MME Form 9
Rev. Nov. 65

UNITED STATES
DEPARTMENT OF THE INTERIOR
Geological Survey

OFFICIAL DOCKET FILE Contract No. 2278 Docket No. 6763

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- [ ] Withdrawn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
- [x] Closing Letter
- [x] Cost Audits 1/71
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [ ] Contract Amendments
- [x] Contract with all exhibits and annexes dtd 4/9/69
- [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) 2/19/71
- [x] Operator's Final Report (Tab) 11/18/70
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [ ] On-site Exam. Report (Tab)
- [ ] 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
2/17/71		120
	Emerick	120
		220

FEB 25 1971

Mr. Wallace McGregor
P. O. Box 297
Eureka, Nevada 89316

Re: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Dear Mr. McGregor:

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

Harold Kirkemo
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
Branch of Budget & Finance
OME Region II
Mr. Emerick
130

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Government's copy

UNITED STATES
DEPARTMENT OF THE INTERIOR

Office of Survey and Review

Audit Operations

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HK	120
WE	~~120~~

Report of Review-Contract 2278
Docket No. OME 6763
Wallace McGregor, an Individual, (Operator)
Esmeralda County, Nevada

Washington, D.C.
January 1971

United States Department of the Interior

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

Memorandum FEB 3 1971

To: Director, Geological Survey

From: Regional Director, Region I
Audit Operations, Office of Survey and Review

Subject: Review of Contract 2278
Docket No. OME-6763
Wallace McGregor (Operator)
Esmeralda County, Nevada

As requested by the Chief, Office of Minerals Exploration, we made a cost review of Contract 2278. The results of our review are shown in the attached report.

C. D. Bar

Attachment

A final review has been made of the contract files of the Office of Minerals Exploration (OME) pertaining to the mineral exploration Contract 2278 with Wallace McGregor, an individual (Operator), and an examination was made of the related disbursement records in the Branch of Budget and Finance, Administrative Division, Geological Survey. The review was made during January 1971 at Washington, D.C.

The contract was awarded April 9, 1969, for $39,000, the total estimated cost of the project, with OME participation on a 75-percent basis or not in excess of $29,250.

Work on the contract was to begin on or before May 1, 1969, and was to be completed within six months from the date of the contract or by October 9, 1969.

Two amendments were written that extended the contract period. Amendment 1 extended the contract period until April 9, 1970, and Amendment 2 further extended the contract period until October 9, 1970. The maximum period for royalty payments was extended from 10 to 11 years from the date of the contract.

The Operator was to explore by diamond drilling from prepared surface sites for gold and silver-bearing ore bodies occurring below the leached zone of the Burney, Chico, Kathy, and Patience veins which outcrop on the Los Compadres silver property in andesitic country rock.

Repayment of disbursed Federal funds plus simple interest at $8\frac{1}{4}$ percent was to be made on the basis of established royalties on all the minerals and metals produced from the land during the exploration operations, and for a period of eleven years from the date of the contract should a Certification of Possible Production be issued by OME, or until the total net amount contributed by the Government is fully repaid with interest at $8\frac{1}{4}$ percent, whichever occurs first.

Work under the project was completed July 3, 1970, and did not result in a discovery of minable ore. The OME Field Officer, Region II, recommended that a Certification of Possible Production not be issued.

The units of work authorized and approved under Contract 2278 are summarized on Exhibit I. We believe that the claimed and accepted costs of $33,051, and the OME participation on a 75-percent basis of $24,788 were proper under the terms of the contract.

C. D. Barr
Regional Director

EXHIBIT I

Summary of Contract Items, Accepted Costs, and Unexpended Balances

Actual Cost Items	Authorized Amounts	Accepted Costs	Unexpended Balances
Mobilization & demobilization, drill rigs	$ 1,490	$ 700	$ 790
Diamond core and overburden drilling	29,520	26,739	2,781
Reaming and casing	790	539	251
Cementing	2,263	674	1,589
Lost casing	800	868	(68)
Moving between holes	695	959	(264)
Core boxes	325	277	48
Cement, drill mud	588	437	151
Supervision	1,800	1,620	180
Payroll taxes	309	232	77
Assaying for gold & silver	420	6	414
Total Cost of Project	$39,000	$33,051	$5,949
Government's Participation at 75%	$29,250	$24,788 1/	$4,462

1/ Reimbursement claimed and paid.

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
10/9/69	Kirkeno	120
		120
		220
		120M

October 9, 1969

Memorandum

To: The File

From: Edward C. Peterson
Office of Minerals Exploration

Subject: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Justification for Amendment No. 1

The Operator has requested a six-month extension of time to complete exploration work under the subject contract. It was necessary for him to move the equipment being used on the OME project to Alaska during the summer to fulfill a prior commitment. Consequently, the OME project was not completed by the contract expiration date, October 6, 1969, The Operator states that work is expected to start again about mid-October.

Inasmuch as the delay was unavoidable and 3 of the 4 exploration targets remain untested, it would be in the best interest of both the Government and Operator to grant the request. Therefore, I concur with the Field Officer's recommendation to extend the contract an additional six months, or until April 9, 1970.

