MME Form 9
Rev. Nov. 65

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

OFFICIAL DOCKET FILE

Contract No. 2263 Docket No. 6639

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- [ ] Withdrawn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 February 1969
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [ ] Contract Amendments
- [x] Contract with all exhibits and annexes
- [x] 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) 3/6/69
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [x] On-site Exam. Report (Tab) 2/21/68
- [ ] 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

72195-65

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
7/7/69		120
		120
		220

AIRMAIL

JUL 8 1969

American Mining Company
337 Securities Building
Seattle, Washington 98101

Re: OME-6639 (Silver)
American Mining Company
Tintic-Shian, et al., Group of Claims
Granite County, Montana
Contract 2263

Gentlemen:

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,

Harold Kirkemo (gla)

Harold Kirkemo, Chief
Office of Minerals Exploration

cc: Director's Reading File
Economic Geology File
OME Docket
OME Reading File
Branch of Budget and Finance
OME Region I
Mr. Peterson
130 (2)

Copy to: Mr. William F. Flynn
604 Locust Street
Anaconda, Montana 59711

L & S Agreements signed
Sept. 5, 1967

BSLong/1 7/7/69

I-C-DC-OME-14-69

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UNITED STATES
DEPARTMENT OF THE INTERIOR

Office of Survey and Review

Audit Operations

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Report of Cost Review-Contract 2263
Docket No. OME-6639 (Silver)
American Mining Company
Tintic-Shian et. al. Group of Claims
Granite County, Montana

Washington, D.C.
February 1969

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

MAR 4 1969

Memorandum

To: Director, Geological Survey

From: Regional Director

Subject: Review of Contract 2263
Docket No. OME-6639 (Silver)
American Mining Company
Tintic-Shian et. al. Group of Claims
Granite County, Montana

As requested by the Chief, Office of Minerals Exploration, we made a cost review of contract No. 2263. The results of our review are shown in the attached report.

C. D. Bare

Attachment

We reviewed the contract files of the Office of Minerals Exploration (OME), pertaining to their minerals exploration contract No. 2263 with American Mining Company (Operator) and examined the related disbursement records in the Branch of Budget and Finance, Administrative Division, Geological Survey. This review was made at Washington, D.C., during February 1969.

The contract was awarded July 31, 1968, for $38,200, the total estimated costs of the project, with OME participation on a 75-percent basis of not more than $28,650. The purpose of this contract is to explore by diamond core drilling from prepared surface drill sites for silver-bearing ore bodies in and along the easterly trending Tintic-Shian vein which traverses granodiorite rocks of Tertiary Age. Sample mineral deposits were to be assayed for silver, gold and lead.

Repayment of disbursed Federal funds plus simple interest at 7 3/4 percent was to be made on the basis of established royalties of all minerals and metals produced from the land during the exploration operations and for a period of 10 years from the date of the contract should a certification of possible production be issued by OME. Work under the contract was to begin on or before September 1, 1968, and was to be completed within six months or by March 1, 1969.

The land, including all rights pertaining thereto, consists of five patented lode mining claims in the Philipsburg (Flint Creek) mining district, Granite County, Montana.

The work was divided into two stages, with approval to begin Stage II dependent on the results of Stage I. The operator's narrative report for the month of October 1968, stated that holes 1 thru 4 produced negative results and that there was no justification for going ahead with Stage II of the contract.

The work completed under Stage I of the project was to consist of bulldozing access roads to the drill sites, leveling the sites and drilling not more than four holes for not more than 1,760 feet, including overburden drilling.

The units of work authorized and paid under the contract are summarized on Exhibit I. Voucher submissions were approved by the OME Region I office. We believe the claimed and accepted costs for $17,450, and the OME participation on a 75-percent basis for $13,087 was proper under the terms of the contract. At the time of our review $200 was being withheld by OME pending receipt of the operator's final report.

C. D. Bauer

Regional Director

Summary of Contracted Terms, Accepted Costs and Unexpended Balances
Contract 2263, American Mining Company, Docket No. OME-6639

Actual Costs	Authorized Amounts	Accepted Costs	Unexpended Balances
Category (1) INDEPENDENT CONTRACTS			
Mobilization and Demobilization 1 Bulldozer	$ 320	$ 312	$ 8
Bulldozing Access Roads and Drill Sites $20/hr.	384	287	97
Mobilization and Demobilization and 3 moves between holes 1 drill unit	765	540	225
Diamond Core and Overburden Drilling, 1760 feet	14,152	14,107	45
Rate per Foot: N.C. $7.85, BQWL $8.05, AQWL $7.30			
Reaming and Casing 155 feet at $3.50/ft.	543	35	508
Cementing and Redrilling 50 hours at $15.65/hr.	782		782
Casing lost in Completed Holes 50 feet at $2/ft.	100		100
Surveying with in-hole Instrument 2 days at $65/day	130	130	
Category (2) PERSONAL SERVICES SUBCATEGORY (A) SUPERVISION AND TECHNICAL SERVICES			
1-Supervisor-Geologist-Engineer 3 months at $750/mo.	2,250	1,562	688
1-Outside Consultant 20 days at $50/day	1,000		1,000
Subtotal	20,426	16,973	3,453

Summary of Contracted Terms, Accepted Costs and Unexpended Balances
Contract 2263, American Mining Company, Docket No. OME-6639

Actual Costs	Authorized Amounts	Accepted Costs	Unexpended Balances
Category (3) OPERATING MATERIALS AND SUPPLIES			
Cardboard Core Boxes 180 at $1.20 ea.	$ 225	$ 195	$ 30
Cement, Drill Muds, Additives, etc., 65 sacks at $8.40/sack	546	15	531
Sludge Collecting and Sampling Supplies	75		75
Drill Water Supply, 3 months at $100/mo.	300	100	200
Category (7) MISCELLANEOUS			
Per Diem, Outside Consultant 20 days at $16/day	320		320
Accounting and Office Expenses 3 months at $50/mo.	150	125	25
Assaying, 90 samples	238	42	196
Gold and Silver Combined $3/sample			
Gold and Silver $1.50/metal			
Lead $2/day			
Total	22,280	17,450	4,830
Government's Participation - 75%	$16,710	$13,087 a/	$3,623
	(Amp. Lease)	$13,211.00	

a/ Less $200 pending receipt of operator's final report.

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 -6639	Silver	2203	Granite	Montana

It is agreed JUL 31 1968 (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

American Mining Company, a Washington Corporation

whose mailing address is 337 Securities Building, Seattle, Washington 98101, 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 September 1, 1968 (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within 6 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 $38,200.00. The Government will contribute ~~50~~ 75 percent of the allowable costs as they are incurred, in a total sum not in excess of $ 28,650.00 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 7-¾ 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.

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

AMERICAN MINING COMPANY
(Operator)

By William J. DeRuyter
Vice President
Title

By
Title

By Frank E. Clark
Acting Director, U. S. Geological Survey

Long
Peterson
Johnson

I, Theodore E. Dahl, certify that I am the
(Name)

Assistant secretary of the corporation named as Operator herein; that

William J. DeRuyter, who signed this contract on behalf of the Operator, was then
(Name)

Vice President 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.

T E Dahl

[CORPORATE SEAL]

EXPLORATION CONTRACT
AMERICAN MINING COMPANY
OME-6639

ANNEX I

The land, including all rights pertaining thereto, referred to in Article 2 of the contract consists of five (5) patented lode mining claims in sec. 29, T. 7 N., R. 13 W., MPM, Philipsburg (Flint Creek) mining district, Granite County, Montana.

The patented claims are recorded in the Granite County Recorder's Office at Philipsburg, Montana, as follows:

Claim	Survey No.
Grey Eagle	6787
Shian	1316
Spawn	6786
Tintic	1315
William P. Lode	10191

The Operator is in possession of the claims under terms of a Lease and Option, dated July 30, 1966, from William F. Flynn, owner of the claims.

A Lien and Subordination Agreements executed September 5, 1967, by the owner of the claims is attached and made part hereof.

The claims are shown outlined in green on Figure 1, entitled "Property map and proposed exploration, Stage I, American Mining Company, Granite County, Montana", attached and made part hereof.

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY
Operator
Docket No. OME –
Contract No. 14-23-090 – 2266
Contract Date JUL 31 1968

LIEN AND SUBORDINATION AGREEMENTS 1/

To the United States of America:

That certain land in the County of [illegible], State of [illegible],

described as follows: 2/ [illegible]

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

[illegible] 3/

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

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

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

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

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

[illegible]

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

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

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

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

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

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

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

Dated this 5 day of September, 1967.

x William F Flynn	(Seal)	64 Locust St (Street) Anaconda 59711, Montana (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)

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

_____
(Corporate Seal)

EXPLORATION CONTRACT
AMERICAN MINING COMPANY
OME-6639

EXHIBIT A

The purpose of this project is to explore by diamond core drilling from prepared surface drill sites for silver-bearing ore bodies in and along the easterly trending Tintic-Shian vein which traverses granodiorite rocks of Tertiary age.

General Provisions

A bulldozer no smaller than a Caterpillar D-6 or equivalent unit of any other make shall be used for preparation of access roads and drill sites.

All drill holes shall be completed with not less than AQ wire line or equivalent size (1-1/16" core) equipment.

All drill holes shall be cased as necessary. The Government will not contribute to the cost of casing left in a hole at the Operator's request.

Diamond drill core shall be stored in boxes identified by hole number with markers in the core sections indicating the depths represented.

Facilities shall be provided for recovering drill sludge, and such sludge shall be retained when drilling in significantly mineralized rock.

All drill core shall be logged and significantly mineralized core recovered from hole intervals not exceeding 5 feet each shall be split and one split assayed. Whenever core recovery is less than 60 percent, a split of the corresponding retained sludge shall be assayed separately. The remaining core shall be stored in proper sequence with the unsampled core, and the remaining sludge shall be stored in suitable containers properly identified as to hole number and depth.

All splits of samples for assay shall be analyzed for silver, and for gold and lead as warranted.

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

Stored samples shall be made available for Government inspection and possible use, and may be disposed of with prior Government approval.

The bearing and inclination of each drill hole shall be determined with a suitable in-hole surveying instrument in order to locate the hole with respect to the specific target.

The Operator shall provide such 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 work shall be divided into two stages. The Operator shall complete all of Stage I and as much of Stage II as is authorized in advance by the Government and confirmed in writing. Approval of Stage II shall depend upon the results obtained in Stage I.

Description of the Work

Stage I

The work shall consist of bulldozing access roads to the drill sites, leveling the sites, and drilling not more than 4 holes totalling not more than 1,760 feet, including overburden drilling. The approximate location of the drill holes are shown on Figure 1 referred to previously.

The hole number, bearing, inclination, and approximate length of the diamond drill holes are as follows:

Hole No.	Bearing	Inclination	Length in Feet (including overburden drilling)
1	N5°E	-47°	440
2	N5°E	-45°	440
3	N5°E	-47°	440
4	N5°E	-47°	440

Stage II

The work shall consist of bulldozing access roads to drill sites, leveling the sites, and diamond drilling not more than 2 holes totalling not more than 1,380 feet. The location, bearing, inclination, and depth of the holes, shall be contingent upon the results obtained in Stage I.

Estimated Cost of Project

Stage I

Actual Costs

Category (1) Independent Contracts

Mobilization and demobilization, 1 bulldozer	$ 320.00	
Bulldozing access roads and drill sites, D-6 @ $16.00/hour, D-7 @ $20.00/hour, D-8 @ $20.00/hour	384.00	
Mobilization and demobilization and 3 moves between holes, 1 drill unit	765.00	
Diamond core and overburden drilling 1,760 feet	14,152.00	
Reaming and casing, 155 feet @ $3.50/foot	542.50	
Cementing and redrilling, 50 hours @ $15.65/hr.	782.50	
Casing lost in completed holes 50 feet @ $2.00/ft.	100.00	
Surveying with in-hole instrument 2 days @ $65.00/day	130.00	
		$17,176.00

Depth, Feet	Rate, Foot NC	BQWL	AQWL
0 - 500	$7.85	$8.05	$7.30

Category (2) Personal Services

None except:

Subcategory (a) Supervision and Technical Services

1 - Supervisor - geologist - engineer 3 months @ $750.00/month	$ 2,250.00	
1 Outside consultant 20 days @ $50.00/day	1,000.00	
		$ 3,250.00

Category (3) Operating Materials and Supplies

None except:

180 cardboard core boxes @ $1.25/each	$ 225.00	
Cement, drill muds, additives, etc., 65 sacks @ $8.40/sack	546.00	
Sludge collecting and sampling supplies	75.00	
Drill water supply 3 months @ $100.00/month	300.00	$ 1,146.00

Category (7) Miscellaneous

None except:

Per diem, outside consultant 20 days @ $16.00/day	$ 320.00	
Accounting and office expense, 3 months @ $50.00/month	150.00	
Assaying, 90 samples Gold and Silver combined @$3.00/sample Gold and Silver @ $1.50/metal Lead @ $2.00/assay	238.00	$ 708.00

Total Estimated Costs, Stage I $22,280.00

Stage II

Actual Costs

Category (1) Independent Contracts

2 moves between holes, 1 drill unit	$ 150.00
Diamond core and overburden drilling, 1,380 feet	10,944.00

Depth, Feet	Rate, Foot		
	NC	BQWL	AQWL
0-500	$7.85	$8.05	$7.30
over 500	-	8.60	7.85

Reaming and casing, 110 feet @ $3.50/foot	$ 385.00	
Cementing and redrilling, 40 hours @ $15.65/hr.	626.00	
Casing lost in completed holes, 42 feet @ $2.00/ft.	84.00	
Surveying with in-hole instrument, 2 days @ $65.00/day	130.00	$12,319.00
Category (2) Personal Services		
None except:		
Subcategory (a) Supervision and Technical Services		
1 - Supervisor - geologist - engineer 2 months @ $750.00/month	$ 1,500.00	
1 Outside consultant, 16 days @ $50.00/day	800.00	$ 2,300.00
Category (3) Operating Materials and Supplies		
Cardboard core boxes 140 @ $1.25/each	175.00	
Cement, drill muds, additives, etc., 50 sacks @ $8.40/sack	420.00	
Drill water supply, 2 months @ $100.00/month	200.00	$ 795.00
Category (7) Miscellaneous		
None except:		
Per diem, outside consultant 16 days @ $16.00/day	$ 256.00	
Accounting and office expense, 2 months @ $50.00/month	100.00	
Assaying, 55 samples, Gold and Silver combined @ $3.00/sample Gold and Silver @ $1.50/metal Lead @ $2.00/assay	150.00	$ 506.00
Total Estimated Costs Stage II		$15,920.00

SUMMARY

Total Estimated Costs Stage I	$22,280.00
Total Estimated Costs Stage II	$15,920.00
Total Estimated Costs of the Project	$38,200.00
Government Participation @ 75%	$28,650.00

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 contracting agency 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.'"

U. S. DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OME- 6639
(Silver)

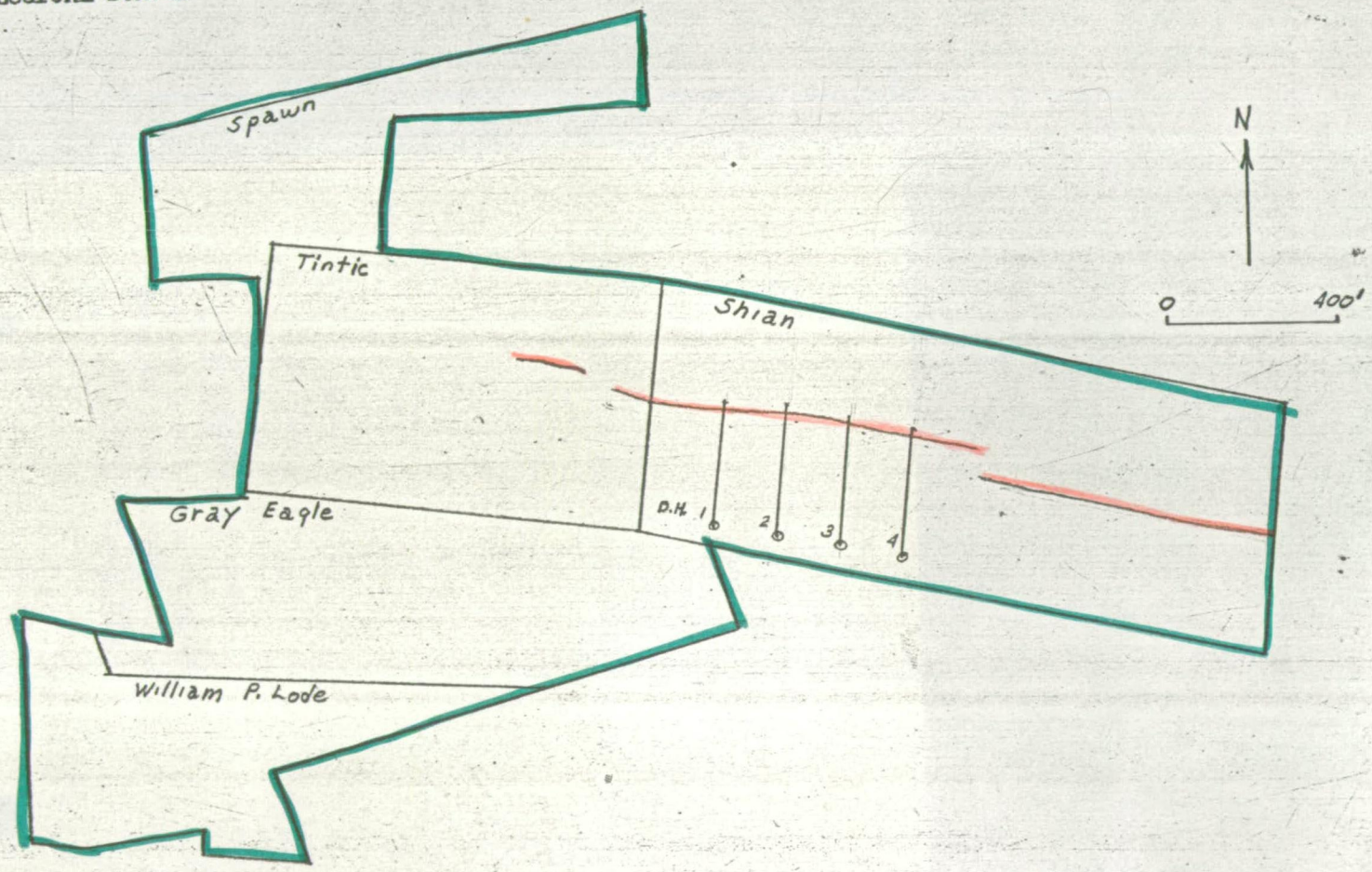

Figure 1. Property map and proposed exploration, Stage I, American Mining Company, Granite County, Montana

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO: Chief, OME =

	DATE	INITIALS
1.	7/6/67	
2.		
3.		
4.		
5.		

Re: Transmittal of Application for Assistance (Silver)
American Mining Company
Tintic-Shian, et al., Group of Claims
Granite County, Montana

D. R. MacLaren

FROM: Fld. Officer, Reg. I

ORIGINAL COPY
O. M. E.
RECEIVED
JUL 10 1967
INITIALS CODE

FOR: Check items for action desired

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

REMARKS:

Prinz's bulletin on Philipsburg, if available yet, might be helpful.

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

Douglas A. Robinson, President
American Mining Company
337 Securities Building
Seattle, Washington 98101

Mr. D. R. MacLaren, Field Officer
O. M. E.
Office of Minerals Exploration
South 157 Howard Street
Spokane, Washington 99204

Dear Mr. MacLaren:

Enclosed herewith are two copies of the O. M. E. Application on the Flynn property in Philipsburg.

Also enclosed you will find five copies of the Lien and Subordination Agreements which have been signed by Mr. William F. Flynn. We hope you will find these in order.

Very truly yours

AMERICAN MINING COMPANY

/s/ Douglas A. Robinson

Douglas A. Robinson
President

cs

Enclosures

Received
1967

MME Form 40
Jan. 65

RECEIVED
Registered
JUN 30 1967
R.R.R.

Original (for OME)

Budget Bureau No. 42-R1508
Approval expires Dec. 31, 1968

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

APPLICATION FOR FINANCIAL ASSISTANCE IN MINERALS EXPLORATION

Pursuant to Public Law 85–701 (72 Stat. 700; 30 U.S.C. 641)

OFFICIAL COPY
O. & E.
RECEIVED
JUL 10 1967
MINERALS CODE

NAME OF APPLICANT *(Full legal name and mailing address as they should appear on contract if one is executed.)*	APPLICANT DO NOT USE THIS BLOCK
American Mining Company, 337 Securities Building, Seattle, Washington 98101	DOCKET NUMBER: 6639 DATE RECEIVED: 7-10-67 REGION: I DIVISION CODE:

BUSINESS ORGANIZATION *(Check one)*

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

STATE IN WHICH FIRM IS ORGANIZED: Washington*

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
Douglas A. Robinson,	2225 Evergreen Point Rd., Bellevue, Washington	President
Dr. John A. Sterner,	2604 SW. 167th Street, Seattle, Wn., 98166	Vice - President
Allan A. Bohn,	3821-134th Ave., N. E. Kirkland, Washington	Secretary
L. J. Cummings,	20211 Marine View Dr., SW. Seattle, Washington 98101	Treasurer

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

ESTIMATED COST OF PROJECT: $ $42,780.00

PROPERTY NAME	LOCATION COUNTY	STATE
Tintic-Shian et al Group of Claims (See Exhibit A)	Granite	Montana

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~~ Washington, D. C., 20242, or with the nearest OME Field Office.

CERTIFICATION

The undersigned, whether as an individual, corporate officer, partner, or otherwise, both in his own behalf and acting for the applicant, certifies that the information set forth in this form and accompanying papers is correct and complete, to the best of his knowledge and belief, and that he would not ordinarily undertake the proposed exploration under current conditions and circumstances at his sole expense.

American Mining Company

DATED

BY *(Signature)* Douglas A. Robinson

President

TITLE

* Also qualified in Montana

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

Exhibit A

To accompany applicati[illegible] of the American Mining Co., 33[illegible] eeurities Bldg., Seattle, Wn

EXHIBIT A
(Property)

PROPERTY

The property consists of five patented Quartz Lode Mining Claims, situated in the Philipsburg, or Flint Creek, mining district in Granite County, Montana.

The claims comprising the property, together with the Patent Number, and specific location are shown in the tabulation following:

Claim Name	Patent No.	Sec.	T.	R.	County	State
Tintic	1315	29	7N.	13W(MPM)	Granite	Montana
Shian	1316	"	"	"	"	"
William P.	10191	"	"	"	"	"
Spawn	6786	"	"	"	"	"
Gray Eagle	6787	"	"	"	"	"

No unpatented claims are held, or are included in the group.

To accompany application of American Mining Co., 337 Securities Bldg., Seattle, Wn.

Item 1 Financial Eligibility

a. See attached true copies of letters from the two banks, identified by their letterheads, which were in reply to the requests made (see true copies of letters of request) for a loan of $40,000.00 to be used in mining exploration. It will be noted that the request for the loan was turned down.

b. Investment Exchange Corporation--- 700 Securities Bldg., Seattle, Wn. (Affiliation through officers only)

c. The applicant's share of the cost of the exploration work will be furnished by cash.

Item 2 Applicant's Rights in Land

a. Interest in Land: The applicant's interest and rights in the patented mining claims comprising the subject property, and listed in Exhibit A, are based on a Lease and Option Agreement, dated July 31, 1966, (true copies of which are submitted herewith) between William F. Flynn, 604 Locust Street, Anaconda, Montana, and the American Mining Company, 337 Securities Bldg, Seattle, Washington.

The applicant is aware of no liens, mortgages or other encumbrances on the land.

b. Legal Description: See the legal descriptions of the patented claims, including patent survey number, section, township, range, county and state set forht in Exhibit A attached. No adjacent land is owned, or controlled.

c. See Lien and Subordination Agreements (five copies of each) on MME Form 52 attached, for the five patented claims listed.

Item 3 Physical Description

a. Mining and Exploration work, current or done in the past: There is, at present, no mining work or exploration activity being conducted on the land described in this application . Evidence of past mining operations, and some development and exploration work are shown in detail, along with the geology, on Maps 2 and 3 which accompany this application. No usable or modern production facilities are at hand, or available, on the property. All adits and shallow shafts shown are caved and inaccessible.

Regarding past exploration and development work, attention is called to the adit drifts on the adjoining Thomas McKay claim, and the extension of the easterly one on to the Spawn ground (part of the property being submitted) at its northeast corner, from which working some production resulted and is referred to later.

Attention is also called to the adit, driven in a southeasterly direction, at the west end of the Spawn claim. This adit is of unknown length, but was driven in a distance of at least several hundred feet. Some vein quartz, with sulfides, is seen on the dump. Adits are also shown on Maps 2 and 3 on the Gray Eagle and William P. claims. These are of unknown total length also, but each were put in a distance that is obviously several hundred feet or more.

Of greatest interest, however, is the series of cuts, pits and shallow shafts that outline an easterly-trending vein of considerable strength, on the Tintic and Shian claims over a distance of more than 1800'. None of the shafts seen, exploring this persistent structure, could have had a depth exceeding 40' or 50'. Nothing but leached and thoroughly oxidized material is encountered in this camp at such shallow depths. See U. S. G. S. Bulletin No. 315, and Professional Paper No. 78, which describe the nearby Granite-Bimetallic vein, in this connection.

b. Not applicable.

c. Past Production: Some production has been recorded. See the accompanying smelter statements relating to production from the Spawn and Shian claims. In the former case, the shipments are known to have come from a drift, started on the Thomas McKay claim, that in its extension as the ore was followed, penetrated the northeast corner of the Spawn claim. In the case of the Shian ore, it is believed that the small shipment shown came from one of the shallow shafts near the west center of the Shian claim. See Map 3.

Known production is:

Claim Name	Dry Tons	Oz. Ag	oz. Au	% Cu.
Spawn	119.5	73.8	0.08	0.24
Shian	27.3	34.3	0.04	?

(Note: Production on the westerly extension of the vein that provided the Spawn production--the Hobo Vein-- in the adjoining Thos. McKay claim is indicated, during the 1912-1922 period, to have been 447 tons, 76.0 ounces in silver and 0.07 ounces in gold, with some of the shipments said to have contained as high as 30 percent in zinc. See Map 3 for an estimate of the total production, including early-day shipments, from the Hobo vein, on the Thomas S. McKay claim which adjoins the Spawn claim on the north.)

d. Known Ore Reserves: There are no "known ore reserves" as such, developed--as of now--on the subject property.

To accompany appli[illegible]ion of American Mining Co., 33[illegible]ecurities Bldg., Seattle, Wn.

Item 3 (continued)

e. Geologic Features of the Property and Mineralization

References-- USGS Prof. Paper No. 78--"Geology and Ore Deposits of Philipsburg, Montana, 1913; Emmons and Calkins

USGS Bulletin No. 315--Granite-Bimetallic and Cable Mines, Montana, 1906, pages 31-55; W. H. Emmons

Maps---------See Maps 1-4, particularly Maps 2 and 3, which were prepared for this report and application and accompany it.

The Philipsburg district, located in Western Montana, is primarily a silver camp. Production prior to 1906, from the famous Granite-Bimetallic mine--derived from exceptionally high grade silver ore-- is placed at more than $32,000,000. The unusual fissure vein supplying this production was mined for a strike-length of more than 4,500', and to a depth of 2,600' below its outcrop. From this most impressive total production, nearly $15,000,000 was paid out in dividends which is an indication of the bonanza character of the ore that was encountered. Subsequent production from lessees working underground, and from the dumps, have increased this total production.

The district during the last forty years, however, has been important mostly for its production of manganese ore of metallurgical and 'battery' grade. But, in addition to the above, an appreciable output of silver-zinc ore, some of it very high grade in silver, has been achieved.

The total value of the ore produced from the entire district has been estimated at from $60,000,000 to $65,000,000. Such output makes the camp a major one by any standards.

Broadly viewed, the district is in a region of complex overthrusts, but locally the structure is fairly simple. From the published maps it is quickly seen to consist primarily of a low arch of Paleozoic sediments, comprising limestone and calcareous shale, with quartzite as the basal formation, that rest upon the pre-Cambrian sediments of the Belt series. These sedimentary rocks have been intruded and disturbed on the east and south sides by a small batholith of Tertiary granodiorite. Ore is found in both the sedimentary rocks and in the granitic intrusive.

The ore bodies in the tilted sediments include tabular deposits of manganese ore that irregularly border and are closely associated with easterly-striking, steeply dipping veins containing silver-zinc ore of good grade.

The manganese ores in the layered rocks , containing originally rhodochrosite but now altered to pyrolusite, appear to be of the limestone replacement type. The silver-zinc ores found in the same rocks occur as replacement type fissures that cut across the bedding of the limestone formations at large angles. They widen in the purer limestones and seem to narrow in the calcareous shales.

The vein minerals found in the fissure veins, occurring in the sedimentary rocks, include quartz, rhodochrosite, calcite, dolomite, zinc blende, galena, stibnite, tetrahedrite and some of the ruby silver minerals, along with small amounts of chalcopyrite and occasionally realgar. The higher grade oxidized silver-zinc ore carried 50 to 200 ounces in silver per ton and about 0.01 to 0.05 ounces in gold; some horn silver and also native silver was seen.

Fissure veins also occur in the adjoining granitic intrusive. In fact, the dominant and most important mine of the area, the spectacular Granite-Bimetallic mine derived its ore from an unusually persistent and extremely productive and high grade silver vein that was enclosed entirely by granodiorite. This mine is located about one and a half miles southeast of the main ore-bearing fissure veins that occur in the adjoining sedimentary rocks. See this relationship in Figure 17, page 173, USGS P.P. No. 78.

The ores in the granodiorite are more siliceous but in general have the same mineralogy as those found in the sedimentary rocks. They contain quartz, rhodochrosite, calcite, pyrite, arsenopyrite, stibnite, tetrahedrite, tennantite, galena, sphalerite, realgar, orpiment and the ruby silvers. The veins are simple fissure fillings and the wall rock, while altered, is not commonly replaced by ore.

If the above-mentioned Figure 17 is studied, along with the descriptive material and other maps in the references cited, it will be seen that the fissures shown in the sedimentary rocks, which trend easterly, apparently belong to the same fracture system as those shown in the adjoining granodiorite. The Tintic-Shian group (the property involved in the subject application) lies opposite the Cliff-Trout vein system seen in the sedimentary rocks, and is about 1,500' east of the granodiorite-sedimentary contact.

Some of the veins in the sedimentary rocks were explored for a few scores of feet into the granodiorite, across the contact to the east, and were found to be narrow and unproductive. This has given rise to a feeling on the part of some of the operators in the district that the fracture system exposed inthe sedimentary rocks is unpromising in its extensions easterly into the intrusive.

The fact the the above supposition is not too well based is proved by the appreciable production of high grade silver ore that came from the Hobo vein on the Thomas McKay claim, which adjoins the subject property on the north, and which also lies more or less opposite the Cliff vein in the sedimentary rocks. This production came from a section of the vein one thousand feet east of the contact--in other words, well into the granodiorite--and came also from sections of the vein further to the east. Other fissures in the granodiorite were productive also , not close to the contact but at points and sections 1,000' to 2,000' east of it.

However, the fact that the granodiorite contained the most important oreshoot of the district, in the workings of the Granite-Bimetallic mine should be sufficient to discredit the supposition entirely. It is very probable that the oreshoots that may exist in the fissures that occur and extend into the granodiorite will not be found close to the contact but along sections of the veins that lie deeper into the intrusive. Some geologists hold that there are good structural reasons for this belief. The ore in the famous Granite-Bimetallic mine did not extend westerly to the sedimentary rock contact. It was entirely within the granodiorite, at some distance from the contact and it was one of the great mines of the West.

The location of the Tintic-Shian group is shown onMaps 1, 2 and 3 which accompany this application. Map 3 shows the geologic detail and vein structures of the immediate area. The relationship of the veins exposed on the Tintic-Shian group to those extensively mined inthe adjoining sediments is shown best on Map 2, along with the general surface geology of a wider area. Also shown on Map 2 is the position of the Tintic-Shian vein with respect to the big and productive Granite-Bimetallic fissure.

Item 3 e (continued)

As repeatedly brought out and stressed in both U. S. G. S. publications cited, the leaching and oxidation in the district is deep. Referring to the Granite-Bimetallic vein, and others in the granodiorite, it is stated that the oxidized portions of the veins at the surface, and for a considerable distance below the outcrop, were found to contain little if any commercial ore. Leaching had been thorough. As a consequence, the enriched oxidized ore, and the secondarily enriched sulfide ore, were unusually high in grade.

Speaking of the oxidized ore in the upper zones of the Granite-Bimetallic mine, Emmons (USGS Bull. No. 315) states that extending from the surface down, in places as much as 300' or more, is a zone of "poor oxidized ore" most of which, he implies, was too poor to have been exploited with a profit. It is further observed that the leaching has removed from the vein the greater part of its silver and gold content, and this condition has extended , in places, as far as 400' below the surface. In USGS P.P. No. 78, it is stated that the leached zone has an average depth of 200', and the greater part of the richer ore, both enriched oxidized ore and enriched sulfide ore, lies at a depth of 200' to 800' below the outcrop.

On the subject of the tenor of the enriched ores Emmons states that the enriched oxidized ore between the 100 and 400 foot levels, of the Granite-Bimetallic mine, ran from 300 to 400 ounces in silver per ton, and that the values in this oxidized zone are in general less than that of the enriched sulfide ores below.

Speaking of the enriched sulfide ore, Emmons says that it carries from 50 to 1,000 ounces in silver per ton and extends to the surface in one place and has been reported on the 17 level. But, he adds that the greater portion of it occurs at from 300 to 800 feet below the surface. As if to point out the grade of the ores found in the Granite-Bimetallic mine more dramatically , Emmons states (page 37, USGS Bull. 315) that on level No. 6 an 11-foot face, running 150 ounces in silver per ton, was left untouched for a considerable period , the mills being occupied with higher grade ore.

If the longitudinal section, opposite page 202 in USGS P.P. No. 78, be inspected it will be seen--and it is shown in a striking manner-- that the top of the "zone of rich oxidized and rich sulfide ore" rarely comes close to the surface, and along most sections of the vein is several hundred feet below it. And, that it had a remarkable vertical extent. This section should be given a close study.

All of the above is set forth in some detail, at this point, because of its bearing on the possibilities of finding rich ore on the nearby Tintic-Shian vein, not close to the surface but in drill holes designed to cut the structure at depths of 300' below the outcrop (see Map 4), and then if encouraging results are obtained, to intersect it again in several holes 200' deeper, or at a depth of 500'.

DETAILED GEOLOGY OF THE TINTIC-SHIAN GROUP

The veins exposed to date on the Tintic-Shian group are shown in considerable detail on Map 3 which has been drawn to a scale of one inch equals one hundred feet. If this map is studied, it will be quickly seen that the principal vein exposed is that which is seen traversing the Tintic and Shian claims proper, more or less down their center lines. The exploration program to be discussed later is to be devoted entirely to this structure.

The Tintic-Shian vein occurs in granodiorite and its most westerly exposure is about 1,500' east of the western border of the granodiorite-sedimentary rock contact. The vein strikes north 80 to 85 degrees west and dips 80 to 90 degrees to the south. It can be traced over the entire length of the Shian claim, and part of the Tintic claim, for a total distance of about 1,800'. A vein exposed on the Big Expectation claim, adjoining the Shian end line on the east, is probably a further extension of the structure.

Early prospecting on the vein was confined to about ten cuts and shallow shafts, none of which could have exceeded a depth of 40', more or less, and were probably even more superficial. At the east end of the Shian claim, an adit was driven in for perhaps 100', gaining a depth at the face of probably not more than 35', on a structure that is taken to be the easterly extension of the vein.

All of the older workings are caved and inaccessible. However, most of them show on their dumps pieces of vein quartz, up to 12" in width, that display a most interesting cellular structure, indicating the removal of sulfide minerals due to leaching. The quartz contains considerable iron oxide, and usually shows black manganese staining also. Some of the quartz is quite vuggy, in addition to being cellular.

Samples taken of some of this vein material, during last fall's examination, upon which this application is largely based, showed a silver content that ranged up to 2.8 ounces and contained up to 0.25% lead. In view of the strongly established deep leaching that characterizes the district and the fact--as pointed out in the USGS publications cited--that in many cases most of the metal content has been removed from the veins at their outcrops and upper zones, this residual silver content is considered quite important.

When the tenor of the surface samples taken, and those obtained from quartz derived from obviously shallow depths, is compared with the shipment reported from the Shian claim, which assayed 34.3 ounces in silver, it is obvious that improvement in silver content is a reasonable expectancy with moderate depth. As mentioned previously, the Shian shipment--undoubtedly obtained from one of the shallow shafts shown--could not have come from a depth of more than about 40 feet.

A report made in October, 1956 by a graduate of the Butte School of Mines (who had been out of school several years and worked for one of the local Philipsburg mining companies) was made available. It will be referred to as the Reagan report and a copy of it is included with this application.

In the Regan report, the Tintic-Shian vein is called "The Ringling Fissure", and is referred to as the strongest and most completely mineralized structure in the group. This report refers to the Ringling fissure as being generally 3.0' in width and containing from 6" to 2.0' of very vuggy to moderately vuggy quartz. The average width of the quartz within the fissure was placed at one and a half feet, and it was observed in this report that the quartz was quite persistent throughout the entire length of the fissure which the report stated was exposed over a distance of 1,500'.

The Regan report was accompanied by a tabulation of samples taken at various places on the group of claims. All of them taken on the Ringling vein showed a silver content, the highest of which was 8.4 ounces. The report goes on to point out that the Ringling fissure, because of its strength, persistence, dip and horizontal position, might be the easterly extension of the Cliff vein mined in the adjoining sedimentary rocks.

The report states, in its conclusions, that none of the exploration pits and shafts could have been deeper than 50' and, if the surface material and dumps are representative of the vein at the deepest points reached in the shafts, the

fissure is as oxidized and leached at 50' as it is at the surface. The report goes on to conclude that the Ringling fissure is a strong and continuous structure of moderate width and is the most likely prospect in the area. It was felt, also, that the tenor of the ore would pick up in the sulfide zone, whose depth was thought to be about 200'.

The property was inspected and mapped by Joe G. Irving, in the fall of 1966, who also prepared the maps accompanying this application. If these maps are studied, it will be noted immediately that a series of trenches (five in all) were cut across the Tintic-Shian (Ringling) vein inbetween the old caved workings. This work was done subsequent to the Reagan report.

A vein is shown in all of the trenches, and its continuity, strike and dip, together with geologic notes describing the structure and the material it contains, is shown in detail on Map 3. A few samples were taken and a preliminary geochemical survey was made, parallel to the vein and along its length for a distance of about 1,800'. The purpose of the geochemical sampling was, ofcourse, to see if any sections of the vein gave indications of containing a higher metal content than others. The geochemical results are tabulated on Map 3, and it will be seen that several anomalies are indicated.

As mapped in the trenches, the structure appears to be a relatively strong and definitely persistent fissure zone, or mineralized shear. The vein structure itself, not the width of the quartz-rich bands it contains, seems to have an average width of about 3.9'. This compares reasonably well with the width of "generally three feet" mentioned in the Regan report. The structure consists of shear planes, evidenced in some cases by clay, mineralized and iron-stained garanodiorite, and in every exposure some cellular quartz bands. The total width of the quartz-rich band, or bands, exposed would probably average 1.5' within the three and a half to four-foot shear zone.

If Map 3 be referred to again, it would seem probable that, on the basis of strike and dip coupled with its relative position, the Tintic-Shian vein is an easterly expression of the fracture system that gave rise to the productive Cliff, or Trout (Pocahontas) veins mined extensively in the sedimentary rocks, over 1,800' to the west.

The Tintic-Shian vein is best exposed over a length of 1,000' which begins at a point 320' west of the Tintic east end line and continues westerly through the Shian claim to a point about 680' east of the Shian claim's west end line. It is along this section of the structure that core drilling is proposed. The holes, ranging from 100' to 150' apart, are designed to cut the vein initially at a depth of 300'. Several 500-foot intersections are also provided for.

Item 3 (continued)

f. Reasons for Expecting to Find Ore

The Tintic-Shian vein is situated in a major silver camp which has had a total production--probably two thirds of it from very high grade silver ore--of more than $60,000,000. The vein strikes roughly east-west and is obviously part of the same fracture system that includes the series of productive silver-zinc veins (with their associated manganese deposits) lying in the adjoining sedimentary rocks to the west. These veins also strike east-west, dip similarly to the Tintic-Shian vein and lie only a third of a mile away.

The Tintic-Shian vein lies wholly within the granodiorite, with its most westerly exposure about 1,500' east of the intrusive's western margin. Also, the vein is patently part of the same fracture system that includes the famous Granite-Bimetallic vein, which also strikes east-west and lies wholly within the

granodiorite. The Granite-Bimetallic vein lies only a mile or so south of the subject property.

While the huge Granitte-Bimetallic vein, with its gross production of probably more than $35,000,000, dominates the district there are other veins that had significant production of high grade silver ore also.

The Hobo vein, parallel to the Tintic-Shian fissure and lying only 800' to the north of it, had an interesting production of high grade silver ore that seemed to have averagged better than 75 ounces per ton, and is estimated at more than $165,000. All of this production was from a depth that probably did not exceed 100'. — Probably not exceeding 300'

May have been deeper.

About 3,000' to the south of the Tintic-Shian vein is another parallel vein (the Young America vein) which is known to have produced some very high grade silver ore also. This production came from depths of less than 200'. See Map 2 for these production estimates and the relative positions of these veins, together with the Granite-Bimetallic vein, to the subject property.

It thus appears that there is no valid structural reason, or reasons, for not expecting to find ore on the Tintic-Shian vein. As discussed above, the vein is not close to the margin of the intrusive, where a small amount of exploration work done previously had penetrated the granite a distance of only 100' with negative results, but the vein lies well into the intrusive, as does the Granite-Bimetallic vein and others that had production from within the igneous mass.

As stressed in the previous sections, the Tintic-Shian vein is a persistent structure, traceable with a width that ranges from 2 to 6 feet over a distance of more than 1,800'. Cellualr vein quartz occurs throughout this length, and the quartz band, or bands, range up to two feet in width and probably average one and a half feet in width.

In the Emmons report (USGS Bull. 315) the Granite-Bimetallic vein, between levels 1 and 2, is referred to as being 4' to 6' wide. Later, the vein is stated to range from one to twenty feet in width, displaying many splits. Perhaps the most relaible reference to the vein width in the Garanite-Bimetallic mine is Emmons' statement that the main orebody was a tabular mass, 2' to 10' wide, 4,500' long and it was mined to a depth of 2,600'.

While the Granite-Bimetallic vein is obviously a wider and undoubtedly stronger structure, than the vein on the subject property, there seems no really valid reason , based on width of fissure, for not expecting to find ore in commercial quantities on the Tintic-Shain vein. A foot and a half to two feet of high grade can be economically interesting, providing it contains high grade similar to that found elsewhere on the other veins of this unusual district.

The references cited mention other veins joining the Granite-Bimetallic vein at depths of 700' and also on the 1400-foot level. Most of the discussion of this aspect of the deposit dwells on the enrichment in grade that ocuurred above such vein junctions, but it is also implied that the width increased at these places, as would be expected. Maps 2 and 3 show several other veins on the subject property, and there is no reason for assuming that future underground development might not show similar vein junctions on the Tintic-Shian vein. Moreover, as a final comment on the subject of veinwidth, veins can widen at depth, just as they often narrow.

In USGS Bulletin No. 315, much space is devoted to discussing the depth of the leached zone in the Granite-Bimetallic mine and the fact that in some of the leached sections the original metal content had been largely removed.

Also mentioned, was the fact that some of the "poor oxidized ore" was not commercial until depths of 200' or more were reached. The unusually high grade nature of the enriched ores were also described in detail. From all this, it seems perfectly proper to assume that the value of any structure being explored in this district would not be determined with any certainty until the vein was cut and examined at depths below the leached and oxidized zones, which would seem to indicate depths of at least 300' in this camp.

Production, as mentioned previously, was achieved from the parallel and nearby Hobo vein, some of it actually from a part of the vein on the subject property itself. Also of record, is a small shipment (27.3 tons assaying 34.2 oz. Ag) that actually came from the Shian claim proper, probably from the location shown on Map 3. This shipment could not have represented ore from any depth greater than 50 feet. Perhaps material below this area, at depths of 200 to 300 feet, might assay over a hundred ounces. Only exploration work could determine this.

The Tintic-Shian vein is well located within the district. It is opposite many productive veins in the adjacent sedimentary rocks, which project as a fracture system into the granodiorite. It is one of the stronger structures in the immediate area, and in line with the projections just mentioned above. The vein is, moreover, actually bracketed on the north and on the south by other veins in the granodiorite, at some distance from its border, that have produced high grade silver ore.

In view of the many points brought out regarding the nature and environment of this persistent vein structure, it seems justifiable to suggest that the Tintic-Shian vein , located in this high grade silver district, displays a sufficient number of good features to warrant the expenditure of some preliminary exploration funds.

Item 4 Accessibility of Property

Arrangements may be made, by O. M. E. representatives, to see the property by contacting Joe G. Irving, 1935 Golden Rain Road, No. 10, Walnut Creek, California, 94529, or at a Montana address, if he is in the field at the time. The Spokane office of the O.M. E. will be advised of a field address if taken. The property lies about one and a half miles approximately due east of the town of Philipsburg, Montana, which is located on Highway 10-A about 27 miles west of the city of Anaconda, Montana. A loading ramp is available in Philipsburg, and ore of this type can be shipped to the nearby Anaconda's smelter in Anaconda, as mentioned only 27 miles distant, or to East Helena, which is considerably farther away.

Item 5 Exploration Work (Fully described as suggested on the Form)

a. Nature of Proposed Exploration Work

A total of nine core drill holes, size AX, or AQ wireline, which will produce a core approximately one and one-sixteenth inches in size is proposed for the exploration at depth of the Tintic-Shian vein. These holes are shown in plan, embracing a length of about 755' of the vein, on Map 3. The holes are spaced at intervals of 100', or 150' apart. The holes are also shown in section on Map 4.

It will be noted, if Map 4 is examined, that seven of the holes are designed to intersect the vein at a distance of 300' below the outcrop. Two additional holes (designated as holes 8 and 9) are to be put down, at a location to be determined after the first seven holes are drilled, but at two of the previously prepared drill sites, and therefore below two of the first seven holes ; these additional holes are designed to cut the vein at a depth of 500', below two of the previously made intersection.

Item 5 a (continued)

If Map 3 and Map 4 are inspected, which show the proposed holes in plan and section respectively, it will be seen that the first seven holes are designed to do down at an angle of minus 55 degrees, and that the two additional and deeper holes, that have been laid out to cut the vein at a depth of 500', will be put down at an angle of minus 70 degrees.

On Map 4 the vein, as projected downward is shown in color as having a dip of 85 degrees to the south. This dip is met most frequently in the surface exposures, though at one or two places the dip was vertical, or almost so. The distances to the vein intersection are shown in the various vein sections,, displaying the proposed holes, and in estimating probable length of hole the intersection, on an 85 degree dip is used, plus 25 feet. But to take care of a possible vertical dip, and such a vein projection is shown on Map 4 in a dashed black line, maximum hole distances are also shown. It will be seen, in these cases, that the total distances shown for the possibilities of a vertical dip are those that would provide for a vein intersection, plus about 35' to 50' additional.

As shown in the table following, the minimum total distance of hole, based on an 85 degree dip is 3,533', whereas the total drilling footage, based on the possibility of each position meeting a vertical dip, is 4,125' as a maximum. In the cost estimate to follow later, it seems prudent to base the total cost of drilling on the maximum figure of 4,125' of hole. Again, it is suggested that Map 4 be closely inspected to clarify this picture further.

