US DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION
DOCKET 6885

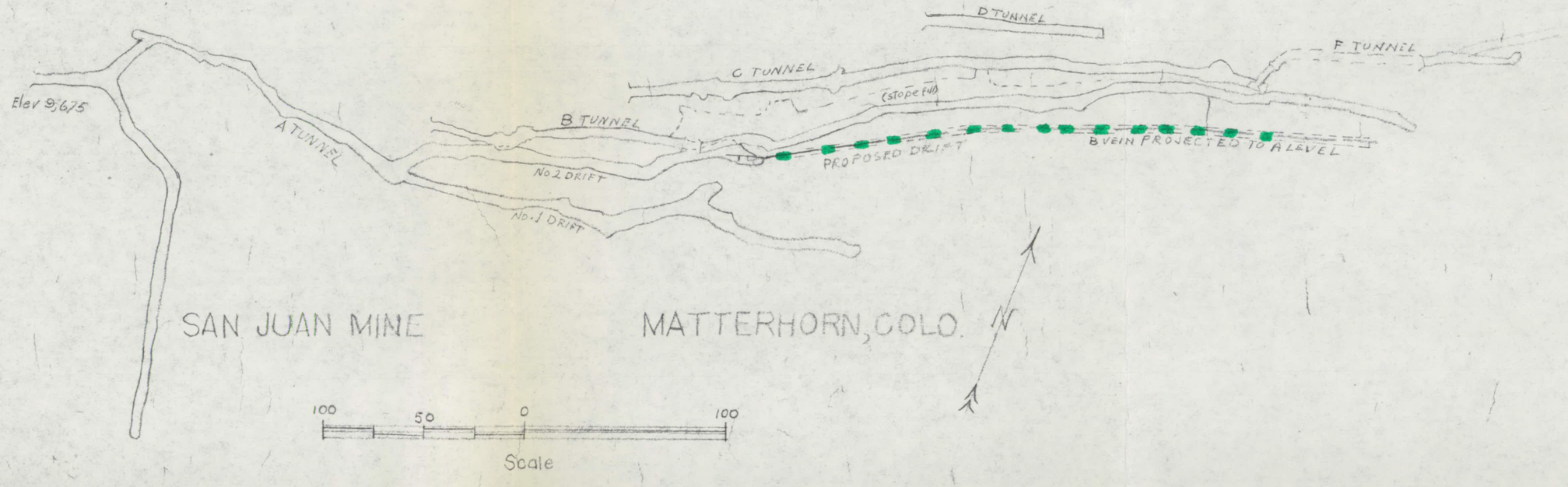


FIGURE 2

Field Officer's Copy

EXPLORATION CONTRACT
CHARLES H. TURNER and ANNE Z. TURNER d/b/a
HAMILTON RESOURCES CORPORATION
OME-6885

AMENDMENT NO. 3

It is agreed this 21st day of September, 1976, between the United States of America, acting through the Department of the Interior, U.S. Geological Survey, hereinafter called the "Government," and Charles H. Turner and Anne Z. Turner d/b/a Hamilton Resources Corporation, hereinafter called the "Operator," that Exploration Contract 2313 (OME-6885) dated June 17, 1974, is amended effective September 17, 1976, as follows:

1. The time fixed by Article 1(a) of the Contract as amended by Amendment No. 2 for completion of the work is extended from twenty-seven (27) to thirty-three (33) months from the date of the Contract, or until March 17, 1977.

2. The maximum period for payment of royalty set forth in Article 7(b) of the Contract, and for the lien to secure payment thereof set forth in Article 7(e) of the Contract is extended from ten (10) to twelve (12) years from the date of the Contract, or until June 17, 1986.

This amendment shall not be construed to increase the estimated cost of the Contract, the aggregate amount which the Government may be required to contribute, the amount of any item designated as maximum, nor the fixed-unit cost of any item of work.

Except as herein amended, Exploration Contract 2313 (OME-6885), dated June 17, 1974, shall remain in full force and effect.

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Harold Kirkham
Chief, Office of Minerals Exploration

Charles H. Turner
Anne Z. Turner d/b/a
HAMILTON RESOURCES CORPORATION

By Charles H. Turner
Title President

By Anne Z. Turner
Title Secty.

Field Office's copy

EXPLORATION CONTRACT
CHARLES H. TURNER AND ANNE Z. TURNER d/b/a
HAMILTON RESOURCES CORPORATION
OME-6885

AMENDMENT NO. 2

It is agreed this 18th day of December, 1975, between the United States of America, acting through the Department of the Interior, U.S. Geological Survey, hereinafter called the "Government", and Charles H. Turner and Anne Z. Turner d/b/a Hamilton Resources Corporation, hereinafter called the "Operator", that Exploration Contract 2313 (OME-6885) dated June 17, 1974, as amended effective November 1, 1975, as follows:

1. (a) Work under the Contract may be suspended during the period beginning November 1, 1975, and ending no later than June 1, 1976.

(b) The Government shall not contribute to any costs incurred during the period of suspension.

(c) The Government shall not contribute to or be liable for any costs of rehabilitation or repair or any other costs which would not have occurred if there had been no suspension of work, or which may arise out of this suspension.