Edward C. Peterson

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

ECPeterson/bsl 10/9/69

Government's copy

EXPLORATION CONTRACT
WALLACE McGREGOR
OME-6763

AMENDMENT NO. 2

It is agreed this 2nd day of June, 1970, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Wallace McGregor, an individual hereinafter called the "Operator," that Exploration Contract 2278 (OME-6763), dated April 9, 1969, as amended, is further amended, effective the date of the contract as follows:

1. The time fixed by Article 1(a) of the contract, as amended by Amendment No. 1 for completion of the work is further extended from twelve (12) to eighteen (18) months from the date of the contract, or to October 9, 1970.

2. The maximum period for royalty payments and for the lien to secure the payment thereof, provided for in Article 7 of the contract, is extended from ten (10) to eleven (11) years from the date of the contract.

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

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

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

Martin
Wright

WALLACE McGREGOR

By Wallace McGregor

Title operator

App'd. Sol. Off.
S. Peterson
Kirkemo
Kilsgaard

Government's Copy

EXPLORATION CONTRACT
WALLACE McGREGOR
OME-6763

AMENDMENT NO. 1

It is agreed this 21st day of October, 1969, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Wallace McGregor, an individual, hereinafter called the "Operator," that Exploration Contract 2278 (OME-6763), dated April 9, 1969, is amended effective the date of the contract as follows:

The time fixed by Article 1(a) of the contract for completion of the work is extended from six (6) months to twelve (12) months from the date of the contract, or to April 9, 1970.

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

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

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

Long
E. Peterson
Kisbemo
Kildgard
W. Peterson

WALLACE McGREGOR

By Wallace McGregor

Title Operator

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-6763	Silver		Esmeralda	Nevada

It is agreed APR 9 1969 (Date), between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and

Wallace McGregor, an individual

whose mailing address is ~~P. O. Box 6351, Salt Lake City, Utah 84106~~ 297 EUREKA, NEVADA 89316, 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 MAY 1 1969 (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 $39,000.00. The Government will contribute 75 percent of the allowable costs as they are incurred, in a total sum not in excess of $29,250.00 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 8 ¼ 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

WALLACE McGREGOR
(Operator)

By Wallace McGregor

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

Title

Long
App'd. Sol. Off.
Peterson
Shishamo
Kalsgaard

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]

Government's copy

EXPLORATION CONTRACT
WALLACE McGREGOR
OME-6763

ANNEX I

The land referred to in Article 2 of the contract consists of fourteen (14) unpatented lode mining claims, including all rights pertaining thereto, in unsurveyed sec. 32, T. 2 S., R. 38 E., and sec. 5, T. 3 S., R. 38 E., MDB&M., Red Mountain (Silver Peak) mining district, Esmeralda County, Nevada.

The claims are recorded in the office of the County Clerk and Recorder of Esmeralda County, Goldfield, Nevada, as follows:

Claims	Book	Page
Morelos	1-P	319
Hidalgo 1/	1-P	320
Burney No. 1	1-P	308
Burney No. 2	1-P	309
Patience No. 1	1-P	308
Patience No. 2	1-P	308
Chico No. 1	1-P	326
Chico No. 2	1-P	326
Carumba No. 1	1-P	325
Carumba No. 2	1-P	325
Caballo No. 1	1-P	324
Caballo No. 2	1-P	324
Caballo No. 3	1-P	325
Olaf	1-P	126

1/ Excluded from this contract is 300 feet of land on each side of a tunnel crossing the Hidalgo claim into land owned by Mid-Continent Uranium Corporation.

The Operator is in possession of the fourteen claims under the terms of a Mining Lease and Option to Purchase, dated July 12, 1968, from Baker and Davis, the owners of the claims.

Lien and Subordination Agreements executed by Baker and Davis, and Callahan Mining Corporation (a royalty owner) are attached and made a part hereof.

The claims are shown on Figure 1, entitled, "Claim map, Los Compadres silver property, Esmeralda County, Nevada," 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 –
Contract Date APR 9 1969

LIEN AND SUBORDINATION AGREEMENTS 1/

To the United States of America:

That certain land in the County of Esmeralda, State of Nevada, described as follows: 2/ in Annex I

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

Wallace McGregor 3/

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

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

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

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

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

None

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

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

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

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

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

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

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

Dated this 17th day of September, 1968.

	2840 Edgewood Dr	(Street)
Carl Clay Partner (Seal)	Reno, Nevada 89503	(City & State)
	Box 22	(Street)
Allan Partner (Seal)	Lucin, Utah 84330	(City & State)
		(Street)
(Seal)		(City & State)
		(Street)
(Seal)		(City & State)
		(Street)
(Seal)		(City & State)
		(Street)
(Seal)		(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)

ANNEX I

The claim group consists of fourteen (14) unpatented lode mining claims, including all rights pertaining thereto, in approximately unsurveyed Sec. 32, T 2 S, R 38 E and Sec. 5, T 3 S, R 38 E, M.D.B.BM., Red Mountain (Silver Peak) mining district, Esmeralda County, Nevada.

