MME Form 9
Rev. Mar. 59

UNITED STATES
DEPARTMENT OF THE INTERIOR
Office of Minerals Exploration

OFFICIAL DOCKET FILE

Contract No. 14-23-2216 Docket No. MME-6465

Application
- [ ] Denied
- [ ] Withdrawn

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

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

Folder No. 1:

Left Side

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

Right Side

- [ ] Project Summary (final)
- [ ] Work Completed Analysis (final)
- All other material filed in chronological order including the following reports if checked:
- [ ] Field Team Semiannual Report for Certified Project
- [x] Final Field Team Report (Tab)
- [x] Operator's Final Report (Tab) 8/15/67
- [x] Interim Field Team Reports
- [x] Operator's monthly reports and all attachments
- [x] On-site Exam. Report (Tab) January 1966
- [x] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

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

Right Side

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

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

Folders No._____: Settlement Sheets

Folders No._____: Drill Logs

Folders No._____: Royalty Material

52615

-6465

Get addresses for from L.+S. Agree for Williams & Sanburg and put in DMEA 2234 file.

Also 63 file in April

Fred Williams, Jr.,
3111 N. Meridian St.
Indianapolis, Indiana

Carl T. Sandberg,
7425 N. Obregon Drive
Tucson, Arizona

NOTE - Change of Address (March 1967 voucher)

Box 908
Green Valley, Arizona 85614

Docket Copy

UNITED STATES DEPARTMENT OF THE INTERIOR

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

Report of Review-Contract 2216
Docket No. OME-6465 (Silver)
Donald C. Gilbert (Operator)
Royal and Deer Horn Claims
Santa Cruz County, Arizona

February 1968

We have examined the disbursement records in the Branch of Budget and Finance, Administrative Division, Geological Survey, and reviewed the contract files of the Office of Minerals Exploration (OME), pertaining to the minerals exploration contract No. 2216. The cost review was performed at Washington, D. C., on February 14, 1968.

The contract, as amended, provided for Government contribution not in excess of $10,500 representing 75 percent of the total allowable cost of this exploration for silver-bearing ore bodies by winzing, crosscutting, drifting, and long-hole drilling.

The exploration work has been completed and the Operator has claimed costs aggregating $13,664.10, subject to contribution by the Government on the 75 percent basis in the amount of $10,248.08. OME has disallowed $11.00 representing excess cost of spectographic analysis of ore samples and $10.20 for analysis of ore samples not supported by an assay certificate. Also $200.00 has been withheld from the amount otherwise due to the Operator pending acceptance of the final report required by the terms of the contract. The Operator has been paid $10,032.18.

Subsequent to the OME disallowances, the Operator furnished an assay certificate in support of the $10.20 ore sample analysis. This cost should now be an acceptable cost. Thus acceptable costs for Government participation are $13,653.10 ($13,644.10 less $11.00) and the

Government's share, on the 75 percent basis, amounts to $10,239.83 or $207.65 in excess of the amount already paid to the Operator, computed as follows:

75% of $10.20 assay charge now determined to be allowable	$ 7.65
Amount withheld from settlement pending acceptance of the final report	200.00
Total	$207.65

C. E. Fisher, Auditor

Reviewed by:

W. H. Wilkerson, Jr.

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

Government's Copy

EXPLORATION CONTRACT
DONALD C. GILBERT
OME-6465

AMENDMENT NO. 1

It is agreed this 15th day of March, 1967, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Donald C. Gilbert, hereinafter called the "Operator," that Exploration Contract 2216 (OME-6465), dated March 29, 1966, is amended effective the date of the contract as follows:

In Exhibit A:

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

"The purpose of the project is to explore by crosscutting, drifting, winzing, and long-hole drilling on and below the 50-foot level of the Arroyo inclined shaft for silver-bearing ore bodies in and along the Arroyo vein and parallel or intersecting veins in Paleozoic sedimentary rocks or near their contacts with granitic rocks."

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

"All crosscuts, drifts, and winzes shall be not less than 29.25 square feet in cross section in the clear of timber and timbered as necessary, using not less than 6 by 6-inch sawed or equivalent round timber."

3. Under the heading Description of the Work, Stage II, is revised to read as follows:

"The work under Stage II shall consist of winzing and drifting, including such crosscutting as may be required, along the Arroyo vein where favorable results were obtained in Stage I, and of percussion drilling an estimated 150 linear feet of long-holes at sites to be selected by the Operator."

4. Under the heading Estimated Costs of Project, Stage II, Fixed Unit Costs[1/], is revised to read as follows:

Winzing, 35 ft. @ $85.00/foot	$2,975.00	
Drifting and crosscutting, 32 ft. @ $44.00/foot (rounded)	1,425.00 3/	
Long-hole drilling, 150 ft. @ $1.50/foot	225.00	
Incidental allowance for supervision, engineering, and accounting, 3 months @ $265.00/month	795.00	
Total Estimated Fixed Unit Costs, Stage II		$5,420.00
Total Estimated Costs, Stage II		$5,915.00

1/ Includes all costs whatsoever that would otherwise be allowable costs under Categories (2) through (7).

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

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

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

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

Donald C. Gilbert
DONALD C. GILBERT

Long
Smith
Kirkemo
Johnson
Kilzgaard

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/2/67	RM Smith	120
3/3/67	Kirkemo	120
"	JJ	110
		120M

March 2, 1967

Memorandum

To: The File

From: R. M. Smith
Office of Minerals Exploration

Subject: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deerhorn Claims
Santa Cruz County, Arizona
Contract 2216

Justification for Amendment No. 1

Favorable results obtained in Stage I, which is completed, indicate that a commercial ore shoot may occur below the 50-foot level rather than beyond the face of the OME drift on the 50-foot level. The contract provided for continuing the OME drift in Stage II contingent upon favorable results in Stage I, but did not provide for winzing. Assays and geological maps of the area explored indicate that the best exploration target is below the level in a mineralized zone 12-15 feet wide exposed in long-holes and in the 12-foot OME north crosscut. Assays show as much as 28.1 oz. Ag per ton, 2.29% Cu, 10.9% Pb, and 17.3% Zn across widths of 5 to 18 inches, increasing downward.

The mineralized fractures exposed in Stage I reveal that the ore is localized in a series of lenses which in aggregate may constitute ore but which individually may not be detected by long-holes on 20-foot centers as specified in the contract. The mineralized zone to be explored in Stage II was found by long-holes on less than 20-foot centers, one of which was drilled at the request of the Field Officer.

Because the Government benefits from these holes, it should participate in the costs and in the discovery. Therefore, this amendment is back-dated to permit the Operator to reclaim the cost of long-holes 4, 5, and 7 which were disallowed from his Stage I vouchers.

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

R. M. Smith

R. M. Smith

RMSmith/gla 3-2-67

NOTE - Change of Address (March 1967 voucher)

Box 908
Green Valley, Arizona 85614

Government's Copy

MME Form 50
July 1965

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

EXPLORATION CONTRACT
(Long Form)

Docket No.	Commodity	Contract No.	County	State
OME-6465	Silver	2216	Santa Cruz	Arizona

It is agreed MAR 2 9 1966 (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

Donald C. Gilbert, an individual

whose mailing address is 4982½ Field Street, San Diego, California 92110, hereinafter called the "Operator," as follows:

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

(b) The total allowable cost of the work set forth in Exhibit A is $14,000.00. The Government will contribute ~~50~~ 75 percent of the allowable costs as they are incurred, in a total sum not in excess of $10,500.00 in accordance with the provisions of Articles 3, 4, 5, and 6. "Costs incurred" means costs that have been paid or have become due and payable, or that the Government determines have become obligations.

(c) Interest computation.--Simple interest at the rate of 7 percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

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

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

See Annex I

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CATEGORY (2)--PERSONAL SERVICES.

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

Subcategory (b)--Labor.

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

CATEGORY (4)--OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 16. Changes and added provision.--

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

DONALD C. GILBERT
(Operator)

By Donald C. Gilbert

By John A Baker
Acting Director, U. S. Geological Survey

Long
App'd. as to form.
RM Smith
Johnson
Kilbgoard
Duell
Kluyn

I, _____, certify that I am the
(Name)

_____ secretary of the corporation named as Operator herein; that

_____, who signed this contract on behalf of the Operator, was then
(Name)

_____ of said corporation; that said contract was duly signed for
(Title)

and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

[CORPORATE SEAL]

EXPLORATION CONTRACT
DONALD C. GILBERT
OME-6465

ANNEX I

The land, including all rights pertaining thereto, referred to in Article 2 of the contract consists of two (2) overlapping patented lode mining claims totalling 30.552 acres and the adjoining Arroyo Block of 0.248 acres to a depth of 25 feet below the natural surface of the Bonanza patented lode mining claim, all in unsurveyed sec. 2, T. 24 S., R. 16 E., Gila and Salt River Base and Meridian, Patagonia mining district, Santa Cruz County, Arizona. The outer boundary of the land is outlined in green on Figure 2 entitled "Bonanza Vein, Duquesne, Patagonia, Arizona," attached hereto and made part hereof.

The two patented lode mining claims and the description of the Arroyo Block are recorded in the County Recorder's office at Nogales, Arizona, as follows:

Name	U. S. Mineral Survey No.	Docket	Page
Royal	4423	33	442
Deerhorn	4423	33	442
Arroyo Block	-	59	566

The Operator is owner of the Royal and Deerhorn claims, and has surface rights to the Arroyo Block within the Bonanza claim under the terms of a Lease Agreement effective April 10, 1965, from the owners of the Bonanza claim, Fred Williams, Jr., Indianapolis, Indiana, and Carl T. and Eudoris I. Sandberg, husband and wife, Tucson, Arizona.

Special Agreement Concerning Land

In the event the Operator or any subsidiary thereof at any time during the period expiring ten (10) years from the date of this contract acquires any additional right, title, or interest in or to any land situate within the Bonanza claim, such land automatically, without amendment to this contract, shall become subject to the provisions of this contract as of the date of acquisition; and the Operator shall promptly notify the Government of such acquisition, furnishing a description of the acreage acquired, maps, and other data that may be required by the Government.

EXPLORATION CONTRACT
DONALD C. GILBERT
OME-6465

EXHIBIT A

The purpose of this project is to explore by crosscutting, drifting, and long-hole drilling on the 50-foot level of the Arroyo inclined shaft for silver-bearing ore bodies in and along the Arroyo vein and parallel or intersecting veins in Paleozoic sedimentary rocks or near their contacts with granitic rocks.

General Provisions

All crosscuts and drifts shall be not less than $4\frac{1}{2}$ by $6\frac{1}{2}$ feet in cross section in the clear of timber and timbered as necessary, using not less than 6 by 6-inch sawed or equivalent round timber.

Mine rails shall be of not less than 12-pound size, air lines of not less than $1\frac{1}{2}$-inch in diameter, and water lines of not less than 1-inch in diameter.

All significantly mineralized areas traversed by the crosscutting or drifting shall be sampled normal to their trends at intervals of not more than 5 feet. Significantly mineralized cuttings from the long-holes shall be sampled, but no such sample shall represent more than 5 linear feet of hole.

Each sample shall be split as necessary, and one split shall be assayed for silver, and at the discretion of the Operator, for copper, lead and/or zinc. All remaining splits shall be stored in suitable containers properly identified as to source and location. Stored splits of 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. The work shall be divided into two stages. The Operator shall complete all of the work in Stage I. Approval of Stage II shall depend upon favorable results having been obtained in Stage I and shall have the prior authorization of the Government confirmed in writing.

Description of the Work

Stage I

The work under Stage I shall consist of constructing a suitable head frame at the Arroyo inclined shaft, installing an estimated 60 feet of track on the Arroyo waste dump, rehabilitating the Arroyo shaft approximately 60 feet from the surface to the sump below the 50-foot level, crosscutting an estimated 15 feet northward from the north face of the 50-foot level to the Arroyo vein, drifting northeastward an estimated 85 feet along the vein, and percussion drilling an estimated 150 linear feet of long-holes on not less than 20-foot centers into the walls of the vein at sites to be selected by the Operator.

The approximate locations of the crosscut and drift and the tentative locations of the long-holes are indicated in red on Figure 3 entitled, "Proposed exploration of the Royal-Deer Horn Claims . . .," attached hereto and made a part hereof.

Stage II

The work under Stage II shall consist of drifting northeastward approximately 100 feet along the Arroyo vein from the end of the drift completed under Stage I, and of percussion drilling an estimated 150 linear feet of long-holes on not less than 20-foot centers in the walls of the vein at sites to be selected by the Operator. The approximate location of the drift and the tentative location of the long-holes are indicated in orange on the previously mentioned Figure 3.

Estimated Costs of Project

Stage I

Actual Costs

Category (3) Operating Materials and Supplies

None except:

Sample sacks, 100 @ $0.05/sack	$ 5.00	

Category (7) Miscellaneous

None except:

50 assays for silver @ $3.00/assay	150.00	
50 assays each for copper, lead, and zinc @ $2.00/assay	300.00	
Express charges for samples, 50 samples @ $0.80/sample	40.00	
Total Estimated Actual Costs, Stage I		$ 495.00

Fixed Unit Costs 1/

Mobilization and demobilization of mining equipment	$ 160.00 2/	
Initial construction and rehabilitation of surface and underground facilities, labor, materials, and supplies	1,215.00 2/ 3/	
Crosscutting and drifting, 100 ft. @ $44.00/ft.	4,400.00 3/	
Long-hole drilling, 150 ft. @ $1.50/ft.	225.00	
Incidental allowance for supervision, engineering, and accounting, 6 mo. @ $265.00/mo.	1,590.00	
Total Estimated Fixed Unit Costs, Stage I		$7,590.00
Total Estimated Costs, Stage I		$8,085.00

Stage II

Actual Costs

Category (3) Operating Materials and Supplies

None except:

Sample sacks, 100 @ $0.05/sack	$ 5.00	

Category (7) Miscellaneous

50 assays for silver @ $3.00/assay	150.00	
50 assays each for copper, lead, and zinc @ $2.00/assay	300.00	
Express charges for samples 50 samples @ $0.80/sample	40.00	
Total Estimated Actual Costs, Stage II		$ 495.00

Fixed Unit Costs 1/

Drifting, 100 ft. @ $44.00/ft.	4,400.00 3/	
Long-hole drilling, 150 ft. @ $1.50/ft.	225.00	
Incidental allowance for supervision, engineering, and accounting, 3 mo. @ $265.00/mo.	795.00	
Total Estimated Fixed Unit Costs, Stage II		5,420.00
Total Estimated Costs, Stage II		$5,915.00

S U M M A R Y

Total Estimated Costs, Stage I	$ 8,085.00
Total Estimated Costs, Stage II	$ 5,915.00
Total Estimated Costs of Project	$14,000.00
Government's Participation @ 75%	$10,500.00

1/ Includes all costs whatsoever that would otherwise be allowable costs under Categories (2) through (7).

2/ The unit of work is the completed job.

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

EXHIBIT B

NONDISCRIMINATION IN EMPLOYMENT

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

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

'(1) The contractor will not discriminate against any employee or applicant for employment because of race, creed, color, or national origin. The contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.
'(2) The contractor will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to race, creed, color, or national origin.
'(3) The contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer, advising the labor union or workers' representative of the contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
'(4) The contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
'(5) The contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contractingagency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
'(6) In the event of the contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated, or suspended in whole or in part and the contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order No. 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
'(7) The contractor will include the provisions of Paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, That in the event the contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.'"

DEPARTMENT OF THE INTERIOR
U.S. GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION
DOCKET 6465

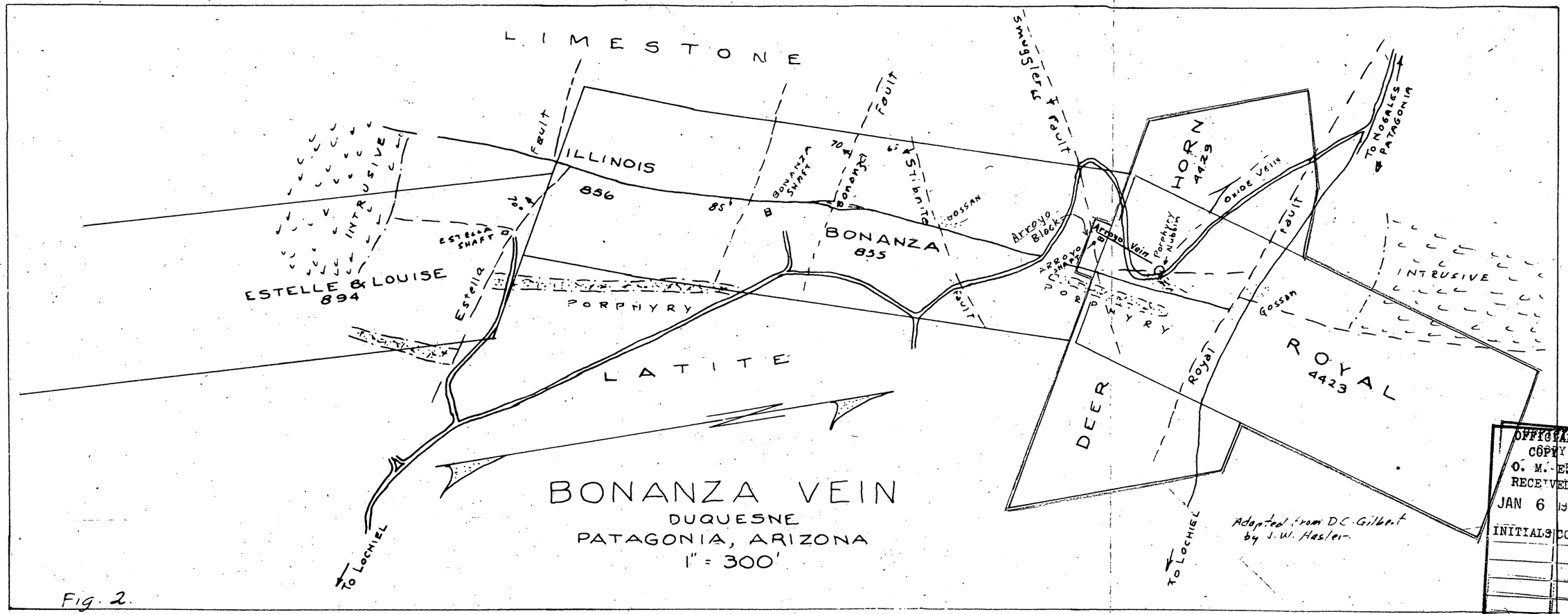

Fig. 2.

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 6 1966
INITIALS CODE

D. C. GILBERT
MINING ENGINEER

San Diego, Calif. 92110
November 17, 1965

Mr. J. William Hasler
U. S. Geological Survey, Dept. of Interior
Denver Federal Center
Denver, Colo. 80225

Dear Mr. Hasler:

During your November 10th and 11th examination of my Arizona lode claims which are the subject of application O.M.E. 6465, several changes were discussed and I would like to comment on these.

Increased Drift Footage

The project would be improved materially by increasing the drift footage from 100 feet to 200 feet. This would not only lower the cost per foot by better distribution of preparation costs but would also explore the porphyry " nubbin " which is an important objective. Late in 1964 I had tried to interest Day Mines of Idaho in both the Estella and the Royal properties but the promised examination did not occur. The Centennial Development Co. of Utah was then engaged in shaft sinking near Tucson and they made a cost estimate for the proposed Estella shaft and the Royal drift, for me to use with Day Mines. Copies of these estimates were given to you in Tucson.

In my application O.M.E. 6465 I assumed that favorable results in the first 100 feet of Royal drift would be essential before the second 100 feet would be driven, and therefore did not want to obligate myself for the full 200 feet. Your statement that it might be possible to draw a contract for 200 feet, but permitting withdrawal if the first 100 feet should prove discouraging, might solve this difficulty. The second 100 feet might be done slightly cheaper as the usual starting-up troubles would be past. On this basis I submit the following revised estimate and compare with Centennial Dev. Co.

	Centennial	O.M.E. 6465
Preparation and rigging incline	$ 5000	$ 1680
First 100 feet of drift	6000	5196 ?
Second 100 feet of drift	6000	5016
Total cost	17000	11892 (total)
300 feet long hole drilling at $ 1.50 ?	450 (added)	450 (deducted)
	17450 (total)	11442 (drift only)

Centennial Cost, drifting only, $ 85.00 per ft. ?
O.M.E. 6465 Cost, drifting only, $ 57.21 per ft.

Travel Expense

The point was raised that travel expense shown on Page 6 of the application was too high, and I would make an effort to reduce this as much as possible. There is no rental housing on or near the property unless some repairs were made and minimum furniture provided, and I find that rental of a small trailer would be $ 60 to $ 75 per month. The district at present

~~present~~ has no electricity, telephone, gasoline or supplies of any kind. In past operations when these services were available, most employees made the daily car-pool trip from Nogales. However, on the basis that I might work out some reduction in travel expense, I suggest that you might use a figure which you feel is more usual, and adjust the cost estimate to correspond.

Silver Content of Ores

The earliest history of the district was that of silver mining under Spanish exploitation, long before the area was annexed to the United States. The Belmont and Silver Bill mines in the south portion of the district were producers of high grade silver ore, as were the Pocahontas and Tibbetts mines in the north portion of the district, while the more centrally located mines with larger ratios of base metals usually had a near-surface higher silver content. There is therefore evidence of a zonal arrangement with outlying areas tending to more silver and less base metal. The Royal project is on the margin between the more central area and the northerly silver zone and is therefore sighted for higher-than-average silver values.

Applicant no longer has the production records, but in the previous D.M.E.A. project in Bonanza mine the Elayer ore body was essentially copper with very low silver, but the Knight ore body somewhat to the north had a mixed base metal content with notable increase in silver, a considerable change in character in a short distance. The Estella mine is thought to have produced about 360,000 ounces of silver down to the 250 ft. level, may ultimately be deepened to Bonanza 635 ft. level, and gives us somewhat of a silver production objective for the Royal project.

Financial Statement (D. C. and Emma L. Gilbert, Nov. 17, 1965)

United States "E" bonds at present cash value	$ 13,400
United States "H" bonds	10,500
Savings and Loan, and Bank savings	8,385
Investment grade stocks at market value	4,550
Total	$ 36,835

Applicants are renters, not home owners. Have no life insurance and no real estate other than the Royal and Deer Horn lode claims in Arizona, assessed valuation $ 305; and the La Cigale group of patented lode claims in Tooele County, Utah, assessed valuation $ 700. Applicants own ordinary household furnishings and automobile and receive social security benefits of $ 174 per month.

****

While the available time was not enough to allow us to make the rounds of the other mines of the district, I believe you did get a good look at the large, near-surface Estella stope, the " double vein " condition at Bonanza mine, the Arroyo incline and the fissure vein cropping on the Royal claim as well as other pertinent observations.

I enjoyed meeting you, and greatly appreciate your interest in examining the property.

Very truly yours,

D C Gilbert

D. C. Gilbert

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Bldg. 20, Denver Federal Center
Denver, Colo. 80225

June 14, 1964

Memorandum

To: Chief, Division of Exploration Operations

From: Acting Field Officer, Region III

Subject: Application for Exploration Assistance (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Ariz.

Attached is the subject application in the amount of $6,876, which was received in this office June 11, 1965. A copy is being retained in our files.

Shallow exploration of a silver-bearing vein associated with igneous intrusives in limestone and hornstone is proposed by means of a small amount of crosscutting, drifting, and long-hole percussive drilling. Such work would be conducted from an existing inclined shaft, the collar of which falls just outside the applicant's property. Unwatering and equipping this shaft also is included in the proposed work.

The application appears to be complete and adequately documented. Estimated costs of the proposed work seem reasonable except for the inclusion of the living and travel expenses of the applicant during project operations.

The nearness of the proposed exploration work to the property boundary, of course, raises certain legal questions. Although the applicant has leased the pertinent surface rights around the shaft collar on the adjoining claim, this may not be sufficient to warrant Government participation in the project.

R. L. Bolmer
for Hugh M. Connors

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 16 1965

INITIALS	CODE

R. L. Bolmer (6-11-65)
cc: OME Docket
Chron

MME Form 40
Jan. 65

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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.)*

Donald C. Gilbert
4982½ Field St.
San Diego, Calif. 92110

(Other than for legal papers, the name D. C. Gilbert has been customary)

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: 6465

DATE RECEIVED: 6-16-65

REGION: III

DIVISION CODE: 120M

BUSINESS ORGANIZATION *(Check one)*

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

STATE IN WHICH FIRM IS ORGANIZED

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
Not applicable.		

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

ESTIMATED COST OF PROJECT: $ 6,876

PROPERTY NAME	LOCATION COUNTY	STATE
Royal - Deer Horn,	Santa Cruz,	Arizona

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.*

OME
DEPARTMENT OF THE INTERIOR
JUN 11 1965
REGION III
DENVER, COLORADO

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.

June 14, 1965
DATED

Donald C. Gilbert
BY *(Signature)*

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

D. C. Gilbert
4[illegible]2½ Field St.
San Diego, Cal. 92110

O. M. E. Silver Application

1. FINANCIAL RESPONSIBILITY

(a) A loan of $ 5157 to be used on this $ 6876 project was requested from the Arizona Bank and Valley National bank, both of Tucson, Arizona, and neither request was granted, as shown by the attached correspondence. Applicant is now retired although in excellent physical condition, is on a fixed income, and prefers to finance only one fourth the cost of the project.

(b) Applicant is an individual. There are no other interests.

(c) Applicant will reserve the following United States savings bonds, Series H, each for $ 1000, for use in the project if needed; M 647663 H, M 647664 H, M 9167248 H and M 9167249 H.

2. APPLICANT'S RIGHTS IN LAND

(a) Applicant is sole owner in all land and mineral rights to be explored and there are no liens, mortgages or other encumbrances on the land, which is in approx.(unsurveyed) Section 2, Township 24 South, Range 16 East, Gila and Salt River Meridian, being in the Patagonia Mining District, Santa Cruz County, Arizona and recorded in the Santa Cruz County recorder's office as follows:

(b) The Royal and Deer Horn patented lode claims, U. S. Mineral Survey No. 4423 comprising 30.552 acres and recorded in Docket 33 at Page 442.

In addition the Applicant is Grantee in a lease of the surface but not mineral rights, of the Arroyo Block of the Bonanza lode claim, said lease comprising 0.248 acres adjoining the above Royal claim. No future ore royalties to the government will apply to this block as it will not be explored in the project. This lease is for the convenience of Applicant in operating the Arroyo incline and for waste disposal and copy of this lease is attached. It should be noted that in the event of a substantial ore discovery in this project a new shaft may be sunk on previously prepared location shown on Plate III as "Flat Area".

60' X 180' until 4/10/73

No land other than the above is owned or controlled by the Applicant in Arizona.

(c) Not applicable.

3. PHYSICAL DESCRIPTION

(a) All workings except the Arroyo incline were made prior to Applicant's interest. The collar of the Arroyo incline lies in the Arroyo block and this incline was sunk by Luis C. De La Ossa of Lochiel, Arizona, under lease from Nash Mines, owner of the Bonanza claim at that time. Applicant herein furnished most of the funds to sink this incline and do some exploratory drifting in Bonanza claim at the Royal boundary since this would furnish information on the Royal claim and any ore discovery might aid in securing patent to the Royal and Deer Horn claims. Some small but high grade ore was found at the Royal property line and was of great importance in obtaining the patent.

D. C. Gilbert
4982½ Field St.
San Diego, Cal. 92110

De La Ossa sunk the incline on a small seam of ore and at the 20 ft. level he found 3 feet of high-grade silver-lead ore in a vertical, northeast-striking fissure at the point where it butted into a small, northwest-striking fault. No ore was visible beyond this fault. He then drifted south on the fissure for 15 feet, where it pinched to 1 ft. assaying 16.0 Ag and 5.2 % Pb.

He then set up a core drill, very light and of poor capacity, in the incline and drilled several short holes. In this he found some scattered ore north of the fault, but since the set-up was in the plane of the vein he was not able to properly place exploratory holes. He also drilled downward steeply in the vein south of the fault, and found that the ore continued downward to at least 25 feet below the 20 ft. level, but with undetermined width. Most of the limited amount of core from these holes as well as other records were scattered or stolen in recent years when the Bonanza mine buildings were wrecked by vandals.

De La Ossa next sunk the incline to the 50 ft. level and there ran a drift southerly, cutting through the small fault and into an irregular lens on the Bonanza clm. of high grade silver-lead ore from which he made one shipment. Upward this ore pinched in 8 feet and sinking on the increasing ore in the bottom would have required double hoisting as well as a lease on the Royal claim. Such lease was not desirable due to mixing of ores from two ownerships. The strong vein outcrop at 60 feet northerly from the Arroyo workings appeared to be assurance that the Arroyo vein could be picked up and developed in the Royal claim but this was not attempted at the time.

Plates I, II and III show the surface geology and the relations of various workings in the Bonanza vein zone. Plate III also shows in detail the exploratory drifting proposed in this application. Long drill hole locations must be determined as work progresses.

(b) Applicant's interest in former operations is stated above.

(c) One shipment several years ago from Arroyo incline workings. (Bonanza claim. No records)

(d) There are no ore reserves.

(e) As shown on Plate I the Bonanza vein zone is on or near the contact between the main igneous mass on the east, and steeply-dipping sediments, chiefly limestones and hornstones, on the west. The principal production of the Estella and Bonanza mines has come from the contact vein, but a second vein which lies in the limestone about 40 feet west of the contact has been a producer of importance and this may be the vein partly developed by the Arroyo incline, with the main contact vein still to be discovered beneath the overburden. not illustrated

The ore minerals of the district are principally galena, sphalerite and chalcopyrite. Silver accompanies the galena with a ration of 1 1/4 to 1 1/2 ounces per unit of lead. In early days the upper portions of the veins produced considerable high silver ore and the present project will explore this silver zone.

There are great variations in character of ores in this district. Some ores are essentially copper with low zinc and with little silver or lead. In addition there have been many typical silver-lead ore shoots and there is some evidence of zonal arrangement in their occurrence. Thus in the east portion of the district which includes the Bonanza vein zone, there appears to be a northerly progression to silver-lead ores through the Evening Star and into the Pocahontas and Mudbank mines. The old Pocahontas has been caved for many years

Average - 10 random
settlement sheets
Bonanza Mine
14-m-E 317

	1.049	
	1.390	
	908	
3/13/54	6.45	
	1.273	
9/21/55	177	
	688	
8/18/59	365	
	315	
11/13/62	5.80	
Silver	7.390	* %
	428	
	720	
	528	
	260	
	640	
	22	
	340	
	[illegible]	
	[illegible]	
	135	
Lead	3.073	* %
	511	
	354	
	346	
	530	
	514	
	377	
	217	
	974	
	388	
	236	
Copper	4.447	* %
	880	
	1.635	
	1.390	
	1.115	
	1.304	
	2.350	
	1.255	
	150	
	440	
	980	
ZINC	11.499	* %

verage - 10 random

D. C. Gilbert
4982½ Field St.
San Diego, Cal. 92110

Schrader, F.C., and Hill, J.M., 1915 - USGS. Bull. 582

but the U.S.G.S. district report by Schroeder credits it with a considerable production of high grade silver-lead ore. Still farther north the old Mowry mine was a famous silver producer. F.C.S. says (p.295): "The deposits ... carry mostly silver and lead but are in part copper deposits."

(f) About 1953 the Applicant, on behalf of Nash Mines, was active in applying for and using a government DMEA loan to be used to explore northerly on Bonanza 235 ft. level toward the Royal claim. The Tucson office of U. S. Bureau of Mines approved and aided this project. It resulted in the discovery of the Elayer ore body shown on Plate II which produced more than 5000 tons of 12 % copper ore. Later the Knight ore body was found adjacent to a porphyry " nubbin " and this produced some 2000 tons of lead-zinc-silver and silver-lead ores, an illustration of the frequent changes in mineral content of Bonanza vein ores. This portion of Bonanza mine merits further exploration, especially in the upper zone wherein high silver ores may be found, and it is thought that any success in the present application for the Royal claim will result in renewed activity in the Bonanza area.

DMEA 2234 Idm-E317 Bonanza Mine Lien expired 12/2/1963? Repaid $16,539.63 = 53%

The specific reasons for expecting to find ore in the Royal claim are several. The surface geology of the Royal-Deer horn area is fully as attractive as that of the Estella mine, south of Bonanza, and it would be a normal expectation to find similar conditions underground. The original Estella discovery was made, not from the surface but from a long drift and crosscut on the old Bonanza 80 ft. level, the same type of exploration which is now planned at depth of about 80 feet in the present project. It is the Estella ore shoot which may be duplicated in size and value in the Royal-Deer Horn property but with somewhat higher silver content as stated.

The Estella mine produced about 40,000 tons of excellent silver-lead-zinc ore, containing some copper in places, and our skimpy records indicate silver content of about 9 oz. per ton or a total of about 360,000 ounces. We do know from sampling ore remnants that some near-surface ore assayed as high as 60 ounces silver per ton, and it is probable that deeper ores, below the present bottom, will carry less than 9 ounces per ton. Deeper development of the Estella ore shoot may result in boosting the total production to 60,000 up to 100,000 tons. However the shaft was merely a bucket skidway in the main stope and this was lost due to surface caving shortly after Applicant discovered new ore in a lease on 100 ft. level.

A favorable factor in the Royal claim is the so-called " nubbin " of highly altered porphyry which projects into the line of the proposed drift. This is similar to the one near which the Knight ore body was found, which may have been a factor in trapping the ore solutions.

Next in the list of favorable factors is the probability that there are two strong cross faults in the Royal area, and that these will be similar to the Estella fault, the Bonanza faults and the Stibnite fault which were important controls in the Estella and Bonanza mines. The Smuggler fault has been traced from the productive Holland and Smuggler mines to a location west of the Bonanza-Royal property line, from which point it is concealed by overburden. The locations of both the Smuggler and the Royal faults are from a detailed study by Dick Baker who is at present geologist with the Anaconda company in Tucson. It is believed that both of these faults will be found in the Royal claim and that they greatly enhance the prospective value of the ground.

In what way?

The last but most important reason for expecting to find ore in this project is the strong fissure-vein outcrop which is to be tested by the proposed drift, together with the known ore values in this vein just within Bonanza claim. The fissure is much too strong to fail at reasonable depth, and it's exploration is most logical. Why not drift 180 ft. to the "nubbin"?

D. C. Gilbert
4982½ Field St.
San Diego, Cal. 92110

The following ore samples were cut in 1953 and the assay certificates are not available, although check sampling should duplicate them. Zinc was not usually assayed as it was plainly visible; it is about equal to the lead.

Place	Oz. Ag	% Pb
12" sulphides in vert. fissure, So. end 20 ft. level, Arroyo incline.	16.0	5.2
Ox. ore remnant on wall of strong fissure along road about 80 ft. N.E. of Arroyo incline collar.	4.6	6.7
20" oxidized, leached vein matter, Deer Horn Tunnel	4.6	Trace

(g) Two copies of all maps and information are attached, none of which need be returned.

4. ACCESSIBILITY OF PROPERTY

(a) The applicant, D. C. Gilbert, resides at 4982½ Field St, San Diego, Calif, 92110, tel. 276-5870, and will meet the O.M.E. representative at the time and place desired. The property is reached via Washington Camp, which is 18 miles southerly on county road from Patagonia and 20 miles easterly on county road from Nogales, Arizona. The project is on the Duquesne road about 1/2 mile southerly from Washington Camp and about 3/8 mile northerly from the Bonanza mine shaft and buildings. The Deer Horn tunnel is 50 feet west and the Arroyo incline is 50 feet south of the Washington Camp - Duquesne road.

(b) The shipping point for ore is Nogales, 20 miles westerly on the Southern Pacific railroad. Supplies and equipment are usually obtained in Tucson which is 90 miles by road from the property.

5. EXPLORATION WORK

(a) Plate III shows the proposed exploration which will consist of recovering the vein and drifting northerly in the Royal claim at 80 feet below the outcrop of this strong and well-mineralized fissure. Plate III also shows the land boundaries. Only a total of 100 feet of heading on the Arroyo 50 ft. level will be needed to pass through the principal objective zone and the possibility of discovering fairly high grade silver-lead ore is believed to be very good.

Leased land not shown

The Arroyo incline must be completely equipped and all equipment costs, rentals and supervision must be charged against a short project, which brings the estimated cost to $ 6876. It should be noted that in previous years the applicant paid nearly all of the cost of sinking the Arroyo incline 60 feet and of making the important ore discovery just inside the Bonanza claim. The present exploration will have the advantage of this necessary prior work which has a value to the project of at least $ 5000.

?

The proposed work will consist of 10 to 15 feet of crosscut at about N 20° W from the present drift face to recover the Arroyo vein as shown on Plate III, followed by 85 to 90 feet of drifting in a generally N 40° E to N 60° E direction, all within the Royal claim. Also 150 feet of exploratory percussion long-holes will be drilled into the walls of this drift, especially where information on adjacent ground is needed. It is impossible to definitely locate these long holes in advance, but the cost will be limited to the drill rods, couplings and bits, as the drill cycle allows time for labor to perform this extra work. The project will therefore be 100 feet of drifting plus 150 of drilling.

D. C. Gilbert
4982½ Field St.
San Diego, Cal. 92110

(b) No access road is required.

(c) One month should be allowed for Applicant to find suitable equipment, supplies and labor, ready to move on to the property. Fully two weeks will be needed to pump out and clean the workings, instal ladders, guides and pipe lines in the incline and rig a water storage tank, build a light headframe, lay track on the waste dump and start drifting. An additional week should be allowed at the conclusion of the project to remove and return rented equipment and remove track, pipe and other items which might be re-sold in the event this should become necessary.

Operating labor will consist of hoistman-compressorman, a miner and a mucker. Wages are assumed to average $16 per shift plus $ 2.50 to cover social security, unemployment compensation and workman's compensation payments, a total of $ 18.50 per shift for a 5-day week. The local limestones and hornstones constitute hard-breaking ground. The drift will be 4½ feet wide and 6½ feet high with arched back in order to reduce muck handling by means of shaft bucket trammed on a dolly. An average of 4½ feet of advance per drift round on the average is all that can be expected in this small heading and two shifts will be needed to complete the cycle, including time required for exploratory long-hole drilling. The average advance is estimated to be 45 feet per month, working day shift only, and the 100 feet of drifting plus 150 feet of drilling will require 2 1/4 months. 2¼ ft/day

Total time estimate is therefore one month to organize for start of work, 1/2 month to prepare for drifting, 2 1/4 months for drifting and long hole drilling, and 1/4 month to clean up, return and/or sell equipment and move off if necessary. Equipment rental would be for three months and supervision would be charged for 3 1/2 months.

It would be desirable for any contract to require work to start one month from contract date and to be completed six months later. Since there would be added expense of about $1000 to raise and concrete the collar of the Arroyo incline if operations were conducted during the cloudburst season of July, August and part of September, it would be desirable to avoid operating during these months. The Arroyo incline is a temporary facility, and given the ore discovery which should result from the proposed work, a new shaft properly located on the Royal claim would be needed, for development in depth. Feb-June

6. EXPERIENCE

Applicant will supervise the work as it is essential to keep the drifting and long hole drilling properly located. It will also require care to keep within the estimated costs. Applicant will keep records and payrolls and will purchase and deliver fuel, small supplies and repairs during the operation. His background is:

Graduate in mining engineering, Ohio State Univ. 1917
After WWI, miner and shift boss, Kennecott, Alaska
1924-1940, field geologist, Anaconda Co, Salt Lake City, Utah
1941-1950 Lessee of Ophir Hill silver-lead-zinc mine, Ophir, Utah
1951-1960 Manager of Nash Mines, Patagonia District, Arizona

7. ESTIMATE OF COSTS

(a) The only contract contemplated would be a possible bonus or incentive arrangement with the labor employed.

D. C. Gilbert
4982½ Field St.
San Diego, Cal. 92110

(b) Applicant will live in Nogales during the project, at no salary but with living expenses away from home. An average of 16 round trips from Nogales to the property will be needed each month. No storage for gasoline or explosives is planned on the project and these must be delivered frequently. An average of 3 round trips per month from Nogales to Tucson for supplies, repair parts etc is expected. Applicant has all necessary equipment for surveying, geological, drafting and office work.

	Per Month
Motel or other room with phone	100
Meals, 30 days at $3	90
16 rd. trips, Nogales-Duquesne, 640 mi. @ 7¢	45
3 rd trips, Tucson and suppliers, 420 mi. @ 7¢	29
Expense per month for supervision	$ 264

(c) OPERATING MATERIALS AND SUPPLIES

Small tools		
3 mucker shovels		
4 drift picks		
1 dbljack		
2 miners saws		
2 cap crimpers, 4 loading sticks		
10", 18" and 24" pipe wrenches		
Misc. hammers, bars, augers etc.		
Cost of above, part new, part used		$ 70
150 ft. black pipe for air line 1½"	50	
1½" valves and fittings	15	
340 ft. 1" pipe for air and water lines	70	
1" valves and fittings	25	
Cost of used pipe and fittings		160
1 ton 12 lb. rails and fish plates	90	
80 track ties 4"x 6" x 3 ft	32	
350 track spikes	14	
Track materials, new and used		136
200 lin ft 4"x 6" fir, incline skids and headframe, 400 bd ft @ 180 deliv.	72	
160 lin ft 2" x 4" for ladders, hoist roof and misc, 130 bd ft @ 180 deliv.	24	
Lumber for hoist roof and work bench	30	
Nails and spikes	10	
Sheave wheel and shaft roller	45	
Material for headframe and incline		181
7 pcs Swede drill steel, ave. $20	140	
10 pcs long-hole ext. steel	50	
10 drill steel couplings for long holes	50	
3 carbide bits for long holes	48	
Drill steel, rods and bits		288

D. C. Gilbert
4982½ Field St.
San Diego, Cal. 92110

Hoist and compressor gasoline, 15 gal per day, 900 gal in 3 months, @ .35	315	
Lube oil and grease	20	
Fuel and oil		335
13 cases powder @ $ 16 deliv.	208	
300 No. 6 blasting caps	9	
1500 ft. blasting fuse	30	
Explosives		247
Total cost operating materials and supplies		$ 1417

Distribution

	Total	To Preparation	To Drifting & Drilling
Small tools	70	70	0
Pipe and fittings	160	110	50
Track materials	136	75	61
Headframe and Incline	181	181	0
Drill steel,rods,bits	288	0	288
Fuel and oil	335	0	335
Explosives	247	0	247
	1417	436	981

(d) Operating Equipment

Gasoline eng. hoist to pull 700 lbs 70 ft. on 60 deg. incline
3/8" cable with safety hook, and shaft bucket
125 cu ft gasoline engine compressor
45 lb. jackleg drill
Air and water hoses
Roller bearing dolly for tramming bucket to incline
10 to 15 cu ft end dump 18" gauge car for waste dump
Compressed air water pump for shaft sump
Compressed air bit grinder
Jim Crow for 12 lb. rails
Bench and pipe vise
Stock and dies for 1" and 1½" pipe
Shaft bell
500 to 800 gal. tank for drill water at surface

Estimated monthly rental for above, $500
Rental for 3 months $ 1500
Charge preparation 3/4 mo. rent, incl. return
Charge drifting and drilling 2 1/4 mo. rent
Estimated hauling cost, $ 80 each way.

(e) Not applicable

(F) Not applicable

(g) Repairs and maintenance not estimated.

D. C. Gilbert
4982½ Field St.
San Diego, Cal. 92110

COST SUMMARY

Preparation and Removal

1/2 mo. preparation, 1/4 mo. cleanup and removal

Total 3/4 mo. equipment rental at $ 500		375		
Hauling equip. to site		80		
Small tools		70 *		
Pipe and fittings		110 *		
Track supplies		75 *		
Headframe and incline materials		181		
			891	
Less re-sale, items marked *			96	
Net cost				795
Labor, 3 men 10 days, 30 shifts @ $ 16		480		
Soc Sec, Unemploy, Work. Comp. @ 2.50		75		
Labor				555
Direct cost preparation & removal				1350
Add supervision expense acct, 1¼ mo. @ $ 264				330
Total cost of preparation and removal				$ 1680

Drifting and Long Hole Drilling

2 1/4 months equipment rent @ $ 500		1125		
Hauling to return equipment		80		
Pipe and fittings	50 *			
Track materials	61 *			
Explosives	247			
Drill steel and bits	288 *			
Fuel and oil	335			
	981			
Less re-sale, items *	82			
Net		899		
Cost of materials and equipment			2104	
Labor, 3 men 45 days, 135 shifts $ 16		2160		
Soc Sec, Unemploy, Work.Comp, @ 2.50		338		
			2498	
Direct cost, 100 ft. drift, 150 ft. drilling			$ 4602	
2 1/4 mo. supervision expense acct @ $ 264			594	
Total cost drifting and drilling				5196
Total cost preparation and removal				1680
Cost of project				$ 6876

Item 1a

D. C. GILBERT
MINING ENGINEER
4982½ Field St.
San Diego, Cal. 92110

San Diego, Cal.
May 19, 1965

The Arizona Bank
Alameda at Stone
Tucson, Arizona

Gentlemen:

With the increasing scarcity of silver and probable good future for this metal, I now want to re-open my Royal-Deer Horn silver-lead property. This is at Duquesne in the Patagonia Mining District of Santa Cruz county, Arizona, and comprises 30.552 acres. The property is wholly owned by virtue of United States patent to me, recorded at Nogales, and carries no liens or encumbrances. As a registered Arizona mining engineer with 40 years of experience and a record of past operations in this area I can be classed as capable to conduct the proposed work.

The objective is the discovery of an ore body similar to that of the neighboring Estella mine which it resembles at the surface, and which has produced about 40,000 tons of fairly high grade ore. Only 100 feet of drifting is proposed from a 50 ft. shaft which must be equipped, to explore a mineralized fissure vein beneath a geologically attractive outcrop. The estimated cost to equip the shaft and do this work is $ 6876. Of this amount I plan to furnish one fourth or $ 1719 and I am applying to you for a loan of the remaining $ 5157. This to be repaid by the ore purchaser as a percentage of ore returns and to be secured by a lien on the property.

Kindly inform me if you would be interested in discussing this loan and I will furnish all necessary details.

Very truly yours,

D. C. Gilbert

D. C. Gilbert

4982½ Field St.
San Diego, Calif. 92110
276-5870

Item 1a

C. Gilbert
4982½ Field St.
San Diego, Cal. 92110

THE Arizona BANK

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

OFFICES: BISBEE CHANDLER DOUGLAS FLAGSTAFF GLENDALE GOODYEAR MESA PEORIA PHOENIX SCOTTSDALE TEMPE TOMBSTONE TUCSON YUMA

REPLY TO TUCSON DOWNTOWN
P. O. BOX 5724
TUCSON, ARIZONA 85703

May 24, 1965

Mr. D. C. Gilbert
4982½ Field Street
San Diego, California 92110

Dear Mr. Gilbert:

Thank you very much for your loan request to us dated May 19, 1965. However, we are very sorry that we cannot entertain a loan of the kind you outline.

Thanks again for thinking of us.

Very sincerely,

Robert S. Elliott

Robert S. Elliott
Vice President and Manager

RSE:rs

Item 1a

D. C. Gilbert
4982½ Field St.

San Diego, Calif.
May 19, 1965

Valley National Bank
Loan Dept.
2 E Congress
Tucson, Arizona

Gentlemen:

With the increasing scarcity of silver and the apparently good future for this metal, I now want to reopen my Royal-Deer Horn silver-lead property in Arizona. This is at Duquesne, in the Patagonia Mining District of Santa Cruz County. The property is wholly owned by virtue of United States patent to me, recorded at Nogales, and carries no liens or encumbrances of any kind. As a registered Arizona mining engineer with 40 years of experience and a record of past operations in this area, I can be classed as capable to conduct this work.

The objective is the discovery of an ore body similar to that of the Estella mine, adjacent and geologically similar, which has produced about 40,000 tons of fairly high grade ore. Only 100 feet of work is contemplated, from the bottom of a 60 ft. inclined shaft to explore a mineralized fissure vein beneath a geologically attractive outcrop. The estimated cost to equip the shaft and do this work is $ 6876. Of this amount I plan to furnish one fourth, or $ 1719, and I am applying to you for a loan of three fourths or $ 5157. This to be repaid to you by the ore purchaser from production and to be secured by a lien on the property.

If you would be interested in this loan I will bring details to you in Tucson.

Very truly yours,

D. C. Gilbert

4982½ Field St.
276-5870

Item 1a

D. C. Gilbert
4982½ Field St.
San Diego, Cal. 92110

VALLEY NATIONAL BANK

DOWNTOWN OFFICE P. O. Box 311 TUCSON, ARIZONA

May 24, 1965

Mr. D. C. Gilbert
Mining Engineer
4982½ Field Street
San Diego, California

Dear Mr. Gilbert:

Thank you for your letter of May 19, 1965, wherein you advise us of your intention to re-open your Royal-Deer Horn silver lead mine property in Arizona. You further state that you wish to sink an exploratory shaft of some 100 feet, which you estimate will cost $6,876., and request us to furnish 3/4 of this cost, or $5,157.

We regret to inform you that we do not as a rule, finance exploratory work in the mining fields as you have stated yours to be. A loan secured by a lien on the property would be impractical as there is no production or income at the present time to provide a basis for repayment.

However, should you desire to furnish us with your personal financial statement and source of income on the forms enclosed, we might possibly work out the financing for you on some other basis.

Very truly yours,

Ray E. Byars
Assistant Vice President

Ray E. Byars

js
Enc.

PROTECT YOUR FAMILY — APPOINT THE VALLEY BANK AS YOUR EXECUTOR AND TRUSTEE

Item 2a

D. C. Gilbert
4[illegible]½ Field St.
San Diego, Cal. 92110

INDEXED MICROFILMED

LEASE AGREEMENT

THIS AGREEMENT entered into and effective the 10th day of April, 1965, between FRED WILLIAMS, JR., a single man, of Indianapolis, Indiana, CARL T. SANDBERG and EUDORIS I. SANDBERG, husband and wife, of Tucson, Arizona, hereinafter called LESSORS, and DONALD C. GILBERT of San Diego, California, as his sole and separate property, hereinafter called LESSEE, WITNESSETH:

I.

That the LESSORS, for and in consideration of the covenants and agreements herein contained on the part of the LESSEE, and of one dollar in hand paid to the LESSORS and other good and valuable consideration, the receipt of which is hereby acknowledged, do hereby let and demise unto LESSEE the exclusive use of the surface and 25 feet beneath the natural surface of the following described property situated in the State of Arizona, County of Santa Cruz:

> Being an area of 0.248 acres, a portion of the Bonanza patented lode claim, U.S. Survey No. 855, situated in Sec. 2, T 24 S, R16E, Gila and Salt River Meridian (unsurveyed), said area to be known as the Arroyo block being described as follows:
>
> Beginning at Point "A", which lies on line 3-5 of Bonanza lode, being the northerly end line of said Bonanza lode, at S 59°51'E, 180 feet from Corner 5;
>
> Thence S 59°-51'E, 180 feet along said line 3-5 to Point "B";
>
> Thence S 30°-09'W, 60 feet to Point "C";
>
> Thence N 59°-51'W, 180 feet to Point "D";
>
> Thence N 30°-09'E, 60 feet to Point "A" the place of beginning, together with all the appurtenances,

to have and to hold unto LESSEE for the term of eight (8) years from the 10th day of April, 1965, and expiring on the 10th day of April, 1973.

