAFT & DEVELOPMENT MACHINES, INC.

Roger V Pierce

Roger V. Pierce, President

RVP/mlo

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

Bayles Bros. DRILLING COMPANY

CONTRACTORS-ENGINEERS-GEOLOGISTS
General Offices and Plant
1526 Hanson Road P. O. Box 56 HUnter 7-7535
SALT LAKE CITY 10, UTAH

BRANCH OFFICES
PHOENIX
BOISE
SPOKANE
DENVER
SACRAMENTO
ST. LOUIS

August 10, 1965

Reply to:

Umont Mining Co.
1355 Foothill Blvd.
Salt Lake City, Utah 84108

Dear Sir:

As per your request the following prices are for drilling at the Ray Horse Area, Challis, Idaho. We would like to present them for your consideration.

Mobilization $300.00.

A. Overburden or NC: $7.75.

	NX	BX	AX
0 - 250 ft. @	$7.15	$6.75	$6.70
250 - 500 ft. @	7.40	7.05	7.00
500 - 750 ft. @	7.70	7.40	7.30

B. Reaming, all sizes, $3.80 per ft.

C. Survey or delay time, $14.50 per hr.

D. Cement time, $14.00 per hr., plus cost of cement or cement substitutes.

E. Mud and additives used, to be charged at list cost.

F. Casing lost or left by request, 80% of list cost.

Again let us thank you for the previous work given us, also for your fine cooperation on the job. We appreciate your calling on us for a bid on this work.

Very truly yours,

J. F. Brennan

J. F. Brennan
Field Supt., Drilling Division

JFB:gh

HAROLD B. SPENCER, PRESIDENT
JAMES QUIGLEY, VICE-PRESIDENT
ROBERT E. WATT, SEC'Y-TREASURER

P. O. BOX 290
TELEPHONE 433-6876
AREA CODE 801

CENTENNIAL DEVELOPMENT COMPANY

MINING ENGINEERS AND CONTRACTORS

EUREKA, UTAH

April 14, 1965

Umont Mining Company
1355 Foothill Boulevard
Salt Lake City, Utah

Attention: Mr. Dooley P. Wheeler, Jr.
General Manager

Re: Project No. 1, Bayhorse, Idaho

Gentlemen:

In response to your request dated April 12, we have estimated the cost of the work you have proposed on your Bayhorse No. 1 Project as follows:

(1)	Exploratory slusher drift, 6' x 7', 30' deep.	
	Per lineal foot	$ 60.00
(2)	Exploratory raise, 1-1/2 compartment, 30' high.	
	Per lineal foot	$ 60.00
(3)	Incline shaft, 100' deep with skipway, manway and headframe, 20 lb. rail, 4" air line, 1" water line.	
	Untimbered per lineal foot	$125.00
	Timbered with 8" x 8" per lineal foot	$150.00
(4)	Inclined raise with car loading ramp +20°, 100' long.	
	Untimbered per lineal foot	$ 75.00
	Timbered per lineal foot	$ 90.00

Our costs include moving in, setting up and furnishing all equipment. Any work over the above would be at a reduced rate per foot since any move in costs would have been amortized.

We appreciate the opportunity of making this estimate and trust that you will call on us again when you have work in our field.

Very truly yours,

Centennial Development Company

James Quigley

James Quigley

JQ/ce

Bearsley Gulch

REPORT
on
BAYHORSE PROJECT
CUSTER COUNTY, IDAHO

by: Dooley J. Wheeler, Jr.
1-12-65

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SUMMARY AND CONCLUSION

A review of the drill data, geology and mineralogy of the Bayhorse district project reconfirms the writers opinion that the Bayhorse district could be a major district which is just beginning to be exposed by erosion.

Our dolomite format in the Ramshorn anticline area remains unchecked and still has the major ore potential. The Bayhorse anticline in the Garden Creek phyllite-dolomite contact zone remains, on the basis of a northward mineralization improvement trend down the nose of the anticline, a major ore potential target. The Target, while much smaller than the Ramshorn, is so much easier and less expensive to explore, develop and exploit than the Ramshorn that it remains as important as the Ramshorn at this stage of the exploration of the district.

A series of minor targets peripheral to the major targets remain unexplored. They are in the Hoffman mine - K7 prospect area on the northeast flank of Bayhorse anticline, and the Skylark-Shamrock veins junction zone, the lower part of the Utah Boy vein in Foot Boy 2 level and the upper part of the Foot Boy vein in the Utah Boy 5 level, all in the Ramshorn slate in the Ramshorn anticline. The maximum aggregate gross potential of the minor targets is thought to be of the order of 100 million dollars.

These targets are listed below.

Major Targets

1. Ramshorn-Dolomite Target
2. Bayhorse Anticline Garden Creek phyllite-dolomite contact zone

Minor Targets

1. Hoffman-K7 zone
2. K7 Prospect
3. Skylark-Shamrock zone
4. Foot Boy 2 level - Utah Boy Vein Exploration
5. Utah Boy 5 level - Foot Boy Vein Exploration

REVIEW OF STRATIGRAPHY

The Garden Creek Dolomite is the oldest sedimentary formation in the Bayhorse district and Bayhorse region. The formation barely outcrops in the bottom of Bayhorse canyon in the crest of Bayhorse anticline in the diamond drill hole 36 area. The formation was missed in the field work done by C. P. Ross and others. Their work formed the basis for USGS Bulletin 877 on the Geology and Ore Deposits of the Bayhorse Region.

The dolomite was penetrated 317 feet in diamond drill hole 9 of the Amco drill program of 1953. See plate 8A. Hole 37 of the Uwmt program of 1964 penetrated 268 feet of dolomite before cutting 1.5 feet of green siltstone and then passing into quartz porphyry at a depth of 523.5 feet. (The porphyry contact in hole 37 definitely crosscuts bedding at an acute angle.) The true thickness of the dolomite, corrected for core angle with bedding, is a minimum of 240 to 260 feet. The upper 150 feet is generally massive, dense, finely crystalline light gray marble. From about 150 feet on down the formation becomes thin bedded with 1/2" to 2" wide dolomite beds separated by thin green siltstone partings, and generally the dolomite changes from gray to pale pink at about 150 feet below the top of the formation, but this color change is thought to be a local thermal effect of the underlying quartz porphyry.

Garden Creek dolomite is difficult to correlate with other formations. It might correlate with the East Fork limestone of the Wood River region south of Bayhorse. Ross, USGS Bulletin 814, has the East Fork in Algonkian (?). The Garden Creek dolomite and phyllite as well as the overlying Bayhorse dolomite and Ramshorn slate correlate much better in age and lithology with the Maitlen phyllite (with its Reeves-McDonald, Jersey and H. B. mine dolomitic limestone beds[x]), Metaline limestone[y] and Ledbetter slate[z] of the Metaline Falls district of northeastern Washington.

The Garden Creek phyllite overlies the dolomite essentially conformably. The phyllite appears to grade very gradually into the Bayhorse dolomite-limestone formation which overlies it, and grades abruptly, in 10-20 feet into the underlying Garden Creek dolomite. Natural adjustment between the relatively massive and competent Garden Creek dolomite and overlying incompetent phyllite during folding has caused faulting, crumpling and more or less brecciation at and near the contact which appears to be most pronounced at and near fold irregularities such as that crestal fold whose apex is drilled by holes 25, 26 and 36. See vertical section CC'.

The Phyllite is 1000 to 1250 feet thick and is principally a dark lead gray, graphitic and phritic low grade schist derived from a carbonaceous shale. Thin dark gray limestone beds begin to appear near the top of the formation, and they increase in number upward until they dominate and form the basal part of the Bayhorse formation which is dark gray, thin bedded, carbonaceous, and argillaceous limestone. The top of the Garden Creek and base of the Bayhorse formations is arbitrarily set at the point where limestone beds predominate over phyllite beds.

x which are in the basal part of the Maitlen (Laib in BC) formation.

y = Bayhorse dolomite

z = Ramshorn Slate

The phyllite is exposed for its entire thickness in the Bayhorse anticline in Bayhorse canyon, and in Garden Creek canyon, about a mile north-northwest of Bayhorse, at least 500 feet of the upper part of the formation is exposed. A similar thickness of phyllite is exposed in Daugherty Gulch which is about two miles NNW of Garden Creek Gulch. These occurrence of the phyllite in the three above mentioned canyons constitute all that are know. Younger rocks are found everyplace else in the region.

Both the Garden Creek phyllite and dolomite do not correlate lithologically with any known Beltian units, and since they appear conformable with the overlying Bayhorse dolomite they are thought to be of Cambrian age.

<u>Bayhorse Dolomite</u> is thought to be of Cambrian age because it is unconformable below Ramshorn slate which is of Lower Ordovician age, and it is lithologically quite unlike any known member of the Belt series.

The formation ranges from zero to nearly 1300 feet thick but is generally on the order of 1000 feet thick where extensively exposed. North of Garden Creek on the west flank of Bayhorse anticline where conglomerate marks the base of Ramshorn slate the formation is thinnest, and is completely missing on the west side of the saddle between Garden Creek canyon and Daugherty gulch.

The 1" = 500' scale map of the Bayhorse district, which was originally made by Bunker Hill Company, shows Bayhorse dolomite missing in the mill fault zone on the south side of Bayhorse canyon south of the mill. This part of the map was not remapped by the writer, but he suspects that careful float mapping would reveal that the hiatus is due to faulting similar to the fault north of the mill.

The attached 1" = 200' cross section of the bayhorse dolomite, by E. Brecken 1957, shows the formation approximately as it is about 1000 feet east of the ghost town of Bayhorse. The part of the formation above the 8 - 20 feet thick tan slate (shale), which is locally referred to as the interbedded slate, is called the Pacific ore horizon. This horizon is the productive carbonate rock unit in the district. The unit is massive bedded, fine to coarsely crystalline, light gray to buff to rusty and generally brecciated. The brecciation appears to have occurred many times, for some breccias appear to be so old and well cemented by dolomite that they can only be detected on fresh clean breaks, other breccias are partly cemented by fluorite, and still others by coarse crystalline (supergene?) calcite, or not cemented by anything. Thus the brecciation ranges in age from pre-sulfide-ore to post-sulfide-pre-fluorite. Oxidation or solution collapse probably accounts for the more recent breccias some of which are partly cemented with coarse calcite, and others are uncemented.

The interbedded slate (shale and siltstone) is thickest in the Pacific and Beardsley mine area. It thins to the southeast and evidentally did not deposit in the Riverview area, for if it had extended that far the adit of Riverview #3 level in section BB' of the Riverview mine should have cut the shale.

The Ramshorn Slate, of lower Ordovician age, overlies the Bayhorse dolomite unconformably. The unconformity is not an obvious angular unconformity in any one spot, but on a regional basis it is evident, especially in the Dougherty gulch area.

The bulk of the formation is olive grey to dark gray thin bedded argillaceous rock. Thin discontinuous beds of limestone are rare. Silty members are common, but far from abundant. Quartzitic beds are known to be within 150 to 200 feet of the base of the formation in the Beardsley - K7 mine area (DDH #33), and thin limestone and dolomite beds were noted 20-70 feet from the base of the formation in Hole 34 of the K7 area. A quartzite bed 20-30 feet thick was noted about 2100 feet down from the top of the formation in Lyon creek area but the "top" of the formation was evidently a thrust fault contact with Kinnikinic quartzite. In the Garden Creek and Dougherty gulch area four to seven miles NNW of Bayhorse, conglomerate forms the basal part of the formation for widths up to 500 feet. The conglomerates consists of fairly well rounded boulders of vein quartz and quartzite rarely more than three inches in diameter.

A soft, blue, thin bedded limestone 40-120 feet thick on the west steep flank of Bayhorse anticline at the top of the Bayhorse dolomite and base of the Ramshorn slate is tentatively put in the Bayhorse formation, but it could be a basal member of the Ramshorn slate.

Repeated attempts have been made to determine the thickness of the Ramshorn formation. In the summer of 1964 studies were made in the Turtle and Mammoth mine areas and the Poverty Flat - Lyon Creek area.

The Turtle mine window proved to be bounded by a large normal fault on its west side which, therefore, rendered futile a traverse to the Kinnikinic quartzite near the top of Bald Mountain, to the west.

The Kinnikinic quartzite east of Mammoth mine proved to be in fault contact with Ramshorn slate.

The southern arm of the most northern Kinnikinic quartzite mass near the north edge of Poverty flat proved to be near a 90 degree dip angular unconformity with the underlying slate and apparently in thrust fault contact with the underlying Ramshorn slate. A traverse eastward down the ridge from the arm established a minimum thickness for the slate of 2500 feet.

The Kinnikinic - Ramshorn contact at the head of Bayhorse canyon, where shown on the 1" = 500' scale geologic map of Bayhorse, is the only contact studied where there is evident parallelism of dip between the Kinnikinic and Ramshorn formation, but the contact in the vicinity of Section SS' is blotted out by granitic rock of the Nevada stock type. The granite, which locally blots out the contact, probably dips west, possibly parallel to the contact.

The Kinnikinic Quartzite formation is stratigraphically above our area of interest and the description is left as it is in the USGS Bulletin 877. The "base" of the formation is generally in fault contact with Ramshorn slate and perhaps should have been shown almost everywhere as a thrust contact with the slate in plate 1 of Bulletin 877. The writer doubts that he has seen the basal sediments of the Kinnikinic formation but if he has they are most likely at the head of Bayhorse Creek in section SS' area.

HISTORY

Folds - Laramide orogeny developed northerly trending, moderately tightly folded anticlines such as the Bayhorse and Ramshorn anticlines, with their complimentary synclines. During this fold period one major thrust developed and generally rode along the Kinnikinic - Ramshorn contact. Folding continued after thrusting and developed, in some places, tightly folded thrust surfaces. Minor faulting, crumpling and brecciation developed in massive competent beds and along formation contacts between radically different lithologic units.

The folds ranged in character from steep sided and flat topped to normal oval topped folds. This change in character takes place along the strike of a fold such as Bayhorse anticline. Evidentally the Ramshorn anticline is a normal fold with a tendency for an indented crest. The Ramshorn anticline is also overturned to the east. (Refer to Section SS' and GG' for comparison of the fold types.)

The Bayhorse anticline plunges northward from Bayhorse canyon to a point half way between Bayhorse and Keystone mountain and then reverses plunge and brings Bayhorse dolomite out high on the top of the Keystone mountain. Thus there is a sunken saddle in the fold between the Pacific mine area and Keystone mountain. From Keystone mountain northward as far as Daugherty gulch basin the crestal area of the anticline is probably essentially horizontal but from the north edge of Daugherty basin the anticline plunges again to the north.

Ramshorn anticline, judging by minor folds such as drag folds, is essentially horizontal and lacks the saddles and domes of Bayhorse anticline. Contrary to the opinion of C. F. Rees, the writer could find no evidence of doming of Ramshorn slate in the vicinity of the Nevada Mtn. stock.

Folding was intense enough to dynamically metamorphose the Ordovician and older argillaceous sediments, forming Ramshorn slate and Garden Creek phyllite.

Igneous Intrusions - Quartz Monzonite and Quartz Porphyry intrusions

were emplaced after folding. Nevada mountain stock crops out south of the Ramshorn mine about 3000 feet and a similar granitic intrusion is found west of Ramshorn mine about 4000 feet. This latter intrusion came in along the contact zone between Kinnikinic quartzite and Ramshorn slate. Both intrusions have contacts that are essentially vertical or dip steeply south or west (sections MM' and SS'). Both were emplaced without further fold distortion of the original folded sediments, and both developed a halo of hornfels 2000 to 3000 feet wide which consist of biotite-andalusite-chiastolite hornfels. The slate cleavage was completely destroyed within the hornfels halo and the rock made massive and hard. In the Juliette mine area, near the stock, biotite hornfels resembles bedded biotite diorite.

Quartz porphyry came within 150 feet of the surface under Bayhorse creek 100 feet south of diamond drill hole 36. The intrusion's upper contact in the hole 25, 35, and 36 area (sections SS', CC' and Plate 8A) is sill-like or lacolithic in nature, but on the west side of the apex of the Bayhorse anticline hole 37 and others demonstrate that the quartz porphyry is dipping westward irregularly but steely while the dolomite is dipping gently north and west. The quartz ~~porphy~~ porphyry was found to be at least 850 feet thick in hole 36 and was penetrated 775 feet in hole 35. Veinlets and blebs of quartz, pyrite, chalcopyrite, tetrahedrite and galena in the quartz porphyry demonstrate that the quartz ~~porphy~~ porphyry is pre-sulfide and suggest a close age relation with the quartz monzonite of Nevada stock. Chilled borders and recemented dense brecciated quartz porphyry on the borders of the intrusion, plus very low grade thermal alteration of overlying sediments suggest a much cooler intrusion than the Nevada stock.

While there is no detailed evidence of violent elbowing action during emplacement of the intrusion, the possibility remains that the intrusion had a broad upward heaving effect on the Bayhorse anticline, thus giving the peculiar box-shaped cross section to the anticline at the latitude of Bayhorse creek.

<u>Faults</u> developed presumably principally after the intrusion except for the thrust fault and related minor bed plane faulting, referred to under folding, which evidently developed during folding.

The most prevalent and largest faults are <u>steep dipping, north trending, faults</u>. The Post Boy vein, Utah boy vein, Shamrock vein, Vein 1, Silver Creek vein, Mill fault and Hoffman veins belong to this type. There are many more of these faults that are unmineralized or of small magnitude in the Ramshorn and Bayhorse anticline area. Many of these faults probably started to develop during folding, but they continued active beyond igneous activity and mineralization. They are evidently pre-ore in age but their period of activity extends far past the sulfide mineralization period and some were active right up to the fluorite period of mineralization.

The mill fault, which marks the east edge of the Pacific mine horst, is the largest of this type. The major strand of this fault has a throw of 1000 feet. Vein 1 which is in the Hoover and Northern Star mine may be a fault of similar magnitude of movement farther north where it probably forms the west edge of the Pacific mine horst. Vein 1 looks impressive because of gouge and local related mineralization in the Northern Star and where it is intersected by diamond drill holes 3, 6, 8 and 10.

Ross has shown the Mill Fault and Vein 1 very generally and he indicates considerable movement along said faults. His plotting of the faults is wrong in places. The southern extension of the eastern fork of his major fault, south of the Bayhorse settlement, appears to be represented by a fault which drops slate down along the west side of the Turtle mine dolomite window.

Umonts mapping in the vicinity of the Mammoth mine, in Garden Creek (see section CC'), and in Bayhorse canyon shows that the north striking faults are very numerous and many of them undoubtedly have throws measured in tens and hundreds of feet. Probably many more faults such as the veins in the Hoffman and the limonite shear-breaks in Riverview have throws or offsets of a few feet.

The steep north trending faults, where much gouge is developed, have local, isolated, pseudomorphic wall rock replacement by lead and zinc along them, isolated ore shoots of silver-copper lead and zinc, and in some cases, fluorspar. Barren areas far exceed, in magnitude, the sulfide bearing areas. Bleaching is common along such structures and at the surface, where accentuated by oxidation and weathering, the bleaching is striking.

Another type of <u>north striking fault</u> is <u>gentle dipping</u> and tends to be nearly parallel to bedding. The productive Skylark, Riverview, Madill, Pacific-sheeting, Guy Barton, Cemetary, and Hoosier veins are of this type. These veins probably do not have much throw on them and they are commonly offset by the steep north faults whose time interval of activity was much longer. These gentle dipping northerly faults range in dip from 0 to 45 degrees and probably developed during folding but failed to move much after that. Adjustments of blocks between vertical faults could have caused minor repeated movement, but that appears to be about all that happened to them after folding. These faults are less gougy and have a better gangue and sulfide ratios, related to gouge, than the steep northerly veins.

<u>Northeast striking, steep dipping veins</u> and faults are especially common in the Pacific and Beardsley area. In fact they are almost restricted to that part of the district. They are represented by the Beardsley, Hoffman, K7, and veins in the Pacific mine area. The Beardsley and K7 veins have throws of the order of 60 to 90 feet but the throw appears to be much less in the Pacific mine area, except for the Landwehr fault. The Beardsley vein has yielded the most spectacular single ore shoot in the district. The shoot is credited with yielding about $3,500,000 of bonanza silver-lead ore from the Pacific dolomite unit, yet the vein is barren gouge in the overlying slate and is a limonitic gouge and breccia rubble below the ore shoot.

These NE faults and veins probably had a short life span, but they are definitely pre-ore and are thought to have had considerable post-ore movement on them. The post-ore movement could be predominant in the case of the K7 vein.

A <u>steep dipping NW striking vein</u> and faults of the siderite-pyrite-chalcopyrite-tetrahedrite type is found 1000 feet NW of BD Hole 38 in the Ramshorn target area. Veins 2 to 6, the MacGregor fault, and the Galena vein in the Hoosier area are also NW fault structures. (Refer to

plate 1A by C. L. Bell. Bell's map is so full of survey errors that a new incomplete map was made by DPW Jr. 10-15-59).

Such veins are mineralized and have been prospected, but to date they have not been productive. Their fault throw is probably minor, except for the McGregor, in spite of local well developed gouge, but their life span is probably large and on the order of the span of the north trending steep faults.

Bed plane faults, since they depend upon average bedding attitude for their strike and dip in any given area, have a wide range of strike and dip. They include some of the above classifications such as the Skylark, Riverview, Hoosier, Cemetery, Guy Barton and Pacific Sheeting veins. In the hole 25 and 36 area bed plane adjustment at and near the Garden Creek phyllite - Garden Creek dolomite contact can cause manto-like occurrences of ore that wrap around the nose of the north plunging Bayhorse anticline north of hole 36. These faults are thought to be of small displacement but capable of forming large breccia and shatter zones which can be the best rock for important ore occurrences.

Such bed plane faults are thought to have developed during folding and to have been reopened by faults with a longer life span, such as the N, NE and NW faults.

Foliation - schistose and slaty cleavage in Garden Creek phyllite has a uniform steep dip slightly north of east in Garden Creek canyon, but in the Hoosier area the cleavage has a wide range of strikes and dips. The most common strike, however, is northerly and the most common dip is moderately easterly in the Hoosier area of Bayhorse canyon. The erratic attitudes are thought to increase with depth as the Garden Creek dolomite is approached.

MINERALIZATION

There are two known centers of mineralization in Bayhorse Canyon. Both are represented by relatively high copper to silver ratios, relatively high iron to copper ratios and relative abundance of siderite as a gangue mineral. They are the Ramshorn-Skylark-Shamrock area and the Hoosier-Northern Star-Guy Barton area. Both areas are characterized by predominate northerly steep faults and subordinate "bed plane" and NW faults.

Ramshorn area has siderite-quartz veins containing tetrahedrite, chalcopyrite, galena, pyrite and sphalerite with sphalerite inconspicuous. In the deeper levels of the Ramshorn workings the silver-copper ratio is near 10 oz. silver per ton per 1% copper, whereas high on the mountain the ratios are known to range from 10 to 15 ounces of silver to a per cent of copper. The Ramshorn mine area has no silver-lead-zinc fringe mines such as the Hoosier area.

The Hoosier area has siderite-quartz veins containing tetrahedrite, pyrite, chalcopyrite, sphalerite and galena. Quartz predominates over siderite, but the ratio of siderite to sulfides may be roughly the same as in the Ramshorn area. Almost all of the quartz is massive bull quartz which appears to be older than any faulting in the area - or to have been

introduced as soon as the first breaks occurred. Many of the quartz-filled breaks are stockwork in nature. Resin colored sphalerite is coarsely crystalline and conspicuous. The silver-copper ratio is approximately 10 ounces silver to 1% copper. The Hoosier area has periphery silver-lead-zinc mines one-half to one mile to the north, northeast and east. From north to east they are the Forest Rose, Kemo, Silver Brick, Pacific, Hoffman, Beardsley and Riverview. The Pacific, Hoffman, Beardsley and Riverview are the largest of the mines and their silver to copper ratio ranges on an average around 40 ounces of silver per unit (20 lbs.) of copper, or 40 ounces silver for each per cent copper.

Our group of 10 Aztec claims in the Garden Creek area, four miles NNW of Mayhorse, covers the deepest eroded part of the phyllite in that canyon. North striking steep siderite veins are found in the area. The Aztec #3 vein, an estimated 1000 feet above the Garden Creek dolomite, but deep in phyllite, assayed, over a six inch vein width, 32.1 oz. Ag per ton, 0.80% copper, 10.7% Pb, and 2.7% zinc, and gives a silver-copper ratio of 36 to 1.

In determining silver to copper ratios the writer assumes that lead in the district from the Clayton Silver mine north to Dougherty Gulch will carry about 1/3rd of an ounce per unit (20 lbs.) of lead, or 1% of lead. After thus correcting for silver carried in lead the adjusted silver assay is divided by the per cent of copper in the sample. Oxidized ore in carbonate wall rock should give only slightly higher, if any higher, silver/copper ratio than the primary sulfide ore, but oxidized ore in a chemically inert wall rock may be expected to yield erratic results which can range from the true primary ratio for sulfides to extremely and misleadingly high ratios.

DRILL RESULTS THROUGH 1964.

Holes 35, 36 and 37 in the Hoosier area, combined with previous drill holes, proved (1) that the quartz porphyry is too thick to penetrate with 1000 feet holes in the latitude of the holes; (2) that no evidently strong feed channels for ore are on the east or west flank of the anticline in the latitude of the holes; (3) that there are no major ore bodies in the latitude of the holes, and (4) that the crest of the anticline in the latitude of holes 35, 36 and 37 is better mineralized than the flanks.

The Hoosier drill holes strongly indicate an increase in sulfide and fluorite mineralization toward the north down the nose of the Mayhorse anticline. This is demonstrated by holes 26, 36 and 25 which are listed from south to north and are shown in section CC'.* This same trend is strongly indicated by distribution of mines around the Hoosier area within a radius of one mile and by distribution of fluorite mineralization. The Forest Rose Silver Brick and Pacific mines are silver-lead mines north of the Hoosier area whose ore production exceeds $500,000 and whose fluorspar content can be

*This was further demonstrated by Holes 40, 41 and 43 in July 1965.

measured in hundreds of thousands of tons of 25% CaF_2 in spite of lack of formal exploration for fluorspar. AS&R has estimated 50,000 tons of ore remaining in the stoped area of Pacific mine. This remnant ore, they think, assays approximately 9.5 oz. Ag per ton and 12% combined lead and zinc.*

The Ramshorn dolomite target remains unexplored but its potential remains undamaged by field and drill work up through 1964.* Mapping of the hornfels facies around the intrusions in the Ramshorn area before 1964 showed no distribution of facies that indicate granitic intrusions have cut out the dolomite target under the drill location, or might have cut it out. Petrographic work on specimens from the surface and in drill hole 38 show that facies can not be used, but if they are used, hole 38 is getting farther away from the intrusion with depth. If this is true it checks field mapping of the intrusions, for the Nevada stock south of Ramshorn mine (section MM') is dipping southward, and the granitic intrusion near the west edge of section SS' is dipping vertical or westward. (Refer to attached petrographic reports and specimen locations on the district map and section SS'.)

The Ramshorn target, considering thermal alteration effects, metal zoning, and fold and fault structure in comparing the Bayhorse anticline with Ramshorn anticline, can be compared algebraically as follows. The slate in Bayhorse anticline has yielded $1000 worth of ore and the underlying Bayhorse dolomite has yielded $5,000,000 worth of ore, whereas the slate in the Ramshorn anticline has yielded $7,000,000 worth of ore and the dolomite remains buried and unexplored but should theoretically yield as follows: $1000: $5,000,000: $7,000,000: Ramshorn anticline dolomite ore potential. This potential figures out, according to the above, to be $35,000,000,000 which of course seems unreasonable. Consequently it is arbitrarily cut to 1/35th, or $1,000,000,000.

REVIEW OF BAYHORSE PROJECT POTENTIAL

The Bayhorse district has been handicapped in its exploration by the oxidized nature of the ore, by isolation, and in most cases hand-to-mouth exploration thinking wherein exploration beyond known ore has been very limited. Consequently the potential of the district north of Bayhorse Creek in the crestal part of the Bayhorse anticline still remains barely scratched and the Bayhorse dolomite buried in the Ramshorn anticline is still unexplored even by one hole.

The ore potential of the dolomite in Ramshorn anticline is illustrated algebraically above. The potential is in the billion dollar class.

The ore potential of the Hoosier area has been checked insofar as the porphyry sill idea is concerned in the latitude of holes 35, 36 and 37, but the drilling has emphasized the ore potential of the Garden Creek dolomite-Garden Creek phyllite contact zone north of the drill area down the nose of the gently plunging anticline toward and under the Forest Rose, Silver Brick and Pacific mines. The potential of this nose area is hard to evaluate, but there is room for major ore deposits of high grade silver-copper-lead-zinc and major low to high grade fluorspar deposits.

*Two holes in 1965 went off about 40° and were abandoned. Seismic work to indicate crest of dolomite was unsuccessful. The target remains unexplored.

*weak mineralization on the edge of the district and stratigraphically high as weakly mineralized parts of ore structures closer to the core of the district commonly have high lead to silver ratios (1:1±).

The Pacific ore horizon of the Bayhorse dolomite in the Forest Rose, Pacific, K7, and Hoffman and Beardsley area could yield upwards of 10 million dollars worth of silver-lead ore. This is demonstrated by the Beardsley mine which is credited with about $3,500,000 from the northeasterly 700 feet of strike length down the NE flank of Bayhorse anticline. Erosion has stripped off 3400 feet of the structure from the present outcrop to the crest of the anticline where holes 25, 36 and 26 are. Assuming that half of this strike length was ore similar to the one Beardsley ore shoot, this one structure could have yielded $12,000,000 if it were erosionally intact. There is evidence that Beardsley, Hoffman and K7 type structures are spaced about every 700 feet northwestward from Beardsley. Extending this zone for approximately a mile northwest of Beardsley gives room for five to seven of such veins with a productive strike length of approximately 2100 feet. Thus there is a theoretical potential of five to seven veins each producing $10,000,000 as far north as the most northerly induced polarization anomalies, Zone B, of the IP Plate I, Geophysical Report by Hewitt and Sargart 7-15-59. This potential does not take into account Pacific mine manto type ore in breccia zones and does not consider the Hoffman horizon at the top of the Pacific ore horizon. It considers only the lower half of the Pacific ore horizon along northeast striking steep veins.

The Hoffman mine produced about $250,000 worth of high grade silver-lead ore from the top 1-20 feet of the Pacific ore horizon where said horizon was capped by Ramshorn slate. The far more productive lower half of the Pacific ore horizon has never been explored or otherwise exposed under the Hoffman manto and should be, on the basis of known favorability, at least 100 times as productive as the Hoffman horizon, but assuming that it is only 10 times as productive, the potential is still $2,500,000.

At the Ramshorn area the ore potential in the slate is not considered as good as that for the zone northwest of the Beardsley mine in the Pacific ore horizon, but it is still of interest. There are three known areas of interest. They are (1) the Shamrock and Western Skylark zone, (2) the Utah Boy vein system from Peet Boy 2 level up to Peet Boy 4 and Utah Boy 5 levels and (3) the Peet Boy vein system from Utah Boy 5 level up to the Skylark vein. All of these target areas are known to have ore grade mineralization in them. The combined potential is thought to be of the order of $10,000,000 but there is a remote chance that such work could develop a Sunshine or Lucky Friday type ore deposit.

In review the major target in the dolomite at Ramshorn can be thought of as of the order of a billion dollar target and the Garden Creek dolomite-phyllite target can be thought of as major but perhaps not more than $500,000,000 in potential. The minor targets such as the Beardsley - K7 - Zone B and the Shamrock-Skylark-Peet Boy-Utah Boy targets can not be thought of as exceeding $100,000,000 in potential, combined.

GENERAL COMPARISONS OF BAYHORSE WITH SIMILAR ENVIRONMENTS

Bayhorse, like the Coeur d' Alene district to the north and Wood River districts to the south, has siderite gangue and high silver ratio lead-zinc-copper ore. The similarity of minerals is thought to be because of similar ore producing source rocks which yield a siderite-silver-lead-zinc-copper metalgenic province.

Bayhorse should be compared with major districts having similar wall rocks and stratigraphy which are formed at the same time as Bayhorse. The

stratigraphy of the Coeur d' Alene can not be used as a comparison because it is essentially a thick column of pre-Cambrian quartzites and argillitics with insignificant thin bedded, argillaceous limestone and dolomite units in the Wallace formation whose physical characteristics are unlike the massive brittle Cambrian dolomite units which are found in Bayhorse, Metaline Falls and Leadville and which are especially favorable for ore relative to non-carbonate stratigraphic or lithologic units in said districts.

In Metaline Falls, which is a young low grade district, ore valued at approximately $80,000,000 has been produced from the upper fraction of the middle Cambrian Metaline limestone whereas the overlying Ordovician Ledbetter slate which is 2500 feet thick and comparable to the Ramshorn slate in age and chemical and physical properties, has not produced more than $15,000 from narrow veins containing low grade silver-copper-lead-zinc. The Metaline Falls district is producing at the rate of 650,000 tons per year, all from the dolomite. Said ore averages about .07 oz., silver per ton, .007 Oz., Au P.T., 1.4% Pb, 4.5% zinc and 0.00% Cu (trace). Its gangue is dark gray jaspereid which in places grades into milky quartz. The ore bodies are in silicified breccia zones approximately parallel to bedding. Small faults of random orientation are abundant in the ore zone. Individual ore bodies are of the order of 300-400 feet wide and 1000 feet long. The ore bodies were said to be within one mile of either the east or west major boundary faults which bound the Metaline Falls graben, but this is not conclusively established to date. Metaline falls is considered to be within the Basin and Range Tectonic province.

The original production was from a vein in Ledbetter slate which yielded 73.1% Pb, 2.0% Zn and 1.1 oz. Ag P/T, thus the Metaline district started out as an extremely low silver ratio district and has remained almost as low in silver as the Mississippi Valley type deposit.

The Maitlen phyllite at Metaline underlies the Metaline limestone-dolomite unit and this phyllite has the Reeves-McDonald, Jersey and H. B. mine dolomitic limestone units which, across the border in British Columbia,* have these three major mines. The Reeves-McDonald mine produced at the rate of 1000 tons per day, and its total operating cost, according to C. A. R. Lambly, is $3.50 per ton. These mines are also extremely low silver ratio mines, but their lead-zinc grades are slightly higher than the lead-zinc grade of the Metaline Falls district.

The phyllite may correspond to the Garden Creek phyllite and the Garden Creek dolomite may correspond to the Reeves, Jersey or H. B. units. Tonnage-wise the Metaline limestone and Maitlen dolomitic limestone units are capable of making a billion dollar district if the ore grade were anywhere near the grade to be expected at Bayhorse.

The fact remains that minor production in dolomite eventually turned into major production. If the ore had been oxidized as deeply as it is at Bayhorse this development would probably have been very slow and may not have taken place to date.

Another fact stands out. Namely, there has been practically no production from the phyllite and slate in the district or area, thus it is evident that no more than $80,000 produced from slate or argillite meant $100,000,000 or more from dolomite.

* called Laib formation in B.C.

Another fact is worth mentioning. Namely, that the originalreologic, work, although of professional paper grade, suggested a relatively simple fault and fold structure but as time goes on complexity of faulting, especially, is evident. New thrust faults have been mapped.

Perhaps the most significant fact, one that no economic geologist can afford to overlook, is that the favorable host rock, alone, is not enough. Fault and fold structures are needed to cause ore to form where it forms and the actual area underlain by ore can be very small in comparison to the area underlain by barren dolomite.

The Pend Orielle Company drills holes 1000 feet deep, plus or minus, on 1000 foot centers to explore for new ore. They estimate large reserves on the basis of a few ore intersections in a grid pattern. An area containing abundant ore can easily result in only two or three ore intersections out of ten holes drilled in the area.

The above Metaline Falls district and its northern extension is considered a close structural and stratigraphic parallel to the Bayhorse district, but it is considered inferior for the following reasons:

1. It has low base metal grades and practically no precious metals.

2. Folding is too gentle in some area and too complex in others to permit well defined confluence apex targets.

3. The district has been established as a new major district and it is already owned.

The <u>Leadville Mining District</u> in Colorado is a $400,000,000 district in basal limestones and dolomites. The silver-lead-zinc content of the ore is high, on the average. All the production has come from an area about five miles wide, east to west, and three miles long, north to south. All production except one to five million dollars has come from the carbonate rocks under the shale in the base of the Weber formation. There is a scarcity of outcrops due to relatively rapid erosion of ore material; extensive covering of glacial debris, and failure of most veins and ore to reach the surface of bedrock. Shale beds, particularly the lower part of the Weber formation, or so called "Weber shale" have acted as barriers against which many veins terminate upward and spread as blanket replacement deposits in the underlying limestone. But the intense mineralization at Breece Hill and on the western slope of the adjoining Ball Mountain, which constitute the center of core of the district, reaches well into Weber grits, or the upper part of the Weber formation.

The White Porphyry and Gray Porphyry, which are up to 1500 feet thick and generally sill-like, form the caprock for most of the major carbonate replacement ore deposits essentially all of which lie below the "Weber shale" contact.

Several northerly trending steep faults, having offsets or throws of 100 to 800 feet, may be basic trunk ore feed channels, but the vast majority of well mineralized faults (veins) have very small throws, of the order of 50 feet or less, and evidently many trend northeasterly and control most of the manto or blanket ore bodies which trend northeasterly. Many of the northeasterly blanket deposits appear to crosscut vein trends and be the product of replacement of shatter zones between veins, such as the Hoffman deposit at Bayhorse.

In a three square mile area covering Iron, Carbonate and Frye hills vertical drill holes, drilled on pattern, penetrating to pre-Cambrian rock from the surface would evidently have had about one chance in four or five of hitting ore when the district was virgin. These hill areas represent the most productive mineralized parts of the Leadville district but Breece Hill and the west slopes of Ball Mountain constitute the core or center of intensity of the district, having highest temperature mineralization.

Replaceable units, namely the white limestone and Leadville dolomite, combined with ground preparation, caused by fault and contact adjustment, seem to be the dominant ore control in the highly mineralized Leadville district. Confluence apex control, while undoubtedly a factor, could not have been a dominant factor in such an intensely mineralized but gently folded environment. If folding had been a bit more intense confluence apex control might have been more effective in concentrating ore in shattered and faulted upwarps, if the igneous activity had not been so varied and intense as to destroy confluence effects.

The reviews of Metalline and Leadville serve to focus attention on near-basement rock carbonate units as being outstandingly favorable for major ore occurrences relative to the inert shales, slates, phyllites and igneous rocks. This difference in susceptibility of rock types to ore formation is one of the main reasons for being interested in Bayhorse. High grade ore in slate or phyllite at Bayhorse should be the primary reason for being interested in exploring dolomite underneath slate or phyllite. The edges of ore concentrations in the Leadville and Metalline district might have been comparable to the Hoosier, Forest Rose, Silver Brick, Pacific, A7, Hoffman, and Beardsley area and it now looks like we must explore northward from those areas to see if the mines and drill exploration are not south of the center of the district.

/s/ Dooley P. Wheeler, Jr.

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Chief, OME	3/7/66	[illegible]
2. Re: OME-6495 (Silver) Beardsley Gulch Mining Co., Inc. Beardsley Claims Custer County, Idaho		
3.		
4.		
5. D. R. MacLaren		
FROM: Field Officer, Reg. I		

FOR: Check items for action desired

X Action ____ Reply for signature of ____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions ____ Your information

REMARKS: Attached is MME Form 52 received today from R. H. Wadhams re. the above-cited appln.

Superseded by L & S Agreements dated March 10, 1966.

INT.-DUP. SEC., WASH., D.C. M56300-62

BEARDSLEY GULCH MINING CO., INC.

King Street Dock
Burlington, Vermont
05401

March 4, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 9 1966

INITIALS	CODE
[illegible]	140
[illegible]	120
HR	120

Mr. D. R. MacLaren
Acting Field Officer, OME
Region I
U. S. Department of the Interior
Office of Minerals Exploration
So. 157 Howard Street
Spokane, Washington 99204

Dear Mr. MacLaren:

Re: Beardsley Gulch Mining Co., Inc. (Silver)
[illegible] Idaho

Please find enclosed herewith six [illegible]

Lien and Subordination Agreements.

Very truly yours,

/s/ R. H. Wadhams
R. H. Wadhams
Secretary

RHW/eb
Enclosure
cc: D. P. Wheeler, Jr.

RECEIVED
[illegible]

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR 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 Custer, State of Idaho,

described as follows:[2]

	Name	Survey No.	Book	Page	Custer County Recorder
Unpatented Lode Claim	Mable		15	186	Challis
" " "	Clark		15	182	"
Patented Lode Claim	Beardsley	38	1	127	"
" " "	Beardsley N. Ext.	527	6	438	"
" " "	Beardsley Fract.	526	6	110	"
Unpatented Lode Claim	Butte		15	175	"

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

Beardsley Gulch Mining Company, Inc.[3]

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

(lease and option)

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 none (State "None" or "See Annex No. ____".)

Dated this 1st day of March, 1966.

1355 Foothill Blvd. (Street)
Salt Lake City, Utah (City & State)

Dooley P. Wheeler, Jr. (Seal)
Dooley P. Wheeler, Jr.
For: UMONT MINING, INC.

_____ (Street)
_____ (City & State)
_____ (Seal)

_____ (Street)
_____ (City & State)
_____ (Seal)

_____ (Street)
_____ (City & State)
_____ (Seal)

_____ (Street)
_____ (City & State)
_____ (Seal)

_____ (Street)
_____ (City & State)
_____ (Seal)

I, R. H. Wadhams (Name), certify that I am the Secretary (Title—Secretary, etc.) of the corporation named herein; that Dooley P. Wheeler, Jr. (Name), who signed this agreement was then Vice-President (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.

R H Wadhams
(Corporate Seal)

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR 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 Custer, State of Idaho, described as follows: 2/

	Name	Survey No.	Book	Page	County Recorder
Unpatented Lode Claim	~~Mable~~		~~15~~	~~186~~	~~Challis~~
" " "	Clark		15	182	"
~~Patented Lode Claim~~	~~Beardsley~~	~~38~~	~~1~~	~~127~~	"
" " "	Beardsley N. Ext.	527	6	438	"
~~" " "~~	~~Beardsley Fract.~~	~~526~~	~~6~~	~~110~~	"
Unpatented Lode Claim	Butte		15	175	"

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

Beardsley Gulch Mining Company, Inc. 3/

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

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.

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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 **none** (State "None" or "See Annex No.____".)

Dated this 1st day of March, 1966.

	1355 Foothill Blvd.	(Street)
	Salt Lake City, Utah	(City & State)
Dooley P. Wheeler (Seal)		
Dooley P. Wheeler, Jr.		
For: UMONT MINING, INC.		(Street)
		(City & State)
(Seal)		
		(Street)
		(City & State)
(Seal)		
		(Street)
		(City & State)
(Seal)		
		(Street)
		(City & State)
(Seal)		
		(Street)
		(City & State)
(Seal)		

I, **R. H. Wadhams** (Name), certify that I am the **Secretary** (Title—Secretary, etc.) of the corporation named herein; that **Dooley P. Wheeler, Jr.** (Name), who signed this agreement was then **Vice-President** (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.

R H Wadhams
(Corporate Seal)

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

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR 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 Custer, State of Idaho,

described as follows:[2]

	Name	Survey No.	Book	Page	Custer County Recorder
Unpatented Lode Claim	Mable		15	186	Challis
" " "	Clark		15	182	"
Patented Lode Claim	Beardsley	38	1	127	"
" " "	Beardsley M. Ext.	527	6	438	"
" " "	Beardsley Fract.	526	6	110	"
Unpatented Lode Claim	Butte		15	175	"

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

Beardsley Gulch Mining Company, Inc.[3]

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

(lease and option)

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

Dated this 1st day of March, 1966.

1355 Foothill Blvd. (Street)
Salt Lake City, Utah (City & State)

Dooley P. Wheeler Jr. (Seal)
Dooley P. Wheeler, Jr.
For: UNOND MINING, INC.

_____ (Street)
_____ (City & State)
_____ (Seal)

_____ (Street)
_____ (City & State)
_____ (Seal)

_____ (Street)
_____ (City & State)
_____ (Seal)

_____ (Street)
_____ (City & State)
_____ (Seal)

_____ (Street)
_____ (City & State)
_____ (Seal)

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R H Wadhams
(Corporate Seal)

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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

LIEN AND SUBORDINATION AGREEMENTS[1]

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" " "	Clark		15	182	"
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" " "	Beardsley N. Ext.	527	6	438	"
" " "	Beardsley Fract.	526	6	110	"
Unpatented Lode Claim	Butte		15	179	"

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(lease and option)

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

Dated this 1st day of March, 1966.

Dooley P. Wheeler Jr. (Seal)	1355 Foothill Blvd. (Street) Salt Lake City, Utah (City & State)	
Dooley P. Wheeler, Jr. For: UNOBT MINING, INC.	(Street) (City & State)	
(Seal)	(Street) (City & State)	
(Seal)	(Street) (City & State)	
(Seal)	(Street) (City & State)	
(Seal)	(Street) (City & State)	
(Seal)	(Street) (City & State)	

I, R. H. Wadhams (Name), certify that I am the Secretary (Title—Secretary, etc.) of the corporation named herein; that Dooley P. Wheeler, Jr. (Name), who signed this agreement was then Vice-President (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.

R H Wadhams
(Corporate Seal)

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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described as follows:[2]

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"	" "	Mable		15	186	"
"	" "	Clark		15	182	"
Patented	" "	Beardsley	38	1	127	"
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"	" "	Beardsley Fract.	526	6	110	"

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1. (a) Being the owner of an interest (lease and option) 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 none (State "None" or "See Annex No. ____".)

Dated this 1st day of March, 1966.

Dooley P. Wheeler Jr. (Seal)	1355 Foothill Blvd. (Street) Salt Lake City, Utah (City & State)	
Dooley P. Wheeler Jr For: Umont Mining, Inc.	(Street) (City & State)	
(Seal)	(Street) (City & State)	
(Seal)	(Street) (City & State)	
(Seal)	(Street) (City & State)	
(Seal)	(Street) (City & State)	

I, R. H. Wadhams (Name), certify that I am the Secretary (Title—Secretary, etc.) of the corporation named herein; that Dooley P. Wheeler Jr (Name), who signed this agreement was then Vice-President (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.

R H Wadhams
(Corporate Seal)

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR 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 Custer, State of Idaho,

described as follows:[2]

	name	survey no.	Book	Page	Co. Recorder
Unpatented Lode Claims	Mabel		15	186	Challis
" " "	Clark		15	182	"
Patented " "	Beardsley	38	1	127	"
" " "	Beardsley N. Extension	527	6	438	"
" " "	Beardsley Fraction	526	6	110	"

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

Beardsley Gulch Mining Company[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.

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

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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 ____ none ____ (State "None" or "See Annex No. ____".)

Dated this 22nd day of July, 1965.

O. J. Salisbury
O. J. Salisbury (Seal) ____ (Street) Challis, Idaho (City & State)
for: Bayhorse Mines, Inc.

____ (Seal) ____ (Street) (City & State)

____ (Seal) ____ (Street) (City & State)

____ (Seal) ____ (Street) (City & State)

____ (Seal) ____ (Street) (City & State)

____ (Seal) ____ (Street) (City & State)

I, Leo Eagar (Name), certify that I am the Secretary (Title—Secretary, etc.) of the corporation named herein; that O. J. Salisbury (Name), who signed this agreement was then President (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.

Leo Eagar
____ (Corporate Seal)

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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

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To the United States of America:

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		name	survey no.	Book	Page	Co. Recorder
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"	" "	Clark		15	182	"
Patented	" "	Beardsley	38	1	127	"
"	" "	Beardsley N. Extension	527	6	438	"
"	" "	Beardsley Fraction	526	6	110	"

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

Beardsley Gulch Mining Company[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

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none

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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 ____ none ____ (State "None" or "See Annex No.____".)

Dated this 22nd day of July, 19 65.

O. J. Salisbury
O. J. Salisbury (Seal) Challis, Idaho (Street) (City & State)
for: Bayhorse Mines, Inc.

_____ (Seal) _____ (Street) (City & State)

_____ (Seal) _____ (Street) (City & State)

_____ (Seal) _____ (Street) (City & State)

_____ (Seal) _____ (Street) (City & State)

_____ (Seal) _____ (Street) (City & State)

I, Leo Eagar (Name), certify that I am the Secretary (Title—Secretary, etc.) of the corporation named herein; that O. J. Salisbury (Name), who signed this agreement was then President (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.

Leo Eagar
(Corporate Seal)

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY
Operator
Docket No. OME –
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To the United States of America:

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described as follows:[2]

	Name	Survey no.	Book	Page	Co. Recorder
Unpatented Lode Claims	Mabel		15	186	Challis
" " "	Clark		15	182	"
Patented " "	Beardsley	38	1	127	"
" " "	Beardsley N. Extension	527	6	138	"
" " "	Beardsley Fraction	526	6	110	"

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Beardsley Gulch Mining Company[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

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

Dated this 22nd day of July, 19 65.

O. J. Salisbury
O. J. Salisbury (Seal) Challis, Idaho (Street) (City & State)
for: Bayhorse Mines, Inc.

(Seal) (Street) (City & State)

(Seal) (Street) (City & State)

(Seal) (Street) (City & State)

(Seal) (Street) (City & State)

(Seal) (Street) (City & State)

I, Leo Eager (Name), certify that I am the Secretary (Title—Secretary, etc.) of the corporation named herein; that O. J. Salisbury (Name), who signed this agreement was then President (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.

Leo Eager
(Corporate Seal)

MME Form 52
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UNITED STATES
DEPARTMENT OF THE INTERIOR
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Patented	" "	Beardsley	38	1	127	"
"	" "	Beardsley N. Extension	527	6	438	"
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Beardsley Gulch Mining Company[3]

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

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

Dated this 22nd day of July, 1969.

O. J. Salisbury

O. J. Salisbury (Seal) Challis, Idaho (Street) (City & State)

for: Bayhorse Mines, Inc.

(Seal) (Street) (City & State)

(Seal) (Street) (City & State)

(Seal) (Street) (City & State)

(Seal) (Street) (City & State)

(Seal) (Street) (City & State)

I, Leo Eagan (Name), certify that I am the Secretary (Title—Secretary, etc.) of the corporation named herein; that O. J. Salisbury (Name), who signed this agreement was then President (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.

Leo Eagan

(Corporate Seal)

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

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY
Operator
Docket No. OME –
Contract No. 14-23-090–
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none

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

Dated this 22nd day of July, 19 65.

O. J. Salisbury

O. J. Salisbury (Seal) _____ (Street) Challis, Idaho (City & State)

for: Bayhorse Mines, Inc.

_____ (Seal) _____ (Street) _____ (City & State)

_____ (Seal) _____ (Street) _____ (City & State)

_____ (Seal) _____ (Street) _____ (City & State)

_____ (Seal) _____ (Street) _____ (City & State)

_____ (Seal) _____ (Street) _____ (City & State)

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Leo Eagar

_____ (Corporate Seal)

U.S. Government Messenger Envelope

Standard Form No. 65
November 1961
General Services Administration
General Regulation No. 27

65-106

NAME (OR TITLE) OF ADDRESSEE, AGENCY, ORGANIZATIONAL UNIT, ADDRESS, AND ROOM		NAME (OR TITLE) OF ADDRESSEE, AGENCY, ORGANIZATIONAL UNIT, ADDRESS, AND ROOM	
~~Room 4456~~	STOP		STOP
Maps 6495	STOP		STOP
	STOP		STOP
	STOP		STOP
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	STOP		STOP

Use other side

Use STOP only when messenger service between Government buildings in Washington, D.C., is required or wherever a STOP system is used. Your mail room has STOP information.

INSTRUCTIONS FOR USE

NAME (OR TITLE) OF ADDRESSEE, AGENCY, ORGANIZATIONAL UNIT, ADDRESS, AND ROOM	
	STOP
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NAME (OR TITLE) OF ADDRESSEE, AGENCY, ORGANIZATIONAL UNIT, ADDRESS, AND ROOM	
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	STOP
	STOP

Use other side first

☆ U.S. GOVERNMENT PRINTING OFFICE: 1964—O-723-679

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

July 17, 1978

Memorandum

To: Branch of Financial Reports

From: Chief, Office of Minerals Exploration

Subject: Recording of Realized Loss under OME Contract

Write-off of loss on the listed OME contract is authorized:

Contract	Docket	Operator	Write-off
2219	6495	Beardsley Gulch Mining Co., Inc.	$32,282.64

Harold Kirkemo

Harold Kirkemo

cc: Region I (Kiilsgaard)
Region III

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

July 17, 1978

Mr. O. J. Salisbury, Vice President
Ramshorn Mines Company and
President, Bayhorse Mines, Inc.
Challis, Idaho 83226

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Salisbury:

Enclosed is a self-explanatory letter dated July 17, 1978, to Mr. D. P. Wheeler, Jr. This relates to the Lien and Subordination Agreements signed by you on March 10, 1966.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

cc: Region I (Kiilsgaard)
Region III

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

July 17, 1978

Mr. D. P. Wheeler, Jr.
Vice President & General Manager
Bayhorse Minerals, Inc.
2028 Kensington Avenue
Salt Lake City, Utah 84108

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wheeler:

By the terms of OME Contract 2219, as amended, and the Certification of Possible Production dated February 14, 1969, all minerals mined or produced from July 14, 1966, to July 14, 1978, were subject to the Government's royalty as stated in said contract.

As the period during which production was subject to royalty has now expired, the Government according to its present records retains no claim or lien against the property subject to the contract or any production therefrom. We, therefore, are closing our books and records on this contract.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Copy to: Mr. O. J. Salisbury

cc: Region I (Kiilsgaard)
Region III

MONT MINING, INC.
2028 Kensington Avenue
~~1305 FOOTHILL BOULEVARD~~
SALT LAKE CITY, UTAH 84108

December 27, 1977

Mr. Harold Kirkemo, Chief
Office of Minerals Exploration
United States Department of Interior
Geological Survey
Reston, Virginia 22092

OME-6495 (Silver)
Beardsley Gulch Mining Company, Inc
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Kirkemo:

Thank you for your letter concerning NL Industries' termination of the lease and option on Bayhorse.

We appreciate the reminder enclosed concerning rerecordation of mining claims and affidavits of annual assessment work.

We would appreciate timely notice of any obligation on our part concerning OME-6495 (Silver) inasmuch as this Bayhorse reassignment came at an extremely busy time for us and we might therefore overlook something important.

Yours very truly,

Dooley P. Wheeler

Dooley P. Wheeler, Jr.
General Manager

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

Sept 1977

Mr. D. P. Wheeler, Jr.
Vice President & General Manager
Bayhorse Minerals, Inc.
2028 Kensington Avenue
Salt Lake City, Utah 84108

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wheeler:

We understand that effective December 31, 1977, NL Industries, Inc. will transfer the six claims described in Contract 2219 to Bayhorse Minerals, Inc., Burlington, Vermont.

As you know, obligation to pay royalty on production from this property under terms of the OME contract continues until July 14, 1978. As of December 31, 1977, the status of the account on the contract will be as follows:

Principal	$32,282.64
Accrued interest	16,383.38
Total	$48,666.02

We enclose a copy of a letter with enclosures dated October 7, 1977, to Mr. Matthew J. Hrebar, NL Industries, Inc., concerning rerecordation of mining claims and affidavits of annual assessment work. This may be of interest to you with respect to the unpatented claims.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Copy to: Bayhorse Minerals, Inc.
Burlington, Vermont

cc Reg I

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

October 6, 1977

Mr. Matthew J. Hrebar
Mining Engineer
NL Industries, Inc.
Mining and Exploration Department
5950 McIntyre Street
Golden, Colorado 80401

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Hrebar:

Legislation enacted in October 1976 established new requirements concerning unpatented mining claims and affidavits of annual assessment work. Owners of unpatented claims must comply by October 22, 1979, with new procedures described in Section 314, Public Law 94-579, October 21, 1976, and in Federal Register--Title 43, Part IV of January 27, 1977. Copies of these documents are enclosed for your information. Simply stated, the new legislation requires that mining claims be rerecorded by October 22, 1979, and that certain information be filed with affidavits of assessment work.

We bring this matter to your attention so that you may take proper action if you intend to retain these claims after October 22, 1979. The Government's interest in the land and in royalty on possible production therefrom under terms of the subject contract terminate before that date. In the meantime, this interest is protected under provisions cited in the contract.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosures

Copy to: Samuel C. Fall, 5926 McIntyre Street, Golden, Colorado 80401

Rec'd 12/14/77

NL

December 8, 1977

CERTIFIED #525889
RETURN RECEIPT REQUESTED

Harold Kirkemo, Chief
Office of Minerals Exploration
United States Department of the Interior
Geological Survey
Reston, Virginia 22092

OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Kirkemo:

Please note that effective December 31, 1977 NL Industries, Inc. has transferred its interest in the following described mining claims:

Patented:

Beardsley
Beardsley N. Fraction
Beardsley Extention Fraction

Unpatented:

Butte
Mabel
Clark

These have been transferred to Bayhorse Minerals, Inc., a Vermont corporation whose address is 251 South Union Street, Burlington, Vermont 05401.

All future correspondence regarding the repayment of the OME loan in the amount of $32,282.64 with interest should be

NL Industries, Inc./Office of General Counsel
5926 McIntyre Street, Golden, Col. 80401 Tel. (303) 279-2591
Cable: MINGOLD • TWX: 910-934-0110

directed to:

Mr. D. P. Wheeler, Jr.
Vice President and General Manager
Bayhorse Minerals, Inc.
2028 Kensington Avenue
Salt Lake City, Utah 84108

Sincerely,

David L. Nelson
Senior Attorney

DLN:jac

c: L. Evans, Jr.
R. Hurley
D. Rausch
L. Scharon
D. Wheeler, Jr.

NL Industries, Inc./Office of General Counsel
5926 McIntyre Street, Golden, Col. 80401

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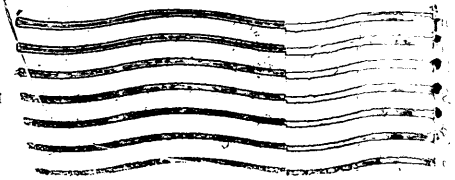
NL

Harold Kirkemo, Chief
Office of Minerals Exploration
United States Department of the Interior
Geological Survey
Reston, Virginia 22092

CERTIFIED
RETURN RECEIPT REQUESTED

CERTIFIED
No. 525889
MAIL

953



Rec'd 8/2/77

HK 10/6/77

United States Department of the Interior

GEOLOGICAL SURVEY
Box 25046
Denver Federal Center STOP 905
Denver, Colorado 80225

IN REPLY REFER TO:

July 29, 1977

MEMORANDUM

TO : Chief, Office of Mineral Exploration

FROM : Field Officer, Region I

SUBJECT: Annual royalty inspection
OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Group of claims
Custer County, Idaho
Contract 2219

I visited the Beardsley Gulch property at Bayhorse, Idaho, on Wednesday, July 20, 1977, to learn if there had been any production since my last visit on June 8, 1976. The watchman told me that, although some drilling had been done at the property above the Beardsley mine, there had been no activity at the Beardsley.

The period for royalty repayment from production at the mine expires on July 14, 1978.

Willard P. Puffett

Willard P. Puffett

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

rec'd 9/28/77
✓ HK 9/28/77

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

IN REPLY REFER TO: Office of Minerals Exploration

July 7, 1977

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Mr. Matthew J. Hrebar
Mining Engineer
NL Industries, Inc.
Mining & Exploration Department
5950 McIntyre Street
Golden, Colorado 80401

Dear Mr. Hrebar:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since July 24, 1973, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes ☐ No ☑

Concerning "A Special Agreement Concerning Land" in Annex I of the subject contract, has any land within 1,500 feet of the southern boundary of the Clark claim been acquired since July 14, 1966, the date of the contract? If so, please explain. Yes ☐ No ☑

2. Since July 24, 1973, has there been any production from the land subject to the contract? Yes ☐ No ☑

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

Purchaser *(name and address)*	Quantity	Value

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity *(tons)*	Estimated Grade	Location
Ore			
Concentrates			
Other			

3. Since workings *(see of contract)*, has any production been transported through Yes ☐ No ☑

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name Samuel C. Fall Samuel C. Fall	*Title* Chief Project Engineer
Address 5926 McIntyre Street Golden, Colorado 80401	*Date* September 23, 1977

United States Department of the Interior

GEOLOGICAL SURVEY
Denver Federal Center
Denver, Colorado 80225

IN REPLY REFER TO:

P. O. Box 25046 - Building 53 - Mail Stop 953

June 17, 1976

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: Annual royalty inspection
OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Group of Claims
Custer County, Idaho
Contract 2219

I visited Bayhorse, Idaho, on Tuesday, June 8, 1976, to learn if there had been any activity at the Beardsley group of claims since my last visit in October, 1975. The watchman said that no one had been at the property recently but that he was expecting personnel from NL Industries to be there soon. NL industries has been developing a fluorspar property that is higher on the hill than the Beardsley Group of claims. There has been no recent production from the Beardsley claims and there is no royalty due to the Government.

The royalty period extends to July 14, 1978.

Willard P. Puffett

Willard P. Puffett

63

United States Department of the Interior
GEOLOGICAL SURVEY
Denver Federal Center
Denver, Colorado 80225

IN REPLY REFER TO:

P. O. Box 25046 - Building 53 - Mail Stop 953

October 29, 1975

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: Royalty Inspection Report
OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al, Group of Claims
Custer County, Idaho
Contract 2219

I visited the Beardsley property on Tuesday, October 21, 1975, to learn if there had been recent production. I did not drive up the steep hill to the mine but did talk to the watchman near the foot of the hill in the old hamlet of Bayhorse. National Lead has been developing a mine on the hill several hundred feet higher in elevation than the Beardsley workings.

There has been no work done at the Beardsley mine since my last royalty inspection. The watchman seemed to think that there was little likelihood of any work being done in the near future. The period for which the Government is entitled to royalty on production from the mine extends to July 14, 1978.

Willard P. Puffett

Willard P. Puffett

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION
656 U. S. Court House
Spokane, Wash., 99201

May 14, 1974

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: Annual Royalty Inspection
OME-6495 (silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., group of claims
Custer County, Idaho
Contract 2219

When I visited the Beardsley Gulch property on Thursday, May 9, 1974, I talked to a diamond-drill crew who were working at the Pacific mine, upslope from the Beardsley Gulch mine. They told me that there had been no activity at the Beardsley mine for at least three years. Certainly there has been no production from the mine since my visit there last year.

The period during which the Government is entitled to a royalty on production from the Beardsley Gulch mine extends to July 14, 1978. There is no unpaid royalty due to the Government from past production.

Willard P. Puffett

Willard P. Puffett

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION
656 U. S. Court House
Spokane, Wash., 99201

September 5, 1973

MEMORANDUM

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: Annual royalty inspection
OME-6495 (silver)
Beardsley Gulch Mining Company, Inc.
Beardsley, et al., group
Custer County, Idaho
Contract 2219

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I visited the Beardsley Gulch mine on Wednesday, August 29, 1973. The rail near the portal of the K-7 adit had been removed in part and no mine car could safely traverse the distance from the portal to the old dump. Obviously no work had been done in the adit for at least several monthsand to all intents and purposes the mine seemed deserted. A watchman at the Bayhorse camp told me that work had been continuing at the Pacific mine but that no work had been done during the past year at the Beardsley Gulch mine.

The Government's lien on future production from the mine extends to July 14, 1978.

Willard P. Puffett

Willard P. Puffett

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

IN REPLY REFER TO: Office of Minerals Exploration

July 13, 1973

AIRMAIL

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Mr. Matthew J. Hrebar
Mining Engineer
NL Industries, Inc.
Mining & Exploration Department
5950 McIntyre Street
Golden, Colorado 80401

Dear Mr. Hrebar:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

Copy to Region I

OFFICIAL COPY
AUG 2 1973
HK

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since October 10, 1972, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes ☐ No ☒

Concerning "A Special Agreement Concerning Land" in Annex I of the subject contract, has any land within 1,500 feet of the southern boundary of the Clark claim been acquired since July 14, 1966, the date of the contract? If so, please explain. Yes / / No /X/

2. Since October 10, 1972, has there been any production from the land subject to the contract? Yes ☐ No ☒

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

Purchaser (*name and address*)	Quantity	Value

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity (*tons*)	Estimated Grade	Location
Ore			
Concentrates			
Other			

3. Since , has any production been transported through workings (*see of contract*)? Yes ☐ No ☐

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name MATTHEW J. HREBAR	*Title* MINING ENGINEER
Address NL INDUSTRIES, INC. 5950 McINTYRE ST. GOLDEN, CO. 80401	*Date* 7/24/73

NL INDUSTRIES

Mining & Exploration Department

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October 10, 1972

Mr. Harold Kirkemo
Chief, Office of Minerals Exploration
United States Department of the Interior
Geological Survey
Washington, D.C. 20242

Dear Mr. Kirkemo:

Attached are two copies of your letter dated September 29, 1972. Applicable questions have been answered on the back of the letter.

Sincerely yours,

Matthew J. Hrebar

Matthew J. Hrebar
Mining Engineer

N L Industries, Inc., 5950 McIntyre Street, Golden, Colorado 80401 • (303) 279-2591

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

IN REPLY REFER TO: Office of Minerals Exploration

September 29, 1972

AIRMAIL

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Mr. Matthew J. Hrebar
Mining Engineer
NL Industries, Inc.
Mining & Exploration Department
5950 McIntyre Street
Golden, Colorado 80401

Dear Mr. Hrebar:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

Copy to R-IB

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since October 20, 1971, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes ☐ No ☒

Concerning "A Special Agreement Concerning Land" in Annex I of the subject contract, has any land within 1,500 feet of the southern boundary of the Clark claim been acquired since July 14, 1966, the date of the contract? If so, please explain. Yes / / No /X/

2. Since October 20, 1971, has there been any production from the land subject to the contract? Yes ☐ No ☒

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

Purchaser (*name and address*)	Quantity	Value

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity (*tons*)	Estimated Grade	Location
Ore			
Concentrates			
Other			

3. Since [illegible], has any production been transported through workings (*see* [illegible] *of contract*)? Yes ☐ No ☐

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name MATTHEW J. HREBAIR	*Title* MINING ENGINEER
Address NL INDUSTRIES, INC. 5950 MC INTYRE ST. GOLDEN, CO. 80401	*Date* 10/10/72

United States Department of the Interior

GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION
656 U. S. Court House
Spokane, Wash., 99201

September 19, 1972

OFFICIAL COPY
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MEMORANDUM

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: Annual Royalty Inspection
OME-6495 (silver)
Beardsley Gulch Mining Company, Inc.
Beardsley, et al., Group
Custer County, Idaho
Contract 2219

The Beardsley Gulch mine was idle when I stopped there briefly on Thursday, Sept. 14, 1972. Mr. Mathew J. Hrebar, Mining Engineer for NL Industries, Inc. was at the offices, however, and told me of recent developments in the area. NL Industries, Inc. has control of both the Beardsley Gulch and the Pacific mines. They are exploring the Pacific mine by diamond drilling and apparently have delineated a minable fluorite ore body. Mr. Hrebar said that they were starting a short adit and planned to begin mining. The ore averages about 25 percent CaF_2 and is in a relatively flat-dipping zone. At one or two places there is base-metal and silver ore beneath the fluorspar. The ore will have to be up-graded prior to selling; a concentrator will be built and will be located in such a place that the nearby mountain streams will not be polluted.

Apparently NL Industries, Inc. does not plan to mine ore from the Beardsley Gulch mine in the near future. The last ore shipped from the mine of which we have a record was on Sept. 12, 1970. The Government's lien on future production from the mine extends to July 14, 1978.

Willard P. Puffett

Willard P. Puffett

BME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
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		220

AIRMAIL

OCT 29 1971

Mr. Matthew J. Hreber
Mining Engineer
NL Industries, Inc.
Mining & Exploration Department
5950 McIntyre Street
Golden, Colorado 80401

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Group of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Hreber:

This is in reply to your letter of October 20, 1971, requesting answers to the following questions:

1. What is the current amount of the contract currently outstanding? (exclusive of interest)

   As of October 31, 1971, the outstanding balance on this contract is $32,282.64. Accrued interest totals $8,014.99.

2. In Annex I under "A Special Agreement Concerning Land", what is the meaning of "any land situate within 1,500 feet of the southern boundary of the Clark claim" with regard to the area included? Please indicate the area on one of the sketches attached.

   This provision included land south of the Clark claim which the Operator controlled by lease and option but on which there would not be any work done under terms of the OME contract. If the project was successful, this land would benefit by the exploration conducted on the Clark claim, and in view of the Government's participation in such exploration, its interest in royalties on possible production from the land south of the Clark claim was thereby protected. The extent of this additional coverage was the length (1,500 feet) of one claim.

3. If a claim is partially included in this area, is the mineral production from the entire claim subject to royalty or is only that portion of the claim within the area subject.

The area of the Hood claim within the southern portion of the Clark claim is subject to royalty in the event of production under terms of the Special Agreement discussed above. Enclosed is a copy of Figure 1 from the contract showing the Operator's property rights. The provisions of the Special Agreement apply to the area south of the Clark claim.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

Enclosure

Copy to: Bayhorse Mines, Inc.
Kingstreet Dock
Burlington, Vermont 05401
with copy incoming letter

cc: Director's Reading File
Mineral Resources file
OME docket
OME Reading file
OME Region I w/cy incoming letter, and cy Figure 1
HKirkemo

HKirkemo/gla 10-28-71

NL INDUSTRIES

Mining & Exploration Department

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OCT 22 1971

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October 20, 1971

Office of Minerals Exploration
U. S. Geological Survey
Washington, D.C. 20242

Re: OME - 6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et.al., Group of Claims
Custer County, Idaho
Contract 2219

Dear Sirs:

N L Industries, Inc. is currently involved in exploration on a group of claims leased from Bayhorse Minerals, Inc. (Umont Mining, Inc.) which include subject land. N L would assume obligation to OME in the event of production of subject land. There are three questions involving this agreement which are of interest to us.

1. What is the current amount of the contract currently outstanding? (exclusive of interest)

2. In Annex I under "A Special Agreement Concerning Land", what is the meaning of "any land situate within 1,500 feet of the southern boundary of the Clark claim" with regard to the area included? Please indicate the area on one of the sketches attached.

3. If a claim is partially included in this area, is the mineral production from the entire claim subject to royalty or is only that portion of the claim within the area subject.

I would greatly appreciate your reply in this matter.

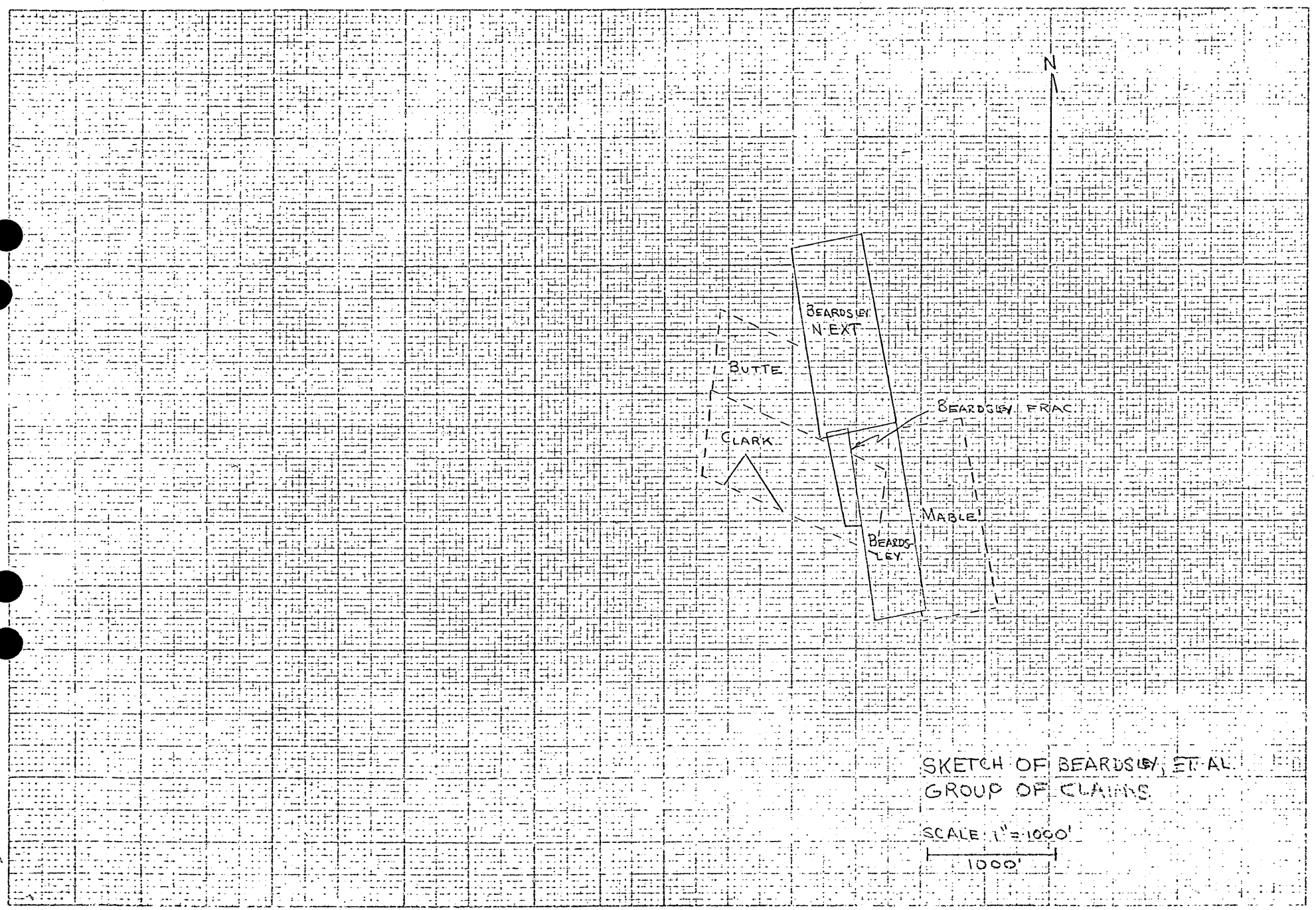
Sincerely yours,

Matthew J. Hrebar

Matthew J. Hrebar
Mining Engineer

MJH/sv
ENCL.

N·L Industries, Inc., 5950 McIntyre Street, Golden, Colorado 80401 • (303) 279-2591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BEARDSLEY NEXT
BUTTE
BEARDSLEY FRAC
CLARK
MABLE
BEARDSLEY
SKETCH OF BEARDSLEY, ET AL.
GROUP OF CLAIMS
SCALE 1" = 1000'
1000'

BAYHORSE MINERALS, INC.
KING STREET DOCK
BURLINGTON, VERMONT 05401

OFFICIAL
COPY
O. M. E.
RECEIVED
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July 21, 1971

Mr. Harold Kirkemo, Chief
Office of Minerals Exploration
Geological Survey
Washington, D. C. 20242

Re: OME 6495 (Silver)

Dear Mr. Kirkemo:

Enclosed are two copies of completed Form MME 63.

National Lead Company, who now have our Bayhorse project, are exploring for fluorspar in the Pacific Mine area and anticipate increasing traffic over the road past the K7 Mine. They have, therefore, for the time being, suspended operation at K7 mine.

Yours very truly,

Dooley P. Wheeler Jr.

Dooley P. Wheeler, Jr.
General Manager

cc: Mr. L. P. Evans, Jr.

Copy letter + Form 63 to R-I

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

IN REPLY REFER TO: Office of Minerals Exploration

June 14, 1971

Bayhorse Mines, Inc.
King Street Dock
Burlington, Vermont 05401

Address reverse side

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Gentlemen:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

RECEIVED
JUN 17 1971

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since September 29, 1970, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes [X] No [ ]

Concerning "A Special Agreement Concerning Land" in Annex I of the subject contract, has any land within 1,500 feet of the southern boundary of the Clark claim been acquired since July 14, 1966, the date of the contract? If so, please explain.