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

2. The date fixed by Article 1(a) of the Contract as amended by Amendment No. 1 for completion of the work is extended from eighteen (18) months to twenty-seven (27) months from the date of the Contract, or until September 17, 1976.

3. It is the essence of this amendment that the work shall be resumed on or before the termination of the period herein fixed for suspension; and if not so resumed, the following provisions shall thereupon become effective:

(a). The Contract and all obligations of the parties thereunder except as hereinafter otherwise provided, shall be and are hereby terminated effective November 1, 1975, if work on the Contract has not been recommenced on or before June 1, 1976.

(b). The Government will contribute only to allowable costs incurred prior to the date set forth in 3(a) above.

(d) The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer (for example, if the Operator either transfers or fails to retain its interest in the land), shall pay to the Government the royalty provided for in the Contract in the same manner and amount, for the same period, and subject to the same provisions as provided for in the Contract as amended herein as if a certification of possible production had been made, such certification of possible production, percentage royalty and liens to secure payment thereof, reports (including the preservation of Operator's record), accounts, audits, and the right to recover any overpayments are hereby preserved.

(e) The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of the Contract, except as provided for in this Amendment No. 2.

This amendment shall not be construed to increase the estimated cost of the Contract, the aggregate amount which the Government may be required to contribute, the amount of any item designated as maximum, nor the fixed-unit cost of any item of work.

Except as herein amended, Exploration Contract 2313 (OME-6885), dated June 17, 1974, shall remain in full force and effect.

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Harold Kirkemo
Chief, Office of Minerals Exploration

Charles H. Turner
Anne Z. Turner d/b/a
HAMILTON RESOURCES CORPORATION
Charles H. Turner, Pres.

By Anne Z. Turner
Title Secty.

Field Office's Copy

EXPLORATION CONTRACT
CHARLES H. TURNER and ANNE Z. TURNER d/b/a
HAMILTON RESOURCES CORPORATION
OME-6885

AMENDMENT NO. 1

It is agreed this 21st day of May, 1975, between the United States of America, acting through the Department of the Interior, U.S. Geological Survey, hereinafter called the "Government", and Charles H. Turner and Anne Z. Turner d/b/a Hamilton Resources Corporation, hereinafter called the "Operator", that Exploration Contract 2313 (OME-6885) dated June 17, 1974, is amended effective May 30, 1975, as follows:

1. The time fixed by Article 1(a) of the Contract for completion of the work is extended from twelve (12) to eighteen (18) months from the date of the Contract, or until December 17, 1975.

This amendment shall not be construed to increase the estimated cost of the Contract, the aggregate amount which the Government may be required to contribute, the amount of any item designated as maximum, nor the fixed-unit cost of any item of work.

Except as herein amended, Exploration Contract 2313 (OME-6885), dated June 17, 1974, shall remain in full force and effect.

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Harold Kibbemo
Chief, Office of Minerals Exploration

Charles H. Turner
Anne Z. Turner d/b/a
HAMILTON RESOURCES CORPORATION

By Charles H. Turner
Title President

By Anne Z. Turner
Title Secretary

FINAL FIELD REPORT - OME EXPLORATION PROJECT
By J. William Hasler

July 11 1977

1. OME 6885 (Silver - Gold)
Charles H Turner and Anne Z. TURNER
d/b/a Hamilton Resources Corporation
San JUAN MINE
SAN MIGUEL COUNTY, COLORADO
CONTRACT 2313

Operator: CHARLES H. TURNER AND ANNE Z. Turner d/b/a Hamilton RESOURCES CORPORATION
P.O. Box 3224 Hi Mar Station
Boulder, Colorado 80303

PROPERTY:

The land, including all rights pertaining thereto, referred to in Article 2 of the contract consists of two (2) patented lode mining claims and a mill site in Sections 4 and 5, T. 41 N., R. 9 W., NMPM, Trout Lake Mining District, San Miguel County, Colorado. These claims are shown in figure 1, titled "S. B. Kenrick and San Juan claims" which is attached and made a part hereof.

The mining claims are identified as:

Name	U. S. Survey No.
San Juan	1167A
S. B. Kenrick	2683
San Juan Millsite	1167B

OWNERSHIP: → The Operator is in possession of these claims by virtue of an Indenture dated April 23, 1973, between Charles H. Turner and Anne Z. Turner, and Hamilton Resources Corporation, a Colorado corporation.

2. Purpose of Project: The purpose of the project is to explore the San Juan Mine for gold, silver, copper and lead ore bodies by drifting northeastward on the San Juan vein in the No 2 drift, A tunnel level, in igneous rocks associated with the Ophir stock.

3. Contract: Date June 17, 1974 for a period of 12 months.
Original contract amount $32,940.00
Government participation 75 percent $24,705.00

Amendments - No 1

It is agreed this 21st day of May, 1975, between the United States of America, acting through the Department of the Interior, U.S. Geological Survey, hereinafter called the "Government", and Charles H. Turner and Anne Z. Turner d/b/a Hamilton Resources Corporation, hereinafter called the "Operator", that Exploration Contract 2313 (OME-6885) dated June 17, 1974, is amended effective May 30, 1975, as follows:

1. The time fixed by Article 1(a) of the Contract for completion of the work is extended from twelve (12) to eighteen (18) months from the date of the Contract, or until December 17, 1975.