Seven drill sites will have to be prepared, and an access road, which will run through all seven sites, of approximately 1950' will have to be made. Since this distance for the access road, which is shown also on Map 3, is based on a straight-line layout, and undoubtedly obstacles, or abrupt changes in topography, will be encountered, it seems best to estimate the total probable distance of access road at 2,050 feet instead of 1,950'. The proposed access road is shwon on Map 3 in purple.

A brief tabulation of the proposed nine holes, showing inclination, and minimum and maximum lengths of hole follows:

Hole No.	Inclination, and Minimum depth.	Possible Maximum Depth	Objective
1	-55 degrees, 360'	400'	To cut the Tintic-Shian vein at depth of 300'
2	-55 " , 369'	400'	"
3	-55 " , 357'	420'	"
4	-55 " , 349'	405'	"
5	-55 " , 343'	405'	"
6	-55 " , 342'	410'	"
7	-55 " , 363'	375'	"
8	-70 " , 525' More-less	655' more-less	To cut the Tintic-Shian vein at 500'.
9	-70 " , 525' " "	655' " "	" " "
Total minimum footage	3,533'		
Total maximum footage		4,125'	* (*Note: In the max. footage, the (Total feet for 0 to 500' is 3,815' (& " " " 500 to 1000' is 310'

Item 5 b Access Road: As discussed above, approximately 2,050' of access road must be provided for. T=4/25

Item 5 c Start of Work and Progress

If the application were processed and approved by July first, work could be started during the 1967 field season. However, it is more probable that approval, if and when given, would not be received until the fall of the year. In this event, since winter comes early in the area, and at an elevation of over 6000' snow piles up pretty rapidly, work would not be started until the spring of 1968. It would be most difficult to maintain an operation, especially a drilling operation involving drilling water and access, during the winter months.

On a one-drill, and one-shift basis, it may be assumed that a general average of perhaps 50' of hole per working day could be maintained. Assuming 22 days a month assigned to actual drilling, this would represent an average monthly advance (time has to be considered in moving from hole to hole) of about 1,100' per month. But allowing for contingencies, it would be better to base the overall progress on a figure of 900' per month. Allowance has to be made for cementing, re-drilling and other slow-ups and possible breakdowns. On the basis of the maximum footage envisioned, of 4,125', such a rate of progress would require about four and a half months.

If approval were not had until the fall of 1967, it would not be feasible to start drilling during 1967, as one has move in amd move out expenses to consider. However, if approval were given sometime in 1967 late, then, drilling could be started on June 15th of 1968 and the job completed before winter conditions set in.

Item 6 Experience.

The applicant has had experience, having drilled at Garnet, Montana, during 1966 under an O. M. E. contract, and having drilled also at Basin, Montana, and also at Copper Cliff, during the past two years, without an OME contract. However, the actual supervision of the entire job would be under Joe G. Irving, who supervised the Garnet , and other, drilling and who has prepared this application. Irving's experience and qualifications are set forth in a "Personal Data Summary" which accompanys this application.

Item 7 Estimate of Costs

Discussion of Prices Used

Of the several bids for the core drilling program received, Longyear Company's bid is definitely the lowest. While Nichols Drilling Company does not charge for moving from hole to hole, their average unit cost for the interval 0 to 500' is $7.425 per foot, as compared to Longyear's bid of $6.75 per ft. for the same interval. The difference of 67.5¢ per ft would represent an added cost of $2,780.00 if the maximum of 4,125' were drilled. And, the charge estimated for moving the drill from hole to hole, under the Longyear contract, (a total of $800.00, see below) is far outweighed by the higher unit cost submitted by Nichols. It will be noted that Boyles Brothers bid contains unit (and other) prices that are vastly higher than that of either the Nichols or Longyear companies, and that Boyles Brothers also charge for moving from hole to hole.

The Longyear bid is based on drilling this summer, in 1967. A review of their submitted bid prices for the past three years shows a steady, year-to-year increase in the unit, per foot, and other prices. In 1966, the increase ranged from 8.7% to 19.0% higher than the 1965 prices; and in 1967 the increases range from 16.0% to 17.5% higher than 1966 bid prices. On this basis, and seeing

no recession in drilling costs probable, it will be assumed that Longyear's 1968 bid prices will be at least 15.0% higher than those submitted for 1967.

Because of the probability, owing to the late date of its submission, that this application will not be processed and approved in time for completion of the drilling before winter sets in this year (assuming 3 months or more for processing) it will be assumed that the work, if approved, will not be started until the spring of 1968. A four and a half-month job ought not to be started in the mid to late summer, or early fall, because of the snow conditions that will undoubtedly have to be faced sometime in October. In Montana, at this elevation snow is frequently piled up in September. Costs, under winter conditions, inevitably rise, and if the work had to be stopped for this and other reasons, there would be added mobilization and demobilization costs also.

Accordingly, for the purposes of estimating costs in this application, for drilling that will be done in 1968, the Longyear unit prices per foot of hole drilled are increased by the sum of $1.00 per foot, which in the case of drilling from 0 to 500' is an increase of 14.8%. Their mobilization and demobilization cost is increased from $500.00 to $600.00. It is pointed out here that these increased prices, used in this estimate, are still far below Boyles Brothers' 1967 bid prices. It is felt that the increases made provide for a more realistic estimate for drilling that will, most likely, be done in 1968, rather than in 1967.

COST ESTIMATE

Category 1 (or "a") Independent Contracts

(I) Bulldozing access road and drill (7) sites

Mobilization and demobilization, one bulldozer (D-7 of larger)

hours?

16 hrs. @ $20.00/hr----------$320.00

Bulldozing 2050' of access road, at about 1,000'/day, plus preparation 7 drill sites, at about 2 hrs. per site, plus some moving around time.

32 hrs. @ $20.00/hr, or------- 640.00

Total bulldozing---------- $960.00 $ 960.00

(II) Core Drilling, 9 holes--max of 4125'

Depth	AQWL	EX
Overburden	$8.25/ft	----
Bottom of OB. to 500'	7.75	
500' --1,000'	8.25	

Mobilization and demobilization, one surface drill unit (per job; in and out) $ 600.00

To accompany application of American Mining Co., 337 Securities Bldg., Seattle, Wn.

Tractor service(provided by operator, or billed to operator by drill contractor) for moving drill from hole to hole, if needed, estimated to be done by a local bulldozer owner, at $100.00 per move ---------- $ 800.00

Drilling overburden, estimated to average 20' deep (all 9 holes); 180' tot.
180' @ $8.25/ft----------$1,485.00

Drilling from bottomof overburden to 500', all 9 holes, which is 3,815' less 180', or 3,635' @ $7.75/ft.---- 28,170.00

Drilling from 500' to 750', in two holes: 310' @ $8.25/ft---------- 2,560.00
Total for actual drilling a maximum of 4,125'---------- $32,215.00 --$32,215.00

Reaming for casing (about 10% of total hole to be drilled)-400'@ $3.00/ft ------- 1,200.00

Cementing and re-drilling, estimated at 115 hrs. @ $15.50/hr---------- 1,785.00

Waiting on cement: estimated at 40hrs.@ $15.50/hr 620.00

Possible delay time waiting for Tropari surveys: est. at 8 hrs. @ $14.00/hr---------- 110.00

Cement-90 sacks of Calseal @ $8.00/sack--------- 720.00

Casing left in hole: est. at 100' @ $2.00/ft---- 200.00

Tropari surveys: 3 days @ $65.00/day---------- 195.00
Total for Category 1 (or A)---------- $39,405.00 $39,405.00

Category 2 (or, b) Personal Services

Sub-category (a) Supervision & Technical Services
(By outside consultant)
(Engineer-geologist)

I Surveying for access road and drill sites, setting stakes, plus supervision of dozer operator while dozing roads and sites, and setting up drill at each hole, setting the bearing and angle, etc.

Surveying 2050' of access road--8hrs
" " and staking 7 sites-------8hrs
Showing dozer operator line of access rd. and stakes---------- 2hrs.
Showing dozer operator exact location of 7 drill hole sites, and supervision of pad preparation----------2hrs.

To accompany application of American Mining Co., 337 Securities Bldg, Seattle, Wn.

Category 2 (b) Continued)

Intermittent supervision and watching of total dozer work----------4hrs.
Time directing 7 drill set ups and setting azimuth and stakes, and angle of inclination----------8hrs.
Total hrs. surveying etc, etc 32 " 32hrs (4 days)

II Logging drill cores, @ 350'/day
4,125'/350----12 days, or 96 hours--------96hrs (12 days)

Total engineer-geologist time--16 days @ $50.00/day--$ 800.00 800.00

Category 3 (c) Operating Materials and Supplies

Cardboard core boxes-410 @ $1.25 ea.---------- 515.00

Water supply for drilling; to be obtained from nearby pipeline of City of Philipsburg, at an estimated cost of $100.00 per month-----4½ months, plus, rounded---- 500.00
Total Operating Material and Supplies rounded) $1,015.00 1,015.00

Category 4,5,and 6(or, d, e and f) None -------

Category 7 (g) Miscellaneous Costs

I Per diem, outside consultant, eng-geol; 16 da. @ $15.00 per day----------$ 240.00

II Assays

For Au and Ag	150	assays.	@ $3.00 ea.	$450.00
For Lead	80	"	@ 2.00 ea.	160.00
For Zinc	80	"	@ 2.00 ea.	160.00
For Copper	80	"	@ 2.00 ea.	160.00
Total for assaying				$930.00

930.00

Total Miscellaneous Costs---------- 1,170.00 1,170.00

TOTAL ACTUAL COSTS---------- $42,390.00

Fixed Unit Costs

Office expense--4½ months, @ $50.00/mo----------$225.00

Incidental allowance for each foot of drilling completed--4,125' @ $0.04/ft.---------- 165.00

Total Fixed Unit Costs---------- $390.00 $ 390.00

GRAND TOTAL OF ESTIMATED COSTS---------- $ 42,780.00

(Cost per foot of hole drilled, on maximum footage
(basis------$42,780.00/4,125 ---------- $10.31/ft

THE ANACONDA COMPANY

ANACONDA, MONTANA

ANACONDA REDUCTION DEPARTMENT
ACCOUNTING DEPARTMENT

ANACONDA
from mine to consumer

MINE NAME - SHIAN ORE

Shipper	Date	Wet Tons	Dry Tons	Oz/Ton Ag	Oz/Ton Au
N. B. Ringeling	June 1916	28.57	27.34	34.3	.040

Charles H. Anderson
Assayer

THE ANACONDA COMPANY

ANACONDA, MONTANA

Anaconda Reduction Department

MINE NAME - SPAWN (LODE)

Ore from N. E. Corner of Spawn

Shipper	Date	Wet Tons	Dry Tons	% Cu	Oz/Ton Ag	Oz/Ton Au
N. B. Ringeling	Sept.1913	30,73	30.08	0.10	55.6	0.050
" "	Dec. 1914	24.86	24.34	0.20	82.0	0.070
" "	May 1915	21.41	20.68	0.30	73.2	0.080
" "	" "	19.82	19.46	.20	55.8	.080
" "	" "	25.74	24.86	.40	102.6	.120

Charles H. Ordway
Ore Desk

THE ANACONDA COMPANY

ANACONDA REDUCTION DEPARTMENT

ANACONDA, MONTANA

RECEIPTS: (From adjacent McKay claim)

Mine Name	Date	Wet Tons	Dry Tons	% Cu	Oz/Ton Ag	Oz/Ton Au
McKay	Nov. 1912	22.43	22.04	0.30	70.5	.060
"	Oct. 1916	99.27	96.98	.53	108.4	.090
"	Aug. 1915	46.06	44.59	.30	84.4	.090
"	Nov. 1915	46.68	45.75	.46	112.6	.100
"	Dec. 1918	20.42	19.92	.75	10.8	.140
"	May 1919	4.37	4.17	*	29.1	.040
"	" 1919	21.52	19.91	*	11.9	.020
"	July 1920	33.29	31.76	*	19.8	.020
"	April 1920	107.37	101.83	*	82.8	.070
"	April 1921	13.52	13.29	.45	109.8	.080
"	June 1922	38.99	36.47	*	23.3	.045
"	Sept. 1922	11.40	10.53	*	100.4	.100
Puritan	Dec. 1913	9.15	8.77	.10	66.5	.030
	July 1916	8.50	7.96	.10	33.5	.020

* Not Available

E. H. Anderson
Ore Settlement Desk

The So Called Reagan Report

GEOLOGIC REPORT ON FLYNN GROUP OF CLAIMS (Tintic 1315, Shian, Tintic Conflict, Spawn, Gray Eagle, and William P.)

I. INTRODUCTION:

The Tintic 1315, Shian, Tintic Conflict, Spawn, Gray Eagle, and William P. claims are located in Granite County, Montana, at approximately latitude 46° 20' N. and longitude 113° 16' E.

The claims lie entirely in granodiorite except for part of the William P. which lies partially in alluvium that overlays this same granodiorite. At the southwest corner of this group of claims the contact of the granodiorite with the paleozoic sediments lies only about one hundred and fifty feet to the west. From this westerly point the claims extend deeper into the granite to the extreme east boundary of the Shian Claim which is about thirty-five hundred feet from the contact of the granodiorite with the sediments.

Four separate definite fissures can be found on this group of claims. These fissures are exposed by tunnels and pits. The Ringling fissure which is the strongest, most completely mineralized (quartz) structure in this group of claims is exposed by pits and small shafts across a horizontal distance of at least 1500 feet and except for a caved tunnel at the extreme east end of the Shian Claim no extensive work has been done on this fissure, and the tunnel at the east end might not even be on this fissure but might be following a bull-quartz lead which is exposed further south in a small trench (see Map No. 1).

All of the other fissures have fairly extensive tunnels driven on them and will be discussed more fully in the body of the report.

II. RINGLING FISSURE:

Caved exploration pits and shafts that may have been as much as 40 feet deep outline a major fissure striking N 80° W and dipping from 80° south to 90°. The fissure, which is in a country rock of granodiorite, extends over a horizontal distance of at least 1500' through the Shian Claim and also the Tintic 1315 Claim. The fissure may extend westward to the Tintic Conflict Claim, but the exploration pits in the area along the projected strike of the fissure are caved and show no structure or vein quartz in the dumps. The fissure is generally about three feet in width, and in this fissure zone of altered silicified granite is from two feet to six inches of very vuggy to moderately vuggy quartz; the average width of the quartz mineralization

is about one and one-half feet. The quartz itself varies in appearance, that is, it varies in the amount of the leached sulphide voids. Some of the quartz is extremely vuggy and leached, while a smaller proportion is rather massive. This vuggy or leached quartz is quite persistent along the whole length of the fissure. What the original sulphide was is a matter of conjecture. Iron pyrite, tetrahedrite, sphalerite, or galena would, of course, be the suspected minerals. If the voids were filled by the tetrahedrite, sphalerite, or galena, before the oxidation and leaching, the ore would become high-grade below the water table, where the primary and secondary sulphide minerals would be found. The fissure may possibly die out going west at about the center of the Tintic 1315 Claim, because in this area no structure is visible in the exploration pits, and the adjacent dumps are absent of vein material of any sort. It is more likely, however, that the fissure does extend further east than is indicated by the surface pits in their present condition. In fact, these pits, as indicated on the map, may be on the fissure but their caved condition may have obliterated all signs of the fissure. The strength, persistence, dip and horizontal projection of the Ringling fissure indicates it might be the eastern extension of the Cliff Vein (See Map No. 2).

The fissure persists going easterly to at least the approximate location of the east boundary of the Shian Claim. At this location a caved tunnel was driven into the mountain in approximately a due east direction. The medium-sized dump at the mouth of the tunnel was briefly examined and was found to contain a quantity of unmineralized bull-quartz and also a fair amount of vuggy leached vein quartz with much Fe Ox stain and some MnO_2. Also, about 300 feet southwest of the dump (see Map No. I) a trench in bull quartz was located. The bull quartz in this trench resembles the bull quartz on the previously mentioned dump, and there may be a correlation between the two concurrences.

About 150 feet farther southwest from the bull quartz a small pit exposes another fissure containing at least one inch of vein quartz dipping 80° to the south and striking about due east. Only one pit was found on this fissure and only part of the structure that may be present in the pit can be seen, because of caving; however, this fissure may correlate with the Gray Eagle Fissure (see Map No. 1).

III. <u>SPAWN 6786 TUNNEL</u>:

Close to the western boundary of the Spawn 6786 Claim and 200' south of the Hobo Tunnel an extensive tunnel was driven on a fissure which strikes south 60° east and dips about 90°. The large dump at the portal is mostly composed of unmineralized granite; however, some massive $Fe\ S_2$ in quartz was also present. At the mouth of the tunnel several inches of moderately vuggy quartz is present in the fissure. The tunnel is caved shut.

IV. EXTENSION OF PURITAN VEIN:

This fissure is exposed along a caved tunnel approximately 150 feet west of the number three corner of the Tintic Claim. The fissure strikes north 77° east and dips 80° to the south. The 12 inches to 6 inches of moderately vuggy quartz closely resembles the surface mineralization of the Puritan Fissure, the Gray Eagle Fissure, and the Spawn 6786 Fissure. A correlation might be made from this possible extension of the Puritan Fissure north 80° east to the true Puritan Fissure at a point where the Puritan Fissure is exposed at the caved shaft of the Puritan Mine (see map).

According to William Flynn, one car of silver ore (about 60 tons) was shipped from this working. The grade of this ore is not known.

V. GRAY EAGLE FISSURE: (See Map No. 3)

A fissure of moderate strength is exposed in two tunnels, one above the other (see map), on the Gray Eagle Claim. The lower tunnel is open and exposes the vein for a distance of 200' along the strike. Little stoping has been done in this tunnel. The fissure appears to be a tight, gougy zone with only moderate quartz mineralization. Occasional two inch to three inch seams of sphalerite and galena are scattered along this gougy zone in only one place (see Map No. 2).

VI. CONCLUSIONS:

No work has been done on the Ringling Fissure except for the many exploration pits and one tunnel at the extreme east end of the Shian Claim. Certainly none of these exploration pits could have been deeper than 50 feet, and if the surface material on the dumps is representative of the fissure at the deepest points reached in the shafts, the fissure is as oxidized and leached at 50 feet as it is on the surface. Assays (see chart 1) taken in October of 1956 might indicate why no extensive work has been done on the fissure by the "old timers". Most likely their considerations of geologic conditions was extremely limited and unless a property had fairly high assay results they were not developed.

The Ringling Fissure is a strong continuous structure of moderate width and is the most likely prospect in this area. Although the fissure is devoid of economic minerals on the surface, it is quite likely that the tenor would pick up in the sulphide zone. The sulphide zone would probably be about 200 feet below the outcrop, if the information from the developed mines in the granite could be applied here.

About the only geologic condition that makes this fissure unattractive as a prospect is the possibility that the primary mineralization is mostly iron pyrite, because as a geologic projection high sulphide values should be found at depth.

According to Frank Neal there are other strong, undeveloped veins north of the Granite Bi-Metallic property similar to the Ringling Fissure.

Development of this fissure should be initiated by a diamond drilling program. These holes would be drilled at such an angle from the surface so as to intersect the fissure at least 250 feet below the outcrop. This depth would insure a penetration of the sulphide zone. In order to get the needed depth each diamond drill hole would not have to be over three hundred feet long. A program of ten holes would probably be necessary to reasonably eliminate any ore possibilities although as few as two or three holes might indicate, though not prove, if the prospect is economic.

PERSONAL DATA SUMMARY

Education, Background and Experience

Name: Joe G. Irving, Mining Geologist

Address: Office ~~- 2957 So. Highland, Las Vegas, Nevada~~
Residence ~~- 3459 Pueblo Way, Las Vegas, Nevada~~
1935 Golden Rain Rd, #10; Walnut Creek Calif

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EDUCATION

1. Graduated from Erasmus Hall High School, Brooklyn, N.Y., with Board of Regents Diploma. Courses were those of regular high school curriculum leading up to engineering work in college.

2. Attended Columbia College, Columbia University, New York City, for four years, graduating after taking general arts and pre-engineering courses.

   Received Bachelor of Arts Degree in 1924

3. Attended Columbia School of Mines, Columbia University, New York City, for two years of post-graduate work in Mining Engineering and Mining Geology, wrote thesis and received the following additional degrees:

   Bachelor of Science Degree in 1926

   Engineer of Mines Degree in 1927

4. Later, in 1938-40, attended Harvard University, Cambridge, Massachusetts, and spent two more years in post graduate work, studying exclusively Mining and Economic Geology, and completed all courses, requirements and and oral and written examinations for a Doctor's Degree, except for writing a thesis, which for various reasons was never done.

   Received a Master of Arts Degree in Mining and Economic Geology in 1940

EXPERIENCE AND BACKGROUND

Since graduation from Columbia University in 1927, experience as a Professional Mining Geologist, covering a period of thirty-seven years, has included:

1. ANACONDA COPPER COMPANY. Seven and a half years with the Anaconda Copper Mining Company as mining geologist, at the Butte mines, and in doing outside examination and valuation work throughout the West.

   Work during this period included being mine geologist at several of the larger units, in Butte, Montana, with the usual underground and office

duties of mapping, development recommendations and ore calculations. Also included was much field and outside examination work in which many prospects, mines and districts were studied, examined and reported upon throughout the West from British Columbia to West Texas. Numerous reports on this work are on file with the Company. Part of the work was out of the Salt Lake office of the International Smelting & Refining Company, an Anaconda subsidiary.

2. WAR PRODUCTION BOARD. One and a quarter years in Washington, D. C., in 1945-46, with the War Production Board and its successor Agency as engineer-analyst for the Copper Division.

   This work included being Alternate Member of the Quota Committee, and involved the carrying out of the objectives of the Premium Price Plan, as it applied to mining. Quotas were calculated for many companies -- large and small, including some of the largest.

3. ATOMIC ENERGY COMMISSION. Over four years with the Atomic Energy Commission in Grand Junction, Colorado and in Las Vegas, Nevada, as (successively) Geological Engineer, Mining Engineer and Project Engineer. Work during the first three and a half years as Geological Engineer and Mining Engineer included mine appraisal, ore reserve calculations, production and cost analyses, forecasts and other related duties.

4. CO-MANAGER OF NORWICH MINE. Was occupied for six years as co-manager of the Norwich manganese mine at Butte, Montana. This property was selected, acquired and managed by the undersigned and his former partner for six years during which period a production of over 57,000 L.D.T. of manganese ore for the government stockpile was achieved.

   After much negotiation, a General Services Administration loan of $107,000 was obtained and all was repaid in full, including interest. Gross value of ore produced was over one million and five-hundred thousand dollars.

   The activities embraced in this work included almost everything that would go with a mining operation involving from ten to twenty men, both at the mine and in the office. Included were finance, planning, geology, geologic mapping and maps, supplies, trucking, payrolls, reports and much business with the G.S.A. and other government agencies. (As noted elsewhere, some consulting work was done at the same time.)

5. MINE MANAGER - VARIOUS PROPERTIES. Over seven and a half years as manager of small and medium-sized mines (this was in addition to the work described in the paragraph above) and engaged in exploration and development work at various properties.

   This work, among other things, included selecting and organizing from the start three mining exploration ventures - the Quartz Hill, Pyrenees and Spar mines, all located in Montana. All produced some ore. The work entailed all kinds of duties that go with the management of such ventures. Included were organization, financial details, management, geologic work, trucking, supply procurement, planning, payrolls and reports of all kinds.

6. MINING CONSULTANT. During a period covering approximately sixteen years, and including the intervals described in Sections 4 and 5 above and 7 below, did considerable consulting work in the field of mining geology. Such consulting work comprised mostly mine examination, the evaluation of various districts, properties and prospects, and the submittal of specific recommendations. In the course of this work, a variety of metal deposits were examined throughout the West, some for large clients, or major mining companies.

   Occupation since June 1, 1964 has been that of consulting mining geologist, and has consisted principally of the geologic investigation, including detailed mapping, of four mining districts in Montana. A drilling program was subsequently laid out and supervised. This work is still being followed.

   Also, during this period, served as Chairman of a Commission of Three on the Mouat case, in connection with the chromium property near Nye, Montana. This complicated hearing grew out of condemnation proceedings at the start of World War 11.

7. THE GALIGHER COMPANY. Two and a quarter years with the Galigher Company, of Salt Lake City, Utah, as their mining geologist and part-time sales engineer. In this capacity examined a number of properties - brought in by the company or the undersigned- and also acted as geologist at two Galigher-controlled properties, the Broadway and Toledo mines. These mines were either under development or in production. As sales engineer, visited many mines, mills and plants and became familiar with milling and mill equipment.

8. In June 1966, completed a short course in Geochemical Exploration, at the Colorado School of Mines, at Golden, Colorado.

9. CIVIL SERVICE RATINGS HELD.

   As Mining Engineer GS-13
   As Mining Geologist GS-12
   As Valuation Engineer (Mining)GS-11

10. SOCIETIES, CLUBS, ORGANIZATIONS, ETC.

   Member of: American Institute of Mining Engineers
   Society of Economic Geologists
   American Institute of Professional Geologists
   Society of Sigma Xi

   Columbia Alumni Association
   Harvard Alumni Association
   Christ Church Episcopal

   Formerly
   Member of: While in Butte, Montana, was a member of
   The Butte Exchange Club and
   The Butte Chamber of Commerce

11. PROFESSIONAL REGISTRATION.

   Registered as Professional Engineer in the States of Utah, Colorado, Montana and Washington.

   Registered Professional Geologist in Arizona.

December 1, 1966 Joe G. Irving

Copy 1
American Mining Co.

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 10 1967
INITIALS CODE

LEASE AND OPTION

THIS LEASE AND OPTION, made this 30th day of July, 1966, by and between William F. Flynn whose address is 604 Locust, Anaconda, Montana, hereinafter called "OPTIONOR," and AMERICAN MINING COMPANY, a Washington corporation, authorized to do business in the State of Montana, whose Post Office Address is 400 Securities Building, Seattle, Washington, hereinafter called "OPTIONEE."

W I T N E S S E T H:

In consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. PROPERTY LEASED AND OPTIONED:

The Optionor hereby options to the Optionee and hereby leases, lets and rents unto the Optionee, upon the terms and conditions hereinafter specified, the following described mining claims situated in Section 29 in Township 7 North, Range 13 West, M.P.M., Granite County, Montana, to-wit:

Claim Name	Survey Number
Shian	1316
Tintic	1315
William P. Lode	10191
Spawn	6786
Gray Eagle	6787
and	
A portion, amounting to 1.01 acres, of the adjoining Providenta No. 2	373-A
(Recorded Vol. 12, Deeds, Pg. 41, Granite County, Montana)	
and	
A portion of the adjoining (the portion approximating 0.32 acres) Ogdensburg Lode claim	1418
(Recorded Vol. 10, Deeds, Pg. 321, Granite County, Montana)	

2. TERM OF LEASE AND OPTION:

This Lease and Option shall run from the date hereof to and including August 1, 1972, provided payments are made at the times and in the manner hereinafter specified to keep said Option in force and provided Optionee performs the other terms and conditions as hereinafter provided. The Optionee shall have the right to purchase the property at any time during the option

period for the sum of FIFTY-FIVE THOUSAND ($55,000) DOLLARS. The sum of FIFTEEN HUNDRED ($1500.00) DOLLARS paid contemporaneously with the signing of this Agreement and all payments made hereafter to keep the Option in force shall apply upon the purchase price. The Optionee may pay the unpaid balance at any time.

All payments except those made contemporaneously with the signing of this Agreement shall be made at the Escrow Bank hereinafter designated for the account of the Optionor. The payments to be made to keep the Option in force or to apply upon the purchase price of the property are as follows:

On or before July 31, 1967, THREE THOUSAND FIVE HUNDRED ($3,500.00) or at the selection of the Optionee, 600 feet of diamond drilling on said properties started before July 31, 1967;

On or before August 1, 1968, TEN THOUSAND ($10,000.00) DOLLARS;

On or before August 1, 1969, TEN THOUSAND ($10,000.00) DOLLARS;

On or before August 1, 1970, TEN THOUSAND ($10,000.00) DOLLARS;

On or before August 1, 1971, TEN THOUSAND ($10,000.00) DOLLARS;

On or before August 1, 1972, TEN THOUSAND ($10,000.00) DOLLARS.

3. ASSESSMENT WORK:

So long as this Lease and Option shall be in effect after the assessment year ending August 31, 1966, the Optionee shall cause to be done and performed, sufficient work upon any unpatented mining claims covered by this agreement to conform with the required annual assessment work, and shall file affidavits with respect to such assessment on or before September 20 of each year during the continuation of this Lease and Option.

4. MINING LOAN:

The Optionee at any time during the life of this agreement shall have the right to apply for a loan from the Office of Minerals Exploration, or such other appropriate agency of the United States Government as may provide

funds for mining exploration purposes, and in the event the Optionee does make application for such a loan, the Optionor agrees that he will cooperate in whatever manner may be necessary to obtain the granting of said loan, including the subordinating of the owner's interest to any lien for repayment required by the United States Government.

5. MINING RIGHTS:

During the continuation of this Lease and Option, the Optionee shall have the exclusive right to enter upon and have possession of the mining claims for the purpose of testing, exploring, developing and operating the mining claims and extracting therefrom and selling any minerals found thereon or therein. The places where any drilling, testing, exploring, developing and operating of the claims shall be done, and the extent thereof, shall be entirely up to the discretion of the Optionee; provided, however, that the Optionee shall perform all work on said premises in a good and minerlike manner so as to preserve the premises as a workable mine; shall work the said premises separately from all other lands, and all ores mined and removed therefrom shall be kept separate from all ores mined by the Optionee until the weight and value thereof shall be fully determined. However, in the event the Optionee desires to carry on its own milling operation, it may measure, weigh and sample the ore in accordance with sound mining and metallurgical practices and after all standard industry practices have been completed necessary to determine the grade and quantity of ore from the leased premises and any other factor which may be necessary for the calculation of the royalty due to the Optionor, it may mix the same with ores from other premises, but shall use the same standards of sampling, weighing and measuring in determining any royalties due to other parties for ores mined from other premises, to the end that the Optionor hereunder shall be paid the proper royalty due from ores mined from these premises.

6. ROYALTIES:

The Optionee shall pay to the Optionor a royalty of ten (10%) per cent of the net smelter returns to $80 per ton and 20% of net smelter return on ore over $80 per ton on all ores mined and shipped from said premises. By net smelter returns is meant the amount received from the mill or smelter upon the sale of such ores or concentrates after deducting from the gross value thereof the cost of milling, smelting and actual and necessary freight charges from mine to smelter; provided, however, that when the milling is done by a mill owned or operated by the Optionee, there shall be a $3.00 limit per ton for any milling charge by the Optionee. The Optionee shall not sell or dispose of any ore or concentrate to anyone other than a custom mill or smelter. All payments of royalties shall be made by the mill or smelter to DALY BANK & TRUST COMPANY, ANACONDA, MONTANA for the account of the Optionor. A copy of each mill or smelter settlement sheet shall accompany each royalty payment. All royalty payments shall apply on the purchase price.

7. ESCROW BANK:

DALY BANK & TRUST COMPANY, ANACONDA, MONTANA is hereby designated as the Escrow Agent of the parties. The Optionor shall promptly after the execution of this Agreement deposit with the Escrow Bank an executed copy of this Agreement, a Grant Deed, duly executed, acknowledged and entitled to record, conveying the mining claims to the Optionee. If any unpatented mining claims are hereafter located and to come under the terms of this Agreement, as hereinafter provided, the Optionor shall, upon written notice and request by the Optionee, place in escrow additional deeds as may be necessary to include said after located unpatented mining claims. As soon as practicable, the Optionor shall place in escrow an Abstract of Title, certified by a licensed and bonded abstracter, and showing a merchantable title in the Optionor. The Optionee shall have the right to withdraw such abstract from the Escrow Bank for a period of sixty (60) days and have the same examined by an Attorney of the Optionee's choosing, at Optionee's expense. Any defect of title disclosed by written opinion of the Attorney for the Optionee shall be cured by the Optionor at his expense and any action

necessary to cure such defect of title shall be prosecuted promptly and vigorously by the Optionor and the abstract shall be brought down to include the results of any such proceedings. In the event of Optionor's failure to correct any such title defect, the Optionee may take such action as may be necessary to cure such title defect and deduct the cost thereof, including Attorneys' fees, from the next payment due to keep the Option in force. The Escrow Bank shall withhold from the last payment of the purchase price an amount sufficient to cover the cost of Revenue Stamps and shall be authorized to purchase such stamps and affix them to the deed or deeds and cancel the same and deduct the cost thereof from the disbursement to the Optionor. Upon full payment of the purchase price, the Escrow Bank shall deliver all of the escrow documents to the Optionee. In the event this Agreement shall be terminated in any manner prior to the payment of the full purchase price, the Escrow Bank shall return all of the documents to the Optionor. The opening charge of the Escrow Bank shall be paid by the Optionor and all subsequent charges shall be paid by the Optionee.

8. TAXES AND ASSESSMENTS:

The Optionor shall pay, before delinquent, all real property taxes assessed against the patented lode mining claims and shall deposit the tax receipts therefor in escrow. All taxes levied or assessed against any tools, machinery, equipment, and other personal property belonging to or placed upon the property by the Optionee, and any taxes or assessments levied upon any buildings or structures placed upon the premises by the Optionee shall be paid by the Optionee before the same shall become delinquent. The Optionee shall also pay all net proceeds, metalliferous mines and other taxes levied and assessed by reason of the production of ores from said premises, excepting only the taxes upon royalty paid to the Optionor, which such taxes shall be the obligation of the Optionor.

9. COSTS AND EXPENSES OF OPERATION:

The Optionee shall, at its own cost and expense, furnish all labor, materials and supplies necessary for the proper operation of the demised premises under this Lease and Option; the Optionor shall not be obligated in any respect for any expenses of the Optionee or any expenses for the operation of said premises; the Optionee shall, when due, fully pay for all

the machinery, equipment and materials joined or affixed to the premises during the term of this Agreement and shall not suffer or permit any lien of any kind or nature to be imposed or enforced against the said premises for any work done or machinery, equipment or materials furnished therein at the instance or in behalf of the Optionee, except that there may be a government lien against the premises for the mining loan as hereinbefore provided. The Optionee and his assigns shall notice to be posted conspicuously at the opening of each of the workings on said premises, stating that the same is being operated under lease by the Optionee or his assigns, and that such operator will be liable for all work, labor, materials, supplies and all claims therefor, and for all damage arising by reason of its operations and shall save the Optionor harmless on account of any or all such claims.

10. TIMBER ON PREMISES:

The Optionee may cut timber upon said premises only for mining and building purposes thereon and shall remove no timber therefrom.

11. STATE AND FEDERAL ENACTMENTS:

The Optionee, in the operation and development of said premises, shall observe and comply with all applicable Federal and State laws, and safety regulations, and shall comply with the laws of the State of Montana with respect to Workmen's Compensation, and insure and keep insured under the provisions of said Workmen's Compensation law all persons employed by the Optionee during the term hereof.

12. TERMINATION AND DEFAULT:

The Optionee may terminate this Agreement at any time by giving written notice to the Optionor and the Agreement shall thereby be terminated ten (10) days after the receipt of such notice of termination, and the Optionee shall have no further liability or responsibility under the terms of the Agreement or to the Optionor other than to pay any royalty due for ores mined and sold from the premises, but for which the royalty has not yet been received. In the event the Optionee shall fail to keep and perform any of the covenants or conditions by it to be kept or performed, or to pay any payment at the

time and in the manner herein specified, the Optionor may, at his option, and upon thirty days' (30) notice in writing to the Optionee, specifying the default causing the termination, declare this Agreement terminated and at an end at the end of thirty (30) days from the date of the giving of such notice, and all rights of the Optionee shall wholly cease and be terminated; provided, however, that within said thirty (30) day period the Optionee shall remedy said default and this Agreement shall not terminate. A waiver by the Optionor of a particular breach of any covenant of the Agreement shall not be deemed or held to be a waiver or to effect any other breach or impair his rights resulting therefrom. In the event the Optionee shall terminate this Agreement, it shall deliver to the Optionor a copy of all of the results of drilling on the premises and drill cores. In the event the abstract of title reveals any defect which cannot be corrected except by purchase of some outstanding interest of a third party, Optionee shall be entitled to a refund of all moneys theretofore paid to Optionor.

13. LOCATION OF CLAIMS:

During the term of this Agreement, the Optionee may locate any fractional area within the Claims named in this Agreement, in the name of the Optionor, and any such fractional claims shall be included within the terms and conditions of this Agreement upon the Optionee's giving written notice to the Optionor that such claims shall be included, and Optionor shall thereupon execute and place in escrow a deed or deeds covering any such new or relocated mining claims, and Optionee shall be entitled to the receipt of such deed or deeds upon the full payment of the purchase price as set forth in this Agreement and without any additional or further amount. Any area not previously located by the Optionor may be located by the Optionee in its own name and retained by the Optionee at its sole discretion.

14. SURRENDER OF PROPERTY AND REMOVAL OF EQUIPMENT:

Upon termination of this Agreement at the Optionee's election, or by default, the Optionee shall promptly surrender to the Optionor all of the premises herein demised, without delay or hindrance and the Optionor shall

have the right immediately upon the expiration or termination of the Agreement to enter upon the premises and take immediate possession thereof; provided, however, that the Optionee shall have the right to remove from the demised premises, within a period of ninety (90) days from the termination hereof, all machinery, tools and other equipment placed thereon by it, including any buildings or structures erected on the premises by the Optionee, but not rail or pipe in place, which shall become a part of the premises. No charge for rent or storage shall be made with respect to any such personal property or equipment during the ninety (90) day period.

15. NOTICES:

All notices given or required to be given under this Contract shall be in writing with a copy to the Escrow Bank, the original sent by United States Mail, Registered, with Return Receipt Requested, and postage thereon prepaid, addressed as herein provided, or to such address as either party may by written notice provide, the present addresses being as follows:

Notice to the Optionor shall be addressed to:
William F. Flynn, 604 Locust, Anaconda, Montana

Notice to the Optionee shall be addressed to:
THE AMERICAN MINING COMPANY, 400 Securities Building
1904 3rd Avenue, Seattle, Washington, 98101.

16. BINDING EFFECT:

This Agreement shall be binding upon the heirs, administrators, executors, successors and assigns of the respective parties hereto, provided, however, that the Optionee shall not assign this Agreement without the written consent of the Optionor first obtained.

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

William F. Flynn
OPTIONOR

ATTEST:

A. L. Bohn, Secretary

AMERICAN MINING COMPANY

BY: Douglas A. Robinson, President

OPTIONEE

STATE OF MONTANA)
: ss.
County of GRANITE)

On this 1st day of August, 1966, before me, the undersigned, a Notary Public for the State of Montana, personally appeared William F. Flynn, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

(Notarial Seal)

Notary Public for the State of Montana
Residing at Anaconda, Mont.
My Commission expires 6-15-69

STATE OF WASHINGTON)
: ss.
County of KING)

On this 2nd day of August, 1966, before me, the undersigned, a Notary Public for the State of Washington, personally appeared Douglas A. Robinson, known to me to be the President of AMERICAN MINING COMPANY, the corporation that executed the within instrument and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year in this instrument first above written.

(Notarial Seal)

Notary Public for the State of Washington
Residing at [illegible]
My Commission expires [illegible]

Longyear

This AGREEMENT, made this _____ day of _____, 1967, by and between American Mining Company (hereinafter called the Operator) and E. J. Longyear Company (hereinafter called the Contractor), wherein it is mutually agreed as follows:

I. WORK TO BE DONE: The Contractor, as an independent contractor will provide all labor, material, supplies and equipment to the extent herein specified and perform all things necessary for diamond drilling on surface at Operator's property, located approximately 1½ miles east of Philipsburg, Montana. Concerning this drilling, the following general specifications are set forth:

a. Location: On surface of property, described under Paragraph 1.

b. Minimum and Maximum Footage: Minimum of approximately 3,000 feet to a maximum of approximately 4,150 feet.

c. Length & Inclination of Holes: Holes to be drilled at angles varying in inclination from a minus 55 degrees to a minus 90 degrees, as measured from the horizontal; holes to vary in depth from aminimum of 300 feet to a maximum of approximately 700 feet.

d. Material to be Drilled: Entirely in granite. Overburden is expected to be less than 20 feet in depth.

e. Hole Size: Holes to be collared BX standard size and completed with AQ WL (1-1/8" core). EX Std. size may be used only with the consent of Operator.

f. Water: Water will be available from the town of Philipsburg, Montana at a maximum distance of 2,000 feet and a maximum lift of 300 feet. Water to be paid for by Operator.

g. Drill Sites: Drill sites to be provided by Operator.

h. Work Schedules: The minimum rate of work will be one drill rig, operating one shift per day of a six-day week.

i. Tractor Service: Tractor service is to be provided by Operator, or secured locally by Contractor and invoiced to Operator at cost, if required for preparation and maintenance of roads, drill sites, and moving from one location to another.

j. Mobilization Time: Operator will give Contractor fifteen (15) days notice before starting date for contract.

k. Cores will be turned over to the Operator's representative in core boxes furnished by Operator or by Contractor under the terms of Paragraph II i. below, at the drill site.

II FEES FOR WORK: The contractor shall receive for his services the following fees:

a. Core drilling will be charged for at the following rates per foot:

Footage	AQ Wire Line
0 - 500 feet in depth	$6.75/foot
500 - 700 feet in depth	$7.25/foot

b. Overburden drilling will be charged for at $7.25 per foot up to 50 feet in depth.

c. Reaming for casing - AX hole to receive AX casing, 0 to 500 feet in depth $3.00 per foot; 500 to 700 feet in depth $3.50 per foot. This charge to include inserting and pulling casing. Casing lost in holes or left in holes at Operator's request will be charged as follows: $2.00 per foot for AX size.

d. Cementing and drilling out cement will be charged for at $14.50 per hour, plus cost of cement or substitute.

e. Standby time requested by Operator will be charged for at $13.00 per hour, per rig, with 2-man crew. Time loss due to breakdown of equipment will not be charged for.

f. Mobilization and demobilization of personnel and drilling equipment:

(1) Initial move-in and move-out $500.00 Lump Sum, per drill unit.

g. Drilling mud, cement or substitute and additives will be charged to Operator at cost plus handling charges, f.o.b. jobsite. Copies of invoices for these materials to accompany statement submitted to Operator.

h. Tractor service for building and maintaining roads, preparing drill sites, building sumps and moving equipment from one drill location to another - to be invoiced to you at our cost.

i. Core boxes (cardboard) 10' capacity will be charged for at $1.15 per box.

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

IV PAYMENT TO CONTRACTOR: Before drilling operations are commenced, the Operator will deposit with the Contractor sufficient funds to cover the cost of the initial 3,000 feet of drilling, plus associated drilling and site preparation operations. Invoices will be submitted semi-monthly and are payable within twenty days from date of invoice.

V GENERAL:

a. In the event that cavities or loose or caving ground are encountered of a nature so as to prevent the successful completion of any hole, the Contractor under such conditions does not guanantee to drill to a predetermined depth; and in the event that it should become necessary to abandon any given hole(s) under such conditions, the Operator agrees to pay the Contractor for such uncompleted hole(s) at the rates hereinbefore specified for all footage completed and for other work performed in these particular holes.

b. The Contractor shall perform the work required hereunder in a proper, careful, workmanlike and expeditious manner, and in compliance with all Federal, State or Municipal laws and regulations.

c. The Contractor, at all times, shall enforce strict discipline and maintain good order amongst its employees, and, shall not retain on the work any unfit person.

d. The Contractor shall indemnify and save harmless the Operator against and from all claims, actions, demands and costs which might arise by reason of injury to persons or damage to property as a result of acts or omissions of the Contractor, its servants or agents, or which might

arise by reason of non-payment of wages, rentals or purchase of goods and equipment; provided that Contractor's obligation under this paragraph shall not include any liability arising out of or in connection with the execution of the work required of the Contractor without negligence or fault of Contractor in performance of and according to the specification of this agreement.

e. The Contractor shall not be liable for any loss or damage suffered by the Operator by reason of any cause beyond the Contractor's active control, such as riots, strikes, lockouts or failure of transportation.

f. The Contractor shall not give out any information regarding the drill results or permit access to drill cores to any persons other than authorized representatives of the Operator, except with the express permission of the Operator's field representative.

g. The Operator shall be entitled to terminate this Agreement at any time prior to completion of the drilling of the minimum footage of 3,000 feet by paying to the Contractor a sum equal to $0.35 per foot of the undrilled mimimum footage.

h. This agreement shall enure to the benefit of the parties hereto, their respective successors and assigns.

IN WITNESS WHEREOF the parties hereto have caused these premises to be executed by their duly authorized representatives on the day and year first written above.

E. J.LONGYEAR COMPANY)
)
)
)
D. F. Crotty)
D. F. Crotty, Manager
Rocky Mt. Zone

Attest: G. L. Brown
W. Brown,
General Foreman

AMERICAN MINING COMPANY)
)
)
)
_____)

Attest: _____

Vivian Bros., Inc.

DIAMOND CORE DRILLING CONTRACTORS

OFFICE AND SHOP
209 WEST CAMERON
KELLOGG, IDAHO

MAILING ADDRESS
P.O. BOX 180
KELLOGG, IDAHO

PHONE
Pi-8-9795

West 2929 Wellesley
Spokane, Washington
April 11, 1967

Mr. Douglas A. Robinson
American Mining Company
337 Securities Building
Seattle, Washington, 98101

Dear Mr. Robinson,

As it has been several years since I have visited the area you are planning to drill, I am quoting an estimate. When the area is accessable I will visit the drilling location and quote a firm price for the work.

A skid mounted drill will be required for drilling the angle holes which makes the set up on each hole somewhat more costly.

Yours truly,

H.H. Vivian

H.H.Vivian

PHONE
[illegible]
FA 2-9795

Vivian Bros., Inc.

DIAMOND CORE DRILLING CONTRACTORS

OFFICE AND SHOP
[illegible] WEST CAMPBELL
KELLOGG, IDAHO

MAILING ADDRESS
[illegible]
[illegible]

West 2929 Wellesley Ave.
Spokane, Washington, 99205
April 11, 1967

To:
American Mining Company
337 Securities Building
Seattle, Washington, 98101

Estimate for drilling between 3000 and 4150 feet in seven angle hole from the surface at about 1½ miles east of the town of Philipsburg, Montana.

Mobilization and transportation		$500.00
Setting up at each drill station		75.00
Overburden drilling- 0 to 50 feet	per foot	9.00
Core drilling AX or AX Wireline		
0 to 250 feet	per foot	7.75
250 to 500 feet	" "	8.25
500 to 750 feet	" "	9.00

Reaming for AX casing 50% of coring price.

Placing casing in hole and removing casing from hole $12.00 per hour

Casing left in hole per foot 1.40

Cementing and drilling out cement, $12.00 per hour plus cost of cement.

Standby time waiting for cement to set when during a regular shift, $8.00 per hour.

H. H. Vivian

H. H. Vivian

DIAMOND CORE DRILLING
DIAMOND DRILLING EQUIPMENT
GROUTING
FOUNDATION TESTING
MINING
QUARRYING
SHAFT SINKING
TUNNEL DRIVING
MINE PLANT DESIGN
AND FABRICATION

Boyles Bros.
DRILLING COMPANY

CONTRACTORS-ENGINEERS-GEOLOGISTS

1415 Riverside P.O. Box 4307
SPOKANE, WASHINGTON 99202
Phone (509) KE 4-0862

General Offices and Plant
1624 Pioneer Road P. O. Box 58
SALT LAKE CITY, UTAH 84110
Phone 487-7595

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
SACRAMENTO
SANTIAGO, CHILE
LIMA, PERU

March 29, 1967

American Mining Company
337 Securities Building
Seattle, Washington 98101

Gentlemen:

The following terms are Quoted for your consideration as our proposal for doing the drilling near Phillipsburg, Montana as described in your letter dated 3/14/67.