II.

This lease is granted to LESSEE for his purpose in the operation of an inclined shaft, the top of which lies within said "Arroyo Block" and which extends downward into the Royal and Deer

Item 2a

D. C. Gilbert
82½ Field St.
San Diego, Cal. 92110

BOOK 059 PAGE 567

Horn lodes, U.S. Survey No. 4423. LESSEE is hereby granted the right to place upon the premises any buildings and equipment which he deems necessary for the operation of his adjoining mining claims. LESSEE is further granted an easement for the term of this lease over any road which LESSEE deems necessary to use for ingress and egress to the leased premises.

III.

It is mutually covenanted and agreed that the LESSEE may at any time during the term of this lease move or caused to be removed from the demised premises any buildings, fixtures, machinery, or materials which he has placed upon said premises and that LESSEE may dump any waste material upon the premises and upon the termination of this lease said waste material shall become the property of LESSORS and LESSEE need not remove the same from the premises.

IV.

LESSEE may, at his option, surrender this lease insofar as it pertains to all or any portion of said land and his option may be exercised by delivering to LESSORS a recordable release of said lease.

IN WITNESS WHEREOF, the parties have set their hands this 16 day of April, 1965.

Fred Willenbrink Jr.

Carl A. Sandberg

Eudora L. Sandberg

LESSORS

Donald C. Gilbert

LESSEE

State of California
County of San Diego } ss

On April 19, 1965, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Donald C. Gilbert, known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.

WITNESS my hand and official seal.

(SEAL) Elizabeth B. McCarty
(NOTARY'S SIGNATURE)

NOTARY'S NAME (TYPE OR PRINT) Elizabeth B. McCarty
NOTARY PUBLIC IN AND FOR SAID COUNTY AND STATE

Elizabeth B. McCarty
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
SAN DIEGO COUNTY

My Commission Expires Oct. 10, 1968

221 2-60 INDIVIDUAL ACKNOWLEDGMENT UNION TITLE INSURANCE COMPANY

Item 2a

D. [illegible] Gilbert
49[illegible] Field St.
San Diego, Cal. 92110

DOCK 059 PAGE 568

STATE OF ARIZONA)
) ss.
County of Santa Cruz)

On this 16th day of April, 1965, before me, the undersigned Notary Public, personally appeared the above-named ~~DONALD C. GILBERT~~ and FRED WILLIAMS, JR., who acknowledged that they signed the foregoing instrument for the uses and purposes therein contained.

In witness whereof I have set my official seal the day and year first above written.

HILDA T. BLABON NOTARY PUBLIC SANTA CRUZ CO.

Hilda T. Blabon
Notary Public

My Commission Expires:
November 30, 1966

STATE OF ARIZONA)
) ss.
County of Pima)

On this 16th day of April, 1965, before me, the undersigned Notary Public, personally appeared the above-named CARL T. SANDBERG and EUDORIS I. SANDBERG, husband and wife, who acknowledged that they signed the foregoing instrument for the uses and purposes therein contained.

In witness whereof I have set my official seal the day and year first above written.

ANNE C. MEECH NOTARY PUBLIC PIMA CO.

Anne C. Meech
Notary Public

My Commission Expires:
July 9, 1967

STATE OF ARIZONA, County of Santa Cruz --- ss.
I do hereby certify that the within instrument was filed and recorded at the request of S. C. Gilbert
on April 22 A. D., 1965 at 8:31 o'clock A. M. Docket No. 59 Page 566
Records of Santa Cruz County, Arizona.
WITNESS my hand and official seal the day and year first above written.
Fee No. 1543
G. ESPINOSA MORENO, County Recorder.
By Mary Lou Larrea, Deputy

MAPS (3) OME-6465 Royal and Deer Horn Claims

GILBERT, DONALD C.

INSTRUCTIONS FOR USE

1. Identify Agency of Addressee
2. Void Previously Used Block
3. Write Clearly
4. Send Surplus Envelopes to Supply Room for Reissue

NAME (OR TITLE) OF ADDRESSEE, AGENCY, ORGANIZATIONAL UNIT, ADDRESS, AND ROOM		NAME (OR TITLE) OF ADDRESSEE, AGENCY, ORGANIZATIONAL UNIT, ADDRESS, AND ROOM	
George C. Selfridge Office of Minerals Exp. Rm. 4459, Interior	STOP		STOP
	STOP		STOP
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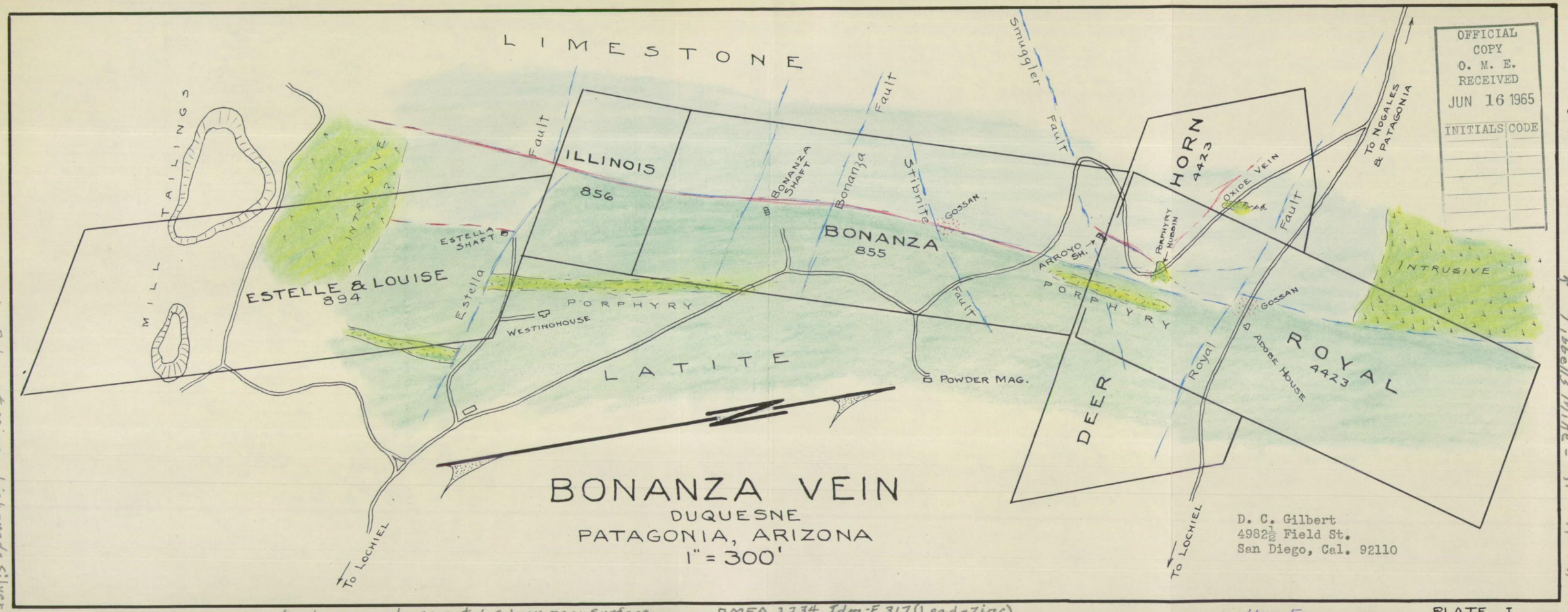
	STOP		STOP

Use other side first

GPO : 1963—O—694-569



Belmont Mine - high grade silver
Silver Bill Mine - " " "

Pocahontas Mine - high-grade silver
Tibbetts Mine - " "

Central area - base metal, silver near surface
Estella:- 360,000 oz Ag above 250-ft. level (9 oz/ton)

DMEA 2234, Idm-E 317 (Lead-Zinc)
7 oz Ag, 3% Pb, 4% Cu, 11% Zn

Item 5a

PLATE I

DEPARTMENT OF THE INTERIOR
U.S. GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION
DOCKET 6465

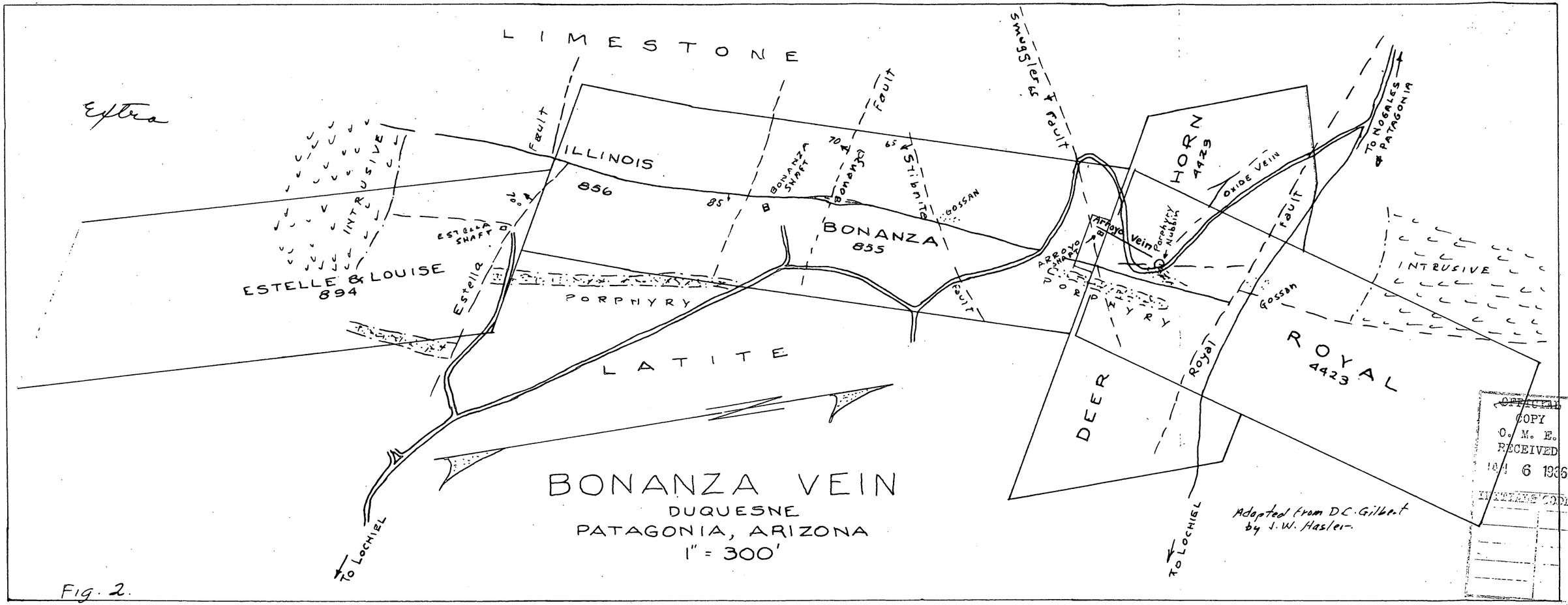


Fig. 2.

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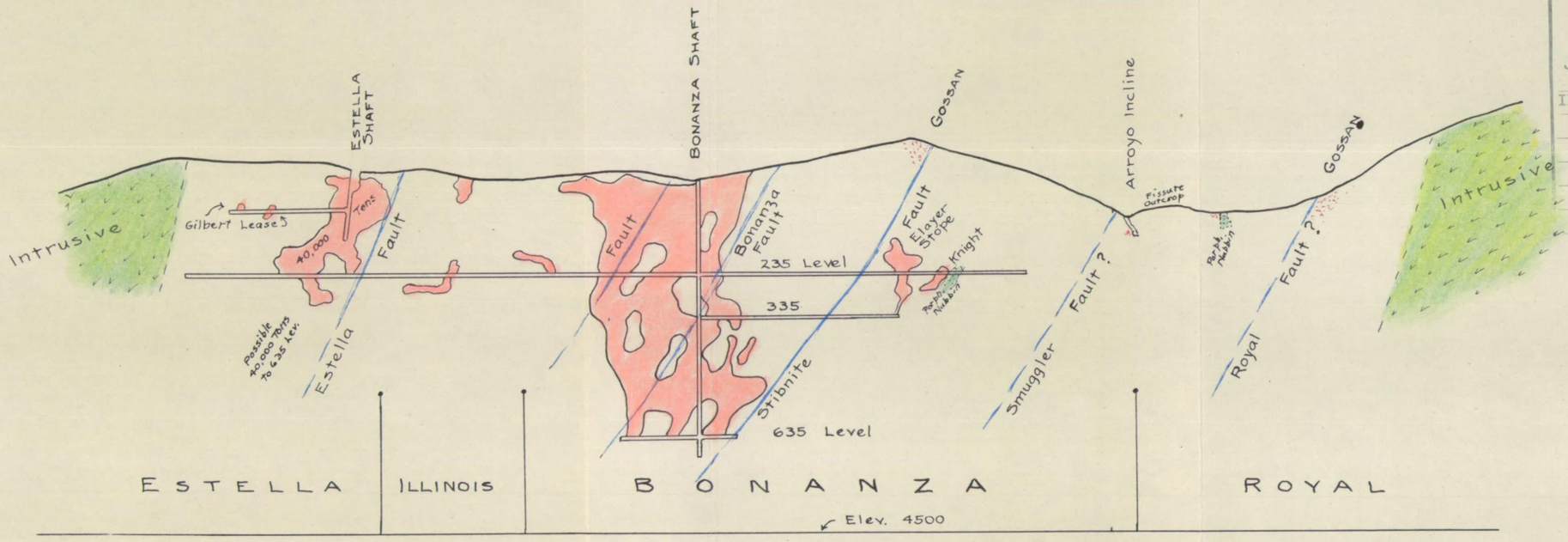

LONG SECTION

BONANZA VEIN

DUQUESNE

PATAGONIA, ARIZONA

1" = 300'

D. C. Gilbert
4982½ Field St.
San Diego, Cal. 92110

OFFICIAL COPY
O. M. E.
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JUN 16 1965
INITIALS | CODE

Item 5a

PLATE II

DEPARTMENT OF THE INTERIOR
U.S. GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION
DOCKET 6465

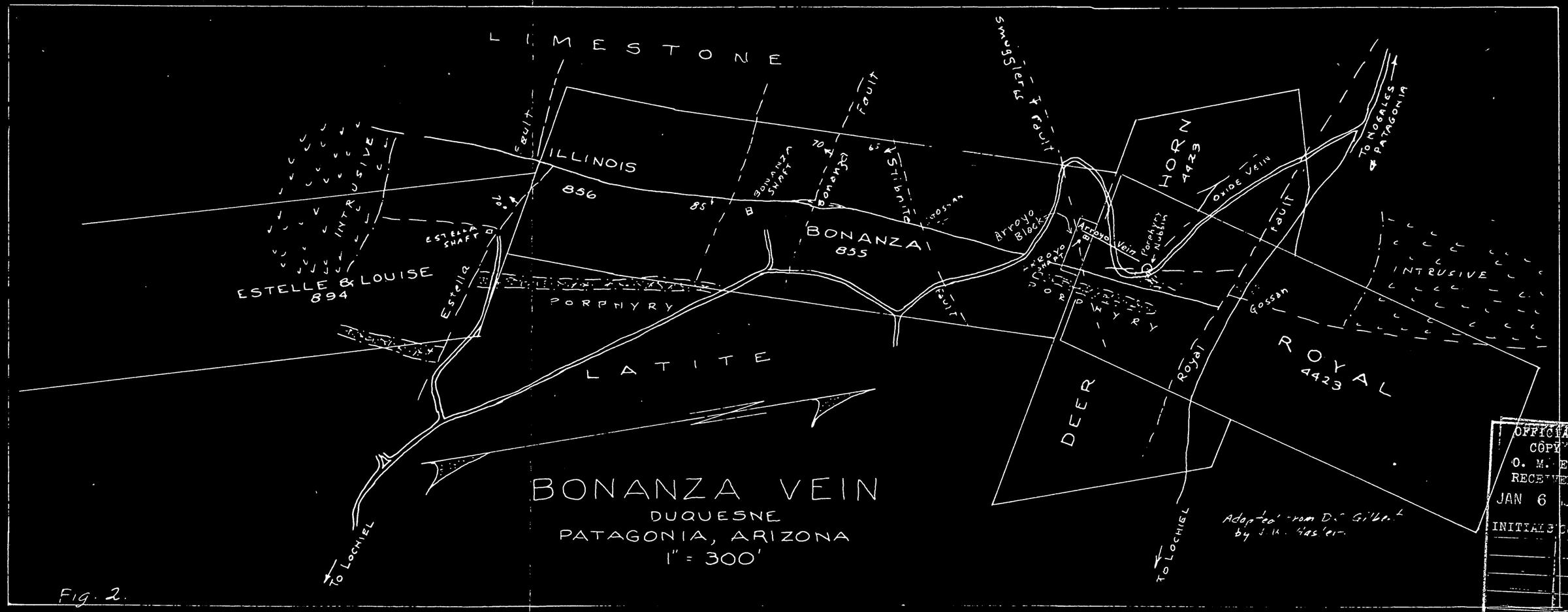

Fig. 2.

OFFICIAL COPY
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IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

Office of Minerals Exploration
Building 53 Room 28

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SEP 7 1971

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HK	~~120~~
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September 2, 1971

Memorandum

To: Chief, Office of Minerals Exploration

From: Assistant Chief, Office of Minerals Exploration

Subject: Revised pages for two final field reports previously submitted.

Transmitted herewith are revised pages for the following final field reports:

(1) page 3, OME-6622

(2) pages 1 and 2, OME-6465

William L. Emerick

William L. Emerick,
Assistant Chief
Office of Minerals Exploration

Enclosures

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

Office of Minerals Exploration
Building 53 Room 200

OFFICIAL COPY
O. M. E.
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JUN 25 1971

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gla	120
HK	~~120~~
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June 23, 1971

Memorandum

To: Chief, Office of Minerals Exploration

From: Assistant Chief, Office of Minerals Exploration

Subject: OME-6465 (Silver) Donald C. Gilbert
Royal and Deerhorn Claims
Santa Cruz County, Arizona
Contract 2216

Transmitted herewith is the final field report on the above-stated subject.

William L. Emerick

William L. Emerick,
Assistant Chief,
Office of Minerals Exploration

Enclosure

FINAL FIELD REPORT - OME EXPLORATION PROJECT

By W. L. Emerick

June 23, 1971

1. OME-6465 (Silver)
Donald C. Gilbert
Royal and Deerhorn Claims
Santa Cruz County, Arizona
Contract 2216

Operator: Donald C. Gilbert
4982-1/2 Field Street
San Diego, California 92110

Property: Consisted of two (2) overlapping patented lode mining claims, including all rights thereto, and an adjoining block of 0.248 acres of a third patented lode mining claim to a depth of 25 feet below the natural surface, all in unsurveyed sec. 2, T. 24 S., R. 16 E., Gila and Salt River Base and Meridian, Patagonia mining district, Santa Cruz County, Arizona. A map showing the area of the two claims and block of land was attached to the contract.

Ownership: The Operator was in possession of the two patented claims by right of ownership, and of the block of 0.248 acres under the terms of a Lease Agreement, dated April 10, 1965, from Fred Williams, Jr., Carl T. Sandberg, and Eudoris I. Sandberg, the owners.

2. Purpose of Project: The purpose of the project was to explore by crosscutting, drifting, and long-hole drilling on and below the 50-foot level of an inclined shaft for silver-bearing ore bodies in and along parallel or intersecting veins in Paleozoic sedimentary rocks or near their contacts with granitic rocks.

3. Contract: Dated March 29, 1966, for a term of 15 months.
Original contract amount $14,000.00.
Government participation - 75 percent - $10,500.00.

Amendments - No. 1 - March 15, 1967, to revise in Exhibit A: (1) the opening paragraph; (2) the first paragraph under the heading General Provisions; (3) the Description of the Work, Stage II; and (4) to decrease the footage and cost of one item under Fixed Unit Costs, Stage II, in order to provide an additional item without increasing the aggregate amount the Government was required to contribute.

4. Project Work: Started August 29, 1966. A non-certification notice (closing letter), dated April 5, 1968, was sent to the Operator withdrawing the Government's claim or lien against the property described in the contract or any future production therefrom.

Stage I

Cost Items

Fixed Unit Costs	Authorized Units	Authorized Rate	Authorized Amount	Completed Units	Completed Amount
Mobilization and demobilization of mining equipment	Job	-----	$160.00	Job	$160.00
Initial construction and rehabilitation of surface and underground facilities, labor, materials and supplies	Job	-----	$1,215.00	Job	$1,215.00
Crosscutting and drifting	100 feet	$44.00/ft.	$4,400.00	100 feet	$4,400.00
Long-hole drilling	150 feet	$1.50/ft.	$225.00	100 feet	$225.00
Incidental allowance for supervision, engineering, and accounting	6 months	$265.00/mo.	$1,590.00	6 months	$1,590.00
Total Estimated Fixed Unit Costs, Stage I -			$7,590.00		$7,590.00
Actual Costs					
Sample sacks	100 sacks	$0.50/sack	$5.00	-----	-----
Assaying for silver, copper, lead and zinc	50 assays	Various	$450.00	-----	$208.10
Express charges for samples	50 samples	$0.80/sample	$40.00	-----	-----
Total Estimated Actual Costs, Stage I			$495.00		$208.10
Total Estimated Costs, Stage I			$8,085.00		$7,798.10

FINAL FIELD REPORT - OME EXPLORATION PROJECT

By W. L. Emerick

June 23, 1971

1. OME-6465 (Silver) Donald C. Gilbert
Royal and Deerhorn Claims
Santa Cruz County, Arizona
Contract 2216

Operator: Donald C. Gilbert
4982-1/2 Field Street
San Diego, California 92110

Property: Consisted of two (2) overlapping patented lode mining claims, including all rights thereto, and an adjoining block of 0.248 acres of a third patented lode mining claim to a depth of 25 feet below the natural surface, all in unsurveyed sec. 2, T. 24 S., R. 16 E., Gila and Salt River Base and Meridian, Patagonia mining district, Santa Cruz County, Arizona. A map showing the area of the two claims and block of land was attached to the contract.

Ownership: The Operator was in possession of the two patented claims by right of ownership, and of the Block of 0.248 acres under the terms of a Lease Agreement, dated April 10, 1965, from Fred Williams, Jr., Carl T. Sandberg, and Eudoris I. Sandberg, the owners.

2. Purpose of Project: The purpose of the project was to explore by crosscutting, drifting, and long-hole drilling on and below the 50-foot level of an inclined shaft for silver-bearing ore bodies in and along parallel or intersecting veins in Paleozoic sedimentary rocks or near their contacts with granitic rocks.

3. Contract: Dated March 29, 1966, for a term of 15 months.
Original contract amount - $14,000.00.
Government participation - 75 percent - $10,500.00.

Amendments - No. 1 - March 15, 1967, to revise in Exhibit A: (1) the opening paragraph; (2) the first paragraph under the heading General Provisions; (3) the Description of the Work, Stage II; and (4) to decrease the footage and cost of one item under Fixed Unit Costs, Stage II, in order to provide an additional item without increasing the aggregate amount the Government was required to contribute.

4. Project Work: Started August 29, 1966. A non-certification notice (closing letter), dated April 5, 1968, was sent to the Operator withdrawing the Government's claim or lien against the property described in the contract or any future production therefrom.

Final Field Report

Stage I

Cost Items

Fixed Unit Costs	Authorized Units	Authorized Rate	Authorized Amount	Completed Units	Completed Amount
Mobilization and demobilization of mining equipment	Job	-----	$160.00	Job	$160.00
Initial construction and rehabilitation of surface and underground facilities, labor, materials and supplies	Job	-----	$1,215.00	Job	$1,215.00
Crosscutting and drifting	100 feet	$44.00/ft.	$4,400.00	100 feet	$4,400.00
Long-hole drilling	150 feet	$1.50/ft.	$225.00	100 feet	$225.00
Incidental allowance for supervision, engineering, and accounting	6 months	$265.00/mo.	$1,590.00	6 months	$1,590.00
Total Estimated Fixed Unit Costs, Stage I -			$7,590.00		$7,590.00
Actual Costs					
Sample sacks	100 sacks	$0.50/sack	$5.00	-----	-----
Assaying for silver, copper, lead and zinc	50 assays	Various	$450.00	-----	$208.10
Express charges for samples	50 samples	$0.80/sample	$40.00	-----	-----
Total Estimated Actual Costs, Stage I -			$495.00		$208.10
Total Estimated Costs, Stage I			$8,085.00		$7,798.10

Stage II

Fixed Unit Costs	Authorized Units	Authorized Rate	Authorized Amount	Completed Units	Completed Amount
Winzing	35 feet	$85.00/ft.	$2,975.00	35 feet	$2,975.00
Drifting and crosscutting	32 feet	$44.00/ft. (rounded)	$1,425.00	37-1/2 feet	$1,650.00
Long-hole drilling	150 feet	$1.50/ft.	$225.00	25 feet	$37.50
Incidental allowance for supervision, engineering, and accounting	3 months	$265.00/mo.	$795.00	4-1/2 months	$1,192.50
Total Estimated Fixed Unit Costs, Stage II -			$5,420.00		$5,855.00

Actual Costs					
Sample sacks	100 sacks	$0.05/sack	$5.00	-----	-----
Assaying for silver	50 assays	$3.00/assay	$150.00	-----	-----
Assaying for copper, lead and zinc	50 assays	$2.00/assay	$300.00	-----	-----
Express charges for samples	50 samples	$0.80/sample	$40.00	-----	-----
Total Estimated Actual Costs - Stage II			$495.00		-----
Total Estimated Costs - Stage II			$5,915.00		$5,855.00
Total Estimated Costs - Stage I			$8,085.00		$7,798.10
Total Estimated Costs - Stage II			$5,915.00		$5,855.00
Total Estimated Costs of Project			$14,000.00		$13,653.10
Government Participation at 75%			$10,500.00		$10,239.83
Paid to Operator					$10,239.83

The Government retained no equity in any of the material used.

Effectiveness of the Work - The most favorable target area was adequately explored.

Efficiency of Operation - The work progressed steadily and was efficiently supervised.

5. Reports:

Operator's Final Report - An acceptable Final Report, dated August 15, 1967, with adequate supporting maps and sections was transmitted to Washington on September 7, 1967.

Cost Review - A Report of Review was issued by the Office of Survey and Review in February 1968.

Final Audit - A final audit was not requested because no additional vouchers were submitted or paid after the Report of Review. The final voucher was paid on July 24, 1967.

Royalty Review - The entire production from a small ore shoot was sold in 1967 and royalty on it was paid to the Government. There was no additional ore in reserve. A Royalty Review was not requested.

6. Project Results:

Discoveries - The project work resulted in the discovery of a small minable silver-lead-zinc ore shoot. Maps and assay data were attached to the monthly vouchers and Operator's Final Report. The ore shoot contained approximately 463 tons of ore that averaged about 8 ounces of silver per ton, 14 percent lead and 22 percent zinc.

Certification - A Certificate of Possible Production was not issued because the orebody proved to be an isolated pocket with no extensions of it in any direction.

Production - A total of 463 tons of ore, representing the ore shoot discovered by the OME work, was shipped to a mill in New Mexico. The ore shoot was an isolated pocket and after removal and shipment the mine was closed.

Royalties

- A total of 463 dry tons of ore were sold from the property as a result of the OME exploration project and royalties amounting to $813.00 were paid to the Government.

7. Geologic Summary

- The ore deposits in the area are essentially replacement deposits in limestone in or near the metamorphic zones along the contact between the limestone and a quartz monzonite intrusive. The ore shoots appear to be localized by structural features in the limestone. Ore minerals are argentiferous galena, sphalerite, and chalcopyrite in a gangue of garnet, quartz, pyrite, magnetite, pyroxene and amphibole. One shipment of ore several years ago was the entire past production of the mine.

120 [illegible]

120 Kirkemo

110

220

AIRMAIL

APR 5 1968

Mr. Donald C. Gilbert
General Delivery
Box 908
Green Valley, Arizona 85614

Subject: OME-6465 (Silver)
Donald C. Gilbert
Royal and Dearborn Claims
Santa Cruz County, Arizona
Contract 1216

Dear Mr. Gilbert:

Reference is made to your completed exploration contract with the Government.

We sincerely regret that the work performed did not result in a certification of possible production under the provisions of the contract. In the absence of such certification, the Government retains no claim or lien against the property subject to the contract or any future production therefrom. We, therefore, are closing our books and records on this contract. Your attention, however, is called to the provisions of the contract which require the operator to keep and preserve certain records for the periods indicated.

We appreciate your interest and participation in the OME exploration program.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Division File
Economic Geology File
OME Reading File
Mr. Smith
Region III
Budget and Finance

alas/130

RMSmith/bsl 1/23/68

dard Form No. 1034a
7 GAO 5000
1034-209

BLIC VOUCHER FOR PURCHASES D SERVICES OTHER THAN PERSONAL

.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION U.S. Department of Interior Geological Survey Washington, D.C. 20242	DATE VOUCHER PREPARED April 2, 1968 CONTRACT NUMBER AND DATE 14-23-090-2216 Oct. 1, 1966 REQUISITION NUMBER AND DATE OME-6465	VOUCHER NUMBER 861 15 PAID BY

PAYEE'S NAME AND ADDRESS
D. C. Gilbert
Box 908
Green Valley, Arizona 85614

DATE INVOICE RECEIVED

DISCOUNT TERMS

PAYEE'S ACCOUNT NUMBER

SHIPPED FROM | TO | WEIGHT | GOVERNMENT B/L NUMBER

NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary)	QUANTITY	UNIT PRICE COST	UNIT PRICE PER	AMOUNT
		Payment for items suspended on voucher for period June 1967. Sch. # 80509				
		75% of $10.20 assay charge now determined to be allowable				$ 7.65
		Amount withheld from settlement pending acceptance of final report				200.00
(Use continuation sheet(s) if necessary)		(Payee must NOT use the space below)			TOTAL	$ 207.65

PAYMENT:
- [ ] COMPLETE
- [ ] PARTIAL
- [ ] FINAL
- [ ] PROGRESS
- [ ] ADVANCE

DIFFERENCES

Amount verified; correct for

(Signature or initials)

OFFICIAL COPY

MEMORANDUM

ACCOUNTING CLASSIFICATION (Appropriation symbol must be shown: other classification optional)

APR 4 1968

INITIAL'S CODE

14X0804	$7.65
14X6875 (08)	$200.00

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PAID BY				
	CHECK NUMBER	ON TREASURER OF THE UNITED STATES	CHECK NUMBER	ON (Name of bank)
	CASH $	DATE		

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Date	Surname	Code
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3/29/68	Kirkham	120
		110
3/29	[illegible]	220
		120M

MAR 29 1968

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Enclosed is a copy of the Operator's letter of March 20, 1968, indicating that all production has been sold and all royalties to the Government have been paid.

A satisfactory Operator's Final Report has been received and the $207.65 withheld may now be paid.

Frank E. Johnson

Enclosures

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

RMSmith/bsl 3/29/68

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

Office of Minerals Exploration
Building 53 Room 203

OFFICIAL COPY
O. E. R.
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APR 8 1968
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Glen 120
Bob 170
Rm 130

March 26, 1968

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6465 (Silver)
Mr. D. C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Transmitted herewith are two copies of a letter dated March 20, 1968 from the operator concerning the shipments made from the Royal and Deer Horn claims area.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Enclosures

2 Copies to Washington 3-26-68

D. C. GILBERT

OME Region III
RECEIVED
MAR 22 1968
Denver, Colorado

Green Valley, Arizona
March 20, 1968

Mr. J. William Hasler
Field Officer, Region III
Office of Minerals Exploration
Denver, Colorado

re: O.M.E. 6465
Contract 2216
Royal and Deer Horn Claims
Santa Cruz County, Ariz.

Dear Mr. Hasler:

In reply to your letter of the 19th which was signed by Mr. James L. Gualtieri (spelling not clear), the following comprise all of the ore shipments made from the above property from the start of O. M. E. Contract 2216. No ore is stockpiled at the property and there is none in transit.

Shipment No.	New Jersey Zinc. Co. Date	Dry Tons	Royalty Paid O. M. E.
1	Sept. 13, 1967	235.6175	$ 400.14
2	Oct. 16, 1967	158.7165	291.92
3	Nov. 8, 1967	68.8885	121.15

The settlements made to us by New Jersey Zinc. Co. comprise the total amounts we will be paid. I do not know the disposition of the ore or concentrates after they have purchased the ore from us, but I am quite certain that they will make no further payments on this ore nor will any additional royalty be due O. M. E. I would of course be delighted to receive additional payments for this ore.

With best personal regards,

Sincerely yours,

D C Gilbert

D. C. Gilbert

OFFICIAL FILE COPY

Date	Surname	Code
3/21/68	R m Smith	120
"	Skolnow	120
		110
3/21	cae	220
		120M

March 21, 1968

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Enclosed is a copy of a letter dated March 19, 1968, from the Field Officer, Region III, transmitting to the Operator a copy of the Report of Review issued in February 1968, together with a copy of the review, on the subject contract. Please continue to withhold payment of $207.65 to the Operator until royalty on unsold production has been settled.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Economic Geology File
OME docket
OME Reading File
OME Region III
Mr. Smith

GLAult/a 3-21-68

Denver Federal Center -- Building 53 -- Room 203
Denver, Colorado 80225

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 20 1968

INITIALS	CODE
	130
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	110
	120

March 19, 1968

Mr. D. C. Gilbert
Box 908
Green Valley, Arizona 85614

Subject: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Dear Mr. Gilbert:

Enclosed is an "Operator's Copy" of a Report of Review issued in February, 1968. I have reviewed the Report of Review enclosed and concur with the facts herein stated.

May I refer you to Article 7(d) of the contract relating to unsold production. About 150 tons of ore was mined more than six months ago and was shipped, but smelter settlement has not been made because of the smelter strike. Since the ore would normally be weighed and sampled at the time it was shipped, the basis for computing the Government's royalty may be available from the smelter. Would it be possible for you to obtain and submit the royalty computation so that the balance of your account can be settled promptly?

Sincerely yours,

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Enclosure

cc: Chief, OME (2)
OME chron
Mr. Hasler
OME-6465

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/7/68	RMSmith	120
3/7/68	Kirkland	120
		110
3/7	cbc	220
		120M

MEMORANDUM

To: Field Officer, Region III MAR 7 1968

From: Chief, Office of Minerals Exploration

Subject: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deerhorn Claims
Santa Cruz County, Arizona
Contract 2216

Enclosed are the Field Office's and Operator's copies of a Report of Review issued in February 1968.

If you concur in the facts as stated in this report, one copy should be sent to the Operator with any comments you may care to make, and the other copy retained for your files. As evidence of your concurrence, two copies of your letter transmitting the Operator's copy of the report should be furnished this office. If for any reason you do not concur, both copies of the report should be returned to this office with appropriate comments.

In your transmittal letter please call the Operator's attention to Article 7(d) of the contract relating to unsold production. About 150 tons of ore was mined more than six months ago and was shipped, but smelter settlement has not been made because of the smelter strike. Since the ore would normally be weighed and sampled at the time it was shipped, the basis for computing the Government's royalty may be available from the smelter. We suggest that the Operator obtain and submit the royalty computation so that the balance of his account can be settled promptly.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File

RMSmith/bsl
3/7/68

Mr. Smith , 130

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

February 21, 1968

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

INITIALS	CODE
CLC	210
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Memorandum

To: Director, Geological Survey

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

Subject: Review of Contract 2216
Docket No. OME-6465 (Silver)
Donald C. Gilbert (Operator)
Royal and Deer Horn Claims
Santa Cruz County, Arizona

Pursuant to a request dated November 16, 1967, from the Chief, Office of Minerals Exploration (OME), we have made a cost review of Contract 2216, examining the contract and accounting records and files of OME and the Branch of Budget and Finance, Administrative Division, Geological Survey. Four copies of the report of review are enclosed.

Donald R. Moyer

Enclosures

Office of Minerals Exploration
Building 53 Room 203

ORIGINAL COPY
O. M. E.
RECEIVED
FEB 16 1968
INITIALS | CODE
110
120
130
120

February 14, 1968

Mr. D. C. Gilbert
Box 908
Green Valley, Arizona 85614

Subject: OME-6465 (Silver)
D. C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Dear Mr. Gilbert:

This letter is in reply to your request of February 8, 1968 concerning the subject contract.

The action to be taken now is an audit of the contract work in Washington, and the closing out of the contract. This should be completed within a month or two. The contract review audit will be sent to you for your approval and concurrence. The contract will be closed out and you will be refunded the $200.00 presently being withheld. Everything is in order, and there is nothing more for you to do at this stage of the game.

It has been a pleasure to work with you and perhaps be of some help.

Sincerely yours,

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

cc: Chief, OME
OME chron
OME-6465
Mr. Hasler

D. C. GILBERT
MINING ENGINEER

OME Re ic
FEB 1 9 1968
Denver, Colorado

O. M. E. Docket 6465
Contract 2216
Royal - Deer Horn Claims
Santa Cruz County, Arizona

Green Valley, Arizona
February 8, 1968

Mr. J. William Hasler
Bldg. 25, Room 2284
Denver Federal Center
Denver, Colorado 80225

Dear Mr. Hasler:

Water has been running out of the collar of the Arroyo Incline on the Royal claim for some time and all equipment has been removed from the property. Looking toward the final wind-up of the contract I have the following questions.

Article 7 (a) of Contract 2216 states that certification (or intent not to certify) shall be made by the government not later than six months after a sufficient final report and final accounting. However, in this case there has been no final audit.

Article 5 states that my accounting records shall be preserved for three years. All but a small portion of the expenditure was on a Unit Cost basis, with Actual Cost basis limited to $ 219.10 for analytical work. My question here is whether or not an audit of expenditures will be made.

Administration Suspension Statement No. 80509 witheld $ 200 pending final geological and engineering report, which report was made by me on August 15, 1967.

We recently visited San Diego where we hope to again reside at some time in the future, before which would like to have completed any requirements on the above contract.

Thank you for your past help and we would enjoy seeing you when you are in the Tucson area.

Very truly yours,

D. C. Gilbert

D. C. Gilbert

Box 908
625-8503

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

Office of Minerals Exploration
Building 53 Room 203

RECEIVED JAN 22 1968

INITIALS	CODE
	130
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RMd	130

January 19, 1968

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region III

Subject: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

A final field inspection was made on the subject property December 12, 1967 in company with the Operator, Mr. D. C. Gilbert.

Exploration work was completed as of August 15, 1967. The work resulted in the discovery of some 233 tons of ore that has been mined and shipped to the New Jersey Zinc Company Smelter at Hanover, New Mexico, on which royalty payments have been made to the Office of Minerals Exploration. The final examination of the property showed that all the mineable ore discovered as a result of the exploration had been mined and the pod from which the ore was mined has pinched out both vertically and laterally and is virtually non-existent. It is the opinion of the field officer that there are still chances of discovering additional ore bodies of comparable size and grade, however their cost of discovery appears to be greater than value of ore discovered and mined, that is, for an expenditure of some $11,690.35 only $8,261.37 worth of ore has been discovered of which the operator netted $1,731.30. Some 150 tons of ore has been shipped but no settlement has been received on this tonnage to date. There are no ore reserves in the block of ground explored and it therefore recommended that no certification of discovery be made, and that steps be taken to terminate the contract.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Office of Minerals Exploration
Building 53 Room 203

OFFICIAL COPY O. M. E. RECEIVED DEC 13 1967	
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RMS	BO

November 29, 1967

Mr. D. C. Gilbert
General Delivery
Green Valley, Arizona 85614

Subject: OME-6465 (Silver)
D. C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Dear Don:

This reply is in answer to your letter dated November 27, 1967 concerning my visit to the area for a final inspection on the subject property. I plan to leave Denver, Colorado December 11, 1967 and arrive in Tucson that afternoon, and will be happy to pick you up at Green Valley, Arizona the morning of the 12th, make the final inspection, and return to Tucson that evening. My schedule in Tucson and the general area will take most of that week. Please accept my apology for not having been able to schedule the final inspection on your property before this date. I will see you the morning of December 12, 1967 at Green Valley, Arizona.

Sincerely yours,

J. William Hasler
mc

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

cc: Chief, OME
cc: Hasler chron
OME chron
OME-6465

Copy to Washington
12-1-67

D. C. GILBERT
MINING ENGINEER

OME Region III
RECEIVED
NOV 29 1967
Denver, Colorado

O. M. E. Docket 6465
Contract 2216
Royal - Deer Horn Claims
Santa Cruz County, Arizona

Green Valley, Arizona
Nov. 27, 1967

Mr. J. William Hasler
Bldg. 25, Room 2284
Denver Federal Center
Denver Colorado

Dear Mr. Hasler:

Reference is made to my letter of Oct. 6, 1967 notifying you of cessation of work on the above project, and to your letter of Nov. 17, 1967 informing me that you plan to inspect the work on Dec. 12 instead of Dec. 5, 1967 as previously arranged.

In order to keep the workings of the 35 ft. winze dry it is necessary to pump every other day, and this will be continued until your inspection has been completed. It is, of course, becoming somewhat of a burden, especially since the project proved to be a financial loss.

If you should make a quick trip about Dec. 12th for this purpose only, I would be pleased to meet you at Tucson airport and drive you to the property. The elapsed time until your return to the airport should not be more than six hours.

Sincerely yours,

D. C. Gilbert

D. C. Gilbert

X 3477(REV. 1-63)

REPORT OF SHIPMENT RECEIVED

GME-6465
Contract 2216

NO.

RECEIVED BY The New Jersey Zinc Company
Hanover, New Mexico 88041

FROM Donald C. & Emma L. Gilbert
Box 908
Green Valley, Arizona 85614

ORDER NUMBER AHF 507

DATE REPORTED November 8, 1967

RECEIVED NOV 14 1967 Denver, Colorado GSE Region

DATE RECEIVED	CAR NUMBER ORIGINAL	CAR NUMBER TRANSFER	RAILROAD WEIGHT	WORKS WEIGHT WET	WORKS WEIGHT H2O	WORKS WEIGHT NET DRY	WORKS ANALYSIS ZN	WORKS ANALYSIS FE	WORKS ANALYSIS Pb	WORKS ANALYSIS Ag	ZINC CONTENTS	FREIGHT RATE
Lot #3												
11-2-67	S.P. 440500			140160	1.70	68,888 137777	21.50		14.00	7.68		510.51
							0.18		0.04	Non Sulphide		

Calculations for Preliminary Payment:

Zn Content = 29374 lbs pay 85% = 24968 lbs @ .05525 = - - - - - - - - $ 1386.35
Pb Content = 19234 lbs pay 80% = 15387 lbs @ .09111 = - - - - - - - - 1401.91
Ag Content = 529.06368 ozs pay 50% = 264.53184 ozs @ 1.656 = - - - 438.06
Estimated Tot $ 3226.32
Less Treatment Charge 68.8885 NDI @ $4.25 = - - - - - - - - - - - - (292.78)
Mill Value $ 2933.54
Less Freight Paid = - (510.51)
$ 2423.03
5% Royalty Payment made to J. William Hasler, Field Officer, Office of Mineral Exploration, Denver Federal Center, Denver, Colorado 80225, on Check No. 1461. (Copy of Settlement Sheet with check). (121.15)
$ 2301.88
85% Preliminary Payment (rounded off to nearest dollar) to D. C. Gilbert & Emma L. Gilbert on Check No.1462(Copy of settlement sheet with check). (1957.00)
Estimated Balance Due Shipper $ 344.88

Budget and Finance copy

PLEASE AIRMAIL FINAL SETTLEMENT CHECK TO:
D. C. GILBERT
P.O. Box 908
Green Valley, Arizona 85614

pl 120M
Mexico
Hwy 205
file

Office of Minerals Exploration
Building 53 Room 203

O. M. E.
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November 17, 1967

Mr. D. C. Gilbert
General Delivery
Green Valley, Arizona 85614

Subject: OME-6465 (Silver)
D. C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Dear Mr. Gilbert:

My plans have changed and it now appears that I will inspect the above-stated property December 12, 1967 (instead of December 5, as we had agree on).

If this date does not suit your convenience for any reason, please contact me before the first of December.

Sincerely yours,

J. William Hasler
mc

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

cc: Chief, OME ✓
Hasler chron
OME chron
OME-6465

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
U. S. Geological Survey -- Denver Federal Center
Building 25 -- Room 2284
Denver, Colorado 80225

OFFICIAL COPY
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OCT 25 1967
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- ABSTRACT OF REMITTANCES -
14X0804000

DATE	AMOUNT	BANK CITY & STATE	NAME OF REMITTER	DOCKET & CONTRACT NUMBERS	Purpose
10/16/67	$291.92	The Chase Manhattan Bank 1 Chase Manhattan Plaza New York, New York	Donald C. Gilbert Royal and Deer Horn Claims Santa Cruz Co., Arizona	OME-6465 Contract 2216	Royalty

Remarks: (List smelter or mill lot numbers covered by royalties)

Lot #2

Distribution:
Orig. & 2 to:
Chief, Br. of Budget and Finance
(with checks and one copy of subdocument)
Chief, OME Washington, D.C.
Abst. of Rem. Ledger
Hasler chron
OME chron

10/20/67
Date Prepared

J. William Hasler
Person Preparing Abstract
J. William Hasler, Field Officer, Region III, OME

10/24/67
Date Received

Lorraine E. Edelston
Person Receiving Remittance

X 3477 (REV. 1-63)

REPORT OF SHIPMENT RECEIVED

NO.

RECEIVED BY The New Jersey Zinc Company
Hanover, New Mexico 88041

FROM Mr. Donald C. Gilbert & Mrs. Emma L. Gilbert
Box 908
Green Valley, Arizona 85614

ORDER NUMBER AHF 507

DATE REPORTED October 16, 1967

DATE RECEIVED	CAR NUMBER ORIGINAL	CAR NUMBER TRANSFER	RAILROAD WEIGHT	WORKS WEIGHT WET	WORKS WEIGHT H_2O	WORKS WEIGHT NET DRY	WORKS ANALYSIS ZN	WORKS ANALYSIS FE	WORKS ANALYSIS Pb	WORKS ANALYSIS Ag	WORKS ANALYSIS	ZINC CONTENTS	FREIGHT PAID
Lot #2													
10-5-67	S.P. 440286			166800	3.08	161663							552.94
10-5-67	S.P. 440671			159600	2.40	155770							529.07
				326400		317433	22.50 0.21		14.25 0.08	8.26	Non Sulphide		1082.01

Calculations for Preliminary Payment:

Zinc Content = 70756 lbs pay	85% = 60143 lbs @ .055525 = - - - - - -		$3339.44
Lead Content = 44980 lbs pay	80% = 35984 lbs @ .09111 = - - - - - -		3278.50
Ag Content = 1310.99829 ozs	pay 50% = 655.49914 ozs @ 1.4904 = - -		976.96
		Estimated Total	$7594.90
Less Treatment Charge $4.25 x 158.7165 NDT =			(674.55)
		Mill Value	$6920.35
Less Freight Paid			(1082.01)
			$5838.34
5% Royalty Payment made to J. William Hasler, Feld Officer, Office of Mineral Exploration, Denver Federal Center, Denver, Colorado 80225, on Check No. 1356 (Copy of Settlement Sheet with Check) OMF 6/65			(291.92)
			$5546.42
75% Preliminary Payment (rounded off to nearest dollar) to D. C. Gilbert & Emma L. Gilbert, on Check No. 1357. (Copy of Settlement Sheet with check.)			(4160.00)
		Estimated Balance Due Shipper	$1386.42

PLEASE AIRMAIL FINAL SETTLEMENT CHECK TO:
D. C. GILBERT
P.O. Box 908
Green Valley, Arizona 85614

OME Region III
RECEIVED
OCT 13 1967
Denver, Colorado

Copy to Washington 10-16-67

OFFICIAL COPY
O. M. E.
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Docket 6465
Contract 2216
Royal - Deer Horn Claims
Santa Cruz County, Ariz.

Green Valley Ariz.
Oct. 12, 1967

OMEE Region 12
RECEIVED
OCT 16 1967
Denver, Colorado

Mr. J. William Hasler

U. S. G. S. O. M. E.

Denver Colo.

Dear Mr. Hasler:

It now appears that it will be at least two weeks before a possible shut-down of the work on the above claims. It may be longer.

Since I will probably have no additional information on this within the next few days I am writing this to you instead of telephoning you on Monday October 16th as I had planned.

Sincerely yours,

D. C. Gilbert

Notes on memoranda in file by
Mr. Smith:

On F.O. memo 7/24/67:

Voucher (June '67) already pd.
Suspended statement disallowed
$10.20 assaying and withheld
$200.00 pending final report.
When final report is recd. and
$200.00 is paid, the $10.20
should also be paid.
Attach assay certificate to
memo to B&F authorizing payment
of $210.20.
(NOTE: Opr.'s final report 8/15/67
recd. 9/11/67.
Hasler's memo 9/7 stated:
"...it is felt that a certification of discovery should be made, ..."

On F.O. memo 9/7/67:

Decide on Certification before
Feb. 15, 1968

On Settlement sheet 9/13/67:

Cost and royalty audit should
be requested in November. RMS

Copy to Washington 9/15

X 3477 (REV. 1-63)

REPORT OF SHIPMENT RECEIVED

RECEIVED BY The New Jersey Zinc Company
Hanover, New Mexico 88041

FROM Mr. Donald C. Gilbert and Mrs. Emma L. Gi
Box 908
Green Valley, Arizona 85614

ORDER NUMBER AHF 507

DATE REPORTED September 13, 1967

DATE RECEIVED	CAR NUMBER ORIGINAL	CAR NUMBER TRANSFER	RAILROAD WEIGHT	WORKS WEIGHT WET	WORKS WEIGHT H_2O	WORKS WEIGHT NET DRY	WORKS ANALYSIS ZN	WORKS ANALYSIS FE	WORKS ANALYSIS Pb	WORKS ANALYSIS Ag	ZINC CONTENTS	FREIGHT PAID
Lot #1												
8/31/67	S.P. 440137			173,200	1.28	170,983						574.16
9/5/67	S.P. 440492			161,420	3.02	156,545						535.11
9/5/67	S.P. 440533			147,180	2.36	143,707						510.51
				481,800		471,235	21.70		13.33	7.45		1,619.78
							0.19		0.04	Non Sulphide		

Calculation for Preliminary Payment:

Zinc Content	= 101,363	pay 85%	= 86,158	@ .055525	=	$4,783.92
Pb Content	= 62,627	pay 80%	= 50,102	@ .09111	=	4,564.79
Ag Content	= 1,755.35 oz	pay 50%	= 877.675oz	@1.45300	=	1,275.26
				Estimated Total		$10,623.97
Less Treatment Chg. 4.25 NDT x 235.6175 tons						(1,001.37)
				Mill Value		$ 9,622.60
Less Freight Paid						(1,619.78)
						$ 8,002.82
5% Royalty Payment made to J. William Hasler, Field Officer, Office of Mineral Exploration, Denver Federal Center, Denver, Colorado 80225, on check #1220 (Copy of Settlement Sheet with check)						(400.14)
						$ 7,602.68
85% rounded to even 100's prepayment to D. C. Gilbert & Scientific Exploration and Mining Company, C. Carew McFall, Agent, on check #1208 (Copy of Settlement Sheet with check) *						(6,400.00)
						$ 1,202.68 Bal. due Shipper

* PLEASE MAKE FINAL SETTLEMENT CHECK TO: D. C. Gilbert & Scientific Exploration and Mining Company, C. Carew McFall, Agent, Green Valley, Arizona 85614
PLEASE AIRMAIL THE ABOVE FINAL CHECK TO: D. C. Gilbert, P. O. Box 908, Green Valley, Arizona 85614

OME Region III
RECEIVED
SEP 15 1967
Denver, Colorado

Budget + Finance
Contract # 2-16
Comm. # 1-5

MME FORM 6
REV. 2-59

REFERENCE SLIP
OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
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3. (Smith) Hold for Smith		
4. Docket file		
5.		

