DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
~~Defense Minerals Exploration Administration~~
GEOLOGICAL SURVEY

OFFICIAL DOCKET FILE

Idm-E NO. 2222

OME ~~DMEA~~ NO. 6536

Application
- [ ] Denied
- [ ] Withdrawn

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

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

Folder No. 1:

Left Side

- [ ] Royalty Audits
- [x] Certification of Discovery 5-24-68 and
- [x] Closing Letter 5-24-68
- [x] Cost Audits October 1968
- [x] Termination ~~Notice or~~ Agreement 5-8-68
- [ ] Recision Notice
- [ ] Assignment of Contract
- [ ] Contract Amendments
- [ ] Contract with all exhibits and annexes
- [ ] Owner's Consent to Lien and Subordination Agreement
- [x] Application and attachments

Right Side

- [ ] Project summary (final)
- [ ] Work Completed analysis (final)
- All other material filed in chronological order including the following reports if checked:
- [ ] Field Team Semi-Annual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [ ] Operator's Final Report (Tab)
- [x] Interim Field Team Reports
- [x] Operator's monthly reports and all attachments
- [x] On-site Exam Report (Tab)
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

Folders No._____: Reports
- [ ] Analysis of Semi-Annual Inspection Reports
- [ ] Project Summary (Interim) by DMEA Engineers

Right Side

- [ ] Field Team Semi-Annual Report for Certified Project
- [ ] Field Team Interim Reports
- [ ] Operator's Monthly Reports with transmittal, narrative and maps.

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

Folders No._____: Settlement Sheets

Folders No._____: Drill Logs

Folders No._____: Royalty material

17863

UNITED STATES DEPARTMENT OF THE INTERIOR

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

Report of Review-Contract 2222
Docket No. OME-6536 (Silver-Gold)
Silver Cloud, Inc. (Operator)
Silver Cloud Prospect
Humboldt County, Nevada

October 1968

On October 11, 1968, we reviewed the contract files of the Office of Minerals Exploration (OME) pertaining to their minerals exploration Contract 2222 with Silver Cloud, Inc., and examined the related disbursement records in the Branch of Budget and Finance, Administrative Division, Geological Survey.

The contract was awarded on June 30, 1966, in the amount of $32,000, the total estimated cost of the project, with OME participation on a 62-1/2 percent basis. The contract provided for certain exploratory mining operations to be performed by the Operator on 80 acres of leased land in the Ten Mile Mining District, Humboldt County, Nevada. The purpose of the project was to explore the Silver Cloud Mine by inclined shaft sinking, drifting, and by crosscutting for silver- and gold-bearing ore shoots in and along a 45 degree east-dipping fault zone and rhyolite dike which cut the Rasberry Formation of Triassic age.

Repayment in full of the disbursed Federal funds plus the required interest at 6-3/4 percent to April 15, 1968, was made at that time when the lease to the Silver Cloud Mine property was sold. This contract was accordingly closed.

Exploratory operations as provided by the contract were conducted from September 1966 to February 1967.

A total of 150 feet of drifting in the mine was completed and the mining of ore begun. Field inspections were made and voucher submissions by the Operator approved by the OME Region III office. We believe the claimed and accepted costs totaling $4,950, and the OME participation on the 62-1/2 percent basis in the amount of $3,093.75, was proper under the terms of the contract and that the interest charged the Operator included in the repayment was calculated correctly at $251.30. The units of work, authorized and paid under the contract are summarized on Exhibit I.

The requirement for a final report by the Operator was waived as sufficient information had been included in his vouchers for the final field report by OME. The field report states that a small but high grade shoot of gold- and silver-bearing ore was discovered by the OME exploration and while the planned exploration was only partially completed an estimated 100 tons of ore averaging 1.5 ounces of gold and 60 ounces of silver per ton was mined during the period of the project and that an additional 400 tons of ore of similar grade was indicated. On May 24, 1968, OME issued a certification of possible production under the contract.

W H Wilkerson, Jr.

W. H. Wilkerson, Jr., Audit Manager

Exhibit I

Summary of contract terms and accepted costs.

Contract 2222 Silver Cloud, Inc. Docket No. OME-6536 (Silver-Gold)

Fixed Unit Costs	Accepted Costs
Drifting and crosscutting, 400 feet @ $33 per foot Claimed 150 feet	$4,950.00
Shaft raising, 120 feet @ $50/foot	-
Shaft sinking, 120 feet @ $96/foot	-
Shaft station including timber, one station @ $680	-
Assaying samples for gold and silver, 200 samples @ $3 each	-
Total Costs	$4,950.00
OME participation - 62-1/2 percent	$3,093.75

Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5/21/68	RMSmith	120
" "	Kirkemo	120
" "	Johnson	110
	Bliss Long	140
	Appd. Sol. Office	
		~~130~~
8/24		

MAY 24 1968

5/23/68 Rewritten by:

UNITED STATES OF AMERICA
CERTIFICATION OF POSSIBLE PRODUCTION
UNDER AN EXPLORATION CONTRACT

5/23 Johnson 110
220
Sent to 5/23

AIRMAIL

Silver Cloud, Inc.
Professional Building
P. O. Box 351
Winnemucca, Nevada 89445

Re: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada
Contract 2222

Gentlemen:

Pursuant to Article 6 of the referenced contract, the Government hereby certifies that mineral or metal production may be possible as a result of the exploratory work.

Inasmuch as the Government's contribution to the work has been fully repaid with interest, the Government retains no claim or lien against the property or any production therefrom. We are, therefore, closing our records on this contract. Your attention, however, is called to Article 5 of the contract which requires you to preserve certain records for three years. The Government, however, waives the requirement in Article 5(c) of the contract which provides for the submission of a final report on the project by the Operator.

43683

Enclosed is a copy of our letter of today to the Hartford Accident and Indemnity Company releasing your Performance Bond of July 27, 1966.

We appreciate your interest and participation in the OME program and are pleased that the work was successful.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

RMSmith/gla:RBliss/jfg:5-23-68

cc: Dir's Rdg file
Economic Geology file
Branch of Budget & Fin.
Mr. Long, Room 6554
OME Dkt
OME Region II
OME Rdg. file
Frank E. Johnson
(130) (2)
Mr. Smith

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/21/68	[illegible]	120
5/21/68	Kirkemo	120
"	Johnson	110
	Bliss	140
	Appd. Sol. Office	
"	gla	130
5/23	[illegible]	
5/21	[illegible]	

110
220

MAY 24 1968

AIRMAIL

Hartford Accident and Indemnity Company
1745 Vassar Street
Reno, Nevada 89504

Re: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada
Contract 2222

Gentlemen:

The total amount advanced by the Government under the terms of the contract cited above was repaid with interest as of April 15, 1968. The Government, therefore, hereby releases your Performance Bond dated July 27, 1966, covering obligations under the contract.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Copy to: Silver Cloud, Inc.
Professional Building
P. O. Box 351
Winnemucca, Nevada 89445

cc: Director's Reading File
Economic Geology File
Branch of Budget & Finance
Mr. Long, Room 6554
OME docket
OME Region II
OME Reading File
Frank E. Johnson
130 (2)
Mr. Smith

RMSmith/gla 5-21-68

Government's copy

OFFICIAL
COPY
O. M. E.
RECEIVED
MAY 17 1968
INITIALS CODE

EXPLORATION CONTRACT
SILVER CLOUD, INC.
OME-6536

TERMINATION AGREEMENT

It is agreed this 8th day of May, 1968, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Silver Cloud, Inc., hereinafter called the "Operator," parties to that certain Exploration Contract No. 2222 (OME-6536), dated June 30, 1966, as amended, hereinafter called the "Contract," that:

1. Effective April 15, 1968, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Operator has repaid in full $3,345.05, the total amount of the Government's participation in said Contract plus interest through April 15, 1968.

3. The Operator has been reimbursed in full any and all amounts due from the Government for work performed under the Contract prior to February 10, 1967.

4. No work under the Contract, to the costs of which the Government has agreed to contribute, has been performed since Feburary 10, 1967.

5. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including furnishing to the Government three copies of a final report (in addition to the final monthly report) which 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 thereof.

6. All rights of the Government respecting certification of possible production, preservation of the Operator's records, accounts, audits, and the right to recover any overpayment are hereby preserved.

7. The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of said Contract except as otherwise provided in this termination agreement.

IN WITNESS WHEREOF, these parties have executed this agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

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

Bliss
Long
Asst. Sec. Int.
Kirkemo
Johnson

SILVER CLOUD, INC.

By _____

Title _____

MME Form 7
(2/63)

OFFICIAL FILE

Date	Surname	
5/6/68	[illegible]	
5/6/68	Kilborne	120
"	Johnson	110
		220
		120M

May 6, 1968

Memorandum

To: The File

From: Roscoe M. Smith

Subject: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Mine
Humboldt County, Nevada
Contract 2222

Justification for Terminating the Contract

The Operator has sold its lease on the property and has repaid in full the principal and interest ($3,345.05), due the Government under the terms of the subject contract.

The purchaser is unable to furnish a performance bond and hence is not an eligible assignee of the OME contract.

Work performed under the contract resulted in a discovery and a Certification of Possible Production will be issued.

Although additional ore might well be discovered if the remaining work authorized by the contract were completed, no advantage to the Government would result. The objective of the OME program - to stimulate exploration for minerals - has been successful at this property and further expenditures by the Government are not at present a prerequisite to continued operation.

Roscoe M. Smith

Roscoe M. Smith

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

RMSmith/bsl 5/6/68

Government's copy

EXPLORATION CONTRACT
SILVER CLOUD, INC.
OME-6536

AMENDMENT NO. 1

It is agreed this 2nd day of February, 1968, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, Office of Minerals Exploration, hereinafter called the "Government," and Silver Cloud, Inc., hereinafter called the "Operator," that Exploration Contract 2222 (OME-6536), dated June 30, 1966 is amended effective January 31, 1967, as follows:

1. (a) Work under the contract shall be suspended during the period beginning February 1, 1967, and ending not later than June 30, 1968.

(b) No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government.

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

(d) 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 I of the contract for completion of the work is extended from 18 to 30 months from the date of the contract, or until December 31, 1968.

3. The maximum period for royalty payments and for the lien to secure the payment thereof provided for in Article 6 of 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, the amount of any item designated as maximum, 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

SILVER CLOUD, INC.

By John B Tollman

Title Sec.-Treas

Elis Long
Smith
Siokano
Johnson
Kilsgaard
Dwyer

120 RMSmith

120 Kiberno

110 Johnson

120M

January 23, 1968

To: The File

From: Roscoe M. Smith

Subject: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada
Contract 2222

Justification for Amendment No. 1

The Operator requested and the Field Officer recommended an extension of time of six months until July 1, 1968 to complete the work, which was suspended in January, 1967 in order to mine the ore that was discovered by the OME project, Subsequent labor-shortage, winter weather, a cave-in of the stope, a smelter strike, and negotiations to sell the Operator's lease have prevented shipping the ore and resuming the project.

Work completed consists of advancing the Adit-level drift 150 feet. A small ore body was discovered and about 100 tons of ore averaging perhaps $100 per ton in silver and gold was mined and stockpiled at the mine. Work remaining but not yet started consists of a 240-foot shaft and 250 feet of drifting on a proposed 220-foot level. The principal target of the project is the downward continuation of the vein in which one or more ore shoots are inferred from ore mined at or near the surface. The target has not been adequately explored by the work completed.

It is in the Government's better interest to extend the time rather than terminate the contract in order to explore the area adequately and increase the probability of a significant discovery. Although the discovery already made is small, it warrants certification which will place a lien on production until June 30, 1976, whether or not the contract is terminated. The lien will be a deterrant to the prospective buyer unless it is accompanied by the offsetting advantage of the OME active contract.

An extension of six months as requested by the Operator is long enough to complete the sale of the lease and assign the contract, but not long enough to finish the project. Therefore, the amendment proposes an extension of 12 months. As this extends the contract beyond the normal two-year limit the period for royalty repayments is also extended 12 months.

Roscoe M. Smith

Roscoe M. Smith

cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
Mr. Smith 1-23-68
RMSmith/bsl

Government's copy

MME Form 51
July 1965

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
U. S. Geological Survey

EXPLORATION CONTRACT
(Short Form)

Docket	Commodity	Contract No.	County	State
OME-6536	Silver-Gold	2222	Humboldt	Nevada

It is agreed JUN 3 0 1966 (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

Silver Cloud, Inc., a Nevada corporation

whose mailing address is Professional Building, P.O. Box 351, Winnemucca, Nevada hereinafter called the "Operator," as follows:

ARTICLE I. 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 SEP 1 1966 (Date), and, subject to the provisions of Article 7 and Exhibit A, shall complete the work within 18 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the work is $32,000.00. The Government will contribute 62½ percent of the total fixed unit costs of the work performed, not in excess of $20,000.00 in accordance with the provisions of Articles 4 and 5.

(c) Interest computation.--Simple interest at the rate of 6 ¾ 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 rights 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

(b) Royalty on production.--The Operator, whether or not the producer (for example, if the Operator either transfers or does not retain 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 6(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 7. 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 pay on account of units of work not then performed; 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 pay on account of units of work not performed when the notice was given, 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 7 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 11.

ARTICLE 8. 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 9. 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 10. 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 11. 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 12. 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 13. 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 14. Changes and added provisions.--

Executed in quintuplicate the day and year first above written.

SILVER CLOUD, INC.
(Operator)

By Herbert L. Daniels

Title Vice-President

THE UNITED STATES OF AMERICA

By Arthur O. Baker

Acting Director, U. S. Geological Survey
Office of Minerals Exploration

Long
Smith
Shikano
Johnson
Kilogard
Zwetz

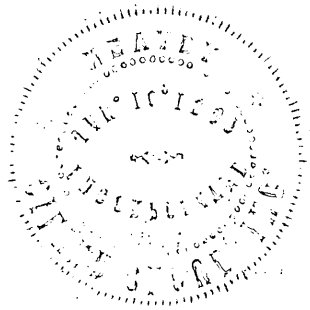
Appd. Sub. Unions

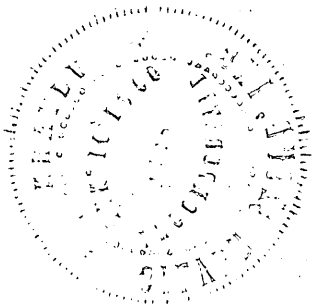
I, John B. Tallman, certify that I am the duly-elected secretary of the corporation named as Operator herein; that Herbert L. Daniels, who signed this contract on behalf of the Operator, was then Vice-President of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

(Name) (Title)

John B. Tallman Sec, Pres

[CORPORATE SEAL]





EXPLORATION CONTRACT
SILVER CLOUD, INC.
OME-6536

ANNEX I

The land, including all rights pertaining thereto, referred to in Article 2 of the contract consists of the W½ of SE¼ of sec. 9, T. 36 N., R. 36 E., MDB&M, containing 80.00 acres, more or less, Ten Mile mining district, Humboldt County, Nevada. It is shown on Figure 1 entitled "Sketch map of Sec. 9, T. 36 N., R. 36 E., MDBM, Humboldt County, Nevada, showing location of Silver Cloud Mine property," attached and made part hereof.

The Operator is in possession of the land under the terms of a Lease of Mining Rights, Lease No. 3983-M, as amended, executed April 1, 1964, by the Owner, Southern Pacific Company. The original lessees were Carl E. Thomsen and Mervil E. Thomsen, who by an Assignment dated January 27, 1965, conveyed all their rights, title and interest in the lease to Carl E. Thomsen, John Gabica, and Tony Mendieta. By an Assignment dated December 2, 1965, John Gabica conveyed all of his right, title, and interest to Carl E. Thomsen and Tony Mendieta. By an Assignment dated January 12, 1966, Carl E. Thomsen and Tony Mendieta conveyed all of their right, title and interest in the lease to Silver Cloud, Inc.

A Performance Bond in lieu of a Lien and Subordination Agreement in the amount of $20,000.00 is attached and made part hereof.

STANDARD FORM 25
JUNE 1964 EDITION
GENERAL SERVICES ADMINISTRATION
FED. PROC. REG. (41 CFR) 1-16.801

PERFORMANCE BOND

(See Instructions on reverse)

25-103 TE BOND EXECUTED *(Must be same or later than date of contract)*
July 27, 1966

PRINCIPAL *(Legal name and business address)*
SILVER CLOUD, INC.

TYPE OF ORGANIZATION *("X" one)*
☐ INDIVIDUAL ☐ PARTNERSHIP
☐ JOINT VENTURE ☒ CORPORATION

STATE OF INCORPORATION
Nevada

SURETY(IES) *(Name(s) and business address(es))*
Hartford Accident and Indemnity Company
1745 Vassar St.,
Reno, Nevada.

PENAL SUM OF BOND

MILLION(S)	THOUSAND(S)	HUNDRED(S)	CENT(S)
	20	000	00

CONTRACT DATE
June 30, 1966

CONTRACT NO. 2222 Exploration Contract

KNOW ALL MEN BY THESE PRESENTS, That we, the Principal and Surety(ies) hereto, are firmly bound to the United States of America (hereinafter called the Government) in the above penal sum for the payment of which we bind ourselves, our heirs, executors, administrators, and successors, jointly and severally: *Provided,* That, where the Sureties are corporations acting as co-sureties, we, the Sureties, bind ourselves in such sum "jointly and severally" as well as "severally" only for the purpose of allowing a joint action or actions against any or all of us, and for all other purposes each Surety binds itself, jointly and severally with the Principal, for the payment of such sum only as is set forth opposite the name of such Surety, but if no limit of liability is indicated, the limit of liability shall be the full amount of the penal sum.

THE CONDITION OF THIS OBLIGATION IS SUCH, that whereas the Principal entered into the contract identified above;

NOW, THEREFORE, if the Principal shall perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of said contract during the original term of said contract and any extensions thereof that may be granted by the Government, with or without notice to the Surety(ies), and during the life of any guaranty required under the contract, and shall also perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of any and all duly authorized modifications of said contract that may hereafter be made, notice of which modifications to the Surety(ies) being hereby waived, then the above obligation shall be void and of no effect.

IN WITNESS WHEREOF, the Principal and Surety(ies) have executed this performance bond and have affixed their seals on the date set forth above.

PRINCIPAL

Signature(s)	1. John B Tallman (Seal)	2. (Seal)	Corporate Seal
Name(s) & Title(s) *(Typed)*	1. John B. Tallman Secretary - Treasurer	2.	

INDIVIDUAL SURETY(IES)

Signature(s)	1. (Seal)	2. (Seal)
Name(s) *(Typed)*	1.	2.

CORPORATE SURETY(IES)

SURETY A					
Name & Address	Hartford Acc. & Indemnity Co. 1745 Vassar St., Reno, Nevada	STATE OF INC. Conn.	LIABILITY LIMIT	Corporate Seal
Signature(s)	1.	2.		
Name(s) & Title(s) *(Typed)*	1. R.P.Hook - Attorney in Fact.	2.		

CORPORATE SURETY(IES) (Continued)					
SURETY B	Name & Address		STATE OF INC.	LIABILITY LIMIT	Corporate Seal
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		
SURETY C	Name & Address		STATE OF INC.	LIABILITY LIMIT	Corporate Seal
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		
SURETY D	Name & Address		STATE OF INC.	LIABILITY LIMIT	Corporate Seal
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		
SURETY E	Name & Address		STATE OF INC.	LIABILITY LIMIT	Corporate Seal
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		
SURETY F	Name & Address		STATE OF INC.	LIABILITY LIMIT	Corporate Seal
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		
SURETY G	Name & Address		STATE OF INC.	LIABILITY LIMIT	Corporate Seal
	Signature(s)	1.	2.		
	Name(s) & Title(s) *(Typed)*	1.	2.		

BOND PREMIUM ▶	RATE PER THOUSAND	TOTAL
	$10.00	$200.00

INSTRUCTIONS

1. This form is authorized for use in connection with contracts for construction work or the furnishing of supplies or services.

2. The full legal name and business address of the Principal shall be inserted in the space designated "Principal" on the face of this form. The bond shall be signed by an authorized person. Where such person is signing in a representative capacity (e.g., an attorney-in-fact), but is not a member of the firm, partnership, or joint venture, or an officer of the corporation involved, evidence of his authority must be furnished.

3. (a) Corporations executing the bond as sureties must be among those appearing on the Treasury Department's list of approved sureties and must be acting within the limitations set forth therein. Where more than a single corporate surety is involved, their names and addresses (city and State) shall be inserted in the spaces (Surety A, Surety B, etc.) headed "CORPORATE SURETY(IES)", and in the space designated "SURETY(IES)" on the face of this form only the letter identification of the Sureties shall be inserted.

(b) Where individual sureties execute the bond, they shall be two or more responsible persons. A completed Affidavit of Individual Surety (Standard Form 28), for each individual surety, shall accompany the bond. Such sureties may be required to furnish additional substantiating information concerning their assets and financial capability as the Government may require.

4. Corporations executing the bond shall affix their corporate seals. Individuals shall execute the bond opposite the word "Seal", and, if executed in Maine or New Hampshire, shall also affix an adhesive seal.

5. The name of each person signing this performance bond should be typed in the space provided.

* U.S. GOVERNMENT PRINTING OFFICE : 1964 OF—703-284—92-D

Hartford Accident and Indemnity Company

HARTFORD, CONNECTICUT

274

POWER OF ATTORNEY

Know all men by these Presents, That the HARTFORD ACCIDENT AND INDEMNITY COMPANY, a corporation duly organized under the laws of the State of Connecticut, and having its principal office in the City of Hartford, County of Hartford, State of Connecticut, does hereby make, constitute and appoint

R. P. HOOK, of RENO, NEVADA,

its true and lawful Attorney(s)-in-fact, with full power and authority to each of said Attorney(s)-in-fact, in their separate capacity if more than one is named above, to sign, execute and acknowledge any and all bonds and undertakings and other writings obligatory in the nature thereof on behalf of the company in its business of guaranteeing the fidelity of persons holding places of public or private trust; guaranteeing the performance of contracts other than insurance policies; guaranteeing the performance of insurance contracts where surety bonds are accepted by states and municipalities, and executing or guaranteeing bonds and undertakings required or permitted in all actions or proceedings or by law allowed.

and to bind the HARTFORD ACCIDENT AND INDEMNITY COMPANY thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the HARTFORD ACCIDENT AND INDEMNITY COMPANY and sealed and attested by one other of such officers, and hereby ratifies and confirms all that its said Attorney(s)-in-fact may do in pursuance hereof.

This power of attorney is granted under and by authority of the following By-Law adopted by the Stockholders of the HARTFORD ACCIDENT AND INDEMNITY COMPANY at a meeting duly called and held on the 10th day of February, 1943.

ARTICLE IV

SECTION 8. The President or any Vice-President, acting with any Secretary or Assistant Secretary, shall have power and authority to appoint, for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, one or more Resident Vice-Presidents, Resident Assistant Secretaries and Attorneys-in-fact and at any time to remove any such Resident Vice-President, Resident Assistant Secretary, or Attorney-in-fact, and revoke the power and authority given to him.

SECTION 11. Attorneys-in-fact shall have power and authority, subject to the terms and limitations of the power of attorney issued to them, to execute and deliver on behalf of the Company and to attach the seal of the Company thereto any and all bonds and undertakings, and other writings obligatory in the nature thereof, and any such instrument executed by any such Attorney-in-fact shall be as binding upon the Company as if signed by an Executive Officer and sealed and attested by one other of such Officers.

This power of attorney is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Directors of the HARTFORD ACCIDENT AND INDEMNITY COMPANY at a meeting duly called and held on the 13th day of March, 1956.

RESOLVED, that, whereas the President or any Vice-President, acting with any Secretary or Assistant Secretary, has the power and authority to appoint by a power of attorney, for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, one or more Resident Vice-Presidents, Assistant Secretaries and Attorneys-in-fact;

Now therefore the signatures of such officers and the seal of the Company may be affixed to any such power of attorney or to any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company in the future with respect to any bond or undertaking to which it is attached.

In Witness Whereof, the HARTFORD ACCIDENT AND INDEMNITY COMPANY has caused these presents to be signed by its Vice-President, and its corporate seal to be hereto affixed, duly attested by its Secretary, this 2nd day of April, 1962.

Attest: HARTFORD ACCIDENT AND INDEMNITY COMPANY

Geo. Dowd. — *Secretary*

W. H. Wallace — *Vice-President*

STATE OF CONNECTICUT, }
COUNTY OF HARTFORD, } ss.

On this 2nd day of April, A. D. 1962, before me personally came Wm. H. Wallace, to me known, who being by me duly sworn, did depose and say: that he resides in the County of Hartford, State of Connecticut; that he is the Vice-President of the HARTFORD ACCIDENT AND INDEMNITY COMPANY, the corporation described in and which executed the above instrument; that he knows the seal of the said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation and that he signed his name thereto by like order.

STATE OF CONNECTICUT, }
COUNTY OF HARTFORD, } ss.

Herbert P. Schoen — *Notary Public*
My commission expires March 31, 1967

CERTIFICATE

I, the undersigned, Assistant Secretary of the HARTFORD ACCIDENT AND INDEMNITY COMPANY, a Connecticut Corporation, DO HEREBY CERTIFY that the foregoing and attached POWER OF ATTORNEY remains in full force and has not been revoked; and furthermore, that Article IV, Sections 8 and 11, of the By-Laws of the Company, and the Resolution of the Board of Directors, set forth in the Power of Attorney, is now in force.

Signed and sealed at the City of Hartford. Dated the 22nd day of July 19 66

WK Boger — *Assistant Sec*

EXPLORATION CONTRACT
SILVER CLOUD, INC.
OME-6536

EXHIBIT A

The purpose of the project is to explore the Silver Cloud mine by inclined shaft sinking, drifting, and by crosscutting, if necessary, for silver-and gold-bearing ore shoots in and along a 45^{0} east-dipping fault zone and rhyolite dike which cut the Raspberry formation of Triassic age.

General Provisions

The inclined shaft shall be not less than 4 by 7 feet in the clear of timber and shall be timbered as necessary. Shaft timber shall be of not less than 6 by 6-inch or equivalent round timber. Suitable ladders and rail shall be installed for the full length of the shaft.

All drifts and crosscuts shall be not less than 5 by 7 feet in the clear of timber and shall be timbered as necessary.

Mine rail shall be not less than 12-lb. size, air lines not less than 2-inch size, and water lines not less than 1-inch size.

All significantly mineralized areas traversed by the shafts, drifts, and crosscuts shall be sampled normal to the trend of the mineralized areas at intervals of not more than 5 feet. In addition, representative muck samples may be taken of each round broken. Each sample shall be split as necessary, and one split shall be assayed for gold and silver. One remaining split of each sample, properly identified as to source and location, shall be stored in a suitable container for possible Government use. Stored samples may be disposed of with prior Government approval.

True copies of assay certificates of all samples shall be submitted with the Operator's monthly report which shall also include a map or sketch showing the work completed during the reporting period, the locations of all samples taken, and the general geological formations and structures traversed by the work performed.

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

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

Description of the Work

From the north face of the existing adit level drive a drift northerly along the fault zone for a distance of approximately 150 feet. This footage includes any crosscutting necessary to follow the fault zone.

From the north face of the existing 110-foot level raise an inclined shaft along the fault zone about 120 feet to the land surface, and on the same shaft center line sink an inclined shaft along the fault zone approximately 120 feet.

From the new shaft at a slope distance of 100 feet below the 110-foot level drive drifts along the fault zone approximately 200 feet northerly and 50 feet southerly. This footage includes any crosscutting necessary to follow the fault zone.

The approximate locations of the shaft and drifts are indicated in red on Figure 2 entitled "Sketch map of Silver Cloud Mine showing proposed exploration," attached and made part hereof.

Estimated Costs of Project

Fixed Unit Costs 1/	
Drifting and crosscutting 400 feet @ $33.00/foot	$13,200.00
Shaft raising 120 feet @ $50.00/foot	6,000.00
Shaft sinking 120 feet @ $96.00/foot	11,520.00
Shaft station including timber 1 station @ $680.00	680.00
Assaying samples for gold and silver 200 samples @ $3.00/sample	600.00
Total Estimated Fixed Unit Costs	$32,000.00
Government participation @ 62.5%	$20,000.00

1/ The Government retains no equity in any of the equipment or 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.'"

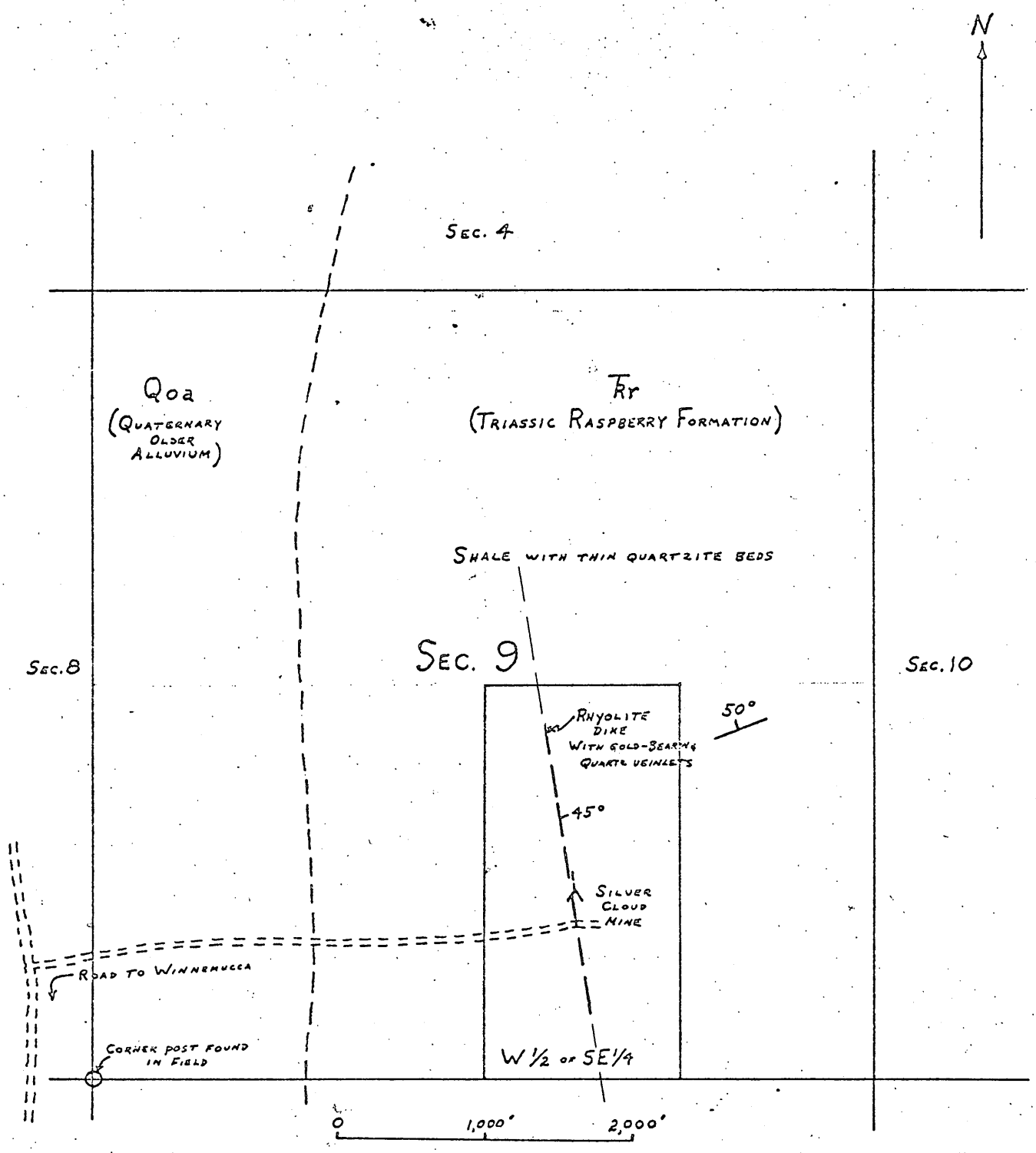


Figure 1.--Sketch map of Sec. 9, T. 36 N., R. 36 E., MDBM, Humboldt County, Nevada, showing location of Silver Cloud Mine property.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned, JOHN GABICA, hereby assigns and transfers unto CARL E. THOMSEN and TONY MENDIETA, whose post office address is P.O. Box 286, Winnemucca, Nevada, all of the right, title and interest of the undersigned in and to that certain lease dated April 10, 1964 (Lease No. 3983-M) covering land in the County of Humboldt, State of Nevada, subject to all of the covenants, terms and conditions contained in said lease and upon condition that no rights or obligations which may have accrued prior to or at the date hereof are hereby waived.