Yes [ ] No. [X]

2. Since September 29, 1970, has there been any production from the land subject to the contract? Yes [ ] No [X]

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

Purchaser (*name and address*)	Quantity	Value

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity (*tons*)	Estimated Grade	Location
Ore	25 ±	.02 oz Au & 31 oz Ag P/T, 11% Pb, 8% Zn, .7% Cu	At base of ore slide near portal of K7 Mine.
Concentrates			
Other			

3. Since September 29, 1970, has any production been transported through workings (*see* *of contract*)? Yes [ ] No [X]

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name Dudley P. Wheeler Jr	*Title* Vice President and General Manager
Address 1355 Foothill Drive Salt Lake City, Utah 84108	*Date* July 21, 1971

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
7/7/71		120
		220

July 7, 1971

Memorandum

To: Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Enclosed is a copy of the Field Officer's letter of June 30, 1971, forwarding a copy of the Report of Royalty Review issued in June 1971 to the Operator. Also enclosed is a copy of the report for your files.

Harold Kirkemo

Harold Kirkemo

Enclosures

cc: Director's Reading File
Mineral Resources
OME docket
OME Region I
OME Reading File
Mr. Kirkemo

GLAult/a 7-7-71

OFFICE OF MINERALS EXPLORATION
656 U. S. Court House
Spokane, Wash., 99201

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June 30, 1971

Bayhorse Minerals, Inc.
King Street Dock
Burlington, Vermont 05401

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al, Groups of Claims
Custer County, Idaho
Contract 2219

Gentlemen:

Enclosed is the Operator's copy of a Report of Royalty Review issued in June 1971 on royalties paid under the subject contract up to and including September 28, 1970.

Sincerely,

Willard P. Puffett
Field Officer, Region I

Enclosure

cc: OME-2
Director

WPPuffett/at

I-C-DC-OME-26-71

Draft

UNITED STATES
DEPARTMENT OF THE INTERIOR

Office of Survey and Review

Audit Operations

Report of Royalty Review-Contract 2219
Docket No. OME 6495 (Silver)
Beardsley Gulch Mining Company, Inc. (Operator)
Custer County, Idaho

Washington, D.C.
June 1971

United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240
OFFICE OF SURVEY AND REVIEW
Audit Operations, Region I
801 19th Street, N.W., Room 813
Washington, D.C. 20240

June 11, 1971

Memorandum

To: Director, Geological Survey

From: Regional Director, Audit Operations

Subject: Royalty Review-Contract 2219
Docket No. OME-6495 (Silver)
Beardsley Gulch Mining Company, Inc. (Operator)
Custer County, Idaho

As requested by the Chief, Office of Minerals Exploration, we made a royalty review of Contract 2219. The results of our review are shown in the attached report.

Attachment

We examined the cash receipts record in the Branch of Budget and Finance, Administration Division, Geological Survey, and reviewed the contract files of the Office of Minerals Exploration (OME) pertaining to royalty due the Government on the value of production from the property included in Contract 2219 with Beardsley Gulch Mining Company, Inc. (Operator). The review was made during June 1971 at Washington, D.C.

The contract, as amended, provides that the Operator shall pay the Government a 5 percent royalty on the value of any production from the property specified in this contract for a period of 12 years from the date of the amended contract, July 1966, or until the Government's participation in the exploration costs, $33,324, is repaid with simple interest at 6 3/4 percent, whichever occurs first.

Two royalty reviews were made on this contract, one completed in January 1969 and the other in February 1970 covering the period October 26, 1968, through December 12, 1969. Royalty payments of $3,343 were received by OME on production, valued at $66,862.

The present review covers production from January 22 through September 28, 1970, the date of the last royalty payment received by OME. No ore production reports or royalty payments were received from September 28, 1970, through May 31, 1971. The value of production reported during this period was $55,207 with royalty payments received by OME of $2,760.

The OME Field Officer, Region I, noted in his November 10, 1970 inspection report that the mining operations were continuing on a very restricted basis and that only two men were working underground. OME has received no royalty payments since the settlement for ore sold in late September 1970.

An Agreement of Merger, dated December 1, 1970 between Beardsley Gulch Mining Company and Bayhorse Minerals, Inc., took effect on December 30, 1970. The two corporations were combined into one and hereafter the corporation is known as the Bayhorse Minerals Inc. The Agreement of Merger states inpart:

> "....all debts, liabilities, and duties of the respective constitutent corporation....shall thenceforth attach to the surviving corporation and may be enforced against it to the same extent as if said debts, liabilities, obligations and duties had been incurred or contracted by it...."

The value of production reported and royalties paid to the Government through September 28, 1970, as of May 31, 1971, are as follows:

Period of Review	Value of Production Reported	Status of royalty account thru September 1970 — Royalty Due & Paid
October 1968-December 1969	$ 66,862	$3,343
January 1970-May 1971	55,207	2,760
Total	$122,069	$6,103

We recommend that OME contact the Operator and ascertain if ore production has occurred and royalties are due from operations since September 28, 1970.

Regional Director

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
6/29/71		120
		220

JUN 29 1971

Memorandum

To: Field Officer, Region I

From: Chief, Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Enclosed are the Field Office's and Operator's copies of a Report of Royalty Review issued in June 1971 on the subject contract.

If you concur in the facts as stated in this report, one copy should be sent to the Operator with any comments you may care to make, and the other copy retained for your files. As evidence of your concurrence, two copies of your letter transmitting the Operator's copy of the report should be furnished this office. If for any reason you do not concur, both copies of the report should be returned to this office with appropriate comments.

Harold Kirkemo
GLA

Harold Kirkemo

Enclosures

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading File
Mr. Kirkemo
130

GLAult/a 6-29-71

United States Department of the Interior

GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION
656 U. S. Court House
Spokane, Wash., 99201

June 21, 1971

JUN 23 1971
CODE
220

MEMORANDUM

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: Annual Inspection
OME-6495 (Silver)
Beardsley Gulch Mining Company, Inc.
Beardsley, et al Group
Custer County, Idaho
Contract 2219

I stopped briefly at Bayhorse, Idaho, on Wednesday afternoon, June 9, 1971, to learn the current status of the Beardsley Gulch Mine. Bayhorse Minerals, Inc. merged with Beardsley Gulch Mining Company, Inc., on December 21, 1970. Later, sometime in March 1917, National Lead Company made an agreement with Bayhorse Minerals Inc. to explore certain properties which included the Beardsley group of claims.

Mrs. Margie Broderick, wife of Jon P. Broderick, Senior Geologist, National Lead Company, was staying in the house adjacent to the old mill in Bayhorse and gave me some information concerning current developments. The Beardsley Gulch mine is idle (our records show that the last ore was shipped Sept. 12, 1970). National Lead Company is currently drilling the Pacific property that is to the west and higher on the hill from the Beardsley Gulch group of claims. Other drilling by National Lead is underway on Kinnikinic Creek and north of the Clayton Silver mine.

The government's lien on production from the Beardsley Gulch property extends to July 14, 1978.

cc: Director
Docket

Willard P. Puffett

MME Form 7
(2/63)

5/24/71

OFFICIAL FILE COPY

Date	Surname	Code
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Mr. R. H. Wadhams
Treasurer
Umont Mining, Inc.
King Street Dock
Burlington, Vermont 05401

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wadhams:

Thank you for your letter of May 20, 1971, and for the copies of the Agreement of Merger between Bayhorse Minerals, Inc., and Beardsley Gulch Mining Co., Inc., and Umont's letter to Bayhorse dated December 21, 1970.

These documents bring us up to date on the current status of ownership of the property and responsibility for royalty payments on production.

Sincerely yours,

Harold Kirkemo/gla

Harold Kirkemo
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Mineral Resources
OME file
OME Reading file
OME Region I w/cy Agreement of Merger, letters 12/21/70, 5/20/71
Mr. Kirkemo
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HKirkemo/gla 5-24-71

Umont Mining, Inc.

KING STREET DOCK
BURLINGTON, VERMONT 05401

May 20, 1971

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Mr. Harold Kirkemo
Chief, Office of Minerals Exploration
U. S. Geological Survey
Washington, D. C. 20242

Dear Mr. Kirkemo:

Re: OME 6495 (Silver), Beardsley Gulch Mining Co., Inc.

I apologize for the lengthy delay in replying to your letter of March 31, but our lawyers have been somewhat slow in responding to our request for comments on the letter.

I believe your question as to ultimate responsibility for OME royalties is answered by the enclosed two photocopies of the Agreement of Merger between Bayhorse Minerals, Inc., and Beardsley Gulch Mining Co., Inc., dated December 1, 1970, which took effect on December 30, 1970, upon filing in the office of the Vermont Secretary of State. Under Article IV of the Agreement, Bayhorse took over all of Beardsley's assets and liabilities, which would include the federal government's rights to royalties on the land previously held by Beardsley under the OME lien. You will note the language "that all rights of creditors and all liens upon the property of either of the constituent corporations shall be preserved unimpaired, and all debts, liabilities, obligations and duties of the respective constituent corporations, . . ., shall thenceforth attach to the surviving corporation and may be enforced against it to the same extent as if said debts, liabilities, obligations and duties had been incurred or contracted by it." Thus, in sum, Beardsley no longer exists but Bayhorse has assumed all of Beardsley's OME obligations.

left side

I am also enclosing a copy of Umont's letter to Bayhorse, dated December 21, 1970, prior to the merger, advising Bayhorse of the existence of the OME lien as required by the lien and subordination agreement.

Sincerely yours,

UMONT MINING, INC.

By R H Wadhams
R. H. Wadhams
Treasurer

RHW/cd

Enclosures

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/13/71		120
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May 13, 1971

Memorandum

To: Assistant Director, Audit Operations
Contract and Grant Audit
Office of Survey and Review, Room 5228

From: Chief, Office of Minerals Exploration

Subject: Report of Royalty Review

Please prepare a Report of Royalty Review on the following OME contract:

Docket No.	Operator	Contract No.
OME-6495	Beardsley Gulch Mining Co., Inc.	2219

Harold Kirkemo
gla
Harold Kirkemo

Copy to: C. D. Bare, Rm. 812 - 801 19th Street, N. W.

cc: Director's Reading File
Mineral Resources
OME File
OME Reading File
Mr. Kirkemo
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GLAult/a 5-13-71

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
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May 13, 1971

Mr. R. H. Wadhams
President
Beardsley Gulch Mining Co., Inc.
King Street Dock
Burlington, Vermont 05401

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wadhams:

On March 31, 1971, we asked you if Beardsley Gulch Mining Co., Inc., had transferred and conveyed to Umont Mining, Inc., all of its interests in the Beardsley, et al., Groups of Claims, and requested two copies of any conveyance document. To date, we have not been advised about a transfer, and we have not received a conveyance document if the transfer has occurred.

Would you please advise us of the current situation regarding this matter?

Sincerely yours,

Harold Kirkemo
gla

Harold Kirkemo
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading File
OME Region III
Mr. Kirkemo
130

HKirkemo/gla 5-13-71

United States Department of the Interior

GEOLOGICAL SURVEY
Denver Federal Center
Denver, Colorado 80225

IN REPLY REFER TO:

Office of Minerals Exploration
Building 53 Room 200

April 5, 1971

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Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley et al Groups of Claims
Custer County, Idaho
Contract 2219

Unless you want me to have a copy of a portion of the attached document, as a sample for my files, this correspondence and data should be sent to Mr. Puffett in Region I, as the subject property lies in Custer County, Idaho.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Enclosures

Resent to R-I
4/8/71

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
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March 31, 1971

Mr. R. H. Wadhams
President
Beardsley Gulch Mining Co., Inc.
King Street Dock
Burlington, Vermont 05401

MAR 31 1971

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wadhams:

This is in reply to Mr. Wheeler's letter of March 9, 1971, in which was enclosed a copy of paragraph 8 of the proposed agreement between National Lead and Bayhorse Minerals, Inc.

The data sent us do not explain the position of Beardsley Gulch Mining Co., Inc., upon execution of the aforementioned agreement. If Beardsley has transferred and conveyed to Umont all of its interests in this property as required by Article 7 of the Lease Agreement between Beardsley and Umont, dated August 20, 1965, we should be furnished two copies of the conveyance document. Notwithstanding such transfer, the Government would look first to Beardsley Gulch, Operator under the subject contract, for payment of royalties on production, in the event the producer does not make such payments.

The content of paragraph 8 would adequately preserve the Government's right to royalty on production from the land described in the contract. We suggest that the claim "Beardsley Fraction" be corrected to "Beardsley Extension Fraction" as presented in Annex I of the contract.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading File
OME Region III with letrs.
2/9/71 and 3/9/71 and
enclosures
Mr. Kirkemo
130

Resent to R-I 4/8/71

Copy to Mr. Dooley P. Wheeler, Jr.
Umont Mining, Inc.
1355 Foothill Blvd.
Salt Lake City, Utah 84108

H. Kirkemo/gla 3-31-71

Umont Mining, Inc.
KING STREET DOCK
BURLINGTON, VERMONT 05401

March 9, 1971

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Mr. Harold Kirkemo
Chief, Office of Minerals Exploration
U. S. Geological Survey
Washington, D. C. 20242

Dear Mr. Kirkemo: Re: OME 6495 (Silver), Beardsley Gulch Mining Co.,Inc.

Enclosed is paragraph 8 of our proposed National Lead - Bayhorse Minerals, Inc. agreement.

Bayhorse Minerals, Inc. called Bayhorse in the agreement, is 87% owned by Umont and has taken over from Umont on the entire Bayhorse district.

Our line of responsibility goes from Umont to Bayhorse Minerals, Inc. to National Lead.

We have not yet signed an agreement with National but it will most likely be signed by the end of March. If the enclosed does not satisfy your requirements please write to Evans or Wadhams of our Burlington office for more information.

Yours very truly,

Dooley P. Wheeler Jr

Dooley P. Wheeler ,Jr.
General Manager

DPW/eb
Encl.

Copy this letter and copy par. 8 to proposed National Lead - Bayhorse Minerals, Inc. agreement, sent to Region I

make said payments, Bayhorse may in the name and right of National and as its agent, and without waiver of its rights to terminate as hereinafter in paragraph 18 provided, exercise said options and make said payments and the amount of said payments shall be added to the royalty payment next to become due under paragraph 4 of this Agreement following the date of said payment by Bayhorse.

8. OME Lien and Royalties. Notice is hereby expressly given by Bayhorse to National that the United States of America, Department of the Interior, Office of Minerals Exploration, is the holder of a lien for the payment to it of certain production royalties on the following patented and unpatented mining claims covered by this Agreement (references are to Custer County, Idaho records):

Name	Survey No.	Book	Page
Mabel		15	186
Clark		15	182
Beardsley	38	1	127
Beardsley N. Ext.	527	6	438
Beardsley Fraction	526	6	110
Butte		15	175

Royalties on production from the above-listed claims must be paid and certain production data furnished directly to the United States, in accordance with the terms of certain Exploration Contracts between the United States and Beardsley Gulch Mining Co., Inc., dated July 14, 1966, as amended, which contracts are hereby made a part hereof as though fully set forth herein.

National further hereby expressly covenants and agrees to perform during the term of this Agreement and thereafter in the event of exercise by National of its options under paragraphs 5 and 6 hereof, all of the Operator's duties, obligations and covenants under each of said contracts, including the payments of royalties due to the United States, which payments shall be in addition to and not in lieu of royalties due Bayhorse under paragraph 4 hereof.

9. Records. Upon execution of this Agreement, Bayhorse shall make available to National all previously unsubmitted records, data and information in Bayhorse's possession or reasonably available to it relating to title to the property described in Exhibit A and B and all drill core, core logs, maps and sections, assay information and other factual records pertaining to such property which is in its possession or is reasonably available to it.

Umont Mining, Inc.
KING STREET DOCK
BURLINGTON, VERMONT 05401

February 9, 1971

3 24

OME-6495

Department of the Interior
Office of Mineral Exploration
Washington, D. C.

Gentlemen:

In accordance with the terms of our Lien and Subordination Agreements, dated February 24, 1966 and March 1, 1966, enclosed herewith are two true copies of our notice to Bayhorse Minerals, Inc. of your liens on certain mining claims in Custer County, Idaho, granted by the undersigned to you in connection with proposed exploration contracts between you and Beardsley Gulch Mining Co., Inc. and Northern Star Mining Co., Inc.

Very truly yours,

UMONT MINING, INC.

By B H Wadhams
Treasurer

Copy this letter and enclosure sent to Region I

December 21, 1970

Bayhorse Minerals, Inc.
King Street Dock
Burlington, Vermont 05401

Gentlemen:

Please be advised that the United States Department of Interior, Office of Mineral Exploration, holds a lien upon the following Custer County, Idaho claims to be transferred to you: Mable, Clark, Beardsley, Beardsley North Extension, Beardsley Fraction, Butte, Iowa, Florida, Northern Star and Silver Creek.

Copies of the Lien and Subordination Agreements, dated February 24, 1966 and March 1, 1966 are enclosed herewith for your information.

Very truly yours,

UMONT MINING, INC.

By B H G Wadhams
Treasurer

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION
656 U. S. Court House
W. 920 Riverside Ave.
Spokane, Wash. 99201

November 10, 1970

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Memorandum

To : Chief, Office of Minerals Exploration

From : Field Officer, Region I

Subject: Annual Inspection
OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Group of Claims
Custer County, Idaho
Contract 2219

I visited the Beardsley Gulch mine on Friday, November 6, 1970. Two men were working underground and a watchman was at home near the old settlement of Bayhorse. Mining operations were continuing on a very restricted basis. The last settlement we have received was for ore shipped in late September. Mr. Dooley Wheeler, the manager, was expected at the mine on the day following my visit.

Royalty is due the Government on production until July 14, 1978.

Willard P. Puffett

Willard P. Puffett

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242
May 4, 1970

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: Summary Final Report
OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Group of Claims
Custer County, Idaho
Contract 2219

INTRODUCTION

This report summarizes an OME exploration project for silver ore bodies in Cambrian dolomite on the west side of Beardsley Creek about 1/2 mile north of Bayhorse, Idaho. The contract, dated July 14, 1966, for a total of $44,680 of which the Government would contribute 75 percent or $33,510, was amended 6 times. Work started in August 1966 and completed in October 1968, consisted of 63 hours bulldozing, 193 feet slusher drifts and raises, 153.5 feet timbered raises, 225 feet regular drifts and crosscuts, 784 feet longhole drilling, and 49 feet timbering in drifts and crosscuts. Total cost was $44,432, of which the Government contributed $33,324. Three small ore bodies were found; indicated reserves are 6700 tons averaging 0.02 ounces gold and 3-35 ounces silver per ton, 2-10 percent lead, and 2-8 percent zinc. Additional inferred reserves are about equal to the indicated reserves. The Government issued a Certification of Possible Production on February 14, 1969, under which royalties are due to the Government on all production from the land described in the contract until July 14, 1978, or until the total amount contributed by the Government is fully repaid with interest at the rate of 6-3/4 percent per annum, whichever occurs first.

Crude ore sales between October 11, 1968 and February 12, 1970, totalled 1679.113 tons that averaged 0.026 ounces gold and 32.58 ounces silver per ton, 10.83 percent lead, 8.31 percent zinc, and 0.73 percent copper. In April 1970 small scale mining continued and diamond drilling was searching for extensions of known ore at the property.

FINAL FLD. REPORT

OPERATOR

Beardsley Gulch Mining Company, a Vermont Corporation
King Street Dock
Burlington, Vermont 05401

The project was under the supervision of:

Mr. Dooley P. Wheeler, Jr.
General Manager
Umont Mining, Inc.
1355 Foothill Blvd.
Salt Lake City, Utah 84108

PROPERTY

The property consists of three patented and three unpatented lode mining claims in sec. 2, T. 12 N., R. 18 E., Boise Principal Meridian, Bayhorse mining district, Custer County, Idaho (figure 1).

The patented claims are as follows:

Claim	Survey No.	Patent No.
Beardsley	38	38
Beardsley N. Extension	527	
Beardsley Extension Fraction	526	

The unpatented claims are recorded in the Custer County Court House, Challis, Idaho, as follows:

Claim	Book	Page No.
Butte	15	175
Mabel	15	186
Clark	15	182

The Operator was in possession of the Beardsley, Beardsley N. Extension, Beardsley Extension Fraction, Mabel, and Clark claims by virtue of a Lease Agreement dated August 20, 1965, between Umont Mining, Inc., and Beardsley Gulch Mining Co., Inc., whereby Umont Mining, Inc., assigned its Option Agreement dated June 1, 1964, with Bayhorse Mines, Inc., including underlying leases, to Beardsley Gulch Mining Co., Inc. An amendment to Lease Agreement dated May 13, 1966, added the Butte unpatented claim to the original group of five claims.

The property can be reached by driving 11 miles south from Challis, Idaho on U. S. Highway 93, thence cross the Salmon River and continue west 3 miles on a dirt road to the old settlement of Bayhorse, thence uphill to the north on a switchback road for about 1/2 mile. Altitudes at the mine range from 6400 to 7000 feet; tops of surrounding hills are at altitudes of more than 10,000 feet.

Extensive underground workings are on both sides of Beardsley Gulch (Figure 1), and date back to the earliest days of mining in the area (1880-1890). The workings on the east side of the Gulch for the most part are inaccessible; the K-7 and connected working on the west side of the gulch have been rehabilitated.

GEOLOGY

Silver-lead-zinc ore bodies in the Beardsley Gulch area are replacements in the upper 200 feet of the Bayhorse Dolomite of Cambrian age (Ross, 1937, p. 125-129). The ore bodies occur parallel to bedding near to the overlying Ramshorn Slate of Ordovician age and also adjacent to steeply dipping faults. The slate and dolomite are part of the faulted east limb of an anticline that plunges gently to the north.

The Beardsley and Excelsior ore bodies are credited with a production of 1,500,000 ounces of silver and 15,000 tons of lead from ore averaging 60 percent lead and 60 ounces silver per ton. (Ross, 1937, p. 128). The ore body is reported to have been 100-200 feet long, 1-20 feet wide and to have been followed to a depth of 500 feet.

The Hoffman stope (figure 1) lies immediately below the Ramshorn Slate, has been mined to widths of 10-40 feet, and followed to a distance of 320 feet down an average dip of about 20°E. (Ross, 1937, p. 129).

The ore is a mixture of argentiferous lead, zinc carbonates, and tetrahedrite.

According to the Operator, there are two main ore zones in the area. One referred to as the Hoffman ore zone, is at the very top of the Bayhorse Dolomite, and contains tabular or mantolike ore bodies whose long dimensions are parallel to the dolomite-slate contact. The other referred to as the Pacific ore zone, is in dolomite above interbedded slate that is about 200 feet below the top of the Bayhorse Dolomite.

The ore bodies are elongate along steeply dipping faults that may have acted as feeders for the mineralizing solutions. The Hoffman and Beardsley stopes trend at nearly right angles to the axis of the north-plunging anticline, and this might reflect the orientation of extension faults that formed during the folding. The ore bodies discovered by the OME work are elongate along the northeast-trending K-7 fault, which also might be an extension fault subparallel to the plunge of the fold.

The source for the ore is unknown. Deep diamond drilling by a former lessee of the property discovered thick quartz porphyry that might be part of a sill. The Operator reported, however, that no skarn had formed adjacent to the igneous rock and it seems improbable that the ore minerals originated from the intrusive.

Several north-trending faults have offset the contact between the Bayhorse Dolomite and Ramshorn Slate. The Operator's mapping indicated to him that the slate has been downdropped along Beardsley Gulch; if true, the western extension of the Hoffman ore body could be underneath slate exposed near the portal of the K-7 adit. Diamond drilling to test this possibility was part of the Operator's originally proposed exploration, but was not included in the OME contract.

Another objective of the Operator's, and one that was included in the contract, was to explore the intersection of the westward projection of the Hoffman ore body with the northeast-trending K-7 fault.

PURPOSE OF PROJECT

The purpose of the project was to explore by trenching, drifting, cross-cutting, and raising for silver-bearing ore bodies occurring in or near the Hoffman shear zone and the K-7 vein in the Bayhorse Dolomite of Cambrian age underlying the Ramshorn Slate of Ordovician age.

CONTRACT

The contract, No. 2219, dated July 14, 1966, required that work start on or before August 15, 1966, and be completed within 12 months from the date of the contract. The work was to be divided into two stages as follows:

Stage I

Bulldoze a trench in a northeasterly direction on the west side of Beardsley Gulch to expose the Hoffman shear zone and possibly the K-7 vein at the intersection with the Hoffman shear zone.

If conditions warrant it, a slusher drift shall be driven for not more than 75 feet in a westerly direction to the K-7 vein.

Stage II

Rehabilitate approximately 790 feet of the K-7 tunnel.

Extend the K-7 tunnel as a drift or crosscut in a southwesterly direction to further explore the K-7 vein and Hoffman shear zone at depth, to not closer than 100 feet from the Hood claim.

Raise not more than 200 feet on the Hoffman structure.

Raise not more than 50 feet to explore a secondary target about 300 feet from the portal of the K-7 adit. If an ore body is found, explore it an additional 100 feet with a slusher drift or inclined raise.

Estimated Costs of the Work

Actual Costs

Stage I

Independent Contracts		
Mobilization and demobilization		
one bulldozer	$ 111.00	
Bulldozing of trenches	1,550.00	
HD-21, 62 hours @ $25.00/hr.		
TD-18, 91 hours @ $17.00/hr.		
Slusher drift, 75 feet @ $30.00/ft.	2,250.00	
Drift timbering, 30 ft. @ $10.35/ft.	310.50	$ 4,221.50
Personal Services		
Supervisor-geologist-engineer		
1.0 month at $750.00/month		750.00
Miscellaneous		
Payroll taxes, F.I.C.A., Insurance	62.00	
Accounting, office expense	25.00	
Assays, including sample sacks and handling	75.00	
Gold, silver, lead, and zinc analyses @ $6.00/sample		
Gold, silver, lead, zinc and copper analyses @ $7.50/sample		162.00
Total Estimated Actual Costs Stage I (rounded) . .		$5,134.00

Stage II

Independent Contracts

Rehabilitation of K-7 tunnel	$ 3,041.50		
790 feet @ $3.85/ft.			
Drifting and crosscutting	11,193.75		
225 feet untimbered @ $49.75/ft.			
Drift timbering, 30 feet @ $10.35/ft.	310.50		
Raising, including timber divider,			
350 feet	15,075.00		
0-50 feet @ $35.00/ft. 50-150 feet @ $42.00/ft. 100-150 feet @ $47.50/ft. 150-200 feet @ $52.50/ft.			
Slusher drift or raise, 100 feet	3,350.00		
0-50 feet @ $30.00/ft. 50-100 feet @ $37.00/ft.			$32,970.75
Personal Services			
Supervisor-geologist-engineer			4,500.00
6 months @ $750.00/month			
Miscellaneous			
Payroll taxes, F.I.C.A., insurance, etc.		$ 675.00	
Accounting and office expenses		275.00	
Assays, including samples sacks, and handling		1,125.00	
Gold, silver, lead, and zinc analyses @ $6.00/sample Gold, silver, lead, zinc, and copper analyses @ $7.50/sample			2,075.00
Total Estimated Actual Costs Stage II (rounded) . . .			$39,546.00
Total Estimated Costs of Project			$44,680.00
Government Participation @ 75 percent.			$33,510.00

The contract was amended six times as follows:

Amendment No. 1, dated August 17, 1966 made the following changes:

1. A bulldozer no smaller than an International TD-14 or an equivalent unit of any other make shall be used for the bulldozing of access roads and trenches.

2. Approximately 250 feet of access road and 300 feet of trenching may be required to locate and expose the Hoffman shear zone and possibly the K-7 vein at the intersection with the Hoffman shear zone.

3. Under the heading Estimated Costs of the Project, Stage I Actual Costs, Independent Contracts is revised to read as follows:

Mobilization and demobilization,		
one bulldozer	$ 111.00	
Bulldozing access road and trenches	1,550.00	
HD-21, 62 hours @ $25.00/hr. TD-18, 91 hours @ $17.00/hr. TD-14, 129 hours @ $12.00/hr.		
Slusher drift, 75 feet @ $30.00/ft.	2,250.00	
Drift timbering, 30 feet @ $10.35/ft.	310.50	
		$4,221.50

Amendment No. 2, dated February 2, 1967, suspended work under the contract for a period beginning October 22, 1966, and ending not later than April 22, 1967.

Extended time for completion of contract to 18 months from the date of the contract and extended the maximum period for royalty payments from 10 to 11 years from the date of the contract.

Amendment No. 3, dated July 12, 1967, permitted a decrease in diameter of ventilation pipe from 14 inches to 12 inches.

Amendment No. 4, dated November 20, 1967, made the following changes:

1. Added long-hole drilling to the methods of exploration.

2. Revised specifications for raises from 5 x 7 feet in cross section to either 5 x 7 or 4 x 9 feet in cross section.

3. Added a new paragraph under heading Description of the Work, Stage II, as follows:

"Long-holes may be drilled into the hanging wall and footwall of the K-7 tunnel and Raise 1 at intervals not less than 20 feet apart to test the fault zone for vein segments."

Deleted the cost for drift timbering under Stage I of the contract, thereby decreasing the total costs for independent contracts under Stage I from $4,221.50 to $3,911.00, and decreased total costs of Stage I from $5,134.00 (rounded) to $4,823.00 (rounded).

Revised Stage II, Actual Costs, Independent Contracts to read as follows:

Rehabilitation of K-7 tunnel	$ 3,041.50
790 feet @ $3.85/ft.	
Drifting and crosscutting	
225 feet untimbered @ $49.75/ft.	11,193.75
Drift timbering, 60 ft. @ $10.35/ft.	621.00
Raising, including necessary timber	14,225.00
275 feet (rounded)	

Feet	Divider timber only	Full timber
0-50	$35.00	$45.00
50-100	42.00	52.00
100-150	47.50	57.50
150-200	52.50	62.50

Slusher drift or raise, 100 feet	3,350.00
0-50 feet @ $30.00/ft.	
50-100 feet @ $37.00/ft.	
Long-hole drilling, 850 feet @ $1.00/ft.	850.00
Total Category (1) (rounded)	$33,282.00

The Total for Stage II costs was revised to read as follows:

Total Estimated Actual Costs Stage II $39,857.00

Amendment No. 5, dated January 12, 1968, permitted suspension of work under the contract during the period beginning January 1, 1968, and ending not later than April 1, 1968; extended time for completion of the work from 18 to 24 months from the date of the contract, and extended period for royalty payments from 11 to 12 years from the date of the contract.

Amendment No. 6, dated April 8, 1968, made major modifications in the contract and provided for Stage III work, as follows:

1. Extended time for completion of the work from 24 to 27 months.

2. Permitted suspension of contract work during the period beginning April 1, 1968, and ending not later than July 1, 1968.

3. Revised paragraph 8 under General Provisions to read as follows:

"The work shall be divided into three stages. No work shall be performed under Stages I and II after January 31, 1968. The Operator shall perform as much of the Stage III work as has the prior approval of the Government."

A new paragraph was added reading as follows:

"Slusher drifts and slusher raises shall be not less than 35 square feet in cross section area."

4. Under the heading Description of the Work five new paragraphs comprising Stage III were added reading as follows:

Stage III

(a) Extend K-7 tunnel level by drifting and crosscutting in the vicinity of Raise 1 to further explore the Hoffman shear zone and the K-7 vein. Approximately 100 feet of drift and crosscut may be required of which about 15 feet may require timber support. Long-holes may be drilled to test the area prior to drifting and cross-cutting. Any footage allowed for slusher drifts remaining after slusher drifting is completed in Raise 1 may be applied to slusher drifting on the K-7 tunnel level to explore the Hoffman shear zone and K-7 vein.

(b) Test by long-hole drilling the direction and extent of mineralized structures exposed in Raise 1 at about the 145-foot or Upper Adit level, the 95- to 105-foot interval, and the 65- to 72-foot interval.

(c) If the long-hole drill cuttings indicate continuity of mineralized material extending at least 25 feet beyond the outline of the raise, slusher drifts or slusher raises not exceeding 50 feet in length may be driven on the structure.

(d) Not more than two slusher drifts or slusher raises may be driven at each of the three levels described above.

(e) A long-hole extending at least 25 feet beyond the outline of Raise 1 shall be drilled into each of the walls where no mineralized structure is exposed to explore for unknown ore bodies at or near each of the levels described. A slusher drift may be driven to explore any ore bodies found by drilling.

5. Under the head Estimated Costs of the Project, the following new paragraphs were added:

The total costs of Stages I and II are limited to those accepted through January 31, 1968. These were $4,106.00 and $26,311.20, respectively, for a total of $30,417.20 as determined by audit completed in March 1968. The balance of funds, $14,262.80, remaining under the contract shall be applied to the costs of Stage III.

Stage III

Actual Costs

Independent Contracts

Drifting and crosscutting	$4,975.00	
100 feet untimbered @ $49.75/ft.		
Drift timbering, 15 feet @ $10.35/ft.	155.25	
Long-hole drilling, 645 feet @ $1.00/ft.	645.00	
Slusher drifting or slusher raising		
181 feet		
0-50 feet @ $30.00/ft. (rounded)	5,427.55	
Total		$11,202.80

Personal Services

1 Supervisor-geologist-engineer	
3 months @ $750.00/month	$ 2,250.00

Miscellaneous		
Payroll taxes, F.I.C.A., insurance, etc.	$125.00	
Accounting, office expenses	135.00	
Assaying, including samples sacks and handling	550.00	
Gold, silver, lead and zinc analyses @ $6.00/sample Gold, silver, lead, zinc and copper analyses @ $7.50/sample		810.00
Total Estimated Actual Costs Stage III		$14,262.80

The Summary of Estimated Costs of Project is revised to read as follows:

Total Accepted Actual Costs - Stage I	$ 4,106.00
Total Accepted Actual Costs - Stage II	26,311.20
Total Estimated Actual Costs - Stage III	14,262.80
Total Estimated Actual Costs of the Project	$44,680.00
Government Participation at 75 percent	$33,510.00

PROJECT WORK

Bulldozer work started August 15, 1966, and continued intermittently until October 22, 1966. By Amendment No. 2, the contract work was suspended until not later than April 22, 1967. A slusher adit, started on April 21, 1967, crosscut the K-7 zone of mineralization (figure 2); assay data from samples across a width of 12 feet, averaged 0.006 ounces gold, and 5.01 ounces silver per ton, 3.65 percent lead, 0.67 percent zinc, and 0.11 percent copper. The faulted contact between Bayhorse Dolomite and Ramshorn Slate was exposed near the end of the adit.

The K-7 adit was rehabilitated during June, 1967.

Raise II was driven for 9 feet on a small vein approximately 300 feet from the portal of K-7 adit in July. The vein pinched out, and there was no vein, mineralization, or fault structure to follow upward.

Drifting southwestward from the face of the K-7 adit started on September 2, 1967. Rich but narrow silver-copper-lead mineralization was followed from 38 to 65 feet; wall rock was badly broken and required timbering. The drift was extended 61 feet and there were 55 feet of crosscutting in October. Several long-holes tested the walls of the workings.

Raise I was advance 40 feet, 39 feet of drift were timbered, and several long-holes were drilled in November, 1967. The raise started on a foot of rich ore that thickened to 2 feet within 5 feet, but pinched out at 8 feet. Sample of the ore assayed 0.01 ounces gold and 54.9 ounces silver, 9.8 percent lead, 1.44 percent copper, and 5.3 percent zinc.

The raise was extended 80 feet in December 1967. The best mineralization was from 60 to 75 feet (figure 2). On January 12, the raise holed through to the slusher adit that had been driven under Stage I of the contract. Drifting and crosscutting on the K-7 adit level had exposed good ore near the intersection of the 1XC crosscut and 117 drift. Work was interrupted after January 15, for the miners wanted a couple months off, weather conditions were miserable, and the compressor needed an overhaul.

Work resumed in April, 1968. The 117 drift SW was extended from 43 to 49 feet. Slusher drift 148 was driven 10 feet northeast and 4 feet southwest (figure 2). In May, the 117 drift SW was extended to 55 feet, the 148 drift was extended 30 feet southwest and 28 feet northeast, and long-hole drilling continued. In June and July, 1968, the 117 drift was extended to 107 feet, and nine long-holes were drilled, totalling 260 feet,

During August and September the 1XC crosscut was driven 32 feet west-northwest, and then turned into a drift following stratiform ore that strikes northerly and dips 25-35 degrees easterly. The 65 level slusher drift-raise was advanced 32 feet northeasterly (figure 2).

Contract work was completed by October 14, 1968. Slusher drift-raises on the 65 level explored mineralized rock and the drift at the end of 1XC crosscut continued in ore (figure 2). Exploration work continued after October 14, 1968 for the sole account of the Operator as all of the funds allowed under the contract had been used.

The units of work completed, calculated direct costs per unit, and approved costs are as follows:

Stage I Item	Units	Calculated Cost Per Unit	Approved Cost
Bulldozer mobilization and demobilization	1	$110.00	$ 110.00
Bulldozing	62.87 hours	24.65	1,550.00
Slusher drift	52 feet	30.00	1,560.00
Total Stage I			$3,220.00

Stage II Item	Units	Calculated Cost Per Unit	Approved Cost	
Rehabilitation K-7 level	790 feet	$ 3.85	$ 3,041.50	
Drifts and crosscuts	225 feet	49.75	11,193.75	
Drift timber	49 feet	8.24	403.65	
Timbered raise	153.5 feet	41.73	6,406.25	
Slusher raise	9	35.00	315.00	
Long-hole drilling	205 feet	1.00	205.00	
Total Stage II				$21,565.15
Stage III Item				
Drifting and crosscutting	150 feet	42.27	6,341.00	
Slusher drift or raise	132 feet	32.72	4,320.00	
Long-hole drilling	579 feet	.94	542.00	
Total Stage III				11,203.00

Approved Supervisory and Miscellaneous costs are as follows:

	Supervision	Assay	F.I.C.A. etc.	Accounting & Office	
Stage I	$ 750.00	$ 49.00	$ 62.00	$ 25.00 . . .	886.00
Stage II	3,750.00	480.50	251.26	264.29 . . .	4,746.05
Stage III	2,250.00	302.00	125.00	135.00 . . .	2,812.00
Total Cost of Project					$44,432.20
Government Participation at 75 Percent					$33,324.15

The Government retains no equity in any equipment or supplies at the property.

REPORTS

The Operator submitted an acceptable final report on December 3, 1968. In a letter dated December 2, 1968, he compared the actual costs of the exploration work with the costs allowable under the contract. He concluded that the actual cost of the exploration was $74,965.47, whereas the contract allowed only $44,680.00. The higher actual costs were because supervision, engineering, and geology were about twice what the contract allowed, and the time required to do the exploration work in an isolated area such as Bayhorse, Idaho, was twice the original estimate. The Operator calculated that the contract price for drifting should have been at least $100 per foot and that for slusher drifts should have been $60 per foot.

The Report of Review for Stages I and II of the contract was prepared in March, 1968, and the Report of Review for the entire contract was prepared in January 1969.

A Royalty Review, for production from January 22 to December 12, 1969, was issued in February, 1970.

PROJECT RESULTS

The exploration work discovered three separate ore bodies. The slusher adit and 148 slusher drift explored an ore body at the top of the Bayhorse Dolomite and aligned along the northeast-trending K-7 fault. The ore is in several faulted segments (see cross section through raise, figure 2). This ore is in the same relative position, geologically, as the mineralized zone in the K-7 adit, 200-250 feet northwest of the portal.

The 65 level explored an ore body that, too, apparently is aligned along the K-7 fault but at an altitude 40-60 feet below the slusher drift ore body. More exploration is necessary to fully define its limits.

The third, and richest, ore body is exposed on the K-7 adit level near the intersection between 1XC crosscut and 117 drift. Here is a partially oxidized, high grade silver-lead ore body that is subparallel to bedding in the dolomite, and only a few tens of feet, stratigraphically, above the interbedded slate. The lateral limits have not been defined and perhaps it is part of a mineralized zone that is west of and parallel to the K-7 fault.

The dimensions, metal content and calculated tonnage of the three ore bodies are as follows:

Ore Body	Dimensions	Au Oz/ton	Ag Oz/ton	Pb %	Zn %	Indicated tons	Inferred tons
148 slusher	65 feet long	0.01	3.41	1.77	1.64	812	800
	3 feet wide						
	50 feet vertical						
65 level	60 feet long	0.015	3.65	2.0	2.59	500	500
	5 feet wide						
	20 feet vertical						
1XC-117	65 feet long	0.02	35.0	10.0	8.0	5,416	5,000
	10 feet wide						
	100 feet high						
Total						6,728	6,300

CERTIFICATION

The Government issued a Certification of Possible Production on February 14, 1969, according to which royalty shall be paid to the Government as provided in the contract on all production from the land described in the contract from July 14, 1966, to July 14, 1978, or until the total amount contributed by the Government is fully repaid with interest at the rate of 6-3/4 percent per annum, whichever occurs first.

"A Special Agreement Concerning Land" in Annex I of the contract provides that any land situate within 1,500 feet of the southern boundary of the Clark claim which is acquired by the Operator or any subsidiary or successor thereof at any time during the royalty period is subject to the royalty provisions described above.

PRODUCTION AND ROYALTIES

Small scale mining has been continuous at the property since the completion of the contract. Crude ore is sold to the American Smelting and Refining Company smelter at East Helena, Montana, or to the International Smelting and Refining Company at Tooele, Utah. Table I lists the production sold through February, 1970.

Total royalties paid through February 12, 1970, are $4,112.44. There are no unpaid royalties due to the Government.

Table I. Production of crude ore from Beardsley Gulch Mine (from smelter settlement sheets)

Date	Short Dry Tons	Au Oz/ton	Ag Oz/ton	Pb %	Cu %	Zn %	Net Smelter Return	Royalty Paid to OME
10/11/68	57.547	0.015	23.35	5.0	0.50	6.9	$ 1,304.55	$ 64.23
10/21/68	57.126	0.015	34.4	9.1	0.40	8.60	2,615.00	130.75
10/30/68	58.754	0.015	28.55	8.4	0.50	6.6	2,082.70	104.14
11/13/68	57.006	0.0175	32.75	9.4	0.60	6.5	2,696.60	134.83
11/20/68	57.088	0.020	27.2	6.6	0.40	5.8	1,907.77	95.39
11/27/68	57.256	0.0175	31.85	8.65	0.60	9.60	2,472.75	123.64
12/5/68	58.732	0.015	29.8	7.75	0.50	5.5	2,199.96	110.00
12/11/68	56.454	0.028	43.55	11.1	1.20	9.60	3,803.19	190.16
12/16/68	55.497	0.0175	26.0	9.2	0.50	7.30	1,872.08	93.60
12/25/68	43.339	0.020	25.10	8.8	0.55	7.10	1,741.93	87.10
12/26/68	55.132	0.030	25.25	7.1	0.50	8.10	1,609.13	80.46
1/3/69	51.543	0.015	28.60	6.85	0.70	8.65	2,059.03	102.95
1/19/69	32.177	0.022	18.89	8.10	0.50	6.00	1,444.79	72.24
2/3/69	34.342	0.01	20.20	8.60	0.35	6.00	1,178.68	58.93
2/11/69	28.243	0.015	19.545	7.25	0.45	6.075	953.08	47.65
3/31/69	40.548	0.02	24.59	8.75	0.55	7.55	2,278.69	113.93
5/2/69	49.550	0.021	29.34	9.60	0.75	7.50	2,750.30	137.52
6/11/69	64.849	0.025	33.585	13.40	0.70	7.65	3,873.87	193.69
7/9/69	89.253	0.0275	44.92	19.90	1.095	6.8	5,400.17	270.01
8/16/69	93.998	0.0275	43.73	16.85	1.10	8.50	5,969.19	298.46
10/5/69	94.115	0.045	45.38	11.70	1.20	8.85	6,217.26	310.86
10/16/69	53.624	0.0235	29.87	7.0	0.725	8.45	2,791.74	139.59
11/17/69	62.0275	0.0275	29.725	10.5	0.625	8.35	4,085.78	204.29

Date	Short Dry Tons	Au Oz/ton	Ag Oz/ton	Pb %	Cu %	Zn %	Net Smelter Return	Royalty Paid to OME
11/28/69	90.620	0.0385	38.385	14.35	0.91	12.50	3,554.30	177.72
1/8/70	90.053	0.045	38.105	14.75	0.94	9.6	5,196.15	259.81
1/10/70	75.427	0.03	30.83	12.50	0.80	17.15	4,408.01	220.40
2/5/70	59.451	0.032	28.92	11.65	0.675	6.45	3,315.81	165.79
2/12/70	55.362	0.0425	28.785	10.0	0.60	6.05	2,465.99	123.30
Total	1,679.113						$82,248.50	$4,112.44
Average		0.026	32.58	10.83	0.73	8.31	48.98/ton	

Production

Ounces gold	=	43.76
Ounces silver	=	54,712.45
Pounds lead	=	363,565.58
Pounds copper	=	24,456.60
Pounds zinc	=	279,226.49

File with Beardsley Welch 5/7/70
F.O. Final Report

I'm very pleased with the competent typing & report —

Willard

Herewith is
Final sheet returned for your copy

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SUMMARY

The exploration was successful in finding three small ore bodies, two of which contain ore that is too low grade to be sold without beneficiation. The ore is in dolomite and apparently is locallized near northeast trending faults. Further exploration is necessary to more fully define the limits of the ore zone.

The Operator adequately supervised the exploration and submitted satisfactory reports during and after the exploration work.

Government participation in further exploration work at the property is warranted, providing a satisfactory project is planned.

REFERENCE CITED

Ross, C. P., 1937, Geology and ore deposits of the Bayhorse region, Custer County, Idaho: U. S. Geological Survey, Bulletin 877, p. 161.

Willard P. Puffett

Willard P. Puffett

Enclosures:

Figure 1 - Composite map of underground workings, Beardsley Gulch Mine, Custer County, Idaho.

Figure 2 - Geologic and assay maps, K-7 adit, Beardsley Gulch Mine, NW 1/4 Sec. 2, T. 12 N., R. 18 E., B. M., Bayhorse mining district, Custer County, Idaho. Scales: 1" = 20' and 1" = 50'.

SUMMARY FINAL REPORT
OME-6495 - Contract 2219
Beardsley, et al., Group of Claims

MAPS - Figures 1 and 2

OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

POSTMARK OF DELIVERING OFFICE

SPOKANE MAY 7 PM 1970 WASH.

PRAY FOR PEACE

INSTRUCTIONS: Show name and address below and complete instructions on other side, where applicable. Moisten gummed ends, attach and hold firmly to back of article. Print on front of article *RETURN RECEIPT REQUESTED.*

RETURN TO

NAME OF SENDER U. S. Geological Survey
Office of Minerals Exploration

STREET AND NO. OR P.O. BOX
Department of Interior Building

POST OFFICE, STATE, AND ZIP CODE
Washington, D. C. 20242

6495-Puffett

MME Form 7
(2/63)

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Date	Surname	Code
5/1/70		120
		120
		220

May 4, 1970

CERTIFIED MAIL
RETURN RECEIPT REQUESTED
AIRMAIL

Memorandum

To: **Field Officer, Region I**

From: **Chief, Office of Minerals Exploration**

Subject: **OME-6495 (Silver)**
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Group of Claims
Custer County, Idaho
Contract 2219

Enclosed are three copies of the summary final report on the subject docket. Please sign the enclosed original copy of the last page and return it to this office.

Your draft copy of the report is returned herewith.

Harold Kirkemo (gla)

Harold Kirkemo

Enclosures

BSLong/1 5/1/70

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
Mr. Kirkemo
130

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/2/70		120
		220

Memorandum

MAR 2 1970

To: Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Enclosed is a copy of the Field Officer's letter of February 26, 1970, forwarding a copy of the Report of Royalty Review issued in February 1970 to the subject Operator. Also enclosed is a copy of the report for your files.

Harold Kirkemo (gla)

Harold Kirkemo

Enclosures

cc: Director's Reading File
Mineral Resources
OME docket
OME Region I
OME Reading File
Mr. Kirkemo

GLAult/a 3-2-70

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O. M. E.
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MAR 2 1970
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HK 1 20
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OFFICE OF MINERALS EXPLORATION
656 U. S. Court House
W. 920 Riverside Ave.
Spokane, Wash. 99201

February 26, 1970

Beardsley Gulch Mining Co., Inc.
King Street Dock
Burlington, Vermont 05401

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Gentlemen:

Enclosed is the Operator's copy of a Report of Royalty Review issued in February 1970 on royalties paid under the subject contract up to and including December 12, 1969.

Sincerely,

Enclosure

Willard P. Puffett
Field Officer, Region I
OME

cc: OME (2)

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
		120
		220

Memorandum

FEB 24 1970

To: Field Officer, Region I

From: Chief, Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Enclosed are the Field Office's and Operator's copies of a Report of Royalty Review issued in February 1970.

If you concur in the facts as stated in this report, one copy should be sent to the Operator with any comments you may care to make, and the other copy retained for your files. As evidence of your concurrence, two copies of your letter transmitting the Operator's copy of the report should be furnished this office. If for any reason you do not concur, both copies of the report should be returned to this office with appropriate comments.

Harold Kirkemo (gla)
Harold Kirkemo

Enclosures

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading File
Mr. Kirkemo
130

GLAult/a FEB 24 1970

Form 7
(2/63)

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Date	Surname	Code
9/18/69	Emerick	120
	Curler	120
		220

AIRMAIL

SEP 19 1969

Mr. Dooley P. Wheeler, Jr.
General Manager
Umont Mining, Inc.
1355 Foothill Blvd.
Salt Lake City, Utah 84108

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wheeler:

This is in reply to your letter of September 12, 1969, inquiring if you could obtain additional exploration assistance under the subject contract. Unfortunately, this contract was terminated in October 1968, therefore, it would be necessary for you to submit a new application for the work proposed in your letter.

We have postponed processing applications received recently pending definite information regarding availability of funds for the fiscal year beginning July 1, 1969. Although appropriations have not yet been made for the current year, we understand that funds will be much less than were available for the year that ended June 30, and we are authorized to operate only at the level of the anticipated reduced funds. Under this situation, action on pending applications must be postponed, as proposed contracts already drafted and awaiting execution will require more funds than are available. When we can again process new applications, first priority will be given to those offering the best opportunities for making significant discoveries.

Should you submit an application it will be processed within the limitations stated above when circumstances permit.

Sincerely yours,

William L. Emerick (gla)

W. L. Emerick
For: Harold Kirkemo, Chief
Office of Minerals Exploration

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
Region I
Mr. Emerick

WLEmerick/bsl 9/18/69

UTONT MINING, INC

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

September 12, 1969

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120

Mr. Harold Kirkemo, Chief
Office of Minerals Exploration
U. S. Geological Survey
Room 4461
Interior Building
Washington, D. C. 20242

Re: OME 6495 (Silver) Contract 2219

Dear Mr. Kirkemo:

The attached sketch is drawn on a scale approximating 300 feet to the inch along the roughly east-west trend of the upper and lower Hoffman shatter zones which we now feel confident are ore zones.

We have shipped 23 cars of ore (60 ton average) from above and below the K7 level at the west end of the sketch and expect to continue. We have also recently exposed ore of good grade (30 oz. Ag P/T, 10% Pb, 6% Zn) in 65 slusher drift SW out of the main OME raise 75 - 80 feet above K7 level. This discovery, we believe, is likely to prove to be the upper Hoffman ore body.

In July, we did considerable bulldozer work on the east side of Beardsley Gulch in an effort to expose the lower Hoffman ore body below the upper Hoffman Ore Body. The mineralized fault (lead and silicification) dropped hard slate down in front of the dolomite hiding the lower Hoffman ore body behind a hard shield and making core drill exploration necessary. If we can establish that the lower Hoffman ore body is behind the shield with three to five vertical drill holes 100 feet deep and can establish the presence of Upper Hoffman ore body by a similar north-south fence of holes along the road 200 to 400 feet southwest of the portal of K7, we will feel justified in starting a new adit level 110 feet below K7 in order to explore, develop, and mine the Hoffman ore bodies and to explore for more such occurrences northwest of there where we have reasons to believe Hoffman, Beardsley, and Pacific type ore bodies exist at intervals of the order of 600 to 700 feet apart in a northwesterly direction.

Is it in the cards to get an extension to the above old, now terminated, contract so that we can get financial assistance for three to five holes in the first fence (see sketch) and the fourth fence? We have bids from Longyear and Joy drills divisions and feel that a maximum of ten holes totalling 1000 feet of drilling, can be done for $15,000. We might get by with seven or eight holes totalling 700 or 800 feet costing $10,000. The above costs include supervision, mobilization, minor bulldozing, and costs for assays, drill additives, etc.

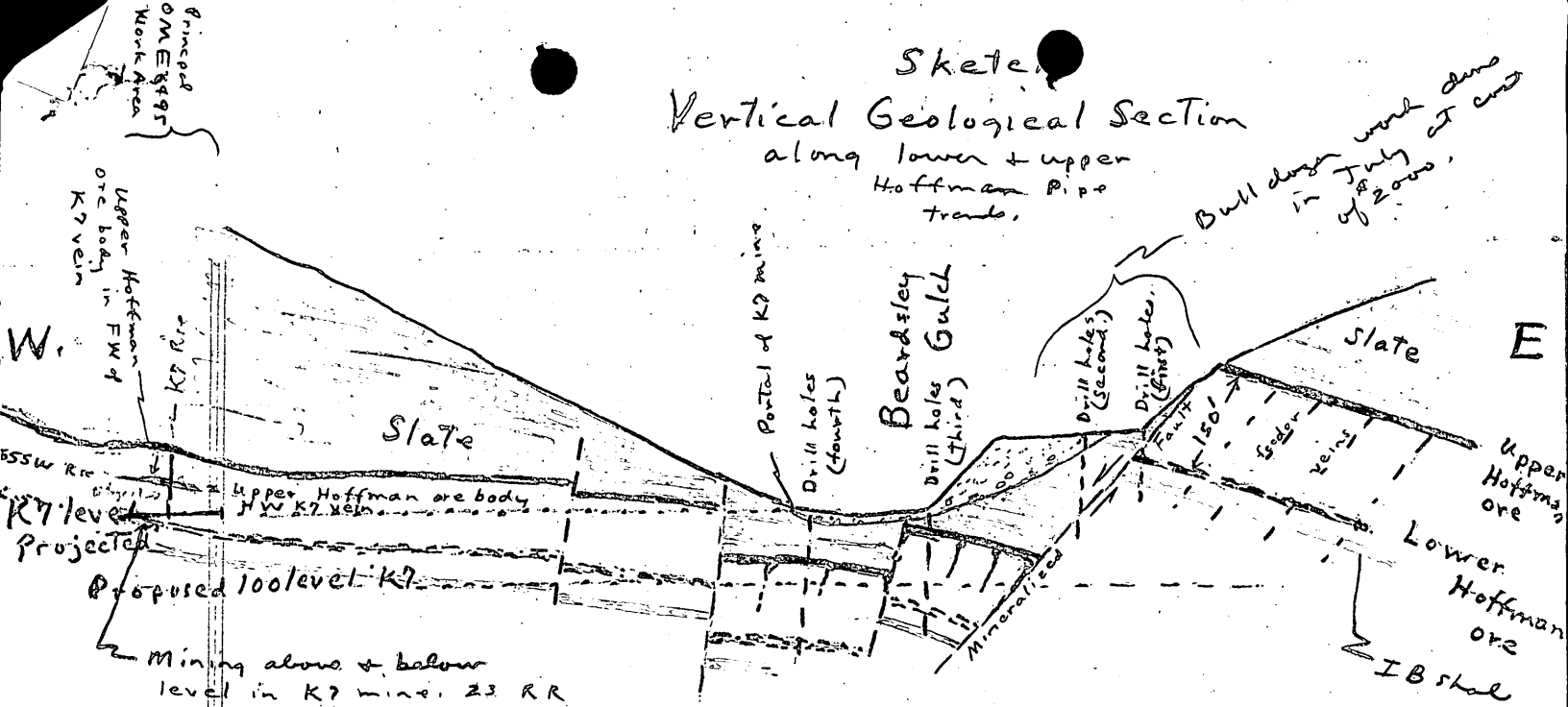
We would like to do this work in late September and October of 1969, if possible.

Yours very truly,

Dooley P. Wheeler

Dooley P. Wheeler, Jr.
General Manager

cc: Mr. L. P. Evans, Jr.
cc: Mr. Willard Puffett


Sketch
Vertical Geological Section
along lower + upper
Hoffman Pipe
trends.
Bull dozer work done in July of 2000.
Princeton Work Area
Upper Hoffman ore body in FW of K7 vein
W.
K7 Rise
Slate
Portal of K7 mine
Drill holes (fourth)
Beardsley Gulch
Drill holes (third)
Drill holes (second)
Drill holes (first)
Fault
150'
feeder veins
Slate
E
Upper Hoffman ore
Lower Hoffman ore
IB shale
Mineralized
55W RR
Upper Hoffman ore body
HW K7 vein
K7 level Projected
Proposed 100 level K7
Mining above + below level in K7 mine. 23 RR cars produced to date.
Sketch
K7 — Hoffman Mines
ore zone
Observer looking North
300' To 1" (approx)
DPW 8-3-69

UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY
U.S. Court House, Rm. 656
West 920 Riverside Avenue
Spokane, Washington 99201
September 4, 1969

COPY
O. M. E.
RECEIVED
SEP 8 1969
INITIALS | CODE
glu | 130
HK | 120
| 220

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, OME, Region I

Subject: Royalty Inspection
OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

The Beardsley Gulch mine was visited briefly on Wednesday, August 27, 1969. No one was present in the mine; however, a new single drum hoist and a new scraper were on the sill level below a stoped area and appearances suggest that mining had been interrupted for only a short time.

Since my last visit on June 21, 1969, a new stope had been driven above the main level; it was nearly parallel to another smaller stope that had been excavated earlier. I estimate that the top of the stope is at least 40 feet above the level; the horizontal dimensions are 8 to 15 feet. There are a few horizontal wood stulls in the stope, but I did not think it wise to attempt to climb to the uppermost part of the stope. Very rich ore is exposed in some of the walls of the stope.

Most of the high-grade shipping ore that was stockpiled near the portal in June had been sold and only a few tons remain. Smelter settlement sheets show that this ore contains about 20 percent lead and about 45 ounces silver per ton.

Willard P. Puffett
Willard P. Puffett

Distribution:
OME(Orig.&1)
Docket
CPF

IN REPLY REFER TO

UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY
U.S. Court House, Rm. 656
West 920 Riverside Avenue
Spokane, Washington 99201
June 26, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 30 1969

INITIALS	CODE
glu	30
	120
HK	120
EP	120 P
	220

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, OME, Region I

Subject: Royalty inspection report
OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

I visited the Beardsley Gulch mine on Saturday morning, June 21, 1969, accompanied by Mr. E. C. Peterson. We talked to a miner at Bay Horse who told us that the mine was being operated 5 days a week and was not being worked on Saturday. Mr. Thomas Q. Morris, Jr., former Supervisor, was no longer working at the mine and now only a foreman is retained.

Mr. Peterson and I went underground and inspected the stopes that had been enlarged since the conclusion of the OME work. Work had been successful in proving that the ore extends both above and below the level of the lower adit. An underhand stope had followed the ore to an inclined distance of about 20 feet below the adit and a raise had followed ore to about 25 feet above the adit. Apparently, the upper limits of the ore had been reached, but rich ore was still in the walls of the underhand stope.

When we returned to the surface, we met Mr. Dooley P. Wheeler, Jr.'s son, who was visiting the property briefly. He said that they had hoped to increase the work force from 3 to 5 men. If future work merited it, they planned on driving a new adit at a lower level to intersect the ore body; this adit will be about 600 feet long. It will be so located to give the Operator greater dump room for waste and ore at the surface.

The high-grade ore is being stockpiled near the portal of the lower adit and our records indicate that several shipments have been made. There are no signs that the mill is being reactivated.

Willard P. Puffett
Willard P. Puffett

Distribution:
OME(2) CPF
Docket

OMe (3)

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MAR 17 1969

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gla	120
	120
WE	120
	220

U.S. Court House, Rm. 656
West 920 Riverside Avenue
Spokane, Washington 99201
March 13, 1969

AIR MAIL

Beardsley Gulch Mining Co., Inc.
King Street Dock
Burlington, Vermont 05401

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Gentlemen:

Mr. Woodworth's interpretation of the final sentence of a Report of Review forwarded with our letter of March 3, 1969, is correct.

We regret the misleading manner in which this statement was worded. Something like "Value of reported shipments on which royalty was due was $20,824, and the royalty paid on this amount was $1,041" would have stated the situation more clearly.

Sincerely,

D. R. MacLaren
Field Officer, OME
Region I

DRMacLaren:mls

cc: OME(3) w/cpy incoming
CPF

Director's Reading File

NOTE: Copies, with enclosure, to Branch of Budget and Finance, and Office of Survey and Review Audit Operations, attn. Mr. Wm. H. (Bill) Wilkerson

BEARDSLEY GULCH MINING CO., INC.

King Street Dock
Burlington, Vermont
05401

March 7, 1969

Mr. Willard Puffett
Region I, Geologist, OME
U.S. Court House, Rm. 656
West 920 Riverside Avenue
Spokane, Washington 99201

Subject: Report of Review
Contract no. 2219
Docket no. OME 6495

Dear Sir:

We have your letter of March 3, 1969, to which you attached the subject report. The last sentence of the report states:

"Royalties earned and paid were $20,824 and $1041 respectively".

We assume that this is meant to mean that the Net Smelter Returns for the nine shipments involved in the report was $20,824 and the corresponding royalty payments to OME totalled $1,041.

Will you please confirm?

Very truly yours,

BEARDSLEY GULCH MINING CO. INC.

BY: D. Woodworth
Comptroller

DEW:v

Air Mail
MAR 12 1969
O.M.E.
SPOKANE, WASH.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/5/69	Emerick	120
		220

MAR 6 1969

Memorandum

To: Chief, Branch of Budget and Finance

From: Acting Chief, Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Enclosed is a copy of the Field Officer's letter of March 3, 1969, forwarding a copy of the Report of Review issued in January 1969 to the subject Operator. Also enclosed is a copy of the report for your files.

William L. Emerick (gla)

W. L. Emerick
For: Harold Kirkemo

Enclosures

cc: Director's Reading File
Economic Geology File
OME docket
OME Region I
Mr. Kirkemo

GLAult/a 3-6-69

OMe(2)

U.S. Court House, Rm. 656
West 920 Riverside Avenue
Spokane, Washington 99201
March 3, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 5 1969

INITIALS	CODE
ga	120
	120
	120

AIR MAIL

Beardsley Gulch Mining Co., Inc.
King Street Dock
Burlington, Vermont 05401

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Gentlemen:

Enclosed is the Operator's copy of a Report of Review issued in January 1969 on project costs under the subject contract.

Sincerely,

Willard P. Puffett
Geologist, OME
Region I

Enclosure

MLSmelser:mls

cc: OME(2)
Voucher File

Director's Reading File

Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/26/69	Kirkemo	120
		110
2/26	CAC	220
		120M

Memorandum

FEB 26 1969

To: Field Officer, Region I

From: Chief, Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2119

Enclosed are the Field Office's and Operator's copies of a Report of Review issued in January 1969.

If you concur in the facts as stated in this report, one copy should be sent to the Operator with any comments you may care to make, and the other copy retained for your files. As evidence of your concurrence, two copies of your letter transmitting the Operator's copy of the report should be furnished this office. If for any reason you do not concur, both copies of the report should be returned to this office with appropriate comments.

FRANK E. JOHNSON (GLA)

Frank E. Johnson

Enclosures

cc: Director's Reading File
Economic Geology File
OME docket
OME Reading File
Mr. Kirkemo
130

GLAult/a 2-26-69

ME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/5/69	Kirkemo	120
2/6	Johnson	110
		220
	Long	140
	Kubsaad	
2/13	Kupp	120M
		110

220
~~120M~~
130

FEB 14 1969

Mr. O. J. Salisbury
Vice President, Ramshorn Mines Company
and President, Bayhorse Mines, Inc.
Challis, Idaho 83226

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Contract 2219

Dear Mr. Salisbury:

Enclosed is a copy of a certification of possible production issued to the Operator as a result of the exploration program under the subject contract. This relates to the Lien and Subordination Agreements signed by you on March 10, 1966.

The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the certification. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement signed by you, and to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

FRANK E. JOHNSON (glo)

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

cc: Director's Reading File
Economic Geology File
OME docket
OME Region I
OME Reading File
Mr. Kirkemo
130 (2)

GLAult/a 2-5-69

RECEIVED
FEB 7 1969
Division of Mineral Resources
and General Legal Services

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
12/16/68	Kirkemo	120
		110
12/20	Cal	220
		120M

DEC 23 1968

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2119

The Operator under the subject contract has submitted an acceptable final report. It is recommended that the $200.00 withheld from the last Operator's voucher (September 16-October 14, 1968) be paid to the Operator.

fd. 12/26/68

FRANK E. JOHNSON (glA)
Frank E. Johnson

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

GLAult/a 12-16-68

MME FORM 6 REFERENCE SLIP

REV. [illegible]69 OFFICE OF MINERALS EXPLORATION

TO: Chief, OME	DATE	INITIALS
1.	12/11/68	
Re: OME-6495 (Silver)		
2. Beardsley Gulch Mining Co., Inc.		
Beardsley, et al., Groups of Claims		
3. Custer County, Idaho		
Contract 2219		
4.		
D. R. MacLaren		
5. D. R. MacLaren		
FROM: Fld. Officer, Reg. I		

FOR: Check items for action desired

X Action ____ Reply for signature of ____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions ____ Your information

OFFICIAL COPY O. M. E.

RECEIVED DEC 13 1968

REMARKS: Transmittal of an accepted Operator's Final Report.

INITIALS	CODE
[illegible]	30
[illegible]	20
[illegible]	10
[illegible]	[illegible]

INT.-DUP. SEC., WASH., D.C. M56300-62

Operator's Final Report
OME 6495 (Silver)
Contract 2219

1. The name of the operator is Beardsley Gulch Mining Company, Inc.

The property is a group of three patented and three unpatented claims one-half of a mile north of the town of Bayhorse in and near the bottom of Beardsley Gulch. It includes the old Hoffman and Beardsley mines, but the K7 prospect around which this contract work centered is now a new mine situated in the bottom of Beardsley Gulch, and on the west side of the gulch about 700 feet north and a little west of the main portal of the Beardsley mine, which is on the east side of Beardsley Gulch.

2. Summary of Project

Actual work under this contract was started August 15, 1966, and terminated October 14, 1968. Two periods of suspended work were involved due to conditions beyond the control of the operator.

The work completed consisted of the following:

Category (1) Independent Contractor	Units	Unit Cost	Vouchered Cost
Mobilization and demobilization of bulldozer (Stage I)	2	55.50	110.00
Bulldozing of Trenches (Stage I)	62.87	24.654 (ave)	1,550.00
Slusher Drift (Stage I)	52.00	30.00	1,560.00
Rehabilitation of K7 tunnel (Stage II)	790 feet	3.85	3,041.50
Timbered Drifts & Crosscuts "	49	10.35	507.15
Drifts and Crosscuts "	225 feet	49.75	11,193.75
Raise I (Stage II)	153.5 feet	41.735 (ave)	6,406.25
Raise II "	9.0 feet	35.00	315.00
Longhole Drilling (Stage II)	205.0 feet	1.00	205.00
Drifting & Crosscutting (Stage III)	150 feet	49.75	7,462.50
Slusher Drifts & Raises " "	132 feet	30.00	3,960.00
Longhole Drilling " "	579 feet	1.00	579.00
		Subtotal	36,890.15

Category (2) Personal Services

Subcategory (a) - Supervision and technical Services

Supervisor - geologist-engineer (Stage I)	1 month	$ 750.00	$ 750.00
Supervisor - geologist - engineer (Stage II)	6 "	750.00	4,500.00
Supervisor - geologist - engineer (Stage III)	3 "	750.00	2,250.00
		Subtotal	7,500.00

OPERATOR'S FINAL REPT.

Category (7) Miscellaneous

Payroll taxes, FICA, Ins, etc.	(Stage I)	1	month	$ 62 per mo	$ 62.00
" " " " "	(Stage II)	6	"	93.5 "	561.00
" " " " "	(Stage III)	3	"	41.67	125.00
Accounting, office expenses	(Stage I)	1	"	25.00	25.00
" " "	(Stage II)	6	"	45.83	275.00
" " "	(Stage III)	3	"	45.00	135.00
Assays, incl sample sacks etc	(Stage I)	8		6.17 (av)	49.00
" " " "	(Stage II)	87		6.05 (av)	526.20
" " " "	(Stage III)	50		6.04 (av)	302.00
			Subtotal		$ 2,060.20

Total of Invoices to OME	$ 46,450.35
Permitted under the OME contract	(44,680.00)
Government Participation at 75%	33,510.00
Balance for Beardsley Gulch Co.	12,940.35

3. The project was directed towards the discovery of ore in the westward projection of the Hoffman ore shatter zone which trends east-west and projects westward through the K7 Vein area where the 117 drift SW and Crosscut #1 (1X-C) ore body was found. The 117 - 1X-C ore body may trend westward up under thewest edge of Beardsley Gulch and represent the ore expected under the Hoffman stope in the more productive basal one-third of the Pacific ore horizon. If this happens ore may also be expected to plunge parallel to bedding eastward from 117 - 1X-C under the Stage II raise one and emerge under the talus on the west wall of Beardsley Gulch. On the other hand the ore may trend NW and NNW in strike and rise to the SW and plunge to the NE parallel to the strike of NE veins. Finally the ore may tend to follow both controls, namely bed and vein as well as bed and shatter-zone.

The exact equivalent of the Hoffman ore body has not yet been found although Stage I slusher drift and Stage II raise I found mineralization which is probably related to it. Stage II raise I at 65 and 105 feet have probably encountered the northern edge of the Hoffman ore body component that is related to the top of the Pacific ore horizon. 65 slusher raise SW out of raise I Stage II appears to be improving upward and to the SW as though it were approaching the westward continuation of the Hoffman ore body as shown in Figure 1 and 2. If this proves to be true, we may expect the westward extension of the Hoffman ore body to trend westward in the shatter zone up under the west side of the canyon and to extend eastward down under the west side of the canyon, emerging above creek level under the deep talus to the east but never emerging to the west because of the Ramshorn slate cap rock between the ore horizon and the surface.

Raise II of Stage II shown in the plan of the 1" = 50' K7 mine demonstrated that high grade mineralization (approximating 400 ounce silver per ton, 40% lead and 10% copper) died out upward. Previous work demonstrated that the mineralization died out NNW and SSE so we might assume that the rich mineralization will improve in only one direction---namely, downward under the K7 track level---if it is not an isolated pod. Since the rich occurrence still has a chance to improve downward and since it is 130 feet west of a stalactite-stalagmite cave that may represent oxidation-collapse over an ore body, this occurrence needs further exploration. It also aligns up with another ore occurrence between survey station 19 and 20 which did not improve upward. Thus it is suggested by occurrence and herein that another eastwest Hoffman-type ore trend may exist close below the K7 level for a strike length of 400 or 500 feet.

Since October 14, 1968 Beardsley Gulch Mining Company has explored the rich silver-lead-copper lens shown in Figure 3, sample 720 area, at the bottom of Stage II raise I. This lens died out in five feet of advance to the SW but the ground was very cavernous and sporadically mineralized. Considering the above, and considering the fact that there is a cavern extending at least 20 feet eastward from the raise near track level, I believe that there is a good chance that we have an oxidized ore body under K7 level in this vicinity and that it could represent the eastward projection of the 117 - 1X-C ore body---especially if 117 - 1X-C ore body is in fact the lower zone of the Hoffman ore body in the Hoffman shatter zone which trends E-W.

The following ore estimates refer to the enclosed 1" = 50' plan map of the mine and figures 1 through 6 which are special sections and plans.

Estimated Ore Reserves as of October 15, 1968

Summary Statement - The 1" = 50' plan working and geologic map by Hammond-Everly and Wheeler, is the basic map of the mine. Figure 1 is the basic 1" = 50' Longitudinal Section of the mine showing Ore Zones A, B, and C. Figure 2, a 1" = 100' vertical longitudinal projection, is an older, less detailed, and more schematic illustration of the ore zones looking N 40° W and N 50° E. Figure 3 is a 1" = 20' section drawn N 45° W through raise I Stage II from K7 level to the Stage I slusher drift which shows Ore Zones A, B, and C at 90 degrees to the same zones in Figures 1 and 2 Projections with some assays shown where mineral was encountered. Figure 4 is a 1" = 20' plan of the 117 SW and 1X-C ore body, with assays shown, of the largest and best ore occurrence in Ore Zone C which is thought to be stratiform and in the same stratigraphic horizon and structural control as the ore in the Pacific mine. Figure 5 is a 1" = 10' projection to horizontal of the 65 level slusher workings in Stage II raise, and in Ore Zone B, showing assays in said slusher workings. Figure 6 is a 1" = 10' plan and longitudinal projection in Ore Zone A of the slusher workings at the 148 level of Stage II raise with the average grade of rock derived from the said workings.

Ore Zone A - In K7 Vein Zone and its footwall directly below the Ramshorn Slate contact with Bayhorse dolomite.

	Short Tons
Positive Ore - negligible	
Probable Ore	
Block A at top of Stage II raise and in Stage I slusher drift which cross cuts K7 vein.	
Grade 5.2 oz Ag P/T and 3.3% Pb - 100 feet long, 4 feet wide, 35 feet high or vertical extent in rake of ore shoot	1177
Tons of ore $\frac{14,000}{12}$ = 1177 tons	
Block B above K7 drift in raise area of old workings SW of survey station #18. See 1" = 50' Plan by Everly & Wheeler and Figure 1.	
Grade 5.3 oz Ag P/T and 4.6% Pb - 50 feet long parallel to bedding, 5 feet wide, 13 feet top to bottom in vertical extent	270
$\frac{3250}{12}$ = 270 tons of ore	
Average Grade Blocks A & B = 5.2 oz Ag P/T, 3.5% Pb	
Total tons Blocks A and B -------	1436
Possible Ore - From Block B directly over the K7 level up to the SW along the slate-dolomite contact to the Hood claim end line but deducting Block A and B area.	
Assume the production per foot of advance up rake will be the average of Blocks A & B or 8.5 tons.	
Assume average grade of blocks A & B 600 x 8.5 ----------	5100
Grade = 5.2 oz Ag P/T, 3.5% Pb	
Average Grade and Total tonnage = 5.2 oz Ag P/T, 3.5% Pb. ----------	6536

This "ore" zone must be regarded as a mill ore zone if, with mill recovery of 70%, mineralization of this grade can be developed, mined, and milled at a profit. There is a fairly good chance that some direct shipping high grade ore will be found in the process of mining said mill ore and the eastward extension of the Hoffman ore zone may be found pitching gently eastward under Ramshorn slate cap rock and covered by talus where it normally would outcrop.

Ore Zone B - In K7 Vein Zone and its hanging wall directly below the Ramshorn slate-Bayhorse dolomite contact.

Short Tons

Positive Ore - negligible

Probable Ore - Assume production averaging the grades of the 62 cars in 65 SW and the 55 cars in 65 NE, but three times that in vertical range. This equals 9 tons per foot of advance in the rake of the contact and ore. Assume 100 feet of Probable ore along rake.

Grade 7.1 oz Ag P/T, 2.5% Pb --------- 900

Possible Ore - Assume 250 feet along the rake and double the productivity per foot of advance along the rake.

250 x 18 = 4500 tons	4500	
less Prob. Ore = 900	900	
	3600 tons	
Grade 7.1 oz Ag P/T, 2.5% Pb -------		3600
Average Grade and Total Tonnage, 7.1 oz Ag P/T, 2.5% Pb ----------		4500

This "ore" zone must be regarded as a mill ore zone if ore of such grade, yielding a mill recovery of 70%, can be developed, mined and milled at a profit. There is a good chance that higher grade direct shipping ore will be found and that the westward continuation of the Hoffman ore body will be found in the vicinity of Stage II raise in the process of mining the mill ore. The Hoffman ore body if found should go upward at about 20 degrees and bear roughly westward. Such an ore body should yield direct shipping ore at the rate of about 25 tons per foot of westward advance. Not more than 12500 tons of such Hoffman ore should be hoped for.

Ore Zone C - This includes all stratiform and vein wall rock replacement ore within 75 feet of the interbedded shale in K7 fault zone and far into the hanging wall and footwall of the K7 fault zone. East-west shatter zones may control stratiform ore, such as the Hoffman ore body, in the basal third of the Pacific ore horizon. In this case 117-1X-C ore body would rake down eastward under raise I of Stage II. The ore being estimated is in the hanging wall of the main K7 fault strand.