This amendment shall not be construed to increase the estimated cost of the Contract, the aggregate amount which the Government may be required to contribute, the amount of any item designated as maximum, nor the fixed-unit cost of any item of work.

AMENDMENT No 2.

It is agreed this 18th day of December, 1975, between the United States of America, acting through the Department of the Interior, U.S. Geological Survey, hereinafter called the "Government", and Charles H. Turner and Anne Z. Turner d/b/a Hamilton Resources Corporation, hereinafter called the "Operator", that Exploration Contract 2313 (OME-6885) dated June 17, 1974, as amended effective November 1, 1975, as follows:

1. (a) Work under the Contract may be suspended during the period beginning November 1, 1975, and ending no later than June 1, 1976.

(b) The Government shall not contribute to any costs incurred during the period of suspension.

(c) The Government shall not contribute to or be liable for any costs of rehabilitation or repair or any other costs which would not have occurred if there had been no suspension of work, or which may arise out of this suspension.

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

2. The date fixed by Article 1(a) of the Contract as amended by Amendment No. 1 for completion of the work is extended from eighteen (18) months to twenty-seven (27) months from the date of the Contract, or until September 17, 1976.

3. It is the essence of this amendment that the work shall be resumed on or before the termination of the period herein fixed for suspension; and if not so resumed, the following provisions shall thereupon become effective:

(a). The Contract and all obligations of the parties thereunder except as hereinafter otherwise provided, shall be and are hereby terminated effective November 1, 1975, if work on the Contract has not been recommenced on or before June 1, 1976.

(b). The Government will contribute only to allowable costs incurred prior to the date set forth in 3(a) above.

AMENDMENT No 2 - Continued

(d) The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer (for example, if the Operator either transfers or fails to retain its interest in the land), shall pay to the Government the royalty provided for in the Contract in the same manner and amount, for the same period, and subject to the same provisions as provided for in the Contract as amended herein as if a certification of possible production had been made, such certification of possible production, percentage royalty and liens to secure payment thereof, reports (including the preservation of Operator's record), accounts, audits, and the right to recover any overpayments are hereby preserved.

(e) The Operator hereby releases and agrees to save the Government harmless from all claims or demands under or arising out of the Contract, except as provided for in this Amendment No. 2.

This amendment shall not be construed to increase the estimated cost of the Contract, the aggregate amount which the Government may be required to contribute, the amount of any item designated as maximum, nor the fixed-unit cost of any item of work.

Except as herein amended, Exploration Contract 2313 (OME-6885), dated June 17, 1974, shall remain in full force and effect.

~~AMENDM~~

AMENDMENT No 3.

It is agreed this 21st day of September, 1976, between the United States of America, acting through the Department of the Interior, U.S. Geological Survey, hereinafter called the "Government," and Charles H. Turner and Anne Z. Turner d/b/a Hamilton Resources Corporation, hereinafter called the "Operator," that Exploration Contract 2313 (OME-6885) dated June 17, 1974, is amended effective September 17, 1976, as follows:

1. The time fixed by Article 1(a) of the Contract as amended by Amendment No. 2 for completion of the work is extended from twenty-seven (27) to thirty-three (33) months from the date of the Contract, or until March 17, 1977.

2. The maximum period for payment of royalty set forth in Article 7(b) of the Contract, and for the lien to secure payment thereof set forth in Article 7(e) of the Contract is extended from ten (10) to twelve (12) years from the date of the Contract, or until June 17, 1986.

This amendment shall not be construed to increase the estimated cost of the Contract, the aggregate amount which the Government may be required to contribute, the amount of any item designated as maximum, nor the fixed-unit cost of any item of work.

Except as herein amended, Exploration Contract 2313 (OME-6885), dated June 17, 1974, shall remain in full force and effect.

4. Project Work: Started July 3, 1974, Terminated March 17, 1977 under provisions of the contract as amended.

COST ITEMS	AUTHORIZED RATE			COMPLETED	
FIXED UNIT COSTS	UNIT	Rate	AMOUNT	UNITS	AMOUNT
Drifting - Cross cutting [1]	250 FT	87.00/ft	$ 21,837.00	163 ft.	14,181.00
Long hole drilling	800 FT	1.50/ft	1,200.00	—	—
2 Supervisor	3 Mo	$ 1,500.00/mo	4,500.00	3 mo	4500.00
1 OUTSIDE CONSULTANT	3 Days	125.00/day	375.00	1 day	125.00
Per diem, Outside Consultant	3 Days	25.00/day	75.00		
Transportation for Consultant	2,042 mi	.12¢/mi	245.00	210 mi	25.20
Office and accounting expense	3 Mo.	$ 50.00/mo	150.00	3 mo	150.00
Payroll Taxes, F.I.C.A insurance [2]	15 %		1,958.00		1561.44
Total Fixed Unit Costs			$ 30,340.00		$ 20,542.64

[1] Includes all costs whatsoever such as labor, equipment, materials and supplies.