"Terms"

1. Mobilization and Demobilization, Including set up on first hole $750.00

2. Drilling and casing unconsolidated overburden. Per foot $15.00

3. Diamond core drilling

	AXWL	BXWL
0.0 to 250 feet	$10.65 per foot	$12.00 per foot
250 to 500 feet	12.00 per foot	13.85 per foot
500 to 750 feet	13.85 per foot	

4. Reaming and casing, per foot $6.50

5. Cementing, Waiting for cement to set during a regular drill shift, Drilling out cement, $19.25 per hour plus cost of cement, cement substitutes or drill mud and additives.

6. Casing destroyed through use, Lost or ordered left in place. List price less 15% F.O.B. the job site.

7. Delays for your convenience, Drill hole surveys, etc. $13.30 per hour per 2 Man Crew.

8. Moving from hole to hole, Tearing down, Setting up, Installation and recovery of water supply systems. Per hour each 2 man crew $13.30

9. Adequate roads will be provided and maintained to level drill sites at no cost to Boyles Bros. Drilling Company.

10. Boyles Bros. will furnish a drill of suitable design and capacity with all supplies Fittings and accessories to do the work. The drill will be operated 1 shift per Day, 6 days per week under the direct supervision of a foreman driller who will operate the drill.

Sincerely
Boyles Bros. Drilling Company

E.G. Tucker

E.G. Tucker District Manager

Nichols UNIVERSAL Drilling Co.

Post Office Box 104
Wallace, Idaho
Phone SK3-4281
~~Donald E. Nichols~~, Mgr.
David M. Mason

March 17, 1967

Mr. Douglas A. Robinson, President
American Mining Company
337 Securities Building
Seattle, Washington 98101

Dear Mr. Robinson:

We would like to submit the following proposal for Diamond Drilling about 1½ miles from Philipsburg, Montana.

We recommend using BX Wireline and would like to start about April 15, 1967, weather permitting, as we have a job in the area which will soon be finished.

It is understood that you will prepare the access roads and drill stations.

The following are the actual costs to be billed to you for BX Wireline Diamond Drilling.

1. Mobilization One Lump Sum $500.00 and Demobilization One Lump Sum #750.00.

2. Drilling at the rate of $7.00 per foot from 0' to 250', $7.85 a foot from 250' to 500' and $8.35 per foot from 500' to 750'.

3. Drilling overburden at $12.00 per foot.

4. Cementing and drilling cement at $10.00 per hour.

5. Casing placed in hole at 50¢ per foot.

6. Casing lost or requested left in hole will be billed to you at our cost job site, plus 10% for handling.

7. Cement and drill additives will be billed at our cost job site, plus 10% for handling.

8. Cardboard core boxes will be supplied by us at our cost job site, plus 10% for handling.

9. Bit costs will be billed at our actual cost.

10. Delay requested or caused by American Mining Company shall be billed at a rate of $10.00 per hour.

Nichols UNIVERSAL Drilling Co.

Post Office Box 104
Wallace, Idaho
Phone SK3-4281
Donald F. Nichols, Mgr.

We wish to thank you for the opportunity of being of service to you. If this proposal is acceptable, please sign on the line provided below in lieu of a formal contract and return one copy to us.

Yours very truly,

David M. Mason

David M. Mason, Manager
Nichols Universal Drilling Co.
Box 667 Osburn, Idaho

AMERICAN MINING COMPANY

By:_____

AMERICAN MINING COMPANY
337 Securities Building
OFFICE 1904 THIRD AVENUE SEATTLE 1, WASHINGTON
~~MAILING ADDRESS BOX 1893 SEATTLE 11, WASHINGTON~~
TELEPHONE
~~MAIN 3-7916~~

~~JAMES F. CHARLTON~~
~~GENERAL MANAGER~~

May 8, 1967

Southside National Bank
910 Brooks
Missoula, Montana 59801

Attention: Loan Department

Gentlemen:

The American Mining Company is planning exploration programs on mining properties which it holds at Phillipsburg, Montana. The project will include approximately 5,250 feet of diamond drilling, bulldozing, together with geological and engineering work.

It is estimated that the total project will cost between $40,000.00 and $50,000.00.

The primary objective will be to explore the possible location of ore bodies containing a potential high silver ore content.

We are interested in securing a loan of $30,000.00 and would appreciate you advising us under what conditions and circumstances your bank would make such a mining exploration loan.

We will appreciate being advised at your earliest convenience.

Sincerely yours,

AMERICAN MINING COMPANY

Douglas A. Robinson, President

DAR:sw

Southside National Bank
OF MISSOULA, MONT.

D.E. NOLAN, President

AFFILIATED WITH FIRST BANK STOCK CORPORATION

P. O. Box 1446

MISSOULA, MONTANA

CHAS. H. PEW Sr., Vice President
W.J. BOHNHOFF, Assistant Vice President
JOHN PETERSON, Assistant Vice President
A.C. HEINLE, Cashier
H.A. SHEARER, Assistant Cashier
Mgr. Timepay Dept.

June 7, 1967

American Mining Company
1904 Third Avenue
SEATTLE 1, Washington

ATTENTION: Douglas A. Robinson, President

Dear Mr. Robinson:

We have your letter of June 5 requesting a loan of $30,000 on your Phillipsburg, Montana mining property.

Due to the high loan ratio of this bank at this particular time, we would not be in a position to consider a loan of this size. You may accept this letter as our refusal of your request. ?

~~Sincerely yours,~~

D.E. Nolan
President

DEN/vp

AMERICAN MINING COMPANY
337 Securities Building
OFFICE 1904 THIRD AVENUE SEATTLE 1, WASHINGTON
MAILING ADDRESS BOX 1893 SEATTLE 11, WASHINGTON
TELEPHONE
MAIN 3-7816

JAMES F. CHARLTON
GENERAL MANAGER

May 8, 1967

Peoples National Bank
Third Avenue Branch
Seattle, Washington

Attention: Mr. Mike Mastro

Dear Mr. Mastro:

The American Mining Company is planning exploration programs on mining properties which it holds at Phillipsburg, Montana. The project will include approximately 5,250 feet of diamond drilling, bulldozing, together with geological and engineering work.

It is estimated that the total project will cost between $40,000.00 and $50,000.00.

The primary objective will be to explore the possible location of ore bodies containing a potential high silver ore content.

We are interested in securing a loan of $30,000.00 and would appreciate you advising us under what conditions and circumstances your bank would make such a mining exploration loan.

We will appreciate being advised at your earliest convenience.

Sincerely yours,

AMERICAN MINING COMPANY

Douglas A. Robinson

Douglas A. Robinson, President

DAR:sw

PEOPLES NATIONAL BANK OF WASHINGTON
THIRD AVENUE BRANCH · 1903 3RD AVENUE · SEATTLE, WASHINGTON 98101

May 9, 1967

Mr. Douglas A. Robinson, President
AMERICAN MINING COMPANY
700 Securities Building
Seattle, Washington 98101

Dear Mr. Robinson:

Please be advised that your loan request for the American Mining Company has been discussed by our Executive Committee and they have decided that we would not, at this time, be interested in such a loan.

We still feel that we would like to confine our lending activities to our local trading area.

We are appreciative of the past business given us and hope that we will, at some future time, have an opportunity to be of assistance to you.

Sincerely,

M R Mastro

M. R. MASTRO
Vice-President and
Manager

MRM:as

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Chief, OME		
Re: Final Summary Report		
2. OME 6639 (Silver)		
American Mining Company		
3. Tintic-Shian et al, Group		
Granite County, Montana		
4. Contract 2263		
5. Willard P. Puffett	10/12/70	WM
FROM: Field Officer, Region I		

FOR: Check items for action desired

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

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 14 1970

INITIALS	CODE

REMARKS:

Attached is the signed last page of the captioned report. Thanks for the typ8ng job.

UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY
Office of Minerals Exploration
Rm. 656, U. S. Courthouse
W920 Riverside Avenue
Spokane, Washington 99201

OCT 6 1970

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: Final Summary Report
OME-6639 (Silver)
American Mining Company
Tintic-Shian, et al., Group of Claims
Granite County, Montana
Contract 2263

Final F.T. Report

INTRODUCTION

This report summarizes an OME project to explore for silver-bearing ore bodies in the downdip extensions of a mineralized fissure in granadiorite about 1-1/2 miles east of Philipsburg, Montana. The contract, dated July 31, 1968, for a total of $38,200.00 of which the Government would contribute 75 percent or $28,650.00, was not amended. Work, started in August 1968 and completed in October 1968, consisted of preparation of access roads and 4 drill sites, and drilling 103 feet of overburden and diamond core drilling 1652 feet. Accepted cost of the work was $17,615 of which the Government contributed $13,211. The work was unsuccessful in finding ore and the Operator was notified in a letter dated July 8, 1969, that the Government retained no claim or lien against the property.

OPERATOR

American Mining Company, a Washington Corporation
337 Securities Building
Seattle, Washington 98101

The work was done under the supervision of

Mr. Joe G. Irving
1233 Singing Wood Ct. #12
Walnut Creek, California 94595

PROPERTY

The property that was subject of the contract consists of five patented lode mining claims in sec. 29, T. 7 N., R. 13 W., Philipsburg (Flint Creek) mining district, Granite County, Montana (Fig. 1 - Plan map and sections showing diamond drilling on Tintic-Shian group of claims, Sec. 29, T. 7 N., R. 13 W., Granite County, Montana).

The claims are recorded in the Granite County Recorder's office at Philipsburg, Montana, as follows:

Claim	Survey No.
Grey Eagle	6787
Shian	1316
Spawn	6786
Tintic	1315
William P. Lode	10191

The Operator was in possession of the claims under the terms of a Lease and Option, dated July 30, 1966, from William F. Flynn, owner of the claims.

Altitude of the claims is between 6,000 and 6,500 feet. Slopes are moderate, and timber is abundant. Access to the property is via unsurfaced roads that lead eastward for about 1-1/2 miles from Philipsburg, Montana.

GEOLOGY

The Tintic-Shian vein is a mineralized fissure that cuts granodiorite in the Philipsburg batholith of Tertiary age (Prinz, 1967, p. 11). The vein strikes N. 80-85° W., dips 80-90° S., and can be traced along strike for about 1,800 feet. Prospecting was by shallow cuts and shafts, probably none of which were more than 40 feet deep. The fissure appears strong at the surface and consists of shear planes coated by clay, iron-stained granodiorite, and 0.5-2.0 feet of vuggy quartz. Black manganese oxides are common locally. Samples of surface material assayed as much as 2.8 ounces silver per ton and 0.25 percent lead. The location and general trend of the vein suggested that it might be similar to other productive veins that cut granodiorite in the Philipsburg district, (Emmons, W. H., and Calkins, F. C., 1913, p. 202-209). The Operator reports that there has been a shipment of 27.3 tons containing 34.3 ounces of silver from the Shian claim--probably during the first ten years of this century.

PURPOSE OF PROJECT

The purpose of the project was to explore by diamond core drilling from prepared surface drill sites for silver-bearing ore bodies in and along the easterly trending Tintic-Shian vein which traverses granodiorite rocks of Tertiary age.

CONTRACT

The contract, No. 2263, dated July 31, 1968, required that work start on or before September 1, 1968, and be completed within 6 months from the date of the contract. The work was to be divided into two stages as follows:

Stage I

Bulldoze access roads to drill sites, level sites, and drill not more than 4 holes totalling not more than 1,760 feet, including overburden drilling. The hole number, bearing, inclination, and approximate length of the holes were as follows:

Hole No.	Bearing	Inclination	Length in feet (including overburden drilling)
1	N. 5° E.	-47°	440
2	N. 5° E.	-45°	440
3	N. 5° E.	-47°	440
4	N. 5° E.	-47°	440

Stage II

Bulldoze access roads to drill sites, level sites, and diamond drill not more than 2 holes totalling not more than 1,380 feet. The location, bearing, inclination, and depth of the holes were to be contingent upon results obtained in Stage I.

Estimated Cost of Project

Stage I

Actual Costs

Mobilization and demobilization,		
1 bulldozer	$ 320.00	
Bulldozing access roads and drill sites	384.00	
D-6 @ $16.00/hr. D-7 @ $20.00/hr. D-8 @ $20.00/hr.		
Mobilization and demobilization and 3 moves between holes,	[illegible]	
1 drill unit	765.00	
Diamond core and overburden drilling		
1,760 feet	14,152.00	

	Rate Per Foot		
Depth, feet	NC	BQWL	AQWL
0-500	$7.85	$8.05	$7.30

Reaming and casing		
155 feet @ $3.50/ft.	542.50	
Cementing and redrilling		
50 hours @ $15.65/hr.	782.50	
Casing lost in completed holes		
50 feet @ $2.00/ft.	100.00	
Surveying with in-hole instrument		
2 days @ $65.00/day	130.00	$17,176.00

Reaming and casing		
110 feet @ $3.50/ft.	$ 385.00	
Cementing and redrilling		
40 hours @ $15.65/hour	626.00	
Casing lost in completed holes		
42 feet @ $2.00/ft.	84.00	
Surveying with in-hole instrument		
2 days @ $65.00/day	130.00	$12,319.00
1 Supervisor-geologist-engineer		
2 months @ $750.00/month	1,500.00	
1 Outside consultant		
16 days @ $50.00/day	800.00	2,300.00
Cardboard core boxes,		
140 @ $1.25/ea.	175.00	
Cement, drill muds, additives, etc.		
50 sacks @ $8.40/sack	420.00	
Drill water supply		
2 months @ $100.00/month	200.00	795.00
Per diem, outside consultant		
16 days @ $16.00/day	256.00	
Accounting and office expense		
2 months @ $50.00/month	100.00	

Assaying, 55 samples	$ 150.00	
Gold and silver combined @ $3.00/sample Gold and silver @ $1.50/metal Lead @ $2.00/assay		506.00

Total Estimated Cost of Stage II $15,920.00

Total Estimated Cost of Project. $38,200.00

Government participation at 75%. $28,650.00

PROJECT WORK

Bulldozing started on August 6, 1968 and diamond core drilling started August 31, 1968. Following is the sequence of holes drilled:

Hole No.	Started	Finished	Total length (feet)
3	9/4/68	9/11/68	440
2	9/16/68	9/23/68	405
1	9/24/68	10/1/68	475
4	10/2/68	10/10/68	435
		Total	1,755 feet

Accepted costs of the work are as follows:

Mobilization and demobilization	
1 bulldozer	$ 312.00
Bulldozing access road and drill sites	287.00
Mobilization and demobilization and 3 moves between holes	
1 drill unit	540.00
Diamond core and overburden drilling,	
1,755 ft.	14,107.00
Reaming and casing,	
10 ft. @ $3.50/ft.	35.00

Surveying with in-hole instrument	
2 days @ $65.00/day	$ 130.00
1 Supervisor-geologist-engineer	
2.082 months @ $750.00/month	1,562.00
Cardboard core boxes	
156 @ $1.25/ea.	195.00
Drill mud, 3 sacks @ $5.00/sack	15.00
Drill water supply,	
2 months @ $50.00/month	100.00
Accounting and office expense,	
2-1/2 months @ $50.00/month	125.00
Assaying, 28 @ $1.50/ea.	42.00
Total accepted cost	$ 17,450.00
Government participation @ 75%	$ 13,087.00

The Government retains no equity in any equipment or supplies at the property.

REPORTS

The Operator submitted an acceptable final report on March 11, 1969.

The Government transmitted its Report of Cost Review on March 4, 1969.

No Royalty Reviews have been necessary.

PROJECT RESULTS

No ore body was found by the completed diamond drilling. All rock penetrated was granodiorite, unaltered except for some slight kaolinization, and some sericite and chlorite adjacent to the vein intersections. Vein material, consisting of iron- and manganese-

1 supervisor-geologist-engineer,		
3 months @ $750.00/month	$ 2,250.00	
1 Outside consultant,		
20 days @ $50.00/day	1,000.00	$ 3,250.00
180 cardboard boxes @ $1.25/ea.	225.00	
Cement, drill muds, additives, etc.,		
65 sacks @ $8.40/sack	546.00	
Sludge collecting and sampling supplies	75.00	
Drill water supply,		
3 months @ $100/month	300.00	1,146.00
Per diem, outside consultant,		
20 days @ $16.00/day	320.00	
Accounting and office expense,		
3 months @ $50.00/month	150.00	
Assaying, 90 samples,	238.00	
Gold and silver combined $3.00/sample Gold and silver @ $1.50/metal Lead @ $2.00/assay		708.00
Total Cost of Stage I		$22,280.00

Stage II

Actual Costs

2 moves between holes, 1 drill unit	150.00
Diamond core and overburden drilling	10,944.00

	Rate Per Foot		
Depth, feet	NC	BQWL	AQWL
0-500	$7.85	$8.05	$7.30
over 500		8.60	7.85

stained granodiorite, with some quartz and pyrite, was intersected in all four of the holes at the projected position of the Tintic-Shian vein (Figure 1). The vein intersections were thin, all were less than 3 feet thick, and assay data indicated only very low amounts of gold and silver. The highest assay was from a sample 0.6 feet thick in hole No. 3 that contained a trace of gold and 1.7 ounces silver per ton.

CERTIFICATION

The Operator was notified by the Government, in a letter dated July 8, 1969, that the work did not result in a certification of possible production and that the Government retains no claim or lien against the property subject to the contract or any future production therefrom.

PRODUCTION AND ROYALTY

There has been no production since the date of the contract and no royalties are due to the Government.

SUMMARY

The completed project explored the down-dip extension of the Tintic-Shian vein for nearly 500 feet along strike at a depth of 300 feet below the outcrop. Some evidence of vein material was found but only sparse amounts of gold and silver were indicated by assays of the vein material. More exploration is not warranted, as the completed work has definitely established that the vein shows no promise of containing ore.

REFERENCES CITED

Emmons, W. H., and Calkins, F. C., 1913, Geology and ore deposits of the Philipsburg quadrangle, Montana: U.S. Geol Survey Prof. Paper 78, 271 p.

Prinz, W. C., 1967, Geology and ore deposits of the Philipsburg district, Granite County, Montana: U.S. Geol. Survey Bull. 1237, 66 p.

Willard P. Puffett

Willard P. Puffett

Enclosure:

Figure 1 - Plan map and sections showing diamond drilling on Tintic-Shian group of claims, Sec. 29, T. 7 N., R. 13 W., Granite County, Montana.

OME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/6/70		120
		220

OCT 6 1970

AIRMAIL
CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Memorandum

To: Field Officer, Region I

From: Chief, Office of Minerals Exploration

Subject: Summary Final Report
OME-6639 (Silver)
American Mining Company
Tintic-Shian, et al., Group of Claims
Granite County, Montana
Contract 2263

Enclosed are three copies of the summary final report on the subject docket. Please sign the enclosed original copy of the last page and return it to this office.

Your draft copy of the report is returned herewith.

Harold Kirkemo (bsl)

Harold Kirkemo

Enclosures

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
Mr. Kirkemo
130

BSLong/1 10/6/70

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
7/8/69		120
		120
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JUL 8 1969

AIRMAIL

William F. Flynn
604 Locust Street
Anaconda, Montana 59711

Re: OME-6639 (Silver)
American Mining Company
Tintic-Shian, et al., Group of Claims
Granite County, Montana
Contract 2263

Dear Mr. Flynn:

Enclosed is a copy of a self-explanatory letter of today to the Operator under the subject contract.

This correspondence relates to the Lien and Subordination Agreements executed September 5, 1967, by you, under the Office of Minerals Exploration program.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

cc: Director's Reading File
Economic Geology File
OME Docket
OME Reading File
OME Region I
Mr. Peterson
130

BSLong/1 7/8/69

IN REPLY REFER TO

UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY
U.S. Court House, Rm. 656
West 920 Riverside Avenue
Spokane, Washington 99201
June 25, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 27 1969

INITIALS	CODE

Memorandum

To: Chief, Office of Minerals Exploration

From: Field Officer, OME, Region I

Subject: Final inspection
OME-6639 (Silver)
American Mining Company
Tintic-Shian, et al., Group of Claims
Granite County, Montana
Contract 2263

On Wednesday afternoon, June 18, 1969, Mr. E. C. Peterson and I examined the diamond drill core of the captioned contract that had been stored at The Taylor-Knapp Company's manganese mill in Philipsburg, Montana. We had with us the Operator's final report and referred to it in checking significant intervals of the drill core.

The drill core was stored in cardboard core boxes and stacked in an empty room in the mill. We checked each box (42) of Drill Hole No. 1 and compared it with the descriptions of the Operator's drill logs. We found that the Operator's descriptions were adequate and, hence, we did not examine the core in every box of the other three holes.

The Operator had vouchered for 156 core boxes. We counted a total of 158 boxes.

Our inspection has shown that the length of holes and number of core boxes compares favorably with those reported by the Operator. There was no significantly mineralized zone cut by the drill holes. Most of the core is medium-grained, biotite granodiorite. There are a few thin pyritic zones bounded by altered granodiorite; these were sampled and assayed by the Operator, but the results were discouraging.

There is no reason for the Operator to keep storing the core for the use of the Government. Mr. Jack McCoy of The Taylor-Knapp Company said that they might keep it stored with core they have from other properties near Philipsburg. If officials of the American Mining Company are agreeable, this should be satisfactory to the Government.

Willard P. Puffett
Willard P. Puffett

Distribution:
OME(2)
Docket

U.S. Court House, Rm. 656
West 920 Riverside Avenue
Spokane, Washington 99201
June 25, 1969

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O. M. E.
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AIRMAIL

Mr. Douglas A. Robinson
Chairman
American Mining Company
700 Securities Building
Seattle, Washington 98101

Re: OME-6639 (Silver)
American Mining Company
Tintic-Shian Group of Claims
Granite County, Montana
Contract 2263

Dear Mr. Robinson:

Representatives of the Office of Minerals Exploration examined the diamond drill core of the subject contract on Wednesday afternoon, June 18, 1969. They found that Mr. Joe G. Irving had very satisfactorily described the core and had sampled all sections that might indicate significant mineralization. Unfortunately, the assay results did not indicate any areas of ore-bearing rock.

Mr. Jack McCoy of The Taylor-Knapp Company said that they might store the core with that from other properties in the Philipsburg area. If this is satisfactory to you, it is agreeable to us. We do not require that you retain the core for additional inspections by OME representatives and you can dispose of it as you desire.

Sincerely,

Willard P. Puffett
Field Officer, OME
Region I

cc: Mr. Joe G. Irving
1233 Singing Wood Ct. #12
Walnut Creek, California 94595

WPPuffett:mls
cc: OME(2)
Director's Reading File

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COPY
O. H. E.
JUN 27
INITIALS CODE

U.S. Court House, Rm. 656
West 920 Riverside Avenue
Spokane, Washington 99201
June 5, 1969

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JUN 9 1969

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Mr. Jack E. McCoy
The Taylor-Knapp Company
P. O. Box 250
Philipsburg, Montana 59858

Re: OME-6639 (Silver)
American Mining Company
Tintic-Shian, et al., Group
of Claims
Granite County, Montana
Contract 2263

Dear Mr. McCoy:

Mr. Ed Peterson and I will be in Philipsburg on the nights of June 17 and 18, 1969. It is our plan to examine the drill core that Mr. Joe G. Irving stored on your premises. As of now, we plan to do this on the morning of Thursday, June 19.

We plan to stay at the Pintler Hotel. After our arrival there, we will contact you regarding the core.

Circumstances did not permit my doing this in May, but I hope the delay has not inconvenienced you.

Sincerely,

Willard P. Puffett
Field Officer, OME
Region I

WPPuffett:mls
cc: OME
Director's Reading File

cc: Mr. Douglas A. Robinson, Chairman
American Mining Company
337 Securities Building
Seattle, Washington 98101

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O. M. E.
RECEIVED
JUN 9 1969
INITIALS CODE

MME FORM 6
REV. 2-59

REFERENCE SLIP
OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
Chief, OME	4/21/69	
1. Re: OME-6639 (Silver) American Mining Company		
2. Tintic-Shian, et al., Group of Claims		
3. Granite County, Montana		
4. Contract 2263		
5. Willard P. Puffett WPP		
FROM: Geologist, OME, Reg. I		

FOR: Check items for action desired

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

REMARKS:

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O. M. E.
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APR 23 1969

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

M56300-62

THE TAYLOR-KNAPP COMPANY

INCORPORATED

MONTANA OPERATIONS

P. O. BOX 250
PHILIPSBURG, MONTANA
59858

April 18, 1969

Mr. Willard P. Puffett
Office of Minerals Exploration
Geological Survey
U.S. Court House, Room 656
West 920 Riverside Avenue
Spokane, Washington 99201

Re: OME-6639 (Silver)
Contract 2263

Dear Mr. Puffett:

With regards to recent correspondence relative to diamond drill core collected during drilling under the above referenced contract, we wish to confirm that these cores are still on our premises having been moved from our office building and placed in a storage area of our mill just on the edge of town.

We will be pleased to direct you to the storage site during your visit to Philipsburg during May, 1969.

Sincerely yours,

THE TAYLOR-KNAPP COMPANY

By Jack B. McCoy
Jack B. McCoy

JBM:by

cc: Mr. D. A. Robinson
American Mining Company
337 Securities Building
Seattle, Washington 98101

RECEIVED
APR 21 1969
O.M.E.

OME

U.S. Court House, Rm. 656
West 920 Riverside Avenue
Spokane, Washington 99201
April 17, 1969

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O. M. E.
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APR 2. 1969

INITIALS	CODE
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HK	120

AIRMAIL

Mr. D. S. Johnson
The Taylor-Knapp Company
P. O. Box 230
Philipsburg, Montana 59858

Re: OME-6639 (Silver)
American Mining Company
Tintic-Shian, et al., Group
of Claims
Granite County, Montana
Contract 2263

Dear Mr. Johnson:

We learned today from Mr. Joe G. Irving, mining geologist for the American Mining Company, that he has stored some diamond drill core in your offices in Philipsburg. These core are from drilling conducted under a contract between the American Mining Company and the Office of Minerals Exploration.

I want to examine the core on my next trip to the Philipsburg area which is tentatively planned for about the middle of May. At that time I will contact you or other officials of your company to learn where the core is stored.

If, however, you wish the core to be removed from your storage at an earlier date, let me know, and I will try to get over there earlier.

Sincerely,

Willard P. Puffett
Geologist, OME
Region I

WPPuffett/mls
cc: OME
Director's Reading File

cc: Mr. Douglas A. Robinson, Chairman
American Mining Company
337 Securities Building
Seattle, Washington 98101

RECEIVED
APR 2 • 1969
INITIALS CODE

JOE G. IRVING
MINING GEOLOGIST
1233 SINGING WOOD CT. #12
WALNUT CREEK, CALIFORNIA 94595
415-933-3654

GEOLOGICAL INVESTIGATIONS
MINE EXAMINATION AND VALUATION

COUNSEL IN EXPLORATION
AND DEVELOPMENT

April 15, 1969

Mr. Don R. MacLaren, Field Officer,
Office of Minerals Exploration, Region 1
U. S. Courthouse, Room 656,
Spokane Washington 99201

Re: OME-6639 (Silver)
American Mining Company,
Tintic-Shian, et al., Group
Granite Co., Montana
Contract No. 2263

Dear Don:

Your letter, dated April 11, to Mr. Robinson asking where the core and/or check core samples taken from the drilling on the captioned project could be inspected, has been sent to me for reply.

The boxes containing the core of all four holes drilled are (or were) stored in the Taylor-Knapp Company's office building, in Philipsburg, Montana. The Taylor-Knapp Company very kindly allowed me to place them there, and unless they have moved them they ought to be still there. I am glad you wrote, and I was going to contact you about it, because it has occurred to me that they might want me to get them removed soon.

Only a few samples were taken, and the half split of the various core samples are lying in their proper positions in the respective boxes. Also, sacks containing what sludge samples that were taken are also lying in the boxes. I assume that after you have checked them, that the core can be thrown away, or stored elsewhere. Let me know on this point. It is possible that the T-K Company may wish to keep them, or they also might want to get rid of them, and if so, it will be the American Mining Company's job to have them taken away.

RECEIVED
APR 17 1969

If you will contact any of the following (Taylor-Knapp people) they will tell you where the boxes are now and give you permission, or make arrangements, to see them. Sanford Knapp, Don Johnson, Jack Malloy or Al Walkup.

My regards, Don, and I am looking forward to seeing you again as I pass through.

Sincerely, Joe G. Irving

Joe G. Irving

Copies to: American Mining, and T-K Co.

Standard Form No. 1047
7 GAO 5000
1047-104

PUBLIC VOUCHER FOR REFUNDS

Voucher No. 95779

U. S. Interior, Geological Survey
(Department or Establishment, Bureau or Office)

Location: Washington, D. C. 20242

Appropriation or Fund: 14X6875(08)

PAID BY

To
Address
American Mining Company
700 Securities Bldg.
Seattle, Wash. 98101

Withhold
~~Deposit received~~ from the above-named ~~depositor~~ on December 10, 19 68

for ~~pending submission of final report in connection with contract #2263~~

has been applied as herein stated and the balance indicated is returned herewith:

Amount of deposit Sch #93458 (Oct voucher) $ 200.00

Applied as explained in "Remarks" below

Balance authorized to be refunded $ 200.00

Remarks:

Acceptable final report submitted per memo Acting Chief, Office of Minerals Exploration, 3/25/69

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O. M. E.
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APR 22 1969

INITIALS	CODE
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(Sign original only)

Title

Refund by
Check No.
Cash, $ on (Signature of payee)
(Sign original only)
Other method, $,
(Describe)

* U.S. GOVERNMENT PRINTING OFFICE : 1960 O—572727

U.S. Court House, Rm. 656
West 920 Riverside Avenue
Spokane, Washington 99201
April 11, 1969

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APR 14 1969

INITIALS	CODE
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HK	120

Mr. Douglas A. Robinson
Chairman
American Mining Company
337 Securities Building
Seattle, Washington 98101

Re: OME-6639 (Silver)
American Mining Company
Tintic-Shian, et al., Group
of Claims
Granite County, Montana
Contract 2263

Dear Mr. Robinson:

In order that we may inspect the core and/or check the core samples taken from the holes drilled on the above-cited property before closing out this contract, kindly advise us as to where they are stored and who can make them available to us when we are in the vicinity.

Sincerely,

D. R. MacLaren
Field Officer, OME
Region I

DRMacLaren:mls

cc: OME

Director's Reading File

4/14/59

Beverly:

In discussing closing out this contract, Kirk asked Mr. MacLaren over the phone Friday about final examination of property. MacLaren said that Willard Puffett will ~~make a~~ visit property ~~examination~~ as soon as the property is free of snow, to examine the core. Although they have recommended no certification--this could change after his exam. of the drill core. Thought you might like to have the status for your cards.

Grace

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR

GEOLOGICAL SURVEY
U.S. Court House, Rm. 656
West 920 Riverside Avenue
Spokane, Washington 99201
April 3, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
APR 7 1969

INITIALS	CODE
gla	130
bsf	120
HR	120

Memorandum

To: Acting Chief, Office of Minerals Exploration

From: Field Officer, Region I

Subject: OME-6639 (Silver)
American Mining Company
Tintic-Shian, et al., Group of Claims
Granite County, Montana
Contract 2263

This refers to the last two paragraphs of your memorandum dated March 25, 1969.

Since the subject contract work was started August 6, 1968, we had no other application or going project that warranted a trip into Montana.

Joe Irving is a thoroughly competent and able geologist and mining engineer who has established an enviable record for thoroughness and personal integrity. In view of this situation and the discouraging results reported each month, it was deemed unnecessary to make a special trip to Philipsburg for an on-site inspection. Had the Operator requested authorization to drill even one hole under Stage II, an on-site inspection would have been made before considering approval of the request. However, such a trip can be made if you believe it necessary.

At the surface five samples across the vein indicated grades ranging from 0.015 to 0.03 ounce gold and 0.3 to 2.8 ounces silver per ton over widths ranging from 3.5 to 4.5 feet.

At vein depths ranging from 270 to 315 feet, 4 drill holes yielded 10 core samples and 3 sludge samples. The core samples indicated grades ranging from Tr. to 0.07 ounce gold and Tr. to 1.7 ounces silver per ton over widths ranging from 0.5 to 4.4 feet; the sludge samples indicated grades ranging from Nil to 0.003 ounce gold and Tr. only silver per ton over widths ranging from 4.3 to 9.0 feet.

It is concluded that the four drill holes suggest a slight narrowing of the vein to the depths drilled and a definite decrease in both gold and silver values, and it is recommended that no discovery be certified.

D R MacLaren

D. R. MacLaren

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/3/69		120
4/4	ce	220
		120M

APR 4 1969

Memorandum

To: Chief, Branch of Budget and Finance

From: Acting Chief, Office of Minerals Exploration

Subject: OME-6639 (Silver)
American Mining Company
Tintic-Shian, et al., Group of Claims
Granite County, Montana
Contract 2263

Enclosed is a copy of the Field Officer's letter of April 1, 1969, forwarding a copy of the Report of Cost Review issued in February 1969 to the subject Operator. Also enclosed is a copy of the report for your files.

Harold Kirkemo (gla)

Harold Kirkemo

Enclosures

cc: Director's Reading File
Economic Geology File
OME docket
OME Reading File
Mr. Kirkemo
OME Region I

GLAult/a 4-3-69

Ome 121

U.S. Court House, Rm. 656
West 920 Riverside Avenue
Spokane, Washington 99201
April 1, 1969

RECEIVED
APR 3

INITIALS	CODE
	130
	120
HK	120

Mr. Douglas A. Robinson
President
American Mining Company
337 Securities Building
Seattle, Washington 98101

Re: OME-6639 (Silver)
American Mining Company
Tintic-Shian, et al., Group of Claims
Granite County, Montana
Contract 2263

Dear Mr. Robinson:

Enclosed is the Operator's copy of a Report of Review issued in February 1969 on the subject contract.

You will please note that the Report of Review does not include a supplement to final voucher received March 3, 1969, which would increase the accepted costs and the Government's Participation, respectively, to $17,615.00 and $13,211.00.

Sincerely,

D. R. MacLaren
Field Officer, OME
Region I

Enclosure

DRMacLaren:mls

cc: OME(2)
Voucher File

Director's Reading File

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/25/69		120
		220
		120M

MAR 25 1969

Memorandum

To: Chief, Branch of Budget and Finance

From: Acting Chief, Office of Minerals Exploration

Subject: OME-6639 (Silver)
American Mining Company
Tintic-Shian, et al., Group of Claims
Granite County, Montana
Contract 2263

As the Operator under the subject contract has now submitted an acceptable final report, the $200.00 withheld from the October 1968 voucher may now be paid to the Operator.

Harold Kirkemo (gla)

Harold Kirkemo

cc: Director's Reading File
Economic Geology File
OME docket✓
OME Reading File
OME Region I
Mr. Kirkemo

HKirkemo/gla 3-25-69

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/25/69		120
3/25	CC	220
		120M

MAR 25 1969

Memorandum

To: Field Officer, Region I

From: Acting Chief, Office of Minerals Exploration

Subject: OME-6639 (Silver)
American Mining Company
Tintic-Shian, et al., Group of Claims
Granite County, Montana
Contract 2263

Enclosed are the Field Office's and Operator's copies of a Report of Review issued in February 1969 on the subject contract.

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

Please note that the audit report does not include supplement to final voucher received March 3, 1969, and paid in the amount of $123.75 by voucher No. 95127 also on March 3, 1969.

We have no record of an on-site inspection of the project by Region I personnel since the contract was executed. Is a final examination planned and will a report thereof be submitted?

Although the results of the project as reported by the Operator were disappointing, we would appreciate your comments and recommendations regarding possible certification.

Harold Kirkemo (gla)

Harold Kirkemo

Enclosures

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

HKirkemo/gla 3-25-69

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

TO: Ass't. Chief, OME	DATE	INITIALS
1.	3/11/69	
Re: OME-6639 (Silver)		
2. American Mining Company		
Tintic-Shian Group of Claims		
3. Granite County, Montana		
Contract 2263		
4.		
D. R. MacLaren		
5. D. R. MacLaren		
FROM: Fld. Officer, Reg. I		

FOR: Check items for action desired

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

REMARKS:

Transmittal of two copies of an acceptable Final Report from the Operator.

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

AMERICAN MINING COMPANY

OFFICE 1904 THIRD AVENUE SEATTLE 1, WASHINGTON
MAILING ADDRESS ~~XXXXXXXXXXXXXXXXXXXXXXXXXXXX~~
TELEPHONE
MAIN ~~XXXX~~ 4-5416

OFFICIAL COPY
O. M. E.
RECEIVED
MAR 13 1969

INITIALS	CODE
gla	120
gla	130
	120
~~XXXXXXXXXXXXXXXX~~	

~~XXXXXXXXXXXXXXXX~~

March 6, 1969

Mr. Don R. MacLaren, Field Officer
Office of Minerals Exploration, Region 11
U.S. Geological Survey
Room 656, U.S. Courthouse
West 920 Riverside Avenue
Spokane, Washington 99201

Dear Mr. MacLaren:

Enclosed are the five copies of the final OME reports and maps. Thank you very much for your cooperation and assistance in completing this venture.

It is unfortunate that no mine was found.

Thank you,

AMERICAN MINING COMPANY

Douglas A. Robinson
Chairman

DAR:ct

Enc.

Opr.'s
final Rept.

RECEIVED
MAR 11 1969
O. M. E.
SPOKANE, WASH.

FINAL REPORT

Tintic-Shian Group
Granite County,
Montana
American Mining Company
700 Securities Bldg., Seattle, Wash.

Docket No.-OME- 6639
Contract No.-----2263
Contract Amount-$38,200.00
Gov't Participation--75%
Silver

Four Diamond drill holes, size BQ wire line, totalling 1755' of drilling --including that done in overburden--were put down on the subject property, under the captioned contract. Preparatory work included constructing about 1,750' of access road and preparing four drill sites.

The total cost of the work was $17,674.21, and this is shown in proper breakdown on the final form 9-1648 submitted, a copy of which is attached. The government's share of this cost was seventy-five (75) percent.

The Final Summary Report, which is herewith submitted, is accompanied by a set of plan maps and sections which show the locations of the work done and illustrate the geology of the immediate area and that also which was encountered in the drilling.

No engineering problems were encountered that prevented the work, as laid out, being carried out properly, or drilling with the approved core sizes. However, the surveying of the finished holes, done by a Sperry-Sun in-hole instrument, was not too satisfactory, owing to the following:

A. Rapid caving of some of the holes, on withdrawal of drill rods, thus preventing the lowering of the instrument to full depths, and

B. The apparent presence of a local magnetic body, or area, which caused obviously incorrect bearings being obtained in the three holes which were surveyed.

OFFICIAL COPY
O. M. E.
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MAR 13 1950
INITIALS

Trouble was also encountered in getting sludge samples in two of the holes, because of highly fractured areas that were passed through, which prevented the return of the water circulated during drilling.

A brief summary of the geology of the area will be set forth, along with a discussion of the intersections made in the four holes drilled.

General Geology

The property is located in the famous Philipsburg District, of Montana, which has produced close to $70,000,000, more than two-thirds of which was accounted for by the value of the silver mined. Much of the silver ore mined was exceptionally high grade. Manganese has been an important metal in the area also, and production of a good deal of zinc and some lead has been recorded.

Locally, the geology of the area is that of a low arch of Paleozoic sediments , comprising limestones and calcareous shales with quartzite as a basal formation, that rest upon the Precambrian rocks of the Belt series. The sedimentary rocks have been intruded by a small batholith of granodiorite, of Tertiary age. Ore has been found in both the sedimentary rocks and the intrusive.

The ore bodies in the tilted sediments are associated with easterly-striking, steeply-dipping fissure veins containing silver-zinc ore and associated manganese ore bodies.

Fissure veins also occur in the adjoining granodiorite to the east. In fact, the most important mine of the area, the Granite-Bimetallic mine, lies wholly within the granodiorite, about one and a half mines southeast of the main set of ore-bearing fissures in sedimentary rocks.

On the Tintic-Shian group of claims, which is the subject property, there is an easterly-striking vein exposed which also lies wholly within the granodiorite. The westermost exposures of the Tintic-Shian vein are only about 1500 feet east of the margin of the intrusive. The vein on the subject property is also steeply dipping and lies rougly opposite a number of the productive veins in the Trout mine, located in the adjoining sedimentary formations. In fact, a case could be made that the Tintic-Shiam vein might be the easterly extension in the granodiorite of the well known Cliff, or Pocohontas, veins which have been mined less than 2,000 feet to the west.

The Tintic-Shian vein is a persistent mineralized fissure zone, and is traceable in pits, cuts and shallow shafts for a distance of more than 1,200 feet along its strike. It is parallel to, and only about a mile north of, the famous Ganite-Bimetallic vein that has produced over thirty-five million in good to high grade silver ore. To the north, at a distance of only 800 feet lies the well-known and parallel Hobo vein, a significant silver producer also.

From the above it appeared that the Tintic-Shian vein, if by only spatial position alone, merited some exploration work. With O.M.E. approval, the vein was explored by four holes designed to cut the structure at intervals of 150 feet, and at depths of approximately 300 feet below its outcrop. The objective was high grade silver ore in the enriched zone.

The four holes were put down and the results were negative and disappointing in the extreme. Only a very narrow mineralized structure, assaying in the best sample only 1.7 ounces silver per ton, was revealed. In one of the intersections, pyrite was present in some quantity, but no appreciable amount of lead or zinc was seen. The mineralization seemed to consist of lean quartz and pyrite only. The cellular nature of the quartz, seen in the outcrop which appeared so interesting, apparently was the result of the solution and removal of pyrite masses and crystals, and not silver bearing sulphides.

Brief Discussion of Results Obtained in the Four Holes Drilled

The locations of the holes drilled, and the geology exposed by the work done, are shown on the plan map and crossections accompanying this Final Report. As stated above, the results were not encouraging in any way, and no further work is suggested at this time.

All holes were in granodiorite throughout, and in two of them the ground was highly fractured in certain sections. The granodiorite was relatively unaltered, except for some little kaolinization on fractures, to within a few vein of the actual vein intersections. Both walls of the vein in most cases, however, showed some hydrothermal alteration (sericite and chlorite) but only for a few feet out from the structure.

The footwall, or north wall, of the vein was well penetrated in all instances--in the case of Hole No. 1, to the extent of 85 feet beyond the vein wall. Fresh granodiorite was encountered in the footwall, usually only a few feet beyong the footwall of the vein itself.

Specifically and in condensed form, the mineralization cut in all four holes may be described as follows:

Hole No. 1 (Total Depth 475'; -47 degrees)

a. At 348-351, silicified zone with some pyrite

Samp. No. 26 (sludge) 34-352.3'; Nil Au, Tr. Ag.

b. At 390-393; some small quartz -pyrite seams--1/4"

c. At 394.4 to 403.0'; Vein zone of: hibgly altered, heavily iron and manganese-stained granodiorite, containing a few seams of quartz and pyrite.
Samp. No. 27 (4.4' of core from interval) assayed Tr. Au, Tr. Ag.
Samp. No. 28 (sludge from interval 394-403) assayed Nil Au, Tr. Ag.

Hole No. 2. (Total Depth 405'; -45 degrees)

a. At 361.8 -362.4': Vein of quartz and pyrite, with some clay, 0.6' wide.
Samp. No. 23: --Tr. Au, 0.4 oz Ag.

b. At 384-384.5', a vuggy vein of quartz and pyrite, 0.5' wide, followed by 1.0' of highly alt. gr. dior.
Samp. No. 24; --Tr. Au, 1.0 oz Ag.

Hole No. 3 (Total Depth-440'; -47 degrees)

a. At 370.3 -370.8: Breccia and clay, with some quartz and pyrite.
Samp. No. 20; --Tr. Au, 0.7 oz Ag.

b. At 370.8 -371.4', --vein quartz with considerable pyrite. Samp. No. 21; --Tr. Au, 1.7 oz Ag.

c. At 371.4-372.1', --vein quartz with much pyrite.
Samp. No. 22, --Tr. Au, 0.3 oz Ag.

d. At 375-397.2: Irregular and weeakly disseminated pyrite, and occasional one-half inch quartz-Py seam.
No sample taken

Hole No. 4 ((Total Depth-435'; -47 degrees)

a. At 341: A clay with a little pyrite in adjacent silicified zone few inches thick. No sample taken.

b. At 365.5'; a little zone of disseminated pyrite.
No sample taken.

c. At 384.8 to 386.0'; A crushed and altered zone, with much iron and manganese stain.
Samp. No. 30; 1.2' of 0.070 Au, 0.20 oz Ag.

d. At 386.2-387.0'; Breccia zone, with clay and some scattered pyrite.
Samp. No. 29: 0.8' core assayed-0.003 oz Au, and 0.10 oz Ag.

e. At 388-388.7: Vuggy quartz, consid. Fe and Mn stain, some pyrite. Samp. No. 31--0.015 oz Au, 0.20 oz Ag.

f. At 388.7-389.6: Min. gr.diorite, with MnOx seams and iron stain: Samp. No. 32 (0.9' core)-0.001 Au, 0.5 oz Ag. Samp. No. 33 (sludge-385-391) -0.003 oz Au, and Tr. oz Ag.

As stated above, results were most negative; no additional work

INSTRUCTIONS TO DELIVERING EMPLOYEE

☐ Show to whom and when delivered ☐ Show to whom, when, and address where delivered ☐ Deliver ONLY to addressee

(Additional charges required for these services)

RECEIPT

Received the numbered article described below.

REGISTERED NO.

CERTIFIED NO.

INSURED NO.

SIGNATURE OR NAME OF ADDRESSEE (*Must always be filled in*)

1 W. P. Puffert

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

2 John S. Kay

DATE DELIVERED

10/12/70

SHOW WHERE DELIVERED (*only if requested*)

c55—16—71548-8 GPO

T OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO
PAYMENT OF POSTAGE, $

POSTMARK OF
DELIVERING OFFICE

SPOKANE, WA MAIN OFFICE STA.
OCT 12 1970
USPO

STRUCTIONS: Show name and address below and nplete instructions on other side, where applicable. oisten gummed ends, attach and hold firmly to back of article. Print on front of article *RETURN RECEIPT REQUESTED.*

RETURN TO

ME OF SENDER
Office of Minerals Exploration
U.S. Geological Survey

EET AND NO. OR P.O. BOX
Department of the Interior Build
Room 4459

ST OFFICE, STATE, AND ZIP CODE
Washington, D. C. 20242

OME - 6639 American Mining Company Final Sur
Report

seems warranted at this time.

Respectfully submitted,

February 28, 1969

Joe G. Irving
For the American Mining Co.