Dated at Winnemucca, Nevada this 2nd day of December, A.D. 1965

John Gabica

John Gabica

The above named Assignees CARL E. THOMSEN and TONY MENDIETA hereby accept the foregoing assignment and agree to make the payments as provided in said lease as they become due and to observe and perform the terms, covenants and conditions on the part of the Lessee therein to be observed and performed.

Dated at Winnemucca, Nevada this 2nd day of December, A.D. 1966

Carl E. Thomsen

Carl E. Thomsen

Tony Mendieta

Tony Mendieta

SOUTHERN PACIFIC COMPANY hereby consents to the foregoing assignment to the Assignee therein named, without prejudice to any of the rights of the Lessor therein, subject to the express condition that no further assignment of said lease shall hereafter be made without the written consent of the undersigned Lessor first had and obtained.

Dated at San Francisco, California this 15th day of February, A.D. 1966.

Assignment Recorded

MB. Swift /s/

Per General Auditor

SOUTHERN PACIFIC COMPANY

By J. P. van Loben Sels

Manager, Land Department

J. P. van Loben Sels

AMERI-A-CHARGER
ATTORNEY AT LAW
WINNEMUCCA, NEVADA

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned, CARL E. THOMSEN and TONY MENDIETA, hereby assign and transfer unto SILVER CLOUD, INC., a Nevada corporation, whose post office address is P. O. Box 351, Winnemucca, Nevada, all of their right, title and interest of the undersigned in and to that certain lease dated April 10, 1964, the same being Lease No. 3983-M with the Southern Pacific Company, covering land in the County of Humboldt, State of Nevada, subject to all of the covenants, terms and conditions contained in said lease and upon condition that no rights or obligations which may have accrued prior to or at the date hereof are hereby waived.

Dated at Winnemucca, Nevada, this 12th day of January, 1966.

Carl E. Thomsen
CARL E. THOMSEN

Tony Mendieta
TONY MENDIETA

The above-named Assignee, SILVER CLOUD, INC., a Nevada corporation, hereby accepts the foregoing assignment and agrees to make the payments as provided in said Lease as they become due and to observe and perform the terms, covenants and conditions on the part of the Lessee therein to be observed and performed.

Dated at Winnemucca, Nevada this 12th day of January, 1966.

SILVER CLOUD, INC.

By Carl E. Thomsen
President Carl E. Thomsen

SOUTHERN PACIFIC COMPANY hereby consents to the foregoing Assignment to the Assignee therein named, without prejudice to any of the rights of the Lessor therein, subject to the express condi-

tion that no further assignment of said Lease shall hereafter be made without the written consent of the undersigned Lessor first had and obtained.

Dated at San Francisco, California, this 15th day of February, A. D. 1966.

SOUTHERN PACIFIC COMPANY

By _____
Manager, Land Department
J.P. van Loben Sels

Assignment Recorded:

_____
For General Auditor

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Memorandum

February 15, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 17 1966
CODE
120
120

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: OME-6536 (Silver, Gold)
Silver Cloud, Inc.
Silver Cloud Mine
Humboldt County, Nevada

Enclosed is additional material, submitted by the applicant at my request, to be attached to the subject application. Included are new letters to and from two banks requesting and denying loans for the proposed work and maps showing workings, assays, and proposed exploration. Still lacking is a map showing the relationship of the workings to property boundaries but this information can be obtained if and when a field examination is requested.

H. K. Stager

Enclosures

252 Parkview Drive
Winnemucca, Nevada
January 4, 1966

First National Bank of Nevada
Winnemucca, Branch
Winnemucca, Nevada

Attention: Mr. Rolland B. Mudge, Manager

Dear Mr. Mudge:

I am writing to you as Secretary-Treasurer of Silver Cloud, Inc., a mining concern located some sixteen miles northeast of Winnemucca in regard to a loan of $35,000.00.

We wish to borrow from your institution a sum of $35,000.00 at not more than five per cent (5%) per annum for a period of twenty-four months to further explore and develop our mine at above-mentioned location. This money will be used not only for general expenses but primarily to drive a shaft and drifts to determine locations and extents of ore that are available.

I would appreciate your immediate reply as to the availability of such a loan.

Very truly yours,

SILVER CLOUD, INC.

By John B Tallman /s/
Secretary-Treasurer

FIRST NATIONAL BANK OF NEVADA

WINNEMUCCA OFFICE
Winnemucca, Nevada

January 7, 1966

Silver Cloud Mine
252 Parkview Drive
Winnemucca, Nevada

Gentlemen:

We are sorry to advise that we can not accommodate your request for credit in the amount of $35,000.00 for a two year term with an interest rate of 5 1/2 % to be used for exploration of your Silver Cloud Mine. ?

Very truly yours,

Robert G. Hill,
Assistant Cashier

RGH:rp

Nevada Bank of Commerce

SILVER CLOUD, INC.
322 PARKVIEW DRIVE
WINNEMUCCA, NEVADA
89445

January 14, 1966

Nevada Bank of Commerce
Winnemucca Branch
Winnemucca, Nevada

ATTENTION: MR. ALDEN PARKER

Dear Mr. Parker,

I am writing you as Secretary-Treasurer of Silver Cloud, Inc., a mining company located some sixteen (16) miles north and east of Winnemucca in regard to a loan of thirty five thousand ($35,000.00) dollars.

We wish to borrow from your institution a sum of $35,000.00 at not more than five per cent (5%) per annum for a period of twenty four (24) month to further explore and develop our mine at above said location. This money will be used for general expenses but primarily to drive a shaft and drifts to determine locations and amounts of ore that are available.

I will appreciate your immediate reply as to the availability of such a loan.

Very truly yours,

John B. Tallman /s/
JOHN B. TALLMAN, Sec.-Treas.
Silver Cloud, Inc.
322 Parkview Drive
Winnemucca, Nevada

JBT: mmo

Nevada Bank of Commerce
STATEWIDE
WINNEMUCCA BRANCH

January 16, 1966

Silver Cloud Mining Company
c/o John B. Tallman
252 Parkview Drive
Winnemucca, Nevada 89445

Gentlemen:

Your application for a $35,000 loan to do exploration work on the Silver Cloud Mine, to be repaid over a two year period at 5% interest, has been considered by our Loan Committee.

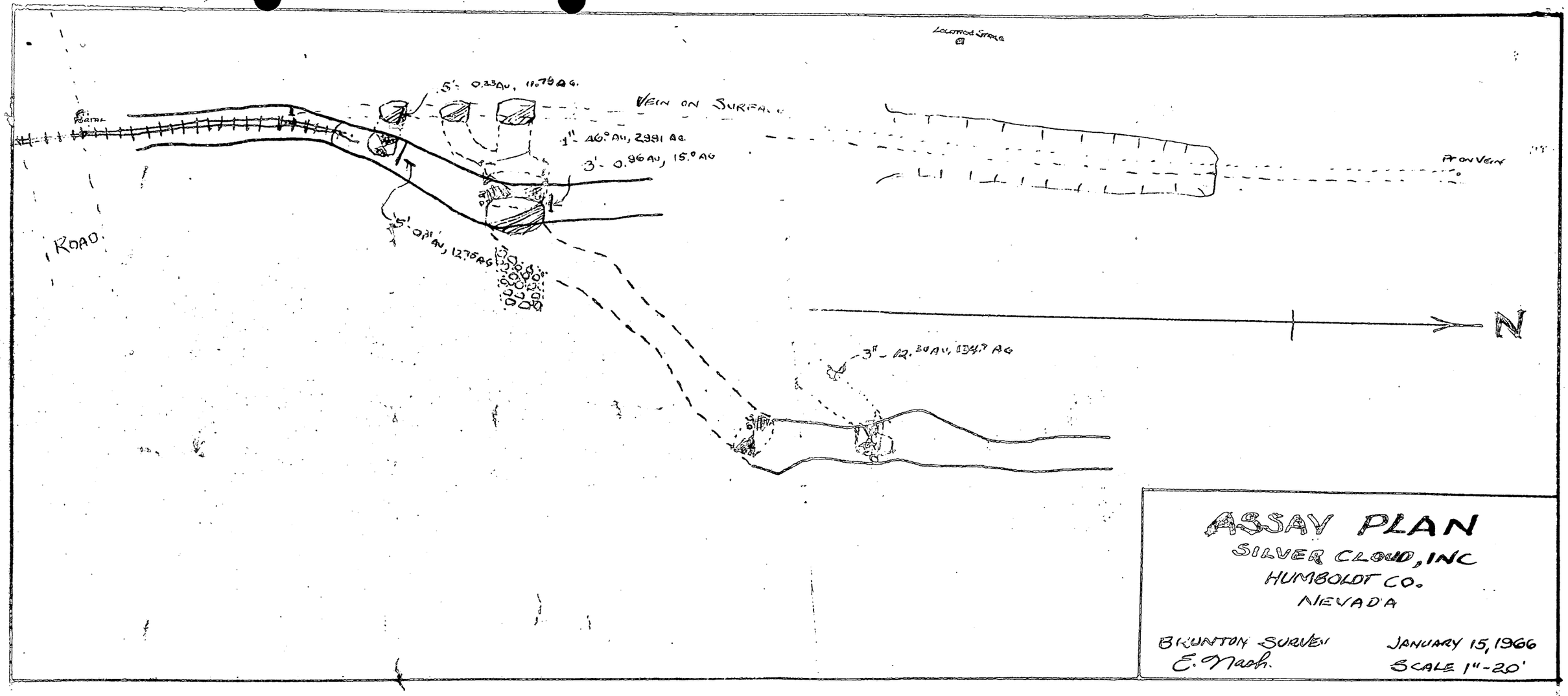
I am sorry to inform you that this loan does not qualify under our present regulations and has been rejected by the committee.

Very truly yours,

Alton B. Parker
Manager

ABP:dg

SECOND & BRIDGE STREETS • TELEPHONE 623-3606
MAILING ADDRESS: POST OFFICE BOX 1160 • WINNEMUCCA, NEVADA 89445


LOCATION STAKE
5' - 0.33 AU, 11.75 AG.
VEIN ON SURFACE
1" - 46.0 AU, 2991 AG.
3' - 0.96 AU, 15.0 AG
PT ON VEIN
ROAD
5' - 0.31 AU, 12.75 AG
N
3" - 12.30 AU, 1341.7 AG
ASSAY PLAN
SILVER CLOUD, INC
HUMBOLDT CO.
NEVADA
BRUNTON SURVEY
E. Nash.
JANUARY 15, 1966
SCALE 1" - 20'

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

February 3, 1966

Memorandum

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: New Application (Silver, Gold)
Silver Cloud, Inc.
Silver Cloud Mine
Humboldt County, Nevada

Enclosed is an Application for Financial Assistance submitted to our office by Silver Cloud, Inc., in the amount of $35,384.80.

The property, leased from the Southern Pacific Land Company, is in Sec. 9, T. 36 N., R. 36 E., M.D.B. & M., 16 miles northwest of Winnemucca, Humboldt County, Nevada.

The applicant proposes to sink a shaft 240 feet and drift a total of 410 feet, on two levels, to explore gold- and silver-bearing quartz veinlets along a rhyolite dike that cuts phyllite.

Production from the property is stated to have totaled about 40 tons of ore with a total value of about $7,000. The value of the hand-sorted ore shipped has been about equally divided between silver and gold, with the average about 40 ounces of silver and 1 ounce of gold per ton. An additional 30 tons of sorted ore, with an estimated value of $100 per ton, is stored at the property where there is also a dump containing an estimated 500 tons of about $35-per-ton rock.

The application contains copies of letters from two banks refusing requests for loans but does not contain copies of the requests. The application does not contain a map showing the workings, property boundaries, or proposed location and extent of proposed exploration. I have written to the applicant requesting this additional information.

H. K. Stager

Enclosures

MME Form 40
July 1962

Budget Bureau No. 42-R1368
Approval expires Dec. 31, 1963

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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.)*

Silver Cloud, Inc.
c/o James A. Callahan -Attorney at Law
Professional Building
Winnemucca, Nevada

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER 6536

DATE RECEIVED 2/8/66

REGION II

DIVISION CODE

BUSINESS ORGANIZATION *(Check one)*

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

STATE IN WHICH FIRM IS ORGANIZED Nevada

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
Carl E. Thomsen	602 Pavilion St. Winnemucca, Nevada	President
Herbert L. Daniels	136 W. 2nd. St. Winnemucca, Nevada	Vice President
John B. Tallman	232 Parkview Ave. Winnemucca, Nevada	Sec.-Treasurer
Tony Mendietta	495 W. 6th St. Winnemucca, Nevada	Asst. Sec.-Treas

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

ESTIMATED COST OF PROJECT: $ 35,384.80

PROPERTY NAME	LOCATION COUNTY	STATE
Silver Cloud, Inc.	Humboldt,	Nevada

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.

January 27, 1966
DATED

Carl E. Thomsen
BY *(Signature)*

President
TITLE

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

INFORMATION REQUIRED WITH THIS APPLICATION

1. Financial Eligibility:

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

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

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

2. Applicant's Rights in Land:

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

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

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

3. Physical Description:

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

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

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

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

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

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

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

4. Accessibility of Property:

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

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

5. Exploration Work:

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

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

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

6. Experience:

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

7. Estimate of Costs:

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

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

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

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

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

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

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

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

INT.-DUP. SEC., WASH., D.C.11879

EXPLORATION COST SILVER CLOUD, INC.
Humboldt County, Nevada

Estimate of Costs
Proposed Development Work:

Sinking Shaft.....240 ft. Shaft to be 1-1/2 compartment size 4 x 7, inside timbers 4 x 4, and manway 4 x 3.

Drifting.....410 ft. Size to be 5 x 7, probably require no timber.
On 75' level---70 ft.
On 200' level--140 ft. South Drift
On 200' level--[illegible] ft. North Drift

Drifting on Vein, total 410 feet; 5-day week (20 workin[illegible]/month) advance 3-1/2 ft./day, 117 days for [illegible] or 6 months

Wages: 3 miners @ $3.00/hr.- $73/[illegible] ft. @ [illegible] ft..... [illegible]/ft.
Insurance, Social Security, etc. [illegible]..... "
Powder, Fuse, Caps..... "
Compressor supplies..... "
Drill Steel..... [illegible]
Repairs..... [illegible]
Engineering, Accounting, etc [illegible]..... [illegible]
Depr. Rental as below. $32.50..... [illegible] 0.8[illegible]
Pipe, rail [illegible] 0.59
Hose [illegible] 0.25
32.89

Shaft Sinking, total 240 ft; 5-day week [illegible] advance 1.0 ft./[illegible]
Ladders - [illegible] 2.00
Wages: 3 miners @ [illegible]
Insurance, social [illegible]
Powder, Fuse, Caps.....
Compressor supplies.....
Drill steel..... [illegible]
Repairs.....
Engineering, Accounting, etc.....
Rental as below.....
Pipe, rail [illegible] 2.70
Hose [illegible] 0.25
[illegible] 0.14
See other side this page $50.00

Rent[illegible] of Equipment:

	Cost
Jackhammer.....	[illegible]
Drills (2-Jacklegs).....	[illegible],000.00
Air & Water Hose.....	[illegible]
Wire Rails, Spiked, Manifolded.....	[illegible]
Air & Water Lines.....	[illegible]
Mine Car & Skip.....	[illegible]
Truck, 4-wheel drive.....	[illegible]
Hoist.....	[illegible]
Tools.....	[illegible]
	$4,160.00

Monthly rental - $4,160/60 = $69.33 (call $70.00/month)

Drifting $70.00/70 ft/month-- $1.00/ft
Sinking $70.00/20 ft/month-- 3.50/ft

Sinking Shaft - 240 ft. @ $92.36/ft = $22,166.40
Drifting -410 ft. @ $32.24/ft = $13,218.40
$35,384.80

Eldridge Nash
Nevada Professional Mining Engineer #1898

Carl E. Thomsen

Shaft raising total 120 feet, 20 days/mo
advance 2 ft./day — 60 days — 3 mo.

Wages	36.00 /ft.
FICA etc	4.68
Powder caps fuse	1.25
Comp. supplies	1.50
Drill steel & bits	.50
Repairs	.75
Engr. etc.	.83
Depr.	1.35
Pipe, rail @ 50%	.58
Hose	.50
	47.94
Plus sprags and ladders	2.00
Total Rounded	50.00

SILVER CLOUD, INC.
Humboldt County, Nevada

Physical Description:

(a) The workings consist of a 100 Tunnel level, approx. 5 x 7, with three openings from this to the surface, the first raise a distance of 15 ft., and the other two a distance of 32 ft.

Below this level was sunk a winze, down the dip of the vein, a depth of 30 ft.. Part of this has been backfilled. There is another winze, racking down the dip and to the north; a length of about 70 feet with a vertical difference in elevation of 25 feet.

From this winze, the 25 ft. level drift runs north for a distance of 75 ft.. Above this drift is a small stope or raise with a length of 30 feet.

(b) I was asked to make a brunton survey of the workings and maps showing the workings.

(c) From the settlement sheets supplied, a summary shows a total of 39 tons shipped with a net value received of $6,329.64 and two additional shipments of amalgam with an additional value of $515.54. (summary sheet attached).

(d) There have been only an occasional sample taken of the workings so an assay map not made, but the few assays available are plotted. All workings are on the vein, and the vein shows on the surface with trenches, so a block of 100 ft. on dip with 70 ft. strike length, with the additional triangular blocks, but no assays of widths so impossible to determine tons or values per ton.

An independent assay map attached, but with no assay certificates available.

(e) Quoting from a report made to the Southern Pacific Land Co. by W. A. Oesterling, dated May 15, 1964:

"Workings are on a gold-silver lode which strikes northerly and dips east along a narrow rhyolite dike in phyllite."

Geology: "The lode contains several subpapallel quartz veinlets which follow an altered rhyolite dike".
"Wall rocks are Triassic-Jurassic phyllite with local quartzsite lenses."

(f) See (d)

(g) Attached a Brunton Survey map, 20 feet=/1", with a long-section on plane of vein, assuming a 40° dip.
Attached Mr. Oesterling report.
Attached 20 scale plan with all available assays plotted.
Attached 20 scale plan by independent party
Please return all maps and reports.

Eldridge Nash
Nevada Professional Mining Engineer #1898

Carl E. Thomsen

Southern Pacific Company

65 MARKET STREET, SAN FRANCISCO, CALIFORNIA 94105

TELEPHONE (415) 362-1212

LAND DEPARTMENT

J. P. VAN LÖBEN SELS
MANAGER
C. W. GOODWIN
ASSISTANT MANAGER
R. W. EHMKE
ASST. TO MANAGER

W. C. McCULLOCH
CHIEF GEOLOGIST
K. A. CUFF
CHIEF FORESTER
N. A. SMITH
AGRONOMIST

IN REPLY PLEASE REFER TO

R-09-36-36

Mr. Carl E. Thomsen
P. O. Box 286
Winnemucca, Nevada

APR 15 1965

Dear Mr. Thomsen:

Please refer to your letter of March 18, 1965 in which you inquired regarding our policy on subordination of our land to O.M.E. Loans.

At the present time we have not established a policy. However, we are disposed to favorably consider such requests where we feel that geological possibilities justify exploration expenditures. In order for us to further consider the matter in the case of your lease, please furnish me with your proposed program of exploration in detail, its estimated costs and the objective that you would hope to develop with such an exploration expenditure. Please also advise if you plan to apply under the provisions applying to silver exploration which provide for a 75% participation by the O.M.E. or for other metals, which provide for 50% participation by O.M.E. When the details of your proposed exploration program are in hand, the matter will receive further consideration.

Very truly yours,

J P Van Löben Sels

HELP PREVENT FOREST FIRES—KEEP OUR FORESTS GREEN

GENERAL INFORMATION

1. FINANCIAL ELIGIBILITY:

(a) Enclosed herewith are letters from the First National Bank of Nevada and Nevada Bank of Commerce indicating an effort on behalf of the applicant to obtain credit, which application was for a loan of $35,000.00 for a two-year term with interest at 5½%. The application was refused.

(b) The name of the applicant is SILVER CLOUD, INC., in which the officers, directors and stockholders are as follows:

Carl E. Thomsen	President
Herbert L. Daniels	Vice-President
John B. Tallman	Secretary/Treasurer
Tony Mendieta	Asst. Secy./Treasurer

This corporation was incorporated under the laws of the State of Nevada under date of January 10, 1966.

(c) The share of costs of exploration will be labor and materials furnished by the corporation.

2. APPLICANT'S RIGHTS IN LAND:

(a) The applicant's right in the land is by Lease from the Southern Pacific Land Co., a thermofax copy of this Lease being herewith enclosed. In addition thereto, there is an Assignment of this Lease from the Lessees to the Corporation. There are no liens, mortgages or other encumbrances in relation to the land.

(b) The legal description set forth in the Lease is as follows:

TOWNSHIP 36 NORTH, RANGE 36 EAST, M.D.B. & M.

Section 9: W½SE¼

Containing eighty (80) acres, more or less.

(c) There are no liens or subordination agreements required with the exception of the Southern Pacific Land Co., and a copy of the letter in relation thereto, dated April 15, 1965, is herewith enclosed.

3. PHYSICAL DESCRIPTION:

(a) All information required is contained in the enclosures. This is true also for Subsections b,c,d,e,f and g.

4. ACCESSIBILITY OF PROPERTY:

(a) John T. Tallman, 105 Bridge Street, will aid the OME representative. The mine is located sixteen (16) miles North and West of Winnemucca, Nevada on the Winnemucca-Jungo Road, which is graveled.

(b) All ore will be shipped from Winnemucca, Nevada either by the Southern Pacific Railroad Co. or by the Western Pacific Railroad Co. Winnemucca, the shipping point, is 16 miles distant from the property.

5. EXPLORATION WORK:

(a) The descriptions required here are contained in the enclosures.

(b) No access road is necessary.

(c) If an OME contract is executed, work will start immediately. It is anticipated that the work would be completed in twelve (12) months and the work consists of sinking a shaft at the rate of 40 feet per month and drifting at a rate of 55 feet per month.

6. EXPERIENCE:

Two of the officers and stockholders of the Corporation have the following mining experience:

(a) CARL E. THOMSEN: Age 62. Has been engaged in mining and exploration all of his life and is an active, practical miner.

(b) ANTHONY (TONY) MENDIETA: Has been engaged in actual underground mining for over 21 years. Employed for a number of years at Cordero Mine, McDermitt, Nevada; South Mountain Mining Co., Jordan Valley, Oregon for 3 years; and more recently, for the

Nevada-Massachusetts Co.(Tungsten) at Imlay, Nevada as a shift boss for 11 years.

7. ESTIMATE OF COSTS:

All information required for this Paragraph is furnished in the enclosures.

Dated: January 27, 1966.

Carl E. Thomsen

Carl E. Thomsen
President of
Silver Cloud, Inc.

1-63

Approved as to form by General Counsel.
December 3, 1962

L-3363

Sheet 1 of 4 Sheets

B-09-36-36

LEASE OF MINING RIGHTS

Lease No. [illegible]

This Lease, made in duplicate by and between SOUTHERN PACIFIC COMPANY, a corporation, hereinafter called "Lessor," and CARL E. THOMSEN and MERVIL THOMSEN, hereinafter called "Lessee":

WITNESSETH:

1. Lessor, for and in consideration of the observance and faithful performance by Lessee of all the provisions contained in this lease, does hereby lease to Lessee for the term and purposes hereinafter mentioned, all that certain land in the County of Humboldt State of Nevada, more particularly described as follows:

W½ of SW¼ of Section 9, Township 36 North, Range 36 East, Mount Diablo Base and Meridian, containing Eighty and 00/100 (80.00) acres, more or less.

Excepting therefrom all that portion lying within 200' feet on each side of the center line of each and every railroad track now constructed upon or adjacent thereto.

Reserving unto Lessor, its successors and assigns, the right to use said land for any and all other purposes not inconsistent with or which shall not interfere with the right of Lessee to use the land for the purposes herein leased.

This lease is made for the sole purpose of examining, searching, and testing for, opening and operating mines of, and extracting, reducing, treating, selling and shipping any and all minerals contained therein, subject to the exceptions, reservations, covenants and conditions in this lease. Lessee shall have the right hereunder only to mine for the mineral hereinabove specified and none other. There is excepted from this lease and reserved unto Lessor, its successors and assigns, all other minerals, including but not limited to oil, petroleum, natural gas and other hydrocarbons, and all rights thereto; provided, however, that in the event Lessee shall recover in paying quantities any other valuable minerals as a by-product of the mining operations herein authorized or as a necessary or unavoidable result thereof, then Lessee shall report all such other minerals in the monthly statements hereinafter provided for and pay royalty on such other minerals at the rates hereinafter specified.

This lease is subject to existing rights of way and leases.

2. The term of this lease shall be from the 1st day of April 1964 to the 30th day of September 1964. Lessee agrees to pay to Lessor a minimum royalty of One Hundred and 00/100 (100.00) Dollars, per month, payable monthly in advance during the term of this lease, to be credited as payment on account of actual royalties to be paid by Lessee to Lessor hereunder of seven and one-half (7½) per cent of the net smelter return on ores and concentrates sent to smelter or five (5) per cent of the sales price of any gold or silver bullion produced and sold from lessee's mills or from a custom mill in which it is produced for lessee's account.

extracted and removed from said land during the term hereof. After all of the minimum royalty credit for each monthly period of the term hereof has been credited to said actual royalties accruing during such period, Lessee shall thereafter, within twenty (20) days after the expiration of each and every calendar month of the term hereof, pay the additional actual royalties at the rates provided for herein. In the event the true value of any shipment of said ore or mineral cannot be determined by Lessee, prior to rendering monthly state-

ment to Lessor, as hereinafter provided, Lessee shall pay to Lessor at the time of rendering such statement, eighty-five (85) per cent of the estimated royalty, based on careful sampling of said ore or mineral at point of shipment, and the true value of such shipment shall, as soon as possible thereafter, be determined and thereupon the balance of royalty thereon shall be paid to Lessor, but such true value shall be determined and the balance of royalty shall be paid to Lessor not later than ninety (90) days from the date of any such shipment. The royalties hereinbefore provided for shall be a lien upon any and all ores or minerals mined upon the said land and upon any improvements erected upon the said land.

3. Lessee agrees to work said land in the manner necessary to good and economical mining, so as to take out the greatest amount of ore possible, with due regard to the development and preservation of said premises as a workable mine. Lessee agrees to perform continuously and diligently in good faith, in an active and substantial way, development and mining work upon said leased premises directed toward the discovery and production of minerals or ore bodies, excepting, however, the minerals herein excepted and reserved. The obligations of Lessee in this respect shall be suspended only while Lessee's compliance is prevented by the elements, accidents, strikes, lockouts, riots, delays in transportation, inability to secure materials in the open market, or interference by governmental action, or by any other causes beyond the reasonable control of the Lessee whether similar or dissimilar to the causes specifically mentioned.

4. Lessee, not later than the twentieth (20th) day of each calendar month during the term hereof, and including the calendar month next following the termination hereof, shall furnish to Lessor at the office of its Land Department, San Francisco, California, a statement in writing detailing such work accompanied by full and complete copies of all documents, including settlement sheets, certificates of analyses, and assays, pertaining to or governing settlement for any ore, mineral or metal disposed of and also full and complete reports of any reduction works or mill where the ore may be reduced or treated, and setting forth for the preceding calendar month:

(a) The number of tons of ore or mineral mined and the gross value thereof.

(b) The number of tons of ore remaining in stockpiles on said premises.

(c) The kind, quantity and value of all minerals extracted and sold or otherwise disposed of.

(d) The disposition made of all ore or minerals mined, together with the dates of shipments, names and addresses of consignees, car numbers, initials and weights.

(e) That the said land is being worked independently of and not in connection with any other mine or mineral land.

Such statement and reports to be accompanied by draft payable to the Lessor for the proper amount of the royalty due Lessor as aforesaid. If no work is done, a statement in writing to that effect must be furnished.

5. Lessee shall keep a full set of accounts and records and shall allow Lessor, or its agents or employes, to examine them from time to time. Lessee shall allow Lessor to enter upon said land, and into any workings, mills or reduction works thereon, or wherever said ore may be worked or reduced, for the purpose of inspection to ascertain whether the terms and conditions of this lease are being properly carried out, and to take samples and to make tests and measurements and to affix notices. Lessee shall, upon being requested to do so, make available to Lessor, its agents and employes, copies of assay reports, drill hole logs and any and all other data assembled as an aid in determining the location, quantity and quality of any mineral deposits on said land.

6. Lessee shall not interfere with, destroy or remove any fences on or enclosing said land; nor leave gates open; nor interfere with livestock grazing within such enclosures.

7. In the operation and development of said leased premises, Lessee shall comply with and observe all applicable laws and governmental rules and regulations including, but not limited to, Employers' Liability, Workmen's Compensation and Workmen's Unemployment Insurance. Lessee agrees to indemnify and hold harmless Lessor from and against the payment of any and all damages, claims, costs and expenses due to the existence of such enactments, and of any and all claims, costs and expenses in connection therewith under any claim of subrogation provided for by said enactments or otherwise.

8. Lessee agrees to indemnify and hold harmless Lessor, and any corporation wholly or in part affiliated with, owned or controlled by it, from and against any and all damages, claims, costs and expenses arising out of damage to property, or any injuries to or death of the employes of Lessee, or any other person whomsoever, where such injury, death or damage occurs because of or in connection with Lessee's use, operation or development in any manner of the property hereby leased, whether such claims are based upon a right conferred by the common law or by statute. Without limiting the foregoing, the indemnification covenanted to herein shall apply to all such loss, damage, injury, death, cost or expense for which any party hereto, or herein mentioned, may or shall be liable.