Positive Ore - 1X-C and 117 SW ore body.

We have produced 200 tons of ore in the process of exploring this ore body which has a weighted average grade of 0.023 oz Au and 32.5 oz Ag P/T, 10% Pb and 7.8% Zn. We assume that 200 tons of similar grade are assured below the level and 200 tons above the level in ten feet ~~above~~ below the level and 10 feet ~~below~~ above the drift and crosscut backs.

	Short Tons
Grade 32.5 oz Ag P/T, 10% Pb ------	400

Probable Ore - Assume ore will go 20 feet along the ore dip beyond the limits of positive ore above and below the level.

Grade 32.5 oz Ag P/T, 10% Pb -------	800

Possible Ore - Assume ore will extend 50 feet up dip and down dip from the limits of Probable ore.

Grade 32.5 oz Ag P/T, 10% Pb -------	2000
Total tonnage and Average Grade, 32.5 oz Ag P/T, 10% Pb ----------	3200

This zone, if it is like the Pacific mine stratiform ore 2500 feet northwest and 1250 feet above this zone C ore, will be a series of high grade rooms, blankets, and pods roughly parallel to the underlying interbedded shale but 30 to 60 feet above the shale. Rock between rooms and runs may range from barren to mill grade as it does at the Pacific mine. Big pods of ore may be separated from fairly flat runs of ore by ore standing vertically, bed-like or chimney-like. In the Pacific mine only an occasional pillar or stull was used to support the back.

Other than an occasional NE or NW striking break, that appeared to be locally mineralized, the Pacific mine ore, generally is controlled by bedding which controlled quartz, galena, tetrahedrite and sphalerite deposition. Massive and stockwork fluorspar generally lies between the silver-lead ore horizon and the interbedded shale, but it some times comes up into said ore horizon. Since fluorspar mineralization appears to be restricted in important occurrences to the Pacific mine horst and its boundary faults, we do not expect fluorspar other than minor spotty occurrences in the K7 mine which is in a graben between the Pacific mine horst to the west and the old Hoffman and Beardsley mine horst to the east.

In the K7 mine area, because of known ore controls in the Hoffman and Beardsley mines nearby, we can expect the prominent feeder veins to be north to northeast in strike, but the bulk of the ore will be roughly

parallel to bedding and lithological changes and may actually trend E-W along a shatter zone connecting closely spaced small feeder veins.

We can not block much ore ahead in an environment such as the Ore Zone C. It is, we believe, more risky to do so in Ore Zone C than it is in "ore" zones A and B. We have, however, blocked some ore in the 1X-C and 117 SW area because of the relatively high grade of the ore and because we have produced about 200 tons of ore of the grade blocked in exploring this part of Zone C. In spite of said production we are hesitant to block more than 3200 tons of ore of all classes in all categories.

The 1X-C and 117 SW ore body is in a change of bedding dip environment, and a major change of bedding strike probably is a short distance ahead of the ore body to the NNW of our present ore. Because of this, and, because the present occurrence resembles the Pacific mine ore body, we may expect ore on to the north and northwest of 1X-C ore body and we might expect the present ore to improve either above the K7 level or below it or be best at about the K7 level.

As we expected in the K7 area, the silver content in relation to lead is about three times the ratio that it is in Pacific mine. K7 ore is similar to that in the Hoffman and Beardsley mines insofar as the silver-lead ratio is concerned. Ore Zone C appears to more closely resemble Beardsley ore mineralogically than "ore" Zones A and B mineralization which is very much like the Hoffman mine. The Hoffman mine is high in quartz and has occasional high pyrite content as do "ore" Zones A and B. The similarity between Hoffman ore and zones A and B "ore" causes us to still have hope that, if or when we can mill the "ore" blocked in them, we will in the process of mining said ore find the continuation of the Hoffman manto on the K7 side (west side) of Beardsley Gulch which will be a west trending manto-like ore body going up grade westward under the Ramshorn slate contact, in "ore" Zone B, and going downgrade eastward in "ore" Zone A towards the talus in the slot west of the Hoffman mine on the west side of Beardsley Gulch.

4. General Comments

The above ore estimates show that Zone C is the only one that can be said to have yielded ore. Zones A and B have "ore" blocked, but we are quite certain that the grade is too low to classify as ore for the type of ore and operation involved. We estimate that a break-even grade,

for such oxide ore, treated on a 100 ton per day basis with diesel-electric powered gravity mill, would be 10 ounces silver per ton and 5.0% lead with silver selling at $1.90 per ounce and lead at 13 cents per pound.

The 117 - 1X-C ore body in Zone C is a completely blind ore body and Zones A and B were also blind. All zones have a potential to open up the down dropped K7 block (graben) between the Pacific mine horst and the Beardsley-Hoffman horst. The K7 graben starts in the creek bottom in front of K7 adit or about 25 feet east of the adit portal. The graben is about 1650 feet wide at the latitude of K7 adit and its width is probably about the same northward for several thousand feet. The graben may be explored with potential for abundant ore above K7 adit level for 2000 feet north and 1000 feet south of the latitude of K7 adit portal. The potential for ore below the adit level in K7 graben is much less limited north of K7 adit for an unknown but much greater distance than 2000 feet.

On the basis of production per foot of rake of ore in the present project as indicated by ore zones A, B and C, plus a potential Hoffman ore body going west and east out of raise #I, Stage II; distribution of north to northeast veins and premineral faults as indicated by the Beardsley, Hoffman, K7, and Pacific mines; and the ore characteristics of the various mines we may, I believe, assume that the potential of K7 workings, as indicated by the OME project now being terminated, may be duplicated twice again in the next 1500 feet of exploration NNW to NW of K7 vein in K7 graben on the present K7 level. The potential of the K7 project as thus amplified would be 120,000 tons of ore averaging 32.5 ounces silver per ton and 10% lead plus 65,000 tons of low grade averaging 6 ounces silver and 3% lead. The 120,000 tons of high grade ore would have a net smelter return value at the mine of $3,840,000 at $1.90 per ounce silver and 13 cent lead.

The above estimate of potential stops arbitrarily 1500 feet NW although the potential in that direction goes on at the same rate and may even improve when the cross over into the Pacific ore horizon in the Pacific horst is made. No allowance is made above for low grade ore development in Zone C or high grade ore development in Zones A and B other than the ~~upper or~~ westward projection of the old Hoffman ore body. No allowance is made for ore below K7 level. No allowance in the estimate of potential is made for a substantial strike length of stratiform ore between veins although structural and stratigraphic conditions are very favorable for such ore.

The K7 graben is sliced longitudinally by the 6887 fault and probably others some or all of which may be partly pre-ore, as is K7 vein. The 6887 fault, shown in the plan and Figures 1 and 2, has no ore in it in the one spot where it is exposed, but it can not be ruled as totally post-mineral, for it has about the same strike and dip as three of the mineralized feeder veins of the Hoffman ore body.

The above estimate of potential for this project goes far beyond accepted ore estimation procedures, but we believe both types of estimates are justified in order to show the short-range and long-range potential importance of this OME project. We appreciate the vital assistance from the Office of Minerals Exploration, and as soon as we learn more about the ore

occurrences of K7 graben by mining, we may find it necessary to apply for assistance in exploring for new ore deposits in K7 graben.

We are now producing 15 to 20 tons per day of ore averaging about 32.5 ounces silver and 10% lead, and we hope to produce at least 700 tons of such ore during the last quarter of 1968. The enclosed estimate of positive ore has already been proven too conservative, for where 200 tons of ore was estimated above K7 level we have already mined 500 tons, and we are still in ore. Smelter settlements are extremely slow in coming in, but they will be promptly forwarded along with 5% royalty to OME when received.

Dooley P. Wheeler Jr. 12-3-68

Dooley P. Wheeler, Jr.
General Manager
Beardsley Gulch Mining Company, Inc.

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Air Mail
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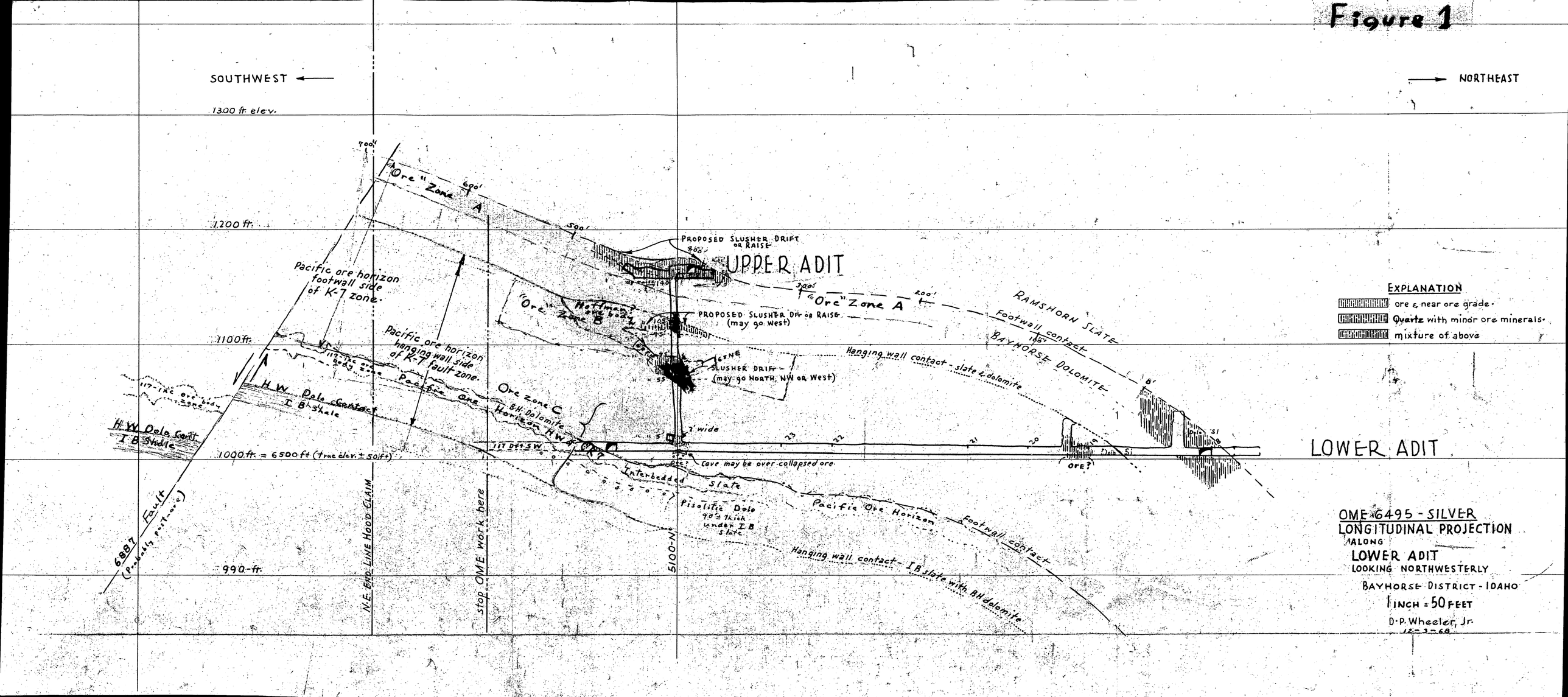
K. R. R.
O. M. E.
SPOKANE, WASH.
Air Mail

Figure 1


SOUTHWEST
NORTHEAST
1300 ft. elev.
1200 ft.
1100 ft.
1000 ft. = 6500 ft (true elev. ± 50 ft)
990 ft.
"Ore" Zone A
600'
500'
300'
200'
"Ore" Zone B
Pacific ore horizon footwall side of K-7 zone.
Pacific ore horizon hanging wall side of K-7 fault zone.
117-Inc ore body
H.W. Dolo Cont.
I.B. Shale
Pacific Ore Horizon
Ore zone C
B.H. Dolomite
Horizon H.W. of K7
117 Dip SW
6987 Fault (Probably post-ore)
N.E. End LINE HOOD CLAIM
stop OME work here
5100-N
PROPOSED SLUSHER DRIFT OR RAISE
UPPER ADIT
PROPOSED SLUSHER DR. OR RAISE (may go West)
SLUSHER DRIFT - (may go NORTH, NW or West)
Hanging wall contact - slate & dolomite
RAMSHORN SLATE
Footwall contact
BAYHORSE DOLOMITE
2' wide
Cave may be over collapsed ore
Interbedded Slate
Pisolitic Dolo 90'± Thick under I.B. Slate
Pacific Ore Horizon
Footwall contact
Hanging wall contact - I.B. slate with B.H. dolomite
ore?
LOWER ADIT
EXPLANATION
ore & near ore grade.
Quartz with minor ore minerals.
mixture of above
OME #6495 - SILVER
LONGITUDINAL PROJECTION
ALONG
LOWER ADIT
LOOKING NORTHWESTERLY
BAYHORSE DISTRICT - IDAHO
1 INCH = 50 FEET
D.P. Wheeler, Jr.
12-3-68

DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D. C. 20242

OFFICIAL BUSINESS

DEPARTMENT OF THE INTERIOR

85

UMONT MINING, INC.
1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

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DEC 13 1968
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December 2, 1968

Mr. D. R. MacLaren
U. S. Geological Survey
U. S. Court House, Room 656
West 920 Riverside Avenue
Spokane, Washington 99201

Dear Mr. MacLaren:

At the suggestion of Mr. Puffett we are enclosing a set of actual costs for Stages I, II and III with comments following which show why the actual costs exceeded the reported cost allowed by OME.

I shall receive a more formal and complete accounting from Burlington in due time, but in order to get this report in now, I am not waiting for that account.* The following is very close to correct but on the low side of the actual costs.

Stage	Total accepted costs	Actual Cost
Stage I	$ 4,106.00	$ 6,547.43
Stage II	26,311.20	36,694.96
Stage III	14,262.80	31,723.08
	44,680.00	74,965.47
Government part	33,510.00	33,510.00
Operator Share		41,455.47

The big reasons for underestimating costs are that supervision, engineering, and geology costs twice what the government allows per month and the time required to do a job in an environment of isolation from a center of supply and miners, such as Bayhorse, is twice what we estimated and the cost of miners, supervision and most supplies were, therefore, almost doubled.

Less serious costs in excess of estimates are those for assays which are $7.00 for gold, silver, lead and zinc instead of the allowed $6.00, and failure to allow for non-resident management costs and field expenses related to the project.

Waste, mill ore, and smelter ore disposal trestles, road clearing and repair, water supply development and maintenance, temporary shelters, and independent (outside consultant) surveys are all directly related to conducting such an exploration program as this and should have been included in the cost of the program, but they were not.

Swigert Mine's accountant said that Swigert Mines lost money on their independent contract work for Beardsley Gulch Mining Company during Stage II, but I did not find how much was lost.

* We expect to make a detailed breakdown of costs for our own information at a later date, and will be glad to supply you a copy.

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UMONT MINING, INC.

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

Umont's loss on the independent contract work for Beardsley was proportionate to the extra man hours required for the work, but the exact figure has not been calculated. On that basis the contract work cost Umont $26,862 and they were paid an independent contract price totalling $12,001.50 under Stage III of the contract with Beardsley. Thus Umont's loss was $14,860.50 and the contract price per foot therefore should have been at least $100 per foot for formal drifting, $60 per foot for slusher drifts and raises and $2 per foot for longholing. This is one of the shocking facts of life nowadays.

Yours very truly,

Dooley P. Wheeler Jr.

Dooley P. Wheeler, Jr.
General Manager
Beardsley Gulch Mining Company, Inc.

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O.M.E.
SPECIAL DIVISION

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R.R.R.
Air Mail

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO: Chief, OME

DATE: 11/19/68

INITIALS

1. Re: OME-6495 (Silver)
2. Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Group of Claims
3. Custer County, Idaho
Contract 2219
4.
5. D. R. MacLaren

FROM: Field Officer, Reg. I

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NOV 21 1968

FOR: Check items for action desired

____ Action ____ Reply for signature
____ Approval ____ Investigate
____ Comment ____ Recommendations
____ Conference ____ Rewrite
____ Instructions X Your information

INITIALS CODE
____ Surname
____ Signature
____ File

REMARKS:

I concur with the recommendation of Mr. Puffett in the attached Final Inspection Report on the above-cited contract that a discovery be certified for the contract work.

INT.-DUP. SEC., WASH., D.C. M56300-62

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
GEOLOGICAL SURVEY
U.S. Court House, Rm. 656
West 920 Riverside Avenue
Spokane, Washington 99201
November 19, 1968

MEMORANDUM

To: Field Officer, Region I

From: Willard P. Puffett, Geologist WPP

Subject: Final Inspection Report
OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Group of Claims
Custer County, Idaho
Contract 2219

I made a final inspection of the Beardsley Gulch mine on Friday, October 25, 1968. I went to the mine from Challis, Idaho, with Mr. Dooley P. Wheeler, Jr., general manager of the mine. He accompanied me through the new mine workings and later the two of us visited the inactive Pacific mine which is on the hillslope above the Beardsley Gulch mine. Mr. T. Q. Morris, mine superintendent, was at the mine along with three miners.

Field Final Inspection

The new work examined was the extension of the 117 drift on the K-7 adit level and the slusher drifts and raises that have been driven off the 65 foot level of the Stage II raise. I made no maps of these new workings but did inspect the well prepared maps of the Operator. The Operator's maps have been submitted with his voucher for the period ending October 14, 1958.

The new work completed is in excess of that allowed under terms of the contract and, hence, sufficient work has been done to fulfill the terms of the contract. Rather low-grade ore is exposed in the slusher drifts and raises on the 65 foot level. Shipping-grade ore is exposed in the 117 drift on the K-7 adit level.

It is recommended that a discovery be certified for the contract work. The ore shoot on the K-7 level is about 70 feet long, 3-5 feet thick, and can be reasonably projected up and down dip for a total of 100 feet. A total of 2,100 tons can be assigned this ore shoot, assuming a tonnage factor of 10 cubic feet per ton. Some 180 tons of ore from this shoot has been shipped to the smelter at Helena, Montana. Smelter settlement sheets indicate that 60 tons of the ore contains 0.015 ounce per ton gold, 23.35 ounce per ton silver, 5.0 percent lead, 6.9 percent zinc, 0.5 percent copper, 0.20 percent arsenic and 0.57 percent antimony.

Another ore body is projected between the 148 slusher drift from near the head of the raise and the 65 level northeast slusher drift and raise. In the 148 slusher drift the ore is 3 feet thick and 53 feet long; in the 65 foot NE. slusher drift and raise the ore is 35 feet long and 5 feet wide. Average of muck car samples in the 148 slusher drift is trace gold, 3.55 ounces per ton silver, 1.83 percent lead, and 1.73 percent zinc. The average of muck car samples from the 65 foot NE. slusher drift and raise is 0.014 ounce per ton gold, 4.6 ounces per ton silver, 1.3 percent lead and 3.6 percent zinc. This ore zone, which is conservatively measured as 100 feet high, contains about 1,500 tons, using a tonnage factor of 12 cubic feet per ton.

A small, pencil-like ore zone is exposed in the slusher raise and drift southwest of the raise on the 65 foot level and is about 3 X 5 feet in cross section. This mineralized zone is apparently confined to the crest of a drag fold adjacent to a fault; the fold plunges flatly to the northeast. This ore zone cannot now be correlated with other mineralized zones in the mine and few, if any, reserves can be assigned to it.

Mr. Wheeler indicated that the company's plans are to mine the shipping-grade ore on the K-7 level and to map accurately the ore boundaries in an effort to learn its size, shape, and extensions. Hopefully, this work will lead to a much better understanding of the localization of the ore than has been obtained to date.

Distribution:
OME(Orig.&1)
Docket
Puffett

One

BEARDSLEY GULCH MINING CO., INC.
King Street Dock
Burlington, Vermont 05401

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Mr. D. R. MacLaren, Field Officer
O.M.E., Region I
U. S. Geological Survey
U. S. Court House, Room 656
West 920 Riverside Avenue
Spokane, Washington 99201

Dear Mr. MacLaren:

We attach our check no. 051 in the amount of $65.23 being payment of the 5% royalty due under our O.M.E. Contract 6495 on shipment no. 1 as per the Settlement Sheet of American Smelting and Refining which is attached together with copies of the Assay Reports.

We trust that you will find this in order.

Very truly yours,
BEARDSLEY GULCH MINING CO., INC.

By: D. Woodworth

DEW;e

cc D.P.W. jr.
T.Q.M. sr.

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NOV 1 5 1968
SPOKANE, WASH.

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BEARDSLEY GULCH MINING CO., INC.
King Street Dock
Burlington, Vermont 05401

Mr. D. R. MacLaren, Field Officer
O.M.E., Region I
U. S. Geological Survey
U. S. Court House, Room 656
West 920 Riverside Avenue
Spokane, Washington 99201

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By: D. Woodworth

DEW:e

cc D.P.W. jr.
T.Q.M. sr.

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NOV 1 5 1968
SPOKANE, WASH.

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GEOLOGICAL SURVEY
U. S. Court House, Rm. 656
W. 920 Riverside Avenue
Spokane, Washington 99201
September 25, 1968

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AIRMAIL

Mr. Dooley P. Wheeler, Jr.
General Manager
Umont Mining, Inc.
1355 Foothill Boulevard
Salt Lake City, Utah 84108

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wheeler:

Before we can process your August-September 1 to 15 voucher, corrections and additions to the enclosed four copies of the Umont Statement must be made.

1. "Slusher Raise 26 feet at $30 per foot" does not come to $650.00 as shown on the original and one copy nor to $630.00 as shown on the other two copies. According to the Progress Report and the Voucher, the footage reported and for which Government participation is vouchered is 21 feet; this at $30.00 per foot comes to $630.00.

2. Any change made on the Progress Report, Voucher, or any supporting document, whether by erasure, lining out, or inked over the original entry must be initialed.

Kindly notify Mr. Morris of our correct address. He sent the Monthly Report to So. 157 Howard Street, from which we moved to the above address almost a year ago.

As soon as we receive the original and four copies corrected and initialed as described above, we will continue the processing. If you wish, you may type a new statement.

Sincerely,

D. R. MacLaren
Field Officer, OME
Region I

Enclosures

Director's Reading File

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
GEOLOGICAL SURVEY
U. S. Court House, Rm. 656
W. 920 Riverside Avenue
Spokane, Washington 99201
September 16, 1968

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SEP 19 1968
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MEMORANDUM

To: Field Officer, Region I

From: Willard P. Puffett, Geologist

Subject: Interim Inspection Report
OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

I made an interim inspection of the OME work at the Beardsley Gulch mine on Thursday morning, September 12, 1968. Mr. T. Morris, Sr., accompanied me through the mine.

Since the last inspection on August 16, the 1XC has been driven to the west for about 32 feet and a slusher drift has been driven 31 feet to the north from the 65-foot level in the raise. A sketch of the new and old work in and near the 1XC is shown in figure 1. Additional details of the geology are shown on maps that accompany the Operator's monthly reports.

The 1XC has cut through a layer of rich ore that apparently strikes about due N. and dips 20°-30° E. Parts of this ore had been cut earlier, but its trend was indefinite. The sketch of the north wall of 1XC on figure 1 shows that the layer of ore dips rather irregularly and is not of uniform thickness. It is composed of rather porous material containing much galena. Thin layers of white and greenish gray carbonate(?) coat many of the openings. Material similar to this was sampled on the last inspection report and assayed 56.8 ounces per ton silver and 46 percent lead.

The trend of the ore zone suggests that it dips below the main K-7 adit to the east. Long holing to test its presence below the adit will not be feasible; Mr. Morris thinks that possibly a slusher-type winze can follow the ore down dip.

Long hole 24 has cut ore at a slightly higher elevation than the ore exposed in 1XC. Possibly, there is another mineralized layer parallel to that exposed on the K-7 level. More long holing will be necessary to test this possibility.

The slusher drift north from the 65-foot level in the raise followed low-grade ore that is similar to that exposed in the 148 slusher drift. The full width of the zone has not been completely tested. The ore apparently is localized near a near-vertical fracture--total width is more than 3 feet. The ore in this drift is not nearly as rich as that on the K-7 level, although it is certainly rich enough for mill feed.

The contract work is to be completed by October 14, 1968. It is hoped that drifting north on the K-7 level from 1XC will determine the strike length of the ore. If this ore is found to persist far along strike, the work will have been successful in finding an important new ore body.

Willard P. Puffett

Willard P. Puffett

Enclosure
Distribution:
OME
Docket

U.S. Geological Survey
OFFICE OF MINERALS EXPLORATION

OME 6495
Contract 2219

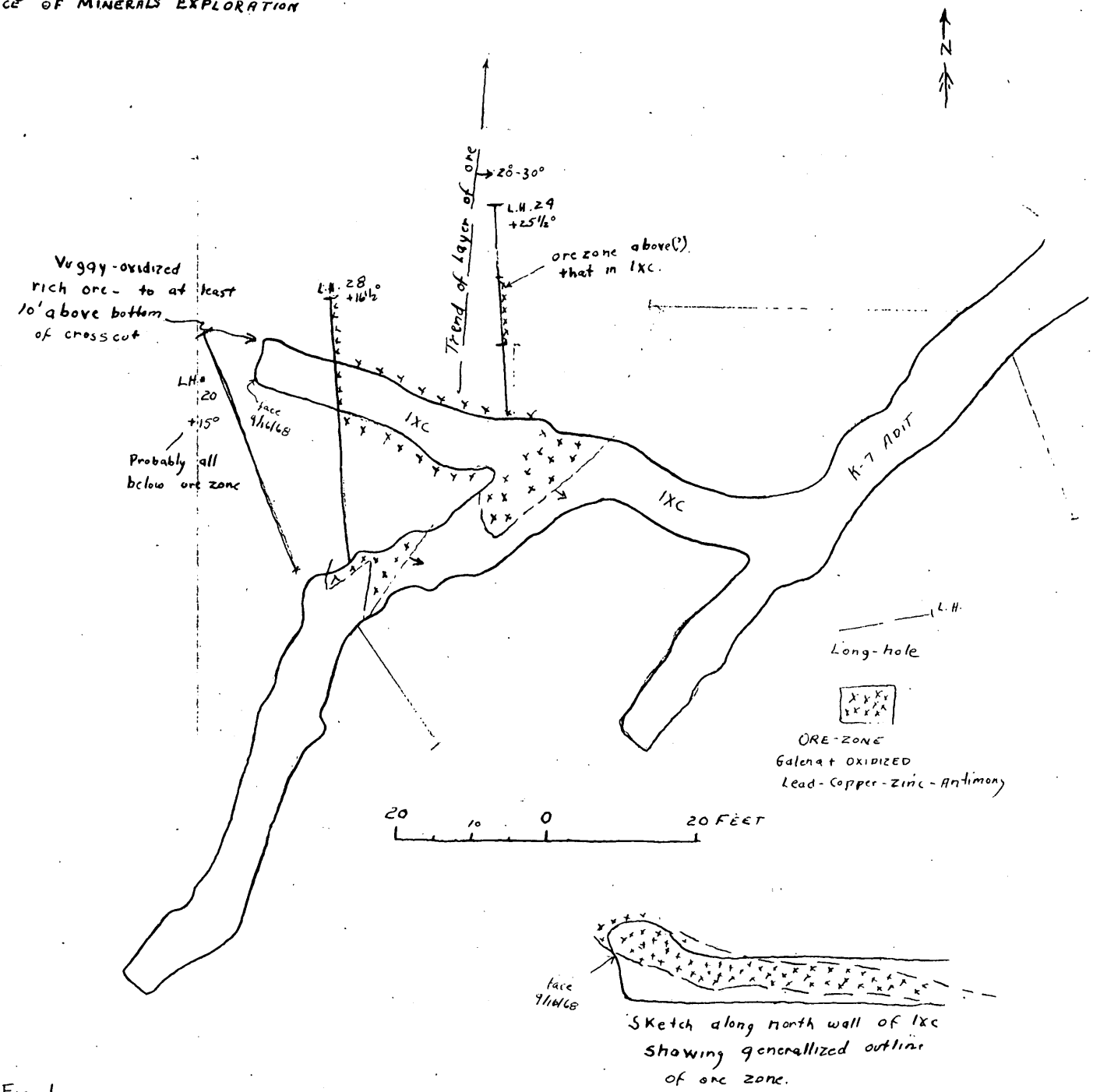

Fig. 1

PARTIAL MAP OF K-7 ADIT SHOWING ORE ZONE EXPLORED BY OME WORK

BEARDSLEY GULCH MINE, CUSTER COUNTY, IDAHO

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
GEOLOGICAL SURVEY
U. S. Court House, Rm. 656
W. 920 Riverside Avenue
Spokane, Washington 99201
August 27, 1968

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Gel | 20 m
KJ | 40
HK | 20

Memorandum

To: Field Officer, Region I

From: Willard P. Puffett, Geologist

Subject: Interim Inspection
OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

The Beardsley Gulch mine was inspected on Friday afternoon, August 16, 1968. Mr. T. Q. Morris, Sr., Supervisor-Engineer-Geologist, accompanied the examiner. The length of the 148 slusher drift was measured and samples were taken of the ore zone in the slusher drift and in the 117 drift on the K7 level. About 2 hours were spent on the inspection.

The 148 slusher drift has been extended 28 feet northeast and 25 feet southwest of the raise that had been driven under Stage II of the contract. At the southwest end of the drift, an incline about 10 feet long had followed the ore to about 10 feet above the drift level. A sample was cut across the mineralized zone in the face of the incline. The assay of this sample is compared with arithmetic averages of assays submitted by the Operator for ore in the 148 drift:

	Au oz/ton	Ag oz/ton	Pb %	Zn %	Cu %	Sb %
OME Sample #821B (37" wide)	0.02	11.0	1.3	1.9	0.10	0.14
Operator's 13 muck car samples	Tr-0.010	3.55	1.83	1.73		
Operator's 13 channel samples	Tr-0.035	3.69	1.68	2.1		

The OME sample is richer in silver than is indicated by the Operator's samples. Only one of the Operator's channel samples (No. 808) assayed

more than 11.0 ounces per ton of silver; most of them were less than 6 ounces of silver per ton.

Some very rich looking ore had been exposed in the 117 drift of the K7 adit. The assay of a sample taken vertically across the ore is as follows:

Assay No.	Width (inches)	Au oz/ton	Ag oz/ton	Pb %	Zn %	Cu %	Sb %
822B	37	Tr	56.8	46.0	0.1	0.65	0.62

Brightly colored yellow and bluish-green pigments in the somewhat oxidized ore suggested the presence of copper or antimony. The assay data shows that little of these two metals are present; possibly the bright colored pigments are silver salts.

The ore is exposed for about 50 feet along the northwest wall of the 117 drift. The ore pinches out to the southwest, but the northwest limits have not been exposed. Some long holes to the west found ore that is probably the extension of that in the drift. The Operator plans to drift or crosscut to the northwest to expose the limits of the ore in that direction.

Mr. Morris thinks that there are both manto and vein type ore in the 117 drift. The actual shape or the geologic controls of the ore were difficult to determine and possibly the planned drifting and crosscutting will more clearly define the shape of the ore body.

Some ore had been found in the 65-70-foot interval in the raise driven under Stage II of the contract. Long holes had proved extension of this ore outside the raise walls. The Operator plans to drive slusher drifts from the raise to explore this ore.

Seemingly there is no obvious connection between the ore in the 148 slusher drift, that at the 65-foot level, and that in the 117 drift on the K7 level. Possibly, the ore at each of these levels is replacement along bedding and represents separate ore bodies. If so, it is going to be difficult to calculate ore reserves that are a result of the exploration. Nonetheless, some very good looking ore has been found and in this respect the exploration has been successful.

Mr. Morris was not certain if he could go ahead with the drift on the K7 level and the slusher drift from the 65-foot level in the raise without OME approval. According to Amendment No. 6, this work is authorized. Mr. Morris was advised by telephone on Monday, August 19, 1968, that he had approval to do the exploration as he had planned and discussed with the examiner at the mine.

The exploration should be completed by about October 1, 1968.

Willard P. Puffett

Willard P. Puffett

Distribution:
OME(Orig.&1); Puffett
Docket

Umont Mining, Inc.
P. O. Box 187
Challis, Idaho 83226

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Aug. 12, 1968

Mr. Frank E. Johnson
Chief, Office of Minerals Exploration
Department of the Interior
Geological Survey
Washington, D.C. 20242

Re: OME 6495
Stage III Report, Maps
and Vouchers for Apr-May 1968

Dear Mr Johnson:

We regret that there is an apparent lack of conformity to regulation and actual lack of series sample recording.

The geology was mapped at 3' above sill. When sample locations were superimposed upon this plan map the apparent discrepancies occurred. In the incidences mention the sample was above or below the geology elevation because of pinching + swelling ~~[illegible]~~ of the mineralized material. The sampling was intended to give representative information for mining ore at minimum, or better, widths.

In the operation of this mining on the 148 level we experienced the usual weather problem of the spring. Miners were in short supply and difficulty keeping equipment operating. Samples were taken and marked and stored until such time as they could be, crushed, split, bagged and tagged. No

extra effort was exerted to serialize the samples with the mining sequence.

Enclosed please find copies of Union Assay report sheets for the April-May samples. We have not yet vouchered for the cost of assaying samples #817 thru #827, but I am enclosing them because the assays are reported on the map for the report covering April and May.

Sincerely

T.Q. Morris, Sr.

T.Q. Morris, Sr.

Supervison-engineer-geologist

for Beardslay Gulch Mining Co., Inc.

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

ne 363-3302

Hand[redacted]ple Serial 17337-17347

[redacted]

mont Mining Inc.
P. O. Box 187
Challis, Idaho 83226

RESULTS PER TON OF 2000 POUNDS June 11, 1968

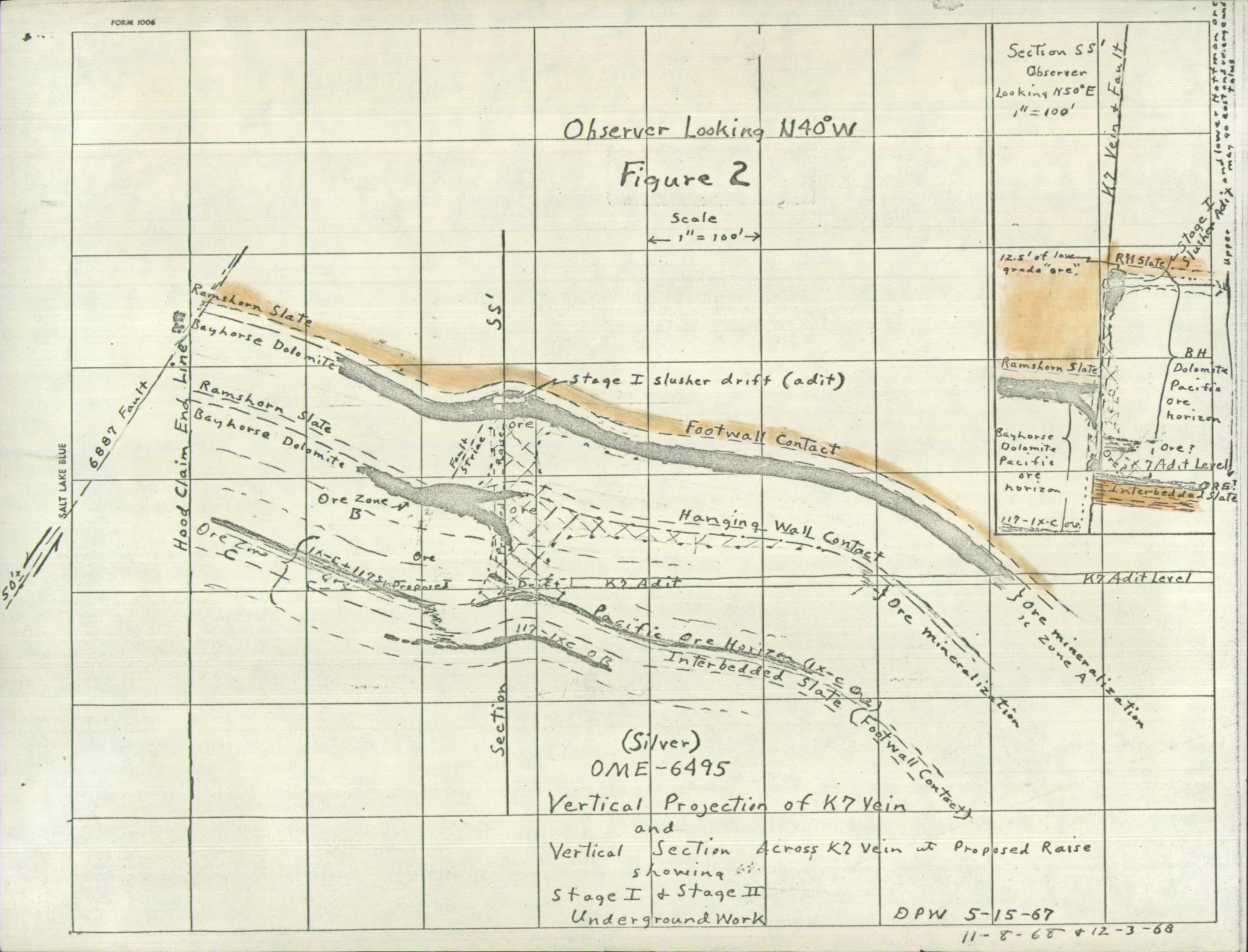
NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Per Cent	Per Cent
Beardsley K-7				Type of Sample			Cars or Width	Place		Interval or distance from start	
817	0.005	2.2	1.30	Channel on Muck muck		1.3	14	148	Dft NE		0'-5'
818	Trace	5.0	1.65	"		1.2	12	"	"	"	5'-10'
819	0.010	1.7	0.90	"		1.2	18	148	" SW		19'-26'
820	Trace	6.0	1.50	"		2.3	12	148	Rse " (slusher raise here)		0-4.5'
821	0.005	2.7	1.00	Channel		0.2	3.0'	148	Dft NE or edge of raise.		0'
822	0.005	1.8	1.00	"		1.7	3.0'	"	"	"	at 5'
823	Trace	1.7	0.20	"		0.3	3.0	"	"	"	at 25'
824	Trace	6.0	1.00	"		0.3	3.0	"	"	"	" 28.5'
825	0.005	2.7	1.10	"		1.3	3.0	"	Dft SW		at 19'
826	0.005	1.8	1.50	muck		1.8	13 cars	"	"	"	0-4
827	0.010	4.3	1.60	"		4.9	12 cars	"	slusher Raise (end of drift)		4-8'

Remarks $66.00 for one

Charges $ 77.00

Glenn P. Williams

FORM 1006


Observer Looking N40°W
Figure 2
Scale
← 1" = 100' →
Ramshorn Slate
Bayhorse Dolomite
Ramshorn Slate
Bayhorse Dolomite
6887 Fault
Hood Claim End Line
SALT LAKE BLUE
50'±
SS'
Stage I slusher drift (adit)
Footwall Contact
Fault Strike
Raise
ore
Ore Zone B
Ore Zone C
Ore
Hanging Wall Contact
K7 Adit
Proposed Drift
Pacific Ore Horizon (1x-c ore)
Interbedded Slate (Footwall Contact)
Ore mineralization
Ore mineralization
1x Zone A
Section
Section SS'
Observer
Looking N50°E
1" = 100'
K7 Vein & Fault
12.5' of low grade "ore"
RH Slate
Stage I Slusher Adit
Upper and lower Hoffman ore may go east and west and vary and fault
Ramshorn Slate
BH Dolomite
Pacific ore horizon
Bayhorse Dolomite
Pacific ore horizon
Ore?
K7 Adit Level
ORE?
Interbedded Slate
K7 Adit Level
(Silver)
OME-6495
Vertical Projection of K7 Vein
and
Vertical Section Across K7 Vein at Proposed Raise
showing
Stage I & Stage II
Underground Work
DPW 5-15-67
11-8-68 & 12-3-68

SALT LAKE BLUE

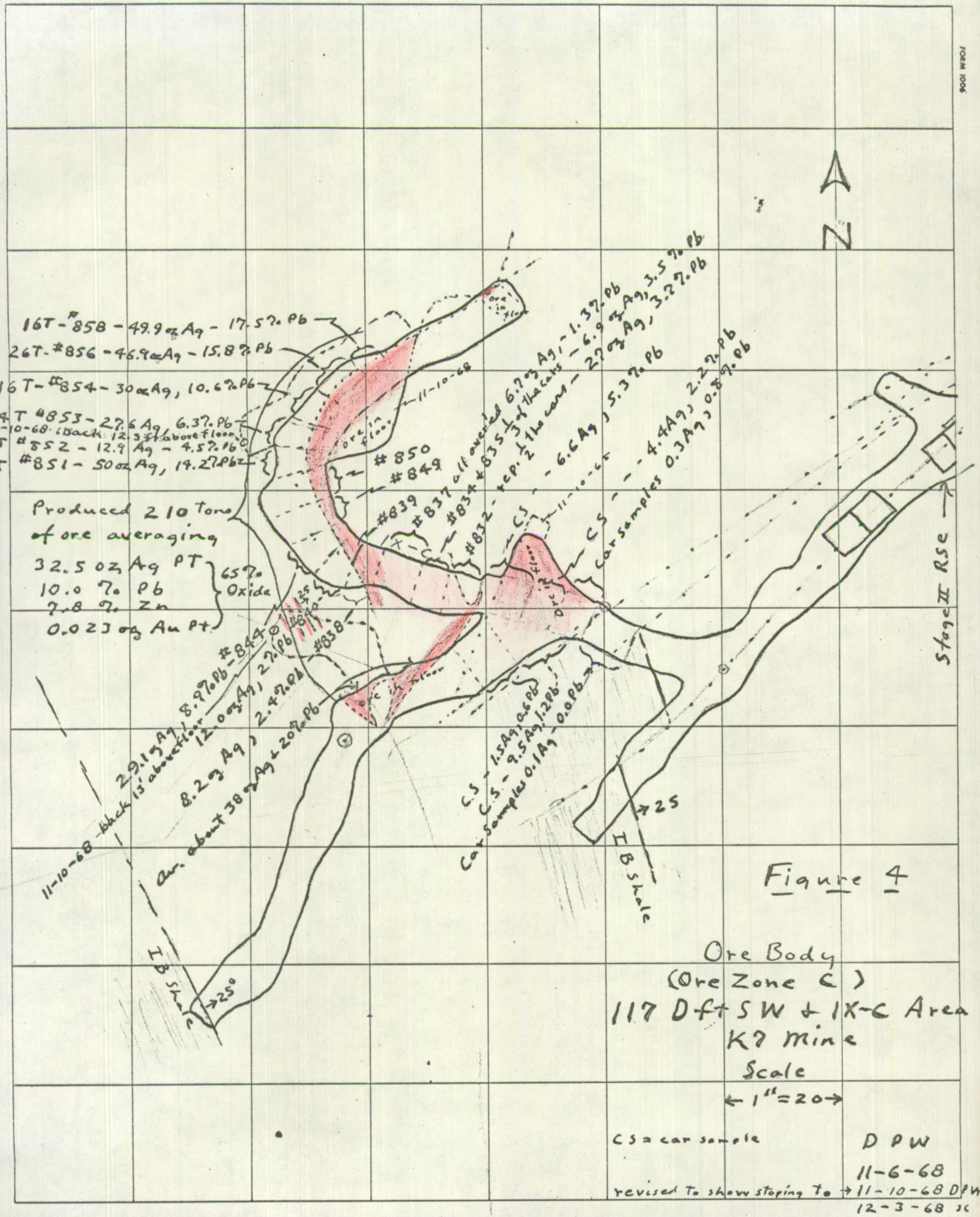


Figure 4

Ore Body
(Ore Zone C)
117 Dft SW + 1X-C Area
K7 Mine
Scale
← 1" = 20 →

CS = car sample

DPW
11-6-68
revised to show stoping to → 11-10-68 DPW
12-3-68 JC

Figure 5

SALT LAKE BLUE

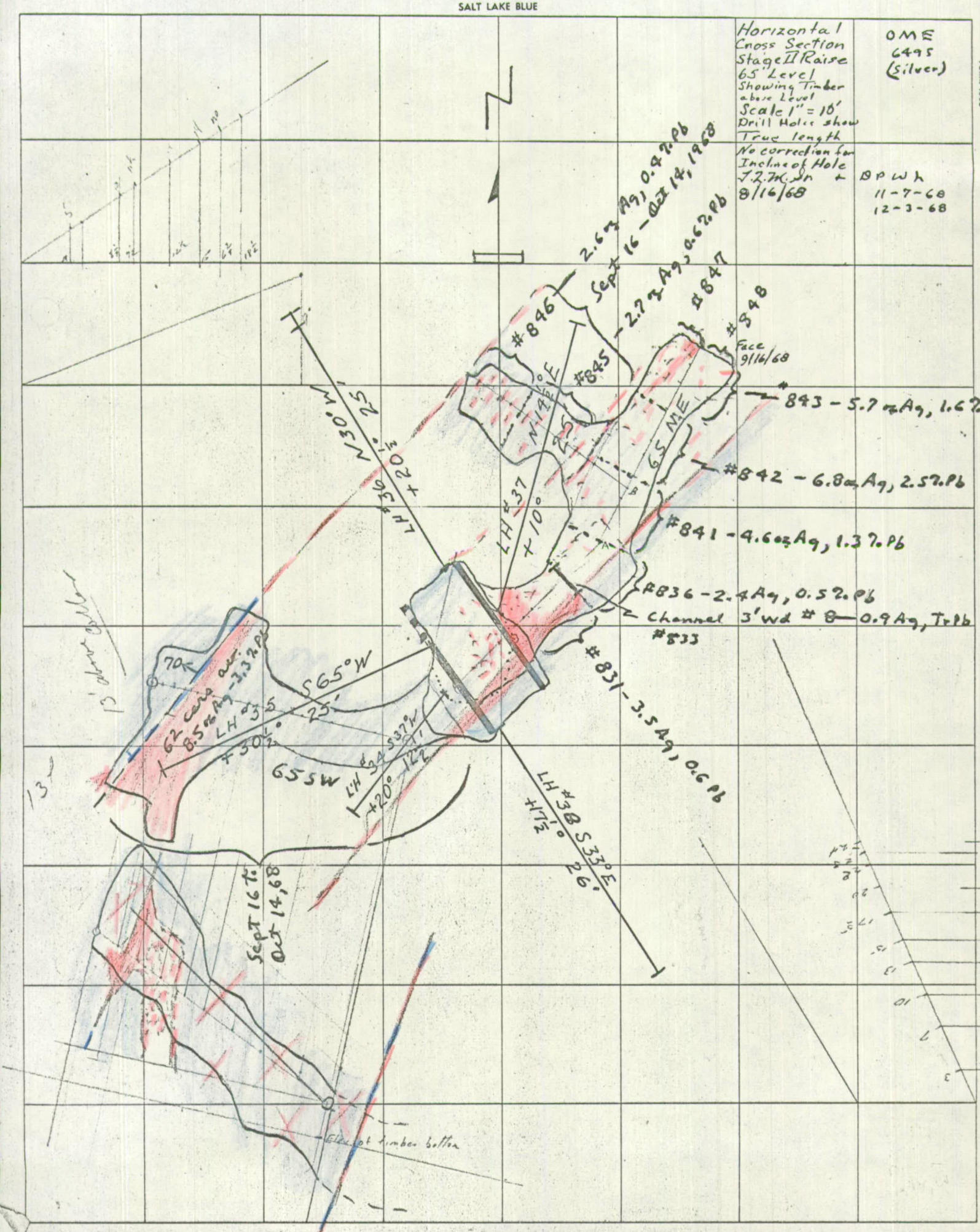
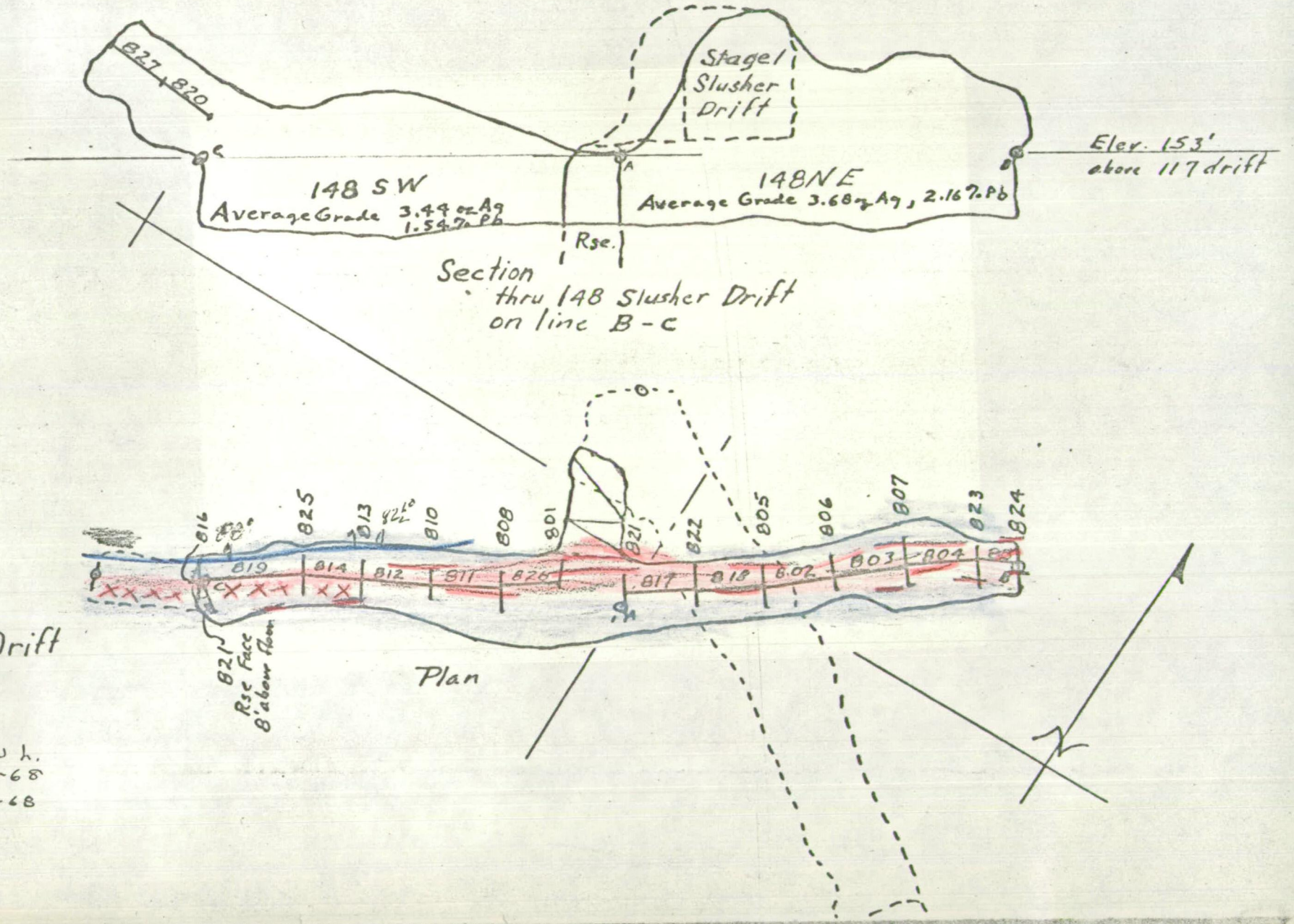


Figure 6



OME 6495

148 Slusher Drift
May 31, 1968
Scale 1" = 10'
J2M dr. + DPWh.
11-7-68
12-3-68

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO:		DATE	INITIALS
1.	Chief, OME	12/11/68	
	Re: OME-6495 (Silver)		
2.	Beardsley Gulch Mining Co., Inc.		
	Beardsley, et al., Groups of Claims		
3.	Custer County, Idaho		
	Contract 2219		
4.			
	DRMacLaren		
5.	D. R. MacLaren		
FROM:	Fld. Officer, Reg. I		

FOR: Check items for action desired

____ Action ____ Reply for signature of ____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions X Your information

REMARKS:

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

M56300-62

Figure 3

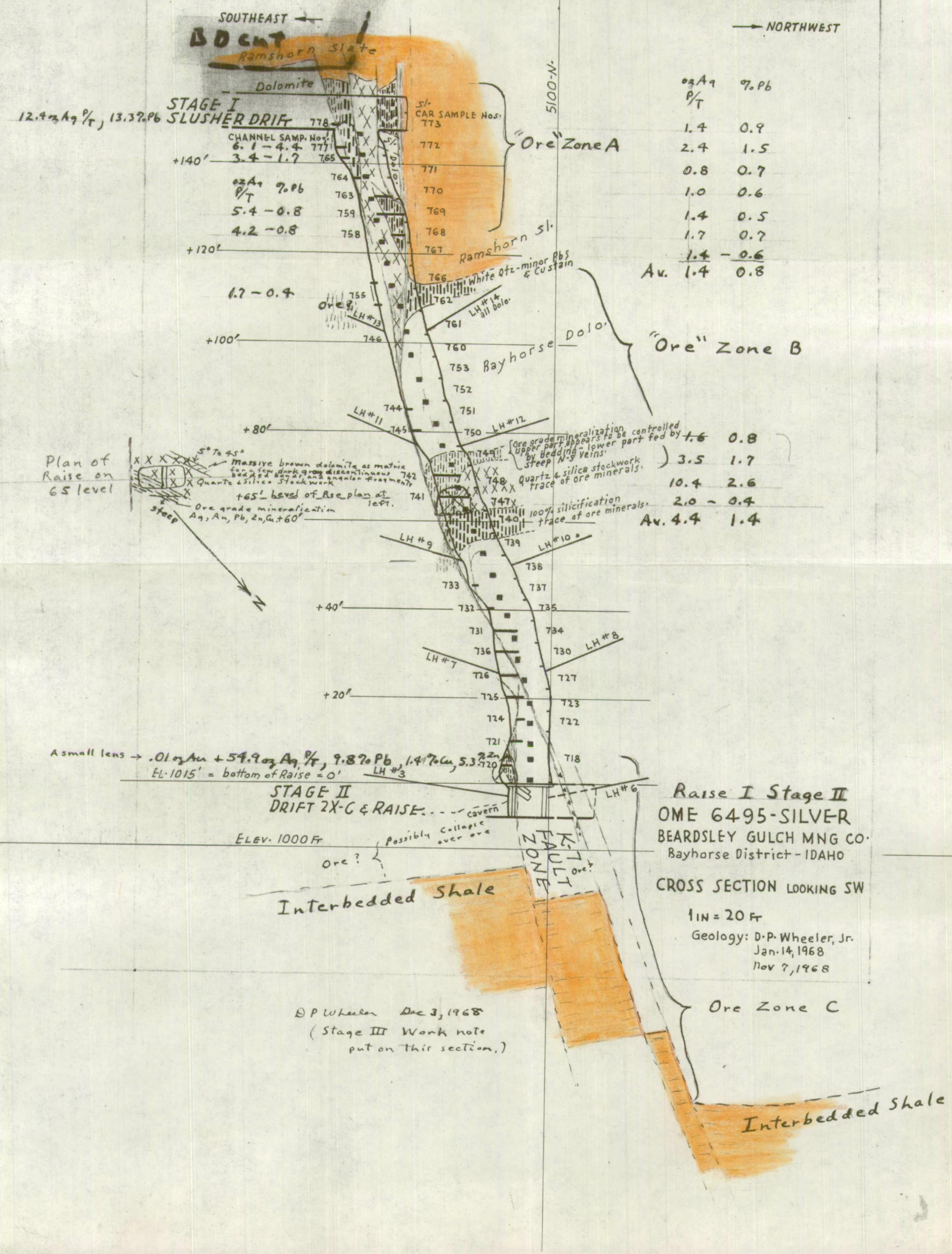
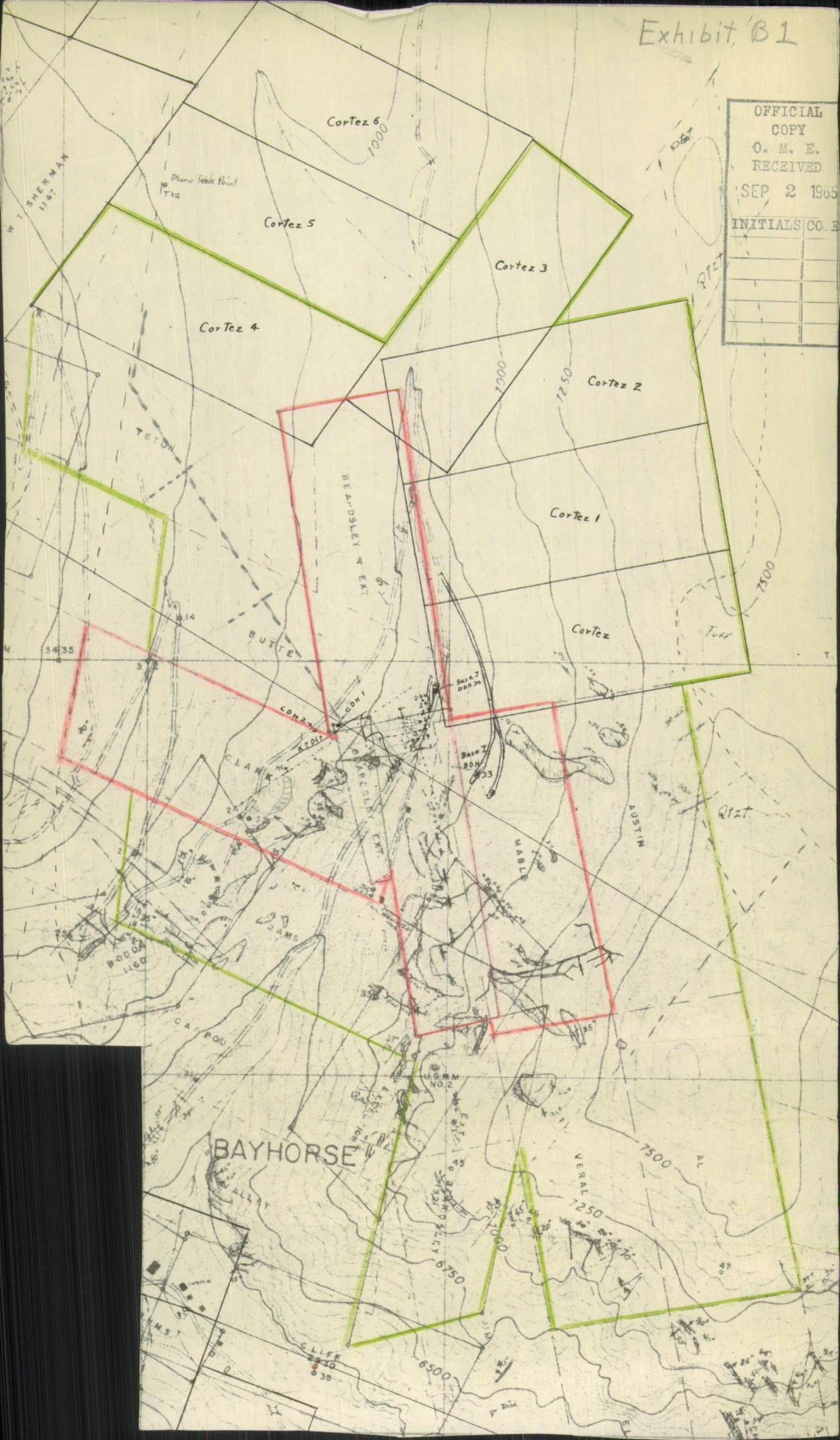
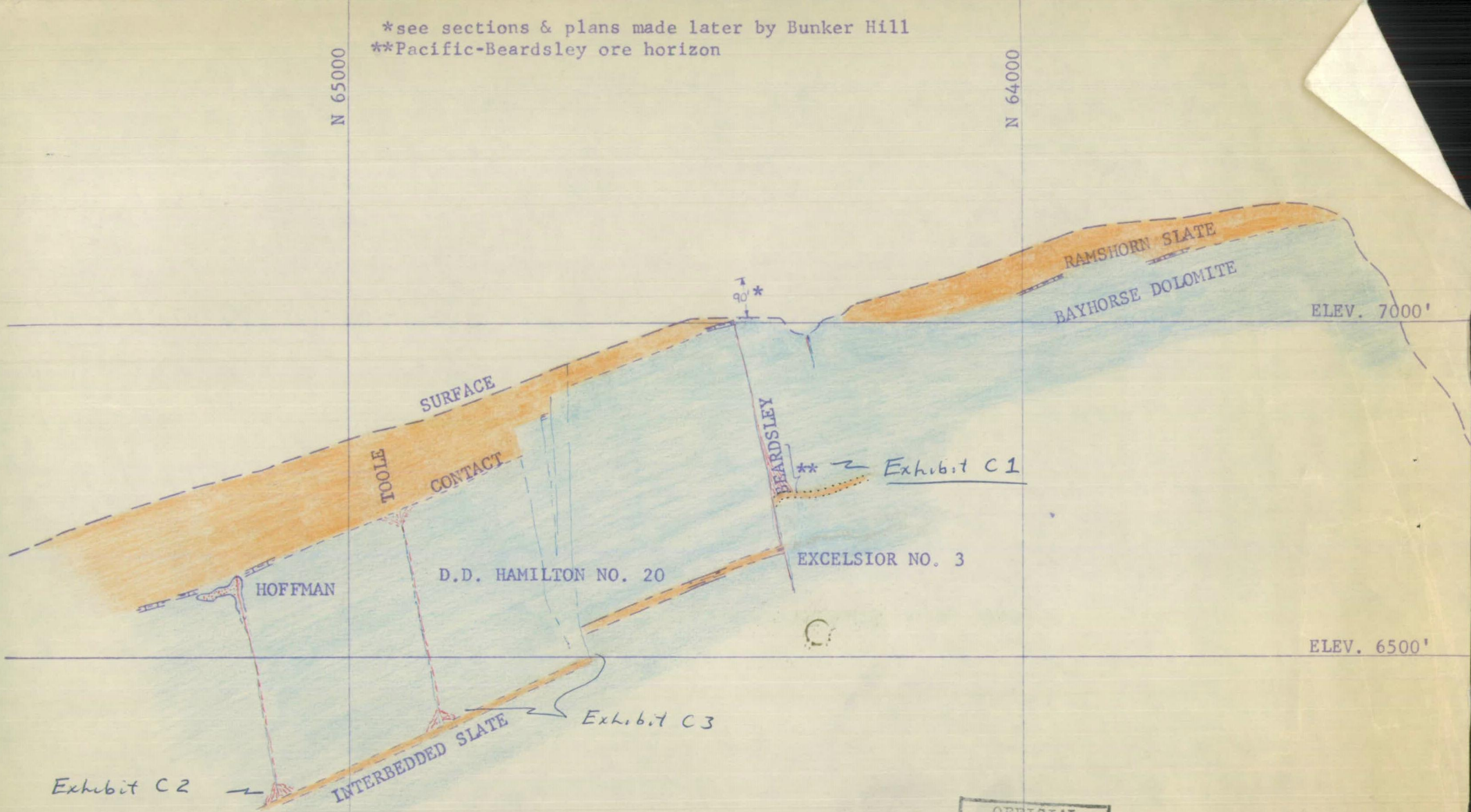

SOUTHEAST
NORTHWEST
BD CHT
Ramshorn Slate
Dolomite
STAGE I
12.4 oz Ag P/T, 13.3% Pb SLUSHER DRIFT
CHANNEL SAMP. Nos.
6.1 – 4.4
3.4 – 1.7
oz Ag P/T % Pb
5.4 – 0.8
4.2 – 0.8
1.7 – 0.4
Ore?
5100-N.
CAR SAMPLE Nos.
"Ore" Zone A
oz Ag P/T % Pb
1.4 0.9
2.4 1.5
0.8 0.7
1.0 0.6
1.4 0.5
1.7 0.7
1.4 – 0.6
Av. 1.4 0.8
Ramshorn Sl.
White Qtz-minor Pbs & Cu stain
LH #14 all Dolo.
Bayhorse Dolo.
"Ore" Zone B
Ore grade mineralization upper part appears to be controlled by bedding - lower part fed by steep N-S veins.
1.6 0.8
3.5 1.7
10.4 2.6
2.0 – 0.4
Av. 4.4 1.4
Quartz & silica stockwork trace of ore minerals.
100% silicification trace of ore minerals.
Plan of Raise on 65 level
5° To 45°
Massive brown dolomite as matrix for a few dark gray discontinuous bedded bands and angular fragments
Quartz & Silica Stockwork
+65' bevel of Rse plan at left.
Ore grade mineralization Ag, Au, Pb, Zn, Cu. +60'
steep
+140'
+120'
+100'
+80'
+40'
+20'
LH #7
LH #8
LH #9
LH #10
LH #11
LH #12
LH #13
LH #3
LH #6
A small lens → .01 oz Au + 54.9 oz Ag P/T, 9.8% Pb, 1.4% Cu, 5.3% Zn
EL. 1015' = bottom of Raise = 0'
STAGE II
DRIFT 2X-C & RAISE
cavern
Possibly collapse over ore
ELEV. 1000 Ft
Ore?
K-1 FAULT ZONE
Ore?
Interbedded Shale
Raise I Stage II
OME 6495-SILVER
BEARDSLEY GULCH MNG CO.
Bayhorse District - IDAHO
CROSS SECTION LOOKING SW
1 IN = 20 Ft
Geology: D.P. Wheeler, Jr.
Jan. 14, 1968
Nov 7, 1968
Ore Zone C
Interbedded Shale
D P Wheeler Dec 3, 1968
(Stage III Work note put on this section.)

Exhibit B1

OFFICIAL
COPY
O. M. E.
RECEIVED
SEP 2 1965
INITIALS | CO. E



*see sections & plans made later by Bunker Hill
**Pacific-Beardsley ore horizon



GENERALIZED SECTION
N-S ALONG COORD. 64150E, LOOKING EAST
SHOWING
FEEDER PATTERN
BEARDSLEY AREA, BAYHORSE DISTRICT, IDAHO

1" - 200'

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 2 1965
INITIALS | CODE

one 363-3302

Sample Serial 15747-15762

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary

P. O. Box 1528
Salt Lake City, Utah 84110

ine Umont Mining, Inc.
Challis, Idaho 83226

RESULTS PER TON OF 2000 POUNDS May 23, 1968

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Per Cent	Per Cent
Beardsley K 7				Type of Sample			Cars Width of mineral		Place		
801	0.017	5.4	3.0	Channel		2.8	2.0'		148 Dft SW		start
802	0.010	5.6	4.7	muck (or car)		2.8	16 cars		148 Dft NE		10'-15'
803	0.010	4.4	3.3	"	"	2.4	17 "		"	" "	15'-20'
804	0.005	2.8	1.1	"	"	1.0	20 "		"	" "	20-25
805	Trace	0.1	0.4	channel		8.0	3.0'		"	" "	10' from start
806	0.015	5.4	4.3	"	X	7.0	2.5'		"	" "	15' from start
807	0.010	4.7	2.7	"	X	1.2	3.5'		"	" "	20' from start.
808	0.035	11.6	2.6	"	X	1.5	3.0'		148 Dft SW		4.5' from (raise or) start
809	0.010	5.4	3.1	muck or car		1.0	19 cars		117 Dft SW		43'-49'
810	0.013	3.6	3.4	channel		0.5	2.0		148 "	SW	at 10' from Rse
811	0.005	2.8	1.3	muck or car		0.7	18 cars		148 Dft SW		4.5'-10' from rse.
812	0.010	3.5	1.8	"	"	1.1	18 "		"	" "	10'-15' from raise
813	0.005	1.4	0.6	channel		1.6	3.0'		"	" "	at 15' from raise
814	0.010	4.0	2.2	muck or car		1.0	13 cars		"	" "	15'-19'
815	0.005	2.1	0.9	"	"	0.8	14 "		"	NE	25'-28.5'
816	0.005	0.9	0.5	channel		0.8	3.0'		"	SW	at 26' from raise

Remarks *96 from E

Charges $ 112.00

Glen R Williams

BEARDSLEY GULCH MINING CO., INC.

King Street Dock
Burlington, Vermont
05401

August 9, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 12 1968
INITIALS | CODE
~~A30~~
~~Bol~~ 120 M
~~JR~~ ~~110~~
~~Bliss~~ 140
120

Mr. Frank E. Johnson
Chief, Office of
Minerals Exploration
U. S. Dept. of Interior
Geological Survey
Washington, D. C. 20242

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al, Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Johnson:

We have your letter of August 6, 1968 and will respond to the questions raised in the 2nd and 3rd paragraphs of that letter. The information requested in paragraphs 4 and 5 of your letter will be forwarded to you from our Mr. D. P. Wheeler.

With regard to the second paragraph, Umont Mining, Inc. has no sub-contractors. Umont is the contractor for Beardsley, hires the miners, does the work and periodically bills Beardsley the cost of labor and materials expended on OME 6495. Last year Umont hired and paid Challis Transportation Co. to perform the work and in turn billed Beardsley at cost.

With regard to the third paragraph, your question regarding Mr. Morris is explained by the fact that he is on Umont's payroll. Umont bills Beardsley for Morris' salary, $1,000 per month. Morris devotes all of his time to the Beardsley project, OME 6495 and Beardsley invoices OME $750.00 per month. Last year Mr. Wheeler, Umont's general manager, performed in place of Mr. Morris and the financial arrangements were identical.

Please let us know immediately if additional information is required with regard to the above. We ask your immediate attention to these matters because Beardsley will be unable to continue exploration work without OME's share of the cost.

Very truly yours,

BEARDSLEY GULCH MINING CO., INC.

R H Wadhams

R. H. Wadhams
President

RHW/eb
cc: D. P. Wheeler, Jr.
T. Q. Morris, Sr.

Copy to OME Region I 8/13/68

REFERENCE SLIP

OFFICE OF MINERALS EXPLORATION

	DATE	INITIALS
~~Sol. Rm 6554~~		
2. Mr. Johnson, Rm #460		
3. K-64-2036-319		
4.		
5.		

FROM: Chief OME

RECEIVED AUG 6 1968 SOLICITOR

RECEIVED AUG 6 1968 INTERIOR DEPT.

Division of Mineral Resources General Legal Services

FOR: Check items for action desired

____ Action	____ Reply for signature of ____	
____ Approval	____ Investigate	____ Surname
____ Comment	____ Recommendations	____ Signature
____ Conference	____ Rewrite	____ File
____ Instructions	____ Your information	

REMARKS:

8/5/68

Letter was discussed with Mr. Blair last week and was prepared in part at his suggestion.

Harold Kirkemo

INT.-DUP. SEC., WASH., D.C. M56300-62

SURNAME COPY

8/5/68

Shibano 120
Long 140
110
Cal 220
120M

AIRMAIL

Mr. R. M. Wadhams
President
Beardsley Gulch Mining Company, Inc.
King Street Dock
Burlington, Vermont 05401

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wadhams:

We have studied your voucher and supporting documents and the report for April and May 1968 and would appreciate receiving the following information before processing the voucher for payment:

Please submit true copies of paid invoices from subcontractors to Umont Mining, Inc., for work claimed on your voucher for April-May 1968.

Please explain why the document supporting payment for the services of Mr. Thomas Q. Morris, Jr., as Supervisor-engineer-geologist for Beardsley Gulch Mining Co. is certified as a true copy of Umont's Payroll Records.

We note that widths of samples taken for assay purposes are not reported, and it is not stated which are cut samples and which may be car samples. The widths of cut samples must be reported to support the claim for cost of assaying in April and May 1968, and cut and car samples should be identified.

Some of the samples, particularly Nos. 808, 821, 805, and 806, indicated on the map of 148 slusher drift show that approximately equal portions of vein material and wall rock were included in the same samples. Individual samples should be representative of one kind of material, not a mixture of ore and waste. The full width of the vein at the position of Sample 881 was not sampled. Samples should be taken in accordance with standard engineering and geologic practice.

RECEIVED
AUG 3 1968
Division of Mineral Resources
and General Legal Services

FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO: Chief OME	DATE	INITIALS
1. Re OME-6495 (S.f.oo)		
2. Beardsley Gulch Mining Co. Inc		
Beardsley et al, Groups of Claims		
3. Custer County, Idaho		
Contract 2219		
4.		
5.		
FROM:		

COPY
MAILED
APR 22 1968
MAIL TRAY SECTION

FOR: Check items for action desired

____ Action	____ Reply for signature	____ Surname
____ Approval	____ Investigate	____ Signature
____ Comment	____ Recommendations	____ File
____ Conference	____ Rewrite	
____ Instructions	X Your information	

REMARKS: Forwarding Operator's Narrative Report for April 1968. No voucher submitted (2 copys)

Copy to B+F 5127

We will process your voucher as soon as the information requested is received.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Copies to:

Mr. T. Q. Morris
Resident Supervisor-Engineer-Geologist
Bearsley Gulch Mining Company, Inc.
c/o Alice Swigert
Challis, Idaho 83226

Mr. Dooley P. Wheeler, Jr.
General Manager
Beardsley Gulch Mining Company, Inc.
1355 Foothill Boulevard
Salt Lake City, Utah 84108

cc: Director's Reading File
Economic Geology File
OME docket
OME Reading File
OME Region I
Mr. Kirkemo

HKirkemo/gla 8-5-68

Stage III
Report I
Beardsley Gulch Mining Company, Inc.
OME 6495 (Silver)
Contract 2219

[illegible] t's Report for April 1968

[illegible]ng April 117 drift SW was extended from 43 to 49 feet on the main [illegible]el, K7 Adit. At 47 feet we passed into the footwall dolomite out of [illegible] appeared to be high grade manto ore striking N 16° W and dipping about [illegible] east-northeast. The attached plan shows that this development points [illegible] a manto or stratiform occurrence of ore going NNW along bedding and [illegible] would have a true thickness of 5 to 10 feet of high grade ore. Work [illegible] suspended in 117 area in order to concentrate on approved exploration work [illegible] raise.

Longhole drilling out of Stage I slusher drift established the presence [illegible]ed mineralization for at least 25 feet SW and NE of the slusher drift at [illegible] of the raise along the footwall strand of K7 fault zone. Refer to [illegible] and 17. Longholes in the face of the Stage I crosscut went for 28 [illegible] and stayed in Ramshorn slate. Longhole #18 designed to test for possible [illegible]vement of mill grade ore to the southwest of Stage I slusher drift near [illegible] and weak mineralization in quartz.

Slusher drift 148 NE was driven ten feet northeast along the footwall [illegible] of K7 fault starting at 148 foot level in the raise. The slusher drift [illegible] mill grade ore.

[illegible]sher drift 148 SW was driven four feet SW and then stopped in order [illegible] 148 NE first. Where stopped the drift was in mill ore about 4 feet

[illegible]ress has been slow because of freezing conditions, inability to get [illegible] miners and malfunction of the compressor. The contractor expects, [illegible] to do better in May.

[illegible]losed is a sketch map of the longholing out of Stage I slusher drift [illegible] line indicating 148 drifts SW and NW.

[illegible]s and detailed 1" = 10' geologic drift maps will be submitted when [illegible] available. The claim for refund of 75% of our expenses will be carried forward until the end of May because we have hardly accomplished enough [illegible] to bother.