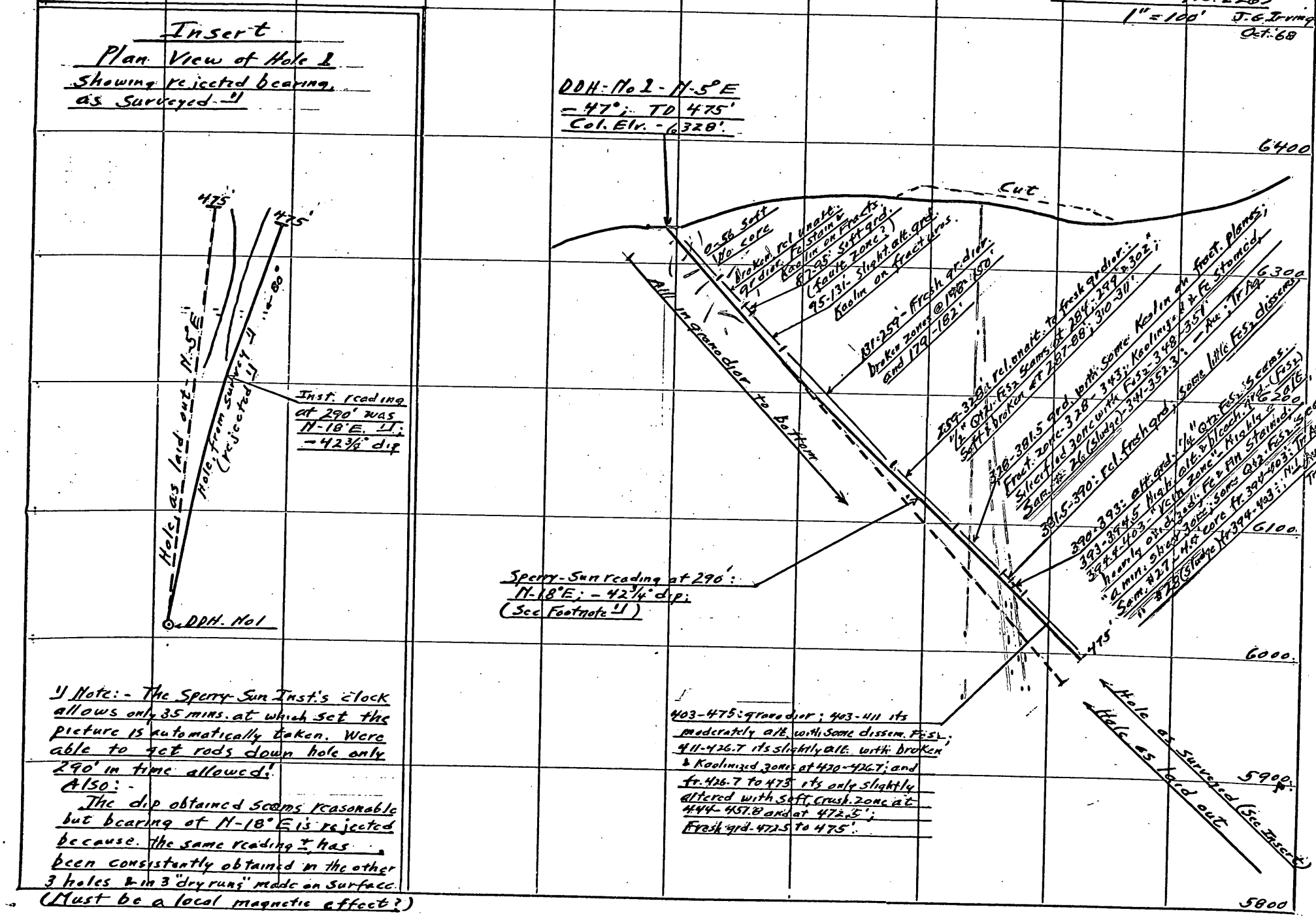
RECEIVED
MAR 11 1969
SP. M. E.
SPOKANE, WASH.

Hole 1 Section 1-1'

Looking Westerly
1" = 100'

OME-6639 (Silver)

American Mining Co.
Tintic-Shian et al. Claims
Granite Co., Montana
Contract No. 2263
1" = 100' J.G. Irving
Oct.-68



¹/ Note:- The Sperry-Sun Inst.'s clock allows only 35 mins. at which set the picture is automatically taken. Were able to get rods down hole only 290' in time allowed!

Also:-
The dip obtained seems reasonable but bearing of N-18°E is rejected because the same reading ¹/ has been consistently obtained in the other 3 holes & in 3 "dry runs" made on surface. (Must be a local magnetic effect?)

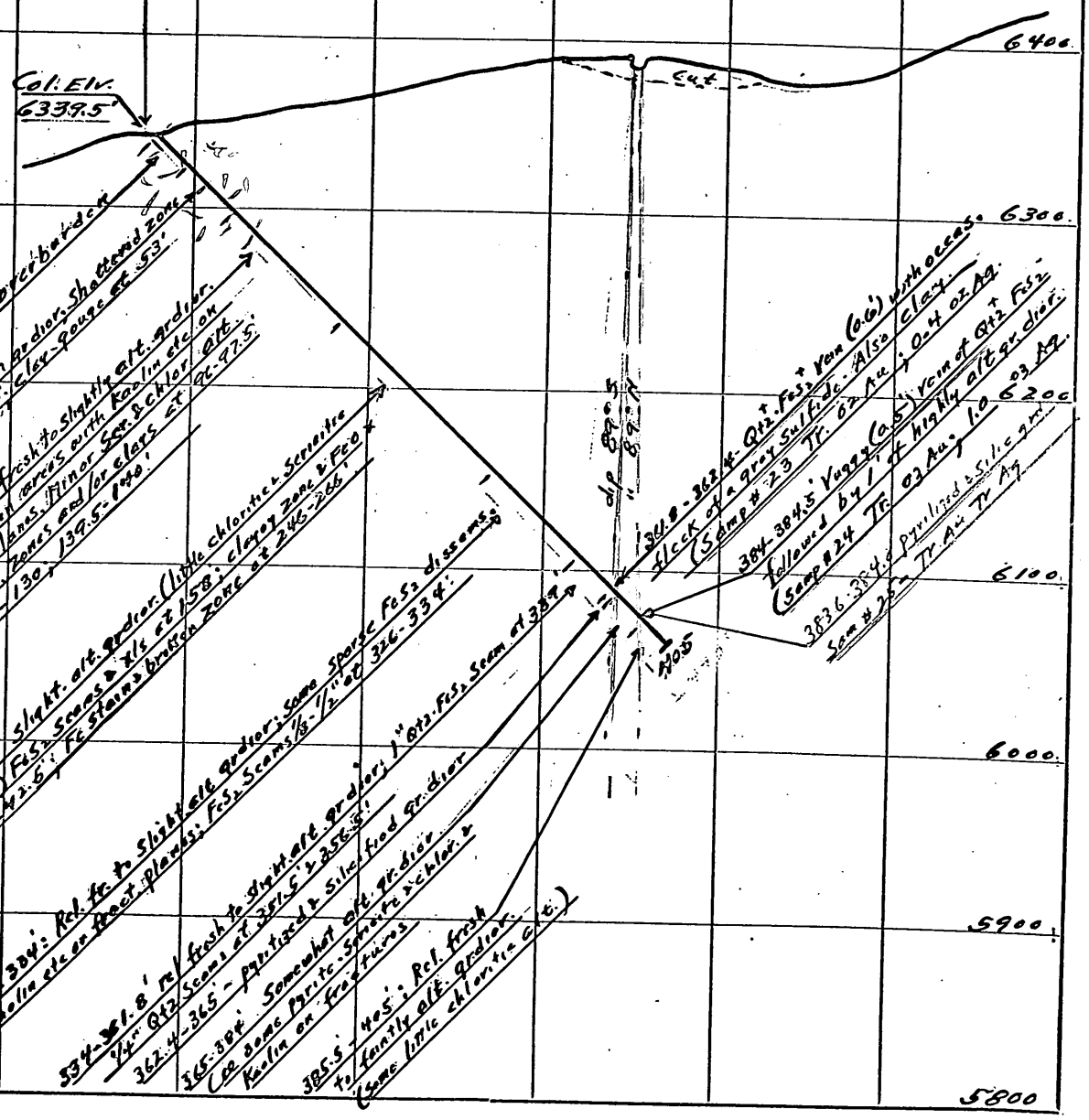
Hole 2 - Section 2-2'
Looking Westerly
1" = 100'

OME-6639- (Silver)
American Mining Co.
Tintic-Shannetal Gp of Claims
Granite Co., Montana
Contract No 2263
1" = 100'
Joe G. Irving
9/68

DDH-No 2- N-5°E
-45°; T.D. 440'

Notes on Sperry-Sun Instrument Survey of Hole

Within 20 mins time of pulling drill rods out of hole, the in-hole Sperry-Sun instr. was attached to rods and hole re-entered for surveying purposes. A cave was met at 40'- Just below the surface casing and instrument could be lowered no farther. A reading, however, was taken at this point and it showed a dip of 44° and strike of N 18°E; The latter owing to proximity of casing was cons. unreliable.

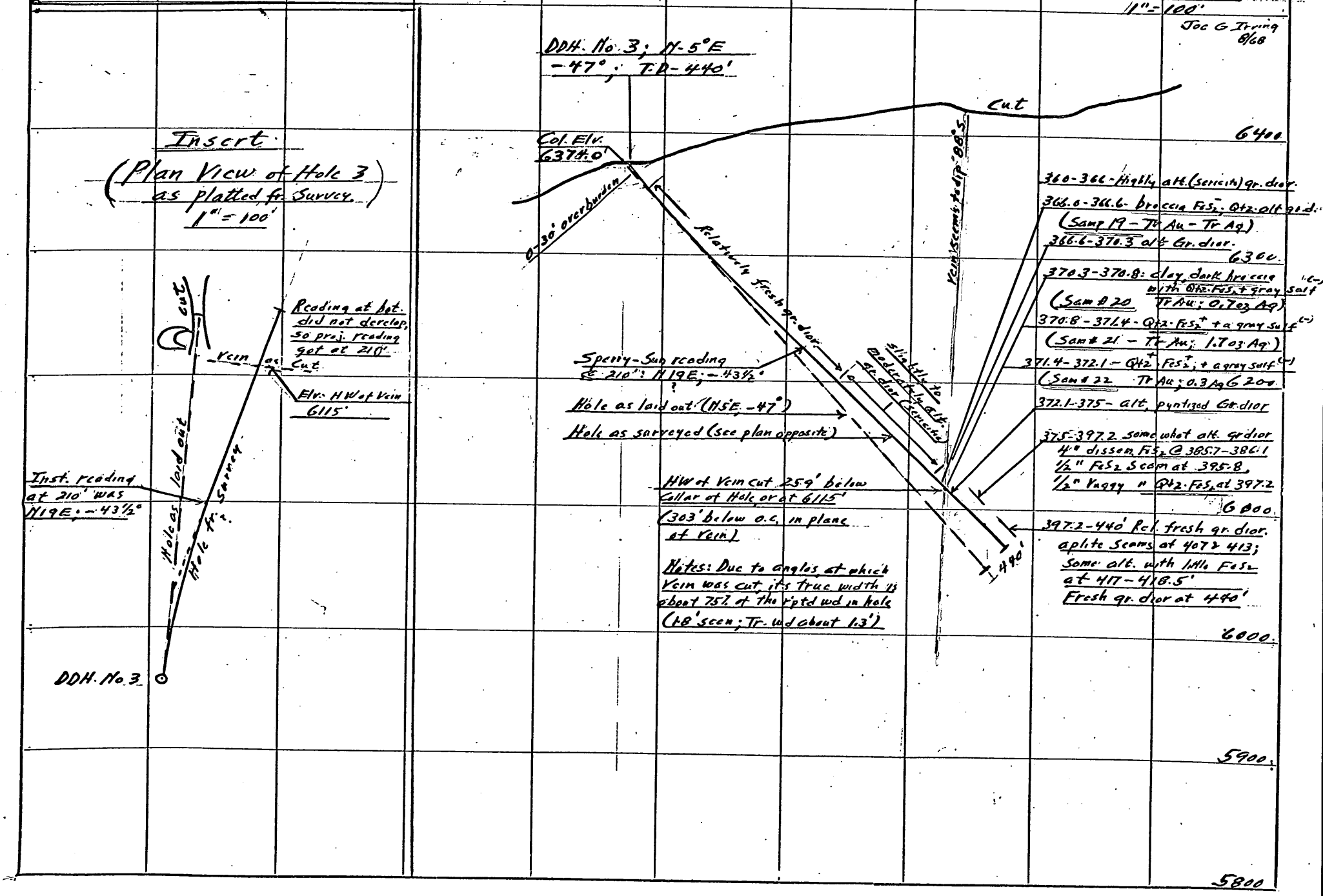


Hole 3 – Section 3-3'

Looking Westerly
1" = 100'

OME-6639 (Silver)

American Mining Co
Tintic-Shian Gp et al Claims
Granite Co., Montana
Contract - 2263
1" = 100'
Joe G Irving
8/68



Hole 4- Section 4-4'

Looking Westerly
1" = 100'

OME-6639-(Silver)
American Mining Co.
Tintic-Shian et al Claims
Granite Co. Montana
Contract 2263
1" = 100'

Sec 6 Irving Oct/68

DDH. No4; N-5°E; -47° 1/. Max T.D 440'; Col. Elv.-6413'

Sperry-Sun reading @ 120' 2/: N-18°E; -44¼° (See Footnote 2/)

All granodiorite below

Hole as put down and surveyed 1/ 2/

Post-Stat Cont. E dip = 85°N.

6400

6300

6200

6100

6000

5800

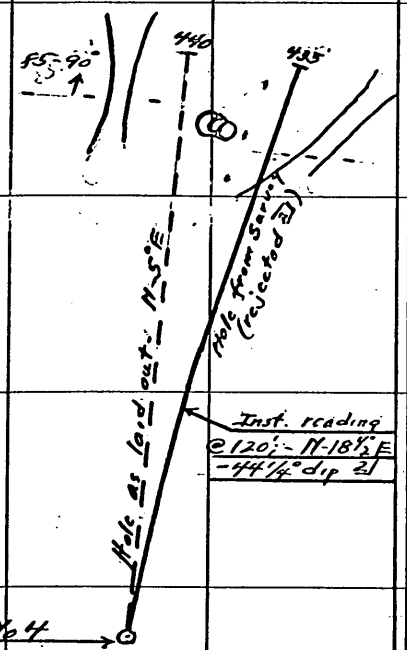
0.B-No core
20-40' slight alt grd; crushed & clay-375-401
40-96.5'; rel. fr. grd; some Kaolin on fracts; crushed @ 81-86.5'
96.5-107.5; slight. alt. grd; dissem. FeS2 at 96.5-97; fractured & soft 97-107.5'
107.5-175' slight. alt. to rel. fresh grd; soft, broken, Kaolinized zones at 118-123.5; 139-140.5; 150-152.5 and at 168.5'
175-184'; - slight. alt. grd; some little Kaolin & chlor. alt. on fracts, crushed at 178'; 2" of aplite at 179.5'
184-269; Rel. fr. grd; with FeS2 dissems at 185' & 204'. Intermittent crushed, soft, Kaolinized zones fr 205-269.
269-276.5'; Highly crush, Kaolinized zone. Some sericitic alt.
276.5-287; Slight alt. grd; some chloritic alt.
287-328.5'; Rel. fr. grd; some alt & FeS2 at 297.5 and at 328-328.5'
328.5-341.5; slight alt to fr. grd; chlor & talc fracts; clay & FeS2 in silic. at 341'
341.5-360; Slight alt to rel fr. grd.
360-384.8'; Crush. zones and some clays at 360-365; 370; 375-378; dissem FeS2 at 365.5'
389.5-391; alt & crush grd
391-400.1; rel fr. grd diorite.
400.1-435; rel fr grd; broken zones at 407, 421-425
Fresh grd 425-435

Vein Zone, Mineralization & Samples: 384.8-389.6; Vein:

384.8-386.0; High. alt. grd; mach. Fe & Mn stain
Samp #30; 1.2' core: 0.07 oz Au; 0.20 oz Ag
386.0-386.2; Highly alt. & bleached grdior.
386.2-387.0 Highly brecciated & min. grd, with clay & some dissem. FeS2
Samp #29; 0.8' core: 0.003 oz Au; 0.10 oz Ag
387-388'; Highly alt. and bleached grd.
388-388.7' Qtzy, Siliceous, Vuggy Vein mat; with consid. Mnox & Feox stain + some FeS2
Samp #31; 0.7' core: 0.015 oz Au; 0.20 oz Ag
388.7-389.6'; Min. grd with Mnox seams & Fe ox stain
Samp #32; 0.9' core: 0.001 oz Au; 0.15 oz Ag
Samp #33 (Sludge 385-391) - 0.003 oz Au; Tr Ag.

Insert

(Plan View of Hole 4; showing rejected bearing as obtained in Sperry-Sun Survey 2/



2/ Instrument could not be lowered (was put in immed. after rods pulled out) to more than 120', owing to a cave.

In the readings obtained at 120' dip (44¼°) seemed reasonable, but the bearing of N-18½°E, as corrected, is rejected, because this same approx bearing was obtained in the other 3 holes and in 3 "dry runs" made on surface. (Must be local magnetic effect?)

1/ Authorization was given to flatted hole to less than the 47° originally stated in contract.

FORM 9-1048
MARCH 1965

Note: work on project was completed in mid-October, 1968, and "Final Report" was sent in. This voucher covers an additional invoice received very late 17

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

SUPPLEMENT TO "FINAL VOUCHER"

OPERATOR'S MONTHLY VOUCHER

For Month of For work completed Oct.-'68

Docket No. OME- 6639
Contract 14-08-0001 2263
Contract Amount $ 38,200.00
Gov't. Participation % 75 $ 28,650.00

Operator's Name American Mining Company,
Address 700 - Securities Bldg., Seattle, Washington 98101

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH		TO DATE		THIS MONTH		TO DATE	
	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS	UNITS	COSTS
CATEGORY 1 (Independent Contracts)		$		$		$		$
DOZING				$				
Mob & demob, B'dozer	-	-	job	311.96				
Dozing Access Rd-Sites	-	-	18.33 hrs	346.60				
DRILLING		$						
Mob-demob & 3 moves**	1/3job**	165.00	Job**	705.00				
Drilling NC (o'burden)	-	-	103 ft	808.55				
Drilling(dia.-core)	-	-	1652 "	13,298.60				
Reaming	-	-	10 "	35.00				
Surveying (in-hole Inst')	-	-	2 days	130.00				
CATEGORY 2 (Pers. Serv)	-	-						
Super.-geolog.-engin.	-	-	2.082 mos.	1,561.50				
CATEGORY 3 (Mat.-Suppl)	-	-						
Core boxes	-	-	156box	195.00				
Mud (drilling)	-	-	3 sack	150.00				
drill water supply	-	-	2mos.	100.00				
CATEGORY 7 (Misc)								
Account, & Off. Exp.	-	-	2½mos	125.00				
Assaying (gold & silv.) 15 samps., but only 28 assays, @ $1.50 ea	-	-	15 sam.	42.00				
TOTALS		$ 165.00		$17,674.21		$		$

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

Date May 6 '69 *Payee American Mining Co

Per Douglas Robinson Title Chairman

*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)

Approved as noted, subject to field examination and audit.

Signature _____ OME Field Officer Date

Approved for: $ _____ (SUBJECT TO AUDIT)

Signature _____

Date _____ Vou. No. _____ (SEE OTHER SIDE)

1/

FOR OPERATOR'S USE

REMARKS

This supplement to the "Final Voucher" sent in for the month of November, 1968, is necessary because an invoice which had been long-awaited(then it was decided that it would not be submitted) for services by Longyear Co., for moving the drill unit from hole to hole, was finally received in late December, over 2 months after the job was finished, and about 6 weeks after the "final Voucher " was sent in.

** In the so-called "Final Monthly Report", designated as for November, 1968, and submitted that month, the total of $540.00 was entered for the category-"Mob & Demob, and 3 moves between holes, 1 drill unit."The contract allowed the sum of $765.00 for these services.

After a long wait, it was decided that Longyear was not going to charge for "the moving between holes", as no invoice for it came. They had charged, up to that time only $540.00 which was for only the mob and demob of the drill unit--nothing for moves.

So, as explained in the note marked*, on the back of Form 1648 of the previous report, it was believed that no charge was going to be received for the moves between holes, and the job was marked "complete", on the face of the Form, at $540.00.

The present voucher, submitted as a "Supplement to the Final Report" covers an invoice (attached) received from the Longyear Co. for the services they rendered in making the 3 moves between holes. As seen, their charge is $165.00, which when added to the total for the job, of $540.00 still makes a corrected total of only $705.00--less than the $765.00 ~~which was allowed for the work envisioned.~~

FOR GOVERNMENT USE

REMARKS

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 two parts.

FIRST, the Operator's Monthly Voucher on Form 9-1648 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 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 three copies of each of the two sections of this report to the OME regional Field Officer at the end of each month during the life of the contract.

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, FORM 9-1648

In the left hand column list the items for which costs were incurred during the month, and also the items for which costs were previously reported. For items previously reported, show only UNITS TO DATE and COSTS TO DATE. Items listed should conform to Exhibit A of the contract (Estimated Costs of the Work). The total of COSTS THIS MONTH followed by the Operator's signature constitutes a claim for payment of the Government's share of the costs. The Operator or his agent must sign the certification in the lower left corner.

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, 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 unemployment taxes, employee's liability insurance, and depreciation of Operator-owned equipment. The certification may be stated thus, "Certified True Copy", 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 Field 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.

American Mining Company,
700 - Securities Bldg.
Seattle, Washington 98101

O.M.E. ---6639 (Silver)
Tintic-Shian Gp. of Claims
Granite County, Montana
Contract-----2263

SUPPLEMENT TO FINAL REPORT

NARRATIVE REPORT

The Narrative Report, submitted with the October voucher, covered the entire project's work and results, and was complete.

An additional voucher, on Form 9-1648 is now being submitted, because an additional invoice was received from the E. J. Longyear Co., for bulldozer work moving the drill from hole to hole. At the time the so-called Final Report" was submitted sometime inNovember, it was believed that all work for which the job was going to be billed had been invoiced. However, such was not the case. Another invoice came in, in late December, and this is the reason for this Supplement to the Final Report

A Final Report, as distinct from the Final Monthly Report, summing up the results, with maps etc., will be sent in within a few weeks.

Respectfully submitted,

Joe G. Irving

Joe G. Irving

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

TO: Chief, OME

	DATE	INITIALS
1. Re: OME-6639 (Silver)	2/18/69	
2. American Mining Company		
3. Tintic-Shlan Group of Claims, Granite County, Montana, Contract 2263		
4. M.L.S.		
5. M. L. Smelser for D. R. MacLaren		

FROM: Field Officer, Reg. I

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 20 1969

INITIALS	CODE
	120
	120 M
HK	120

FOR: Check items for action desired

X Action ____ Reply for signature of ____ Surname ____ Signature ____ File

____ Approval ____ Investigate

____ Comment ____ Recommendations

____ Conference ____ Rewrite

____ Instructions ____ Your information

REMARKS: Transmittal of Operator's Monthly Voucher, letter dated 2/8/69 from Operator's consultant, narrative and other documentation This voucher covers work completed in October 1968 and is a supplement to the final voucher.

voucher to B + F. 2/25/69

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

MAP 3 SUBMITTED WITH OPERATOR'S
FINAL REPORT dated February 28, 1969

FORM 9-1648
MARCH 1968

Note: Work on project was completed in mid-October, 1968, and "Final Report" was sent in. This voucher covers an additional invoice received very late ly

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

RECEIVED FEB 18 1969

SUPPLEMENT TO "FINAL VOUCHER"

OPERATOR'S MONTHLY VOUCHER

For Month of For work completed Oct.-'68 O.M.E. WASH.

Docket No. OME- 6639

Contract 14-08-0001 2263

Operator's Name American Mining Company,

Address 700 - Securities Bldg., Seattle, Washington 98101

Contract Amount $ 38,200.00

Gov't. Participation % 75 $ 28,650.00

COST ITEMS (FROM EXHIBIT A)	FOR OPERATOR'S USE: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	FOR GOVERNMENT USE ONLY: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
		$		$		$		$
CATEGORY 1 (Independent Contracts)								
DOZING								
Mob & demob, D'dozer	-	-	job	311.96	—	—	1 job	311.96
Dozing Access Rd-Sites	-	-	18.33 hrs	346.60	—	—	14.33 hrs	286.60
DR ILLING								
Mob-demob & 3 moves**	1/3job**	165.00	Job**	705.00	1/3 job	165.00	1 job	705.00
Drilling RC (o'burden)	-	-	103 ft	808.55	—	—	103 ft	808.55
Drilling(dia.-core)	-	-	1652 "	13,298.60	—	—	1652 "	13,298.60
Reaming	-	-	10 "	35.00	—	—	10 "	35.00
Surveying (in-hole Inst)	-	-	2 days	130.00	—	—	2 da	130.00
CATEGORY 2 (Pers. Serv)	-	-						
Super.-geolog.-engin.)	-	-	2.082 mos.	1,561.50	—	—	2.082 mo	1,561.50
CATEGORY 3 (Mat.-Suppl)	-	-						
Core boxes	-	-	156box	195.00	—	—	156 box	195.00
Mud (drilling)	-	-	3 sack	15.00	—	—	3 sacks	15.00
drill water supply	-	-	2mos.	100.00	—	—	2 mos	100.00
CATEGORY 7 (Misc)								
Account, & Off. Exp.	-	-	2½mos	125.00	—	—	2.5 mos	125.00
Assaying (gold & silv.) 15 samps., but only 28 assays, @ $1.50 ea	-	-	15 sam.	42.00	—	—	13 Au-Ag 2 Ag	42.00
TOTALS		$ 165.00		$ 17,674.21		$ 165.00		$ 17,614.21

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

Date Feb 4, 1969 *Payee American Mining Co

Per D. G. Kolman Title Chairman

*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)

Approved as noted, subject to field examination and audit.

Signature D.R. MacKaren OME Field Officer Date 2/15/69

(63) 14X0804

Approved for: $ 123.75 (SUBJECT TO AUDIT)

Signature mo

Date MAR 8 1969 Vou. No. 051 (SEE OTHER SIDE)

1/

FOR OPERATOR'S USE

REMARKS This supplement to the "Final Voucher" sent in for the month of November, 1968, is necessary because an invoice which had been long-awaited(then it was decided that it would not be submitted) for services by Longyear Co., for moving the drill unit from hole to hole, was finally received in late December, over 2 months after the job was finished, and about 6 weeks after the "final Voucher " was sent in.

** In the so-called "Final Monthly Report", designated as for November, 1968, and submitted that month, the total of $540.00 was entered for the category-"Mob & Demob, and 3 moves between holes, 1 drill unit."The contract allowed the sum of $765.00 for these services.

After a long wait, it was decided that Longyear was not going to charge for "the moving between holes", as no invoice for it came. They had charged, up to that time only $540.00 which was for only the mob and demob of the drill unit--nothing for moves.

So, as explained in the note marked*, on the back of Form 1648 of the previous report, it was believed that no charge was going to be received for the moves between holes, and the job was marked "complete", on the face of the Form, at $540.00.

The present Voucher, submitted as a"Supplement to the Final Report" covers an invoice (attached) received from the Longyear Co. for the services they rendered in making the 3 moves between holes. As seen, their charge is $165.00, which when added to the total for the job, of $540.00 still makes a corrected total of only $705.00--less than the $765.00 ~~which was allowed for the work envisioned.~~

FOR GOVERNMENT USE

REMARKS

1/ See note 1/ Oct 1968 voucher

2/ Continue to withhold $2000 pending receipt of Operator's Final Report.

H. Kolsson

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 two parts.

FIRST, the Operator's Monthly Voucher on Form 9-1648 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 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 three copies of each of the two sections of this report to the OME regional Field Officer at the end of each month during the life of the contract.

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, FORM 9-1648

In the left hand column list the items for which costs were incurred during the month; and also the items for which costs were previously reported. For items previously reported, show only UNITS TO DATE and COSTS TO DATE. Items listed should conform to Exhibit A of the contract (Estimated Costs of the Work). The total of COSTS THIS MONTH followed by the Operator's signature constitutes a claim for payment of the Government's share of the costs. The Operator or his agent must sign the certification in the lower left corner.

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, 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 unemployment taxes, employee's liability insurance, and depreciation of Operator-owned-equipment. The certification may be stated thus, "Certified True Copy", 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 Field 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.

1233 Singing Wood Ct., No. 12
Walnut Creek, Calif. 94595
February 8, 1969

Mr. D. R. MacLaren, Field Officer,
Office of Minerals Exploration, Region 1
U. S. Geological Survey,
U. S. Courthouse, Room 656,
West 920 Riverside Avenue,
Spokane, Washington 99201

Re: OME---6639 (Silver)
American Mining Company,
Tintic-Shian Group Claims,
Granite County, Montana
Contract 2263

Dear Don:

The last Monthly Report on the captioned project, which was completed in the field in mid-October, was sent in on Form 9-1648, in early December.

Before sending it in, we had waited quite a reasonable length of time for any final invoices to come in from the E. J. Longyear Co. We also had to wait for a final bill from the assayer, Peter Mack.

We had expected to receive an invoice from Longyear for tractor work in moving their drill rig, from hole to hole, or between holes, which was provided for in the OME contract. However, since after six or seven weeks no such invoice was received, we concluded that Longyear was not going to bill us for this service. And, the Monthly Report, submitted for the month of November, was captioned -"Final Report".

Toward the end of December, however, we did finally get a bill from Longyear for moving the drill between holes, and you will note that it is for $165.00. A total of $765.00 was allowed in the contract for mobilization and demobilization of the drill, and three moves between holes. In our so-called Final Report, we submitted only a total of $540.00 which was Longyear's charge for mob and demob only. Adding the recently received invoice (of $165.00) to the above makes the total cost in this category now $705.00 , which is still within the contract allowance. And, it makes necessary the sending in of this additional voucher, marked "Supplement to Final Voucher".

I trust that it is not too late to process this voucher and give the American Mining Company credit for this allowable final expense.

RECEIVED
FEB 18 1969
O. M. E.
SPOKANE, WASH.

Sincerely,

Joe G. Irving

P. S. Since I have now to make up the Final Report on the entire project, could you have your office send me five more Forms 9-1648, which I need.

American Mining Company,
700 - Securities Bldg.
Seattle, Washington 98101

Q.M.E. ---6639 (Silver)
Tintic-Shian Gp. of Claims
Granite County, Montana
Contract-----2263

SUPPLEMENT TO FINAL REPORT

NARRATIVE REPORT

The Narrative Report, submitted with the October voucher, covered the entire project's work and results, and was complete.

An additional voucher, on Form 9-1648 is now being submitted, because an additional invoice was received from the E. J. Longyear Co., for bulldozer work moving the drill from hole to hole. At the time the so-called Final Report" was submitted sometime inNovember, it was believed that all work for which the job was going to be billed had been invoiced. However, such was not the case. Another invoice came in, in late December, and this is the reason for this Supplement to the Final Report

A Final Report, as distinct from the Final Monthly Report, summing up the results, with maps etc., will be sent in within a few weeks.

Respectfully submitted,

Joe C. Irving

Joe C. Irving

INVOICE

E. J. LONGYEAR COMPANY

Diamond Core Drilling

Foundation Testing and Grouting Contractors

76 SOUTH 8TH STREET
MINNEAPOLIS, MINNESOTA 55402

December 26, 1968

American Mining Company
700 Security Building
Seattle, Washington 98101
Attn: Mr. D.A. Robinson

TERMS: PAYMENT DUE ON OR BEFORE

Invoice No. 126817 January 14, 1968

FORM 408

This invoice is to bill you for cat work performed in connection with exploratory drilling carried out in the vicinity of Philipsburg, Montana, as per the terms of our agreement dated November 22, 1967, and Addendum No. 1 and 2.

James C. Young (statement attached) $165.00

STATEMENT

FROM James W. Young
Box 363
Philipsburg, Montana December 9 19 68

TO E. J. Longyear Drilling
ADDRESS c/o Fred Current
CITY Philipsburg, Montana
TERMS

Sept.	25	4 hrs. cat work @ $15.00/hr		60	00
Oct.	2	4 hrs. cat work @ $15.00/hr		60	00
Oct.	14	3 hrs. cat work @ $15.00/hr		45	00
		Total		165	00

REIMBURSED C+ SUPPLIES
CONTRACT

M 9-1648
RCH 1968

Note: Work was completed in mid-October. This voucher covers bills received in November, after October voucher was sent in.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 8 1969
INITIALS

RECEIVED
JAN 1 8 1968
O. M. E.
SPOKANE, WASH.

HR 1/24/69

OPERATOR'S MONTHLY VOUCHER

For Month of ~~PLAN (INCLUDE) MONTHLY~~ REPORT for 11/68

Docket No. OME Wash. 6639
Contract 14-08-0001 2263
Contract Amount $ 39,200.00
Gov't. Participation % 75 $ 29,650.00

Operator's Name American Mining Company,
Address 700 - Securities Bldg., Seattle, Washington 98101

COST ITEMS (FROM EXHIBIT A)	FOR OPERATOR'S USE: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	FOR GOVERNMENT USE ONLY: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
CATEGORY 1 (Independent (Contracts		$		$		$		$
DOZER								
Rob & Demob. D'dozer	-	-	job	311.96	—	—	Job 1L	311.96
Dozing Access Rd. Sites	-	-	18.35 hrs	346.60	—	—	14.33	286.60 L
DRILLING								
Mob-demob & 3 moves*	2/3 job*	270.00	job*	540.00	2/3 job	270.00	Job	540.00
Drilling 6" (o'burden)	20 ft	157.00	103 ft	808.55	20 ft	157.00	103 ft	808.55
Drilling Dia. Core	449 "	3,014.45	1652 "	13,298.60	449 "	3,014.45	1652 "	13298.60
Casing	10 "	35.00	10 "	35.00	10 "	35.00	10 "	35.00
Surveying (in-hole Inst-		-	2 days	130.00	—	—	2 da	130.00
CATEGORY 2 (Pers. Corr)	-	-	2.082 mos.	1,561.50	—	—	2.082 mo	1561.50
CATEGORY 5 (Mat & Supp)								
Core boxes	41 box	51.25	156 box	195.00	41 ea	51.25	156 ea	195.00
Mud (drilling)	1 sack	5.00	3 sack	15.00	1 "	5.00	3 "	15.00
CATEGORY 6 (Rental)								
Drill Water Supply 1/ (see attached sus- pension letter. 1/)	0.766 mos.	38.33	2 mos 1/	100.00 1/	~~2~~ 0.766	~~38~~ 38.33	2 mo	100.00
CATEGORY 7 (Misc.)								
Account. & Off. Exp.	-	-	2½ mos	125.00	—	—	2.5 mo	125.00
Assaying (gold & silv.) (6 samps., but only 6 samp. 10 assays--4 for gold (10 & 6 for silver @ $1.50(assays) each (See Pack Bill attached)		15.00	10 samps	42.00	4 Au-Ag 2 Ag	15.00	13 Au-Ag 2 Ag	42.00
						4186.03 HR		
TOTALS		$ 4,186.03		$ 17,209.21		$ ~~4,147.76~~ 31		$ 17,449.21

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

Date Jan 7 1969 *Payee American Mining Co

Per Douglas Robertson Title Chairman

*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)

Approved as noted, subject to field examination and audit.

Signature D. R. MacKaren, OME Field Officer — Date 1/15/69

14X0804

Approved for: $ 3,139.52 (SUBJECT TO AUDIT)

Signature ZM

Date JAN 27 1969 Vou. No. 94362

(SEE OTHER SIDE)

FOR OPERATOR'S USE

REMARKS

* Re: Job 6 Demob Drill Rig and 3 Moves between Hole, for which $765.00 has been allowed:

Longyear brought a skid-mounted rig, instead of a truck-mounted one, as per their contract. They did use a D-4 to move from hole to hole, but have apparently decided not to charge for it, because a truck-mounted rig might have moved by itself, without a D-4. They did charge for 4 hours of this D-4 dozer, at the start, but it was for access road improvement and was so entered in October's voucher.

So, the total job here amounted to only mob & demob of the drill rig, or $540.00, the amount for this work set forth in Longyear's proposal. On the face of this voucher, then, job is entered as complete with this total of $540.00

1/ Footnot 5/ on October's voucher explained how the City charged for its water. By monthly period, starting on 8/12 when they installed the valve in the line--which had to be done ahead of time to be prepared for the arrival of the rig, which was uncertain. The charge for the water use was a flat monthly rate, not by metered use. The $50.00 that was disallowed for August was resubmitted in the October voucher. We do not have this back yet, but assume the re-submittal was allowed. We also note, however, that only $11.67 of the monthly water chg. was allowed in the Sept. voucher. So, on the face of this November voucher we are assuming that the sum of $61.67 has now been allowed, and we are re-submitting the $38.33 disallowed in Sept., to make a total of $100.00 for entire job, which we paid. (~~The contract allowed $100.00/mo/ for~~ 3 mos. We got the total job done for only $100.00)

FOR GOVERNMENT USE

REMARKS

1) See note 1 oct 1968 voucher

~~2) " " 2 " "~~

3) Continue to withhold $200.00 pending receipt of Operator's Final report
H. Kirkham

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 two parts.

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SECOND, 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 three copies of each of the two sections of this report to the OME regional Field Officer at the end of each month during the life of the contract.

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, FORM 9-1648

In the left hand column list the items for which costs were incurred during the month, and also the items for which costs were previously reported. For items previously reported, show only UNITS TO DATE and COSTS TO DATE. Items listed should conform to Exhibit A of the contract (Estimated Costs of the Work). The total of COSTS THIS MONTH followed by the Operator's signature constitutes a claim for payment of the Government's share of the costs. The Operator or his agent must sign the certification in the lower left corner.

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, 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 unemployment taxes, employee's liability insurance, and depreciation of Operator-owned equipment. The certification may be stated thus, "Certified True Copy", 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 Field 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.

American Mining Company,
700 - Securities Bldg.
Seattle, Washington 98101

C.M.E. —6639 - (Silver)
Tintic-Shian Gp. of Claims
Granite County, Montana
Contract ---2263

NARRATIVE REPORT
(For Month of November, 1968)

The Narrative Report, submitted with October's voucher, covered the entire project's work and results, and was complete in this respect.

But, all invoices from contractors and for services and materials had not been received at the time the October voucher and Narrative Report was submitted, which was on November 1, 1968.

During November the remaining invoices and statements were received - some quite late in the month. Accordingly, a Final Monthly Report, on Form 9-1648, is herewith submitted. As explained above the Narrative Report that accompanied the October voucher covered the project to its completion.

A Final Report, as distinct from the Final Monthly Report, summing up the results, with maps etc. will be sent in shortly.

Respectfully submitted,

Joe C. Irving

Joe C. Irving

FORM 9-1648
MARCH 1968

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

1st copy for OME

HK 11/25/68

NOV 5 1968

DEC 13 1968

INITIALS

OPERATOR'S MONTHLY VOUCHER

For Month of October, 1968

Contract No. OSE- 6639
Contract 14-08-0001 2263
Contract Amount $ 38,200.00
Gov't. Participation % 75 $ 28,650.00

Operator's Name: American Mining Company
Address: 700 - Securities Bldg., Seattle, Wn. 98101

COST ITEMS (FROM EXHIBIT A)	FOR OPERATOR'S USE: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	FOR GOVERNMENT USE ONLY: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
CATEGORY 1 (Independent Contracts)		$		$		$		$
Mob & demob B'dozer			Job	311.96	—	—	Job	311.96
Dozing Access Rds, Sites	4hrs (D-4)	60.00	18.33 (hrs)	346.60*	—	—	14.33	286.60
Drilling:								
Mob & demob & 3 moves			1/3 job	270.00	—	—	1/3 job	270.00
Drilling NO (o'burden	53 ft	416.05	83 ft	651.55	53	416.05	83	651.55
Drilling Dia. Core	793 "	6,383.65	1203"	9,684.15	793	6383.65	1203	9684.15
Surveying, in-hole inst	2 day 2/	130.00 2/	2day	130.00 2/	2	130.00	2	130.00
CATEGORY 2 (Pers. Serv.)								
Supervis.-Eng.-Geol.	0.565mo.	423.75	2.082mo.	1,561.50*	0.565	423.75	2.082	1561.50
CATEGORY 3 (Mats. & Sup.)								
Core boxes	115 Box	143.75	115 Box	143.75	115	143.75	115	143.75
Mud	2 sack	10.00	2 sack	10.00	2	10.00	2	10.00
Drill water Sup'ly (See attached "suspension statement" & Note 3/)	1 mo. 3/	50.00 3/	2 mos.	100.00*	1	50.00	2	100.00
CATEGORY 7 (Misc.)								
Accounting & Off Exp.	½ mo.	25.00	2½mo.	125.00	1/2	25.00	2½	125.00
Assaying (gold & silv) (For samps. 29-33; No bill yet for Nos 23-28)	5 samp.	15.00	9 sam.	27.00	5	15.00	9	27.00
TOTALS		$ 7,657.20		$ 13,361.51		$ 7,597.20		$ 13,301.51

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

Date Nov 1 1968 *Payee American Mining Co

Per Douglas C. Robinson Title Chairman

*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)

Adjusted and corrected for amts. not allowed in Aug. R'pt.

Approved as noted, subject to field examination and audit.

Signature L.D. Wadsworth OME Field Officer Date 10/19/68

5697.90 (63) 14X0804
200.00 14X6875(68)

Approved for: $ 5497.90
(SUBJECT TO AUDIT)

Signature mo

Date DEC 10 1968 Vou. No. 93458
(SEE OTHER SIDE)

FOR OPERATOR'S USE

REMARKS

* Deductions made on August Voucher have been deducted from the Cost to Date column, so that it will agree with OME figures.

2/

For surveying with in-hole instrument, only 2 days are allowed in the contract, at $65.00/da. This cost proves to be an incorrect estimate, on the part of the applicant in the original application. For the record, and for future reference, it should be noted that the Long-year bill shows the following:

Rental of Instrument 20days @ $8.83 /day, or $176.60, plus frt of $5.20. Also, their charge for the use of their men in lowering the instrument down hole, on rods is 3 hrs. per hole, at $14.00/hr. Actually, as their next bill will show, the rental charge will be for 28 days. From this, it will be seen, that if one is fortunate enough to survey four short holes a month, the charge per hole for surveying will approximate about $115.00 to $120.00 per hole. If only 3 400-ft holes are put down per month, the surveying cost will work out at $150.00 per hole, approximately.

3/ Drill water supply entry ($50.00/mo/) was disallowed for August. It is being re-submitted, as we used the water for 2 mos. and paid for two mos. City of F-burg chared from time they installed valve in line. This was done on 8/12. So, paid for 2 mos. 8/12 thru 10/11, and used water in Sept. and Oct. Don't have another bill to submit, as it was submitted, one for August and one for September. They are on file with your office.

FOR GOVERNMENT USE

REMARKS

1) & 2) D-4 cat. disallowed, Exhibit A specifies no dozer smaller than D-6

2) According to Operator's note 3/ 1 month water receipted for period Aug 12-Sept 11 was used during September + receipt for Sept 12-Oct 11 was included with his September voucher. Our file has only receipt for Aug 12-Sept 11. Drilling with use of water required 2 mos. ∴ this claim is approved ONLY if receipt for period Sept 12-Oct 11 is in Finance Office file. (Receipt is on file according to check with B & F. 10/20/60 HK)

3) Withhold $200.00 pending receipt of Operator's final report

also on file 8/29 approved HK

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 two parts.

FIRST, the Operator's Monthly Voucher on Form 9-1648 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 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 three copies of each of the two sections of this report to the OME regional Field Officer at the end of each month during the life of the contract.

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, FORM 9-1648

In the left hand column list the items for which costs were incurred during the month, and also the items for which costs were previously reported. For items previously reported, show only UNITS TO DATE and COSTS TO DATE. Items listed should conform to Exhibit A of the contract (Estimated Costs of the Work). The total of COSTS THIS MONTH followed by the Operator's signature constitutes a claim for payment of the Government's share of the costs. The Operator or his agent must sign the certification in the lower left corner.

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, 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 unemployment taxes, employee's liability insurance, and depreciation of Operator-owned equipment. The certification may be stated thus, "Certified True Copy", 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 Field 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.

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

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee:

American Mining Co.
700 Securities Bldg.
Seattle, Washington 98101

Amount Claimed:	Differences (Explained Below)	Amount Approved
7,657.20	60.00	7,597.20 5,697.90 Gov. Part. Less 200.00 * 5,497.90
Bu. Voucher No.	Payee's Invoice No.	Period
	Docket #6639 Contract #2263	October 1968

EXPLANATION

Disallowing $60.00 for D-4 dozer because contract specifies no dozer smaller than D-6.

*Withholding $200.00 pending receipt of final report.

Any reclaim for items deducted must be included as a separate item on subsequent monthly voucher and supported by the original of this statement.

ms

Branch of Budget and Finance

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

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee:

American Mining Company
700 - Securities Bldg.
Seattle, Washington 98101

Amount Claimed:	Differences (Explained Below)	Amount Approved
$1,200.98	$ 164.67	$ 1,036.31 777.23 Govt. Participation
Dr. Voucher No.	**Payee's Invoice No.**	**Period**
	Docket #6639. Contract #2263	August 1968

EXPLANATION

Claimed Bulldozing access Roads & Drill Sites	401.24	
Maximum allowed $20. per hour for 14.33 hours	286.60	114.64
Claimed Supervision Service 0.517 mos. x 750.	387.78	
Allowed 0.517 mos. x 750.	387.75	.03
Disallowed for drill water supply since no drilling was reported.		50.00
Total disallowed		164.67

Re-submit for October
Drilling took place from 9/4-10/8/68.
Two months water was paid for @ 50.00/mo. - and reimbursement is requested for 2 months

All original with original voucher being submitted

[illegible] Section for items disallowed must be included as a separate item on subsequent monthly voucher and supported by the original of this statement.

ms

Branch of Budget and Finance

American Mining Company
700 - Securities Bldg.
Seattle, Washington 98101

O.M.E.-6659 --- (Silver)
Tintic-Shian Group of Claims
Granite County, Montana
Contract - 2263

NARRATIVE REPORT
(For Month of October, 1968)

GENERAL

Drill holes Nos. 2 and 3 were completed during September, and were reported upon, along with sketches and assays, in the September Narrative Report. Hole No. 1 was started on September 24, and was completed on October 1. This hole, together with Hole 4, the final hole, will be described and discussed in this report. Hole 4 was finished on October 10th.

Not contained in the previous report was a sample (Samp. No. 25) taken in H3/2 just ahead of Sample No. 24, as it was taken and assayed subsequent to the report's completion. The sample covered the interval 383.6' to 384.0', which was a silicified zone, with considerable pyrite, adjacent to the vein material exposed in the interval 384.0' to 384.5', and which was sampled in Sample No. 24. This latter sample, along with No. 23 is shown on the sketch submitted with the September report. Sample No. 25, now being reported upon, assayed only Trace gold and Trace Ag, and this information is submitted now for the record, and because Sample No. 25 isshown on the assay certificates presented with this report.

As reported in the September report, holes 2 and 3 were definetly negative, revealing only very narrow and extremely low grade mineralization. Holes 1 and 4, completed during October were also negative, and completed the drilling set forth in Stage 1 of the contract. There was, ofcourse, no justification for going ahead with Stage ii of the project, and the job was discontinued. See details on Holes 1 and 4, as set forth below.

In contrast with the difficulties in this respect encountered in putting down Holes 2 and 3, sludge was collected in mineralized areas in Holes 1 and 4. The ground was not as badly fractured, evidently, as return water containing the cuttings was received and samples of sludge could be taken.

The surveying of Holes 1 and 4, with an in-hole instrument was also somewhat more successful than attempts made in the cases of Holes 2 and 3. Nevertheless difficulties were met in getting completely satisfactory surveys. It was planned to have readings taken at the bottom of each hole and then another at the mid points. But, in Hole 1, the rods to which the instrument was attached could only be lowered to a point 290' below the collar, before the clock which allows only 30 minutes went off and caused the "picture" to be taken. A reading, however was obtained at the point which was some distance below the mid point. In the case of Hole 4, the rods could be lowered to the 120-foot point where a cave was encountered. The reading taken here and the one in Hole 1 are both attached to the sketch accompanying the original of this report and may be inspected.

Discussing the surveying further, it is to be pointed out that the dips obtained in all cases were very reasonable, and close to the inclinations set for the holes at the start, but the bearings were in all four cases , and in two test runs made on the surface, definitely far away from the directions of the holes as they started out. All holes were pointed North 5 degrees east. The four readings obtained down in the holes ranged

from North 18 degrees East to North 20 degrees East, after being corrected for the declination which in the area is approximately 19½ degrees. The photos can be inspected and the conversions checked. Because of the general uniformity of the deviation of the bearings obtained from the directions, as set, and the fact that the two surface "test runs" for calibration showed similar deviations, the presence of a local magnetic effect is suspected and the bearings as read are rejected. The holes will be assumed to have gone down at approximately N. 5 degrees E, as set at the collars.

SPECIFIC DATA ON HOLES 1 AND 4

Hole 1. Hole 1 was started on September 24 and completed to 475' on October 1. Because there were beginning to be noted some evidence that the vein may be extending downward in vertical projection, or perhaps even a steep northerly dip, hole 1 was deliberately put down to a total depth of 475' instead of the 440' originally planned. This was to cover with assurance the possibility of a steep north dip.