9. Lessee shall do any and all work necessary to safeguard against accidents and to properly conserve said land and minerals, in a first-class manner, compatible with safe and economical mining, and Lessee shall keep all workings in which ore is exposed clear of all loose rock, earth and rubbish and shall keep all surface openings securely covered or fenced against livestock. Lessee shall occupy and hold for Lessor all cross or parallel lodes, dips, spurs, feeders, crevices or mineral deposits of any kind which may be discovered in working under this lease.

10. Lessee shall not construct, alter or repair structures of any character upon said land without first obtaining the written consent of Lessor. Lessee shall fully pay for all materials joined or affixed to said land and shall pay in full all persons that perform labor upon said land and shall not permit or suffer any mechanics' or materialmen's liens of any kind or nature to be enforced against said land for any work done or materials furnished thereon, at Lessee's instance or request.

Lessee shall give Lessor, before allowing any construction, alteration or repair to be done upon any property herein described situated in the State of Utah, a surety company bond acceptable to Lessor, in a sum equal to the full contract price for any construction, alteration or repair to be done upon the premises referred to at the

instance or request of Lessee, conditioned that the Lessee shall pay or cause to be paid all contractors, subcontractors, laborers, operatives and other persons who may labor or furnish labor, materials, supplies or tools in the performance of such construction, alteration or repair.

11. Lessee shall pay, prior to delinquency, all taxes and assessments levied and assessed on the mineral and mining rights hereby leased, and on all personal property and improvements on said land which become a lien on said land during the term of this lease and any and all production or severance taxes computed or based upon production of minerals, excepting, however, the taxes on the minerals which are excepted and reserved from this lease, and if not so paid by Lessee, Lessor may, at its option, pay such taxes and assessments which are a lien on the real property, or on the mineral and mining rights, and any penalties and interest thereon, and Lessee agrees to reimburse Lessor on demand in the full amount of such payments.

12. Lessee shall not do or suffer to be done in or upon said land any act or thing which is or may be a nuisance and shall not use or permit others to use said land, or any part thereof, for any unlawful or immoral purposes.

13. Lessee shall not mine for any of the minerals excepted from this lease and shall not destroy, cut or remove, nor permit to be destroyed, cut or removed, on or from said land, any timber, trees or firewood, without written permission from Lessor so to do. Lessee shall not divert or obstruct any stream of water on said land, nor divert any water from said land. Lessee may, subject to existing rights, use any unappropriated water reasonably required for such mining operations.

14. In case Lessor shall bring suit to compel performance of, or to recover for breach of, any covenant or condition herein written, Lessee agrees to pay to Lessor reasonable attorney fees in addition to the amount of judgment and costs.

15. This instrument is intended as, and is, a lease and Lessor shall not be called upon or required to make any repairs, or incur any expense of any kind or nature upon or in connection with said land for and during the term of this lease, but that all such expenses shall be borne by Lessee.

16. Lessee may construct, maintain and use such roads, ditches, buildings, fixtures and machinery on, through and upon said land as may be necessary or convenient in carrying on mining operations. At the termination hereof Lessee may remove all machinery, tools, appliances, and buildings and all personal property placed or constructed upon said premises by Lessee, provided no default shall at such time exist in respect of any payments or rentals, or in respect of any covenants, agreements or conditions to be kept and performed by Lessee; and provided further that all timbering and supports within the mine shall be left in good condition whensoever the Lessee may vacate the premises, or this lease be terminated; also provided that all machinery, tools, appliances and buildings and all personal property remaining on said premises sixty (60) days after the termination (by notice or otherwise) of this lease, shall be held to have become the property of Lessor and shall not be removed therefrom by Lessee.

17. In case Lessee shall, except by Lessor, be lawfully deprived of the possession of the rights hereby leased, or any part thereof, Lessee shall notify Lessor in writing setting forth in full the circumstances in relation thereto, whereupon Lessor may, at its option, either reinstall Lessee in possession of said rights or terminate this lease and refund to Lessee the prorata amount of any rental theretofore paid in advance for the unexpired term of this lease from and after the receipt of such notice, whereupon no claims for damages of whatsoever kind or character incurred by Lessee by reason of such dispossession shall be chargeable against Lessor.

18. In case Lessee shall be adjudged a bankrupt, by either voluntary or involuntary proceedings, Lessor may, at its option, terminate this lease by written notice. The receipt of rent or other payments from any person for the use of the demised premises after the date of adjudication of bankruptcy, shall not constitute a waiver of Lessor's option to terminate this lease. After termination by notice, Lessor may re-enter the demised premises and take exclusive possession. The option of Lessor herein provided also shall be exercisable in the event that Lessee becomes insolvent or any action or proceedings for debtor relief of Lessee be commenced by or against Lessee or general debtor relief be sought by Lessee by extrajudicial means. Upon exercise of the option to terminate, the estate and rights of Lessee and any person claiming through the Lessee by act of the parties or operation of law shall immediately terminate. If there are two or more Lessees hereunder, or if Lessee is a partnership, then the option of Lessor to terminate the entire lease shall be exercisable in case any one of the Lessees or partners is adjudged a bankrupt or becomes subject to or participates in any other proceedings or procedure herein mentioned.

19. Upon violation or breach by the Lessee of any of the terms, covenants or conditions of this lease and Lessee's failure to remedy the default within thirty (30) days after written notice from Lessor so to do, then at the option of the Lessor, notice of which shall be given to the Lessee in writing, this lease shall forthwith cease and determine and all rights of the Lessee in and to said land shall be at an end, whereupon Lessee shall vacate said premises and surrender possession thereof to Lessor. The waiver by Lessor of any breach of any covenant or condition thereof shall not be deemed a waiver of any other or subsequent breach hereof nor of any other covenant or condition hereof.

20. Any and all notices required hereunder, or permitted to be given by either party to the other, shall be considered to have been delivered at the expiration of forty-eight (48) hours following deposit in the United States Mail, with registered or certified postage paid thereon, and addressed:

(a) For the Lessor, to: Southern Pacific Company, Room 205, 65 Market Street, San Francisco 5, California.

(b) For the Lessee, to: Carl E. Thomsen and Marvil/Thomsen P.O. Box 286, Winnemucca, Nevada

Either of the parties may change the location to which required notices to it shall be addressed, upon five (5) day's written notice to the other party

21. Lessee may at any time surrender and terminate this lease in whole or as to any one or more 40-acre subdivisions of said land upon giving notice in writing to Lessor to that effect and paying all minimum rentals and royalties and any other sums due, on the land so surrendered. Upon termination of this lease in any manner, Lessee shall surrender and deliver unto Lessor the quiet and peaceful possession of said premises in neat, clean and safe condition.

22. If there be more than one person named as Lessee the Lessee's obligations shall be joint and several and the term Lessee wherever used in this lease shall, unless otherwise specified, include the plural as well as the singular.

23. Lessee shall have the option of renewing the lease ~~annually~~ for six (6) months and annually thereafter from year to year for a period ~~not exceeding~~ of four (4) years from the date of the expiration of the term hereof, upon the same terms, covenants and conditions as herein set forth; provided, this lease shall not have been terminated prior thereto and Lessee is not then in default with respect to any of Lessee's obligations hereunder, and provided, further that written notice from Lessee of the exercise of such option shall be received by Lessor not more than six (6) months, nor less than thirty (30) days prior to the expiration of said term or each annual period, as the case may be, and so long thereafter as the properties are being operated and royalties are being paid not to exceed, however, a total term of thirty-five (35) years.

24. Time is of the essence of this lease.

25. This lease shall inure to the benefit of and be binding upon the respective heirs, administrators, executors, successors and assigns of the parties hereto, but no assignment of this lease and no underleasing or subletting of the leased property, or any part thereof, or any buildings or structures thereon shall be valid unless made with the written consent of Lessor.

26. In the event Lessee exercises the option under paragraph 23 to renew this lease for the period of October 1, 1964 to March 31, 1965, Lessee shall pay Twelve Hundred and 00/100 (1200.00) Dollars in advance as minimum royalty for such six (6) months period and if option is further exercised to extend this lease for successive annual periods subsequent to March 31, 1965, Lessee shall pay in advance for each such annual extension Twenty-five Hundred and 00/100 (2500.00) Dollars per year. Each such annual advance minimum royalty payment shall be credited to royalties becoming due and payable during the year for which paid as set forth in paragraph 2 hereof.

IN WITNESS WHEREOF, the parties hereto have executed this lease as of the day and year first herein written.

SOUTHERN PACIFIC COMPANY

By L. Frandsen /s/
Manager, Land Department

Lessee

Witnessed by Pete L. Bengochea /s/

Post Office Address Mervil E. Thomsen /s/

Lessee

Witnessed by

THIS AGREEMENT, made this 15th day of March, 1965, by and between SOUTHERN PACIFIC COMPANY, a corporation, herein called "Lessor", and CARL E. THOMSEN, JOHN GARICA and TONY MENDIETA, herein called "Lessee".

WITNESSETH:

WHEREAS, CARL E. THOMSEN and MERVIL E. THOMSEN entered into Lease No. 3983-H, dated April 10, 1964, with Southern Pacific Company for mineral purposes, and

WHEREAS, by assignment dated January 27, 1965, said Carl E. Thomsen and Mervil E. Thomsen assigned to Carl E. Thomsen, John Gabica and Tony Mendieta all the right, title and interest of the assignors in said Lease No. 3983-H, to which Lessor consented on February 10, 1965, and

WHEREAS, said assignees desire to modify said Lease No. 3983-H to substitute semi-annual advance minimum royalty payments instead of annual advance minimum royalty payments.

NOW, THEREFORE, in consideration of the premises, it is agreed as follows:

Section 26 of said Lease No. 3983-H is amended by the addition of the following:

> Effective as of April 1, 1965, the annual advance minimum royalty shall be payable to Lessor in two installments, the first installment in the amount of $1,250.00 to be due and payable on April 1 of the annual period for which said lease is renewed and the second installment in the amount of $1,250.00 to be due and payable on October 1 of such annual period. Each such semi-annual advance minimum royalty payment so paid shall be credited only against royalties that shall be due and payable during the annual period for which paid at the rate specified in section 2 hereof.

Except as hereinabove provided, said Lease No. 3983-M shall remain in full force and effect until terminated as therein provided.

IN WITNESS WHEREOF, the parties hereto have executed these presents as of the day and year first herein written.

SOUTHERN PACIFIC COMPANY

By J. P. van Loben Sels /s/
Manager, Land Department

Witnessed By:

Tomasa Bengochea /s/

Carl E. Thomsen /s/
Carl E. Thomsen

Earl Cornforth /s/

John Gabica /s/
John Gabica

Tony Mendieta /s/
Tony Mendieta

R-09-36-36

May 15, 1964

EXAMINATION OF LEASE NO. 3983-M

MR. W. C. MCCULLOCH:

Introduction

The writer examined the operations of Carl E. ("Ed") Thomsen and Mervil E. Thomsen, who discovered a gold-silver lode in the W½ of SE¼ Section 9, T.36N., R.36E., MDBM, the morning of April 30, 1964. Lessee's workings are located two miles northwest of the Ten Mile district, and are accessible by conventional auto in dry weather via dirt roads connecting with the Jungo Road in the N½ of Section 32.

Summary

Lessees have driven a 27' adit below a 60' cut in a gold-silver lode which strikes northerly and dips east along a narrow rhyolite dike in phyllite. The lode contains visible gold in many places, and values in excess of $1000 per ton can be cobbed out in limited amounts. Maximum width of the lode within the area worked is estimated to be 15 feet. Average values from ten feet of channel samples, representing the upper and lower five feet of the lode, are $9.45 in gold and $15.83 in silver, totalling $25.28 per ton (assay sheet attached). These samples contained an estimated 75-80% apparently barren rock between the quartz veinlets. The lode widens to the north, but narrows with depth.

Lessees' Operations

The Thomsens were working a gold-silver lode by a narrow cut 60' long and an adit 27' long driven beneath the north end of the cut (Photo 1). The lessees were working the apparent footwall of the lode in the north end of the cut, and were cobbing high-grade

ore containing visible gold from quartz veinlets from 1-4 inches wide (Photo 3). This high-grade, which Mr Thomson estimates will assay more than $1000 per ton in gold, is placed in five-gallon cans. There were twelve such cans loaded at the time of the writer's visit. Lessees plan to recover the gold from the high-grade with two 4x6-foot amalgamation plates. They would like to develop the flow from a water seep located near the SW corner of Section 9, for sufficient water to run a small Ellis ballmill, presently located at their home in Winnemucca along with the amalgam plates.

About two tons of intermediate-grade ore had been loaded into an ancient truck (Photo 5). Lessees plan to haul 10-20 tons of this ore to the 5-stamp mill owned by Don and Glen Lamb at Orovada. Remainder of the rock mined contains some gold and silver values and is stockpiled on the property (Photo 5).

The lessees stated that they had optioned their Golden Amethyst mine in the NE of Section 28 to a mining engineer who formerly worked for Homestake Mining Company at Lead, South Dakota.

Geology

The lode contains several subparallel quartz veinlets which follow an altered rhyolite dike northerly into a west-trending ridge. The dike is orange-tan, fine-grained, and ranges from one inch to about three feet wide, locally pinching-out. The dike generally is close to the hanging wall of the lode. The lessees claim they have traced this dike for one-half mile north, and one-half mile south of the workings.

The quartz veinlets of the lode range in width from less than one inch to about two inches, and are composed of slender prismatic

quartz crystals with the long axes perpendicular to the walls of the veinlets (Photo 4). At the quartz-wallrock contacts, particles of gold are locally visible with the naked eye on a gray film which coats the veinlets and is apparently composed of a fine-grained silver mineral, possibly cerargyrite. There is also some iron-oxide and traces of malachite along these contacts. Locally, tiny molds are coated with limonite and are the sites of primary pyrite and chalcopyrite crystals, now oxidized.

At the north end of the cut (Photo 2), the hanging wall of the lode strikes N25°E and dips about 50°E, while the apparent footwall strikes N5-10°E and dips 37-40°E. Thus, the lode widens northward, but narrows with depth. The footwall exposed in the west wall of the adit dips about 25°E, and cannot be projected on attached cross section A-A' to the apparent footwall in the cut. On the basis of the cross section, it is estimated the true footwall of the lode is about ten feet below the floor of the cut, and the lode is about 15 feet wide at this point. The above relationships are shown on the attached map and cross section.

Trench Near SW Corner Section 9

Photo 6 shows a 2x2-inch post standing nine inches above ground, which Ed Thomsen is certain is the SW corner of Section 9. He said many of the section corners in this general area are similar wooden posts. W. H. Spurek's report dated February 21, 1964, states that "very faint scribe markings are visible" on this post, although they were not evident to the writer. S.P. field agent Ned Smith's report of April 1952, lists the corner as found and describes it as a

"marked stake". The government survey notes for this 1888 survey, on record at the Bureau of Land Management's Home Office, describe this corner as a marked stone (no dimensions given), dug pits with two-inch square stake two feet long set in north pit, stake notched and scribed in conventional fashion.

Photo 7 shows the bulldozed trench at the quartz veinlet reported to contain gold near the SW corner of the Section. No work was being done here.

W. A. Oesterling

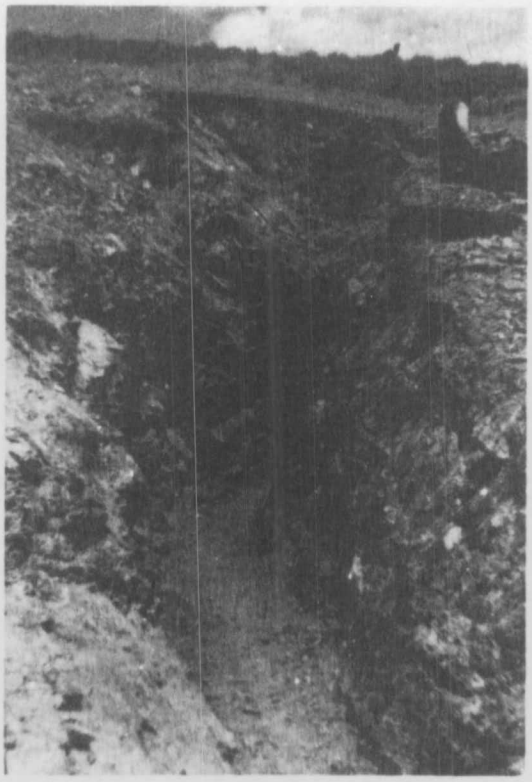


Photo 1 - Looking north at workings of C. E. and M. E. Thomsen in W½SE¼ Sec. 9, T.36N., R.36E., MDBM. See attached map and cross section.

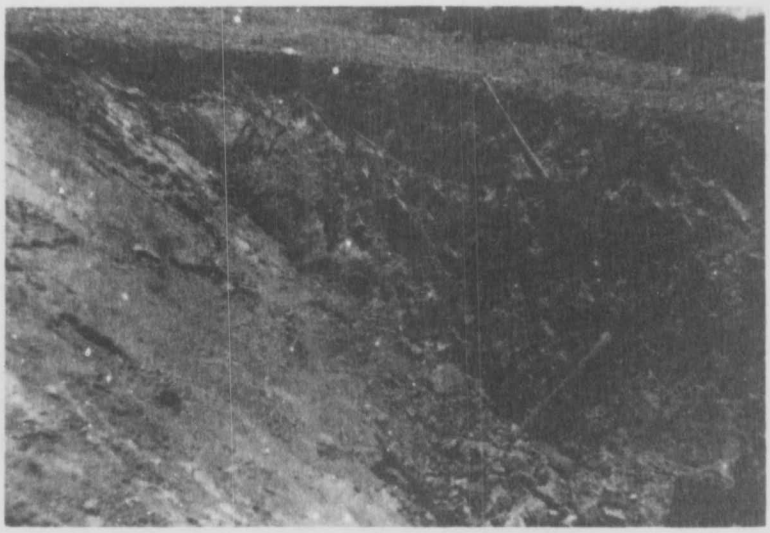


Photo 2 - N. end of cut. Hanging wall of lode is along shovel handle and head of pick. Sample No. Os-1a was channeled from head of shovel to floor of cut.

Photo 3 - Close-up view of floor of cut shown in Photo 2. The planar floor is a quartz veirlet 1 to 3 inches wide dipping 37-40°E (dip marked by sledge hammer). Values estimated at more than $1000 per ton have been cobbed out at the locations marked by shallow holes and ledges.

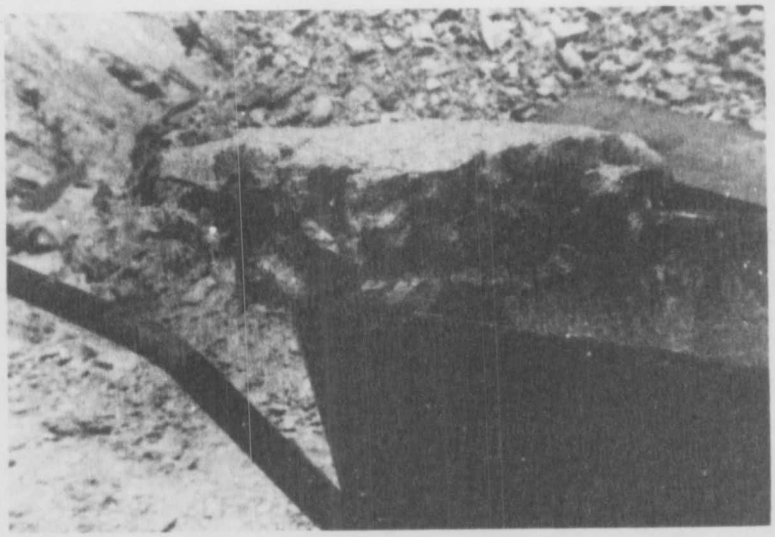


Photo 4 - Prismatic quartz crystals form deposit about one-inch thick around block of wallrock breccia. Visible gold generally occurs at vein-wallrock contacts.

Photo 5 - Dump contains gold and silver values thought to be low-grade. Intermediate grade is loaded in truck, and high-grade is put in 5 gal. cans - not visible in photo.

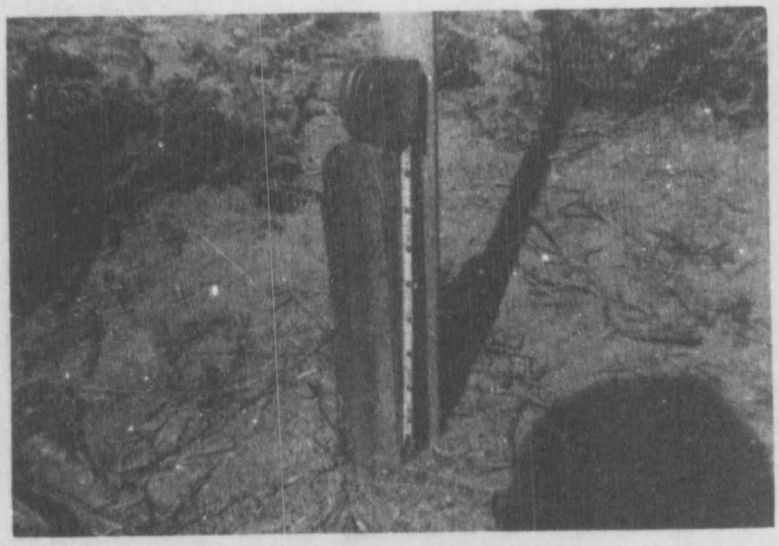
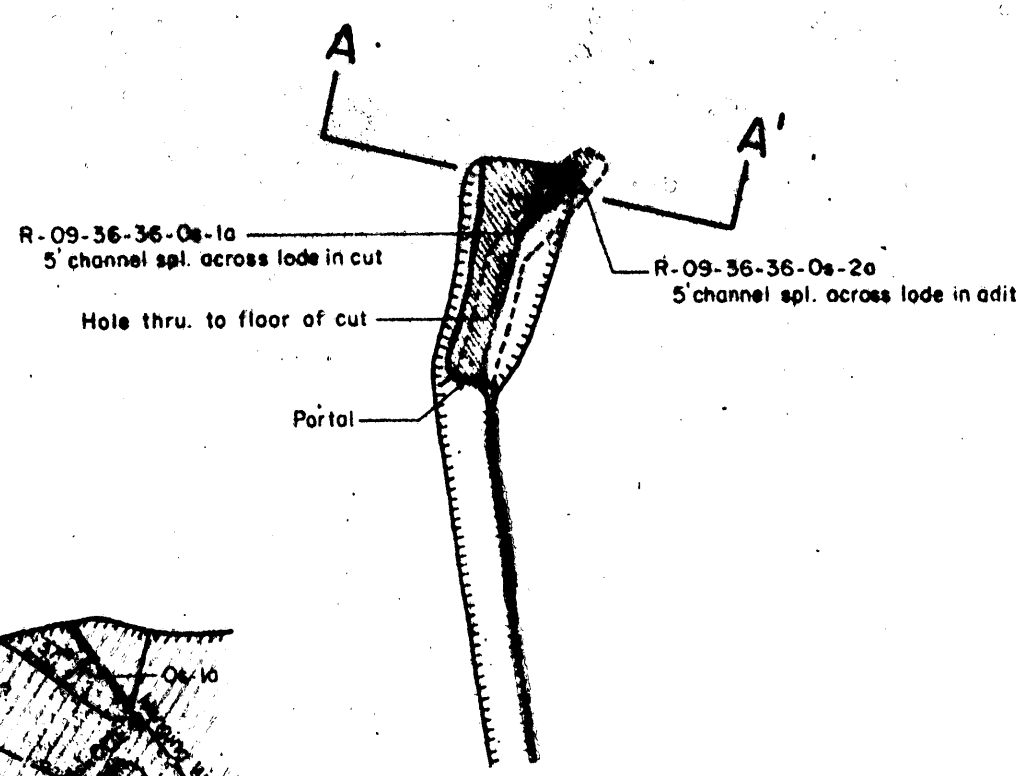
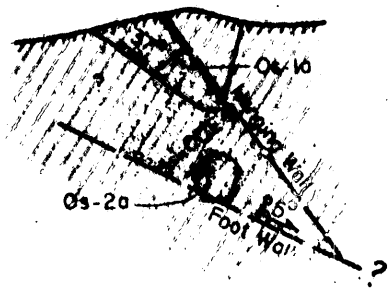


Photo 6 - Wooden post believed by Lessees to be the SW corner of Sec. 9.

Photo 7 - View to the southwest showing 'dozed trench at gold-bearing quartz vein near SW corner of Sec. 9. Spring is located between trench and trailer used as field quarters by Thomsens.





A-A' Cross Section

(Wall rocks are Triassic-Jurassic phyllite with local quartzite lenses)

Lode (quartz stringers with gold, silver, traces of malachite, and iron oxide)

Rhyolite dike, orange tan, f-grained

Phyllite bedding planes

Location of channel sample

Assays

Spl. No.	oz./ton Au	Ag
Os-1a	0.23	11.79
Os-2a	0.31	12.75

GOLD PROSPECT
in
W½ of SE¼ Sec. 9,
T. 36 N., R. 36 E., M.D.M.
Humboldt County, Nevada

Brunton-tape Survey — W.A.O.
4-30-64

Scale: 1" = 20'

METALLURGICAL LABORATORIES INC. CHEMISTS • ASSAYERS • SPECTROGRAPHERS

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

REPORT OF ASSAY

Submitted by: Southern Pacific Company
Land Department
65 Market Street, Room 205
San Francisco, California

Date: May 11, 1964

Sample of: Ore

LABORATORY NO. 1591

MARK	GOLD, PER TON OF 2,000 LBS.		SILVER, PER TON OF 2,000 LBS.		%	%	%
	TROY OUNCES	VALUE AT $35.00 OZ.	TROY OUNCES	VALUE			
R-09-36-36							
Os - 1a	0.23	8.05	11.79	15.21			
Os - 2a	0.31	10.85	12.75	16.45			

METALLURGICAL LABORATORIES INC.

By [signature]

3

ASSAY CERTIFICATE

J. R. CALDWELL
Registered Professional Engineer

Mining Engineer
Licensed Land Surveyor
State Water Right Surveyor

260 Minor Street
Winnemucca, Nevada
Phone Ma 3-2318

Carl E Thomsen

Lab No.	Mark	Description	Oz/Ton Au	Oz/Ton Ag	TOTAL VALUE/Ton
745-2		High Grade	46.64	2971.6	$5,465.76

Assay Charges — — $4.00

July 15 1964
(date)

J R Caldwell
(signature)

123
15
1985
3350
6528

ASSAY CERTIFICATE

J. R. CALDWELL
Registered Professional Engineer

Mining Engineer
Licensed Land Surveyor
State Water Right Surveyor

260 Minor Street
Winnemucca, Nevada
Phone Ma 3-2318

Carl Thomsen

Lab No.	Mark	Description	Oz/Ton Au	Oz/Ton Ag	TOTAL VALUE
622-1		Crushed sample	0.96	15.0	52.97
		from Dump area taken where [illegible] being [illegible]			

Paid $1.00

June 22, 1964
(date)

J. R. Caldwell
(signature)

ASSAY CERTIFICATE

J. R. CALDWELL

REGISTERED PROFESSIONAL ENGINEER

MINING ENGINEER
LICENSED LAND SURVEYOR
STATE WATER RIGHT SURVEYOR

260 MINOR STREET
WINNEMUCCA, NEVADA
PHONE MA 3-2318 OR 623-3233

Tony Mendiola

LAB. NO.	MARK	DESCRIPTION	[illegible]	[illegible]	TOTAL VALUE
[illegible] 1		Silverset Duplicate	13.56	1220	[illegible]45.06
2	#1		13.6	1020	592.18
3	#2		15.67	205.7	813.80

April 16, 1965
[DATE]

Assay charges

[SIGNATURE]

FORM 289 30M 11-63

INTERNATIONAL SMELTING AND REFINING COMPANY

TOOELE PLANT

ASSAY CERTIFICATE

DATE SAMPLED Apr. 15 19 65

NAME Silver Sal

CLASS Grab SMELTER LOT 1-3992 MINE LOT 1

DATE Apr. 20 19 65

PER CENT COPPER	PER CENT LEAD	PER TON OF 2000 POUNDS OZS. SILVER	OZS. GOLD	PER CENT INSOL.	PER CENT FE	PER CENT S	PER CENT CAO	PER CENT ZN	PER CENT AS	PER CENT SB	PER CENT BI	PER CENT CD	PER CENT [illegible]
	Original												
.15	Tr	136.03	12.62	83.8	3.1	.2	3.4	Tr	.05	.20			
	Duplicate												
.15	Tr	135.64	12.66										
	Average												
.15	Tr	135.84	12.64										

Donald D. Carlson

CHIEF CHEMIST

THE GOLDFIELD CORPORATION

GETCHELL MINE DIVISION

DAILY ASSAY REPORT

SAMPLE NUMBER	DESCRIPTION	AU OZ / TON	AG OZ / TON
	Sample Received from Al Legaraw Ten Mile Ore		
	Gold -	12.30	
	Silver -		134.70
	Value per Ton: $602.92		

DATE 4-25, 1965

ASSAYER Lyle Bradley

UNIVERSITY OF NEVADA
RENO, NEVADA

MACKAY SCHOOL OF MINES
NEVADA MINING ANALYTICAL LABORATORY

October 15, 1965

Mr. Tony Mendieta
495 West Sixth Street
Winnemucca, Nevada

Dear Mr. Mendieta:

We regret having been so long reporting test results on your ore sample, but we had some trouble getting proper checks on the assays, which required re-assaying.

Results of our tests are as follows:

Test No. 1-4-day percolation leach

Heads -	Au, oz./T.	0.64
	Ag, oz./T.	10.04
Tails -	Au, oz./T.	.30
	Ag, oz./T.	4.58
Extraction -	Au, %	53.1
	Ag, %	54.2

Test No. 2-Amalgamation followed by 24-hour agitation leach.	Au	Ag
Heads - oz./T.	0.64	10.04
Amalgamation - oz./T.	.50	.13
Cyanide leach - oz./T.	.18	2.90
Tails - oz./T.	.01	1.12
Extraction -%:		
Amalgamation	72.5	1.3(?)
Cyanidation	26.1	27.4
Total	98.6	28.7(?)
Loss in final tails -%	1.4	11.3

Test No. 3-Repeat of Test No. 2

Amalgamation - oz./T.	.04	2.72
Cyanidation - oz./T.	.43	2.43
Extraction - %:		
Amalgamation	6.3	27.0(?)
Cyanidation	68.2	24.1
Total	74.5	71.1(?)
Loss in final tails - %	25.5	8.5

Percolation leaching gives only slightly better than 50 percent extraction of gold and silver. Without further testing it is not possible to explain the wide variation in amalgamation recovery of gold between Tests Nos. 2 and 3. Silver in the amalgam is low because we remove mercury with nitric acid, which also dissolves silver, while it does not dissolve gold.

By combined amalgamation and cyanidation you should be able to recover 75 to 90 percent of the gold content of your ore and 71 to 89 percent of the silver. Head value of this sample is approximately $35 in gold and silver.

Very truly yours,

John N. Butler
Metallurgist

JNB:hm

9-65 L-6000

Approved as to form by General Counsel, March 15, 1963.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned, CARL E. THOMSEN and MERVIL THOMSEN

hereby assigns and transfers unto CARL E. THOMSEN, JOHN GABICA and TONY MENDIETA

whose post office address is P. O. Box 256, Winnemucca, Nevada

all of the right, title and interest of the undersigned in and to that certain lease dated April 10, 1964 (Lease No. 3983-M) covering land in County of Humboldt, State of Nevada, subject to all of the covenants, terms and conditions contained in said lease and upon condition that no rights or obligations which may have accrued prior to or at the date hereof are hereby waived.