FROM: Grace Ault

FOR: Check items for action desired

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

REMARKS:

Please note royalty paid by D. C. Gilbert OME-6465, Contract 2116. Certification recommended Mr. Hasler's memo 9/7/67 accompanying Operator's final report, dated August 15, 1967.

may be all of ore on property.

M56300-62

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

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225
Office of Minerals Exploration

September 7, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 11 1967

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(smith)	

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6465 (silver)
Donald M. Gilbert
Royal-Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Transmitted herewith are ~~three~~ one copies of a final report on the subject contract dated August 15, 1967, in which the operator adequately reviewed the work completed to date under the subject contract. An exploration contract was executed on March 29, 1966, between the government and Mr. Donald C. Gilbert, an individual, to explore for silver on the Royal-Deer Horn claims in Santa Cruz County, Arizona. The work was to explore by crosscutting, drifting, and long-hole drilling on the 50 foot level of the Arroyo inclined shaft in an attempt to discover silver-bearing ore bodies that may be likely to occur in and along the Arroyo vein and parallel to intersecting veins in Paleozoic sedimentary rocks or near their contacts with granitic rocks.

The estimated cost of the work totaled $14,000.00 of which the government was to contribute 75 percent of the allowable costs as they were incurred, in a total sum not in excess of $10,500.00.

As of March 15, 1967, an amendment to the contract allowed for additional winzing and more effective spacing of long-hole drilling to more adequately test the mineralized zone penetrated by previous drifting, crosscutting and long-hole drilling.

Exploration work completed as of August 15, 1967, the date of the operator's final report, consisted of 125.5 feet of drifting, 12.0

feet of crosscutting, 35.0 feet of winze, and 175.0 feet of long-hole drilling, as well as supervision, mobilization of equipment, and analytical work. Allowable costs to date total $11,690.35 of which the government's contribution was $8,767.77. It was recommended that $200.00 be withheld pending transmittal of the operator's final report which is enclosed. The $200.00 should now be refunded to the operator. Enclosed also are supporting documents for Analytical work for June, 1967, which were inadvertently omitted from the June voucher. The suspension statement disallowing $10.20 for analytical work should also be refunded.

Exploration work resulted in the discovery of some 125 tons that may assay approximately 10.0 oz. Ag, 15% Pb, and 22% Zn per ton, which at current prices would gross some $118.03 per ton. An approximate 200 tons of ore grade material has been mined and stockpiled in addition to the 125 ton reserve figure. Value of the one would also total $118.03 per ton.

The ore shoot has pinched to less than mining width in depth and appears to be nonexistent either laterally or upward. It appears that the ore may have occurred in an isolated pocket; however, it is the opinion of the field officer that there are still chances of discovering additional ore bodies of comparable size with additional exploration work perhaps by small leasing operations, and that good mill grade ore can be developed. Even though reserves of no great extent have been discovered as a result of the current exploration work it is felt that a certification of discovery should be made, and that by leasing operations at a later date there is a chance of repayment of the loan.

J. William Hasler

J. William Hasler
Field Officer, Region III

Enclosures

Decide on Certification before Feb. 15, 1968

Final Report

OME Region VI
RECEIVED
AUG 21 1967
Denver, Colorado

Docket 6465
Contract 2216
Royal - Deer Horn Claims
Santa Cruz County, Arizona

Green Valley Arizona
August15, 1967

F I N A L R E P O R T - N A R R A T I V E

SUMMARY

The preliminary estimated cost of this silver project was $ 14,000 of which the Office of Minerals Exploration was to contribute 75 % or $ 10,500. The contract terminated June 29, 1967 at which time the actual expenditure was $ 13,664.10 and 75 % of this is $ 10,248.07

At the time this final report is being written the eventual outcome of the exploration is not attractive. About 200 tons of silver - lead - zinc sulphide ore have been produced but not yet shipped. The approximate content of this ore is 10 oz. silver per ton, with 15 % lead and 22 % zinc, based upon grab sampling which is of limited accuracy. About 150 additional tons of similar ore comprises the present ore reserve.

The ore shoot has now pinched to less than mining width in it's downward extent and to this time no extensions either upward or laterally have been found. Further exploration seems warranted, never-the-less there is some evidence that the ore is an isolated " pocket " and that the total silver production may not exceed 3500 ounces.

THE EXPLORATORY WORK

Mobilization and rehabilitation were started August 29, 1966. At that time it was learned that heavy rains and snows of the preceeding two years had resulted in an unusual amount of water, both underground and at the surface. As a result the cost of initial rehabilitation was twice the original estimate of $ 1215. The Arroyo inclined shaft, poorly situated in the bottom of a running arroyo, was finally de-watered and equipped for hoisting and on Oct. 18, 1966 a crosscut was started northerly to intersect the vein on the 50 ft. level. The vein zone was cut in 12 feet, drifting under Stage I of the contract was carried northeasterly and was finished Dec. 31, 1966. During this Stage I of the contract eight percussion " Long Holes " were drilled. These proved to be important and they are shown on the 40 ft. scale plan, with assays as follows:

Long Hole No. 1

Drilled 16 feet at N 13 deg. W, plus 5 deg. when the vein was first encountered. This was to determine whether or not the visible vein was a complete penetration of the zone; apparently it was, as the drill sludges were all barren white limestone.

Long Hole No. 2

Collared at 12 ft. northeast of Plug D and drilled N 23 deg.W, plus 12 deg, for 19 feet. Cut two sulphide streaks as follows:

Feet	Oz. Ag	% Cu	% pb
6½ to 7	1.51	3.11	0.07
11 to 12	17.06	3.84	0.20

Long Hole No. 8

Drilled N 20 deg. W, plus 16 deg, in barren ground except one intercept of pyrite with low values.

Feet	Oz Ag	% Pb	% Cu	% Zn
9 to 10 (10½ ?)	0.20	0.29	0.02	0.26

CHANGE OF PROGRAM

At the time Long Hole No. 8 was drilled the project was inspected by Mr. J. William Hasler of the Denver office of O. M. E. and it was his opinion that the ore in the January drift was worth exploring downward. At his direction the January drift was re-sampled as follows:

Location	Oz Ag	% Pb	% Cu	% Zn
18" on S.W. side, at face	4.66	8.6		10.7
12" in middle of S. W. side	7.56	10.67		17.05
9 ft. horizontal cut on N.E. side	4.34	6.80	0.27	9.75

The 9 ft. horizontal cut was especially interesting as it indicated an excellent possibility for a good mining width of ore which could be milled locally if a mill were available at a later date.

Based upon these developments an amendment to contract No. 2216 was proposed and was approved. In place of Stage II in the original form which involved extension of the main drift on 50 ft. level for an additional 100 feet northeasterly, the amendment replaced this with a winze at a point near the face of the January drift. This winze was to be 35 feet deep with 36 feet of crosscut and/or drift at the bottom and with percussion drilling at the option of the operator but not to exceed 150 feet. This work would equal the estimated cost of the original Stage II but to keep within this limit the cost of the winze was placed at $ 85 per ft. and the cost of a short tugger hoist drift, a 25 ft. sheave raise and a timbered ore pocket was borne by the operator.

The ore in the first 3 feet of winze measured 5 feet by 6 feet and a sample of this was sent to the New Jersey Zinc Co. at Hanover, New Mexico, the only known outlet for ore of this type at this time. They reported that the ore was amenable to their flotation process and gave us their assay as follows:

Oz Au	Oz Ag	% Pb	% Ox Pb	% Cu	% Zn	% Ox Zn
0.02	9.88	18.0	0.04	0.29	26.2	0.16

In sinking the winze about 60 % of the material was placed in the surface ore pile where it showed some dilution with waste.

At the winze bottom or 85 ft. level, 85-1 drift was run southwesterly for 17½ feet. Excellent sulphide ore, 3 ft. to 5 ft. wide, continued for 13 feet of this drift and then ended abruptly, with only a few inches of ore remaining in the face of the drift. Then Long Hole No. 9 was drilled from the northeast end of the winze at 85 level, at N 56 deg. E, plus 10 deg, a distance of 24 feet. Only two sludges showed any mineralization, and assayed as follows:

Feet	Oz Ag	% Pb	% Zn
1 to 6	3.92	1.52	7.22
6 to 11	0.18		

Long Hole No. 3

Collared at 14 ft. N. E. ofPlug D and drilled S 23 deg. E, plus 10deg. Entirely in gray, barren rock to 9 feet where it was abandoned due to bit sticking in soft clay zone.

Long Hole No. 4

Collared at 5 ft. N. E. of Plug E. Drilled 12 feet at N 73 deg. W, plus 10 deg, to check the mineralstreaks in Long Hole No. 2/

Feet	Oz. Ag	% Cu
"2½ to 3	19.28	0.68
7 to 8 3/4	0.20	

Long Hole No. 5

This was collared just south of hole No. 2 and was drilled N 80 deg. W, plus 10 deg, for 21 feet. It penetrated a well - mineralized zone and was the first encouragement in the project.

Feet	Oz Ag	% Pb	% CU	% Zn
5 to 6½	2.01		0.09	
8½ to 10½	7.72	11.05	0.25	16.30
10½ to 11 3/4	1.04		0.45	
12½ to 13½	0.82		0.24	
14 to 14½	0.94		0.44	

In January 1967 a drift was run northwesterly between long holes No. 2 and No. 5, following mineralization for it's full length of 12 feet. The was reported as the " January drift "although upon completion it was found to actually crosscut the ore structure. The following samples were assayed during this drive:

Location	Oz Ag	% Pb	% Cu	% Zn
18" in bottom at start	24.42	20.60	0.48	27.10
5" in bottom, 1 ft. from start	28.10	10.90	2.29	17.30
12" sulphide ore at west face	4.65	25.90	0.18	22.05
8 tons ore hoisted to surface	13.24	6.62	0.10	9.35

This work completed the drifting under stage I of the contract. Long holes No. 6, No. 7 and No. 8 were then drilled at the N. E. face of the main drift on the 50 ft. level to determine whether or not this barren drift might be near a mineralized zone worthy of exploration. The only mineral found was 12" (possibly 18") of heavy sulphides in hole No. 8 and while this seemed a good prospect for driving northeasterly into the second prospective zone, it was believed the January drift offered a much better immediate prospect.

Long Hole No. 6

Drilled S 58 deg. E, plus 13 deg, 21 feet in barren ground.

Long Hole No. 7

Drilled N. 20 deg. E, plus 10 deg, 21 ft. in barren ground.

Since this hole did not produce conclusive results, 85-2 drift was run northeasterly for 11½ feet from the winze but found only narrow mineraization. The real disappointment, however, was 85-3 crosscut which was driven southeasterly for 14 feet in strongly fissured ground but without any mineralization. All parties concerned had expected this area below the January drift to prove the existence of an ore shoot of good productive width.

STOPING AND ORE RESERVE

After termination of the exploration in contract 2216, stoping was started by underhanding the ore in the bottom of 85-1 drift and here also the result was discouraging. In 4 to 5 feet of depth the ore pinched from an average 4 feet wide, down to only 6 inches to 14 inches. This underhand mining therefore had to be stopped.

As stated in page 1 of this report about 200 tons of ore have been hoisted and this will be shipped to New Jersey Zinc Co. at Hanover, New Mexico about August 26, 1967 when an improved freight rate becomes effective. The Hanover mill has been instructed to pay 5 % royalty to the government according to contract 2216.

The winze section on the 40 ft. scale map shows an outline of the probable ore reserve. Using an ore width of 4 feet and assuming 10 cu. ft. per ton of ore in place, it appears that not more than 125 tons can be estimated as ore reserve. This should assay about 10 oz. silver per ton with 15 % lead and 22 % zinc. It is still possible that in following narrow remnants of ore a new ore shoot might be found, and this would not be unusual in this district. If this involved new exploration it would have to be financed as the present operator has already spent about twice the amount expected at the start of the project and is unable to assume further risk of any considerable amount.

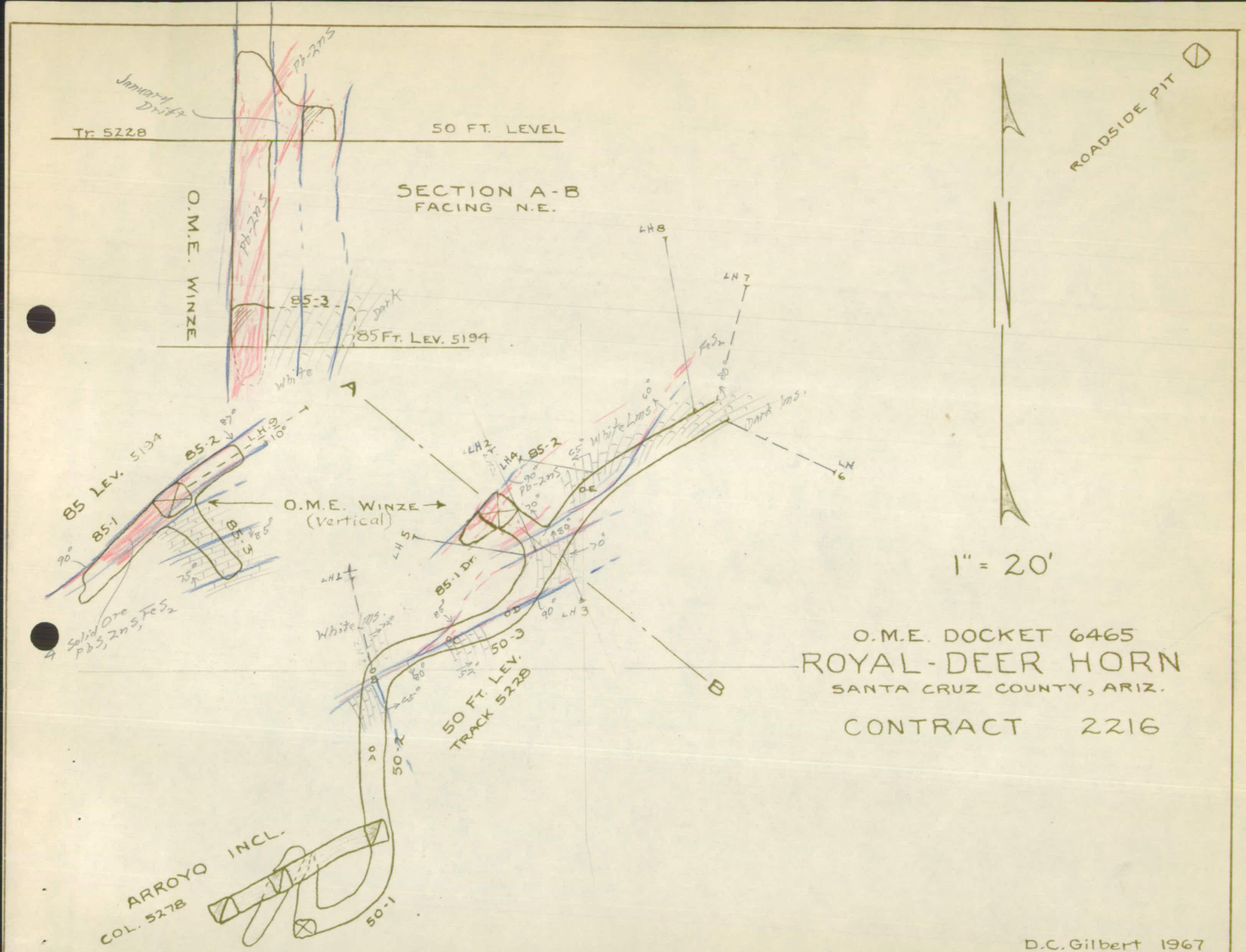
Finally, the project has proved to have been geologically sound since the present ore shoot was found in almost the exact location wherein it had been inferred, and it is of excellent grade although proportionately low in silver. Unfortunately it appears to be confined to one narrow section of a fairly wide fissure zone.

Respectfully submitted,

D. C. Gilbert

August 15, 1967

D. C. Gilbert


Jamward Drift
Tr. 5228
50 FT. LEVEL
SECTION A-B
FACING N.E.
O.M.E. WINZE
Pb-Zn S
85-3
Dark
85 Ft. Lev. 5194
White
A
85 LEV. 5194
85-2
LH 9
85-1
O.M.E. WINZE
(Vertical)
B
Solid Ore
Pb S, Zn S, Fe S2
LH 8
LH 7
Fe S2
Dark lms.
LH 6
LH 2
LH 4
85-2
White Lms.
LH 5
85-1 Dr.
LH 1
White Lms.
50-3
LH 3
50 Ft. Lev.
Track 5228
B
50-2
ARROYO INCL.
COL. 5278
50-1
ROADSIDE PIT
1" = 20'
O.M.E. DOCKET 6465
ROYAL-DEER HORN
SANTA CRUZ COUNTY, ARIZ.
CONTRACT 2216
D.C. Gilbert 1967

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FINAL REPORT

OPERATOR'S PROGRESS REPORT For Month of _____ Docket No. 6465

Operator's Name D. C. Gilbert Contract No. 14-23-090-2216

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			125.5	6560.50			
Crosscutting			12.0	1161.50			
Raising							
Shafts							
Winzes			35.0	3921.00			
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion			175.0	427.00			
Miscellaneous							
Mobilization				160.00			
Roads and Trails							
Stripping							
Trenching							
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs				1215.00			
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work				219.10			
TOTAL TO DATE *(per MME. Form 60)*				13664.10			

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 Aug. 15, 1967 Operator D C Gilbert

Per _____ Title _____

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 _____

Title _____
Government Representative

Date _____

(INSTRUCTIONS ON REVERSE)

REMARKS (Cont.)

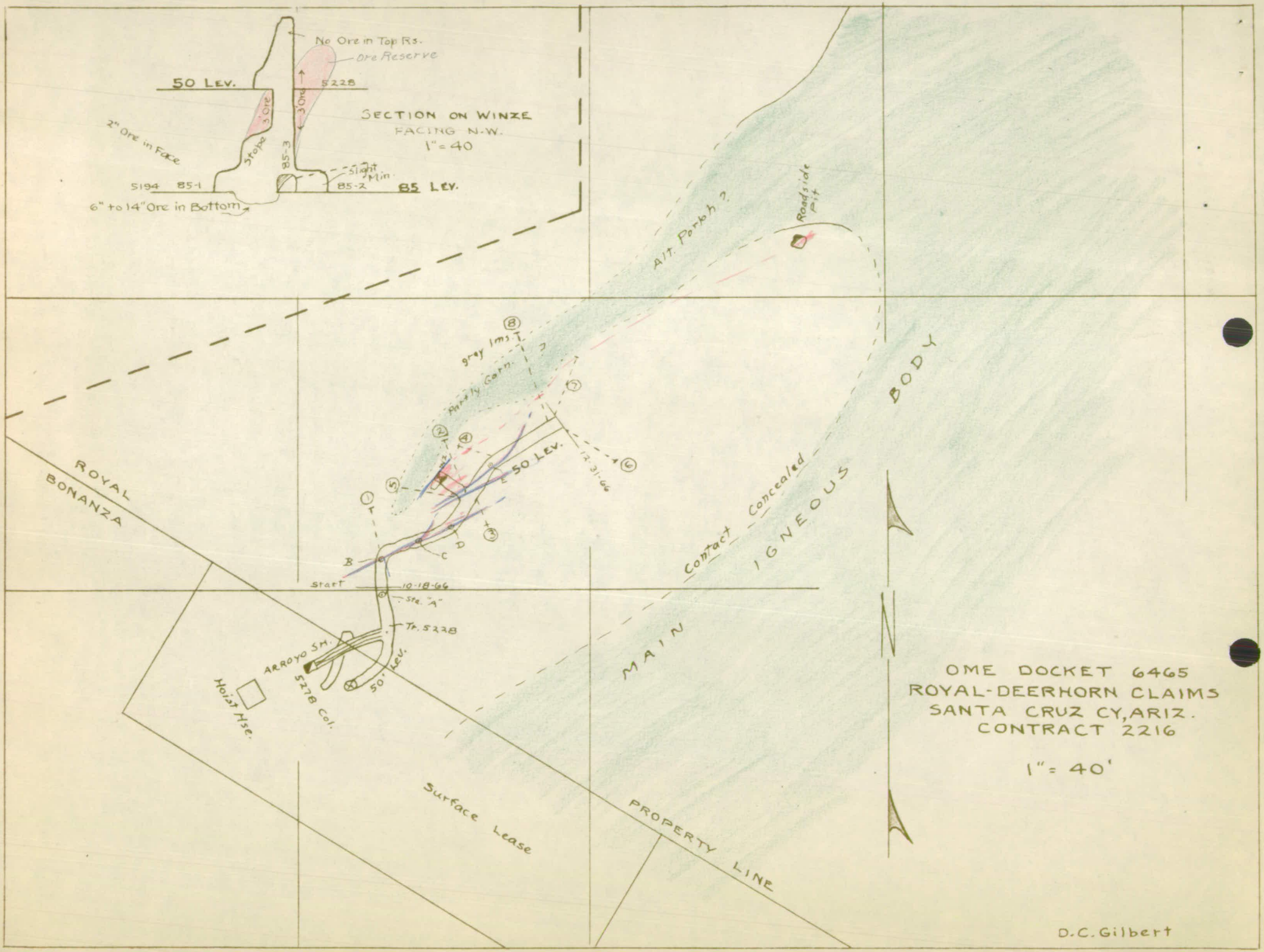
REMARKS (Cont.)

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.


No Ore in Top Rs.
Ore Reserve
50 LEV.
5228
3' Ore
3' Ore
2" Ore in Face
Stope
85-3
Slight Min.
5194
85-1
85-2
85 LEV.
6" to 14" Ore in Bottom
SECTION ON WINZE
FACING N-W.
1" = 40
Alt. Porph ?
Roadside Pit
gray lms. T.
Partly Garn.
50 LEV.
12-31-66
ROYAL BONANZA
Contact Concealed
IGNEOUS
BODY
MAIN
Start
10-18-66
Sta. "A"
Tr. 5228
ARROYO SH.
5278 Col.
50' Lev.
Hoist Hse.
Surface Lease
PROPERTY LINE
N
OME DOCKET 6465
ROYAL-DEERHORN CLAIMS
SANTA CRUZ CY, ARIZ.
CONTRACT 2216
1" = 40'
D.C. Gilbert

SEE BACK OF ORIGINAL FORM FOR INSTRUCTIONS

PAYROLL AND PREMIUM REPORT

THE INDUSTRIAL COMMISSION OF ARIZONA

1616 W. ADAMS PHOENIX, ARIZONA, 85007

OWCP Region III RECEIVED JUL 17 1967 Denver Colo.

POLICY NO.

65772

D C GILBERT MINING
BOX 908
GREEN VALLEY ARIZ 85614

58400 MONTHLY

PAYROLL PERIOD FROM MO	DAY	YR	TO MO	DAY	YR
06	01	67	06	30	67

IMPORTANT

COMPLETE CORPORATE OFFICERS AND AIRCRAFT INFORMATION ON BACK SIDE OF ORIGINAL.

CODE	DESCRIPTION OF WORK PERFORMED	1 TOTAL WAGES INCLUDE VALUE OF BOARD & LODGING	2 COMPENSATION RATE	3 COMPENSATION PREMIUM	4 OCCUPATIONAL DISEASE RATE	5 OCCUPATIONAL DISEASE PREMIUM	6 FOR OFFICE USE ONLY
1164	MINING NOC	1553.16	.1196	185.76	.0020	3.11	
8810	CLERICAL	0	.0013		.0001		
LINE A - TOTAL THIS REPORT		1553.16		185.76		3.11	188.87
LINE B - PRIOR BALANCE DUE	ADV. DEP. DUE			50.85			50.85
LINE C - TOTAL AMOUNT DUE				134.91		3.11	138.02

THIS REPORT IS DUE AND PAYABLE ON THE FIRST DAY OF THE MONTH FOLLOWING THE END OF THE PAYROLL PERIOD AND BECOMES DELINQUENT ON THE LAST DAY OF THAT MONTH.

FOR OFFICE USE ONLY

REMIT THIS AMOUNT

I/We hereby certify that this report is a true and complete statement of all salaries, wages, sums paid or due for regular time, overtime, piece work, commissions, board, lodging, merchandise, credits and other allowances or substitutes for cash earned by or allowed to, all persons on my/our payroll or in my/our employ during this period, and/or covered by this policy.

DATE July 15-1967 SIGNATURE D C Gilbert TITLE Owner

COMPLETE AND RETURN ORIGINAL TO THE INDUSTRIAL COMMISSION. RETAIN DUPLICATE FOR YOUR FILES.

HAWLEY & HAWLEY

ASSAYERS AND CHEMISTS, INC.

1700 W. GRANT RD. • BOX 5934 • 622-483

TUCSON, ARIZONA 85703

BRANCHES: DOUGLAS, ARIZONA; HAYDEN, ARIZONA; EL PASO, TEXAS; AMARILLO, TEXAS

IDENTIFICATION	GOLD OZS	SILVER OZS	LEAD %	COPPER %	ZINC %	MO. %	IRON %		
O. M. E. Contract 2216									
Sludge #24 1 ft to 6 ft.		3.92	1.52		7.22				
" #25 6 ft to 11 ft		0.18							
Long hole No. 9, from N. E. and O. M. E. Winze at 85 ft. level. N 58 degs. E, plus 10 degs.									

CC: Mr. D. C. Gilbert

ADD: P.O. Box 908

CITY: Green Valley, Arizona 85614

DD:

CITY:

REMARKS:

ANALYSIS CERT. BY: D. Gliddewell

PREPARATION $ 1.70

ANALYSIS $ 8.50

ACC: D. C. GILBERT

DATE SPL. RECEIVED 6-20-67

DATE COMPL 6-23-67

GRE 336352

$ 10.20

D. C. GILBERT
MINING ENGINEER

Docket 6465
Contract 2216
Royal Deer Horn Claims
Santa Cruz County, Arizona

Green Valley Ariz.

July 15, 1967

OME Region III
RECEIVED
JUL 17 1967
Denver, Colorado

Mr. J. William Hasler
Room 2284 Bldg 25
Denver Federal Center
Denver, Colo. 80225

Dear Mr. Hasler:

I have just noted that I failed to send the enclosed assay cerificates and Workmans Compensation report to you with my June 1967 report.

We are still doing a little development work but are chiefly mining the ore developed by the winze. I believe we will get a total of 200 to 300 tons of good zinc-lead-silver ore. After that, if we do not find an extension of this ore or get into something new, it appears we will have to shut down.

While there is no immediate necessity, I suggest that you visit us on your next trip this way, since a shut-down will mean flooding, and inspection then would be too costly.

With best personal regards,

Very truly yours,

D. C. Gilbert

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225
Office of Minerals Exploration

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 25 1967

INITIALS	CODE
alp	120
J.E.J.	110
RMJ	1205

July 24, 1967

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6465 (Silver)
Donald C. Gilbert
Royal-Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Please find enclosed the assay certificates and workman's compensation reports that were inadvertently left of of the applicant's June 1967 monthly report.

J. William Hasler
J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Voucher already paid
suspension statement disallowed $10.20 assaying and withheld $200.00 pending final report.
When final report is received and $200.00 is paid the $10.20 should also be paid.
Attach assay certificate to memo to B&F authorizing payment of $210.20

D. C. GILBERT
MINING ENGINEER

Docket 6465
Contract 2216
Royal Deer Horn Claims
Santa Cruz County, Arizona

Green Valley Ariz.

July 15, 1967

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RECEIVED
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D. C. Gilbert

SEE BACK OF ORIGINAL FORM FOR INSTRUCTIONS

PAYROLL AND PREMIUM REPORT

THE INDUSTRIAL COMMISSION OF ARIZONA

1616 W. ADAMS PHOENIX, ARIZONA, 85007

OME Region III RECEIVED JUL 17 1967 Denver, Colorado

POLICY NO.

65772

D C GILBERT MINING
BOX 908
GREEN VALLEY ARIZ 85614

58400 MONTHLY

PAYROLL PERIOD FROM MO	DAY	YR	TO AND INCLUSIVE MO	DAY	YR
06	01	67	06	30	67

IMPORTANT

COMPLETE CORPORATE OFFICERS AND AIRCRAFT INFORMATION ON BACK SIDE OF ORIGINAL.

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LINE A-	TOTAL THIS REPORT	1553.14		185.76		3.11	188.87
NE B-	PRIOR BALANCE DUE ADV. DEP. DUE			50.85 CR			50.85 CR
NE C-	TOTAL AMOUNT DUE			134.91		3.11	138.02

IS REPORT IS DUE AND PAYABLE ON THE FIRST DAY OF THE MONTH OWING THE END OF THE PAYROLL PERIOD AND BECOMES DELINQUENT ON THE LAST DAY OF THAT MONTH.

E

REMIT THIS AMOUNT

reby certify that this report is a true and complete statement of all salaries, wages, sums paid or due for regular time, overtime, piece work, ons, board, lodging, merchandise, credits and other allowances or substitutes for cash earned by or allowed to, all persons on my/our payroll our employ during this period, and/or covered by this policy.

July 15-1967 SIGNATURE D C Gilbert TITLE Owner

COMPLETE AND RETURN ORIGINAL TO THE INDUSTRIAL COMMISSION. RETAIN DUPLICATE FOR YOUR FILES.
*BE SURE TO COMPLETE STEP 11 & STEP 12 ON BACK OF ORIGINAL.

GENERAL INSTRUCTIONS AND INFORMATION

1. Officers of corporations who have not rejected the terms of the Compensation Acts are covered under policies issued by this Commission in the same manner and under the same conditions as are other employees.
2. In the event of new plants or work places, coverage may be secured by notifying the Commission and securing confirmation of your request.
3. If a workman who has been hired or is regularly employed in this state receives a personal injury by accident arising out of and in the course of such employment, he shall be entitled to compensation according to the law of this state EVEN THOUGH SUCH INJURY WAS RECEIVED OUTSIDE OF THIS STATE. A workman hired outside the state is fully covered under policies of insurance issued by this Commission while working within the State of Arizona.
4. In computing the average monthly wage there shall be excluded from such computation all amounts of wages or other compensation for services in excess of an average monthly wage of ONE THOUSAND ($1,000.00) DOLLARS based on a maximum of $12,000.00 per year.
5. Employees who voluntarily reject, in due form, without duress or as a condition of employment, the terms of the Compensation Acts, are not covered under compensation policies issued by this Commission to employers against whom the rejections have been made and filed; however, such employees automatically fall under the benefits of the policy upon revocation of their previous rejection, forms for which are available upon request.
6. Where an employer procures work to be done for him by a contractor over whose work he retains supervision or control, and such work is a part or process in the trade or business of the employer, then such contractors and the persons employed by him, and his sub-contractor, and the persons employed by the sub-contractor, are considered employees of the original employer.
7. Clerical office employees shall be defined as those whose duties are confined to keeping the books and records of the employer and conducting correspondence, or who are engaged wholly in office work where such books and records are kept or such correspondence is conducted, having no other duty of any nature in or about the employer's premises.
8. Policies issued by this Commission are continuous and do not expire except upon cancellation, in accordance with the terms of the policy.
9. For the purpose of bringing policy periods to the first day of the calendar year, the minimum premium on new policies shall be determined at the end of the first calendar year by pro-rating for the time the policy has been in force the applicable minimum premium. If the final premium is less than the minimum premium, the minimum premium or applicable pro-rata portion thereof shall prevail except upon cancellation of the policy when the final premium shall be the premium determined by applying authorized rates to the audited payrolls; or the pro-rata portion of the appropriate minimum premium; or 25% of the appropriate minimum premium, whichever is highest; the minimum premium on Workmen's Compensation Insurance and Occupational Disease Disability Insurance to be computed separately and apart one from the other, but in no event shall the final premium be less than $11.00 for Workmen's Compensation Insurance and $1.25 for Occupational Disease Disability Insurance.
10. Under the terms of your policy, it is required that you maintain an accurate and complete record of all payroll expenditures, and classify them under one of the codes assigned to your policy, same to be available for inspection by our representative at all times. A time book must be kept, listing the name of each employee, temporary as well as regular, nature of employment, period of time employed, wages paid, per hour, day, week, or month, showing total amount paid, and whether paid in cash or by check. Be sure that board, lodging, or other considerations (including but not limited to electric light, water, milk, merchandise, or miscellaneous rentals, tips, etc.) furnished employees are included. The valuation of board furnished employees shall not be less than 50¢ per meal or $1.50 per day when full board is furnished. The minimum valuation for lodging is $2.50 per week or $10.00 per month.

INSTRUCTIONS FOR REPORTING PAYROLL UNDER RESIDENTIAL AND OTHER BUILDING CONSTRUCTION CLASSIFICATIONS

In reporting earnings of employees for premium purposes, Building, Repair and Construction payroll will be governed in accordance with the following rules:

1. All construction, maintenance, repair or alteration performed by contractors to be reported under applicable Building, Repair and Construction Classifications.
2. All new construction or alteration performed by Assured's employees, whether a regular building contractor or not, to be reported under applicable Building, Repair and Construction classifications.
3. Ordinary and miscellaneous repairs and maintenance of employer's buildings, equipment and premises, when accomplished by his employees only, to be reported under the industrial classifications of work assigned to the employer's risk.
4. In reporting payroll under the Building, Repair and Construction classifications, please note that there is no special classification covering Common Laborers or Helpers. The payroll of such employees is to be reported under the classification of work to which said operations are incidental. Carpenter helpers shall be reported under the carpentry classification, concrete laborers under the applicable concrete classification, etc.
5. In reporting payroll under the Building, Repair and Construction classifications, note that the Governing or controlling classification of a risk is defined as that classification which carries the greatest payroll. Under this classification is to be reported all employees not specifically classifiable, such as superintendents, general foremen, maintenance employees, etc. Sub-foreman or straw-bosses shall be reported under the classification which they are directing. Trucking (drivers, helpers and mechanics) when general, shall be reported under the governing classification.
6. Construction or erection work ordinarily is subject to division of payroll under applicable Building, Repair or Construction classifications, provided SEPARATE RECORDS OF PAYROLL ARE MAINTAINED. If separate records of payroll are not maintained for two or more types of operations which would normally be subject to more than one classification, the entire payroll involved shall be assigned to the HIGHEST RATED CLASSIFICATION applicable to any part of such operations.

If the classifications listed on your payroll report fail to cover the type of construction being performed, advise the Industrial Commission of Arizona in detail in order that appropriate classifications and rates may be added to the schedule of your policy.

Code No.	CLASSIFICATION OF WORK
5022	MASONRY Not Otherwise Classified. This includes all bricklaying, adobe, stone masonry, outside stucco work and concrete block construction.
5103	DOOR, DOOR FRAME OR SASH ERECTION OR REPAIR—metal or metal covered. This covers installation or repair, including metal covered doors.
5183	PLUMBING Not Otherwise Classified—gas, steam, hot water or other pipe fitting—including house connections with incidental excavation, installation, inspection and servicing of oil or gas burners, and automatic stokers. Installation of furnaces, ventilating, blower, or air conditioning system to be assigned 5538—"Sheet Metal." This covers all labor in connection with pipe fittings, placing of fixtures, etc. This classification does NOT cover digging of cesspools or sewer construction, Code No. 6306. (For water or gas mains secure special classifications from the Commission.)
5190	ELECTRICAL WIRING—within buildings—including installation or repair of fixtures or appliances.—(Installation of electrical machinery or auxiliary apparatus to be separately rated.) (For conduit or power line construction secure special classification from the Commission.)
5213	CONCRETE CONSTRUCTION Not Otherwise Classified—including foundations, floors, driveways, sidewalks or the making, setting up or taking down forms, scaffolds, false work or concrete distributing apparatus—No Payroll Division with 5203 "Concrete Construction—bridges or culverts"; or 5506 "Street or Road Construction."—(Excavation; pile driving; all work in sewers, tunnels, subways, caissons or coffer-dams to be separately rated.) Include all labor in connection with operation, carpenters, mixers, finishers, laborers, etc. (For paving or surfacing secure special classifications from the Commission.)
5403	CARPENTRY Not Otherwise Classified. Carpenters and helpers employed in concrete construction are to be classified under the appropriate concrete construction classification and NOT carpentry.
5443	LATHING—metal or wood. Metal or wood, except metal lath used as reinforcing for concrete construction.
5474	PAINTING, DECORATING or PAPER HANGING Not Otherwise Classified—including shop operations.—(Painting steel structures or bridges to be separately rated.)
5480	PLASTERING Not Otherwise Classified. This covers inside of building only, outside plastering to be reported under the masonry classification.
5538	SHEET METAL WORK ERECTION, INSTALLATION OR REPAIR Not Otherwise Classified—shop and outside—galvanized iron, sheet iron, corrugated iron, tin or copper.—(Roofing to be separately rated.) This classification covers fabrication, erection and repair, shop and outside, all labor including sheet metal siding, but NOT sheet metal roofing which is to be reported under the roofing classification.
5551	ROOFING—all kinds—including yard employees. This classification covers laying or repairing of roofs only.
6217	EXCAVATION Not Otherwise Classified—including burrowing, filling, back-filling, clearing and leveling of building sites and earth tank work. (Mass rock excavation, grading or excavation in connection with street or road construction, pile driving, shaft sinking, caisson or coffer-dam work to be separately rated.) All labor in connection with handling of earth, including clearing of land for building purposes, back-filling, grading, tamping, rolling, digging or foundations and cellars, etc. (If excavation is mass rock or tunneling, secure special classifications from the Commission.)
6306	SEWER CONSTRUCTION—all operations—including tunneling at street crossings when not performed under air pressure.—(All other tunneling to be separately rated.) This classification includes all labor in connection with digging, connecting of sewer lines, covering, etc.

EXTRACTS FROM WORKMEN'S COMPENSATION LAW

A.R.S., Section 23-984: "An employer who misrepresents to the commission the amount of payroll upon which the premium to be paid to the compensation fund is based, is liable to a penalty of ten times the amount of the difference in premium paid and the amount the employer should have paid***"

A.R.S., Section 23-925: "***Every employer shall furnish the commission, upon request, all information required by it to carry out the purposes of this chapter. *** The commission may require the statement to be verified and returned to the commission within the period fixed by it or by law. *** An employer who refuses *** information required by the commission under authority of this section, or who willfully furnishes any false or untrue statement, is liable to a penalty not exceeding $500.00 for such offense ***"

HAWLEY & HAWLEY
ASSAYERS AND CHEMISTS, INC.
1700 [illegible]RANT RD. • BOX 5934 • 622-4836
TUCSON, ARIZONA 85703

BRANCHES
DOUGLAS, ARIZONA
HAYDEN, ARIZONA
EL PASO, TEXAS
AMARILLO, TEXAS

IDENTIFICATION	GOLD OZS	SILVER OZS	LEAD %	COPPER %	ZINC %	MO. %	IRON %		
O. M. E. Contract 2216									
Sludge #24 1 ft to 6 ft.		3.92	1.52		7.22				
" #25 6 ft to 11 ft		0.18							
Long hole No. 9, from N. E. end . M. E. Winze at 85 ft. level. 56 deg. E, plus 10 deg.									

OMB Region III
RECEIVED
JUL 17 1967
Denver, Colorado

Mr. D. C. Gilbert
D: P.O. Box 908
TY: Green Valley, Arizona 85614
OD:

REMARKS:

ANALYSIS CERT. BY D. Hidewell

PREPARATION $ 1.70
ANALYSIS $ 8.50

D. C. GILBERT

DATE SPL. RECEIVED 6-20-67 | DATE COMPL 6-23-67 | GRE 336352 | $ 10.20

7/12/67/RMB.

MME FORM 60
SEPT. 1950

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 25 1967
INITIALS CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. 6465
Contract No. 14-23-090-2216
Contract Amount $14000.00
Gov't. Participation x75 $10500.00
Mineral(s) Silver

OPERATOR'S MONTHLY VOUCHER

For Month of June 1967

Operator's Name D. C. Gilbert
Address Box 908, Green Valley, Arizona 85614

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						
Drifting	880.00	4642.00	5522.00 ✓			
Crosscutting	0	528.00	528.00 ✓			
Drilling Long hole	36.00	226.50	262.50 ✓			
(De)mobilization	80.00	80.00	160.00 ✓			
Winsing	0	2975.00	2975.00 ✓			
(2) Personal Services:						
Supervision & Technical	265.00	2517.50	2782.50			
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.	0	1215.00	1215.00 ✓			
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work	10.20	208.90	219.10 ✓			
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	1271.20	12392.90	13664.10			

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

Date July 6, 1967 * Payee D. C. Gilbert

Per _____ Title _____

* 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: 945.75 - 14X0804
200.00 - 14X6875(08)
$ 745.75

Signature John
(Authorized Certifying Officer)

Date JUL 24 1967 Vou. No. 80509

(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. 226

Signature J. William Hasler Title Field Officer Date 7/10/67

Approved by OME Executive Officer or Alternate:

Signature J. William Hasler Title Field Officer Date 7/10/67

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 June 1967 Docket No. 6465

Operator's Name D. C. Gilbert Contract No. 14-23-090-2216

OPERATION	UNITS Feet	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		20	125.5	6560.50	20	125.5	6,560.50
Crosscutting		0	12.0	1161.50	0	12	1,161.50
Raising							
Shafts							
Winzes		0	35.0	3921.00	0	35	3,921.00
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion		24	175.0	427.00	24	175	427.00
(Drilling) Mobilization				160.00	1/2	1	160.00
Roads and Trails							
Stripping							
Trenching							
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs				1215.00			1,215.00
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases				210.10			1,197.90
Analytical Work							
				13664.10			13,642.90
TOTAL TO DATE (per MME Form 60)							

REMARKS Distribution of $265 Supervision

	Drifting	Percussion drilling
Direct Cost	880.00	36.00
Supervision	254.50	10.50
Totals	1134.50	46.50

(Continue on back)

REMARKS Suspend $200.00 pending operator's submittal of final geologic and engineering report; Article 5(3)(c) subject control.

(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 July 6, 1967 Operator D C Gilbert

Per _____ Title _____

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 J. William Hasler

Title Field Officer
Government Representative

Date July 10 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.

UNITED STATES
DEPARTMENT OF THE INTERIOR
U. S. Geological Survey
Branch of Budget and Finance
Washington, D. C. 20242

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee: R.C. Gilbert
Box 908
Green Valley, Arizona 85614

Amount Claimed:	Differences (Explained Below)	Amount Approved
$1,271.20	$210.20	$1,261.00 945.75 Govt. Share -200.00 Less 745.75 Total
Bus. Voucher No.	Payee's Invoice No. Contract # 2465 Contract # 2216	Period June 1967

EXPLANATION

Disallowed Analytical Work - No supporting documents.	$10.20
Withheld $200.00 pending submission of final geological and engineering report.	200.00
	$ 210.20

Any reclaim for items deducted must be supported by the original of this statement and submitted to the office shown above.

J. P. McAllister
Branch of Budget and Finance

OMR Region III
RECEIVED
JUL 7 1967
Denver, Colorado

Docket 6465
Contract 2216
Royal - Deer Horn Claims
Santa Cruz County, Arizona

Green Valley, Arizona
July 6, 1967

NARRATIVE REPORT FOR JUNE 1967

During June 1967 there were 28 feet of drift advance and 24 feet of percussion drilling on the 85 ft. level of the O. M. E. winze, but no additional ore was found by this work. Only 20 feet of drifting in June is submitted herewith as this completes the Stage II allowable of 36 feet.

As shown on the attached map, 85-1 drift was advanced southwesterly 1½ feet, plus an additional 2 feet which was narrow and not counted. Here only 1 to 3 inches of ore remain in the face. 85-2 was advanced 11½ feet northeasterly in fairly "live-looking" ground but with no ore. 85-3 southeasterly was especially disappointing as it was below the January drift on the 50 ft. level, which had opened a 9 ft. width of good milling grade ore. The fissures on 50 ft. level were found in 85-3 but with neither ore nor any sulphide mineralization.

Percussion hole No. 9 was drilled N 56 deg. E for 24 feet at plus 10 deg. from the O. M. E. winze at 85 ft. level, before 85-2 was driven. Sludge from 1 to 6 feet of hole was dark and well mineralized. The remainder of the hole produced white sludge with very minor dark specks, the section from 6 to 11 feet assaying as shown below.

Long Hole No. 9

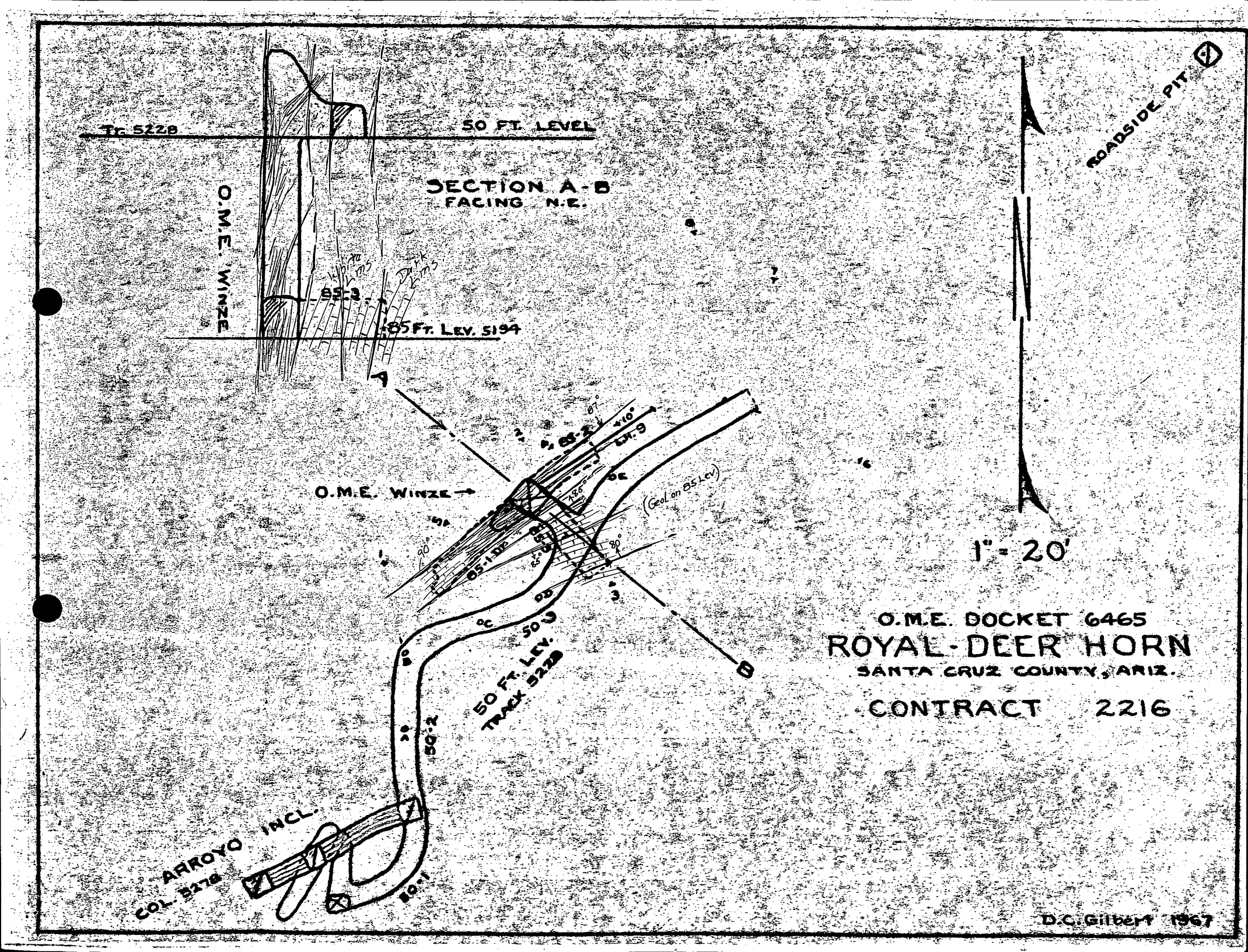
From (feet)	Oz. Ag	% Pb	% Zn
1 to 6	3.92	1.52	7.22
6 to 11	0.18		

With the completion of Contract 2216 it is now proposed to underhand stope the ore shoot on 85 ft. level, andlater the ore between 50 and 85 levels will probably be stoped. Operator is hopeful that the ore will increase in size, downward, but this will have to be determined as the work progresses.

Respectfully submitted,

D. C. Gilbert

D. C. Gilbert


Tr. 5228
50 FT. LEVEL
SECTION A-B
FACING N.E.
O.M.E. WINZE
85-3
85 FT. LEV. 5194
A
B
O.M.E. WINZE
85-2
67°
410°
Cut. 9
OC
(Geol. on 85 Lev.)
180°
90°
80°
85-1 Dr.
OD
50-3
OC
50 FT. LEV.
TRACK 5228
50-2
50-1
ARROYO INCL.
COL. 5278
ROADSIDE PIT
N
1" = 20'
O.M.E. DOCKET 6465
ROYAL-DEER HORN
SANTA CRUZ COUNTY, ARIZ.
CONTRACT 2216
D.C. Gilbert 1967

Note from D. C. Gilbert
OMC - 6465
Royal - Deer Horn Claims
Santa Cruz County, Arizona
Contract No 2216

MAIL
M. E.
RECEIVED
15 1967
gla 120 M
~~110~~
120 S

Hello Bill -

Looks like I will complete #2216! I have left 4 of form 60
8 " " 61
May need just a few.

Ron

1/9/67
(same day received)

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225
Office of Minerals Exploration

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 15 1967

INITIALS	CODE
glo	120
[illegible]	110
RMS	120

June 13, 1967

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6465 (Silver)
D. C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Transmitted herewith are the original and two copies of MME Form 60 (Operator's Monthly Voucher), MME Form 61 (Operator's Progress Report) and Narrative vouchers with supporting documents for the month of May, 1967.

I certify that the information is complete and accurate to the best of my knowledge and belief, and recommend that payment be made.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Enclosures

6/16/67 / RMS

MME FORM 60
SEPT. 1959

OFFICIAL COPY
JUL 26 1967
INITIALS CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. 6465
Contract No. 14-23-090-2216
Contract Amount $14000.00
Gov't. Participation % 75 $ 10500.00
Mineral(s) Silver

OPERATOR'S MONTHLY VOUCHER

For Month of May 1967

Operator's Name D. C. Gilbert
Address Box 908 Green Valley, Arizona 85614

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						
Drifting	704.00	3938.00	4642.00			
Crosscutting	0	528.00	528.00			
Drilling Long hole	0	226.50	226.50			
Mobilization	0	80.00	80.00			
Winzing	935.00	2040.00	2975.00			
(2) Personal Services:						
Supervision & Technical	265.00	2252.50	2517.50			
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.	0	1215.00	1215.00			
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work	44.25	164.65	208.90			
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	1948.25	10444.65	12392.90			

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

Date June 7, 1967 *Payee D. C. Gilbert

Per _____ Title _____

* 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:

$ 1,452.94 14X0804

Signature _____
(Authorized Certifying Officer)

Date JUN 22 1967 Vou. No. 9959

(SEE OTHER SIDE)

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of May 1967 Docket No. 6465

Operator's Name D. C. Gilbert Contract No. 14-23-090- 2216

OPERATION	UNITS	FOR OPERATOR'S USE			FOR GOVERNMENT USE		
		UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting	Feet	16	105.5	5426.00	16	105.5	5,426.00
Crosscutting		0	12.00	1161.50	0	12	1,161.50
Raising							
Shafts							
Winzes		11	35.00	3921.00	11	35	3,921.00
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion		0	151.00	380.50	0	151	380.50
Miscellaneous							
Mobilization				80.00			80.00
Roads and Trails							
Stripping							
Trenching							
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs				1215.00			1,215.00
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work				208.90			208.90
TOTAL TO DATE *(per MME Form 60)*				12392.90			12,392.90

REMARKS

Distribution of $265 Supervision:

	Drifting	Winzing
Direct cost	704.00	935.00
Supervision	114.00	151.00
Totals	818.00	1086.00

(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 June 7, 1967 Operator D C Gilbert

Per _____ Title _____

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 J. William Hasler

Title Field Office Government Representative

Date June 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 costs 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.