A glance at the sketch of Hole 1 will reveal that a narrow mineralized zone was encountered at the interval 348-351, and this was mineralization that would be expected with a nearly vertical dip to the vein, as seen in outcrop. The material here assayed only a trace in silver. However, a wide mineralized zone, heavily sheared and oxidized, with much iron and manganese stain was subsequently met at 394.4 to 403'. If this is the structure seen in outcrop, it does indeed have a stepp northerly dip---about 85 degrees to the north. Two samples (one was sludge) were obtained of this material and only traces in gold and silver were obtained. The hole was extended further, to a depth of 475' and revealed only slightly altered to relatively fresh granodiorite to the bottom, which at 475' was over 70' beyond the last mineralization seen. The downward projection of the vein has thus been most certainly covered. See sketch.

Hole 4. This hole, the final one, was started on October 2, and finished on October 10. It was not until October 11 that the men were told to tear downthe rig, as the CME had to be contacted, it was thought.

As the sketch will reveal, the hole encountered a mineralized zone, consisting of highly altered and bleached granodiorite, with much manganese and iron stain in places and actual seams of manganese oxide in short sections, plus a brecciated zone, with some clay and pyrite, followed by 0.7' of definite vein material (siliceous, vuggy and containing considerable manganese and iron oxide and some pyrite. This mineralized zone extended from 384.8' to 389.6'.

Five samples (one being sludge) were taken of the material exposed inthis interval. This detail is shown on the sketch of Hole 4, but the results can be pointed up here by stating that the highest assay (obtained in Sample No. 30) assayed only 0.070 ounces in gold and 0.20 ounces in silver.

The hole was continued on to a depth of 435' , which is more than 45' beyond this vein material and excepting some crushed material next to the vein, no further mineralization of any significance was seen. The hole from 400 to 435' showed only relatively fresh granodiorite. Since the north wall of the projected mineralizationwas pretty thoroughly explored in Hole 1, which went to 475', it was thought that all possibilities were covered at 435' and the hole was stopped. See sketch of Hole 4 for details on assays obtained----all of which were extremely low grade.

Respectfully submitted, Joe G. Irvin

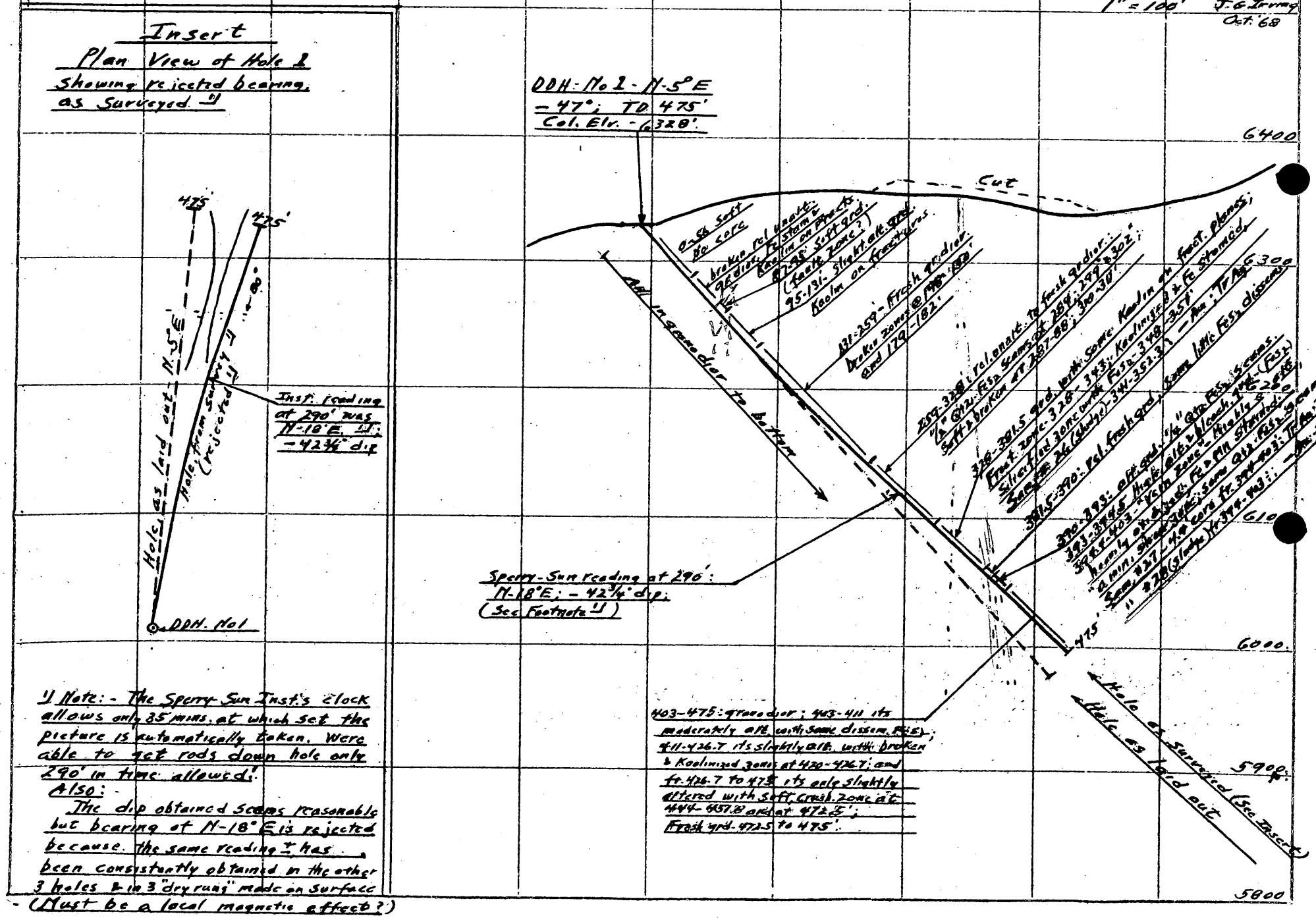
Note: Another voucher to be submitted when all bills and statements are received.
but it is requested that this one be processed in the meantime!

Hole 1 Section 1-1'

Looking Westerly
1" = 100'

OME-6639 (Silver)

American Mining Co.
Tintic-Shian et al. Claims
Granite Co., Montana
Contract No. 2263
1" = 100' J.G. Irving
Oct. '68



!! Note: - The Sperry Sun Inst's clock allows only 35 mins. at which set the picture is automatically taken. Were able to get rods down hole only 290' in time allowed.

Also:

The dip obtained seems reasonable but bearing of N-18° E is rejected because the same reading ± has been consistently obtained in the other 3 holes & in 3 "dry runs" made on surface. (Must be a local magnetic effect?)

Hole 4 - Section 4-4'

Looking Westerly
1" = 100'

OME-6639-(Silver)

American Mining Co.
Tintic-Shian et al Claims
Granite Co. Montana
Contract 2263
1" = 100'

DDH. No 4; N-5°E; -47° 1/ Max T.D. 440'; Col. Elv. 6413'

Sec 6 Inving Oct/68

Sperry-Sun reading @ 120' 2/: N-18°E, -44½° (See Footnote 2/)

All generalized & approx.

Hole as put down and surveyed 1/ 2/

Hole as originally planned

Dip = 85°N.

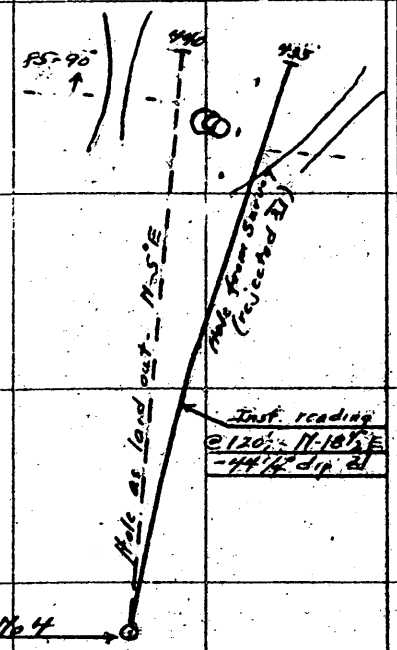
O.B.-No core
0-40 slight alt grd; crushed & clay - 375-440'
40-96.5; rel. fr. grd; some Kaolin on fracs; crushed @ 82-86.5'
96.5-107.5; slight, alt. grd; disem. Fes at 96.5-97; fractured & soft 97-107.5
107.5-175 slight alt to rel. fresh grd; soft, broken, Kaolinized zones at 118-122.5; 139-140.5; 150-152.5 and at 168.5' 6400
175-184; - slight alt. grd; some little Kaolin & chlor. alt. on fracs; crushed at 178; 2" of aphte at 179.5'
184-269; Rel. fr. grd; with Fes disseminated at 185' & 204'. Intermittent crushed, soft, Kaolinized zones fr 205-269. 6300
269-276.5' - Highly crush. Kaolinized zone. Some sericitic alt.
276.5-287; Slight alt. grd; some chloritic alt.
287-328.5; Rel. fr. grd; Some alt & Fe-S2 at 297.5 and at 328-328.5'
328.5-341.5; Slight alt & fr. grd; chlor. Talc fracs; clay & Fes disseminated at 341 6200
341.5-360; Slight alt to rel. fr. grd.
360-384.8; Crush. zones and some clays at 360-365; 370; 375-378; disem Fes at 365.5 6100
384-391; alt & crush grd
391-400.1; rel fr. grd with alt.
400.1-435 rel fr. grd; broken zones at 407, 421-425 6000
Fresh grd 425-435
5800

Vein Zone, Mineralization & Samples: 384.8-389.6 Vein:

384.8-386.0; High. alt. grd; much Fe & Mn stain.
Samp #28; 1.2' core: 0.07 oz Au; 0.20 oz Ag
386.0-386.2; Highly alt. & bleached grd. only.
386.2-387.0. Highly brecciated & min. grd, with clay & some disem. Fes.
Samp #29; 0.8' core: 0.00 oz Au; 0.10 oz Ag
387-388'; Highly alt. and bleached grd.
388-388.7' Clay, silicones, vuggy Vein mat, with consid. MnOx & FeOx stain - Some Fes.
Samp #31; 0.7' core: 0.01 oz Au; 0.20 oz Ag
388.7-389.6; Min. grd with MnOx seams & Fe ox stain
Samp #32; 0.9' core: 0.00 oz Au; 0.15 oz Ag
Samp #33 (Sh fr 385-391) - 0.00 oz Au; Tr Ag.

Insert

(Plan View of Hole 4; showing rejected bearing as obtained in Sperry-Sun Survey 2/



2/ Instrument could not be lowered (was put in immed. after rods pulled out) to more than 120', owing to a core.

In the readings obtained at 120' dip (44½°) seemed reasonable but the bearing of N-18½°E, as corrected, is rejected, because this same approx bearing was obtained in the other 3 holes and in 3 "dry runs" made on surface. (Must be local magnetic effect?)

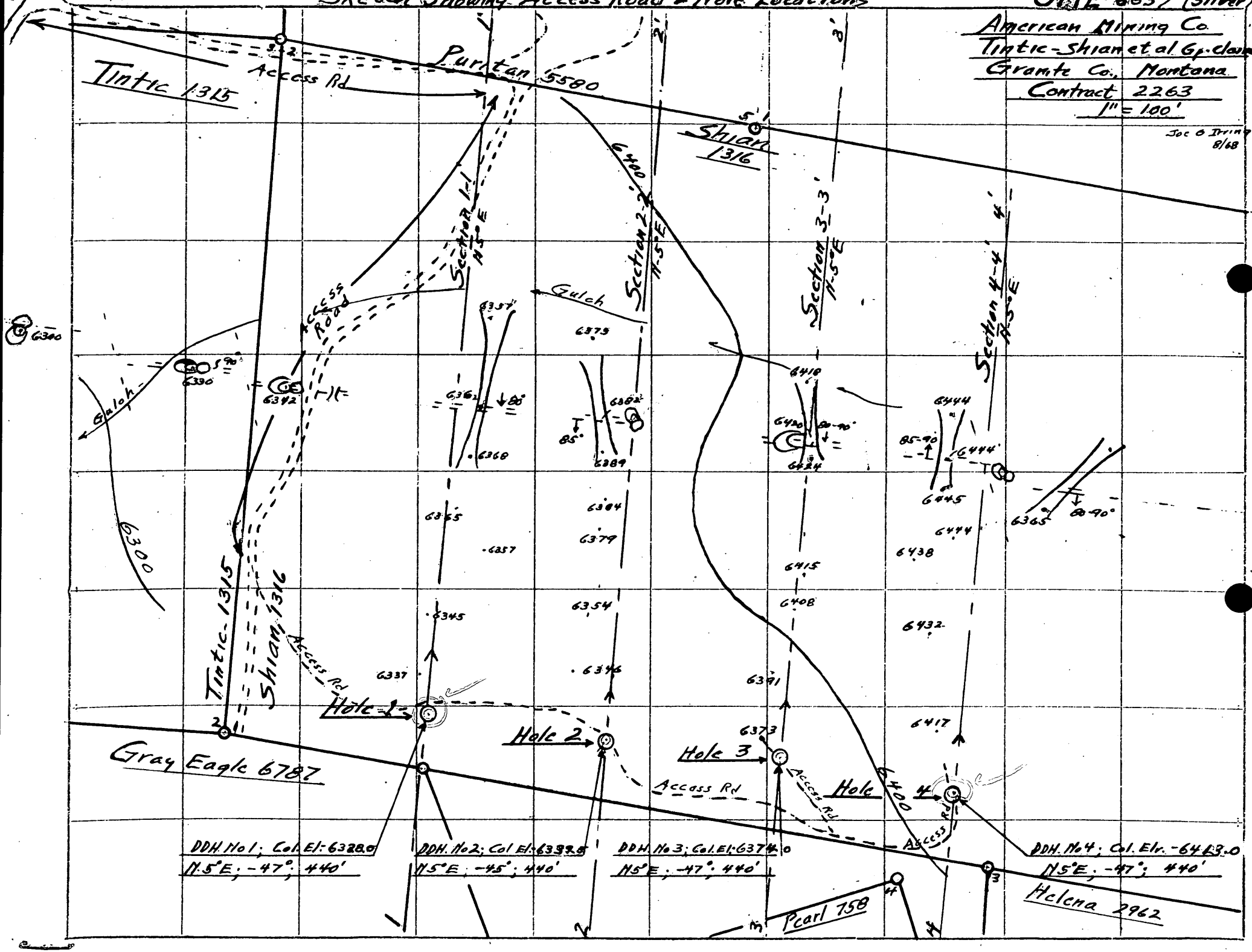
1/ Authorization was given to flatten hole to less than the 47° originally stated in contract.

Sketch Showing Access Road & Hole Locations

OME-6639 (Silver)

American Mining Co.
Tintic-Shiam et al Gp. claims
Granite Co., Montana
Contract 2263
1" = 100'

Joe G Irving
8/68



WELL Hole 1

DEPTH 290'

INCLINATION 42 3/4

OBS. DIR. N 1 1/2 W

COR. DIR. N-18 E

RUN BY Joe Irwin

DATE 10/1/68

CHECKED BY ✓

Survey Picture

SPERRY-SUN

Could only get to 290 before clock went off!

BP-132 (REV-1)

Reinforce Hole marks
check & calibrate

WELL Before [illegible]

DEPTH

INCLINATION [illegible]

OBS. DIR. N [illegible] W

COR. DIR. N-18 E

RUN BY Joe Irwin

DATE [illegible]

CHECKED BY [illegible]

SPERRY-SUN

[illegible]

BP-132 (REV-1)

Test on surface
for clock & calibration

WELL IR Pro Hole 2

DEPTH [illegible]

INCLINATION [illegible]

OBS. DIR. N [illegible] E

COR. DIR. N 20° E

RUN BY J. Irwin

DATE 9/18/68

CHECKED BY

SPERRY-SUN

[illegible]

BP-132 (REV-1)

[illegible]

up at N 7° E ...
side of hole 1)
The dip observed
70° (ie 90-70°) = 20°
was obs.
The strike (corrected
of N 18° E was
11° to right of actual
setting - hole on strike
No. 3 @ 210'.

No - 10-12°
Pull to NE on
compass in this
one - (reading 118

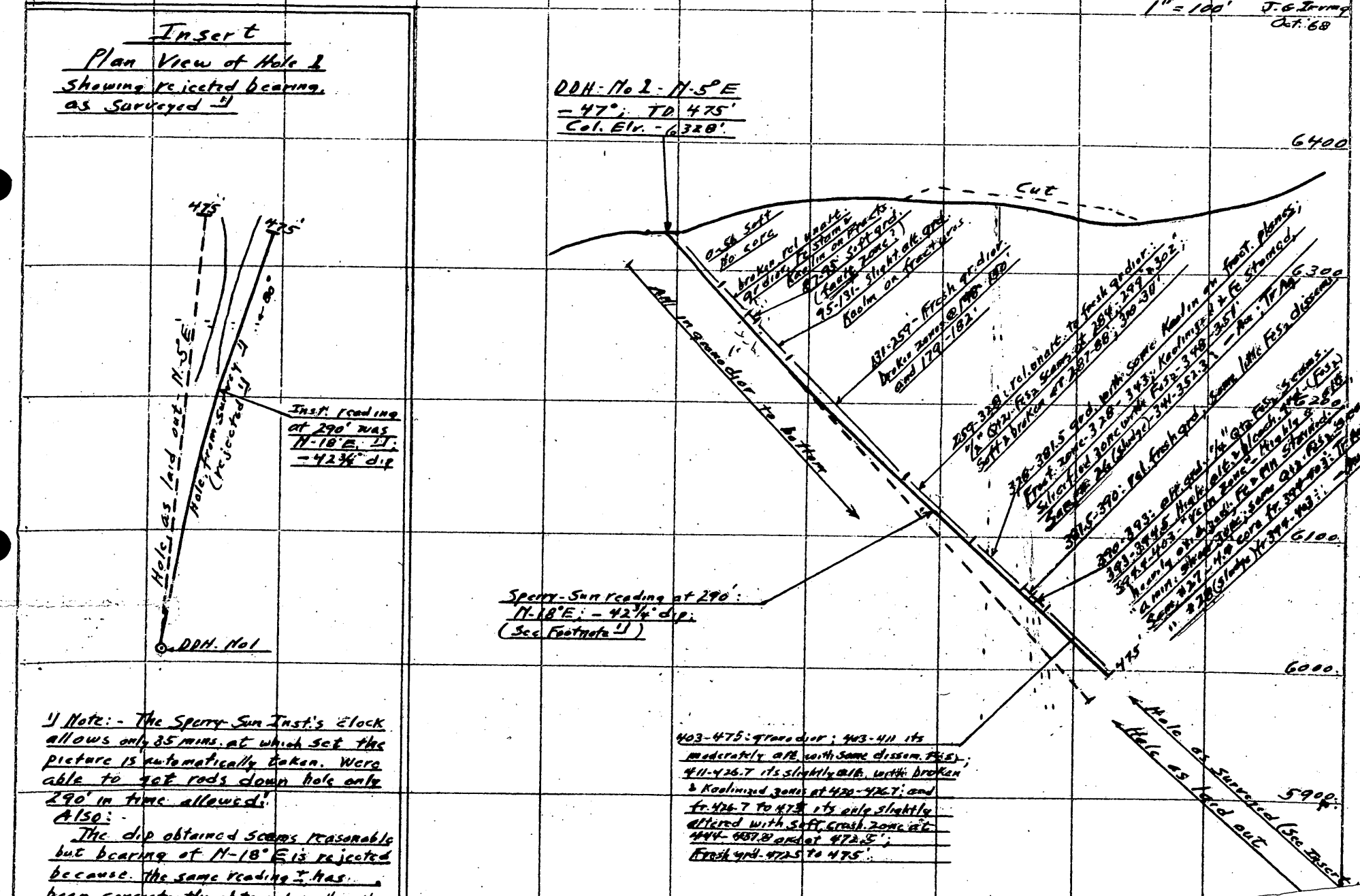
Left part on surf
at 200' dip was N 22 E
Read of 90-70° = 20°
OR
N 2½ E Cal 19½
dip (in stream) 90 of
N 70° E - which
CS diff from
prev. obs just taken
and more accurate

Hole 2 Section

Looking Westerly
1" = 100'

OME-6639 (Silver)

American Mining Co.
Tintic - Shian et al. Claims
Granite Co., Montana
Contract No. 2263
1" = 100' J. G. Irving
Oct. '68



WELL Hole 4

DEPTH 120 only

INCLINATION 29 1/4

OBS. DIR. N 1° W

COR. DIR. N 18 1/2 E

RUN BY J. Irving

DATE 10/10/68

CHECKED BY

SPERRY-SUN

Could only get down to 120' card

BP-132 (REV-1)

Hole 4 - Section 4-4'

Looking Westerly

1" = 100'

OME-6639-(Silver)

American Mining Co.

Tintic-Shian et al Claims

Granite Co. Montana

Contract 2263

1" = 100'

Sec 6 Twing Oct/68

DDH. No4; N-5°E; -47° 2/; MexTD 440'; Col. Elv. 6413'

Sperry-Sun reading @ 120' 2/: N-18°E, -44½° (See Footnote 2/)

All generalized & approx.

O.B.-No Core

0-40' slight alt grd.; Crushed & clay - 37.5-40'

40-96.5; rel. fr. grd; Some Kaolin on fracts; Crushed @ 81-86.5'

96.5-107.5; slight. alt. grd; dissem. Fes, at 96.5-97; fractured & soft at 97-107.5'

107.5-135 slight. alt. to rel. fresh grd; soft, kaolin, Kaolinized zones at 118-122.5; 139-140.5; 150-152.5 and at 168.5' 6400

135-184; - slight. alt. grd; some little Kaolin & chlor. alt. on fracts, crushed at 178; 2" of aphte at 179.5"

184-269; Rel. fr. grd; with Fes, dissem. at 185 & 204'. Intermittent crushed, soft Kaolinized zones fr 205-269. 6300

269-276.5 - Highly crush, Kaolinized zone. Some Sericitic alt.

276.5-287; Slight alt. grd; some chloritic alt.

287-328.5; Rel. fr. grd; Some alt. & Fes at 297.5 and at 328-328.5'

328.5-341.5; slight alt. & mod. chlor. & Talc fracts; clay & Fes, in silic. at 341. 6200

341.5-360; Slight alt & rel fr. grd.

360-384.8; Crush. Zones and Some clays at 360-365; 370; 375-378; dissem Fes, at 365-6' 6100.

389.6-391; alt & crush grd.

391-400.1; rel fr. gr. with fracts.

400.1-435; rel fr. grd; broken zones at 408.7, 421-425 6000.

Fresh grd 425-435

5800

Hole as originally planned

Hole as put down and surveyed 1/ 2/

Post at Vein, 1E dip = 85°N.

Vein Zone, Mineralization & Samples: 384.8-389.6 Vein:

384.8-386.0; High. alt. grd; much Fe & Mn stain

Samp #30; 1.2' core: 0.07 oz Au; 0.2 oz Ag.

386.0-386.2; Highly alt. & bleached qr. chlor.

386.2-387.0 Highly brecciated & min. grd. with clay & Some dissem. Fes.

Samp #29; 0.8' core: 0.002 oz Au; 0.1 oz Ag

387-388'; Highly alt. and bleached grd.

388-388.7' Qtz, Silicous, Vuggy Vein mat, with Consid. Mnox & Feox stain - Some Fes.

Samp #31; 0.7' core: 0.015 oz Au; 0.2 oz Ag

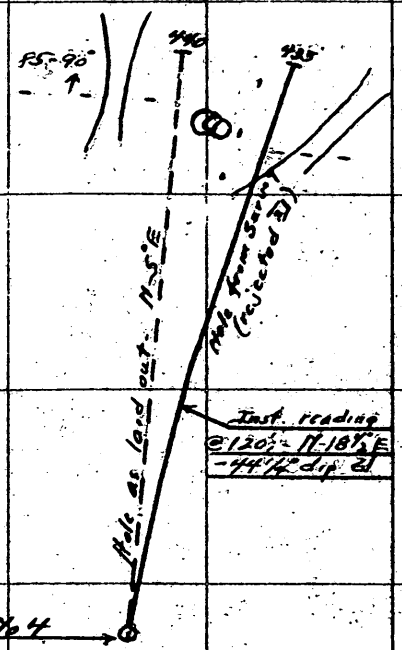
388.7-389.6; Min. grd with Mnox Seams & ox stain

Samp #32; 0.9' core: 0.001 oz Au; 0.1 oz Ag

Samp #33 (Sh. 385-391) - 0.003 oz Au; Tr Ag.

Insert

(Plan View of Hole 4; showing rejected bearing as obtained in Sperry-Sun Survey 2/



2/ Instrument could not be lowered (was put in immed. after rods pulled out) to more than 120', owing to a cave.

In the readings obtained at 120' dip (44½°) seemed reasonable but the bearing of N-18½E as corrected, is rejected, because this same approx bearing was obtained in the other 3 holes and in 3 "dry runs" made on surface. (Must be local magnetic effect?)

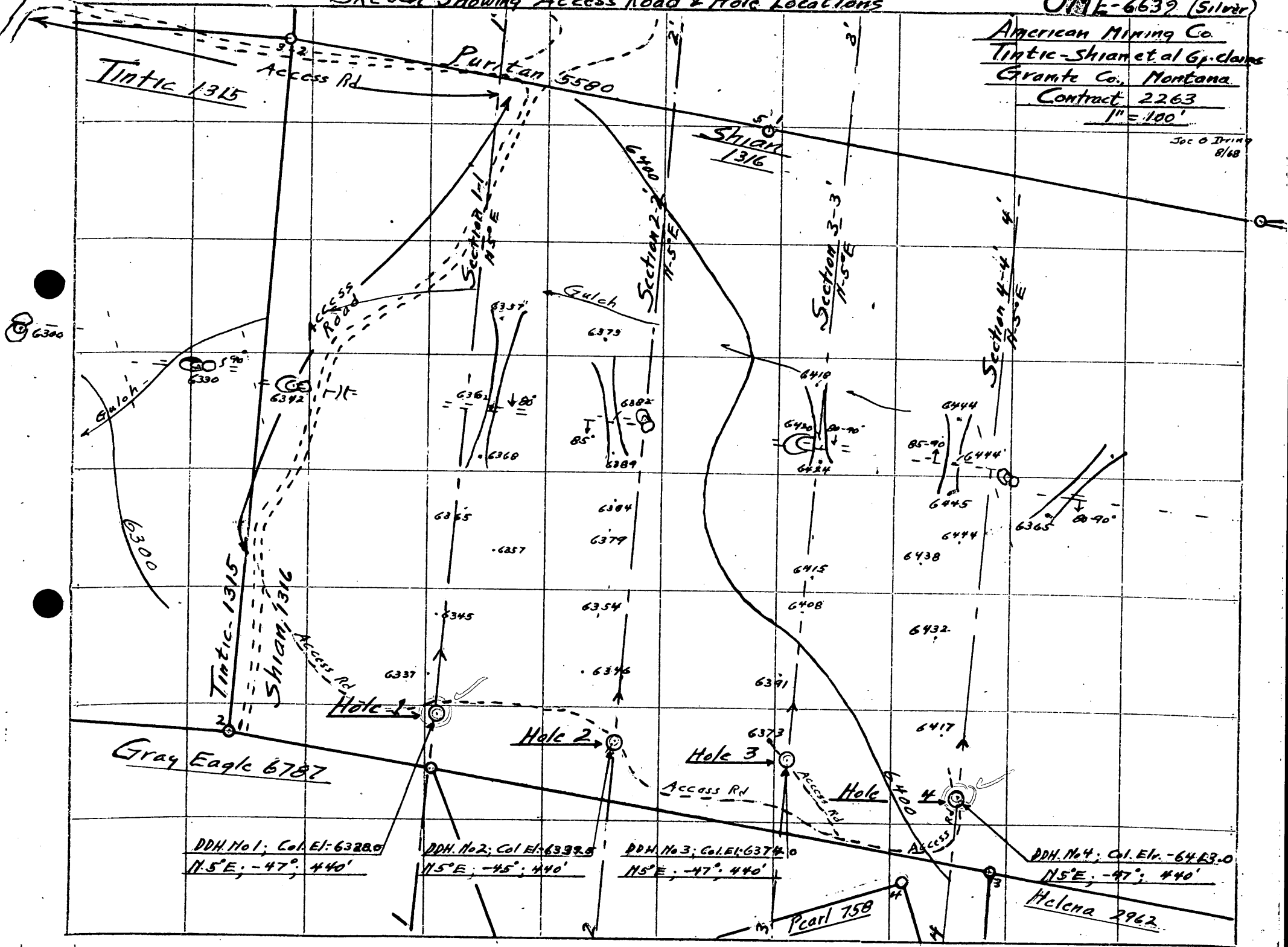
1/ Authorization was given to flatten hole to less than the 47° originally stated in contract

Sketch Showing Access Road & Hole Locations

OME-6639 (Silver)

American Mining Co.
Tintic-Shiant et al Gp. claims
Granite Co., Montana
Contract 2263
1" = 100'

Joe O Irving
8/68



FORM 9-1648
MARCH 1968

HK 10/30/68

RECEIVED
OCT 18 1968

INITIALS CODE

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

OPERATOR'S MONTHLY VOUCHER

For Month of September, 1968

Docket No. OME- 6639
Contract 14-08-0001 2263
Contract Amount $ 38,200.00
Gov't. Participation % 75 $ 28,650.00

Operator's Name American Mining Company
Address 700 Securities Building, Seattle, Wn. 98101

COST ITEMS (FROM EXHIBIT A)	FOR OPERATOR'S USE: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	FOR GOVERNMENT USE ONLY: THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
(Independent) Category 1 (Contracts)		$		$		$		$
Mob and Demob Dozer			Job	311.96	—	—	Job	311.96
Dozing Access Rds & Sites			14.33 hrs.	401.24	—	—	14.33 hrs	286.60 11
Drilling:								12
Mob & Demob & 3 moves	1/3 Job*	270.00		270.00	1/3± job	270.00	1/3± job	270.00
Drilling NC (overburden)	30 ft.	235.50	30 ft.	235.50	30 ft	235.50	30 ft	235.50
Drilling-diamond core	410 ft.	3,300.50	410 ft.	3,300.50	410 ft	3300.50	410 ft	3300.50
Category 2 (services)								13
Supervisor-Eng.-Geol.	1 mo.	750.00	1.52 mo.	1,137.78	1 mo	750.00	1.51 mo	1137.75
Category 3 (Materials & Supplies								14
Drill water supply	1 mo.	50.00	2 mo.	100.00	7/30 mo	11.67	7/30 mo	11.67
Category 7 (Misc.)								
Accounting & Off. Exp.	1 mo.	50.00	2 mo.	100.00	1 mo	50.00	2 mo	100.00
Assaying (gold & silver combined) see note on reverse side.	4 samps.	12.00	4 samps.	12.00	4 ea	12.00	4 ea	12.00
TOTALS		$ 4,668.00		$ 5,868.98		$ 4629.67		$ 5,665.98

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

Date 10/7/68 *Payee American Mining Co

Per [signature] Title Chairman

*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)

*Approx. (See notes on reverse side.

Approved as noted, subject to field examination and audit.

Signature [signature] OME Field Officer Date OCT 23 1968

Approved for: $ 3,472.25
(SUBJECT TO AUDIT)

Signature mo

Date NOV 8 1968 Vou. No. 02915

(SEE OTHER SIDE)

FOR OPERATOR'S USE

REMARKS

*Allowance for mob. & demob. of 1 drill unit is combined with 3 moves between holes, and a total of $760.00 is allowed. Claimed now is only the mobilization cost of the one drill unit, which is approximately 1/3 of the total allowance.

Re-assaying Costs:
The assayer (Peter Mack, of Wallace Idaho) charges $4.00 for combined gold and silver assays. The contract allowance for gold and silver (combined) assays is only $3.00 and only $3.00 per sample is submitted ($12.00) for the four samples shown.

FOR GOVERNMENT USE

REMARKS

1 See note 1 August Form 9-1648
2 It is known that 1 job has been completed ∴ this claim is approved
3 See note 2 August Form 9-1648
4 " " 3 " " " " . Claim is supported by receipt dated Aug 13, 1968 for period Aug 12 through Sept 11. – Hole 3 started ~~Aug~~ Sept 4 and was completed Sept 11. ∴ cost approved is 7/30 × $50.00 = $16.68

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 two parts.

FIRST, the Operator's Monthly Voucher on Form 9-1648 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 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 three copies of each of the two sections of this report to the OME regional Field Officer at the end of each month during the life of the contract.

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, FORM 9-1648

In the left hand column list the items for which costs were incurred during the month, and also the items for which costs were previously reported. For items previously reported, show only UNITS TO DATE and COSTS TO DATE. Items listed should conform to Exhibit A of the contract (Estimated Costs of the Work). The total of COSTS THIS MONTH followed by the Operator's signature constitutes a claim for payment of the Government's share of the costs. The Operator or his agent must sign the certification in the lower left corner.

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, 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 unemployment taxes, employee's liability insurance, and depreciation of Operator-owned equipment. The certification may be stated thus, "Certified True Copy", 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 Field 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.

92915

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

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee:

American Mining Co.
700 Securities Building
Seattle, Washington 98101

Amount Claimed:	Differences (Explained Below)	Amount Approved
4,668.00	38.33	4,629.67 3,472.25 Gov. Part.
Au. Voucher No.	Payee's Invoice No.	Period
	Docket #6639 Contract #2263	September, 1968

EXPLANATION

Disallowed $38.33 from claim for drill water supply for Hole #2.
Hole #2 was not claimed on September voucher.

Any reclaim for items deducted must be included as a separate item on subsequent monthly voucher and supported by the original of this statement.

ms

Branch of Budget and Finance

American Mining Company
700 - Securities Bldg.
Seattle, Washington 98101

[illegible]—6639—(Silver)
[illegible]tic-Shian Group,
Granite Co., Montana
Contract 2263

NARRATIVE REPORT
(For Month of September, 1968)

GENERAL

The contractor's drill rig arrived at the property on August 31, and two days was required to assemble the rig, set it up at the first hole location and to string out the water line pipe and place the pump in position.

Hole 3, which was the first hole drilled (see plan sketch) was started on September 4, and finished on September 11. It was put down 440'. Hole 2, which was the next hole to be drilled was started on September 16, and completed, to a depth of 405', on September 23rd. Hole 1 was started next and was completed in early October. Hole 1 will be described in the next Monthly Report.

The drill was skid-mounted and a small tractor had to be employed to move it from hole to hole. An early September snowstorm (seven inches of snow) hampered operations for a day or so, but the main difficulties involved obtaining sludge, when most wanted, and in getting good survey readings, with the in-hole instrument, due to "cavey ground". These problems will be described and discussed below.

The results of the drilling done to date (including the third hole to be discussed in next month's report) have been negative. In Holes 3 and 2 the vein was intersected very close to where projected (see Hole sketches accompanying this report) but was not only narrow, but extremely lean in addition. The best silver assay was 1.7 ounces, over a width of 0.6'. In Hole 3, a mineralized and heavily iron-stained shear zone was cut where the vein was to be encountered and assays of the mineralized core obtained and the sludge assayed trace silver and trace gold only. The fourth hole is being put down now and if nothing better is revealed, the project should not go on to any Stage II drilling.

SPECIFIC DATA ON HOLES DRILLED

Hole 3. As can be seen on the accompanying sketch, relatively fresh granodiorite was encountered for the first 242', including the first 30 feet of the hole which was in partly decomposed rock (surficial alteration) and was termed overburden by the driller. Following this, to a depth of approximately 360', slightly to moderately altered granodiorite was shown in the core. The alteration was largely of the kaolinic type but some small degree of chloritization was noted (and perhaps some sericitic alteration) on the ferromagnesian minerals, which however for the most part were decidedly fresh.

The interval 360-366' displayed highly altered (sericitic) granodiorite. The core of this interval assayed trace in gold and silver. The interval 366 to 370.3' was also in altered rock, but somewhat less altered.

A vein, whose length in the hole was 1.7', was revealed in the interval 370.3 to 372.1'. A clay was present on the hangingwall side and the vein consisted of lean-looking quartz, much pyrite and a few specks of a grey sulfide, which is proven by the assays not to be a silver mineral, but probably zinc sulfide. It was present in such small quantities that no assay was made for either zinc or lead. Three samples (Nos 20,21 and 22) were taken of the vein exposed over the 1.8 foot length and as shown on the sketch, the highest silver

assay obtained was 1.7 ounces. The gold in all three samples assayed trace.

On the footwall side of the vein, for the interval 372.1 to 397.2', the granodiorite was somewhat altered and contained areas of disseminated pyrite, and a few seams and veinlets of pyrite, as shown on the sketch. From this point to the bottom of the hole (at 440') only relatively fresh granodiorite was met.

A sludge return for the first two hundred feet or so was obtained, but beyond that no sludge was returned, and no sludge samples could be taken.

The Sperry-Sun in-hole instrument was put down and a reading was attempted at the bottom of the hole and also one at 210'. The reading at the bottom did not develop a picture, and the instrument was not lowered to that point again, as the driller reported the ground was "grabbing" as he pulled the rods out and it was felt that there was an excellent chance of losing the expensive instrument in the hole, if another reading was taken at near the bottom. The reading at 210' produced a good picture, and this is attached to the sketch. This reading at the mid-point showed the dip to be 43½ degrees , but the strike was a surprising North 19 degrees East. The hole was started with a bearing of N. 5 degrees East, and it is possible that this is a false reading owing to some local magnetic influence. However, the platting of the hole on the basis of this information is shown.

Hole 2 The geology of this hole is shown in some detail also on the accompanying sketch. It will be noted that highly broken and fractured granodiorite was encountered to a depth of 60 feet, and some clays were seen. Obviously this area is in a fault zone. From this point to 266' the granodiorite continued to reveal many fracture planes, a good deal of kaolinic alteration and occasional pyrite disseminations or seams. Following this was a section to a depth of 361.8' in which there was some alteration in areas, in what was on the whole relatively fresh granodiorite.

At 361.8 to 362.4' a quartz and pyrite vein was cut, with better than 60% core recovery. It contained a few flecks of a grey sulfide—probably zinc. Sample No. 23 showed thismaterial to assay only Tr. Au and 0.4 oz Ag. This narrow vein was followed by about 3 feet of pyritized and sericitized granodiorite. From 365 to 384 ' the granodiorite was somewhat altered and a few areas with pyrite seen. At 384 to 384.5' another quartz-pyrite vein was cut. See sketch; they appear to be splits of the vein seen in outcrop. Sample No. 24 , taken of this half-foot wide vein assayed Tr. Au and 1.0 oz in silver. The vein was quite vuggy and was followed by a foot of highly altered wall rock. From 385.5' to 405' (the bottom of the hole) the granodiorite was only slightly altered, and for the most part was quite fresh. Since the hole at 405' was a penetration of more than 20' beyond the second vein, and both veins were about where projec ted from the outcrop and the dips seen there, the hole was stopped short of the maximum allowed, of 440'.

From the start ~~of this hole~~ no water, or sludge, return was obtained in the drilling of this hole. The return flow was evidently lost in the fractured area near the collar. Consequently no sludge samples were possible.

The surveying instrument was lowered into the hole but met a cave at 40' and could be lowered no farther. A picture was taken here which was quite meaningless. So, thishole could not be surveyed.

DIFFICULTIES WITH SLUDGE SAMPLING AND IN-HOLE SURVEYING

The attempts made at, and the results of, taking sludge samples are pretty well detailed above. If no water, or sludge, return is obtained

it is hard to see how sludge samples can be taken. One could, ofcourse, cement the hole and redrill it at every point on the way down that return water is not being obtained and hope in this way to seal off the leak, which may not be done even if this procedure is followed, but to do this would be enormously expensive and it is not felt that such procedure is the intent of the contract. There is an allowance in the contract for cementing and redrilling, but this is undoubtedly in there to cope with cavey ground in getting the hole down to the target, and not to insure getting sludge.

It can be reported here, at this time, however, that sludge samples were obtained in the drilling of the third hole (Hole No. 1) and this will be discussed in the next report.

The contract provides for surveying the holes, and also requires that the holes be surveyed, with an in-hole instrument. An allowance is made for surveying the four holes to be drilled in Stage I, at the rate of "2 days @ $65.00/day", or for a total of $130.00 for surveying the four holes. This price of $65.00/day was the one submitted by the applicant, but it was most obviously based on incorrect information. The applicant had had no experience with in-hole surveying, or its cost. In the course of the work now being carried out, the following is being found out.

a. Our contractor, the E. J. Longyear Company does not have an instrument, or an operator of the instrument on hand to survey each hole as it is finished--and it must be done at that time. We are told that Boyles Brothers do provide such a service, relieving the operator of the burden. However, Boyles' bid for this job was at the rate of $12.00/ft. for BXwl drilling to 250', as contrasted with Longyear's bid of $8.05/ft to a depth of 500', which isthe basis of the costs in the present contract. So, while Boyles do provide such a service, and perhaps the other drilling contractors do also, it is most definitely built into thier unit prices for the job.

b. It is found out also that these expensive instruments have to be lowered down into the hole on the end of the drill rods. And, this costs $14.00/hr, and the same charge for waiting on one to appear with the instrument.

c. One can get a Speery-Sund in-hole surveying instrument through Longy ear at the cost of $265.00 per month rental, and then one finds an operator, or learns to do it, and must have it there at the end of each hole (to avoid waiting on time), and it naturally follows from this that one should rent the instrument on a monthly basis and hope to get three holes (400 to 500' holes) surveyed each month in this manner.

d. Taking into account the rental charged, the drillers time lowering it and pulling it out for each shot, and adding a little bit for safety, it appears that a more realistic charge for surveying holes of this depth would be about $150.00 per hole. We just made the wrong estimate in our application, with regard to the cost of surveying holes. And this information is submitted for "information purposes" only. (Incidentally was talking to Anaconda's chief geologist in Butte, now retired, and he says that they never bother to survey short holes--such as those going down 400-600'.)

RECEIVED
OCT 18 1960
O.M.E.
SPOKANE, WASH.

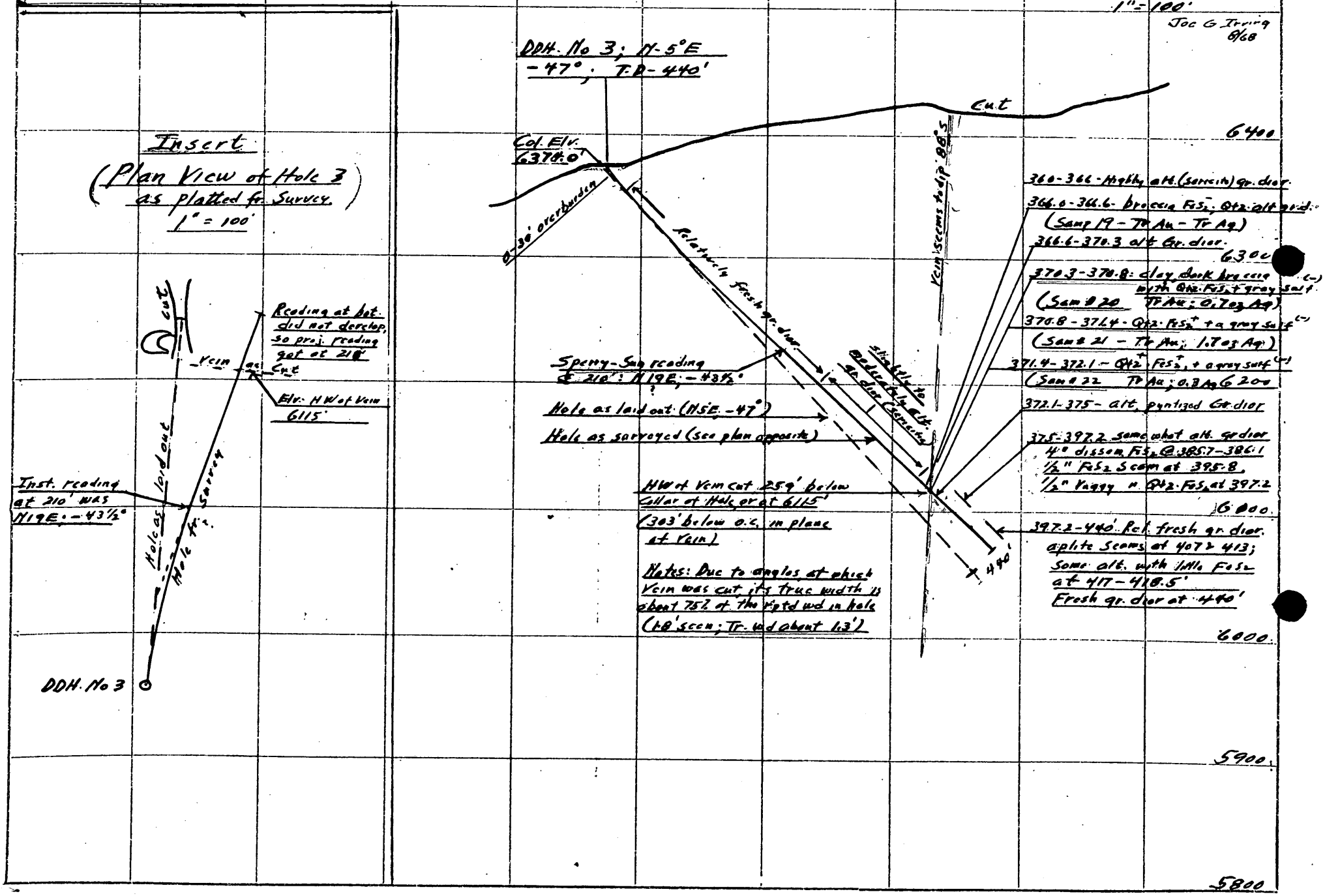
Respectfully submitted Joe G. Irving

Hole (3) -- Section 3-3'

Looking Westerly
1" = 100'

OME-6639 (Silver)

American Mining Co
Tintic-Shian Gp et al Claims
Granite Co., Montana
Contract - 2263
1" = 100'
Joe G Irving
8/68



Hole (2) Section 2-2'

Looking Westerly

1" = 100'

OME-6639- (Silver)

American Mining Co.