Dated at Lovelock, Nevada this 27 day of January, A. D. 1965.

Carl E. Thomsen /s/
CARL E. THOMSEN

Mervil Thomsen /s/
MERVIL THOMSEN

The above named Assignees CARL E. THOMSEN, JOHN GABICA and TONY MENDIETA

hereby accept the foregoing assignment and agree to make the payments as provided in said lease as they become due and to observe and perform the terms, covenants and conditions on the part of the Lessee therein to be observed and performed.

Dated at Winnemucca, Nevada this 25 day of January, A.D. 1965.

Carl E. Thomsen /s/
CARL E. THOMSEN

John Gabica /s/
JOHN GABICA

Tony Mendieta /s/
TONY MENDIETA

SOUTHERN PACIFIC COMPANY hereby consents to the foregoing assignment to the Assignee therein named, without prejudice to any of the rights of the Lessor therein, subject to the express condition that no further assignment of said lease shall hereafter be made without the written consent of the undersigned Lessor first had and obtained.

Dated at San Francisco, Calif. this 10th day of February, A.D. 1965.

SOUTHERN PACIFIC COMPANY

By J. P. van Lobin Sels
Manager, Land Department

Assignment recorded Feb. 15, 1965.

M. B. Swift
For General Auditor

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned, JOHN GABICA, hereby assigns and transfers unto CARL E. THOMSEN and TONY MENDIETA, whose post office address is P.O. Box 286, Winnemucca, Nevada, all of the right, title and interest of the undersigned in and to that certain lease dated April 10, 1964 (Lease No. 3983-M) covering land in the County of Humboldt, State of Nevada, subject to all of the covenants, terms and conditions contained in said lease and upon condition that no rights or obligations which may have accrued prior to or at the date hereof are hereby waived.

Dated at Winnemucca, Nevada this 2nd day of December, A.D. 1965.

John Gabica
John Gabica

The above named Assignees CARL E. THOMSEN and TONY MENDIETA hereby accept the foregoing assignment and agree to make the payments as provided in said lease as they become due and to observe and perform the terms, covenants and conditions on the part of the Lessee therein to be observed and performed.

Dated at Winnemucca, Nevada this 2nd day of December, A.D. 1965.

Carl E. Thomsen
Carl E. Thomsen

Tony Mendietta
Tony Mendietta

SOUTHERN PACIFIC COMPANY hereby consents to the foregoing assignment to the Assignee therein named, without prejudice to any of the rights of the Lessor therein, subject to the express condition that no further assignment of said lease shall hereafter be made without the written consent of the undersigned Lessor first had and obtained.

Dated at San Francisco, California this day of

Assignment Recorded
For General Auditor

SOUTHERN PACIFIC COMPANY

By
Manager, Land Department

tion that no further assignment of said Lease shall hereafter be made without the written consent of the undersigned Lessor first had and obtained.

Dated at San Francisco, California, this day of , A. D. 1966.

SOUTHERN PACIFIC COMPANY

By_____
Manager, Land Department

Assignment Recorded:

_____
For General Auditor

SILVER CLOUD, INC.
c/o James A. Callahan
Professional Bldg.
Winnemucca, Nevada
January 21, 1966

Mr. Paul V. Fillo
Acting Field Office
O.M.E.
450 Golden Gate Avenue
Box 36012
San Francisco, California 94102

Dear Mr. Fillo,

We have been advised that the owners subordination agreement can possibly be obtained from Southern Pacific Railroad Company.

We have therefore sent a copy of our application for O.M.E. Assistance for their consideration.

A copy of the Southern Pacific Railroad letter of April 15th, 1965 is attached with our application of this date for O.M.E. assistance.

Very truly yours,
SILVER CLOUD, INC.

Carl E. Thompson

Carl E. Thompson, President

CET/ms

Enclosures: 1-O.M.E. Application
2-Copy of S.P.R.R. Letter

FIRST NATIONAL BANK OF NEVADA

WINNEMUCCA OFFICE

Winnemucca, Nevada

October 20, 1965

Silver Cloud Mine
252 Park View Drive
Winnemucca, Nevada

Gentlemen:

+90 days

We are sorry to advise that we can not accommodate your request for credit in the amount of $35,000.00 for a two year term with an interest rate of 5 1/2 % to be used for exploration of your Silver Cloud Mine.

Very truly yours,

R. D. Mudge

R. D. Mudge,
Assistant Vice-President
and Manager

Nevada Bank of Commerce
STATEWIDE
WINNEMUCCA BRANCH

October 16, 1965

Silver Cloud Mining Company
c/o John B. Tallman
252 Parkview Drive
Winnemucca, Nevada 89445

Gentlemen:

Your application for a $35,000 loan to do exploration work on the Silver Cloud Mine, to be repaid over a two year period at 6% interest, has been considered by our Loan Committee.

I am sorry to inform you that this loan does not qualify under our present regulations and has been rejected by the committee.

Very truly yours,

Alton B. Parker
Manager

ABP:dg

SECOND & BRIDGE STREETS • TELEPHONE 623-3606
MAILING ADDRESS: POST OFFICE BOX 1160 • WINNEMUCCA, NEVADA 89445

SUMMARY OF PRODUCTION FROM

SILVER CLOUD MINE

HUMBOLDT CO.
NEVADA

AMALGAM SHIPMENTS:

Date	Wt. oz.	Fineness Au	Fineness Ag	Value in $ Au	Value in $ Ag	Total Value
7/14/64	44.60	108.75	889	$168.28	$50.71	$213.74
11/24/64	18.96	550	435	300.[illegible]	8.[illegible]	301.80
						$515.54

ORE SHIPMENTS:

Date	Wt. Tons	Assay per ton Au	Assay per ton Ag	Value/ton Au	Value/ton Ag	Total net
7/13/64	35.0475	1.58	58.67	$50.27	$71.84	$3,410.10
8/19/64	1.0365	16.01	506.49	509.41	620.22	1,135.13
11/30/64	.1765	11.30	1065.95	359.90	1285.[illegible]	272.92
4/12/65	2.794	12.64	135.84	402.58	163.72	1,511.49
	39.0645					$6,329.64

STORED ON PROPERTY:

Reported to ~~me~~ as follows:

Shipping Ore (screened and sorted) stored by trailer
30 tons estimated at $100/ton - - - - $3,000.00 (?)

Main Dump (discarded after screening and hand sorting of shipping ore)
500 tons estimated at $35.00/ton ---- $17,500.00 (?)

(value from large sample of dump, see Metalurgical test, University of Nevada, this sample)

UNITED STATES ASSAY OFFICE
AT SAN FRANCISCO CALIF.

BULLION DEPOSIT - MEMO REPORT

Mint Form 426
(Revised)
SOURCE DATA

Deposit No.
Date
Memos Required by Depositor
Silver Price or Class
State
Depositor
Other Data
County
Mine

Description of Deposit	Assay Number	Weights Before Melt Ounces Dec	Weights After Melt Ounces Dec	ASSAY CERTIFICATE FINENESS Gold	Silver	Base	Refin. Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ.
Amalgam & gras	166	44.60	44.22	1098	859	0044	3	4.608	39.31

PAYABLE BY CHECK EXCEPT AS NOTED

Weigh Clerks Asst. Assayer Assayer

Melting	3.50	VALUES, $	50.71
Refining	1.33	NET VALUE	
Handling	.42	Bars	
Other Chg.		Cash	
TOTAL CHRGS.	5.25	Check	

Calculator

GPO 939881

INTERNATIONAL SMELTING AND REFINING COMPANY
TOOELE PLANT

Weight of Silver Jet Mine,
493 West 6th Street,
Winnemucca, Nevada.

Tooele, Utah
Apr. 22, 1965

Shipped from Winnemucca, Nev.

Received 4/12 Sampled 4/15 By Class Crude Mine Lot 1 Smelter Lot I-3492

Dry Weight	Lead Per Cent	Copper Per Cent	Zinc Per Cent	Silver Oz. Per Ton	Gold Oz. Per Ton	Insoluble Per Cent	Iron Per Cent	Calcium Per Cent	Sulphur Per Cent	Arsenic Per Cent	Antimony Per Cent
	2.	.15	2.	135.84	12.64	83.8	3.1	.2	3.4	.05	.20

Average Market Price 4/10 128.900
$35.000

Value Per Ton

95%	1.269	163.962	
95%	35.000	402.584	
		566.346	
		20.000	
		544.346	

Treatment Charge - Trier 10 Tons

2.794 Dry Tons @ 546.346 Per Ton

Umpire

Per Ton, pay

Per Ton (R. R. Value not over $)

Total Net Proceeds

Gross Weight	6337	
Tare	492	
Net Weight	5845	
Moisture 4.40		
Dry Weight	5588	

Sampled By
Mine Lot 1
Smelter Lot I-3492

Voucher No. 62300

1526.49
15.00
1511.49
1511.49

No extra charge made for samples of ores or bullion unless specially agreed upon in contract for purchase. Ores specially [illegible] charge will be made.

No consent, express or implied, by this Company to any [illegible] or waiver of any covenant contained in any agreement [illegible] shall be deemed a waiver of any succeeding breach of the same covenant.

INTERNATIONAL SMELTING AND REFINING COMPANY
TOOELE PLANT

Bought of Carl Thomson & Merrill Thomson
P. O. Box 286,
Winnemucca, Nevada

Tooele, Utah
Nov. 30, 1964

Shipped from Humboldt County, Nev.

Received 11/17 Sampled 11/19 Class Concts. Mine Lot 3 Sampler Lot I-3404

Account	Dry Tons	Gross Percent	Gross Dry Tons	Unit Gross Price	Net Gross Price	Insoluble Percent	Iron Percent	Sulphur Percent	Silica Percent	Alumina Percent	Lime Percent
	2n.	.30	2n.	1065.95	11.30	77.8	7.8	.1	2.3	.25	.12

TOTAL CHARGES

Assaying	11/14	128.900
		35.000

TREATMENT

Zinc	935	1.259
Lead	935	35.000

		1,185.056
		359.905
		1,544.961
		13.660
		1,631.301

None	13660
Silver	
Sulphur	
Zinc	
Iron	
Lime	
Manganese	
Net Payment	13660

	.2765	Dry Tons @ 1,631.301 Per Ton	28792
	Under 10 Tons		1500
			27292
Assaying			
Sampling			
Representation pay			
Hauling		Net Tons @ Per Ton pay	
Shipping		Net Tons @ per	
Truck			
Total Freight Weight	380	Freight @	Per Ton (P. E. Value not over $)
Tare Weight of Trucks	27		
Net Wet Weight	353	Shipped By:	
Moisture 0.00		Mine Lot 3	Total:
Dry Weight	353	Sampler Lot I-3404	Voucher No. 61991 Net Payment 27292

An extra charge will be made for sampling all lots less than carload. Prices, except on contracts for specified time or specified tonnage, subject to change without notice.

No agent, express or implied, by this Company to any waiver of or waiver of any covenant contained in any agreement shall be deemed a waiver of any [illegible] of the same covenant.

AT SAN FRANCISCO, CALIF.

BULLION DEPOSIT - MEMO REPORT

Deposit No. | Date | Memos Required by Depositor | Silver Price or Class | State
Depositor | Other Data | County | Mine

Description of Deposit	Assay Number	Weights: Before Melt Ounces Dec	Weights: After Melt Ounces Dec	ASSAY CERTIFICATE FINENESS: Gold	Silver	Base	Refin. Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ.

PAYABLE BY CHECK EXCEPT AS NOTED | Weigh Clerks | Asst. Assayer | Assayer

Melting	VALUES, $	
Refining	NET VALUE	
Handling	Bars	
Other Chg.	Cash	
TOTAL CHRGS.	Check	Calculator

GPO 939881

UNITED STATES ASSAY OFFICE AT SAN FRANCISCO CALIF.

Mint Form 42R (Rev. ...) SOURCE DATA

BULLION DEPOSIT - MEMO REPORT

Deposit No. | Date | Memos Required by Depositor | Silver Price or Class | State
Depositor | Other Data | County | Mine

Description of Deposit	Assay Number	Weights: Before Melt Ounces Dec	Weights: After Melt Ounces Dec	ASSAY CERTIFICATE FINENESS: Gold	Silver	Base	Refin Cts. Per Oz.	GOLD—FINE OZ.	SILVER—FINE OZ.

PAYABLE BY CHECK EXCEPT AS NOTED | Weigh Clerks | Asst. Assayer | Assayer

Melting	VALUES, $	
Refining	NET VALUE	
Handling	Bars	
Other Chg.	Cash	
TOTAL CHRGS.	Check	Calculator

GPO 939881

RETAIN THIS STATEMENT
...TING REFINING AND MINING COMPANY
...MOUNTAIN DEPARTMENT
...INCORRECT RETURN TO P. O. BOX 1960,
...CITY, UTAH, AND EXPLAIN ERROR

For net proceeds of Lot No. 1, per settlement sheet.

3,410.10

77-2

UNITED STATES SMELTING REFINING AND MINING COMPANY

NINTH FLOOR NEWHOUSE BUILDING
P. O. BOX 1980 SALT LAKE CITY, UTAH 84110

Salt Lake City, Utah, [illegible]

Purchased From [illegible]

Shipping Point: [illegible]

Product [illegible] Mine [illegible] Gold License No. [illegible]

Received [illegible] Sampled [illegible] Assayed [illegible]

Received by [illegible] Silver [illegible] Copper, N. Y. [illegible] Lead, N. Y. [illegible] Zinc, E. St. L. [illegible]

Quotations—Gold [illegible]

ASSAYS	GOLD OZS PER TON	SILVER OZS PER TON	COPPER %	LEAD %	INSOLUBLE %	IRON %	ZINC %	SULPHUR %	LIME %	%	NON SULPHIDE LEAD %	NON SULPHIDE ZINC %
R. & M. Co.												
Umpire												
Non-Sulphide												
Settlement	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		

Pcs.	NET WEIGHT	METAL VALUES		TREATMENT CHARGES		DEBIT	CREDIT
[illegible]		Gold [illegible] % @ [illegible]	[illegible]	Based on	% Lead		
		Silver [illegible] % @ [illegible]	[illegible]	Variation from	% Lead		
		Copper		Labor			
		Lead		Insoluble			
		Zinc		Zinc, excess over	%		
				Sulphur, excess over	%		
				As, excess over	%		
				Iron			
				Lime			
Net Weight							
Pulpers							
Net Weight	[illegible]						
Moisture [illegible] %	[illegible]	Total Metal Value	[illegible]	Net Treatment Charge			
Dry Weight	[illegible]	Less Treatment Charge	[illegible]				

Settlement for [illegible] Dry Tons @ [illegible] Per Ton

Net (Value under [illegible] Per Ton) Wet Tons @ [illegible] Per Ton

		DEDUCTIONS
Smelting Charge	[illegible]	[illegible]
Refining Charge		
Freight Charge		
Mining Charge		
Sampling	Wet Tons @ [illegible] Per Ton	
Hauling to: [illegible]		

Date: [illegible] 1964

48081

P. O. BOX 1860 SALT LAKE CITY, UTAH 84

Shipped From

Salt Lake City, Utah

Shipping Point.

Product

Mine

Received

Sampled

Gold License No.

Assayed

Quotations—Gold

Silver

Copper, N. Y.

Lead, N. Y.

Zinc, E. St. L.

ASSAYS	GOLD OZS PER TON	SILVER OZS PER TON	COPPER %	LEAD %	NON SOLUBLE %	IRON %	ZINC %	SULPHUR %	LIME %	NON SULPHIDE %	NON SULPHIDE ZINC %
R & M C.											

NET WEIGHT

METAL CHARGES

TREATMENT CHARGES

Gold @

Silver @

Lead

Zinc

Dry Tons

Net Tons @

Total Deductions

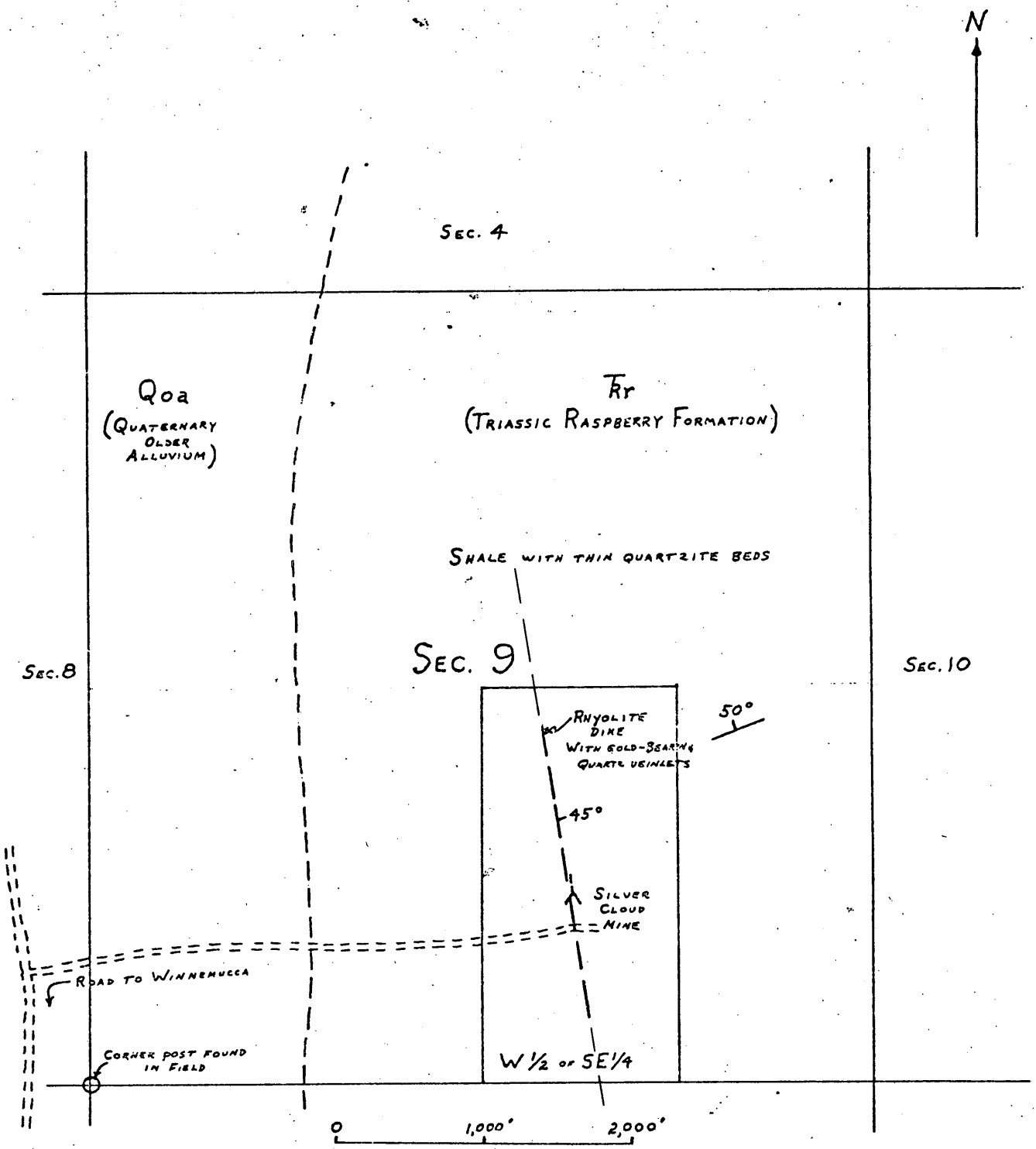


Figure 1.--Sketch map of Sec. 9, T. 36 N., R. 36 E., MDBM, Humboldt County, Nevada, showing location of Silver Cloud Mine property.

Originals of Contrast Maps
Fig. 1 & 2

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
11/7/68		110
	Kirkham	120
		220

NOV 8 1968

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Mine
Humboldt County, Nevada
Contract 2222

Enclosed is a copy of the Field Officer's memorandum dated November 5, 1968, concurring in the Report of Review issued in October 1968 on the subject contract. A copy of the report also is enclosed for your files.

FRANK E. JOHNSON (glr)

Frank E. Johnson

Enclosures

cc: Director's Reading File
Economic Geology File
OME docket
OME Reading File
OME Region II

GLAult/a 11-7-68

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

November 5, 1968

OFFICIAL
COPY
O. M. E.
RECEIVED
NOV 7 1968
INITIALS | CODE
gla | 30
Bsf | 20 M
Jg | 110
HR | 120
~~120 C~~
220

Memorandum

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Mine
Humboldt County, Nevada
Contract 2222

A copy of the final Report of Review issued in October 1968 on the subject contract has been received and filed in this office.

The facts as stated in the report agree with the information on file in the Field Office, and I concur in the report.

H. K. Stager

Form 7
2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/30/68		110
"	Kirkham	120
		220

OCT 30 1968

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Mine
Humboldt County, Nevada
Contract 2222

Enclosed is the Field Office's copy of a Report of Review issued in October 1968 on the subject contract. A copy is not to be furnished the Operator.

If you concur in the facts as stated in this report, please submit a memorandum, in duplicate, of your concurrence. If for any reason you do not concur, the report should be returned to this office with appropriate comments.

FRANK E. JOHNSON (gla)

Frank E. Johnson

Enclosure

cc: Director's Reading File
Economic Geology File
OME docket
OME Reading File
130

GLAult/a 10-30-68

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

OCT 17 1968

OFFICIAL COPY
C. M. E.
RECEIVED
OCT 30 1968

Memorandum

To: Director, Geological Survey

From: Assistant Director, Contract and Grant Audit
Audit Operations, Office of Survey and Review

Subject: Review of Contract 2222
Docket No. OME-6536 (Silver-Gold)
Silver Cloud, Inc. (Operator)
Silver Cloud Prospect
Humboldt County, Nevada

Pursuant to a request from the Chief, Office of Minerals Exploration (OME) dated August 2, 1968, we have made a cost review of Contract 2222, including the complete repayment of the disbursed Federal funds with interest. The review included an examination of the contract, related files, and accounting records of OME and the Branch of Budget and Finance, Administrative Division, Geological Survey. Four copies of the report of review are enclosed.

Donald R. Mosley

Enclosures

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

July 29, 1968

OFFICIAL
COPY
C. E. E.
RECEIVED
JUL 31 1968
INITIALS | CODE
glo | 120
bof | 120 m
RJ | 110
RWD | 120 S
| 220

Memorandum

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada
Contract No. 2222

Enclosed is a summary-type Final Field Report on the subject contract.

Final F.F. Rpt.

H. K. Stager

Enclosure

Request routine Final Audit
RWD

FINAL FIELD REPORT - OME EXPLORATION PROJECT

By H. K. Stager, Field Officer, Region II

July 29, 1968

1. OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada
Contract No. 2222

Operator: Silver Cloud, Inc.
252 Parkview Drive
Winnemucca, Nevada 89445

Property: Consists of the W½ of SE¼ of sec. 9, T. 36 N., R. 36 E., MDBM, containing 80 acres, more or less, Ten Mile Mining District, Humboldt County, Nevada. A map showing the area of the property was attached to the contract.

Ownership: The Operator was in possession of the land under the terms of a Lease of Mining Rights, Lease No. 3983-M, as amended, executed April 1, 1964, by the Owner, Southern Pacific Company. A Performance Bond, in lieu of a Lien and Subordination Agreements, by the Hartford Accident and Indemnity Company, 1745 Vassar Street, Reno, Nevada 89504, in the amount of $20,000.00 was furnished and attached to the contract.

2. Purpose of Project: The purpose of the project was to explore the Silver Cloud Mine by inclined shaft sinking, drifting, and by cross-cutting, if necessary, for silver- and gold-bearing ore shoots in and along a 45° east-dipping fault zone and rhyolite dike which cut the Raspberry Formation of Triassic age.

3. Contract: Dated June 30, 1966, for a term of 18 months.
Original contract amount - $32,000.00
Government participation - 62½ percent, $20,000.00

Amendments No. 1 - February 2, 1968, to allow suspension of the work between February 1, 1967, and June 30, 1968; to extend the time for completion of the work from 18 to 30 months; and to extend the maximum period for royalty payments from 10 to 11 years from the date of the contract.

Termination Agreement - May 8, 1968, to terminate the contract effective April 15, 1968.

4. Project Work: Started - September 1, 1966. Terminated - April 15, 1968.

Cost Items	Authorized			Completed	
	Units	Rate	Amount	Units	Amount
Drifting and cross-cutting	400	$33/ft	$13,200.00	150	$4,950.00
Shaft raising	120	$50/ft	6,000.00	0	0
Shaft sinking	120	$96/ft	11,520.00	0	0
Shaft station	1	$680	680.00	0	0
Assaying for gold and silver	200	$3/spc	600.00	0	0
Total amounts			$32,000.00		$4,950.00
Government participation at 62½ percent			$20,000.00		$3,093.75
Paid to Operator					$3,093.75

The Government retained no equity in any of the equipment or supplies used.

Repaid by Operator on April 15, 1968 (includes $251.30 interest) - $3,345.05

Effectiveness of the work - The ore zone was only partly explored but high grade gold-silver ore was discovered and mining of the deposit undertaken.

Efficiency of Operation - The work was accomplished in a slow and inefficient manner. The Operators concentrated their efforts on the mining and sorting of ore rather than the exploration work. The company was sold before the contract work could be completed.

5. Reports:

Operator's Final Report - The requirement for an Operator's Final Report was waived on May 15, 1968, inasmuch as the Operator could not supply any additional significant information not contained in the monthly vouchers.

Cost Review - There were no Cost Reviews requested or made inasmuch as the Operator repaid the Government's contribution in full, with interest, on April 15, 1968, before completion of the work authorized by the contract.

5. Reports - Continued

Final Audit - A final audit was not requested.

Royalty Review - Although more than 100 tons of ore was mined during the period of the OME project, no ore was shipped to the smelter because of an extended smelter strike during 1967. Repayment in full of the Government's participation, by the Operator, removed the need for royalty payments on ores shipped after termination of the contract.

6. Project Results:

Discoveries - A small but high grade shoot of gold- and silver-bearing ore was discovered by the OME exploration. A map showing the exploration work is attached to this report. About 100 tons of ore estimated to average about 1.5 ounces of gold and 60 ounces of silver per ton was mined from the ore shoot during the period of the project. An additional 400 tons of ore of the same grade is indicated. Continued production is feasible and is being carried on by the Operators. Additional development and exploration of the deposit are warranted.

Certification - The Government certified that mineral or metal production may be possible as a result of the exploratory work. The Operators were notified of this certification on May 24, 1968, by a letter that also acknowledged that inasmuch as the Government's contribution to the work had been fully repaid with interest, the Government retained no claim or lien against the property or any production therefrom.

Production - About 100 tons of ore was mined and stockpiled during the period of the contract but was not shipped to the smelter.

Royalties - There was no ore sold and no royalties were paid or due the Government.

7. <u>Geologic Summary</u>:

- Ore bodies at the Silver Cloud Mine consist of gold- and silver-bearing quartz veinlets locallized along a fault zone cutting shales and thin quartzites of the Raspberry Formation of Upper Triassic age. The largest ore body mined to date is about 5 feet in thickness, 30 feet in strike length, and is known to extend down a dip of about 45° for at least 100 feet. Total production of the district from about 1910 to the present is about 14,000 ounces of gold and 800,000 ounces of silver.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum

May 15, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 17 1968

INITIALS	CODE
[illegible]	140
[illegible]	130
[illegible]	130 M
[illegible]	130 S

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Mine
Humboldt County, Nevada
Contract 2222

Enclosed are the original and Budget and Finance's copy of the Termination Agreement to the subject contract executed by the operator. The remaining copies have been distributed in the usual manner.

I recommend that the requirement for an Operator's Final Report be waived inasmuch as the operator could not supply any additional significant information not contained in the monthly vouchers. A map of the workings and a summary of the work will be contained in my Final Field Report.

Also enclosed is a questionnaire from the Hartford Accident and Indemnity Company concerning the Performance Bond. Will you please complete and return the questionnaire and inform them and the operator of the Government's release of the Performance Bond.

H. K. Stager

Enclosures

HEARD
HE BOARD

H. V. WILLIAMS
PRESIDENT

HARTFORD ACCIDENT AND INDEMNITY COMPANY

HARTFORD, CONNECTICUT 06115

United States Dept. of the Interior
Geological Survey
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Date May 13, 1968

Bond No. 3906545

Your No. OME 6536
(Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect

Contractor Silver Cloud, Inc. Address Winnemucca, Nevada

Description of Contract Exploration

Owner United States Department of the Interior

Contract Price $20,000.00 Bond(s) $20,000.00 Effective Date 06-30-66

Without prejudicing your right or affecting our liability under our bond(s) described above, we would appreciate the following information.

Yours very truly,

W. H. Wallace

Vice-President

IF CONTRACT COMPLETED, PLEASE STATE:

Approximate completion date

Approximate acceptance date

Final Contract Price

IF CONTRACT UNCOMPLETED, PLEASE STATE:

Approximate amount completed
(Percentage or dollar amount)

Paid to Date

Retainage

Are there any claims, assignments or liens on file? Check one: Yes ☐ No ☐

Remarks

Date **Signature**

RETURN THIS INQUIRY IN ENCLOSED SELF-ADDRESSED, STAMPED ENVELOPE TO:

Address

PLEASE RETURN TO
HARTFORD ACCIDENT AND INDEMNITY CO.
1745 VASSAR ST.
RENO, NEVADA

Form S-3488-3 Printed in U. S. A. 4-'65

Issued at request. Bond posted 6/21/68

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

May 10, 1968

Mr. John B. Tallman
Silver Cloud, Inc.
252 Parkview Drive
Winnemucca, Nevada 89445

Re: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada
Contract No. 2222

Dear Mr. Tallman:

Enclosed are the original and three copies of a Termination Agreement (2 pages), to the subject contract, signed for the Government.

If the proposed amendment is satisfactory to you, all four copies should be signed by you and the Government's , Budget and Finance's, and Field Officer's copies returned to this office. The Operator's copy should be retained for your files.

If any part of the proposed amendment does not have your approval, the original and all copies are to be returned to this office together with the proposed changes for consideration. If you have any questions please call me.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosures-4
cc: Chief, OME, WDC
cc: Dir RF
ACG RF
MP RF
Docket
HKStager:mlb
5-10-68

YOUR HARTFORD AGENT
DOES MORE THAN HE
REALLY HAS TO DO

U.S. POSTAGE
06
METER
P.B. 609166

No Postage Stamp Necessary — Postage Has Been Prepaid by

THE HARTFORD INSURANCE GROUP

P. O. BOX 500

RENO, NEVADA 89504

BOND DEPARTMENT

OFFICIAL FILE COPY

Date	Surname	Code
5/3/68	[illegible]	120
5/6/68	Kirkham	120
"	Johnson	110
5/7	Power	
5/8	[illegible]	220
		120M

MAY 8 - 1968

AIRMAIL

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Mine
Humboldt County, Nevada
Contract 2222

Enclosed are the original and three copies of proposed Termination Agreement (two pages), to the subject contract, signed for the Government. An extra copy of the Termination Agreement is also enclosed for field use.