Yours very truly,

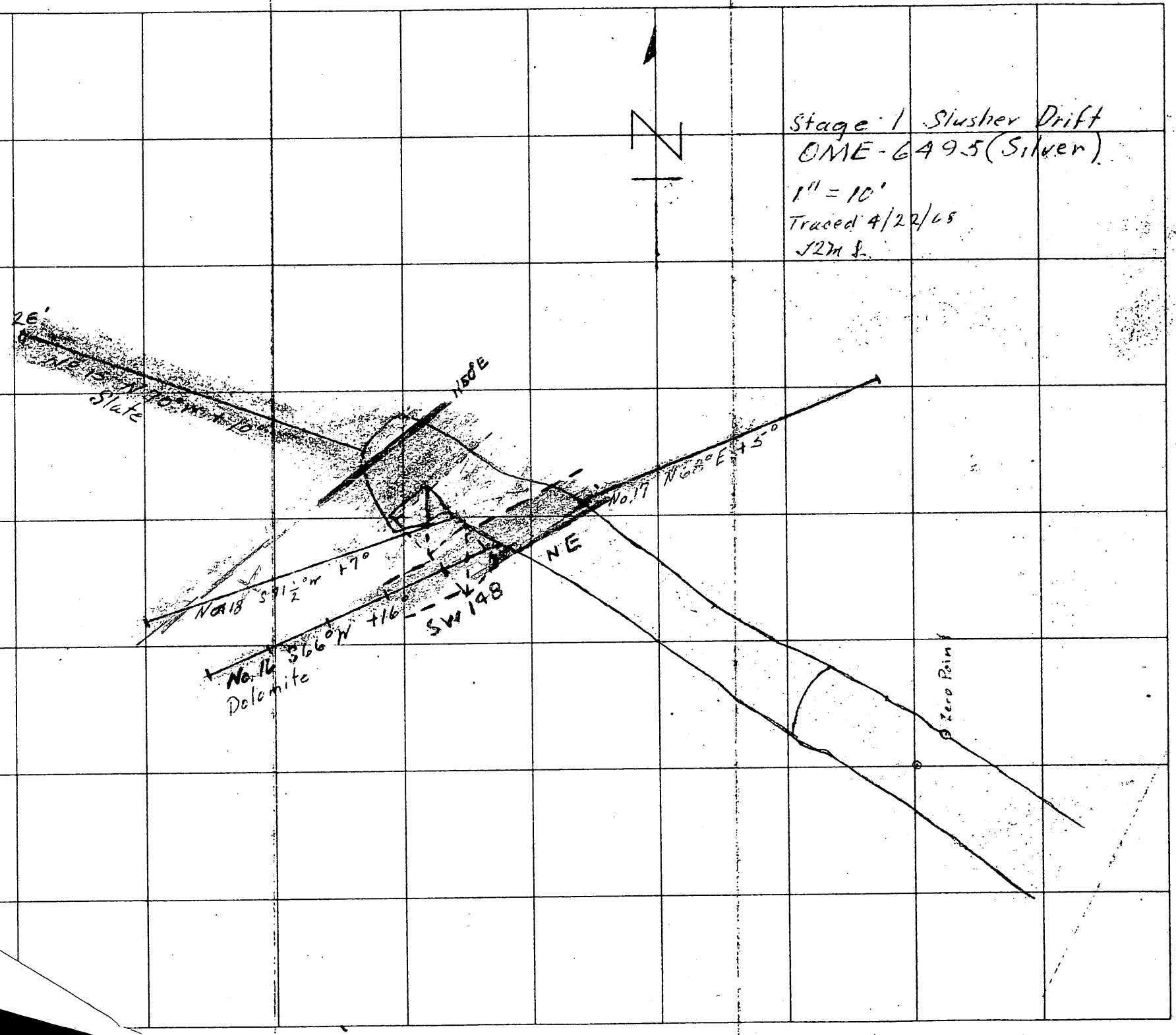
T. Q. Morris

T. Q. Morris
Resident Supervisor-Engineer-Geologist
Beardsley Gulch Mining Company, Inc.

RECEIVED
MAY 20 1968

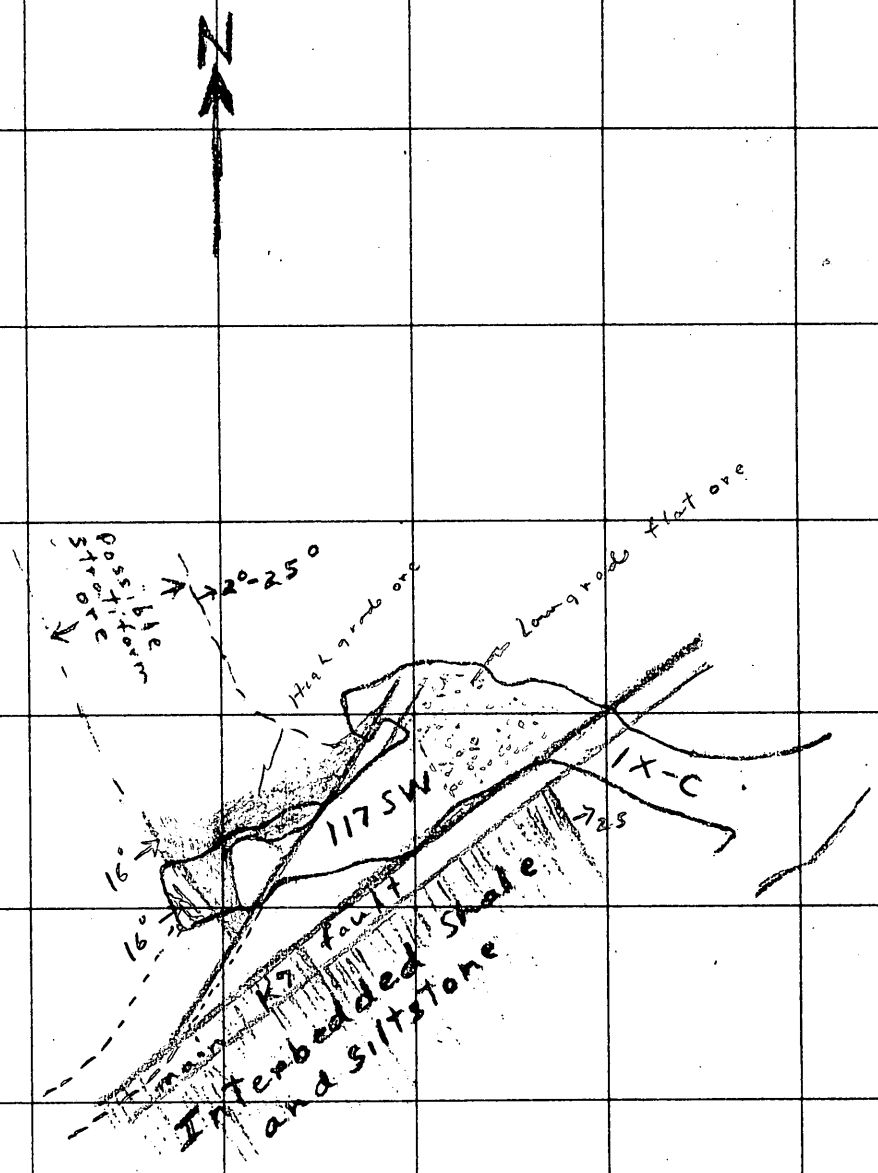
FORM 1006

SALT LAKE BLUE



SALT LAKE BLUE

FORM 1006



Sketch
1X-C - 117 SW
Geology
1" = 20'

TGM + DPW
5-1-68

All solid white is dolomite
symbol of bedding in dolo.

OME 6495
Silver

OFFICIAL FILE COPY

Date	Surname	Code
5/15/68	Kirkemo	120
		110
5/15	CW	220
		120M

MAY 15 1968

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Enclosed is a copy of a letter dated May 13, 1968, from the Field Officer, Region I, transmitting to the Operator a copy of the Report of Review issued in March 1968 on the subject contract. A copy of the report also is enclosed. As the Operator has resumed work under the contract, in accordance with the report and as noted in the Field Officer's letter, the amount of $200.00 withheld from payment to the Operator may now be paid.

Pd-voucher
recd 6/3/68

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's Reading File
Economic Geology File
OME docket
OME Reading File
OME Region I
Mr. Kirkemo

GLAult/a 5-15-68

5/15/68

Kirk:

In sending a copy of F.O.'s letter (attached) to B&F with copy of Report of Review, should a sentence be included authorizing payment of $200 withheld (your memo Jan.30, 196

gla

5/15/68

MacLaran reported today that work ever started on the stage III portion of the contract. The $200 can be paid as per Mac's letter of 5/13/68

Kirk

GEOLOGICAL SURVEY
656 U. S. Court House
W. 920 Riverside Avenue
Spokane, Washington 99201

OFFICIAL COPY
ACTIVITY CODE
130
120
110

May 13, 1968

Beardsley Gulch Mining Co., Inc.
King Street Dock
Burlington, Vermont 05401

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley et al. Claims
Custer County, Idaho
Contract 2219

Gentlemen:

Enclosed is the Operator's copy of a Report of Review issued in March 1968 on the project costs under the subject contract.

As work under Stage III, provided for in Amendment No. 6, has been started, the $200.00 withheld pending resumption of work following the recess period should be received shortly.

In future vouchers, claims for reimbursement should be limited to those items provided for under Stage III, each starting at zero.

Sincerely,

D. R. MacLaren
Field Officer, OME
Region I

Enclosure

cc: Dooley P. Wheeler, Jr.
1355 Foothill Blvd.
Salt Lake City, Utah 84108

OME(2)
CPF
Director's reading file

OFFICIAL FI

Date	Surname	
5/7/68	Kirkemo	
		1
5/1	cu	220
		120M

AIRMAIL

MAY 7 1968

Memorandum

To: Field Officer, Region I

From: Chief, Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Enclosed are the Field Office's and Operator's copies of a Report of Review issued in March 1968 on the subject contract.

If you concur in the facts as stated in this report, one copy should be sent to the Operator with any comments you may have, and the other copy retained for your files. As evidence of your concurrence, two copies of your letter transmitting the Operator's copy of the report should be furnished this office. If you do not concur, both copies of the report should be returned to this office with appropriate comments.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

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

HKirkemo/gla 5-7-68

5/2/68
gla 130
bal 120M
~~110~~
120

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

APR 29 1968

Memorandum

To: Director, Geological Survey

From: Assistant Director, Contract and Grant Audit
Audit Operations, Office of Survey and Review

Subject: Review of Contract 2219
Docket No. OME-~~6459~~ 95 (Silver)
Beardsley Gulch Mining Co., Inc. (Operator)
Beardsley, et al., Group of Claims
Custer County, Idaho

Pursuant to a request dated January 30, 1968, from the Chief, Office of Minerals Exploration (OME), we have made a cost review of Contract 2219, examining the contract and accounting records and files of OME and the Branch of Budget and Finance, Administrative Division, Geological Survey. Four copies of the report of review are enclosed.

W A Wilkerson, Jr.
For Donald R. Moysey

Enclosures

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Chief, OME	4/26/68	
2. Re: OME-6495 (Silver) Beardsley Gulch Mining Co., Inc.		
3. Beardsley, et al., Groups of Claims Custer County, Idaho		
4. Contract 2219		
5. D. R. MacLaren		
FROM: Fld. Officer, Reg. I		

FOR: Check items for action desired.

X Action ____ Reply for signature of ____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions ____ Your information

REMARKS:

OFFICIAL COPY

O. M. E.

RECEIVED

APR 29 1968

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HK	60

INT.-DUP. SEC., WASH., D.C. M56300-62

MONT MINING, INC.

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

April 25, 1968

Mr. D. [illegible] MacLaren
U. S. Geological Survey
U. S. Court House, Room 656
West 920 Riverside Avenue
Spokane Washington 99201

Re: Amendment #6, Stage III, OME 6495 (Silver)

Dear Mr. MacLaren:

Enclosed please find Amendment Number 6, signed.

Mr. Thomas W. Morris, mechanical engineer-geologist-mine operator will be Gearsdley Gulch's supervisor-geologist-engineer on this Stage III work. He resides at Bayhorse at the house between the mill and the tailings pond. You could probably find him there any day during the week except Saturday and Sunday.

I will work with Mr. Morris during the accounting and reporting period ending April 30, 1968, but he will probably sign the OME reports and vouchers.

Thanks for coming over to inspect the 6495 project last week end.

Yours very truly,

/s/ Dooley P. Wheeler, Jr.

Dooley P. Wheeler, Jr.

cc: Mr. R. H. Wadhams

Office of Minerals Exploration
Building 53 Room 203

CENTRAL FILE
O. M. E.
RECEIVED
MAR 15 1968
MINERALS CODE
120
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110
HK

March 12, 1968

Memorandum

To: Field Officer, Region I

From: Field Officer, Region III

Subject: OME-6495
Beardsley et al Claims
Custer County, Idaho

The attached information was erroneously sent to Region III. Kirk asked that I send it on to you from here. Hope all is well with you.

Bill

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Enclosure

cc: Chief, OME
OME chron
Mr. Hasler
OME-6495

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/4/68		120
	(on leave)	110
9/5	Kilgard	
9/5	[illegible]	
9/8	Johnson	
4/8	CAC	220
		120M

AIRMAIL

Memorandum APR 8 1968

To: Field Officer, Region I

From: Assistant Chief, Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Enclosed are the original and three copies of proposed Amendment No. 6 (5 pages), signed for the Government. An extra copy of the amendment is enclosed for field use.

If the proposed amendment is satisfactory to you and the Operator, all four copies should be signed by an authorized representative of the Operator and distributed in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator, the original and all copies are to be returned to this office together with the proposed changes for consideration.

In the event the amendment is executed, we recommend that future vouchers for this contract be identified for Stage III work, and that the totals report progress and costs only for Stage III work. This procedure will avoid time-consuming and unnecessary preparation of over-all totals for Stages I, II, and III. Stages I and II have been completed, and we have the final cost totals from a Report of Review which is in preparation.

Harold Kirkemo (gla)
Harold Kirkemo

Enclosures

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

HKirkemo/bsl 4/4/68

REFERENCE SLIP

OFFICE OF MINERALS EXPLORATION

REV.

TO:	DATE	INITIALS
1. Assoc. Sol.--MR, Room 6554 (Through Room 6042)		
2. Mr. Kirkemo, Room 4459		
3.		
4.		
5.		

FROM: HHK Chief, OME

RECEIVED
MAR 29 1968
Division of Mineral Resources
General Legal Sec.

FOR: Check items for action desired

____ Action	____ Reply for signature of ____	
____ Approval	____ Investigate	____ Surname
____ Comment	____ Recommendations	____ Signature
____ Conference	____ Rewrite	____ File
____ Instructions	____ Your information	

REMARKS:

K-67-2036.3192

SOLICITOR

FROM SOLICITOR
APR 2 1968

MAR 29 1968 FOR SIGNATURE

INTERIOR DEPT.

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

M56300-62

cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
Mr. Kirkemo
130
HKirkemo/bsl 4/4/68

Legal 3/28/

120 HK
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~~120~~
~~110~~ FJJ
120M

DRAFT 3/26/68
HKirkemo/bsl

EXPLORATION CONTRACT
BEARDSLEY GULCH MINING CO., INC.
OME-6495

AMENDMENT NO. 6

It is agreed this _____ day of March, 1968, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Beardsley Gulch Mining Co., Inc., hereinafter called the "Operator," that Exploration Contract 2219 (OME-6495), dated July 14, 1966, as amended, is further amended effective April 1, 1968, as follows:

1. The time fixed by Article (a) of the contract as amended by Amendments Nos. 2 and 5 for completion of the work is extended from twenty-four (24) to twenty-seven (27) months from the date of the contract, or until October 14, 1968.

2. (a) Work under the contract may be suspended during the period beginning April 1, 1968, and ending not later than July 1, 1968.

(b) The Government shall not contribute to any costs of rehabilitation or repair which in its opinion would not have occurred had there been no suspension of the work.

(c) The Operator, at its own cost and expense, without contribution by the Government during the period of suspension, shall preserve and protect the project work.

In Exhibit A:

3. Under the heading General Provisions (a) the eighth paragraph is revised to read as follows:

"The work shall be divided into three stages. No work shall be performed under Stages I and II after January 31, 1968. The Operator shall perform as much of the Stage III work as has the prior approval of the Government."

(b) The following paragraph is added:

"Slusher drifts and slusher raises shall be not less than 35 square feet in cross section area."

4. Under the heading Description of the Work add the following: five paragraphs:

Stage III

(a) Extend K-7 tunnel level by drifting and crosscutting in the vicinity of Raise 1 to further explore the Hoffman shear zone and K-7 vein. Approximately 100 feet of drift and crosscut may be required of which about 15 feet may require timber support. Long-holes may be drilled to test the area prior to drifting and crosscutting. Any footage allowed for slusher drifts remaining after slusher drifting is completed in Raise 1 may be applied to slusher drifting on the K-7 tunnel level to explore the Hoffman shear zone and K-7 vein.

(b) Test by long-hole drilling the direction and extent of mineralized structures exposed in Raise 1 at about the 145-foot or Upper Adit level, the 95- to 105-foot interval, and the 65- to 72-foot interval.

(c) If the long-hole drill cuttings indicate continuity of mineralized material extending at least 25 feet beyond the outline of the raise, ~~a~~ slusher drifts or slusher raises not exceeding 50 feet in length may be driven on the structure.

(d) Not more than two slusher drifts or slusher raises may be driven at each of the three levels described above.

(e) A long-hole extending at least 25 feet beyond the outline of Raise 1 shall be drilled into each of the walls where no mineralized structure is exposed to explore ~~the~~ for unknown ore bodies at or near each of the levels described. A slusher drift may be driven to explore any ore bodies found by drilling.

5. Under the heading Estimated Costs of the Project, add the following paragraphs:

The costs of Stages I and II are limited to those accepted through January 31, 1968. These were $4,106.00 and $26,311.20, respectively, for a total of $30,417.20 as determined by audit completed in March 1968. The balance of funds, $14,262.80, remaining in the contract shall be applied to the costs of Stage III.

Stage III

Actual Costs

Category (1) Independent Contracts 1/		
Drifting and crosscutting, 2/		
100 feet untimbered @ $49.75/foot	$4,975.00	
Drift timbering, 15 feet @ $10.35/foot	155.25	
Long-hole drilling, 645 feet @ $1.00/foot	645.00	
Slusher drifting or slusher raising, 181 feet		
$30.00 0-50 feet @ $30.00/foot (rounded)	5,427.55	
Total Category (1)		$11,202.80

Category (2) Personal Services

None except:

Subcategory (a) Supervision and Technical Services

1 - Supervisor-geologist-engineer,

3.0 months @ $750.00/month $ 2,250.00

Category (7) Miscellaneous

None except:

Payroll taxes, F.I.C.A., insurance, etc.	$ 125.00	
Accounting, office expenses	135.00	
Assaying, including sample sacks and handling	550.00	
Gold, silver, lead, and zinc analyses @ $6.00/sample		
Gold, silver, lead, zinc, and copper analyses @ $7.50/sample		810.00
Total Estimated Actual Costs Stage III		$14,262.80

The SUMMARY of Estimated Costs of the Project is revised to read as follows:

Total Accepted Actual Costs - Stage I	$ 4,106.00
Total Accepted Actual Costs - Stage II	26,311.20
Total Estimated Actual Costs - Stage III	14,262.80
Total Estimated Actual Costs of the Project	$44,680.00
Government Participation at 75 percent	$33,510.00

2) The Government retains no equity in any of the materials used.

1) Funds not used for one item of work in category (1) may be applied to other items of work in the same category.

This amendment shall not be construed to increase the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By_____
Chief, Office of Minerals Exploration
U. S. Geological Survey

BEARDSLEY GULCH MINING CO., INC.

By_____

Title_____

UMONT MINING, INC

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

March 5, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 7 1968

INITIALS	CODE
gla	120
gla	120
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Mr. Harold Kirkemo, Geologist
Office of Minerals Exploration
4461 Interior Building
Washington, 25, D. C.

Re: OME 6495 (Silver)

Dear Mr. Kirkemo:

It was good to have a conference with you and Mr. Johnson regarding the Beardsley project. There is no evident difference of opinion regarding the most promising showings of mineralization in the workings to date, but there is a difference in emphasis on the potential of showings of mineralization and ore in the raise.

I shall herein re-emphasize my points of view regarding the potential importance of the showings and thereby attempt to maintain flexibility in how we explore, where we explore, and when we explore the various places.

On the matter of how we explore out of the raise I can only say that we want to do it by slusher drifts and raises whose cross section will be no less than 35 square feet x and no more than 45 square feet x. We will also want to follow all ore and/or the best ore-type mineralization from the raise regardless of the direction it goes. At 145 feet the slusher workings will go, we believe, southwesterly and northeasterly, but since the fault zone is or may be 40 feet wide we can not be sure that the direction of a relatively short slusher workings will remain approximately SW or NE. At 95 to 105 feet the first two rounds may expose mineralization that causes the slusher workings to end up going more nearly west in a Hoffman-type ore body. At 65 feet it looks like we probably will drift northerly out of the raise after short rounds south, east and north to establish the limits of good mineralization on the 65 to 72 foot interval of the raise, but the mineralization may end sooner than expected especially in a northerly direction and actually require a slusher drift SW from the 68 to 75 foot level (See longitudinal projection with report #16). Such a slusher drift or raise SW could abruptly turn westerly and become a drift or raise on Hoffman-type ore in the Hoffman shatter zone.

At the 5 foot level in the raise, where a two foot width of ore assayed 54.9 ounces silver, we may, after the first slusher round southwest, find that the ore goes into the wall and trends east or west in the Hoffman shatter zone. It could pinch out abruptly, but then again it may increase in dimension, in the plane of the vein, upward and to the southwest. We know it pinches out downward and to the northeast as well as up the raise.

Longhole probes not totalling more than 200 feet may be drilled where we believe they are necessary, but they will not exceed 20 feet in length and may be as short as 5 feet in length. Since longholes in oxide ore areas are very inconclusive and even misleading, we will use them sparingly.

x dimensions not specified — left to discretion of operator

Cy F.O. Region I with maps. 3/8/68

The matter of where and when we explore are interrelated. We had hoped to start exploring the mineralization at the top of the raise and retreat down the raise because the top is where we quit work and we are prepared to resume work there. Also, if we explore at the top first we will know how to prepare for slusher exploration below and whether to leave prepared for mining above. If we have ore above, that will be one thing, if we do not, that will be another with respect to how we leave the raise below.

I suggest the following based upon our conference in Washington, D. C:

1. Allow a minimum of 150 feet of slusher drifting and bare raises based upon the pay scale, as amended, in OME 6495.

2. Allow 50 feet more of drifting SW from the present face of 117 drift SW, 50 feet of drifting or crosscutting northwest roughly as shown on the 1" = 50' Plan map accompanying Report #16.

3. Allow 200 feet of longhole drilling 5 to 20 feet deep where local conditions dictate it.

4. Let slusher drifting or raising start in the 60 to 70 foot interval of the raise but if good mineralization plays out let us continue in succession where we think it is best to continue considering all factors. The place we may concentrate on in succession thereafter are at 5[illegible] feet, 95 - 105 feet, and 145 feet up the raise and in the 117 drift SW. The language for slusher drifting or raising out of 117 drift should specifically allow for raising steep enough not to need slusher scraping. The factor controlling location of such drifts and raises would be to follow ore, but if ore is not exposed, follow mineralization that is structurally situated so that it should have a chance to change to ore.

5. In the event 117 drift SW goes 50 feet from the present face (gets to within 100 feet of the Hood end line) without finding a manto-like occurrence of stratiform mineralization which can be followed northwest, and in event longhole drilling finds no mineralization in the walls into which we can turn 117 drift we would like to have authorization to use up the balance as prescribed by 4 above----- namely, in slusher drifts and raises whether the raises use a slusher or not.

Targets

The enclosed Figure 1 shows a two dimensional section in the plane of K7 fault zone with potential and known ore and mineralization shown in black. Ore Zone A should go to the K7 level as shown in Figure 2. Stage I bulldozer work at best exposed the footwall of K7 fault zone as shown by Figure 3, note the bulldozer cut's (B D cut) relation to K7 fault zone. The entire K7 fault zone is capped by slate at the bulldozer cut and it is 15 to 20 feet wide in

Stage I slusher drift. We know, however, that it gets up to 40 feet wide in places. We tried to trench down through the slate in the fault zone and in the footwall side of the footwall strand, in trench two of the work in 1966, we found pods of ore-type material one of which was assayed and assayed 15.5 ounces Ag P/T, 5.2% Pb, 0.36% Cu, and 2.5% Zn. Thus, the K7 fault zone from K7 level up to Hood claim where capped by slate could have ore and especially in the Hoffman shatter zone. Such ore could at best be 5 to 20 feet wide and 20 to 40 feet in vertical extent. Thus Ore Zone A could have 10 to 75 tons per linear foot in it but a lot of the ore would be low grade mill ore. The OME ground Zone A could have from 4,000 to 30,000 tons of such ore above the adit level. Slusher drifting and raising from 145 feet up the raise would explore that possibility.

Figure 1 and 2, Ore Zone B, could have been nicked by the raise in the 60 to 75 foot interval and again on the 95 to 105 foot interval and their relation might be roughly as shown in both figures. Zone B would be expected, however, to have its long axis trending north to west and climbing gently north or west. Ore Zone B has the best chance of having the westward extension of the Hoffman Ore Body and it now looks like it will take off from the K7 fault zone west, or centers, southwest of the raise. This ore zone if it develops will have a magnitude similar to Ore Zone A, but will trend roughly normal to Zone A. It should be explored with that in mind.

Ore Zone C in figures 1 and 2, while it is high grade, does not have enough structural punch or demonstrated continuity to really be labelled an ore zone, but since I am dealing more with potential than actual ore the designation will be used. The ore has a chance of developing upward and to the southwest into an ore body and it could conceivably be related to a potential ore zone in the Hoffman Shatter Zone near the interbedded slate. Historically, in Bayhorse, this lower part of the Pacific Ore Horizon has the best ore bodies, but the small "lens" near the bottom of the raise, the cave southeast and in the floor of the drift under the raise (see figure 3), and related intense silicification are all that would weakly suggest any such possibility.

The 117 drift SW to NW was discussed and its objectives illustrated in Washington, D. C., March 1, 1968. The southwest component of 117 drift could improve in ore grade and yield a high grade replacement fissure vein ore body like the Beardsley mine, and from that type of mineralization we may be able to drift northwest on stratiform ore and/or mineralization of the Pacific mine type. The Pacific mine is a perched erosion remnant about a mile west-northwest and 1500 feet above 117 drift SW. Beardsley, according to research by Bunker Hill Company, yielded approximately 3.5 million dollars worth of ore at 1956 prices. Umont's check assays and measurements indicate production of at least 15,000 tons of ore containing at least 75 ounces silver per ton and 25% lead. The Pacific stratiform ore environment has relatively large tonnage possibilities (50,000 - 100,000 tons), but if the grade is comparable to Pacific mine it will be mainly mill ore averaging perhaps 15 ounces silver per ton and 5 to 10% combined lead-zinc.

U[illegible]ONT MINING, IN[illegible]

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

Suspension Period

We should like to have an extra month in which we do not have to work at Beardsley, if possible, but this is largely to avoid being muck-bound in the event the steelworker's strike is still unsettled. Since we intend to explore our best exposures of mineralization in all work between now and July 14, 1968, we hope to have a high proportion of mill or direct shipping ore to dispose of somewhere.

Amendment 6

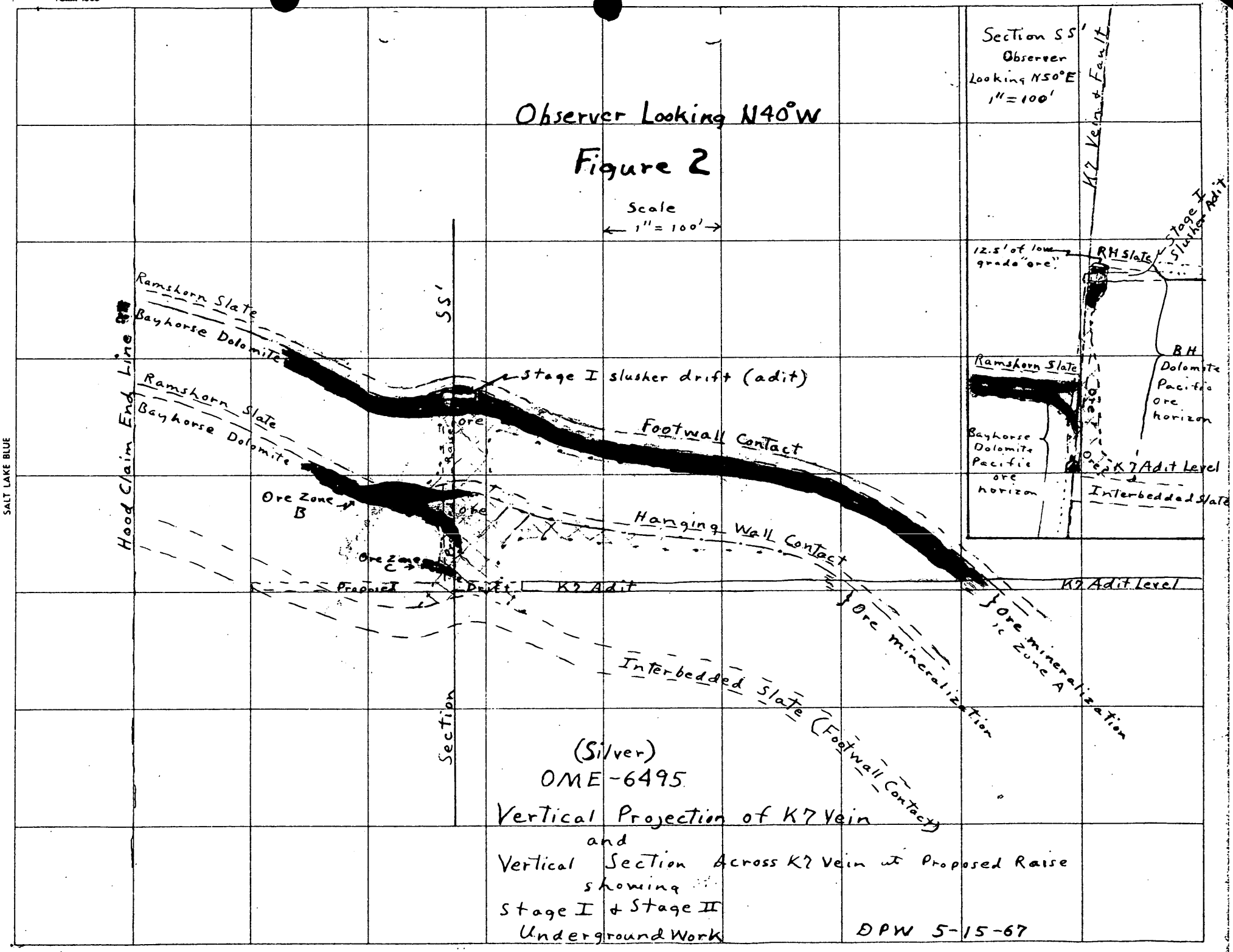
I am herein requesting Amendment 6 along the lines suggested above and for the above reasons.

Yours very truly,

Dooley P. Wheeler, Jr.

Dooley P. Wheeler, Jr.
General Manager

FORM 1006

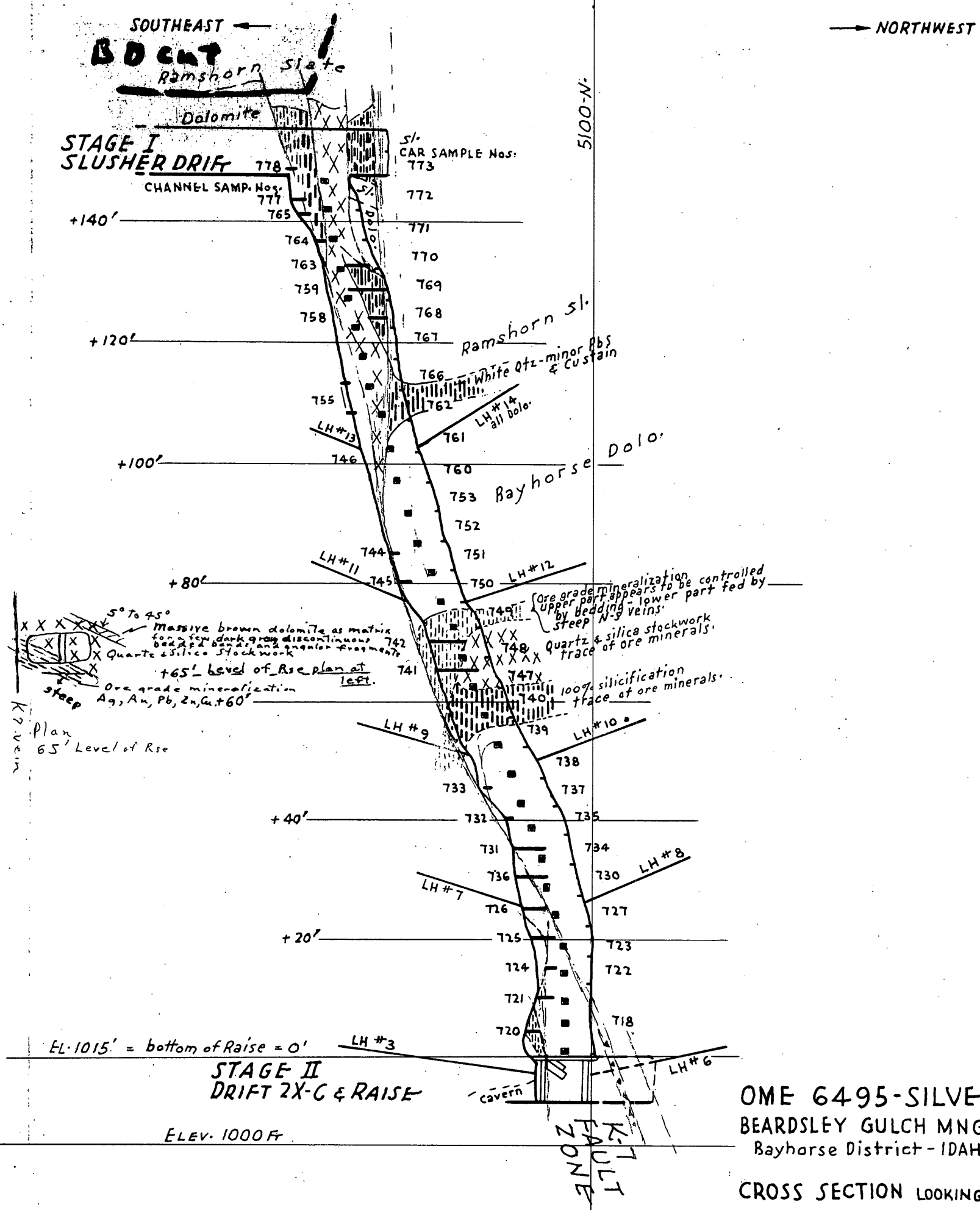


(Silver)
OME-6495
Vertical Projection of K7 Vein
and
Vertical Section Across K7 Vein at Proposed Raise
showing
Stage I & Stage II
Underground Work

DPW 5-15-67

SALT LAKE BLUE

Figure 3

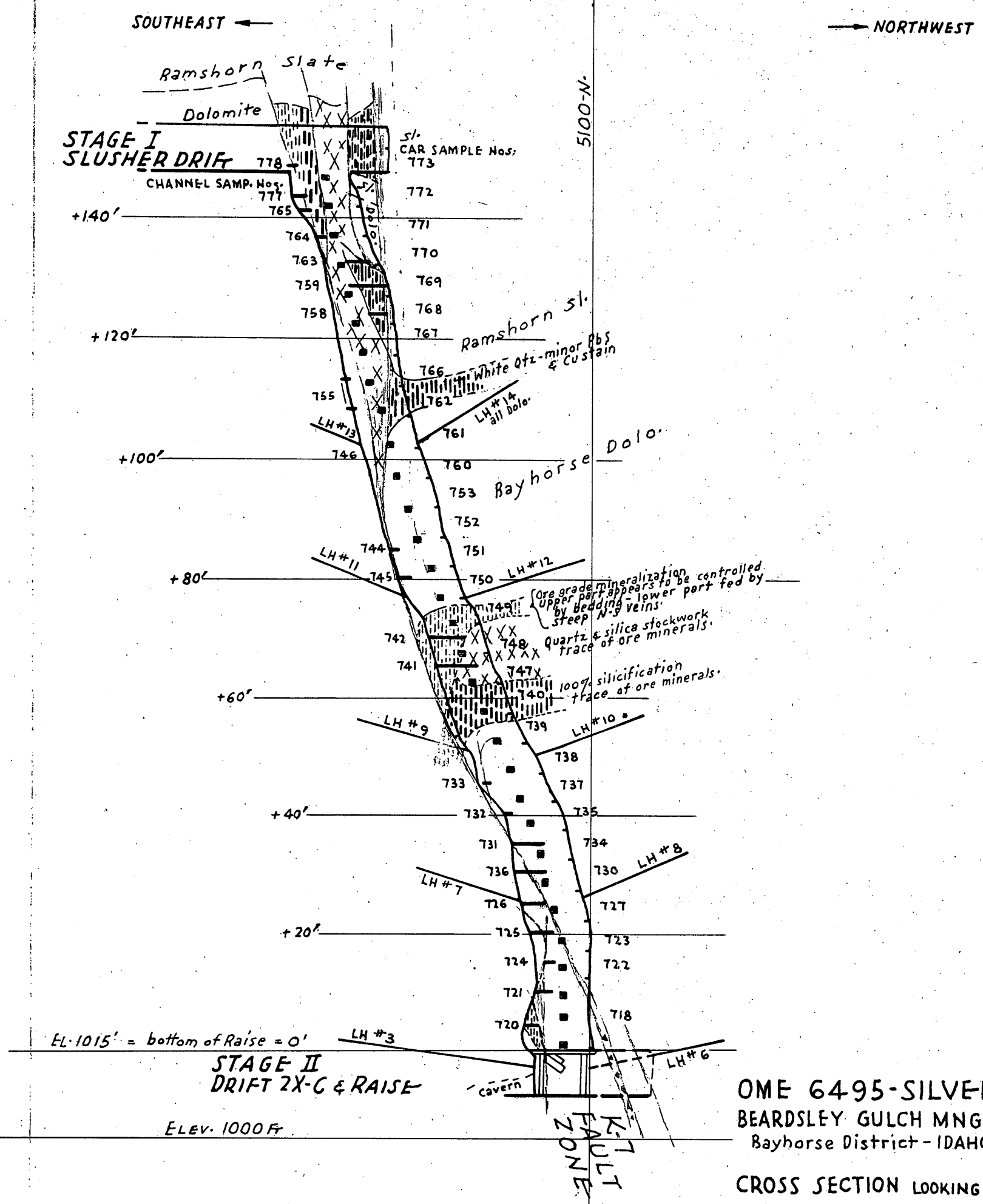


OME 6495-SILVER
BEARDSLEY GULCH MNG CO.
Bayhorse District - IDAHO

CROSS SECTION LOOKING SW

1 IN = 20 Ft

Geology: D.P. Wheeler, Jr.
Jan. 14, 1968



OME 6495-SILVER
BEARDSLEY GULCH MNG CO.
Bayhorse District - IDAHO

CROSS SECTION LOOKING SW

1 IN. = 20 Ft

Geology: D.P. Wheeler, Jr.
Jan. 14, 1968

MS Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/5/68		120
	Johnson	110
3/6	Cal	220
		120

(In lieu of Original)

March 5, 1968

Memorandum

To: The File

From: Assistant Chief, Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Mr. Dooley P. Wheeler, Jr., General Manager of the subject property, visited this office on March 1, 1968, to discuss with Frank E. Johnson and me a request for proposed Amendment No. 6 to the contract.

The proposal is to continue 117 drift southwest in the 1 X-C area on the K-7 level and to drive slusher drifts and/or raises from Raise 1 on 3 promising mineralized structures. Mr. Wheeler requests that the Operator have maximum flexibility as to selection, footage, and direction of workings to be driven on the balance of funds remaining in the contract.

No definite conclusion was reached. Mr. Wheeler referred repeatedly to the need to ship ore because of a storage problem and the advantage of obtaining income therefrom, but conceded that work on the contract would start by April 1, the end of the present period of recess, particularly if the proposed flexibility is granted by proposed Amendment No. 6. Wheeler promised to prepare a letter outlining more specific plans for the proposed work.

The balance of funds available on this contract as of this date, following our review of the Operator's voucher for January 1968, is as follows:

Total estimated actual costs of the project	$44,680.00
Total costs through January 1968, prior to review by the Branch of Budget and Finance	30,417.20
Balance of funds available, subject to audit	$14,262.80

We are reluctant to allow an undefined program of work on the funds remaining because of Mr. Wheeler's comments on the need to bring the property into production at the earliest opportunity. The proposed work may result in development and stopes rather than true exploration

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. D. R. MacLaren, Field Officer OME Region I, Spokane, Spokane, Wash.		
2.		
3.		
4.		
5.		
FROM: Grace L. Ault	3/5/68	

FOR: Check items for action desired

____ Action ____ Reply for signature of _____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions ____ Your information

REMARKS: OME-6495 (Silver) Beardsley Gulch, etc.

Herewith returned:

Your draft re proposed Amendment No. 6

One white (chron)

One yellow (docket copy)

One white copy has been retained here for the Director's Reading File

Copy of Mr. Kirkemo's memo this date to the file for your information.

INT.-DUP. SEC., WASH., D.C. gla M56300-62

workings. We realize that replacement deposits in limestone are difficult to predict and to define, but we believe some control on the extent of work should be incurred in any proposal presented for a new amendment.

Harold Kirkemo

Harold Kirkemo

Enclosures

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

HKirkemo/gla 3-5-68

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
GEOLOGICAL SURVEY
U. S. Court House, Rm. 656
W. 920 Riverside Avenue
Spokane, Washington 99201
February 23, 1968

Memorandum

To: Chief, OME

From: Field Officer, Region I

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Proposed Amendment

In letters dated January 4, 6, and 20, 1968, copies of which have been sent to you, and in a letter dated February 7, 1968, copy enclosed, the Operator requests and modifies his request to:

1. From the Stage II, K-7 raise, drive 500 feet of slusher drifts and/or raises to explore ore type mineralization in the areas of sample 742, sample 755, and the 125-foot to 160-foot interval of the raise.

2. Drive up to 100 feet of drift and crosscut, starting at the face of the 117 drift, to explore the Pacific ore horizon on the hanging wall side of the K-7 fault.

3. To use the balance of funds remaining in Stages I and II to do this work. In his letter of February 7, 1968, he greatly modifies this request by asking that he be authorized to spend the balance of the funds at his discretion, listing his proposed expenditures in 9 items of work. Under this proposal he could arbitrarily shift funds from one category to another, with no single item either a maximum or a minimum. From an Operator's standpoint, this would be a delightful arrangement, but from the Government's view it is completely unfeasible. For one thing, his vouchers would become so confusing that processing would require a vastly disproportionate amount of time.

Appraisal of Stage II results

K-7 Raise

In the raise the most encouraging sample assays are between 62-feet to 77-feet above the sill. In this interval 3 channel samples and 3 muck samples assayed:

Sample No.	Width (Car)	Oz/T Ag	Pb	Percent Zn	Cu
741	8'	11.8	2.2	4.05	
742	6'	18.9	7.3	2.50	0.39
743	4'	3.0	1.1	1.0	0.025
747	5'(car)	2.0	0.4	1.6	
748	5'(car)	10.4	2.6	2.7	
749	5'(car)	3.5	1.7	1.0	
	33	299.3	89.3	77.9	
Average	5.5'	9.07	2.71	2.36	
Value/T		$18.14	$7.48	$6.37	

Five and one-half feet of ore worth $31.00 per ton would appear to be worth further exploration.

Two car samples and one channel sample taken from the sample 755 area are much lower in indicated grade in the raise, averaging 0.83 ounce silver per ton, 0.2 percent lead and 1.3 percent zinc. The total value in the raise is $5.75 per ton of which zinc accounts for $3.51 or 61 percent. However, in this type deposit values can change rapidly and for that reason, possibly a small amount of initial "gophering" from the raise might be worth considering.

In the 125-foot to 160-foot interval of the raise 6 channel samples and 6 car samples have an average grade of 2.75 ounces silver per ton, 1.01 percent lead and 1.33 percent zinc. The total indicated value of this interval is $11.88 per ton of which value lead and zinc combined make up $6.38 or 53.7 percent. Five feet above and about 7 feet northeast of the highest raise sample, a sample in the Stage I slusher drift assayed 12.4 ounces silver per ton, 13.3 percent lead, 1.07 percent copper and 1.0 percent zinc with a value of $64.39 per ton of which lead and zinc combined comprise $39.59 or 61.5 percent. Because the values change so rapidly and in short distances, possibly a small amount of initial "gophering" in this horizon might be worth considering.

K-7 level, 117 Drift

From 26-40 feet in 1-X-C, 4 channel samples and one sludge (?) sample taken from a burn hole at the NW corner or 40 feet indicate a zone 14 feet wide with an average grade of 7.09 ounces silver per ton, 5.87 percent lead, and 2.06 percent zinc worth $35.94 per ton of which the combined lead-zinc is worth $21.76 per ton or 60.5 percent of the total.

In 117 drift 5 channel and 3 car samples representing 42 feet of drift have an average grade of 7.79 ounces silver per ton, 3.29 percent lead, and 1.60 percent zinc worth $28.98 per ton of which silver is worth $15.58 per ton or 53.8 percent of the total. The rapid change in grade is well illustrated in the 117 drift where the first 19 feet represented by 3 car and 3 channel samples have an average grade of 3.23 ounces silver per ton, 1.16 percent lead, and 1.76 percent zinc worth $14.41 of which lead-zinc combined is worth $7.95 per ton or 55.2 percent of the total value. By contrast, the last 10 to 12 feet represented by 2 channel samples, one at 34 feet and one at 42 feet, have an average grade of 38.5 ounces silver per ton, 17.56 percent lead, and 0.88 percent zinc worth $127.84 per ton of which silver is worth $77.00 per ton or 60.2 percent of the total value.

Conclusions

In 5 sample groupings, lead-zinc combined make up an average of 58.3 percent of the indicated total values; in 3 sample groupings, silver makes up an average of 56.9 percent of the total values. In view of this and the contrast between the first 19 feet and the last 10 to 12 feet in the 117 drift, it is concluded that there is an equal chance that either silver or lead-zinc combined will be the predominant commodity in any ore that might be found.

Based on presently available assay and structural data it is concluded that additional exploration on the K-7 level by crosscutting, drifting and long-hole drilling and in the 62-foot to 77-foot interval in the raise by slusher drifts, raises, and/or winzes and by long-hole drilling offer the best chance of making a significant discovery.

Although additional "gophering" might encounter ore bodies in the vicinity of sample 755 and in the 125-foot to 160-foot interval in the raise, it is concluded that this should be done only if the work on the K-7 level and in the 62 foot to 77-foot interval result in significant discoveries.

Finally, it is concluded that the request to leave the location, type, and extent of the work to the sole discretion of the Operator is unfeasible and should not be considered.

Source of Available Funds

With his letter of February 7, 1968, the Operator encloses a tabulation showing his record of funds allowed, funds used, and funds available for additional work. A review of the voucher records in the Spokane office indicates differences in certain items. These are due, in part, to some of the Operator's claims being disallowed, in part to his disregard to category and to Amendment No. 4. Table 1, I have shown under "Total Claimed to Date" the figures from my records except when they are less than the amount shown in the Operator's table; in these cases I have used his larger figure indicating it by an asterisk. This should avoid a subsequent audit disclosing reclaimable sums that might exceed the maximum allowable totals.

Table 1

Work Item	Allowed by Contract	Total claimed to date	Available unused funds
Stage I			
Category (1)			
Dozer mobilization and demobilization	$ 111.00	$ 110.00	$ 1.00
Dozing	1,550.00	1,550.00	-
Slusher drift	2,250.00	1,560.00	690.00
Total Cat. (1)	$3,911.00	$3,220.00	$691.00
Category (2)			
Supervision, etc.	$ 750.00	$ 750.00	$ -
Category (7)			
FICA, etc.	$ 62.00	$ 62.00*	$ -
Accounting, Office Expenses, etc.	25.00	25.00	-
Assays	75.00	49.00*	26.00
Total Cat. (7)	$ 162.00	$ 136.00	$26.00
Stage I Total	$4,823.00	$4,106.00	$717.00
Stage II			
Category (1)			
Rehabilitation K-7 level	$3,041.50	$3,041.50	$ -
Drift and Crosscut	11,193.75	11,193.75	-
Drift timber	621.00	507.15*	113.85
Timbered raise	14,225.00	6,721.25	7,503.75

(continued)

Stage II (continued)	Allowed by Contract	Total claimed to date	Available unused funds
Category (1) (continued)			
Slusher drift or raise	3,350.00	315.00*	3,035.00
Long-hole drilling	850.00	205.00	645.00
Total Cat. (1)	$33,281.25	$21,983.65	$11,297.60
Category (2)			
Supervision, etc.	4,500.00	4,500.00	-
Category (7)			
FICA, etc.	675.00	561.00*	114.00
Accounting, Office Expenses, etc.	275.00	275.00	-
Assays	1,125.00	526.20*	598.80
Total Cat. (7)	$2,075.00	$ 1,362.20	$ 712.80
Total Stage II	$39,856.25 $39,857.00	$27,845.85	$12,010.40

McLaren { 13,501.36 2/12/68

*Operator's figure; larger than my records show

Recommendations

It is recommended that 150 feet of drift and/or crosscut on the K-7 level be approved to explore further the Pacific ore horizon. It is also recommended that 150 feet of slusher drift, slusher raise, and/or slusher winze in the 62-foot to 77-foot interval (near sample 742) be approved to explore further this potential ore horizon. However, it is recommended that these footages and how much if any long-hole drilling and how much if any "gophering" from the raise at the two higher horizons be finally determined during your meeting with the Operator set, I believe, for February 29 or March 1, 1968.

Funds remaining from Stages I and II available for additional work are $12,727.15 at least.

R. M. Smith
for D. R. MacLaren
By: Harold Kirkemo

Enclosure

cc: OME ✓
Director's Reading File
Chron

Dear Frank:

You will be wanting the revised news before Director comes in which I believe will be the 27th or possibly March 1.

Paul Weiss is preparing to leave for a 4 or 5 week stay in Denver next Sunday - the 25th. Under the circumstances it is doubtful that Dottie will be able to get this typed before Monday and that will be cutting things rather close.

I leave it up to you whether to have the final typing done in there, or, when it has served its purpose, returning it to me so we can get it done here.

regards
Mac

OFFICIAL
COPY
O. M. E.
RECEIVED
FEB 26 1968

INITIALS	CODE	
TL	110	
bal	120	M
	130	
RMS.	120	S
	120	K

draft returned to
Mr Mac Laren
3/5/68

U[illegible]ONT MINING, INC[illegible]

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

February 7, 1968

Mr. D. R. MacLaren, Field Officer
OME, Region I
U. S. Geological Survey
U. S. Court House, Room 656
W. 920 Riverside Avenue
Spokane, Washington 99201

Re: Proposed Amendment 6 to OME 6495 (Silver)

Dear Mr. MacLaren:

The attached sheet has three columns, one showing allowable actual costs as reported in forms 60 and 61, another showing estimated allowable costs in the contract, and the last column shows the balance left as of January 15, 1968.

The above balance left under Stages I and II we would like to have available for use in the following way between now and July 15, 1968:

1. Formal drifting and crosscutting SW to NW of the present face of 117 drift SW in the 1X-C area on K7 level in order to follow ore and promising mineralized structures. We would need $49.75 per linear foot for 5' x7' crossection workings, track, 2" air pipe and 1" water pipe. $ open

2. Slusher drifts, raises and crosscuts out of the above formal workings to explore ore and promising mineralization $ "

3. Slusher drifts and raises out of the raise, finished January 14, 1968, following the ore and mineralization exposed at 5 feet, 60 - 75 feet, 95 - 105 feet and 140 - 153.5 feet in the raise. Aggregate minimum footage to be 75 linear feet at $30 per foot at a cost of $2250. $ "

4. Assays (use balance of $550.) $ 550.00

5. Longholing up to 200 feet at $1.00 per foot substituted for drifting, raising or crosscutting. Spend 0 to $200 $ open

6. Drift timbering as needed and where needed at $10.35 per linear foot and raise timbering as needed and where needed ~~at $5.00 per linear foot.~~ at rate established in contract see Amend. #4. $ "

New rate contract clause = 10/ft.

7. Supervision at $750 per month for three months but up to operator whether to apply all of the $2250 to direct cost of drifts, raises and crosscuts or not. 0 - $ 0[illegible].2250.

8. Insurance and FICA $62.50 per month for three months but if not used to be applied to driving mine workings. 0 - $ 0[illegible].187.50

UMONT MINING, INC

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

9. Accounting and office expenses at $50 per month for three months, but if not used to be applied to driving mine workings. $ 0 - 150.00

$ 13,042.40

The above mine workings except for the formal drifts should have no dimensions defined other than minimum cross-sectional area, such as 30 to 35 square feet, because we want to, if possible, restrict our drilling and blasting to ore so that we may produce as we go and also stand a better chance of finding an ore body by following mineable ore. Please refer to geologic plans, projections and sections submitted with the operator's report of February 7, 1968.

We want to have maximum flexibility in where we apply the balance under the contract so that we can, if possible, expend essentially all of the balance exploring the ore and encouraging mineralization now exposed. When the balance of the money available under the contract is thus expended we believe we will be in a position to produce substantial tonnages of silver ore, and we expect that we will already have shipped a few hundred tons of ore, if the smelters are able to accept the ore.

If the Steelworker's strike continues beyond March 10 we may request to have the contract extended and the time of suspension extended until the strike is terminated, for we are too low on operating reserve to risk inability to sell ore.

I shall be at the Salt Lake City office up to about February 22nd, after which I will be at the AIME meeting in New York and then visiting the OME officers in Washington, D. C. March 1, 1968. If Amendment 6 is still in process, March 1, perhaps we can complete it in Washington, D. C.

Yours very truly,

Dooley P. Wheeler, Jr.

Dooley P. Wheeler, Jr.
General Manager

STAGE I

	Allowable Cost	Estimated Cost	Balance left Jan. 15, 1968
Mobilization & demobilization	$ 110	$ 111	$ 1.00
Bulldozer	1550	1550	0.00
Slusher drift	1560	2250	690.00
Assays	49.00	75.00	26.00
FICA, Office & accounting, Supervision	837.00	837.00	0.00
Total	$ 4106.00	$ 4823.00	$ 717.00

STAGE II

Rehabilitation	$ 3,041.50	$ 3,041.50	$ 0.00
Drifting & Crosscutting	11,193.75	11,193.75	0.00
Drift timbering	507.15	621.00	113.85
Raise	6,406.25	14,225.00	7,818.75
Slusher drifts and/or raises	315.00	3,350.00	3,035.00
Longhole drilling	205.00	850.00	645.00
Assays	526.20	1,125.00	598.80
Supervision	4,500.00	4,500.00	0.00
FICA, Office expenses, Accounting	836.00	950.00	114.00
Total	$ 27,530.85	$ 39,856.25	$ 12,325.40
Grand Total	$ 31,636.85	$ 44,679.25	$ 13,042.40

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Chief, OME	1/12/68	
2. Re: OME-6495 (Silver) Beardsley Gulch Mining Co., Inc. Beardsley, et al., Groups of Claims Custer County, Idaho		
3. Contract 2219		
4.		
5. D. R. MacLaren		
FROM: Fld. Officer, Reg. I		

OFFICIAL COPY O. M. E. RECEIVED JAN 15 1968

INITIALS	CODE
	130
	Surname
	Signature
	File 110
	130

FOR: Check items for action desired

____ Action ____ Reply for signature of

____ Approval ____ Investigate

____ Comment ____ Recommendations

____ Conference ____ Rewrite

____ Instructions X Your information

REMARKS:

For information during interview with Wheeler. Will forward recommendation.

INT.-DUP. SEC., WASH., D.C. M56300-62

MONT MINING, INC.

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

January 6, 1968

Mr. D. R. MacLaren, Field Officer
OME, Region I
U. S. Geological Survey
U. S. Court House, Room 656
W. 920 Riverside Avenue
Spokane, Washington 99201

Re: OME 6495 (Silver)
Proposed Amendment 5

Dear Mr. MacLaren:

My letter of January 4 to you on the above subject did not indicate where we would have money left over for the Amendment 5 work. The attached sheet is intended to show the balance left over after January 14 for the work proposed in Amendment 5 and to show where the money will come from in Stages I and II. Some of the figures are not exact, but they are not far off.

I can not emphasize too strongly the importance of this Amendment 5 work, for I believe that we may be on the verge of silver discoveries that will be of considerable importance.

Ideally, because of the unpredictable nature of limestone deposits, I would like the operator to have the option of expending the balance under the contract where he thinks the most silver ore can be discovered per unit of cost. We may do 150 linear feet of work out of the current raise in various slusher drifts and raises and 100 feet of drifting as indicated in "Stage III" of the plan map of the January 4 letter, but we may find soon after we start that we can accomplish a lot more by doing more or less out of the raise or more or less in the crosscut #1 (1X-C) area marked "Stage III".

I plan to go to Washington, D. C. on February 29, Thursday afternoon or evening, for conferences with Mr. Johnson and others on the 1st of March concerning our OME 6385 (gold) project area and perhaps we can do some work on 6495 (silver) while there.

Yours very truly,

Dooley P. Wheeler, Jr.

Dooley P. Wheeler, Jr.
General Manager

RECEIVED
Via
JAN 8 1968
Air Mail
U.S.G.S.
SPOKANE, WASH.

MONT MINING, INC

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

STAGE I

	Actual Cost	Estimated Cost	Balance left Jan. 15, 1968
Mobilization & Demobilization	110	111	1.00
Bulldozer	1550	1550	0.00
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Drift timber	0.00	310.50	310.50
Assays	49.00	75.00	26.00
FICA, Office & Accounting, Supervision	837.00	837.00	0.00

STAGE II

Rehabilitation	3,041.50	3,041.50	0.00
Drifting & Crosscutting	11,193.75	11,193.75	0.00
Drift timbering	403.50	621.00	217.50
Raise - Estimated to completion	6,375.00	14,225.00	7,850.00
Slusher drifts and/or raises	0.00	3,350.00	3.350.00
Longhole drilling - Estimated to completion	255.00	850.00	595.00
Assays - Estimated to completion	562.00	1,125.00	563.00
Supervision - Estimated to completion	4,500.00	4,500.00	0.00
FICA, Office expenses, accounting - Estimated to completion	950.00	950.00	0.00
	$ 31,386.25	$ 44,988.75	$ 13,602.00
Corrected	$ 31,386.25	$ 44,680.00	$ 13,293.75

MONT MINING, INC.
1000 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

January 6, 1968

Mr. D. R. MacLaren, Field Officer
OME, Region I
U. S. Geological Survey
U. S. Court House, Room 656
N. 920 Riverside Avenue
Spokane, Washington 99201

Re: OME 6495 (Silver)
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Yours very truly,

Dooley P. Wheeler, Jr.
General Manager

UMONT MINING, INC.
1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

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Drift timber	0.00	310.50	310.50
Assays	49.00	75.00	26.00
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Corrected	$ 31,386.25	$ 44,680.00	$ 13,293.75

MONT MINING, INC.

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

January [illegible]

Mr. D. [illegible] MacLaren, Field Officer
OME Section I
U. S. Geological Survey
U. S. Court House, Room 656
W. 920 Riverside Avenue
Spokane, Washington 99201

Re: OME 4195 (Silver) extension of time and
Amendment #[illegible]

Dear Mr. MacLaren:

When the current raise is finished we will have [illegible] or ore type mineralization which will need [illegible] type exploration in order to establish a commercial deposit [illegible] deposits. The location of these raises is fairly evident from the cross section presented with our report for December 19[illegible].

In addition our dog hole exploration in the crosscut #1 and [illegible] SW out of LX-C has established an inverted trough type [illegible] and widening to the SW that should be explored by drift and [illegible] for as far as our money under the contract will last. This work is shown as Stage III drifts and crosscuts on the enclosed map.

The slusher drifts and raises out of the current timbered raise may follow the K7 vein or they may trend westward in the Hoffman shatter zone or they may trend northward and dip eastward as the mineralization in sample 742 area appears to be doing; so we should not be restricted by direction in our work out of the raise. We will follow ore and/or mineralization that could easily change to ore grade. We should not be restricted to cross section definitions other than a minimum square foot in vertical or horizontal cross section such as a minimum of 35 square feet.

In general limestone deposits do not lend themselves to easy and reliable estimation of ore reserves. Mines and districts having [illegible] commonly operate for decades without ever having more than two [illegible] years of positive ore reserves. One of the biggest safety factors [illegible] faces in ore or ore-type mineralization. We have four such faces [illegible] now appear excellent that at least two of these will develop [illegible] if all are explored. When the current raise is finished we [illegible] $12,000 left in the present contract with which to do said exploration work of the four showings.

We are, therefore, requesting Amendment #[illegible] which will [illegible]

1. Extend the contract time for six months in order to complete work now under way and to permit exploration of mineralization and ore in three levels of the raise and out of crosscut #1 area on K7 level as indicated in the enclosed section of the raise and plan of the Stage II drift.

2. Allow for an aggregate total of 150 feet of slusher drifting and/or lateral (possibly slusher) raising out of the current raise in the

N. B. -- Map not Attached as only 2 copies received — M.L.S.

DUPONT MINING, INC.
1305 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

sample 742, 755 and 125 to 160 foot interval of the raise. The direction and length of each lateral raise or slusher drift [illegible] determined by developments. Naturally the richest, largest and most persistent mineralization will be followed farther.

3. Allow for up to 100 feet of drift and crosscutting [illegible] as indicated in the enclosed plan and marked Stage III drifts and crosscuts.

4. Allow for items 2 and 3 work, above, to be carried on simultaneously if possible.

5. Allow for a suspension of work of up to 75 days within the six month period if severe winter conditions, labor shortage, breakdown or similar unavoidable deterrents develop.

We would appreciate at least verbal approval to proceed under Amendment 5 before January 14, 1968, for we would like to keep our present contract miners if possible. If there is a shutdown starting January 15 we may lose our crew and they would be very hard to replace by equally good miners. The other transcending reason is that we have to get into production as soon as possible. Amendment 5 work will, we feel confident, make it possible for us to go into production by the time the snow has melted in Beardsley Gulch.

Yours very truly,

Dudley P. Wheeler, Jr.
General Manager

UNIONT MINING, INC

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

January 4, 1968

Mr. D. R. MacLaren, Field Officer
OME Region I
U. S. Geological Survey
U. S. Court House, Room 656
W. 920 Riverside Avenue
Spokane, Washington 99201

Re: OME 6495 (Silver) extension of time and Amendment 5.

Dear Mr. MacLaren:

When the current raise is finished we will have three showings of ore or ore type mineralization which will need slusher drift or (slusher?) raise type exploration in order to establish a commercial deposit or commercial deposits. The location of these raises is fairly evident from the cross section presented with our report for December 1967.

In addition our dog hole exploration in the crosscut #1 and drift 117 SW out of 1X-C has established an inverted trough type ore occurrence rising and widening to the SW that should be explored by drift and crosscut for as far as our money under the contract will last. This work is shown as Stage III drifts and crosscuts on the enclosed map.

The slusher drifts and raises out of the current timbered raise may follow the K7 vein or they may trend westward in the Hoffman shatter zone or they may trend northward and dip eastward as the mineralization in sample 742 area appears to be doing; so we should not be restricted by direction in our work out of the raise. We will follow ore and/or mineralization that could easily change to ore grade. We should not be restricted to cross section definitions other than a minimum square foot in vertical or horizontal cross section such as a minimum of 35 square feet.

In general limestone deposits do not lend themselves to easy and reliable estimation of ore reserves. Mines and districts having such deposits commonly operate for decades without ever having more than two or three years of positive ore reserves. One of the biggest safety factors is number of faces in ore or ore-type mineralization. We have four such faces and chances now appear excellent that at least two of these will develop into ore bodies if all are explored. When the current raise is finished we will have about $12,000 left in the present contract with which to do said exploration work of the four showings.

We are, therefore, requesting Amendment #5 which will do the following:

1. Extend the contract time for six months in order to complete work now under way and to permit exploration of mineralization and ore in three levels of the raise and out of crosscut #1 area on K7 level as indicated in the enclosed section of the raise and plan of the Stage II drift.

2. Allow for an aggregate total of 150 feet of slusher drifting and/or lateral (possibly slusher) raising out of the current raise in the

MONT MINING, INC.
1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

sample 742, 755 and 125 to 160 foot interval of the raise. The direction and length of each lateral raise or slusher drift to be determined by developments. Naturally the richest, largest and most persistent mineralization will be followed farthest.

3. Allow for up to 100 feet of drift and crosscutting approximately as indicated in the enclosed plan and marked Stage III drifts and crosscuts.

4. Allow for items 2 and 3 work, above, to be carried on simultaneously if possible.

5. Allow for a suspension of work of up to 75 days within the six month period if severe winter conditions, labor shortage, breakdown or similar unavoidable deterrents develop.

We would appreciate at least verbal approval to proceed under Amendment 5 before January 14, 1968, for we would like to keep our present contract miners if possible. If there is a shutdown starting January 15 we may lose our crew and they would be very hard to replace by equally good miners. Another transcending reason is that we have to get into production as soon as possible. Amendment 5 work will, we feel confident, make it possible for us to go into production by the time the snow has melted in Beardsley Gulch.

Yours very truly,

Dooley P. Wheeler

Dooley P. Wheeler, Jr.
General Manager

RECEIVED
Via Air Mail
JAN 8 1968
Cert. Mail (R.R.R.)

OME Surname copy

1/30/68 120

January 30, 1968 110

Memorandum 220

JAN 3 CRC

To: Chief, Branch of Budget and Finance 120M

From: Chief, Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219
December 1967 voucher

We recommend withholding $852.81 from payment on the subject voucher as explained below:

Raise

No exception to claim, but the following corrections are noted: On MMR 60, Operator incorrectly reports for Raise, Previously Reported, $1,400.00, and for Total To Date, $4,515.00. Correct data should be $1,715 and $4,830, because the Operator failed to include figures (9 feet @ $35.00 = $315.00) for Raise 2 as reported on voucher for July 1967.

Omission of the same data for Raise 2 on MMR 61 resulted in reporting for Raising, 0-50 feet, 50 Units to Date and $1,750 Costs to Date, whereas these figures should be 59 Units to Date and $2,065 Costs to Date.

The claim ($3,115.00) for Raise in December 1967 is correct.

Taxes, F.I.C.A.

Workmen's compensation $1.81/$100 pay for 7 days = $3.17
Unemployment insurance 2.3% = 4.02
Total $7.19
Claimed $62.50
Approved 7.19
Disallow $55.31

Supervision

Maximum allowable for Category (2) is $4,500.00
Total approved through November 1967 4,325.00
Balance remaining and approved for December 1967 $ 175.00

Claimed $750.00
Approved 175.00
Disallow $575.00

Analytical Work

The Operator omitted and the Government overlooked a portion of the expenses for Analytical Work which were properly chargeable to the November 1967 voucher. The Administrative Suspension Statement for a disallowance by the Government inadvertently was not sent to the Operator in time to be included with the Operator's voucher for December 1967.

The details for expenses for the analytical work in November and December 1967 are as follows:

	Operator			Government		
1967 Month	Monthly Total Claimed	Previously Reported	Totals to Date	Monthly Total	Previously Reported	Totals to Date
November	$ 80.50	$206.70	$287.20	$ 66.00	$198.00	$264.00
				Disallowance in November		$ 14.50
December	178.50*	287.20	465.70	156.00	264.00	420.00

*(Charges for December assays plus charges overlooked in November).

Explanation:

December
11 samples @ $6.00= $66.00

November
12 samples @ $6.00= 72.00
2 " @ $7.50= 15.00

Corrected allowance for 11 samples:
9 @ $6.00 - $54.00
2 @ 7.50 - 15.00
$69.00
Approved 66.00
Balance approved 3.00

Monthly total approved $156.00

Claimed $178.50
Approved 156.00
Disallow in December $ 22.50

Recess (Amendment No. 5)

Withhold $200.00 pending resumption of work.

SUMMARY

Item	Withhold
Taxes, F.I.C.A.	$ 55.31
Supervision	575.00
Analytical Work	22.50
Pending resumption of work following recess - may be reclaimed	200.00
Total recommended to be withheld	$852.81

FRANK E. JOHNSON

Frank E. Johnson

Enclosures
3 copies December 1967 voucher

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

HKirkemo/gla 1-30-68

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO: Chief, OME

DATE 1/12/68 INITIALS

1.

Re: OME-6495 (Silver)

2. Beardsley Gulch Mining Co., Inc.

Beardsley, et al., Groups of Claims

3. Custer County, Idaho

Contract 2219

4.

5. D. R. MacLaren

FROM: Fld. Officer, Reg. I

RECEIVED JAN 15 1968

INITIALS CODE

FOR: Check items for action desired

X Action ____ Reply for signature of

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions ____ Your information

REMARKS: Transmittal of Monthly Voucher, Progress Report, Narrative, Sketch, Assay Certificate, and other documentation for the month of December 1968.

INT.-DUP. SEC., WASH., D.C. M56300

DUPONT MINING, INC.
[illegible] BOULEVARD
SALT LAKE CITY, UTAH 84106

file in correspondence

piled.

Received with Govt. copy executed Am. No. 5
1/31/68

GEOLOGICAL SURVEY
U. S. Court House, Rm. 656
W. 920 Riverside Avenue
Spokane, Washington 99201
January 16, 1968

OFFICIAL COPY O. M. E. RECEIVED JAN 18 1968	
INITIALS	CODE
bk	120
JF	140
HK	120

AIRMAIL

Mr. Dooley P. Wheeler, Jr.
General Manager
Beardsley Gulch Mining Co., Inc.
c/o Alice Swigert
Challis, Idaho 83226

Re: OME-6495 (Silver)
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wheeler:

Enclosed are the original and three copies of proposed Amendment No. 5 (1 page), signed for the Government by the Chief, Office of Minerals Exploration.

If the proposed amendment is satisfactory to you, please sign all four copies, retain the Operator's copy, and return the other copies to this office.

If the amendment is not satisfactory, please return all copies unsigned to this office with a statement of your proposed changes for consideration.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

Enclosures

DRMacLaren/mls

cc: OME

Director's Reading File

BEARDSLEY GULCH MINING CO., INC.

King Street Dock
Burlington, Vermont
05401

OFFICIAL
COPY
O. M. E.
RECEIVED
JAN 15 1968
INITIALS CODE
130
BLL 120
110
HK 120

January 11, 1968

U. S. Department of Interior
Office of Minerals Exploration
Geological Survey
Washington, D. C. 20242

Attention: Mr. Frank E. Johnson
Chief, Office of Minerals Exploration

Dear Mr. Johnson:

Subject: OME #6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley et al groups of claims
Custer County, Idaho
Contract 2219

We have no record of having received "Administrative Suspension Statement for the month of November 1967. We would appreciate receipt of same in duplicate at your earliest convenience.

Very truly yours,

R H Wadhams

R. H. Wadhams
President

RHW/eb
cc: D. P. Wheeler, Jr.

Note

1/15/68

Mailed to operator by B. & F. on 1/12/68: Treasury inadvertantly returned it to B. & F. instead of mailing it to the operator

Kirkemo

UMONT MINING, INC.

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

January 8, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 10 1968

INITIALS	CODE
BH	120
RJ	110
HK	120

Mr. L. P. Evans, Jr., President
Umont Mining, Inc.
King Street Dock
Burlington, Vermont

Re: Washington conference, March 1, 1968 with OME concerning 6385 (Gold) and OME 6495 (Silver)

Beardsley Gulch

Dear Lew:

I would appreciate it if you could make a reservation for you and Ginnie and me at a hotel in Washington, D. C. Thursday evening, February 29, 1968, and also get reservations for a flight from New York to Washington, D. C., Thursday evening the 29th.

Before March 1, 1968, I expect to submit for High Sierra a new OME contract proposal to take the place of OME 6385, and this will probably be the main subject of our conference. Also, the use of the balance of the money in 6495 (Silver) will probably need discussion although I hope to get sufficient approval in advance of Amendment 5 by January 14, so that we will have a chance to keep our miners when they finish the raise on which they are now working.

Yours very truly,

Dooley P. Wheeler, Jr.

cc: Mr. Frank Johnson, Chief
Office of Minerals Exploration
U. S. Geological Survey
Washington, D. C.

cy sent to Region I

120 Kirkemo 1/10/68
110 Johnson "
220 Kulogowski 1/11/68
120M Kenyon 1/11

AIRMAIL

JAN 12 1968

Memorandum

To: Field Officer, Region I

From: Chief, Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Enclosed are the original and three copies of proposed Amendment No. 5 (1 page), signed for the Government. An extra copy of the amendment is enclosed for field use.

If the proposed amendment is satisfactory to you and the Operator, all four copies should be signed by an authorized representative of the Operator and distributed in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator, the original and all copies are to be returned to this office together with the proposed changes for consideration.

FRANK E. JOHNSON (gla)

Frank E. Johnson

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

HKirkemo/bsl 1/10/68

To Legal 12-29-67 HK

DRAFT - 12/28/67
MKirkemo/bsl

EXPLORATION CONTRACT
BEARDSLEY GULCH MINING CO., INC.
OME-6495

AMENDMENT NO. 5

It is agreed this _____ day of _____, 1968, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Beardsley Gulch Mining Co., Inc., hereinafter called the "Operator," that Exploration Contract 2219 (OME-6495), dated July 14, 1966, as amended, is amended further effective January 14, 1968, as follows:

1. The time fixed by Article 1.(a) of the contract, as amended by Amendment No. 2, for completion of the work is extended from eighteen (18) to twenty-four (24) months from the date of the contract or until July 14, 1968.

2. The maximum period for royalty payments and for the lien to secure payments thereof provided for in the contract as amended by Amendment No. 2, is extended from eleven (11) to twelve (12) years from the date of the contract.

3.(a) Work under the contract may be suspended during the period beginning January 1, 1968, and ending not later than April 1, 1968.

(b) The Government shall not contribute to any costs of rehabilitation or repair which in its opionion would not have occurred had there been no suspension of the work.

(c) The Operator, at its own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work.

This amendment shall not be construed to increase the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By_____
Chief, Office of Minerals Exploration
U. S. Geological Survey

BEARDSLEY GULCH MINING CO. INC.

By_____

Title_____

MME FORM 6 REFERENCE SLIP
REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO: Chief, OME

	DATE	INITIALS
1.	12/13/67	
2.		
3.		
4.		
5.		

Re: OME-6495 (Silver)
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

OFFICIAL COPY
O. M. E.
RECEIVED
DEC 15 1967

D. R. MacLaren

FROM: Fld. Officer, Reg. I

INITIALS CODE
Jh 130
Bf 120 M
JRS 170
120

FOR: Check items for action desired

X Action	___ Reply for signature	___ Surname
___ Approval	___ Investigate	___ Signature
___ Comment	___ Recommendations	___ File
___ Conference	___ Rewrite	
___ Instructions	Your information	

REMARKS:

Copy of letter 12/11/67 from Operator's General Manager requesting extension of time to complete the contract. Approval recommended.

INT.-DUP. SEC., WASH., D.C. M56300-62

UM NT MINING, INC.

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

December 11, 1967

D. H. MacLaren, Field Officer
, Region I
.S. Geological Survey
U. S. Court House, Room 656
W. 920 Riverside Avenue
Spokane, Washington 99201

Re: OME 6495 (Silver) extension of time to complete the contract

Dear Mr. MacLaren:

As of today Stage II raise is only up 80 feet above the Stage II drift. The higher we go the slower we will go and since November first we have made only half the distance to the slusher drift above. In a month and 10 days we made the first 80 feet and we have only a month and four days to go 80 feet more. I don't think we can do it by January 14, 1968 and am hereby requesting an extension of time under the contract.

Our contractor's past performance, mainly due to labor shortage, makes an extension of time prudent, but the following other factors may make termination by the 14th impossible:

1. At 50 feet in the raise we got into highly silicified and shattered ground which is very hard to drill and load and may require full timbering. At 60 feet we got into silver-lead-copper mineralization which is even weaker than the barren silicified ground.

2. Winter has hit with a vengance and we are handicapped by hauling water from Challis over roads that at times are blocked, and if the weather report is correct we can expect conditions to get worse.

3. Assuming weather gets better and ground changes back to what it was like in the first 50 feet of the raise we will still need more time, normally, to go the last 80 feet than we needed for the first 80 feet.

4. The subcontractors are likely to quit at the end of December and we will need get new miners to finish the job. This could take a couple extra months just to get the men.

I am hereby requesting extension of the contract six extra months from January 15 to July 15, 1968. This extension interval may seem excessive, but we, of course, will still try to finish the raise in January.

Our probe work (on our own) in the 1X-C and 117 crosscut and drift area has been encouraging and clarifying. We hope that during the six month extension of time that OME will grant a third stage which will explore for stratiform and/or Beardsley type ore in the lower part of the Pacific ore horizon southwest, west and northwest of 1X-C area. I believe this work would contribute considerable more silver than Stage II work, and I believe it would insure that the government would get its share of the expenses of the contract back with interest.

RECEIVED
Via
DEC 13 1967
Air Mail
U.S.M.E.
SPOKANE, WASH.

Yours very truly,

Dooley P. Wheeler Jr.