Tintic-Shiancetal Gp of Claims

Granite Co., Montana

Contract No 2263

1" = 100' Joe G. Irving 9/68

DDH-No 2- N-5°E

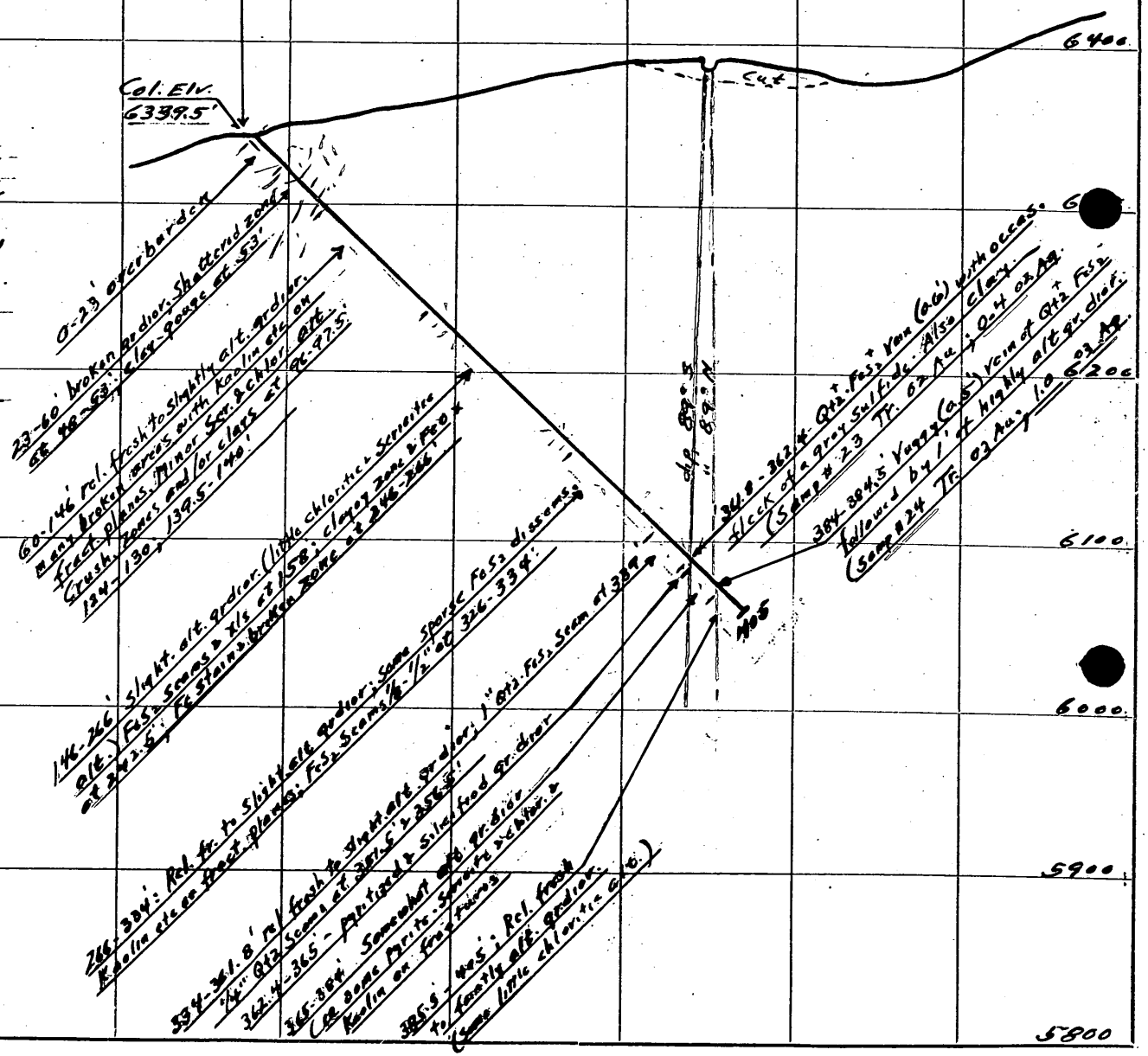
-45°; T.D.-440'

Notes on

Sperry-Sun Instrument

Survey of Hole

Within 20 mins time of pulling drill rods out of hole, the in-hole Sperry-Sun instr. was attached to rods and hole re-entered for surveying purposes. A cave was met at 40'- Just below the surface casing and instrument could be lowered no farther. A reading, however, was taken at this point and it showed a dip of 44° and strike of N 18°E; The latter owing to proximity of casing was cons. unreliable

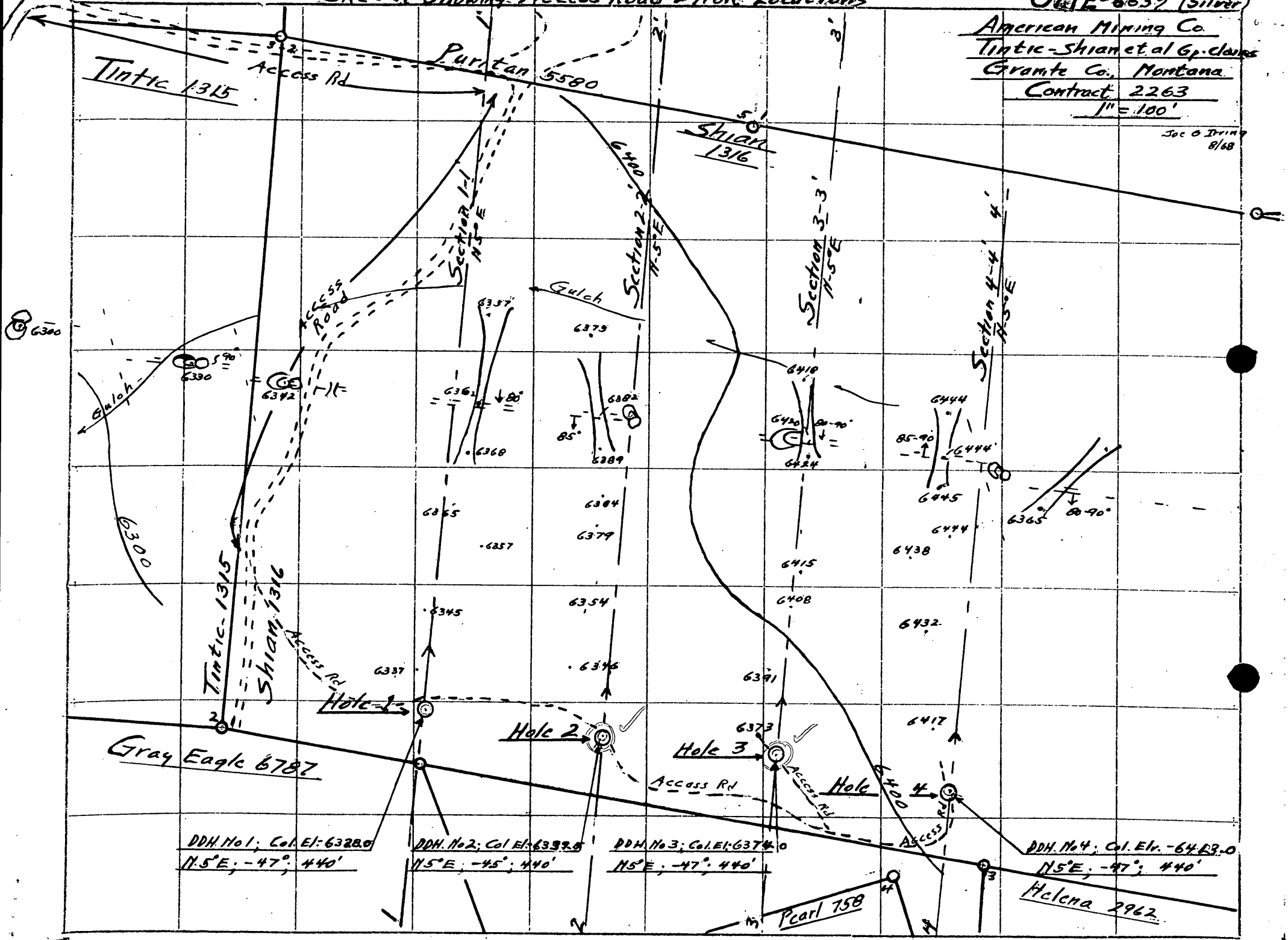


Sketch Showing Access Road & Hole Locations

OME-6639 (Silver)

American Mining Co.
Tintic-Shiant et al Gp. claims
Granite Co., Montana
Contract 2263
1" = 100'

Joe O Irving
8/68



October 17, 1968

Mr. Don R. MacLaren, Field Officer
Office of Mineral Exploration
U.S. Geological Survey
U.S. Court House, Room 656
West 920 Riverside Avenue
Spokane, Washington 99201

Re: American Mining Company
Tintic-Shian et al Group of Claims
O.M.E. - 6639
Granite County, Montana
Contract 2263

Dear Mr. MacLaren:

Enclosed is the original and three copies of the monthly voucher, narrative report, along with hole sketches, and such invoices and assey certificates that were received during the month of September.

The report covers the first two holes which were completed during the month, but includes the E. J. Longyear Company's invoice for the first hole only.

Subsequent work will be described and submitted in our next report which will be sent in within a week or so.

Very truly yours,

AMERICAN MINING COMPANY

Douglas A. Robinson, Chairman

DAR:vc

Enclosure

RECEIVED
OCT 18 1968
O.M.E.
SPOKANE, WASH.

BRANCH OF BUDGET AND FINANCE
OCT 31 1968
RECEIVED
FINANCIAL REPORTS

OME

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 16 1968

GEOLOGICAL SURVEY
U. S. Court House, Rm. 656
W. 920 Riverside Avenue
Spokane, Washington 99201
October 7, 1968

Mr. Joe G. Irving
Finlen Hotel, Rm. 614
Butte, Montana 59701

Re: Work Authorization
American Mining Company
Tintic-Shian, et al., Group of Claims
Granite County, Montana
Contract 2263

Dear Joe:

In view of possible vein split indicated by hole 2, the low assays of samples taken in hole 3, and the possibility of either a roll in the vein to a northerly dip or a stronger vein north of the ones cut in holes 2 and 3, the request in your letters of August 25 and September 28, 1968, to drill hole 4 at -40° appears reasonable as a last chance for Stage I.

The oral authorization given you by telephone on September 27, 1968, to drill hole 4 at -40° is hereby confirmed. Unless this hole and/or hole 1 give results much more encouraging than those from holes 2 and 3, no Stage II drilling will be authorized.

The five Monthly Voucher forms requested in your letter of October 5 are enclosed.

Sincerely,

D. R. MacLaren
Field Officer, OME
Region I

Enclosures
cc: American Mining Co.
337 Securities Building
Seattle, Washington 98101

OME(2)
Voucher File
Director's Reading File

MME FORM 6 REFERENCE SLIP
REV. 2-5 OFFICE OF MINERALS EXPLORATION

TO: Chief, OME	DATE	INITIALS
1.	9/25/68	
Re: OME-6639 (Silver)		
2. American Mining Co.		
3. Tintic-Shian, et al., Group of Claims		
Granite County, Montana		
4. Contract 2263		
D. R. MacLaren		
5. D. R. MacLaren		
FROM: Fld. Officer, Reg. I		

FOR: Check items for action desired

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

REMARKS: Answered during telephone call from Irving Sept. 24, 1968.

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 27 1968

INITIALS	CODE
	~~130~~
Gal	120
Jr	~~110~~
HK	120

GPO, SEC., WASH., D.C. M56300-62

P. O. Box 1583,
Butte, Montana
September 21, 1968

Mr. Don R. MacLaren, Field Officer,
O.M.E.--U. S. Geological Survey,
U. S. Courthouse, Room 656,
920 West Riverside Drive,
Spokane, Washington 99201

Re; OME -6639 (Silver)
American Mining Co.
Tintic-Shian et al Claims
Granite Co. Montana
Contract 2263

Dear Don:

We cut the vein in the first hole (Hole No. 3) and it was only a foot and a half wide, and lean. Actually it assayed only 1.3 ounces in silver. The next hole (No. 2) was finished last night, and the vein is quite narrow there also. Don't have any assays back on this intersection, but it appears to be mostly pyrite and quartz also. You will have these details in my regular monthly report. I write about something else now.

a. Sludge collection: The contract states that--"facilities should be provided for recovering drill sludge, and such sludge shall be retained when drilling in significantly mineralized rock." The problem here is getting return water so that sludge can be collected. In the first hole, because of shattered and permeable rock above the vein intersection, for several areas of considerable length in the hole, no return water was obtained after the hole got down several hundred feet. The sludge was escaping before it reached the collar of the hole. So, no sludge was obtained in the area of the vein intersection. The same condition was present in the second hole.

I don't know how a situation like this can be combatted. One could fill the entire hole with cement, and this might have to be done repeatedly, and redrill the hole, hoping that the "leaks" would be sealed, and remain sealed by the time the vein was approached. But, such procedure would certainly be most expensive, to say the least. We do have a provision in the contract for cementling and redrilling, but I assume that is in there to take care of situations of hole caving, where it has to be done to get the hole past a bad area and down to its target. And, not to insure sludge collection. If I am not right here, please inform.

Perhaps the whole thing is academic in our case, because the core recovery of the mineralized sections, and vein, has been good, and I note that the contract calls for assaying the sludge only if core recovery is less than 60%. At any rate, we have the equipment to collect the sludge and will do so, if we are able to get water return when it is needed, for this purpose.

b. Total Distance required for each individual hole: Stage 1 of the contract calls for--"drilling not more than four holes totalling not more than 1760 feet." The tabulation that follows shows the details of the four holes and the lengths of each hole are shown as 440' each, but a sentence directly above this tabulation refers to these lengths as--" approximate length". The sketches I have sent in show the vein to be cut, as projected on a steep south dip, at distances that range from approximately 340' and perhaps 400'. The total distance allowed of 440' was obviously to cover a situation where the vein might have a vertical dip, or one steeply to the north.

Hole No. 3, which was the first hole, cut the vein at 370.3' through 372.1', which was very close to where it was projected on an 85-degree south dip. From this intersection, it appears that the vein went down on a dip of approximately 87 degrees. Since this was the first hole, however, the drill was put down to the total suggested distance of 440', to see if there might be additional vein, or structure, in the footwall. The bottom of the hole, then, was 68' beyond its intersection, and such a distance penetrated the footwall at least 50' normal to the vein. The rock for the last 40', that is from 400 to 440 feet was fairly fresh granodiorite.

In Hole No. 2, which was the second hole put down, and just completed, the vein was cut at 363', and the hole was pushed on, to a depth of not 440', but 405' and stopped in relatively fresh granodiorite. The bottom of this hole, at 405' penetrates the footwall for over 30 feet, and with the information gained in the first hole (that no parallel structure was in the footwall for a distance of about 50 feet (normal to the vein) it was felt that it would be proper to drill beyond the vein intersection only 40 feet or so instead of almost 70 feet, as was done in the first hole--for information. If this procedure is not in line with the OME's thinking, please advise.

c. Surveying holes with an in-hole surveying instrument : The contract requires that this be done. The operator has had no previous experience with the problems and costs of getting such surveys made, and in the application that led to the present contract, and in a previous application, he put in this work at a cost of 2 days work (for 4 holes) at $65.00 per day. This was a figure given to him by someone at the time and it has proved to be a totally unrealistic figure of the actual costs that will be encountered. The experience had, with this problem, is related here at this time, not because there is any thought that the present contract can be altered, but because it is information that should have a bearing on future applications (and the current one that was submitted by the American Mining Company recently, now being processed, identified as Docket OME # 6741.

The informant, who offerred the figure of $65.00 per day for surveying several holes, gave the impression that there were firms of specialists in this field, in nearby cities--like Spokane or Salt Lake who have men standing by for such work and would virtually send them out to the job on quick notice to get the work done. Also, there was nothing said about the necessity of having the expensive instrument lowered into the hole at the end of the drill rods, requiring the rig of the contractor and the crew to be put in a standby condition, not allowed to move to the next hole, awaiting the arrival of the technician, at a cost (in our contract with Longyear) of $14.00/hr per rig with two-man crew. It is realized that most of the major companies have the surveying instrument and a man to handle it, but a relatively small outfit, such as the American Mining has no such set up.

After much prodding, Longyear found a Sperry-Sun single shot instrument, which they airmailed to us, without an operator, at a cost of $240.00 per month, and the rig stood by awaiting its arrival, and the crew spent several hours putting the instrument down, while I, with the kind help of a Hecla man in the area, was taught how to follow the procedures and make the readings. A more detailed letter covering the cost of surveying the holes will be sent in later as a matter of information. It greatly exceeds the cost allowed.

Sincerely,

Joe G. Irving

Joe G. Irving

RECEIVED
SEP 23 1968
O.M.E.
SPOKANE, WASH.

FOR MAR[redacted]

RECEIVED

SEP 4 1968

O.M.E.

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

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

INITIALS | CODE
420 | 1 DO NW
JKL | 710
JHK | 420

HK 9/9/68

OPERATOR'S MONTHLY VOUCHER

For Month of August, 1968

Docket No. OME 6639
Contract 14-08-0001 2265

Operator's Name American Mining Company
Address 700 - Securities Bldg., Seattle, Washington 98101

Contract Amount $ 56,200.00
Gov't. Participation % 75 $ 28,650.00

FOR OPERATOR'S USE					FOR GOVERNMENT USE ONLY			
COST ITEMS (FROM EXHIBIT A)	THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS	THIS MONTH UNITS	THIS MONTH COSTS	TO DATE UNITS	TO DATE COSTS
CATEGORY 1		$		$		$		$
Mob & demob one bulldozer	Job	311.96	Job	311.96	Job	311.96	Job	311.96
Bulldozing access roads & drill sites (See remarks, on other side paper)	14.33 hr. hrs	401.24	14.33 hrs	401.24	14.33 hrs	286.60 12	14.33	286.60 12
CATEGORY 2								
Supervisor-geol-eng. (see bill submitted)	0.517 mos.	387.75	0.517 mos.	387.75	0.517	387.75 12	0.517	387.75 12
(See remarks, on other side also)								
Category 3								
Drill water supply	1 mo.	50.00	1 mo.	50.00	—	— 13	—	— 13
Category 7								
Accounting & corr. Ex.	1 mo.	50.00	1 mo.	50.00	1	50.00	1	50.00
TOTALS		$ 1,200.95		$ 1,200.95		$1036.31		$ 1036.31

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

Date Sept 3 1968 *Payee American Mining Co

Per [signature] Title Chairman

*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)

Approved as noted, subject to field examination and audit.

Signature [signature] 9/4/68
OME Field Officer Date

14X0804

Approved for: $ 777.23
(SUBJECT TO AUDIT)

Signature mo

Date SEP 13 1968 Vou. No. 91615

(SEE OTHER SIDE)

FOR OPERATOR'S USE

REMARKS

Re: Bulldozing charges: A D-8 dozer was used. The contract sets forth a rate of $20.00/hr for this equipment (Incidentally, this was submitted in the application on the basis of 1967 prices; they are higher now). As seen by the bill submitted, the operator was billed for 14.35 hrs @ $28.00 per hr. The price allowed for bulldozing access roads and drill sites, of $384.00, in the contract, implies 19.2 hrs of work at $20.00 per hr. It should be noted, however, that the total for bulldozing and the mob & demob of the dozer, allowed in the contract, which was $704.00, compares favorably with the actual cost of $713.20 being submitted, which is only $9.20 higher than the cost allowed.

Re: Method of time keeping by the Supervisor-geologist-engineer: The bill submitted shows time put in (kept on an hourly basis) for a fraction of a month. The fraction is 91/176th of a month, or 0.517. The charges are based on a five-day, or 40-hour week. On this basis, the month of August had 22 working days, or at 8 hours each, a total of 176 hours. The supervisor put in a total of 91 hrs. during the month, or 91/176th of a mo.

FOR GOVERNMENT USE

REMARKS

[1] Maximum price for D-8 dozer is $20.00/hr

[2] claimed 0.517 mos. X $750/mo = $387.75

[3] No drilling reported, ∴ this claim is not acceptable

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 two parts.

FIRST, the Operator's Monthly Voucher on Form 9-1648 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 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 three copies of each of the two sections of this report to the OME regional Field Officer at the end of each month during the life of the contract.

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, FORM 9-1648

In the left hand column list the items for which costs were incurred during the month, and also the items for which costs were previously reported. For items previously reported, show only UNITS TO DATE and COSTS TO DATE. Items listed should conform to Exhibit A of the contract (Estimated Costs of the Work). The total of COSTS THIS MONTH followed by the Operator's signature constitutes a claim for payment of the Government's share of the costs. The Operator or his agent must sign the certification in the lower left corner.

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, 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 unemployment taxes, employee's liability insurance, and depreciation of Operator-owned equipment. The certification may be stated thus, "Certified True Copy", 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 Field 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 Vouch

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

ADMINISTRATIVE SUSPENSION STATEMENT

Name and Address of Payee:

American Mining Company
700 - Securities Bldg.
Seattle, Washington 98101

Amount Claimed:	Differences (Explained Below)	Amount Approved
$1,200.98	$ 164.67	$ 1,036.31 777.23 Govt. Participation
Bu. Voucher No.	**Payee's Invoice No.**	**Period**
	Docket #6639 Contract #2263	August 1968

EXPLANATION

Claimed Bulldozing access Roads & Drill Sites	401.24	
Maximum allowed $20. per hour for 14.33 hours	286.60	114.64
Claimed Supervision Service 0.517 mos. x 750.	387.78	
Allowed 0.517 mos. x 750.	387.75	.03
Disallowed for drill water supply since no drilling was reported.		50.00
Total disallowed		164.67

Any reclaim for items deducted must be included as a separate item on subsequent monthly voucher and supported by the original of this statement.

mo

Branch of Budget and Finance

American Mining Company,
700 - Securities Bldg.
Seattle, Washington 98101

CME-6639 ———(Silver)
Tintic-Shian et al Claims
Granite Co., Montana
Contract —2263

NARRATIVE REPORT
(August, 1968)

This report covers the period August 1, through August 31, 1968, and describes the work in connection with bulldozing the access roads and drill sites, which was preceeded by some additional surveying in of the revised drill sites, and covers also the placement of the drill, which arrived at the scene August 29th.

General

[redacted] hoped that drilling on this project could be started in mid or late June. The unavailability of CME funds, however, prevented this and arrangements were made to proceed as soon after the signed and dated contract was received. The contract was dated July 31, 1968 and received a few days later.

However, further delay was caused by the fact that the drill, which the E. J. Longyear Company, drilling contractor, was holding for the American Mining Company's job had to be put on another project while awaiting final word from us that our contract had been received and they could proceed to move in. The Longyear Company then stated that they would have a drill onthe property not later than mid August, but circumstances proved to be such that they finally had to bring in a drill from a far away location, and the net result was that the drill for the subject contract did not arrive on the property until August 29th. With the time needed for setting up, plus the Labor Day weekend,it is likely that actual drilling will not be started until September 4th.

Description of Work Performed

The bulldozing of the access roads and four drill hole sites was done by E. C. Ecklesdafer, of Missoula, Montana, who employed a D-8 Dozer which had to be brought in from some considerable distance. He proceeded to get the equipment on August 6, and the work was completed on August 12.

The access road and the four sites are shown in red on the accompanying sketch, which also shows the positions of the facilities with relation to several corners of the Tintic and Shian claims. It will be noted that approximately 1,780 feet of access road was required.

As mentioned in the "Remarks" column, on the back of Monthly Voucher Form 9-1648, the bulldozer contractor charged his actual dozing time at the rate of $28.00 per hour, which is higher than the $20.00 per hour specified in the contract. This latter rate was an estimate made in 1967 and the costs prevailing in the area at that time. The total cost of the work, however, including mobilization and demobilization, exceed the total allowed for these two items in the contract by only a few dollars.

The work of the supervisor-geologist-engineer started on the property on August 7, 1968. The work was somewhat intermittent but time was kept on an hourly basis and a total of 91 hours was put in on the job during the period August 7, through August 31, 1968. The work done involved a great many things, and included in part surveying the revised hole locations in, check surveying of these positions and for elevations after dozing sites, showing work to the dozer operator and supervising part of it and inspecting this work after completion. Also included was getting sludge collection supplies, making sketches needed for the CME reports of the hole locations and sections through each hole. Also standing by and directing the drill placement.

Joe G. Irving Joe G. Irving 9/1/68

RECEIVED
SEP 4 1968
O.M.E.
MAIL ROOM

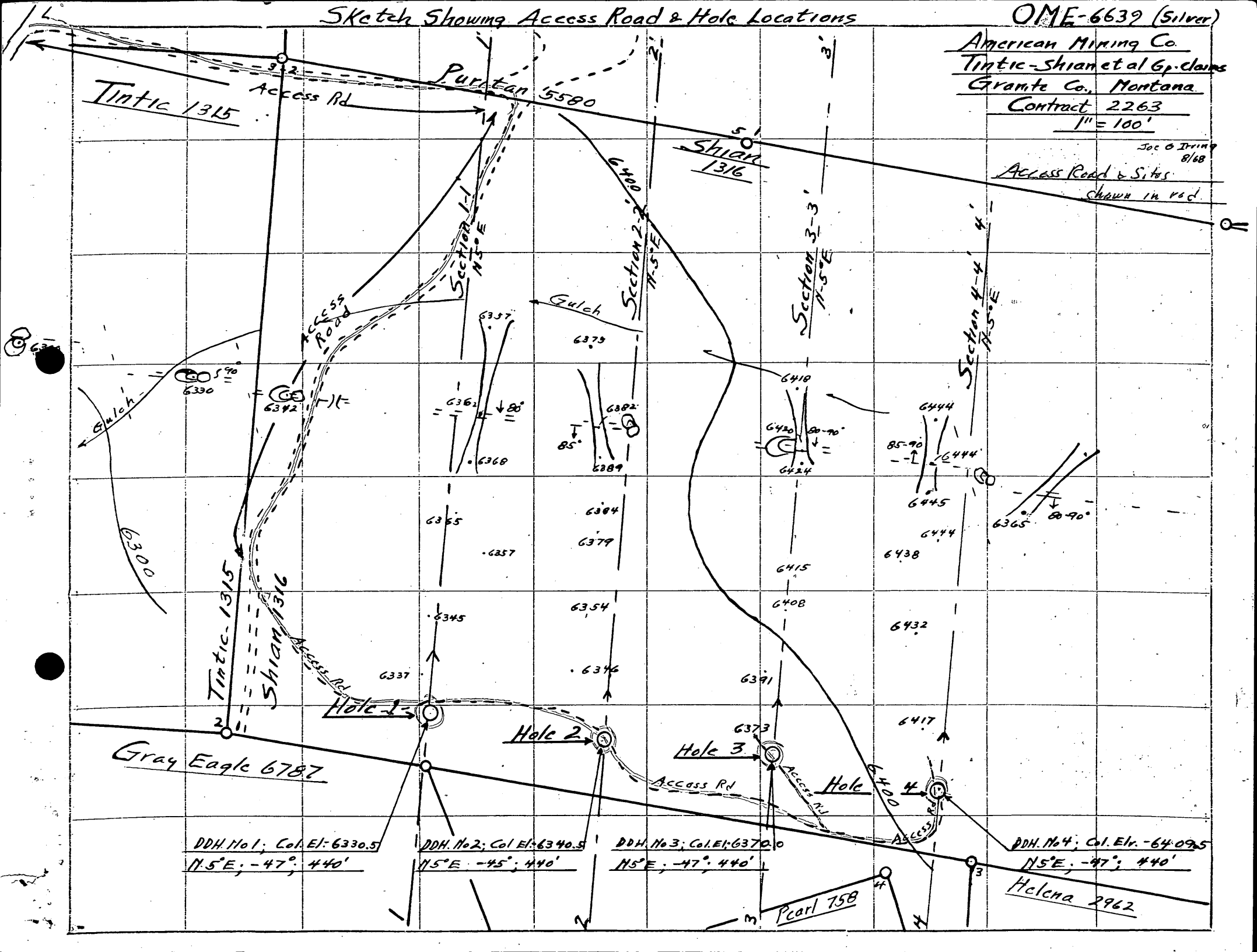
Sketch Showing Access Road & Hole Locations

OME-6639 (Silver)

American Mining Co.
Tintic-Shian et al Gp. claims
Granite Co., Montana
Contract 2263
1" = 100'

Joe G Irving
8/68

Access Road & Sites shown in red



GEOLOGICAL SURVEY
U. S. Court House, Rm. 656
W. 920 Riverside Avenue
Spokane, Washington 99201
August 28, 1968

Mr. Joe G. Irving
Mining Geologist
P. O. Box 1583
Butte, Montana 59701

Re: OME-6639 (Silver)
American Mining Co.
Tintic-Shian, et al., Group of Claims
Granite County, Montana
Contract 2263

Dear Joe:

Thank you for your letter of August 25, 1968, suggesting a change in the inclination of Hole No. 4.

Dips observed in four of the five trenches in the target area range from the vertical to 80° S. Referring to your application Map 3, the Pearl vein dips 75° S. as does the Hobo vein. Indeed the only north-dipping vein shown is in the trench west of the plane in which Hole No. 4 is to be drilled. Therefore, it is most probable that the vein will dip vertically to 80° S., although it is possible that there is a roll in the dip near Hole No. 4.

From your sections, it appears that Hole No. 1 allows for 40 feet of hole beyond the vertical vein; Hole No. 2 also allows for 40 feet of hole beyond the vertical vein; and Hole No. 3 allows for about 20 feet beyond the vertical vein. If the vein target for Hole No. 4 does continue to dip 85° N., 40 feet extension of Hole No. 4 at -47° would pass 10 to 15 feet beyond the vein.

If Holes No. 1, 2, and 3 are drilled first, we will know precisely how many feet will be available to drill Hole No. 4 beyond the indicated depth of 440 feet and whether the vein tends to steepen or roll to a northerly dip. At that time we can authorize the flatter hole if it appears to be advisable.

Sincerely,

D. R. MacLaren
Field Officer, OME
Region I

DRMacLaren/mls
cc: OME w/cpy incoming let. and sketches
Director's Reading File

P. O. Box 1583,
Butte, Montana 59701
August 25, 1968

Mr. Don R. MacLaren,
Field Officer, O.M.E.
U. S. Geological Survey,
Room 656, U. S. Courthouse,
West 920 Riverside Ave.
Spokane, Washington 99201

Subject: O.M.E. 6639 (Silver)
American Mining Co.
Tintic-Shian et al Gp. Claims,
Granite County, Montana
Contract 2263

Dear Don:

As you know we checked the revised drill hole locations in your office. We superimposed my sketch showing locations, which I obtained from the sketch that accompanied the contract, (and the conversions I made had to take shrinkage into account) on one you had in your office which was to the scale of one inche equals 100', and we found the locations I had were correct.

Accordingly, I made a new survey to each revised hole location and this included taking elevations also. With this information I made up five sketches: One showing the locations, with respect to claim corners of all of the four holes, and then I made a section along each drill hole direction, showing the surface in profile and the platted position of the various holes with relation to the downward extensions of the vein. on the observed dips.

If you will inspect these sketches, particularly the sections, you will see that they all look alright as far as total hole distance is concerned in connection with making a vein intersection---except Hole No. 4.

The dip obtained on the vein in the cuts opposite Hole No. 4, range from 85-90 degrees to the north, on the vein in the cut west of the section, to 80 to 90 degrees south in the cut to the east of the section. See sketch showing holes in plan in relation to geology etc.

If section 4—4' be studied, it will be noted that the hole (Hole No. 4) at an inclination of 47 degrees would fall short of intersecting the vein if the vein had a dip of 85 degrees to the north, which is certainly possible . If the veinhad a dip of 85 degrees to the south it would cut it with a scanty margin. You will note that I have pencilled on the proposed drill hole at an inclination of 40 degrees, instead of 47 degrees, and this inclination would intersect the vein if it had an 85 degree north dip. It should be noted also that this latter possible intersection would also cut the vein at a depth, down dip of approximately 300 feet, which was the area that all four holes had for their targets. If you agree with this situation, as I have pointed it out, don't you think that a letter, or an Amendment

should be got out to us that will permit the change in Hole No. Four's inclination from 47 degrees to 40 degrees, or perhaps a little less; this change could be contingent upon the findings in Hole No. 3 which would be put down before Hole 4 is drilled. In other words, if Hole 3 showed the vein to have a north dip the change would be definitely needed.

Very truly yours,

Joe G. Irving

Joe G. Irving, for
American Mining Co.
700 - Securities Bldg.
Seattle, Washington 98101

Enclosures: Two sets of five sketches, showing hole locations in plan, and sections along each hole.

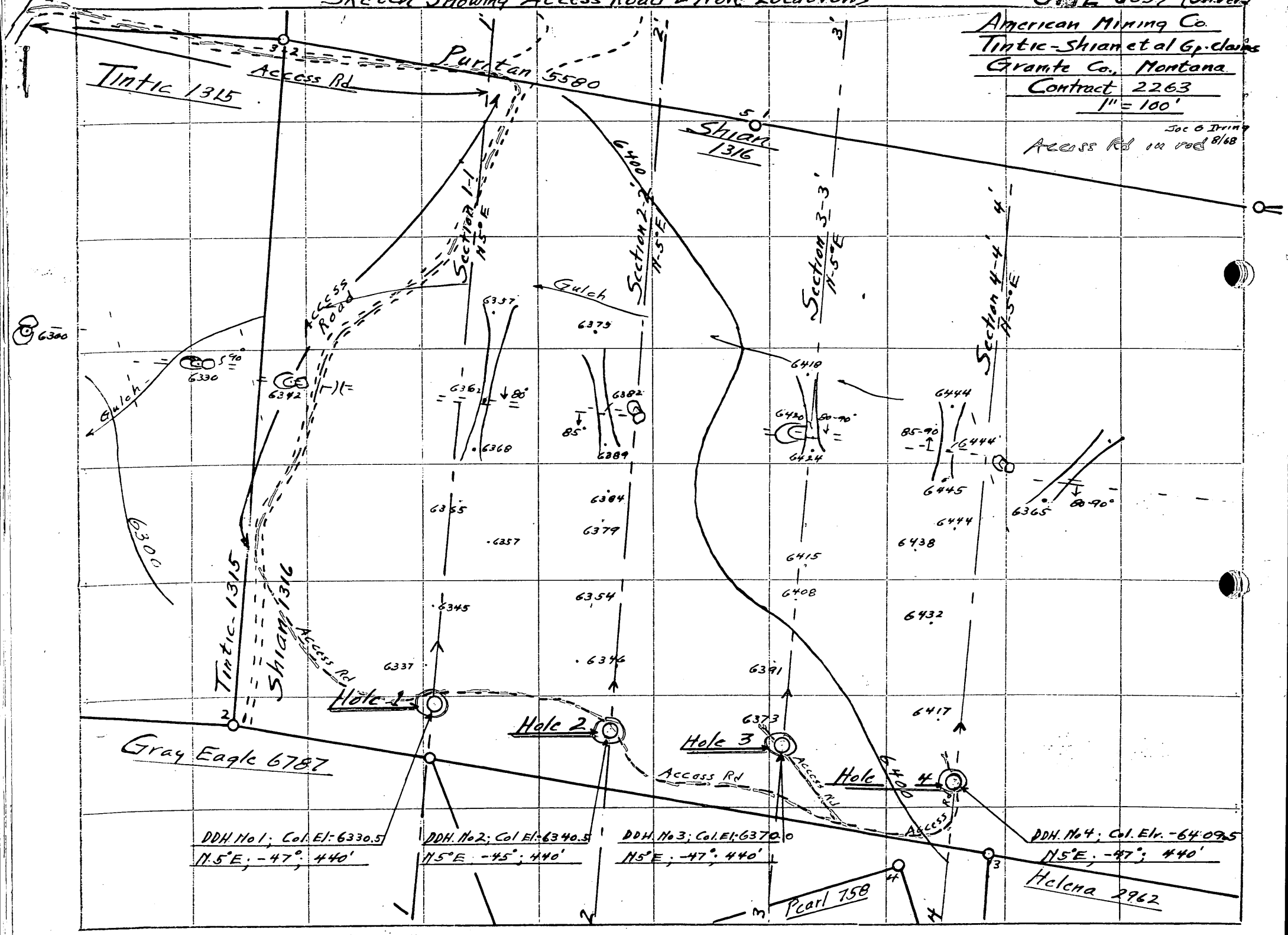
RECEIVED
AUG 2[illegible] 1968
O. M. [illegible]
SPOKANE, WASH.

Sketch Showing Access Road & Hole Locations

OME-6639 (Silver)

American Mining Co.
Tintic-Shian et al Gp. claims
Granite Co., Montana
Contract 2263
1" = 100'

Jac G Irving
Access Rd in rod 8/68

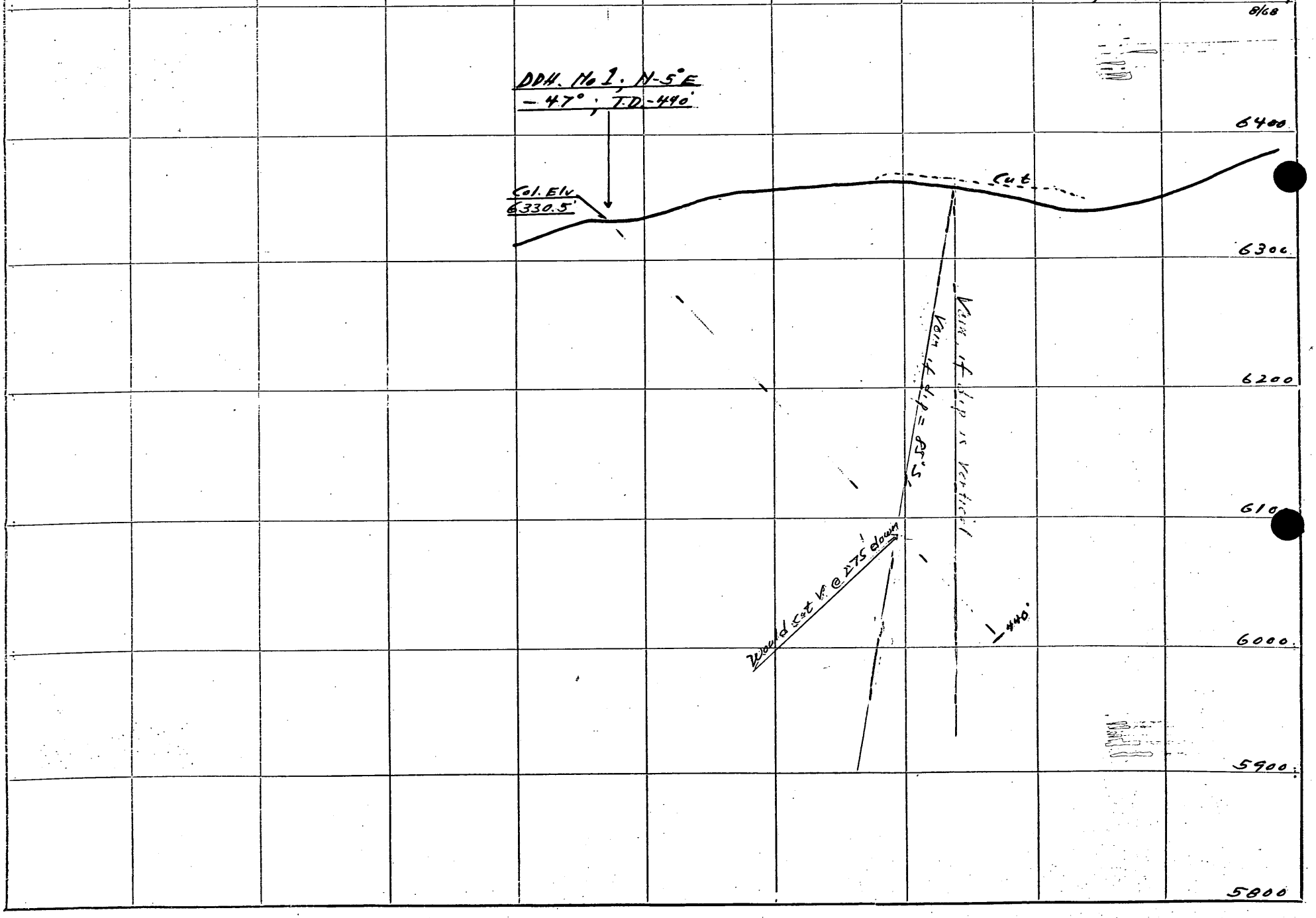


Hole 1 Section 1-1'

OME-6639 - (Silver)

Looking Westerly
1" = 100'

American Mining Co.
Tintic - Shian et al Claims
Granite Co., Montana
Contract No. 2263
1" = 100' Jac G. Irving 8/68



Hole 2 - Section 2-2'

Looking Westerly

1" = 100'

OME-6639 - (Silver)

American Mining Co.

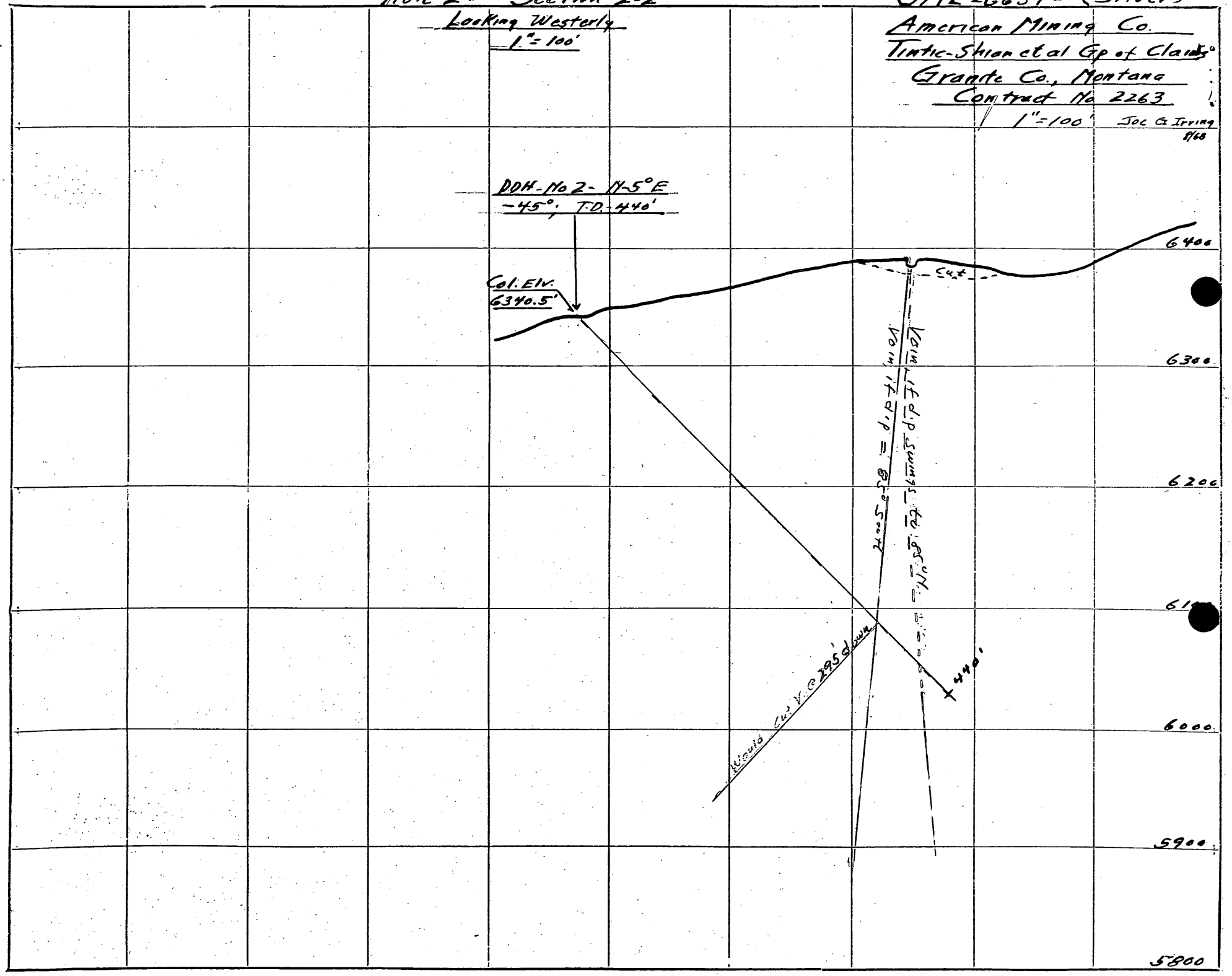
Tintic-Shian et al Gp of Claims

Granite Co., Montana

Contract No 2263

1" = 100'

Joe G. Irving 8/68



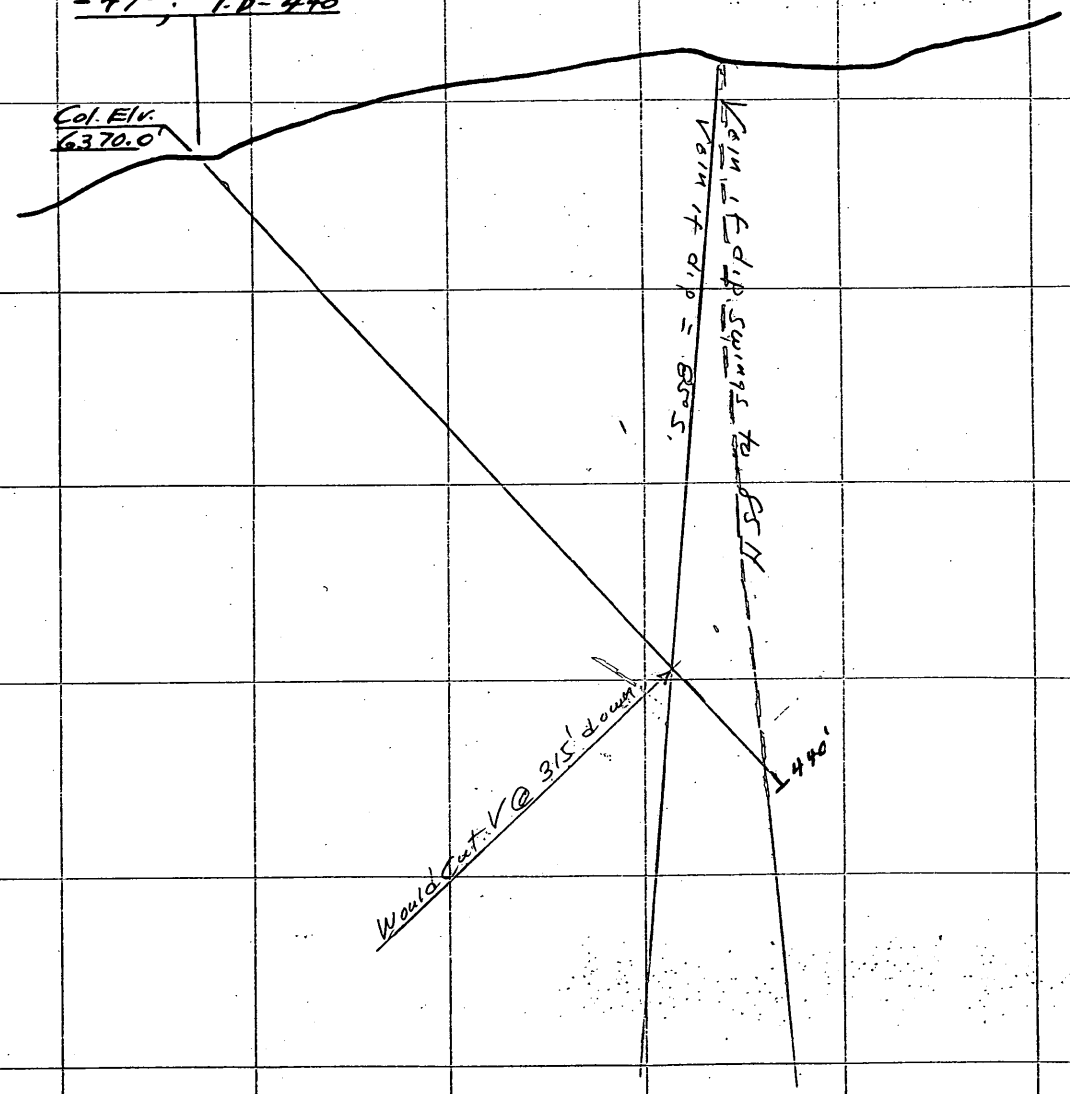
Hole 3 Section 3-3'

Looking Westerly
1" = 100'

OME-6639 (Silver)

American Mining Co
Tintic-Shian Gp et al Claims
Granite Co., Montana
Contract - 2263
1" = 100'

Joe G Irving
8/68



Hole 4 - Section 4-4

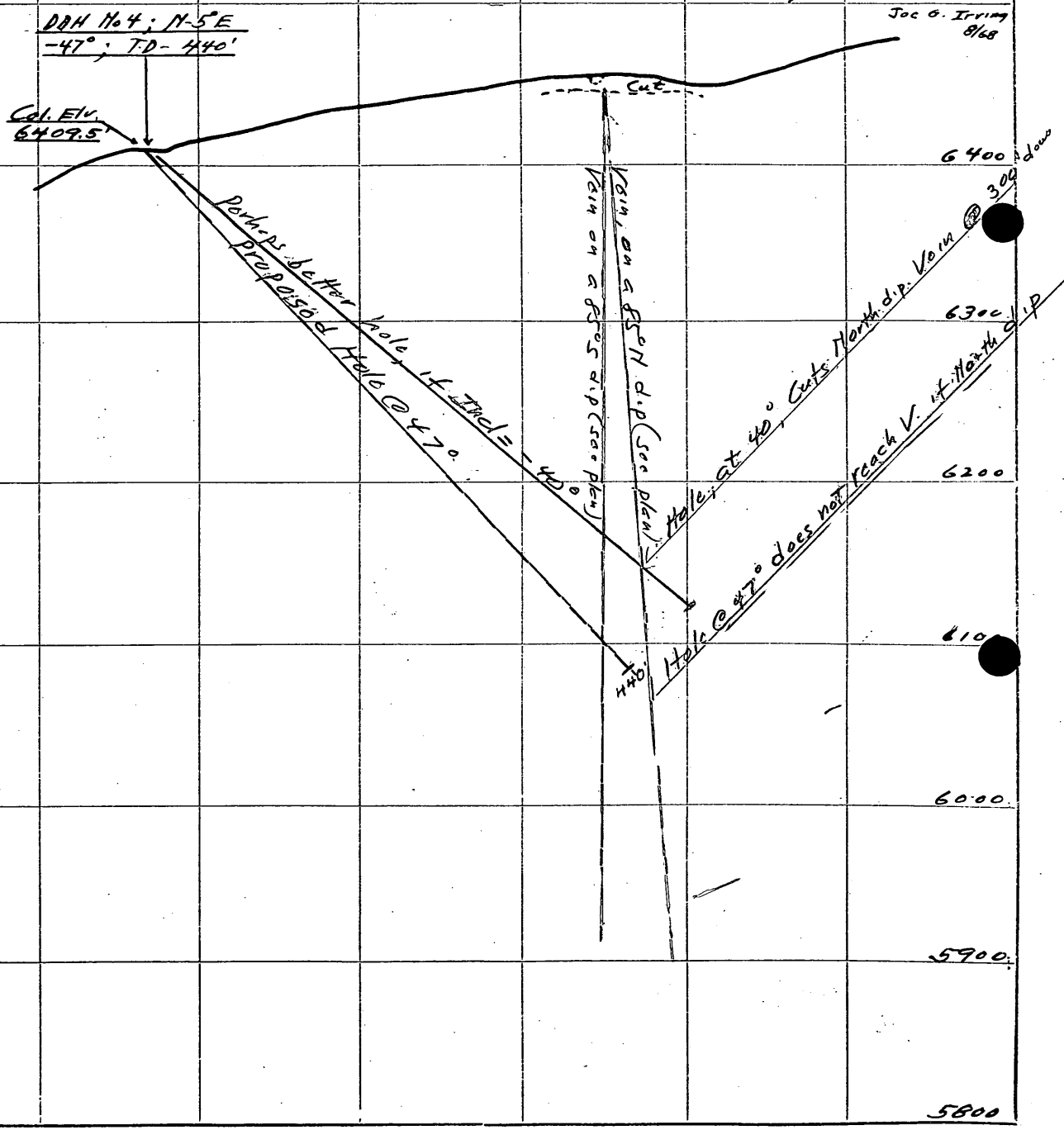
QME - 6639 - (Silver)

Note: If Hole No 3 shows vein's dip to be to north revise incl. of hole to 40°.