ACTUAL COSTS

Category (1) Independent Contracts					
Bulldozing [1]	30 Hrs	27.50/Hr	$ 825.00	30 Hrs	825.00
Category (7) Miscellaneous					
Assaying 151 Samples (Rounded)			1775.00	26 samples	305.50
Gold, Silver, copper	8.50/s				
Lead	3.25/s				
Total Actual Costs			$ 2,600.00		1,130.50
Total Estimated Costs of the Project			$ 32,940.00	Total Cost	$ 21,673.14
Government Participation	25 %		$ 24,705.00	Govt Participation	$ 16,254.86

[1] Includes all costs whatsoever such as labor, equipment, materials and supplies. The government obtains no equity in any of the equipment or materials used.

Efficiency of Operation

The Project began July 3, 1974
July Voucher Bulldozed access road to mine portal - 30 Hrs required.

~~February 1975~~
~~December 1974~~ - Completed road work; hauled ballast for road & drainage and grading completed but work was impeded by frequent heavy rains

Dec. 1974
1. Portal supporting timber stolen requiring rehabilitation & re timbering portal.

2. Compliance with new Colorado State Bureau of Mines Safety regulation concerning storage of explosives required extensive new work.
Adequate and experienced

3. Manpower work short supply throughout summer and fall. Despite ~~stress~~ severe winter storms installation of

diesel power plant, pipe lines, vent tubing was completed and drifting on the San Juan vein was begun.

January 1975: Thirty-one feet of drifting was completed. The work was hampered by the supply of unreliable labor, caving ground, continued severe winter storms, and sub zero temperatures.

March 1975. Total drifting 31 feet for January and February. Vein split and 18 feet of drifting was used to follow the apparently stronger footwall split.
Lack of competent help still hampered progress work, continued heavy winter storms.

June 1975. No work during April or May due to heavy winter storms & exceptionally heavy inflow of underground water into mine. Completed 36 feet of drifting on vein, total 127 feet.

May 19 - Field office recommended an amendment extending completion date of work from June 17, 1975 to Dec. 17, 1975. Amendment No. 1 executed May 23 1975

May 23rd October 1975 - A destructive rock slide closed the portal early in July and most of the summer was required to reopen it (middle Sept.) Work to improve the ventillation was required. Sixty six feet of drifting on the vein was completed. Labor problems still hampered progress.

~~February 1976~~

Jt Interim Inspection made Oct 2 & 3rd 1975. A total footage of 139 feet.

Nov. 28 1975 Operator requested amendment to recess contract to June 1, 1976 Contract work to be completed not later than Sept. 17, 1976.

Amend No. 2 Executed

Aug 1976 - Tenancy failed

Sept. 7 1976 Amend No. 3 recommended to set completion date to ~~Feb~~ March 17 1977

Amendment No. 3 was executed but no further drilling was completed due to a compressor failure and vital parts were irreplacable for the 20-year old unit.

The Operator final report was submitted June 23, 1977, that contained a narrative, geologic map, assay map and a cross-section showing one resource discovered as a result of the exploration work.

At my request, the operator itemized costs of the project that were over and above the estimated cost of the project, as I knew they were excessive.

There are very few other exploration contracts that had such excessive costs. Many of these I believe, could have been avoided by the operator, as a result the project was most inefficiently run.

Effectiveness of the Work

The objective of the work was to explore the northeast trending San Juan vein, in the No. 2 drift for new gold, silver copper and lead ore bodies in igneous rocks associated with the Ophir Stock for a distance of at least 951 feet.

The vein was explored for a distance of 163 feet from the ONE starting point. The estimated time to complete the 951 feet, based on a five feet per ~~round progress~~ shift, was three months. This should have been ample time in which to complete the work, however the operator was consistently hampered the fall and winter by having to comply with some new Colorado State safety regulations concerning storage of explosives, coupled with labor shortages and replacement of postal timber and an unusually heavy winter. ~~He~~ attempted to remain open throughout the winter months.

6. <u>Project Results</u>: The project work resulted in the discovery of mentable gold, silver copper and lead ore. Maps and assay data were attached to the monthly vouchers. Ore reserves estimated by the Operator as of June 23 1977 and were included in his final geologic and engineering report.

The Operator estimates a reserve ~~tonnage~~ of 2866 tons discovered by the OME drifting having gross value within a range of $48.00 to $62.00 ~~$50.00~~ per ton, at current prices. He would have to maintain a grade in excess of $50.00 ore in order to make a profit, and that may not possible, at least for the present.

The Operator calculates an additional

5. Reports:

Operator's FINAL REPORT - An acceptable final geologic and engineering report was received in this office June 27, 1977.

Cost Review ~~The contract was essentially a fixed Unit~~
The contract was on a Fixed Unit Cost basis except for two items, Bulldozing and Assaying costs. A report of review may not be required, and one is not requested by the Field Office, Region III OME.