If the proposed agreement is satisfactory to you and the Operator, all four copies should be signed by a duly authorized representative of the Operator and distributed in the usual manner.

If any part of the proposed agreement 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.

The Operator's Performance Bond will be released as soon as the signed Termination Agreement and the Operator's Final Report, or your recommendation to waive the requirement for an Operator's Final Report, are received.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Economic Geology File
OME Docket
OME Reading File
Mr. Smith
130

BLong/1 5/3/68

DMEA FORM 6 REFERENCE SLIP

REV. 12-56 DEFENSE MINERALS EXPLORATION ADMINISTRATION

TO:	INITIALS	DATE
1. ~~Assoc. Sol.--MR, Room 6554 (Through Room 6042)~~		
2. Mr. Smith, Room 4459		
3.		
4.		
5.		
FROM: Chief, OME		

OR: 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
4-29-68
FOR SIGNATURE

RECEIVED
APR 24 1968
Division of Mineral Resources
Genenral Legal Services

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

M25803

To Legal 4/23/68

DRAFT

120 RS 14

120 MK

120 KP

120N

[redacted]mith/bel 4/22/68

[redacted] EXPLORATION CONTRACT
SILVER CLOUD, INC.
OME-6536

TERMINATION AGREEMENT

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 Silver Cloud, Inc., hereinafter called the "Operator," parties to that certain [redacted] Exploration Contract No. 2222 (OME-6536), dated effective June 30, 1966, as amended, hereinafter called the "Contract," that:

1. Effective April 5, 1968, the Contract and all obligations of the parties thereunder, except as otherwise herein expressly provided, shall be and are hereby terminated.

2. The Government shall contribute only to the allowable costs incurred prior to said effective date.

3. The Operator shall promptly perform all winding-up and settlement actions provided for in the Contract, including furnishing to the Government three copies of a final report (in addition to the final monthly report) which 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 thereof.

4. All rights of the Government respecting certification of possible production, preservation of the Operator's records, accounts, audits, and the right to recover any overpayment are hereby preserved.

5. The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of said Contract except as otherwise provided in this termination agreement.

IN WITNESS WHEREOF, these parties have executed this agreement as of the day and year first above written.

THE UNITED STATES OF AMERICA

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

WILDER GLOVER, INC.

By_____

Title_____

OFFICE OF MINERALS EXPLORATION
U. S. GEOLOGICAL SURVEY

TO: Chief, Branch of Budget and Finance
U. S. Geological Survey
Department of the Interior
Washington, D. C. 20242

FROM: Field Officer, Region II, OME
U. S. Geological Survey
345 Middlefield Road
Menlo Park, California 94025

ABSTRACT OF REMITTANCES

Date	Amount	Bank, City and State	Name of Remitter	Docket & Contract Numbers	Purpose
4-12-68	$3,345.05	First National Bank of Nevada Winnemucca, Nevada 58- 75110	Silver Cloud, Inc.	OME-6536 Cn. 2222	Repayment in full

OFFICIAL COPY
O. M. E.
RECEIVED
APR 18 1968
INITIALS | CODE
130
120
110
130 S

REMARKS: Cashier's check received in Field Office on April 15, 1968, for repayment in full of principal and interest due on OME Contract No. 2222 as of April 15, 1968.

April 15, 1968
Date Prepared

4/16/68
Date Received

Person Preparing Abstract
Field Officer, OME, Region II

Person Receiving Remittance

IN REPLY REFER TO

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum April 15, 1968

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer, Region II

Subject: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada
Contract No. 2222

A cashier's check in the amount of $3,345.05 was received in the Field Office today from Silver Cloud, Inc., as repayment in full for principal and interest due on the subject contract as of April 15, 1968.

The mine has been sold to Mr. Greg Sali of Winnemucca. The former owners and operators, John B. Tallman, Herbert L. Daniels, and Tony Mendieta, request that the OME contract be terminated as of this date and the Performance Bond provided by them from the Hartford Accident and Indemnity Company of 1745 Vassar St., Reno, Nevada, be released.

H. K. Stager

H. K. Stager

See me — Stockpiled with issue on page on Form 6 get me a d.b. for this issue?

Enclosure

Field Officer recommends certification although the discovery is not very significant

90 tons @ $75 ± = 6750
2½ tons @ $500 ± = 1250
$8000 ±

Stockpiled due to smelter strike

OFFICIAL COPY
O. M. E.
RECEIVED
APR 17 1968

INITIALS	CODE
glr	120
[illegible]	121
[illegible]	110
RMS	130

Silver Cloud, Inc.
Winnemucca, Nevada
March 22, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
APR 1 1968
INITIALS | CODE
~~130~~
~~120~~ MU
~~110~~
120 S

Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 90425

Attn: Mr. H.K. Stager

OME-6536 Rank

Dear Mr. Stager:

We received your letter of March 18, 1968 in regards to OME loan. Right after April 1st this money due on the loan will be mailed to you.

Financial plan inclusive yes

We want to thank you for your past cooperation and interest shown us in this venture.

Kindest personal regards,

John B Tallman

John B. Tallman
Silver Cloud, Inc.

JBT:ba

RECEIVED
MAR 28 1968
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

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

March 18, 1968

OFFICIAL COPY
MAR 2 1968

INITIALS	CODE
	130
gla	120
	110
	120

Mr. John B. Tallman
Silver Cloud, Inc.
252 Parkview Drive
Winnemucca, Nevada 89445

Re: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada
Contract No. 2222

Dear Mr. Tallman:

As a result of our conversation at Winnemucca on February 20, 1968, I requested our Branch of Budget and Finance to compute the total amount due, including interest, on your OME contract. As of April 15, 1968, the principal ($3,093.75) and interest ($251.30) will total $3,345.05. Inasmuch as it now appears that Mr. Sali will not be able to provide the Performance Bond required in order to qualify for assignment of the contract, this amount should be paid to the Government to clear the books.

If you have any questions please call me.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

cc: Chief, OME, WDC (2)
Dir RF
ACG RF
MP RF
Docket
HKStager:mlb
3-18-68

OPTIONAL FORM NO. 10
5010-104

Copy to R-II

UNITED STATES GOVERNMENT

Memorandum

TO : Chief, Office of Minerals Exploration DATE: March 13, 1968

FROM : Branch of Budget and Finance

SUBJECT: Contract No. 2222 - Silver Cloud, Inc. 6536

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 14 1968

INITIALS	CODE
	~~130~~
bcf	170
	110
RS	120

The amount that will be owed the Government through April 15, 1968 under subject contract is as follows:

Principal	$3,093.75
Interest thru 4/15/68	251.30
Total	$3,345.05

Interest accruing after April 15 should be computed at the daily rate of .184,426,229 per thousand dollars.

F. G. Usher
Budget and Finance Officer

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/6/68	[illegible]	120
"	in lease	120
		110
3/6	Col	220
		120M

MAR 6 1968

Memorandum

To: Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Mine
Humboldt County, Nevada
Contract 2222

Attached is a copy of a memorandum report of an Interim Inspection dated February 27, 1968, from the Field Officer, OME Region II, requesting a statement of principal and interest that will be owed the Government through April 15, 1968 under the subject contract.

Will you please compute the figure requested and indicate whether any interest accruing after April 15 should be computed on a daily, weekly or monthly basis, so that we can inform the Field Officer.

FRANK E. JOHNSON

Frank E. Johnson

(pl)

Enclosure

cc: Director's ReadingFile
Division File
Economic Geology File
OME File
OME Reading File
Mr. Smith
R-II

RMSmith/bsl 3/6/68

IN REPLY REFER TO

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum

February 27, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 29 1968

INITIALS	CODE
TJ	110
Def	120
gLa	130
RMS	120

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Mine
Humboldt County, Nevada
Contract No. 2222

Interim Inspection

An interim inspection of the subject property was made on February 20, accompanied by Mr. Tony Mendieta of Silver Cloud, Inc. Conferences were held with Mr. John B. Tallman and Mr. Greg Sali in Winnemucca. Mr. Tallman signed Amendment No. 1 to the contract, extending the time for completion to December 31, 1968.

Although transfer of ownership of Silver Cloud, Inc. will not be completed until April 6, 1968, Mr. Sali has had a small crew working at the mine and they have driven a raise from the adit level to the surface. I informed Mr. Sali that OME would not participate in the costs of the work until such time as the contract is assigned to him and a new performance bond is provided. From conversations with Mr. Tallman and Mr. Sali it appears that Mr. Sali is unable to obtain a performance bond. Provision has been made in the agreement of sale to pay off the OME contribution ($3,093.75 plus interest) in the event that Mr. Sali is not able to provide a bond and qualify for assignment of the OME contract. This money is deposited in an escrow account in Winnemucca and will be paid to OME during April if necessary to complete the sale of the property.

Because of the continuing smelter strike, no ore has been sold since the start of the OME contract. About 70 tons of ore from the dump, estimated to have an average value of about $35 per ton in gold and silver, has been removed from the property by Mr. Sali for mill testing

but the concentrates have not been sold. I informed Mr. Tallman and Mr. Sali that OME has a royalty interest in all ore, or concentrates, sold or removed from the property until the entire amount of the Government's contribution has been repaid.

I recommend that the Budget and Finance Office be requested to calculate the total amount that will be owed to the Government, as of about April 15, 1968, so that I can inform Mr. Tallman and Mr. Sali of the exact amount due to clear the OME account.

H. K. Stager

IN REPLY REFER TO

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

ORIGINAL COPY
O. M. E.
RECEIVED
FEB 28 1968

INITIALS	CODE
	110
	120
	130
	130

Memorandum

February 26, 1968

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada
Contract No. 2222

Enclosed are the original and Budget and Finance's copy of Amendment No. 1 to the subject contract executed by the Operator. The remaining copies have been distributed in the usual manner.

H. K. Stager

Enclosures-2

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

February 6, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 8 1968

INITIALS	CODE
gla	130
fol	120
~~fil~~	~~110~~
Rmd	120

Mr. John B. Tallman
Silver Cloud, Inc.
252 Parkview Drive
Winnemucca, Nevada 89445

Re: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada
Contract No. 2222

Dear Mr. Tallman:

Enclosed are the original and three copies of proposed Amendment No. 1 (two pages), to the subject contract, signed for the Government.

If the proposed amendment is satisfactory to you, all four copies should be signed by you and the Government's copy, Budget and Finance's copy, and Field Office's copy returned to this office. The Operator's copy should be retained for your files.

If any part of the proposed amendment does not have your approval, the original and all copies are to be returned to this office together with the proposed changes for consideration. If you have any questions please call me.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosures-4

cc: Chief, OME, WDC
Dir RF
ACG RF
MP RF
Docket
HKStager:mlb
2-6-68

120 Smith
120 Kirkemo
110 Johnson
220 Ed
110
220 Cal
120M

AIRMAIL

FEB 2 1968

Memorandum

To: Field Officer, Region II

From: Chief, Office of Mineral Exploration

Subject: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada
Contract 2222

Enclosed are the original and three copies of proposed Amendment No. 1 (two pages), to the subject contract, signed for the Government. An extra copy of the amendment is also enclosed for field use.

If the proposed amendment is satisfactory to you and the Operator, all four copies should be signed by a duly 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 File
OME Reading File
Mr. Smith
~~XXXXX~~ - 130

RMSmith/bsl 1/31/68

To Legal 1/24/68

DRAFT 1-23-68
RMSmith/bsl

EXPLORATION CONTRACT
SILVER CLOUD, INC.
OME-6536

AMENDMENT NO. 1

It is agreed this _____ day of _____, 1968, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, Office of Minerals Exploration, hereinafter called the "Government," and Silver Cloud, Inc., hereinafter called the "Operator," that Exploration Contract 2222 (OME-6536), dated June 30, 1966 is amended effective January 31, 1967, as follows:

1. (a) Work under the contract shall be suspended during the period beginning February 1, 1967, and ending not later than June 30, 1968.

(b) No costs incurred by the Operator during the period of suspension shall be allowable for contribution by the Government.

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

(d) 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 the contract for the completion of the work is extended from 18 to 30 months from the date of the contract, or until December 31, 1968.

3. The maximum period for royalty payments and for the lien to secure the payment 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, the amount of any item designated as maximum, 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

SILVER CLOUD, INC.

By_____

Title_____

Silver Cloud, Inc.
252 Parkview Drive
Winnemucca, Nevada

January 18, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 24 1968

INITIALS	CODE
[illegible]	30
[illegible]	20
[illegible]	40
[illegible]	130

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

Attn: Mr. Harold K. Stager

OME - 6536

Dear Mr. Stager:

In answer to your letter stating our OME loan on Silver Cloud Inc. had run out of time.

It is our desire that this extension of time (four months) be granted to us for the following reasons.

The sale of the mine has been all but consumated and Mr. Greg Sali (Sonoma Inn - Winnemucca, Nevada) has put four men to work and is underground mining right now. I am sure he will pursue the original contract with the OME and go ahead with the exploration.

Needs an organized approach to solve problem.

Having this contract extended will be of an assistance to all parties concerned as it will make it easier to just extend than to go back through the whole procedure. I am sure that Mr. Sali will get his bond posted and be ready to go through with this in the near future.

Therefore this extension of time (four months) would be most beneficial to all concerned.

Thanks for your consideration .

Best Regards,

John B Tallman

John B. Tallman
Silver Cloud, Inc.

JBT:ba

RECEIVED
JAN 19 1968
OFFICE OF MINERAL EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum

January 12, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 15 1968

INITIALS	CODE
gla	130
BH	120
(on leave)	110
HK	120
	120

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada
Contract No. 2222

Enclosed is a letter, dated January 9, 1968, from the Operator of the subject property requesting an extension of time for completion of work under the contract. No work has been done on the contract since January 1967, in part because of the prolonged and continuing smelter strike that has prevented shipment of the ore, and in part because of a change in ownership of the company. I recommend that an amendment be prepared to extend the time as requested. Such an amendment might also contain a certification of discovery, based on the ore found and mined in the OME drift, or a waiver of certification. Several carloads of ore will be shipped as soon as the smelters reopen.

H. K. Stager

Enclosure

January 9, 1968

Mr. H. K. Stager
Field Officer
OME, Region II
345 Middlefield Road
Menlo Park, California 94025

Dear Mr. Stager:

Re: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada
Contract No. 2222

The undersigned, Silver Cloud, Inc., asks that the above-referenced contract No. 2222, dated June 30, 1966, be extended for an additional six (6) months, ~~due~~ to and including June 30, 1968. The reasons for requesting this extension is that it is contemplated that the property will be sold within the near future and, by reason of the projected sale, development of the mine has been curtailed. The change of ownership and continuance of the development work should be accomplished within the requested extension of six months.

Yours very truly,

SILVER CLOUD, INC.

By John B. Tallman
John B. Tallman
Secretary

RECEIVED
1968
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

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

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 12 1968
INITIALS CODE
HK 120S

January 8, 1968

Mr. John B. Tallman
Silver Cloud, Inc.
252 Parkview Drive
Winnemucca, Nevada 89445

Re: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Mine
Humboldt County, Nevada
Contract No. 2222

Dear Mr. Tallman:

It has been a year since you last submitted a report and voucher for work under the subject contract, and we have not received word from you by letter since August 19, 1967, concerning the status of your plans. The time allowed for completion of the work under the contract expired on December 30, 1967, and the contract is now in default. We, of course, realize the difficulties imposed by the prolonged smelter strike but would appreciate a letter from you setting forth your plans at this time for terminating the contract or completing the work.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

cc: Chief, OME, WDC
Dir RF
MP RF
ACG RF
Docket

HKStager:mlb 1-10-68

Silver Cloud, Inc
252 Parkview Drive
Hermosa Meadows
8/19/67

U S Dept of the Interior
Office of Minerals Exploration
345 Middlefield Rd
Menlo Park, Calif, 94025
Attn: Mr. Harold W Stager

OME-6536
Contract 2222
SILVER CLOUD, INC.

Dear Mr. Stager -

Nothing new to report really but thought you like a letter for your files.

Mr Sali is still in Portland and has made another payment on the mine but no work or no final deal - no work of course until the deal is final. He has promised me that he should have his "bond" etc. in order this week to mail to you -

- Pleasant Hot here - ! Will let you know as soon as Mr Sali gets his material together.

Best regards,

John B Tallman Sec Treas
Silver Cloud, Inc

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 25 1967
INITIALS | CODE
glc | 1120
Jeff | 10
Ross | V20 S

RECEIVED
AUG 23 1967
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

Silver Cloud Inc
252 Park View Drive
Winnemucca, Nev
7/20/67

Office of Mineral Exploration
Menlo Park, Calif
Attn Mr Stager

OME - 6536

Dear Mr. Stager —

Nothing new on Silver Cloud, Inc except that we are going ahead with our deal with Mr. Seli. I should have it formulated soon & will forward papers on to you —

Best regards & Thanks for your recent visit —

John B Tallman Sec Treas
Silver Cloud, Inc

RECEIVED
JUL 21 1967
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 20 1967
INITIALS | CODE
120 M
110
120S

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum July 14, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 17 1967
HK 120 M
HK 120
RMS 120 S

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Mine
Humboldt County, Nevada
Contract No. 2222

Interim Inspection

An interim inspection of the subject contract was made on July 11, 1967, and conferences held with Mr. John B. Tallman of Silver Cloud, Inc., and Mr. Greg Sali who holds an option to purchase Silver Cloud, Inc.

If all negotiations proceed favorably and Mr. Sali is able to purchase Silver Cloud, Inc.; transfer the lease on the property with Southern Pacific Co.; obtain a new Performance Bond; establish his eligibility for OME assistance by supplying bank letters, etc.; and an assignment of the existing OME contract, he will then resume the exploration work that has been delayed since January. The requirements for assigning the OME contract were discussed with Mr. Tallman and Mr. Sali and we should soon hear from their attorneys with a request for the assignment.

H. K. Stager

6-12-67

OFFICIAL
COPY
O. M. E.
RECEIVED
JUN 21 1967
INVESTIGATIONS GROUP

gle 120 M
gl ~~110~~
Bmg 120 S

C O P Y

To: OME H. K. Stager
From: John B. Tallman - Silver Cloud, Inc.
OME-6536

"Since our last letter Tony has cobled out approximately 30 ton of ore on the dump and has another 35 ton broken down in the stope-

"Haven't shipped any ore as of yet. The assays have run at $110 to $125 on the shipping ore and around 42 to 45 dollars on the waste dump.

"Will keep you advised - Have a party interested in taking an option and may give it to them if the deal turns out OK.

"Tony intends to phone you in the A M and see what our position is with you people and new owner -

"Best regards from us all and hope to see more of you on your next visit thru - Make Winnemucca your "nite" stop as Tony and I would enjoy talking to you."

Silver Cloud Inc
252 Parkview Dr.
Winnemucca, Nev
6/12/67 89445

U S Dept of the Interior
345 Middlefield Road
Menlo Park, Calif
Attn: Mr. H. K Steger

OME-6536

Dear Mr Steger:

Since our last letter Tony has cobbled out approximately 30 ton of ore on the dump and has another 35 ton broke down in the stope —

Haven't shipped any ore as yet. The assays have run at $110.00 to $125.00 on the shipping ore & around 42 to 46 dollars on the waste dump.

Will keep you advised — Have party interested in taking an option and may give it a shot if the deal turns out OK —

Tony intends to have you in the H Inc & see what our position is with you people & government owner —

Best regards from all & hope to see more of you on your next visit thru — Make Winnemucca your "site" stop as long & I would enjoy talking to you —

Yours
John B Tallon, Sec Treas
Silver Cloud, Inc

RECEIVED
JUN 16 1967
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum

May 25, 1967

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Mine
Humboldt County, Nevada
Contract No. 2222

120 NW
110
120 S

Interim Inspection

An interim inspection of the subject contract was made on May 17, 1967, accompanied by Mr. John B. Tallman of Silver Cloud, Inc.

No work has been done on the OME project since the last interim inspection on February 28. A large fall of wall rock into the broken ore in the stope has delayed the planned shipment of ore to the smelter and has required a great deal of hand-sorting of the ore to remove the waste material. Shipment of about 100 tons of ore is planned for the last week of May or the first week of June. The Operator has not yet decided whether to sink the inclined shaft and explore the deposit at a lower level or to abandon the OME project and sink on the ore shoot.

H. K. Stager

H. K. Stager

Silver Cloud, Inc
52 Parkview Dr.
Wenemucca, Nev
5/1/67

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 8 1967
TELETYPE SECTION
120 m
BMS 120d

U.S. Dept of the Interior
345 Middlefield Road
Menlo Park, Calif
Attn: Mr. H. K. Stager

OME-6536

Dear Mr. Stager -

Please pardon my tardiness in writing you as to progress at the Silver Cloud, Inc. property -

During the months of March & April, 1967 we did notify further on our contract due to press of other personal matters on Long's part and of the foul weather we have had this Spring -

And then when they did get to work, the whole step fellin and has sure caused a lot of extra work - Pushed near test "stoping" in the "escapado" - But to date, Long has hand cobbed over 20 tons out and it looks fairly good - Hope to have a car to ship within 10 days to 2 weeks -

We are looking forward to your next visitation & hope we have something more promising to show you then -

With kindest personal regards,

John B. Tallman - Sec Treas
Silver Cloud, Inc.

RECEIVED
MAY 5 1967
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

MME-FORM 60
SEPT. 1959

OFFICIAL COPY
O. M. E.
RECEIVED
APR 13 1967
TITLES CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

6536

Docket No. 7288
Contract No. 14-23-090-32000-00
Contract Amount $ 634,20,000
Gov't. Participation Gold & Silver
Mineral(s)

OPERATOR'S MONTHLY VOUCHER

For Month of February 1967

Operator's Name Silver Cloud, Inc.
Address 2323 Darkview Drive, Winnemucca, Nev.

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing	0	4950.00	4950.00			
Drifting						
Crosscutting						
Drilling						
(2) Personal Services:						
Supervision & Technical						
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work						
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	0	4950	4950.00			

I certify that the above bill is correct and just and that payment therefor has not been received.

Date March 20 1967 *Payee Silver Cloud Inc.

Per John B. Tallman Title Sec Treas

* When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ -0- 14X0804

Signature John (Authorized Certifying Officer)

Date APR 12 1967 Vou. No. 7976

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2222

Signature [illegible] Title FIELD OFFICER Date MAR 27 1967

Approved by OME Executive Officer or Alternate: OME REGION II

Signature [illegible] Title FIELD OFFICER Date MAR 27 1967

OPERATOR'S MONTHLY REPORT

The Operator, under an Office of Minerals Exploration contract, is required to report monthly to the Government. The report consists of three parts.

FIRST, the Operator's Monthly Voucher on MME Form 60 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Progress Report on MME Form 61 is a statistical report of the units and cost of of work performed under the contract.

THIRD, the Operator's Narrative Report is a concise description of the work performed, results accomplished, and any unusual situations encountered, illustrated and supported by engineering-geological maps or sketches, drill hole logs, assay reports, etc., as pertinent.

The Operator submits the original and four copies of each of the three sections of this report to the OME regional Executive Officer at the end of each month during the life of the contract.

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

After all applicable spaces are filled in, the Operator or his agent must sign the certification in the lower left corner. Categories (2) through (7) apply to "Actual Cost" contracts only.

Under "Fixed Unit Costs" and Category (1) report, (a) the total fixed unit costs of work performed under contract provisions for contribution by the Government on a basis of "fixed unit costs"; and (b) the claimed costs of work performed on a unit-price basis by independent contractors.

Under Category (2) include the claimed costs of all payrolled and invoiced supervisory, technical, and labor personnel, except the costs for services applicable to Categories (5) and (6).

Under Category (3) include the claimed costs of all project materials and supplies other than those used for work under Categories (5) and (6).

Under Category (4) report claimed rentals on equipment belonging to a third party, claimed payments or obligations for payments on the Operator's purchase of equipment, and claimed depreciation for the use of Operator-owned equipment.

Under Categories (5) and (6) include all claimed costs of labor, supervision, technical services, operating materials and supplies, and all other items used in (5) the initial rehabilitation and repairs of existing buildings, fixtures, installations (exclusive of mine workings), and operating equipment; and (6) the installation or construction of new buildings, fixtures, and fixed improvements (exclusive of mine workings). Do not report these costs under Categories (2), (3), (4), and (7).

Under Category (7) include all miscellaneous claimed costs such as repairs (other than initial) and maintenance of equipment, sampling and analysis, travel, communication, accounting, office expenses, and the Operator's share of payroll taxes and insurance.

Except for amounts claimed under "fixed unit costs" provisions of the contract, 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; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as depreciation of Operator-owned equipment, unemployment taxes, and employee's liability insurance. The certification may be stated thus, "Certified True Copy (or Transcript)", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

The requirement for submitting documentary evidence of claimed costs may be waived by the OME regional Executive Officer if he determines that it is impracticable for an Operator to submit this material. In any case of waiver of this requirement an "on-site" audit by an OME auditor is mandatory prior to payment of the final Operator's Monthly Voucher.

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of February Docket No. 6536

Operator's Name Silver Cloud, Inc Contract No. 14-23-090-2222

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
$33.00	foot	0	150	$4950	0	150	$4,950.00
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion							
Miscellaneous							
Roads and Trails							
Stripping							
Trenching							
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work							
TOTAL TO DATE (per MME Form 60)				$4950.00			$4,950.00

REMARKS

(Continue on back)

REMARKS

(Continue on back)

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date March 20 1967 Operator Silver Cloud Inc

Per John Tallman Title Sec. Tres

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature [illegible]

Title Field Officer, OME Region II
Government Representative

Date MAR 27 1967

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

INSTRUCTIONS FOR PREPARING OPERATOR'S PROGRESS REPORT, MME FORM 61

This report is the second of the three parts of the Operator's Monthly Report. Submit the original and four copies.

The cost for each operation should be the total of all claimed costs attributable to that type of work with two exceptions, namely—operating equipment purchased and analytical work which are stated separately. For example, drifting costs should be the total of all costs chargeable to drifting including supervision, technical services, timbering (if any), etc. Similarly, drilling costs should include the cost of cementing, reaming, core boxes, etc. This procedure of distribution holds whether the contract was written on an actual cost or a unit cost basis, or some combination of the two. Distribute the cost of such general items as supervision, equipment rented, etc. according to relative footages or on some other conventional basis. The item "Initial Rehabilitation and Repairs" covers all rehabilitation and/or repairs other than the rehabilitation of mine workings.

The item titled "Drilling, Non-core Percussion" includes all drilling performed with wagon, jack-hammer, stoper and mounted drills. The several items labelled "Other" are provided to take care of particular exploration operations not specified on this form.

INT.DUP., D.C.59— 27162

252 Parkview Avenue
Kennewick, Wash
3/20/67

United States Dept of the Interior
Geological Survey
345 Middlefield Road
Menlo Park, Calif #94025
Attn: Mr. H.K. Stager

Dear Mr. Stager:

Sorry to be late, but hesitated to write until we're sure what we're going to do, as you know Tony finished the drift last month.

At the present we are stoping above the old stope that was below us. Values are good. At the present time we have 70 Tons, after it is hand sorted.

Intend to set up the bugs per Monday + start hoisting + sorting — Have 2 more barrels of high grade since you were here —

Tony has held off posting you because of nothing really to say + thinking you'll be in the area by April 1st + then you can get together with Tony then.

With best regards until you arrive,

John B Tallman
Silver Cloud, Inc

Please let me know several days in advance to your arrival — Thanks

MAR 27 1967
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum March 17, 1967

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Mine
Humboldt County, Nevada
Contract No. 2222

Interim Inspection

An interim inspection of the Silver Cloud Mine was made on February 28, 1967, accompanied by Mr. Darrah, a miner for Silver Cloud, Inc.

The adit level drift on the Silver Cloud vein had been driven 63 feet since the last inspection, for a total of 150 feet under the OME contract. This completed the planned OME work on the adit level. The OME drift followed the Silver Cloud vein for the entire length of 150 feet. For the first 20 feet the vein consisted of about 1 foot of low-grade gold- and silver-bearing quartz with shale walls. An ore shoot of higher grade material, 3-4 feet in thickness with a rhyolite hanging wall, was encountered from 20 to 50 feet and is now being mined. The vein narrowed to a thickness of about 1 foot from 50 to 75 feet where it again widened to about 2 feet in thickness for about 10 feet. From 85 feet to the face at 150 feet the vein pinched to less than 1 foot in thickness and the gold and silver content fell to only a trace.

About 100 tons of ore, estimated to contain about $100 per ton in gold and silver values, is broken in the stope between the adit and subadit levels. The operator will ship this ore to the smelter during March and if possible another 100 tons will be mined and shipped during April, together with a smaller lot of 5 or 6 tons of higher grade ($600 per ton) ore that has been stockpiled separately.

The operator plans to sample the remaining ore exposures in the drift, and to drill a number of test holes in the walls, before attempting to explore the deposit at a deeper level. The second ore shoot, encountered by the OME drift, was smaller and lower grade than had been indicated by surface exposures.

2/14/67/R

MME FORM 60
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. 6536
Contract No. 2222
14-23-090- 3200.00
Contract Amount $ 625 20,000.00
Gov't. Participation Gold & Silver
Mineral(s)

OPERATOR'S MONTHLY VOUCHER

For Month of Dec. & Jan. 1967

Operator's Name Silver Cloud, Inc.
Address 253 Parkview Drive Winnemucca, Nev.

COST CATEGORIES	FOR OPERATOR'S USE: MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	FOR GOVERNMENT APPROVAL ONLY: MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing	2640.00	2310.00	4950.00			
Drifting						
Crosscutting						
Drilling						
(2) Personal Services:						
Supervision & Technical						
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work						
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	2640.00	2310.00	4950.00			

I certify that the above bill is correct and just and that payment therefor has not been received.

Date Feb 10, 1967 *Payee Silver Cloud, Inc.

Per John Tallman Title Sec - Treas

* When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$ 1,650.00 14X0804

Signature John (Authorized Certifying Officer)

Date FEB 27 1967 Vou. No. 0020

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2222

Signature H B Stager Title Field Officer Date FEB 13 1967

Approved by OME Executive Officer or Alternate: OME Region

Signature H B Stager Title Field Officer Date FEB 13 1967

OPERATOR'S MONTHLY REPORT

The Operator, under an Office of Minerals Exploration contract, is required to report monthly to the Government. The report consists of three parts.

FIRST, the Operator's Monthly Voucher on MME Form 60 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Progress Report on MME Form 61 is a statistical report of the units and cost of of work performed under the contract.

THIRD, the Operator's Narrative Report is a concise description of the work performed, results accomplished, and any unusual situations encountered, illustrated and supported by engineering-geological maps or sketches, drill hole logs, assay reports, etc., as pertinent.

The Operator submits the original and four copies of each of the three sections of this report to the OME regional Executive Officer at the end of each month during the life of the contract.

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

After all applicable spaces are filled in, the Operator or his agent must sign the certification in the lower left corner. Categories (2) through (7) apply to "Actual Cost" contracts only.

Under "Fixed Unit Costs" and Category (1) report, (a) the total fixed unit costs of work performed under contract provisions for contribution by the Government on a basis of "fixed unit costs"; and (b) the claimed costs of work performed on a unit-price basis by independent contractors.