Looking Westerly
1" = 100'

American Mining Co.
Tintic - Shian et al. Gp. Claims
Granite Co., Montana
Contract 2263
1" = 100'

Joe G. Irving
8/68



P. O. Box 1583,
Butte, Montana 59701
August 15, 1968

OFFICIAL COPY
No. 25
RECEIVED
AUG 19 1968
O.M.E.

Mr. Don R. MacLaren,
O.M.E. Field Officer
U. S. Geological Survey,
Room 656, U. S. Courthouse,
West 920 Riverside Avenue,
Spokane, Washington 99201

Re: OME -6639 (Silver)
American Mining Co.
Tintic-Shian et al., Gp of Claims,
Granite County, Montana
Contract 2263

Dear Don:

This is a formal notification that work started on the subject contract on August 6, 1968.

This initial work was in the form of bulldozing access roads into the property and to the four drill hole sites. It has now been completed.

On August 8, 1968, the undersigned did some preliminary surveying to locate approximately the revised drill hole positions, and thus be able to show them to the dozer contractor. Subsequently, additional surveying was done, to fix positions more accurately and later still, after the dozing had been completed, a vertical angle survey was carried out to get the new elevations of the holes as they will be put down on the excavated pads.

The E. J. Longyear Company, which had a drill standing by to do the work as soon as the government funds were available, and we were able to give them the word to proceed, now find themselves without a drill in the area; the standby one was finally moved while awaiting the word from the American Mining Company. However, the Longyear Company informs us that they believe they will be able to get the drilling started before the end of August. It is probable that they will have to move equipment out from the east.

The above is mentioned because if the delay is longer, and the winter sets in early, some difficulties may be faced in getting all of the work done under conditions of snow and cold. However, we are optimistic that the work laid out can be done this fall.

RECEIVED
AUG 16 1968
O.M.E.
SPOKANE, WASH.

Very truly yours,

Joe G. Irving

Joe G. Irving, for
The American Mining Co.
700 - Securities Bldg.
Seattle, Washington 98101

GEOLOGICAL SURVEY
U. S. Court House, Rm. 656
W. 920 Riverside Avenue
Spokane, Washington 99201
August 2, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 5 1968

INITIALS	CODE
	~~130~~
gka	120 m
[illegible]	110
HK	~~120~~
mi ka	120 P

American Mining Company
337 Securities Building
Seattle, Washington 98101

Re: OME-6639 (Silver)
American Mining Company
Tintic-Shian, et al., Group of Claims
Granite County, Montana
Contract 2263

Gentlemen:

We are enclosing a three-month supply of Operator's Monthly Voucher, Form 9-1648. The original and three copies of the completed report form as well as the narrative, maps, assays, and all technical data, should be submitted for each month in which costs have been incurred under the contract. However, in the event that you do not wish to submit a voucher for any month, the narrative report for the work done in that month is required. Delay in processing can be avoided if reports are submitted promptly to this office.

Also enclosed are three copies of Standard Form 3, entitled "Notice of Nondiscrimination in Employment." In accordance with Executive Order 11246, which is Exhibit B of your contract, you should complete one copy and send it to any labor union that may be involved in your OME contract work and should post one or more copies in conspicuous places available to employees or applicants for employment. The enclosed poster should be kept exhibited in a conspicuous place available to both employees and applicants for employment.

We would appreciate your advising us when the OME contract work has started.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

Enclosures

MLSmelser/mls
cc: OME
Director's Reading File

SURNAME COPY

7/29/68

Kirkemo 120
Johnson 110
Clarke 7/31/68

AIRMAIL

American Mining Company
337 Securities Building
Seattle, Washington 98101

130

Re: OME-6639 (Silver)
American Mining Company
Tintic-Shian, et al., Group of Claims
Granite County, Montana
Contract 2263

110
Cac 220
120M

Gentlemen:

Enclosed is the Operator's copy of the subject contract which has been signed for the Government. As you have already signed, the contract is now in force.

Please note that the 7-3/4 percent interest accrues from the dates on which individual payments are made by the Government and like the principal is repayable from royalty on production.

Monthly reports and vouchers shall be prepared and sent to Mr. D. R. MacLaren, OME Field Officer, Region I, U. S. Geological Survey, U. S. Courthouse, Room 656, West 920 Riverside Avenue, Spokane, Washington 99201. Any questions regarding the contract work should be directed to Mr. MacLaren.

A supply of voucher forms (Form 9-1648) will be sent to you by Mr. MacLaren.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Enclosure

cc: OME Region I
We suggest that you insert the contract number, date of contract, starting date, and interest rate on the extra copy of the contract for field use which already is in your files.

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

HKirkemo/gla 7-29-68

130

SURNAME COPY

7/24/68 Kirkemo 120

" Johnson 110

" Gabor B&F

110

220

120M

110

AIRMAIL

Mr. Joe C. Irving
American Mining Company
337 Securities Building
Seattle, Washington 98101

JUL 24 1968

Re: OME-6639 (Silver)
American Mining Company
Tintic-Shian, et al., Group of Claims
Granite County, Montana

Dear Mr. Irving:

This is in reply to your letter of July 10, 1968, regarding proper billing for services as an Outside Consultant to the Operator, American Mining Company, and as Supervisor-Geologist-Engineer under Category (I) Personal Services in Stages I and II of the subject pending contract.

It would be acceptable to the Government for you to submit bills to the Operator as follows:

1. For service as Supervisor-engineer-geologist on the project, bill the Operator on a "fee basis" at the rate of $750.00 per month. Indicate on your bill the period of service and the professional service performed.

2. For consulting service on the project, bill the Operator for the period of service as a consultant at the rate specified in the contract.

In either situation, copies of your bills to the Operator should accompany the Operator's monthly vouchers. As you correctly pointed out, you cannot serve as both a consultant and as a supervisor.

We have not as yet received authorization to execute the pending contract with American Mining Company. As soon as this is possible, the Operator will be notified promptly.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Economic Geol. File
OME docket
OME Reading File
OME Region I
Mr. Kirkemo
Budget and Finance

HKirkemo/gla 7-24-68

Copy to: American Mining Company

Florence Hotel,
Missoula, Montana
July 10, 1968

Mr. Frank Johnson, Chief,
Office of Minerlas Exploration,
U. S. Geological Survey,
Washington, D. C. 20242

Re: OME-6639 (Silver)
Tintic-Shian et al
Group of Claims
Granite County, Montana

Dear Frank:

Stopped by in Spokane yesterday to talk with Don MacLaren, about some minor aspects of the subject contract, which we have received, approved and sent back to your office awaiting its dating, on the receipt of the news that the funds are available.

There is one matter that, after some discussion, Don MacLaren suggested that I take up with you. I shall explain below.

As you know my relationship with the American Mining Co., is purely one of outside consultant. I hold no stock, or options, or interest in the company. And, my work for them is done on a fee basis. When the work involves a considerable period of time, I give them a flat rate per month, but it is still a fee, and not a salary. And, no withholding tax, or social security deductions are made from the check that they give me in payment for services rendered, which appear on my regular statements.

Up to now, my charges in connection with O.M.E contracts have been based on the category of "outside consultant" at so much a day, plus per diem.

However, this summer if and when we get the drilling started on the subject property, I will be able to devote what will be practically full time to watching the drilling. This means that I will make daily visits to the property, remain there if and when intersections are expected. Watch the core of mineralized material be brought up, and sludge samples be collected. The reason I will be able to do this is that the other work they wish me to attend to, in the nearby area, involves only assessment work on unpatented claims at Garnet and Copper Cliff. And, this work is going to be contracted out, after I have laid it out, and will require only occasional and intermittent visits while it is in progress, and an inspection of the work when completed, which can be done on a Sunday.

So, what I am proposing is that I operate this summer in the capacity of "supervisor", as far as the OME is concerned on the Philipsburg drilling job outloned in the subject contract. If I do this, ofcourse, I cannot and will not also perform as outside consultant.

On page 3 of the contract, and also on page 5, Subcategory (A), "Supervision and Technical Services " shows a provision for not only a Supervisor but also an outside consultant. And, the nub of my question is set forth in the paragraph that follows.

If I act as outside consultant, I merely show the cost to

the American Mining Company by billing it on my statement, as so many days at so much per day. It is not evidenced by any payroll records or forms, because I am not on any payroll with them (merely a fee basis) and they are, as a matter of fact, not set up to provide payroll data.

If I act as "supervisor" this summer, I can only bill them for it on my statement as so much time (a month, or fraction of a month) at the allowed $750.00 per month. It cannot be evidenced by any "certified copies or transcripts of payrolls etc", as ~~shown and~~ set forth on the back of your new reporting form No. 9-1648.

To conclude, then, the question is: Would the government's accounting department accept evidence of the cost of supervision submitted in this manner (just a billing on a statement) rather than requiring a certified copy of an actual payroll? If the latter is required, I cannot then operate as a supervisor on this particular job, but will then give the job the required attention in the capacity of "outside consultant " instead.

Would appreciate a ruling on this before we actually get started on the drilling, which if the funds become available soon, could start as early as perhaps the last week of July?

Sincerely,

Joe G. Irving

Joe G. Irving
For the American Min. Co.
700 - Securities Bldg.
Seattle, Washington 98101

Copies sent to:
American Min. Co., in Seattle, and
Don MacLaren, OME, Spokane, Wn.

June 4, 1968

OFFICIAL COPY
O. M. E.
JUN 7

File 120
120 M
110
120

Mr. D. R. MacLaren
Field Officer, O. M. E. - Region I
United States Department of the Interior
656 U. S. Court House
W. 920 Riverside Avenue
Spokane, Washington 99201

Re: OME-6639 (Silver Tunnel-Shian et al) Group of Claims
Granite County, Montana

Dear Mr. MacLaren:

Enclosed please find an original and three copies with appropriate signatures of a proposed contract for the above referred to property.

Sincerely yours,

AMERICAN MINING COMPANY
By

William L. DeRuyter, Vice President

WJD:ssv

Encl.

GEOLOGICAL SURVEY
656 U. S. Court House
W. 920 Riverside Avenue
Spokane, Washington 99201

OFFICIAL
COPY
O. M. E.
RECEIVED
MAY 27 1968
INITIAL & CODE
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~~110~~
HK 120

May 24, 1968

American Mining Company
337 Securities Building
Seattle, Washington 98101

Re: OME-6639 (Silver)
Tintic-Shian et al
Group of Claims
Granite County, Montana

Gentlemen:

Enclosed are the original and three copies of a proposed contract for the subject property. The contract consists of MME Form 50 (seven pages), Annex I (one page), one Lien and Subordination Agreement, Exhibit A (six pages), Exhibit B (one page), and one map (Figure 1).

You or whoever will be in charge of the work are urged to read carefully the terms of the contract and all specifications set forth in Exhibit A. Without prior approval confirmed in writing, the Government may refuse to contribute to the cost of any work that does not conform to the specifications.

You will note that the contract date, starting date, rate of interest, and execution for the Government are presently lacking. If the proposed contract is otherwise acceptable to you, sign and return all copies to this office.

When funds are available, the contract date, the starting date, and the interest rate will be inserted and the contract executed for the Government. The Operator's copy will then be returned to you. <u>No reimbursement for work done before the as yet undetermined date of the contract can be made by the Government</u>.

If any part of the proposed contract does not have your approval, all copies should be returned unsigned by you with a statement of your proposed changes for consideration.

Sincerely yours,

D. R. MacLaren
Field Officer, OME
Region I

Enclosures

DRMacLaren:my
Director's reading file
OME

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/21/68	Kitchens	120
		120
5/21	Johnson	110
5/21	Ferrello	220
5/21	Hupp	
		110
5/23	cal	220

120M

AIRMAIL

MAY 23 1968

Memorandum

To: Field Officer, Region I

From: Chief, Office of Minerals Exploration

Subject: OME-6639 (Silver)
American Mining Company
Tintic-Shian, et al., Group of Claims
Granite County, Montana

Enclosed are the original and three copies of a proposed contract for the subject property. The contract consists of MME Form 50 (seven pages), Annex I (one page), one Lien and Subordination Agreements, Exhibit A (six pages), Exhibit B (one page), and one map (Figure 1). Also enclosed is an extra copy of the contract for field use.

If the proposed contract is satisfactory to you and the Applicant, all four copies should be signed by an authorized representative of the Applicant and returned to this office.

When funds are available, the starting date and interest rate will be inserted, and the contract executed for the Government. The Operator's and Field Office's copies of the contract will be forwarded to you at that time.

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
Economic Geology File
OME docket
OME Reading File
Mr. Peterson
130

ECPeterson/BLong 5/15/68
Rewritten: ECPeterson/gla 5-20-68

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
5/22/68	Johnson	110
		220
		120M

MAY 23 1968

Hon. Mike Mansfield
United States Senate
Washington, D. C. 20510

Dear Senator Mansfield:

Your letter of May 13 to Mr. Walter R. Hibbard, Jr., Director, Bureau of Mines, enclosing a letter to you dated May 8, from Mr. James F. Charlton of the American Mining Company, concerning his firm's application for exploration assistance, has been referred to the Geological Survey.

We are pleased to inform you that a proposed contract to explore the Tintic-Shian property in Granite County, Montana, has been prepared and will be sent to the American Mining Company in the next few days for review and signing if acceptable. Upon return of the signed contract, it will be executed for the Government promptly when funds become available.

Mr. Charlton's letter is returned in accordance with your request.

Sincerely yours,

Acting
Director

Enclosure

cc: General Files
Director's chron
Division copy
Economic Geology File
Docket OME-6639
OME Reading File
OME Region I w/cys incoming letters

FEJohnson/gla 5-21-68

179777

UNITED STATES SENATE
Office of the Majority Leader
Washington, D. C. 20510

May 13, 1968

Mr. Walter R. Hibbard, Jr.
Director, Bureau of Mines
Department of the Interior
Washington, D C.

Dear Mr. Hibbard:

Enclosed is a letter I have received from James Charlton of the American Mining Company advising me that his firm has filed for exploration assistance on silver properties in Granite County, Montana.

I would appreciate your giving me an up-to-date report on the status of this application.

With best personal wishes, I am

Sincerely yours,

/s/ Mike Mansfield

Enclosure

P.S. Please return the enclosure with your reply. Regards.

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o
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179777

May 8, 1968

Senator Michael Mansfield

Senate Office Building
Washington, D. C.

Re: Tintic-Shian Group - O.M.E. Loan #6639
Granite County, Montana

Dear Mike:

American Mining Company filed an application with the Office of Minerals Exploration several months ago on the silver properties which we own in Granite County, Montana, with the above referred to loan number.

We would appreciate you checking with the Office of Minerals Exploration to see if this loan can be expedited. We understood sometime ago that the loan would be processed and completed prior to this date. It is important that we obtain the O.M.E. approval at the earliest date possible so that we can complete the diamond drilling program during the favorable weather this summer. We have submitted to the O.M.E. all material and information which they have requested and we believe the application is thorough and complete in all detail.

Your assistance in contacting the O.M.E. and expediting this approval will be greatly appreciated.

Sincerely yours,

AMERICAN MINING COMPANY

By:

/s/ James F. Charlton
James F. Charlton

JFC:ssy

c
o
p
y

FORM 6 REFERENCE SLIP
12-56 DEFENSE MINERALS EXPLORATION ADMINISTRATION

TO:	INITIALS	DATE
1. ~~Assoc. Sol. MR, Room 65~~ ~~(Through Room 6042)~~		
2. Mr. Peterson, Room 4459		
3.		
4.		
5.		
FROM: Chief, OME		

FOR: Check items for action desired

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

REMARKS:

FROM: SOLICITOR

FOR SIGNATURE

RECEIVED
MAY 1968
Division of Mineral Resources
and General Legal Services

Please return

E-68-2037. 5/92

INT.-DUP. SEC., WASH., D.C. M25803

To Legal 5/6

To Legal 5/15

CA 120

HK 120

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120M

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-6639	Silver		Granite	Montana

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

American Mining Company, a Washington Corporation

whose mailing address is **337 Securities Building, Seattle, Washington 98101**, hereinafter called the "Operator," as follows:

ARTICLE 1. Authority and scope.--(a) This contract entered into under the authority of Public Law 701, 85th Cong., 2d sess. (72 Stat. 700; 30 U.S.C. § 641 - 646), consists of this form, the attached Annex I (land description), Exhibit A (work and costs), and the maps and documents listed. The work is a search for new or unexplored deposits of the commodity designated above. The Operator shall begin the work on or before _____ (Date), and, subject to the provisions of Article 9 and Exhibit A, shall either have completed the work within 6 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 $~~34,600.00~~ 38,200. The Government will contribute ~~50~~ 75 percent of the allowable costs as they are incurred, in a total sum not in excess of $~~29,950.00~~ 28,650.00 in accordance with the provisions of Articles 3, 4, 5, and 6. "Costs incurred" means costs that have been paid or have become due and payable, or that the Government determines have become obligations.

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

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

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

SEE ANNEX I

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

SEE ANNEX I

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CATEGORY (2)--PERSONAL SERVICES.

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

Subcategory (b)--Labor.

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

CATEGORY (4)--OPERATING EQUIPMENT.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 16. Changes and added provision.--

_____

_____

_____

_____

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

AMERICAN MINING COMPANY

(Operator)

By_____

By_____

Director, U. S. Geological Survey

Title_____

_____

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

_____ secretary of the corporation named as Operator herein; that

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

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

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

_____

 [CORPORATE SEAL]

EXPLORATION CONTRACT
AMERICAN MINING COMPANY
OME-6639

ANNEX I

The land, including all rights pertaining thereto, referred to in Article 2 of the contract consists of five (5) patented lode mining claims in sec. 29, T. 7 N., R. 13 W., MPM, Philipsburg (Flint Creek) mining district, Granite County, Montana.

The patented claims are recorded in the Granite County Recorder's Office at Philipsburg, Montana, as follows:

Claim	Survey No.
Grey Eagle	6787
Shian	1316
Spawn	6786
Tintic	1315
William P. Lode	10191

The Operator is in possession of the claims under terms of a Lease and Option, dated July 30, 1966, with William F. Flynn, owner of the claims.

A Lien and Subordination Agreements executed September 5, 1967, by the owner of the claims is attached and made part hereof.

The claims are shown outlined in green on Figure 1, entitled "Property map and proposed exploration, Stage I, American Mining Company, Granite County, Montana", attached and made part hereof.

EXHIBIT A

The purpose of this project is to explore by diamond core drilling from prepared surface drill sites for silver-bearing ore bodies in and along the easterly trending Tintic-Shian vein which traverse granodiorite rocks of Tertiary age.

General Provisions

A bulldozer no smaller than a Caterpillar D-6 or equivalent unit of any other make shall be used for preparation of access roads and drill sites.

All drill holes shall be completed with not less than AQ wire line or equivalent size (1-1/6" core) equipment.

All drill holes shall be cased as necessary. The Government will not contribute to the cost of casing left in a hole at the Operator's request.

Diamond drill core shall be stored in boxes identified by hole number with marks or in the core sections indicating the depths represented. Markers X

Facilities shall be provided for recovering drill sludge, and such sludge shall be retained when drilling in significantly mineralized rock.

All drill core shall be logged and significantly mineralized core recovered from hole intervals not exceeding 5 feet each shall be split and one split assayed. Whenever core recovery is less than 60 percent, a split of the corresponding retained sludge shall

be assayed separately. The remaining core shall be stored in proper sequence with the unsampled core, and the remaining sludge shall be stored in suitable containers properly identified as to hole number and depth.

All splits of samples for assay shall be analyzed for silver, and for gold and lead as warranted.

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

Stored samples shall be made available for Government inspection and possible use, and may be disposed of with prior Government approval.

The bearing and inclination of each drill hole shall be determined with a suitable in-hole surveying instrument in order to locate the hole with respect to the specific target.

The Operator shall provide such 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 work shall be divided into two stages. The Operator shall complete all of Stage I and as much of Stage II as is authorized in advance by the Government and confirmed in writing. Approval of Stage II shall depend upon the results obtained in Stage I.

Description of the Work

Stage I

The work shall consist of bulldozing access roads to the drill sites, leveling the sites, and drilling not more than 4 holes totalling not more than 1,760 feet, including overburden drilling. The approximate location of the drill holes are shown on Figure 1 referred to previously.

The hole number, bearing, inclination, and approximate length of the 4 diamond drill holes are as follows:

Hole No.	Bearing	Inclination	Length in Feet (including overburden drilling)
1	N5°E	-47°	440
2	N5°E	-45°	440
3	N5°E	-47°	440
4	N5°E	-47°	440

Stage II

The work shall consist of bulldozing access roads to drill sites, leveling the sites, and diamond drilling not more than 2 holes totalling not more than 1,380 feet. The location, bearing, inclination, and depth of the holes, shall be contingent upon the results obtained in Stage I.

Estimated Cost of Project

Stage I

Actual Costs

Category (1) Independent Contracts

Mobilization and demobilization,		
1 bulldozer	$ 320.00	
Bulldozing access roads and drill sites,	384.00	
D-6 @ $16.00/hr.		
D-7 @ $20.00/hr.		
D-8 @ $20.00/hr.		
Mobilization and demobilization and 3 moves between holes, 1 drill unit	765.00	
Diamond core and overburden drilling, 1,760 feet	14,152.00	

Depth, feet	Rate, foot NC	BQWL	AQWL
0-500	$7.85	8.05	7.30

Reaming and casing,		
165 feet @ $3.50/ft.	577.50	
Cementing and redrilling,		
50 hours @ $15.65/hr.	782.50	
Casing lost in completed holes,		
50 feet @ $2.00/ft.	100.00	
Surveying with in-hole instrument,	130.00	
2 days @ $65.00/day		$ 17,211.00

Category (2) Personal Services

None except:

Subcategory (a) Supervision and Technical Services

1 - Supervisor - geologist - engineer		
3 months @ $750.00/month	$2,250.00	
1 Outside consultant,		
20 days @ $50.00/day	1,000.00	$ 3,250.00

Category (3) Operating Materials and Supplies

None except:

180 cardboard core boxes @ $1.25/each	225.00	
Cement, drill muds, additives, etc.,		
65 sacks @ $8.40/sack	546.00	
Sludge collecting and sampling supplies	75.00	
Drill water supply,		
3 months @ $100.00/mo.	300.00	1,146.00

Category (7) Miscellaneous

None except:

Per diem, outside consultant		
20 days @ $16.00/day	$ 320.00	
Accounting and office expense,		
3 months @ $50.00/mo.	150.00	
Assaying, 90 samples	238.00	
Gold and Silver combined @ $3.00/sample		
Gold and Silver @ $1.50/metal		
Lead @ $2.00/assay		708.00
Total Estimated Costs, Stage I		$22,280.00

Stage II

Actual Costs

Category (1) Independent Contracts

2 moves between holes, 1 drill unit	$ 150.00	
Diamond core and overburden drilling,		
1,380 feet	10,944.00	

Depth, feet	Rate, foot NC	BQWL	AQWL
0-500	$7.85	$8.05	$7.30
over 500	-	8.60	7.85

Reaming and casing,		
110 feet @ $3.50/foot	385.00	
Cementing and redrilling,		
40 hours @ $15.65/hr.	626.00	
Casing lost in completed holes,		
42 feet @ $2.00/ft.	84.00	
Surveying with in-hole instrument,		
2 days @ $65.00/day	130.00	$12,319.00

Category (2) Personal Services

None except:

Subcategory (a) Supervision and Technical Services

1 - Supervisor - geologist - engineer		
2 months @ $750.00/month	$1,500.00	
1 Outside consultant,		
16 days @ $50.00/day	800.00	$2,300.00

Category (3) Operating Materials and Supplies

Cardboard core boxes 140 @ $1.25/each	$ 175.00	
Cement, drill muds, additives, etc.,		
55 sacks @ $8.40/sack	462.00	
Drill water supply,		
2 months @ $100.00/mo.	200.00	
		$ 837.00

Category (7) Miscellaneous

None except:

Per diem, outside consultant		
16 days @ $16.00/day	$ 256.00	
Accounting and office expense,		
2 months @ $50.00/mo.	100.00	
Assaying, 55 samples,	150.00	
Gold and Silver combined @ $3.00/sample		
Gold and Silver @ $1.50/metal		
Lead @ $2.00/assay		
		$ 506.00

Total Estimated Costs Stage II ..... $ 14,493.00

SUMMARY

Total Estimated Costs Stage I	$20,107.00
Total Estimated Costs Stage II	14,493.00
Total Estimated Costs of the Project	34,600.00
Government Participation @ 75%	25,950.00

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

TO: Chief, OME	DATE	INITIALS
1.	4/28/68	[illegible]
2.		
3.		
4.		
5.		
FROM: Field Officer, Reg I		

FOR: Check items for action desired

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

REMARKS: Re: OME-6639 (Silver)
American Mining Co.
Tintic-Shian, et al., Group of Claims
Granite County, Montana

6/10

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

1233 Singing Wood Ct., No. 12
Walnut Creek, Calif. 94529
April 27, 1968

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Mr. D. R. MacLaren,
Field Officer, OME Region 1,
Office of Minerals Exploration,
U. S. Department of Interior,
U. S. Court House, Room 656,
Spokane, Washington 99201

Dear Don:

As you know my relationship to the American Mining Company has always been that of independent, outside consultant. On this basis I have done their geological work and supervised any O.M.E. projects that they have had.

Last December they asked me if I would accept the position of president of the American Mining Company, and after much hesitation and considerable thought I reluctantly accepted. They pointed out it would help them with various things they had in mind.

The thing proved to be pretty impractical, especially with me living far away, down here and there were other factors also.

Last week, effective April 24, 1968, after a very brief period in such a capacity, I resigned as president and also member of the Board of Directors.

Before accepting the job I owned no stock in the company, nor had any options; while holding the job I owned no shares nor options, and today, after my resignation I do not hold any shares or options in their company.

In my letter of resignation I pointed out that I would return to my older relationship, which was--as stated above--that of independent outside consultant. And, this was agreed upon.

So, after this short period of being identified with the American Mining Company, as one of its officers, my position is again one of independent consultant, and the purpose of this letter is to make these facts known to the Office of Minerals Exploration.

Sincerely,

Joe G. Irving

Joe G. Irving

RECEIVED
APR 29 1968
O. M. E.
SPK. WASH.

April 15, 1968

United States Department of the Interior
Harold Kirkemo
Assistant Chief
Office of Minerals Exploration

Re: OME-6639(Silver)
American Mining Company
Tintic-Shian, et al., Groupof Claims
Granite County, Montana

Dear Mr. Kirkemo,

Enclosed are five copies of the Lien and Subordination Agreement, revised in accordance with the instruction in your letter of March 29, 1968. As noted in the revision, the lease option we have with Mr. Flynn is unrecorded.

It was not our intention to include the two small fractional claims in the Lien and Subordination agreement. In our view there appears no reason to include them now. We trust this view will be acceptable to you.

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Thank You,

AMERICAN MINING COMPANY

by: Douglas A. Robinson
for: Joe G. Irving, President

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/29 '68		120
"	On leave	110
2/24	CAR	220
		120M

AIRMAIL

MAR 29 1968

Mr. Douglas A. Robinson
President
American Mining Company
337 Securities Building
Seattle, Washington 98101

Re: OME-6639(Silver)
American Mining Company
Tintic-Shian, et al., Group of Claims
Granite County, Montana

Dear Mr. Robinson:

Enclosed is the original and four copies of Lien and Subordination Agreements (MME Form 52) signed by William F. Flynn, 604 Locust Street, Anaconda, Montana 59711. The date of Mr. Flynn's signature should be entered by him to validate the document.

We note also that Mr. Flynn did not include in the land description the fractional interests in the Providenta No. 2 and Ogdensburg Lode claims which are included in the Lease and Option agreement he has executed with you. Since these fractions adjoin the claims listed on the subordination form, we believe they should be listed also. The location of the fractional interests within the Providenta No. 2 and Ogdensburg Lode claims should be indicated on a map or described adequately so that we can show them on maps submitted with your application.

If all of the land listed in the Lease and Option agreement is to be subordinated, please note the instructions under footnote 2(b) on the Lien and Subordination Agreements. If the lease was not recorded, please so indicate.

Enclosed are six copies of MME Form 52 in the event you may wish to submit a new set in accordance with the above comments.

We appreciate that you are anxious to receive a decision regarding your application for financial assistance to explore the Tintic-Shian group of claims. We are working on the application now and will have word to you very soon.

Sincerely yours,

Harold Kirkemo (gla)

Harold Kirkemo
Assistant Chief, Office of
Minerals Exploration

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

HKirkemo/gla 3-29-68

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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February 21, 1968

Memorandum

To: Chief, OME

From: Field Officer, Region I

Subject: Recommendation and cost estimate
OME-6639 (Silver)
American Mining Company
Tintic-Shian, et al., Group of Claims
Granite County, Montana

Field Team Report

INTRODUCTION

American Mining Company has applied for OME assistance in a project to explore for silver ore bodies in sec. 29, T 7 N, R 13 W, P.M., Philipsburg (Flint Creek) Mining District, Granite County, Montana.

The claims subject to the contract and controlled by the applicant under a Lease and Option dated July 30, 1966, by William F. Flynn are:

Claim	M. S. No.
Shian	1316
Tintic	1315
William P. Lode	10191
Spawn	6786
Grey Eagle	6787

The geologic setting is described in the application and in the "Regan Report" which accompanies it. William C. Prinz, U.S.G.S., who is very familiar with the area, has commented on the statements made by the applicant and by Regan, in a memorandum dated July 24, 1967, to the Assistant Chief, OME. In addition to his general comments, Prinz suggests a modified program with which the Field Officer and the applicant are in general agreement.

In view of the available information it is concluded that an on-site inspection by the Field Officer is not warranted.

In summary, the Granite-Bimetallic vein about one mile south of the applicant's claims has been the largest producer of silver in the district. The Hobo vein about 800 feet north of the applicant's claims has been the next largest producer of silver. Surface assays from each structure have generally been low grade. The best ore found in the Granite-Bimetallic mine was below a depth of about 300 feet.

Assays of 4 surface samples taken by the applicant along the Tintic-Shian vein above part of the area he proposes to explore are:

Sample location	Width feet	Ounces/Ton gold	Ounces/Ton silver	Percent lead
Trench near DDH 3	4.5	0.02	0.3	0.15
" " " 4	3.5	0.015	0.8	0.20
" between " 4-5	4.0	0.03	1.7	0.20
" near " 6	3.5	0.03	2.8	0.25
" " " 7	4.0	0.025	0.95	0.10

By inspection, the area below holes 4, 5, 6, and 7 offers the most promise of containing a significant ore body. The best surface values are nearly over the proposed hole 6 vein intercept.

The applicant's proposed spacing of holes is 100 feet each between holes 4-5 and 5-6 and 150 feet between holes 6-7.

To: Flint Creek Book 8/28/67 From 9/13/67 H. Kirkham

There is no record in the Field Office that a new bank letter requested by OME in a letter dated July 27, 1967 has ever been received.

CONCLUSIONS

It is concluded that the chance of making a significant discovery is sufficiently good to justify a diamond drilling program slightly reduced in scope from that proposed by the applicant. For a Phase 1, 4 holes spaced at 150-foot intervals and drilled to cut the structure about 300 feet below the surface, should indicate the advisability of further work. Should the results of these holes be encouraging, a Phase 2 should provide for 2 holes at locations to be agreed upon by the operator and the Government. They would be drilled to cut the structure about 500 feet below the surface.

It is also concluded that if the holes are collared at the drill stations indicated on the applicant's Map 3 the angle between the holes and the vein, at the 500-foot depth is small enough to cause the holes to follow down the vein rather than to cross it. Moving the proposed drill sites about 60 to 80 feet further south from the vein outcrop will result in more favorable angles of vein intersection. Drilling Phase 1 as well as Phase 2 holes from the recommended drill sites will increase hole depths somewhat but will preclude the necessity and cost of preparing additional drill sites after the dozer has left the property. For details of the recommended drill site locations, the angle of each hole and its estimated depth see Plate 1 attached.

RECOMMENDATIONS

All holes shall be started with not less than BQWL or equivalent size bit (1 7/16" core). If necessary due to bad ground or other difficulties encountered while drilling, the bit size may be reduced to AQWL or equivalent size (1 1/16" core).

Sludge samples shall be taken to represent each 10 feet of hole and if panning shows appreciable amounts of metallic sulfides, shall be assayed for gold and/or silver, and lead as indicated by the panned concentrates.

Core samples shall be taken of all vein material and of any enclosing wall rock showing alteration. They shall be assayed for gold and/or silver and, if indicated, for lead; no single sample shall represent a hole length greater than 5 feet.

Upon completion of each Phase 1 hole an in-hole survey shall be made by Tropari, Sperry, or similar instrument to determine the spatial location of the toe of the hole. Each Phase 2 hole shall be similarly surveyed at depths of approximately 300 feet and at the bottom of the hole.

Phase 1

From drill sites located approximately 270 feet southerly from the outcrop or trace of the Tintic-Shian vein, drill holes numbered 1-4 inclusive, each bearing approximately N 5° E. The angles and the depths below overburden of each hole shall be approximately:

Hole	Angle	Depth below Overburden
1	-47°	420'
2	-45°	420'
3	-47°	420'
4	-47°	420'
Total drilling below overburden		1680'

These holes may be drilled in any order the operator may elect.

If the results of Phase 1 drilling are sufficiently encouraging to warrant additional deeper holes, from drill sites mutually acceptable to the Operator and the Government and with prior Government approval confirmed in writing, drill holes 5 and 6, each bearing approximately N 5° E. They can not now be definitely set but the angles will range from -63° to -64° and the depths will range from 620-650 feet. In order to make a cost estimate, the combined depths of holes 5 and 6 shall not exceed 1300 feet from the bottom of the overburden.

COSTS

Access road: The applicant's Map 3 indicates an old road in poor condition that will require about 500 feet of rehabilitation, most or all of which could amount to new road construction in terms of time and work required. From the old road to the most easterly of the drill sites about 1500 feet of new access will be required. The applicant estimates that progress will average 1,000 feet per day or 125 feet per hour. Thus 16 hours will be required for access road work.

Drill sites: Four drill sites will be required. The applicant estimates that each drill site will require 2 hours to prepare; total time required: 8 hours.

Diamond drilling: One drill should average 25-35 feet - say 30 feet - per day. Eighty feet of overburden and 1680 feet of core drilling would therefore require 58.3 days or at 25 days per month say 2.5 months.

The total time required for Phase 1 dozing and drilling is therefore 474.4 hours or 59.3 days, say 3 months to allow for unavoidable delays.

Actual Costs

Category 1) Independent Contracts

Mobilization and demobilization, 1 dozer 16 hours @ $20.00/hour	$320.00
Bulldozing 2,000 ft access road and 4 drill sites D-7 or D-8 16 hrs @ $20.00/hr D-6 24 hrs @ $16.00/hr	384.00
Mobilization and demobilization, one surface drill unit, and 3 moves between holes	765.00

Core drilling, 1760 ft. maximum Depth BQWL AQWL Overburden 80 ft @ $7.85 - Bottom of overburden to 500 feet 1680 ft @ $8.05 $7.30	$14,152.00*	
Cementing and redrilling, 50 hrs @ $15.65/hr	782.50	
Reaming and casing 165 ft @ $3.50/ft	577.50	
Lost casing[1/] 50 ft @ $2.00/ft	100.00	
In hole surveying 2 da @ $65.00/da	130.00	
		$17,211.00
Category 2) Personal Services		
None except:		
Outside consultant, 20 da @ $50.00/da		1,000.00
Category 3) Operating Materials and Supplies		
Cardboard core boxes, 180 @ $1.25	225.00	
Cement, drill muds, additives, etc. 75 sacks @ $8.35/sack	626.25	
Sludge catching and sampling supplies	75.00	
Drill water supply, 3 mos @ $100.00/mo	300.00	
		1,226.25
Category 7) Miscellaneous		
Per diem, outside consultant 20 da @ $15.00/da	300.00	
Accounting and office expenses and/or core storage, 3 mos. @ $50.00/mo	150.00	
Samples assayed for gold and/or silver 50 @ $1.50 for each metal ($3.00 for both)	150.00	
Samples assayed for lead 30 @ $2.00 each	60.00	
		660.00
Total estimated costs, Phase 1		$20,097.25
Government Participation @ 75%		$15,072.94

Phase 2

Actual Costs

Category 1) Independent Contracts

One surface drill unit, 2 moves between holes	$150.00	
Core drilling 1340 ft maximum	10,944.00*	

Depth	BQWL	AQWL
Overburden 40 ft @ $7.85/ft		
Bottom of overburden to 500 ft, 1,000 ft @	$8.05/ft	$7.30/ft
over 500 ft, 300 ft @	$8.60/ft	$7.85/ft

Cementing and redrilling, 40 hrs @ $15.65/hr	626.00	
Reaming and casing, 130 ft @ $3.60/ft	468.00	
Lost casing 1/ 40 ft @ $2.00/ft	80.00	
In-hole surveying, 2 days $65.00/day	130.00	
		$12,398.00

Category 2) Personal Services

None except:

Subcategory (a) Supervision and Technical Services

Outside consultant, 16 days @ $50.00/day		800.00

Category 3) Operation Materials and Supplies

Cardboard core boxes 140 @ $1.25 each	175.00	
Cement, drill mud, additives etc. 60 sacks @ $8.35/sack	501.00	
Drill water supply, 2 mos. @ $100.00/mo	200.00	
		876.00

Category 7) Miscellaneous

Per diem, outside consultant 16 days @ $15.00/day	$240.00	
Accounting and office expenses 2 mos @ $50.00/mo	100.00	
Samples assayed for gold and/or silver 30 @ $1.50 for each metal ($3.00 for both)	90.00	
Samples assayed for lead 15 @ $2.00 each	30.00	
		460.00
Total Estimated Costs, Phase 2		$14,534.00
Government Participation @ 75%		$10,900.50
Total Estimated Costs, Phase 1 and 2		$34,631.25
Government Participation @ 75%		$25,973.44

1/ The Government will not contribute to the cost of casing left in a hole at the request of the Operator

D. R. MacLaren

Enclosure

Distribution:

OME Docket

USGS (SRO) MacLaren

OFFICIAL
COPY
O. M. E.
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FEB 23 1968

INITIALS	CODE
MO	110
Oof	120
	130
HK	170

February 21, 1968

Mr. Joe G. Irving
American Mining Company
700 - Securities Building
Seattle, Washington 98101

Re: OME-6639 (Silver)
American Mining Company
Tintic-Shian, et al, Group of Claims
Granite County, Montana

Dear Joe:

My report on the subject OME application is in the process of being typed and should be on its way within the week. Processing should be completed and a decision made within the near future.

Nothing in this letter is to be taken as giving any assurance that a contract will be forthcoming.

Sincerely,

D. R. MacLaren
Field Officer, OME Region I

cc
OME w/cpy incoming
Director's Reading File
Docket
Chrono

AMERICAN [illegible]

[illegible] Securities Bldg.
Seattle, Washington 98101

[illegible]

Mr. Don R. MacLaren,
Field Officer, Region 1,
Office of Mineral Exploration,
U. S. Geological Survey,
U. S. Court House, Room 656,
Spokane, Washington

Subject: American Mining [illegible] application,
O.M.E. Docket No. [illegible] (Silver)
Tintic-Snien Group,
Granite County, Montana

Dear Don:

We had a meeting, and quite a discussion, about the captioned application the other day. And, there was some concern that the processing of this application might not be completed in time so that—if approval resulted—we could get under way with the drilling in time to complete the program laid out by fall, and the possible onset of early snow.

It was the consensus of the those at the meeting that I should write you concerning this. They were mindful of the fact that you are working alone, with no help, and that the Washington office is probably understaffed.

But, since the application was originally sent into your office—sometime last spring, I believe, and the additional information you required was submitted by me in a letter dated [illegible], 1967, they felt [illegible] of their concern should be conveyed to you.

I told them that I had called you on the phone a few weeks ago while I was in Spokane and that you said that our application was next on your list. But they still felt that their concern [illegible] the nearness of the field season should be mentioned again. Please, Don, don't misinterpret this letter. They are concerned as to whether or not the application will be processed in time to get the work done, if approved.

Sincerely,

[illegible]

Joe G. Irving
American Mining Company
337 Securities Bldg
Seattle, Washington 98101

November 29, 1967

Mr. Don R. MacLaren
Field Officer, Region 1
Office of Minerals Exploration
U. S. Geological Survey
S. 157 Howard Street
Spokane, Washington 99204

Re: O. M. E. Docket No. 6639 (silver)
Tintic-Shian Group
Granite County, Montana

Dear Don,

Since sending you the Bowles Brothers bid on the captioned project which accompanied my letter of November 24, 1967, we have received two more bids which should be attached to our application. Accordingly, I am enclosing the Longyear bid and one from the Diamond Drilling and Supply Company.

You now have four bids which I believe is one more than that required. We sent in the Nichols bid with my letter of November 19th in which I supplied the additional information needed. On November 24, I supplied you with the Bowles Brothers bid and the two enclosed make up the four mentioned.

Would greatly appreciate it if you would send a copy of these bids on to our Washington office so that processing of our application can be resumed.

Sincerely,

AMERICAN MINING COMPANY

By: Joe G. Irving

JGI:cs

Enclosures

To accompany Docket 6639.

DIAMOND DRILLING & SUPPLY CO.

CONTRACTORS & CONSULTANTS

85 INDUSTRIAL STREET • SAN FRANCISCO, CALIFORNIA 94124 • VALENCIA 6-3919

QUOTATION

MR. JOW G. IRVING
% American Mining Co.
337 Securities Building
Seattle, Washington 98101

DATE November 22, 1967

YOUR INQUIRY Mr. Irving
Letter of November 20.

QUANTITY	DESCRIPTION	PRICE	DELIVERY
	The following quotation is for a MINIMUM OF 4,150' BX DIAMOND CORE DRILLING in granite formation in the general area of PHILIPSBURG, MONTANA.		
4,150' minimum	BX CORED HOLE to be drilled - Four holes drilled on 55° minum of verticle up to 420' depths. Two holes drilled verticle up to 685' depths.	CHARGE PER FOOT = $ 15.00 /ft.	
AS DRILLED	AX CORED HOLE TO BE DRILLED IF NECESSARY DUE TO DIFFICULTIES REQUIRING REDUCING OF HOLE SIZE - - -	CHARGE PER FOOT = $ 12.00 /ft.	
	MOBILITY CHARGE (Move In & Move out Equipment)	FLAT RATE 3,000.00	
	SET UP CHARGE & MOVE HOLE TO HOLE (per each move)	FLAT RATE $100.00ea	

TERMS & CONDITIONS:

1. Water to be available within 2,200' of drill sites at no charge to us.
2. Roads & Drilling Sites to be graded and maintained for easy accessability by AMER. MINING CO.
3. Any Stand by time required due to conditions beyond our control or upon request to be charged at $25.00 per hour.
4. Cardboard core boxes can be furnished @ $3.50 ea.
5. Casing or Tool String lost in hole due to fissures or fractured rock torquing cause of breakage of drive (rod or casing) to be charged for at cost.
6. Prepaid (Advance) payment of $5,000.00 on approval of contract. Progress payments paid monthly.

WHEN PLACING ORDER FOR ABOVE MATERIAL REFER TO QUOTE NO. → No. IT84

QUOTATION FOR GARNET, MONTANA SITE WOULD TAKE SAME UNIT PRICES AS ABOVE QUOTED EXCEPT MOBILITY CHARGES CHARGES WOULD BE REDUCED TO $500.00.

ALL DELIVERIES QUOTED ABOVE COMMENCE AFTER RECEIPT OF YOUR ORDER.

DIAMOND DRILLING & SUPPLY CO.

Thank You for your inquiry

BY W. S. Cooper

RECEIVED DEC 1 1967

SPECIALISTS IN DRILLING & CORING, MINERALS, DAMS, ETC. - FOUNDATION AND SOIL TESTING - MASONRY

DISTRIBUTORS FOR DRILLING EQUIPMENT, CARBIDE & DIAMOND PRODUCTS

To Accompany Docket 6639

OUR '91 75TH '66 YEAR

Longyear

E. J. LONGYEAR COMPANY
GENERAL OFFICES, 76 SOUTH 8th STREET
MINNEAPOLIS, MINNESOTA 55402, U.S.A.
TELEPHONE (612) 339-7631 • CABLE LONGCO

November 22, 1967

Mr. Douglas A. Robinson, President
American Mining Company
337 Securities Building
Seattle, Washington 98101

SUBJECT: PROPOSED DRILLING PROGRAM NEAR PHILIPSBURG, MONTANA

Gentlemen:

1. In response to your recent requests, we are pleased to set forth below for your consideration our proposal for the referenced drilling program.

2. We understand that the program as now planned will consist of a minimum of 2,400 lineal feet of drilling, and a maximum of approximately 3,000 lineal feet of drilling in four shallow holes, ranging in depths between 340 and 420 feet, and two deeper holes ranging in depths between 520 and 685 feet. The holes will vary in inclination between minus 55° and minus 70° as measured from the horizontal. It is understood that the material to be drilled is granite, and that the overburden is expected to be less than 20 feet in depth. Water is expected to be available from the waterline of the Town of Philipsburg, at a maximum distance of 2,000 feet, and a maximum lift of 300 feet. Water and connection charges will be paid for by you. You will at no expense to Longyear, construct access roads and necessary excavation and preparation for drill sites.