Royalty Review There has been no production of metals from the mine since the contract was terminated consequently there will be no request for a Royalty Review by the Field Office Region III OME.

tonnage of ore from work completed prior to the execution of the subject contract totalling 2820 tons. ~~Some~~ Any ore shipped, now, from the ~~claims~~ Agnew and S.B Kenrich claims would be subject to Royalty payments as stipulated in Amendment No. 2, paragraph 3(d), consequently his total tonnage estimate is 5,686 Tons. At current metal prices this tonnage ~~has an average~~ contains ~~ore~~ contain material averaging This ~~ore~~ will ~~have an average grade~~ .04 oz Au, 8.0 oz Ag, 1.00 % Cu and .030 % Pb per ton. At current metal prices this material will gross $56.26 per ton ~~Hardly profitable for a mine of this size~~ for a total value of $319,894.36 ~~$2,374.00~~

Unless some very selective mining is done to decrease the dilution of rock to ore the operator cannot mine under the present or even a much improved system. He can in no way keep his mining costs under

of 1974-1975

~~and spent~~ resulted in an additional expenditure $19,520.00, for rehabilitation of the mine tunnel snow removal and removal of a massive caving at the portal. This additional work extended well into the summer months of 1975.

The contract was amended three times to enable the Operator to complete the required drifting. He was unable to complete the ~~work~~ 351 feet of drift before ~~the date of~~ March 17, 1977, the completion date work to be ~~of the contract, as~~ specified in Amendment No. 3 of the subject contract. ~~The contract was terminated on March~~

The operator expended an additional $15,400.00 for installation of electric power, and an attempt to rehabilitate an old electric compressor, plus ~~and~~ snow removal totalling $34,940.00. The Operator ~~was~~ was most ineffective in grading the work prescribed in the subject contract.

$50.00 per ton - not including the possibility of milling locally, and especially the probable necessity for shipments of raw ore to a smelter.

Under present conditions the operator could mine only 10 ton per day. He would need at least five working faces to maintain a 50 ton per day operation. This will take some doing on his part.

The Operator's reserves are conservative and I would not differ greatly with him on a total reserve of ~~from~~ 5,686 tons. Should he mine now, all ore within the San Juan and S.B. Kennicott would be subject to royalty payment by virtue of the lien and subordination agreement, and Amendment No 2, ~~Article~~ Item 3(d) ~~pursuant to Article 7 states as follows~~: of the subject contract as follows.

(d) The Operator, as principal if the Operator is the producer, or as surety if the Operator is not the producer (for example, if the Operator either transfers or fails to retain its interest in the land), shall pay to the Government the royalty provided for in the Contract in the same manner and amount, for the same period, and subject to the same provisions as provided for in the Contract as amended herein as if a certification of possible production had been made, such certification of possible production, percentage royalty and liens to secure payment thereof, reports (including the preservation of Operator's record), accounts, audits, and the right to recover any overpayments are hereby preserved.

The provision of the contract as amended requires royalty payments by the operator should be fail to ~~product~~ retain his interest in the land. I recommend that the stipulation in amendment No 2, Item 2d, ~~be~~ issue as a certification of discovery of possible production, as the Operator indicates that there may be some ~~a~~ joint operation of several properties to assure enough production to supply a neighboring mill with enough feed to make the operation possible.

Field Office'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 -6605	Silver-Gold	2313	San Miguel	Colorado

It is agreed JUN 17 1974 (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

Charles H. Turner and Anne Z. Turner d/b/a

Hamilton Resources Corporation, a Colorado corporation,

whose mailing address is P.O. Box 3226 Dillar Station, Boulder, Colorado 80303, 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 Sept. 15, 1974 (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within 12 months from the date of the contract or shall have incurred allowable costs (see Article 6) in a sum not less than the total cost set forth in Exhibit A.

(b) The total allowable cost of the work set forth in Exhibit A is $ 32,060.00. The Government will contribute ~~50~~ 33 percent of the allowable costs as they are incurred, in a total sum not in excess of $ 26,703.30 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 9 - ¾ percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

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

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

See Annex I

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

See Annex I

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CATEGORY (2)--PERSONAL SERVICES.

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

Subcategory (b)--Labor.

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

CATEGORY (4)--OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

-1

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 Quadruplicate the day and year first above written.

Charles H. Turner
Anne Z. Turner d/b/a
HAMILTON RESOURCES CORPORATION
(Operator)

By Charles H Turner
Title President

By Anne Z. Turner
Title Secretary

THE UNITED STATES OF AMERICA

By William A Beck
U.S. Geological Survey

I, Anne Z Turner (Name), certify that I am the

secretary of the corporation named as Operator herein; that

Charles H. Turner (Name) who signed this contract on behalf of the Operator, was then

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

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

corporate powers.

Anne Z Turner

[CORPORATE SEAL]

EXPLORATION CONTRACT
CHARLES H. TURNER AND ANNE Z. TURNER d/b/a
HAMILTON RESOURCES CORPORATION
OME-6885

ANNEX I

The land, including all rights pertaining thereto, referred to in Article 2 of the contract consists of two (2) patented lode mining claims and a mill site in Sections 4 and 5, T. 41 N., R. 9 W., NMPM, Trout Lake Mining District, San Miguel County, Colorado. These claims are shown in figure 1, titled "S. B. Kenrick and San Juan claims" which is attached and made a part hereof.

The mining claims are identified as:

Name	U. S. Survey No.
San Juan	1167A
S. B. Kenrick	2683
San Juan Millsite	1167B

The Operator is in possession of these claims by virtue of an Indenture dated April 23, 1973, between Charles H. Turner and Anne Z. Turner, and Hamilton Resources Corporation, a Colorado corporation.