JUN 20 12 20 PM '67
SURVEY
5 8 5 9 3

UNITED STATES
DEPARTMENT OF THE INTERIOR
U. S. Geological Survey
Branch of Budget and Finance
Washington, D. C. 20242

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee: D. C. Gilbert
Box 908
Green Valley, Arizona 85614

Amount Claimed	Differences (Explained Below)	Amount Approved
$1,948.25	$11.00	$1,937.25 $1,452.94 Government Participation
Voucher No.	Payee's Invoice No.	Period
	Docket # 6465 Contract # 2216	May 1967

EXPLANATION

Analytical Work Claimed			$44.25
Claimed for Spectrographic analysis		$20.00	
Allowed 1 assay (silver) @ $3.00 =	$3.00		
" 3 " (copper, lead, & zinc) @ $2.00 =	$6.00		
Allowed	$9.00	9.00	
Total Disallowed			11.00
Total Analytical Work Allowed			$ 33.25

Any reclaim for items deducted must be supplied by the original of this statement and submitted to the office shown above.

J. D. McAlister
Branch of Budget and Finance

Docket 6465
Contract 2216
Royal - Deer Horn Claims
Santa Cruz County, Arizona

Green Valley, Arizona
June 7, 1967

OME Region III
RECEIVED
JUN 9 - 1967
Denver, Colorado

NARRATIVE REPORT FOR MAY 1967

During May 1967 the vertical O. M. E. winze was sunk 11 feet to a depth of 35 feet below the 50 ft. level and about 2/3 of the material was added to the ore pile at the surface. A drift (85 - 1) was driven S 45 deg. W a distance of 16 feet on the new sub-level and about 60 % of the drift muck went into the ore pile.

The winze and drift have exposed a small ore shoot at the 85 ft. level. This ore shoot is about 4 ft. wide and 13 ft. long, with 1 to 2 ft. of high grade ore continuing southwesterly. The ore consists of solid, heavy sulphides and a 4 ft. horizontal cut in the vein at 5 ft. from the winze assayed as shown in No. 23 below.

Sample No. 21 consisted of very clean, purplish sphaelerite with a large amount of galena and was about 3 ft. wide in the bottom of the winze. No. 22 was a grab sample of about 30 tons of ore, chiefly from the winze and is probably typical of the dilution which occurs in mining the narrow ore. Spectographic analysis was also made on sample No. 22 in order to determine whether other minerals of value might be present. This analysis is enclosed, and appears to be negative.

The general plan for the final month of June 1967 is to continue 85 - 1 drift southwesterly if enough ore persists. Also to drill percussion holes at the 85 ft. level and to crosscut toward any favorable intercepts. The zone below the " January " drift is still thought to be favorable.

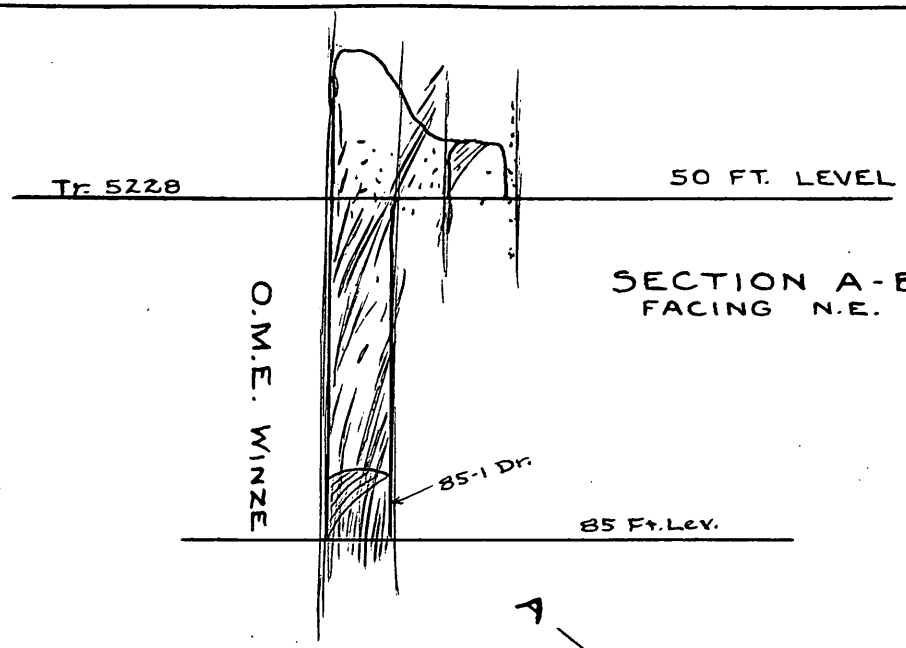
The results of the project to date seem to call for additional exploration and development and the present operator is unable to proceed beyond the termination of O. M. E. contract 2216. It is expected that a Lease and Option to Purchase will be executed with Scientific Exploration and Mining Co. soon after completion of this contract. A copy of the proposed agreement was forwarded to the government offices in Denver some time ago for approval of those portions which protect the interests of the government.

Respectfully submitted,

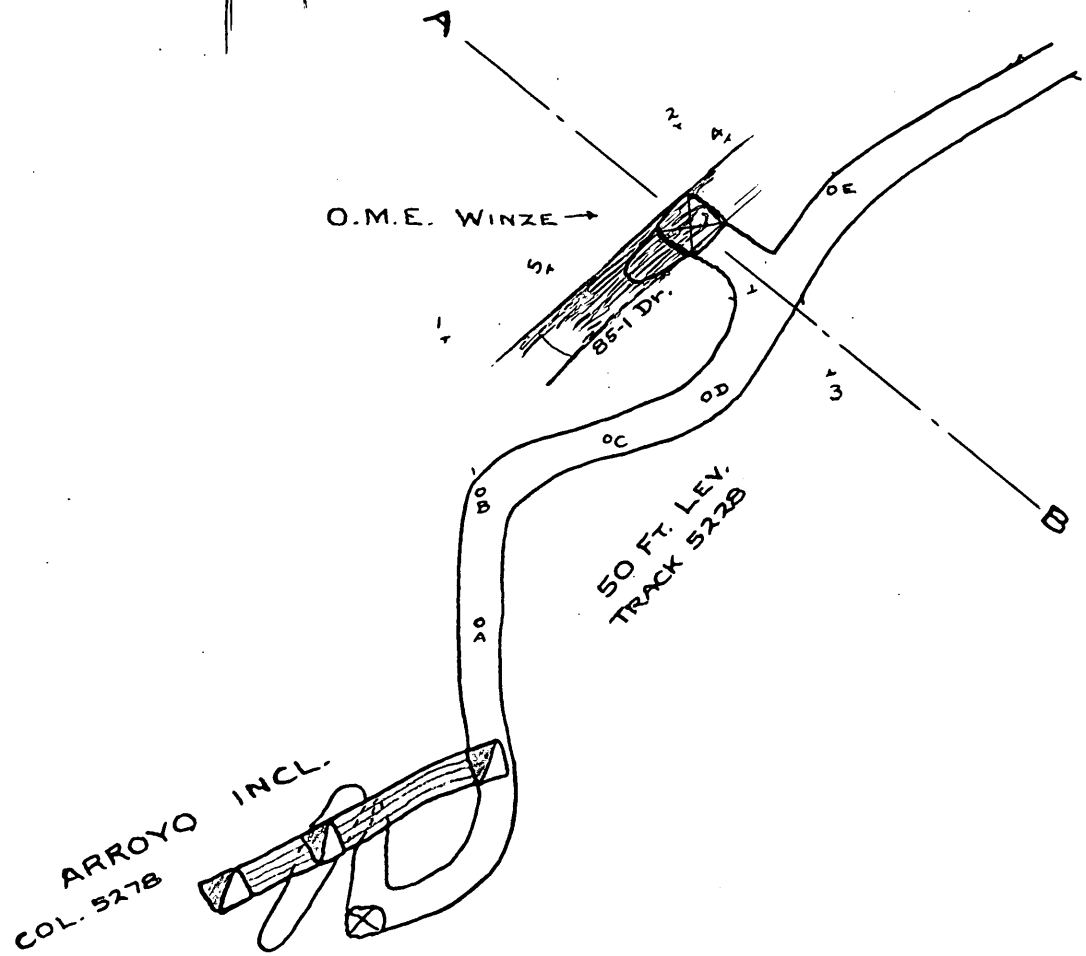
D. C. Gilbert

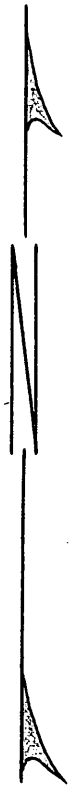
D. C. Gilbert

Sample	Oz Ag	% Pb	% Cu	% Zn
21	14.28	26.3		31.7
22	9.30	20.8		18.9
23	10.50	23.27	0.05	29.45



SECTION A-B
FACING N.E.





1" = 20'

O.M.E. DOCKET 6465

ROYAL-DEER HORN

SANTA CRUZ COUNTY, ARIZ.

CONTRACT 2216

D.C. Gilbert 1967

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225
Office of Minerals Exploration

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 25 1967
MINERALS CODE

May 19, 1967

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6465 (Silver)
D. C. Gilbert
Royal and Deer-Horn Claims
Santa Cruz County, Arizona
Contract 2216

Transmitted herewith are the original and two copies of the MME Form 60 (Operator's Monthly Voucher), MME Form 61 (Operator's Progress Report) and narrative report for April, 1967 on the above-stated contract.

I certify that, to the best of my knowledge and belief, the foregoing are correct and just and recommend that payment be made.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

5/25/67 / RMB.

MME FORM 60
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

ORIGINAL COPY RECEIVED JUN 9 1967

INITIALS CODE

Docket No. 6465
Contract No. 14-23-020-2216
Contract Amount $14000.00
Avg. Participation 75% $10500.00
Mineral(s) Silver

OPERATOR'S MONTHLY VOUCHER

For Month of April 1967

Operator's Name D. C. Gilbert
Address Box 908 Green Valley, Arizona 85614

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						
Drifting	0	3938.00	3938.00			
Crosscutting	0	528.00	528.00			
Drilling Long hole	0	226.50	226.50			
Mobilization	0	80.00	80.00			
Winzing	1487.50	552.50	2040.00			
(2) Personal Services:						
Supervision & Technical	265.00	1987.50	2252.50			
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.	0	1215.00	1215.00			
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work	0	164.65	164.65			
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	1752.50	8692.15	10444.65			

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

Date May 15-1967 *Payee D. C. Gilbert

Per _____ Title _____

* 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)

JUN 8 1967

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

$ 1,314.38 14X0804

Signature John
(Authorized Certifying Officer)

Date JUN 8 1967 Vou. No. 9528

(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. 2216

Signature J. William Hasler Title Field Officer Date 5/19/67

Approved by OME Executive Officer or Alternate:

Signature J. William Hasler Title Field Officer Date 5/19/67

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.

999199

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT — For Month of April 1967 — Docket No. 6065

Operator's Name D. C. Gilbert — Contract No. 14-23-090- 2216

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	Feet	0	89.5	4608.00	0	89.5	4,608.00
Crosscutting		0	12.0	1161.50	0	12.0	1,161.50
Raising							
Shafts							
Winzes		17.5	24.00	2835.00	17.5	24.0	2,835.00
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion		0	151.0	380.50	0	151.0	380.50
Miscellaneous							
Mobilization				80.00			80.00
Roads and Trails							
Stripping							
Trenching							
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs				1215.00			1,215.00
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work				164.65			164.65
TOTAL TO DATE (per MME Form 60)				10444.65			10,444.65

REMARKS

Direct cost of winzing 1487.50
Supervision 265.00
Total cost 1752.50

(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 May 15-1967 Operator D. C. Gilbert

Per _____ Title _____

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 J. William Hasler

Title Field Officer
Government Representative

Date May 19 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.

BUDGET & FINANCE
MAY 29 1 26 PM '67
RECEIVED
U.S. SURVEY
5 7 6 6

OME Region III
RECEIVED
MAY 18 1967
Denver, Colorado

Docket 6465
Contract 2216
Royal - Deer Horn Claims
Santa Cruz County, Arizona

Green Valley, Arizona
May 15, 1967

NARRATIVE REPORT FOR APRIL 1967

Early in April 1967 the raise over the O. H. E. winze at the face of the January drift was extended 10 feet, from 15 feet to 25 feet over the 50 ft. level, in order to provide adequate room for a pocket. The winze was then sunk 17½ feet to a total depth of 24 feet below the level.

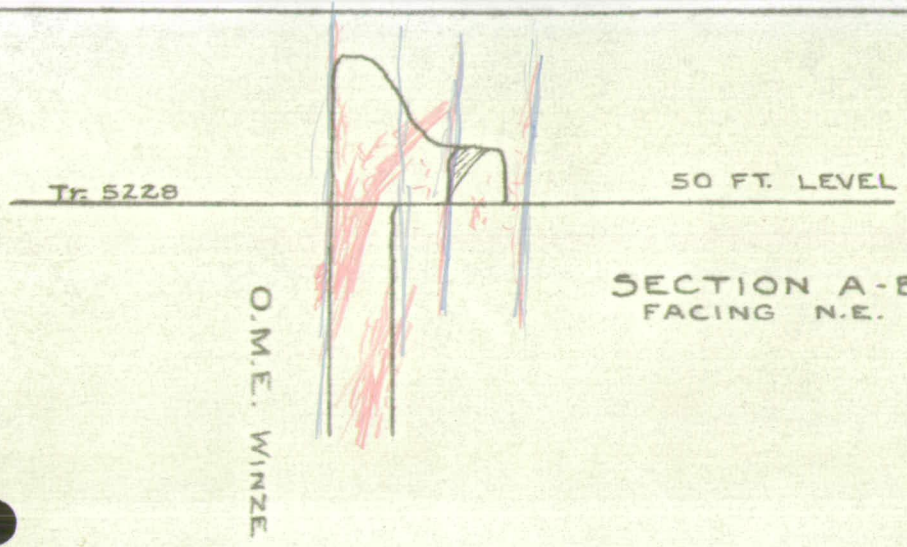
As shown on the accompanying section some waste rock appeared at about 10 feet below the winze collar, but this was followed by new zinc - lead sulphide ore. This new ore is apparently of excellent grade although samples are still in process of assay. No drilling or development of any ore in the winze was attempted during April since the proposed level at 35 ft. depth will be a better location for this.

In addition to samples of ore from the winze, a large sample of the more recent ore pile at the surface was delivered to Hawley and Hawley of Tucson for spectrographic analysis.

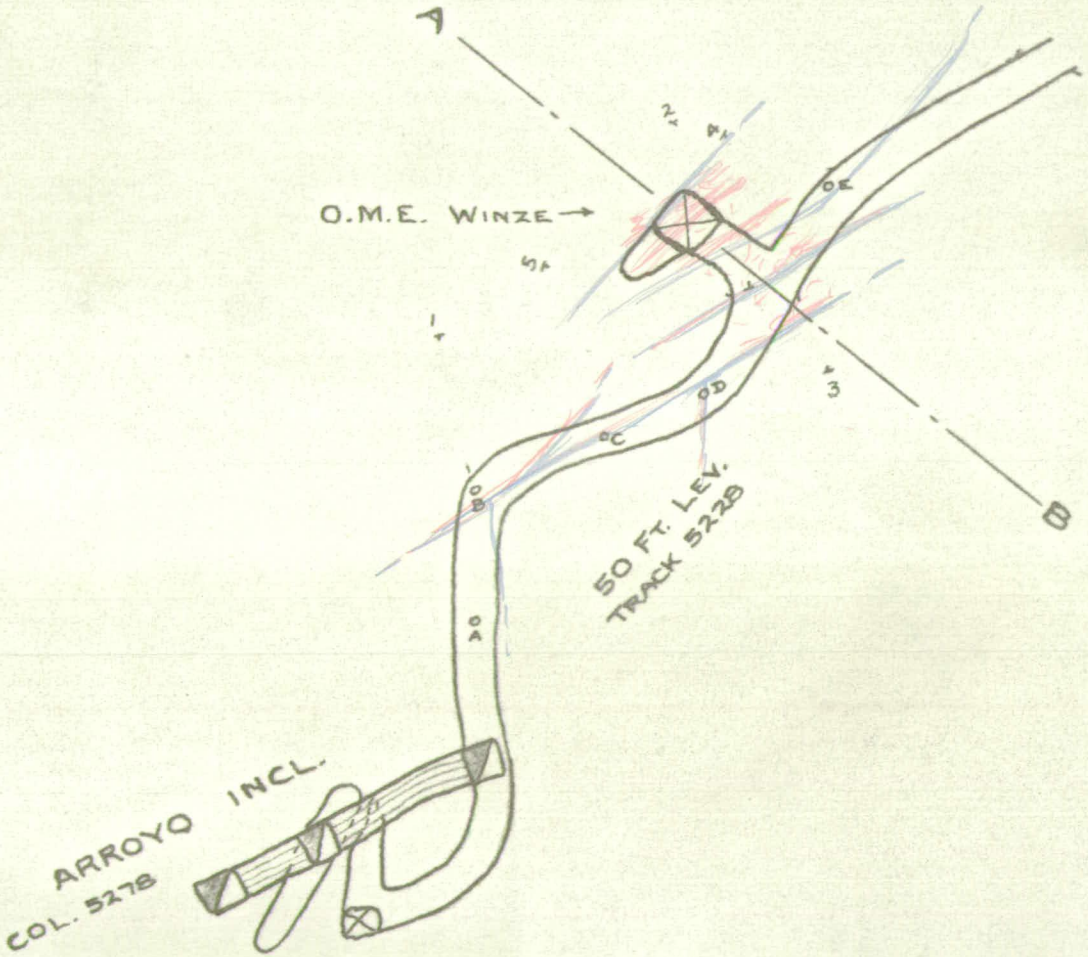
Respectfully submitted,

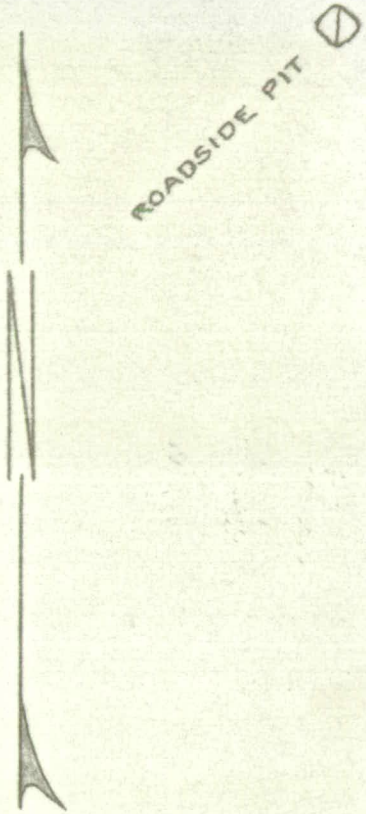
D. C. Gilbert

D. C. Gilbert



SECTION A-B
FACING N.E.





1" = 20'

O.M.E. DOCKET 6465

ROYAL-DEER HORN

SANTA CRUZ COUNTY, ARIZ.

CONTRACT 2216

D.C. Gilbert 1967

MME FORM 60
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. 6465
Contract No. 8216
14-23-090-
Contract Amount $ 14000.00
Gov't. Participation % 75 $ 10500.00
Mineral(s) Silver

OPERATOR'S MONTHLY VOUCHER -- For Month of March 1967

Operator's Name D. C. Gilbert
Address Box 908, Green Valley, Arizona 85614 (Change of Address)

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	0	3938.00	3938.00			
Crosscutting	0	528.00	528.00			
Drilling Long hole	0	226.50	226.50			
Mobilization	0	80.00	80.00			
Winzing	552.50	0	552.50			
(2) Personal Services:						
Supervision & Technical	265.00	1722.50	1987.50			
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.	0	1215.00	1215.00			
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work	0	164.65	164.65			
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	817.50	7874.65	8692.15			

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

Date April 12, 1967 Payee D. C. Gilbert

Per _____ Title _____

* 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:

$ 613.13 14X0804

Signature Jdm
(Authorized Certifying Officer)

Date APR 25 1967 Vou. No. 8290

(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. 2216

Signature J. William Hasler Title Field Officer Date 4-12-67

Approved by OME Executive Officer or Alternate:

Signature J. William Hasler Title Field Officer Date 4-12-67

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.

BUDGET & FINANCE
APR 19 1 40 PM '67
RECEIVED
53664

MME FORM 61
SEPT. 1959

4/18/67/13 m 8.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of March 1967 Docket No. 6465

Operator's Name D. C. Gilbert Contract No. 14-23-090- 2216

OPERATION	UNITS Feet	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		0	89.5	4608.00	0	89.5	4,608.00
Crosscutting		0	12.0	1161.50	0	12.0	1 161.50
Raising							
Shafts							
Winzes		6.5	6.5	1082.50	6.5	6.5	1 082.50
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion		0	151.0	380.50	0	151.0	380.50
Miscellaneous							
Mobilization				80.00			80.00
Roads and Trails							
Stripping							
Trenching							
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs				1215.00			1,215.00
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work				164.65			164.85
TOTAL TO DATE *(per MME Form 60)*				8692.15			8,692.35

REMARKS O. M. E. Winze - Stage II (Amended)

Supervision for preparation (February) $ 265.00
Supervision for preparation and sinking (March) 265.00
Direct cost, sinking (March) 552.50

Total cost to date 1082.50

No charges other than supervision were made for raising, timbering etc in preparation.

(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 April 12, 1967 Operator D C Gilbert

Per _____ Title _____

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 J. William Hasler

Title Field Officer
Government Representative

Date April 12 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.

BUDGET & FINANCE
APR 19 1 PM '67
RECEIVED GEOLOGICAL SURVEY
5 3 6 6 4 4

Office of Minerals Exploration

April 13, 1967

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME 6465 (Silver)
D. C. Gilbert
Royal-Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Transmitted herewith are the original and two copies each of the MME Form 60 (Operator's Monthly Voucher), MME Form 61 (Operator's Progress Report), and Narrative Report, with attached documents and map for the month of March 1967. Enclosed also are the original and two copies of MME Form 61 (Operator's Monthly Voucher) and MME Form 60 (Operator's Monthly Report) claiming 54 feet of long hole drilling previously disallowed, but now eligible, by way of amendment No. 1, executed March 15, 1967.

J. William Hasler

J. William Hasler
Field Officer, Region III
Office of Minerals Exploration

Enclosures

cc: Chief, OME
OME chron
Hasler chron
2216

Docket 6465
Contract 2216
Royal - Deer Horn Claims
Santa Cruz County, Arizona

Green Valley, Arizona
April 12, 1967

NARRATIVE REPORT FOR MARCH, 1967

During March 1967 preparation was continued for sinking a winze on sulphide ore near the face of the January drift. As shown on the attached 20 ft. scale plan and section, a raise and cutout for bucket dump are now about 15 feet high and a short tugger hoist drift and rope cutout have been provided. The winze collar has been well timbered and a bucket dump " door " and small chute have been built but the head room for these now appears cramped. None of this preparation was included in estimated costs in the application for the amended Stage II of the project.

The winze has now been sunk 6½ feet vertically with dimensions of 6 feet by 6 feet. At depth of only 3 feet much of the limestone in the vein at the collar was replaced by sulphide ore and at the 6½ ft. depth the bottom shows fully 4 feet wide of heavy sulphides with some scattered sulphides in the remaining 2 feet of width. The ore strikes about N 45 deg. E and has a near-vertical dip. Leaving the winze on the southwest it is only 1½ feet wide but on the northeast it is 3 feet wide and apparently high in lead and zinc with some copper sulphide appearing.

The mill at Deming, New Mex. which had been the proposed treatment agency has been closed and this leaves only the mill of the New Jersey Zinc Co. at Hanover, New Mex. as a prospective purchaser at this time. However it now seems possible that our immediate neighbor, the J. R. Simplot Co. of Boise, Idaho, who have been drilling extensively in the Duquesne area during the past year, may build a selective flotation mill at Duquesne before the end of 1967.

A mill test sample from the first 3 feet of our O.M.E.winze was sent to New Jersey Zinc recently, and their assay is as follows:

Oz Au	Oz Ag	% Pb	% Ox Pb	% Cu	% Zn	% Ox Zn
0.02	9.88	18.0	0.04	0.29	26.2	0.16

The estimated net mill value of this ore after deducting treatment charges and the estimated trucking and railroad charges is $ 45.17 per ton. The silver - lead ratio is below the usual 1.5 to 1 for the district but this may be a temporary condition. My personal forecast is that 8 to 10 % lead with 12 to 15 oz. silver per ton will result when larger quantities of ore are averaged.

Respectfully submitted,

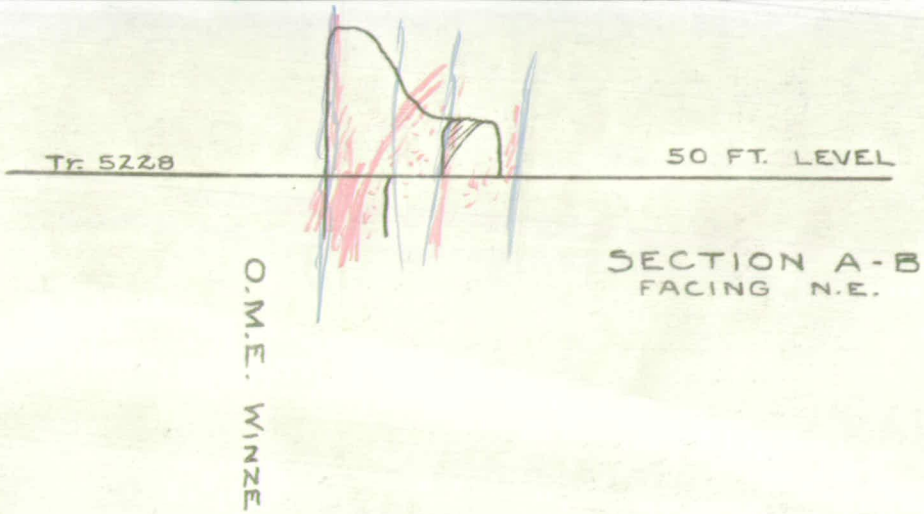
D. C. Gilbert

New address due to lease expiration:

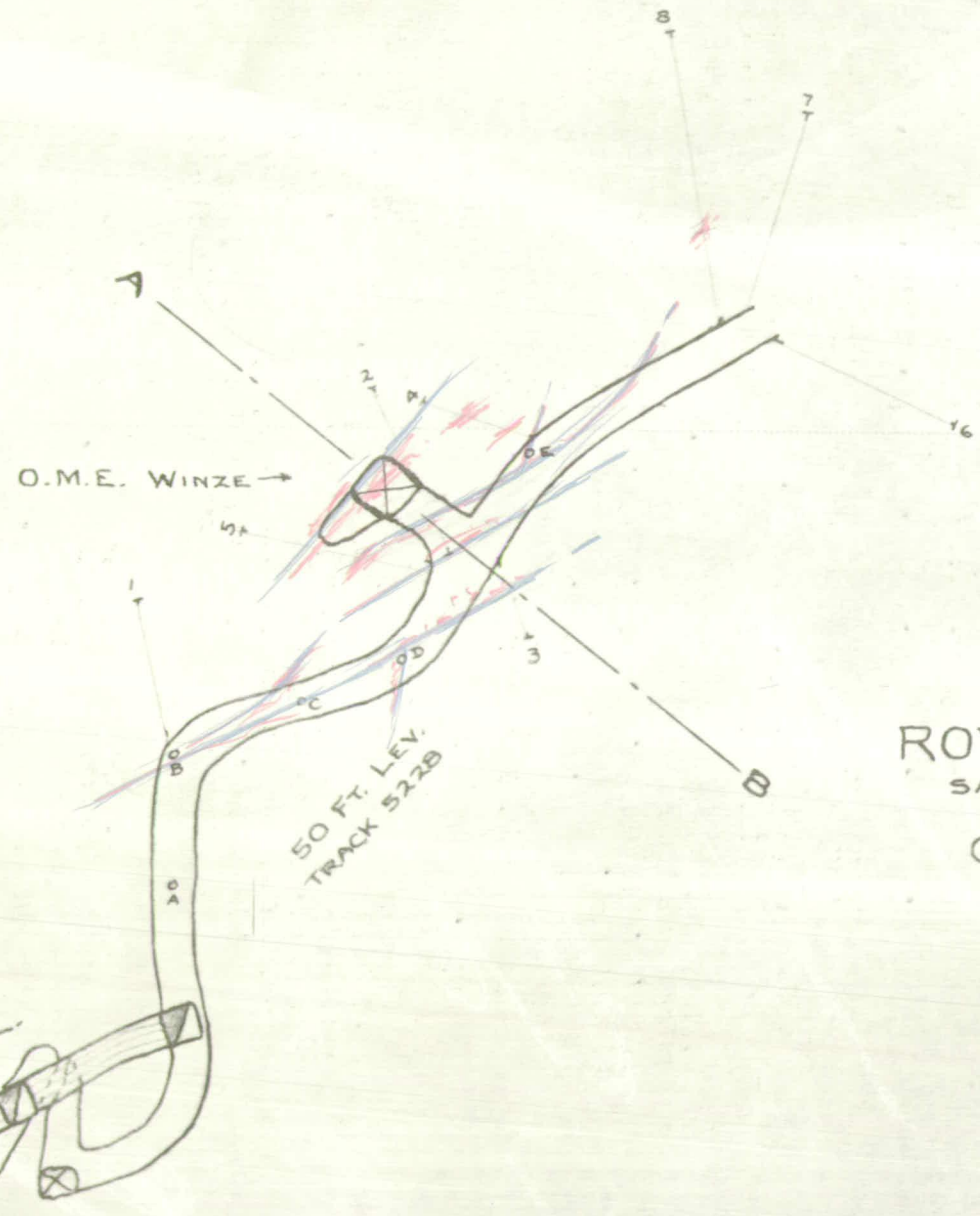
Box 908 Green Valley, Ariz. 85614

Telephone 625-8503

OME Region II
RECEIVED



SECTION A-B
FACING N.E.



1" = 20'

O.M.E. DOCKET 6465

ROYAL-DEER HORN

SANTA CRUZ COUNTY, ARIZ.

CONTRACT 2216

D.C. Gilbert 1967

MME FORM 60
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OFFICIAL COPY U. M. E.

RECEIVED MAR 27 1967 ORE Region III Denver, Colorado

OPERATOR'S MONTHLY VOUCHER

For Month of December 1966 January 1967

Docket No. 6465
Contract No. 2216
14-23-090-1
Contract Amount $ 14000.00
Gov't. Participation 75% 10500.00
Mineral(s) Silver

Operator's Name D. C. Gilbert
Address T.N.Star Rt. Box 96, Nogales, Arizona 85621

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						
Drifting						
Crosscutting						
Drilling Percussion						
Holes 4 & 5 Dec. 1966	49.50					
Hole 7 Jan. 1967	31.50					
		Note: Long holes re-submitted under Amendment No. 1, dated March 15, 1967				
(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	81.00					

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

Date March 24, 1967 * Payee D C Gilbert

Per _____ Title _____

* 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:

$ 60.75 14X0804

Signature John (Authorized Certifying Officer)

Date APR 2 0 1967 Vou. No. 8290

(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. 2216

Signature J. William Hasler Title Field Officer Date 4/12/67

Approved by OME Executive Officer or Alternate:

Signature J. William Hasler Title Field Officer Date 4/12/67

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

4/18/67/RMS

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT

For Month of December 1966 January 1967

Docket No. 6465

Operator's Name D. C. Gilbert

Contract No. 14-23-090-2216

OPERATION	UNITS Feet	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							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn			To Jan 31,	1967			
Percussion		54	151	380.50	54	151.0	380.50
Miscellaneous Percussion			(Cost for 54 ft. $81.00)				
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)*							380.50

REMARKS

Above total of 151 units and $ 380.50 was reported for January 1967. Long holes 4 and 5 in December 1966 (33 ft, $ 49.50) and also long hole No. 7 in January, 1967 (21 ft, $ 31.50) had been disallowed. Due to Amenment No. 1 of Contract 2216 these are now allowable and are re-submitted.

54 ft. at $1.50, $81.00

(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 34-1967 Operator D C Gilbert

Per _____ Title _____

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 J. William Hasler

Title Field Officer
Government Representative

Date April 12, 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.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/21	RM Smith	
4/21/67	Kirkemo	

AIRMAIL

Mr. C. A. Dickey
1495 Loch Lomond Trail, S. W.
Atlanta, Georgia 30331

APR 21 1967

Re: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Dear Mr. Dickey:

Thank you for your letter of April 17, 1967, and the accompanying Personal Financial Statement.

We regret that your financial eligibility is not clearly established by the information in the Statement since Seminco is a Partnership, not a Corporation, and your personal assets would appear to be sufficient to enable you to obtain funds to complete the referenced OME project from commercial sources.

The information, however, does not rule out your eligibility. In these circumstances, will you please furnish true copies of correspondence with two banks as outlined under item 1(a) on the back of the application form (MME Form 40). The amount of the loan requested should be $3,800 which is roughly the Government's share of the costs of the work remaining to be completed.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure - Application Form

cc: Director's Reading File
Division File
Econ. Geol. File
OME Docket
OME Reading File
Region III w/cy of inc. ltr only
Smith

RMSmith/mm (4/21/67)

23263

1495 Loch Lomond Trail, SW
Atlanta, Georgia, 30331
April 17, 1967

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

Re: Your Letter April 13, 1967
OME-6465 (Silver

Dear Mr. Johnson

I am enclosing the personal financial statement which you requested. If there is any other information you may need we will be glad to send it to you.

Very truly yours,

Clarence A. Dickey

CAD:jd

OFFICIAL COPY
O. M. E.
RECEIVED
APR 19 1967
INITIALS | CODE

C. B. 110

PERSONAL FINANCIAL STATEMENT

(Suggested by Federal Reserve Bank of Atlanta)

Name Clarence A. & June R. Dickey

Address 1495 Loch Lomond Trail, S.W., Atlanta, Georgia, 30331

To: Office of Minerals Exploration ~~BANK~~
U. S. Dept. of Interior

I make the following statement of all my assets and liabilities as of the 17th day of April, 1967, ~~and agree that it is for the purpose of obtaining credit with you and that you may rely upon it in making loans or discounts or accepting bills for your discount or purchase, or for the purpose of obtaining credit with other persons, firms or corporations.~~

for reference OME 6465 (Silver)

(PLEASE ANSWER ALL QUESTIONS, USING "NO" OR "NONE" WHERE NECESSARY)

ASSETS		LIABILITIES AND NET WORTH	
Cash (See Sched. No. 1) On hand, and unrestricted in banks.	$ 15,375	Notes Payable to Banks, Unsecured Direct borrowings only. (See Sched. No. 1)	$ None
U. S. Government Securities	1,500	Notes Payable to Banks, Secured Direct borrowings only. (See Sched. No. 1)	None
Accounts and Loans Receivable (See Sched. No. 2)	none	Notes Receivable, Discounted With banks, finance companies, etc. (See Sched. No. 1)	None
Notes Receivable, Not Discounted (See Sched. No. 2)	none	Notes Payable to Others, Unsecured	2,000
Notes Receivable, Discounted With banks, finance companies, etc. (See Sched. No. 2)	none	Notes Payable to Others, Secured	None
Life Insurance, Cash Surrender Value (Do not deduct loans.) (See Sched. No. 3)	9,650	Loans Against Life Insurance (See Sched. No. 3)	5,400
Other Stocks and Bonds (See Sched. No. 4)	222,200	Accounts Payable	1,600
Real Estate (See Sched. No. 5)	30,000	Interest Payable	none
Automobiles Registered in Own Name.	2,800	Taxes and Assessments Payable (See Sched. No. 5)	none
Other Assets (Itemize) Household, Personal, etc	12,000	Mortgages Payable on Real Estate (See Sched. No. 5)	11,000
		Brokers Margin Accounts (See Sched. No. 7)	
		Other Liabilities (Itemize)	
		Net Worth	$ 273,525
Total Assets	$ 293,525	Total Liabilities and Net Worth	$ 293,525

SOURCE OF INCOME		PERSONAL INFORMATION	
Salary	$ 35,000	Business or occupation Manager (Porex Materials Corp.)	Age 42
Bonus and commissions	$ none	Partner or officer in any other venture (SEMINCO)	
Dividends	$ none	Owner, Scientific Exploration & Mining Co.	
Real Estate income	$ none		
Other income—itemize	$ none	Married Yes	Dependent Children Four
		Single ~~No~~	Other Dependents None
Total	$ 35,000		

CONTINGENT LIABILITIES		GENERAL INFORMATION	
As endorser or co-maker Porex Materials	$ 160,000	Are any assets pledged?	No
On leases or contracts	$ none	Are you defendant in any suits or legal actions?	no
Legal claims	$ none		
Provision for Federal Income Taxes	$ none	Have you ever made a composition settlement? Explain:	no
Other special debt	$ none	Have you ever taken bankruptcy? Explain:	no

SUPPLEMENTARY SCHEDULES

No. 1. Banking Relations. (A list of all my bank accounts, including savings, and loans)

Name and Location of Bank	Cash Balance	Amt. of Loan	Maturity of Loan	How Endorsed, Guaranteed, or Secured
C & S Northwest Office, Atlanta	$3321	none	none	none
Atlanta Federal Savings & Loan	$12,054	none	none	none

(SEE OTHER SIDE)

No. 2. Accounts, Loans and Notes Receivable. (A list of the largest amounts owing to me.)

Name and Address of Debtor	Amount Owing	Age of Debt	Decription of Nature of Debt	Description of Security Held	Date Payment Expected
NONE					

No. 3. Life Insurance.

Name of Person Insured	Name of Beneficiary	Name of Insurance Co.	Type of Policy	Face Amount of Policy	Total Cash Surrender Value	Total Loans Against Policy	Amount of Yearly Premium	Is Policy Assigned?
~~C. A. Dickey~~	~~June R. Dickey~~	~~N. Y. Life~~						
C. A. Dickey	June R. Dickey	N. Y. Life	20 Yr.	7500	4100	3000	Paid-up	No
C. A. Dickey	June R. Dickey	Franklin Life	Ord. Life	22,500	1100	---	$559	No
C. A. Dickey	June R. Dickey	G. I.	20 Yr.	10,000	3600	2400	Paid-Up	No
June R. Dickey	C. A. Dickey	G. I.	20 Yr.	2,500	850	none	Paid-Up	No.

No. 4. Other Stocks and Bonds.

Face Value (Bonds) No. of Shares (Stocks)	Description of Security	Registered in Name of	Cost	Present Market Value	Income Received Last Year	To Whom Pledged
2600	Glasrock Products	C. A. Dickey	$20,225	$44,200	None	Restricted by Option
2500	S.W. Chem. & Plastics	C. A. & June R.D.	20,000	45,000*	none	*Estimated
6160	Porex Materials Corp.	C. A. & June R. D.	6,160	$133,000*	none	*Estimated
Partnership	SEMINCO	C. A. & June R. D.	18,000	None	(10,519)	Loss

No. 5. Real Estate. The legal and equitable title to all the real estate listed in this statement is solely in the name of the undersigned, except as follows:

Description or Street No.	Dimensions or Acres	Improvements Consist of	Mortgages or Liens	Due Dates and Amounts of Payments	Assessed Value	Present Market Value	Unpaid Taxes Year	Unpaid Taxes Amount
Residence	one	Home	11,000	$135.00/mo.	12,000	30,000	None	

No. 6. I buy goods principally from:

Name	Address	Name	Address
Rich's, Atlanta			
Davison's Atlanta			

No. 7. Brokers Margin Accounts. List the names and addresses of the brokers and indicate the net amount due to each:

None

No. 8. Insurance Coverage. Fire Insurance: Buildings $_____, Automobile(s), Household Effects, etc. $_____; Indicate if policies have extended coverage endorsement: _____; Liability Insurance: Automotive $_____, Personal $_____, General Public $_____; Other Insurance (describe): Usual Home Owner & Auto Ins.

Date of latest independent analysis of insurance: _____; Indicate adequacy of coverage: _____

The undersigned certifies that each side hereof and the information inserted herein have been carefully read and is true and correct.

Date 4-17-67

Signed C. A. Dickey

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225
Office of Minerals Exploration

March 24, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 28 1967
INITIALS CODE
RMA 1518

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6465
D. C. Gilbert
Royal-Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Transmitted herewith are the original and two copies of MME Form 60, MME Form 61 and narrative vouchers with substantiating documents for the month of February, 1967 on the above-stated contract.

I believe the vouchers to be correct and just, and recommend payment thereon.

J. William Hasler
mc.
J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

MEClark/mc/3/24/67

cc: Chief, OME
Hasler chron
OME chron
2216

3/29/67/RMG

MME FORM 60
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. 6465
Contract No. 2216
14-23-090- ~~14000.00~~
Contract Amount $ ~~75~~ ~~10500.00~~
Gov't. Participation % ~~Silver~~
Mineral(s)

OPERATOR'S MONTHLY VOUCHER

For Month of February 1967

Operator's Name D. C. Gilbert
Address ~~T.N.Star Rt. Box 96 Nogales, Arizona 85621~~

OFFICIAL COPY O. E. RECEIVED APR 13 1967 INITIALS CODE

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	~~0~~	~~3938.00~~	~~3938.00~~			
Drifting	~~0~~	~~528.00~~	~~528.00~~			
Crosscutting	~~0~~	~~226.50~~	~~226.50~~			
Drilling Long hole	~~0~~	~~80.00~~	~~80.00~~			195.00
Mobilization						
(2) Personal Services:						
Supervision & Technical	265.00	1457.50	1722.50			
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.	0	1215.00	1215.00			
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment	~~7.50~~	~~157.15~~	~~164.65~~			
Analytical Work						
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	~~272.50~~	~~7602.15~~	~~7874.65~~			7983.15

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

Date Mar. 2-1967 *Payee D. C. Gilbert

Per _____ Title _____

* 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:

$ 204.37 14X0804

Signature _____ (Authorized Certifying Officer)

Date APR 12 1967 Vou. No. 7978

(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. 2216

Signature J. William Hasler Title Field Officer Date 3/24/67

Approved by OME Executive Officer or Alternate:

Signature J. William Hasler Title Field Officer Date 3/24/67

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 1967 Docket No. 6465

Operator's Name D. C. Gilbert Contract No. 14-23-090- 2216

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
	Feet						
Drifting		0	89.5	4608.00	0	89.5	4,608.00
Crosscutting		0	12.0	1161.50	0	12.0	1,161.50
Raising							
Shafts							
Winzes Preparation				265.00	265.00		265.00
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion		0	151	380.50	0	97	145.50
Miscellaneous Mobilization				80.00			80.00
Roads and Trails							
Stripping							
Trenching							
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs				1215.00			1215.00
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work				164.85			164.85
TOTAL TO DATE *(per MME Form 60)*				7874.65			7,639.85

REMARKS

$265.00 supervision charged to preparation for sinking winze. (Approval for winze not yet received.)

(Continue on back)

REMARKS

Operator has requested payment for supervision and analytical work only to Feb. 1967.

(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 Mar. 2-1967 Operator D C Gilbert

Per _____ Title _____

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 J. William Fisher

Title Field Office Government Representative

Date March 24, 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

OME Region III
RECEIVED
MAR 3 - 1967
Denver, Colorado

Docket 6465
Contract 2216
Royal - Deer Horn Claims
Santa Cruz County, Arizona

Nogales, Arizona
March 2, 1967

NARRATIVE REPORT FOR FEBRUARY 1967

During February 1967 a raise was driven 13 feet above the January drift and ground was shot out for tugger hoist and ore chute, preparatory to sinking a winze to explore the small ore "pipe"at the drift face.

Pumping was continued and equipment repairs were made, but no development headings were driven.

A sample was cut from a 4" wide streak of oxidized material in igneous rock about N 70 deg. E, 230 feet from the collar of the Arroyo incline. This oxidized material strikes about N 80 deg. W and dips very steeply, but the assay shows only low values.

	Sample	Oz Ag	% Pb	% Zn
# 20	4" Ox. streak	1.98	0.03	0.15

No information regarding the proposed Stage II winze has been received to this time.

Respectfully Submitted,

DC Gilbert

D. C. Gilbert

No addition to map for Feb. 1967

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/13/67	R M Smith	120
4/13/67	Kirbomo	120
		110
4/13	cal	220
		120M

AIRMAIL

Mr. C. A. Dickey
1495 Loch Lomond Trail, S. W.
Atlanta, Georgia 30331

APR 13 1967

Re: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Dear Mr. Dickey:

Thank you for your letter of April 11, 1965, transmitting your personal resume in evidence of your qualifications as an assignee of OME Contract 2216 between the Government and Mr. Gilbert.

The OME program is designed to assist individuals and small companies which cannot otherwise finance the full cost of an exploration project. To establish financial eligibility under OME regulations, the Operator of an exploration contract must furnish evidence that funds are not available from commercial sources.

To determine Seminco's financial eligibility as the assignee of an OME contract, we would require a recent financial statement of the company. If you are the sole owner of Seminco, we would require a copy of your personal financial statement.

For your information, we are enclosing literature which describes the OME program, and a copy of the application form. Upon receipt of the requested financial statement, we shall promptly determine the eligibility of Seminco and inform you accordingly.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosures

cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
OME Region III w/cy incoming ltr & enclosure
Mr. Smith

RMSmith/gla 4-13-67

23263

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

Office of Minerals Exploration

April 7, 1967

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6465 (Silver)
D. C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Colorado
Contract 2216

A memorandum to you dated April 4, 1967 transmitted documents pertaining to a lease and option to purchase on the subject property as well as Mr. Gilbert's letter accompanying the instrument of proposed lease explaining his desire relative to the subject contract.

It is the opinion of the Field Officer, Region III, that the program should be completed, and it is therefore recommended that an assignment of contract be executed to proceed with the OME contract if the legal instrument is found adequate as well as the corporate structure and financial eligibility of the Scientific Exploration Mining Company meets the OME requirements.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

1495 Loch Lomond Trail, S.W.
Atlanta, Georgia 30331
April 11, 1967

Donald C. Gilbert
OME-6465

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

OFFICIAL COPY
O. M. E.
RECEIVED
APR 12 1967

INITIALS	CODE
	120
	120

Re: OME Exploration Contract #2216

Dear Mr. Johnson:

Enclosed is a personal resume'. Dr. McFall has requested that I forward this to you in connection with the lease and exploration program on the D. C. Gilbert claims in the Patagonia district near Nogales, Arizona. If you need further information I shall be glad to send it.

Very truly yours,

C. A. Dickey

C. A. Dickey

CAD:ch

SCIENTIFIC EXPLORATION AND MINING COMPANY

Resume of Clarence A. Dickey

Born: October 27, 1924 in Spearfish, South Dakota

Father: Vice-President and Manager, First National Bank of the Black Hills--retired

Family: Wife and four children--Residence, 1495 Loch Lomond Trail, S.W.
Atlanta, Georgia, 30331

Education: B.S., Chemical Engineering, S.D. School of Mines & Tech., 1944
M.S., Chemical Engineering, University of Michigan, 1948
M.B.A. Business Administration, University of Michigan, 1949

Service: U. S. Navy, Electronics, 1945-1946

Business & Employment

National Advisory Committee for Aeronautics (now NASA). Instrument Engineer. 1944

Shell Oil Company. Refinery at Houston, Texas. Process Engineer. 1949-1952.

Index Chemical Company. Chemical plant on Greens Bayou, Houston, Texas. 1952-1959. Founder, Vice President and principal stockholder. Index Chemical was in the organic chemical synthesis field. Products were organic sulfur compounds (mercaptans, sulfides and thiophenol) used as gas odorants, rubber compounding and chemical intermediates. This plant was the first in the country to synthesize these chemicals. The process was developed by C. A. Dickey and the plant design construction and operation were supervised by him. From an original sales association with Pennsalt Chemicals Corp. developed an eventual merger and this plant is now an important part of the Pennsalt organization. Sales are $5-10 million.

Southwest Chemical & Plastics Corp. Currently a Director and one of eight principal stockholders. Compounding plant at Seabrook, Texas and LaPorte, Texas, 1959 to present. The feasibility study for this plant was made by Dickey in 1959, immediately after the sale of the Index operation to Pennsalt. This plant began operation in 1960 under Dickey's former assistant at Index Chemical. The plant compounds additives such as carbon black, titanium dioxide, slip agents and similar materials with polyethylene, polypropylene and similar thermoplastics. Customers are the major Southwest producers such as du Pont, Dow, U.S.I., Celanese, Monsanto, Hercules and Rexall Chemical. The plant Value is between $1½-2 Million. Sales are $1½ million annually. Recently a subsidiary, Southwest Latex Corp., was formed to construct and operate a synthetic rubber plant at Bayport, Texas.

SCIENTIFIC EXPLORATION AND MINING COMPANY

Resume of Clarence A. Dickey

Business & Employment (Cont'd.)

Mills Aircraft Sales & Service, Fulton County Airport, Atlant, Ga. Currently Vice-President, Director and 45% Stockholder. In 1960 Dickey moved from Houston to Atlanta and spent one year in reorganizing and explanding this aircraft sales, maintenance, storage, training and charter service.

Porex Materials Corporation. 1961-Present. President and principal stockholder. Porex is the only plant of its kind in the world, producing porous plastics for laboratory and industrial filtration and for the marking pen industry. Customers are manufacturers such as Sheaffer, Parker, Esterbrook, Sanford Ink Co., Eversharp, Eberhard-Faber etc. The processes were developed by Dickey during 1961-1963 and production began in 1964. Employment now totals 60 people. The plant is located in Fairburn, Georgia. A new site for expansion (16 acres) was acquired in 1966 and a new 25,000 sq. ft. plant will be constructed in 1967-68. A 15,000 sq. ft. building for a Porex subsidiary was recently completed on this site.

Southeastern Precision Forge Corp. SEPFO is a subsidiary of Porex Materials Corp. and is located in a 15,000 sq. ft. building recently completed on Porex' property in Fairburn, Ga. SEPFO was organized in October, 1966 for the purpose of forging principally non-ferrous and "exotic" metals. No forging previously existed in the S.E. United States. Operations will begin in March, 1967.

Glasrock Products Inc. - Director 1962-Present. This is an Atlanta-based operation producing fused silica for aircraft tooling (supersonic transports) steel and aluminum refractory applications and other high temperature uses (Sales $3 million). Because of managerial difficulties at Glasrock, Dickey was asked by individuals in Lehman Bros. (New York) to investigate the problems and recommend their solution . (Certain Lehman partners were involved in the original financing of S.W. Chemical and Plastics). The resultant changes have resulted in much growth and progress at Glasrock which will probably be listed on the American Exchange in 1967.