Under Category (2) include the claimed costs of all payrolled and invoiced supervisory, technical, and labor personnel, except the costs for services applicable to Categories (5) and (6).

Under Category (3) include the claimed costs of all project materials and supplies other than those used for work under Categories (5) and (6).

Under Category (4) report claimed rentals on equipment belonging to a third party, claimed payments or obligations for payments on the Operator's purchase of equipment, and claimed depreciation for the use of Operator-owned equipment.

Under Categories (5) and (6) include all claimed costs of labor, supervision, technical services, operating materials and supplies, and all other items used in (5) the initial rehabilitation and repairs of existing buildings, fixtures, installations (exclusive of mine workings), and operating equipment; and (6) the installation or construction of new buildings, fixtures, and fixed improvements (exclusive of mine workings). Do not report these costs under Categories (2), (3), (4), and (7).

Under Category (7) include all miscellaneous claimed costs such as repairs (other than initial) and maintenance of equipment, sampling and analysis, travel, communication, accounting, office expenses, and the Operator's share of payroll taxes and insurance.

Except for amounts claimed under "fixed unit costs" provisions of the contract, 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; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as depreciation of Operator-owned equipment, unemployment taxes, and employee's liability insurance. The certification may be stated thus, "Certified True Copy (or Transcript)", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

The requirement for submitting documentary evidence of claimed costs may be waived by the OME regional Executive Officer if he determines that it is impracticable for an Operator to submit this material. In any case of waiver of this requirement an "on-site" audit by an OME auditor is mandatory prior to payment of the final Operator's Monthly Voucher.

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of December/January Docket No. 6536

Operator's Name Silver Cloud, Inc. Contract No. 14-23-090-2222

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting $33.00	Foot	80	150	$4,950	80	150	$4,950.00
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion							
Miscellaneous							
Roads and Trails							
Stripping							
Trenching							
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work							
TOTAL TO DATE (per MME Form 60)				$4950.00			$4,950.00

REMARKS

(Continue on back)

REMARKS

(Continue on back)

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date Feb 10, 1967 Operator Silver Cloud Inc.

Per John Tallman Title Sec-Tres.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature H K Flager

Title Field Officer, OME Region II
Government Representative

Date FEB 13 1967

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

INSTRUCTIONS FOR PREPARING OPERATOR'S PROGRESS REPORT, MME FORM 61

This report is the second of the three parts of the Operator's Monthly Report. Submit the original and four copies.

The cost for each operation should be the total of all claimed costs attributable to that type of work with two exceptions, namely—operating equipment purchased and analytical work which are stated separately. For example, drifting costs should be the total of all costs chargeable to drifting including supervision, technical services, timbering (if any), etc. Similarly, drilling costs should include the cost of cementing, reaming, core boxes, etc. This procedure of distribution holds whether the contract was written on an actual cost or a unit cost basis, or some combination of the two. Distribute the cost of such general items as supervision, equipment rented, etc. according to relative footages or on some other conventional basis. The item "Initial Rehabilitation and Repairs" covers all rehabilitation and/or repairs other than the rehabilitation of mine workings.

The item titled "Drilling, Non-core Percussion" includes all drilling performed with wagon, jack-hammer, stoper and mounted drills. The several items labelled "Other" are provided to take care of particular exploration operations not specified on this form.

RECEIVED
FEB 13 1967

Sela[illegible] Coal Co
Uniontown Mo
2/10/67

Dear Mr. Stager -

As of this date - 2/10/67 we have finished our "drift" — Sorry to say but it has been all in coal since you were here last. A small strip of High grade showed up on the left side of fort wall and the contract has been finished we intend to explore this "strip" for out -

After we explore this "strip", we intend to back up & starting the one that is available - which should be some time next week -

With kindest personal regards —

John Tallman

Tony Mordetta

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/16/67	RMSmith	120
	On leave	120
		110
2/16	Cal	220
		120M

AIRMAIL

FEB 16 1967

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada
Contract 2222

The Operator's narrative report accompanying the voucher for December-January indicates that the drift on the adit is completed and that the inferred ore shoot in that area was not found. The next item of work to be performed under the contract is the shaft.

According to the terms of the contract, "The location, direction, and extent of each work item shall be subject to prior Government approval." If you have not already done so, please make an interim inspection of the project and inform us of the extent of additional work that you approve, and of the probability of a significant discovery in the remaining ore shoot.

FRANK E. JOHNSON

Frank E. Johnson

cc: Director's Reading File
Division File
Economic Geology File
OME Docket
OME Reading File
Mr. Smith
130

RMSmith/gla 2-16-67

23263

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OFFICIAL
COPY
O. M. E.
RECEIVED
JAN 18 1967

Memorandum January 17, 1967

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Mine
Humboldt County, Nevada
Contract No. 2222

Interim Inspection

An interim inspection of the Silver Cloud Mine was made on January 10, 1967, accompanied by Mr. Tony Mendietta of Silver Cloud, Inc.

The adit level drift on the Silver Cloud vein had been driven about 65 feet since the last inspection, for a total of 87 feet under the OME contract. Work at the property has been greatly hampered by sub-zero weather with ice and snow. Numerous delays, including a fire and a water truck accident, have held the drift advance to about 17 feet for the month of December and first week of January. Mr. Mendietta and one miner are working a single shift with an average drift advance of 4 feet on good days. They also sort high-grade and low-grade ore from each round, placing the high-grade ore in steel drums and stockpiling the lower grade. The ore has averaged about 1 foot in width throughout the length of the drift but was about 4 feet wide above the stope from the sub-level drift. The top of the stope was cut by the drift for about 10 feet and has been timbered over except for a small opening. The lower grade ore from the drift is now being dumped into the stope and will be drawn from the chute on the sub-level when enough is accumulated for a shipment. About 50 tons of ore, estimated by panning and assaying to average about $100 per ton, is stockpiled on the surface and in the stope. Another 2½ tons of high-grade ore, estimated to average about $500 per ton, is stored in drums. When the adit level drift is completed, probably in February, the operators plan to make a shipment of ore to the smelter to obtain money for a quarterly lease payment and to help finance the exploration. Royalties will be paid directly to the OME by the smelter on this production.

H. K. Stager

John B. Tallman
2-5 Parkview Drive
Wauwatosa, Wis
1/17/67

U.S. Dept of the Int.
345 Middlefield Rd
Menlo Park, Calif.
Attn: H.K. Stager

Dear Mr. Stager:

At long-odds and due to the small amount of footage made in December, I have held off a report for December —

With your approval, I will include December + January in one report

Thanks + best regards,

John B. Tallman - Sec-Treas
Silver Cloud, Inc

RECEIVED
JAN 17 1967
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

(over)

"Dear Mr. Stager:

At Tony's advice and due to the small amount of footage made in December, I have held off a report for December —

With your approval, I will include December and January in one report."

12/15/RMK

MME-FORM 60
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. 6536
Contract No. 14-23-090-2222
Contract Amount $32,000.00
Gov't. Participation %62½ $20,000.00
Mineral(s) Gold & Silver

OPERATOR'S MONTHLY VOUCHER

For Month of November 1966

Operator's Name Silver Cloud, Inc
Address 252 Park View Dr. Winnemucca, Nev.

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing						
Drifting	1650.00	660.00	$2,310.00			
Crosscutting						
Drilling						
(2) Personal Services:						
Supervision & Technical						
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work						
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	$1650.00	$660.00	$2,310.00			

I certify that the above bill is correct and just and that payment therefor has not been received.

Date Dec. 6, 1966 Payee Silver Cloud, Inc

Per John B. Toelman Title Sec. Treas.

* When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$1031.25 14X0804

Signature
(Authorized Certifying Officer)

Date DEC 22 1966 Vou. No. 4968

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2222

Signature H B Hager Title Field Officer Date DEC 12 1966

Approved by OME Executive Officer or Alternate: OME Region II

Signature H B Hager Title Field Officer Date DEC 12 1966

OPERATOR'S MONTHLY REPORT

The Operator, under an Office of Minerals Exploration contract, is required to report monthly to the Government. The report consists of three parts:

FIRST, the Operator's Monthly Voucher on MME Form 60 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Progress Report on MME Form 61 is a statistical report of the units and cost of of work performed under the contract.

THIRD, the Operator's Narrative Report is a concise description of the work performed, results accomplished, and any unusual situations encountered, illustrated and supported by engineering-geological maps or sketches, drill hole logs, assay reports, etc., as pertinent.

The Operator submits the original and four copies of each of the three sections of this report to the OME regional Executive Officer at the end of each month during the life of the contract.

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

After all applicable spaces are filled in, the Operator or his agent must sign the certification in the lower left corner. Categories (2) through (7) apply to "Actual Cost" contracts only.

Under "Fixed Unit Costs" and Category (1) report, (a) the total fixed unit costs of work performed under contract provisions for contribution by the Government on a basis of "fixed unit costs"; and (b) the claimed costs of work performed on a unit-price basis by independent contractors.

Under Category (2) include the claimed costs of all payrolled and invoiced supervisory, technical, and labor personnel, except the costs for services applicable to Categories (5) and (6).

Under Category (3) include the claimed costs of all project materials and supplies other than those used for work under Categories (5) and (6).

Under Category (4) report claimed rentals on equipment belonging to a third party, claimed payments or obligations for payments on the Operator's purchase of equipment, and claimed depreciation for the use of Operator-owned equipment.

Under Categories (5) and (6) include all claimed costs of labor, supervision, technical services, operating materials and supplies, and all other items used in (5) the initial rehabilitation and repairs of existing buildings, fixtures, installations (exclusive of mine workings), and operating equipment; and (6) the installation or construction of new buildings, fixtures, and fixed improvements (exclusive of mine workings). Do not report these costs under Categories (2), (3), (4), and (7).

Under Category (7) include all miscellaneous claimed costs such as repairs (other than initial) and maintenance of equipment, sampling and analysis, travel, communication, accounting, office expenses, and the Operator's share of payroll taxes and insurance.

Except for amounts claimed under "fixed unit costs" provisions of the contract, 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; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as depreciation of Operator-owned equipment, unemployment taxes, and employee's liability insurance. The certification may be stated thus, "Certified True Copy (or Transcript)", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

The requirement for submitting documentary evidence of claimed costs may be waived by the OME regional Executive Officer if he determines that it is impracticable for an Operator to submit this material. In any case of waiver of this requirement an "on-site" audit by an OME auditor is mandatory prior to payment of the final Operator's Monthly Voucher.

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of November, 1966 Docket No. 6536

Operator's Name Silver Cloud, Inc Contract No. 14-23-090-2221

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting $33.00	feet	50	70	$2310.00	50	70	$2,310.00
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion							
Miscellaneous							
Roads and Trails							
Stripping							
Trenching							
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work							
TOTAL TO DATE *(per MME Form 60)*				$2310.00			$2,310.00

REMARKS

(Continue on back)

REMARKS

(Continue on back)

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date Dec 6, 1966 Operator Silver Cloud, Inc.

Per John B Kallman Title Sec. Treas.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature H K Flager

Title FIELD OFFICER OMER REGION II
Government Representative

Date DEC 12 1966

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

INSTRUCTIONS FOR PREPARING OPERATOR'S PROGRESS REPORT, MME FORM 61

This report is the second of the three parts of the Operator's Monthly Report. Submit the original and four copies.

The cost for each operation should be the total of all claimed costs attributable to that type of work with two exceptions, namely—operating equipment purchased and analytical work which are stated separately. For example, drifting costs should be the total of all costs chargeable to drifting including supervision, technical services, timbering (if any), etc. Similarly, drilling costs should include the cost of cementing, reaming, core boxes, etc. This procedure of distribution holds whether the contract was written on an actual cost or a unit cost basis, or some combination of the two. Distribute the cost of such general items as supervision, equipment rented, etc. according to relative footages or on some other conventional basis. The item "Initial Rehabilitation and Repairs" covers all rehabilitation and/or repairs other than the rehabilitation of mine workings.

The item titled "Drilling, Non-core Percussion" includes all drilling performed with wagon, jack-hammer, stoper and mounted drills. The several items labelled "Other" are provided to take care of particular exploration operations not specified on this form.

-6536

Silver Queen, Inc.
12/6/66

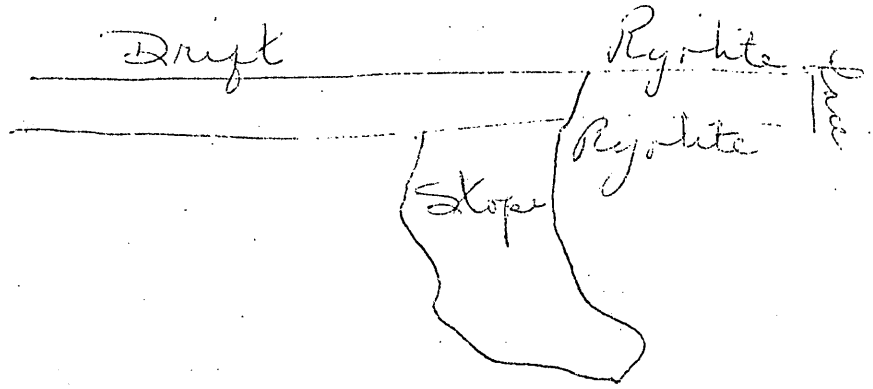
Dear Mr. Stager

At the end of October we had drifted 20 feet into the mine. Since then during the month of November, we have drifted an additional 30 feet.

We have broken into the stope from the lower level and have gone on past the stope approx. 20 feet.

At the north end of the stope, the rhyolite still continues along the hanging wall, but it is barren.

There is a split in the Rhyolite at the end of the stope and the front wall is now carrying the values which are somewhat better than they were on the hanging wall. The front wall Rhyolite is from 12 to 16 inches wide.



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

Please send more #60 + 61 forms

Thank you & Best Regards

John B Tallman
Sec. Treas.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
12/15	RM Smith	120S
12/15/66	Mokomo	120
		110
12/16	Coe	220
		120 m

DEC 1 6 1966

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada
Contract 2222

The Operator's monthly voucher and report for November 1966, has been received and approved. No mention is made in the report of any production but on November 8 you reported that 1 ton had been stockpiled and on November 21, E & MJ Metal and Mineral Markets reported that a carload averaging $144 per ton had been shipped.

Please inform the Operator that Article 6(b) of the contract requires payment of royalty on production made after the date of the contract even though the exploration is in progress.

FRANK E. JOHNSON

(RM)

Frank E. Johnson

cc: Director's Reading File
Division File
Economic Geology File
OME Docket
OME Reading File
130
Mr. Smith

RMSmith/mm (12/15/66)

23263

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum

November 8, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 10 1966
MINERAL SOCIETY

gla 120 m
SLO 110
RMS 120 S

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Mine
Humboldt County, Nevada
Contract No. 2222

Interim Inspection

An interim inspection of the Silver Cloud Mine was made on November 3, 1966, accompanied by Mr. Tony Mendietta and Mr. John B. Tallman of Silver Cloud, Inc.

Work on the OME contract was started early in September with the procurement of mining supplies and equipment and the hiring of a miner. Preliminary work was completed about the middle of October and drifting on the Adit Level was started about October 20th. A total of 20 feet of new drift had been driven at the time of the inspection and a rate of advance averaging 4 feet per shift is expected for the month of November. The work is being done by Mr. Mendietta and one miner. A gold- and silver-bearing quartz vein, that is from 1 to 3 feet in thickness, is being followed by the drift. About 1 ton of ore had been saved from the 20 feet of drifting and this ore is stockpiled at the mine. Estimates, based on panning, indicate this ore contains about $400 per ton in gold and silver.

The Operators were supplied with an "Equal Employment Opportunity" poster to be displayed at the mine, and they were instructed in the preparation of Monthly Progress Reports and Vouchers.

H. K. Stager

H. K. Stager

E&MJ Metal and Mineral Markets, Nov. 21, 1966, p. 3

A rich silver ore pocket has been struck by two Nevada prospectors in the Silver Cloud Mine near the Humboldt County seat. A recent carload shipment from the mine ran 47 oz of silver and 2.5 oz of gold per ton and averaged $144. At a depth of 75 ft the vein widened and is producing some ore that assays $1,000 per ton in spots.

MME FORM 60
SEPT. 1959

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. 6536
Contract No. 14-23-090-2222
Contract Amount $32,000
Gov't. Participation 62½% 20,000
Mineral(s) Gold & Silver

OPERATOR'S MONTHLY VOUCHER

For Month of September & October 1966

Operator's Name Silver Cloud, Inc.
Address 252 Park View Dr. Winnemucca, Nevada

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing						
Drifting	$660.00	0	$660.00			
Crosscutting						
Drilling						
(2) Personal Services:						
Supervision & Technical						
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work						
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	$660.00	0	$660.00			

I certify that the above bill is correct and just and that payment therefor has not been received.
Date Nov 2. 1966 *Payee Silver Cloud, Inc
Per John Tallman Title Sec. Tres.

* When a voucher is signed or receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary," or "Treasurer," as the case may be.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

(INSTRUCTIONS ON REVERSE)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of:

$412.50

14X0804

Signature
(Authorized Certifying Officer)

Date DEC 12 1966 Vou. No. 4647

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2222

Signature H.H. Stager Title FIELD OFFICER Date NOV. 23, 1966

Approved by OME Executive Officer or Alternate: OME REGION II

Signature H.H. Stager Title FIELD OFFICER Date NOV. 23, 1966

OPERATOR'S MONTHLY REPORT

The Operator, under an Office of Minerals Exploration contract, is required to report monthly to the Government. The report consists of three parts.

FIRST, the Operator's Monthly Voucher on MME Form 60 listing the project costs incurred and claimed by the Operator is the voucher basis for payment of the Government's share of the cost.

SECOND, the Operator's Progress Report on MME Form 61 is a statistical report of the units and cost of of work performed under the contract.

THIRD, the Operator's Narrative Report is a concise description of the work performed, results accomplished, and any unusual situations encountered, illustrated and supported by engineering-geological maps or sketches, drill hole logs, assay reports, etc., as pertinent.

The Operator submits the original and four copies of each of the three sections of this report to the OME regional Executive Officer at the end of each month during the life of the contract.

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

After all applicable spaces are filled in, the Operator or his agent must sign the certification in the lower left corner. Categories (2) through (7) apply to "Actual Cost" contracts only.

Under "Fixed Unit Costs" and Category (1) report, (a) the total fixed unit costs of work performed under contract provisions for contribution by the Government on a basis of "fixed unit costs"; and (b) the claimed costs of work performed on a unit-price basis by independent contractors.

Under Category (2) include the claimed costs of all payrolled and invoiced supervisory, technical, and labor personnel, except the costs for services applicable to Categories (5) and (6).

Under Category (3) include the claimed costs of all project materials and supplies other than those used for work under Categories (5) and (6).

Under Category (4) report claimed rentals on equipment belonging to a third party, claimed payments or obligations for payments on the Operator's purchase of equipment, and claimed depreciation for the use of Operator-owned equipment.

Under Categories (5) and (6) include all claimed costs of labor, supervision, technical services, operating materials and supplies, and all other items used in (5) the initial rehabilitation and repairs of existing buildings, fixtures, installations (exclusive of mine workings), and operating equipment; and (6) the installation or construction of new buildings, fixtures, and fixed improvements (exclusive of mine workings). Do not report these costs under Categories (2), (3), (4), and (7).

Under Category (7) include all miscellaneous claimed costs such as repairs (other than initial) and maintenance of equipment, sampling and analysis, travel, communication, accounting, office expenses, and the Operator's share of payroll taxes and insurance.

Except for amounts claimed under "fixed unit costs" provisions of the contract, 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; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as depreciation of Operator-owned equipment, unemployment taxes, and employee's liability insurance. The certification may be stated thus, "Certified True Copy (or Transcript)", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

The requirement for submitting documentary evidence of claimed costs may be waived by the OME regional Executive Officer if he determines that it is impracticable for an Operator to submit this material. In any case of waiver of this requirement an "on-site" audit by an OME auditor is mandatory prior to payment of the final Operator's Monthly Voucher.

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of Sept. & October Docket No. 6536

Operator's Name Lehner Clark, Inc. Contract No. 14-23-090- 2222

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting (133.00)	Feet	20	20	$660.00	20	20	$660.00
Crosscutting							
Raising (151 of 453 ft)	Feet						
Shafts (Surface 296 ft)	Feet						
Winzes							
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion							
Miscellaneous (Shaft Station (Lev. 0))	1 Ea.						
Roads and Trails							
Stripping							
Trenching							
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work (200 @ 3.00)							
TOTAL TO DATE (per MME Form 60)				$660.00			$660.00

REMARKS

(Continue on back)

REMARKS

See Interim Inspection Report Dated Nov. 8, 1966.

(Continue on back)

The undersigned company, and the official executing this certification on its behalf, hereby certify that the information contained in this report is correct and complete to the best of their knowledge and belief.

Date Nov 2, 1966 Operator Lehner Clark, Inc.

Per John Tallman Title Sec. Treas.

A willfully false statement or representation to any department or agency of the United States as to any matter within its jurisdiction is a criminal offense. (U.S. Code, Title 18, Sec. 1001.)

I certify that the information above is complete and accurate to the best of my knowledge and belief.

Signature H K Stager

Title Field Officer, OME Region II
Government Representative

Date Nov. 23, 1966

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

INSTRUCTIONS FOR PREPARING OPERATOR'S PROGRESS REPORT, MME FORM 61

This report is the second of the three parts of the Operator's Monthly Report. Submit the original and four copies.

The cost for each operation should be the total of all claimed costs attributable to that type of work with two exceptions, namely—operating equipment purchased and analytical work which are stated separately. For example, drifting costs should be the total of all costs chargeable to drifting including supervision, technical services, timbering (if any), etc. Similarly, drilling costs should include the cost of cementing, reaming, core boxes, etc. This procedure of distribution holds whether the contract was written on an actual cost or a unit cost basis, or some combination of the two. Distribute the cost of such general items as supervision, equipment rented, etc. according to relative footages or on some other conventional basis. The item "Initial Rehabilitation and Repairs" covers all rehabilitation and/or repairs other than the rehabilitation of mine workings.

The item titled "Drilling, Non-core Percussion" includes all drilling performed with wagon, jack-hammer, stoper and mounted drills. The several items labelled "Other" are provided to take care of particular exploration operations not specified on this form.

RECEIVED
NOV 22 1966
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

11/20/66
252 Parkview Drive
Winnemucca, Nev

U.S. Dept of the Interior
Office of Mineral Exploration
Attn: Mr. H. K. Stager

Dear Mr. Stager —

A thousand pardons — this was all made out & ready to mail yesterday after your visitation —

The envelope got covered up on my desk here at home & just discovered same this lovely afternoon while cleaning up my other correspondence —

I didn't include the narrative report as you said & could exclude some in this report due to your visitation —

I will do, put the "story" in the report for November — & every month thereafter —

Everything is fine at the "Reggies" — the vein continues very well & is holding up better than expected — Sure looks good & for the first time, a quantity of copper has shown up. Quite definite in the formation — I will forward under separate cover a specimen for you to see —

Thanks for your help & assistance & will look forward to your next visitation here in Winnemucca — would appreciate advance knowledge of your time of arrival as I would like to go to the Mine with you & Tony —

Yours —

John B Tallman Sec Treas
Silver Cloud, Inc

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum

September 6, 1966

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada
Contract No. 2222

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 8 1966

INITIALS	CODE
	~~120~~
	110
RMD	130

Interim Inspection

A conference was held with Mr. John B. Tallman, secretary-treasurer of Silver Cloud, Inc., in Winnemucca, Nevada, on August 31, 1966.

The OME contract was signed on August 9, 1966, and, together with a Performance Bond, was returned to OME, Washington, D. C., on August 11, 1966. Work at the mine to date has consisted of the procurement of mining materials, equipment, and supplies. Work on the OME drift is planned to start on September 6, 1966, under the supervision of Mr. Tony Mendietta.

The interest of Mr. Carl E. Thomsen, former part-owner and president of Silver Cloud, Inc., has been purchased by the other owners (H. L. Daniels, J. B. Tallman, and T. Mendietta). Mr. Thomsen is now devoting his entire time to development of the nearby Golden Amethyst Mine (OME-6431).

After the OME application examination and before signing the contract, the operator cleaned up the ore broken in the stopes and stockpiled at the property and shipped it to the I.S. and R. Co. smelter at Tooele, Utah. The 50-ton carload of ore yielded a net return of about $5,300. Mr. Tallman stated that the shipment assayed 2 ounces of gold and about 60 ounces of silver per ton. Mr. Tallman was cautioned that any ore shipped after the contract was signed will be subject to the 5 percent royalty payment to OME.

H. K. Stager

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

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 24 1966

INITIALS	CODE
	~~120~~ M
AS	110
RMB	1208

August 22, 1966

Silver Cloud, Inc.
c/o Mr. James A. Callahan
Professional Building
P.O. Box 351
Winnemucca, Nevada 89445

Re: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada
Contract No. 2222

Gentlemen:

Enclosed is a three-month supply (15 copies each) of Forms MME-60 and MME-61, for your use in submitting your monthly report of exploration costs. The original and three copies of each form, together with a short narrative report, should be submitted to this office each month. If you have any questions regarding the preparation of these vouchers and reports, please call or write to me and I will be glad to help you.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosures

cc: Chief, OME, WDC
Director
ACG RF
MP RF
File 6536
HKStager:mlb

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

Memorandum

August 11, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 15 1966

INITIALS	CODE
Cal	210
	~~120 M~~
	~~110~~
HK	~~120 K~~

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Mine
Humboldt County, Nevada
Contract No. 2222

Enclosed are the Government's and Budget and Finance's Copies of the subject contract, signed by the Operator, together with the original of the Performance Bond. The remaining copies have been distributed in the usual manner.

H. K. Stager

Enclosures

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

OFFICIAL COPY
O. M. E.

August 5, 1966

Silver Cloud, Inc.
c/o Mr. James A. Callahan
Professional Building
P.O. Box 351
Winnemucca, Nevada 89445

Re: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada
Contract No. 2222

Dear Mr. Callahan:

Thank you for executing and returning the Performance Bond for the subject contract.

Enclosed are the original and three copies of the proposed contract for the Silver Cloud project signed by the Director for the Government.

The contract consists of MME Form 51 (5 pages), Annex 1 (1 page), Performance Bond (that you have furnished), Exhibit A (2 pages), Exhibit B (1 page), and two maps (Figures 1 and 2).

If the proposed contract meets with your approval, all four copies should be signed by an authorized representative of Silver Cloud, Inc., and the following copies returned to this office:

Government's Copy
Budget and Finance's Copy
Field Office's Copy

The Operator's Copy should be retained for your files.

If any part of the proposed contract does not meet with your approval, the original and all copies should be returned to this office together with your changes for consideration.

Please note 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.

Your attention is directed to Exhibit A which requires sampling and assaying. If panning is considered to be superior to fire-assaying of sample, the samples and the gold should be weighed and the results reported in the Operator's monthly reports.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosures

cc: Dir RF
Chief, OME, WDC ✓
ACG RF
MP RF
Docket 6536
HKStager:mlb

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

OFFICIAL
COPY
O. M. E.
RECEIVED
JUL 7 1966
MAIL & SCORE
170 110
110
120

July 5, 1966

Silver Cloud, Inc.
c/o Mr. James A. Callahan
Professional Building
P.O. Box 351
Winnemucca, Nevada 89445

Re: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada

Dear Mr. Callahan:

Enclosed is an unsigned copy of the proposed contract for the subject property and two copies of Standard Form 25, Performance Bond.

Please have the Bond executed and return the original to me with the extra copy of the contract. I will then send you the signed Government's, Budget and Finance's, Field Office's and Operator's copies of the contract for signature. If you or the Operator have any questions regarding the Bond or proposed contract please call me.

Will you also ask the Operator how soon after the contract is executed he can begin work, so that I can insert the date for commencement of the work in the contract.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosures-3

cc: Chief, OME, WDC
D RF
ACG RF
MP RF
Docket 6536
HKStager:mlb

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
6/24	R M Smith	
6/24/66	Kirkpatrick	
"	Johnson	
6/27	J Killgoar	
6/27	[illegible]	
6 30	Case	710

AIRMAIL

JUN 3 0 1966

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: [illegible]-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada

Enclosed are the original and three copies of a proposed contract for the subject property. The contract consists of MME Form 51, (5 pages), Annex I (1 page), a Performance Bond (to be inserted), Exhibit A (2 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 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.

Before the contract is sent to the Applicant for its signature, you should obtain a Performance Bond on Standard Form 25 for $20,000.00 (See Annex I), properly executed. Two copies of the blank form are enclosed; the original is to be attached to the Government's copy and the other is for the Applicant.

23263

The Applicant's attention should be directed to Exhibit A which requires sampling and assaying. If panning is considered to be superior to fire-assaying of samples, the samples and the gold should be weighed and the results reported in the Operator's monthly reports.

FRANK E. JOHNSON (glo)

Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Economic Geology File
OME Docket
OME Reading File
130
Smith

RMSmith/mm (6/24/66)

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 22 1966

INITIALS	CODE
	~~120~~ 94
	~~110~~
	130

June 20, 1966

Memorandum

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: OME-6536 (Silver, Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada

Enclosed for your files are copies of letters from the applicant and the owner of the subject property concerning a subordination agreement.

I called Mr. J. P. van LőbenSels, Manager of the Land Department for Southern Pacific in San Francisco, and talked to him about this matter. He stated that it was against his company's policy to allow liens against their properties and it was his intention to deny the request for a subordination agreement. I told him the approximate amount of the Government's contribution to the proposed contract ($20,000) and that the contract, if granted, would be on a 62½ percent participation.

H. K. Stager

Perf. Bond required

Enclosures

To be attached to contract by the F.O.

JAMES A. CALLAHAN
ATTORNEY AT LAW
SUITE NO. 1
PROFESSIONAL BUILDING
WINNEMUCCA, NEVADA 89445

TELEPHONE 623-2227

June 17, 1966

RECEIVED
JUN 20 1966
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 22 1966
INITIALS | CODE

Mr. H.K. Stager
Field Officer
OME, Region II
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Dear Mr. Stager:

Re: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt, County, Nevada

Herewith I enclose to you a thermofax copy of the letter that I received from the Southern Pacific Company. I have never seen the proposed form of loan agreement, and if you could forward me a copy thereof, I in turn will furnish the information to the Southern Pacific Company.

Very truly yours,

James A. Callahan

James A. Callahan

JAC:pcg
Enclosure

Southern Pacific Company

65 MARKET STREET, SAN FRANCISCO, CALIFORNIA 94105

TELEPHONE (415) 362-1212

LAND DEPARTMENT

J. P. VAN LÖBEN SELS
MANAGER
C. W. GOODWIN
ASSISTANT MANAGER
R. W. EHMKE
ASST. TO MANAGER

W. C. McCULLOCH
CHIEF GEOLOGIST
K. A. CUFF
CHIEF FORESTER
N. A. SMITH
AGRONOMIST

IN REPLY PLEASE REFER TO
R-09-36-36

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 22 1966

INITIALS	CODE

Mr. James A. Callahan
Attorney at Law
Suite No. 1
Professional Building
Winnemucca, Nevada 89445

Dear Mr. Callahan:

Reference is made to my letter of May 27, 1966, concerning our approval of a subordination agreement in connection with loan application with the Department of the Interior to Silver Cloud, Inc., holder of Lease No. 3983-M.