PAID $2.00

Recorded at 3:00 o'clock P M., October 16, 1973

Reception No. 186534 Gay Cappis Recorder.

BOOK 346 PAGE 236

THIS INDENTURE, Made this --23rd-- day of April, 1973, between

CHARLES F. TURNER and ANNE Z. TURNER, tenants in common,

of the City and County of Boulder and State of Colorado, parties of the first part, and

HAMILTON RESOURCES CORPORATION, a Colorado corporation,

of the City and County of Boulder, and State of Colorado, party of the second part:

WITNESSETH, That the said parties of the first part, for and in consideration of the sum of TEN DOLLARS AND OTHER GOOD AND VALUABLE CONSIDERATION----------~~Dollars,~~ ~~100~~

to them in hand paid by the said party of the second part, the receipt whereof is hereby acknowledged, have granted, bargained, sold, remised, released and forever quit-claimed, and by these presents do grant, bargain, sell, remise, release and forever quit-claim, unto the said party of the second part, its heirs and assigns, the following described property, situate, lying and being in the Trout Lake Mining District, in the County of San Miguel, and State of Colorado, to wit:

S.B.Kenrick Lode Claim, U.S.Patent Survey 2683, San Juan Lode Claim, U.S.Patent Survey 1167-A, San Juan Millsite, U.S.Patent Survey 1167-B, Sections 4 and 5, T.41 N., R. 9 W., N.M.P.M.

State Documentary Fee
Date OCT. 16, 1973
$ exmpt kr

TOGETHER with all the dips, spurs, and angles, and all the metals, ores, gold and silver-bearing quartz, rock and earth therein, and all the rights, privileges and franchises thereto incident, appendant and appurtenant, or therewith usually had and enjoyed; and all and singular the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining, and the rents, issues and profits thereof, and all the estate, right, title, interest, claim and demand whatsoever, as well in law as in equity, of the said parties of the first part, of, in or to the said premises, and every part and parcel thereof, with the appurtenances.

TO HAVE AND TO HOLD, all and singular, the said premises, together with the appurtenances and privileges thereto incident, unto the said party of the second part, its heirs and assigns forever.

IN WITNESS WHEREOF, The said parties of the first part have hereunto set their hand and seal the day and year first above written.

Signed, sealed and delivered in the presence of

Charles F. Turner [SEAL]

Anne Z. Turner [SEAL]

[SEAL]

STATE OF COLORADO,
County of Boulder } ss.

The foregoing instrument was acknowledged before me this 23rd day of April 1973 by Charles F. Turner and Anne Z. Turner.

My commission expires April 20, 1973. Witness my hand and official seal.

EXPLORATION CONTRACT
CHARLES H. TURNER AND ANNE Z. TURNER d/b/a
HAMILTON RESOURCES CORPORATION
OME-6885

EXHIBIT A

The purpose of the project is to explore the San Juan mine for gold, silver, copper, and lead ore bodies by drifting northeastward on the San Juan vein in the No. 2 drift, A tunnel level, in igneous rocks associated with the Ophir stock.

General Provisions

A bulldozer no smaller than the equivalent of a Caterpillar D-7 shall be used to repair and maintain an access road.

The drift to be advanced shall be not less than 6 by 8 feet in cross section and shall be timbered as necessary. Drift sets shall be not less than 8- by 8-inch timber, or equivalent round timber. Roof bolts may be used in lieu of timber. Any crosscutting necessary to recover faulted segments of the vein may be done at the expense of the allowance for equivalent drift advance. Rubber-tired, diesel-powered equipment with adequate scrubbers and anti-pollution devices shall be used for transportation in the drift.

All significantly mineralized areas traversed by the drifts shall be sampled normal to the trends of the deposits at intervals not exceeding 5 feet. In addition, a representative bulk sample may be taken of each round broken.

All samples, from whatever source, shall be split as necessary and one split assayed. The Operator shall store one split of each sample in a suitable container properly labeled. Stored samples shall be made available for Government inspection and possible use, and may be disposed of only with prior Government approval.

All splits of samples assayed shall be analyzed for gold, silver, copper and lead.

True copies of assay certificates and maps or sketches showing the work completed, the location, width, and assay value of all samples assayed, and the geological formations and structures traversed by the workings shall be furnished monthly to the Government.

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

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

The Operator shall perform all work in such a manner as to maintain in the vicinity of the project the quality of the environment which existed prior to start of the work. Materials such as waste rock, stockpiled ore, and water resulting from the project shall be accumulated or discharged in a safe manner so as not to degrade the quality of the adjacent land, air, and streams, and in compliance with all applicable Federal and State laws.

Description of the Work

The work shall consist of repairing and maintaining an access road to the San Juan mine, and extending the No. 2 drift, A tunnel level, in a northeasterly direction along the San Juan vein. The total of drift advance may approximate 250 feet.

The approximate location of the proposed drift extension is shown on Figure 2, entitled "San Juan Mine, Matterhorn, Colorado," attached and made a part hereof.