SEMINCO - 1966. Scientific Engineering and Mining Company was formed in 1966 as a joint venture with Dr. Carew McFall of San Jose, California. Dr. McFall has had a variety of experience in foreign and domestic fields as well as in education, having worked as an oil geologist in the Carribean and in the western U.S. and in both sedimentary and hardrock commercial minerals ranging from expandable shale to lead, copper and silver. Having known Dr. McFall for over 17 years, Dickey has been working toward this association for sometime. In the short time since organization Dr. McFall has developed techniques concerning conductive type mineralizations that are unique and can be expected to produce fruitful results in a period of time far shorter than is usual in geological work.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/7	RM Smith	
4/7/67	Kirbano	
4/7	cal	210
		120

AIRMAIL

Mr. Donald C. Gilbert
General Delivery
Green Valley, Arizona 85614

Re: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Dear Mr. Gilbert:

Your letter and enclosures of March 31, 1967, to Mr. J. W. Hasler requesting approval of a proposed assignment of the referenced contract to Scientific Exploration and Mining Company have been referred to this office.

The OME has procedures established whereby a contract can be assigned to a new operator, but before an assignment can be approved the new operator must establish financial eligibility. Since Clarence A. Dickey is sole owner of Semineo, we require a recent financial statement to determine his eligibility.

If an assignment is executed, the Government would not release you from royalty obligations in case a Certification of Possible Production is issued as a result of the OME project. Paragraph 2, page 2, of the proposed Lease and Option to Purchase is valid and would obligate Semineo, but should it default, the Government would then look to you for payment.

Upon receipt of the requested financial statement, we shall promptly determine the eligibility of Semineo and inform you of the results.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Division File
Econ. Geol. File
OME Docket
OME Reading File
Region III
Smith
RMSmith/mm (4/7/67)

23263

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225
Office of Minerals Exploration

April 4, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
APR 5 1967
INITIALS CODE

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6465 (Silver)
D. C. Gilbert
Royal & Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Transmitted herewith are the following documents pertinent to the above-stated contract: Lease and option to purchase (5 pages), Appendix A (4 pages), Appendix B (4 pages) (16 pages), letter from SEMINCO (Scientific Exploration and Mining Company (2 pages), and a copy of a letter from Mr. D. C. Gilbert.

J. William Hasler
mc.
J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

MEClark/mc/4/4/67
cc: OME chron
Hasler chron
2216

Copy to Washington 4/4/67

D. C. GILBERT
MINING ENGINEER

O. M. E. Docket 6465
Santa Cruz County, Arizona
Contract 2216 (Silver)

Nogales, Arizona
March 31, 1967

Mr. J. William Hasler
U. S. Geological Survey
Denver Federal Center,
Denver, Colorado 80225

Dear Mr. Hasler:

In a day or two you should receive two copies of a Lease and Option to Purchase agreement which has been proposed by Scientific Exploration and Mining company of San Jose, California. This is in line with our discussion with you earlier today to which Mr. C. Carew McFall, their general manager, was a party, by telephone.

Mr. Chauncey Thornburg of Salt Lake City, who is retiring from U. S. Smelting Refining and Mining Co. in a short time, will be an active member of this "Seminco" organization, and I believe you are acquainted with his ability as a mining geologist. Finances will be furnished by Mr. Clarence Dickey, a business man of Atlanta, Georgia, with whom they have been associated for some time.

These people have been investigating possible mining ventures for some two years and now want to acquire a property with immediate ore possibilities in an area which might offer opportunities for expansion. They feel that my Royal - Deer Horn property offers a good starting point and they would like to take over the operation as soon as the government will approve.

From my personal viewpoint I would now like to retire from active operations as soon as I can do so properly and without any damage to the project. I find that my 73 years are becoming a handicap, physically, and while I am of course able to continue to the conclusion of Contract 2216 if necessary, future mining operations may become somewhat of a struggle. For this reason the proposed Lease and Option to Purchase agreement seems to be advantageous to me and it also should improve the government's position in the future of this project.

In this connection I believe "Seminco" will endeavor to explore the adjoining Bonanza claim, mentioned in Contract 2216 as part of the 5 % royalty area and they will probably explore the Deer Horn vein as well as the Royal claim northeasterly from our present operations.

With best personal regards,

Very truly yours,

D. C. Gilbert

D. C. Gilbert

Copy to Washington 4/4/67

SEMINCO

INCORPORATED

SCIENTIFIC EXPLORATION AND MINING COMPANY

Region III RECEIVED APR 3 1967

General Delivery
Nogales, Ariz. 85621
April 1, 1967

Mr. William Hasler
Office of Minerals Exploration
Building 25
Federal Center, Denver, Colo.

Dear Mr. Hasler:

Enclosed are two copies of the Lease and Option to Purchase that Donald C. and Emma L. Gilbert, Lessors, and Seminco, Lessee, will execute when OME approval for assignment of your Exploration Contract 2216 is received.

Seminco is registered in San Jose, California, at the County Recorder's office as a sole proprietorship of Clarence A. Dickey of 1495 Loch Lomond Trail, SW, in Atlanta, Georgia 30331 (Phone: 404 344 2822). C. A. Dickey and his wife, June R. Dickey own a fast-growing plastic business, Porex Materials at 348 Bay Street in the Atlanta suburb, Fairburn, Georgia 30213 (Phone: 404 964 3341). They have recently set up a metals forging business, and have interest in several small Texas chemical plants and in a airplane sales-chartering business near Atlanta.

Seminco, was set up in May 1966, and really got underway in September 1966 due to my Bradberry commitments. We have been conducting geophysical exploration using a rather new, Canadian EM device that we think shows great promise, judging from results on the known ore bodies traversed to date. Our operating budget has, for this first year, been $20,000 which is about what will have been spent. Gilbert's will be our first lease.

Chauncey L. Thornburg, who you know, has stayed past retirement with his company, U. S. Smelting. They have given him permission to do some outside work and he has been actively consulting for Seminco and we plan to work together after June when he will have retired.

I will call you next Wednesday at 9:45 AM to find out what other information you and the OME will be needing. Incidentally, Seminco banks at Wells Fargo, Alum Rock Avenue office in San Jose (2880 Alum Rock Ave., S. J., account no. 20149).

Regards,

Carew McFall

C. Carew McFall
General Manager

3538 El Grande Drive, San Jose, California 95132, Tel: 408 251-7340, Cable: Seminco, Sanjose, Calif.

Professional Training and Experience

C. CAREW McFALL

Geologist

C. Carew McFall studied non-geological courses for short times at the University of Oklahoma (1944-45) and Principia College, Elsah, Illinois (1947), has served $1\frac{1}{2}$ years in the Army (1944-46), has three degrees in geology: a B. S. (1950) and an M. A. (1952) from the University of Texas and a Ph. D. (1956) from Yale University. He instructed freshman geology labs at both The University of Texas and Yale University. Between college terms, Carew worked for several oil companies, had a 6-week undergraduate field course in east Texas, two months of field mapping in west Texas connected with a master's thesis, and six months of field work in southern Utah connected with a doctoral dissertation.

From June 1955 to December 1958, Carew was employed by Texaco, Inc. The work included: one year of subsurface geology and well-sitting in the Denver basin under Carle E. Boyer, four months as assistant to Dr. Charles Ducloz in a geological reconnaissance of Haiti, $1\frac{1}{2}$ years of surface geological mapping and seven months of well-sitting in Cuba also under Ducloz, and a scouting trip through Central America under W. S. Olson.

From February 1959 to June 1961, Carew was an assistant professor at the University of Southern California, teaching structural geology, advanced structural geology, petroleum geology, general geology, economic geology, maps and air photos, and conducting a summer field course for senior geology students.

Carew resigned from the University of Southern California effective August 1961 to do independent exploration for nonmetallic mineral deposits. During June and July 1961 he studied the limestone deposits of California in the field. From August to December 1961, he worked temporarily for Granite Rock Company; assisting in laying out claims, blasting down discovery faces, and mapped and reported on the geology of a large, undeveloped limestone deposit in California. This work was under the supervision of Olaf P. Jenkins and Ira C. Bechtold.

Work from January 1962 to April 1963 was chiefly independent exploration for and promotion of a deposit of expansible shale near Oakland, California which was subsequently assigned to and developed by Kaiser Industries, Inc.

From April 1963 to July 1964 McFall was occupied principally as a visiting associate professor and then research associate at the Department of Geology of Stanford University, teaching general geology for two quarters and then conducting a 6-month geologic study of the Concepcion Bay area in Baja California, Mexico.

In July 1964, McFall joined the consulting firm Bradberry Associates and handled mainly assignments in the western United States involving metallic and nonmetallic mineral exploration, drilling, and evaluation, a regional mineral inventory, geochemical surveys, and land development. Carew resigned from Bradberry Associates ~~at the end of 1965~~ in May 1966 to do independent mineral exploration and consulting.

LEASE AND OPTION TO PURCHASE

THIS LEASE AND OPTION TO PURCHASE AGREEMENT made and entered into, in quintuplicate, this _____ day of _____, 1967, between DONALD C. GILBERT and EMMA L. GILBERT, husband and wife, residing at Green Valley, Arizona, hereinafter called "Lessors", and SCIENTIFIC EXPLORATION AND MINING COMPANY, with principal office at 3538 El Grande Drive, San Jose, California, hereinafter called "Lessee",

RECITES THAT:

The Lessors, for and in consideration of $10.00, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter expressed and by Lessee to be performed, do hereby grant a lease with option to purchase, and Lessee assumes this lease and option to purchase the Royal and Deer Horn Claims, hereinafter sometimes called the "Mining Claims", owned by Lessors, together with the right and privilege of exploring for marketable ore and/or other minerals or nonmetallics on said premises and with the right to construct all works and appliances upon said premises and make such other use of said premises as may be necessary or convenient in exploring for and extracting ore or other valuable mineral therefrom, together with all easements of ingress and egress which may be appurtenant thereto, and all water or water rights appurtenant to any of said property, and all mining improvements, workings, and structures located thereon.

Said claims are two (2) overlapping patented lode mining claims totalling 30.552 acres, in unsurveyed sec. 2, T. 24 S., R. 16 E., Gila and Salt River Base and Meridian, Patagonia mining district, Santa Cruz County, Arizona, recorded in the County Recorder's office at Nogales, Arizona, in U. S. Mineral Survey No. 4423, Docket 33, Page 442.

In addition, the Lessors hereby assign to Lessee and Lessee assumes from Lessors that certain Lease Agreement effective April 10, 1965, a copy of which is attached as Appendix B and made a part hereof,

in which the surface rights of the adjacent Arroyo Block (recorded in the County Recorder's office at Nogales, Arizona, in Docket 59, Page 566) within the Bonanza Claim are granted to Lessors by the owners of the Bonanza Claim, Fred Williams, Jr., of Indianapolis, Indiana, and Carl T. and Eudoris I. Sandberg, husband and wife, of Tucson, Arizona, and Lessee agrees to save the said owners of the Bonanza Claim harmless from any action by reason of injury to, or the death of, any person occurring on said Arroyo Block.

Further, the Lessors assign to Lessee and Lessee assumes all obligations and provisions of that certain Exploration Contract No. 2216 and its Amendment No. 1, both of which are attached as Appendix C and made a part hereof, between the Office of Minerals Exploration of the U. S. Geological Surveyand the Lessors, concerning a loan to aid exploration of the Mining Claims.

Said Lease with Option to Purchase is made upon the following terms and conditions, to which all of the parties hereto agree:

1.0 TERM - This Lease and Option to Purchase is not restricted as to time so long as the minimum quarterly royalties prescribed below are paid to Lessors.

2.0 EXPLORATION AND MINING - Lessee shall have the right to enter into immediate possession of the demised premises to examine the property and to do such exploration and development as it deems necessary to satisfy itself as to the presence of valuable minerals and as to values and tonnages, and to extract any such valuable minerals or rock within the Mining Claims during the term of this Lease and Option to Purchase.

For twenty days after the date first written above, Lessors shall have the right to remove from the demised premises all broken rock or ore on the surface and all equipment, buildings, material, machinery, and supplies placed by Lessors on the Mining Claims or the adjacent Arroyo Block, provided, however, that any pipe or rails installed in said mine workings or timber placed in any of the mine working shall become a part of the realty, and any buildings permanently attached to

the realty or other permanent fixtures or improvements shall not be removed.

Lessors further agree to leave in good order and condition all drifts, shafts, tunnels, and other passages and workings in which Lessors have worked during said OME contract, clear of loose rock and rubbish, unless so prevented by extraordinary mining casualty.

3.0 TAXES - Taxes shall be paid by Lessors on their real property until such property is conveyed to Lessee by purchase.

4.0 NOTICES - Until otherwise advised, all notices required under this Lease and Option to Purchase shall be directed as follows:

4.1 To Lessors: Mr. Donald C. Gilbert
Green Valley, Arizona 85614

4.2 To Lessee: Mr. C. Carew McFall
Scientific Exploration and Mining Co.
3538 El Grande Drive
San Jose, California 95132

5.0 ROYALTY - The royalty on ore or other valuable mineral extracted from the Mining Claims shall be ten (10) percent of the net mill or smelter returns, on, in the case of nonmetallics, of the sale price. However, on the first 150 tons of ore produced from the Mining Claims by Lessee, the royalty to Lessors shall be fifty (50) percent of the net mill or smelter returns. All royalty payments shall be applied to a minimum quarterly royalty due Lessors of One Thousand Two Hundred Dollars ($1,200), which shall be due by the tenth of the month following the end of each calendar quarter. The minimum royalty for a fraction of a quarter will be that fraction times One Thousand Two Hundred Dollars ($1,200). Lessors are to receive one copy of each settlement sheet from the mill or smelter handling ore from the Mining Claims.

Net mill or smelter returns is understood to be the net return received from the mill or smelter for any lot of ore after deducting the cost of railway or truck freight, or both, from the mine to the mill or smelter, treatment, control, assaying and other charges incident to mill or smelter return, plus any premiums paid, less sales tax if not paid by the ore purchaser, and less any deficiency on any previous lot.

6.0 OPTION TO PURCHASE - All royalty payments to Lessors by Lessee shall apply to a purchase price of One Hundred Thousand Dollars ($100,000), for which price Lessors agree to sell to Lessee the Royal and Deer Horn Claims, at any time during the term of this Lease and Option to Purchase. To this end, Lessors agree to deposit, without unusual delay, a Warranty Deed to said Mining Claims in escrow at the Downtown Office of the Valley National Bank, 2 East Congress Street, Tucson, Arizona, together with one executed copy of the within Lease and Option to Purchase, and instructions to deliver said Warranty Deed to Lessee upon payment therefor in full.

7.0 PAYMENTS - All payments by Lessee to Lessors shall be directed to this escrow account at said bank. Cost of escrow and transfer of title shall be borne by Lessors.

8.0 GENERAL CONDITIONS - Appendix A covering general conditions is attached and made a part of this Lease and Option to Purchase.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed the day and year first above written.

_____
Donald C. Gilbert

_____
Emma L. Gilbert
LESSORS.

SCIENTIFIC EXPLORATION AND MINING COMPANY

BY: _____
C. Carew McFall, Genl. Manager
LESSEE.

BY: _____
Clarence A. Dickey, Owner
LESSEE.

STATE OF ARIZONA)
) ss.
County of Santa Cruz)

On this the _____ day of _____, 1967, before me, _____, the undersigned, a Notary Public, personally appeared, Donald O. Gilbert and Emma L. Gilbert, husband and wife, Lessors, and C. Carow McFall, General Manager of the Scientific Exploration and Mining Company, Lessee, known to me to be the persons whose name are subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes therein contained.

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

_____
Notary Public

My Commission Expires:

_____

STATE OF _____)
) ss.
County of _____)

On this the _____ day of _____, 1967, before me, _____, the undersigned, a Notary Public, personally appeared Clarence A. Dickey, Owner of the Scientific Exploration and Mining Company, Lessee, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged that he executed the same for the purposes therein contained.

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

_____
Notary Public

My Commission Expires:

_____

GENERAL CONDITIONS
TO THAT CERTAIN
LEASE AND OPTION TO PURCHASE
DATED _____, 1967,
BETWEEN
DONALD C. AND EMMA L. GILBERT, LESSORS
AND
SCIENTIFIC EXPLORATION AND MINING COMPANY, LESSEE
CONCERNING THE ROYAL AND DEER HORN CLAIMS

A1 EXPLORATION AND MINING - Such exploration and mining operations as are performed by the Lessee shall be done in a good and workmanlike manner with due regard to the safety, development, and preservation of the said Mining Claims and adjacent properties. In underground work, all openings made shall, if necessary and proper, be properly timbered and all operations will be carried out with good, safe, and sound mining practices and procedures.

Lessee, in its operations, shall comply with all State and Federal laws, rules, and regulations applicable thereto; shall carry workmen's compensation insurance for all employees engaged in such operations; shall promptly pay all bills andclaims for labor, materials, and equipment, incurred by Lessee in its operations, and shall hold Lessors and their property at all times harmless against claims of lien for any such labor, materials, or equipment; shall carry adequate public liability insurance protecting Lessors and the owners of the Arroyo Block against any claims or loss from damage to persons or property resulting from Lessee's operations; and shall post and keep posted on the demised premises such notices as to Lessors' non-responsibility for liens as Lessors may furnish to Lessee for such purposes.

A2 INSPECTION BY LESSORS - The Lessors, or their authorized agent, may and shall at all times have free access to the leased property and to all workings thereon for the purpose of determining whether said property is being worked in accordance with this agreement.

A3 ADVERSE CLAIMS - Lessors covenant with Lessee that Lessors own the lands and interest hereby leased and that the same are free from all

liens (except that due to the above mentioned OME exploration contract) and encumbrances and Lessors have a good right to lease, and Lessors and their heirs, executors and administrators, shall warrant and defend the same to Lessee, its successors and assigns, forever, against the claim of all persons. In the event of failure of Lessors to defend said leased premises against any or all persons claiming a right, title, or interest therein or thereto, or in the event of failure of Lessors to defend any action or actions brought by anyone claiming right, title, or interest in or to said leased premises, Lessee shall have the right, in the name of the Lessors, to conduct such defense, and the expenses of such proceeding or proceedings shall be deductible from the royalties payable to the Lessors hereunder.

A4 ABANDONMENT - Lessee may abandon this Lease and Option to Purchase and terminate all rights and obligations hereunder, upon giving Lessors thirty (30) days written notice of such intended abandonment. Notice for this purpose will be considered as delivered forty-eight (48) hours after the same shall have been deposited in the United States mail, with registered postage thereon duly prepaid, addressed as specified in Paragraph 4.0.

A5 DEFAULT - If Lessee shall fail well and truly to perform all and singular its obligations under this Lease, Lessors may declare Lessee in default and shall in such event give Lessee thirty (30) days written notice of such default; and if Lessee within said period of thirty (30) days from and after receipt of said written notice fails to remedy said default, then at Lessors' option all further rights and privileges granted Lessee hereunder may be terminated and Lessee will peaceably deliver possession of premises to Lessors.

A6 TERMINATION CONDITIONS - In the event this Lease and Option to Purchase should be terminated either by abandonment or default by Lessee, the rights and obligations of the parties shall be as follows:

A6.1 Lessee will pay all unpaid bills incurred by Lessee

in its operation or tenancy of the premises that may be lien against said real property, except any OME exploration loan liens which have not become payable due to Lessee's own operations.

A6.2 Lessee will deliver to Lessors copies of any written engineering information and assay reports compiled and obtained by Lessee in connection with its exploration or operation of the premises.

A6.3 Lessee shall have the right, within ninety (90) days from the date of such termination, to remove from the demised premises all broken ore or rock on the surface and all equipment, buildings, material, machinery, and supplies placed by Lessee on the property, but will deliver to Lessors the Mining Claims, with all of the appurtenances and permanent improvements thereof, in good order and condition, with all drifts, shafts, tunnels, and other passages and workings in which Lessee has worked or taken out earth and ore, clear of loose rock and rubbish, unless so prevented by extraordinary mining casualty.

A6.4 Lessors may retain all royalty payments theretofore made as Lessors' property.

A6.5 Except as specified in these paragraphs (A6.1 through A6.4) all rights of both parties shall cease upon termination of this Lease and Option to Purchase due either to abandonment or default of Lessee and repossession shall be the sole remedy of the Lessors for breach of this agreement, except as to enforcement of the provisions of Paragraphs A6.1 to A6.5.

A7 EXPLORATION LOAN - Lessee may, at its option, apply for and

obtain a loan from the Office of Minerals Exploration, U. S. Department of Interior (or successor or similar agency) for the performance of exploratory work on the property and Lessors hereby upon request of Lessee agree to execute an Owner's Consent to Lien within ten (10) days of Lessee's request.

A8 SUCCESSORS AND ASSIGNS - This Lease and Option to Purchase and each and every covenant thereof shall inure to the benefit of and be binding upon the successors and lawful assigns of the parties hereto, respectively, it being expressly understood that any such assignment or subleasing shall not operate as a release or discharge of the Lessee from performance of the conditions of this Lease and Option to Purchase until and unless the Lessors shall, in writing, consent to such assignment or subleasing.

A9 LAW APPLICABLE - The law of the State of Arizona shall apply.. If any provision of this Lease and Option to Purchase is in violation of the laws of this state, then such provision shall be deemed stricken and this Lease and Option to Purchase enforced as though it were not part thereof.

A10 SALE OR ENCUMBRANCE BY LESSORS - Lessors may sell said real property subject to the terms and conditions herein specified. Lessors may not encumber said real property without the consent in writing of Lessee.

A11 OTHER LEASES - Lessors may not execute other leases respecting said real property without the consent in writing of Lessee.

A12 RECORDING - This Lease and Option to Purchase may be recorded by either party.

APPENDIX B

LEASE AGREEMENT

SURFACE RIGHTS OF ARROYO BLOCK

INDEXED MICROFILMED

LEASE AGREEMENT

THIS AGREEMENT entered into and effective the 10th day of April, 1965, between FRED WILLIAMS, JR., a single man, of Indianapolis, Indiana, CARL T. SANDBERG and EUDORIS I. SANDBERG, husband and wife, of Tucson, Arizona, hereinafter called LESSORS, and DONALD C. GILBERT of San Diego, California, as his sole and separate property, hereinafter called LESSEE, WITNESSETH:

I.

That the LESSORS, for and in consideration of the covenants and agreements herein contained on the part of the LESSEE, and of one dollar in hand paid to the LESSORS and other good and valuable consideration, the receipt of which is hereby acknowledged, do hereby let and demise unto LESSEE the exclusive use of the surface and 25 feet beneath the natural surface of the following described property situated in the State of Arizona, County of Santa Cruz:

> Being an area of 0.248 acres, a portion of the Bonanza patented lode claim, U.S. Survey No. 855, situated in Sec. 2, T 24 S, R16E, Gila and Salt River Meridian (unsurveyed), said area to be known as the Arroyo block being described as follows:
>
> Beginning at Point "A", which lies on line 3-5 of Bonanza lode, being the northerly end line of said Bonanza lode, at S 59°51'E, 180 feet from Corner 5;
>
> Thence S 59°-51'E, 180 feet along said line 3-5 to Point "B";
>
> Thence S 30°-09'W, 60 feet to Point "C";
> Thence N 59°-51'W, 180 feet to Point "D";
> Thence N 30°-09'E, 60 feet to Point "A" the place of beginning, together with all the appurtenances,

to have and to hold unto LESSEE for the term of eight (8) years from the 10th day of April, 1965, and expiring on the 10th day of April, 1973.

II.

This lease is granted to LESSEE for his purpose in the operation of an inclined shaft, the top of which lies within said "Arroyo Block" and which extends downward into the Royal and Deer

Horn lodes, U.S. Survey No. 4423. LESSEE is hereby granted the right to place upon the premises any buildings and equipment which he deems necessary for the operation of his adjoining mining claims. LESSEE is further granted an easement for the term of this lease over any road which LESSEE deems necessary to use for ingress and egress to the leased premises.

III.

It is mutually covenanted and agreed that the LESSEE may at any time during the term of this lease move or caused to be removed from the demised premises any buildings, fixtures, machinery, or materials which he has placed upon said premises and that LESSEE may dump any waste material upon the premises and upon the termination of this lease said waste material shall become the property of LESSORS and LESSEE need not remove the same from the premises.

IV.

LESSEE may, at his option, surrender this lease insofar as it pertains to all or any portion of said land and his option may be exercised by delivering to LESSORS a recordable release of said lease.

IN WITNESS WHEREOF, the parties have set their hands this 16 day of April, 1965.

Fred Williams Jr.

Carl A. Sandberg

Andrew D. Sandberg

LESSORS

Donald C. Gilbert

LESSEE

State of California
County of San Diego } ss

On April 19, 1965, before me, the undersigned, a Notary Public in and for said County and State, personally appeared Donald C. Gilbert

known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same.
WITNESS my hand and official seal.

(SEAL) Elizabeth B. McCarty
(NOTARY'S SIGNATURE)

NOTARY'S NAME (TYPE OR PRINT) Elizabeth B. McCarty
NOTARY PUBLIC IN AND FOR SAID COUNTY AND STATE

Elizabeth B. McCarty
NOTARY PUBLIC - CALIFORNIA
PRINCIPAL OFFICE IN
SAN DIEGO COUNTY

My Commission Expires Oct. 10, 1968

221 2-60 INDIVIDUAL ACKNOWLEDGMENT UNION TITLE INSURANCE COMPANY

2.

DOCK 059 PAGE 568

STATE OF ARIZONA)
) ss.
County of Santa Cruz)

On this 16th day of April, 1965, before me, the undersigned Notary Public, personally appeared the above-named ~~DONALD C. GILBERT~~ and FRED WILLIAMS, JR., who acknowledged that they signed the foregoing instrument for the uses and purposes therein contained.

In witness whereof I have set my official seal the day and year first above written.

HILDA T. BLABON NOTARY PUBLIC SANTA CRUZ CO.

Hilda T. Blabon
Notary Public

My Commission Expires:
November 30, 1966

STATE OF ARIZONA)
) ss.
County of Pima)

On this 16th day of April, 1965, before me, the undersigned Notary Public, personally appeared the above-named CARL T. SANDBERG and EUDORIS I. SANDBERG, husband and wife, who acknowledged that they signed the foregoing instrument for the uses and purposes therein contained.

In witness whereof I have set my official seal the day and year first above written.

ANNE C. MEECH NOTARY PUBLIC PIMA CO.

Anne C. Meech
Notary Public

My Commission Expires:
July 9, 1967

STATE OF ARIZONA, County of Santa Cruz --- ss. Fee No. 1543

I do hereby certify that the within instrument was filed and recorded at the request of S. C. Gilbert on April 22 A. D., 1965 at 8:31 o'clock A. M. Docket No. 59, Page 566, Records of Santa Cruz County, Arizona.

WITNESS my hand and official seal the day and year first above written.

G. ESPINOSA MORENO, County Recorder.
By Mary Lou Lawing, Deputy

APPENDIX C

OFFICE OF MINERALS EXPLORATION

EXPLORATION CONTRACT

No. 2216

with Annex I and Amendment 1 attached

Operator's Copy

MME Form 50
July 1965

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

EXPLORATION CONTRACT
(Long Form)

Docket No.	Commodity	Contract No.	County	State
OME-6465	Silver	2216	Santa Cruz	Arizona

It is agreed MAR 2 9 1966 (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

Donald C. Gilbert, an individual

whose mailing address is 4982½ Field Street, San Diego, California 92110 hereinafter called the "Operator," as follows:

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

June 29-1967

(b) The total allowable cost of the work set forth in Exhibit A is $14,000.00. The Government will contribute ~~50~~ 75 percent of the allowable costs as they are incurred, in a total sum not in excess of $10,500.00 in accordance with the provisions of Articles 3, 4, 5, and 6. "Costs incurred" means costs that have been paid or have become due and payable, or that the Government determines have become obligations.

(c) Interest computation.--Simple interest at the rate of 7 percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

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

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

See Annex I

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CATEGORY (2)--PERSONAL SERVICES.

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

Subcategory (b)--Labor.

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

CATEGORY (4)--OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 16. Changes and added provision.--

_____

_____

_____

_____

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

DONALD C. GILBERT
(Operator)

By Donald C. Gilbert

By Arthur A. Baker

Acting Director, U. S. Geological Survey

Title

Long
Appd. ICC. OFF.
RM Smith
Johnson
Kulsgaard
Lunetto
Klepper

I, _____, certify that I am the
(Name)

_____ secretary of the corporation named as Operator herein; that

_____, who signed this contract on behalf of the Operator, was then
(Name)

_____ of said corporation; that said contract was duly signed for
(Title)

and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

_____

[CORPORATE SEAL]

EXPLORATION CONTRACT
DONALD C. GILBERT
OME-6465

ANNEX I

The land, including all rights pertaining thereto, referred to in Article 2 of the contract consists of two (2) overlapping patented lode mining claims totalling 30.552 acres and the adjoining Arroyo Block of 0.248 acres to a depth of 25 feet below the natural surface of the Bonanza patented lode mining claim, all in unsurveyed sec. 2, T. 24 S., R. 16 E., Gila and Salt River Base and Meridian, Patagonia mining district, Santa Cruz County, Arizona. The outer boundary of the land is outlined in green on Figure 2 entitled "Bonanza Vein, Duquesne, Patagonia, Arizona," attached hereto and made part hereof.

The two patented lode mining claims and the description of the Arroyo Block are recorded in the County Recorder's office at Nogales, Arizona, as follows:

Name	U. S. Mineral Survey No.	Docket	Page
Royal	4423	33	442
Deerhorn	4423	33	442
Arroyo Block	-	59	566

The Operator is owner of the Royal and Deerhorn claims, and has surface rights to the Arroyo Block within the Bonanza claim under the terms of a Lease Agreement effective April 10, 1965, from the owners of the Bonanza claim, Fred Williams, Jr., Indianapolis, Indiana, and Carl T. and Eudoris I. Sandberg, husband and wife, Tucson, Arizona.

Special Agreement Concerning Land

In the event the Operator or any subsidiary thereof at any time during the period expiring ten (10) years from the date of this contract acquires any additional right, title, or interest in or to any land situate within the Bonanza claim, such land automatically, without amendment to this contract, shall become subject to the provisions of this contract as of the date of acquisition; and the Operator shall promptly notify the Government of such acquisition, furnishing a description of the acreage acquired, maps, and other data that may be required by the Government.

The location, direction, and extent of each work item shall be subject to prior Government approval. The work shall be divided into two stages. The Operator shall complete all of the work in Stage I. Approval of Stage II shall depend upon favorable results having been obtained in Stage I and shall have the prior authorization of the Government confirmed in writing.

Description of the Work

Stage I

The work under Stage I shall consist of constructing a suitable head frame at the Arroyo inclined shaft, installing an estimated 60 feet of track on the Arroyo waste dump, rehabilitating the Arroyo shaft approximately 60 feet from the surface to the sump below the 50-foot level, crosscutting an estimated 15 feet northward from the north face of the 50-foot level to the Arroyo vein, drifting northeastward an estimated 85 feet along the vein, and percussion drilling an estimated 150 linear feet of long-holes on not less than 20-foot centers into the walls of the vein at sites to be selected by the Operator.

The approximate locations of the crosscut and drift and the tentative locations of the long-holes are indicated in red on Figure 3 entitled, "Proposed exploration of the Royal-Deer Horn Claims . . .," attached hereto and made a part hereof.

Stage II

The work under Stage II shall consist of drifting northeastward approximately 100 feet along the Arroyo vein from the end of the drift completed under Stage I, and of percussion drilling an estimated 150 linear feet of long-holes on not less than 20-foot centers in the walls of the vein at sites to be selected by the Operator. The approximate location of the drift and the tentative location of the long-holes are indicated in orange on the previously mentioned Figure 3.

Estimated Costs of Project

Stage I

Actual Costs

Category (3) Operating Materials and Supplies

None except:

Sample sacks, 100 @ $0.05/sack 5X12	$ 5.00	

Category (7) Miscellaneous

None except:

50 assays for silver @ $3.00/assay 1.75	150.00	
50 assays each for copper, lead, and zinc @ $2.00/assay 1.75 2.25 2.75	300.00	
Express charges for samples, 50 samples @ $0.80/sample	40.00	
Total Estimated Actual Costs, Stage I		$ 495.00

Fixed Unit Costs 1/

Mobilization and demobilization of mining equipment	$ 160.00 2/	
Initial construction and rehabilitation of surface and underground facilities, labor, materials, and supplies	1,215.00 2/ 3/	
Crosscutting and drifting, 100 ft. @ $44.00/ft.	4,400.00 3/	
Long-hole drilling, 150 ft. @ $1.50/ft.	225.00	
Incidental allowance for supervision, engineering, and accounting, 6 mo. @ $265.00/mo.	1,590.00	
Total Estimated Fixed Unit Costs, Stage I		$7,590.00
Total Estimated Costs, Stage I		$8,085.00

Stage II

Actual Costs

Category (3) Operating Materials and Supplies

None except:

Sample sacks, 100 @ $0.05/sack	$ 5.00	
Category (7) Miscellaneous		
50 assays for silver @ $3.00/assay	150.00	
50 assays each for copper, lead, and zinc @ $2.00/assay	300.00	
Express charges for samples 50 samples @ $0.80/sample	40.00	
Total Estimated Actual Costs, Stage II		$ 495.00

Fixed Unit Costs 1/

Drifting, 100 ft. @ $44.00/ft.	4,400.00 3/		
Long-hole drilling, 150 ft. @ $1.50/ft.	225.00		
Incidental allowance for supervision, engineering, and accounting, 3 mo. @ $265.00/mo.	795.00		
Total Estimated Fixed Unit Costs, Stage II		5,420.00	
Total Estimated Costs, Stage II			$5,915.00

S U M M A R Y

Total Estimated Costs, Stage I	$ 8,085.00
Total Estimated Costs, Stage II	$ 5,915.00
Total Estimated Costs of Project	$14,000.00
Government's Participation @ 75%	$10,500.00

1/ Includes all costs whatsoever that would otherwise be allowable costs under Categories (2) through (7).

2/ The unit of work is the completed job.

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

EXPLORATION CONTRACT
DONALD C. GILBERT
OME-6465

EXHIBIT A

The purpose of this project is to explore by crosscutting, drifting, and long-hole drilling on the 50-foot level of the Arroyo inclined shaft for silver-bearing ore bodies in and along the Arroyo vein and parallel or intersecting veins in Paleozoic sedimentary rocks or near their contacts with granitic rocks.

General Provisions

All crosscuts and drifts shall be not less than $4\frac{1}{2}$ by $6\frac{1}{2}$ feet in cross section in the clear of timber and timbered as necessary, using not less than 6 by 6-inch sawed or equivalent round timber.

Mine rails shall be of not less than 12-pound size, air lines of not less than $1\frac{1}{2}$-inch in diameter, and water lines of not less than 1-inch in diameter.

All significantly mineralized areas traversed by the crosscutting or drifting shall be sampled normal to their trends at intervals of not more than 5 feet. Significantly mineralized cuttings from the long-holes shall be sampled, but no such sample shall represent more than 5 linear feet of hole.

Each sample shall be split as necessary, and one split shall be assayed for silver, and at the discretion of the Operator, for copper, lead and/or zinc. All remaining splits shall be stored in suitable containers properly identified as to source and location. Stored splits of 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.

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.'"

Operator's Copy

EXPLORATION CONTRACT
DONALD C. GILBERT
OME-6465

AMENDMENT NO. 1

It is agreed this 15th day of March, 1967, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Donald C. Gilbert, hereinafter called the "Operator," that Exploration Contract 2216 (OME-6465), dated March 29, 1966, is amended effective the date of the contract as follows:

In Exhibit A:

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

"The purpose of the project is to explore by crosscutting, drifting, winzing, and long-hole drilling on and below the 50-foot level of the Arroyo inclined shaft for silver-bearing ore bodies in and along the Arroyo vein and parallel or intersecting veins in Paleozoic sedimentary rocks or near their contacts with granitic rocks."

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

"All crosscuts, drifts, and winzes shall be not less than 29.25 square feet in cross section in the clear of timber and timbered as necessary, using not less than 6 by 6-inch sawed or equivalent round timber."

3. Under the heading Description of the Work, Stage II, is revised to read as follows:

"The work under Stage II shall consist of winzing and drifting, including such crosscutting as may be required, along the Arroyo vein where favorable results were obtained in Stage I, and of percussion drilling an estimated 150 linear feet of long-holes at sites to be selected by the Operator."

4. Under the heading Estimated Costs of Project, Stage II, Fixed Unit Costs[1/], is revised to read as follows:

Winzing, 35 ft. @ $85.00/foot	$2,975.00	
Drifting and crosscutting, 32 ft. @ $44.00/foot (rounded)	1,425.00 [3/]	
Long-hole drilling, 150 ft. @ $1.50/foot	225.00	
Incidental allowance for supervision, engineering, and accounting, 3 months @ $265.00/month	795.00	
Total Estimated Fixed Unit Costs, Stage II		$5,420.00
Total Estimated Costs, Stage II		$5,915.00

1/ Includes all costs whatsoever that would otherwise be allowable costs under Categories (2) through (7).

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

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

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

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

Donald C. Gilbert
DONALD C. GILBERT

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

Office of Minerals Exploration

March 27, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 28 1967

INITIALS	CODE
	120
	710
	120

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Enclosed are the Government's copy and Budget and Finance's Copy, signed for the Government and the operator, of Amendment No. 1 on the above-stated contract. The Operator's copy was retained by Mr. Gilbert; and the Field Office Copy and Extra Copy for Field Use has been retained by the Field Officer, Region III.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

OME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/27	RM Smith	

MAR 28 1967

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Enclosed are copies of two memoranda from the Field Officer, Region III, both relating to the subject contract.

Please mail future correspondence to the Operator's new address, and send him a copy of the Suspension Statement that applies to his voucher for January 1967.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Econ. Geol. File
OME Docket
OME Reading File
Region III
Smith

RMSmith/mm (3/27/67)

23263

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225
Office of Minerals Exploration

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 24 1967
INITIALS | CODE
120
110
120

March 21, 1967

MEMORANDUM

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

In a telephone conversation with Mr. Donald C. Gilbert March 20th, of the above-stated contract, Mr. Gilbert mentioned that he has not received a copy of the Administrative Suspension Statement for the month of January, 1967. Will you please forward a copy to Mr. Gilbert so that he may complete his records?

J. William Hasler
J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225
Office of Minerals Exploration

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 24 1967

INITIALS	CODE
	120
	110
	120

March 21, 1967

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6465 (Silver)
D. C. Gilbert
Santa Cruz County,
Arizona
Contract 2216

Effective April 1, 1967, the new address of Mr. Donald C. Gilbert of the above-mentioned contract will be:

Donald C. Gilbert
General Delivery
Green Valley, Arizona 85614

Mr. Gilbert's new apartment No. is 277-C.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Office of Minerals Exploration

March 16, 1967

Mr. D. C. Gilbert
Valle Verde, Apartment 5
N. T. Star Route, Box 96
Nogales, Arizona 85621

Subject: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Dear Mr. Gilbert:

Enclosed are the original and three copies of a proposed Amendment No. 1 (2 pages) to the subject contract signed for the Government.

If the proposed amendment is satisfactory to you, please sign all four copies, retain the "Operator's copy" and return the other three to this office.

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.

Sincerely yours,

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

cc: Chief, OME
Hasler chron
OME chron
2216

MM Form 7
(253)

OFFICIAL FILE COPY

Date	Surname	Code
3/16	RM Smith	
3/13/67	Kirkemo	
"	Johnson	
3/14	Kilbourne	
3/14	Meyer	

AIRMAIL

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Enclosed are the original and three copies of a proposed Amendment No. 1 (2 pages) to the subject contract signed for the Government. An extra copy of the proposed amendment is enclosed for field use.

If the proposed amendment is satisfactory to you and the Operator, all four copies should be signed by the Operator. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator, the original and all copies are to be returned to this office together with the proposed changes for consideration.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Econ. Geol. File
OME Docket
OME Reading File
130

MMerrithew/mm (3/10/67)

23263

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225
Office of Minerals Exploration

February 21, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 27 1967
INITIALS | CODE
120MC
170
RMS 1204

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: January, 1967 vouchers for: OME-6465 (Silver)
D. C. Gilbert
Royal - Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Transmitted herewith are the original and two copies each of the MME Form 60 (Operator's Monthly Voucher), MME Form 61,(Operator's Progress Report, and Narrative Report for the month of January, 1967 on the above-mentioned contract.

I certify the vouchers are correct to the best of my ability, and recommend payment thereon.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

MME FORM 80
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

MAR 9 1967

Docket No. 6465
Contract No. 2216
IS-23-090 $14000.00
Contract Amount $ " "
Gov't. Participation 75 % $ 10500.00
Mineral(s) Silver

OPERATOR'S MONTHLY VOUCHER

For Month of January 1967

Operator's Name D. C. Gilbert
Address T.N.Star Rt. Box 96, Nogales, Arizona 85621

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						
Drifting	528.00	3410.00	3938.00			
Crosscutting	0	528.00	528.00			
Drilling Long Hole	111.00	115.50	226.50	79.50		
Mobilization	0	80.00	80.00			
(2) Personal Services:						
Supervision & Technical	265.00	1192.50	1457.50			
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.	0	1215.00	1215.00			
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work	98.65	58.50	157.15			
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	1002.65	~~6599.50~~	~~7602.15~~	971.15		

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

Date February 2,1967 *Payee D. C. Gilbert

Per _____ Title _____

* 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:

$ 728.36 14X0804

Signature _____ (Authorized Certifying Officer)

Date MAR 9 1967 Vou. No. 5930

(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. 2216

Signature J. William Hasler Title Field Officer Date 2-21-67

Approved by OME Executive Officer or Alternate:

Signature J. William Hasler Title Field Officer Date 2/21/67

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

2/28/67/Rmd.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of January 1967 Docket No. 6465

Operator's Name D. C. Gilbert Contract No. 14-23-090- 2216

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
	Feet						
Drifting		12.0	89.5	4608.00	12.0	89.50	4,608.00
Crosscutting		0	12.0	1161.50	0	12.00	1,161.50
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion		74	151	380.50	53	97	145.50
Miscellaneous							
Mobilization				80.00		80.00	80.00
Roads and Trails							
Stripping							
Trenching							
Test Pitting							
Other Surface Work				1215.00			1,215.00
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases				157.15			157.35
Analytical Work							
TOTAL TO DATE (per MME Form 60)				7602.15			7,367.35

REMARKS

Distribution of $265 supervision:

Drifting	528.00	Percussion Drilling	111.00
Supervision	200.00	Supervision	65.00
Total	728.00	Total	176.00

operators remarks

(Continue on back)

REMARKS Long Hole No. 7 21 ft. @ 1.50, $ 31.50 is only three feet from Long Hole No. 8, which latter was at request of Mr. Hasler.

Allow long hole #8, disallow long hole No. 7 even though hole 7 was allowable prior to my recommendation to drill hole 8.

(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 February 2, 1967 Operator D. C. Gilbert

Per _____ Title _____

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 J. William Hasler

Title Field Officer
Government Representative

Date February 21, 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.

UNITED STATES
DEPARTMENT OF THE INTERIOR
U. S. Geological Survey
Branch of Budget and Finance
Washington, D. C. 20242

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee: D. C. Gilbert
T. N. Star Rt. Box 96
Nogales, Arizona 85621

Amount Claimed:	Differences (Explained Below)	Amount Approved
$1,002.65	$31.50	$971.15 $728.36 Govt. Participation
S. Voucher No.	Payee's Invoice No.	Period
	Docket # 6465 Contract # 2216	January 1967

EXPLANATION

Disallowance of 21 ft. at $1.50 $31.50. Longhole #7 is less than 20 feet from longhole #8 (See description of the work, Stage I)

Any reclaim for items deducted must be supported by the original of this statement and submitted to the office shown above.

J. D. McAlister
Branch of Budget and Finance

Docket 6465
Contract 2216
Royal - Deer Horn Claims
Santa Cruz County, Arizona

Nogales, Arizona
February 2, 1967

NARRATIVE REPORT FOR JANUARY 1967

During January 1967 the project was improved materially by finding two ore streaks of fairly good grade, although these are still too narrow to be classed as commercial.

Long hole No. 5 had found scattered mineralization from 0 to 8½ feet, with heavy sulphides from 8½ to 10½ feet. After consulting with Mr. J. William Hasler by telephone, a drift was started between long holes No. 2 and NO. 5 and this followed spotty and irregular mineralization from the start. At 5 feet and 10 feet from the start there were 18" and 12" irregular streaks of sulphides, dipping steeply, which then appeared to cut across the drift. Samples Nos. 12, 13 and 15 were the first assayed from this 12 ft. long drift. This so-called "January drift " was inspected by Mr. Hasler on his visit of January 17th, and at his direction check samples Nos. 16, 17 and 18 were cut. Also at that time about 8 tons of ore had been stripped and sorted from this location, including a shallow bottom cut, and a large sample of this is represented by sample No. 14.

This mineral showing in the January drift appears to be near the top of a possible 8 to 12 ft. wide ore shoot. The reasoning behind this is it's similarity to several other developments within recent years in this district, including the Estella, the Little Emma (Holland mine), certain ore bodies in the adjoining Bonanza mine, and also the Indiana mine which was shut down early in January 1967.

In order to determine the advisability of continuing the main northeast drift of this project at this time as outlined in Stage II of contract 2216, long hole No. 6 was drilled from the face of this drift at S 58 deg. E, plus 13 deg, a distance of 21 feet without finding any mineralization. Long hole No. 7 was then drilled from the same face at N 20 deg. E, plus 10 deg, a distance of 21 feet with similar adverse results. On January 17th Mr. Hasler inspected the work and proposed long hole No. 8 which was completed the following day. The hole bears N 20 deg. W at plus 16 deg. and was drilled 32 feet. Mineralization was found at 9 to 10 feet, after which the hole passed into partly garnetized limestone to 28 feet and ended in grayish limestone. Sample No. 19 represents this mineralization.

It appears that the garnetized limestone in hole No. 8 is similar to that in long hole No. 5 at 13½ to 21 feet and which was probably cut in the last foot of long hole No. 2. This partly garnetized limestone probably represents the highly altered material at the surface which has been shown on the maps as altered porphyry. Significantly, about 80 % of the ore bodies in the district have been found in limestones at contact with garnetized zones.

Regular operation on contract 2216 was suspended on January 21, 1967, while waiting decision on Stage II of the contract. Intermittent pumping, a little stripping of narrow ore in the January drift as well as improvement of some facilities have been done.

The drifting proposed for Stage II does not look attractive at this time, and Operator believes it would be much more advantageous to sink 35 feet of winze, following the best ore in the bottom of the January drift. It is possible that 50 feet of long hole drilling at some point or points in the winze would assist in finding ore of commercial size and value.

Including the necessary raise for tugger hoist and the facilities for transferring the bucket from winze to drift dolly, this shallow winze would certainly cost $ 85 per foot or a total of $ 2735. The dimensions should be adjusted to need, but it should have a cross-section of at least 25 square feet and an inclination of not less than 60 degrees from horizontal.

ASSAYS RECEIVED IN JANUARY 1967

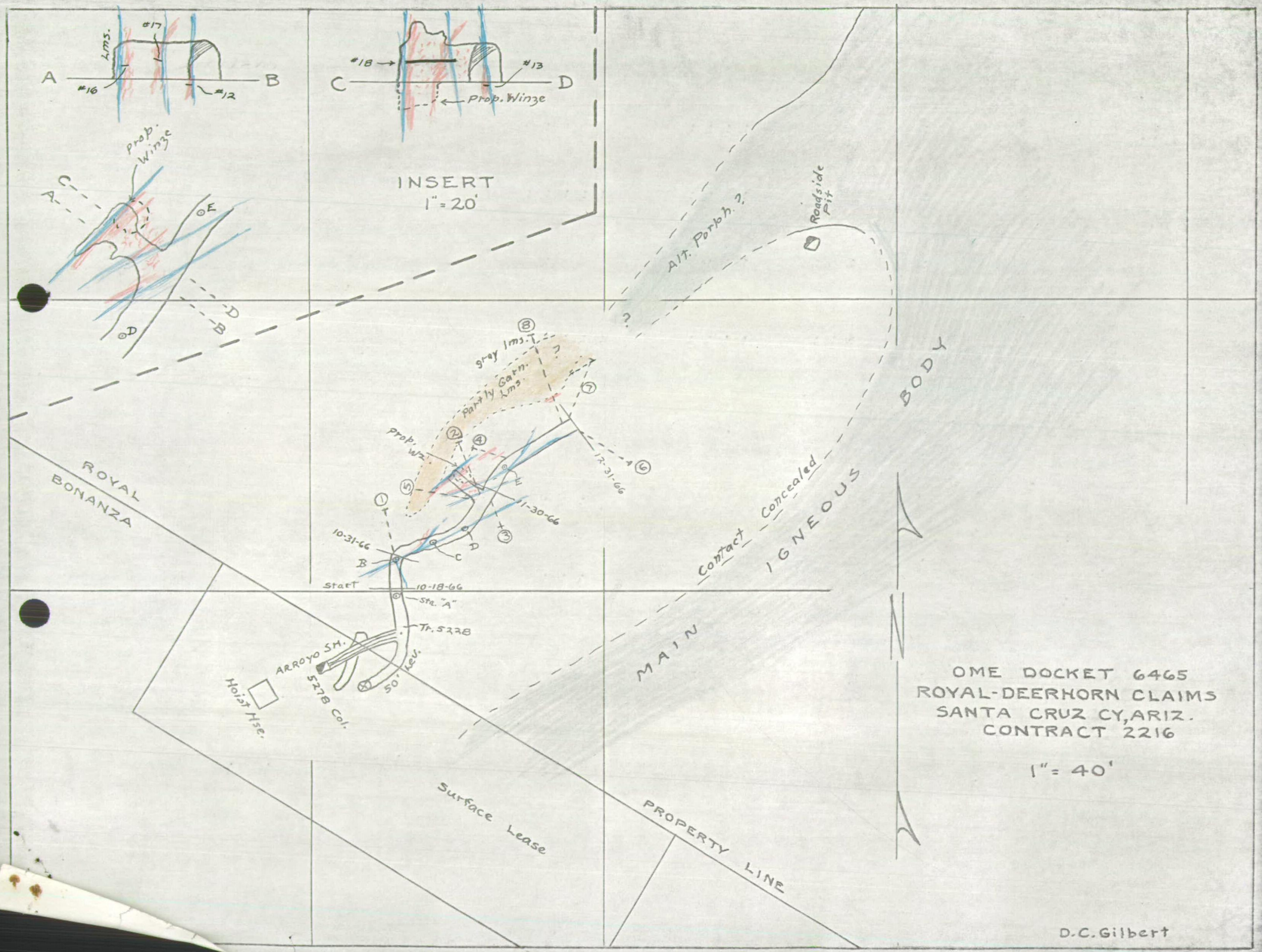
Number	Description	Oz Ag	% Pb	% Cu	% Zn
	From Long Hole No. 5				
12 A	Sludge 5 to 6½ feet	2.01		0.09	
8	" 8.5 to 10.5	7.72	11.05	0.25	16.30
9	" 10.5 to 11.75	1.04		0.45	
10	" 12.5 to 13.5	0.82		0.24	
11	" 14 to 14.5	0. 94		0.44	
	From January Drift				
12	5" irregular ore in bottom, 1 ft. into drift	28.10	10.90	2.29	17.30
13	18" in bottom at start of drift	24.42	20.60	0.48	27.10
15	12" sulphides at face	4.65	25.90	0.18	22.05
14	8 tons sorted ore from drift	13.24	6.62	0.10	9.35
	January Drift on Hasler Visit				
16	18" on west side at face	4.66	8.6		10.7
17	12" on west side, center	7.56	10.67		17.05
18	9 feet, horizontal cut across east side	4.34	6.80	0.27	9.75
	Long Hole No. 8				
19	Sludge, 9 to 10 ft. in hole	0.20	0.29	0.02	0.26

The neighboring Indiana mine has been shipping very good sulphide ores, similar to our sample No. 14, above, in appearance but of higher value. Using their treatment schedule at American Zinc's Deming mill, our assay No. 14 would return only $14 per ton after hauling, freight and treatment charges. On a mining width of 5 feet or more, eliminating waste material, the cleaner ore then available would probably return $30 to $50 per ton and would then be commercially attractive. Also, the higher silver values in samples 12 and 13 may prove very significant if stoping below the level should include this more easterly fissure zone.