Dooley P. Wheeler, Jr.
General Manager

MME FORM 6 REFERENCE SLIP
REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Chief, OME	11/20/67	
Re: OME-6495 (Silver)		
2. Beardsley Gulch Mining Co., Inc.		
Beardsley, et al., Groups of Claims		
3. Custer County, Idaho		
Contract 2219		
4. M.L.S.		
Mary L. Smelser for		
5. D. R. MacLaren		
FROM: Field Officer, Reg. I		

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 22 1967

INITIALS	CODE
6H	120 M
~~Surname~~	
Signature	
File	120

FOR: Check items for action desired

X Action ____ Reply for signature of
____ Approval ____ Investigate
____ Comment ____ Recommendations
____ Conference ____ Rewrite
____ Instructions ____ Your information

REMARKS: Attached are two Thermo-Fax copies of a letter dated 11/17/67 from Mr. Dooley P. Wheeler, Jr., general manager of this project, in re. to disallowances made on their August 1967 voucher.

INT.-DUP. SEC., WASH., D.C. M56300-62

MONT MINING INC

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

November 17, 1967

[illegible]

[illegible] 658
[illegible] Avenue
Spokane, Washington 99201

Dear Mr. [illegible]:

Mr. Wadkins sent me the administrative suspension statement for the month of August, 1967, which disallowed our entire August statement totalling $908.33 for supervision and related costs.

Considering the amount of [illegible] work that was being done I am surprised that this supervision was not allowed in August. Both [illegible] should be considered performance under the contract even if we did not charge for it. [illegible] was as follows:

	Cost
[illegible] switch [illegible] drift	$ 705.00
[illegible] track near [illegible] of drift	
Excavation	283.50
One switch	35.00
[illegible] for connection control (B & E, Butte)	625.00
[illegible] from old SW face of [illegible] drift 35'	55.00
Waste disposal trestle across [illegible] Gulch paid by subcontractors	[illegible]
	$ 1703.50

We would appreciate it if you would pass this on to Mr. J. D. McAllister. I can see nothing in our contract that specifically disallows our August expenses so stated. In any event the Hammond and Everly costs of $625., a copy of which invoice I sent to you, should, we believe, be allowed under subcategory (a.) Supervision and technical services.

Yours very truly,

Dooley P. Wheeler, [illegible]
General Manager

MONEX MINING INC
[illegible]

[illegible] 7, 1967

[illegible] chemist.
[illegible], 1967, which
[illegible]

[illegible] statement
[illegible] entire August
[illegible] costs.

[illegible] was below [illegible]
[illegible] in August.
[illegible] the contract
[illegible] lowest

[illegible]

$ 705.00

[illegible]

[illegible] 625.0

[illegible] 20.00

[illegible] subcontractors $ 1,403.50

[illegible] it if [illegible] to Mr.
[illegible] ister. I can see nothing in our contract that speci-
[illegible] bills our August expenses as stated. In any event
[illegible] costs of $625., a copy of which invoice
[illegible], should, we believe, be allowed under subcategory
[illegible] technical services.

[illegible] truly,

[illegible]

[illegible] ley [illegible], Jr.
[illegible]

[illegible]

RD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Johnson

DATE: 11/14/67

FROM : Mary Smelser

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 20 1967

INITIALS	CODE
BH	120 M
JG	~~110~~
to HK	~~130~~

SUBJECT: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

In re. our telephone conversation of this date I am sending on to you for processing the Operator's Monthly Vouchers, Progress Reports, Narratives, sketches and other papers for the months of September and October 1967. Please return for our files our copy of these papers, and Mr. MacLaren's work sheets. thank you.

GEOLOGICAL SURVEY
U. S. Court House, Rm. 656
W. 920 Riverside Avenue
Spokane, Washington 99201
November 27, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 29 1967

INITIALS	CODE
BLR	120 M
GEJ	110
HK	120

AIRMAIL

Mr. Dooley P. Wheeler, Jr.
General Manager
Beardsley Gulch Mining Co., Inc.
1355 Foothill Boulevard
Salt Lake City, Utah 84108

Re: OME-6495 (Silver)
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wheeler:

Enclosed are the original and three copies of proposed Amendment No. 4 (3 pages), signed for the Government by the Chief, Office of Minerals Exploration.

If the proposed amendment is satisfactory to you, please sign all four copies, retain the Operator's copy, and return the other copies to this office.

If the amendment is not satisfactory, please return all copies unsigned to this office with a statement of your proposed changes for consideration.

Sincerely yours,

D. R. Maclaren
Field Officer, OME
Region I

Enclosures
cc: Mr. Dooley P. Wheeler, Jr. w/enclosures
c/o Alice Swigert
Challis, Idaho 83226

MLSmelser/mls
cc: OME
Director's Reading File

OFFICIAL FILE COPY

Date	Surname	Code
11/16/67	Kirkemo	~~120~~
11/17	Johnson	~~110~~
11/17	Gilligan	~~110~~
11/17	Clay	220
		110
		220

120M

NOV 20 1967

AIRMAIL

Memorandum

To: Field Officer, Region I

From: Chief, Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Enclosed are the original and three copies of proposed Amendment No. 4 (3 pages), signed for the Government. An extra copy of the amendment is enclosed for field use.

If the proposed amendment is satisfactory to you and the Operator, all four copies should be signed by an authorized representative of the Operator and distributed in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator, the original and all copies are to be returned to this office together with the proposed changes for consideration.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Economic Geology File
OME Docket
OME Reading File
130

HKirkemo/bsl 11/17/67

23263

OME

GEOLOGICAL SURVEY
U. S. Court House, Rm. 656
W. 920 Riverside Avenue
Spokane, Washington 99201
November 1, 1967

AIRMAIL

Mr. Dooley P. Wheeler, Jr.
General Manager
Beardsley Gulch Mining Co., Inc.
c/o Alice Swigert
Challis, Idaho 83226

Re: OME-6495 (Silver)
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wheeler:

As in Stage I, Stage II costs are on an actual cost basis. On the back of the MME Form 60 the next to last paragraph under "Preparation of Operator's Monthly Voucher, MME Form 60" states as follows:

> "Except for amounts claimed under 'fixed unit costs' provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence, etc."

We received from your Burlington office an invoice supporting your claim for office rent, but before I can continue processing your September voucher we must have four copies each of the September payroll, a statement relative to FICA and other allowable taxes, and an invoice from the drift contractor.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

cc: Mr. Dooley P. Wheeler, Jr.
1355 Foothill Boulevard
Salt Lake City, Utah 84108

OME (2)
Voucher File

ctor's Reading File

U[illegible]ONT MINING IN[illegible]

[illegible] 1987

[illegible] project

[illegible] drift [illegible]
[illegible] pairing
[illegible] the alter-
[illegible] vice.
[illegible] ion along
[illegible] ut w s
[illegible] ar ization
[illegible] of
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[illegible] with
[illegible]

[illegible] out of

[illegible] and had
[illegible] was slow

[illegible] drift
[illegible]
[illegible] to
[illegible] rt is good
and since there is good mineralization [illegible] , round-
[illegible]

[illegible]
[illegible]
[illegible] if the
[illegible]

[illegible]

Dear Mr. MacLaren: Enclosed is our belated September data. The voucher for the accounting and office expense (45.83) in Sept. is coming from Burlington, VT. Otherwise the data are old complete, I believe.

MONT MINING [illegible]
1355 FOOTHILL [illegible]
SALT LAKE CITY, [illegible]

October 14, 1967

Mr. [illegible] Southard, President
Barnsley Quick Mining Company, Inc.
King Street Dock
Burlington, Vermont [illegible]

Re: Weekly Report on Underground Project
Bighorn, Custer County, [illegible]
For week ending October 14, 1967

Dear Dick:

[illegible] week we took [illegible] to the side of the K7 fault [illegible] when we intersected the [illegible] at 143 feet. [illegible] at 117.5 feet [illegible] crosscut in the fault zone following the top cont[illegible] and the basal contact of the Pacific ore horizon.

[illegible] and advanced about 1[illegible].5 feet in [illegible] N 75° [illegible] direction when we cut [illegible] strand of K7 that dropped the contact down two feet. We then relocated the crosscut going [illegible] N 75° W. At 15 feet we cut another strand with slightly greater throw and at 20 feet we cut the evident [illegible] in strand of K7. Grooves pitched 60° S W, the fault dipped 64-76 degrees NW and [illegible] mineralization 10 feet wide is now exposed on the hanging wall of this strand [illegible] of 6 PM, October [illegible]. The ore in the face of the crosscut is six feet high and dips three degrees northeast.

[illegible] of today we have drifted and crosscut an aggregate of 19[illegible].50 feet and [illegible] 2.5 in the [illegible]. The balance of the drifting [illegible] in crosscutting [illegible] drifting on the ore zone in the new crosscut or in exploring [illegible] ground 12 foot crosscut the [illegible] mineralization encountered with long hole #6 which [illegible] out 58 feet back to the K7 [illegible] main strand of K7.

The full width of the ore in the new crosscut has not been determined, but [illegible] it [illegible] sampled by [illegible] car samples. [illegible] that if the ore is [illegible] without requiring [illegible] degree of sorting, but [illegible] in the other [illegible] are obviously very [illegible] lower, copper [illegible].

The exploration results this week are [illegible] encouraging that I have asked for smelter schedules from [illegible], Montana and Tooele, Utah, and have ordered 4500 board feet of lumber for construction of ore storage facilities.

Yours very truly,

D. P. W. Jr.

Dooley P. Wheeler, Jr.
General Manager

Dee
Cc: Neil

MONT MINING, INC.

1555 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

October 9, 1967

Mr. [illegible], Jr., President
Mont Mining Inc.
King Street Ext.
Burlington, Vermont 05401

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 13 1967

INITIALS	CODE
[illegible]	120
[illegible]	120
	110
AK	~~120~~

Re: Beardsley Gulch Mining Company Progress for the week ending October 7, 1967.

Dear [illegible]:

K7 drift southwest advanced from [illegible] feet to 150.5 feet and penetrated the interbedded slate which [illegible] the bottom of the Pacific ore horizon.

The presence of the slate [illegible] (at high dip) in the drift, dipping 45 degrees [illegible] substantiates that we have been following a minor fault [illegible] in the K7 fault zone for [illegible] difference in the [illegible] the main K7 fault, which [illegible] 65° SW would have [illegible] drift [illegible] 75 feet southwest to [illegible] on the [illegible] side of the fault.

[illegible] strand of the K7 [illegible] drift [illegible] along the top of the [illegible] strand of the K7 fault. [illegible] the northwest wall of the drift along the [illegible].

October 8th we extended longhole #4 from 26 to 41 feet and #5 from [illegible] to 46 feet and drilled hole #6 for 26 feet northwest opposite longhole #5 in order to make sure that all evidence points towards the main strand in the northwest wall of the drift. Hole #5 was conclusively negative showing that the southeast wall has no more K7 strands. Hole #4 [illegible] indicated that the main strand is about 20 feet in the northwest wall and hole #6 showed encouraging signs of silver-copper mineralization in the first 10 feet, but most impressively at 8 to 12 feet. Thus it would appear that the main strand strikes N 50° W in the west wall and may be better mineralized than the strand we have been following. One or two short crosscuts into the northwest wall will be needed before we can decide for sure where and how to start the raise to the Ramshorn drift level 150 feet above. For the raise, among other objectives, will need be on the main strand of K7 fault, soon after it leaves K7 [illegible] in order to be sure to explore the Bayhorse dolomite directly under the Ramshorn [illegible] outcrop on the hanging wall (the wall) of K7 fault.

How about a [illegible] managing —

Yours very truly,

Dooley, [illegible] Wheeler, Jr.
General Manager

P.S. McLaren: Before we start the raise at 65' in the drift I think we should also X-cut 10' SW. to explore the results of long hole #6 at 62' in the drift.

/s/ Dooley

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
October 6, 1967

OFFICIAL COPY O. M. E. RECEIVED OCT 9 1967	
INITIALS	CODE
	130
	120
	110
	120

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

In letters dated September 11 and 19, 1967, copies of which have been forwarded, and one dated September 28, 1967, copies of which are enclosed, the Operator has stressed the need for additional drift timbering, for an unstated amount of complete raise timbering, and for long hole drilling. The situation was clarified by Wheeler during a telephone conversation October 3, 1967.

In the narrative accompanying his June 1967 Progress Report, Wheeler stated that before starting to drift on the K-7 structure the company at their expense would long hole the walls at the face to be sure they would be following the best mineralized strand of the vein. The long holes indicated a fault or crushed zone 10 to 33 feet wide and that the K-7 drift was on the only mineralized strand. It is advisable that a fault or crushed zone of this width should be tested by long hole drilling as both the drift and the raise are advanced.

Drift timber.--Drifting started September 3, 1967, and by the 19th had been advanced 85 feet. As the drift advanced the dolomite became increasingly more broken, suggesting the need for more timber than the 30 feet allowed in Stage II. As the newly opened ground dries, it appears to be standing better and Wheeler is not as concerned as he was. He now thinks the transfer of the unused 30 feet of slusher drift timber from Stage I to Stage II, as recommended in my memorandum of September 13, 1967, may be enough to meet the requirements for this item.

Timbered raise.--Based upon the width of the heavily crushed ground directly below the ore found in the surface slusher drift which is the best site for the raise, it is certain that at least part if not all of the raise will require full timbering; how much cannot be estimated.

10/27/67 MacLaren phoned to relay Operator's phoned request to include in new amendment provision to drive No. 1 raise with a 9'x4' cross section in the heavy ground. Will have 9' dimension normal to strike of vein.
Kirkham

During August Hammond and Everly Engineering Co. of Butte, Montana, made a transit survey tying in the K-7 workings with the Stage I slusher drift. One copy of their map has been received and a second copy has been promised. According to their station altitudes, about 150 feet of raise will be required here; the raise specified in the fifth paragraph of Exhibit A, page 3, has been driven only 9 feet before the vein died out. Therefore, the total raising for which allowance must be made is 159 feet but to allow for inclined distance, say 170 feet.

Exhibit A, at the top of page 5, provides for 350 feet of raising, including timber divider at an average cost of $43.07 per foot totalling $15,075.00. Referring to Wheeler's letter of June 14, 1966, and to my memorandum of June 20, 1966, the prices for raising include $5.00 per foot for the timbered dividers. For full timbering, Wheeler's estimate of $15.00 per* in badly crushed ground is probably not too far out of line. However, this would include $5.00 per foot already provided for the dividers; therefore, the fully timbered prices would be $10.00 per foot more than the present prices for raising with timber dividers. Provision must be made for either situation as it develops. ?

*foot

Long hole drilling.--Because of the width of the faulted and crushed zone, a situation that could not be foreseen, it is estimated that long holes should be driven 25 feet in the hanging wall and footwall at* 25-foot intervals along the K-7 drift and up the K-7 raise. This will require a total of 17 sites from which 50 feet of long holes will be drilled for a total of 850 feet.

*approximately

Funding.--It is not likely that more than 160 feet of raising will be required, but it is better to have a few more feet available. The total cost required for raising, assuming that 161 feet of raising on the K-7 vein will require full timbering and for long hole drilling is:

Long hole drilling	- 850 ft at $1.00/ft	$ 850.00
Fully timbered raise	- 161 ft at $53.07/ft	8,544.27
Timber divided raise	- 9 ft at $35.00/ft	315.00*
		$9,709.27

*already claimed and paid

Recommended changes by Amendment.--In Exhibit A, at pages and paragraphs indicated, changes along the following lines are recommended:

(not more than 4 x 9)

1. Page 2, paragraph 4: Delete and substitute something like "Raises shall be 5 by 7 feet in cross section in the clear and in dangerous ground may be fully timbered with 8- by 8-inch sets and 3-inch lagging for wall plates and dividers. In good ground they shall be divided into a manway and a chute by 8- by 8-inch stulls to which 3-inch lagging shall be nailed on the chute side."

2. Page 3, paragraph 4, line 4, change "200 feet" to "161 feet;" and add a paragraph like: "To test the fault or crushed zone, long holes up to about 25 feet deep may be drilled into the hanging wall and footwall of the K-7 drift and the K-7 raise at intervals not less than 20 feet.

3. Page 3, Stage I, Actual Costs, delete "Drift timbering, 30 feet at $10.35/ft - $310.50" and change total of Category (1) from "$4,221.50" to "$3,911.00 and the total cost of Stage I from "$5,134.00" to "$4,823.00."

4. Page 4, Stage II, Actual Costs, change "Drift timbering, etc.," to "Drift timbering, 60 feet at $10.35/ft - $621.00."

5. Page 5, Stage II, Actual Costs, change the entire section on raising costs to something like: "Raising, including all necessary timbering 170 feet - $8,859.27."

Divider timber only	Full timber
0- 50 feet at $35.00/foot	at $45.00/foot
50-100 feet at $42.00/foot	at $52.00/foot
100-150 feet at $47.50/foot	at $57.50/foot
150-200 feet at $52.50/foot	at $62.50/foot

?

7. Page 5, Stage II, Actual Costs, add "Long hole drilling, 850 feet at $1.00/foot - $850.00."

8. Page 5, Stage II, Actual Costs: Change total cost of Category (1) from "$32,970.75" to "$27,915.52," and the Total Cost, Stage II, from "$39,546.00" to "$34,490.00."

8. Page 6, Summary: Change to:

Total Estimated Actual Costs, Stage I	- $ 4,823.00
Total Estimated Actual Costs, Stage II	- 34,490.00
Total Estimated Actual Costs of Project	- $39,313.00
Government Participation at 75 percent	- $29,484.75

D. R. MacLaren

D. R. MacLaren

MONT MINING, INC.
[illegible] FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH [illegible]

[illegible]tember 28, 1967

OFFICIAL
COPY
O. M. E.
RECEIVED
OCT 9 1967

INITIALS	CODE
gfa	130
	120 M
	[illegible]

[illegible]

Dear [illegible]

[illegible]tember
[illegible] of the
[illegible]

[illegible]ctober
[illegible] me up
[illegible] see
[illegible]tract.

[illegible] more
[illegible]ring of
[illegible] mineraliz-
[illegible]r drift,
[illegible] in such
[illegible] tight [illegible] and both
sides.

Yours [illegible] truly,

[illegible] Wheeler

[illegible] Wheeler, Jr.
General Manager

MME FORM 6 REFERENCE SLIP
REV. 59 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
Chief, OME	7/20/67	

1. Re: OME-6495 (Silver)
2. Beardsley Gulch Mining Co., Inc.
3. Beardsley, et al., Groups of Claims
   Custer County, Idaho
4. Contract 2219
5. D. R. MacLaren

FROM: Fld. Officer, Reg. I

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 24 1967

INITIALS	CODE
	File
	Surname
	Signature
	File

FOR: Check items for action desired

X	Action	____	Reply for signature
____	Approval	____	Investigate
____	Comment	____	Recommendations
____	Conference	____	Rewrite
____	Instructions	____	Your information

REMARKS: Transmittal of the Gov't. and Budget and Finance copies of Amendment No. 3 to the above-cited contract.

INT.-DUP. SEC., WASH., D.C. M56300-62

Ome

GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
July 14, 1967

OFFICIAL COPY
O. R. E.
RECEIVED
JUL 24 1967

AIR MAIL

Mr. Dooley P. Wheeler, Jr.
General Manager
Beardsley Gulch Mining Co., Inc.
1355 Foothill Boulevard
Salt Lake City, Utah 84108

Re: OME-6493 (Silver)
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wheeler:

Enclosed are the original and three copies of a proposed Amendment No. 3 (1 page) to the subject contract, signed for the Government by the Chief, Office of Minerals Exploration.

If the proposed amendment is satisfactory to you, please sign all four copies, retain the Operator's copy, and return the other copies to this office.

If the amendment is not satisfactory, please return all copies unsigned to this office with a statement of your proposed changes for consideration.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

Enclosures

MLSmelser/mls
cc: OME

Director's Reading File

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
7/5/67	Kirkemo	120
"	Johnson	110
7/10	[illegible]	220
7/10	[illegible]	
		110
		220

120M

AIRMAIL

Memorandum

To: Field Officer, Region I

From: Chief, Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Enclosed are the original and three copies of proposed Amendment No. 3 (1 page), signed for the Government. An extra copy of the amendment is enclosed for field use.

If the proposed amendment is satisfactory to you and the Operator, all four copies should be signed by an authorized representative of the Operator and distributed in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator, the original and all copies are to be returned to this office together with the proposed changes for consideration.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Economic Geology File
OME Docket
OME Reading File
130

HKirkemo/eay (7/3/67)

23263

FORM 6
2-59

REFERENCE SLIP
OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. ~~Assoc. Dir. - MR, Room 6554 Through Rm. 6042~~		
2. Mr. Kirkemo, Rm. 4459		
3.		
4.		
5.		

FROM: Chief, OME

FOR: Check items for action desired

___ Action	___ Reply for signature of ___	___ Surname
___ Approval	___ Investigate	___ Signature
___ Comment	___ Recommendations	___ File
___ Conference	___ Rewrite	
___ Instructions	___ Your information	

REMARKS: 319 ✓
E-66-2123.11

INTERIOR DEPT.
JUN 26 1967
SOLICITOR

M56300-62

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

DRAFT 6/22/67
HKirkemo/gla

120 HK
~~110~~ 120M

EXPLORATION CONTRACT
BEARDSLEY GULCH MINING CO., INC.
OME-6495

AMENDMENT NO. 3

It is agreed this _____ day of _____, 1967, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Beardsley Gulch Mining Co., Inc., hereinafter called the "Operator," that Exploration Contract 2219 (OME-6495), dated July 14, 1966, as amended, is further amended effective May 1, 1967, as follows:

In Exhibit A:

1. Under the heading General Provisions, the ninth paragraph is revised to read as follows:

"New and rehabilitated drifts and crosscuts shall be not less than 5 by 7 feet in cross section and shall be timbered as necessary using standard 8- by 8-inch drift sets or equivalent round timber. In rehabilitated workings and in new workings, mine rails shall be not less than 15-pound size, air lines not less than 2-inch diameter, water lines not less than 1-inch diameter, and ventilation pipe not less than 12-inch diameter."

This amendment shall not be construed to increase the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By_____
Chief, Office of Minerals Exploration
U. S. Geological Survey

BEARDSLEY GULCH MINING CO., INC.

By_____

Title_____

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
June 14, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 15 1967
SPOKANE

gla 120 m
75 110
HK 120

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Company, Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dooley P. Wheeler, Jr., manager of the subject Operator, telephoned the Spokane office May 12, 1967, relative to the diameter of ventilation pipe as specified in the last sentence, paragraph 3, page 2, Exhibit A of the contract.

The Operator had 12" vent pipe available and in the cost estimate on page 19, 22, and 23 of the Examination Report dated March 9, 1966, 12" diameter was used for this item. The specification of "ventilation pipe not less than 14-inch diameter" appears to have been a typographical error.

It is recommended that an Amendment No. 3 to the contract be prepared that will provide that:

> The phrase "14-inch diameter" is deleted from the third paragraph, page 2, Exhibit A and in lieu thereof the phrase "12-inch diameter" be added.

D R MacLaren
D. R. MacLaren

OME(2)

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 9 1967

INITIALS	CODE
gla	120 M
~~KJ~~	~~110~~
HK	~~120~~

GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
June 7, 1967

AIRMAIL

Mr. Dooley P. Wheeler, Jr.
General Manager
Beardsley Gulch Mining Co., Inc.
1355 Foothill Boulevard
Salt Lake City, Utah 84108

Re: Work Authorization
OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wheeler:

During my inspection of the slusher drift on May 23, 1967, I made a composite grab sample representing mineralization in both the footwall and hanging wall zones. The assay compares favorably with the channel samples you described in your letter of May 18 and the additional data furnished in your letter of June 2. In view of the favorable information now available authorization is hereby given to start Stage II.

Your attention is directed to the contract provision relative to bulk sampling and specifications as set forth in the third paragraph on page one and the third paragraph on page 2 of Exhibit A.

Since your Trench No. 2 sample was taken before the start of the recess period, the assay cost may be claimed in your October-April voucher.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

DRMacLaren/mls
cc: OME(2) w/cys incoming letters;
only one set of sketches
Voucher File
Director's Reading File

U[illegible]ONT MINING INC[illegible]

1355 FOUTH[illegible] AVENUE
SALT LAKE CITY, UTAH 84108

June 2, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 9 1967

INITIALS	CODE

[illegible]

Dear [illegible]

[illegible] letter from Burlington [illegible] May [illegible], you are [illegible] Burlington did not [illegible] Administrative Suspension Notice [illegible] subsequently [illegible] revised reports and voucher for October 1966 and April 1967 [illegible] originals arrive. I hope they arrive soon so that I can get the reports [illegible] their way to you.

[illegible] May 2[illegible] at its own expense [illegible] drilling, explored the mineralization in the Stage [illegible] two feet southwest along the five foot vein near the [illegible] adit. The mineralization improved slightly to [illegible] the floor or footwall. [illegible] to follow the vein [illegible] about 14 feet back from the adit face, but the drill [illegible] left everything pending [illegible] approval for Stage II. Before [illegible] to K7 adit to start Stage [illegible] probably do a little more [illegible] of ore in the slusher adit at [illegible] own expense so that we will have a better raise target in Stage II.

On May 25 I carefully mapped fluting and striae on K7 vein both in the slusher drift and K7 adit. The striae and fluting indicate that the anticlinal roll in the interbedded slate and at the top of the dolomite, on the hanging wall side of the main (hanging wall) strand of K7 fault should be shifted approximately 50 feet southwest of the anticlinal roll in the footwall. To date, assuming our appraisal of the ore control is correct, we must be prepared to drift at least 100 feet SW, from the present face, along the K7 vein in K7 adit, and as we have planned, we may have to drift 200 feet to thoroughly explore the Hoffman shatter and anticlinal roll area.

On October 20, 1966 I took a character sample of a narrow lenticular occurrence of ore in the footwall of K7 fault in trench #2 of my sketch map of 10-21-66. The ore resembled the yellowish green vein material in the slusher adit, about 14 feet back from the face, which is about two feet wide and continuous in the adit. The ore in the slusher adit is, however, obviously higher grade than the trench #2 sample. The trench #2 sample assay certificate is enclosed on the chance that I have not already sent you a copy. It assayed [illegible] oz Ag P/T, 5.3% Pb, 0.37% [illegible] zinc. This is nearer the ratio of silver to lead expected if we [illegible] ore in Stage II work, for it is approximately the same as the silver-lead ratio in the Hoffman and Beardsley stopes nearby. We should, however, [illegible] to 30% lead and 45 to 90 oz. silver per [illegible] if the expected ore is the same grade as that in the old Hoffman and Beardsley stopes.

Please note that this sample was taken October 20, 1966, but not assayed until [illegible], 1967. I assume that [illegible] part of the cost of the assay because the actual cost of the assay was incurred during the period of [illegible]. If this assumption is not correct I would like to claim part of the cost of the assay.

Yours very truly,

/S/ Dooley F. Wheeler, Jr.

Dooley F. Wheeler, [illegible] General Manager

MONT MINING IN[illegible]

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 9 1967

INITIALS	CODE

May 18, 1967

Mr. [illegible] MacLaren
[illegible] Officer, OME Section I
[illegible]
[illegible] Street
[illegible] 2[illegible]

Re: OME [illegible] (Silver)

Dear Mr. MacLaren:

Stage I shatter drift was stopped [illegible], pending your inspection of the workings. I believe that we should drive on the exposed silver-lead mineralization for 10 or 15 more feet if it can be done under the OME contract.

[illegible] I [illegible] the sketch [illegible] was submitted 10-21-66 and revised as of 5-12-67, a vertical [illegible] along K7 vein in the critical area of stage I and II work with section [illegible] in a box in the upper right hand corner, and a 1" = 10' detailed plan [illegible] shatter adit of stage I showing the fault and vein and showing [illegible] the location of samples one through four, listed below.

		oz. Au P/T	oz. Ag P/T	% Pb	% Zn	% Cu
Sample	#1-5-11-67	.005	[illegible]	[illegible]	.90	.100
"	#2-5-11-67	.005	[illegible]	[illegible]	1.9	.088
"	#3-5-11-67	.005	[illegible]	[illegible]	Tr.	.100
"	#4-5-12-67	.010	[illegible]	[illegible]	2.3	.139

The channel samples #3 and #4 are the most reliable samples and they indicate by weighted average, that the mineralization will average .006 oz. Au P/T, 5.01 oz. Ag P/T, 3.65% Pb, 0.67% Zn and 0.11% Cu over a 12.5 foot vein width. This is not direct shipping grade ore, but it could probably be upgraded to shipping grade ore by sorting in the stope followed by sorting on the receiving bin grizzly at the smelter.

The enclosed projection and section [illegible] give my idea of the work remaining to be done, and the most likely [illegible] outcome of the work based upon mapping to date in K7 adit and [illegible] Hoffman stope, and Beardsley mine and stope.

A joint-like shatter pattern in the stage I shatter adit trends roughly parallel to the Hoffman stope across Beardsley Gulch, and if there is a Hoffman type stope going NW from the hanging wall of K7 vein in the dolomite under the Ramshorn slate, (see section SS') the ore body will probably be in the shatter zone and the crestal zone of the anticlinal fold shown in the vertical projection and section SS'.

The work to date is, I believe, encouraging enough to justify going into stage II work in K7 adit. We probably now have about as good a chance

[illegible] a failure, but with [illegible] of the mineralisa-
tion [illegible] Even in the Beards-
ley and Hoffman stopes there were parts [illegible] had to be sorted from
poor ore and waste; so the present showing [illegible] er drift does not
necessarily reflect interior mineralization [illegible] with the Hoffman
or Beardsley stopes.

I shall meet you in Challis May 21, [illegible] to review the project to
date and prepare for a decision regarding [illegible] so that we can proceed
with [illegible] with minimum delay.

/s/ Dudley P. Wheeler, Jr.

[illegible]

[illegible] Walters

RECEIVED
[illegible] 19 [illegible]

OFFICIAL FILE COPY

Date	Surname	Code
5/29/67	Kirkemo	120
		110
5/31	Col	220
		120M

MAY 31 1967

Mr. R. H. Wadhams
President
Beardsley Gulch Mining Co., Inc.
King Street Dock
Bulrington, Vermont 05401

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wadhams:

Pursuant to your letter of May 24, 1967, enclosed are the original copies of the Administrative Suspension Statements for the months of August and September 1966 vouchers submitted by you.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosures

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

GLAult/a 5-29-67

23263

BEARDSLEY GULCH MINING CO., INC.

King Street Dock
Burlington, Vermont
05401

OFFICIAL
COPY
O. M. E.
RECEIVED
MAY 26 1967
INITIALS CODE
~~120~~ M
~~RY~~ ~~PTO~~
HK 120K

May 24, 1967

U. S. Department of Interior
Office of Minerals Exploration
Geological Survay
Washington, D. C. 20242

Attention: Mr. Frank Johnson

Gentlemen:

Subject: OME - 6495 (Silver)
Beardsley Gulch Mining Co. Inc.

Will you kindly forward to us at the address on our letterhead the original copy of "Administrative Suspension Notices" for the months of August and September 1966 for the subject project.

We understand from Mr. MacLaren that we should have these but have no record of having received them.

Very truly yours,

R H Wadhams

R. H. Wadhams
President

RHW:v
cc: Mr. D. R. MacLaren
Spokane, Washington

GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
May 12, 1967

RECEIVED
MAY 24 1967

AIRMAIL

Mr. Dooley P. Wheeler, Jr.
General Manager
Beardsley Gulch Mining Co., Inc.
1355 Foothill Boulevard
Salt Lake City, Utah 84108

Re: OME-6495 (Silver)
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wheeler:

Thank you for your letters of May 2 and 10, 1967. I apologize for not acknowledging the former more promptly. The May 2nd letter could be accepted as your April Narrative Report, but unfortunately you sent only the original. As set forth on the back of MME Form 60, Operator's Monthly Voucher, the Narrative Report is one part of a monthly report, and the original and three copies are required.

I am glad to learn of the progress in the slusher drift and am, of course, anxious to see the workings and sample assays. I am planning to go to Idaho May 22, and reaching Salmon that evening. I hope you will be able to meet me about 9:30 a.m. for an interim inspection on the 23rd as I will be driving a standard sedan. I will look for you at Murray's Motel unless I hear differently.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

DRMacLaren/mls

(not with it)

cc: OME w/cpys incoming letters

Director's Reading File

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 15 1967
INITIALS CODE

GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
May 12, 1967

AIRMAIL

Mr. Dooley P. Wheeler, Jr.
General Manager
Beardsley Gulch Mining Co., Inc.
1355 Foothill Boulevard
Salt Lake City, Utah 84108

Re: OME-6495 (Silver)
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wheeler:

Thank you for your letters of May 2 and 10, 1967. I apologize for not acknowledging the former more promptly. The May 2nd letter could be accepted as your April Narrative Report, but unfortunately you sent only the original. As set forth on the back of MMM Form 60, Operator's Monthly Voucher, the Narrative Report is one part of a monthly report, and the original and three copies are required.

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Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

DRMacLaren/mls

cc: OME w/cpys incoming letters

Director's Reading File

MONT MINING, I[illegible]

1555 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

May 2, 1967

[illegible]

[illegible] were spent [illegible] spect the [illegible] and measu[illegible] report.

[illegible] for a [illegible] eral miser- [illegible] weather. [illegible]gress is exp[illegible] ay because [illegible] conditions.

[illegible] ite and quartz [illegible] scattered dolomite. [illegible] variety as [illegible] the Hoffman stope [illegible] er adit across [illegible] which, and this quartz has [illegible] oxidized gal- [illegible] as does the Hoffman stope.

I would like for this letter to [illegible] my written report for April. The vouchers and other [illegible] with state- ments will be sent as soon as our [illegible] statement for work in April marked paid.

The [illegible] should be [illegible] and I expect [illegible] the area any time [illegible] ay should [illegible] time [illegible] to meet there [illegible] the [illegible] and in the whether stope [illegible] ture I work.

Your [illegible],

Doc[illegible]
Gener[illegible]

RECEIVED
MAY 8 [illegible]

Mr L R MacLaren

Field Officer, CME, Stage I

Geological Survey

Sc. 157 Howard Street

Spokane, Washington 99209

Wallace, Idaho

May 10, 1967

Re CME-6995 (Silver)

Dear Mr MacLaren:

Stage I sample cut is in about 30 feet or 35 feet. The [illegible] 5 or 6 feet have been in "ore" that [illegible] would average 15 oz Ag P/T and 5 to 6 lb A. Zinc would be 0.25-0.50 %. Copper [illegible] Stage II [illegible] May 11 & 12.

The "ore" appears to be the K 7 vein or at least its attitude is about the same as the K 7 vein. Quartz is the predominant vein material, but limonitic sediment is abundant.

The ore minerals are highly oxidized (90-95%) sphalerite, galena, tetrahedrite (argentian) and pyrite in decreasing abundance. Judging by the yellow and green (some blue) [illegible] is probably

One

GEOLOGICAL SURVEY
Sc. 157 Howard Street
Spokane, Washington 99204
February 15, 1967

OFFICIAL
COPY
O. M. E.
RETURNED
FEB 17 1967
INITIALS CODE
A20M
RE/110
RANGE/208
for Kirk

AIRMAIL

Mr. Dooley F. Wheeler, Jr.
General Manager
Beardsley Gulch Mining Co., Inc.
1355 Foothill Boulevard
Salt Lake City, Utah 84108

Re: OME-6496 (Silver)
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wheeler:

If contract work at the Beardsley mine should be resumed on or before April 22, 1967, it is not a requirement of the contract that we be notified. However, it would be of considerable help to me in planning field trips into the Salmon-Challis area if you would be so kind as to let me know when operations commence.

If work is not resumed by April 22, 1967, you definitely should so advise us, stating briefly why it was not resumed, indicating a new date on or before which you expect the work to be resumed, and requesting an extension of the recess period. This letter should be in duplicate.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

DRMacLaren/mls

cc: OME w/cpy incoming
Voucher File
MacLaren

Director's Reading File

UMONT MINING, INC.

SALT LAKE CITY [illegible]

[illegible] February [illegible]

[illegible] Office
[illegible]
[illegible] Survey
[illegible]
Spokane, Washington 99204

[illegible]

Dear [illegible]:

[illegible] work do [illegible]

[illegible] in [illegible], Amendment #1.

[illegible]

[illegible]

UMONT MINING, INC.

[illegible]

[illegible]

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO: Chief, OME	DATE	INITIALS
1.	2/10/67	
Re: OME-6495 (Silver)		
2. Beardsley Gulch Mining Co., Inc.		
Beardsley, et al., Groups of Claims		
3. Custer County, Idaho		
Contract 2219		
4.		
D. R. MacLaren		
5. D. R. MacLaren		
FROM: Fld. Officer, Reg. I		

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 13 1967

FOR: Check items for action desired

X Action	____ Reply for signature of		
____ Approval	____ Investigate		
____ Comment	____ Recommendations		
____ Conference	____ Rewrite		
____ Instructions	Your information		

INITIALS	CODE

REMARKS:

Transmittal of the Gov't. and Budget and Finance copies of Amendment No. 2 to the above-cited contract.

INT.-DUP. SEC., WASH., D.C. M56300-62

OME

GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
February 7, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 20 1967
INITIALS | CODE
120 MC
118
120
for Kirk

AIRMAIL

Mr. Dooley F. Wheeler, Jr.
General Manager
Beardsley Gulch Mining Co., Inc.
1355 Foothill Boulevard
Salt Lake City, Utah 84108

Re: OME-6496 (Silver)
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wheeler:

Enclosed are the original and three copies of a proposed Amendment No. 7 (2 pages) to the subject contract, signed for the Government by the Chief, Office of Minerals Exploration.

If the proposed amendment is satisfactory to you, please sign all four copies, retain the Operator's copy, and return the other copies to this office.

If the amendment is not satisfactory, please return all copies unsigned to this office with a statement of your proposed changes for consideration.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

Enclosures

MLSmelser/mls
cc: OME
Voucher File
MacLaren

Director's Reading File

OFFICIAL FILE COPY

Date	Surname	Code
1/30/67	Kirkemo	
"	Johnson	
2/1	Kilgaard	
2/1	Ulmer	
2/3	Cee	220
		120

AIRMAIL

Memorandum

To: Field Officer, Region I

From: Chief, Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Enclosed are the original and three copies of proposed Amendment No. 2 (2 pages), signed for the Government. An extra copy of the amendment is enclosed for field use.

If the proposed amendment is satisfactory to you and the Operator, all four copies should be signed by an authorized representative of the Operator and distributed in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator, the original and all copies are to be returned to this office together with the proposed changes for consideration.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Economic Geology File
OME Docket
OME Reading File
130

MMerrithew/mm (1/30/67)

23263

REFERENCE SLIP

OFFICE OF MINERALS EXPLORATION

T	DATE	INITIALS
1. ~~Assoc. Ate Solicitor, 6040~~		
2. Harold Kirkemo, 4450	1/30/66	HK
3.		
4.		
5.		
FROM: Frank E. Johnson, OME	1/24/67	

FOR: Check items for action desired

X Action ____ Reply for signature of ____

X Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions ____ Your information

REMARKS: 3/92

INTERIOR DEPT.
JAN 25 1967
SOLICITOR

FROM SOLICITOR
JAN 26 '67
FOR SIGNATURE

E-66-2123.11

INT.-DUP. SEC., WASH., D.C. M56300-62

cc: Director's Reading File
Division File
Economic Geology File
OME Docket
OME Reading File
130

JMerritthew/mm (1/30/67)

HK 720
HK 110
130m

DRAFT
HKirkemo/mm (1/24/67)

EXPLORATION CONTRACT
BEARDSLEY GULCH MINING CO., INC.
OME-6495

AMENDMENT NO. 2

It is agreed this _____ day of _____, 1967, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Beardsley Gulch Mining Co., Inc., hereinafter called the "Operator," that Exploration Contract 2219 (OME-6495), dated July 14, 1966, as amended, is amended further effective October 22, 1966, as follows:

1. (a) Work under the contract may be suspended during the period beginning October 22, 1966, and ending not later than April 22, 1967.

(b) The Government shall not contribute to any costs of rehabilitation or repair which in its opinion would not have occurred had there been no suspension of the work.

(c) The Operator, at its own cost and expense, without contribution by the Government, during the period of suspension shall preserve and protect the project work.

2. The time fixed by Article 1.(a) of the contract for completion of the work is extended from twelve (12) to eighteen (18) months from the date of the contract or until January 14, 1968.

3. The maximum period for royalty payments and for the lien to secure payments thereof provided for in the contract is extended from ten (10) to eleven (11) years from the date of the contract.

This amendment shall not be construed to increase the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
Chief, Office of Minerals Exploration
U. S. Geological Survey

BEARDSLEY GULCH MINING CO., INC.

By _____

Title _____

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
January 20, 1967

ORIGINAL COPY
O. M. E.
RECEIVED
JAN 23 1967
INITIALS | CO. E.
120 M
HK | 110
HKO | 120 K

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Group of Claims
Custer County, Idaho
Contract 2219

Enclosed are two Thermo-Fax copies of a letter dated January 17, 1967, from the subject Operator, requesting a period of recess from October 22, 1966, to end on or before April 15, 1967.

Apparently, the Operator believes the contract period extends to August 15, 1967, 12 months from the date work started. In fact, it extends only to July 14, 1967, 12 months from the date of the contract.

The trenching revealed barely enough evidence of structure and mineralization to justify the slusher drift provided in Stage I. This has not yet been started, but once it is started should be completed by July 14. Whether the Termination Date should at this time be extended 6 months to conform with the recess period, and whether the royalty period should be extended 1 year, or whether these two extensions could await the results of the slusher drifting, I will leave up to you.

D. R. MacLaren

Enclosures

MONT MINING, IN

1555 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

OME (2)

January 17, 1967

Mr. D. r. MacLaren, Field Officer
OME Region I
U. S. Geological Survey
So. 157 Howard Street
Spokane Washington 99204

re OME - 6495 (Silver)
Beardsley at a [illegible] of Claims
Custer County, [illegible]
Contract 2219

Dear Mr. MacLaren

[illegible] difficulties beyond our [illegible] we are hereby request-
[illegible] starting October 2[illegible] until April 15,
[illegible] the above project.

We shall of course try to get into operation before April 15, but this depends largely upon the availability of miners for work on the project.

Yours very truly,

/s/ Dooley R. Wheeler, Jr.

Dooley R. Wheeler, Jr.
General Manager
Beardsley Gulch Mining Company, Inc.

RECEIVED
JAN 18 1967
SPOKANE WASH.

GEOLOGICAL SURVEY
No. 137 Howard Street
Spokane, Washington 99204
January 16, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 18 1967

Air Mail

Mr. Dooley F. Wheeler, Jr.
General Manager
Beardsley Gulch Mining Co., Inc.
1355 Foothill Boulevard
Salt Lake City, Utah 84108

Re: OME-6496 (Silver)
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wheeler:

From your October, November and December Narrative Reports, it appears that there has been no work done on this project since about October 21, 1966. Thus, the contract could be declared in default in that, for over 2 months the work has not been performed diligently as agreed under Article 3.

To obviate this situation and to correct the possibility of a default, it was suggested in our letter of December 9, 1966, that "If work was not resumed or will not be resumed for an appreciable time, a period of recess should be requested."

Apparently, you misunderstood the nature of a recess. It authorizes a cessation of work for a specified period of time. However, it permits resumption of work at any time prior to the specified end of the recess.

In order to correct the possibility of having the contract declared in default, you should promptly request a recess starting as of the day after the last work was performed and ending on or before some reasonable date, which is up to you to decide.

Your prompt attention to this matter is urged.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

DRMacLaren/mls
cc: OME w/2 cpys of Narrative for December
MacLaren
Voucher File

Director's Reading File

4

REPORT # 6

on

Beardsley Gulch Mining Company, Inc. Project
OME 6495 (Silver)
for
December 1966

No work was done on this project in December due to a shortage of miners and back trouble of the contractor, Mr. Richard Swigert.

Work had been scheduled to start December 5.

Due to the shortage of miners, and a question as to when Mr. Swigert will be able to work, it is hard to predict when the adit of Stage 1 will be completed.

I hesitate to ask that the project be suspended for a month or two because the adit, once started, should move fast and if it is successful we would immediately, upon clearance from OME, go into Stage II so that we could finish the contract by August 15, 1967.

Bailey P. Wheeler, Jr.
General Manager

Beardsley Gulch Mining, Company, Inc.
January 11, 1967

RECEIVED
JAN 18 1967

4

REPORT # 6

on

Beardsley Gulch Mining Company, Inc. Project
OME 6495 (Silver)
for
December 1966

No work was done on this project in December due to a shortage of miners and back trouble of the contractor, Mr. Richard Swigert.

Work had been scheduled to start December 5.

Due to the shortage of miners, and a question as to when Mr. Swigert will be able to work, it is hard to predict when the adit of Stage 1 will be completed.

I hesitate to ask that the project be suspended for a month or two because the adit, once started, should move fast and if it is successful we would immediately, upon clearance from OME, go into Stage II so that we could finish the contract by August 15, 1967.

Dooley P. Wheeler, Jr.
General Manager

Beardsley Gulch Mining, Company, Inc.
January 11, 1967

RECEIVED
JAN 12 1967
O.M.E.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
12/14		120
12/14	cal	220
		120M

DEC 1 4 1966

AIRMAIL

Memorandum

To: Field Officer, Region I

From: Acting Chief, Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

This is in response to your memorandum dated December 8, 1966, concerning the Operator's claims for Supervision and F.I.C.A. for August and September 1966.

Supervision

The Operator's claim of $25.00 per day is less than the actual payment to the supervisor and does not exceed the allowable rate for supervision. Therefore, the $25.00 per day claimed for the actual number of days reported as worked is acceptable, and your calculation showing $175.00 and $150.00, respectively, for August and September is correct.

F.I.C.A.

Only allowable actual costs incurred can be approved for payment. The Operator, therefore, should not be reimbursed for F.I.C.A. claimed in August and September because the certified copy of the payroll indicates no payment was made on this item in those months. You are correct in recommending disallowance of the 4.2 percent claimed for F.I.C.A.

We are returning one copy of the Operator's letter to you, dated December 5, 1966, and enclosures as requested. We assume that the Operator will reclaim the item for supervision on a subsequent voucher. We will forward a copy of this memorandum with that voucher to the Budget and Finance office when received.

Harold Kirkemo

Harold Kirkemo

Enclosures

cc: Director's Reading File
Division File
Economic Geology File
Branch of Budget & Finance
w/cy F.O.'s memo 12/8/66
OME docket
OME Reading File
Mr. Kirkemo
130

23263

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
December 8, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
DEC 12 1966

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Enclosed are Thermo-Fax copies of a letter dated December 5, 1966, with attachments (one set), from the subject Operator. The intent is to document claims for supervision and taxes, FICA, etc., appearing in his August and September vouchers. Ordinarily, I would hold these to include them in the next voucher, but as I interpret the documents relative to allowance in the contract, they seem to support less than the supervision claimed for August and less than the taxes, FICA, etc., claimed for August and September.

Supervision

	Claimed		Documented per Contract	
Aug.	7 days x $25.00	= $175.00	7/31 x $750.00	= $169.00
Sept.	6 days x $25.00	= $150.00	6/30 x $750.00	= $150.00

7/30 = 175

$25/day is less than the normal wages for supervision and does not exceed the allowable rate. ∴ $25/day for actual days worked as claimed is acceptable.

Perhaps, I am incorrect to use 7/31 of a month for August rather than the very near average of $25.00 per day. Please advise.

FICA, etc.

	Claimed	Documented	
Aug.	$14.47	7.42% of $169.00	= $12.54
		(or: 7.42% of $175.00	= $12.98)
Sept.	$12.20	7.42% of $150.00	= $11.13

Without actual costs indicated as incurred, Expert should not be — Operator should not be reimbursed for FICA @ 4.2% since none was paid applicable to August and Sept. services.

Suggest this come with resolution. FJL

The copy of the payroll indicates that no FICA was paid for either month as the maximum had been paid by the end of the second quarter. Therefore, for these two months and the balance of 1966, should not the acceptable deductions for taxes, etc., be reduced by 4.2 percent? This would reduce the documented allowable claim for August to $5.44 and for September to $4.83.

Please comment on the above so I may correctly process the next voucher, and return the enclosures* for inclusion therein.

*Operator's

D. R. MacLaren

D. R. MacLaren

Enclosures

one (1)

BEARDSLEY GULCH MINING CO., INC.

King Street Dock
Burlington, Vermont
05401

Forwarded to
Reg. III

, Groups of Claims

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Policy

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BEARDSLEY GULCH MINING CO., INC.
/s/ R. H. Wadhams
Wadhams, President

Dure

OFFICIAL COPY
O. M. E.
RECEIVED
DEC 12 1966

GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
December 9, 1966

Mr. Dooley P. Wheeler, Jr.
General Manager
Beardsley Gulch Mining Co., Inc.
1355 Foothill Boulevard
Salt Lake City, Utah 84108

Re: OME-6498 (Silver)
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wheeler:

Thank you for sending in the Narrative Report to the effect that no work was done in November 1966. The Narrative Report should be submitted for each month the project is not in recess by amendment. If work was not resumed or will not be resumed for an appreciable time, a period of recess should be requested.

A request for recess should include a statement of the reason therefor, the last date contract work was performed, and a date on or before which work will be resumed.

Regarding Stage II work, your attention is directed to contract Exhibit A, page 2, second paragraph which requires "prior written authorization." Before this can be given, a sketch of the slusher drift showing geology, the attitudes of vein and mineral occurrences with respect to the K-7 drift projected southwesterly, as well as sample locations, widths, and assays must be received at this office.

Sorry you did not make it to the Northwest Mining Associate meetings --you missed an excellent program.

Two sets of the MME Form 60 and MME Form 61 you requested are enclosed.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

Enclosures

DRMacLaren/mls
cc: OME w/2 cpys narrative
MacLaren
Director's Reading File

MONT MINING, INC.

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

Ans (2)

REPORT #5
ON
BEARDSLEY GULCH MINING COMPANY, INC. PROJECT
OME 6495 (SILVER)
FOR MONTH OF
NOVEMBER 1966

No work was done on this project in November due to a shortage of miners.

Work is scheduled to commence on December 5, 1966. The work will involve driving the adit west-northwest along the Hoffman stope shatter zone to the [illegible] vein.

We hope to complete this final work of stage I this month so that we can start stage II in January, if stage II work is justified by stage I work.

The results obtained by driving the adit will be the deciding factor regarding further OME assistance.

Yours very truly,

MONT MINING, INC.

Dooley P. Wheeler
General Manager

DPW:bp
cc: Mr. D. R. MacLaren

[illegible] 1966

Ore (2)

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 25 1966
INITIALS CODE

GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
November 22, 1966

Mr. Dooley P. Wheeler, Jr.
General Manager
Beardsley Gulch Mining Co., Inc.
c/o Alice Swigert
Challis, Idaho 83225

Re: OME-6495 (Silver)
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wheeler:

It will be impossible for me to get out of the office before the week of December 5th and during that week it will probably be necessary for me to attempt an application examination, weather permitting, in Washington State. Therefore, it will be after the first of January before I expect to be in the Salmon-Challis area. In any case, I would prefer to await completion of the adit before making my next inspection.

Relative to your August, September, and future vouchers, your attention is directed to back of the MME Form 60, Operator's Monthly Voucher. Under the heading, Preparation of Operator's Monthly Voucher, MME Form 60, the next to last paragraph states in part:

> ". . . all costs claimed in this voucher must be supported by documentary evidence consisting of (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, itemized deductions, and net earnings; . . . (c) certified memoranda of the Operator for such items as . . . unemployment taxes, and employee's liability insurance."

As explained in the Administrative Suspension Statement that accompanied settlement of your August 1966 voucher, no documents were included to support $175.00 claimed for 7 days' supervision and $14.47 claimed for taxes, insurance, FICA, etc. Thus, the $719.47 claimed was reduced to $530.00, of which $397.50 or 75 percent was reimbursed.

Although I have not yet received a copy of the Administrative Suspension Sheet relative to your September voucher, sums of $325.00 for supervision and $26.07 for taxes, insurance, FICA, etc., will probably be deducted from the total claimed to date for the same reason. When the appropriate documentation for these items is received, they will be approved for payments.

The assay of the sample from the K-7(?) vein is encouraging. Here is hoping it will make ore below the slate in the shattered zone.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

cc: Mr. H. H. Wadhams
President
Beardsley Gulch Mining Co., Inc.
King Street Dock
Burlington, Vermont 05401

OME w/cpy incoming
Voucher File
MacLaren

Director's Reading File

DRMacLaren/mls

UMONT MINING, INC.
1000 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

one (2)

November 17, 1966

Mr. D. R. MacLaren
Field Officer, OME, Region I
Geological Survey
So. 157 Howard Street
Spokane, Washington 99204

Re: OME 6495 (Silver)

Dear Mr. MacLaren:

I expect to be at Challis on the 14th of November, and expect to be there until about December 1. After a week in Salt Lake at the first of December I expect to return to Challis until about December 18 at which time I shall return to Salt Lake for the balance of the year.

The adit authorized in your letter of October 25 is slow in starting but we still hope to have it finished by the end of 1966. If there is any special authorization required for such a late termination date we are herein requesting same.

We note that approximately $375 was refunded by OME on a monthly voucher totalling $719. Evidently there is a holdup in total payment (75%) because of my reporting procedure, but since there has been no explanation maybe we can review the procedure so that payment will be made on 75% of past and future vouchers.

I hope to see you at Bayhorse in the last half of November or mid-December.

Enclosed is a union assay report on a five pound sample of mineralized dolomite from the footwall (SE side) of K7 vein on the SW side of Trench #2 as shown in my sketch map of 10-21-66. The sample was 1" - 6" from the gouge of K7 vein and it assays 15.52 ounces silver per ton, 5.3% lead, 0.365% copper, and 2.5% zinc. The sample is from the area where you identified straw colored sphalerite associated with partly oxidized lead-zinc-copper-silver mineralization.

Yours very truly,

/s/ Dooley P. Wheeler, Jr.

Dooley P. Wheeler, Jr.
General Manager, Beardsley Gulch
Mining Company, Inc.

[redacted]
Rec
NOV [redacted]
[redacted]

Telephone 363 3302

Head Sample Serial 53975

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

[illegible]

P. O. Box 1528

Salt Lake City 10, Utah

Mine Umont Mining Co.
Beardsley Gulch Mining Co.
1355 Foothill Drive Suite 206-308 Salt Lake City, Utah

RESULTS PER TON OF 2,000 POUNDS

Nov. 8, 1966

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Per Cent	Per Cent
10-20-66		15.52	5.3	0.365		2.5					

Remarks

Charges $ 8.75

/s/ Glen P. Williams

one (2)

OFFICIAL COPY
O. R. E.
RECEIVED
OCT 1966
CODE
gla 120 m
FEJ 110
HK 120

GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
October 25, 1966

Mr. Dooley P. Wheeler, Jr.
Beardsley Gulch Mining Co., Inc.
c/o Alice Swigert
Challis, Idaho 83226

Work Authorization

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wheeler:

This refers to your letter of October 21, 1966, and our telephoned discussion of October 24 anent your request to drift in the Bayhorse dolomite below its contact with the Ramshorn slate as exposed in an anticlinal fold in the trench.

This will confirm the oral authorization to start the proposed slusher drift in the dolomite and to drive it on an approximate bearing of N. 60° W. for a distance of 75 feet or through the K-7 vein, whichever occurs first. This authorization is given in the belief that the anticlinal roll may be the local expression of the northerly extension of the Hoffman shatter zone.

Returned herewith is the tracing that accompanied your letter of October 21.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

Enclosure

DRMacLaren/mls
cc: OME(2) w/cys incoming let. & sketch
Voucher File Do.
MacLaren Do.

Director's Reading File

UMCOT MINING, INC.

[illegible] FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

I would like oral approval from you for this work before we continue, and I would appreciate a telephone call from you between four and five PM your time, October 30 or 31 concerning the matter. I believe the adit is necessary in order to complete Stage I and give a reasonable chance for a silver ore discovery. The work can probably be completed in November 1966.

I would appreciate return of the enclosed sketch map after you have had a chance to study it and make copies of it for your office.

Yours very truly,

Dooley P. Wheeler

Dooley P. Wheeler, Jr.
General Manager

N

1" = 100'

OME 6485 (Silver)

DPW Jr.
10-21-66

Sketch Map

Please note — the Ramshorn slate has a 3'-8' thick dolomite bed near the base of the formation. This dolomite bed (3' thick) is also found in the [illegible] stope area.
A 2'-8' thick slate bed separates the Ramshorn dolomite bed from the top of the [illegible] dolomite formation. DPW

MME FORM 6
REV. 2-59

REFERENCE SLIP

OFFICE OF MINERALS EXPLORATION

	DATE	INITIALS
TO: Chief, OME	8/30/66	

1. Re: OME-6495 (Silver)
2. Beardsley Gulch Mining Co., Inc.
3. Beardsley, et al., Groups of Claims
4. Custer County, Idho
5. Contract 2219

FROM: D. R. MacLaren
Fld. Officer, Reg. I

ORIGINAL
O. M. E.
RECEIVED
SEP 1 1966
INITIALS CODE

FOR: Check items for action desired

X Action	___ Reply for signature of	___ His Surname
___ Approval	___ Investigate	___ Signature
___ Comment	___ Recommendations	___ File
___ Conference	___ Rewrite	
___ Instructions	___ Your information	

REMARKS:

Transmittal of the Gov't. and Budget and Finance copies of Amendment No. 1 to the above-cited contract.

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

M56300-62

GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
August 22, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 24 1966

INITIALS	CODE
	~~110~~
JRJ	110
HR	~~120~~

Mr. Dooley P. Wheeler, Jr.
General Manager
Beardsley Gulch Mining Co., Inc.
c/o Alice Swigert
Challis, Idaho

Re: OME-6493 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wheeler:

In accordance with the request in your letter of July 28, 1966, we are enclosing the original and three copies of proposed Amendment No. 1 (two pages) to the subject contract signed by the Chief, Office of Minerals Exploration, for the Government.

If the proposed amendment is satisfactory to you, please sign all four copies, retain the Operator's copy, and return the other copies to this office.

If the amendment is not satisfactory, please return all copies unsigned to this office with a statement of your proposed changes for consideration.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

Enclosures

MLSmelser/mls
cc: Director's Reading File
OME ✓
Voucher File
MacLaren

U[illegible]ONT MINING [illegible]
1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84 [illegible]

OFFICIAL COPY
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RECEIVED
AUG 22 1966

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 22 1966

Ome (2)

~~HD~~ 120M
HX 130K

August 17, 1966

Mr. D.R.MacLaren, Field Officer
OME Region I
U.S.Geological Survey
Sa. 157 Howard Street
Spokane, Washington 99204

Ref OME - 6495 (Silver) Contract 2219

Dear Mr. MacLaren:

Thanks for the accounting data and instructions accompanying your letter of August 5, 1966.

We commenced bulldozer trenching on the project August 15, but due to a breakdown of the TD 14 (142) dozer, we are awaiting repair of either the TD 14 or HD 21. We prefer the HD 21 because of its great size and power and its ripper. We have had experience with an HD 21 with a ripper on another job, and have found that there is no really good substitute for the larger dozers with rippers for work such as we have to do.

I hope, however, that the 125 hours of TD 142 dozer work has been allowed for in the amendment that is now in process for it will be used in an emergency - such as a breakdown of the HD 21.

Yours very truly,

DOOLEY P. WHEELER, Jr.
General Manager

DPWjpd

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
8/12	Kirkemo	120
"	Johnson	110
8/15	Welch	220
8/16	Kiyan	
		110
8/17	Cal	220

120M

AUG 17 1966

Memorandum

To: Field Officer, Region I

From: Chief, Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

In reference to your memorandum of August 4, 1966, we are enclosing the original and three copies of a proposed Amendment No. 1 (two pages) to the subject contract, signed for the Government. Also enclosed is an extra copy of the proposed amendment for field use.

If the proposed amendment is satisfactory to you and the Operator, all four copies should be signed by an authorized representative of the Operator. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator, the original and all copies are to be returned to this office together with the proposed changes for consideration.

Fortunately, the Operator's request for authorization to use a smaller bulldozer than originally provided for in the contract was received in time to be incorporated in this amendment.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

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

HKirkemo/gla 8-11-66

23263

MME FORM
REV. 2-5

REFERENCE SLIP
OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. ~~Assoc. Sol. MR, Rm. 6554~~ ~~Through Room 6042~~		
2. Mr. Kirkemo, Rm. 4459		
3. E-66-2123.11		
4. INTERIOR DEPT. AUG 8 1966		
5. SOLICITOR		

FROM: ~~Chief, OME~~

FOR: Check items for action desired

____ Action ____ Reply for signature of ____
____ Approval ____ Investigate ____ Surname
____ Comment ____ Recommendations ____ Signature
____ Conference ____ Rewrite ____ File
____ Instructions ____ Your information

REMARKS: FROM SOLICITOR

AUG 11 1966

FOR SIGNATURE

RECEIVED
AUG 8 1966
Division of Mineral Resources
General Legal Service

5369 Johnson
5371 Kirk

INT.-DUP. SEC., WASH., D.C. M56300-62

Mr. Kirkemo

8/9/66

file

MacLaren telephoned -

Re: Beardsley Gulch

TD-18 cat. breakdown.

Can get TD-14 until TD-18 repaired - says will do the work.

I have asked legal to add TD-14, 129 hrs. @ $12.00/hr. under bulldozing access road and trenches in Amendment No. 1, as recommended by Mac.

FEJohnson

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 8 1966
120 m
110
HK 1204

GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
August 5, 1966

Mr. Dooley F. Wheeler, Jr.
General Manager
Beardsley Gulch Mining Co., Inc.
c/o Alice Swigert
Challis, Idaho

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Dear Mr. Wheeler:

We are enclosing a three-month supply of Operator's Monthly Voucher and Progress Report, OME Forms 60 and 61. The original and three copies of the completed report forms as well as the narrative, maps, assays, and all technical data, should be submitted for each month in which costs have been incurred under the contract. However, in the event that you do not wish to submit a voucher for any month, the narrative report for the work done in that month is required. Delay in processing can be avoided if reports are submitted promptly to this office.

Also enclosed are three copies of Standard Form 38, entitled "Notice of Nondiscrimination in Employment." In accordance with Executive Order 11246, which is Exhibit B of your contract, you should complete one copy and send it to any labor union that may be involved in your OME contract work and should post one or more copies in conspicuous places available to employees or applicants for employment. The enclosed poster should be kept exhibited in a conspicuous place available to both employees and applicants for employment.

We would appreciate your advising us when the OME contract work has started.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

Enclosures
cc: Mr. R. H. Wadhams, President
Beardsley Gulch Mining Co., Inc.
King Street Dock
Burlington, Vermont 05401

HLSmelser/mls
cc: OME MacLaren
Director's Reading File

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
August 4, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 8 1966

INITIALS	CODE
gla	120
[illegible]	110
HM	120

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho
Contract 2219

Enclosed are two copies of a request for an amendment to the subject contract to permit the Operator to choose whether the trench described in Exhibit A, Description of the Work, Stage I, first paragraph, shall be started from the northeast or the southwest ends. His reasons for wishing to start at the northeast end are given in the request. In discussing this matter by telephone he said that in case unforeseen difficulties later made it advisable, he wished to be able to move to the southwest end to complete the work. He also requests that the amendment permit part of the dozing time provided for trenching to be spent in dozing approximately 250 feet of access road to the northeast end of the trench at no additional cost.

The Operator's reason for wishing to doze the trench from northeast to southwest is sound; permitting the trench to be finished, if necessary, from southwest to northeast might avoid the possible, though improbable, need for another amendment. If the access road can be bulldozed within the time and cost limits presently set up for bulldozing, it is recommended that it be permitted.

A suggested revision for this paragraph is something like:

> "West of Beardsley Gulch on the terrace in the slope east of the road bulldoze a trench to locate and expose the Hoffman shear zone and possibly the K-7 vein at the intersection with the Hoffman shear zone. Approximately 300 feet of trenching may be required. The bulldozing may be done either from the northeast or from the southwest. Providing the trench is completed within a maximum of 62 hours for an HD-21 dozer or of 91 hours with a TD-18, and within a total cost of $1,550.00, not more than 8 hours of the remaining dozer work may be applied to the actual cost of any necessary access road work."

If some such amendment as this is approved, on page 3, Exhibit A, under Estimated Costs of the Project, Stage I, Actual Costs, possibly the words "and access roads" should be added to "Bulldozing Trenches."

D. R. MacLaren

Enclosures

Challis, Idaho
July 26. 1966

Mr. D. R. McLaren
Field Officer, OMB, Region I
U. S. Geological Survey
So. 157 Howard Street
Spokane, Washington 99204

Re: OMB 6495 Silver - Contract 2219
Amendment #1 Proposal

Dear Mr. McLaren:

This proposal requests that the operator (Beardsley Gulch Mining Company, Inc.) have the choice of starting the northeasterly trending bulldozer trench across the projection of the Hoffman ore zone (a shear or shatter zone) at the northeast end or the southwest end. The northeast end is a better starting point because of a much more gentle canyon slope for a starting point and greater ease of excavating and disposal of waste materials. If we work from the NE to the SW we will be able to work our way up the slate dolomite contact to the SW and be able to undercut the talus cover and move it more freely without interference from previously excavated material which would tend to fall into instead of away from the cut. Please refer to the enclosed figure 3 which shows the approximate outline of the trench following the approximate location of the key slate-dolomite contact and shows the preferred starting point for the bulldozer trench.

This proposal also requests that approximately 250 feet of nearly horizontal access road be allowed in the herein illustrated (figure 3) bulldozer trenching which will be an extension of the old access road to churn drill hole (CDH) #1. This road can be made, we believe, within the allowable costs of contract 2219 for bulldozer mobilization and trench excavation in stage 1. It was assumed that a minor part of the cost of Stage 1 would be allowed for such a road without specifically drawing it in. If we drive the Stage 1 slusher drift such a road will be especially necessary, but such a road is good policy and standard practice for equipment service and repair purposes.

Yours very truly,

Dooley P. Wheeler

Dooley P. Wheeler, Jr.
General Manager,
Beardsley Gulch Mining Company, Inc.

dpwh

RECEIVED
JUL 28 1966
OMB
MINERAL RESOURCES

RECEIVED
AUG 1 1966
OMB
MINERAL RESOURCES

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

	DATE	INITIALS
TO: Chief, OME	8/5/66	
1. Re: OME-6495 (Silver) Beardsley Gulch Mining Co., Inc.		
2. Beardsley, et al., Groups of Claims Custer County, Idaho		
3. Contract 2219		
4. D. R. MacLaren		
5. FROM: Fld. Officer, Reg. I		

DATE COPY
C.
RECEIVED
AUG 8 1966
INITIALS CONC.

FOR: Check items for action desired

____ Action ____ Reply for signature of
____ Approval ____ Investigate
____ Comment ____ Recommendations
____ Conference ____ Rewrite
____ Instructions X Your information

____ Surname
____ Signature
____ File

REMARKS:

Attached sketches (fig. 3) should have been sent in with our memo of 8/4/66 with the Operator's request for an amendment to the above-cited contract.

INT.-DUP. SEC., WASH., D.C. M56300-62

DRAFT
8/4/66
HKirkemo/gla

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EXPLORATION CONTRACT
BEARDSLEY GULCH MINING CO., INC.
OME-6495

AMENDMENT NO. 1

It is agreed this _____ day of _____, 1966, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Beardsley Gulch Mining Co., Inc., hereinafter called the "Operator," that Exploration Contract 2219 (OME-6495), dated July 14, 1966, is amended effective the date of the contract as follows:

In Exhibit A:

1. Under the heading Description of the Work, Stage I, the first paragraph is revised to read as follows:

"West of Beardsley Gulch on the terrace in the slope east of the road bulldoze trenches to locate and expose the Hoffman shear zone, and possibly the K-7 vein at the intersection with the Hoffman shear zone. Approximately 250 feet of access road and 300 feet of trenching may be required. No trenching shall be done within 100 feet of the Hood claim. The rock formations, veins, shear zones and mineralized material shall be mapped and the mineralized material sampled and ~~xxx~~ assayed."

2. Under the heading Estimated Costs of the Project, Stage I, Actual Costs, Catagory (1) Independent Contracts is revised to read as follows:

Mobilization and demobilization, one bulldozer	$ 111.00	
Bulldozing access road and trenches HD-21, 62 hours @ $25.00/hr. TD-18, 91 hours @ $17.00/hr.	1,550.00	
Slusher drift, 75 feet @ $30.00/ft.	2,250.00	
Drift timbering, 30 feet @ $10.35/ft.	310.50	
		$4,221.50

This amendment shall not be construed to increase the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, nor the fixed unit cost of any item of work.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By_____
Chief, Office of Minerals Exploration
U. S. Geological Survey

BEARDSLEY GULCH MINING CO., INC.

By_____

Title_____

Ome

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 1
INITIALS CODE
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110
120K

GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
July 28, 1966

Air Mail

Mr. R. E. Wadhams, President
Beardsley Gulch Mining Co., Inc.
King Street Dock
Burlington, Vermont 05401

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho

Dear Mr. Wadhams:

Enclosed are the Government's, Budget and Finance Office's, and Field Office's copies of a proposed OME contract which has been signed for Beardsley Gulch Mining Company, Inc., by Mr. Dooley P. Wheeler, Jr., as General Manager. Mr. Wheeler has retained the Operator's copy.

In order to validate the execution of the contract it remains for the secretary or some other officer of the company to complete the Certification that Mr. Wheeler "was then General Manager of said Corporation . . ." and affix the Corporate Seal of Beardsley Gulch Mining Company, Inc.

When this has been done, and in order to save time, kindly send the Government's and the Budget and Finance Office's copies to

Chief, Office of Minerals Exploration
Geological Survey
Department of the Interior
Washington, D. C. 20242

and return the Field Office's copy to Spokane.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

DRMacLaren/mls

Enclosures
cc: Mr. Dooley P. Wheeler, Jr.
c/o Alice Swigert
Challis, Idaho

OME
Director's Reading File

OME

OFFICIAL COPY

INITIAL COPY

GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
July 28, 1966

Mr. Dooley P. Wheeler, Jr.
Beardsley Gulch Mining Co., Inc.
c/o Alice Swigert
Challis, Idaho

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho

Dear Mr. Wheeler:

We have received the copies of the contract which you signed for Beardsley Gulch Mining Co., Inc., as General Manager, and will forward them to Mr. R. H. Wadhams, President, for execution of the Certification by the secretary of Beardsley Gulch Mining Co., Inc.

Unfortunately, we cannot forward the request for amendment because it is signed by the General Manager of Northern Star Mining Company, Inc., which is not a party to Contract 2219. The original and two copies of your request are returned herewith. If you will resubmit them, signed as General Manager, Beardsley Gulch Mining Company, Inc., we will forward them to our Washington, D. C. office with our comments. We are holding the sketches pending receipt of the properly signed amendment request.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

Enclosures
cc: Mr. R. H. Wadhams, President
Beardsley Gulch Mining Co., Inc.
King Street Dock
Burlington, Vermont

OME w/cy incoming let. 7/26/66 to
Field Officer, Reg. I, wo/encls.

Director's Reading File

DRMacLaren/mls

Challis, Idaho
July 26, 1966

Mr. D. R. MacLaren
Field Officer, OME, Region I
U. S. Geological Survey
So. 157 Howard Street
Spokane, Washington 99204

Re: OME 6495 (Silver) Contract 2219

Dear Mr. MacLaren:

Enclosed please find three copies of the executed contract 2219 plus two copies of an illustrated request for amendment 1 to contract 2219.

If the secretary of Northern Star needs to certify my signature and affix the Northern Star Corporate seal, please send these copies to Mr. R. H. Wadhams, President, Beardsley Gulch Mining Company, Inc., King Street Dock, Burlington, Vermont 05401.

I have signed the contract because I wanted the request for amendment # 1, which we discussed over the phone yesterday, to circulate with the contract and post-date the operators signing of t he contract.

Yours very truly,

Dooley P. Wheeler Jr.

Dooley P. Wheeler, Jr.
General Manager,
Northern Star Mining Company, Inc.

RECEIVED
JUL 28 1966
OME

FORM 6 REFERENCE SLIP
REV. 2-5 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Chief, OME	3/14/66	
2. Re: OME-6495 (Silver)		
Beardsley Gulch Mining Co., Inc.		
3. Beardsley Claims		
Custer County, Idaho		
4.		
5. D.R. MacLaren		

FROM: D.R.MacLaren, Field Officer, Reg. I

OFFICIAL COPY O. M. E. RECEIVED MAR 1966

FOR: Check items for action desired

X Action	___ Reply for signature of	___ Surname
___ Approval	___ Investigate	___ Signature
___ Comment	___ Recommendations	___ File
___ Conference	___ Rewrite	
___ Instructions	___ Your information	

REMARKS: Attached is MME Form 52 including Butte claim, executed by O. J. Salisbury for Bayhorse Mines, Inc. Note that seal is that of Ramshorn Mines Co. I am not sure these are necessary and therefore have not returned them for proper seal.

Returned with letter May 10, 1966

Requested new ones

UP. SEC., WASH., D.C. M56300-62

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 20 1966
INITIALS DATE

GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
July 18, 1966

Mr. Dooley P. Wheeler, Jr.
Beardsley Gulch Mining Co., Inc.
c/o Alice Ovigart
Challis, Idaho

Re: OME-6495 (Silver)
Beardsley, et al., Groups of Claims
Custer County, Idaho

Dear Mr. Wheeler:

Pursuant to our telephone conversation this afternoon, enclosed are the original and three copies of a proposed revised contract for the subject claims which I am sending to you at Challis. The contract consists of MMM Form 50 (seven pages), Annex I (two pages), one Lien and Subordination Agreements, Exhibit A (six pages), Exhibit B (one page), and two maps (figs. 1 and 2). All copies of the revised contract have been signed for the Government. You should insert the date for commencement of the work.

You or whoever will be in charge of carrying out the project work under this contract are urged to read carefully all the specifications set forth in Exhibit A. Without prior Government approval, subsequently confirmed in writing, the Government may refuse to contribute to the cost of any work that does not conform to those specifications. Your attention is specifically directed to Article 12 and Exhibit B. Appropriate forms to meet the compliance requirements will be sent with forms for reporting monthly progress and vouchering.

If the terms and conditions are satisfactory, sign all copies, keep the Operator's copy, and return the other copies to this office. If any part of the proposed contract is not satisfactory, please return all copies unsigned to this office with a statement of your proposed changes for consideration.

The 6-3/4 percent interest accrues from the dates on which the individual payments are made by the Government and like the principal is payable from royalty on production.

Sincerely yours,

Mary L. Smelser
For: D. R. MacLaren
Field Officer, OME
Region I

Enclosures
cc: Mr. R. H. Wadhams, President
Beardsley Gulch Mining Co., Inc.
Burlington, Vermont

MLSmelser/mls
cc: OME
MacLaren
Director's Reading File

Form 7
63)

OFFICIAL FILE COPY

Date	Surname	Code
7/12	Kirkemo	120
7/13	Kilzgard	110
		220
		110
7/17	Cal	220

120M

JUL 12 1966

Memorandum

To: Field Officer, Region I

From: Chief, Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho

Referring to your memorandum of June 20, 1966, enclosed are the original and three copies of a proposed revised contract for the subject claims. The contract consists of MME Form 50, (seven pages), Annex I (two pages), one Lien and Subordination Agreements, Exhibit A (six pages), Exhibit B (one page), and two maps (Figures 1 and 2). All copies of the revised contract have been signed for the Government. You should insert the date for commencement of the work. Also enclosed is an extra unsigned copy of the contract for field use.

The first contract offered to the Applicant was returned unsigned with a request for certain changes in provisions, description of work, and costs. Most of the requested changes were made. A copy of an explanation for the revised contract by Mr. Kirkemo is enclosed for your information.

If the proposed contract is satisfactory to you and the Applicant, all four copies should be signed by an authorized representative of the Applicant. Thereafter, please distribute the copies in the usual manner.

Please advise the Applicant that the 6-3/4 percent interest accrues from the dates on which individual payments are made by the Government and like the principal is repayable from royalty on production.

If any part of the proposed contract does not have your approval or that of the Applicant, the original and all copies should be returned to this office together with the proposed changes for consideration.