Estimated Costs of the Project

Fixed Unit Costs

Drifting - crosscutting[1/] 251 feet at $87.00/foot	$21,837.00
Long hole drilling 800 feet at $1.50/foot	1,200.00
1 Supervisor, 3 months at $1,500.00/month	4,500.00
1 Outside Consultant 3 days at $125.00/day	375.00
Per diem, Outside Consultant 3 days at $25.00/day	75.00
Transportation for Consultant 2,042 miles at $0.12/mile	245.00
Office and accounting expense 3 months at $50.00/month	150.00
Payroll taxes, F.I.C.A., insurance at 15%	1,958.00
Total Fixed Unit Costs	$30,340.00

1/ Includes all costs whatsoever such as labor, equipment, materials and supplies. The Government retains no equity in any of the equipment or materials used.

Actual Costs

Category (1) Independent Contracts

Bulldozing[1/] 30 hours at $27.50/hour	$ 825.00	
Category (7) Miscellaneous		
Assaying, 151 samples (rounded), Gold, silver, copper at $8.50/sample Lead at $3.25/sample	1,775.00	
Total Actual Costs	$2,600.00	
Total Estimated Cost of the Project		$32,940.00
Government participation at 75 percent		$24,705.00

1/ Includes all costs whatsoever such as labor, equipment, materials and supplies. The Government retains no equity in any of the equipment or materials used.

EXHIBIT B

EQUAL OPPORTUNITY CLAUSE (FEDERALLY ASSISTED CONSTRUCTION)

EQUAL OPPORTUNITY (APPLICANT)

(a) The applicant hereby agrees to incorporate, or cause to be incorporated, into any contract for construction work, or modification thereof, as defined in the rules and regulations of the Secretary of Labor at 41 CFR, Chapter 60, which is paid for, in whole or in part, with funds obtained from the Federal Government or borrowed on the credit of the Federal Government pursuant to grant, contract, loan, insurance, or guarantee, or undertaken pursuant to any Federal program involving such grant, contract, loan, insurance, or guarantee, the following Equal Opportunity (Federally Assisted Construction) clause:

EQUAL OPPORTUNITY [1] (FEDERALLY ASSISTED CONSTRUCTION)

During the performance of this contract, the Contractor agrees as follows:

(a) 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 setting forth the provisions of this Equal Opportunity (Federally Assisted Construction) clause.

(b) 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.

(c) 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 advising the said labor union or workers' representative of the Contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(d) 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.

(e) 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 administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(f) In the event of the Contractor's noncompliance with the Equal Opportunity (Federally Assisted Construction) clause of this contract or with any of the said rules, regulations, or orders, this contract may be canceled, terminated, or suspended, in whole or in part, and the Contractor may be declared ineligible for further Government contracts or federally assisted construction 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 provided by law.

(g) The Contractor will include this Equal Opportunity (Federally Assisted Construction) clause in every subcontract or purchase order unless exempted by the 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 administering agency may direct as a means of enforcing such provisions, including sanctions for noncompliance: *Provided, however,* That in the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

(b) The applicant further agrees that it will be bound by the above Equal Opportunity (Federally Assisted Construction) clause with respect to its own employment practices when it participates in federally assisted construction work: *Provided, however,* That if the applicant so participating is a State or local government, the above Equal Opportunity (Federally Assisted Construction) clause is not applicable to any agency, instrumentality, or subdivision of such government which does not participate in work on or under the contract.

(c) The applicant agrees that it will assist and cooperate actively with the administering agency and the Secretary of Labor in obtaining the compliance of Contractors and subcontractors with the Equal Opportunity (Federally Assisted Construction) clause and the rules, regulations, and relevant orders of the Secretary of Labor, that it will furnish the administering agency and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it will otherwise assist the administering agency in the discharge of the agency's primary responsibility for securing compliance.

(d) The applicant further agrees that it will refrain from entering into any contract or contract modification subject to Executive Order No. 11246 of September 24, 1965, with a Contractor debarred from, or who has not demonstrated eligibility for, Government contracts and Federally assisted construction contracts pursuant to the Executive order and will carry out such sanctions and penalties for violation of the Equal Opportunity (Federally Assisted Construction) clause as may be imposed upon Contractors and subcontractors by the administering agency or the Secretary of Labor pursuant to Part II, Subpart D, of the Executive order. In addition, the applicant agrees that if it fails or refuses to comply with these undertakings the administering agency may take any or all of the following actions: Cancel, terminate, or suspend, in whole or in part, this grant [contract, loan, insurance, guarantee]; refrain from extending any further assistance to the applicant under the program with respect to which its failure or refusal occurred until satisfactory assurance of future compliance has been received from such applicant; **and refer the case to the Department of Justice for appropriate legal proceedings.**

---

[1] **On and after Oct. 14, 1968, the term "race, color, religion, sex, or national origin" is substituted for the term "race, creed, color, or national origin," as provided by Executive Order No. 11375, Oct. 13, 1967 (32 F.R. 14303).**