3. For this program we propose to furnish one truck mounted Longyear Diamond Core Drill of suitable size and capacity, together with necessary accessory equipment, and tools including Longyear AQ and BQ wireline tools, as required to complete the work as now planned. We further propose to operate the drill a minimum of one shift per day, six days per week.

4. We will pay public liability insurance covering personal injury and property damage, and workmen's compensation insurance and also all-risk insurance on the drilling equipment, protecting against loss by theft, fire, flood, landslide and other similar hazards. Certificates showing the above coverages will be furnished upon request.

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

   a. Mobilization and Demobilization of personnel and equipment--lump sum . . . . . $ 540.00 per drill unit

b. Overburden drilling: 0 to 50 feet in depth $ 7.85 per foot

c. Diamond core drilling:

	AQ Wireline 1 1/16" core	BQ Wireline 1 7/16" core
Top of ledge to 500' in depth	$ 7.30 per foot	$ 8.05 per foot
500 to 1000' in depth	7.85 per foot	8.60 per foot

d. Reaming for casing if and when required:

	AX Casing	BX Casing
0 to 500' in depth	$ 3.25	$ 3.50
500 to 1000' in depth (this charge to include inserting and pulling casing)	3.75	4.00

e. Casing left in hole through normal drilling operations or at your request:

AX Casing	BX Casing
$ 2.50 ft.	$ 2.75 ft.

f. Cementing, waiting for cement to set and drilling out cement: $ 15.65 per hour
(plus cost of cement or substitute)

g. Standby time requested by you will be charged at $14.00 per hour per rig with two-man crew. Time lost due to breakdown of equipment will not be charged.

h. Drill mud, cement, substitutes and additives will be charged at cost plus handling charges, f.o.b. job site. Copies of invoices for these materials will accompany statements submitted to you.

i. Tractor service, if necessary, for building and maintaining roads, preparing drill sites, building sumps and moving equipment from one drill location to another will be invoiced at our cost. These services will be procured locally.

j. Core boxes (cardboard) 10 foot capacity will be charged for at $1.25 each.

6. Terms of payment: Upon the execution of an agreement and prior to the commencement of any operations under this project, you will deposit with the E. J. Longyear Company, the sum of $12,000.00 cash. Immediately after the fifteenth and last day of each month, Longyear will submit to you, invoices covering the work performed during the preceding half-month. Payment will be due from you for these invoices within 20 days from the date of the invoice. After the work has been approximately 50% completed, Longyear will continue to issue semi-monthly invoices but American will not be required to make cash payment for these invoices, the amount of which will be charged against the $12,000.00 deposit credit made initially by you. If at any time before the project is 50% completed, you become delinquent in payment of the semi-monthly invoices, and when such delinquency approximates or equals the $12,000.00 advance deposit, Longyear at that time will be priviledged to suspend all drilling operations. If it becomes necessary to suspend or terminate the work because of non-payment of charges on your part before the minimum footage of 2,400 feet has been drilled, Longyear shall be paid a sum equal to $1.00 per foot for all undrilled footage.

7. Drill cores will be turned over to your representative at the individual drill hole locations in core boxes furnished by E. J. Longyear Company, as quoted above.

8. We understand that American Mining Company contemplates a drilling program during the 1968 season in the vicinity of Garnett, Montana. This program will consist of approximately 3,000 feet of drilling in 10 or more holes, and the general conditions would be similar to those cited for the Philipsburg project.

   All terms and conditions contained in Paragraphs 3 through 7 inclusive herein, would also be applicable to the Garnett, Montana project. If it is the desire of the American Mining Company to have the Longyear Company perform either the Philipsburg or the Garnett programs, separate agreements incorporating all the terms and conditions contained herein would be drawn and executed for each of the desired programs.

9. We appreciate the opportunity to consider this work. If our proposal is accepted, we are prepared to commence drilling operations promptly after receipt of official notice to proceed, and after all other conditions herein are carried out.

Sincerely,

E. J. LONGYEAR COMPANY

Vice President - Contract Drilling Division

MJGleason/ab

copy to:
Mr. Joe G. Irving
1233 Singing Wood Ct. No. 62
Walnut Creek, California 94529

RECEIVED
DEC 1 1967
O. M. E.
SPOKANE, WASH.

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

TO: Chief, OME	DATE	INITIALS
1.	11/27/67	
Re: OME-6639 (Silver)		
2. American Mining Co.		
Tintic-Shian, et al.,		
3. Group of Claims		
Granite County, Montana		
4.		
D R MacLaren		
5. D. R. MacLaren		
FROM: Fld. Officer, Reg. I		

FOR: Check items for action desired

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

REMARKS:

OFFICIAL COPY
U. M. E.
RECEIVED
NOV 29 1967

INITIALS	CODE
bfh	120 M
[illegible]	110
HK	120

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

1233 Singing Wood Ct., No. 12
Walnut Creek, Calif. 94529
November 24, 1967

Mr. Don R. MacLaren,
Field Offiver, Region 1,
Office of Minerals Exploration,
U. S. Geological Survey,
S. 157 Howard Street,
Spokane, Washington 99204

Re: O.M.E. Docket No. 6639 (silver)
Tintic-Shian Group,
Granite County, Montana

Dear Don:

In my letter to you, on the captioned subject, in which I sent in the information you needed for the further processing of our application, I told you that I would send in any additional bids, from the various drilling companies, as received. You will remember that I included only one bid--the only one we had received--based on 1968 costs. This was the bid from the Nichols Drilling Company.

Since then we have received another, that from Boyles Brothers, and this is enclosed. Also, I believe a bid from Longyear has finally arrived, and is in the Seattle office. When I get up there next week, I will send that in also. We have also written for others.

Will you please see that this bid (from Boyles Brothers) is attached to the application and a copy sent into Washington, D. C. so that they can continue processing our application. As stated, I will send others in as they arrive. Regards.

Sincerely,

Joe G. Irving

Joe G. Irving
(For American Mining Co.)

RECEIVED
Via
NOV 24 1967
Air Mail
O.M.E.
SPOKANE, WASH.

File with [illegible]
Trustee - Storm [illegible]
Granite Co. Mont

DIAMOND CORE DRILLING
DIAMOND DRILLING EQUIPMENT
GROUTING
FOUNDATION TESTING
MINING
QUARRYING
SHAFT SINKING
TUNNEL DRIVING
MINE PLANT DESIGN
AND FABRICATION

Boyles Bros. DRILLING COMPANY

CONTRACTORS-ENGINEERS-GEOLOGISTS

1415 Riverside P.O. Box 4307
SPOKANE, WASHINGTON 99202
Phone (509) KE 4-0862

General Offices and Plant
1624 Pioneer Road P. O. Box 58
SALT LAKE CITY, UTAH 84110
Phone 487-7595

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
SACRAMENTO
SANTIAGO, CHILE
LIMA, PERU

November 17, 1967

American Mining Company
337 Securities Building
Seattle, Washington 98101

Gentlemen:

The following terms are quoted for performing the 1968 drilling in the vicinities of Phiilipsburg and Garnet, Montana as per your letter dated September 18, 1967.

"TERMS"

1. Mobilization and demobilization, including set up on first hole: $750.00 each drill.

2. Drilling and casing unconsolidated overburden: $15.00 per foot.

3.

Diamond Core Drilling:	AXWL	BXWL
0.0 to 250 feet	$10.65 per foot	$12.00 per foot
250 to 500 feet	12.00 per foot	13.85 per foot
500 to 750 feet	13.85 per foot	16.20 per foot
750 to 1,000 feet	16.20 per foot	19.00 per foot

4. Reaming and casing: $6.50 per foot.

5. Cementing, waiting for cement to set during a regular drill shift, and drilling out cement: $19.25 per hour plus cost of cement, cement substitutes or drill mud and additives.

6. Casing lost in holes, destroyed through use or ordered left in place; List price less 15% f.o.b. the job site.

7. Delays for your convenience, drill hole surveys, etc.: $13.30 per hour.

8. Moving from hole to hole, tearing down, setting up, installation and recovery of water supply systems: $13.30 per hour each 2 man crew.

9. Cardboard core boxes: $1.00 each f.o.b. the job site.

10. Adequate roads will be furnished and maintained to level drill sites at no cost to Boyles Bros. Drilling Co..

11. Within 3 weeks after notice to proceed Boyles Bros. will furnish equipment of suitable design and capacity with all fittings, supplies and accessories to do the work. The drills will be operated 2 shifts per day of 8 hours each on a six day week basis. The project will be under the general supervision of an area superintendent.

Boyles Bros. Drilling Co.

E. G. Tucker

E. G. Tucker - District Manager

RECEIVED
via
NOV 24 1967
Air Mail
U. M. E.
SPOKANE, WASH.

337 Securities Building,
Seattle, Washington 98101
November 19, 1967

Mr. Don R. Maclaren,
Field Officer, Region 1,
Office of Minerals Exploration,
U. S. Geological Survey,
S. 157 Howard Street,
Spokane, Washington 99204

Re: O.M.E. Docket No. 6639 (silver)
Tintic-Shism Group,
Granite County, Montana

Dear Don:

This reply to your requests for added information, and modification suggestions, with regard to the captioned application, submitted last summer, has been held up only because of the failure of our four drilling contractors to submit revised bids based on 1968 drilling cost estimates.

After three months, we have received only one revised bid---the attached one sent in by the Nichols Drilling Company.

We have been putting much pressure on the other companies to submit their revised bids, and it is probable that one or two more may come in soon. Also, I have written eight other companies for bids on the project and I am certain that we will be able to send you at least two more bids, and will send them in as soon as received.

In the meantime, the enclosed letter, relating to the application contains much information (merely lacks the required two or three bids) and I would appreciate it if you would do all that is possible to bring about resumption of processing of our application.

With best regards, and looking forward to seeing you at the forthcoming convention, I am,

Sincerely yours,

/s/ Joe G. Irving

Joe G. Irving
(For the American Mining Co.)

RECEIVED
NOV 21 1967
O.M.E.
SPOKANE, WASH.

AMERICAN MINING COMPANY

OFFICE 1904 THIRD AVENUE SEATTLE 1, WASHINGTON
MAILING ADDRESS ~~BOX 995 SEATTLE 11, WASHINGTON~~
TELEPHONE
MAIN 3-7916

337 Securities Building,
Seattle, Washington 98101
November 19, 1967

~~JAMES E. CHARLTON~~
GENERAL MANAGER

Mr. Don R. MacLaren,
Field Officer, Region 1,
Office of Minerals Exploration,
U. S. Geological Survey,
S. 157 Howard Street,
Spokane, Washington 99204

Re: O.M.E. Docket -6639 (silver)
Tintic-Shian Group,
Granite County, Montana

Dear Don:

The purpose of this letter is to supply for your use, and that of the O.M.E. office, in Washington, D. C.:

a. The various items of additional information and cost, requested by your Washington office relating to the subject application, as contained in their letter to you dated about three months ago.

b. My comments and thoughts on the several suggested changes in the program as initially set up in my original application.

The delay in taking this matter up is entirely due to our inability to get the four drilling contractors, whose original bids were sent in, to submit revised bids based on cost that would pertain to 1968 drilling rather than 1967 work. You will remember that Washington stated that such revised bids were necessary. To date only one revised bid has been received, although others may finally arrive. We are submitting this letter, with the one bid, however, rather than delay longer.

I will take up the various items and changes and discuss them in an order that follows the sequence of the notes I madewwhile you were reviewing the requests, on August 17, made in the letter which you had just received from Washington, D. C.

1. Core Box capacity, afforded by the cardboard boxes provided by the Longyear Company, during the drilling done recently at Garnet (OME Docket #6410, Contract 2207) is:

a. For AQWL core (boxes 2' lg x 7" wi, with five channels) -----10' of core.

b. For BX core (boxes 2' lg x 9" wi, with five channels) -----10' of cofe.

The pride of these boxes, as listed in the original application (escalation assumed) was $1.25 per box; the price quoted in Longyear's bid based on 1967 work was $1.15 per box.

See prices quoted in enclosed bids based on 1968 costs.

2. It is requested that the "incidental allowance" of $0.04 per foot of hole drilled be justified. This allowance was granted by the O.M.E. in our recent Garnet contract (OME Docket -6410; Contact No. 2207) on pages 6, 8 and 9. It is felt that this allowance —small as it is— was intended to cover various incidental costs hard to pinpoint, or estimate, and it is requested that it be allowed again in the subject application.

3. The estimated cost of a Tropari Survey, to be made of any or all of the holes, if indicated, was omitted by mistake. It was allowed in the previously mentioned Garnet contract (# 2207) for a total (7 days at $65.00 per day) of $455.00. Since the maximum footage in Contract 2207 compares closely with the maximum footage in the subject application, it is suggested that an estimated cost for possible Tropari Surveys be included for a total of $455.00, on the same basis.

4. It is understood that the additional bank letters, from banks more local to the site of the drilling, regarding a loan, have been sent in.

5. Drilling Rate: The drilling rate, as set forth in the original application, was placed at 50' a day, on a one-drill, one-shift basis. And, for a 22-day work month this indicated a progress of 1,100' per month. But this was cut down to 900' per month, when time for moving from hole to hole and other delays and contingencies were considered. At this rate, about 4½ months was estimated for the job, if the total maximum footage of 4,125' of hole was to be drilled.

Perhaps a more realistic daily rate would be about 32.5' a day, and on this basis a progress of about 715' per month would be probable.

On a revised total maximum footage basis (see discussion of the six holes proposed as a maximum for a Stage 1 program below) of 2,900' the drilling would then probably be accomplished (at the rate of 715' per month) for the Stage 1 program suggested in approximately four months. Such a program could be completed during the period 6/15/68 -- 10/15/68.

If three additional holes, contingent on results and other factors, (holes 1, 3 and 5—see discussion below) were permitted, these contingent holes, totalling a probable maximum footage of 1,225' would add an additional 1½ months to the length of the program. If this is to be done in one season, the entire program could probably be completed by November 30, which barring extreme early winter conditions is possible.

6. Bulldozer Mobilization and Demobilization Time: The dozer mob and demob time was estimated to require 16 hours, at $20.00 per hour for a D-7 or equivalent machine (see comment on the possibility of using a D-6 below) This is on the basis of an 8-hour trip from Missoula to the property. No bulldozers were available in the nearby towns of Philipsburg or Drummond last year. On this basis a total mob and demob cost of $320.00 was entered. This, by the way, is exactly the same as the amount allowed for the drilling program, recently done at Garnet which is closer to Missoula in the Garnet contract #2207 mentioned.

Another approach to the cost of getting a dozer onto and

off the property is herewith supplied and is based on figures provided by E. Ekklesdafer (mining man and bulldozer owner, of Missoula, Montana) who stated that for a D-6, D-7, or D-8 dozer it was standard practice to charge $2.00 per mile. Since Philipsburg is approximately 80 miles from Missoula, this would be $160.00 coming in, and $160.00 going out for the job, or a total for mob and demob of $320.00. Put on a "job basis", then the mob and demob cost, which would also be stated as requiring 16 hours, would be estimated at $320.00.

It is requested that a D-6 be allowed, which would be adequate enough, and, if so, the mob and demob cost would be the same, but the hourly rate for the work at the property might be as low as $16.00 per hour.

7. Cost of making Access Roads and Drill Sites: This was set up in the application as involving 2,050' of access road and 7 drill sites. Dozing the road was estimated at 1,000' a day, and sites at 2 hours per site. Allowance for some moving around time permitted the estimate of 32 hours for the job, and at a cost of $20.00 per hour a total cost of $640.00 for this work was arrived at.

If the program is revised to allow only 6 holes in a proposed Stage 1, and holes Nos. 2, 4, 6 and 7 (see discussion below) be selected as the four shallower holes to be put down initially, to be followed by two deeper holes from two of the previously prepared sites, a glance at Map 3 will show that no shortening of access road length is indicated.

The sites were estimated to require two hours each dozer time, and if two sites were eliminated for a proposed Stage 1, only four sites would be required instead of the seven originally proposed, which were estimated to require 32 hours, the, the cost of the work (26 hours @ $20.00 per hour) would be lowered to $520.00.

An alternative should be allowed regarding the cost and the size of the equipment used, wherein the work could be done with a D-6 machine, which may be obtained for $16.00 per hour.

8. Explanation of Longyear's charge of 35¢ per foot, as an additional charge, if the minimum footage as set forth in the contract is not drilled: This seems to be a customary provision of the Longyear contract, and was inserted in their contract for the work done, at Garnet under O.M.E. contract # 2207---see item 9, page 4 of the Longyear contract submitted. Since their unit price bid is based on a certain minimum footage, the provision seems proper.

9. Proposed Reduction of Holes from 9 to 6: It is understood that the O.M.E. has proposed that only 4 of the comparatively shallow holes be drilled, at first anyhow, instead of 7 suggested, as set forth in the original application. The two deeper holes, at sites to be selected later, , however, appear to be feceiving approval. This meets with the approval of the undersigned but it is requested that the three holes "eliminated" be allowed as offset holes later, or possibly holes to be put down in a so-called Stage II, if the results of the holes approved are encouraging.

The locations of the seven comparatively shallow holes, originally proposed and shown on Map 3 have been studied further. And, it is felt that of the seven holes designed to cut the vein at a depth of approximately 300', the four that might be put down first to best

advantage, all factors considered, should probably be holes Nos. 2, 4, 6 and 7.

If page 10 of the application be examined and Map 4 showing the holes in cross section be inspected, it will be noted that the total maximum footage represented by these four holes suggested for the modified program is 1590'. When the two deeper holes, with an estimated average maximum depth of 655' each are added to the above figure, a new total minimum footage of 2,900' of drilling is comtemplated. The three holes set aside (holes 1, 3 and 5) for the time being in this suggested program, have a total maximum footage of 1,225', which accounts for the maximum of 4,125' in the application as sent in originally.

10. Drilling Costs, as per bids based on 1968 Work: It was requested that costs and estimates be based on 1968 drilling, rather than 1967 work.

For over two months we have been waiting for the four drilling companies, who originally submitted bids based on 1967 drilling, to send in revised bids based on 1968 drilling. To date, only one contractor (Nichols Drilling Co.) has sent us a revised bid. Rather than delay this letter any longer we are transmitting it, with all information and modification suggestions requested, but with only one revised bid, so that processing might at least be resumed. When the other revised bids come in, they will be submitted promptly. In this connection we have just written eight other contractors, based in California, Nevada and Wyoming, to submit bids for 1968 drilling. It is felt that the required two (or three) additional bids will be available for your use soon.

Regarding the cost increase over the estimates originally made for 1967 drilling on the part of the drilling companies, this much is obvious: Costs for 1968 drilling based on new bids are going to be higher, and the tabulation in the original application (which was for AQWL drilling but is now to be based on BX drilling) will have to be revised accordingly.

As I recall it, the instructions given to me in Spokane were to submit the new probable unit and other costs in letter form, and not as a formal tabulation, which seems proper because of other possible, or probable changes to be made in Washington.

In my original application, I took the Longyear 1967 costs for AQWL drilling and escalated them approximately 15%, so that they might be realistic for 1968 work. The Nichols Drilling Co. bid, which was for BX drilling in both the early submittal and their revised one (and is the only one received to date) indicated a general increase over their 1967 costs, of about 24% in unit drilling costs and included other escalations. See their bid which is enclosed.

If the Nichols bid be accepted as the basis of government-approved costs for BX drilling in 1968, the following changes in unit, hourly or job costs used in the original application will have to be made. The order of the original tabulation is followed:

New unit costs, BX drilling, for 1968
(Nichols Drilling Co)

Drilling overburden	$ 12.00/ ft.
Bottom of O.B. to depth of 250'	8.75 "
250' to 500'	9.60
500' to 750'	10.10

REVISIONS

Category, or Item	Costs as used in the Original Application	New 1968 Costs, based on Nichols Co. Revised Bid
Mobil. & Demobil.	$600.00	$1000.00
Tractor Service	800.00 (no change)	800.00
Drilling overburden, est. @ av. of 20'/hole	$8.25/ ft.	12.00/ft
Drilling fr. O.B. to 250'	7.75 "	8.75 "
Drilling fr. 250' to 500'	7.75 "	9.60 "
Drilling fr. 500' to 750'	8.25 "	10.10 "
Reaming for casing , est. @ 400'	3.00/ ft.	4.60*
Putting casing in	(no est made)	0.50
Cementing (was est. at 115 hrs.	15.50/ hr	12.50/hr
Drilling out cement	(no est made)	4.60*
Waiting on cement (est at 40 hrs.)	15.50/ hr	15.50/hr
Possible delay time for Tropari survey (est @ 8hrs)	14.00/ hr	10.00/hr
Cement @ 90 sacks estimated	720.00 (job)	720.00 (job)
Casing left in hole, estimated at 100' @ $2.00/ft	200.00 "	200.00 "
Tropari surveys, est @ 3 days, at $65.00/day	195.00 "	195.00 "

* (see how stated, in bid)

I hope that the information herewith submitted will permit resumption of processing, asthe work is most definitely planned to start in early June, 1968. If other information is needed, please advise. As stated before, it is our intention to submit other bids for the 1968 work, insubstitution for the four already submitted, which were based on 1967 costs, as soon as they are received.

Sincerely yours,

Joe G. Irving

Joe G. Irving
(For American Mining Co.)

RECEIVED
Via
NOV 2 1967
Air Mail
SPOKANE, WASH.

Nichols Universal Drilling Co.

Post Office Box 667
Osburn, Idaho 83849
Phone 753-5281
David M. Mason, Mgr.

September 27, 1967

Mr. Douglas A. Robinson
American Mining Company
337 Securities Building
Seattle, Washington 98101

Dear Mr. Robinson:

We would like to submit the following proposal for Diamond Drilling at Philipsburg, and Drummond, Montana, during 1968.

It is understood that you will prepare the access roads and drill stations.

The following are the actual costs to be billed to you for BX drilling.

1. Mobilization and Demobilization for Philipsburg - $1000.00. Mobilization and Demobilization for the Garnet district at Drummond will be $500.00 extra.

2. Drilling at the rate of $8.75 per foot from 0' to 250', $9.60 a foot from 250' to 500', and $10.10 per foot from 500' to 750'.

3. Drilling overburden at $12.00 per foot.

4. Cementing the hole at $12.50 per hour.

5. Drilling cement at ½ the applicable drilling rate.

6. Casing placed in hole at 50¢ per foot.

7. Reaming casing at ½ the applicable drilling rate.

8. Casing lost or requested left in hole will be billed to you at our cost job site, plus 10% for handling.

9. Cement and drill additives will be billed at our cost job site, plus 10% for handling.

10. Cardboard core boxes will be supplied by us at our cost job site, plus 10% for handling.

11. Delay requested or caused by American Mining Company shall be billed at a rate of $10.00 per hour.

Thank you.

Yours very truly,

David M. Mason

David M. Mason, Manager

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 28 1967
INITIALS | CODE
120 N
120 S
(for N.K.)

Douglas A. Robinson
American Mining Company
337 Securities Building
Seattle, Washington 98101

August 24, 1967

Mr. Frank E. Johnson
Chief, Office of Minerals Exploration
United States Department of the Interior
Washington 25, D. C.

Re: OME-6639 (Silver)
American Mining Company
Tintic-Shian, et al., Group of Claims
Granite County, Montana

Dear Mr. Johnson:

In reply to your letter of July 27, 1967, I enclose herewith a copy of a request to and reply from Flint Creek Valley Bank, in Philipsburg, Montana, regarding our application for financial assistance in exploring the subject property.

I hope this will suffice.

Very truly yours,

AMERICAN MINING COMPANY

Douglas A. Robinson
President

Waiting for Report of Field Exam.

cs

Enclosures (2)

Douglas A. Robinson
American Mining Company
337 Securities Building
Seattle, Washington 98101

August 21, 1967

Flint Creek Valley Bank
Philipsburg, Montana

Attn: Loan Department

Gentlemen:

The American Mining Company is planning exploaation programs on mining properties which it holds at Phillipsburg, Montana. The project will include approximately 5,250 feet of diamond drilling, bulldozing, together with geological and engineering work.

It is estimated that the total project will cost between $40,000 and $50,000.

The primary objective will be to explore the possible location of ore bodies containing a potential high silver ore content.

We are interested in securing a loan of $30,000 and would appreciate you advising us under what conditions and circumstances your bank would make such a mining exploration loan.

We will appreciate being advised at your earliest convenience.

Sincerely yours,

AMERICAN MINING COMPANY

Douglas A. Robinson
President

DAR:cs

"LOCATED IN SCENIC GRANITE COUNTY, RICH IN LIVESTOCK AND MINING RESOURCES"

FLINT CREEK VALLEY BANK

PHILIPSBURG, MONTANA

B. G. PAIGE, PRESIDENT
ERICK V. JOHNSON, VICE-PRESIDENT
ZANE G. MURFITT, CASHIER

CLAUDE J. SORENSEN, ASSISTANT CASHIER
AGNES L. KEARNS, AUDITOR

August 23, 1967

Douglas A. Robinson, President
American Mining Company
337 Securities Building
Seattle, Washington 98101

Dear Mr. Robinson,

This acknowledges receipt of your letter of August 21, 1967 requesting an exploration loan for developing mining property in our area in the amount of $30,000.

I regret to inform you that our Bank does not make such loans as you request and I am sorry that we have to reject your loan application. I hope you can make other arrangements for financing your project.

Very truly yours,

B. G. Paige

B. G. Paige,
President

BGPmm

MME FORM 6 REFERENCE SLIP

REV. 2-59 OFFICE OF MINERALS EXPLORATION

	DATE	INITIALS
TO: Chief, OME	8/21/67	
1. Re: OME-6639 (Silver)		
2. American Mining Co.		
3. Tintic-Shian, t al., Group of Claims		
4. Granite County, Montana		
5. D. R. MacLaren		
FROM: Fld. Officer, Reg. I		

D R MacLaren

FOR: Check items for action desired

____ Action ____ Reply for signature of ____

____ Approval ____ Investigate ____ Surname

____ Comment ____ Recommendations ____ Signature

____ Conference ____ Rewrite ____ File

____ Instructions X Your information

REMARKS: RMD

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

THE

FLORENCE

MOTOR HOTEL

MISSOULA, MONTANA

OFFICIAL COPY

August 19, 1967

~~129~~ 120 ~~110~~
HKO
KMS ~~120~~
~~EJS~~ 120s
~~120p~~

Mr. Don R. MacLaren, Chief,
Office Mineral Exploration,
U. S. Geological Survey,
South 152 Howard Street,
Spokane, Washington

Re: Market No. 6659 Silver,
Anti. Shian Group,
Granite County, Mont.

Dear Don:

I just measured the cardboard core boxes that Longyear provide, which we got last year during the Garnet drilling. These are the boxes that I beleive the latest cost (see application) on are $1.15 per box.

The boxes are two feet long and have a capacity of only10' of core. Specifically,

Boxes for AQWL core are 2' x 9", and have five grooves for core—hence ten feet of core 10'

Also, boxes for BX size core are 2' x 9" and have five channels for core, hence 10' capacity. 10'

Now, someone else may have larger boxes, but these are the ones that Longyear provide, and you might send that information on to Washington. Was nice seeing you. Regards.

Sincerely,

/s/ JOE G. IRVING
Joe G. Irving

RECEIVED
1967

P. S. Incidentally, I talked also to Arnie Ecklesdafer, who is a well known bulldozer man and he says the charge for hauling a dozer D-6 thru D-8 up to a property is a standard Two dollars ($2.00) a mile coming and going. For example we are do work now at Copper Cliff, which is thirty five miles from Missoula, and he will charge $70.00 to haul there and $70.00 back, in addition there is set walking time from the place where he unloads to where the work starts. So, if they have to have it on an hour basis I will have to convert. But, if it is on a "job basis", there is no problem. /J.)

GEOLOGICAL SURVEY
So. 157 Howard Street
Spokane, Washington 99204
August 21, 1967

OFFICIAL COPY

Memorandum

To: Files

From: Field Officer, Region I

Subject: OME-6639 (Silver)
American Mining Company
Tintic-Shian, et al., Group of Claims
Granite County, Montana

Joe Irving visited the Spokane office August 18, 1967, and the various questions raised in the memorandum of July 27, 1967, referring the application to the field, were discussed.

The applicant will accept the proposed reduction from seven 300-foot holes to four but requested that provision be made to permit drilling three offset holes to follow up the results of the first four if warranted.

New bank letters will be acquired.

As the applicant does not contemplate starting drilling until next year, he will obtain bids for BXWL and AXWL to be based on costs projected to next year if possible.

His estimate of 50 feet per drill per day was based on the average advance made at Garnet (OME-6410) most of which was in fairly soft limestone. He agrees that a 25- to 30-foot rate is more realistic.

He will check again the size of cardboard core boxes and says that he took his estimate of $0.04/ft for incidental allowance from the former contract, under the impression that that was a standard contract provision.

He said it might be 2 months or more before he could secure drilling bids based on projected prices for next year. Until bids and written confirmation of other points are received, I will hold this application dormant.

D. R. MacLaren

cc: OME

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

TO: Chief, OME

	DATE	INITIALS
1. Re: OME-6639 (Silver)	8/13/67	
2. American Mining Co.		
3. Tintic-Shian, et al., Group of Claims		
4. Granite County, Montana		
5. D. R. MacLaren		

FROM: Fld. Officer, Reg. I

OFFICE COPY
O. M. E.
RECEIVED
AUG 21 1967
INITIALS CODE
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HK V20

FOR: Check items for action desired

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

REMARKS:

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

C O P Y C O P Y

THE
FLORENCE
MOTOR HOTEL

MISSOULA, MONTANA

August 2, 1967

Mr. Don MacLaren,
Office of Minerals Exploration
U. S. Geological Survey
S. 157 Howard St.
Spokane, Washington

Re: Docket No. 6639 (Silver)
Tintic-Shean Group
Granite Co., Montana
(American Mining Co.)

Dear Don:--

Believe I wrote you that I would be available at the Florence Hotel, Missoula, Montana, to show you the subject property (and the persistent run exposed on it that is not shown on the Prinz Map) anytime your schedule permits until early August, at which time I was going to be away for 12 days.

Am leaving for a trip into Nevada-Calif. on August 4th and will not be back to the Florence Hotel until probably August 17th. Then, I will be here until the end of the month. If your schedule absolutely requires that you make the field inspection during my absence (I would rather be there) you could contact my assistant Rick Graetz, who lives at 228 Eddy St., Missoula; Telephone is -549-0867 if you can reach him. He is doing work at Garnet and often sleeps up there. (Word can be got to him, however, thru his financee's phone 549-4517).

Hope to see you after mid-August.

Sincerely

/s/ JOE G. IRVING

(P.S.--Typewriter broke yesterday, hence longhand.)

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
7/27/67	Kirkemo	120
		110
		220
		120M

AIRMAIL

JUL 27 1967

Memorandum

To: Field Officer, Region I

From: Chief, Office of Minerals Exploration

Subject: OME-6639 (Silver)
American Mining Company
Tintic-Shian, et al., Group of Claims
Granite County, Montana

This application is referred to you for consideration and a field examination if warranted.

A copy of comments on the application by William C. Prinz is enclosed. We concur in his views and agree with his suggestion that, in the event of a contract, the Applicant's proposed program should be scaled down. Perhaps four of the seven holes proposed to intersect the target at a depth of about 300 feet, and the two deeper holes would be sufficient.

We note a number of items in the application which will require clarification in the event of a contract. One of these is mentioned in our letter to the Applicant, a copy of which is enclosed.

Under Item 5 a. and under Estimated costs, only AX and AXWL drilling is estimated (except overburden drilling). In view of the proposed depths of drilling, we believe allowance should be made for BX drilling in order to assure satisfactory completion of the holes.

The Applicant estimates a daily drilling rate of 50 feet per drill, and completion of the drilling in 4½ months. This is not a practical or realistic estimate even under the most ideal conditions.

The estimated cost for mobilization and demobilization of a bulldozer is made on the basis of hours. Our practice is to estimate this on a completed job basis divided between bringing equipment to the project and removing it from the project. Also, the cost of road and drill site preparation should be less than estimated if the proposed program is reduced.

If a contract is prepared and signed this summer, the estimated costs would not include the increase in costs which the Applicant estimated will prevail next summer.

23263

The Applicant does not include rental of a Tropari instrument in the costs.

We note that cardboard core boxes having a capacity for 10 feet of AX core and costing $1.25 each are included in the cost estimate. The usual capacity of core boxes for AX and BX core is about 20 feet per box, which means a considerable reduction in cost.

Under Fixed Unit Costs, the item, "Incidental allowance for each foot of drilling completed -- 4,125' @ $0.04/ft." is not justified in the discussion preceding the Cost Estimate.

The undated agreement with E. J. Longyear is for a minimum of 3,000 feet of drilling. In the event that total drilling under a revised program is less than 3,000 feet, would the same prices prevail, and would Longyear honor the Agreement for less footage than originally agreed upon?

In the event of a contract, a recent financial statement should be submitted by the Applicant.

FRANK E. JOHNSON

Frank E. Johnson

Enclosures

cc: Director's Reading File
Division File
Econ. Geol. file
OME Docket
OME Reading File
OME - 130
Mr. Kirkemo

HKirkemo/gla 7-27-67

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
7/27/67	Kirkemo	120
		110
		220
		120M

AIRMAIL

JUL 27 1967

Mr. Douglas A. Robinson
President
American Mining Company
337 Securities Building
Seattle, Washington 98101

Re: OME-6639 (Silver)
American Mining Company
Tintic-Shian, et al., Group of Claims
Granite County, Montana

Dear Mr. Robinson:

Your application for financial assistance in exploring the subject property has been reviewed and referred to Mr. D. R. MacLaren, Field Officer, Region I, Office of Minerals Exploration, U. S. Geological Survey, South 157 Howard Street, Spokane, Washington 99204.

We note that the Peoples National Bank of Washington in replying to your request for a loan based its refusal on the fact that ". . . we would like to confine our lending activities to our local trading area." This does not base the refusal on the possible merits of the proposed project. Please submit copies of your request to and the reply from a second bank within the trading area of the project.

The Regional Office will notify you if additional information is needed.

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
OME Region I
Mr. Kirkemo

HKirkemo/gla 7-27-67

23263

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

July 24, 1967

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 24 1967
INITIALS | CODE
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110

Memorandum

To: Harold Kirkemo, Assistant Chief, Office of Minerals Exploration

From: Staff Geologist, Heavy Metals

Subject: Comments on application OME-6639, American Mining Company

The statements in the application regarding the geology and ore deposits of the Philipsburg district are accurate, but of course slanted somewhat to favor the applicant's property. I have not examined the property in question and thus cannot appraise the accuracy of the statements regarding it. However, the "Regan report" included with the application was prepared by M. Dan Regan when he was geologist for the Taylor-Knapp Company. Regan is a good man and, as I recall, the report was prepared for T-K and not for the property owner. It appears to be objective and the conclusions in it are a good summary of the pros and cons of the property. Frank Neal, who is referred to in the "Regan report", is assayer for the Taylor-Knapp Company and has been in the district for many years.

The following are some general comments on the area around the property:

1. The vein at the Hobo (or McKay) mine just to the north has probably produced more ore than any other vein in the batholith outside of the Granite-Bimetallic mine. Some of the Hobo workings are below the zone of oxidation; I found sphalerite, galena, chalcopyrite, and pyrite on the dump there. The material on the Hobo dump probably gives a better indication of what might be expected at the Tintic-Shian than analogy with the Granite-Bimetallic mine.

2. According to Emmons (Prof. Paper 78, p. 207) better grade sulfide ore occurs 200 to 300 feet below the surface at the Hobo mine. Thus, the drill hole intersections proposed by Irving at depths of 300 feet or so should be O.K.

3. Whether a vein in the batholith does or does not line up with a vein in the sedimentary rocks is not of significance. The veins in the batholith and those in the sedimentary rocks probably were formed at the same time, but they comprise two separate and distinct sets of structures. Taking the district as a whole, it is impossible to match veins across the contact.

4. The geochemical survey seems to me to be of dubious value with all of the trenching that has been done.

Little exploration has been done in the batholith in recent years and I favor approval of a contract. The property is in a known mineralized area, the vein has good strike length, and it is apparently wider than most of them in the area. However, I think that the proposed program should be scaled down a little--four shallow holes (instead of seven) and two deeper ones should be sufficient.

William C. Prinz

William C. Prinz

MME FORM 6 REFERENCE SLIP

REV. 2- OFFICE OF MINERALS EXPLORATION

TO: Chief, OME	DATE	INITIALS
1.	7/18/67	
Re: OME-6639 (Silver)		
2. American Mining Company		
Tintic-Shian, et al.,		
3. Group of Claims		
Granite County, Montana		
4.		
5. D. R. MacLaren		
FROM: Fld. Officer, Reg. I		

OFFICIAL COPY

O. M. E.
RECEIVED
JUL 12 1967
INITIALS CODE

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:

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

THE

FLORENCE

MOTOR HOTEL

July 14, 1967

Mr. Don R. MacLaren, Chief,
Office of Minerals Exploration,
U. S. Geolgeical Survey,
South 157 Howard Street,
Spokane, Washington.

Dear Don:

You probably received, two weeks or so ago, the American Mining Company's O.M.E. application on their Philipsburg, Montana property that I prepared for them.

I have no idea what your schedule or intentions are, but in the event that you wish to come over here sometime soon to make a field examination of the property, you can contact me at the Florence Hotel, in Missoula, Montana.

I will probably be here through September, but I very definitely intend to take off a week (having worked all weekends and also the Fourth of July since I arrived in Montana three weeks ago) early in August. Tenatively, I expect to be away from Missoula for the period let us say August 7th through the 14th, so would not be available during thattime. However, I will be here for the period prior to that week and afterwards also.

Had planned to see you as I passed through Spokane, but [illegible] turned out that I came directly up here without going thru your town. Also, wanted to attend the convention this weekend, but could not make that either. Regards.

Sincerely,

Joe G. Irving

RECEIVED
JUL 17 1967
O.M.E.
SPOKANE, WASH.

July 10, 1967

Mr. Douglas A. Robinson President
American Mining Company
337 Securities Building
Seattle, Washington 98101

Subject: OME - 6639

Dear Mr. Robinson:

Your application for exploration assistance, undated, submitted to our office at Spokane, Washington, has been assigned Docket No. OME-6639.

Please identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Frank E. Johnson
Chief, Office of
Minerals Exploration

Copy to Region I

TINTIC-SHIAN GROUP
1" = 100'
PHILIPSBURG DISTRICT
GRANITE CO.
MONTANA
Map 3
Silver Chief 1044-A
Tariff 2342
Old Chief 2541
True Fissure 1043-A
Thos. S. McKay 10192
Tom Hynes 10319
Frank Lynch 10319
Mill Site 302
Stray Horse 10231
Camp Creek
Hobo Vein
Little Bee 10020
Spawn 6786
Puritan 5580
Silver Spar 5579
Ogsdenburg 1418
Tintic 1315
Puritan Shaft
Shian 1316
Antoer 2981
Denver Fraction 3316
Providenta No. 373-A
Providenta No 2 373-A
Trout 373
Gem 84
Pocahontas 373 A
Belle Fraction 10203
Belle 737
Brooklyn 2903
Gray Eagle 6787
Helena 2962
Big Expectation 2077
Elizabeth Annie 2964
Algonquin 506
Algonquin Shaft
Franklin No. 2 757
William P. 10191
Pearl Vein (from Bonn's USGS map)
Levi Burr 940
John Coyle 9030
Climax Amended 5569
Bear No 2 2075
Dead Horse 4435
Union 3304
Frost Creek
Geochem Traverse
See Cross Sections on Map 4 for possible locations of deeper holes 8 and 9
Geochemical Results
(Parts per Million (ppm))

U.S. GEOLOGICAL SURVEY
OFFICE OF MINERALS EXPLORATION

OME 6639 (SILVER)

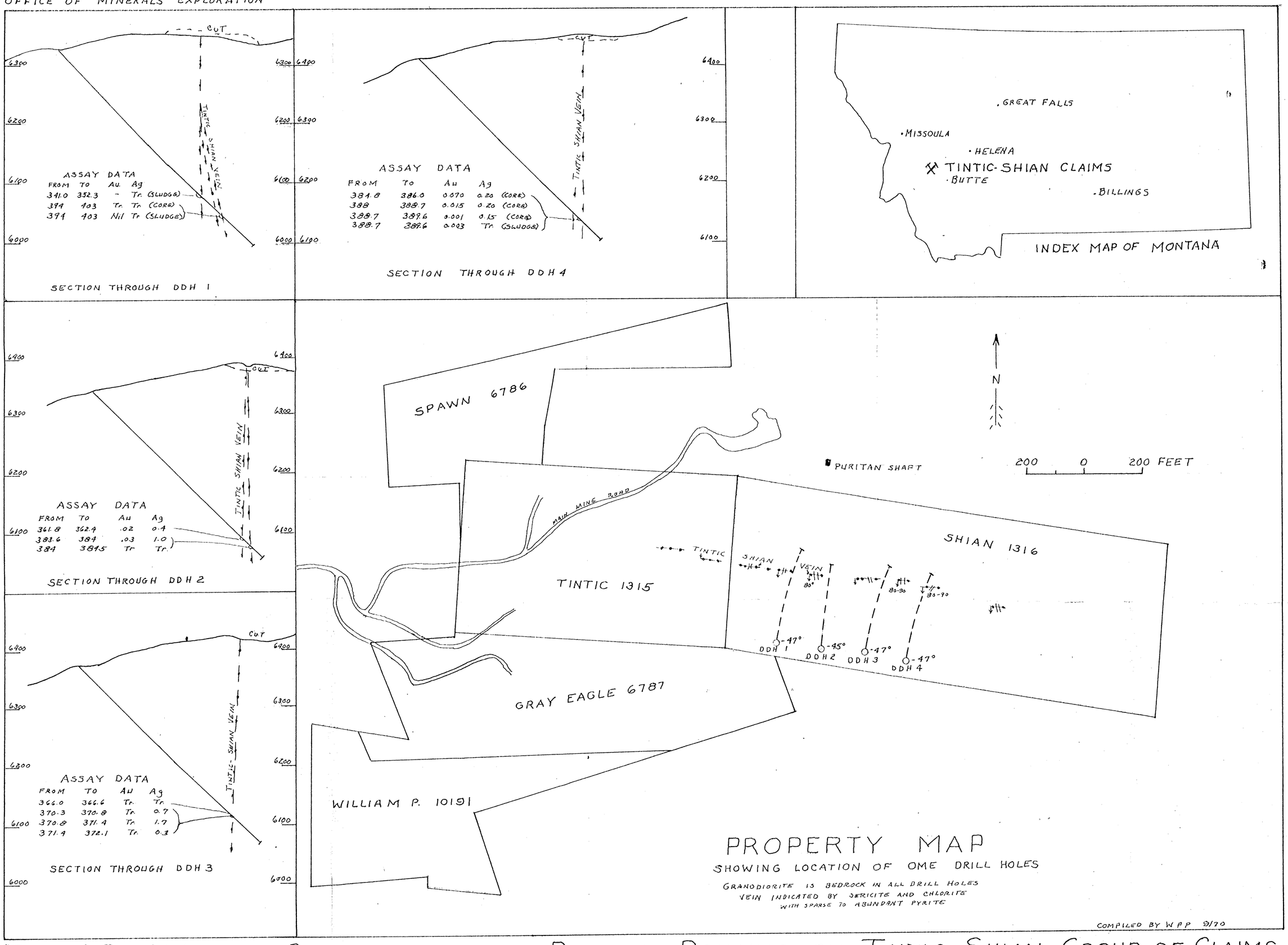
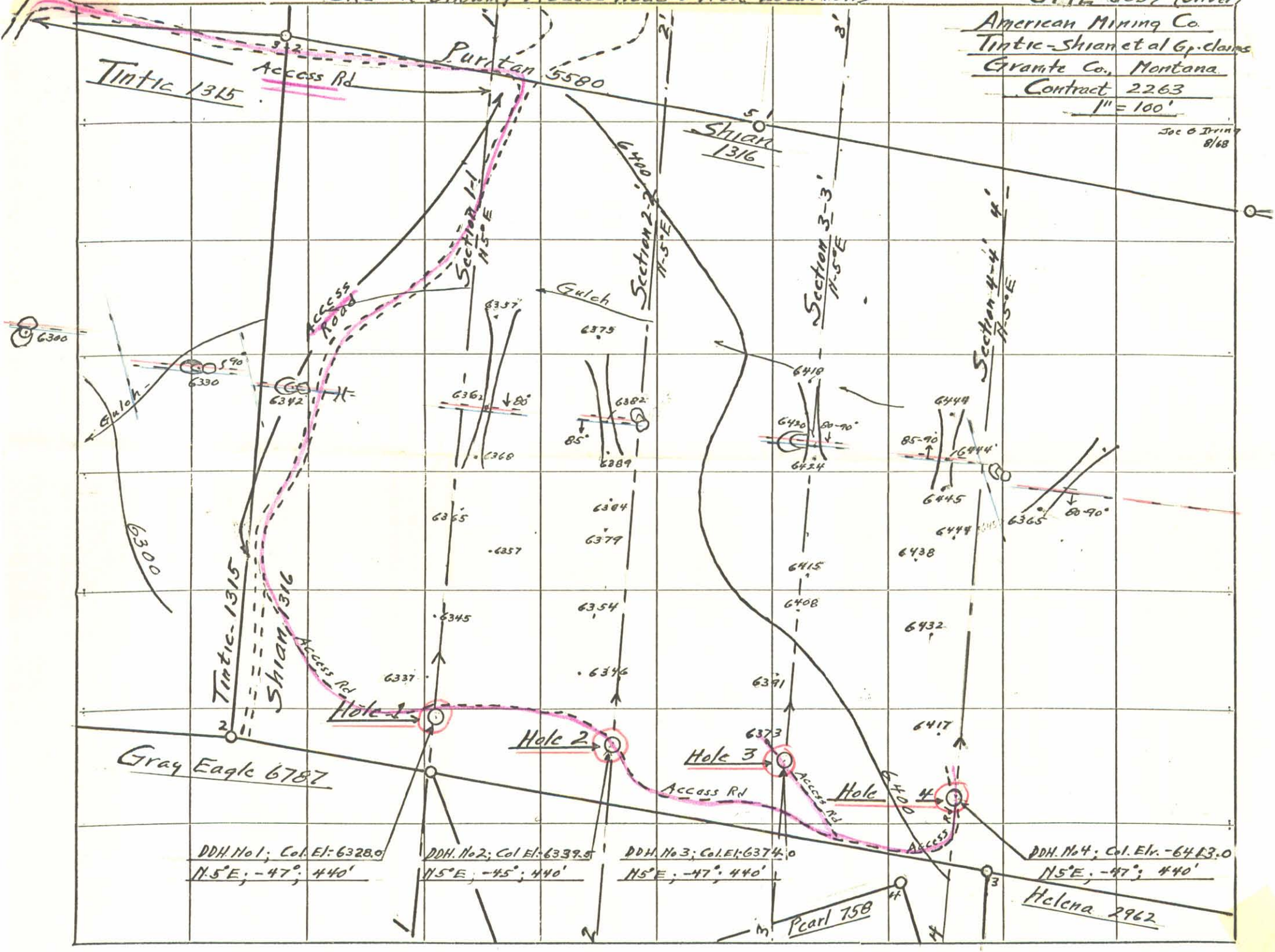


FIGURE 1- PLAN MAP AND SECTIONS SHOWING DIAMOND DRILLING ON TINTIC-SHIAN GROUP OF CLAIMS, SEC. 29, T. 7 N., R. 13 W., GRANITE COUNTY, MONTANA

Sketch Showing Access Road & Hole Locations

OME-6639 (Silver)

American Mining Co.
Tintic-Shian et al Gp. claims
Granite Co., Montana
Contract 2263
1" = 100'

Joe G Irving
8/68