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

FRANK E. JOHNSON

Frank E. Johnson

130

Enclosures

23263

Form 7
/63)

OFFICIAL FILE COPY

Date	Surname	Code
		140
		120 M

July 12, 1966

Memorandum

To: The File

From: Harold Kirkemo

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho

Explanation for revised contract

A contract for a total expenditure of $36,300.00 to explore the subject claims was sent to the Applicant for signature on June 13, 1966, and was returned on June 14, unsigned, for the reasons discussed below. A revised contract was prepared for a program totalling $44,680.00. The changes requested and disposition of the individual items are as follows:

1. Use of a bulldozer larger than an International TD 18-181 is allowed in the revised contract. This provision increased the contract by $20.00 to $1,550.00.

2. The application was not clear regarding the extent of work desired on or near the surface at the Hoffman shear zone--K-7 vein intersection, and consequently a slusher drift to explore this point is included in the revised draft. Inasmuch as the potential of the primary target area would be more extensively explored by the drift (if necessary to drive because of the overlying slate formation) on the first stage of the contract, a stronger justification will be developed to either undertake Stage II or to terminate the contract upon completion of Stage I. The cost of the slusher drift and timbering item is $2,560.50.

3. The Applicant's request to use lighter-weight rail than 20-pound and smaller diameter air line than 3-inch was accommodated by allowing use of 15-pound rail and 2-inch diameter air line. The change in weight of rail reduced the cost of drifting and crosscutting by $56.25 ($0.25/ft.) to a total of $11,193.75. The cost of air line was based originally on 2-inch diameter pipe.

4. In the revised contract, the Applicant is allowed to drive Raise 1, Stage II, either on mineralized structure or on a predetermined course toward a target. The original draft was not specific on the latter point.

5. The cost of raise timbering up to a height of 150 feet was increased by $5.00/ft. in accord with bid prices. The total cost for raising was thereby increased by $5,475.00 to a total of $15,075.00.

6. Supervision and technical services in Stage I were increased by $375.00 to a total of $750.00 to permit supervision for driving the slusher drift.

7. The provision for approximately 300 feet of trenching in Stage I was not changed despite the Applicant's request for 350 feet. The rate and hours allowed for bulldozing under Estimated Costs of the Project will determine the linear extent of bulldozing.

8. The Applicant's request to change the designation for exploratory Raise 2 in Stage II to a slusher raise was disallowed because the latter designation would not improve chances for making an ore discovery.

Harold Kirkemo

Harold Kirkemo

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

HKirkemo/gla 7-12-66

Government's Copy

MME Form 50
July 1965

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
U. S. GEOLOGICAL SURVEY

Revised pages

EXPLORATION CONTRACT
(Long Form)

Docket No.	Commodity	Contract No.	County	State
OME-6495	Silver	2219	Custer	Idaho

It is agreed JUN 7 1966 (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

Beardsley Gulch Mining Co., Inc., a Vermont corporation

whose mailing address is King Street Dock, Burlington, Vermont 05401, hereinafter called the "Operator," as follows:

ARTICLE 1. Authority and scope.--(a) This contract entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before _____ (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within 12 months from the date of the contract or shall have incurred allowable costs (see Article 6) in a sum not less than the total cost set forth in Exhibit A.

(b) The total allowable cost of the work set forth in Exhibit A is $ ~~36,300.00~~ 44,680.00. The Government will contribute ~~50~~ 75 percent of the allowable costs as they are incurred, in a total sum not in excess of $ ~~27,225.00~~ 33,510.00 in accordance with the provisions of Articles 3, 4, 5, and 6. "Costs incurred" means costs that have been paid or have become due and payable, or that the Government determines have become obligations.

(c) Interest computation.--Simple interest at the rate of 6 percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

(d) The Operator shall not transfer or assign this contract or any right or obligation thereunder without the written consent of the Government.

ARTICLE 2. Operator's right in land.--(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's right of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances:

See Annex I

(b) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above and (if the Operator does not hold the legal title) the lien agreement of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached as follows:

See Annex I

(c) The Operator shall preserve and maintain his right, title, or interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 7 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, in a workmanlike manner in accordance with good mining standards, and in compliance with State laws governing health, safety, and liability **insurance** covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work as specified in Article 1(a).

(b) Independent contracts.--To the extent that the allowable costs are estimated in Exhibit A with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed (see Article 6(a), Category (1)). Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract, the Government will participate in payments to the independent contractor only as to work performed in accordance with the provisions of this exploration contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) Government may inspect.--The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract and production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. Contribution by the Government.-- The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5(b), but all payments by the Government are provisional only, subject to audit. Until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been received, the Government may withhold such sums as are necessary to protect its interests. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. Reports, accounts, audits.--(a) Operator's records.--The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) Monthly reports.--The Operator shall provide the Government with four copies of monthly reports in three sections as follows:

(1) Operator's Monthly Voucher claiming costs for work performed;

(2) Operator's Progress Report showing the number of units of the various types of work performed; and

(3) a narrative report of the work performed during the reporting period, including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground.

(Forms for reporting under (1) and (2) above will be provided by the Government; however, the original of the Operator's Monthly Voucher shall be supported by documentary evidence, such as certified copies or transcripts of payrolls and invoices, for all costs claimed under Article 6 (a) (1).)

liquidated damages. Such liquidated damages shall be computed, with respect to each individual laborer or mechanic employed in violation of the clause set forth in subparagraph (a) of this paragraph, in the sum of $10 for each calendar day on which such employee was required or permitted to work in excess of eight hours or in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in subparagraph (a) of this paragraph.

(c) Withholding for unpaid wages and liquidated damages.--The U. S. Geological Survey may withhold or cause to be withheld, from any moneys payable on account of work performed by the Operator or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Operator or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (b) of this paragraph.

ARTICLE 15. Copeland (Anti-Kickback) Act--Nonrebate of wages.--The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U. S. C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U. S. C. 874) are made a part of this contract by reference. The Operator will comply with these regulations and any amendments or modifications thereof and will be responsible for the submission of affidavits required of independent contractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

ARTICLE 16. Changes and added provision.--

_____

_____

_____

_____

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

BEARDSLEY GULCH MINING CO., INC.
(Operator)

By _____

By Arthur A. Baker
Acting Director, U.S. Geological Survey

Title _____

Long
Approved for Sig.
Skibenno
Johnson
Kiefgaard

I, _____, certify that I am the
(Name)

_____ secretary of the corporation named as Operator herein; that

_____, who signed this contract on behalf of the Operator, was then
(Name)

_____ of said corporation; that said contract was duly signed for
(Title)

and in behalf of said corporation by authority of its governing body, and is within the corporate powers.

PROPOSED CITOR

MAY 27 1966

FOR SIGNATURE

_____

[CORPORATE SEAL]

EXPLORATION CONTRACT
BEARDSLEY GULCH MINING CO., INC.
OME-6495

EXHIBIT A

The purpose of this project is to explore by trenching, drifting, crosscutting, and raising for silver-bearing ore bodies occurring in or near the Hoffman shear zone and the K-7 vein in the Bayhorse Dolomite of Cambrian age, underlying the Ramshorn slate of Ordovician age.

General Provisions

A bulldozer no smaller than ~~An~~ International TD 18-181 ~~bulldozer~~ or equivalent unit of any other make shall be used for trenching.

All significantly mineralized areas exposed by the trenching and by underground exploratory workings shall be sampled. A representative bulk sample shall be collected from each round broken in mineralized rock. Channel samples shall be cut normal to the trends of the deposits at intervals of not more than 5 feet.

Samples shall be split as necessary and assayed for gold, silver, lead, and zinc. Assays for copper shall be made if samples indicate significant copper mineralization. The Operator shall store one split of each sample in a suitable container properly identified as to source and location for Government inspection and possible use. With prior Government approval, the Operator may dispose of the stored samples.

True copies of assay certificates of all samples shall be submitted with the Operator's monthly reports, which shall also include maps or sketches showing the work completed during the reporting period, the location, width, and assay values of the samples, and the general geologic formations and structures traversed by the workings or exposed in the trenches.

The Operator shall provide such supervision, labor, and technical services as may be required to complete the work in a satisfactory manner.

No trenching or underground work shall be done within 100 feet of the exterior boundaries of the land indicated by heavy outline on the map showing the Operator's property rights (Figure 1).

The location, direction, and extent of each work item shall be subject to Government approval.

The work shall be divided into two stages. The Operator shall complete all of Stage I or as much as is necessary to explore the projected trace of the Hoffman shear zone and intersecting K-7 vein. Approval of Stage II shall be dependent upon favorable geological evidence and assay results having been obtained in Stage I, and shall have prior written authorization of the Government.

New and rehabilitated drifts and crosscuts shall be not less than 5 by 7 feet in cross section and shall be timbered as necessary using standard 8- by 8-inch drift sets or equivalent round timber. In rehabilitated workings and in new workings, mine rails shall be not less than 15-pound size, air lines not less than 2-inch diameter, water lines not less than 1-inch diameter, and ventilation pipe not less than 14-inch diameter.

Raises shall be 5 by 7 feet in cross section, and be divided into a manway and chute by a row of 8- by 8-inch stulls with 3-inch lagging nailed to the stulls on the chute side. Slusher drifts and raises shall be timbered as necessary for ground support.

Description of the Work

The approximate locations of the work described are shown in yellow for Stage I and in green for Stage II on Figure 2, entitled "Map Showing Proposed Trenching and Underground Exploration, Beardsley Gulch Mining Co., Inc., Custer County, Idaho" which is attached hereto and made part hereof.

Stage I

West of Beardsley Gulch on the terrace in the slope east of the road and starting from a point not less than 100 feet from the Hood claim, bulldoze a trench in a northeasterly direction to locate and expose the Hoffman shear zone, and possibly the K-7 vein ~~near its possible~~ at the intersection with the Hoffman shear zone. Approximately 300 feet of trenching may be required. The rock formations, veins, shear zones and mineralized material shall be mapped and the mineralized material sampled and assayed.

add 2(a)

If the intersection of Hoffman shear zone with K-7 vein is not exposed in the trenches, and if geological evidence warrants, a slusher drift shall be driven on a grade approximately parallel to the slate-dolomite contact in a westerly direction on the best mineralized structure in Hoffman shear zone in the Bayhorse Dolomite for not more than 75 feet or to K-7 vein, whichever is the shorter distance.

and slusher drifting

Stage II

The start of Stage II shall be dependent upon the presence of geological structures and mineralized material warranting additional exploration as disclosed by bulldozing and slusher drifting in Stage I, and is subject to prior written approval by the Government.

Before drifting, crosscutting, and raising can be started under Stage II, approximately 790 feet of K-7 tunnel shall be rehabilitated from the portal to the face at approximately 325 feet northeast of the Hood claims as indicated on Figure 2.

To further explore K-7 vein and the Hoffman shear zone at depth, extend K-7 tunnel as a drift or crosscut in a southwesterly direction to the Hoffman shear zone but not closer than 100 feet to the Hood claim.

If the Hoffman structure is intersected in K-7 tunnel and is significantly mineralized, or if results of stage I exploration warrant driving a raise on a predetermined bearing toward a target area, a raise totalling not more than 200 feet shall be driven on or toward the Hoffman structure starting at approximately the position indicated for Raise ~~2~~, Stage II on Figure 2.

If K-7 tunnel is rehabilitated in order to explore the primary target area, the Hoffman shear zone, a secondary target may be explored from ~~At~~ a point in K-7 tunnel about 300 feet from the portal indicated for Raise ~~2~~, Stage II on Figure 2, ~~drive a~~ raise not exceeding 50 feet may be driven from this point along a mineralized easterly-striking vein or to the contact of the Bayhorse Dolomite with the overlying Ramshorn Slate, whichever is reached first. If an ore body is found, explore an additional 100 feet with a drift or inclined raise. A slusher may be used for this purpose.

Estimated Costs of the Project

Stage I

Actual Costs

Category (1) **Independent Contracts**

Mobilization and demobilization, one bulldozer	$ 111.00
Bulldozing access road and ~~300 feet of~~ trenches	1,550.00
TD-18, 90 hours @ $17.00/hour	~~1,530.00~~
HD-21, 62 hours @ $25.00/hour	~~$1,641.00~~
Slusher drift, 75 feet @ $30.00/foot	2,250.00
Drift timbering, 30 feet @ $10.35/foot	310.50
	$4,221.50

Category (2) Personal Services

None except:

Subcategory (a) - Supervision and Technical Services

1 - Supervisor-geologist-engineer ~~0.5~~ 1.0 months @ $750.00/month	$ ~~375.00~~ 750.00

Category (7) Miscellaneous

None except:

Payroll taxes, F.I.C.A., insurance, etc.	$ ~~60.00~~ 62.00	
Accounting, office expenses	25.00	
Assays, including sample sacks and handling	75.00	
Gold, silver, lead, and zinc analyses @ $6.00/sample		
Gold, silver, lead, zinc, and copper analyses @ $7.50/sample		$ 160.00
Total Estimated Actual Costs Stage I (rounded)		~~$ 2,175.00~~ 5,134.00

Stage II

Actual Costs

Category (1) Independent Contracts 1/2/

Rehabilitation of K-7 tunnel 790 feet @ $3.85/foot	$ 3,041.50
Drifting and crosscutting 2/ 225 feet untimbered @ ~~$50.00~~ 49.85/foot	~~11,250.00~~ 11,193.75
Drift timbering, 30 feet @ $10.35/foot	310.50

Raising, including timber divider, 350 feet 2/		15,075.00 ~~$ 9,600.00~~
0 - 50 feet @ ~~$30.00~~/foot 35.00		
50 - 100 feet @ ~~$37.00~~/foot 42.00		
100 - 150 feet @ ~~$42.50~~/foot 47.50		
150 - 200 feet @ $52.50/foot		
Slusher drift or raise, 100 feet 2/	3,350.00	
0 - 50 feet @ $30.00/foot		32,970.75 ~~$27,552.00~~
50 - 100 feet @ $37.00/foot		

Category (2) Personal Services

None except:

Subcategory (a) Supervision and Technical Services

1 - Supervisor-geologist-engineer 6 months @ $750.00/month		$ 4,500.00

Category (7) Miscellaneous

None except:

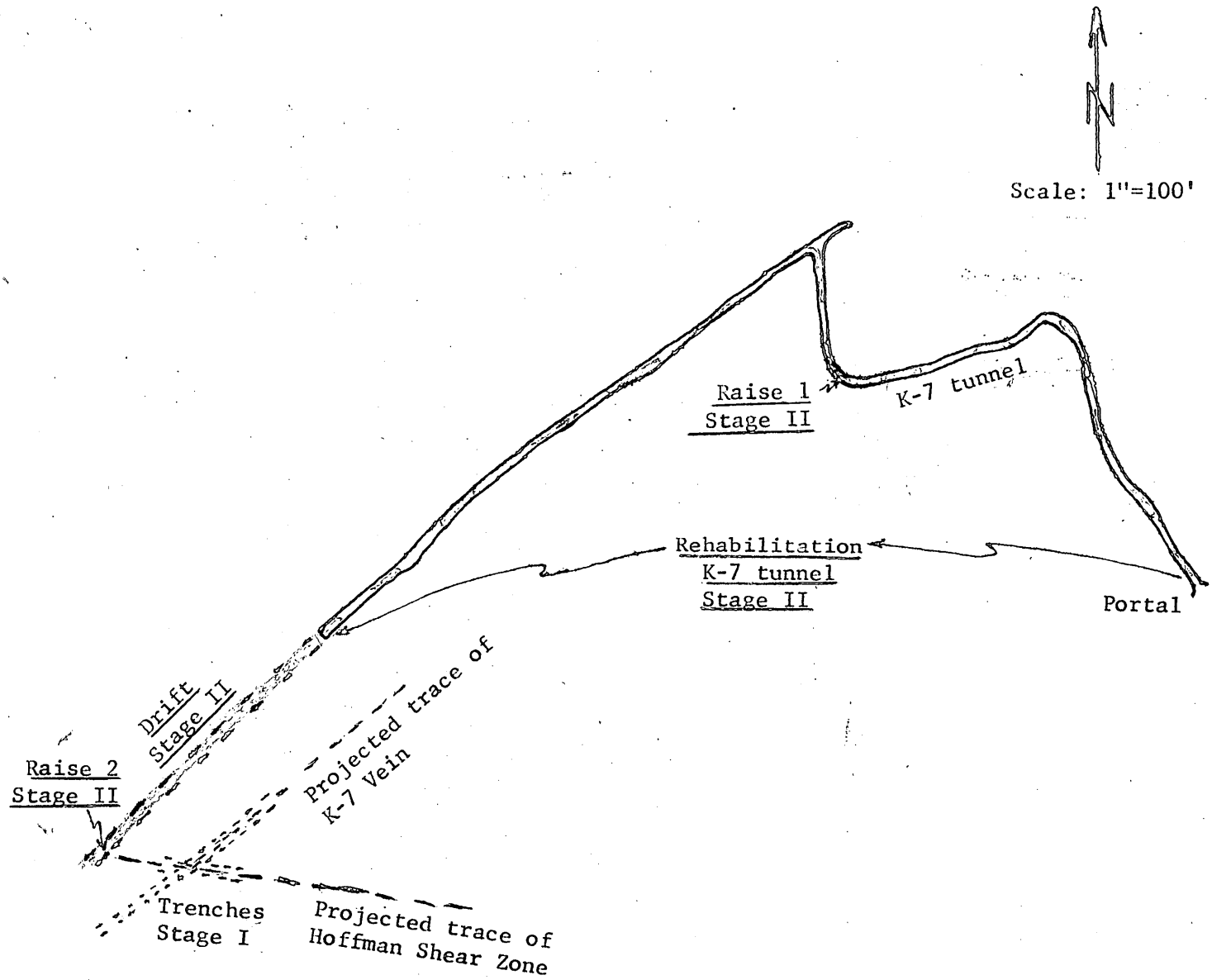
Payroll taxes, F.I.C.A., insurance, etc.	$ 675.00	
Accounting and office expenses	275.00	
Assays, including sample sacks, and handling	1,125.00	
Gold, silver, lead, and zinc analyses @ $6.00/sample		
Gold, silver, lead, zinc, and copper analyses @ $7.50/sample		$ 2,075.00
Total Estimated Actual Costs Stage II (rounded)		~~$34,125.00~~ 39,546.00

SUMMARY

Total Estimated Actual Costs - Stage I	5,134.00 ~~$ 2,175.00~~
Total Estimated Actual Costs - Stage II	39,546.00 ~~34,125.00~~
Total Estimated Actual Costs of the Project	44,680.00 ~~$36,300.00~~
Government Participation @ 75%	~~$27,225.00~~ 33,510.00

1/ The completed job is the unit of work, and costs include labor, supplies, and equipment used.

2/ The Government retains no equity in any of the materials used.



Map Showing
Proposed Trenching and Underground Exploration
Beardsley Gulch Mining Co., Inc.
Custer County, Idaho

Figure 2

Challis, Idaho
(Bayhorse)
July 9, 1966

Mr. Frank [redacted] Johnson, Chief
Office of Minerals Exploration
US Geological Survey
Washington 25, D.C.

Re: OME 6495 (Silver) Contract 2219

Dear Mr. Johnson:

I am at Bayhorse now checking on contractors equipment and material for our work ~~Here~~ here this summer.

The K7 dump and first 100 feet of K7 adit have 20 pound rail in place so the 20 pound rail stipulation of contract 2219 is OK. We have many tons of used good but worked 20 lb rail that can be put on into the face.

If you have a sliding scale pay base for various air pipe sizes installed maybe you had better copy it. We will try to comply with the 3" air pipe size but may be forced to use 2" air pipe size. The same applies to ventilation tubing.

I shall be back in my Salt Lake office July 13 – 17 and then back up here.

My phone number while working on the Bayhorse project is (208) 879-2239. You should telephone this number before 10 AM Washington time to be able to catch me before I leave for the field.

Yours very truly
Dudley P. Wheelock

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OME

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 29 1966

GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
June 27, 1966

Air Mail

Mr. Dooley P. Wheeler, Jr.
Beardsley Gulch Mining Co., Inc.
1355 Foothill Boulevard
Salt Lake City, Utah 84108

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho

Dear Mr. Wheeler:

The contract changes requested in your letters of June 14 and June 23, 1966, have been forwarded to Washington where they will be considered as soon as possible. As I do not know how many other contracts and amendments were pending when your requests were received, I cannot say when a new contract can be prepared or whether the requested changes will be approved; however, I am sure it cannot be done by July 5.

Sizes of rail, pipe, etc., must be stated specifically in the contract specifications as each has a direct bearing on the estimated unit price. Hoping to specify a rail size not greater than the rail you plan to use, and not having a specific size to go on, I have suggested that in place of "not less than 20 pound" the contract read "not less than 15 pound." A reduction in rail size and air-line size will require some reduction in the unit prices affected by those changes.

When you start work is, of course, up to you, but the Government will not contribute to the cost of any contract work started before the date of the contract.

I am sorry that I cannot give you more definite information on which to base your plans.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

DRMacLaren/mls

cc: OME

Director's Reading File

UMONT MINING, INC.
1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

~~110~~ 120K

June 23, 1966

Rec. 6/27/66

Mr. D. R. MacLaren
Field Officer, OME, Region I
U. S. Geological Survey
So. 157 Howard Street
Spokane, Washington

Re: OME 6495 (Silver) Contract 2219

Dear Mr. MacLaren:

On the assumption that we can get the minor changes made that were requested in my letter of June 14, and the contract fully executed before July 5, 1966, I have notified Swigert of Challis to be ready to start work at Beardsley Gulch July 5, 1966. We can set this back if necessary, but I hope it won't be necessary.

The attached rough sketch is a vertical section along the Huffman shear or shatter zone to illustrate the reason why Change 2 of my letter of the fourteenth is important.

Item 3, Exhibit A, page 3, Stage II, third and fourth paragraphs are illustrated by the sketch, also.

Swigert said that in order to speed up the job at Beardsley, he may bring in an HD21 Bulldozer with hydraulic ripper for $25.00 per hour for the work. I assume this will be okay if it gets the job done for no more than the allowed cost. Actually, it should save money. If you have any objection or suggested way of handling this, please let me know.

Yours very truly,

DOOLEY P. WHEELER, Jr.
General Manager

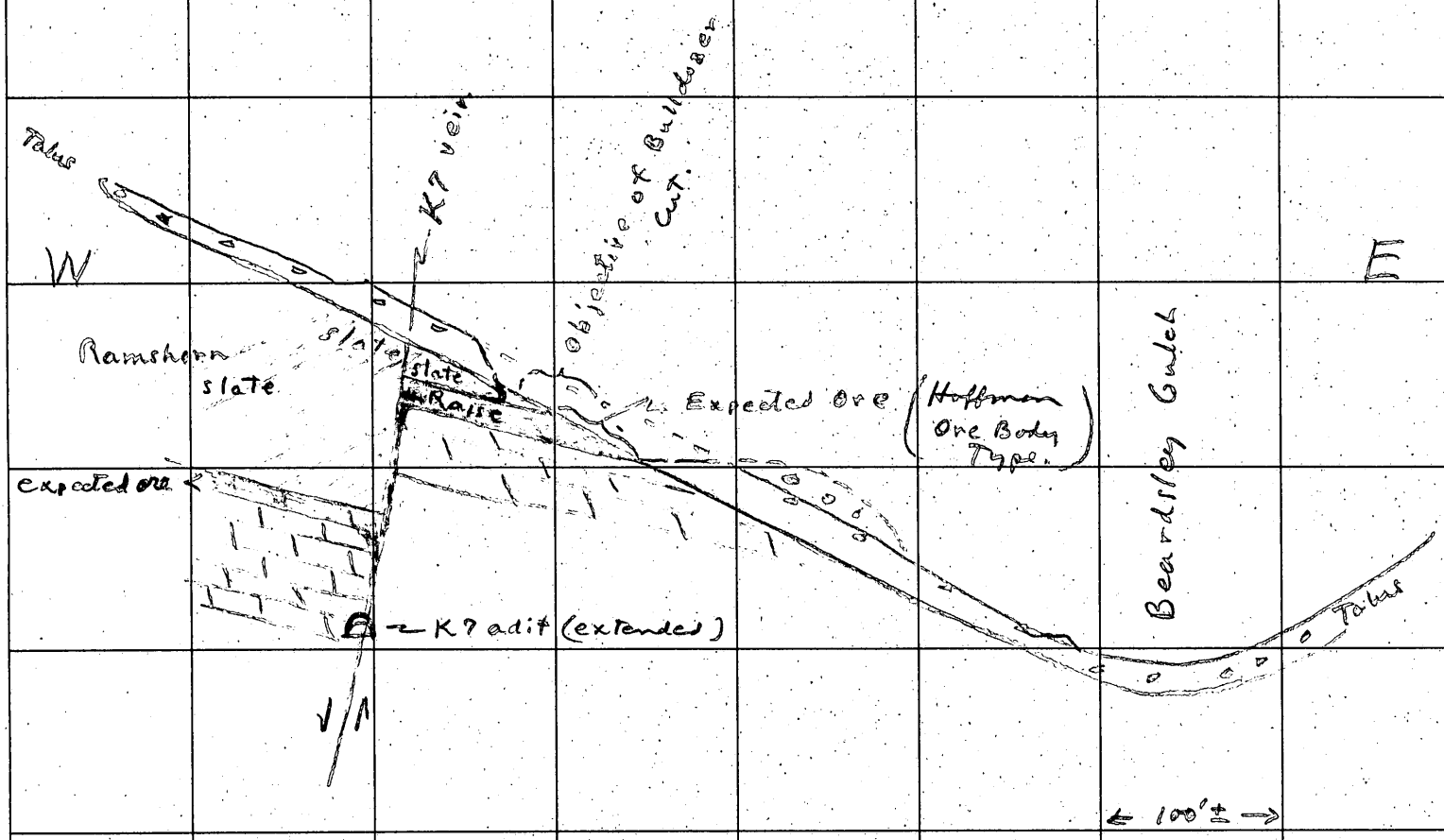
DPW:pd

Enclosure

cc: Mr. R.H.Wadhams
cc: Mr. F E Johnson with sketch attached

SALT LAKE BLUE

FORM 1006



Sketch

Vertical Section (E-W)
in
Plane of Hoffman
Shear
or
Shatter Zone

DPWL.
6-23-66

Observer Looking North

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
June 20, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 22 1966

INITIALS	CODE
	~~120~~
JCJ	110
HK	~~120~~ K

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley Group of Claims
Custer County, Idaho

Enclosed are the original and three copies of a proposed contract to explore on the subject claims which were sent to the company in care of Dooley P. Wheeler, Jr., at the latter's request, and an extra Field Office Copy of the contract. Also enclosed is a copy of a letter from Wheeler dated June 14, 1966, with which he returned the proposed contract unsigned and in which he requests certain changes. Each of the requested changes will be discussed in the order in which they appear in Wheeler's letter. Recommendations will then be summarized.

1. Relative to the specification affecting rail size, substitution of the phrase "light weight" for "not less than 20-pound size," could result in confusion and annoying difference of opinion between the Government and the Operator as to what weight should be considered "light weight." There would be no objection to decreasing the minimum size rail to say 15 pounds and reducing the unit prices accordingly. Atlas Surplus and Machinery Sales Co. has advised me that a fair average price for used 15-pound rail is $100 per ton. I do not know what part of the contract prices for rehabilitation and drifting is attributed to the cost of 20-pound rail or whether the cost per ton used was $190 per ton for 20-pound rail. I would guess that a reduction in unit price of $0.20 to $0.25 per foot would come close to a reasonable price adjustment for this item.

Relative to the reduction in air line specifications from 3" to 2", if the Operator plans to put in receiver tanks, should they be necessary, then 2" air line should be large enough. The average cost per foot for new 3" galvanized pipe is about $1.20 per foot and for new 2" galvanized pipe is about $0.70, both prices include fittings. A fair value for one receiver tank is $100.00 for which a depreciation allowance would be $1.67 per month. Probably, two tanks will be required for an estimated 5.5, say 6 months drifting and raising or a total cost of $20.04, say $20.00 or $0.03 per foot. Thus, the net

Rehabilitation costs reduced by $0.45/ft assume rail in place - see MacLaren exam report, last sentence, p. 12

reduction in cost per foot for reducing to 2" air line would be about $0.45 per foot. Thus, if both changes requested and recommended under this item are approved the unit costs for drifting and raising should probably be reduced by $0.60 to $0.70 per foot. The request for an allowance of $5.00 per foot for timbering is reasonable for all except the 150-200-foot interval. For this interval $52.50 should be enough to include timber.

New drift Reduced by $0.70/ft. MH less 45¢

2. The application, on which the recommendation and contract provisions are based, is somewhat misleading on the points raised here by Wheeler. Exhibit C4 indicates the presence of a fault along the bottom of Beardsley Gulch. Although the movement along this fault, if it exists, is not known, elsewhere in the district, similarly striking faults have been normal with little lateral movement. On the same Exhibit the applicant has sketched a trench some 480 feet long which seemed excessive. A 300-foot long trench centered on a straight projection of the Hoffman shear zone allows for a displacement of at least 140 feet either way although only 75 to 100 feet, at the southwest end, depending on the location of the trench, will be more than 100 feet from an exterior boundary (northeast end of the Hood claim). Therefore, I can see no justification for increasing the length of the trench to 350 feet and recommend that this request be denied.

The balance of this item I find confusing. If the Bayhorse dolomite where it is capped by Ramshorn slate should have ore in the Hoffman shear or shatter zone, it seems reasonable that evidence of the probable occurrence of ore at the Hoffman-K7 intersection would show up in the trench even though the contact is 40 to 50 feet from the K7 vein. This is discussed in the examination report dated March 9, 1966. The application states that the trenching "will require 15 days of bulldozer work in order to expose ore, if it exists. Discovery of a showing of ore will require 100 linear feet of raising to explore the ore * * *." Not being able to visualize a 100-foot raise from a surface trench I understood the raise was intended to be driven at the end of the K7 level and that the drifting and additional raising would start 100 feet above the K7 level although this did not make much sense either. It now appears that the application intended to propose a 50- to 75-foot slusher drift from the trench to the K7 vein intersection along the best showing, if any, in the Hoffman shear zone, the drift starting just below the Ramshorn-Bayhorse contact. It also now appears that the applicant does not expect to "expose ore" by 15 days of trenching. Certainly, the most favorable environment for the formation of an ore body would be in the limestone just below its contract with the overlying slate and at the intersection of structures similar to the Hoffman shear zone and the K7 vein. If no ore can be found in this environment, then Stage II work would offer a less than fair chance of finding a significant ore body. Therefore, it is recommended that to Stage I

delete "r"

as now written there be added a provision for not more than 75 feet of slusher drift westerly along the best mineralization exposed in the Hoffman shear zone and below the Ramshorn slate, at the applicant's requested price of $30.00 per foot. Probably, 2 or 3 drift sets will be needed at the adit portal and possibly 2 or 3 more sets or only stulls will be needed for the balance of the work; a total of 30 feet of timber at $10.35 per foot is recommended. Machacon

3. I can see no reason for the apparent concern that there will be no guide for raising from the K7 level as expressed in this item. Only if the near surface slusher drift locates ore will Stage II work be done in any case. If the Stage I slusher drift does expose ore, the location of the ore relative to the location of the K7-Hoffman shear intersection and to the north wall of the shear could easily be determined. If the K7 drift under Stage II follows the K7 vein to the Hoffman shear, it would not be much of a job to run a transit survey from the ore found in Stage I to the K7-Hoffman intersection on the K7 tunnel level. Then, having determined the coordinates of the ore in the slusher drift, its relation to the intersection of the K7 vein and the shear, and the corrdinates of the same intersection on the K7 level, a starting point for raising and the bearing and pitch of the raise could be calculated and the raise could be driven along a line that should represent the downward contination of the ore. No change in these specifications is recommended.

Regarding the raise mentioned in the final paragraph of Wheeler's letter, the specifications do not limit this to a vertical raise and the examiner's report recommended a raise "along a mineral showing." The limitations in both cases are that a raise be driven along a specified mineralized vein for not to exceed 50 feet or to the contact of the overlying slate. The raise could be vertical or inclined in the plane of the vein. However, a spiral raise would appear to be desirable from the applicant's standpoint only if the ore showing on the structure, or the structure itself, were to die out and in this case, from the Government's standpoint, would be wild cat prospecting. No change in this specification is recommended.

In summary, the only requested changes that are recommended as reasonable are:

> Exhibit A, page 2, third paragraph, change "not less than 20-pound rail" to "not less than 15-pound rail" and change "not less than 3-inch diameter" to "not less than 2-inch diameter." Under Stage I, add a provision for driving a slusher drift not to exceed 75 feet in length or say 10 feet beyond the K7 vein whichever is less, to follow the Beardsley fault westerly from the trench and below the Ramshorn slate.

Exhibit A, page 3, under Costs add "75 feet of drift at $30.00/foot" and "30 feet of drift timbering at $10.35/foot." ?
Exhibit A, page 4, under Stage II, reduce the unit cost per foot for 225 feet of untimbered drift and crosscut to $49.30/foot.

Exhibit A, page 4, change the following costs for timbered raising:

0 - 50 feet	from $30.00/foot to $35.00/foot
50 - 100 feet	from $37.00/foot to $42.00/foot
100 - 150 feet	from $42.50/foot to $47.00/foot
150 - 200 feet	- no change

Before undertaking the preparation of a new Exhibit A, if you concur with these recommendations, it is suggested that Wheeler be advised as to what will and will not be changed. He should be asked if the changes, particularly those which may involve any decrease in unit price, will be acceptable.

Does he want a [illegible] ?

D. R. MacLaren

D. R. MacLaren

Enclosures

cc: MacLaren

MONT MINING, INC.

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

OFFICIAL COPY

June 14, 1966

Mr. D. R. MacLaren
Field Officer, OME, Region I
U. S. Geological Survey
So 157 Howard Street
Spokane, Washington 99204

Re: OME 6495 (Silver) Contract 2219

Dear Mr. MacLaren:

I am returning this contract and requesting some minor changes which are, nevertheless, important. The changes are as follows:

1. Exhibit A, page 2, third paragraph - Our rail is heavy, but I don't know the weight so would you strike out "less than 20-pound size" and say should not "be light weight"? Our air lines of that area are 2" so would you say no less than 2 inches in diameter? We will put a receiver underground if friction gives us trouble. Fourth paragraph - Our lowest bid was $30 per foot for an untimbered raise so all raise prices should be increased by $5.00 per foot where timber is used.

2. Exhibit A, page 2, Stage I, last half of first sentence, "bulldoze a trench in a northeasterly direction to locate and expose the Hoffman shear zone at the Ramshorn slate-Bayhorse dolomite contact." ----- ------ balance OK, if we can go up to 350 feet in trench length.

   Note: The K7 vein will sub-outcrop in slate and will be barren in said sub-outcrop. The Bayhorse dolomite, where it is capped by Ramshorn slate, should have ore in the Hoffman shear or shatter zone. This is the reason why we can not leave the slate-dolomite contact in trenching in order to look for the K 7 vein in slate.

   Allowance should be made for drifting or gentle inclined raising westward on the best ore or mineralization for 50 to 75 feet or at least until K 7 vein is intersected by the workings. This work could be slusher drift work at $30 per foot, costing up to $2250 where untimbered.

3. Exhibit A, page 3, Stage II, third and fourth paragraphs. The Huffman shear zone is more of a shatter zone than shear zone and it may be so informal and non-descript in that highly altered area that a structure on which to raise will not be evident. We will need be guided by an inclined raise on ore at the surface or the westward projection of ore to K 7 vein from the surface. Unless we are lucky ore will not be found at K 7 drift level far below the slate-dolomite contact; so neither can we count upon ore for a guide in raising.

MONT MINING, INC.

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

The fifth paragraph refers to a fifty foot exploratory raise which actually may be inclined, vertical, spiral, or a combination of all; so we should let it range from a formal raise to a slusher raise in classification. This raise will need to follow the best ore in the hope that it will lead to an ore body.

Yours very truly,

DPWh

Dooley P. Wheeler, Jr.
General Manager

cc: Mr. L. P. Evans, Jr.
Mr. Frank Johnson

MONT MINING IN

1388 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

June 14, 1966

Mr. B. R. Maclaren
Field Officer, OME, Region I
U. S. Geological Survey
So 157 Howard Street
Spokane, Washington 99204

Re: OME 6495 (Silver) Contract 2219

Dear Mr. MacLaren:

I am returning this contract and requesting some minor changes which are, nevertheless, important. The changes are as follows:

1. Exhibit A, page 2, third paragraph - Our rail is heavy, but I don't know the weight so would you strike out "less than 20-pound size" and say should not "be light weight"? Our air lines of that area are 2" so would you say no less than 2 inches in diameter? We will put a receiver underground if friction gives us trouble. Fourth paragraph - Our lowest bid was $30 per foot for an untimbered raise so all raise prices should be increased by $5.00 per foot where timber is used.

2. Exhibit A, page 2, Stage I, last half of first sentence, "bulldoze a trench in a northeasterly direction to locate and expose the Hoffman shear zone at the Ramshorn slate-Bayhorse dolomite contact." ---- ------ balance OK, if we can go up to 350 feet in trench length.

   Note: The K7 vein will sub-outcrop in slate and will be barren in said sub-outcrop. The Bayhorse dolomite, where it is capped by Ramshorn slate, should have ore in the Hoffman shear or shatter zone. This is the reason why we can not leave the slate-dolomite contact in trenching in order to look for the K 7 vein in slate.

   Allowance should be made for drifting or gentle inclined raising westward on the best ore or mineralization for 50 to 75 feet or at least until K 7 vein is intersected by the westward dips. This work could be slusher drift work at $30 per foot, costing up to $2250 where untimbered.

3. Exhibit A, page 3, Stage II, third and fourth paragraphs. The Hoffman shear zone is more or a shatter zone than shear zone and it may be so informal and non-descript in that highly altered zone that a structure on which to raise will not be evident. We will need be guided by an inclined raise on ore at the surface or the westward projection of ore to K 7 vein from the surface. The hope we are lucky ore will not be found at K 7 drift level far below the slate-dolomite contact; so neither can we count upon ore for a guide in raising.

UMONT MINING INC.

1398 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

The fifth paragraph refers to a fifty foot exploratory raise which actually may be inclined, vertical, spiral, or a combination of all; so we should let it range from a formal raise to a slusher raise in classification. This raise will need to follow the best ore in the hope that it will lead to an ore body.

Yours very truly,

Dooley P. Wheeler, Jr.
General Manager

cc: Mr. L. P. Evans, Jr.
Mr. Frank Johnson

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GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
June 13, 1966

Air Mail

Beardsley Gulch Mining Co., Inc.
c/o Mr. Dooley P. Wheeler, Jr.
1355 Foothill Boulevard
Salt Lake City, Utah 84108

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho

Gentlemen:

Enclosed are the original and three copies of a proposed contract for the subject claims. The contract consists of MME Form 50 (7 pages), Annex I (2 pages), 1 Lien and Subordination Agreements, Exhibit A (6 pages), Exhibit B (1 page), and two maps (figs. 1 and 2). All copies of the contract have been signed by the Acting Director, U. S. Geological Survey, for the Government. You should insert the date for commencement of the work.

You or whoever will be in charge of carrying out the project work under this contract are urged to read carefully all the specifications set forth in Exhibit A. Without prior Government approval subsequently confirmed in writing, the Government may refuse to contribute to the cost of any work that does not conform to those specifications. Your attention is specifically directed to Article 12 and Exhibit B. Appropriate forms to meet the compliance requirements will be sent with forms for reporting monthly progress and vouchering.

If the terms and conditions are satisfactory, sign all copies, keep the Operator's copy, and return the other copies to this office. If any part of the proposed contract is not satisfactory, please return all copies unsigned to this office with a statement of your proposed changes for consideration.

The 6-3/4 percent interest accrues from the dates on which the individual payments are made by the Government and like the principal is payable from royalty on production.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

Enclosures

DRMacLaren/mls
cc: OME
Director's Reading File

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/31/66	Kirkham	
6/1	Johnson	
6/2	Kilgaard	
6/3	Meyer	
6/7	Cox	210
		120

Memorandum

To: Field Officer, Region I

From: Chief, Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley, et al., Groups of Claims
Custer County, Idaho

Enclosed are the original and three copies of a proposed revised contract for the subject claims. The contract consists of MME Form 50, (7 pages), Annex I (2 pages), 1 Lien and Subordination Agreements, Exhibit A (6 pages), Exhibit B (1 page), and two maps (Figures 1 and 2). All copies of the contract have been signed for the Government. You should insert the date for commencement of the work. Also enclosed is an extra unsigned copy of the contract for field use.

If the proposed contract is satisfactory to you and the Applicant, all four copies should be signed by an authorized representative of the Applicant. Thereafter, please distribute the copies in the usual manner.

Please advise the Applicant that the 6-3/4 percent interest accrues from the dates on which individual payments are made by the Government and like the principal is repayable from royalty on production.

If any part of the proposed contract does not have your approval or that of the Applicant, the original and all copies should be returned to this office together with the proposed changes for consideration.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Economic Geology File
OME Docket
~~Region I w/cy of Dooley Wheeler ltr of 5/15/66~~ OME Reading File
130

MMerrithew/mm (5/31/66)

23263

MME FORM 6
REV.

REFERENCE SLIP
OFFICE OF MINERALS EXPLORATION

TO:

	DATE	INITIALS
1. Associate Solicitor, 6045		
2. Harold Kirkemo, 4450		
3.		
4.		
5.		
FROM: Frank E. Johnson	5/19/66	

FOR: Check items for action desired

x Action	Reply for signature of	
x Approval	Investigate	Surname
Comment	Recommendations	Signature
Conference	Rewrite	File
Instructions	Your information	

REMARKS:

INTERIOR DEPT.
MAY 20 1966
SOLICITOR

E-66-2123.11

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

M56300-62

OFFICIAL FILE COPY

Date	Surname	Code
5/19/66	Kirkemo	120
		110
5/19	Coe	220
		120 m

Mr. R. H. Wadhams
President
Beardsley Gulch Mining Co., Inc.
King Street Dock
Burlington, Vermont 05401

MAY 19 1966

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley Group of Claims
Custer County, Idaho

Dear Mr. Wadhams:

Thank you for your letter of May 16, 1966, and the amendment to the agreement which conveys the Butte claim to Beardsley Gulch Mining Co., Inc.

This letter also will acknowledge receipt of the corrected Lien and Subordination Agreements document from Mr. Dooley P. Wheeler, Jr.

We will complete action on your application as promptly as possible.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Mr. Dooley P. Wheeler, Jr.

Director's Reading File
Division File
Economic Geology File
OME Docket
OME Reading File
Region I w/cy of incoming letter
Mr. Kirkemo

HKirkemo/mm (5/19/66)

23263

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Docket
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UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
U. S. GEOLOGICAL SURVEY

EXPLORATION CONTRACT
(Long Form)

Docket No.	Commodity	Contract No.	County	State
OME -6495	Silver		Custer	Idaho

It is agreed _____ (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

~~Beardsley Gulch Mining Co., Inc., a Vermont corporation~~

_____,

whose mailing address is ~~King Street Dock, Burlington, Vermont 05401~~, hereinafter called the "Operator," as follows:

ARTICLE 1. Authority and scope.--(a) This contract entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before _____ (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within 12 months from the date of the contract or shall have incurred allowable costs (see Article 6) in a sum not less than the total cost set forth in Exhibit A.

(b) The total allowable cost of the work set forth in Exhibit A is $ ~~36,300.00~~. The Government will contribute ~~50~~ 75 percent of the allowable costs as they are incurred, in a total sum not in excess of $ ~~27,225.00~~ in accordance with the provisions of Articles 3, 4, 5, and 6. "Costs incurred" means costs that have been paid or have become due and payable, or that the Government determines have become obligations.

(c) Interest computation.--Simple interest at the rate of ____ percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

(d) The Operator shall not transfer or assign this contract or any right or obligation thereunder without the written consent of the Government.

ARTICLE 2. Operator's right in land.--(a) The Operator represents and undertakes that Annex I correctly describes the land which is the subject of this contract and the nature of the Operator's right of property and possession therein (whether as owner, lessee, or otherwise), and that such right, title, or interest is subject only to the following claims, liens, or encumbrances:

~~See Annex I~~

(b) The Subordination Agreement of the holder of any claim, lien, or encumbrance listed above and (if the Operator does not hold the legal title) the lien agreement of any holder of the legal title of the land (lessor, seller, optionor, etc.) are attached as follows:

~~See Annex I~~

(c) The Operator shall preserve and maintain his right, title, or interest in the land and his right to the possession thereof for the purposes of this contract, and shall devote the land and all existing improvements, facilities, buildings, installations, and appurtenances to the purposes of this contract. The Operator shall neither transfer, convey, nor surrender the land nor any right, title, or interest therein, nor permit nor suffer any claim, lien, or encumbrance thereon, without expressly referring to and providing in the instrument of conveyance, lien, or encumbrance for the preservation of the Government's right to a royalty on production and liens for the payment thereof. Two true copies of such instrument shall be furnished to the Government. If the Government's rights to royalty as provided in Article 7 have been terminated, the provisions of this paragraph (c) shall become inapplicable.

ARTICLE 3. Performance of the work.--(a) Operator's responsibility.--The work shall be performed diligently, efficiently, in a workmanlike manner in accordance with good mining standards, and in compliance with State laws governing health, safety, and liability insurance covering employment. The Operator shall provide suitable and adequate equipment, facilities, materials, supplies, and labor to complete the work as specified in Article 1(a).

(b) Independent contracts.--To the extent that the allowable costs are estimated in Exhibit A with express reference to performance by independent contractors on a unit-price basis (such as per foot of drilling, per foot of drifting, per hour of bulldozer operations), the work may be so performed (see Article 6(a), Category (1)). Any such independent contract shall refer to some specific and identifiable part of the work, and shall be subject to all of the pertinent terms and conditions of this exploration contract; but the Government shall not be considered a party thereto, and its rights under this contract, including the right to terminate its contributions, shall not be affected thereby. Regardless of the provisions of any such independent contract, the Government will participate in payments to the independent contractor only as to work performed in accordance with the provisions of this exploration contract, and only to the extent that the Government deems the unit prices for the work under the independent contract to be reasonable.

(c) Government may inspect.--The Operator shall consult with and inform the Government on all phases of the work as it progresses. The Government may enter at all reasonable times to inspect the work under the contract and production operations during the period that royalty is payable to the Government. The Operator shall provide the Government with all reasonable means of access for such inspections.

ARTICLE 4. Contribution by the Government.-- The Government will make its contribution on the basis of the monthly vouchers referred to in Article 5(b), but all payments by the Government are provisional only, subject to audit. Until the account between the Operator and the Government is finally audited and settled and the Operator's final report has been received, the Government may withhold such sums as are necessary to protect its interests. The Government may make payments for the account of the Operator directly to independent contractors and suppliers rather than to the Operator.

ARTICLE 5. Reports, accounts, audits.--(a) Operator's records.--The Operator shall keep suitable records and accounts of the work performed and of any production in which the Government may have an interest; and shall preserve those with respect to work performed for at least three years after final payment by the Government, and those with respect to production for at least three years after any obligation to pay royalties to the Government has terminated. The Government may inspect and audit said records and accounts at any time, either by itself or by a certified public accountant. The Comptroller General of the United States or his representative, until the expiration of said three-year periods, shall have access to and the right to examine all pertinent books, documents, papers, and records of the Operator. If work under this contract is carried on in conjunction with any other operations, or if labor, supervision, services, materials, supplies, equipment, facilities, or other requirements for carrying on the work are also used in connection with other operations, the costs shall be segregated and accounted for on a basis and by methods and accounts that are satisfactory to and approved by the Government.

(b) Monthly reports.--The Operator shall provide the Government with four copies of monthly reports in three sections as follows:

(1) Operator's Monthly Voucher claiming costs for work performed;

(2) Operator's Progress Report showing the number of units of the various types of work performed; and

(3) a narrative report of the work performed during the reporting period, including adequate engineering-geological maps or sketches, drill hole logs and locations, and assay reports on samples taken concurrently with advance in mineralized ground.

(Forms for reporting under (1) and (2) above will be provided by the Government; however, the original of the Operator's Monthly Voucher shall be supported by documentary evidence, such as certified copies or transcripts of payrolls and invoices, for all costs claimed under Article 6 (a) (1).)

(c) Final report.--Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with three copies of a final report (in addition to the final monthly report). This final report shall include a geological and engineering evaluation of the results of the work performed under the contract with an estimate of the ore reserves resulting from such work, complete assay data, adequate geological and engineering maps or sketches, and a summary of the work performed and the related costs.

(d) Report of sales.--The Operator shall provide the Government with suitable accounting and documentary evidence covering all production to which the Government's royalty relates, such as two copies of smelter or concentrator settlement sheets and certified accounts of production and sale or other disposition of production.

(e) Compliance with requirements.--If the Government determines that any of the Operator's reports, records, or accounts are insufficient or incomplete, or if the Operator fails to make them, the Government may procure the preparation or completion of the same with suitable attachments as an expense of the work to which the Operator shall contribute. The Government may withhold approval and payment of any vouchers relating to insufficient or incomplete reports, records, or accounts.

ARTICLE 6. Costs.--(a) Allowable costs.--The allowable costs of the work to which the Government will contribute are limited to:

(1) the necessary, reasonable, and direct actual costs that are estimated in Exhibit A by categories as specified in this article; and

(2) fixed costs for units of work to be performed (per foot, per hour, etc.) agreed upon in lieu of actual costs and set forth in Exhibit A.

The Government will not contribute to costs under any category or subcategory omitted from the estimate of costs in Exhibit A. Any excess over any estimate which is indicated as the maximum of any category, subcategory, or item, either as to requirement or related cost; any excess over a fixed unit cost; and any excess over the total allowable cost of the work are not allowable. The Operator shall incur such excesses for his own account without contribution by the Government, but the Operator is not obligated to incur more than his agreed percentage of the total allowable cost of the work.

Any category or subcategory or element thereof not designated as a maximum in this article, or in Exhibit A may be exceeded, provided that the total allowable cost of the work, which is a maximum, is not exceeded.

CATEGORY (1)--INDEPENDENT CONTRACTS.--(See Article 3(b)). The total of this category and the average unit cost estimated for each type of work to be performed under an independent contract are maximums.

CATEGORY (2)--PERSONAL SERVICES.

Subcategory (a)--Supervision and Technical Services--All elements of this subcategory (number of supervisors, technicians, outside consultants, periods of employment, rates of pay, and total) are maximums.

Subcategory (b)--Labor.

CATEGORY (3)--OPERATING MATERIALS AND SUPPLIES.--Includes such items as drill bits and steel, explosives, fuel, pipe, power, timber, rail, and small tools costing less than $50 each.

CATEGORY (4)--OPERATING EQUIPMENT.

Subcategory (a)--Rental.--The number of each rented item [6 mine cars, 1 truck], the rate of rental [$100 per month, $5 per hour], and the total of this subcategory are maximums.

Subcategory (b)--Purchases.--The total of this subcategory is a maximum.

Subcategory (c)--Depreciation.--All elements of this subcategory (time periods, rate of depreciation, and subcategory total) are maximums.

CATEGORY (5)--INITIAL REHABILITATION AND REPAIRS.--Costs of items listed under this category include all requirements, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The total of this category is a maximum.

Subcategory (a)--Initial rehabilitation and repairs of existing buildings, fixtures, and installations (exclusive of mine workings).--The total of this subcategory is a maximum.

Subcategory (b)--Initial rehabilitation and repairs of operating equipment.--The total of this subcategory is a maximum.

CATEGORY (6)--NEW BUILDINGS, FIXTURES, AND INSTALLATIONS (EXCLUSIVE OF MINE WORKINGS).--Costs of items listed under this category include all requirements, such as labor, materials and supplies, and supervision at a rate not higher than provided for in Category (2), and shall not be duplicated under any other category. The total of this category is a maximum.

CATEGORY (7)--MISCELLANEOUS.--Includes requirements and costs that do not fall within any of the first six categories, such as repairs other than initial and maintenance of operating equipment, analytical work, prints and other reproductions, accounting, Operator's share of payroll taxes, liability insurance covering employment, travel, and communications.

(b) Nonallowable costs.--In addition to the limitations imposed by paragraph (a) of this Article 6 the Government will not contribute to the following costs:

(1) Costs of the land, such as rental, depreciation, depletion, or other costs of acquiring, owning, or holding possession;

(2) Indirect costs, such as general overhead, corporate management, interest, taxes (other than payroll and sales taxes), insurance (other than liability insurance covering employment), damages to persons, damages to property (other than necessary repairs or replacements of equipment or other property used in the work);

(3) Previous work performed or costs incurred before the date of this contract; and

(4) Deferred payments.--Any costs incurred by the Operator under any rental-purchase agreement, installment-purchase agreement, or any agreement for the purchase of goods under the provisions of which payment of the full purchase price is deferred more than 90 days from the delivery of the goods, unless the purchase agreement is approved by the Government in writing.

(c) Reductions in costs.--The Operator shall account for and give the Government credit for any incidental benefits, credits, or money received in the ordinary course of business in prosecuting the work (as by salvage or sale of materials or equipment, furnishing of room or board, furnishing of power or services to third persons, rebates or discounts on purchases, etc.), in the same ratio in which the Government contributes to costs; and such amounts shall be treated as a reduction in costs incurred so that they are available for use within the limit of the original total cost. The provision does not apply to receipts from production which are subject to the Government's royalty under the provisions of Article 7.

ARTICLE 7. Repayment by Operator.--(a) Certification.--If the Government considers that mineral or metal production from the land covered by the contract may be possible as a result of the exploration work, it shall so certify in writing to the Operator at any time not later than six months after a sufficient final report and final accounting (see Article 5) have been furnished.

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retains his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

(1) irrespective of any certification of possible production--from the date of the contract until the lapse of the time within which the government may issue such certification or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first; or

(2) if the Government issues a certification of possible production--for a period of ten years from the date of the contract, or until the total net amount contributed by the Government is fully repaid with interest, whichever occurs first.

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the gross proceeds (including any bonuses, premiums, allowances, or other benefits) from the production sold, in the form sold (ore, concentrate, metal or equivalent), at the point of delivery (the f.o.b. point); except, that charges of the buyer arising in the regular course of business and shown as deductions on the buyer's settlement sheets (such as treatment processes performed by the buyer, sampling and assaying to determine the value of the production sold, and freight payable by the buyer to a carrier (not the Operator or producer)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator or Producer are deductible in arriving at the "gross proceeds" as that term is here used.

The term "treatment processes" means those processes (such as milling, concentrating, smelting, refining, or equivalent, but excluding fabricating or manufacturing) applied to the crude ore or other production after it is extracted from the ground to put it into a commercially marketable form.

(2) The Government's royalty shall be computed and paid currently upon each lot sold, held, or used in integrated operations, as the case may be.

(d) Unsold production.--If any production (ore, concentrate, metal, or equivalent), after the lapse of six months from the date the ore was extracted from the ground, remains neither sold nor used in integrated manufacturing or fabricating operations (for instance, if it is stockpiled), the Government, at its option, as long as it so remains, may require the computation and payment of its royalty on the value of such production in the form (ore, concentrate, metal, or equivalent) it is in when the Government elects to require computation and payment. If any production is used in integrated manufacturing or fabricating operations before the Government makes its election, the Government's royalty on such production shall be computed on the value thereof in the form in which and at the time it is so used. "Value" as here used means what is or would be gross income from mining operations for percentage depletion purposes in Federal income tax determination or the market value, whichever is greater.

(e) Lien for payment.--To secure the payment of royalty (see Article 7(b)), the Operator hereby grants to the Government a lien upon his interest in the land and upon any production of minerals and metals therefrom until the royalty claim is extinguished by lapse of time or is fully paid.

(f) Notice to purchasers.--The Operator or producer shall give notice of the Government's claim for royalty to any purchaser of the production, and shall authorize and direct such purchaser to pay the royalty directly to the Government and to furnish the Government with copies of the settlement sheets. If the records of any production and sales or other disposition of production, whether the production is by the Operator or by others, are not made available to the Government, the amount of the royalty may be estimated by the Government, and this estimate shall be final and binding upon the Operator or producer.

(g) No obligation to produce.--Nothing in this contract shall be construed as imposing any obligation on the Operator or the Operator's successor in interest to engage in any production operations.

(h) Government not obligated to buy.--Nothing in this contract shall be construed as imposing any obligation on the Government to purchase any minerals and metals mined or produced from the land.

ARTICLE 8. Interests in purchased property.--(a) Title and ownership.--All costs under this contract shall be incurred by the Operator in the Operator's own name and for the Operator's own account; but any property acquired to the cost of which the Government contributes shall belong to the Operator and the Government jointly in proportion to their respective contributions although title thereto shall be taken in the name of the Operator.

(b) Preservation of property.--Until the final disposal of any property in which the Government has an interest, the Operator shall preserve and protect same for the best interest of the Government, and any reasonable and necessary cost thereof will be treated as an allowable cost of the exploration. After the completion of the work, termination of the Government's obligation to contribute, or when such property is not being used for the work, the Operator shall not use it elsewhere without the written consent of the Government and without paying a reasonable rental to be fixed by the Government for its proportionate interest.

(c) Disposal of property.--Upon the completion of the work, termination of the Government's obligation to contribute to costs, or when the property is no longer needed for the work, the Operator shall promptly dispose of salable or salvageable property in which the Government has an interest for the joint account of the Government and the Operator, either by return to the vendor, sale to others, purchase by the Operator, or sale or transfer to the Government at a price at least as high as could be obtained from others, unless the Government in writing waives its interest in any such property. Without advance approval of the sales price by the Government, the Operator shall not sell at any price any item of property that cost more than $500, and shall not sell at less than 25 percent of the purchase price any item of property that cost $500 or less. The Government, in lieu of approving the sales price for any such item, may itself purchase the item at the best price which the Operator is able to obtain or offers. Property remaining upon any termination of the work shall be considered in groups or categories (such as drill steel, explosives, pipe, or rail), and if the original cost of the remaining unexpended portion of any such group or category is less than $50, the Government waives its interest therein. If necessary to accomplish the disposal of any item, the Operator shall dismantle and sever it from the land, the cost thereof to be treated as a cost of the exploration.

(d) Default of the Operator re disposal.--If within 90 days after the completion of the work, termination of the Government's obligation to contribute to costs, or after the property is no longer needed for the work, the Operator has failed to sell or otherwise liquidate or dispose of any property in which the Government has an interest, the Government, at any time prior to final settlement under the contract, may:

(1) in writing extend the time within which the Operator must dispose of or liquidate the property;

(2) by written notice to the Operator, place upon such property what it determines to be a fair valuation thereof, not in excess of the cost less 1.66 percent per month from the date such property was purchased under this contract to the termination of said 90-day period; and such property shall thereupon be considered and accounted for as having been purchased by the Operator at the valuation so fixed by the Government; and

(3) enter and take possession of such property wherever it may be found, and remove and dispose of it for the joint account of the parties.

ARTICLE 9. Termination of the Government's obligations.--(a) If the Government determines that operations at any time have failed to achieve anticipated results and further work is not justified, the Government may give the Operator written notice thereof, and thereupon:

(1) the Government shall be free of all obligation to contribute to costs not then incurred other than such as may be allowable under the provisions of the contract as necessary and incidental to final accounting and reporting; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

(b) If the Government determines that the Operator is in default under the terms of the contract, the Government may give the Operator written notice of such default with a specification of reasonable time within which the default must be cured; and if the Operator fails to cure such default as required, thereupon:

(1) the Government shall be relieved of all obligation to contribute to costs not incurred when the notice was given, other than such as may be allowable by the provisions of the contract as necessary and incidental to final accounting and reporting; and

(2) the Operator shall be free of all obligation to prosecute the work other than such as may be necessary and incidental to final accounting and reporting.

The Government may also avail itself of any other remedy the law may provide for breach of contract, including the right to rescind the contract and to demand repayment of all moneys contributed by the Government under the contract.

(c) The giving of any notice by the Government under the provisions of this Article 9 shall not affect the Government's rights as provided for in the contract with respect to royalty and liens to secure the payment thereof, and such rights shall be fully preserved.

(d) The determinations of the Government are subject to appeal under Article 13.

ARTICLE 10. Notices to be given by the Government may be delivered to the Operator, or may be sent by certified mail addressed to the Operator at his mailing address stated in this contract. If mailed, notices are deemed to have been delivered five days after the date of mailing.

ARTICLE 11. Officials not to benefit.--No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this contract or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this contract if made with a corporation for its general benefit.

ARTICLE 12. Nondiscrimination in Employment. The provisions respecting nondiscrimination in employment which are required by section 301 of Executive Order 10925, dated March 6, 1961 as amended and supplemented are attached hereto as Exhibit B and are hereby incorporated in and made a part of this contract.

ARTICLE 13. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, U. S. Geological Survey, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, U. S. Geological Survey, shall be final and conclusive unless, within 30 days from the date of receipt of such copy, the Operator mails or otherwise furnishes to the Director, U. S. Geological Survey, a written appeal addressed to the Secretary of the Interior. The decision of the Secretary or his duly authorized representative for the determination of such appeals shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious, or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence.

The term "Director, U. S. Geological Survey," as used herein includes his duly authorized representative.

ARTICLE 14. Work Hours Act of 1962 - Overtime Compensation.--This contract, to the extent that it is of a character specified in the Work Hours Act of 1962 (Public Law 87-581, 76 Stat. 357-360) and is not covered by the Walsh-Healey Public Contracts Act (41 U.S.C. 35-45), is subject to the following provisions and to all other provisions and exceptions of said Work Hours Act of 1962.

(a) Overtime requirements.--No Operator or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics shall require or permit any laborer or mechanic to be employed on such work in excess of eight hours in any calendar day or in excess of forty hours in any workweek unless such laborer or mechanic receives compensation at a rate of not less than one and one-half times his basic rate of pay for all hours worked in excess of eight hours in any such calendar day or in excess of forty hours in any such workweek, as the case may be.

(b) Violations; liability for unpaid wages; liquidated damages.--In the event of any violation of the clause set forth in subparagraph (a) of this paragraph, the Operator and any subcontractor responsible therefor shall be liable to any affected employee for his unpaid wages. In addition, such Operator and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for

liquidated damages. Such liquidated damages shall be computed, with respect to each individual laborer or mechanic employed in violation of the clause set forth in subparagraph (a) of this paragraph, in the sum of $10 for each calendar day on which such employee was required or permitted to work in excess of eight hours or in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in subparagraph (a) of this paragraph.

(c) Withholding for unpaid wages and liquidated damages.--The U. S. Geological Survey may withhold or cause to be withheld, from any moneys payable on account of work performed by the Operator or subcontractor, such sums as may administratively be determined to be necessary to satisfy any liabilities of such Operator or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in subparagraph (b) of this paragraph.

ARTICLE 15. Copeland (Anti-Kickback) Act--Nonrebate of wages.--The regulations of the Secretary of Labor applicable to contractors and subcontractors (29 CFR, Part 3), made pursuant to the Copeland Act, as amended (40 U. S. C. 276c) and to aid in the enforcement of the Anti-Kickback Act (18 U. S. C. 874) are made a part of this contract by reference. The Operator will comply with these regulations and any amendments or modifications thereof and will be responsible for the submission of affidavits required of independent contractors thereunder. The foregoing shall apply except as the Secretary of Labor may specifically provide for reasonable limitations, variations, tolerances, and exemptions.

ARTICLE 16. Changes and added provision.--

_____

_____

_____

_____

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

BEARDSLEY GULCH MINING CO., INC.
(Operator)

By_____

By_____
Director, U. S. Geological Survey

Title_____

_____

I, _____, certify that I am the
(Name)

_____ secretary of the corporation named as Operator herein; that

_____, who signed this contract on behalf of the Operator, was then
(Name)

_____ of said corporation; that said contract was duly signed for
(Title)

and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

_____

 [CORPORATE SEAL]

DRAFT HKirkemo/mm
5/19/66

EXPLORATION CONTRACT
BEARDSLEY GULCH MINING CO., INC.
OME-6495

ANNEX I

The land including all rights pertaining thereto referred to in Article 2 of the contract consists of three (3) patented and three (3) unpatented lode mining claims in sec. 2, T. 12 N., R. 18 E., Boise Principal Meridian, Bayhorse mining district, Custer County, Idaho.

These claims are shown on Figure 1, entitled "Map Showing Operator's Property Rights, Beardsley Gulch Mining Co., Inc., Custer County, Idaho" which is attached hereto and made part hereof.

The patented claims included in the group are as follows:

Claim	Survey No.	Patent No.
Beardsley	38	38
Beardsley N. Extension	527	
Beardsley Extension Fraction	526	

The unpatented claims are recorded in the Custer County Court House, Challis, Idaho, as follows:

Claim	Book	Page No.
Butte	15	175
Mabel	15	186
Clark	15	182

The Operator is in possession of the Beardsley, Beardsley N. Extension, Beardsley Extension Fraction, Mabel, and Clark claims by virtue of a Lease Agreement dated August 20, 1965, between Umont Mining, Inc., and Beardsley Gulch Mining Co., Inc., whereby Umont Mining, Inc. assigned its Option Agreement dated June 1, 1964, with ~~the owner,~~ Bayhorse Mines, Inc., including underlying leases, to Beardsley Gulch Mining Co., Inc. Bayhorse Mines, Inc. officially consented to the assignment on August 7, 1965. An Amendment to Lease Agreement dated May 13, 1966, added the Butte unpatented claim to the original group of five claims.

A Lien and Subordination Agreements executed on March 10, 1966, by Bayhorse Mines, Inc., on behalf of Ramshorn Mines Company, the owner of the above claims, is attached hereto and made part hereof.

A Special Agreement Concerning Land

In the event that the Operator or any subsidiary or successor thereof at any time during the period expiring ten years from the date of this contract acquires any interest, title, or equity in or with respect to any land, including minerals therein, situate within 1,500 feet of the southern boundary of the Clark claim described in this contract, it is agreed that such land shall thereupon become subject to the provisions of this contract, and the parties hereto shall promptly execute amendments to this contract listing such land as land included in this contract.

[illegible] think.

[illegible] the Bayhorse

Dolomite [illegible]

[illegible] unit

of any [illegible] trenching

and [illegible] representative

bulk [illegible] mineralized rock.

[illegible] at

[illegible]

[illegible] gold,

silver [illegible] samples

in [illegible] all store

one [illegible] identified as

to [illegible] le use.

With [illegible] the stored

samples.

[illegible] shall be

submitted [illegible] also

include [illegible] th

reporting period, the location, width, and assay values of the samples, and the general geologic formations and structures traversed by the workings or exposed in the trenches.

The Operator shall provide such supervision, labor, and technical services as may be required to complete the work in a satisfactory manner.

No trenching or underground work shall be done within 100 feet of the exterior boundaries of the land indicated by heavy outline on the map showing the Operator's property rights (Figure 1).

The location, direction, and extent of each work item shall be subject to Government approval.

The work shall be divided into two stages. The Operator shall complete all of Stage I or as much as is necessary to explore the projected trace of the Hoffman shear zone and intersecting K-7 vein. Approval of Stage II shall be dependent upon favorable geological evidence and assay results having been obtained in Stage I, and shall have prior authorization of the Government confirmed in writing.

New and rehabilitated drifts and crosscuts shall be not less than 5 by 7 feet in cross section and shall be timbered as necessary using standard 8- by 8-inch drift sets or equivalent round timber. In rehabilitated workings and in new workings, mine rails shall be not less than 20-pound size, air lines not less than 3-inch diameter, water lines not less than 1-inch diameter, and ventilation pipe not less than 14-inch diameter.

Raises shall be 5 by 7 feet in cross section, and be divided into a manway and chute by a row of 8- by 8-inch stulls with 3-inch lagging nailed to the stulls on the chute side. Slusher drifts and raises shall be timbered as necessary for ground support.

Description of the Work

The approximate locations of the work described are shown in yellow for Stage I and in green for Stage II on Figure 2, entitled "Map Showing Proposed Trenching and Underground Exploration, Beardsley Gulch Mining Co., Inc., Custer County, Idaho" which is attached hereto and made part hereof.

Stage I

West of Beardsley Gulch on the terrace in the slope east of the road and starting from a point not less than 100 feet from the Hood claim, bulldoze a trench in a northeasterly direction to locate and expose the Hoffman shear zone and the K-7 vein near its possible intersection with the Hoffman shear zone. Approximately 300 feet of trenching may be required. The rock formations, veins, shear zones and mineralized material shall be mapped and the mineralized material sampled and assayed.

Stage II

The start of Stage II shall be dependent upon the presence of geological structures and mineralized material warranting additional exploration as disclosed by bulldozing in Stage I, and is subject to prior written approval by the Government.

Before drifting, crosscutting, and raising can be started under Stage II, approximately 790 feet of K-7 tunnel shall be rehabilitated from the portal to the face at approximately 325 feet northeast of the Hood claim as indicated on Figure 2.

To further explore K-7 vein and the Hoffman shear zone at depth, extend K-7 tunnel as a drift or crosscut in a southwesterly direction to the Hoffman shear zone but not closer than 100 feet to the Hood claim.

If the Hoffman structure is intersected in K-7 tunnel and is significantly mineralized, a raise totalling not more than 200 feet shall be driven on the Hoffman structure starting at approximately the position indicated for Raise 2, Stage II on Figure 2.

At a point in K-7 tunnel about 300 feet from the portal indicated for Raise 1, Stage II on Figure 2, drive a raise not exceeding 50 feet along a mineralized easterly-striking vein or to the contact of the Bayhorse Dolomite with the overlying Ramshorn Slate whichever is reached first. If an ore body is found, explore an additional 100 feet with a drift or inclined raise. A slusher may be used for this purpose.

Estimated Costs of the Project

Stage I

Actual Costs

Category (1) Independent Contracts

Mobilization and demobilization, one bulldozer	$111.00	
Bulldozing 300 feet of trenches TD-18, 90 hours @ $17.00/hour	1,530.00	$ 1,641.00

Category (2) Personal Services

None except:

Subcategory (a) - Supervision and Technical Services

1 - Supervisor-geologist-engineer 0.5 months @ $750.00/month	$ 375.00

Category (7) Miscellaneous

None except:

Payroll taxes, F.I.C.A., insurance, etc.	$ 60.00	
Accounting, office expenses	25.00	
Assays, including sample sacks and handling	75.00	
Gold, silver, lead, and zinc analysis @ $6.00/sample		
Gold, silver, lead, zinc, and copper analysis @ $7.50/sample		$ 160.00

Total Estimated Actual Costs Stage I (rounded) $2,175.00

Stage II

Actual Costs

Category (1) Independent Contracts 1/2/

Rehabilitation of K-7 tunnel 790 feet @ $3.85/foot	$3,041.50	
Drifting and crosscutting 2/ 225 feet untimbered @ $50.00/foot	11,250.00	
Drift timbering, 30 feet @ $10.35/foot	310.50	
Raising, including timber divider, 350 feet 2/	9,600.00	
0-50 feet @ $30.00/foot 50-100 " @ $37.00/foot 100-150 " @ $42.50/foot 150-200 " @ $52.50/foot		
Slusher drift or raise, 100 feet 2/	3,350.00	
0-50 feet @ $30.00/foot 50-100 " @ $37.00/foot		
		$27,552.00

Category (2) Personal Services

None except:

Subcategory (a) Supervision and Technical Services

1 - Supervisor-geologist-engineer 6 months @ $750.00/month	$ 4,500.00

Category (7) Miscellaneous

None except:

Payroll taxes, F.I.C.A., insurance, etc.	$ 675.00
Accounting and office expenses	275.00
Assays, including sample sacks, and handling	1,125.00

Assays for gold, silver, lead, and zinc analysis @ $6.00/sample	
Assays for gold, silver, lead, zinc, and copper (analyses) @ $7.50/sample	
	$ 2,075.00
Total Estimated Actual Costs Stage II (rounded)	$34,125.00

SUMMARY

Total Estimated Actual Costs - Stage I	$ 2,175.00
" " " " " II	34,125.00
Total Estimated Actual Costs of the Project	$36,300.00
Government Participation @ 75%	$27,225.00

1/ The completed job is the unit of work, and costs include labor, supplies, and equipment used.

2/ The Government retains no equity in any of the materials used.

U[illegible]ONT MINING, IN[illegible]

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 20 1966

INITIALS	CODE
	170
FEJ	110
HKO	120K

May 15, 1966

Mr. O. J. Salisbury, President
Bayhorse Mines, Inc.
333 Felt Building Annex
Salt Lake City, Utah

Re: Lien and Subordination Agreements on the Beardsley Gulch Claims

Dear Jim:

Mr. Johnson, Chief of OME, in Washington, D. C., has pointed out that the MME Form 52 that you signed for Bayhorse Mines, Inc., March 10, 1966, was certified by Leo Egar for Ramshorn Mines Company. It should have been certified by him for Bayhorse Mines, Inc.

Actually it should have been signed by you and certified by Leo for both companies, since the patented claims are Ramshorn Mines claims and the unpatented claims are Bayhorse Mines Claims and you are president of both companies.

We are rectifying this oversight by typing in under your signature, also, "For: Ramshorn Mines Company" and having Leo change corporation to corporations and affixing the Bayhorse Mines Seal. The Ramshorn Mines Company seal is already affixed.

If you approve of this procedure, please sign and date your approval in the space below and then send a copy to Mr. Johnson in the stamped envelope enclosed.

Thank you.

Yours very truly,

Dooley P. Wheeler, Jr.

Dooley P. Wheeler, Jr.
General Manager

Approved: O. J. Salisbury
Mr. O. J. Salisbury
May 18, 1966

Copy sent Region I 5/31/66

BEARDSLEY GULCH MINING CO., INC.

King Street Dock
Burlington, Vermont
05401

OFFICIAL
COPY
O. M. E.
RECEIVED
MAY 18 1966
INITIALS | CODE
120
110

May 16, 1966

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

Re: OME-6495(Silver)
Beardsley Gulch Mining Co., Inc.
Conveyance of Butte Claim
Custer County, Idaho

Dear Mr. Johnson:

With reference to your letter of May 10, Paragraph 2, we are enclosing an amendment to the agreement between Beardsley Gulch Mining Co., Inc. and Umont Mining, Inc. which conveys the Butte claim to Beardsley Gulch Mining Co., Inc. as requested. The documents requested in Paragraph 3 will be mailed directly from our Salt Lake City office by Mr. D. P. Wheeler, Jr.

We are sorry that we have caused a delay by the above oversight after our visit of March 14 at your office.

Very truly yours,

R H Wadhams

R. H. Wadhams
President

RHW/eb
Enclosure

UMONT MINING, INC.

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

OFFICIAL COPY
O. M.
RECEIVED
MAY 16
INITIAL

May 13, 1966

Mr. Frank E. Johnson, Chief
Office of Minerals Exploration
U. S. Geological Survey
Washington 25, D. C.

Re: OME - 6495 (Silver) - Beardsley Gulch Mining Company, Inc.
Beardsley Group of Claims, Custer County, Idaho

Dear Mr. Johnson:

Mr. Wadhams is in the best position to tend to revision of the lease agreement, dated August 20, 1965, between Umont Mining, Inc., and Beardsley Gulch Mining Company, Inc., and I am sure a revised agreement will be in your office soon, if it has not already arrived.

I am better situated for correcting the oversight in the Lien and Subordination Agreements. Mr. O. J. Salisbury is President of both Ramshorn Mines Company and Bayhorse Mines, Inc. Ramshorn Mines has the patented claims in the Beardsley Claim Group and Bayhorse Mines, Inc., has the unpatented claims. Will it be OK to have the secretary of Ramshorn Mines Company fill in "for Ramshorn Mines Company" under Salisbury's signature and have the secretary of Bayhorse Mines, Inc., certify that O. J. Salisbury is President of Bayhorse Mines, Inc., at the bottom of the form where he is already certified for Ramshorn Mines? Mr. Salisbury thought he was approving for all the claims listed, including the Butte and we have confirmed this. The secretary would not do the above if such were not the case.

The above procedure will accomplish all on the one now incomplete Lien and Subordination document without requiring a long drawn out interval of mail travel time or actual travel time on Salisbury's part. Mr. Salisbury is now on his ranch at Henry's Lake, Idaho, a rather out of the way place. His various other activities involving ownership of an investment company, directorship of Homestake Mining Company, etc., make him hard to catch up with for new documentation.

The Ramshorn Mines Company lease listed in Exhibit A of the Option Agreement, dated June 1, 1964, includes the three patented mining claims listed on page 2 of your letter of May 10, 1966.

Yours very truly,

Dooley P. Wheeler, Jr.