This matter is being held in abeyance pending receipt of copy of proposed agreement with the Department of the Interior. Please advise when we may expect to receive a copy of the agreement.

Very truly yours,

RECEIVED

JUN 20 1966

OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

3.

4.

5.

FROM: Frank E. Johnson 6/21/66

FOR: Check items for action desired

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

REMARKS:

INTERIOR DEPT.
JUN 21 1966
SOLICITOR

FROM SOLICITOR
JUN 23 1966
FOR SIGNATURE

F-66-2185.11

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

M56300-62

SECOND DRAFT
RMSMith/mm (6/20/66)

Docket Copy
RMS
HK
KJ

MME Form 51
July 1965

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
U. S. Geological Survey

EXPLORATION CONTRACT
(Short Form)

Docket	Commodity	Contract No.	County	State
OME -6536	Silver-Gold		Humboldt	Nevada

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

Silver Cloud, Inc., a Nevada corporation

_____,

whose mailing address is Professional Building, P.O. Box 351, Winnemucca, Nevada hereinafter called the "Operator," as follows:

ARTICLE I. 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 7 and Exhibit A, shall complete the work within 18 months from the date of the contract.

(b) The description of the work and the fixed cost for each unit of work to be performed (per foot of drilling, per foot of drifting, per hour of operations, etc.) are hereby agreed upon as specified in Exhibit A. The estimated total cost of the work is $ 32,000.00 The Government will contribute ~~50~~ 62½ percent of the total fixed unit costs of the work performed, not in excess of $ 20,000.00 in accordance with the provisions of Articles 4 and 5.

(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 rights 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 6 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) 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. To the extent that amounts in excess of fixed unit costs or in excess of the estimated total cost may be necessary for the performance of the work, the Operator shall incur and pay such amounts for his own account without contribution by the Government. The Government will not contribute to the cost of any work performed prior to the date of this contract. 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 units of 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.

(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.)

(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 unit costs thereof.

(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 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. 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 retain 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 6(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 7. 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 pay on account of units of work not then performed; 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 pay on account of units of work not performed when the notice was given, 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 7 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 11.

ARTICLE 8. 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 9. 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 10. 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 11. 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 12. 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 13. 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 14. Changes and added provisions.--

_____

_____

_____

_____

Executed in quintuplicate the day and year first above written.

~~SILVER CLOUD, INC.~~ (Operator)	THE UNITED STATES OF AMERICA
By _____	By _____
Title _____	**Director, U. S. Geological Survey Office of Minerals Exploration**

I, _____ (Name), certify that I am the _____ secretary of the corporation named as Operator herein; that _____ (Name), who signed this contract on behalf of the Operator, was then _____ (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.

_____

[CORPORATE SEAL]

SECOND
DRAFT 6/20/66
RMSmith/mm

EXPLORATION CONTRACT
SILVER CLOUD, INC.
OME-6536

ANNEX I

The land, including all rights pertaining thereto, referred to in Article 2 of the contract consists of the W½ of SE¼ of sec. 9, T. 36 N., R. 36 E., MDB&M, containing 80.00 acres, more or less, Ten Mile mining district, Humboldt County, Nevada. It is shown on Figure 1 entitled "Sketch map of Sec. 9, T. 36 N., R. 36 E., MDBM, Humboldt County, Nevada, showing location of Silver Cloud Mine property," attached and made part hereof.

The Operator is in possession of the land under the terms of a Lease of Mining Rights, Lease No. 3983-M, as amended, executed April 1, 1964, by the owner, Southern Pacific Company. The original lessees were Carl E. Thomsen and Mervil E. Thomsen, who by an Assignment dated January 27, 1965, conveyed all their right, title, and interest in the lease to Carl E. Thomsen, John Gabica, and Tony Mendieta. By an Assignment dated December 2, 1965, John Gabica conveyed all his right, title, and interest to Carl E. Thomsen and Tony Mendieta. By an Assignment dated January 12, 1966, Carl E. Thomsen and Tony Mendieta conveyed all of their right, title, and interest in the lease to Silver Cloud, Inc.

A Performance Bond in lieu of a Lien and Subordination Agreement in the amount of $20,000.00 is attached and made part hereof.

EXPLORATION CONTRACT
SILVER CLOUD, INC.
OME-6535

EXHIBIT A

The purpose of the project is to explore from the Silver Cloud mine by inclined shaft sinking, drifting, and by crosscutting, if necessary, for silver- and gold-bearing ore shoots in and along a 45° east-dipping fault zone and rhyolite dike which cut the Raspberry formation of Triassic age.

General Provisions

The inclined shaft shall be not less than 4 by 7 feet in the clear of timber and shall be timbered as necessary. Shaft timber shall be of not less than 6 by 6-inch or equivalent round timber. Suitable ladders and rail shall be installed for the full length of the shaft.

All drifts and crosscuts shall be not less than 5 by 7 feet in the clear of timber and shall be timbered as necessary.

Mine rail shall be not less than 12-lb. size, air lines not less than 2-inch size, and water lines not less than 1-inch size.

All significantly mineralized areas traversed by the shafts, drifts, and crosscuts shall be sampled normal to the trend of the mineralized areas at intervals of not more than 5 feet. In addition, representative muck samples may be taken of each round broken. Each sample shall be split as necessary, and one split shall be assayed for

gold and silver. One remaining split of each sample, properly identified as to source and location, shall be stored in a suitable container for possible Government use. Stored samples may be disposed of with prior Government approval.

True copies of assay certificates of all samples shall be submitted with the Operator's monthly report which shall also include a map or sketch showing the work completed during the reporting period, the locations of all samples taken, and the general geological formations and structures traversed by the work performed.

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

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

Description of the Work

From the north face of the existing adit level a drift shall be driven northerly along the fault zone approximately 150 feet. This footage includes any crosscutting necessary to follow the fault zone.

From the north face of the existing 110-foot level an inclined shaft shall be raised along the fault zone about 120 feet to the land surface, and on the same shaft center line an inclined shaft shall be sunk along the fault zone approximately 120 feet.

From the new shaft at a slope distance of 100 feet below the 110-foot level drifts shall be driven along the fault zone approximately 200 feet northerly and 50 feet southerly. This footage includes any crosscutting necessary to follow the fault zone.

The approximate locations of the shaft and drifts are indicated in red on Figure 2 entitled "Sketch map of Silver Cloud Mine showing proposed exploration," attached and made part hereof.

Estimated Costs of Project

Fixed Unit Costs 1/

Drifting and crosscutting	
400 feet @ $33.00/foot	$13,200.00
Shaft raising	
120 feet @ $50.00/foot	6,000.00
Shaft sinking	
120 feet @ $96.00/foot	11,520.00
Shaft station including timber	
1 station @ $680.00	680.00
Assaying samples for gold and silver	
200 samples @ $3.00/sample	600.00
Total Estimated Fixed Unit Costs	$32,000.00
Government participation @ ~~XXXX~~ 62.5%	$20,000.00

1/ The Government retains no equity in any of the equipment or materials used.

(Market Copy) R. H. S.

DRAFT 6/16/66
RMSmith/mm

EXPLORATION CONTRACT
SILVER CLOUD, INC.
OME-6536

ANNEX I

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RMSmith/mm

EXPLORATION CONTRACT
SILVER CLOUD, INC.
OME-6536

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General Provisions

The inclined shaft shall be not less than 4 ~~feet~~ by 7 feet in the clear of timber and shall be timbered as necessary. Shaft timber shall be of not less than 6 by 6-inch or equivalent round timber. Suitable ladders and rail shall be installed for the full length of the shaft.

All drifts and crosscuts shall be not less than 5# by 7 feet in the clear of timber and shall be timbered as necessary, but it is estimated that little or no timber support will be required.

Mine rail shall be not less than 12-lb. size, air lines not less than 2-inch size, and water lines not less than 1-inch size.

All significantly mineralized areas traversed by the shaft, drifts, and crosscuts shall be sampled normal to their [illegible] the mineralized areas linear intervals along the trend of not more than 5 feet [illegible] tion, representative muck samples may be taken of each round broken. Each sample shall be split as necessary, and one split shall be assayed for

gold and silver. One remaining split of each sample shall be stored in a suitable container properly identified as to source and location for possible Government use. Stored samples may be disposed of with prior Government approval.

True Copies of assay certificates of all samples shall be submitted with the Operator's monthly report which shall also include a map or sketch showing the work completed during the reporting period, the locations of all samples taken, and the general geological formations and structures traversed by the work performed.

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

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From the new shaft at a slope distance of 100 feet below the 110-foot level drifts shall be driven along the fault zone approximately 200 feet northerly and 50 feet southerly. This footage includes any crosscutting necessary to follow the fault zone.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 8 1966

INITIALS	CODE
gla	120
HG	~~110~~
	~~120M~~
	120L

Memorandum

June 6, 1966

To: Chief, Office of Minerals Exploration
Washington, D. C.

From: Field Officer
Region II

Subject: OME-6536 (Silver, Gold)
Silver Cloud, Inc.
Silver Cloud Mine
Humboldt County, Nevada

Enclosed is my Application Report on the subject property, recommending that a contract be granted consisting of 240 feet of shaft and 400 feet of drifting at an estimated cost of $32,300. I believe that there is a good possibility of discovering high-grade silver and gold ore bodies in the areas to be explored.

As pointed out in the applicant's letter of May 25, 1966, a copy of which was sent to you on May 26, the question of a subordination agreement from the Southern Pacific Company is still unresolved. The Southern Pacific Company has not been willing to sign subordination agreements in the past and it will probably be necessary to require a Performance Bond from the applicant if a contract is granted.

Also enclosed are five copies of Figures 2 and 3 for your use if needed.

H. K. Stager

H. K. Stager

Enclosures

UNITED STATES

DEPARTMENT OF THE INTERIOR

STEWART L. UDALL, SECRETARY

OFFICE OF MINERALS EXPLORATION

REPORT OF EXAMINATION

REGION II

APPLICATION REPORT

OME-6536 (Silver, Gold)
Silver Cloud, Inc.
Silver Cloud Mine
Humboldt County, Nevada

By

H. K. Stager
Field Officer
OME, Region II

June 6, 1966

FIRE RAW DEPT.

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Figure 1. Index map of Humboldt and Washoe Counties, Nevada.

Figure 2. Sketch map showing location of Silver Cloud Mine property.

Figure 3. Sketch map of Silver Cloud Mine showing proposed exploration.

INTRODUCTION

Silver Cloud, Inc., P.O. Box 351, Winnemucca, Nevada, applied to the Office of Minerals Exploration for Government assistance in a $35,385 program, Docket OME-6536, to explore for silver and gold at the Silver Cloud Mine, Humboldt County, Nevada. The applicant infers the presence of high-grade silver- and gold-bearing ore shoots in quartz veinlets along a rhyolite dike cutting shale and wishes to explore for these ore shoots by shaft-sinking and drifting along the dike.

A field examination was requested by the Office of Minerals Exploration, and was made by H. K. Stager, Field Officer, on April 15, 1966, accompanied by Mr. Carl E. Thomsen, president, and Mr. Tony Mendietta, assistant secretary-treasurer for Silver Cloud, Inc. The applicant's maps and assay data were carefully studied and compared with surface and underground exposures. Several samples were taken of the vein material and panned at the property, but because of the obvious coarse high-grade gold content they were not assayed.

SUMMARY

The Silver Cloud Mine contains high-grade shoots of gold and silver ore in quartz veinlets along a rhyolite dike cutting shale. The results of the examination indicate that the ore shoots will continue down the dip and other shoots probably will be found along the strike of the vein in the area to be explored. It is inferred that the proposed exploration will discover minable gold and silver ore bodies of sufficient size and grade to repay the Government's share of the exploration costs.

The applicant proposes to explore the downward continuation of ore shoots, exposed in the outcrop and shallow workings along the dike and veinlets, by shaft-sinking and drifting. Following the examination the applicant's proposed program and alternate methods of exploration were discussed but only minor revisions in the proposed work, methods, and costs were considered desirable. The proposed program is well suited to explore the deposit and the applicant is well qualified to do the work. The project site is readily accessible and facilities for accomplishing the work are available.

RECOMMENDATIONS

It is recommended that the Government enter into a contract with Silver Cloud, Inc., to provide 62½ percent of the costs of the program to explore the Silver Cloud Mine. The single-stage program will require about a year to complete and the Government's share of the estimated total cost of $32,300 would be $20,187.50. To facilitate administration of the contract the work should be based on unit costs, rather than actual costs, insofar as is possible.

LOCATION, ACCESSIBILITY, AND LOCAL FACILITIES

The Silver Cloud Mine is in Sec. 9, T. 36 N., R. 36 E., MDBM, Ten Mile District, Humboldt County, Nevada (Fig. 1), in the Krum Hill area at an altitude of about 4,800 feet.

The mine is reached from Winnemucca, the nearest supply center by traveling west 10.6 miles on graded and graveled Nevada Highway 49, turn right (north) on a dirt road and travel 4 miles to the mine. The mine road is passable to ordinary passenger cars and the drive from Winnemucca usually requires about half an hour.

Labor, mining supplies, mail, telephone, and railroad service are available in Winnemucca. Water for mine and milling requirements is available from a spring on the property. Drinking water is usually brought from Winnemucca. Dimension mine timber at $70 per M is available at Winnemucca. Assay service for silver and gold is available at Reno, 165 miles, or Salt Lake City, Utah, 365 miles, at $3 per sample. The local wage scale for miners is about $3.00 per hour.

PROPERTY

History and Production

Gold and silver were discovered in the Ten Mile District about 1910, and in the periods 1910-1918 and 1932-1959 produced about 13,553 ounces of gold and 756,625 ounces of silver.

The Silver Cloud deposit was discovered about 1963 by Mr. C. E. Thomsen. Production from the property is stated to have totaled about 40 tons of ore with a total value of about $7,000. The value of the hand-sorted ore shipped has been about equally divided between silver and gold, with the average about 60 ounces of silver and 1.5 ounce of gold per ton. An additional 35 tons of sorted ore, with an estimated value of $100 per ton, was stockpiled at the property and was to be shipped shortly after the on-site examination. An estimated 500 tons of $35-per-ton material is contained in a dump near the main portal of the mine.

Ownership

The property is owned by the Southern Pacific Land Company and was leased to Carl E. Thomsen and Mervil E. Thomsen, with an assignment to Silver Cloud, Inc. The lease is for 80 acres and consists of the W½SE¼ Sec. 9, T. 36 N., R. 36 E., MDBM (Fig. 2). Copies of the lease and assignment were included in the application. The Southern Pacific Land Company has indicated that it would consider a Lien and Subordination Agreement to the Government, but as of May 25, 1966, had not given a definite answer. In the event the company refuses to sign a subordination agreement the applicant will furnish a suitable performance bond.

Financial Eligibility

The applicant furnished copies of letters to two banks requesting loans for the proposed work and also copies of letters from the banks denying the loans. The applicant proposes to furnish its share of the exploration costs by use of its equipment, labor, and funds supplied by several of the officers.

Development

The mine is developed by several hundred feet of underground workings consisting of a short adit, with stopes to the surface; a 60-foot inclined winze and a lower level and stope on the vein. Several bulldozer cuts have been made across the outcrop and one small open pit has been dug on the vein. There is a tool shed near the adit and a small house trailer is used for living quarters at the mine. A small quantity of 8- and 12-pound rail, pipe, timber, mine supplies and equipment are on hand at the mine. The applicant has a bulldozer, compressor, dump truck, hoist, mine cars, and drills.

GEOLOGY

Geologic Setting

The Silver Cloud Mine is on the west slope of Krum Hill in a range of gently rolling topography. Vegetation is sparse and outcrops are abundant. Rocks exposed in the vicinity of the mine are chiefly shales and thin quartzites of the Raspberry Formation of Upper Triassic age.[1]

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[1] Willden, Ronald, 1964, Geology and mineral deposits of Humboldt County, Nevada: Nevada Bur. Mines Bull. 59, p. 46.

These rocks are intruded by a small granodiorite body of Tertiary age, about 1 mile northeast of the mine, and by a narrow rhyolite dike accompanied by mineralized quartz veinlets in the mine area.

The Raspberry Formation consists of light-greenish-gray phyllitic shale with sparse thin beds of light-gray, fine-grained feldspathic quartzite. These rocks strike about N. 70° E. and dip 50° NE.

Cutting the sedimentary rocks in the mine area is a fault zone, containing quartz veinlets and a highly altered rhyolite dike, that strikes N. 10° E. and dips 45° NE. This light-brown to tan, fine-grained dike ranges from 1 inch to several feet in width, locally pinching out completely. It has been traced intermittently for about a mile along the strike. It is in the quartz veinlets along the rhyolite dike within this fault zone that the gold and silver mineralization occurs.

Ore Deposits

The gold and silver ore deposit consists of numerous quartz veinlets from less than an inch to a foot or more in thickness in a fault zone ranging from a few feet to as much as 20 feet in width. Locally the quartz veinlets are close together and comprise more than half of the material filling the zone, but elsewhere they total less than 10 percent of the filling. The zone pinches and swells, both along the strike and down dip, but averages about 5 feet in width. The quartz veinlets probably average about 2 feet in aggregate thickness. Making up the balance of the fault zone is the altered rhyolite dike and crushed fragments of the shale and quartzite wallrock. The quartz veinlets are thickest and the gold and silver content greatest where the wallrock is quartzite.

The gold occurs as coarse free gold commonly along the quartz veinlet-wallrock contacts and associated with gray crusts of what is probably cerargyrite. Iron oxide minerals are abundant throughout the ore zone and copper oxides occur sparsely. The oxidation depth is unknown but it is probably about 300 feet. Much of the quartz occurs as prismatic crystals perpendicular to the walls of the veinlets.

Most of the ore has been mined from a shoot about 5 feet thick and 30 feet wide that rakes about 50° NE, about parallel to the wallrock bedding. This shoot has been mined about 100 feet down the rake. A second ore shoot may be present about 100 feet to the north and its top exposed in an open cut at the site of the proposed shaft.

Sampling

Veins and ore shoots of the type being mined at the Silver Cloud Mine are difficult to sample because of the abundant coarse free gold present. The average grade as shown by mint and smelter returns is a better indication of probable grade. The application contained some assays, but the operators rely more on frequent panning of the ore material as a guide to average grade. Several samples taken of underground exposures at the time of the examination were panned and showed abundant free gold. Gold is also readily identifiable, with a hand lens, in specimens taken from surface and underground exposures. For these reasons it was decided not to send any of the examination samples to the assayer.

Ore Reserves

The mine has yielded about 75 tons of sorted ore that contains about 1.5 ounces of gold and 60 ounces of silver per ton plus several hundred pounds of high grade. An additional 500 tons of $35-per-ton material is on the dump. This ore has been mined from a small segment of one ore shoot that will ultimately yield at least 1,000 tons of ore that will average about $50 per ton in gold and silver. The area to be explored contains the downward extension of the shoot that is being mined, plus one or more additional ore shoots that should yield about 10 times the amount of ore contained in the segment being mined, or a total of about 10,000 tons of ore with an estimated average grade of about 0.5 ounce of gold and 20 ounces of silver per ton.

EXPLORATION

Applicant's Proposal

The applicant proposed to explore the downward and lateral extent of the deposit by sinking an inclined shaft 240 feet in depth down the dip of the mineralized structure and driving about 410 feet of drifts on two levels.

The proposed exploration was discussed and alternate methods of exploration, including drilling, were considered. It was agreed that drilling would probably not yield satisfactory results because of the attitude and character of the wallrocks and the mineralized material. The proposed inclined shaft and drifting on the mineralized structure is probably the most efficient means of exploration.

Examiner's Proposal

At the time of the examination I suggested that the part of the shaft above the adit, and sub-level drift, be raised from the adit to the surface and when this part is complete (about 120 feet) sink the remaining part (120 feet) from a surface installation. In this manner the material from the upper 70 feet of the shaft can be removed rapidly and much more cheaply by gravity and easy tramming through the adit. This will necessitate driving the drift on the adit level first. The drifting on the adit level has three justifications, all of which are important to the project. First, it will explore the downward extent of the ore shoot exposed in the surface open cut; second, it will provide a site for raising the upper 90 feet of the shaft in a more efficient and less costly manner; and, third, when the raise is opened through to the surface it will provide natural

air circulation that will provide good ventilation and help clear powder smoke from the part of the shaft below the adit level. If the part of the shaft between the sub-level drift and the adit level (about 30 feet) is also driven as a raise it will also reduce costs although the hoisting power required to pull the loaded mine cars up the 50° inclined winze will increase the cost somewhat. Having these additional points of access to the shaft will also add to the safety of the mine.

I also recommend that the adit level drift be extended 150 feet north (instead of 70 feet) in order to better explore the probable down dip rake of the ore shoot exposed in the surface cut at the shaft site. This extra footage to be in place of part of the drifting south at the lowest level in the shaft. The 200 feet of drift to the north on the lowest level should be sufficient to test both of the known ore shoots down their probable rake.

Proposed Exploration Costs

The applicant estimated an overall cost of $32.24 per foot for drifting based on a 3½-feet-per-day advance, 5-day week, or 20 days per month. This figure did not include air, vent, and water lines, rail, ties, spikes, fishplates, etc. that were included under equipment rental. Adding the cost of these items would bring the cost to about $35.00 per foot for a 5'x7' untimbered drift. It is not contemplated that timbering will be required in the drifts.

Estimated cost of sinking a 4'x7' inclined (45°) shaft for 240 feet at the rate of 1 foot per day, 20 days per month, is estimated at $92.36 per foot. Adding the cost of air, vent, and water lines, rail, and timber would bring the cost to about $100 per foot. However, if half of the shaft can be raised from the adit and sub-level drifts the rate of advance for this part can be increased to about 3 feet per day and the labor cost reduced by almost $50 per foot.

No new buildings, access roads, or site preparation are necessary. The application did not include estimated costs for assaying as most of the assaying will be done by panning. However, some commercial assaying, at $3 per sample for gold and silver, should be provided for.

COST ESTIMATE

Fixed Unit Costs

Drifting and/or crosscutting - 400 ft at $35/ft	$14,000.00
Shaft sinking 120 feet at $100/ft	12,000.00
Shaft raising 120 feet at $50/ft	6,000.00
Assaying, by commercial assayer, 100 samples at $3 ea.	300.00
Estimated cost of the project (total)	$32,300.00
Government participation at 62½ percent	$20,187.50

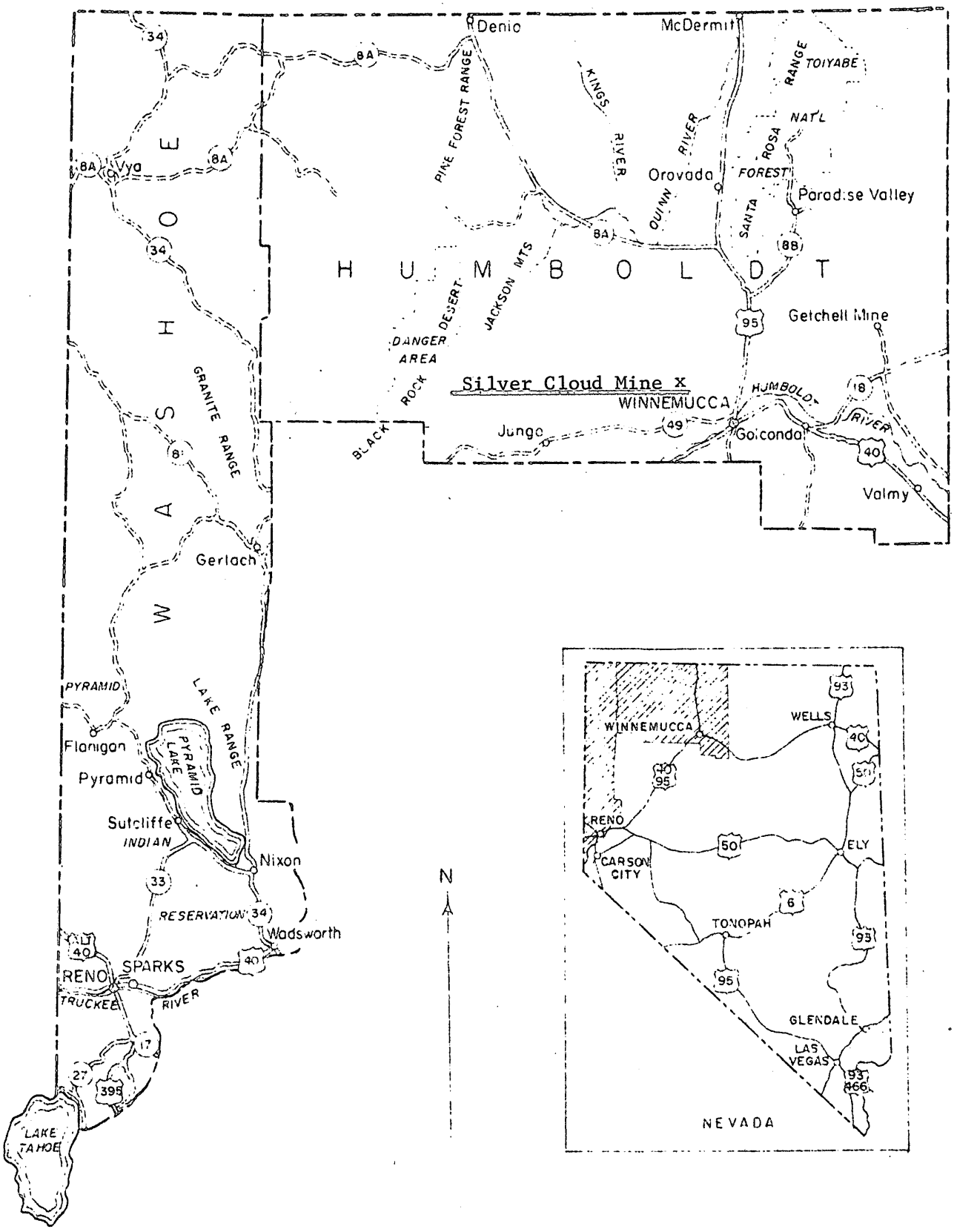


Figure 1. INDEX MAP OF HUMBOLDT AND WASHOE COUNTIES, NEVADA

0 25 50 75 Miles

JAMES A. CALLAHAN
ATTORNEY AT LAW
SUITE NO. 1
PROFESSIONAL BUILDING
WINNEMUCCA, NEVADA 89445

TELEPHONE 623-2227

OFFICIAL
COPY
O. M. E.
RECEIVED
MAY 31 1966

May 25, 1966

Mr. H. K. Stager
Field Officer
OME, Region II
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Dear Mr. Stager:

Re: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada

Reference is made to the above-described application for an OME loan. I still have not received a subordination from the Southern Pacific Company. Consequently, please accept this letter as assurance on behalf of Silver Cloud, Inc. that suitable bonds in the amount of, at least, the loan will be furnished in lieu of the subordination by the Southern Pacific Company.

Thanking you for your consideration and attention in this matter, I am

Sincerely,

James A. Callahan

JAC:em

RECEIVED
MAY 26 1966
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/10	RMSmith	120
3/11	CDC	220
		130

Silver Cloud, Inc.
Professional Building
P. O. Box 351
Winnemucca, Nevada

Re: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada

Gentlemen:

Thank you for your letter of March 7, 1966, and the enclosed copy of the Assignment of lease signed by both parties.

The application has now been referred to Mr. Harold K. Steger, Field Officer, Office of Minerals Exploration, Region II, 345 Middlefield Road, Menlo Park, California 94025.

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

Sincerely yours,

(Signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

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

RMSmith/mm (3/10/66)

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/10	R M Smith	
		820
		1207

MAR 1 1 1966

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OMM-6336 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada

The subject application is referred to Region II for a field examination and recommendations.

We have now received from the Applicant all of the information requested in your letter of February 3 and our letter of February 21 except a property map which, as you mentioned, can be obtained during the examination. A copy of the Applicant's letter of March 7 stating that it is able to finance its share of the costs is enclosed for your information. Incidentally, the Silver Cloud Mine for which maps were recently open-filed is a mercury deposit in White County.

Our review of the application, including the documents accompanying your memo of February 15, indicates that there is insufficient geologic information in the application to determine whether the proposed shaft is prospecting, exploration, or development. Although the controlling fault zone and the rhyolite dike along it are said to be traceable for a mile on the surface, the persistence and proportion of high-grade quartz veinlets is not mentioned.

In view of the statement that "The lode widens to the north, but narrows in depth" we must assume that the proposal to sink a shaft takes into account that the lode is lenticular, but there is no information on the size of the lenses, their rakes, or why there is a target in the area of proposed drifting. We wonder whether some other method of exploration might be more suitable at this stage.

23263

This property is only two miles N.W. of the Ten-Mile mine which was the subject of an application that was denied - OMM-6431 (Gold), Golden Amethyst claims and Taylor mine. The extremely narrow, high-grade quartz veinlets are characteristic of both of these deposits and also of the Austin or Jumbo mine near Jungo. (U.S.B.M. Inf. Circ. 6995, p. 16). The latter, you may recall, was sold for $1,000,000 in 1937 but resale to the Guggenheims was turned down by Herbert Hoover who described it as "a good little family mine."

The West Coast or Pansy Lee mine 2 or 3 miles N.E. of Ten-Mile is more uniform; it averaged 18 inches of quartz and sulfides from the 250 to the 900-foot level for about 1,000 feet along the strike, and contained Au, Ag, Cu, Pb, and Zn that averaged about $50 per ton.

In the event that you recommend a contract, a property map will be required as noted in your memo, and also Lien and Subordination Agreements signed by the Southern Pacific Company.

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

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

RMSmith/mm (3/10/66)

JAMES A. CALLAHAN
ATTORNEY AT LAW
SUITE NO. 1
PROFESSIONAL BUILDING
WINNEMUCCA, NEVADA 89445
TELEPHONE 623-8187

March 7, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 9 1966
INITIALS | CODE
FEJ | ~~110~~
| 120 M
| 120 S

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

Dear Mr. Johnson:

Re: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada

left file of docket

Herewith I enclose to you thermofax copies of the Assignments placing the lease in the name of Silver Cloud, Inc.

In relation to the matter of capital with which to operate the mining property until the Government reimburses the operator under the OME Loan, please be advised that these funds for the first month's operation will be advanced by two of the stockholders, to-wit: John B. Tallman and Herbert L. Daniels. The non-participating costs will, of course, be paid in the same manner.

While the amount of funds these two stockholders is limited, it is deemed adequate for the purposes above outlined.

I appreciate your help and assistance in regard to this matter.

With kindest regards, I am

Yours very truly,

James A. Callahan

James A. Callahan

JAC:em
Encs.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/18	Smith	120
	Selfridge	120
		110
2/21	Cal	220
		120M

FEB 21 1969

Silver Cloud, Inc.
Professional Building
P. O. Box 351
Winnemucca, Nevada

Re: OME-6536 (Silver-Gold)
Silver Cloud, Inc.
Silver Cloud Prospect
Humboldt County, Nevada

Gentlemen:

We have now received copies of the maps and bank letters that you submitted to our field office at the request of Mr. H. K. Stager. In our preliminary review of the application we note that you plan to finance your share of the costs of the proposed exploration by labor and materials furnished by the corporation, and that you allow $70.00 per month for rental of equipment.