Respectfully submitted,

D. C. Gilbert

D. C. Gilbert


A
B
#16
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Prop. Winze
INSERT
1" = 20'
prop. Winze
E
Alt. Porph.?
Roadside Pit
gray lms.
Partly Garn. Lms.
Prop. W/Z
1-30-66
12-31-66
10-31-66
Start
10-18-66
Sta. "A"
Tr. 5278
Arroyo Sh.
5278 Col.
50' Lev.
Hoist Hse.
ROYAL BONANZA
Contact Concealed
IGNEOUS BODY
MAIN
Surface Lease
PROPERTY LINE
N
OME DOCKET 6465
ROYAL-DEERHORN CLAIMS
SANTA CRUZ CY, ARIZ.
CONTRACT 2216
1" = 40'
D.C. Gilbert

FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. ~~Associate Solicitor, 4000, 6042~~		
2. R. M. Smith, 4450		
3.		
4.		
5.		
FROM: Frank E. Johnson, OME	3/3/67	

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: 3/7/67 FROM SOLICITOR

INTERIOR DEPT. MAR 7 1967 SOLICITOR

RECEIVED MAR 7 1967 Division of Mineral Resources Mineral Legal Services

FOR SIGNATURE

C-66-2116.11

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

M56300-62

To Legal 3/3

RMS
HK ~~130K~~
JKS ~~110~~
120M

Smith Mm

DRAFT
3/2/67

EXPLORATION CONTRACT
DONALD C. GILBERT
OME-6465

AMENDMENT NO. 1

It is agreed this _____ day of _____, 1967, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Donald C. Gilbert, hereinafter called the "Operator," that Exploration Contract 2216 (OME-6465), dated March 29, 1966, is amended effective the date of the contract as follows:

In Exhibit A:

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

"The purpose of the project is to explore by crosscutting, drifting, winzing, and long-hole drilling on and below the 50-foot level of the Arroyo inclined shaft for silver-bearing ore bodies in and along the Arroyo vein and parallel or intersecting veins in Paleozoic sedimentary rocks or near their contacts with granitic rocks."

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

"All crosscuts, drifts, and winzes shall be not less than 29.25 square feet in cross section in the clear of timber and timbered as necessary, using not less than 6 by 6-inch sawed or equivalent round timber."

3. Under the heading Description of the Work, Stage II, the single paragraph is revised to read as follows:

"The work under Stage II shall consist of winzing and drifting, including such crosscutting as may be required, along the Arroyo

vein where favorable results were obtained in Stage I, and of percussion drilling an estimated 150 linear feet of long-holes at sites to be selected by the Operator."

4. Under the heading Estimated Costs of Project, Stage II, Fixed Unit Costs 1/, the units and costs are revised to read as follows:

Winzing, 35 ft. @ $85.00/foot	$2,975.00	
Drifting and crosscutting, 32 ft. @ $44.00/foot (rounded)	1,425.00 3/	
Long-hole drilling, 150 ft. @ $1.50/foot	225.00	
Incidental allowance for supervision, engineering, and accounting, 3 months @ $265.00/month	795.00	
Total Estimated Fixed Unit Costs, Stage II		$5,420.00
Total Estimated Costs, Stage II		$5,915.00

XX This amendment shall not be construed to increase the estimated total cost of the contract, the aggregate amount which the Government may be required to contribute, nor the ~~amount of any item designated as maximum~~.

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

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

_____
DONALD C. GILBERT

1/ Includes all costs whatsoever

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

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225
Office of Minerals Exploration

February 24, 1967

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Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Recommendations for an amendment to sink a 35-foot Winze on mineralized material in lieu of Stage 2 drifting as provided in the contract.

Exploration work on the subject property under Stage I of the current contract has resulted in the discovery of a highly mineralized zone containing silver, lead and copper as wide as 15 feet striking approximately N. 55° E. and dipping in excess of 80°, associated with considerable faulting and shearing. See figure 1.

A 12-foot drift was driven from the present crosscut to intersect or test the extend of the mineralized zone. Long hole drilling was then completed to further test the extent of the mineralized zone and its possible trend to the northeast. A long hole, No. 2, contained material that assayed as follows: From 6-1/2 to 7 feet, 1.51 ounces silver; 3.11 percent copper, and 0.07 percent lead; between 11 and 12 feet material assayed 17.06 ounces of silver, 3.84 percent copper and 0.20 percent lead. These two samples show the wide variation in silver-copper ratio consequently, a repeat of the silver assays was requested and was shown to be as follows: In the interval 6-1/2 to 7 feet assays were 1.40 ounces silver per ton, and between 11 and 12 feet, 17.18 ounces silver per ton.

In order to gain some check on samples from long hole No. 2, Long Hole No. 4 was collared to the northeast and drilled from 12 feet, on a bearing of N. 73° W. Two sludge samples from this hole assayed as follows: From 2-1/2 to 3 feet, 19.28 ounces silver and 0.68 percent copper. Between

7 and 8-3/4 feet, 0.20 ounces silver per ton.

Long Hole No. 5 had found scattered mineralization from 0 - 8-1/2 feet with heavy sulphide from 8-1/2 to 10-1/2 feet. At five feet and ten feet from start there were eighteen inches and twelve inches irregular streaks of sulphide, dipping steeply, which then appeared to cut across the drift. Also, at that time, about eight tons of ore had been mined and sorted from this location including a shallow bottom cut and a large sample of this is represented by sample No. 14. See table 1 which follows:

ASSAYS RECEIVED IN JANUARY 1967

Number	Description	oz Ag	%Pb	%Cu	%Zn
	From Long Hole No. 5				
12 A	Sludge 5 to 6-1/2 ft.	2.01		0.09	
8	" 8.5 to 10.5	7.72	11.05	0.25	16.30
9	" 10.5 to 11.75	1.04		0.45	
10	" 12.5 to 13.5	0.82		0.24	
11	" 14.0 to 14.5	0.92		0.44	
	From January Drift				
12	5" irregular ore in bottom, 1 ft. into drift	28.10	10.90	2.29	17.30
13	18" in bottom at start of drift	24.42	20.60	0.48	27.10
15	12" sulphides at face	4.65	25.90	0.18	22.05
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	January Drift on Hasler Visit				
16	18" on west side at face	4.66	8.6		10.7
17	12" on west side, center	7.56	10.67		17.05
18	9 feet, horizontal cut across east side	4.34	6.80	0.27	9.75
	Long Hole No. 8				
19	Sludge, 9 to 10 feet in hole	0.20	0.29	0.02	0.26

This mineral, showing in the January drift, appears to be near the top of possible eight to fifteen foot wide ore shoot. The reasoning behind this is its similarity to several other developments within recent years in this district, including the Estella, the Little Emma (Holland Mine) certain ore bodies in the adjoining Bonanza mine, and also the Indiana mine which was shut down early in January, 1967.

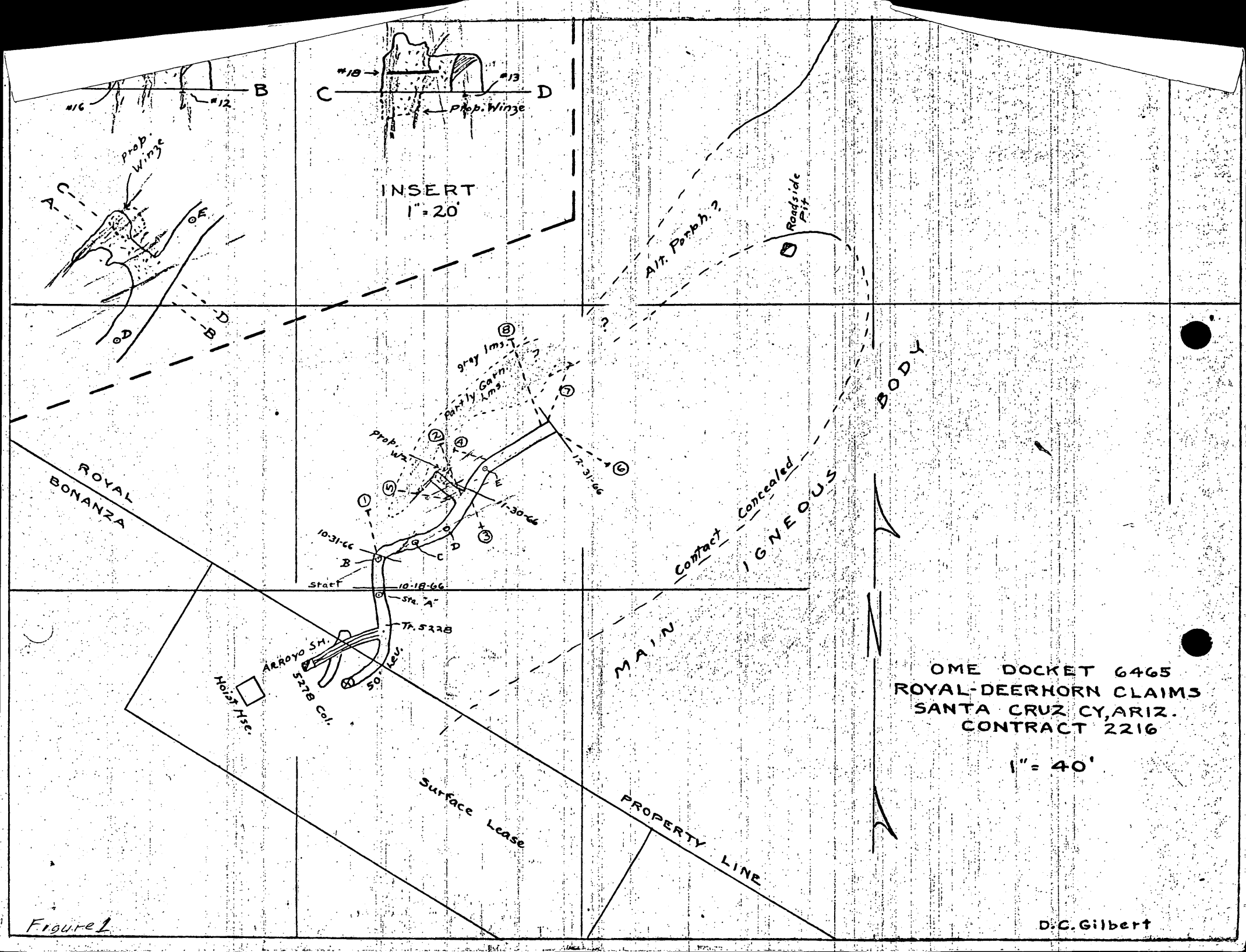
Long holes No. 6, 7 and 8 drilled from near the face of the present crosscut encountered some partly garnetized limestone but no mineralization was penetrated by any of these three long holes.

The frifting proposed for stage two does not look promising at this time, and the operator believes it would be much more advantageous to sink a 35-foot winze following the best ore in the bottom of the January drift. It is possible that 50 feet of long hole drilling at some point or points in the winze would assist in finding ore of commercial size and value.

It is concluded that the mineralization is apparently dipping steeply and is a more-or-less poddy nature, and that it should be further explored. Therefore, it is recommended that a 35-foot winze be driven to test for the downward extension of the 15-foot wide ore zone. The estimated cost of the winze is approximately $85.00 per foot. This would amount to a total of $2,975.00. The dimensions of the winze should be adjusted to present need but it should have a cross section of at least five square feet at an inclination of not less than 60° from the horizontal. The total cost estimated is somewhat less than the maximum amount allowed under the terms of the present contract. It is therefore recommended that an amendment be prepared and executed to further explore the mineralized zones at depth on the Deer Horn and Royal claim.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration


#16
#12
B
#18
#13
C
D
Prop. Winze
INSERT
1" = 20'
prop. Winze
A
C
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B
Alt. Porph.?
Roadside Pit
gray lms.
partly Garn. Lms.
Prop. Wz.
1-30-66
12-31-66
10-31-66
B
C
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E
start
10-18-66
Sta. "A"
Tr. 5228
ARROYO SH.
5228 Col.
50' Lev.
Hoist Hse.
ROYAL BONANZA
Contact Concealed
MAIN IGNEOUS BODY
Surface Lease
PROPERTY LINE
N
OME DOCKET 6465
ROYAL-DEERHORN CLAIMS
SANTA CRUZ CY, ARIZ.
CONTRACT 2216
1" = 40'
D.C. Gilbert

Figure 1

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Denver Federal Center-Building 25- Room 2284
Denver, Colorado 80225

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FEB 1 1967
INITIALS | CODE

January 30, 1967

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6465 (Silver)
Donald C. Gilbert
Royal-Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Interim Inspection

A field examination was made on January 16, 1967 in company with Mr. D. C. Gilbert. The workings were examined and the present findings were reviewed as a result of the cross-cutting, drifting, and the longhole drilling that has presently been completed under the subject contract.

The drifting and cross-cutting had penetrated some pods and lenses of mineralized material along the structure proposed in the contract and subsequently longhole drilling had substantiated some mineralization although not of economic grade.

The operator requested permission to drive a drift for 12 feet northwesterly into the mineralized zone that had been penetrated by long holes No. 5 and No. 2. He had also drilled longhole No. 4 and had cut some small stringers and mineralized material. He was not given prior field approval, however, it was felt that he should drift into this area and further explore mineralized material that had been penetrated by the longhole drilling. This was done and there are some several pods of mineralization that occur along a fault in altered limestone, but the mineralization appears to weaken and at the end of the main crosscut. Mineralized material near the face appears to parallel the bedding that has been somewhat contorted.

The operator drilled longholes No. 6 and 7 from the face of the present crosscut some 21 feet in a north-northeast direction and in a southwest direction. No mineralized material was penetrated in these holes consequently the drilling was terminated. It was recommended at the time of the interim examination to extend a longhole approximately N. 20° W. for some 30-40 feet. This hole might intersect the trend of the ore that was cut in the 12-foot drift further to the southeast. The ore here is

apparently dipping at a flatter degree along the contact of the porphyry dike and the limestone. It is hoped that the results of drilling a hole at right angles from the end of the crosscut might intersect an extension of the ore.

The operator will notify us upon completion of this drilling and also as to the results. It may be that some additional stage II might be warranted although it will not be recommended northeasterly along the present trend of the crosscut. Perhaps a winze driven in the mineralized material below the present occurrence might be warranted to ascertain whether we are on the top of an ore body. The operator indicates that the mineralized material found thus far is indicative of the top portion of ore bodies found throughout the district.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Denver Federal Center-Bldg. 25 - Room 2284
Denver, Colorado 80225

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O. M. E.
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JEJ	110
RMD	120 S
	120 M

January 5, 1967

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: Vouchers for December, 1966: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Calims
Santa Cruz County, Arizona
Contract 2216

Transmitted herewith are the original and two copies of MME Form 60, MME Form 61 and narrative report and substantiating data on the above captioned contract.

To the best of my knowledge they are correct and just and I recommend payment.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

MME. FORM 60
SEPT. 1959

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RECEIVED
JAN 12 1967

INITIALS CO

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S MONTHLY VOUCHER

For Month of December, 1966

Docket No. 6465
Contract No. 14-23-090-2216
Contract Amount $ 14000.00
Gov't. Participation % 75 $10500.00
Mineral(s) Silver

Operator's Name D. C. Gilbert
Address T.N.Star Rt. B ox 96, Nogales, Ariz. 85621

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	1760.00	3410.00			
Crosscutting	0	528.00	528.00			
Drilling Long hole	63.00	52.50	115.50			
Mobilization	0	80.00	80.00			
(2) Personal Services:						
Supervision & Technical	265.00	927.50	1192.50			
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.	0	1215.00	1215.00			
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work	24.05	34.45	59.50			
Payroll Taxes						
Employee's Liability Ins.						
		4597.45				
TOTALS	2002.05	~~3595.45~~	6599.50			

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

Date Jan. 3, 1967 *Payee D. C. Gilbert

Per _____ Title _____

* 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:

$ 1464.41

14X0804

Signature _____
(Authorized Certifying Officer)

Date JAN 13 1967 Vou. No. 5468

(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. 2216

Signature J. William Hasler Title Field Officer Date Jan. 6 1967

Approved by OME Executive Officer or Alternate:

Signature J. William Hasler Title Field Officer Date Jan. 6, 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 1966 Docket No. 6465

Operator's Name D. C. Gilbert Contract No. 14-23-090-2216

OPERATION	UNITS	FOR OPERATOR'S USE			FOR GOVERNMENT USE		
		UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting	Feet	37.5	77.5	3880.00	37.5	77.5	3,880.00
Crosscutting			12.0	1161.50	—	12.0	1,161.50
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion		42.00	77.0	204.50	42.00	77.0	204.50
Miscellaneous							
Mobilization				80.00			80.00
Roads and Trails							
Stripping							
Trenching							
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs				1215.00			1,215.00
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work				58.50			58.70
TOTAL TO DATE *(per MME Form 60)*				6599.50			6,599.70

REMARKS

Distribution of $ 265 supervision, with more time, in proportion, on long holes.

Drifting	1650.00	Long Holes	63.00
Supervision	220.00	Supervision	45.00
	1870.00		108.00

(Continue on back)

REMARKS

Assay total for Dec. should be $24.25, not $24.05, making the total assay cost to date $58.70. Because of spotty mineralization I recommend payment on long hole No. of.

(Continue on back) OVER

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 January 3, 1967 Operator D C Gilbert

Per _____ Title _____

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 J. William Hosler

Title Field Office
Government Representative

Date January 6, 1967

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

Longhole Drilling

Approve:
Hole 3 – 9 ft. – $13.50

Disallow:
Holes 4 and 5
33 ft. – $49.50

Both are less than 20 feet from Hole 2

R.M. Smith

1/10/67

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.

UNITED STATES
DEPARTMENT OF THE INTERIOR
U. S. Geological Survey
Branch of Budget and Finance
Washington, D. C. 20242

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee: D.C. Gilbert
T.N. Star Rt. Box 96
Nogales, Ariz. 85621

Amount Claimed:	Differences (Explained Below)	Amount Approved
$2,002.05	$49.50	$1,952.55 $1,464.41 Govt. Participation
Bu. Voucher No.	Payee's Invoice No.	Period
	Docket # 6465 Contract # 2216	December 1966

EXPLANATION

Disallowance of 33 ft $49.50 Longholes 4 and 5, as both are less than 20 feet from longhold No. 2 (See "Description of the work, Stage I")

Any reclaim for items deducted must be supported by the original of this statement and submitted to the office shown above.

B. E. McFarlane

Branch of Budget and Finance

Docket 6465
Contract 2216
Royal - Deer Horn Claims,
Santa Cruz, County, Ariz.

Mr. J. William Hasler, Field Officer Region III
U. S. Geological Survey, Office of Minerals Exploration
Room 2284, Bldg. 25, Denver Federal Center
Denver, Colorado 80225

Dear Mr. Hasler:

As the enclosed report will show, Stage I of Contract 2216 on the Royal - Deer Horn claims is nearing completion.

You will note in the report that we are starting two percussion holes from the northeast face of the drift, and also that I would like to drive a 12 ft. crosscut northwesterly to investigate the area between Long Holes 2 and 5 which appears to hold considerable immediate promise for a small ore shoot with excellent silver and copper values.

The proposed 12 ft. crosscut would bring the total footage to 101½ feet and complete this portion of Stage I. If you can approve this change from drift to crosscut I believe it will be most beneficial to the project at this time.

I plan to telephone you on Monday January 9th at your office in Denver with regars to this request but assays from Long Hole No. 5 may not be available at that time due to the usual Holiday delays. In any event Stage I should be completed about January 18th, 1967, and it will of course be necessary to continue pumping until you can inspect the work.

With best personal regards,

Very truly yours,

DC Gilbert

D. C. Gilbert

Docket 6465
Contract 2216
Royal - Deer Horn Claims
Santa Cruz County, Arizona

Nogales, Arizona
January 3, 1967

NARRATIVE REPORT FOR DECEMBER, 1966

During the month of December, 1966 the 50 ft. level of the Arroyo shaft was advanced 37½ feet, from a point 15½ feet northeast of Plug "D" to 28 feet northeast of Plug "E". Plug "D" to Plug "E" is N 59 E 25 feet. The drift continued in white and blue limestone and followed a fairly strong, steeply-dipping strand of the fissure zone with only scattered pyrite visible in the 28 feet northeast of Plug "E".

At about 15 feet northeast of Plug "D" considerable erratic copper, lead and zinc sulphides were found both in the westerly wall and in the floor of the drift. In this same area assays were received for Long Hole No. 2 which was reported in November at 12 feet northeast of Plug "D".

Distance in Hole		Oz Ag	% Cu	% Pb
6½ to 7 ft.		1.51	3.11	0.07
	Repeat	1.40		
11 to 12 ft.		17.06	3.84	0.20
	Repeat	17.18		

Since these two samples showed a wide variation in silver-copper ratio the repeat of silver assays was requested as shown above.

In order to gain some check on these samples Long Hole No. 4 was collared at 2 feet northeast of Plug "E" and drilled 12 feet at N 73 W, plus 10 deg, although this was inside the 20 ft. limit specified in the contract. Two sludges from this hole assayed as follows:

Distance in hole	Oz Ag	% Cu
2½ to 3 ft.	19.28	0.68
7 to 8 3/4 ft.	0.20	

Long hole No. 3 had previously been collared at 14 feet northeast of Plug "D" and drilled at S 23 E, plus 10 deg. This was abandoned at 9 feet when the bit entered a clay-filled crack and could not be realigned with reasonable work. This was all in light gray rock.

Long Hole No. 5 was later collared at 10 feet northeast of Plug "D" and drilled 21 feet at N 80 W, plus 10 deg. About three fourths of the sludges from 0 to 15½ feet showed sulphides and five samples are now out for assay. From 8½ to 10½ feet the sludge consisted of very heavy sulphides.

The total width of the mineralized zone in the area of long holes Nos. 2, 4 and 5 is about 12 feet, although the mineralization is erratic. At this time it suggests the possibility of finding a rather small but good grade, pipe-like body of sulphide ore carrying silver and copper, possibly improving as it is developed downward.

Docket 6465
Contract 2216

NARRATIVE REPORT FOR DEC. 1966

The drift northeast of Plug "E" shows little mineralization and Operator now proposes to drill two long holes to determine whether or not better-mineralized fissures are adjacent. One of these would be drilled from the drift face at about N 30 deg. E, and the other would be drilled from the same face at about S 75 deg. E. Operator would also like to crosscut the mineralized zone between long holes 2 and 5 for a distance of about 12 feet.

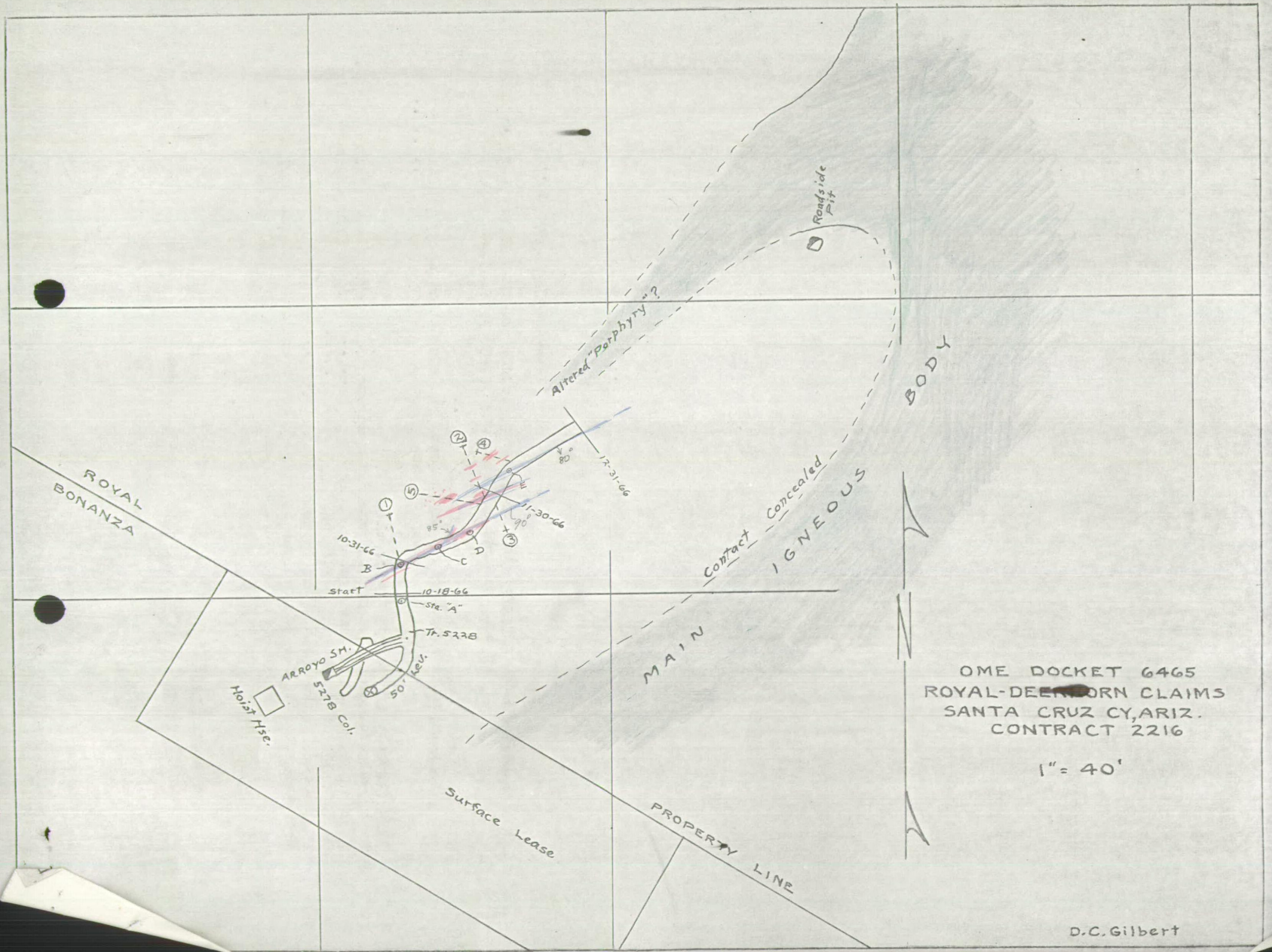
Results of these two short jobs should help both the O. M. E. field officer and the Operator to determine whether or not it is advisable to proceed with Stage II in Contract 2216.

Enclosed are one copy each of principal invoices for the month of December 1966; also assay certificates from Hawley and Hawley.

Respectfully submitted,

D. C. Gilbert

D. C. Gilbert


Roadside Pit
Altered "Porphyry"?
BODY
IGNEOUS
MAIN
Contact Concealed
ROYAL BONANZA
12-31-66
11-30-66
10-31-66
80°
85°
90°
B
C
D
Start
10-18-66
Ste. "A"
Tr. 5278
ARROYO SH.
5278 Col.
50' Lev.
Hoist Hse.
Surface Lease
PROPERTY LINE
OME DOCKET 6465
ROYAL-DEERHORN CLAIMS
SANTA CRUZ CY, ARIZ.
CONTRACT 2216
1" = 40'
D.C. Gilbert

MME FORM 60-4
SEPT. 1959

OFFICIAL COPY
NO. M. E.
RECEIVED
DEC 21 1966
INITIALS CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. 6465
Contract No. 2216
14-23-090-
Contract Amount $ 14000.00
Gov't. Participation % 75 $ 10500.00
Mineral(s) Silver

OPERATOR'S MONTHLY VOUCHER

For Month of November 1966

Operator's Name D. C. Gilbert
Address T.N.Star Rt. Box 8C, Nogales, Arizona 85621

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	1760.00	0	1760.00			
Drifting	0	528.00	528.00			
Crosscutting Long hole	28.50	24.00	52.50			
Drilling Mobilization	0	80.00	80.00			
(2) Personal Services:						
Supervision & Technical	265.00	662.50	927.50			
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:	0	1215.00	1215.00			
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment	26.20	8.25	34.45			
Analytical Work						
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	2079.70	2517.75	4597.45			

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

Date Dec. 5, 1966 *Payee D C Gilbert

Per _____ Title _____

* 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:

$ 1559.78 14X0804

Signature SEM
(Authorized Certifying Officer)

Date DEC 21 1966 Vou. No. 4903

(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. 2216

Signature J. William Hasler Title Field Officer Date 12-7-66

Approved by OME Executive Officer or Alternate:

Signature J. William Hasler Title Field Officer Date 12-7-66.

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

RMG 12/13

OPERATOR'S PROGRESS REPORT For Month of November 1966 Docket No. 6465

Operator's Name D. C. Gilbert Contract No. 14-23-090- 2216

OPERATION	UNITS Feet	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		40	40	$ 2010.00	40	40	2,010.00
Crosscutting	not incl.	12	12	1161.50		12	1 161.50
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion		19	35	96.50	19	35	96.50
Miscellaneous							
Mobilization				80.00			80.00
Roads and Trails							
Stripping							
Trenching							
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs				1215.00			1,215.00
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work				34.45			34.45
TOTAL TO DATE *(per MME Form 60)*				4597.45			4,597.45

REMARKS

Distribution of $265 supervision:

Drifting	1760.00	Long hole drilling	28.50
Supervision	250.00	Supervision	15.00
Total	2010.00	Total	43.50

(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. 8, 1966 Operator D. C. Gilbert

Per _____ Title _____

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 J. William Hasler

Title Field Officer
Government Representative

Date Dec. 7, 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.

Docket 6465
Contract 2216
Royal - Deer Horn Claims (Silver)
Santa Cruz County, Arizona

Nogales, Arizona
December 3, 1966

NARRATIVE REPORT FOR MONTH OF NOVEMBER, 1966

During the month of November the 50 ft. level of the Arroyo shaft was advanced 40 feet, from a point 14½ ft. north of plug "A" to 15½ feet northeast of plug "D", as shown on the accompanying plan map. All of this advance was drifting within the prospective fissure zone which shows strong fault slips with sporadic seams and lenses of sulphides. These sulphides are in very minor amount but were sampled at two locations as follows:

No. 3 at 9 ft. east of plug "B " An irregular 2" sulphide seam.
Ag 7.26 Pb 16.65 Zn 24.95

No. 4 at 14 ft. northeast of plug "B" Sulphide lens, about 3" x 8"
Ag 9.14 Pb 19.90 Zn 28.20

The zinc content of these is ususually high and the silver-lead ratio is much below the average of the area. Such wide variations in mineral content within short distances are usual in this district and are not unexpected.

At 23 feet northeast of plug "B" about 8 feet of siliceous beds) hornfels) were found on the southerly side of the fissure zone and these contained considerable disseminated pyrite. Sample No. 5 of these beds assayed 0.02 oz. Au and 1.50 oz. Ag per ton.

On November 30th a percussion hole No. 2 was collared at 12 feet northeast of plug "D" and drilled 19 feet at N 23 deg. W and at plus 12 deg. This was in white and gray rock, probably limestone, and at 6½ to 7 feet, also at 11 to 12 feet, the sludges carried sulphides which appeared to be pyrite. Both of these sludges are in process of assay.

A.5 oz Ag
17.1 oz Ag

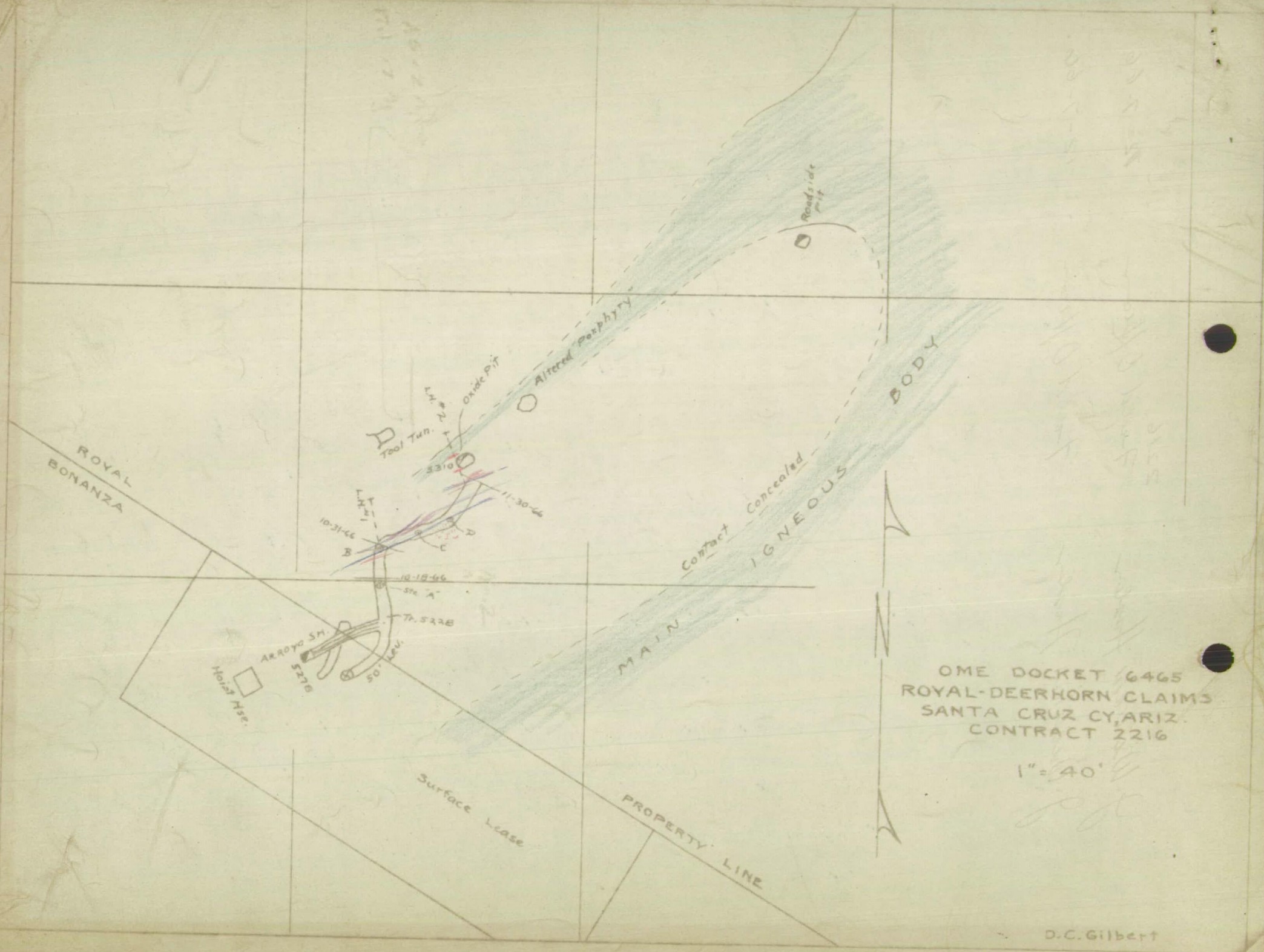
To date we have found the prospective fissure zone to be quite strong and well defined with apparant width of about 8 feet. Mineralization to date has been somewhat similar to that found in previous exploratory jobs in this district, many of which were successful. It may be classed as moderately encouraging.

Enclosed is a partial list of invoices and expenditures for November 1966; one copy only.

Respectfully submitted,

D. C. Gilbert

D. C. Gilbert



OME DOCKET 6465
ROYAL-DEERHORN CLAIMS
SANTA CRUZ CY, ARIZ.
CONTRACT 2216

1" = 40'

D.C. Gilbert

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

Office of Minerals Exploration

December 2, 1966

OFFICIAL COPY
G. N. F.
DEC 8 1966

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6465 (Silver)
D. C. Gilbert
Santa Cruz County, Arizona
Contract 2216

Transmitted herewith is a letter from Mr. D. C. Gilbert with invoices for the months of September and October, 1966 on the above-mentioned subject.

J. William Hasler
J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Aug-Sept-Oct combined voucher for 75% of $2517.75 has already been paid. No supplemental voucher accompanied these receipted bills.

Ask FO about context of Nov. 21 phone call mentioned in operator's letter of Nov. 25.

DCG B - These bills are to support the $2517.75 voucher
No action required

Nogales, Arizona
Nov. 25, 1966

O.M.E.Docket 6465 (Silver)
Santa Cruz County, Arizona
Contract 2216

Mr. J. William Hassler, Field Officer Region III
Federal Center Bldg. 25, Room 2284
Denver, Colorado 80225

Dear Mr. Hassler:

With reference to my phone call to you on Nov. 21st I am enclosing herewith invoices for O.M.E. Contract 2216, totalling $ 3756.82 for the months of September and October 1966. In addition there are many small purchases from firms and individuals, all of which are of course available here for audit at any time. Supporting data herewith for wages are reports to Industrial Commission of Arizona, which do not include 4.2 % social security tax and unemployment which must be paid. Enclosed are:

Gross wages for Sept. Oct. 1966	$ 1695.77
Supplies, Equip.Rent etc	
Collins Mchy Co.	587.55
D. W. Jaquays Co.	365.18
Titcomb Supply Co.	58.95
Western Mchy. Co.	525.00
Explosives (H & L and Beyerle)	72.73
Gasoline for hoist and compressor	252.22
Foxworth-Killen Lumber Co.	199.42
	$ 3756.82

Also enclosed are $ 168.89 paid Standard Oil of Cal. for gas etc. charged on credit card for auto operation and carried as a personal expense. Not to be confused with compressor -hoist fuel.

Cancelled checks etc are available here for audit at any time. Costs so far are somewhat above my estimate.

Very truly yours,

D. C. Gilbert

D. C. Gilbert

Phone - 287-1086

CUSTOMER'S
STATEMENT COPY

FOXWORTH-KILLEN LUMBER COMPANY

LUMBER AND BUILDING MATERIAL

Phone 287-2711

Nogales, Arizona, 8/27 1966

Cash Sale

Sold To D C Robert

Address Ave Mag. Stn Rt 96 Job

Terms P. O. No.

CLAIMS FOR SHORTAGE MUST BE MADE UPON RECEIPT OF GOODS. RETURNS SUBJECT TO APPROVAL AND HANDLING CHARGES.

	QUANTITY	SIZE AND DESCRIPTION			PRICE	AMOUNT	
1	6	4x6 - 14 Douglas Fir	168				
2	2	- 12	48				
3	2	- 10	40				
4	2	- 8	32	288	18¢	50	10
5							
6	12	1/2 x 10 Bolts			49	5	88
7	22	1/2 x washers					40
8							
9	40	ft 1" Pipe		2½#	75¢	1	88
10							
11		Thousand Grand					
12						58	56
13							
14		Will Call	27			1	17
15							

ABOVE ACCOUNT DUE ON AND DRAWS LEGAL INTEREST FROM FIRST OF MONTH FOLLOWING DATE OF PURCHASE UNLESS OTHERWISE PROVIDED.

SUB TOTAL	57 38
SALES TAX	2 29
DELIVERY CHARGE	
TOTAL	59 68

FOXWORTH-KILLEN LUMBER CO.

PAID

Received by

Del'd by

FORM 45B

No. 03009

FORM 8

NOGALES, ARIZONA, October 1966

FOXWORTH-KILLEN LUMBER COMPANY

LUMBER AND BUILDING MATERIAL

FIG

IN ACCOUNT WITH

D. C. Gilbert
Valle Verde Apt.
Nogales, Arizona

1.90 DISCOUNT WILL BE ALLOWED IF PAID BY NOV 10 1966

331 GRAND AVENUE
P. O. BOX 399
PHONE 287-2711
NOGALES, ARIZONA 85621

ALL ACCOUNTS BEAR INTEREST FROM FIRST OF MONTH FOLLOWING PURCHASE

10-65—6M DUP.

DATE		DESCRIPTION	DEBIT	CREDIT	BALANCE
Oct.	1	06074	172		172
	3	06141	788		
	3	06200	102		1062
	4	06306	649		
	4	06387	400		2111
	7	06647	707		2818
	11	06946	1308		
	11	06955	606		4732
	12	07083	387		
	12	07084	3073		8092
	13	07190	917		9009
	15	07444	181		9190
	17	07495	112		9302
	20	07858	322		9624
	21	07969		104	9520

FOXWORTH-KILLEN LUMBER CO.
PAID
11-4-66

FORM 8

NOGALES, ARIZONA, Sept. 1966

FOXWORTH-KILLEN LUMBER COMPANY

LUMBER AND BUILDING MATERIAL

FIG

IN ACCOUNT WITH

D. C. Gilbert
Nacl. Horse Cptn.
Nogales, Arizona

914 DISCOUNT WILL BE ALLOWED IF PAID BY OCT 10 1966

331 GRAND AVENUE
P. O. BOX 399
PHONE 287-2711
NOGALES, ARIZONA 85621

ALL ACCOUNTS BEAR INTEREST FROM FIRST OF MONTH FOLLOWING PURCHASE

10-65—6M DUP.

DATE		DESCRIPTION	DEBIT	CREDIT	BALANCE
Sept.	6	03665 ✓	483		
	6	03776 ✓	168		651
	8	04024 ✓	437		1088
	13	04388 ✓	777		1865
	17	04785 ✓	720		2585
	19	04850 ✓	381		2966
	20	04968 ✓	288		
	20	05008 ✓	109		3363
	22	05227 ✓	397		3760
	26	05519 ✓	172		3932
	29	05892 ✓	613		4545
					4545
					− 91
					4454

FOXWORTH-KILLEN LUMBER CO
PAID
10-4-66
M. Morales

EDWARD F. JOHNSON

1000 GRAND AVE. - PHONE 287-2383

NOGALES ARIZONA 85621

D. C. Gilbert
Valle Verde Apt 5
N.T. Star Route Box 96
Nogales, Arizona

9/30/66	Bal				30 36
	Gas for Voy compressor				
	Taken to Duquesne in cans.				

EDWARD F. JOHNSON

1000 GRAND AVE. - PHONE 287-2383

NOGALES ARIZONA 85621

Mr. D.C. Gilbert
Valle Verde apt 5
Mt. Star Route Box 96
Nogales, Arizona

10/15/66	Bal.			62	88

EDWARD F. JOHNSON
1000 GRAND AVE. - PHONE 287-2383
NOGALES ARIZONA 85621

CHEVRON DEALER

D. C. Gilbert
Valle Verde apt 5
N.T. Star Route Box 96
Nogales, Arizona

10/30/66	Bal.			158	98
	For Vog 125 cu. ft. Compressor				
	and Vog Hoist				
	Repair Mine				

Oct 15 16

P.C. Gilbert
Hale Veale Apt. #5
Douglas Ariz
1 box powder 18.54

Paid by check
Check No 59

19 2054

10-27 16

P.C. GILBERT

1	Box 50 26 S. 4 OR Brooks 1 X 8	16 00
1	Box 100 # 6 Bussman Caps	5 00
5	Rolls Fuse Cord 2.50 100' Roll Paid	12 50
		33 50
	3% Sales Tax	1 01
		34 51
	Less Credit Promo	2 00
	Purchase Price	32 51

statement

STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC.

P. O. BOX 3075 TERMINAL ANNEX • LOS ANGELES • CALIFORNIA 90054

Please **KEEP THIS** part for your record.

TERMS: Accounts are due and payable within 15 days of this statement date.

INVOICES INCLUDE STATE AND FEDERAL TAXES FOR GASOLINE TAXES IN YOUR STATE, SEE BACK

CARD NUMBER	STATEMENT DATE
724-135-903-8	OCT 12,66

PRIOR BALANCE	SERVICE CHARGE	CONTRACT INSTALLMENTS
115.69		
CURRENT CHARGES		TOTAL AMOUNT DUE
		$115.69

A charge of 1½% per month will be made on past due balances.

DATE | CHECK NUMBER | AMOUNT

statement

STANDARD OIL COMPANY OF CALIFORNIA, WESTERN OPERATIONS, INC.

P. O. BOX 3075 TERMINAL ANNEX • LOS ANGELES • CALIFORNIA 90054

Please **KEEP THIS** part for your record.

TERMS: Accounts are due and payable within 15 days of this statement date.

INVOICES INCLUDE STATE AND FEDERAL TAXES FOR GASOLINE TAXES IN YOUR STATE, SEE BACK

CARD NUMBER	STATEMENT DATE
724-135-903-8	SEP 13,66

PRIOR BALANCE	SERVICE CHARGE	CONTRACT INSTALLMENTS
53.20		
CURRENT CHARGES		TOTAL AMOUNT DUE
		$53.20

A charge of 1½% per month will be made on past due balances.

DATE | CHECK NUMBER | AMOUNT

H & L GARAGE & HARDWARE CO., INC.

Gas and Oil
Garage Service

Building Supplies
General Contractor

Phone 394-2255

Patagonia, Ariz., 10/14/66 196

Name: P.C. Gilbert Mining Co

Address: Cash

1-25 # Carbide	6	25
500 ft Fuse	9	75
1-Box caps	4	45
2-Flash Cells		40
	20	85
		83
	21	68

25

820 NORTH 17th AVENUE
P. O. BOX 6636
PHOENIX, ARIZONA 85005
TELEPHONE 258-8531

WESTERN MACHINERY COMPANY

WMC

4620 SOUTH COUNTRY CLUB ROAD
P. O. BOX 5571
TUCSON, ARIZONA 85703
TELEPHONE 294-7677

November 17, 1966

Mr. D. C. Gilbert
Valle Verde, Apt. #5
T.N. Star Route - Box 96
Nogales, Arizona

Dear Mr. Gilbert:

We received your copy of our Invoice No. 6301 showing rental from October 3, 1966 thru November 2, 1966, which is in error. We sent you a corrected invoice, with the same invoice number, on November 11, 1966, showing rental date November 3, 1966 thru December 2, 1966.

You are right about having paid for the months of September, October, and November as we have received three payments of $175.00, each, from you. Many thanks.

Yours very truly,

WESTERN MACHINERY COMPANY

C. H. Gering
Credit Manager

CHG:hj

CREDIT MEMORANDUM

WESTERN FRONTIER MACHINERY CO.

P.O. BOX 6636 - 820 NORTH 17TH AVENUE 258-8531 - PHOENIX, ARIZONA 85005

WFMC

CONSTRUCTION, INDUSTRIAL and MINING MACHINERY

YOUR ORDER NO.	DATE SHIPPED	SHIPPING POINT	OUR ORDER NO.	INVOICE DATE	INVOICE NO.
	9/3/66	Tucson	600341	9/22/66	6070

SOLD TO

D.C. Gilbert
Valle Verde, Apt. #5
T.N. Star Route - Box 96
Nogales, Arizona

SHIPPED TO

TERMS	FREIGHT	F.O.B. POINT	SHIPPED VIA	SALESMAN
CREDIT MEMO	PPD. COLL.			

QUANTITY	DESCRIPTION	PRICE	TOTAL
	CREDIT ISSUED ON INVOICE #6017 DATED 9/15/66: BILLED IN ERROR - ORGINALLY BILLED ON INVOICE #5970 DATED 9/8/66:		
	Rental for one month on:		
1	Joy Model RP 125 GA52MS1 Portable Air Compressor S/N 83390		175.00
	From: September 3, 1966 Thru October 2, 1966		

FITCOMB SUPPLY CO.
NOGALES, ARIZONA

Date 9/9/66 196

M Gilbert

No.

Reg. No. Clerk

		ACCOUNT FORWARDED	
1	1 - Foot Valve	9	95
2	1 - Fennel		98
3		10	93
4	Tax		44
5		11	37
6			
7			
8			
9			
10			
11			
12			
13			
14			
15	12A 2		

Your account stated to date. If error is found return at once.

FITCOMB SUPPLY CO.
NOGALES, ARIZONA

Date 8/30/66 19

Name D. C. Gilbert

Address

Sold by Am't Rec'd

1	1 - Timber Saw	11	95
2	1 - Axe	6	25
3	1 - Prospectors Pick	4	60
4	1 - Shovel	3	25
5	4 - Blades	3	20
6		29	25
7	Tax	1	17
8		30	42
9			
10			
11			
12			
13	814112		

IN CASE OF ERROR OR EXCHANGE PRESENT THIS SLIP

TITCOMB SUPPLY CO.

NOGALES, ARIZONA

SOLD TO MR. D. C. GILBERT
#5 Valle Verde Apartments
T-N STAR ROUTE BOX #96
NOGALES, ARIZONA

DATE September 30, 1966

	Order 9/19/66	
30	Track Bolts	3.30
10	Lbs Track Spikes	3.50
	Order 9/24/66	
5	Lbs Carbide	1.00
1	Gas Can, 5 Gal	3.25
	Order 9/26/66	
2	1/2" Rope Clips	.90
2	5/8 ditto	1.30
	Order 9/29/66	
1	5 Gal Gas Can	3.25
		16.50
	Sales Tax	.66
		17.16

Paid 10-1-66
Check No. 44 DCG

D. W. JAQUAYS & CO. MINING & CONSTRUCTION EQUIPMENT

GARDNER DENVER EQUIPMENT / TIMKEN BITS / DIAMOND DRILLING SUPPLIES

ATLAS EXPLOSIVES / 1219 S. 19th AVENUE • PHOENIX, ARIZONA 85009

TELEPHONES / PHOENIX 254-6494 • GLOBE 425-2621 • TUCSON ENTERPRISE 236

SOLD TO: D.C. Gilbert Mining
T-M Star Route Box 96 Apt 5
Nogales, Arizona

Date 9/29-66

Customer's Order No.

Terms

SHIP TO:	SHIP DATE	SHIP VIA	FOB
	9-29-66	Consolidated	Nogales

QTY. OR'D	PART NO.	DESCRIPTION	QTY. SHIPPED	UNIT	AMOUNT
1	CLS-2510	7/8 x 4 1/4 Shank	1		21 05
1	CLS-1202	7/8 x 2' Drill Steel 1200 Series	1		14 05
3	CLS-1203	7/8 x 3' — — — —	3	16 75	50 25
3	CLS-1206	7/8 x 6' — — — —	3	24 85	74 55
7	CLS-1200	Couplings — —	7	6 75	47 25
1	CLS-320	1200 Series to "H" Thread Adapter	1		10 25
1	[illegible]-1 3/4"	Bit Chisel Carbide Bit	1		15 05
2	714-0635	Uddeholm Steel 7/8 x 4 1/4 x 2' narrow	2	16 60	33 20
2	714-1234	— — 7/8 x 4 1/4 x 4' —	2	17 95	35 90
					301 55
		3% Mine Tax			9 05
					310 60

To Correct original copy of this invoice to changes as sent.