EXHIBIT B-1

CERTIFICATION OF NONSEGREGATED FACILITIES

The undersigned hereby certifies that he does not maintain or provide for his employees any segregated facilities at any of his establishments, and that he does not permit his employees to perform their services at any location, under his control, where segregated facilities are maintained. He certifies further that he will not maintain or provide for his employees any segregated facilities at any of his establishments, and that he will not permit his employees to perform their services at any location under his control, where segregated facilities are maintained. He further agrees that a breach of this certification is a violation of the Equal Opportunity clause in OME Exploration contracts. As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, creed, color, or national origin, because of habit, local custom, or otherwise. He further agrees that (except where he has obtained identical certifications from proposed subcontractors for specific time periods) he will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity clause; that he will retain such certifications in his files; and that he will forward the following notice to such proposed subcontractors (except where the proposed subcontractors have submitted identical certifications for specific time periods):

NOTICE TO PROSPECTIVE SUBCONTRACTORS OF REQUIREMENT FOR CERTIFICATIONS OF NONSEGREGATED FACILITIES

A Certification of Nonsegregated Facilities must be submitted prior to the award of a subcontract exceeding $10,000 which is not exempt from the provisions of the Equal Opportunity clause. The certification may be submitted either for each subcontract or for all subcontracts during a period (i.e., quarterly, semiannually, or annually).

NOTE: The penalty for making false statements in offers is prescribed in 18 U.S.C. 1001.

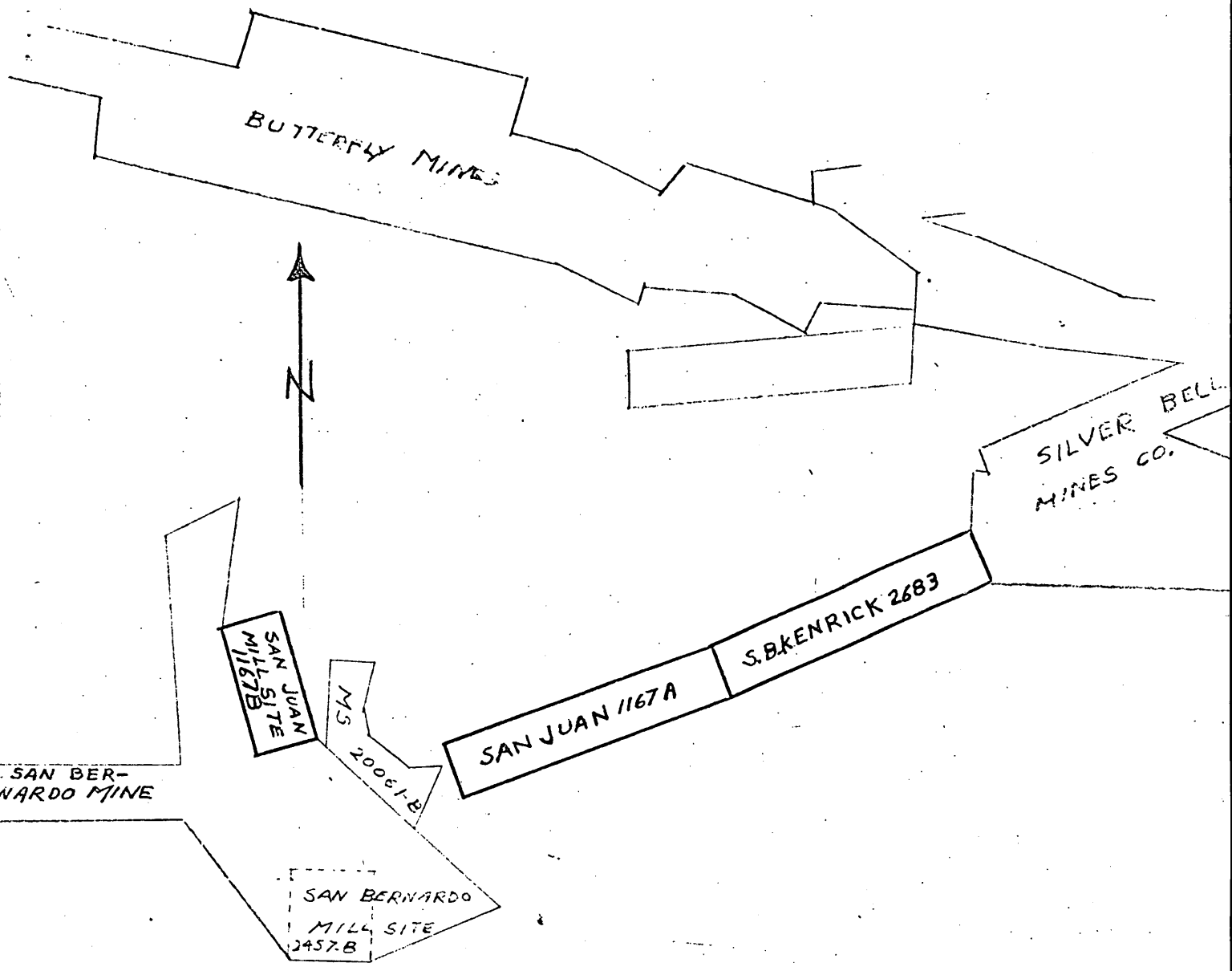
_____
Signature

_____
Title

_____
Date

U.S. DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION
DOCKET 6885



S.B. KENRICK & SAN JUAN CLAIMS

SHOWING RELATIVE POSITIONS OF NEIGHBOURING MINES

1" = 300' JULY 21-47

FIGURE 3