Dooley P. Wheeler, Jr.

cc: Mr. D. R. MacLaren
Mr. R. H. Wadhams

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/10	Skikemo	120
		110
5/10	Cal	220
		120M

AIRMAIL

Mr. R. H. Wadhams
President
Beardsley Gulch Mining Co., Inc.
King Street Dock
Burlington, Vermont 05401

MAY 10 1966

Re: GMK-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley Group of Claims
Custer County, Idaho

Dear Mr. Wadhams:

Certain questions concerning claims need to be answered before we can complete processing your application to explore the Beardsley group of claims.

We advised during your visit with us March 14, 1966, that the Butte unpatented claim should be part of the land included in a contract, if one is granted, because the K-7 tunnel crosses the claim. However, we have no evidence of your rights to the claim. It is identified in Exhibit B of the Option Agreement, dated June 1, 1964, between Bayhorse Mines, Inc., and Unont Mining, Inc., but it is not listed in the Lease Agreement, dated August 20, 1965, between Unont Mining, Inc., and Beardsley Gulch Mining Company, Inc.

The Lien and Subordination Agreements form executed March 10, 1966, by O. J. Salisbury for Bayhorse Mines, Inc., lists the Butte claim, but this type of document does not give Beardsley Gulch Mining Company, Inc., possessory rights to the claim. This document shows the corporate seal of Ramshorn Mines Company, a corporate entity not identified with the signator, Bayhorse Mines, Inc. Please furnish valid documentary evidence to show your rights to the Butte unpatented mining claim and a properly executed Lien and Subordination Agreements for the claim. We are enclosing a set of MME Form 52 for your use, and returning the set signed by Mr. Salisbury. We note on this same document that the Mabel unpatented claim is misspelled "Mable." Your letter of April 21 states that the first spelling is correct.

23263

Exhibit A in the Option Agreement, dated June 1, 1964, above mentioned, lists five underlying leases. We assume that one of these leases includes the three patented mining claims, Beardsley, Beardsley N. Extension, and Beardsley Extension Fraction. Please identify which lease covers these claims.

Upon receipt of this information, we will complete action on your application.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Mr. Dooley P. Wheeler, Jr.
General Manager
Uwent Mining, Inc.
1355 Foothill Boulevard
Salt Lake City, Utah 84108

Director's Reading File
Division File
Economic Geology File
OME Reading File
OME Docket
Region I
Kirkemo

HKirkemo/gla 5-10-66

BEARDSLEY GULCH MINING CO., INC.

King Street Dock
Burlington, Vermont
05401

OFFICIAL
COPY
O. M. E.
RECEIVED
APR 26 1966
CODE

April 21, 1966

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

Dear Mr. Johnson:

Re: OME-6495 (Silver)
Custer County, Idaho

We have your letter of April 18 and note in Paragraph 2 and Paragraph 4 that you have not approved our exploration projects 5a1 and 5a3. We of course are disappointed that these are not included but perhaps at a later date there may be some other approach that can be taken if it seems worth while.

With reference to Paragraph 5 of your letter we would like to go forward with the remainder of the proposals in the application and therefore ask that you prepare a contract on this basis.

With regard to the last paragraph this is to inform you that the name of the claim in question as recorded in Book 15, Page 186 in the Custer County Court House in Challis, Idaho is "Mabel".

Very truly yours,

R H Wadhams

R. H. Wadhams
President

RHW/eb

cc: D. P. Wheeler, Jr.

Copy to R-I
4/26/66

U[illegible]ONT MINING, IN[illegible]

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

April 21, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
APR 25 1966

INITIALS	CODE
	120 m
JSA	~~110~~
HK	120 K

Mr. Frank E. Johnson, Chief
Office of Minerals Exploration
U. S. Department of Interior
Geological Survey
Washington, D. C. 20242

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley Group of Claims
Custer County, Idaho

Dear Mr. Johnson:

We are glad to see that OME is willing to undertake an important part of the above project.

In answer to the last paragraph of your letter of April 18 to Mr. Wadhams I wish to advise you that the claim listed in book 15, page 186 is spelled Mabel .

Yours very truly,

Dooley P. Wheeler Jr.

Dooley P. Wheeler, Jr.

Copy to R-I
4/26/66
m

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/18/66	Wadhams	120K
		180
4/18	Carr	220
		120 Ms

AIRMAIL

Mr. R. H. Wadhams
President
Beardsley Gulch Mining Co., Inc.
King Street Dock
Burlington, Vermont 05401

APR 19 1966

Re: CBZ-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley Group of Claims
Custer County, Idaho

Dear Mr. Wadhams:

After careful study of your application to explore the Beardsley property and of other information available to us, we are favorably inclined to consider exploration at three of the five sites described in your proposed program.

We do not think it is in the best interests of the Government to participate in exploration about 150 feet due west of the Hoffman stope (your site 5 a 1). The cost of the work proposed here is likely to be excessive considering the problems involved in bulldozing and drilling, and the questionable validity of assays if mineralized material were encountered. We understand the geological reasoning for expecting an exploration target here, but the physical factors involved suggest that perhaps the work could not be completed satisfactorily, and the possible cost could be excessive.

Perhaps there is another way to explore here, such as drifting westward from the Hoffman stope, but apparently this, too, is impractical as it was not suggested.

Government participation is not warranted in the proposed exploration of the cavern in K-7 adit about 170 feet from the portal (your proposed site 5 a 3).

If you are willing for the Government to participate with you in the remainder of your program, we will be glad to prepare a contract for your consideration. This program would consist of 1) bulldozing on the west side of Beardsley Gulch for the western extension of the Hoffman shear zone and the K-7 vein structure (your site 5 A),

23263

2) raising on an easterly striking mineralized structure that occurs in K-7 adit about 300 feet from the portal, and 3) contingent upon the results of bulldozing in Item 1, extend K-7 adit southwestward to intersect the Hoffman vein and explore with drifts or a raise if warranted.

If this general plan is acceptable to you, please advise us, and we will be glad to prepare a contract accordingly. A minor question we need clarified before we prepare a contract is the correct spelling for your Mable (Mabel) claim. Some of your legal documents show it spelled "Mable" and others "Mabel." By which spelling is the claim recorded in the Custer County courthouse in Challis, Idaho?

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Mr. Dooley P. Wheeler, Jr.
General Manager
Umont Mining, Inc.
1355 Foothill Boulevard
Salt Lake City, Utah 84108

Director's Reading File
Division File
Economic Geology File
OME Reading File
OME Docket
Region I
Kirkemo

HKirkemo/mm (4/18/66)

OME

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
March 9, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 28 1966
INITIALS | CODE
RSJ | 110
| 130 K

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: Application Examination Report
OME-6495 (Silver)
Beardsley Gulch Mining Company, Inc.
Beardsley Group of Claims
Custer County, Idaho

INTRODUCTION

Beardsley Gulch Mining Company, Inc., applied for OME assistance to explore for silver ore in the Bayhorse District, Custer County, Idaho, by bulldozing, diamond drilling from the surface, drifting, and raising at an estimated total cost of $58,480.00, of which the Government's share would be 75 percent or $43,860.00.

On November 1, 1965, about 3.5 hours were spent on the property in the company of L. P. Evans, Jr., and Dooley P. Wheeler, Jr., vice-presidents of the company, and David Crotty, field representative of E. J. Longyear Company. The Hamilton No. 2 Tunnel, the K-7 workings, and the surface above the K-7 workings in the vicinity of a proposed surface trench were inspected; the Hoffman structure was inspected at the collar of the inclined shaft, but bad ground at the collar made it expedient not to enter.

CONCLUSIONS AND RECOMMENDATIONS

It is concluded that there are two horizons in the upper 200 feet of the Bayhorse dolomite favorable for the formation of predominantly silver ore bodies. These are the intersections of mineral-bearing fissures and shear zones at the contact between the Bayhorse dolomite and the overlying Ramshorn slate, and at an interbedded slate within the dolomite about 200 feet stratigraphically below the Bayhorse-Ramshorn contact.

A two-stage program with three phases in each stage is recommended to explore each of three potentially ore-bearing targets.

FIELD EXAM RPT.

PROPERTY, LOCATION, AND ACCESSIBILITY

The applicant controls by lease three patented and two unpatented claims as follows:

Patented

Claim	Patent No.
Beardsley	38
Beardsley North Extension	527
Beardsley Extension Fraction	526

Unpatented

Claim	Book	Page
Mabel*	15	186
Clark	15	182

*Spelled Mable on maps and MME Form 52 prepared by Wheeler but appears in application, Option Agreement of June 1, 1964, Lease Agreement of August 20, 1964, and MME Form 52 signed by Salisbury for Bayhorse Mines, Owner, as Mabel.

Plate 1 shows the relative locations of these claims and of existing workings. This plate also shows that parts of the unpatented Mabel claim are overlapped by parts of two patented claims, Excelsior 44 and Beardsley Extension 45. It is estimated that the west side line of Mabel will be about 200 feet east of the start of any stoping if an ore body is found by the recommended drilling. The east side line of Beardsley 38 will be about 135 feet farther east. If an ore body commensurate in size and dip or rake to the Beardsley, which was stoped for 500 feet down the rake, is discovered, it would require a rake length of about 475 feet to cross the west side line of Mabel and about 790 feet to cross the east side line of Beardsley 38. The northwest corner of the overlapping Excelsior 44 is about 150 feet from the potential ore. As Beardsley 38 will probably contain completely any discovery by the recommended CME work in this area, the necessity to include Mabel in the land affected by the contract is questionable; even if it is included, there seems to be no practical reason to ask the applicant to add Excelsior 44 and Beardsley Extension 45 to protect those areas in which they overlap Mabel and therefore have prior right.

Plate 1 also shows that a corner of patented Hood 1160 overlaps part of unpatented Clark. This plate and plate 2 both show that the target to be explored is about 140 feet northeasterly from the north end line of Hood 1160 if the K-7 adit is extended to the Hoffman

shear zone. Any subsequent raising would be moving the exploration further to the north. There seems to be no practical reason to ask the applicant to include the Ford 1160 claim.

If exploration work in the K-7 tunnel is approved, track will be laid in, and muck and supplies will be transported through, a segment of tunnel approximately 30 feet long that passes across the southeast corner of the Butte claim. This claim is controlled by Uranat Mining, Inc. Although Uranat has not leased Butte to the applicant, it has included the claim in a Lien and Subordination Agreement dated March 1, 1966. It is not included in the Lien and Subordination Agreement executed July 22, 1965, by O. J. Salisbury for Bayhorse Mines, Owner. The claims are located in sec. 2, T. 12 N., R. 18 E. B.M., Custer County, Idaho. They are on both sides of Beardsley Gulch within a mile or so of the old mining community of Bayhorse from which the workings may be reached over well kept graded roads.

The property may be reached from Challis, Idaho, by following U. S. Highway 93 for 11 miles south. Here, turn right and follow a good gravel surfaced road for 3 miles up Bayhorse Canyon to Beardsley Gulch. Turn left and follow a good graded road for about a mile to the mine workings. During the winter months the roads could be kept open certainly as far as Bayhorse and, with more difficulty, to the mine workings.

GEOLOGY

For a description of the geology of the Bayhorse Mining District see:

Umpleby, Joseph B., 1913, Ore deposits in northwestern Custer County, Idaho: U. S. Geol. Survey Bull. 539, p. 55-76

Ross, Clyde P., 1937, Geology and ore deposits of the Bayhorse region, Custer County, Idaho: U. S. Geol. Survey Bull. 877, p. 116-148

Rocks in the vicinity of the Beardsley claims are Bayhorse dolomite of Cambrian age which is unconformably overlain by Ordovician Ramshorn slate. The Bayhorse dolomite is for the most part thick bedded, tending to form prominent cliffs. In many of the beds it is light gray when fresh and readily weathers to rusty buff. Some beds are sufficiently calcareous to effervesce slightly with cold acid; others are cherty; and in the upper portion of the formation some beds are argillaceous to slaty.

The Ramshorn slate is a thin-banded argillaceous rock in which well-developed slaty cleavage cuts across the beds at high angles. The slate is usually dark green to purplish, but locally its calcareous material may make it lighter or carbonaceous matter may darken it.

During Laramide times the rocks were folded into northerly trending and moderately northerly plunging, fairly tight anticlinal folds. About 3 miles west of the Beardsley Gulch property the Paleozoic rocks were intruded by a small stock of moderately coarse and even-grained granodiorite. Several diamond drill holes in and near the claims indicate that the Bayhorse dolomite has also been intruded by quartz porphyry. The intrusive rocks are probably related to the Idaho batholith, large areas of which have been mapped by Ross (1937) several miles to the southwest and west. To the northwest, north, and east the Paleozoic rocks are overlain by Challis volcanics.

Folding was accompanied and to an extent followed by faulting. The most prevalent and largest faults are north trending and steeply dipping. They are best represented by the Mill fault just west of the claims, the major strand of which has a throw of about 1,000 feet and has dropped the Ramshorn slate against the Bayhorse dolomite. Of less magnitude are a series of north-trending, gently dipping faults, nearly parallel to the bedding. Probably, the most important faults on the Beardsley property are northeast- to easterly-striking, steeply dipping faults or shear zones in which occur the two most productive ore shoots, the Excelsior-Beardsley ore body, now called the old Beardsley, and the Hoffman or new Beardsley ore body (pl. 2).

The old Beardsley ore shoot is reported to have been from 100 to 200 feet long, 1 to 20 feet wide, and to have been followed to a raise depth of 500 feet where it expanded into a body 50 feet wide and 400 feet long containing ore averaging 5 ounces silver per ton and 5 percent lead (Ross, p. 128). The ore shoot was in Bayhorse dolomite beginning at the top of an interbedded slate member about 200 feet stratigraphically below the Bayhorse-Ramshorn contact. At its base the ore shoot is about 20 feet wide but pinches out about 75 to 100 feet above the base. It was formed by replacement of the dolomite along a northeasterly striking, steeply dipping shear zone. Although it could not be entered for close inspection, the top of the stope was seen at one place during the underground inspection of the Hamilton No. 2 level. This level is in Bayhorse dolomite for about 1,000 feet east of the portal at which distance it crosses the dolomite-slate contact. Thus, it diagonally crosses the upper 200 feet of the Bayhorse dolomite. On the Hamilton No. 2 level, the Bayhorse-Ramshorn contact strikes N. 38°-42° W. and dips 40°-45° NE.

The new Beardsley or Hoffman ore body was formed in the dolomite just beneath the Bayhorse-Ramshorn contact. It is a manto-like deposit, roughly elliptical in cross section and irregular in plan outline (Ross, fig. 11). The Hoffman shear zone strikes more easterly than the Beardsley and is crossed by a number of north- and northeast-striking fissures that apparently acted as feeders.

Where these fissures cross the Hoffman shear zone and at places where the dolomite beds are more receptive, the ore body widens to as much as 40 feet. The entire ore body is within the top 30 feet of the Bayhorse dolomite and has been mined to a depth of 320 feet down the dip of the contact.

The X-7 workings were open to the face and were examined (pl. 2). About 150 feet from the portal a fault striking N. 29° E. and dipping 78°-83° NW. crosses the adit. On the west wall north of the fault there is a slumped zone in Bayhorse dolomite about 5 feet across that is filled by broken fragments of dolomite and aragonite stalactites, the whole mass being stained with limonite. About 15 feet beyond the slumped zone the adit crosses the Bayhorse-Ramshorn contact and for the next 50 feet area westerly intersecting the contact again at 50 feet. From here the adit continues for about 110 feet S. 75° W. close to and in places along the dolomite-slate contact. In this part of the adit three parallel faults of small displacement strike N. 25° E. and dip 85° SE. Silicification of the dolomite and stretches of scattered sulfides were seen, but no strong mineralized structure was encountered until about 10 feet from the westerly end of this portion of drift. Here, a strong shear zone strikes N. 35° W. and dips about 50° SW. It crosses a fault that strikes N. 80° W. and dips 70° SW. The shear zone contains lenses and pods of galena and probably tetrahedrite as evidenced by copper staining. A sample chipped for high grade and well loaded with sulfides assayed 0.05 ounce gold and 371.7 ounces silver per ton, 37.5 percent lead, 8.71 percent copper, and 3.2 percent zinc over a width of 3 inches.

shown as 37.17 oz on pl. 2.

The drift was turned and driven about 90 feet northerly and 30 feet southerly. About 22 feet north of the turn a strong fault striking N. 37° E. and dipping vertically was crossed. Small specks of sulfides and some greenish copper stains were seen in the fault. About 65 feet further north the adit cut another fault that strikes about N. 50° E., dips 70° NW. Here, the Hoffman slate is in fault contact with the dolomite. The fault and dolomite, for about 10 feet to the northeast and 35 feet to the southwest, are peppered with sulfides. A sample taken by the applicant assayed 7.36 ounces silver per ton and 10.2 percent lead over a width of 32 inches.

At this point the adit was again turned and driven along the fault for about 20 feet northeasterly and about 390 feet southwesterly. About 115 feet southwesterly from the point of turn is a small patch of disseminated sulfides related to the fault being followed and a weaker easterly striking, steep southerly dipping fault that may be the westerly end of the fault near the CME sample site previously mentioned. Another small area of disseminated sulfides was seen about 310 feet from the last turning point of the adit; it appears to be related to a fault that strikes N. 60° W. and dips 70° SW.

The first 320 feet of this segment of drift passes diagonally across a stratigraphic thickness of about 185 feet of dolomite, measured from the Bayhorse-Ramshorn contact plotted about 70 feet southwesterly from the last turning point. The interbedded slate should be about 15 feet beyond the drift face and about 52 feet below the area of disseminated sulfides just mentioned.

ORE TENOR

The application states that ore produced from the old Beardsley stope in 1884, 1885, and 1886 had an average grade of 76.5 ounces silver per ton and 25.91 percent lead. It also states that the estimated average grade of the Hoffman ore was 42 ounces silver per ton and 17 percent lead. During the examination it was pointed out to the applicant that according to Ross (1957, p. 125-128) the Beardsley ore averaged 73 ounces silver per ton and 35 percent lead and that at $1.29 per ounce for silver and $0.158 per pound for lead, the dollar value of the average of all three stated grades showed that the dollar value of the silver barely qualified for OME assistance.

With a letter dated February 25, 1966, the applicant submitted copies of mine production records from the Beardsley stope for the years 1884-1886, inclusive. The letter tabulated the results of composite samples of ore remaining in the stopes taken by ASAR, Unont-Sidney, as well as the 1884-1886 production. Check of the production records showed errors in the totals; the corrected totals are used in the following:

Place	Ounces/Ton Au	Ounces/Ton Ag	Percent Cu	Percent Pb	Percent Zn	Source
Hoffman stope	0.01	18.32	0.27	9.8	3.6	ASAR
Do.	0.01	42.00	0.20	17.5	5.0	Unont-Sidney
Beardsley stope	0.01	89.50	0.35	28.9	3.7	Do.
" production	--	76.50	--	25.9	--	Operator 1884-1886
Average	--	56.58	--	20.5	4.1	

At $1.29 per ounce for silver, $0.158 per pound for lead and $0.145 per pound for zinc the average grade of the ore shipped and ore remaining in the stopes has a value of $72.99 per ton in silver, $64.78 per ton in lead, and $11.89 in zinc, silver making up 48.8 percent of the average dollar value per ton. The OME assay is not included in the above as the sample was specially selected for high-grade material.

In his letter of February 25, 1966, the applicant points out that the price of silver is fixed but that lead and zinc prices are set by a free competative market. He also points out that it would require only a slight drop in lead and zinc prices to result in silver

making up more than half the dollar value of the ore. Indeed, if the prices of lead and zinc decreased to $0.15 and $0.14 per pound, respectively, silver would make up 50 percent of the dollar value of the ore. Therefore, it appears that this property may be considered eligible for OME aid in exploration for silver.

APPLICANT'S PROPOSAL

The upper 200 feet of the Bayhorse dolomite is a favorable horizon in which to explore for silver ore, particularly at and beneath the contact between the Bayhorse dolomite and the overlying Ramshorn Slate, and both above and below an interbedded slate within the Bayhorse formation about 200 feet below the Bayhorse-Ramshorn contact. Within these favorable horizons ore bodies have been found in two northeasterly to easterly trending fissure zones, one at and below the Bayhorse-Ramshorn contact called the Hoffman fissure, the other at and above the interbedded slate called the Beardsley fissure. It would seem that the dolomite immediately below the interbedded slate would also be a favorable target for exploration. Each of the applicant's proposals will be discussed in the light of the above generalization, and appraisal of the merits of each proposal will be made.

Pad I, II, III:--Projected from the Hamilton No. 2 level, the top of the interbedded slate just west of the Hoffman workings is approximately where indicated in plate 1. Here, the lower part of the slope east of Beardsley Gulch steepens rapidly and is covered by unconsolidated overburden possibly as much as 20 feet thick. However, the intersection of these two structures is a promising target in which to explore for an ore body. If ore is found above the slate, it could be expected to be similar in size and grade to the Beardsley ore body which is said to have yielded 1,500,000 ounces silver (Umpleby, 1913, p. 68). If an ore body is found below the interbedded slate, it could be expected to be similar in size and grade to the manto-like Hoffman ore body estimated by the applicant to have produced 135,720 ounces silver.

Due to the depth of overburden and the steepness of the slope in the area of proposed bulldozing (pl. 2, sec. A-A') slides could considerably increase the cost of dozing, prolonging or even defeating an attempt to bulldoze to bedrock as proposed by the applicant. Also, ore may have formed below the interbedded slate, which might not be disclosed by the proposed bulldozing. In order to explore both possibilities at less cost consideration should be given to drilling three EX or larger core size holes, spaced 20 feet apart and drilled to a depth of 65 feet each from the road just west of the old ore bin at the approximate locations shown on plate 1. The applicant requests NX size holes, but it is believed that EX will do a satisfactory job. If ore grade, or near ore grade, material is

found by the drilling, it should be further explored for the potential size and grade by underground methods. A winze portal should be prepared on the slope below the road from which the drilling will be done, but its exact location will depend upon the location of the ore as indicated by the drilling. Provision should be made for 100 feet of winze.

5 a 2 I, II, III.--Reference to plate 2 will show that the Bayhorse-Ramshorn contact has been offset by at least four faults from Beardsley Gulch to the westernmost leg of the K-7 adit. The feeder shears that cross the Hoffman and Beardsley workings do not appear to have offset the shear zones more than a few feet. As faulting is associated with the Laramide folding, it is most probable that the faults which offset the gently plunging anticlinal beds are normal faults with slight lateral displacement and, in many cases, not very great vertical movement. It is therefore reasonable to believe that the Hoffman shear zone, which is nearly vertical, can be projected westward with no more than a few feet of horizontal displacement. On projection it should cross the line of the last segment of the K-7 workings about 150 to 175 feet ahead of the present face. The applicant estimates that here the interbedded slate is about 90 feet above the level. The fault being followed by the drift is mineralized and could be an ore feeder to the Hoffman shear zone. Therefore, its intersection with the Hoffman should be a good target for exploration.

Referring to the applicant's Exhibit C-4, he proposes to search for the westward extension of the Hoffman shear zone by bulldozing a trench across its projected location, the trench to be below a road along the west side of Beardsley Gulch and near or possibly along the Bayhorse-Ramshorn contact. The proposed trench would also be close to the K-7 vein as projected from the adit level. From about 60 to 90 feet east of the road is a benchlike break in the hill slope, below which the slope exceeds 45°. The location of the contact between the Ramshorn slate exposed in the road cut, and the underlying Bayhorse dolomite is not definitely known, but is shown on the applicant's Exhibit C-4 as being about 140 to 150 feet east of the road.

It is believed that the slight benchlike break in the slope below the road may be due to a change in formation and therefore is probably developed at the top of the Bayhorse dolomite and that the location of the contact shown on Exhibit C-4 is not intended to be considered as more than generally approximate. If this belief is correct, a 200-foot trench along the "bench" starting 100 feet northeasterly from the north end line of the Hood claim will explore the area in which the Hoffman shear zone should be found. If the

trench discloses an ore body beneath the Bayhorse-Ramshorn contact, it will also justify exploring the intersection of the Hoffman shear zone and the interbedded slate by drifting and raising from the K-7 level. If this belief is not correct, the trench will be in the Ramshorn slate and at best will only show that the Hoffman shear zone extends westward, crossing the extension of the K-7 level; in this situation mineralization of the Hoffman zone, though not necessarily of ore grade, should encourage further exploration. Consideration should therefore be given to bulldozing a 200-foot trench at the approximate location proposed by the applicant.

If the trench does not disclose the extension of the Hoffman zone, or if it shows the zone to be essentially barren of mineralization, no further exploration should be considered in this immediate area. However, if the Hoffman zone is found to be well mineralized, consideration should be given to extending the K-7 drift along the structure it is presently following to cross the Hoffman zone and to driving a 100-foot raise along the intersection in order to explore the interbedded slate horizon. If an ore body is found, consideration should be given to exploring it by an additional 100 feet of raise.

5 a 3 I and II.--The caved area that the applicant proposes to clean out (pl. 2) may be "the result of oxidation slumpage over an ore body" as he suggests, but it could also represent a filled solution cavity or old water course. Fifteen feet beyond the cave, the adit crosses the Bayhorse-Ramshorn contact along which sulfide minerals are sparsely disseminated. The contact dips at 32° and therefore would be about 10 feet above the cave. In the adit the cave appears to end at an unmineralized fault. The limonite stain could be the result of oxidation of the weak sulfide mineralization along the contact and would be as apt to occur in a solution cavity as in one caused by "oxidation slumpage over an ore body." There is no strong evidence that the cave is due to "slumpage" and moreover, if the hypothecated ore body is of the Hoffman manto-like type, it would be above the cave; the level passes around the cave in an arc of 180° and does not provide any evidence that a shear zone such as the Hoffman or Beardsley exists here. Therefore, there is no real evidence that the cave may be related to a potential ore zone and no further consideration will be given to this proposal at this time.

5 a 4 I and II.--As nearly as can be determined, in this area the Bayhorse-Ramshorn contact dips 32° northerly and is exposed in the adit about 30 feet north of the structure sampled by the CME examiner (pl. 2). Thus, it would be about 20 feet vertically above the sampled exposure. The applicant stated in the field that he proposes to drive a raise along the structure on a rake up to the east in order to intersect a possible northerly striking structure of which the only "evidence" is the cave referred to under 5 a 3 I and II. However, this is the most promising mineralization of any

structures seen in the K-7 area. In view of the high silver to base metal values indicated by the OLE sample (2.5 to 1), consideration should be given to driving the proposed raise to look for an ore body below the Bayhorse-Ramshorn contact.

RECOMMENDATIONS

The most promising environments for finding new ore bodies appear to be at two stratigraphic horizons along the Hoffman shear zone or along other well mineralized structures. Therefore, of the applicant's four proposals the most promising one is that under 5 a 1, followed closely by that under 5 a 2. Perhaps, offering somewhat less promise than these two, is his proposal under 5 a 4. The following two stage program, each stage divided into three phases, is recommended (pl. 2):

Stage I, Phase 1.--From the existing road that passes just west of the old mill and located approximately as shown on plate 2, diamond drill three holes EX or larger core size, each to a depth of 65 feet. The center hole should be located as closely as possible to the westerly projection of the center of the Hoffman ore shoot and the other two about 20 feet to either side of the first.

Phase 2.--West of Beardsley Gulch on the benchlike break in the hill slope just east of the road and starting not less than 100 feet northerly from the north end line of the Hood claim bulldoze a trench 200 feet long to cross the Hoffman shear zone as projected from the Hoffman ore shoot. The approximate location of the trench is shown on plate 2.

Phase 3.--In the K-7 tunnel on the easterly striking mineral-bearing structure that occurs about 300 feet from the K-7 portal drive a raise along the mineral showing for a distance not to exceed 50 feet unless the Bayhorse-Ramshorn contact or an ore shoot is crossed first. The raise shall be 5' x 7' in rock section and divided into a muckway and runway by a row of 8" x 8" stulls with 3" lagging nailed to the chute side.

Stage II, Phase 1.--If Stage I drilling discloses ore-grade material, drop below the road to a suitable location and prepare a winze portal site, then follow the ore for 100 feet or to the bottom of the ore, whichever comes first. The winze shall be 5' x 9' in the clear and divided into a 4' x 4' hoist compartment and a 3' x 4' runway.

Phase 2.--If Stage I trenching proves that the Hoffman shear zone extends to this area and that it contains significant though not

*installl a chute and

necessarily ore-grade mineralization, extend the K-7 drift along the structure it now follows for a distance of 200 feet unless the Hoffman shear zone is crossed first. The drift shall be 5' x 7' in the clear and timbered as necessary. If the intersection of the two structures contains significant though not necessarily ore-grade mineralization, install a chute and drive a raise along the intersection a distance of 100 feet unless an ore body is crossed first. If an ore body is found, raise an additional 100 feet along the ore.

Raises shall be 5' x 7' in rock section and divided into a muckway and a manway by a row of 8" x 8" stulls with 3" lagging nailed to the muckway side of the stulls.

Phase 3.--If an ore body is found by Stage I raising, follow it for 100 feet by raising or drifting unless the limit of the ore is reached first. The raise shall have the same specifications as that in Stage I, Phase 3.

COSTS

The applicant intends to have all work done by independent contractors. Several of the estimates appearing in the application were made before the applicant had received all the bids. A comparison of bids submitted for the various types of work follows.

Bulldozing.--Bids were received from three contractors for this work. One of his bidders, Peter Kiewit Sons' Co., Idaho Falls, Idaho, submitted a mobilization bid of 200 miles at $20.00 per mile for a total cost of $4,000.00, and a dozing bid for a caterpillar D-8 of $45.00 per hour. These prices are ridiculous and will not be considered. The other two bidders are more reasonable. Their bids are:

	C. F. Nechanicky		Swigert Mines
Mobilization	74 mi at $1.50/mile		None
	Total - $111.00		
Dozing	TD-18	$17.00/hr	None
	TD-142	None	$12.00/hr
	TD-24	None	$25.00/hr

Machinery checked with US Bureau and decided on this size.

After discussion with S. W. Zoldok, Bureau of Mines, it is concluded that the TD-142 will probably be too light a machine for the proposed dozing and that the TD-24 is heavier than necessary. Due to the nature of the terrane as much as 60 hours dozing time should

be provided although less may actually be needed. If the full 60 hours should be necessary, Mechanicky's cost, including mobilization, would be $1,131.00 compared to Swigert's cost for the heavier TD-24, with no mobilization which would be $1,500.00. If only, say 40 hours were required, the total costs for Mechanicky would be $791.00 compared to $1,000.00 for Swigert. Therefore, Mechanicky's bid will be used.

Diamond drilling.--The three bids submitted are a bit difficult to compare as the Joy Manufacturing Company bid is based on approximately 3,000 feet of EX wireline drilling, the E. J. Longyear bid does not specify core size and quotes $100.00 per 8-hour shift plus $1.00 per foot drilled, plus an indeterminate amount for diamond loss; moving and "any other necessary work performed in connection with the project" which would include cementing, casing, etc., is to be done at a rate of $100.00 per 8-hour shift. It is doubtful that Joy would drill only the recommended 195 feet for $5.25 per foot, even at EX size and to assume that they would might result in an unfairly low CMI price. At an estimated average drilling rate of 30 feet per 8-hour shift Longyear's drilling price would appear to be $4.33 per foot, but at a rate of 20 feet per 8-hour shift, the price would appear to be $6.00 per foot. To either of these base prices must be added some allowance for diamond loss. The Joy bid for mobilization is $150.00 higher than Boyles Brothers and Longyear's bid is $200.00 higher than Boyles. For this reason and because of the indeterminate element of the other two bids, Boyles Brothers' bid, which is not out of line and is definite as to drilling costs, will be used.

Underground work.--Of the three bids submitted for underground work, only one from Swigert Mines includes drifting on the level, and only two, Shaft and Development Machines, Inc., and Centennial Development Company, bid on winzing. In the application the proposed cost for raising is the same as Shaft and Development's bid for a 6' x 8' timbered raise, the proposed cost for the drifting is the same as Swigert's bid for a 6' x 7' drift, and the proposed cost for winzing is the same as Centennial's bid for a 100-foot shaft with headframe, skipway, and manway including 20 lb. rail, 4" air line and 1" water line.

The applicant does not have any of the necessary operating equipment. Therefore, in the following cost estimate it will be assumed that he does have such equipment and the fair market value will also be assumed for purposes of depreciation allowance.

Before any underground work can be started, air line and water line must be installed in the K-7 level.

STAGE I

Phase 1 — Diamond drilling

Three holes BX (BXWL) or larger; estimated average depth, 65 feet; total drilling 195 feet. Estimated rate of advance 30 foot per shift; time required 6.5, say 7 shifts or 0.3 month.

1. Independent Contracts

Diamond drilling		
Mobilization and demobilization including all setups and moves	$ 300.00	
Drilling		
Overburden 45 ft at $7.75/ft	348.75	
195 ft core drilling at $6.75/ft	1,316.25	
Cementing and redrilling, or reaming and casing at $14.50/hr or $3.80/ft	228.00	$2,193.00

2. through 6. — None

7. Miscellaneous

Assaying		
25 samples for gold, silver, lead and zinc at $6.00 (including $0.50 for handling)	$150.00	
Geologist-Engineer-Supervisor		
2 days at $750/mo or $34/day plus FICA, etc., at 15%	78.20	228.20
Total drilling cost		$2,421.20

Phase 2 — Bulldozing

Estimated time to bulldoze 200 feet of trench to a possible depth of 10 feet, 60 hours, TD-18 Cat or equivalent.

1. Independent Contracts

Bulldozing		
Mobilization and demobilization	$ 111.00	
Dozing, 60 hrs at $17/hr	1,020.00	$1,131.00

2. through 6. — None

7. Miscellaneous

Assaying		
10 samples for gold, silver, lead zinc and copper at $7.50 (including $0.50 for handling)	$75.00	
Geologist-Engineer-Supervisor		
2 days at $750/mo or $34/day plus FICA, etc., at 15%	78.20	153.20
Total doring cost		$1,284.20

Phase 3 Rehabilitation of K-7 level

It is estimated that 375 feet of track from the dump to the raise, 375 feet of water line and 375 feet of air will be required. As the raise is short and will be driven only about 300 feet from the portal vent line will not yet be required. It is estimated that 4 days will be required to lay the rail and that 2 days each will be required to install the air and water lines. Total time required for rehabilitation - 8 days.

1. Independent Contracts — None

2. Labor and Supervision

2 miners at $22/day	$44.00	
FICA and other ins. at 15%	6.60	
Total per day	$50.60	
At 8 days, total labor cost		$ 404.80

3. Operating Materials and Supplies

750 ft, 20# rail, 2.5 T at $190/T (less 50% for salvage)	$237.50	
125 ties (1 tie/3 ft of rail) at $0.40 each	50.00	
Fish plates, bolts, etc., at $0.35/ft	131.25	
375 ft, 1" water line, at $0.22/ft (less 50% for salvage)	41.25	
375 ft, 2" air line, at $0.70 (less 50% for salvage)	131.25	591.25
Total cost for rehabilitation		$996.05
At 300 feet of drift		$3.32/ft

RAISING

Fifty-foot raise, 5' x 7' in rock section, divided into chute section and manway section by 8" x 8" studs with 3" lagging nailed to chute side. Estimated rate of advance 5 feet per shift; time required 10 shifts or 0.45, say 0.5 month.

1. Independent Contracts — None

2. Labor and Supervision (per shift)

2 miners at $22/day	$44.00
1 trammer-helper at $20/day	20.00
Total	$64.00
FICA and other insurance at 15%	9.60
	$73.60

At 5 feet per shift — $14.72/ft

3. Operating Materials and Supplies (per 5-foot round)

11 lbs 40% powder at $32.62/cwt	$ 3.59
30 lbs ammonium nitrate prills at $5.75/cwt	1.73
18 caps at $0.015 each	0.27
180 ft fuse at $0.35/ft	6.30
25 ft, 2" air line w/fittings at $0.70/ft (less 50% for salvage)	0.88
25 ft, 1" water line w/fittings at $0.22/ft (less 50% for salvage)	0.28
50 ft, 1" air hose at $0.45/ft	2.25
50 ft, ½" water hose at $0.25/ft	1.25
Fuel, oil, and grease	9.50
Timber*	14.67
Steel, 1 replaced/300 ft at $18 each 90 ft/round	5.40
Bits, 1 replaced/300 ft at $4.75 each 90 ft/round	1.43
Small tools, repair parts at $0.50/ft	2.50
Total	$50.03

At 5 feet per round $10.01 say — $10.00/ft

3. Operating Materials and Supplies (cont'd.)

11 stulls, 8"x8"x5' =	293 bf	
70 lagging		
3"x12"x5' =	1,050 bf	
4 posts, 8"x8"x7' =	149 bf	
2 caps, 8"x8"x6'4" =	68 bf	
2 collar braces		
4"x6"x4'4" =	17 bf	
ladders		
2"x4"x100' =	67 bf	
1"x4"x70' =	23 bf	
	1,667 bf at $80/M	$133.36
Plus 10% for wedges, etc.		13.34
Cost for 50 ft of raise		$146.70 or $14.67/5 ft

4. Operating Equipment

Furnished by Applicant	Estimated fair value	Allowed deprec/mo
2 Stopers	$1,000.00	$ 16.67
1 Air tramer	2,000.00	33.33
4 Mine cars	400.00	6.67
1 250 cu ft compressor	3,000.00	50.00
1 Receiver tank	100.00	1.67
1 Water pump	150.00	2.50
1 1,000 gal water tank	150.00	2.50
1 1½ T pickup truck	1,200.00	20.00
Depreciation per mo		$133.34
At 0.5 mo and 50-ft raise		$ 66.67

$1.33/ft

5. and 6. None

7. Miscellaneous

Assaying		
11 samples for gold, silver, lead zinc, and copper at $7.50 (including $0.50 for handling)	$82.50	
Geologist-Engineer-Supervisor		
2 days at $750/mo or $34/day plus FICA, etc., at $15%	78.20	$160.70

Cost for divided raise including chute $26.03/ft

This compares to Svigert's bid of $30.00 per foot for steep raising, untimbered. As the applicant intends to contract this work and has no operating equipment available, the items of equipment and their values in item 4 are pure guess. Equipment that may have been overlooked and estimated values that may be too conservative could together raise somewhat the $1.33 per foot derived for this item of cost.

RECAPITULATION OF STAGE I COSTS

Actual Cost

Diamond drilling

Mobilization 1 unit at $300.00	$ 300.00	
Overburden 45 ft at $7.75/ft	348.75	
Core drilling 195 at $6.75/ft	1,316.25	
Cementing, casing, etc.	228.00	$2,193.00

Bulldozing

Mobilization 1 unit at $111.00	$ 111.00	
Dozing 60 hrs at $17/hr	1,020.00	1,131.00

Supervision (est. 6 days at $750/mo) plus FICA, etc., at 15%	234.60
Total actual cost	$3,358.60

Fixed Unit Cost

Rehabilitation 300 ft K-7 at $3.32/ft		$ 996.00
Raising 50 ft at $26.05/ft		1,302.50
Assaying		
25 samples for gold, silver, lead and zinc at $6.00 each	$150.00	
21 samples for gold, silver, lead zinc, and copper at $7.50 each	157.50	307.50
Total fixed unit cost		$2,606.00
Total cost - Stage I		$6,164.60
Government participation at 75%		$4,623.45

STAGE II

Phase 1 — Portal site

Because of the steepness of slope covered by unconsolidated material that may be as much as 20 feet thick, and will probably slide for a time, it is estimated that as many as 10 days, say 80 hours, of dozing, may be required to prepare a winze portal site. As the dozer will be on the property near the portal site, no allowance will be made for mobilization.

1. Independent Contracts

Bulldozing, 80 hrs at $17/hr		$1,360.00

2. through 6. — None

7. Miscellaneous

Assaying 5 samples for gold, silver, lead and zinc at $6.00 (including $0.50 for handling)	$30.00	
Geologist-Engineer-Supervisor 1 day at $750/mo or $34/day plus FICA, etc., at 15%	39.10	69.10
Total cost of portal preparation		$1,429.10

WINZING

One hundred feet winze 5' x 9' in rock or timbered section; estimated rate of advance 3.5 feet per day, 22 days per month, 77 feet per month. Time required 1.29, say 1.5 months. Engineering, etc., at an average of 1.5 hours per day or 33 hours, say 4 days per month or a total of 6 days. The winze to be divided into a 4' x 4' hoisting compartment and a 3' x 4' manway with 8" x 8" stulls and 3" lagging nailed on the skipway side.

1. Independent Contracts — None

2. Labor and Supervision

2 miners at $22/day	$44.00	
1 hoistman at $22/day	22.00	
1 trammer-helper $20/day	20.00	
Total	$86.00	
FICA and other insurance at 15%	12.90	
	$98.90	
At 5 feet per day		$19.78/ft

3. Operating Materials and Supplies (per 5-foot round)

15 lbs 40% powder at $32.62/cwt	$ 4.89
40 lbs ammonium nitrate prills at $5.75/cwt	2.30
24 caps at $0.015	0.36
240 ft fuse at $0 035/ft	8.40
130 ft 2" air line w/fittings at $0.70/ft (less 50% for salvage)	2.27
130 ft 1" water line w/fittings at $0.22/ft (less 50% for salvage)	0.71
25 ft 1" air hose at $0.45/ft	0.28
25 ft ½" water hose at $0.25/ft	0.15
100 ft 12" vent line at $1.28/ft (less 50% for salvage)	5.20
Fuel, oil, grease	9.50
Steel, 1 replaced/300 ft at $18 each (120 ft/round)	7.20
Bits, 1 replaced/300 ft at $4.75 each (120 ft/round)	1.90
300 ft 20# rail, 1 T at $190/T (less 50% for salvage)	4.75
100 ft 3" water column w/fittings at $0.90/ft (less 50% for salvage)	2.25
20 ft 3" suction hose w/screen at $1.25/ft	0.62
115 ft hoisting cable 5/8" at $0.30/ft (less 50% for salvage)	0.86
60 ties at $0.40 each	0.60
Fish plates, bolts, etc , at $0.35/ft	1.31
Small tools, spare parts, etc., $0 50/ft	2.50
Timber*	10.60
Total	$64.65

At 5 feet per round $12.93/ft

* 21 stulls, 8"x8"x5' = 560 bf
110 lagging
3"x12"x5' = 1,650 bf
ladders
2"x4"x200' = 133 bf
1"x4"x100' = 66 bf
2,409 bf at $80/M $192.72
Plus 10% for wedges, etc. 19.27
Cost for 200 ft of winze $211.99 or $10.60/5 ft

4. Operating Equipment

Furnished by Applicant	Estimated fair value	Allowed deprec/mo
3 Sinking drills	$1,800.00	$ 30.00
Hoist, single drum	3,500.00	58.33
Skip, 1 T	400.00	6.67
1 Mine car	100.00	1.67
1 250 cu ft compressor	3,000.00	50.00
1 Air receiver tank	100.00	1.67
1 Water pump	150.00	2.50
1 1,000 gal water tank	150.00	2.50
1 3" Sump pump	200.00	3.33
1 1½ T Pickup truck	1,200.00	20.00
Depreciation per mo		$133.34
At 1.5 mos and 100 feet of winze		$2.65/ft

5. and 6. None

7. Miscellaneous

Assaying 40 samples for gold, silver, lead and zinc at $6.00 (including $0.50 for handling)	$240.00	
Geologist-Engineer-Supervisor 6 days at $750/mo or $34/day plus FICA, etc., at 15%	234.60	$474.60
Cost for winzing		$35.36/ft

WINZE TIMBERING

Although the ground appeared to stand well in the workings visited, there were a few stretches of drift and crosscut that were tightly timbered, and some caving was noted. Therefore, provision should be made for timbering about a third of the winze, say 35 feet. This requires 8 standard shaft sets with back and side lagging (ladders and dividing timber included in winzing cost). It is estimated that 1 shift will stand, block, and lag 2 sets. At 10 feet per day, time required 3.5, day 4 days or 0.18, say 0.25 month.

1. Independent Contracts — None

2. Labor and Supervision

2 miners at $22/day	$44.00
1 holeman at $22/day	22.00
1 trammer-helper at $20/day	20.00
Total	$86.00
FICA and other insurance at 15%	12.90
	$98.90

At 10 feet shaft timber — $9.89/ft

3. Operating Materials and Supplies

16 posts, 8"x8"x5'	= 427 bf	
8 caps, 8"x8"x9'8"	= 412 bf	
16 collar braces 8"x8"x4'4"	= 570 bf	
135 lagging 2"x12"x5'	= 1,350 bf	
	2,559 bf at $80/M	$204.72
Plus 10% for wedges, etc.		20.47
Total cost of timber		$225.19

At 35 feet of timber — $6.43/ft

Cost of winze timbering — $16.32/ft

Phase 2 Rehabilitation K-7 level

Before Stage II, Phase 2, drifting can be started, 490 feet of existing drift from the Stage I raise to the face of the K-7 drift will require installation of track, air, and water line. Also, 790 feet of vent tube from the portal to the face will have to be installed. The estimated times required are: Rail, 6 days; air line, 3 days; water line, 3 days; and vent tube 3 days, total 15 days or 0.7, say 0.75 month.

1. Independent Contracts		None
2. Labor and Supervision		
2 miners, 15 days at $22/day	$660.00	
1 helper, 15 days at $20/day	300.00	
Total	$960.00	
FICA and other insurance at 15%	144.00	$1,104.00
3. Operating Materials and Supplies		
490 ft 2" air line at $0.70/ft (less 50% for salvage)	$ 171.50	
490 ft 1" water line at $0.22/ft (less 50% for salvage)	53.90	
790 ft 12" ventline at $1.28/ft (less 50% for salvage)	505.60	
980 ft 20# rail, 3.27 T at $190/T (less 50% for salvage)	310.65	
Fish plates, bolts, etc., at $0.35/ft	171.50	
164 ties (1 tie/3ft of track) at $0.40	65.60	1,278.75
Total cost of rehabilitation	547.75	$2,382.75
At 490 feet of rehabilitation		$4.86/ft

The excess of this unit cost over that for Stage I rehabilitation is due to longer tramming of materials plus the addition of the installation of vent line and the addition of a helper-trammer.

547.75
1,095.50/980

DRIFTING

Two hundred feet 5' x 7' drift; rate of advance 5 feet per shift, 22 shifts per month, 110 feet per month, time required 1.8, say 2 months. Estimated engineering time to measure, check line and grade, sample and map geology, at an average of 1.5 hours per day or 33 hours, say 4 days per month, total 8 days.

1. Independent Contracts — None

2. Labor and Supervision

2 miners at $22/day	$44.00
1 trammer-helper at $20/day	20.00
Total	$64.00
FICA and other insurance at 15%	9.00
	$73.60
At 5 feet per shift	$14.72/ft

3. Operating Materials and Supplies (per 5-foot round)

11 lbs 40% powder at $32.62/cwt	$ 3.59
30 lbs ammonium nitrate prills at $5.75/cwt	1.73
18 caps at $0.15 each	0.27
180 ft fuse at $0.035/ft	6.30
175 ft 2" air line w/fittings at $0.70/ft (less 50% for salvage)	1.52
175 ft 1" water line w/fittings at $0.22/ft (less 50% for salvage)	0.48
50 ft 1" air hose at $0.45/ft	0.56
90 ft ½" water hose at $0.25/ft	0.30
Small tools, repair parts, etc., at $0.50/ft	2.50
175 ft 12" vent line at $1.28/ft (less 50% for salvage)	2.80
Fuel, oil, and grease	9.50
Steel, 1 replaced/300 ft at $18 each 90 ft/round	5.40
Bits, 1 replaced/300 ft at $4.75 each 90 ft/round	1.43
400 ft 20# rail, 1.34 T at $190/T (less 50% for salvage)	3.15
70 ties at $0.40 each	0.70
Fish plates, bolts, etc., at $0.35/ft	1.75
Total	$41.98
At 5 feet per shift	$8.40/ft

4. Operating Equipment

Furnished by Applicant	Estimated fair value	Allowed depree/mo
2 Jackleg drills	$1,600.00	$ 26.67
1 Air trammer	2,000.00	33.33
4 Mine cars	400.00	6.67
1 D-12 Mucker	3,400.00	56.67
1 250 cu ft Compressor	3,000.00	50.00
2 Air receiver tanks	200.00	3.34
1 Water pump	150.00	2.50
1 1,000 gal Water tank	150.00	2.50
1 Vent fan	180.00	3.00
1 1½ T Pickup truck	1,200.00	20.00
Depreciation per mo		$204.68
At 2 months and 200 feet		$2.05/ft

5. and 6. None

7. Miscellaneous

Assaying
40 samples for gold, silver, lead
zinc and copper at $7.50 (including
$0.50 for handling) $300.00

Geologist-Engineer-Supervisor
8 days at $750/mo or $34/day
plus FICA, etc., at 15% 312.80 $612.80

Cost for drifting $23.17/ft

DRIFT TIMBERING

It is estimated that little, if any, timbering will be required, but provision should be made for, say 30 feet of timber. One shift should stand, block, and lag 3 sets or 15 feet, requiring 2 days.

1. Independent Contracts None

2. Labor and Supervision

2 miners at $22/day	$44.00
1 trammer-helper-framer at $20/day	20.00
Total	$64.00
FICA and other insurance at 15%	9.60
	$73.60
At 15 feet per day	$4.90/ft

3. Operating Materials and Supplies

14 posts, 8"x8"x7'	=	523 bf
7 caps, 8"x8"x6'4"	=	236 bf
12 collar braces 4"x6"x4'4"	=	104 bf
100 lagging 2"x12"x5'	=	1,000 bf
		1,863 bf at $80/M

Total cost	$149.04
Plus 10% for blocks, wedges, etc.	14.90
	$163.94

At 30 feet of timbered drift $5.46/ft

Cost per foot for drift timbering $10.36/ft

RAISING

Two 100-foot sections of raise: 200 feet of raise, 5' x 7' rock section, divided into chute section and manway section by 8" x 8" studs with 3" lagging nailed to chute side. Estimated rate of advance 5 feet per shift, 110 feet per month, time required 40 shifts or 1.8, say 2 months.

1. Independent Contracts None

2. Labor and Supervision

2 miners at $22/day	$44.00
1 trammer-helper at $20/day	20.00
Total	$64.00
FICA and other insurance at 15%	9.60
	$73.60

At 5 feet per shift $14.72

3. <u>Operating Materials and Supplies</u> (per 5-foot round)

11 lbs 40% powder at $32.62/cwt	$ 3.59
50 lbs ammonium nitrate prills at $3.75/cwt	1.75
18 caps at $0.015 each	0.27
180 ft fuse at $0.035/ft	6.30
175 ft 2" air line w/fittings at $0.70/ft (less 50% for salvage)	1.52
175 ft 1" water line w/fittings at $0.22/ft (less 50% for salvage)	0.48
50 ft 1" air hose at $0.45/ft	0.56
50 ft ½" water hose at $0.23/ft	0.30
Fuel, oil, grease	9.50
Timber*	10.32
Steel, 1 replaced/300 ft at $18 each 90 ft/round	5.40
Bits, 1 replaced/300 ft at $4.75 each 90 ft/round	1.43
Small tools and repair parts at $0.50/ft	2.50
Total	$43.90
At 5 feet per shift	$8.78/ft

* 41 stulls, 8"x8"x5' = 1,093 bf
220 lagging
3"x12"x5' = 3,300 bf
ladders
2"x4"x380' = 253 bf
1"x4"x135' = 45 bf
4,691 bf at $80/M $375.28
Plus 10% for wedges, etc. 37.53
Cost for 200 ft of raise $412.81 or $10.32/5 ft

4. Operating Equipment

Furnished by Applicant	Estimated fair value	Allowed deprec/mo
2 Stopers	$1,000.00	$ 16.67
1 Air trammer	2,000.00	33.33
4 Mine cars	400.00	6.67
1 250 cu ft Compressor	3,000.00	50.00
2 Receiver tanks	200.00	3.34
1 Water pump	150.00	2.50
1 Vent fan	180.00	3.00
1 1,000 gal Water tank	150.00	2.50
1 1½ T Pickup truck	1,200.00	20.00
Depreciation per month		$138.01
At 2 months and 200 feet		$1.38/ft

5. and 6. None

7. Miscellaneous

Assaying 45 samples for gold, silver, lead zinc, and copper at $7.50 (including $0.50 for handling)	$337.50	
Geologist-Engineer-Supervisor 8 days at $750/mo or $34/day plus FICA, etc., at 15%	312.80	$650.30
Cost for divided raise including chute		$24.88/ft

Phase 3 Raising

One hundred feet raise, 5' x 7' in rock section, divided into chute section and manway section by 8" x 8" stulls with 3" lagging nailed to chute side. Estimated rate of advance 5 feet per shift; time required, 20 shifts or 0.9, say 1 month. As the only difference in cost between this portion of raise and the raise cost estimate under Stage II, Phase 2, is the cost of the lagging for the chute, 20 pieces 3" x 12" x 5' or 300 bf worth $24.00 or $0.12 per foot, it is estimated that the unit price for this raise will be $24.76 per foot; other costs are 25 assays for gold, silver, lead, zinc, and copper at $7.50 each and 4 days supervision at $750 per month or $35 per day plus 15% for FICA, etc.

RECAPITULATION OF STAGE II COSTS

Actual Cost

Bulldozing 80 hrs at $17/hr		$1,360.00
Supervision (est. 27 days at $750/mo) plus FICA, etc., at 15%		1,118.70
Total actual cost		$2,478.70

Fixed Unit Cost

100 ft winzing at $35.36/ft		$3,536.00
35 ft winze timbering at $16.32/ft		571.20
490 ft drift rehabilitation at $4.68/ft		2,293.20
200 ft drifting at $25.17/ft		5,034.00
30 ft drift timbering at $10.36/ft		310.80
200 ft raising (w/chute) at $24.88/ft		4,976.00
100 ft raising (wo/chute) at $24.76/ft		2,476.00
Assaying 45 samples for gold, silver, lead and zinc at $6.00 each	$270.00	
110 samples for gold, silver lead zinc, and copper at $7.50 each	825.00	1,095.00
Total fixed unit cost		$20,292.20

Total cost - Stage II	$22,770.90
Government participation at 75%	$17,078.18

Total cost - Stage I	$ 6,164.60
Total cost - Stage II	22,770.90
Total cost of project	$28,935.50
Government participation - Stage I	$ 4,623.45
Government participation - Stage II	17,078.18
Total Government participation	$21,701.63

These attempts at making a detailed cost estimate as requested in your memorandum of September 29, 1965, are, in part, believed to be somewhat on the low side of fair. This is due principally to the fact that the applicant has no operating equipment and could give little information as to a fair market value for the items deemed necessary. I have done the best I can basing my estimates on the values for similar equipment from several old applications and reports.

As the application proposes to contract all the work, keeping one company representative at the property to direct and follow the work, the following prices, based upon combinations of the above estimates, the average costs for equipment from six prior dockets, and the bids, are recommended on either a unit cost basis or on an actual cost basis supported by contractors' invoices. It is believed that these prices are more realistic than the above.

STAGE I

1. Independent Contracts

Diamond drilling		
Mobilization and demobilization	$ 500.00	
Drilling		
Overburden 45 ft at $7.75/ft	348.75	
195 ft core drilling at $6.75/ft	1,316.25	
Cementing and redrilling, or reaming and casing at $14.50/hr or $3.80/ft	228.00	$2,193.00
Bulldozing		
Mobilization and demobilization	$ 111.00	
Dozing 60 hrs at $17/hr	1,020.00	1,131.00
K-7 Rehabilitation (300 ft of drift)		
Labor, $1.00/ft (Svigert)	$300.00	
Materials, $1.97/ft (above estimate)	591.00	891.00
300 feet at $2.97/ft		
Raising (50 ft including chute)		
Raw raising, $30/ft (Svigert)	$1,500.00	
Timber divider, $2.93/ft (above estimate)	146.50	1,646.50
50 feet at $32.93/ft		

Does not include vent line.

2. through 6. None

7. Miscellaneous

Assaying		
25 samples for gold, silver, lead and zinc at $6.00 each	$150.00	
21 samples for gold, silver, lead zinc, and copper at $7.50 each	157.50	307.50
Supervision and engineering		
6 days at $750/mo or $34/day plus FICA, etc., at 15%		294.60
Total cost - Stage I		$6,403.60
Government participation at 75%		$4,802.70

STAGE II

1. Independent Contracts

Bulldozing		
80 hrs at $17/hr		$1,360.00
Winzing		
100 ft winze at $80.15/ft (average of above est. and Centennial bid)	$8,015.00	
35 ft timber at $16.32 (above estimate)	571.20	8,586.20
Rehabilitation (490 ft of drift plus 790 ft of vent line)		
Includes 790 ft. of vent line. — Labor at $1.00/ft (Swigert)	$ 490.00	
Materials at $2.60/ft (above est.)	1,274.00	1,764.00
490 feet at $3.60/ft		
Drifting (200 ft untimbered)		
200 ft at $37.58/ft (over above estimate and Swigert bid)	$7,516.00	
30 ft timber at $10.36/ft (above est.)	310.80	7,826.80
Raising (200 ft including chute)		
Raw raising, $30/ft (Swigert)	$6,000.00	
Timber divider, $2.06/ft (above estimate)	412.00	6,412.00
200 feet at $32.06/ft		
Raising (100 ft without chute)		
Raw raising, $37/ft (Swigert)	$3,700.00	
Timber divider, $1.94/ft (above estimate)	194.00	3,894.00
100 feet at $38.94/ft		

2 prices?

2. through 6. None

7. Miscellaneous

Assaying		
45 samples for gold, silver, lead and zinc at $6.00 each	$ 270.00	
110 samples for gold, silver, lead zinc, and copper at $7.50 each	825.00	$1,095.00

7. Miscellaneous (cont'd.)

Supervision and engineering 27 days at $750/month or $34/day plus FICA, etc., at 15%	$ 1,035.70
Total cost - Stage II	$31,993.70
Government participation at 75%	$23,995.28

Total cost - Stage I	$ 6,403.60
Total cost - Stage II	31,993.70
Total cost project	$38,397.30
Government participation - Stage I	$ 4,802.70
Government participation - Stage II	23,995.28
Total Government participation	$28,797.98

D. R. Maclaren

Enclosure

Distribution:
- OMR
- USGS (SRO)
- Docket
- Maclaren

OME

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
March 24, 1966

OFFICIAL COPY
O. M. E.
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MAR 2[illegible] 1966
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Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: Addendum to Application Examination Report
OME-6495 (Silver)
Beardsley Gulch Mining Company, Inc.
Beardsley Group of Claims
Custer County, Idaho

Mr. Dooley P. Wheeler, Jr., telephoned the Spokane office on March 16, 1966, to ask if he could safely make a commitment to Boyles Brothers for drilling to start by April 15. I told him that three shallow holes at Beardsley Gulch were being considered and might be approved by that date but that I had yet to analyze the logs of holes already drilled at Northern Star, before starting to write that report. I mentioned that during the examination at Beardsley Gulch we had discussed the possibility of drilling the holes he proposed under Item 5 a 1 II from the existing road near the mill and omitting the dozing he proposed under Item 5 a 1 II. Wheeler replied that he did not understand that the dozing might be omitted and was not in favor of drilling from the road because:

1. In the past drillers have had considerable difficulty in attempting to drill through overburden in the Bayhorse area.

2. Drilling would penetrate the oxidized part of the Hoffman zone where assay values, particularly silver, would be misleading as an expression of the ore potential.

He was a bit upset at this mutual misunderstanding and feels quite strongly that exploration in this area should be:

1. Attempt to uncover the Hoffman shear zone by bulldozing to bedrock. This will require, in addition to the dozer, a truck and loader to help move the dozed material as there will be little dump room between the bottom of the excavation and the floor of the gulch.

2. If, after as much as 160 to 200 hours of dozer and truck work slides make it impossible to reach bedrock and uncover the Hoffman shear zone, then, as a last resort, he would favor putting down a fence of closely spaced shallow drill holes.

I told Wheeler quite frankly why I did not feel that I could recommend the preliminary dozing and even went so far as to read to him the first three sentences of the final paragraph on page 7 of my report, adding that continued sliding of the loose overburden into the bulldoned area could stretch the working time to as much as 30 or even 40 eight-hour days. He more or less agreed with all this but still insisted that he feels it is the most practical approach and that if drilling must be resorted to, the holes will be shallower. He did not say why by drilling at this point the assays of samples from the oxidized zone would be any less misleading as an expression of the ore potential than they would be if the holes were drilled from the road.

As the final typing of the report had been completed through the proposed Stage I cost estimate when the above conversation took place, to insert this discussion on and following page 7 and to retype the then remaining 10 pages would cause a considerable delay in getting the report in the mail, catching up with other jobs that had been allowed to accumulate, and starting on the Northern Star report. In view of this, I told Wheeler it would be better to send in the report as it had been written and prepare this addendum in which his views would be presented.

To summarize my opinion, it seems quite probable that the dozing Wheeler wishes to do could require from as much as 240 hours and possibly as much as 320 hours of dozing at $17.00 per hour plus, say 180 to possibly as much as 240 hours of truck and loader work at a minimum of $17.00 per hour, bid by Swigert. Thus, as much as $7,140.00 or even as much as $9,520.00 could be spent in a possibly unsuccessful attempt to expose the Hoffman zone. Compared to an estimated cost of $2,195.00 for drilling from the road, Wheeler's proposal seems to me to be too costly or too risky costwise, to be considered practical.

It should be pointed out that for Wheeler's preliminary dozing he envisions a cut about 60 feet long going 30 to 40 feet horizontally into the hillside. I picture a portal site about 75 feet long, becoming shorter as it progresses into the hillside far enough to start the winze. Some sliding may be expected, but due to the narrower opening into the hillside it could probably be controlled by bulkheading. If necessary, the winze could be started with a vertical section.

For the reasons stated above and on page 7 of my report, I do not feel that I can change my recommendation to omit Wheeler's preliminary dozing and to start with drilling from the road. If you concur, and if a contract is to be offered, I suggest that Stage I, Phase 1, be presented for the applicant to reconsider rather than dropped as a result of his feelings expressed in the conversation reviewed above.

D. R. MacLaren

Distribution:
OMM
USGS(SRO)
Docket
MacLaren

GEOLOGICAL SURVEY
So 157 Howard Street
Spokane, Washington 99204
April 4, 1966

Mr Dooley P Wheeler, Jr
General Manager
Umont Mining, Inc
1355 Foothill Boulevard
Salt Lake City, Utah 84108

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley Claims
Custer County, Idaho

Dear Mr Wheeler:

We are returning three maps which you loaned me during my stay in Challis on November 1, 1965 I am not sure that you want them back, but we have made copies of most of the information contained thereon for our files

Thank you

Sincerely yours,

D. R MacLaren
Field Officer, OME
Region I

Enclosures

DRMacLaren/mls

cc: OME

Director's Reading File

rec'd 3-9-66
FEJ
120
120 K

RESTAURANT
ESSO SERVICE
FISHING TACKLE
&
LICENSES

NEAR CHEROKEE LAKE
FISHING YEAR 'ROUND
A–1 COMPLETE STOP

HARRIS MOTOR COURT

11W & 25E Junction ○ Bean Station, Tenn.

Mr. Frank Johnson, Chief
Office of Minerals Exploration
U.S. Geological Survey
Washington 25, D.C.

March 6, 1966

Dear Mr. Johnson:

I am at present on the S.E.G. Stratiform Pb, Zn, CaF_2, $BaSO_4$ ~~Deposits~~ field trip Symposium, but I hope to be in Washington D.C. March 14 to see you about the OME (Gold) project at Gibraltar, High Sierra Mining Co. Inc, and the applications OME (Silver) 6495 and 6499.

While back east it may be to our mutual advantage if I come down to see you and Mr Selfridge about the above.

Most of the data should be on hand at about that time.

Yours very truly
Dorsey P. Wheelock,

23 New Grade "A" Units ○ Tile Baths ○ Beautyrest Mattresses ○ Electric Heat ○ Insulated ○ Fireproof
Spacious Paved Drives ○ Complete Dining Room Service ○ Any Meal Served Anytime ○ ○ Air-Cooled

GENUINE CURTEICH-CHICAGO "C. T. ART-COLORTONE" CREATION (REG. U. S. PAT. OFF.) D-10043

Ome

OFFICIAL COPY

GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
March 2, 1966

Air Mail

Mr. R. H. Wadhams
President
Beardsley Gulch Mining Co., Inc.
King Street Dock
Burlington, Vermont 05401

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley Claims
Custer County, Idaho

Dear Mr. Wadhams:

Thank you for your letters of February 28 and March 1, 1966.

The request for letters to the banks was erroneously included in my letter of February 24 to Mr. Wheeler, as we have received them. The error is a result of attempting to catch up the loose ends of two separate applications simultaneously. I hope you will pardon me for any trouble my request may have caused you.

We are returning to you the sixth copy of MME Form 52 which is for your files.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

Enclosure
cc: Mr. D. P. Wheeler, Jr.
General Manager
Umont Mining, Inc.
Salt Lake City, Utah

OME w/cy incoming
Director's Reading File
DRMacLaren/mls

BEARDSLEY GULCH MINING CO., INC.

King Street Dock
Burlington, Vermont
05401

February 28, 1966

Mr. D. R. MacLaren
Field Officer, OME
Region I
United States Dept. of Interior
Geological Survey
So. 157 Howard Street
Spokane, Washington 99204

Dear Mr. MacLaren:

Re: [illegible]
Beardsley Gulch Mining Co., Inc.
[illegible]
[illegible] County, [illegible]

I am in receipt of a copy of your letter dated February 24, 1966 to Mr. Dooley P. Wheeler, Jr.

With regard to copies of company's [illegible] mentioned in Paragraph 2 of your letter, we were under the impression that you had received them. Kindly refer to our letter [illegible] Johnson, Chief, OME, Washington, dated Sept. [illegible] 21, 1965 [illegible] enclosed copies of letters to Merchants Bank and Howard [illegible]. Kindly also refer to Frank P. Johnson letter to [illegible] September 29, 1965 in which receipt of copies of bank [illegible] was acknowledged.

Kindly advise if we may be of further [illegible].

Very truly yours,

/s/ R. H. Wadhams
R. H. Wadhams
President

RHW/ab
cc: D. P. Wheeler, Jr.

RECEIVED
[illegible]

MME FORM 6 SLIP
REV. 2-59 O[illegible] EXPLORATION

	DATE	INITIALS
TO: Chief, OME	3/2/66	
1. Re: OME-6495 (Silver)		
2. Beardsley Gulch Mining Co., Inc. ~~Bayhorse Mining District~~		
3. Custer County, Idaho		
4.		
5. D. R. MacLaren		
FROM: Field Officer, Reg. I		

OFFICIAL COPY
C. M. E.
RECEIVED
MAR 4 1966

FOR: Check items for action desired

				INITIALS	DATE
____ Action	____ Reply for signature of				
____ Approval	____ Investigate		____ Surname		
____ Comment	____ Recommendations		____ Signature		
____ Conference	____ Rewrite		____ File		
____ Instructions	X Your information				

REMARKS: Reply to my letter of February 24th to Wheeler. Map not yet received.

M56300-62

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

MC[illegible] MINING I[illegible]

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

March 1, 1966

Mr. D. R. MacLaren
Field Officer, OME, Region I
U.S. Geological Survey
So. 157 Howard Street
Spokane, Washington 99204

Re: OME - 6495 (Silver)
Beardsley Gulch Mining Company, Inc.
Bayhorse Mining District
Custer County, Idaho

Dear Mr. MacLaren:

Under separate cover I am sending a tracing of a 1" = 100' claim map of the subject area illustrated as you suggested in your letter of February 24, 1966. The claim map shows the effect of the Hood No. 1160, Excelsior No. 44 and Beardsley Extension No. 45 on the group. They definitely take precedence over the later unpatented claims and in the case of Excelsior No. 44 it is doubtful that it takes precedence over the patented claim, Beardsley No. 38, but I have shown it as doing so even though during the operation in Beardsley No. 38 Excelsior No. 44 did not have rights in the overlap area between the two claims; so 5 a 1 - I to V, inclusive, is in no real danger of losing ore to Excelsior.

During our field examination last November 1, we traced out the northeast end of Hood to show you where it cut out Clark ground. There should be 300 feet or more of Clark ground to protect a discovery in 5 a 2 - I to III, inclusive, and even then apex rights should permit Clark to mine under the corner of Hood.

There is no problem with Butte claim because Bayhorse Mines, Inc. control it and we have all of their ground under option. There will be no charge against production through K7 workings, and our OME work will not discover ore in Butte ground or lose ore to Butte ground. If, however, you feel that you must include Butte we can do so. Butte is recorded in Book 15 page 175 at the Recorders Office in Challis.

Hood and Excelsior are owned by defunct corporations whose people are not sure of their rights, and are, therefore, very difficult to get responses from, negative or positive; so we have a problem with those two patented claims, if you think they are important enough to include.

OME MINING, INC.
1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

I am going to be in New York March 2nd to 6th to attend the International Symposium on Stratiform Deposits, and I plan to go from there down to Washington, D.C. to review our OME projects with Mr. Johnson and Mr. Selfridge. If there are problems remaining we may be able to resolve them at that time.

I hope that the other loose ends referred to by you in yours of February 24th are resolved by them.

Yours very truly,

/s/ Dooley P. Wheeler, Jr.
Dooley P. Wheeler, Jr.
General Manager

DPW:ja

cc: Mr. R. H. Wadhams, Burlington, Vermont
Mr. Frank E. Johnson, Washington, D.C.

RECEIVED
MAR 1966

U[illegible]ONT MINING, INC[illegible]

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 8 1966
ZIMMERMAN
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~~120~~
K

March 1, 1966

Mr. D. R. MacLaren
Field Officer, OME, Region I
U.S. Geological Survey
So. 157 Howard Street
Spokane, Washington 99204

Re: OME - 6495 (Silver)
Beardsley Gulch Mining Company, Inc.
Bayhorse Mining District
Custer County, Idaho

Dear Mr. MacLaren:

Under separate cover I am sending a tracing of a 1" = 100' claim map of the subject area illustrated as you suggested in your letter of February 24, 1966. The claim map shows the effect of the Hood No. 1160, Excelsior No. 44 and Beardsley Extension No. 45 on the group. They definitely take precedence over the later unpatented claims and in the case of Excelsior No. 44 it is doubtful that it takes precedance over the patented claim, Beardsley No. 38, but I have shown it as doing so even though during the operation in Beardsley No. 38 Excelsior No. 44 did not have rights in the overlap area between the two claims; so 5 a 1 - I to V, inclusive, is in no real danger of losing ore to Excelsior.

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U[illegible]ONT MINING, INC[illegible]

1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

I am going to be in New York March 2nd to 6th to attend the International Symposium on Stratiform Deposits, and I plan to go from there down to Washington, D.C. to review our OME projects with Mr. Johnson and Mr. Selfridge. If there are problems remaining we may be able to resolve them at that time.

I hope that the other loose ends referred to by you in yours of February 24th are resolved by them.

Yours very truly,

Dooley P. Wheeler, Jr.
General Manager

DPW:ja

cc: Mr. R. H. Wadhems, Burlington, Vermont
Mr. Frank E. Johnson, Washington, D.C.

One

GEOLOGICAL SURVEY
No. 157 Howard Street
Spokane, Washington 99204

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 28 1966

FEB 24 1966

INITIALS	CODE
	110
	120
HK	120

Air Mail

Mr. Dooley P. Wheeler, Jr.
General Manager
Unont Mining, Inc.
1353 Foothill Boulevard
Salt Lake City, Utah 84108

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley Claims
Custer County, Idaho

Dear Mr. Wheeler:

After reviewing correspondence and other material in our files relative to the above-cited application preparatory to starting my report, several points have come up that should be clarified before I can proceed.

In a letter dated September 17, 1965, the Chief, Office of Minerals Exploration, advised Mr. Wadhams that copies of the company's letters to the banks are required. These have not been received. If copies were not kept, we should receive a copy of a recent financial statement from Beardsley Gulch Mining Co., Inc.

The same letter requested a claim map on a scale of 40 or 50 feet to the inch showing the locations of the proposed work relative to the present workings. We discussed this following our visit to the property. At that time, I thought I could easily prepare a map from the data given on your Exhibit B-1 and the Anomaly D area map. However, discrepancies between the claim boundaries as shown on the two maps make it impossible for me to do so. For example, the westerly end line of the Clark claim on the 1" to 500' map appears to coincide with the West Mill fault, but on the 1" to 100' map, it is shown as being about 420-430 feet east of the fault. At the southeast corner of the same claim, there is a jog in the exterior boundary on the 1" to 500' map which does not appear on the other map.

Also, it appears on both maps that parts of the unpatented Mabel claim are overlain by Excellsior No. 44 and Beardsley Extension

No. 45, both of which claims are patented and therefore take precedence over the Mable. If this is correct, both patented claims would have to be included in the land to protect the royalty obligation against the Mable claim should proposals 5(a)(1) steps I and III be approved and successful. Similarly, Hood No. 1160 overlies part of Clark, and since it is a patented claim takes precedence. It should be included to protect the royalty obligation against Clark should proposals 5(a)(2) steps I, II, and III be approved and successful. Finally, on the 1" to 100' map, it appears that part of the K-7 workings pass through a small segment of the Butte claim. As these workings will be used in the event proposals 5(a)(2), etc., are approved, the Butte claim should also be included.

In summary, apparently the claims necessary to protect potential royalty obligations, should the proposed work be approved and successful, are:

Patented Claims

Beardsley No. 38
Beardsley N. Extension No. 527
Excellsior No. 44
Beardsley Extension Fraction No. 526
Beardsley Extension No. 45
Hood No 1160

Unpatented Claims	Book No.	Page
Mable	15	186
Clark	15	182
Butte	?	?

To include these claims on a map drawn at a scale of 40 or 50 feet to the inch would be too bulky to be satisfactory, but if you would prepare one at 200 feet to the inch, it would be about 14" by 23" and should be large enough to indicate on it, at that scale, the proposed work relative to the present workings. It would help to show the exterior group boundaries and proposed work by solid lines and the interior individual claim boundaries and the appropriate existing workings by dashed lines. If you would send me the tracing of this claim map, I can run off the prints needed for the docket and my report, seven in all, after which I shall return it to you.

If the various owners and lessors are agreeable to including the above-listed claims in the application, a new lease between Umont and Beardsley will be necessary as well as appropriate Lien and Subordination Agreements. The important items now are the copies of the letters to the banks and the claim map.

I can find no Lien and Subordination Agreements executed by Umont Mines, Inc., for the claims it has leased to Beardsley Gulch Mining Co., Inc. I will enclose a set of MME Form 52 with the company's copy of this letter.

The purpose of this letter is to request clarification of certain matters and is in no way to be considered as any assurance that a contract will be forthcoming.

Enclosed is the Report on Bayhorse Project, Custer County, Idaho, dated 1-12-65, which you gave me in Challis on November 1, 1965. I have had made Thermo-Fax copies for our files in accordance with your letter of February 1, 1966. It is most helpful.

Sincerely yours,

D R MacLaren
Field Officer, OME
Region I

Enclosure
cc: Mr. Richard H. Wadhams w/one set MME Form 52
President
Beardsley Gulch Mining Co., Inc.
Burlington, Vermont

OME

Director's Reading File

DRMacLaren/mls

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/23	Kirkemo	120
	Selfridge	120
		110
2/24	CoC	270
		120

AIRMAIL

Memorandum

To: Field Officer, Region I

From: Chief, Office of Minerals Exploration

Subject: SME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley Group of Claims
Custer County, Idaho

This letter is to confirm our review of your proposed request to the Applicant for more information, and Mr. Kirkemo's discussion with you about it on February 21.

The enclosed copy of a letter of transmittal shows that we received the necessary bank correspondence and the Bayhorse Mines - Umont Mines, Inc., agreement last September. Copies of this material were sent to you on September 29, 1965, according to our records.

We are returning to you the Report on Bayhorse Project, and you can forward it to Mr. Wheeler. The copy you sent us will be placed in the commodity files.

The edited copy of your letter to Mr. Wheeler, which is enclosed, we believe shows what is needed to complete this application. The map will be most useful to you in preparing your field report; the other material will be needed in the event a contract is forthcoming.