For your information, pipe and rail are not considered to be operating equipment; they are operating materials and supplies which are charged to a project at cost less 50 percent salvage value. Hoses are charged to a project at cost. Our experience has shown that an applicant's services and depreciation on equipment will not normally cover his share of the total exploration costs. In addition, Government participation in exploration for ore that contains gold and silver in roughly equal proportions is 62½ percent of the total estimated costs.

The Government does not advance funds for its share of the costs under a contract. An operator pays all of the first month's costs and then submits a voucher on forms furnished by the Government. After approval, the operator is reimbursed for the Government's share of the costs. As it usually takes from two to three weeks to reimburse an operator, he should have sufficient funds at hand to cover all costs for at least two months. Thereafter, normally, reimbursement is received by an operator at monthly intervals. Under these circumstances, please explain in detail how you plan to finance your share of the costs.

23263

Please submit also a true copy of the Assignment of the lease to Silver Cloud, Inc. The copy submitted with the application is not signed.

This request for additional information should not be construed as a commitment by the Government to grant an exploration contract. We shall hold the further processing of your application in abeyance until the requested data are received.

Sincerely yours,

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc to: Director's Reading File
Division File
Economic Geology File
OME File
OME Region II
OME Reading File
Mr. Smith

RMSmith/gla 2-18-66

February 8, 1966

Silver Cloud, Inc.
Professional Building
P. O. Box 351
Winnemucca, Nevada

Subject: OME - 6536

Gentlemen:

Your application for exploration assistance, dated January 27, 1966, submitted to our office at Menlo Park, California, has been assigned Docket No. OME - 6536.

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 II

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
345 Middlefield Road
Menlo Park, California 94025

February 3, 1966

Mr. James A. Callahan
Attorney at Law
P.O. Box 351
Winnemucca, Nevada

Dear Mr. Callahan:

The application for financial assistance at the Silver Cloud Mine, addressed to Mr. Paul Fillo in San Francisco and forwarded to this office has been received this date.

Although the application contains copies of letters from two banks refusing the applicant's request for a loan it does not contain copies of the applicant's letters, made within 90 days, making the request for a loan and outlining the proposed use, amount, and terms. Please note Item 1 - Financial Eligibility - on the reverse side of the application.

The application should also contain a map of the property showing the existing workings, location and extent of the proposed exploration, geologic features, and property boundary lines.

Will you please furnish this additional information so that we can proceed with the processing of the application.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

cc:
Director
Chief, OME, Wash. D. C.
ACG RF
MP RF
HKStager:mlb

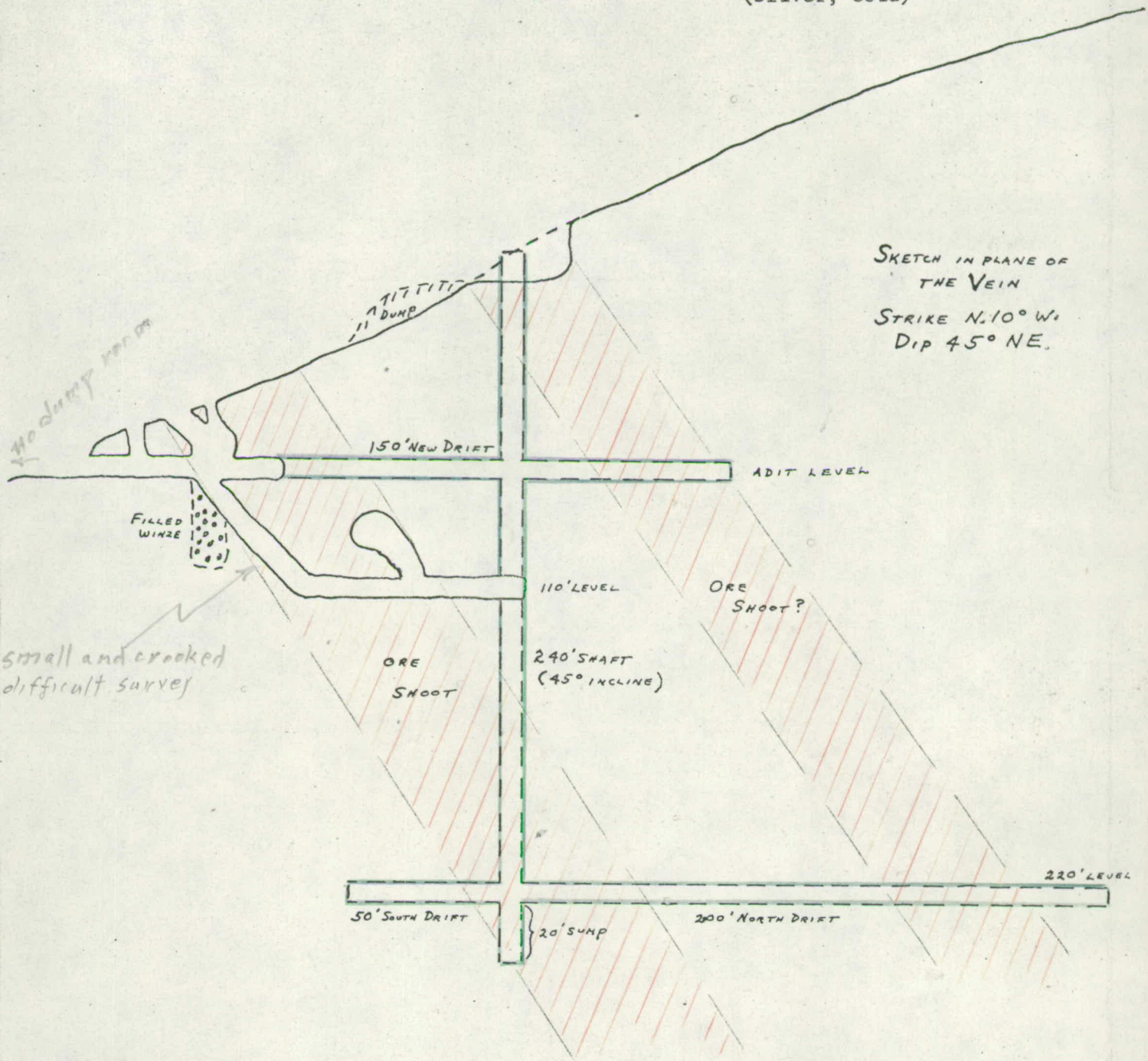


Figure 3.--Sketch map of Silver Cloud Mine showing proposed exploration.

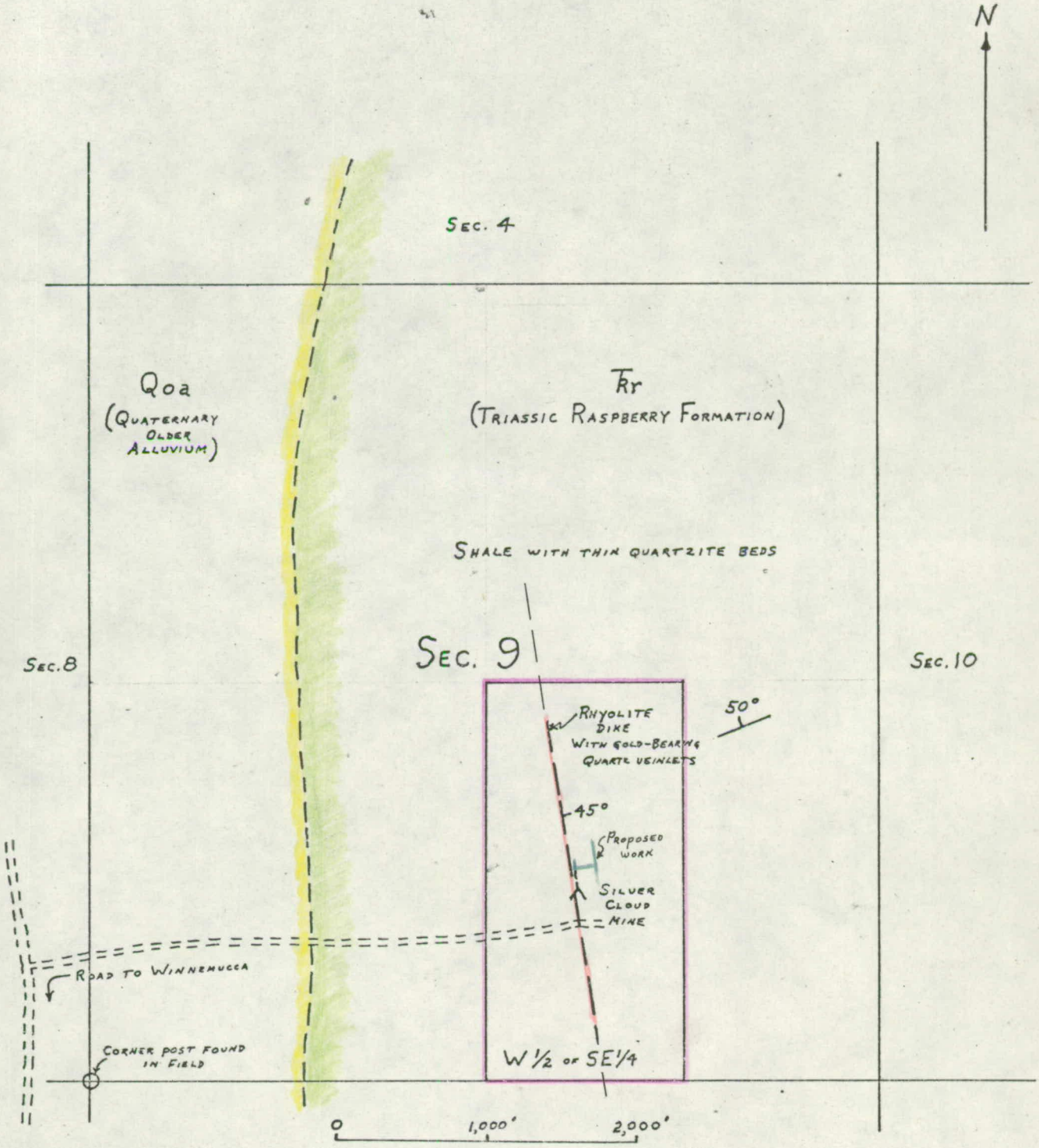


Figure 2.--Sketch map of Sec. 9, T. 36 N., R. 36 E., MDBM, Humboldt County, Nevada, showing location of Silver Cloud Mine property.

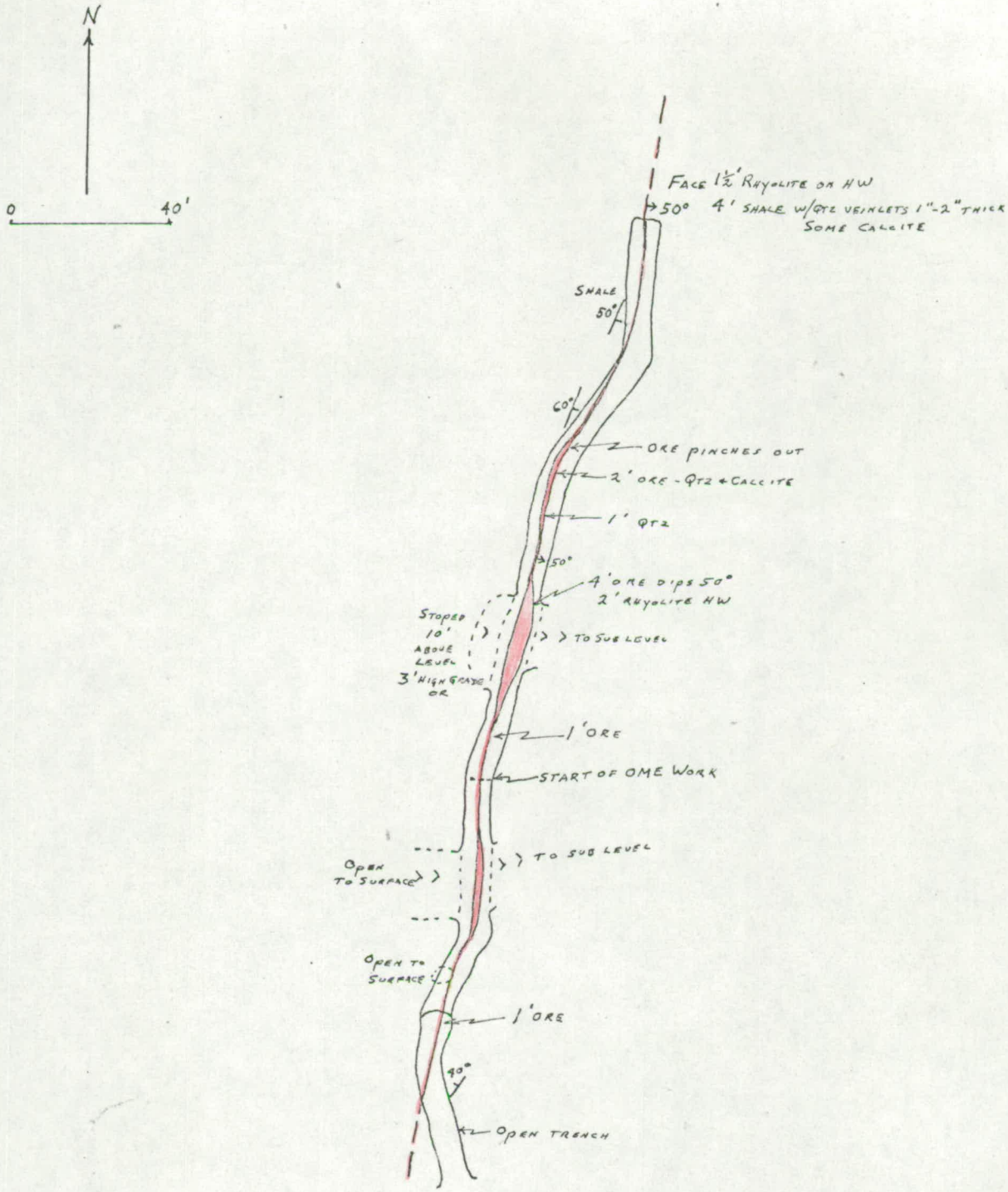
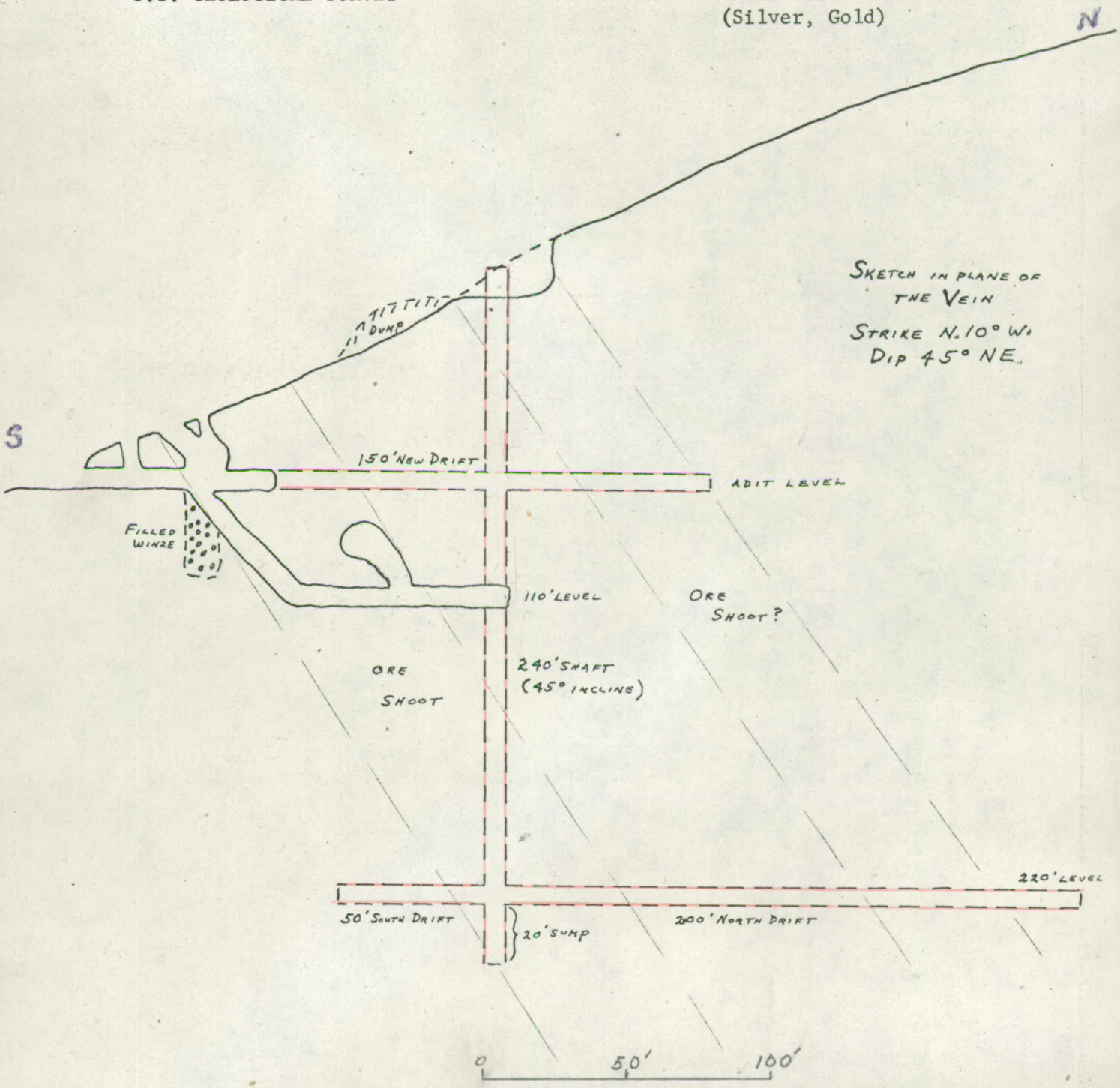


Figure 1.--Main Level, Silver Cloud Mine, Ten Mile District, Humboldt County, Nevada



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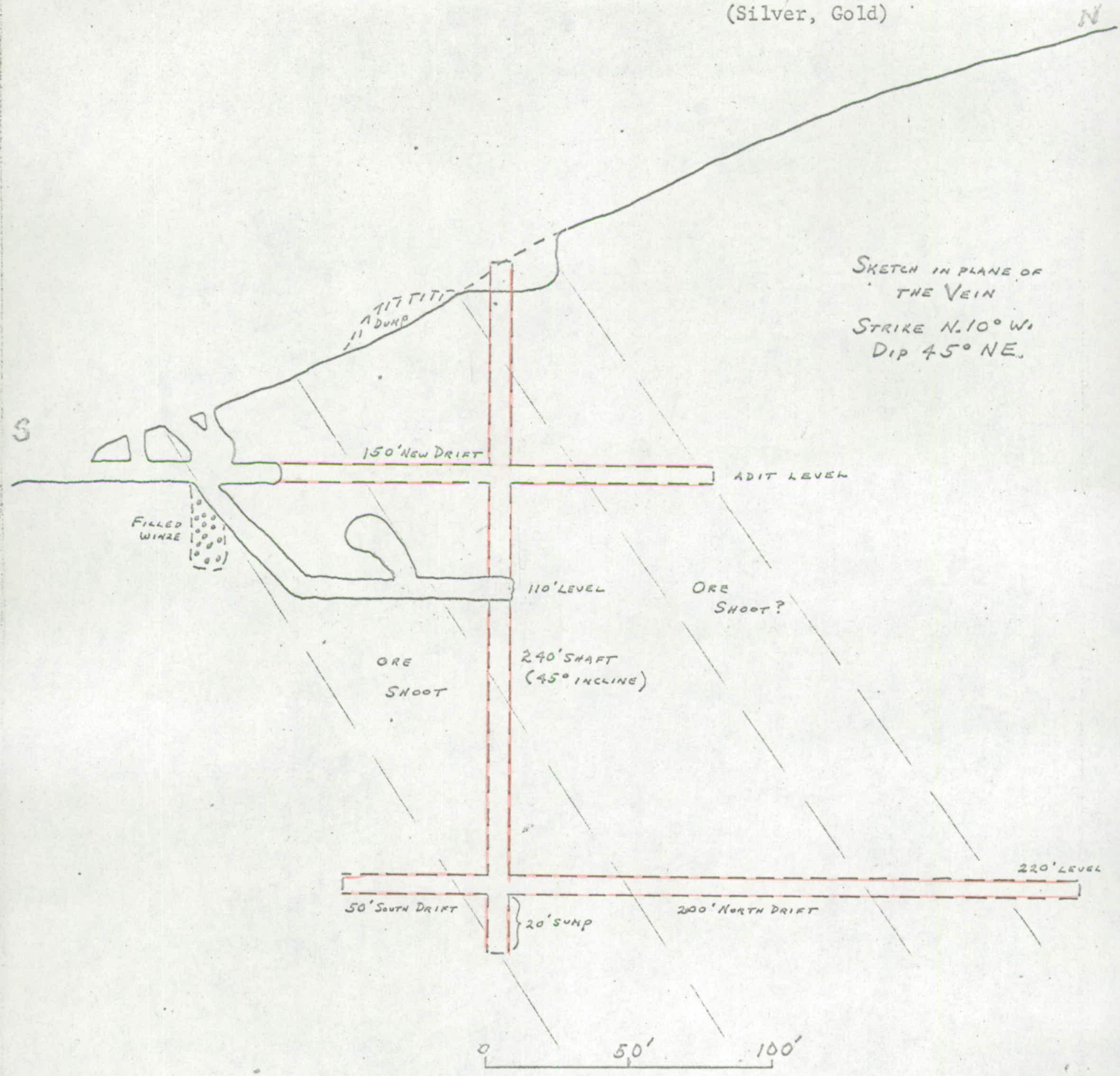

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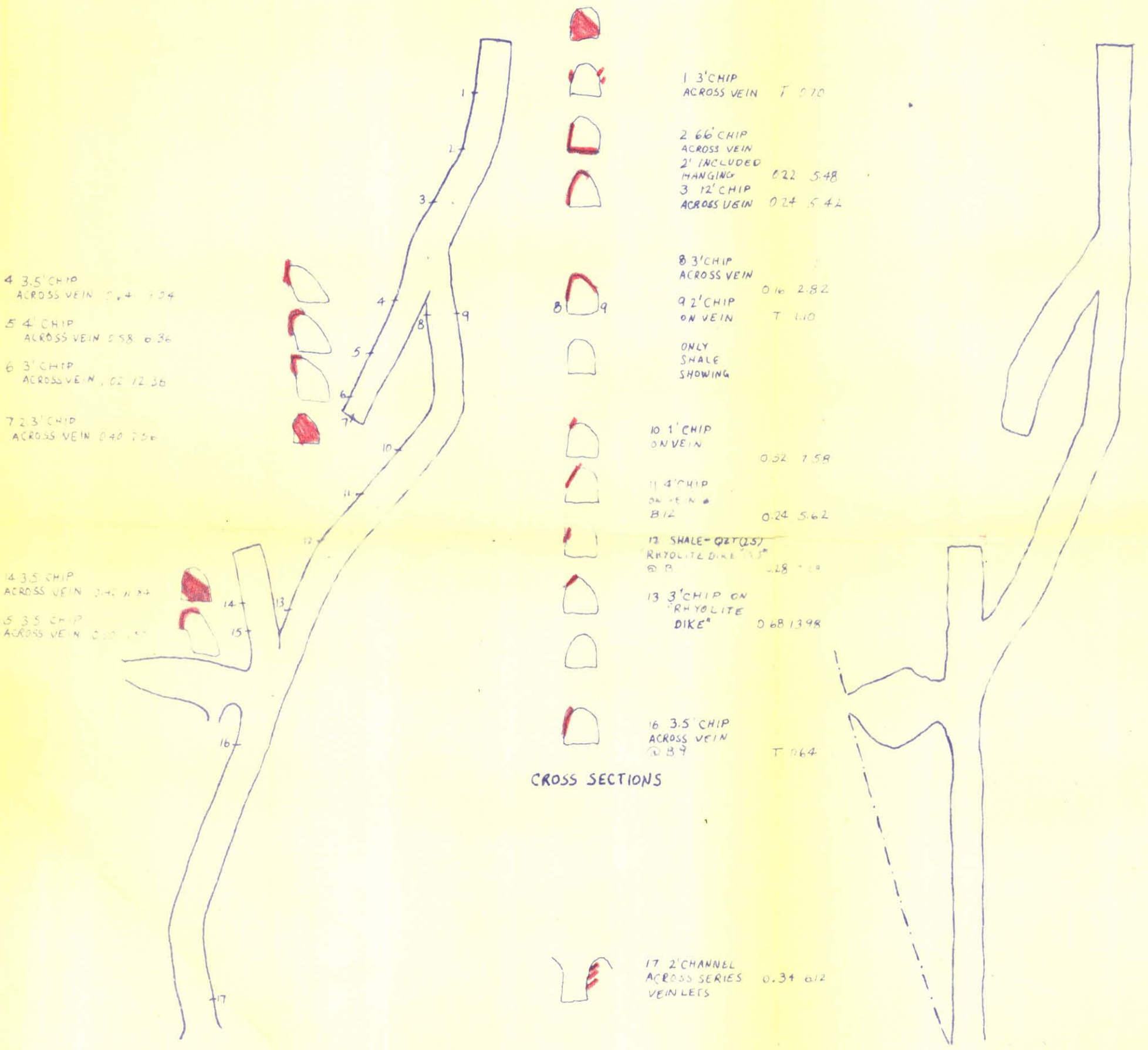
1 3' CHIP
ACROSS VEIN T 0.70
2 6.6' CHIP
ACROSS VEIN
2' INCLUDED
HANGING 0.22 5.48
3 12' CHIP
ACROSS VEIN 0.24 5.42
4 3.5' CHIP
ACROSS VEIN
5 4' CHIP
ACROSS VEIN 0.58 0.36
6 3' CHIP
ACROSS VEIN 0.02 12.36
7 2.3' CHIP
ACROSS VEIN 0.40
8 3' CHIP
ACROSS VEIN
0.16 2.82
9 2' CHIP
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ONLY
SHALE
SHOWING
10 1' CHIP
ON VEIN
0.32 7.58
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ON VEIN
B12 0.24 5.62
12 SHALE-QZT (25)
RHYOLITE DIKE
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13 3' CHIP ON
"RHYOLITE
DIKE"
0.68 13.98
14 3.5' CHIP
ACROSS VEIN
15 3.5' CHIP
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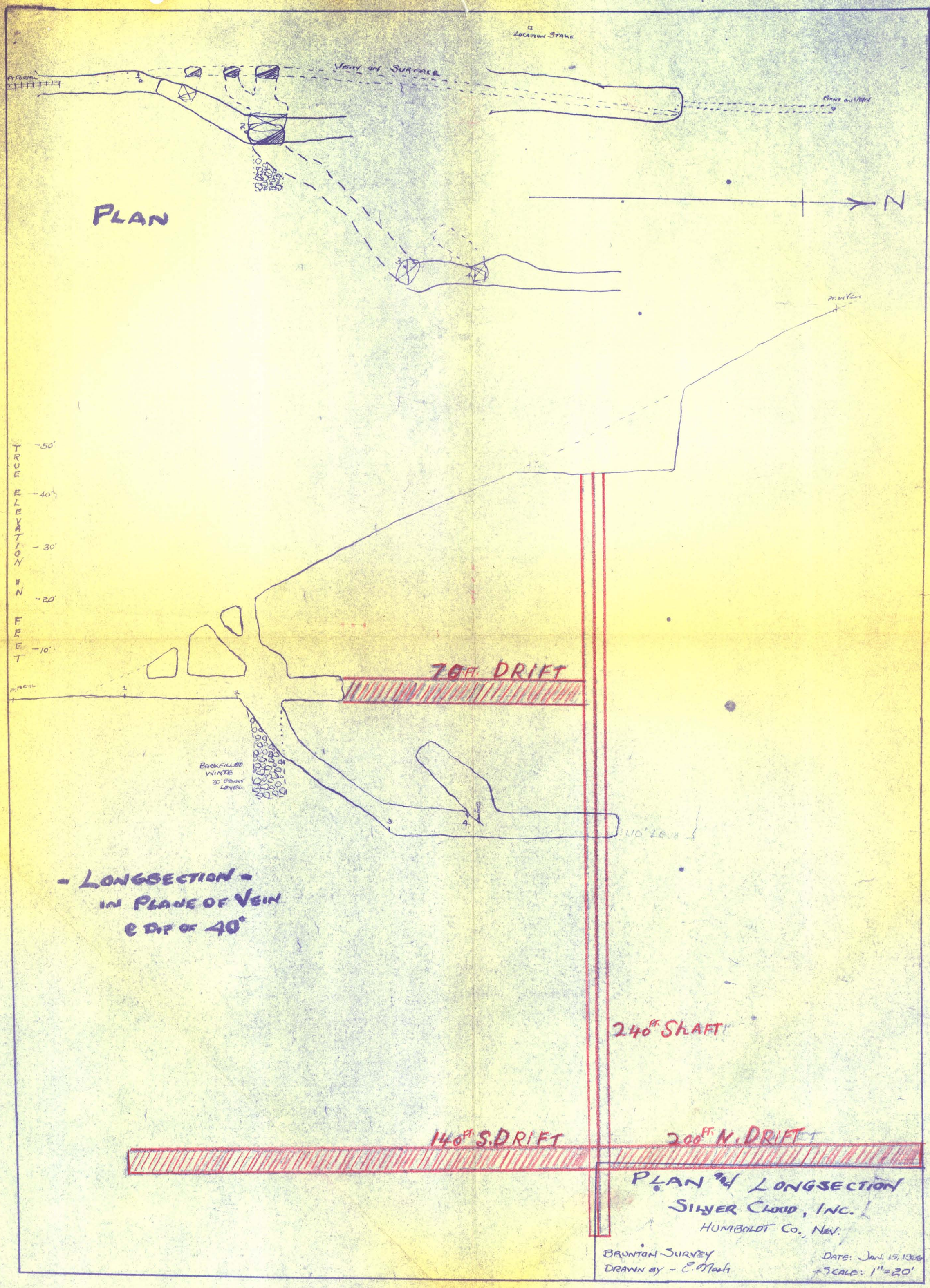
16 3.5' CHIP
ACROSS VEIN
@ B7
T 0.64
CROSS SECTIONS
17 2' CHANNEL
ACROSS SERIES
VEINLETS
0.34 0.12
PLAN
LONG SECTION
SILVER CLOUD, INC.
WINNEMUCCA NEVADA
SEPTEMBER 11, 1965
PLAN
SCALE 20'-1"
BY HPN & JMC


LOCATION STAKE
VEIN ON SURFACE
PLAN
N
TRUE ELEVATION IN FEET
-50'
-40'
-30'
-20'
-10'
76 FT. DRIFT
BACKFILLED WINZE 30' BELOW LEVEL
- LONGSECTION -
IN PLANE OF VEIN
@ DIP OF 40°
240 FT. SHAFT
140 FT. S. DRIFT
200 FT. N. DRIFT
PLAN & LONGSECTION
SILVER CLOUD, INC.
HUMBOLDT CO., NEV.
BRUNTON SURVEY
DRAWN BY - E. Mach
DATE: JAN. 15, 1966
SCALE: 1" = 20'