Thank you.

INVOICE NO. 54637

No claims allowed unless made within ten days after receipt of goods. If order is filled correctly, goods cannot be returned without our consent. A service charge plus transportation costs will be charged on goods returned. Interest at the rate of 1% per month will be charged on all accounts past due over 30 days.

REC'D BY

FOR SERVICE BUY FROM YOUR LOCAL DISTRIBUTOR

SUB TOTAL	
SALES OR USE TAX	
TRANS.	
TOTAL	

Paid 10-14-66
Check No 52 RCY

INVOICE

D. W. JAQUAYS & CO. MINING & CONSTRUCTION EQUIPMENT

GARDNER DENVER EQUIPMENT / TIMKEN BITS / DIAMOND DRILLING SUPPLIES

ATLAS EXPLOSIVES / 1219 S. 19th AVENUE • PHOENIX, ARIZONA 85009

TELEPHONES / PHOENIX 254-6494 • GLOBE 425-2621 • TUCSON ENTERPRISE 236

SOLD TO: D.C. Gilbert Mining Co
TM Star Route Box 96 Apt #5
Nogales, Arizona

Date: 10-13-66

Customer's Order No.:

Terms:

SHIP TO:	SHIP DATE	SHIP VIA	FOB

QTY. OR'D	PART NO.	DESCRIPTION	QTY. SHIPPED	UNIT	AMOUNT	
		Rental 10/10 thru 11-9-66				
1	DP-2	Gardner-Denver Sump Pump # 251659			43	50
		Insurance				84
					44	34
		Paid Ck #53				

INVOICE NO. 54886

No claims allowed unless made within ten days after receipt of goods. If order is filled correctly, goods cannot be returned without our consent. A service charge plus transportation costs will be charged on goods returned. Interest at the rate of 1% per month will be charged on all accounts past due over 30 days.

REC'D BY:

FOR SERVICE BUY FROM YOUR LOCAL DISTRIBUTOR

SUB TOTAL	
SALES OR USE TAX	
TRANS.	
TOTAL	

INVOICE

D. W. JAQUAYS & CO. MINING & CONSTRUCTION EQUIPMENT

GARDNER DENVER EQUIPMENT / TIMKEN BITS / DIAMOND DRILLING SUPPLIES

ATLAS EXPLOSIVES / 1219 S. 19th AVENUE • PHOENIX, ARIZONA 85009

TELEPHONES / PHOENIX 254-6494 • GLOBE 425-2621 • TUCSON ENTERPRISE 236

SOLD TO: D. C. Gilbert
T.N. Star Route Valle-Verde Apt 5
Nogales, Arizona

Date: 9-12-66

Customer's Order No.:

Terms: COD

SHIP TO:	SHIP DATE	SHIP VIA	FOB
	9-12-66	Greyhound	Phx

QTY. OR'D.	PART NO.	DESCRIPTION	QTY. SHIPPED	UNIT	AMOUNT
1	S63F-27B	air tube	1		4 25
1	7-29B	gasket	1		20
1	17-39A	Washer	1		20
2	FLS-20	Cups	2	260	5 20
					9 85
				TAX	39
					10 24
		Bus Collect			
		Total Charged $12.39			
		Paid cash			
		RCG			

INVOICE NO. 54320

No claims allowed unless made within ten days after receipt of goods. If order is filled correctly, goods cannot be returned without our consent. A service charge plus transportation costs will be charged on goods returned. Interest at the rate of 1% per month will be charged on all accounts past due over 30 days.

REC'D BY

FOR SERVICE BUY FROM YOUR LOCAL DISTRIBUTOR

SUB TOTAL	9 85
SALES OR USE TAX	39
TRANS.	
TOTAL	10 24

INVOICE

COLLINS MACHINERY CO.

P. O. Box 3757, Lowell Station
BISBEE, ARIZONA 85603

D. C. Gilbert Mining
TN Star Rt. Box 96
Nogales, Arizona 85621

10/8/66

Inv. # 1625	$27.60
1641	16.09
1645	46.12
	$89.81

COLLINS MACHINERY CO.

P. O. Box 3757, Lowell Station
BISBEE, ARIZONA 85603

No. 1623

PAID by check # 8 (91-70)
August 31, 1966

DATE	August 31, 1966
CUSTOMER'S ORDER	
SALESMAN	
TERMS	
F.O.B.	
SHIPPED VIA	

Sold To: D. C. Gilbert Mining
Valle Verde Apt. # 5
T.N. Star Rt. Box 96 Nogales, Arizona 85621

Shipped To: _____
location

10	4 x 4" x 6'			4.80
24	2 x 4" x 6' -- 10 2 x 4" x 8'			9.00
1	dolly and 1 dump car			60.00
1	sq. tank (approx 1500 gal)			75.00
36 pc	12 lb. rail & fish plate			129.60
240'	4 x 6" for 3' track ties			28.80
120'	2" (or 1½") pipe and couplings			24.00
240'	1" pipe and couplings			28.80
4	15' 4 x 6"			7.20
30'	2 x 12" (lineal feet)			3.60
3 2"	90° ells, 3-2" unions 1-2" valve or cock, 1½2 valves 2 unions			9.00
200 sq ft. tin				12.00
				391.80
	3% tax			11.75
	moving chg to location			8.20
	move compressor from Tucson			20.00

Rediform 7S726

INVOICE

431.75

COLLINS MACHINERY CO.

P. O. Box 3757, Lowell Station
BISBEE, ARIZONA 85603

No. 1627

DATE	Sept 4-1966
CUSTOMER'S ORDER	
SALESMAN	
TERMS	
F.O.B.	
SHIPPED VIA	

Sold To: D.C. Gilbert Mining
Mogally Ariz

Shipped To: D.C. Gilbert

1 -	Pocket Block			10	-
1 -	Mine Bell			10	-
1 -	Crow Bar			2	25
10'	2" Suction hose w/fittings			15	-
15'	1½" discharge hose w/fittings			10	-
26'	air hose w/fittings			11	80
1 -	pipe nipple			5	
				64	05
	3% Sales Tax			1	92
				Total	65 97

Rediform
7S726

SEE BACK OF ORIGINAL FORM FOR INSTRUCTIONS

PAYROLL AND PREMIUM REPORT

THE INDUSTRIAL COMMISSION OF ARIZONA

1616 W. ADAMS PHOENIX, ARIZONA 85007

POLICY NO. 65772

D C GILBERT MINING
VALLE VERDE APT 5
N T STAR RT BOX 96
NOGALES ARIZ 85621

58400 MONTHLY

PAYROLL PERIOD FROM MO	DAY	YR	TO AND INCLUSIVE MO	DAY	YR
09	01	66	09	30	66

CODE	DESCRIPTION OF WORK PERFORMED	1 TOTAL WAGES INCLUDE VALUE OF BOARD & LODGING	2 COMPENSATION RATE	3 COMPENSATION PREMIUM	4 OCCUPATIONAL DISEASE RATE	5 OCCUPATIONAL DISEASE PREMIUM	6 FOR OFFICE USE ONLY
1164	MINING NOC	927.77	.1196	110.97	.0020	1.86	
8810	CLERICAL		.0013		.0001		
LINE A - TOTAL THIS REPORT		927.77		110.97		1.86	
LINE B - PRIOR BALANCE DUE	ADV. DEP. DUE						
LINE C - TOTAL AMOUNT DUE				110.97		1.86	112.83

THIS REPORT IS DUE AND PAYABLE ON THE FIRST DAY OF THE MONTH FOLLOWING THE END OF THE PAYROLL PERIOD AND BECOMES DELINQUENT ON THE LAST DAY OF THAT MONTH.

REMIT THIS AMOUNT

FOR OFFICE USE ONLY

I/We hereby certify that this report is a true and complete statement of all salaries, wages, sums paid or due for regular time, overtime, piece work, commissions, board, lodging, merchandise, credits and other allowances or substitutes for cash earned by or allowed to, all persons on my/our payroll or in my/our employ during this period, and/or covered by this policy.

DATE Oct. 14 - 1966 SIGNATURE D C Gilbert TITLE Owner

COMPLETE AND RETURN ORIGINAL TO THE INDUSTRIAL COMMISSION. RETAIN DUPLICATE FOR YOUR FILES.

*BE SURE TO COMPLETE STEP 11 ON BACK OF THIS SHEET.

SEE BACK ORIGINAL FORM FOR INSTRUCTIONS

U-17 (P) v

PAYROLL AND PREMIUM REPORT

THE INDUSTRIAL COMMISSION OF ARIZONA

1616 W. ADAMS PHOENIX, ARIZONA, 85007

POLICY NO. 5772

D C GILBERT MINING
VALLE VERDE APT 5
N T STAR RT BOX 96
NOGALES ARIZ 85621

58400 MONTHLY

PAYROLL PERIOD FROM MO	DAY	YR	TO AND INCLUSIVE MO	DAY	YR
10	01	66	10	31	66

CODE	DESCRIPTION OF WORK PERFORMED	1 TOTAL WAGES INCLUDE VALUE OF BOARD & LODGING	2 COMPENSATION RATE	3 COMPENSATION PREMIUM	4 OCCUPATIONAL DISEASE RATE	5 OCCUPATIONAL DISEASE PREMIUM	6
1164	MINING NOC	768.00	.1196	91.85	.0020	1.54	
8810	CLERICAL	0	.0013		.0001		
							FOR OFFICE USE ONLY
LINE A- TOTAL THIS REPORT		768.00		91.85		1.54	
LINE B- PRIOR BALANCE DUE	ADV. DEP. DUE			0		0	
LINE C- TOTAL AMOUNT DUE				91.85		1.54	93.39

THIS REPORT IS DUE AND PAYABLE ON THE FIRST DAY OF THE MONTH FOLLOWING THE END OF THE PAYROLL PERIOD AND BECOMES DELINQUENT ON THE LAST DAY OF THAT MONTH.

REMIT THIS AMOUNT

FOR OFFICE USE ONLY

I/We hereby certify that this report is a true and complete statement of all salaries, wages, sums paid or due for regular time, overtime, piece work, commissions, board, lodging, merchandise, credits and other allowances or substitutes for cash earned by or allowed to, all persons on my/our payroll or in my/our employ during this period, and/or covered by this policy.

DATE Nov. 7-1966 SIGNATURE D C Gilbert TITLE Owner

COMPLETE AND RETURN ORIGINAL TO THE INDUSTRIAL COMMISSION. RETAIN DUPLICATE FOR YOUR FILES.

*BE SURE TO COMPLETE STEP 11 ON BACK OF THIS SHEET.

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225

Office of Minerals Exploration

OFFICIAL COPY
M. E.
RECEIVED
NOV 9 1966

November 8, 1966

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Enclosed herewith is the original plus two copies of the Operator's Monthly Voucher, MME Form 60, the Operator's Progress Report, MME Form 61 for the month of October, 1966, the operator's narrative, accompanying map and supporting documents.

J. W. Hasler

J. W. Hasler,
Field Officer, Region III
Office of Minerals Exploration

MME FORM 60
SEPT. 1959

110
~~1208~~

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. 6465
Contract No.
14-23-090- 2216

OPERATOR'S MONTHLY VOUCHER

For Month of From Aug. 15, 1966 October 1966

Contract Amount $ 14,000
Gov't. Participation 75 10,500
Mineral(s) Silver

Operator's Name D. C. Gilbert
Address T.N.Star Rt Box 96, Nogales, Ariz. 85621

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						
Crosscutting	528.00	0	528.00			
Drilling Long hole	24.00	0	24.00			
Mobilization	80.00	0	80.00			
(2) Personal Services: 2½ Mo.						
Supervision & Technical	662.50	0	662.50			
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.	1215.00	0	1215.00			
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work	8.25	0	8.25			
Payroll Taxes						
Employee's Liability Ins.						
TOTALS	2517.75	0	2517.75			

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 28 1966
INITIALS CO. E
Cac 210
120
120
120 8

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

Date Nov. 3, 1966 *Payee D C Gilbert

Per _____ Title _____

* 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:

$ 1888.31

14X0804

Signature _____
(Authorized Certifying Officer)

Date NOV 25 1966 Vou. No. 4145

(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. 2216

Signature J. William Hosler Title Field Officer Date Nov 4, 1966

Approved by OME Executive Officer or Alternate:

Signature J. William Hosler Title Field Officer Date Nov 4, 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 October 1966 Docket No. 6465

Operator's Name D. C. Gilbert Contract No. 14-23-090-2216

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							
Crosscutting	Feet	12	12	1161.50	12	12	1,161.50
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond							
Rotary							
Drilling, Non-core-Diamond							
Rotary							
Churn							
Percussion	Feet	16	16	53.00	16	16	53.00
Miscellaneous							
Mobilization				80.00	—	—	80.00
Roads and Trails							
Stripping							
Trenching							
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs				1215.00			1,215.00
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work	2 samples			8.25			8.25
TOTAL TO DATE *(per MME Form 60)*				2517.75			2,517.75

REMARKS 2½ months supervision of 662.50 distributed to:
Crosscutting 12 ft. at 44.00 (528.00) plus 633.50 supvn. total 1161.50.
Drilling 16 ft. at 1.50 (24.00) plus 29.00 supvn. total 53.00.

(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 Nov. 3, 1966 Operator D C Gilbert

Per _____ Title _____

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 J. William Hosler

Title Field Office
Government Representative

Date Nov. 4, 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.

O.M.E. Docket 6465
Contract 2316

HAWLEY & HAWLEY

ASSAYERS AND CHEMISTS, INC.
1700 W. GRANT RD. • BOX 5934 • 622-4836
TUCSON, ARIZONA 85703

BRANCHES
DOUGLAS, ARIZONA
HAYDEN, ARIZONA
EL PASO, TEXAS
AMARILLO, TEXAS

IDENTIFICATION	GOLD OZS	SILVER OZS	LEAD %	COPPER %	ZINC %	MO. %	IRON %		
#1 12" lens, Oxide Pit		1.16	3.65		2.48				
#2 ox. specks, Tool Tun.		0.50	0.80		0.27				

CC: D. C. Gilbert
ADD: Valle Verde Apt. 5
CITY: T.N. Star Route, Box 96
ADD: Nogales, Arizona 85621
CITY:

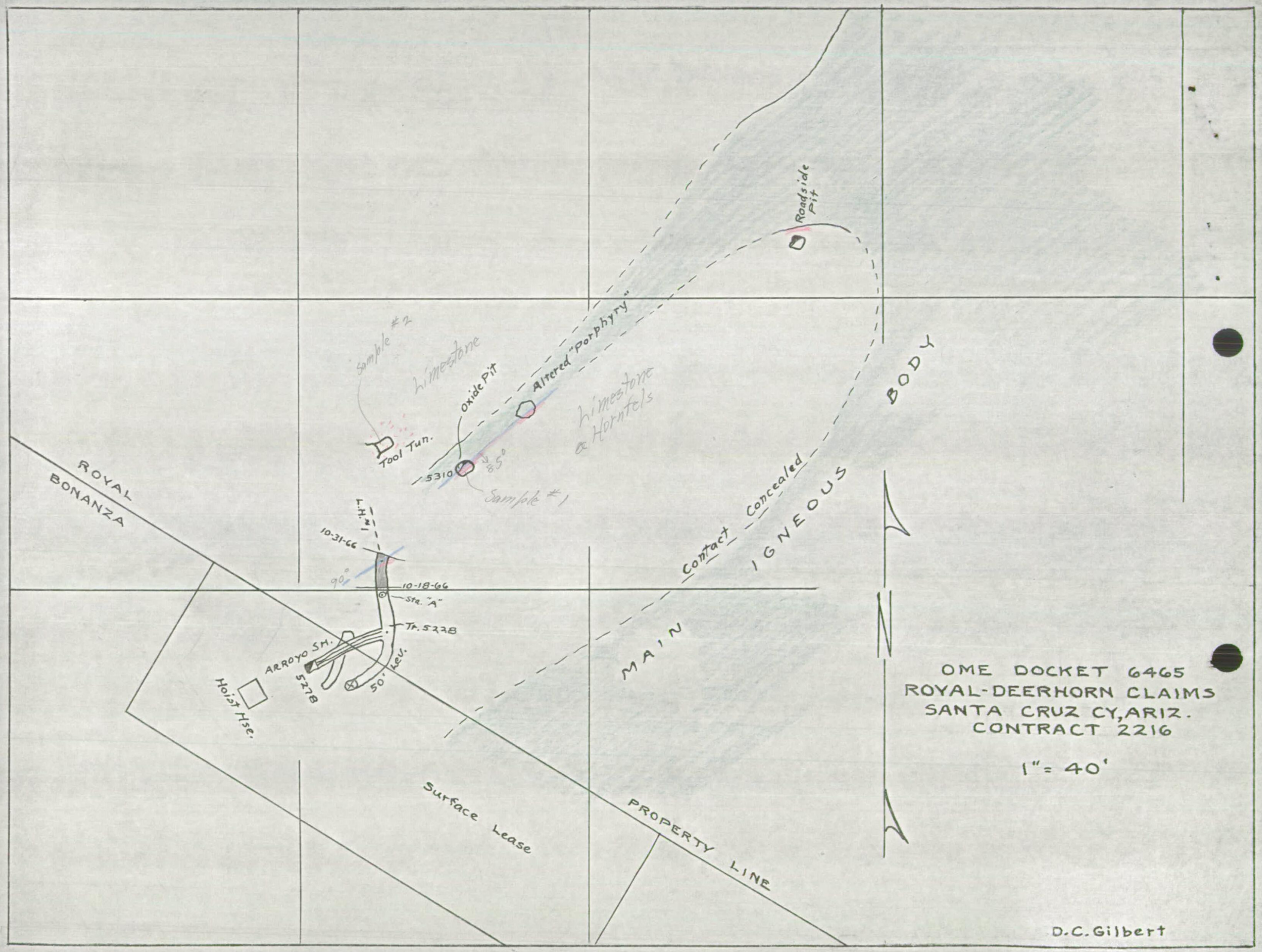
REMARKS:
Special

ANALYSIS CERT. BY PRichard

PREPARATION $ 1.50
ANALYSIS $ 6.75

ACC: D. C. GILBERT

DATE SPL. RECEIVED 10/10/66 | DATE COMPL 10/12/66 | NCG 3[illegible]3 | $ 8.25


Roadside Pit
Altered "Porphyry"
Sample #2
Limestone
Oxide Pit
Limestone & Horntels
Tool Tun.
5310
85°
Sample #1
ROYAL BONANZA
L.H.#1
10-31-66
90°
10-18-66
Sta. "A"
Tr. 5278
ARROYO SH.
5278
50' Lev.
Hoist Hse.
Contact Concealed
IGNEOUS
BODY
MAIN
Surface Lease
PROPERTY LINE
N
OME DOCKET 6465
ROYAL-DEERHORN CLAIMS
SANTA CRUZ CY, ARIZ.
CONTRACT 2216
1" = 40'
D.C. Gilbert

Docket 6465
Contract 2216
Royal-Deer Horn Claims (Silver)
Santa Cruz County, Arizona

Nogales, Arizona
November 3, 1966

NARRATIVE REPORT FOR AUG. 15 to NOV. 1, 1966

Operator arrived in the area on Aug. 15, 1966 and started investigation of equipment, supplies and labor for the project. The first equipment and supplies were moved to the property on Aug. 29, 1966. Construction of headframe, hoist house and surface tracks, with installation of compressor, hoist, pump etc, was finished about Sept. 14, 1966.

In contrast to the relatively dry years during operator's former residence in the area, the summer of 1966 was extremely wet, the ground was saturated with water and upon start of pumping operations on Sept, 15th the progress was very slow. The 50 ft. level was partly filled with soft, black silt which was too thick to pump well, and too sloppy to shovel. As a result the cost of initial rehabilitation was far above the cost estimate of $ 1215.00. During the latter part of October the influx of water has been dimishing so that no great trouble is now in prospect.

On Oct. 18 drilling of the proposed crosscut was started, and on this same day the project was inspected by Mr. J. William Hasler of the Denver office. A measuring plug had been drilled into the back of the 50 ft. level crosscut and the face of crosscut was 2½ feet north of this plug, which latter was N 6 deg. W, 12½ feet from the shaft center.

During the latter part of October the crosscut was advanced a distance of 12 feet to a point 14½ feet northerly from the plug (A). At 12 feet north of Plug A the Arroyo vein was encountered, consisting of a very strong and sharp fissure with a few seams of galena and sphalerite on the southerly side. The northerly side had about 1½ feet of dark, compact rock, possibly igneous. In order to determine whether or not the fissure should be followed, a long hole was drilled at N 13 deg. W from the face, for 16 feet at plus 5 deg. This was entirely in marblized white limestone, not mineralized. Sludges were saved but have not been assayed.

On November 1st, drifting was started on the fissure toward the objective area. During October 2 samples were assayed. No. 1 was a 12" lens of oxidized material in the Oxide Pit and carried 1.16 Ag, 3.65 % Pb and 2.48 % Zn. No 2 was a very small sample of oxidized specks scattered through the white limestone in and adjacent to the Tool Tunnel and it carried 0.50 oz. Ag, 0.80 % Pb and 0.27% Zn. In addition, surface digging has indicated the porphyry "nubbin" is actually a narrow dike, pinching out to the south, and forming a possible ore trap with an especially promising area between the Oxide Pit and the Roadside Pit.

Respectfully submitted,

D. C. Gilbert, Operator

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225
Office of Minerals Exploration

OFFICIAL COPY

November 3, 1966

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

During an interim examination of the subject property on October 18, 1966 it was ascertained that all of the General Provisions of the contract have been met as far as the exploration work has progressed to the date of the interim examination. The Arroyo inclined shaft has been reopened, and the crosscut face is 15 feet from the center line of the skidway at the bottom of the incline. The crosscut trends N. 5° W. and was approximately 8 feet from the vein at its projected location from the oxide pit on the road above the Arroyo incline. The vein strikes N. 46° E. and dips 80° SE, as observed in outcrop. The crosscut is not less than 4-1/2 by 6-1/2 feet in cross section. Mine rails are not less than 12-pound size, and the air lines are 1-1/2 inch in diameter and the water lines are not less than 1-inch in diameter as specified in the contract. A suitable head frame has been constructed and approximately 25 feet of track has been installed to date.

Progress during August and September has been hampered by frequent torrential rain storms which would flood the incline. A subsidiary channel has been constructed to allow the water to by-pass the incline, and no further difficulties are presently expected.

The Equal Employment Opportunity notices were posted on the Hoist house as well as on the tool shed near the road.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO 80225
Office of Minerals Exploration

October 24, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 25 1966
INITIAL COPY
10/26 M 120 M
gla 130
JG 110
HR 120

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6465
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract No. 2216

Transmitted herewith are the original and three copies of the 10-item form "Equal Employment Opportunity Under Government Contracts" on the above-mentioned docket.

1 copy removed for OME file on EEO gla

2 copies to Dorothy Bernevela 10/27/66

J. William Hasler
J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Enclosures: Orig. and 3 copies Of EEOUGC

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Date: September 10, 1966

Memorandum

To: Compliance Officer

From: Acting Field Officer, Region III

Subject: Equal Employment Opportunity Under Government Contracts
OME- 6465
Operator: Donald C. Gilbert
Name of Property: Royal and Deer Horn Claims
County-State: Santa Cruz County, Arizona
Contract No. 2216

I have obtained the following information from my visit to the operating project under the subject contract:

1. Number of all employees — 3
2. Number of women employees — 0
3. Number of Negro employees — 0
4. Number of other minority groups (Indian, Latin, Oriental, etc.) — 3
5. Was employment through a union? — No
6. Distance to the closest union headquarters — 90 miles
7. Are the discrimination posters prominently displayed? —
8. If employment was through a union, was the union furnished Standard Form 38? —
9. If employment was not through a union, in what manner was employment made? — Personal Contact
10. Acts of intimidation matter has been discussed with: J. William Hasler

Office of Minerals Exploration

October 4, 1966

OFFICIAL
COPY
U. W. F.
RECEIVED
OCT 3 1966
Stats
120 m
120 S

Mr. D. C. Gilbert
Valle Verde, Apartment 5
N. T. Star Route Box 96
Nogales, Arizona 85621

Subject: OME-6465
Santa Cruz County, Arizona
Contract 2216

Dear Mr. Gilbert:

Transmitted herewith are the following:

1 Sample OME Form 60 (Operator's Monthly Voucher)

1 Sample OME Form 61 (Operator's Progress Report)

2 Posters on Equal Employment Opportunity

Sincerely yours,

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

cc:
Chief, OME
Hasler chron
OME chron
2216

Note change of address on our file

Office of Minerals Exploration -- Building 25

August 30, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 2 1966

Mr. D. C. Gilbert
Valle Verde Apt. 5
N. T. Star Route Box 96
Nogales, Arizona 85621

Re: OME-6465 (Silver)
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

~~120 AA~~
~~8 S 110~~
FMJ 1208

Dear Mr. Gilbert:

This letter is in reply to your letter dated August 25, 1966, informing us of your permanent change of address, as well as your temporary address in Nogales, Arizona.

I share your opinion that the best time for beginning inspection of your property pertaining the commencement of the subject contract would now be around the first of October. I shall inform you of an exact date later on this month.

Enclosed is a supply of OME Monthly report and voucher MME forms 60 and 61 for your use in your monthly reports.

Enclosed also are forms pertaining to the President's Committee on Equal Employment Opportunity Ex. Ord. 10925 which must be completed and returned to this office as soon as work actually begins under the contract or shortly thereafter.

Sincerely yours,

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

Enclosures

cc: Chief, OME - Enclosure
Hasler chron
OME chron
OME 6465

D. C. GILBERT
MINING ENGINEER

Re: OME Docket-6465 (Silver)
Santa Cruz County, Arizona
Contract 2216

Nogales, Ariz.
Aug. 25, 1966

Mr. J. William Hassler, Field Officer Reg. III
U. S. Geol. Survey
Bldg. 25, Room 2284, Federal Center
Denver, Colo. 80225

Dear Mr. Hassler:

My permanent address in San Diego, Calif. has been changed to 3245 Clairemont Dr, San Diego, Cal. 92117. However, I do not expect to be back at that address until Contract 2216 has been completed.

In Nogales my address for the duration of the job is:

Valle Verde Apt. 5
N.T. Star Route Box 96
Nogales, Arizona 85621
Tel. 287-4883

I find that the cloudburst season has lasted longer than usual into the Summer and is still in progress. The Simplot Co. of Idaho is drilling about 3/4 mile from the Royal-Deer Horn and have had to quit shortly after noon several times recently because of the heavy rains. It may be expected that the area will dry up at least by the middle of September. In any event I am confident that work will be started on Contract 2216 before October 1st, and possibly much sooner.

Presumably it would be most satisfactory to you to inspect the work after the incline is pumped out and just before we start actual driving, and I hope you may be here at about that time. Just now I am busy lining up equipment etc.

This Valle Verde area is about 4 miles north of the Nogales business area on the Tucson highway and the turn-off is just at the south side of the Flagstone Motel.

Sincerely yours,

D. C. Gilbert

D. C. GILBERT
MINING ENGINEER

Washington copy

re O.M.E. Contract 2216

4982½ Field St.
San Diego, Cal. 92110
July 21, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 27 1966

INITIALS	CODE
	120
~~FJ~~	~~110~~
	120
HK	120

OME-6465
Contract 2216

Mr. J. William Hassler, Field Officer
Federal Center, U. S. Geol. Survey
Bldg. 25 Room 2284
Denver, Colorado 80225

Dear Mr. Hassler:

I receive the Nogales Herald and note that the thunder storms are still in progress in the area, but these should be over in a couple of weeks. I now expect to arrive in Nogales about August 20th to 25th and will let you know my address as soon as I am there.

Probably 10 days will be needed to line up equipment and labor but I would hope to move on to the ground early in September. My Workman's Compensation with the State of Arizona has been applied for, the initial cash deposit made, so this will be all in order. I have also made deposits at Valley National Bank in Nogales sufficient to carry the job for two or three months and will add more as needed.

starting date?

In your letter of May 3rd you said you would meet with me in the area before the start so that I could be given the necessary instructions for reports etc. If you find that it is not convenient for you to be there at the time you would like, I assume that I can get things started and we can do the rest a little later. At any rate I will be glad to meet with you again.

Sincerely yours,

D. C. Gilbert

U. S. Geological Survey -- Denver Federal Center
Building 25 - Room 2284
Denver, Colorado 80225

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 6 1966

May 3, 1966

Mr. Donald C. Gilbert
4982-1/2 Field Street
San Diego, California 92110

Re: OME Docket-6465 (Silver)
Santa Cruz County, Arizona
Contract 2216

Dear Mr. Gilbert:

This is in reply to your letter of April 26, 1966, relative to the commencement of your exploration work under the subject contract. If you will inform me as to your definite arrival date in Tucson or Nogales, then I will arrange to meet with you and review the subject contract as near as possible the beginning of actual construction under the contract.

Sincerely yours,

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

cc: Chief, OME
OME-6465
OME chron
Hasler chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

U. S. Geological Survey -- Denver Federal Center
Building 25-Room 2284
Denver, Colorado 80225

April 14, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
APR 18 1966

INITIALS	CODE
Cae	210
	~~120~~ M
KO	110
RMD	120 S

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME Docket 6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Transmitted herewith are the executed Government's and Fiscal Section's copies of the subject contract. I am retaining the Field Office's copy of the subject contract.

J. William Hasler
(M)

cc: 6465
Hasler
chron

OFFICIAL
COPY
O. M. E.
RECEIVED
APR 18 1966
INITIALS CODE
170
RD 110
RMD 120

U. S. Geological Survey -- Denver Federal Center
Building 25- Room 2284
Denver, Colorado 80225

April 15, 1966

Mr. Donald C. Gilbert
4987-1/2 Field Street
San Diego, California 92110

Subject: OME-Docket 6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Dear Mr. Gilbert:

The above captioned contract which had been signed by both the Government and you was transmitted to our Washington office yesterday, April 14, 1966. Since the contract has now been executed I see no reason for you not to commence work under the contract at your earliest convenience. Please notify us as to your starting date in order that we may review the contract in detail prior to the actual starting date.

Sincerely yours,

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

cc: Chief, OME
2216
Chron
Hasler

U. S. Geological Survey -- Denver Federal Center
Building 25 - Room 2284
Denver, Colorado 80225

April 12, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
APR 14 1966
FILE NO.
120 m
FEJ 110
120 f
120 m

Mr. Donald C. Gilbert
4982-1/2 Field Street
San Diego, California 92110

Re: OME-Docket 6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Dear Mr. Gilbert:

The original and two copies of the above-captioned contract signed by the Government and you, have been received in this office.

This will receive our prompt attention, and be processed as expeditiously as possible.

Sincerely yours,

J. William Hasler

J. William Hasler
Field Officer, Region III
Office of Minerals Exploration

MClark/mc

cc: Chief, OME
6465
Chron
Hasler

D. C. GILBERT
MINING ENGINEER

O.M.E. 6465

April 11-1966
San Diego, Calif.

OFFICIAL COPY
O. M. E.
RECEIVED
APR 18 1966

Mr. J. William Hassler
Field Officer, Region III
U. S. Geological Survey, Denver Federal Center
Building 25, Room 2284
Denver, Colorado 80225

Dear Mr. Hassler:

I have signed four copies of Exploration Contract No. 2216, O.M.E. 6465, retaining one copy and enclosing the other three copies as directed.

Also I am very pleased with the opportunity to perform this work under the conditions of the contract and I want to thank you for expediting the same.

As stated in the application the summer cloudbursts would be a handicap unless additions were made to the shaft collar, although this presents no real problem for production at some later date.

I will arrive in the area in ample time for the scheduled start and will forward my address to you as soon as I am located.

Sincerely yours,

Donald C. Gilbert

Donald C. Gilbert

U. S. Geological Survey -- Denver Federal Center
Building 25- Room 2284
Denver, Colorado 80225

April 4, 1966

OFFICIAL COPY
O. M. E.
RECEIVED
APR 6 1966
INITIALS/CODE

Donald C. Gilbert
4982-1/2 Field Street
San Diego, California 92110

Re: OME-Docket 6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona
Contract 2216

Dear Mr. Gilbert:

Enclosed are the original and three copies of a proposed contract for the subject claims. The contract consists of MME-Form 50 (7 pages), Annex I (1 page), Exhibit A (5 pages), Exhibit B (1 page) and two maps (Figures 2 and 3). All copies have been signed for the Government. The date for commencement of the work has been inserted.

If the proposed contract is satisfactory to you all four copies should be signed by you as the authorized representative of your company. You should then retain the operator's copy and return the other to this office.

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

The 7 percent interest accrues from the dates on which the individual payments are made by the Government and like the principal is repayable from royalty on production.

Sincerely yours,

J. William Hasler

J. William Hasler
Field Officer, Region III
Office of Minerals Exploration

Enclosures
cc: Chief, OME
OME-6465
Chron
Hasler

Form 7
(63)

OFFICIAL FILE COPY

Date	Surname	Code
3/24	R M Smith	
"	Johnson	
"	Kalogaard	
3/25	Trotter	
3/25	Hipp	
3/29	Col.	210
		120

MAR 2 9 1966

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona

Enclosed are the original and three copies of a proposed contract for the subject claims. The contract consists of MME Form 50 (7 pages), Annex I (1 page), Exhibit A (5 pages), Exhibit B (1 page), and two maps (Figures 2 and 3). All copies have been signed for the Government. The date for commencement of the work has been inserted. Also enclosed is an extra unsigned copy of the contract for field use.

If the proposed contract is satisfactory to you and the Applicant, all four copies should be signed by the Applicant. Thereafter, please distribute the copies in the usual manner.

Please advise the Applicant that the 7 percent interest accrues from the dates on which individual payments are made by the Government and like the principal is repayable from royalty on production.

If any part of the proposed contract does not have your approval or that of the Applicant, the original and all copies should be returned to this office, together with the proposed changes for consideration.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

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

MMerrithew/mm (3/24/66

23263

REFERENCE SLIP

OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. ~~Assoc. Sol. - MR, Rm. 6554~~ ~~Through Rm. 6042~~		
2. Mr. Smith, Rm. 4459		
3.		
4.		
5.		

FROM: George C. Selfridge

FROM SOLICITOR MAR 1 1966

FOR: Check items for action desired

FOR SIGNATURE

____ Action ____ Reply for signature of ____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions ____ Your information

RECEIVED

REMARKS:

INTERIOR DEPT.

MAR 16 1966

SOLICITOR

MAR 1966

Division of Mineral Resources

C-66-2116.11

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

DRAFT
3/11/66
RMSmith/gla

Docket copy

MME Form 50
July 1965

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

EXPLORATION CONTRACT
(Long Form)

Docket No.	Commodity	Contract No.	County	State
OME -6465	Silver		Santa Cruz	Arizona

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

Donald C. Gilbert

_____,

whose mailing address is 4982½ Field Street, San Diego, California 92110, hereinafter called the "Operator," as follows:

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

(b) The total allowable cost of the work set forth in Exhibit A is $ 14,000.00. The Government will contribute ~~50~~ 75 percent of the allowable costs as they are incurred, in a total sum not in excess of $ 10,500.00 in accordance with the provisions of Articles 3, 4, 5, and 6. "Costs incurred" means costs that have been paid or have become due and payable, or that the Government determines have become obligations.

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

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

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

_____

(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:

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CATEGORY (2)--PERSONAL SERVICES.

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

Subcategory (b)--Labor.

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

CATEGORY (4)--OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 16. Changes and added provision.--

_____

_____

_____

_____

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

DONALD C. GILBERT
(Operator)

~~By~~ _____

By _____

~~Title~~ _____

_____

I, _____, certify that I am the
(Name)

_____ secretary of the corporation named as Operator herein; that

_____, who signed this contract on behalf of the Operator, was then
(Name)

_____ of said corporation; that said contract was duly signed for
(Title)

and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

_____

 [CORPORATE SEAL]

EXPLORATION CONTRACT
DONALD C. GILBERT
OME-6465

ANNEX I

The land, including all rights pertaining thereto, referred to in Article 2 of the contract consists of two (2) overlapping patented lode mining claims totalling 30.552 acres and the adjoining Arroyo Block of 0.248 acres to a depth of 25 feet below the natural surface of the Bonanza patented lode mining claim, all in unsurveyed sec. 2, T. 24 S., R. 16 E., Gila and Salt River Base and Meridian, Patagonia mining district, Santa Cruz County, Arizona. The outer boundary of the land is outlined in green on Figure 2 entitled "Bonanza Vein, Duquesne, Patagonia, Arizona," attached hereto and made part hereof.

The two patented lode mining claims and the description of the Arroyo Block are recorded in the County Recorder's office at Nogales, Arizona, as follows:

Name	U.S. Mineral Survey No.	Docket	Page
Royal	4423	33	442
Deerhorn	4423	33	442
Arroyo Block	-	59	566

The Operator is owner of the Royal and Deerhorn claims, and has surface rights to the Arroyo Block within the Bonanza claim under the terms of a Lease Agreement effective April 10, 1965, from the owners of the Bonanza claim, Fred Williams, Jr., Indianapolis, Indiana, and Carl T. and Eudoris I. Sandberg, husband and wife, Tucson, Arizona.

~~(No paragraph)~~

In the event the Operator or any subsidiary thereof at any time during the period expiring ten (10) years from the date of this contract acquires any additional right, title, or interest in or to any land situate within the Bonanza claim, such land automatically, without amendment to this contract, shall become subject to the provisions of this contract as of the date of acquisition; and the Operator shall promptly notify the Government of such acquisition, furnishing a description of the acreage acquired, maps, and other data that may be required by the Government.

EXPLORATION CONTRACT
DONALD C. GILBERT
OME-6465

EXHIBIT A

The purpose of this project is to explore by crosscutting, drifting, and long-hole drilling on the 50-foot level of the Arroyo inclined shaft for silver-bearing ore bodies in and along the Arroyo vein and parallel or intersecting veins in Paleozoic sedimentary rocks or near their contacts with granitic rocks.

General Provisions

All crosscuts and drifts shall be not less than 4½ by 6½ feet in cross section in the clear of timber and timbered as necessary, using not less than 6 by 6-inch sawed or equivalent round timber.

Mine rails shall be of not less than 12-pound size, air lines of not less than 1½-inch in diameter, and water lines of not less than 1-inch in diameter.

All significantly mineralized areas traversed by the crosscutting or drifting shall be sampled normal to their trends at intervals of not more than 5 feet. Significantly mineralized cuttings from the long-holes shall be sampled, but no such sample shall represent more than 5 linear feet of hole.

Each sample shall be split as necessary, and one split shall be assayed for silver, and at the discretion of the Operator, for copper, lead and/or zinc. All remaining splits shall be stored in suitable containers properly identified as to source and location. Stored splits of 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. The work shall be divided into two stages. The Operator shall complete all of the work in Stage I. Approval of Stage II shall depend upon favorable results having been obtained in Stage I and shall have the prior authorization of the Government confirmed in writing.

Description of the Work

Stage I

The work under Stage I shall consist of constructing a suitable head frame at the Arroyo inclined shaft, installing an estimated 60 feet of track on the Arroyo waste dump, rehabilitating the Arroyo shaft approximately 60 feet from the surface to the sump below the 50-foot level, crosscutting an estimated 15 feet northward from the north face of the 50-foot level to the Arroyo vein, drifting northeastward an estimated 85 feet along the vein, and percussion

drilling an estimated 150 linear feet of long-holes on not less than 20-foot centers into the walls of the vein at sites to be selected by the Operator.

The approximate locations of the crosscut and drift and the tentative locations of the long-holes are indicated in red on Figure 3 entitled, "Proposed exploration of the Royal-Deer Horn Claims...," attached hereto and made a part hereof.

Stage II

The work under Stage II shall consist of drifting northwestward approximately 100 feet along the Arroyo vein from the end of the drift completed under Stage I, and of percussions drilling an estimated 150 linear feet of long-holes on not less than 20-foot centers in the walls of the vein at sites to be selected by the Operator. The approximate location of the drift and the tentative location of the long-holes are indicated in orange on the previously mentioned Figure 3.

Estimated Costs of Project

Stage I

Actual Costs

Category (3) Operating Materials and Supplies

None except:

Sample sacks, 100 @ $0.05/sack	$ 5.00

Category (7) Miscellaneous

None except:

50 assays for silver @ $3.00/assay	150.00
50 assays each for copper, lead, and zinc @ $2.00/assay	300.00

Express charges for samples,			
50 samples @ $0.80/sample	40.00		
Total Estimated Actual Costs, Stage I		$495.00	
Fixed Unit Costs 1/			
Mobilization and Demobilization			
of mining equipment	$160.00 2/		
Initial construction and rehabilitation			
of surface and underground facilities,			
labor, materials, and supplies	1,215.00 2/ 3/		
Crosscutting and drifting,			
100 ft. @ $44.00/ft.	4,400.00 3/		
Long-hole drilling			
150 ft. @ $1.50/ft.	225.00		
Incidental allowance for supervision,			
engineering, and accounting,			
6 mo. @ $265.00/mo.	1,590.00		
Total Estimated Fixed Unit Costs, Stage I		$7,590.00	
Total Estimated Costs Stage I			$8,085.00

Stage II

Actual Costs

Category (3) Operating Materials and Supplies

None except:

Sample sacks, 100 @ $0.05/sack	$ 5.00

Category (7) Miscellaneous

50 assays for silver @ $3.00/assay	150.00

50 assays each for copper, lead, and zinc @ $2.00/assay	300.00		
Express charges for samples 50 samples @ $0.80/sample	40.00		
Total Estimated Actual Costs Stage II		$495.00	
Fixed Unit Costs 1/			
Drifting, 100 ft. @ $44.00/ft.	$4,400.00 3/		
Long-hole drilling, 150 ft. @ $1.50/ft.	225.00		
Incidental allowance for supervision, engineering, and accounting, 3 mo. @ $265.00/mo.	795.00		
Total Estimated Fixed Unit Costs Stage II		$5,420.00	
Total Estimated Costs Stage II			$5,915.00

S U M M A R Y

Total Estimated Costs Stage I	$ 8,085.00
Total Estimated Costs Stage II	$ 5,915.00
Total Estimated Costs of Project	$14,000.00
Government's participation @ 75%	$10,500.00

1/ Includes all costs whatsoever that would otherwise be allowable costs under Categories (2) through (7).

2/ The unit of work is the completed job.

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

DRAFT
RMSmith/gla
3-1-66

Start Oct 1, 1966
Terminate ~~April 1, 1967~~ 10 mo. starting Sept 1
~~July 1, 1967~~ month end July 1
Date may 1 requires 14 mo

EXPLORATION CONTRACT
DONALD C. GILBERT
OME-6465

ANNEX I

The land, including all rights pertaining thereto, referred to in Article 2 of the contract consists of two (2) overlapping patented lode mining claims totalling 30.552 acres and the adjoining Arroyo Block of 0.248 acres to a depth of 25 feet below the natural surface of the Bonanza patented lode mining claim, all in unsurveyed sec. 2, T. 24 S., R. 16 E., Gila and Salt River Base and Meridian, Patagonia mining district, Santa Cruz County, Arizona. The outer boundary of the land is outlined in green on Figure 2 entitled "Bonanza Vein, Duquesne, Patagonia, Arizona," attached hereto and made part hereof.

The two patented lode mining claims and the description of the Arroyo Block are recorded in the County Recorder's office at Nogales, Arizona, as follows:

Name	U.S. Mineral Survey No.	Docket	Page
Royal	4423	33	442
Deerhorn	4423	33	442
Arroyo Block	-	59	566

The Operator is owner of the Royal and Deerhorn claims, and has surface rights to the Arroyo Block within the Bonanza claim under the terms of a Lease Agreement effective April 10, 1965, from the owners of the Bonanza claim, Fred Williams, Jr., Indianapolis, Indiana, and Carl T. and Eudoris I. Sandberg, husband and wife, Tucson, Arizona.

~~(No par.)~~ Special Agreement Concerning Land

In the event the Operator or any subsidiary thereof at any time during the period expiring ten (10) years from the date of this contract acquires any additional right, title, or interest in or to any land situate within the Bonanza claim, such land automatically, without amendment to this contract, shall become subject to the provisions of this contract as of the date of acquisition; and the Operator shall promptly notify the Government of such acquisition, furnishing a description of the acreage acquired, maps, and other data that may be required by the Government.

DRAFT
3/1/66

EXPLORATION CONTRACT
DONALD C. GILBERT
OME-6465

EXHIBIT A

The purpose of this project is to explore by crosscutting, drifting, and long-hole drilling on the 50-foot level of the Arroyo inclined shaft for silver-bearing ore bodies in and along the Arroyo vein and parallel or intersecting veins in Paleozoic sedimentary rocks or near their contacts with granitic rocks.

General Provisions

All crosscuts and drifts shall be not less than 4½ by 6½ feet in cross section in the clear of timber and timbered as necessary, using not less than 6 by 6-inch sawed or equivalent round timber.

Mine rails shall be of not less than 12-pound size, air lines of not less than 1½-inch in diameter, and water lines of not less than 1-inch in diameter.

All significantly mineralized areas traversed by the crosscutting or drifting shall be sampled normal to their trends at intervals of not more than 5 feet. Significantly mineralized cuttings from the long-holes shall be sampled, but no such sample shall represent more than 5 linear feet of hole.

Each sample shall be split as necessary, and one split shall be assayed for silver, and at the discretion of the Operator, for copper, lead and/or zinc. All remaining splits shall be stored in suitable containers properly identified as to source and location. Stored splits of 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. The work shall be divided into two stages. The Operator shall complete all of the work in Stage I. Approval of Stage II shall depend upon favorable results having been obtained in Stage I and shall have the prior authorization of the Government confirmed in writing.

Description of the Work

Stage I

The work under Stage I shall consist of constructing a suitable head frame at the Arroyo inclined shaft, installing an estimated 60 feet of track on the Arroyo waste dump, rehabilitating the Arroyo shaft approximately 60 feet from the surface to the sump below the 50-foot level, crosscutting an estimated 15 feet northward from the north face of the 50-foot level to the Arroyo vein, drifting northeastward an estimated 85 feet along the vein, and percussion drilling an estimated 150 linear feet of long-holes on not less than 20-foot centers into the walls of the vein at sites to be selected by the Operator.

The approximate locations of the crosscut and drift and the tentative locations of the long-holes are indicated in red on Figure 3 entitled, "Proposed exploration of the Royal-Deer Horn Claims...," attached hereto and made a part hereof.

Stage II

The work under Stage II shall consist of drifting northwestward approximately 100 feet along the Arroyo vein from the end of the drift completed under Stage I, and of percussion drilling an estimated 150 linear feet of long-holes on not less than 20-foot centers in the walls of the vein at sites to be selected by the Operator. The approximate location of the drift and the tentative locations of the long-holes are indicated in orange on the previously mentioned Figure 3.

Estimated Costs of Project

Stage I

Actual Costs

Category (3) Operating Materials and Supplies

None except:

Sample sacks, 100 @ $0.05/sack	$ 5.00	

Category (7) Miscellaneous

None except:

50 assays for silver @ $3.00/assay	150.00	
50 assays each for copper, lead, and zinc @ $3.00/assay	300.00	
Express charges for samples, 50 samples @ $0.80/sample	40.00	
Total Estimated Actual Costs, Stage I		$495.00

Fixed Unit Costs 1/

Mobilization and Demolization of mining equipment	$160.00 2/		
Initial constructions and rehabilitation of surface and underground facilities, labor, materials, and supplies	1,215.00 3/ 2/		
Crosscutting and drifting, 100 ft. @ $44.00/ft.	4,400.00 3/		
Long-hole drilling 150 ft. @ $1.50/ft.	225.00 ~~3/~~		
Incidental allowance for supervision, engineering, and accounting, 6 mo. @ $265.00/mo.	1,590.00		
Total Estimated Fixed Unit Costs, Stage I		$7,590.00	
Total Estimated Costs Stage I			$8,085.00

Stage II

Actual Costs

Category (3) Operating Materials and Supplies

None except:

Sample sacks, 100 @ $0.05/sack	$ 5.00

Category (7) Miscellaneous

None except:

50 assays for silver @ $3.00/assay	150.00
50 assays each for copper, lead, and zinc @ $2.00/assay	300.00
Express charges for samples 50 samples @ $0.80/sample	40.00
Total Estimated Actual Costs Stage II	$ 495.00

Fixed Unit Costs 1/			
Drifting, 100 ft. @ $44.00/ft.	$4,400.00 3/		
Long-hole drilling, 150 ft. @ $1.50/ft.	225.00 ~~3/~~		
Incidental allowance for supervision, engineering, and accounting, 3 mo. @ $265.00/mo.	795.00		
Total Estimated Fixed Unit Costs Stage II		$5,420.00	
Total Estimated Costs Stage II			$5,915.00

S U M M A R Y

Total Estimated Costs Stage I	$ 8,085.00
Total Estimated Costs Stage II	$ 5,915.00
Total Estimated Costs of Project	$14,000.00
Government's participation @ 75%	$10,500.00

1/ Includes all costs whatsoever that would otherwise be allowable costs under Categories (2) through (7).

2/ The unit of work is the completed job.

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

DRAFT
RMSmith/gla
1-13-66

Start Oct. 1 [illegible] 6 months + 3 [illegible]

EXPLORATION CONTRACT
DONALD C. GILBERT
OME-6465

ANNEX I

The land, including all rights pertaining thereto, referred to in Article 2 of the contract consists of two (2) overlapping patented lode mining claims, [illegible] and, ~~in addition~~, the adjoining Arroyo Block ~~consisting~~ of 0.248 acres to a depth of 25 feet below the natural surface of the Bonanza patented lode mining claim, all situate in [illegible] Sec. 2, T. 24S., R. 16 E., Gila and Salt River Base and Meridian, Patagonia mining district, Santa Cruz County, Arizona, [illegible] and outlined in green on Figure 2, ~~Claim Map~~ entitled "Bonanza Vein, Duquesne, Patagonia, Arizona," ~~which map is~~ attached hereto and made ~~a~~ part ~~of the contract~~.

The ~~three~~ two patented lode mining claims and the description of the Arroyo Block are recorded in the County Recorder's office at Nogales, Arizona, as follows:

Name ~~of Claim~~	U.S. Mineral Survey No.	Docket	Page
Royal ~~and~~ Deerhorn	4423	33	442
~~Bonanza~~	~~855~~	(Book ~~2~~)	406
Arroyo Block	-	59	566

The Operator is owner of the Royal and Deerhorn claims, and has surface rights to the Arroyo Block [illegible] under the terms of a lease agreement ~~executed~~ effective April 16, 1965, ~~by~~ from the owners of the Bonanza claim, Fred Williams, Jr., Indianapolis, Indiana, and Carl T. and Eudoris I. Sandberg, [illegible] Tucson, Arizona. A copy of the lease agreement is contained in the docket of this contract and is made a part hereof by reference.

no 4

In the event the Operator or any subsidiary thereof at any time during the period expiring ten (10) years from the date of this contract acquires any additional right, title, or interest in or to any ~~part of the Bonanza claim,~~ land situate within the Bonanza claim, such land automatically, without amendment to this contract, shall become subject to the provisions of this contract as of the date of acquisition; and the Operator shall promptly notify the Government of such acquisition, furnishing a description of ~~the land,~~ the acreage acquired, maps, and other data that may be required by the Government,

EXPLORATION CONTRACT
DONALD C. GILBERT
OME-6465

EXHIBIT A

The purpose of this project is to explore ~~by rehabilitation~~ of the Arroyo incline shaft ~~and~~ by crosscutting, drifting, and long-hole drilling on the 50-foot level for silver-bearing ore bodies in and along the Arroyo vein and ~~of~~ parallel or intersecting veins in Paleozoic sedimentary rocks or near their contacts with granitic rocks.