(signed) FRANK E. JOHNSON

Frank E. Johnson

Enclosures

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

HKirkemo/mm (2/23/66)

23263

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
February 15, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 17 1966
INITIALS | CODE
120
120

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: OME-6495 (Silver) Beardsley Gulch Mining Co., Inc. Beardsley Claims Custer County, Idaho and OME-6499 (Silver) Northern Star Mining, Co., Inc. North Star Mine Custer County, Idaho

Enclosed are two originals, two letterhead thins, two OME (white), and two Field Office (yellow) copies each of letters I have written to Mr. Dooley P. Wheeler, Jr., general manager of the two subject applicant companies.

Because each letter involves a request for documentary evidence relative to the chain of control from the owners to the applicants, including Lien and Subordination Agreements, and in the case of OME-6495 (Beardsley Gulch), the addition of three patented claims that overlap one or another unpatented claim, you should have an opportunity to review them before they are mailed. If some of the points I have raised have been taken care of, letters should be re-written. Finally, I may have missed some other point that should be included.

Also enclosed for the Resource or Commodity Files is a Thermo-Fax copy of a report on the area prepared by Wheeler for Umont.

If the letters are satisfactory, kindly mail the originals and enclosure to Wheeler and letterhead thins to the appropriate applicants. For this we have included addressed envelopes, and please return the yellow copy of each letter to this office for our files.

Waiting for this material should not delay preparation of my reports except for the section dealing with "Property."

D R MacLaren
D. R. MacLaren

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
February 15, 1966

Air Mail

Mr. Dooley P. Wheeler, Jr.
General Manager
Umont Mining Company
1355 Foothill Boulevard
Salt Lake City, Utah 84108

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley Claims
Custer County, Idaho

Dear Mr. Wheeler:

After reviewing correspondence and other material in our files relative to the above-cited application preparatory to starting my report, several points have come up that should be clarified before I can proceed.

In a letter to Mr. Wadhams dated September 17, 1965, the Chief, Office of Minerals Exploration, ~~advised Mr. Wadhams that copies of the company's letters to the banks are required. I can find no copies of any correspondence to indicate that the copies were ever received. They may have been sent directly to Washington, but it would be well for you to check on this.~~ received

~~The same letter~~ requested a claim map on a scale of 40 or 50 feet to the inch showing the locations of the proposed work relative to the present workings. We discussed this following our visit to the property. At that time, I thought I could easily prepare a map from the data given on your Exhibit B-1 and the Anomaly D area map. However, discrepancies between the claim boundaries as shown on the two maps make it impossible for me to do so. For example, the westerly end line of the Clark claim on the 1" to 500' map appears to coincide with the West Mill fault, but on the 1" to 100' map, it is shown as being about 420-430 feet east of the fault. At the southeast corner of the same claim, there is a jog in the exterior boundary on the 1" to 500' map which does not appear on the other map.

Also, it appears on both maps that parts of the unpatented Mabel claim are overlain by Excellsior No. 44 and Beardsley Extension

No. 45, both of which claims are patented and therefore take precedence over the Mable. If this is correct, both patented claims would have to be included in the land to protect the royalty obligation against the Mable claim should proposals 5(a)(1) steps I and III be approved and successful. Similarly, Hood No. 1160 overlies part of Clark, and since it is a patented claim takes precedence. It should be included to protect the royalty obligation against Clark should proposals 5(a)(2) steps I, II, and III be approved and successful. Finally, on the 1" to 100' map, it appears that part of the K-7 workings pass through a small segment of the Butte claim. As these workings will be used in the event proposals 5(a)(2), etc., are approved, the Butte claim should also be included.

In summary, apparently the claims necessary to protect potential royalty obligations, should the proposed work be approved and successful, are:

Patented Claims

Beardsley No. 38	Beardsley Extension Fraction No. 526
Beardsley N. Extension No. 527	Beardsley Extension No. 45
Excellsior No. 44	Hood No. 1160

Unpatented Claims	Book No.	Page
Mable	15	186
Clark	15	182

To include these claims on a map drawn at a scale of 40 or 50 feet to the inch would be too bulky to be satisfactory, but if you would prepare one at 200 feet to the inch, it would be about 14" by 23" and should be large enough to indicate on it, at that scale, the proposed work relative to the present workings. It would help to show the exterior group boundaries and proposed work by solid lines and the interior individual claim boundaries and the appropriate existing workings by dashed lines. If you would send me the tracing of this claim map, I can run off the prints needed for the docket and my report, seven in all, after which I shall return it to you.

If the various owners and lessors are agreeable to including the above-listed claims in the application, a new lease between Umont and Beardsley will be necessary as well as appropriate Lien and Subordination Agreements, ~~but the~~ the ~~important~~ items now ~~are the copies of the letters to the banks and~~ is the claim map.

I can find no Lien and Subordination Agreements executed by Umont Mines, Inc., for the claims it has leased to Beardsley Gulch Mining Co., Inc. These may have been sent to Washington, but in order to save time if they have not, I will enclose a set of MME Form 52 with the company's copy of this letter.

The purpose of this letter is to request clarification of certain matters and is in no way to be considered as any assurance that a contract will be forthcoming.

Enclosed is the Report on Bayhorse Project, Custer County, Idaho, dated 1-12-65, which you gave me in Challis on November 1, 1965. I have had made Thermo-Fax copies for our files in accordance with your letter of February 1, 1966. It is most helpful.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

Enclosure
cc: Mr. Richard H. Wadhams w/one set MME Form 52
President
Beardsley Gulch Mining Co., Inc.
Burlington, Vermont

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
9/29	Johnson	110
	Selfridge	120
9/29	gla	220
		120

SEP 29 1965

Memorandum

To: OME Field Officer, Region I

From: Chief, Office of Minerals Exploration

Subject: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley Group Claims
Custer County, Idaho

The subject application is being referred to you for review and, if deemed appropriate, a field examination with a report thereon, including recommendations. If the property is to be examined the property under OME 6799 should be covered at the same time when and if referred to the field.

The costs appear to be reasonable. However, if you recommend a project on the property, detailed cost estimates of the work recommended should be included. The applicant is expected to supply a suitable claim map of the property.

The question of adequacy of the property with respect to the proposed project 5-A 21 should be covered in your report.

(signed) FRANK E. JOHNSON

Frank E. Johnson

FEJohnson/bih
9/29/65
cc to: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME ~~Region~~ Mr. Selfridge

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
9/29	JJohnson	110
	Jellfudge	120
9/29	gla	220
		1.20.97

SEP 2 9 1965

Mr. R. H. Wadhams
President
Beardsley Gulch Mining Co., Inc.
King Street Dock
Burlington, Vermont 05401

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley Group Claims
Custer County, Idaho

material left side of docket

Dear Mr. Wadhams:

We are in receipt of your letter of September 21, 1965, enclosing copies of bank correspondence and of the Option Agreement of June 1, 1964, between Bayhorse Mines, Inc. and Umont Mining, Inc. We also have received a copy of Mr. Wheeler's letter of September 21, 1965, to Mr. Evans, advising that a new claim map will be supplied in a week or two.

The subject application is being forwarded to Mr. D. R. MacLaren, OME Field Officer, Region I for review, and possible field examination. If Mr. MacLaren is in need of further information he will contact Mr. Wheeler.

Sincerely yours,

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Copy to Mr. D. P. Wheeler, Jr.

FEJohnson/bih 9/29/65
cc to: Director's reading file
Division file
Economic Geology file
OME file
OME reading file
OME Region I w/cys corres. & Option Agreement

23263

Mr. 12)

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 27 1965

INITIALS	CODE
	120 M
	120

GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
September 23, 1965

Air Mail

Mr. Dooley P. Wheeler, Jr.
General Manager
Umont Mining Company
1355 Foothill Boulevard
Salt Lake City, Utah 84108

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley Claims
Custer County, Idaho
and
OME-6499 (Silver)
Northern Star Mining Co., Inc.
Northern Star Mine
Custer County, Idaho

Dear Mr. Wheeler:

The Beardsley Gulch application, OME-6495, was received August 30, 1965, while I was in the field, and was forwarded the same day to our Washington office. On September 17, 1965, the Chief, Office of Minerals Exploration, wrote to Mr. Wadhams requesting information. I doubt that the application will be referred to the field until the requested information is received.

The Northern Star application, OME-6499, was received September 9, 1965, and was forwarded September 13, 1965, with my comments. It is most probable that additional information will be required before this application will be referred to the field.

It is therefore impossible for me to guess if or when an examination of these properties can be scheduled. In view of a heavy work load comprising properties scattered throughout the four northwest states, it is to be hoped, should an examination be requested, that both properties can be examined during the same trip. I shall give you as much advance notice of a possible inspection when I can be more specific as to a date.

Sincerely yours,

D. R. MacLaren
Acting Field Officer, OME
Region I

cc: OME(2) w/cys incoming
Director's Reading File

DRMacLaren/mls

MONT MINING INC.
1355 FOOTHILL BOULEVARD
SALT LAKE CITY, UTAH 84108

OME

September 20, 1965

Mr. D. R. McLaren
Acting Field Officer
OME, Region 1
U. S. Department of the Interior
Office of Minerals Exploration
So. 157 Howard Street
Spokane, Washington 99204

Dear Mr. McLaren:

Subject: OME - 6495 and 6499 - Silver

If it is possible for you to schedule field examinations to the above project areas soon, we will be able to meet about any schedule you set up.

If you are, as I suspect, swamped with applications for OME assistance and cannot schedule a trip soon, I would suggest sometime in the third week in October or very early in November. I will probably not have much flexibility of scheduling in the last week of October.

We have not heard yet whether OME 6495 and 6499 are considered silver prospects. We assume that they meet the qualifications for silver prospects, but if there are doubts, these will vanish when the field examination is made.

Yours very truly,

Dodge P. Wheeler, Jr.
General Manager

cc: Mr. L. P. Evans, Jr.

DPW:mo

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
9/17	Johnson	110
		120
9/17	Cae	220
		120M

SEP 17 1965

Mr. Richard H. Wadhams
President
Beardsley Gulch Mining Co., Inc.
King Street Dock
Burlington, Vermont 05401

Re: OME-6495 (Silver)
Beardsley Gulch Mining Co., Inc.
Beardsley Group Claims
Custer County, Idaho

Dear Mr. Wadhams:

A review of the data submitted with the subject application reveals the need for additional information in order for us to continue the processing of the application.

Copies of your letters to the two banks requesting the loan needed were not included with the application. This information is required to complete the application.

received OK

The copy of the letter dated July 30, 1965, from Mr. Dooley P. Wheeler, Jr., to Mr. O. J. Salisbury, President, approving assignments of rights to the mining claims covered by your application is not sufficient for our purposes. We require a copy of the agreement of June 1, 1964, between Bayhorse and Umont.

received

A claim map on a scale of 40 or 50 feet to the inch showing the locations of the proposed work relative to the present workings is desirable. Exhibit B-1, Claim Map, is on too small a scale and does not show the proposed work. Exhibit C-4, Beardsley - Anomaly D area map shows some of the claims with the four proposed exploration projects indicated in pencil. It is possible that your project 5-A 21 would be too close to the property boundary or part of it might be outside the boundary. Perhaps more land should be included to cover this contingency.

In order to expedite the further processing of your application, the information outlined above should be furnished promptly.

FEJohnson/bih/gla 9/17/65

Sincerely yours,

cc to: Director's reading file
Division file
Economic Geology File
OME File
OME Reading File
OME Region I

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

23263

September 2, 1965

Beardsley Gulch Mining
Co., Inc.
King Street Dock
Burlington, Vermont 05401

Subject: OME-6495

Gentlemen:

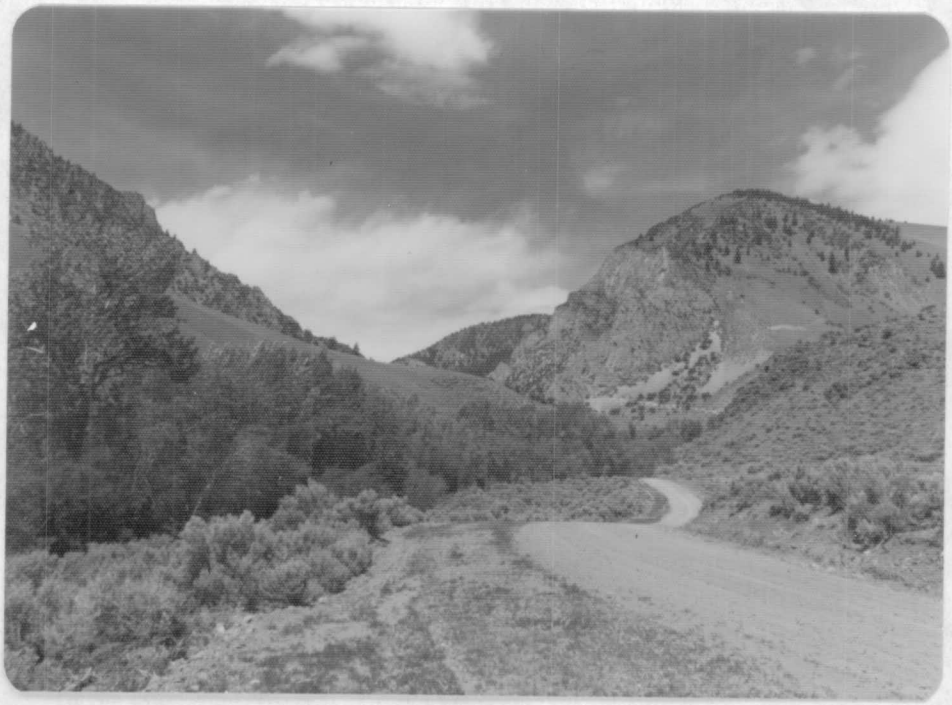
Your application for exploration assistance, dated August 26, 1965, submitted to our office at Spokane, Washington, has been assigned Docket Number OME-6495.

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

Sincerely yours,

Frank E. Johnson
Chief, Office of
Minerals Exploration

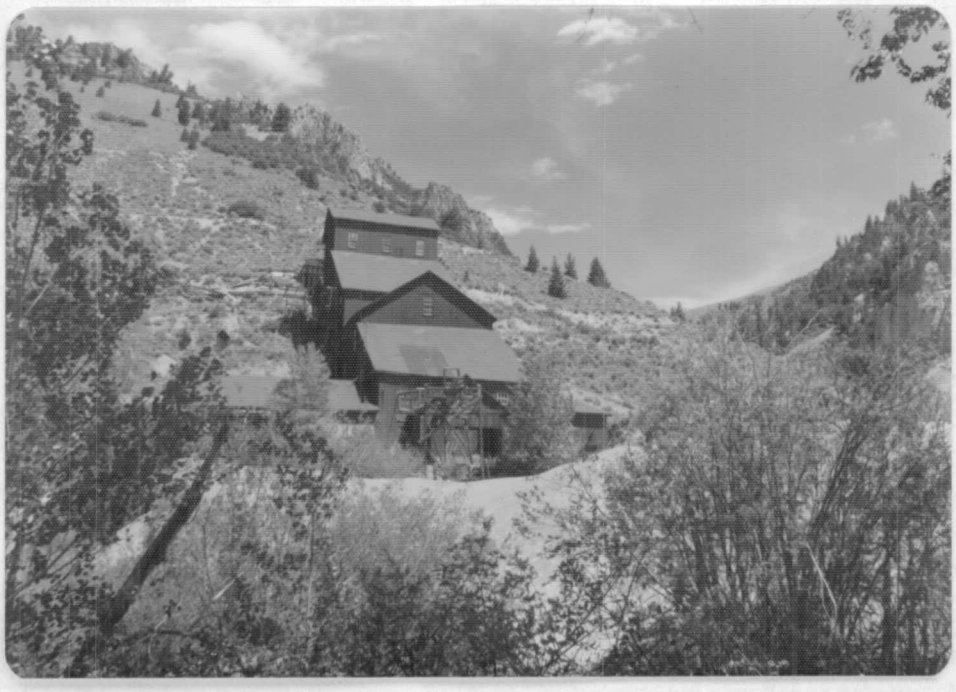
Copy to Region I



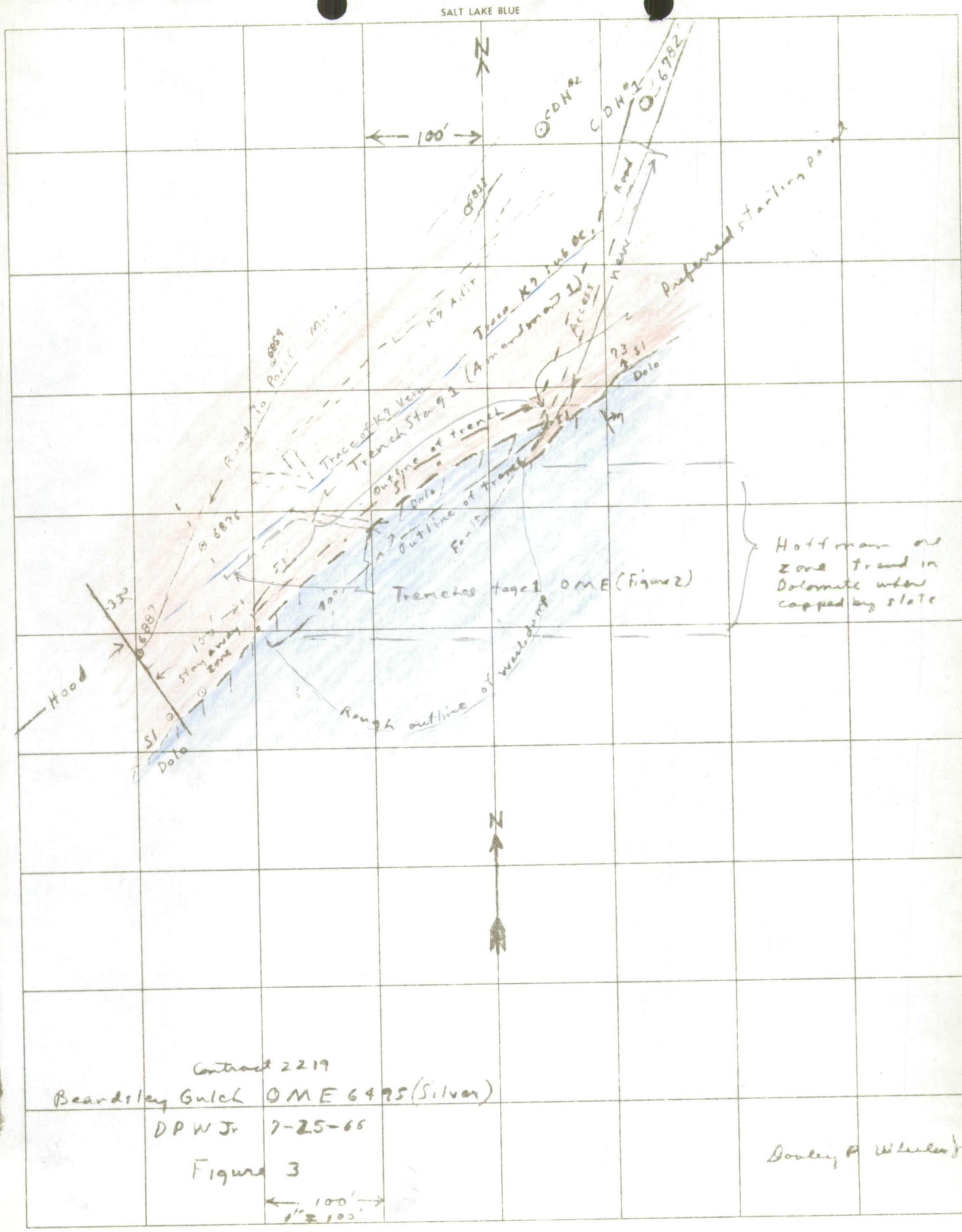
Approach to Bay Horse, Custer County, Idaho, looking west.

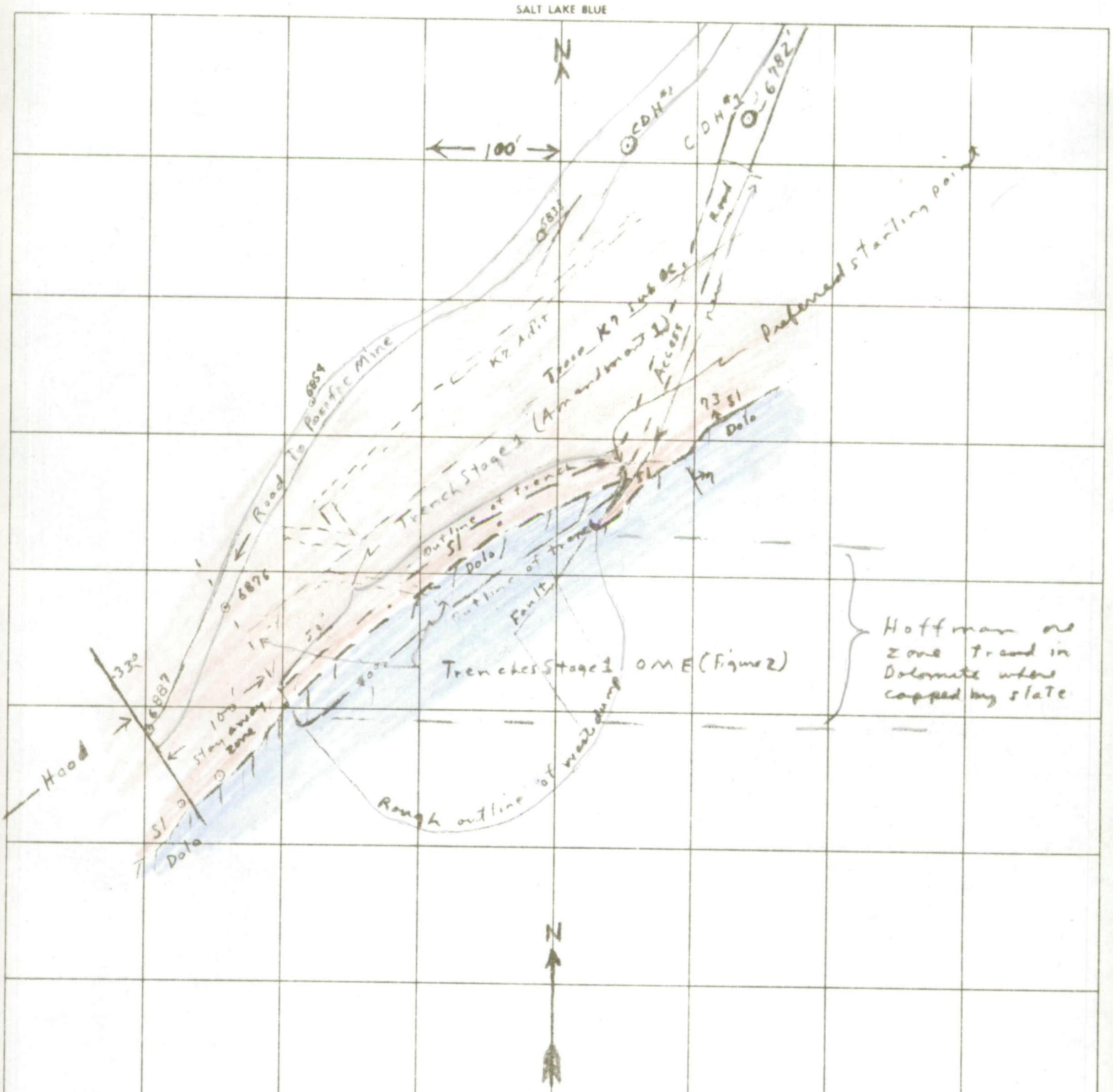
Charcoal kilns, Bay Horse, Idaho.

Bay Horse, Idaho. Beardsley Gulch at extreme right.



Old mill at Bay Horse, Idaho. Beardsley Gulch mine is on hill in background.


SALT LAKE BLUE
N
100'
CDH#2
CDH#1
6782
6834
K9 Adit
Trace K9 Inclines
Access road
Preferred starting point
Road to Pacific Mine
6859
Trace of K9 Vein
Trench Sta 9 1 (Abandoned 2)
Outline of trench
Dolo
Fault
Trenches Stage 1 OME (Figure 2)
Hoffman ore zone trend in Dolomite when capped by slate
6876
6887
Stay away zone
Hood
Rough outline of weak dump
Dolo
N
Contract 2219
Beardsley Gulch OME 6495 (Silver)
DPW Jr 7-25-66
Figure 3
100'
1" = 100'
Dowley P. Wheeler Jr.



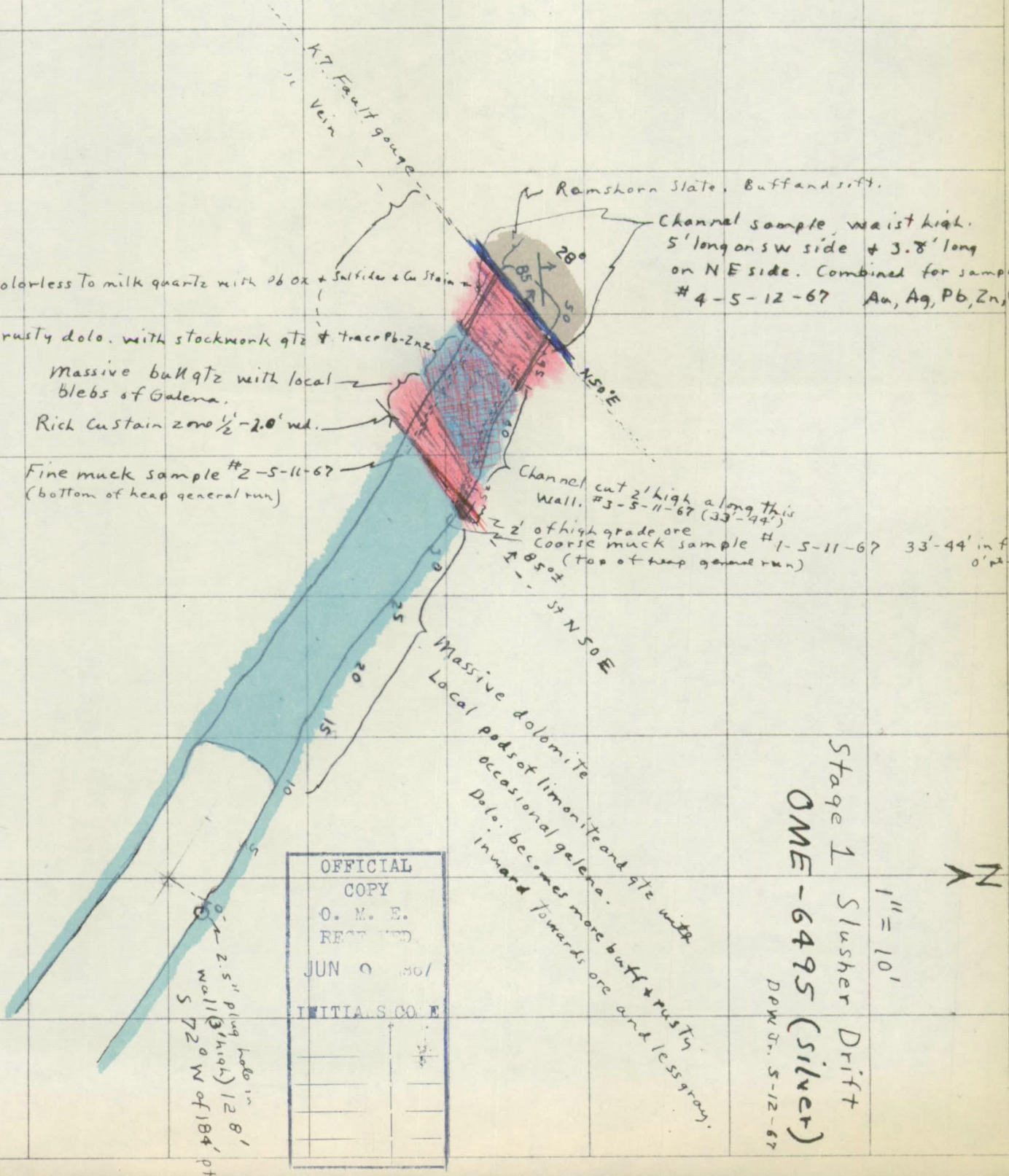
Contract 2219
Beardsley Gulch OME 6495 (Silver)
DPW Jr 7-25-66

Figure 3

Douglas P. Wheeler Jr.

SALT LAKE BLUE

FORM 1006



FORM 1006

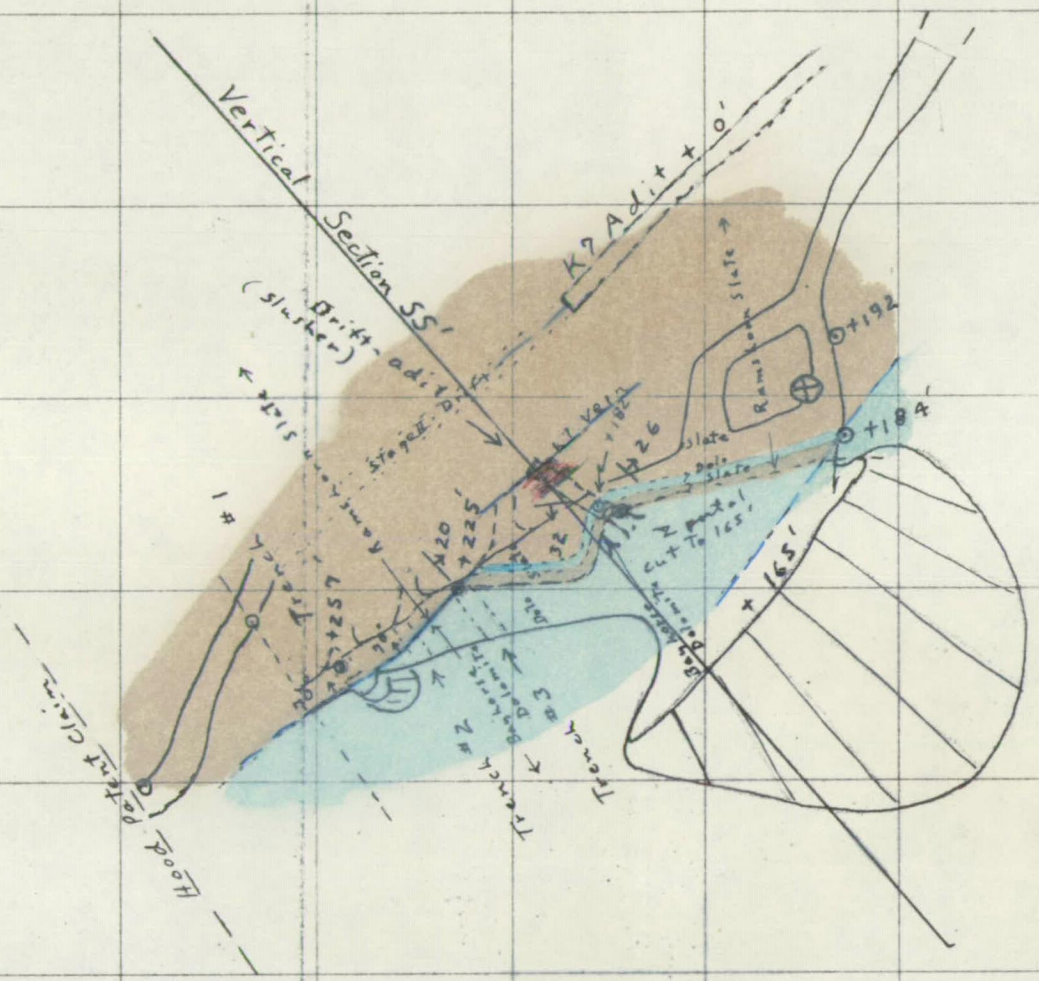
SALT LAKE BLUE

N

1" = 100'

OME 6495 (Silver)

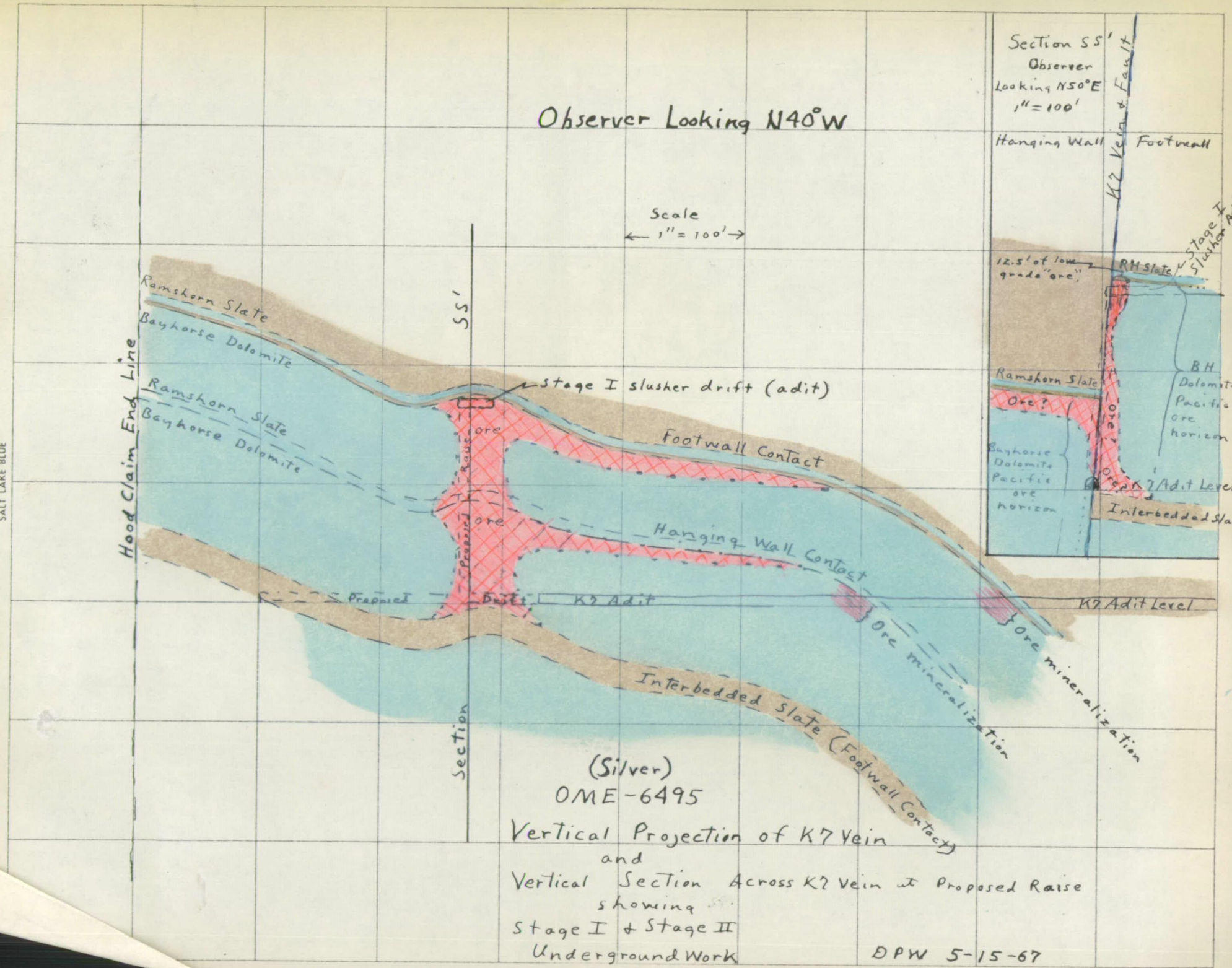
DPWJr.
10-21-66
updated 5-15-67



Sketch Map
Plan

Please note — the Ramshorn slate has a 3'-5' thick dolomite bed near the base of the formation. This dolomite bed (3' thick) is also found in the Hoffman stope area.
A 2'-5' thick slate bed separates the Ramshorn dolomite bed from the top of the Bighorse dolomite formation.
DPW

FORM 1006

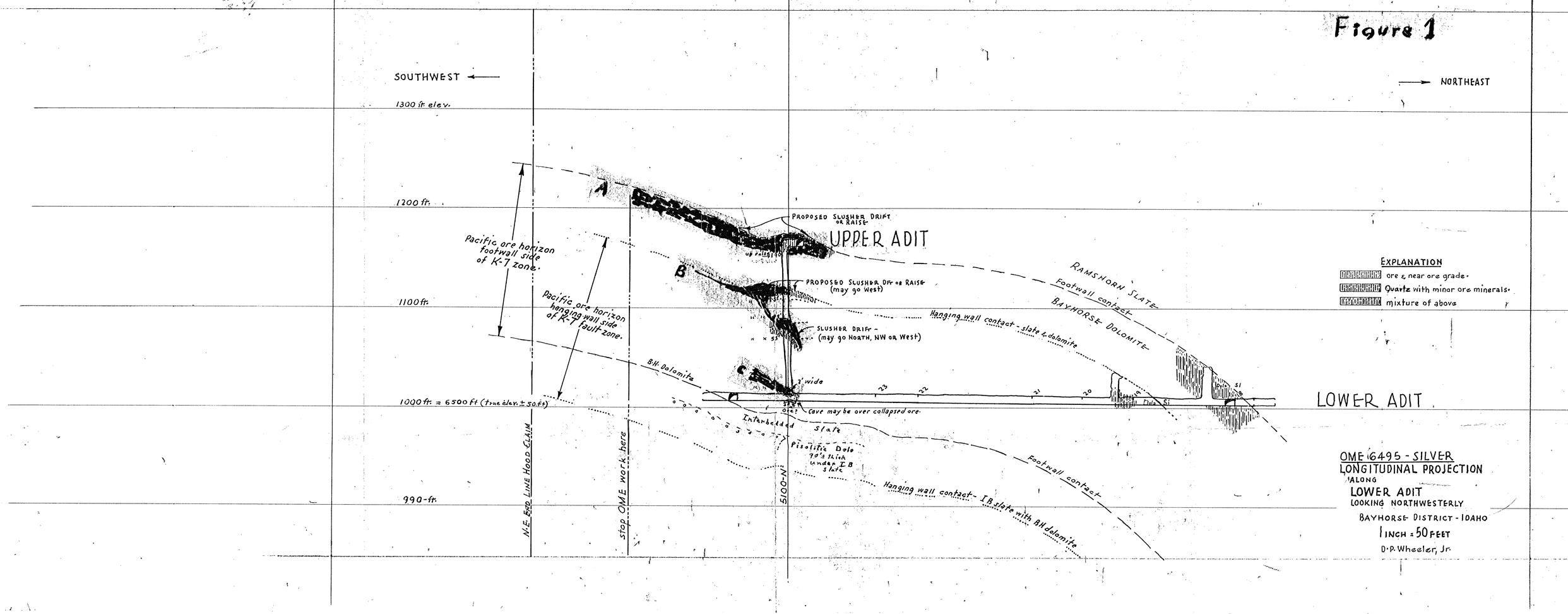


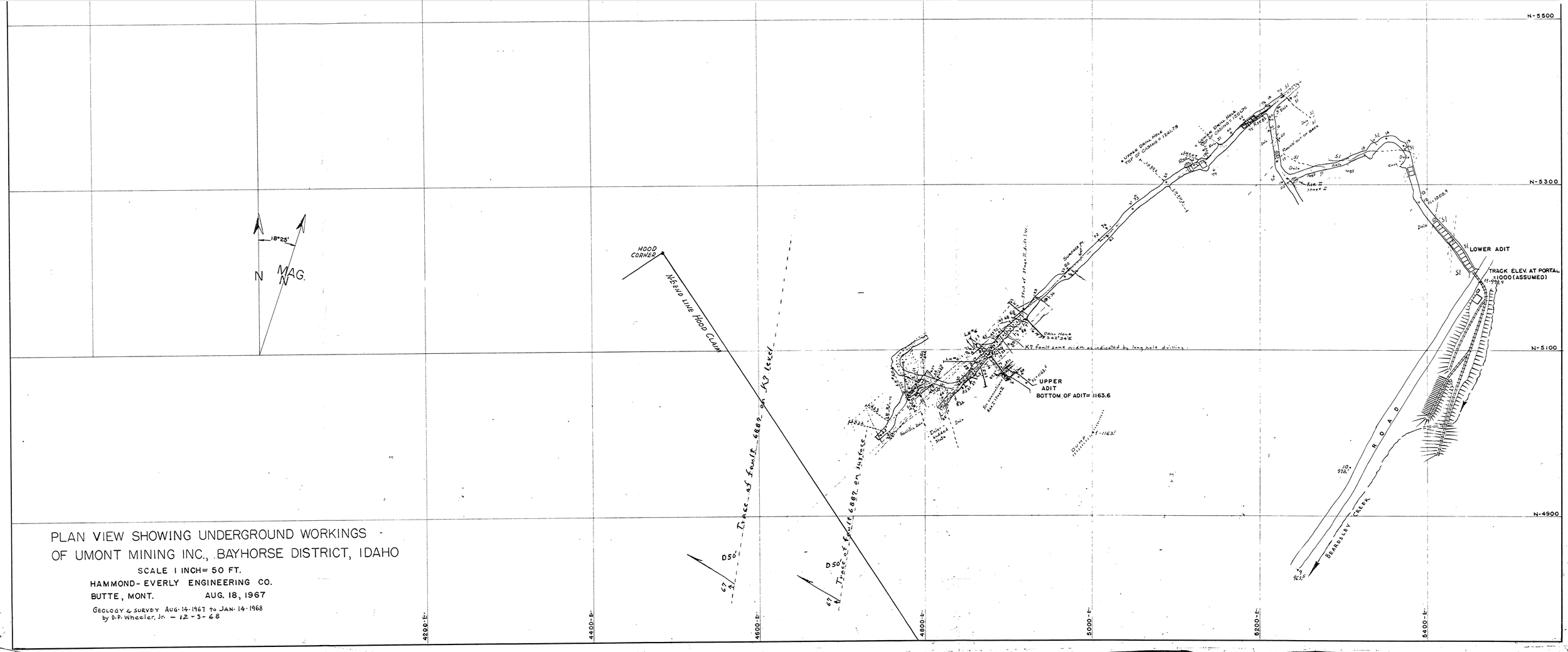
(Silver)
OME-6495
Vertical Projection of K7 Vein
and
Vertical Section Across K7 Vein at Proposed Raise
showing
Stage I & Stage II
Underground Work

DPW 5-15-67

SALT LAKE BLUE

Figure 1


SOUTHWEST
NORTHEAST
1300 ft elev.
1200 ft.
1100 ft.
1000 ft. = 6500 ft (true elev. ± 50 ft)
990-ft.
A
B
C
PROPOSED SLUSHER DRIFT OR RAISE
UPPER ADIT
PROPOSED SLUSHER DRIFT OR RAISE (may go West)
SLUSHER DRIFT - (may go NORTH, NW or West)
Pacific ore horizon footwall side of K-T zone.
Pacific ore horizon hanging wall side of K-T fault zone.
RAMSHORN SLATE
Footwall contact
BAYHORSE DOLOMITE
Hanging wall contact - slate & dolomite
B.H. Dolomite
1' wide
Cave may be over collapsed ore.
Interbedded slate
Pisolitic Dolo 90' thick under IB slate
Hanging wall contact - IB slate with BH dolomite
Footwall contact
LOWER ADIT
N.E. END LINE HOOD CLAIM
stop OME work here
5100-N
EXPLANATION
ore & near ore grade.
Quartz with minor ore minerals.
mixture of above
OME 6495 - SILVER
LONGITUDINAL PROJECTION
ALONG
LOWER ADIT
LOOKING NORTHWESTERLY
BAYHORSE DISTRICT - IDAHO
1 INCH = 50 FEET
D.P. Wheeler, Jr.



PLAN VIEW SHOWING UNDERGROUND WORKINGS
OF UMONT MINING INC., BAYHORSE DISTRICT, IDAHO

SCALE 1 INCH = 50 FT.

HAMMOND-EVERLY ENGINEERING CO.

BUTTE, MONT. AUG. 18, 1967

GEOLOGY & SURVEY AUG. 14. 1967 to JAN. 14. 1968
by D.P. Wheeler, Jr. — 12-3-68

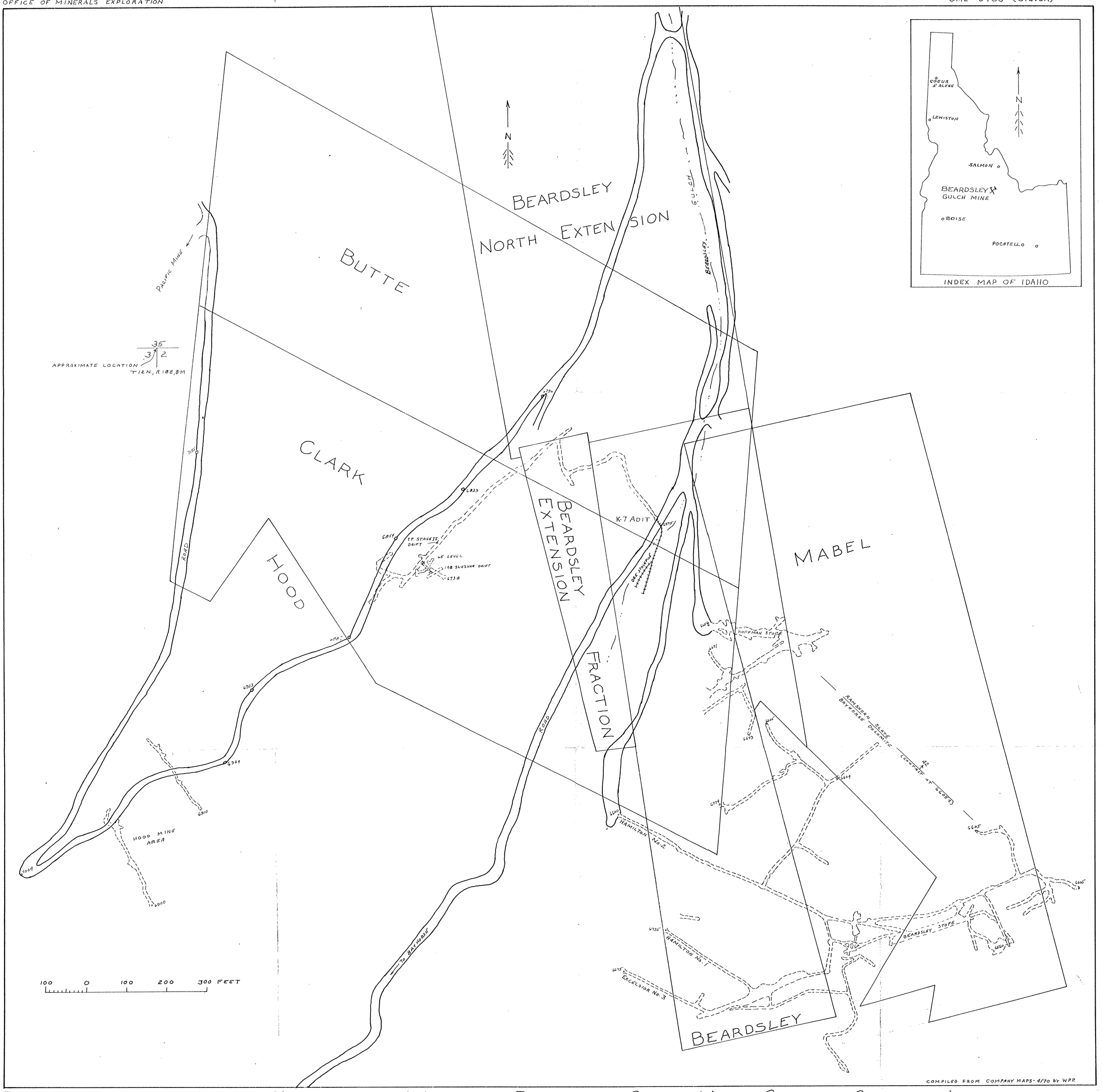
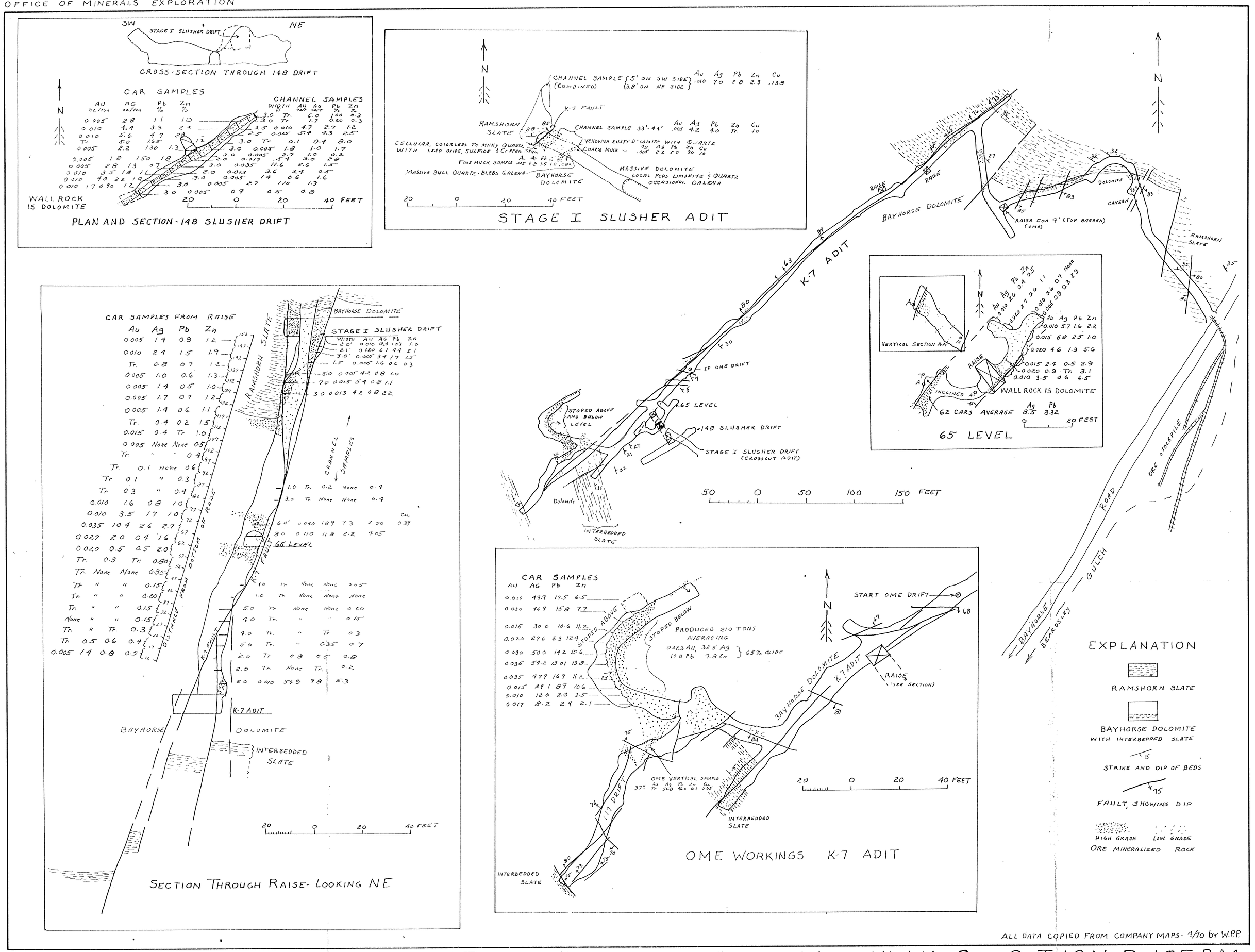


FIGURE 1- COMPOSITE MAP OF UNDERGROUND WORKINGS, BEARDSLEY GULCH MINE, CUSTER COUNTY, IDAHO

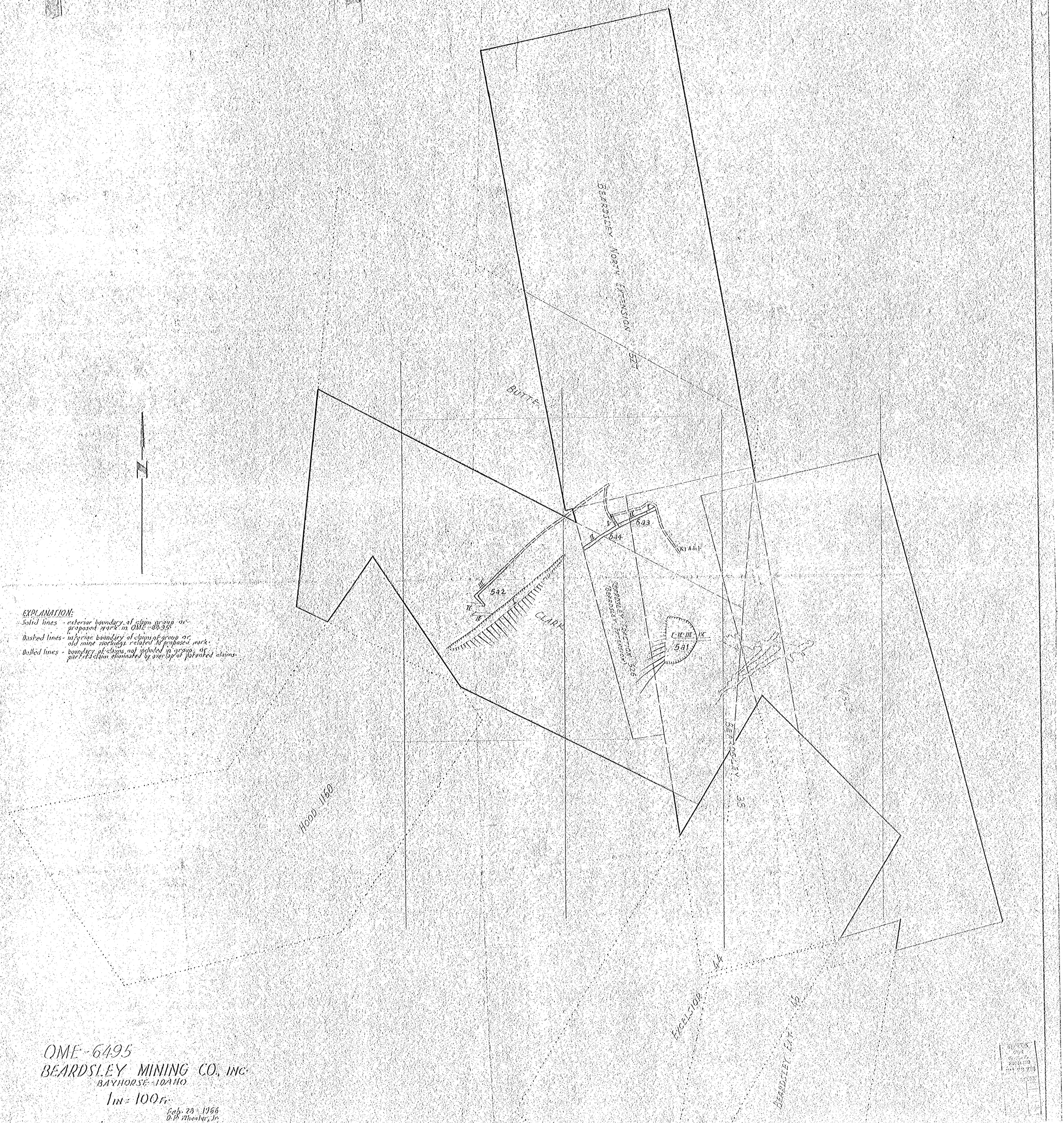


ALL DATA COPIED FROM COMPANY MAPS- 4/70 by W.P.P.

FIGURE 2- GEOLOGIC AND ASSAY MAPS, K-7 ADIT, BEARDSLEY GULCH MINE, NW 1/4 SEC. 2, T. 12 N., R. 18E., B.M., BAYHORSE MINING DISTRICT, CUSTER COUNTY, IDAHO

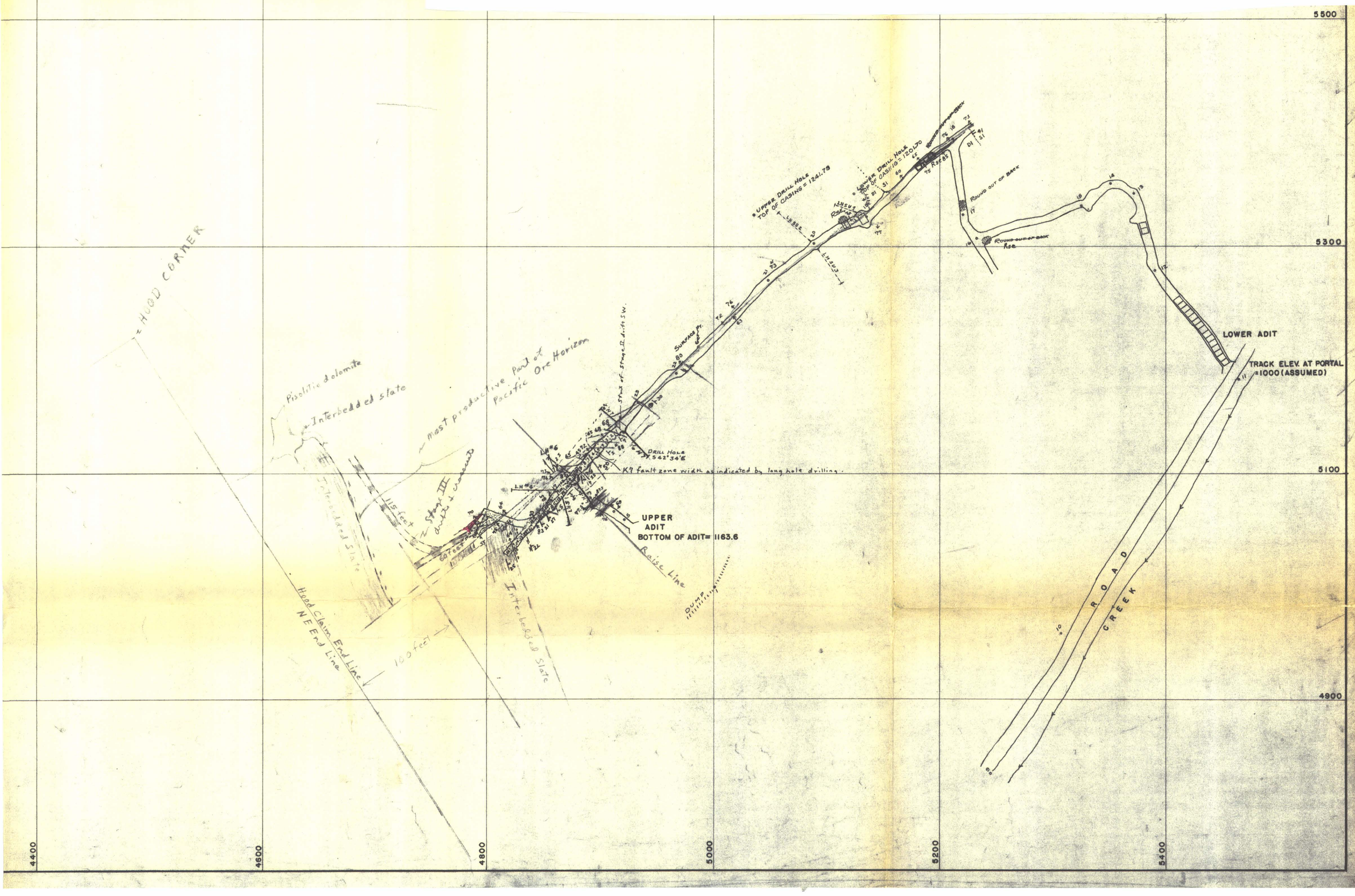
U.S. Geological Survey

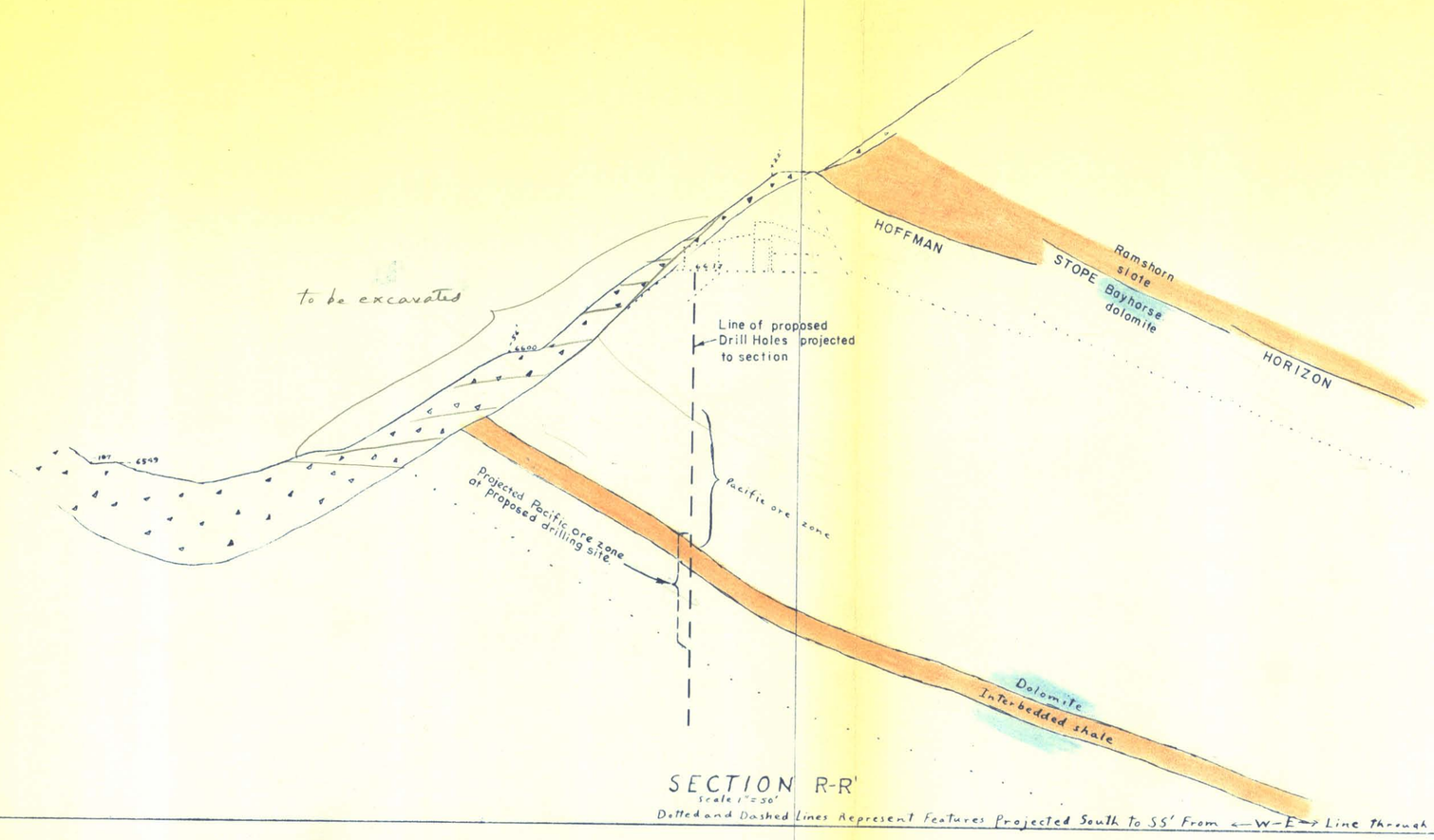
OME-6495



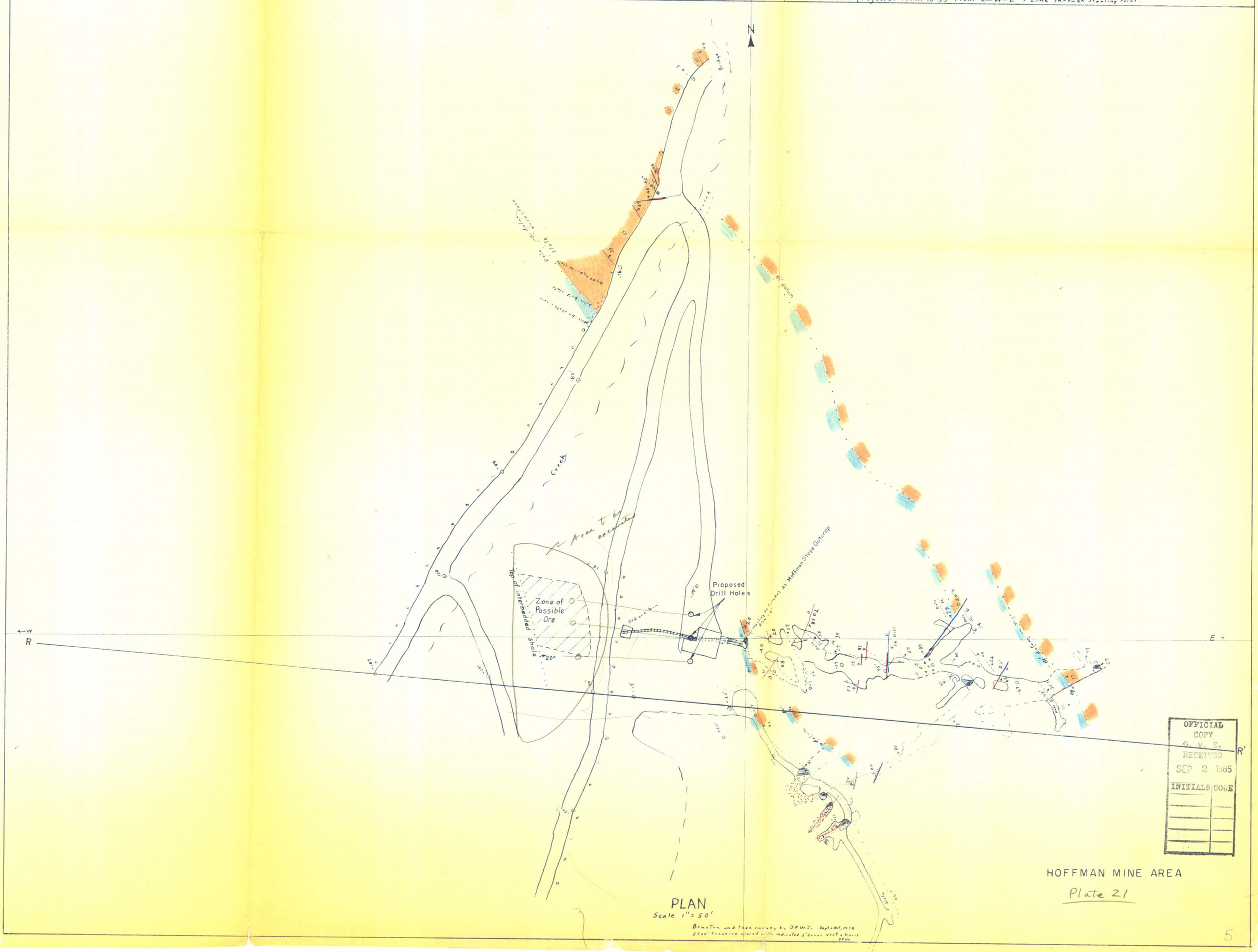
OME-6495
BEARDSLEY MINING CO., INC.
BAYHORSE-IDAHO
1 IN = 100 FT.
Feb. 23 1966
D.P. Whitaker Jr.

Plate 1


5500
5300
5100
4900
4400
4600
4800
5000
5200
5400
HOOD CORNER
Pisolitic dolomite
Interbedded slate
most productive part of Pacific Ore Horizon
Stage III
115 feet
Interbedded Slate
Hood Claim End Line
NE End Line
100 feet
Interbedded Slate
Surface Pt.
UPPER DRILL HOLE
TOP OF CASING = 1241.79
LOWER DRILL HOLE
TOP OF CASING = 1201.70
Round out of back
Round out of back
Raise
DRILL HOLE
S 42° 34' E
K9 fault zone width as indicated by long hole drilling.
UPPER
ADIT
BOTTOM OF ADIT= 1163.6
Raise Line
DUMP
LOWER ADIT
TRACK ELEV. AT PORTAL
=1000 (ASSUMED)
ROAD
CREEK



SECTION R-R'
Scale 1" = 50'
Dotted and Dashed Lines Represent Features Projected South to 55' From ←W-E→ Line through Starting Point.

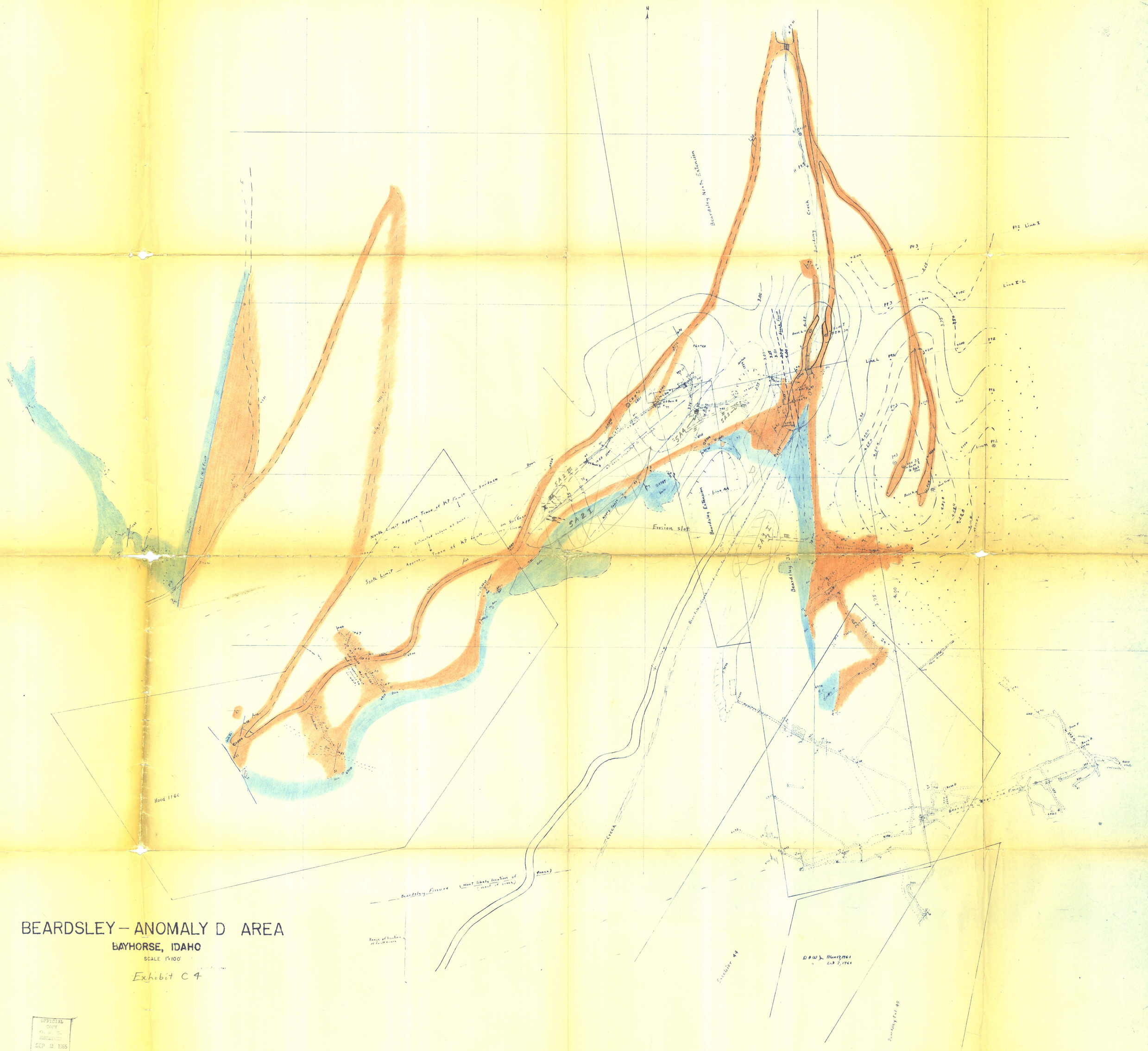


PLAN
Scale 1" = 50'
Brunton and Tape Survey by DPWJ. Sept. 27, 1958
2500' traverse closed with indicated 3' error vert & horiz
DPW

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 2 1965
INITIALS | CODE

HOFFMAN MINE AREA

Plate 21



BEARDSLEY – ANOMALY D AREA

BAYHORSE, IDAHO

SCALE 1" = 100'

Exhibit C 4

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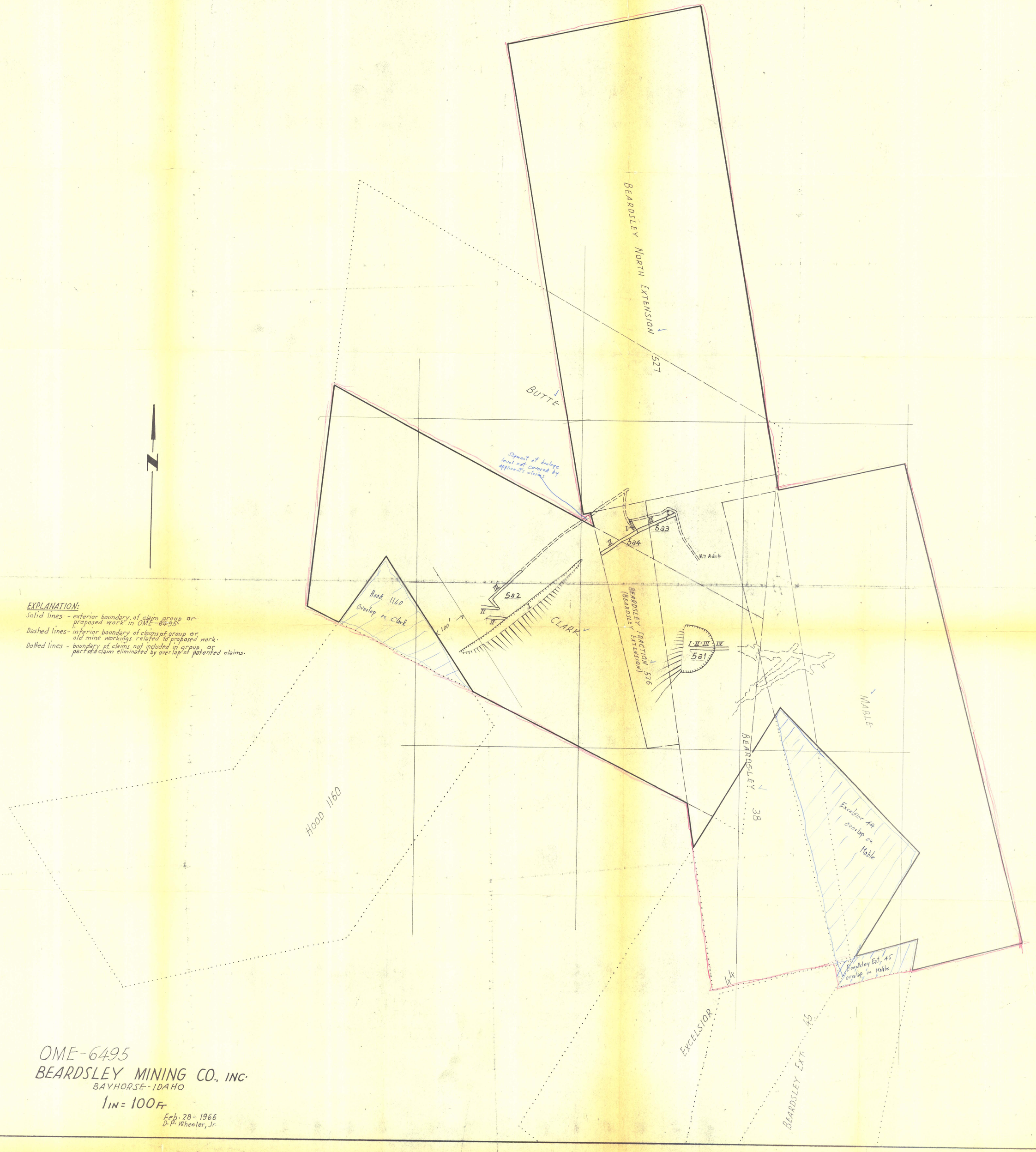
SEP 2 1965
INITIALS | CODE



EXPLANATION:

Solid lines - exterior boundary of claim group or proposed work in OME-6495.

Dashed lines - interior boundary of claims of group or old mine workings related to proposed work.

Dotted lines - boundary of claims not included in group or part of a claim eliminated by overlap of patented claims.

OME-6495

BEARDSLEY MINING CO., INC.

BAYHORSE-IDAHO

1 IN = 100 FT

Feb. 28 - 1966

D.P. Wheeler, Jr.