General Provisions

All crosscuts and drifts shall be not less than 4½ by 6½ feet in cross section in the clear of timber and timbered as necessary, using not less than 6-inch round or equivalent sawed timber.

Mine rails shall be of not less than 12-pound ~~per-yard~~ size, air lines of not less than 1½-inch inside diameter, and water lines of not less than 1-inch inside diameter.

All significantly mineralized areas traversed by the crosscut or drift shall be sampled normal to their trends at intervals of not more than ~~10~~ 5 feet. Significantly mineralized cuttings from the long-holes shall be sampled, but no such sample shall represent more than 5 linear feet of hole.

Each sample ~~from whatever source, before being assayed~~ shall be split as necessary and one split ~~shall be~~ stored in a suitable container for Government inspection and possible use. ~~The~~ All remaining split shall be assayed for silver, and ~~at~~ the discretion of the Operator for copper, lead, and/or zinc. With prior Government approval, confirmed in writing, the Operator may dispose of the stored samples.

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Each sample shall be split as necessary, and one split shall be assayed for silver, and at the discretion of the Operator, for copper, lead and/or zinc. All remaining splits shall be stored in suitable containers properly identified as to source and location. Stored ~~samples~~ splits of 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 ~~of~~ showing the work completed during the reporting period, ~~showing~~ the locations ~~and assay value~~ of all ~~[areas]~~ samples taken, and the general geological formations and structures traversed by the ~~exploratory openings.~~ 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. The work shall be divided into two stages. The Operator shall complete all of the work in Stage I. Approval of Stage II shall depend upon favorable results having been obtained in Stage I and shall have the prior authorization of the Government confirmed in writing.

Description of the Work

Stage I

The work under Stage I shall consist of constructing a head frame at the Arroyo inclined shaft, installing an estimated 60 feet of track on the Arroyo waste dump, rehabilitating the Arroyo shaft approximately 60 feet from the surface to the sump below the 50-foot level, crosscutting an estimated 15 feet northward from the north face of the 50-foot level to the Arroyo vein, drifting northeastward an estimated 85 feet along the vein, and percussion drilling an estimated 150 linear feet of long-holes on not less than ~~30~~ 20 = grid surface

in the walls of the vein at sites to be selected by the Operator.

The approximate locations of the crosscut and drift and the tentative locations of the long-holes are indicated in red on Figure 3 entitled, "Proposed exploration of the Royal-Deer Horn Claims...," attached and made a part hereof.

Stage II

The work under Stage II shall consist of drifting northwestward approximately 100 feet along the Arroyo vein from the end of the drift completed under Stage I, and of percussion drilling an estimated 150 linear feet of long-holes in the walls of the vein at sites to be selected by the Operator. The approximate location of the drift and the tentative locations of the long-holes are indicated on Figure 3.

Estimated Costs of Project

Stage I

Actual Costs

Category (3) Operating Materials and Supplies

None except:

Sample sacks, 100 @ $0.05/sack	$ 5.00
~~Sample splitter, 1 @ $25.00~~	~~25.00~~

Category (7) Miscellaneous

None except:

50 assays for silver @ $3.00/assay	150.00
50 assays each for copper, lead, and zinc @ $2.00/assay	300.00
Express charges for samples, 50 samples @ $0.80/sample	40.00
Total Estimated Actual Costs, Stage I	495.00 ~~$520.00~~

Fixed Unit Costs [1]

Mobilization and Demobilization of mining equipment $ 160.00 [2]

Initial Construction and rehabilitation of surface and underground facilities, labor, materials, and supplies 1,215.00 [3]

Continued

Fixed Unit Costs 1/		
Mobilization, construction and rehabilitation 2/	~~$1,085.00~~	
Demobilization 2/	~~265.00~~	
Crosscutting and drifting, 100 ft. @ $44.00/ft.	4,400.00	3/
Long-hole drilling 150 ft. @ $1.50/ft.	225.00	3/
Incidental allowance for supervision, engineering, accounting, and ~~related equipment,~~ 6 mo. @ $265.00/mo.	1,590.00	
Total Estimated Fixed Unit Costs, Stage I		~~$7,565.00~~ 590.
Total Estimated Costs Stage I		$8,085.00

Stage II

Actual Costs

Category (3) Operating Materials and Supplies		
None except:		
Sample sacks, 100 @ $0.05/sack	$ 5.00	
Category (7) Miscellaneous		
None except:		
50 assays for silver @ $3.00/assay	150.00	
50 assays each for copper, lead, and zinc @ $2.00/assay	300.00	
Express charges for samples 50 samples @ $0.80/sample	40.00	
Total Estimated Actual Costs Stage II		$ 495.00

Fixed Unit Costs 1/

Drifting, 100 ft. @ $44.00/ft.	$4,400.00 3/	
Long-hole drilling, 150 ft. @ $1.50/ft.	225.00 3/	
Incidental allowance for supervision, engineering, accounting, and ~~related equipment~~, 3 mo. @ $265.00/mo.	795.00	
Total Estimated Fixed Unit Costs Stage II		$5,420.00
Total Estimated Costs Stage II		$5,915.00

S U M M A R Y

Total Estimated Costs Stage I	$ 8,085.00
Total Estimated Costs Stage II	$ 5,915.00
Total Estimated Costs of Project	$14,000.00
Government's participation @ 75%	$10,500.00

1/ Includes all costs whatsoever that would otherwise be allowable costs under Categories (2) through (7).

2/ The unit of work is the completed job.

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

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Denver Federal Center -- U. S. Geological Survey
Building 25 - Room 2284
Denver, Colorado 80225

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February 21, 1966

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona

The conclusions and recommendations resulting from an on-site examination of the subject property were that the chances of finding a significant discovery of silver ore to support a moderate sized leasing operation are good. No new data other than that furnished by the applicant and the results obtained from the exploration project completed under DMEA-2234 (Lead-Zinc-Copper) Contract IDME 317, Nash Mines, Bonanza claim, are available. As is pointed out in your correspondence that the majority of the usual metal content is that of base metals throughout the area under discussion, however it was suggested in the report of examination that there is strong evidence of a zonal arrangement with the outlying area tending to a more silver and less base metal, and that the Royal project is more on the margin between the more central area and the northerly silver rich zone, and should therefore contain higher than average silver values.

The Estella mine is thought to have produced about 360,000 ounces of silver down to the 250 foot level, some of which assayed as much as 60 ounces silver per ton. The Arroyo incline penetrated some high grade ore containing 16 ounces of silver and 5.2 percent lead per ton. The vein width in this instant was from one to three feet. It appears likely that there could be from 112,500 to as much as 200,000 ounces of silver produced from the Arroyo incline if the vein width averaged 3 feet in thickness, was 200 feet in length and was mined for a vertical depth of 250 feet, and silver assayed from 9.0 to 16 ounces per ton. The calculated value from the strong fissure outcrop that showed as assay of 5.2 oz. silver and 5.7 percent lead at present prices is about $11.61 per ton for silver and $18.24 per ton for lead.

If however a silver exploration project must have a potential of a large production of silver as was discussed in Washington at our recent meetings then no area in the Duquesne-Washington Camp area, or in the Patagonia Mountains would be eligible for an exploration project for silver. I believe that the project requested by the applicant, and the additional 100 feet exploration on the vein as recommended by the examining geologist, is worthy of the expenditure involved.

J. William Hasler

J. William Hasler,
Field Officer, Region III
Office of Minerals Exploration

cc: Chief, OME
6465
Chron
Hasler

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
1/24	Selfridge	120
"	Johnson	110
"	Case	220
		120N
1/24	RM Smith	

JAN 2 4 1966

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona

We have now reviewed your on-site report on the subject property in conjunction with the information furnished in the application. Ordinarily, we would not grant a contract where work straddles the common boundary between two properties unless the mineral rights to both were in the possession of the Applicant. However, in this particular case we can provide for the possible eventuality that the Applicant secures possession of the mineral rights to the Bonanza claim.

There is little information in support of a silver project rather than a base metal one. One shipment from the Arroyo incline workings of unknown grade and tonnage is reported. A 1-foot sample of the ore lens reportedly assayed 16.0 oz.-silver and 5.2%-lead. Silver reportedly occurred in the upper portions of the veins in the district with the area under consideration being on the margin between higher silver and higher base metals areas. The calculated gross value at present prices of the ore from the two small stopes mined 500 feet to the south under DMEA-2234 is about $9.00 for silver and $69.00 for base metals.

The only information concerning the target area contained in the application is the mention of a strong fissure vein outcrop. Plate III shows an assay of 5.2 oz.-silver and 5.7%-lead, a base metal ore. The showing must have been minor as only a short cut and adit and a shallow shaft beyond were excavated. No other descriptive information concerning the outcropping vein is available.

When we cannot be sure that a mineralized showing is eligible for silver by assay, we must consider the possibility of an over-all large production of silver. Should the showing average about

23263

9 oz. as thought for the Estella mine, would it furnish some tens of thousands or hundreds of thousands of ounces of silver? Also, one has to consider the potential of the showing in relation to the proposed expenditure even though small. Will you please furnish us your comments and any additional information you may have in further support of this docket.

(signed) FRANK E. JOHNSON

Frank E. Johnson

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

GCSelfridge/gla (1-24-66)

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Denver Federal Center -- U. S. Geological Survey
Building 25-- Room 2284
Denver, Colorado 80225

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O. M. E.
RECEIVED
JAN 6 1966

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	120

January 4, 1966

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6465 (Silver)
Donald C. Gilbert
Royal-Deer Horn Claims
Santa Cruz County, Arizona

Attached are the original and one copy of the subject report of examination by J. William Hasler, Geologist, U. S. Geological Survey.

The Field Examiner concludes that the chances of finding a significant discovery of silver ore could support a moderate sized leasing operation. It is therefore recommended that a contract be executed to perform the work requested, with the amount being increased to include an additional 100 feet of drifting on the vein to more adequately explore the vein, providing the first 100 feet proves favorable.

J. William Hasler

UNITED STATES

DEPARTMENT OF THE INTERIOR

STEWART L. UDALL, SECRETARY

U. S. GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION

REPORT OF EXAMINATION

REGION III

OME-6465

DONALD C. GILBERT

ROYAL-DEER HORN CLAIMS,

SANTA CRUZ COUNTY, ARIZONA

J. WILLIAM HASLER, GEOLOGIST

JANUARY 1966

FIELD
EXAM. REPT

CONTENTS

	Page
Introduction and summary	1
Location, ownership and extent of property	3
General geology of the district.	5
Ore deposits of the district	7
Geology of the zone of proposed exploration	9
Proposed exploration	10
Applicant's estimated costs	10
Conclusions and recommendations	16

Illustrations

Figure 1. Location map, D. C. Gilbert, Royal-Deer Horn claims, Santa Cruz County, Arizona.

Figure 2. Bonanza Vein, Duquesne, Patagonia, Arizona.

Figure 3. Proposed Exploration of the Royal-Deer Horn Claims, Patagonia Mining District, Santa Cruz County, Arizona.

Introduction and Summary

Mr. Donald C. Gilbert, 4982 1/2 Field Street, San Diego, California applied to the Office of Minerals Exploration for financial assistance to explore for silver on the Royal-Deer Horn claims--Patagonia Mining district, Santa Cruz County, Arizona. The application was referred to the Field Officer, Region III and a field examination of the property was made on November 10 and 11th, 1965.

The applicant's claims adjoin the Bonanza claim on the northwest much was the subject of a DMEA contract under the name of Nash Mines, DMEA docket 2234 (Lead-zinc-copper) Contract IDM-E317. Of the approximately $20,000 contributed by the Government, $16,539.63 or 53 percent was repaid as royalties on production which averaged about 7 oz. Ag., 3% Pb, 4% Cu, and 11% Zn, Fig. 1.

The earliest history of the district was that of silver mining under Spanish exploitation, long before the area was annexed to the United States. The Belmont and Silver Bell mines in the south portion of the district were producers of high grade silver ore, as were the Pocahontas and Tibbets mines in the northern portion of the district, while the more centrally located mines with larger ratios of base metals usually had a near-surface higher silver content. There is therefore evidence of a zonal arrangement with outlying areas tending to more silver and less base metal. The Royal project is on the margin between the more central area and the northerly silver rich zone and is therefore sighted for higher than average silver values.

The applicant no longer has the production records of the Bonanza Mine as they were destroyed and lost as a result of vandalism of the mine office a few years ago while Mr. Gilbert was Resident Engineer at the Nash Mine (Bonanza). However, in the DMEA project in the Bonanza mine the Elayer [Mine] Stope (plate II) was essentially copper with very low silver, but the Knight ore body somewhat to the north had a mixed base metal content with notable increase in silver, a considerable change in character in a relatively short distance. The Estella mine is thought to have produced about 360,000 ounces of silver down to the 250 foot level, (9 oz/ton) and may ultimately be deepened to the Bonanza 636 foot level and yield a rather sizeable silver production objective for the Royal project. 40,000 tons inferred, grade = ?

The applicant has applied for a loan totaling $6,876 to reopen the Arroyo incline and crosscut approximately 15 feet to the Arroyo vein that showed high silver values on the Bonanza claim, and drift on Arroyo vein 90 feet in a N.40°E. to N.60°E. direction. Also 150 feet of exploratory percussion long-holes are proposed to probe into the walls of the drift to test for further mineralization. ?

For the amount requested for exploration on the Royal claim it appears that the chances are good for a discovery of silver ore and it is recommended that a contract be prepared and executed to perform the work requested, with the amount of drifting on the vein an additional 100 feet to further explore it providing the first 100 feet of drifting proves favorable.

LOCATION, OWNERSHIP AND EXTENT OF PROPERTY

The Royal-Deer Horn claims are located in Sec. 2, T. 24 S., R. 16 E., Gila and Salt River Meridian, in the Patagonia Mining district, Santa Cruz County, Arizona, and may be reached via Washington Camp, which is 18 miles southerly on a county road from Nogales, Arizona. The proposed project area is on the Duquesne road about 1/2 mile southerly from Washington Camp and about 3/8 mile northerly from the Bonanza mine shaft and buildings. The Deer Horn tunnel is 50 feet west and the Arroyo incline is 50 feet south of the Washington Camp--Duquesne road, Fig. 1.

The shipping point for ore is Nogales, Arizona, 20 miles westerly on the Southern Pacific railroad. Supplies and equipment are usually obtained in Tucson, Arizona, which is about 90 miles from the property.

The applicant is sole owner in all land and mineral rights to be explored and there are no liens, mortgages or other encumbrances on the land. The Royal and Deer Horn patented lode claims, U. S. Mineral Survey No. 4423 comprising 30.552 acres are recorded in Docket 33, page 442, in the Santa Cruz County recorder's office.

In addition the applicant is Grantee in a lease of the surface but not mineral rights of the Arroyo Block of the Bonanza lode claim, said lease comprising 0.248 acres adjoining the above Royal Claim. No future ore royalties to the government will apply to this block as it will not be explored in the proposed project. The lease is for convenience of the applicant in operating the Arroyo incline and for waste disposal.

All workings except the Arroyo incline were made prior to the applicants interest. The collar of the Arroyo incline lies in the Arroyo block and this incline was sunk by Luis De La Ossa of Lochiel Arizona under lease from Nash Mines, owner of the Bonanza claim at the time. The applicant furnished most of the funds to sink this incline and do some exploratory drifting in the Bonanza claim at the Royal boundary since this would furnish information on the Royal claim and any ore discovery might add in securing patent to the Royal and Deer Horn claims. Some high grade ore was found and was important in obtaining the patent. The ore was as wide as 3 feet and assayed as much as 16.0 oz. silver and 5.2 percent lead.

General Geology of the District

The Washington Camp-Duquesne district occupies an area bout 2 1/2 miles long and about 1 1/4 miles wide on the eastern flank of the Patagonia Mountains. The area is one of moderate relief of a few hundred feet and is drained eastward into the Santa Cruz river by Washongton and Duquesne gulches.

The country rock in this belt consists mainly of limestone with small amounts of quartzite and shaly rocks, is bounded on the northwest, west and south by quartz monzonite and on the east by granite.[1/] These are intrusives into sedimentary rocks, which have also been cut by many felsite dikes, similar in appearance to rhyolites and latites.

The sedimentary rocks in the district include Cambrian quartzite, Devonian limestone, and later Paleozoic sediments in a section at least several hundred feet thick. These have been much disturbed, strike northerly and dip steeply to the west, mostly at angles of 60 degrees or more, but locally the beds have been overturned.[2/] The most extensive exposure of the quartzite is along the western edge of the sedimentary belt, when it intervenes between the limestone and the quartz monzonite and probably forms the basal member of the sedimentary series. The quartzite is light gray to white, locally slightly micaceous and feldspathic and probably conformable with the later formations. The limestone is medium to thick-bedded or massive and consists of north-south zones of relatively pure limestone, alternating with rock that is impure, shaly, cherty or quartzitic.

Strong structural disturbances has tilted and upended the stratigraphic series and cut the formations by many obscure faults that appear to have relatively small displacements. The greatest faulting has taken place along nearly vertical north-south trending zones, and to a lesser degree on northeast trending fractures. Subordinate northwesterly trending cross fractures are present. Low angle fractures forming inconspicuous sheeted zones were observed in a few localities, especially in the southwestern and northern parts of the area.

Metamorphism has resulted in almost complete garnetization of the limestone at or near the contacts with the quartz monzonite and along some of the faults in the southern part of the district. Toward the north the amount of garnet decreases and it is rarely present at the north end of the district. Closely associated with the brownish-yellow garnet are quartz, amphiboles, pyroxenes and other minerals commonly associated with contact-metamorphic type ore deposits.

Ore Deposits of the District

The ore deposits of the Washington Camp-Duquesne area are pyrometasomatic deposits containing zinc, copper, lead and silver with minor amounts of gold. They are essentially replacement deposits in limestone and occur mainly in or near the metamorphic zones along the contact between the limestone and quartz monzonite. Ore also occurs in metamorphic zones away from the contact, and apparently are localized on or near some of the more prominent fault zones, especially where two or more faults intersect, Fig. 2.

The valuable minerals in the primary ore are sphalerite, chalcopyrite, and galena, associated with a gangue of garnet, quartz, pyrite, magnetite and several varieties of pyroxene and amphibole. The ore contains a few ounces of silver per ton. The primary ore has most of the common characteristics usually attributed to the contact metamorphic class and are generally small, irregular, lenses and pock and are usually distributed. The ore bodies apparently terminate in garnet and other products of metamorphism at shallow depths, the deepest mine in the district being the Bonanza which gave way to nearly barren metamorphic rock at about 600 feet. On strike the ore bodies also terminate in short distances ranging from only a few feet to about 300 feet--for the Bonanza. Ore widths are very irregular and ore bodies as narrow as 2 feet and as wide as 20 feet have been mined. Most of the ore is consistently good grade and the deposits are readily adaptable to small scale leasing operations.

Past production for the district is estimated at about 300,000[3/] tons excluding the Pride of the West mine, which was the largest in the district but for which production figures are not available.

Most of the known ore bodies cropped out at the surface and were oxidized to shallow depths, usually not exceeding a few tens of feet; and in places sulphide ore was found almost at the surface. Gossans exposed over known ore bodies consist mostly of conspicuous masses of soft, porous, reddish brownish limonite with nominal amounts of manganese stain, occasional copper stain and residual quartz. During the early years of mining these gossans were used as guides to high-grade silver ores and carbonate ores of zinc, lead and copper.

Geology of the Zone of Proposed Exploration

The Bonanza vein mine is on or near the contact between the main igneous mass on the east, and steeply-dipping sediments, chiefly limestone and hornstone on the west. The principal production of the Estella and Bonanza mines has come from the contact vein, but a second-vein which lies in the limestone about 40 feet west of the contact has been a producer of importance and this may be the vein that has been only partly developed by the Arroyo incline, with the main contact vein still to be discovered beneath the overburden.

The ore minerals of the district are principally galena, sphalerite and chalcopyrite. Silver accompanies the ratio of 1 1/4 to 1 1/2 ounces per unit of lead. Two strong faults occur in the Royal area that are similar to those in the Estella and Bonanza mines. The Smuggler fault has been traced from the productive Holland and Smuggler mines to a location west of the Bonanza-Royal property line, from which point it is concealed by overburden. The vein is exposed within the Bonanza claim and is very strong and well mineralized. It is believed that both of these faults will be found in the Royal claim and that their occurrences greatly enhances the prospective value of the claim. The fissure-vein outcrop which is the subject of the exploration proposal is a very strong fissure and should persist at depth and along strike from the Bonanza claim.

Proposed Exploration

The applicant proposes to explore a strong fissure-vein at a depth of 50 feet from the Arroyo incline and drift as much as 90 feet along its strike in a N. 40° E. to N. 60° E. direction, Fig. 3, and to probe the wall of the vein with as much as 150 feet of long hole percussion drilling to test the extent of the vein. The total estimated cost of the project is $6,876.00. Government participation on a 75 percent basis would amount to $5,157.00. It is noted in the costs estimated by the applicant that the cost item for assaying was not included, although he may have included it in the supervision, engineering, etc. There should be enough assaying included to adequately evaluate the vein. An assay for silver, lead and zinc for each 5 feet of drift advance plus car or grab samples, and long hole drill cutting samples.

Applicants estimated costs

Applicant will live in Nogales during the project, at no salary but with living expenses away from home. An average of 16 round trips from Nogales to the property will be needed each month. No storage for gasoline or explosives is planned on the project and these must be delivered frequently. An average of 3 round trips per month from Nogales to Tucson for supplies, repair parts,etc. is expected. Applicant has all necessary equipment for surveying, geological, drafting and office work.

Motel or other room with phone		$100 (winter rates)
Meals, 30 days at $3		90
16 round trips, Nogales-Duquesne, 640 mi. @ 7¢		45
3 rd trips, Tucson and suppliers, 420 mi. @ 7¢		29
Expense per month for supervision		$264

OPERATING MATERIALS AND SUPPLIES for 100 ft. of drift

Small tools

3 mucker shovels

4 drift picks

1 dbl jack

2 miners saws

2 cap crimpers, 4 loading sticks

10", 18" and 24" pipe wrenches

Misc. hammers, bars, augers, etc.

Cost of above, part new, part used		$70
150 ft. black pipe for air line, 1 1/2"	50	
1 1/2" valves and fittings	15	
340 ft. 1" pipe for air? and water lines	70	
1" valves and fittings	25	
Cost of used pipe and fittings		160
1 ton 12 lb. rails and fish plates	90	
80 track ties 4" x 6" x 3 ft (18" spacing)	32	
350 track spikes	14	
Track materials, new and used		136

90 x 2 = 180 ft.
180 ÷ 3 = 60 yd.
12
720 lb

?
?

200 lin ft 4" x 6" fir, incline skids and headframe,		
400 bd ft @ 180 deliv.	72	
160 lin ft 2" x 4" for ladders, hoist roof and		
misc, 130 bd ft @ 180 deliv.	24	
Lumber for hoist roof and work bench	30	
Nails and spikes	10	
Sheave wheel and shaft roller	45	
Material for headframe and incline		181
7 pcs Swede drill steel, ave. $20	140	
10 pcs long-hole ext. steel	50	
10 drill steel couplings for long holes	50	
3 carbide bits for long holes	48	
Drill steel, rods and bits		288
Hoist and compressor gasoline, 15 gal per day		
900 gal in 3 months, @ .35	315	
Lube oil and grease	20	
		335
13 cases powder @ $16 deliv.	208	
300 No. 6 blasting caps	9	
1500 ft. blasting fuse	30	
		247
Total cost operating materials and supplies		$1417

Distribution

	Total	To Preparation	To Drifting & Drilling
Small tools	70	70	0
Pipe and fittings	160	110	50
Track materials	136	75	61
Headframe and Incline	181	181	0
Drill and steel, rods, bits	288	0	288
Fuel and oil	335	0	335
Explosives	247	0	247
	1417	436	981

Operating Equipment

Gasoline eng. hoist to pull 700 lbs 70 ft. on 60 deg. incline

3/8" cable with safety hook, and shaft bucket

125 cu ft gasoline engine compressor

45 lb. jackleg drill

Air and water hoses

Roller bearing dolly for tramming bucket to incline (U-go?)

Dump track = 60 ft.± 10 to 15 cu ft end dump 18" gauge car for waste dump

Compressed air waterpump for shaft sump

Compressed air bit grinder

Jim Crow for 12 lb. rails

Bench and pipe vise

Stock and dies for 1" and 1 1/2" pipe

Shaft bell

500 to 800 gal. tank for drill water at surface

Estimated monthly rental for above, $500

Rental for 3 months $1500

Charge preparation 3/4 mo. rent, incl. return

Charge drifting and drilling 2 1/4 mo. rent

Estimated hauling cost $80 each way

(e) Not applicable

(f) Not applicable

(g) Repairs and maintenance not estimated - incl. in rental

COST SUMMARY

Preparation and Removal

1/2 mo. preparation, 1/4 mo. cleanup and removal = 1/3			
Total 3/4 mo. equipment rental at $500	375		
Hauling equip. to site	80		
Small tools	70*		
Pipe and fittings	110*	? 55	
Track supplies	75*	37 50 / 92,50	
Headframe and incline materials	181		
		891	
Less re-sale, items marked *		96	
Net cost			795
Laber, 3 men 10 days, 30 shifts @ $16	480		
Soc. Sec. Unemploy, Work Comp. @ ~~@~~.50	75		
Labor			555
Direct cost preparation & removal			1350 - 265
Add supervision expense acct. 1 1/4 mo. @ $264			330 1085
Total cost of preparation and removal			$1680

3) 555) 185 +80 demob = 265

Drifting and Long Hole Drilling

2 1/4 months equipment rent @ $500			1125		
Hauling to return equipment			80		
Pipe and fittings	50 *				
Track materials	61 *				
Explosives	247				
Drill steel and bits	288 *				
Fuel and oil	335				
		981			
Less re-sale, items *		82			
Net			899		
Cost of materials and equipment				2104	
Labor, 3 men 45 days, 135 shifts @ 16			2160		
Soc. Soc. Unemploy. Work Comp. @ 2.50			338		
				2498	
Direct cost, 100 ft. drift, 150 ft. drilling = $225				$4602 − 225 = 4377 + timber	
2 1/4 mo. supervision expense acct @ $264				594	
Total cost drifting and drilling					5196
Total cost preparation and removal					1680
Cost of project					$6876

330
594
924

Plus ~~70~~ 30 min. allow 50 actual cost assays for copper, lead, zinc, silver

Plus Stage II — 100 ft. of drifting
— 150 ft long hole drilling

Conclusions and recommendations

It is concluded that the chances of finding a significant discovery of silver ore could support a moderate sized leasing operation. It is therefore recommended that a contract be executed to perform the work requested, with the amount being increased to include an additional 100 feet of drifting on the vein to more adequately explore the vein, providing the first 100 feet proves favorable.

References

Schrader, F. C., with contributions by Hill, J. M., Mineral Deposits of the Santa Rita and Patagonia Mountains, Ariz., U. S. Geol. Sur. Bull. 583, p. 325, 1915.

Richards, A. and Brokaw, A. L., Zinc Deposits of the Patagonia Mining District, Santa Cruz County, Ariz., Confidential Manuscript Report, U. S. Geol. Survey, p. 2, 1944.

Romslo, T. M., Shride, A. F., Hernon, R. M., Duquesne-Washington Camp Area, Santa Cruz County, Ariz.; Defense Minerals Administration Report, Docket 54, p. 17, 1951.

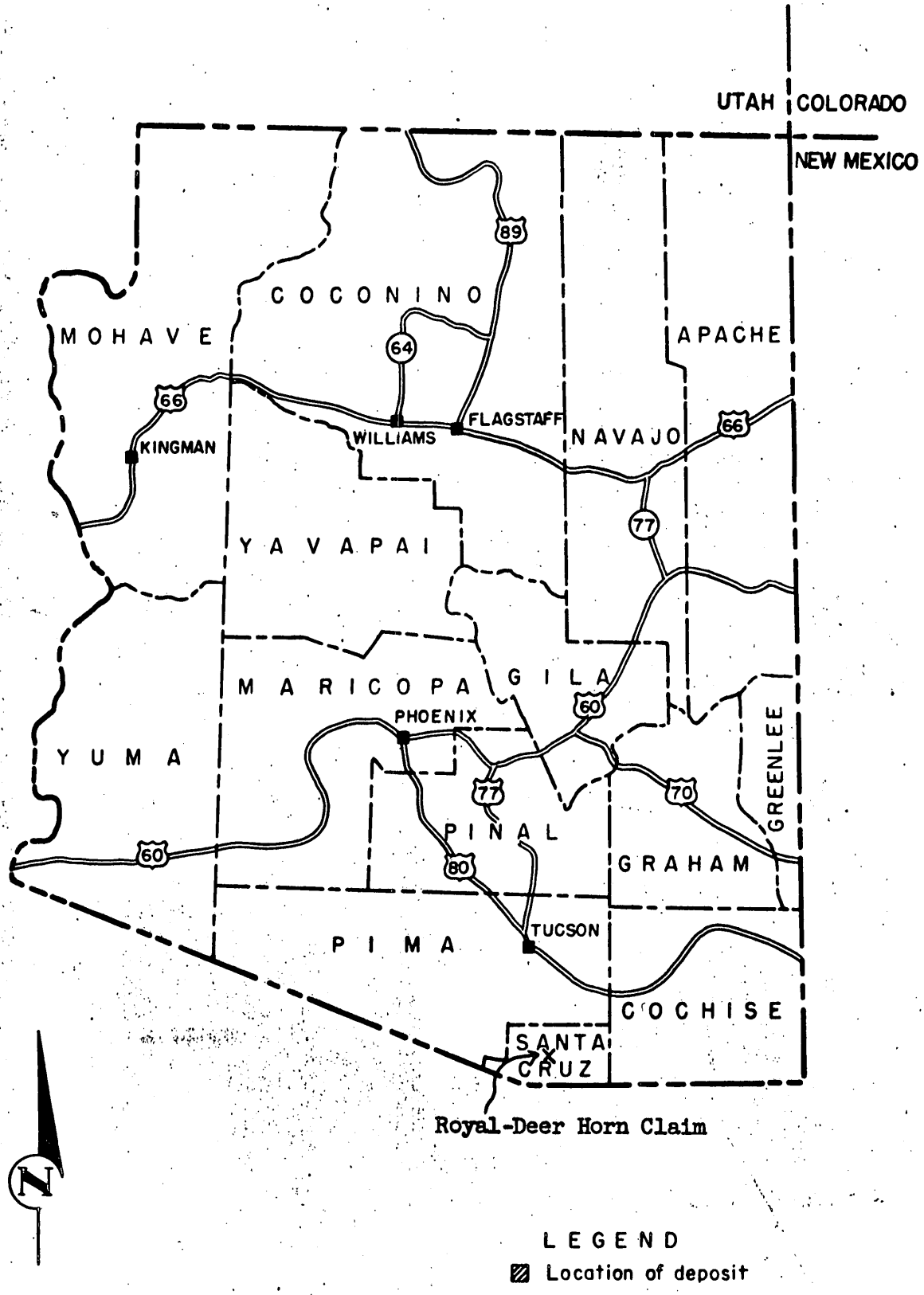

Fig. 1. Location map, D. C. Gilbert Royal-Deer Horn Claim, Santa Cruz County, Arizona OME-6465

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Denver Federal Center-Building 20
Room D2210

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NOV 22 1965

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November 19, 1965

MEMORANDUM

To: Frank Johnson, Chief, OME, Washington, D. C.

From: J. William Hasler, Field Officer, Region III, Denver, Colorado

Subject: D. C. Gilbert
OME 6465 (Silver)
Santa Cruz County, Arizona

Enclosed is a letter from the applicant concerning information requested of him during my field examination of the subject property on November 10 to 11th, 1965, including your requests for a financial statement.

J. William Hasler

Enclosure

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO

October 11, 1965

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Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona

This responds to your memorandum of October 6, 1965 on the subject docket.

As you know, we are behind in our work more than just a report on the subject docket, which I assure you has not been lost in the shuffle. In my hold file for Arizona I also have the following memoranda from you:

Idm-E1038 dated Dec. 1, 1964
949 dated Oct. 2, 1964
1188 dated March 29, 1965
1188 dated May 27, 1965
317 dated May 28, 1965
317 dated July 14, 1965

I have been hoping we could both get to Arizona and clean up our house but things haven't worked out that way. I was in bed ten days with a bad case of bronchitis. Hasler will be gone all this week to the Mining Congress in Las Vegas. He will examine OME-6482, Mary Nevada Mining, Inc. before he returns home.

Hugh M. Connors

HMC 10-11-65

cc: file
chron
Hasler

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/6	Selfridge	130
"	Johnson	110
		220
		120M

OCT 6 1965

Memorandum

To: Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona

On July 7, 1965, the subject application was referred to Region III for further processing. To date, we have not heard anything regarding it, so are wondering if it has become lost in the shuffle.

(Signed) FRANK E. JOHNSON

Frank E. Johnson

GCSelfridge/gla (10-6-65
cc to: Director's Reading File
Division Copy
Economic Geology File
OME File ✓
OME Reading File
Mr. Selfridge (2)

23263

OFFICIAL FILE COPY

Date	Surname	Code
7/14	Selfridge	130
"	Johnson	110
"	Carl	220
		~~120M~~

JUL 14 1965

Memorandum

To: Acting Field Officer, Region III

Subject: DMEA-2234 (Lead-Zinc-Copper)
James P. Nash
Bonanza Mine
Santa Cruz County, Arizona
Contract Idm-E317

File

On May 28, 1965, we sent you a copy of MME Form 63 relating to the subject docket.

As you may have noted, the Bonanza claim is part of the land under OME-6465, Donald C. Gilbert. A Lease Agreement shows that the Bonanza claim is now held by Fred Williams, Jr., and Mr. and Mrs. Carl T. Sandberg of Tucson. Perhaps when the field examination is made, the details concerning the transfer of the claim and of any possible production in recent years might be obtained.

(signed) FRANK E. JOHNSON

Frank E. Johnson

GCSelfridge/gla (7-14-65)
cc to: Director's Reading File
Division File
Economic Geology File
OME File D MEA-2234
OME File OME-6465
OME Reading File
George C. Selfridge (2)
120M

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
7/6	RM Smith	120
	[illegible]	420
	[illegible]	110
7/8	CAC	220
		120 m

JUL 7 1965

Mr. Donald C. Gilbert
4982½ Field Street
San Diego, California 92110

Re: OME-6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona

Dear Mr. Gilbert:

The application for assistance in exploring the subject property has now been reviewed by the Washington Office and referred to Mr. H. M. Connors, Acting Field Officer, U. S. Geological Survey, Office of Minerals Exploration, Region III, Building 20, Federal Center, Denver, Colorado 80225.

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

MMerrithew/mm (7/5/65)
cc: Director's Reading File
Division File
Economic Geology File
OME-File
OME Reading File
OME Region III

23263

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
7/6	R M Smith	120
	[illegible]	120
		110
		250
		120 M

JUL 7 1965

Memorandum

To: Acting Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OMX-6465 (Silver)
Donald C. Gilbert
Royal and Deer Horn Claims
Santa Cruz County, Arizona

The application is referred to Region III for review, a field examination if deemed advisable, and for recommendations.

Our review and your comments of June 14, 1965, suggest that an exploration project may be warranted although there is a question whether the principal commodity sought is silver.

The adjoining Bonanza claim was explored as a lead-zinc project in 1952-56:

DMEA-2234 (Lead-Zinc)
Contract Idm-E317
Sam Knight Mining Lease, Inc.
Bonanza Mine
Santa Cruz County, Arizona

Of the approximately $30,000 contributed by the Government, $16,539.63 or 53 percent was repaid as royalties on production which averaged about 7 oz. Ag, 3% Pb, 4% Cu, and 11% Zn.

Although the current high price of silver explains why the proposed exploration was not done years earlier, in view of the low silver content of the Bonanza ores, the Applicant's contention that the zone to be explored is higher in silver should be strengthened.

23263

Deposits that are primarily base metals at depth or that contain a 1 oz. to 1% ratio would not normally meet OME criteria.

The proximity of the proposed work to the boundary of the Applicant's land does, as you point out, raise legal questions; but because there are no encumbrances on the land and because the purpose of the work is clearly for the benefit of the Applicant's land, we conclude that the location of the Arroyo shaft does not preclude a contract.

In reviewing the Applicant's map (Fl. III) and his statements in support of Item 3(f), we wonder why the proposed drift is to be stopped at 100 feet rather than continued on toward the intersection with the Deer Horn vein or to the "nubbin" of porphyry which he cites as a "favorable factor."

We concur in your conclusions that the application is well prepared and that the estimated costs are reasonable except for the relative proportion of travel expense. The over-all cost, however, of the proposed 100-foot drift is $68.76/foot, which is higher than average owing primarily to the low rate of advance. Considering that a jackleg drill is to be used, would it be feasible to hoist cars instead of buckets and to rent a mucking machine in order to get a round in and out each shift?

If you recommend a contract, in view of the last paragraph in the letter from the Valley National Bank, please ask the Applicant to submit a financial statement.

(signed) FRANK E. JOHNSON

Frank E. Johnson

RMSmith/mm (7/5/65)
cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
Mr. Selfridge

June 17, 1965

Mr. Donald C. Gilbert
4982½ Field Street
San Diego, California 92110

Re: OME-6465

Dear Mr. Gilbert:

Your application for exploration assistance, dated June 14, 1965, submitted to our office at Denver, Colorado, has been assigned Docket Number OME-6465.

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

Sincerely yours,

George C. Selfridge
Chief, Division of Exploration
Operations

cc: Region III

DEPARTMENT OF THE INTERIOR
U.S. GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION
DOCKET 6465

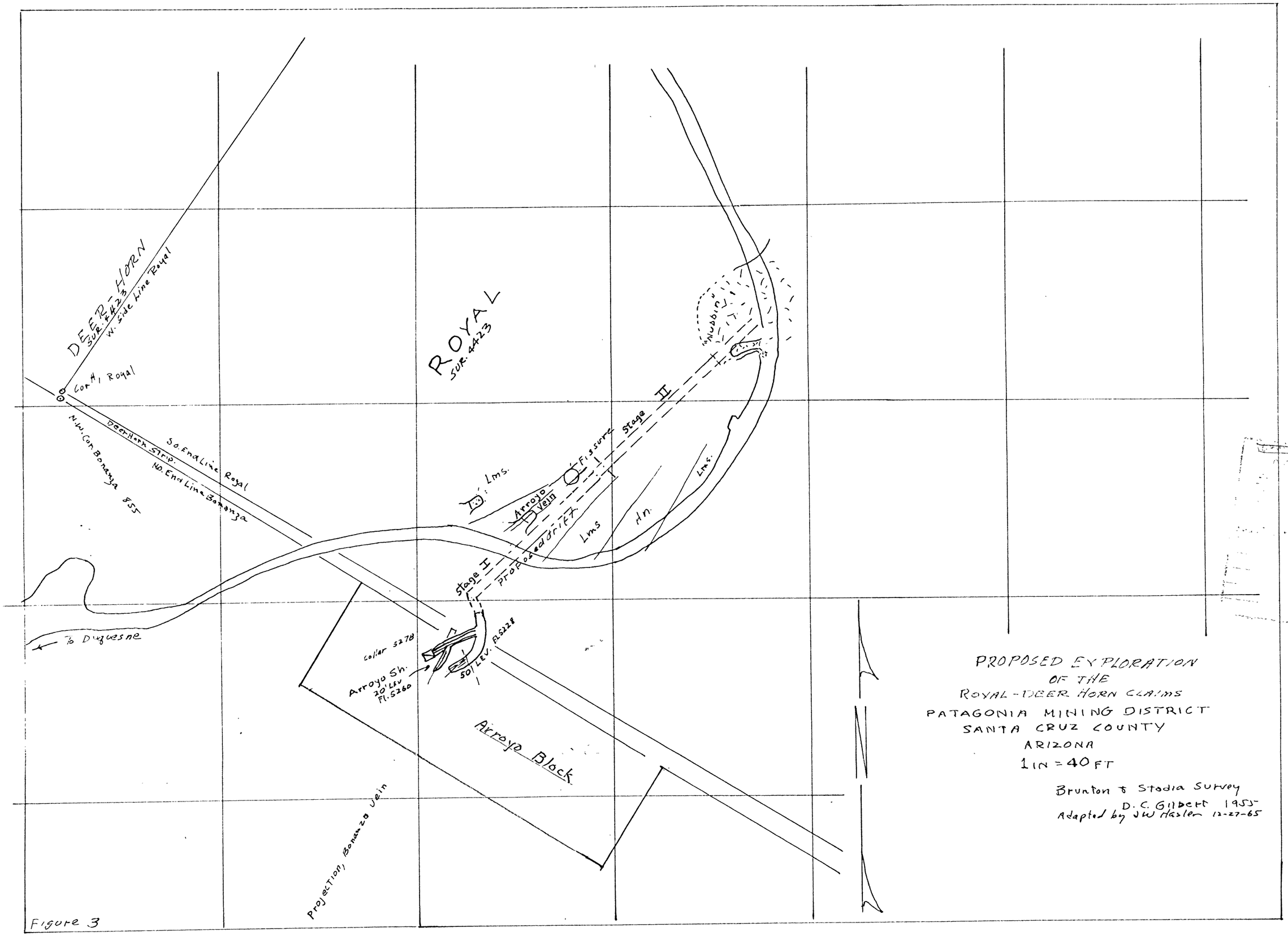
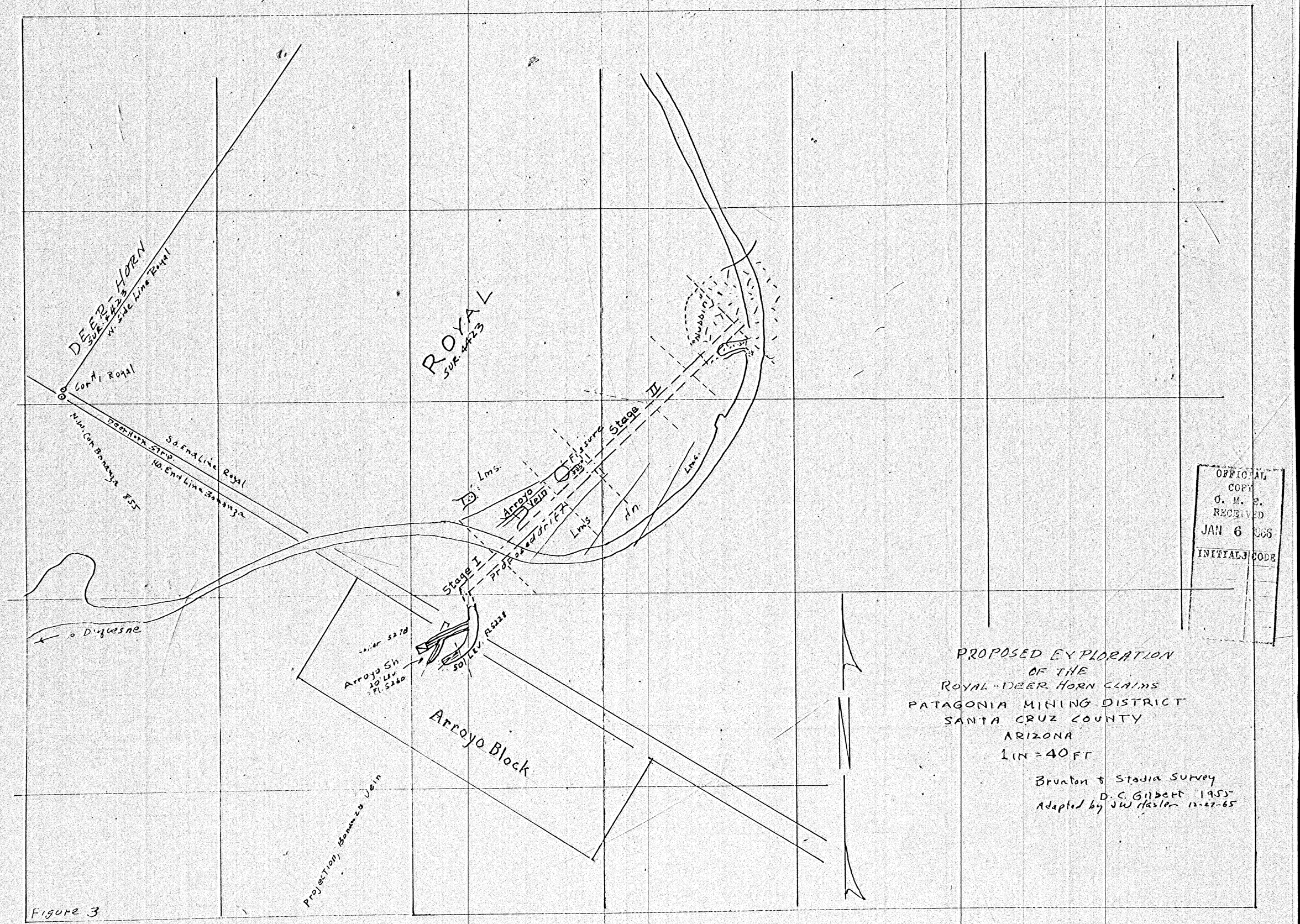


Figure 3

DEPARTMENT OF THE INTERIOR
U. S. GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION
DOCKET 6465



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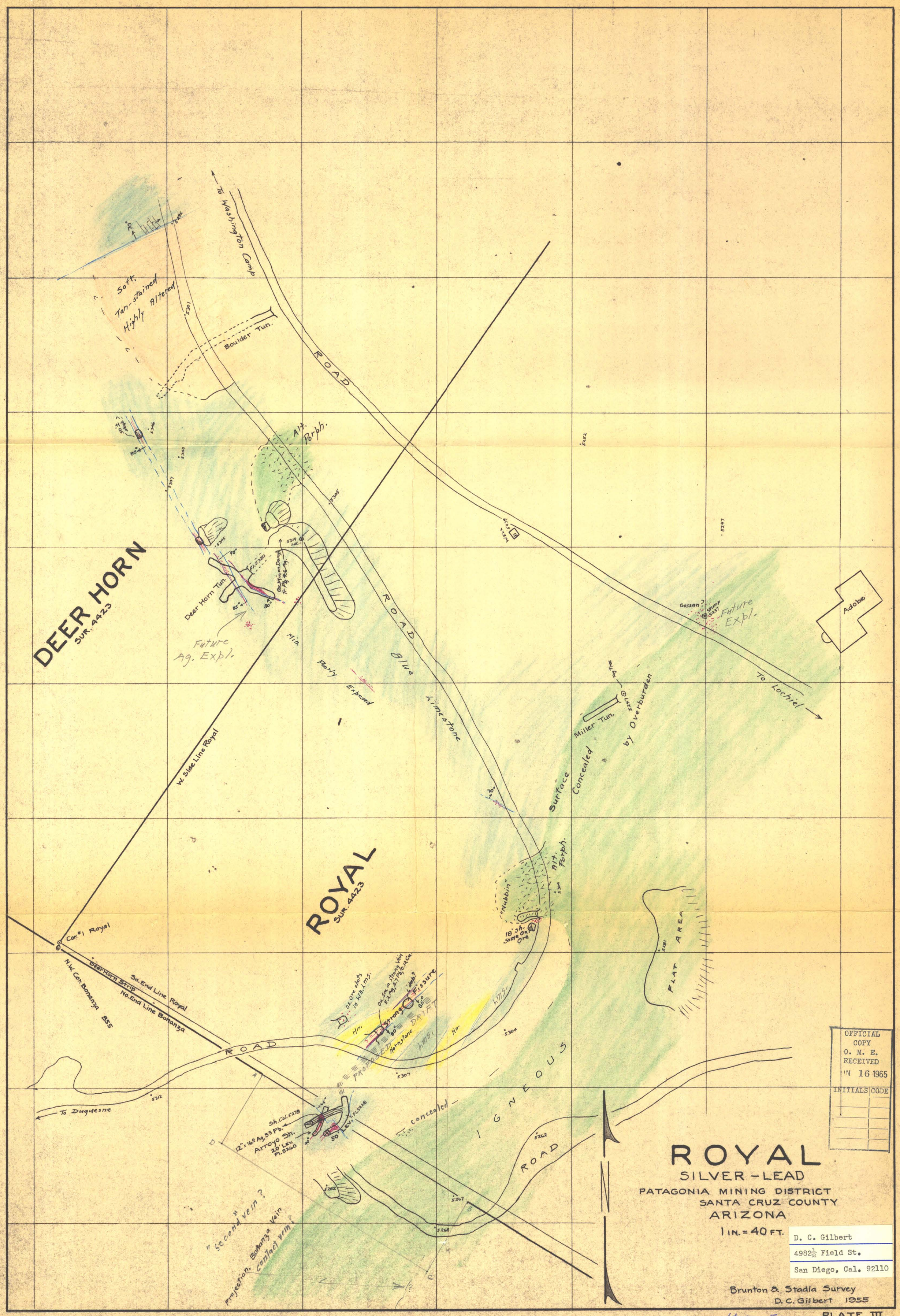
PROPOSED EXPLORATION
OF THE
ROYAL - DEER HORN CLAIMS
PATAGONIA MINING DISTRICT
SANTA CRUZ COUNTY
ARIZONA
1 IN = 40 FT

Brunton & Stadia Survey
D. C. Gilbert 1953
Adapted by J.W. Haslem 12-27-65

Figure 3


ROYAL
SILVER-LEAD
PATAGONIA MINING DISTRICT
SANTA CRUZ COUNTY
ARIZONA
1 IN. = 40 FT.
D. C. Gilbert
4982½ Field St.
San Diego, Cal. 92110
Brunton & Stadia Survey
D. C. Gilbert 1955
PLATE III
Item 5a
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INITIALS CODE
DEER HORN
SUR. 4423
ROYAL
SUR. 4423
ROAD
To Washington Camp
Boulder Tun.
Soft, Tan-stained Highly Altered
Alt. Porph.
Deer Horn Tun.
Future Ag. Expl.
Poorly Exposed
Blue Limestone
Surface Concealed by Overburden
Miller Tun.
Gossan?
Future Expl.
Adobe
To Lochiel
W. Side Line Royal
Cor. #1 Royal
N.W. Cor. Bonanza BSS
Bear Horn Strip
So. End Line Royal
No. End Line Bonanza
To Duquesne
Strong Fissure
Hornstone
PROPOSED DRIFT
Hm.
Lms.
IGNEOUS
concealed
"Nubbin"
18' sh. some ore
FLAT AREA
"second vein?"
projection Bonanza vein
contact vein?
Arroyo Sh.
12" = 16oz Ag, 5% Pb.
20' Lev.
Fl. 5260
Sh. Col. 5278
50' Lev.
Fl. 5228

DEPARTMENT OF THE INTERIOR
U.S. GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION
DOCKET 6465

PROPOSED EXPLORATION
OF THE
ROYAL-DEER HORN CLAIMS
PATAGONIA MINING DISTRICT
SANTA CRUZ COUNTY
ARIZONA
1 IN = 40 FT

Brunton & Stadia Survey
D. C. Gilbert 1955
Adapted by JW Haslem 12-27-65

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