The claims are recorded in the office of the County Clerk and Recorder of Esmeralda County, Goldfield, Nevada, as follows:

Claims	Book	Page
Morelos	1-p	319
Hidalgo*	"	320
Burney No. 1	"	308
Burney No. 2	"	309
Patience No. 1	"	308
Patience No. 2	"	308
Chico No. 1	"	326
Chico No. 2	"	326
Carumba No. 1	"	325
Carumba No. 2	"	325
Caballo No. 1	"	324
Caballo No. 2	"	324
Caballo No. 3	"	325
Olaf	"	126

In an Agreement of Sale, dated April 11, 1963, Callahan Mining Corporation sold the first thirteen claims listed above to Arthur Bakker, III reserving a royalty of 10 percent of the net profits realized from mining operations on the claims in the event a quitclaim of the claims was later granted.

Under the terms of a Quitclaim Deed, dated April 23, 1963, Callahan Mining Corporation transferred the thirteen claims to Arthur Baker, III.

Under the terms of a Partnership Agreement, dated July 10, 1963, between Arthur Baker, III and Robert Stanley Davis, the above thirteen claims were transferred to the partnership of Baker and Davis.

Under the terms of a Quit Claim Deed, dated May 1, 1967, James Gavin, Harvey Humphrey and Virginia Humphrey, husband and wife, transferred the Olaf claim to Baker and Davis.

The operator has the rights to the fourteen above named unpatented mining claims under the terms of a mining lase and option to purchase agreement, dated July 12, 1968 between Baker and Davis as Grantors and Wallace McGregor as Grantee.

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*Excluded from this contract is 300 feet of land on each side of a tunnel crossing the Hidalgo claim into land owned by Mid-Continent Uranium Corporation.

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY
Operator
Docket No. OME –
Contract No. 14-23-090 –
Contract Date APR 9 1969

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

That certain land in the County of Esmeralda, State of Nevada, described ~~as follows:~~[2] in an Agreement of Sale dated the 11th day of April, 1963 and recorded in Book 4-B, page 309, official records of said county.

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 Wallace McGregor[3], hereinafter called the "Operator". In consideration for and as an inducement to the Government executing the Contract, the undersigned:

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

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

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

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

None

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

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

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

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

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

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

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

Dated this 10th day of December, 1968.

Callahan Mining Corporation
By E. Arthur Salo (Seal)
Vice President

277 Park Avenue (Street)
New York, New York 10017 (City & State)

(Seal) (Street) (City & State)

(Seal) (Street) (City & State)

(Seal) (Street) (City & State)

(Seal) (Street) (City & State)

(Seal) (Street) (City & State)

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

Charles D. Snead Jr.
(Corporate Seal)

EXPLORATION CONTRACT
WALLACE McGREGOR
OME-6763

EXHIBIT A

The purpose of this project is to explore by diamond drilling from prepared surface sites for gold- and silver-bearing ore bodies occurring below the leached zone of the Burney, Chico, Kathy, and Patience veins which outcrop on the Los Compadres silver property in andesitic country rock.

General Provisions

All drill holes shall be completed with standard BX core size or equivalent wire line size.

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 numbers 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 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 gold.

True copies of assay certificates, copies of drill logs, and maps or sketches showing the work completed during the reporting period, the location and width of all samples taken, 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 Operator shall provide such supervision, labor, and technical services as may be required to perform the work in a satisfactory manner.

The Government shall not contribute to the costs of incomplete drill holes.

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

Description of the Work

The work shall consist of drilling 4 holes totalling an estimated 3,300 feet, including overburden drilling. The approximate location of the drill holes are shown on Figure 2 entitled, "Proposed exploration, Los Compadres silver property, Esmeralda County, Nevada," attached and made part hereof.

The hole number, approximate bearing, inclination, length, and target of each hole are as follows:

Hole No.	Bearing	Inclination	Total Length, Feet (Including overburden drilling)	Target
1	N40°W	-60°	750	Burney and Chico veins
2	N40°W	-60°	750	Chico vein
3	S40°E	-35°	950	Burney and Patience veins
4	S65°E	-75° -60°	850	Burney vein

The depths of the proposed holes may vary somewhat from the estimates; however, each hole shall be drilled deep enough to intersect its target.

Estimated Costs of the Project

Actual Costs

Category (1) Independent Contracts

Mobilization and demobilization, two drill units	$ 1,490.00

Diamond core and overburden drilling,
3,300 feet $29,520.00

Depth, feet	Rate/Foot NC	NXWL	BXWL
0 - 500	$6.75	$8.95	$8.60
500 - 1,000	-	9.45	9.10

Reaming and casing,
170 feet @ $4.65/foot 790.00 (rounded)

Cementing,
146 hours @ $15.50/hour 2,263.00

Casing lost in completed holes,
200 feet @ $4.00/foot 800.00

Standby time and moving between holes,
50 hours @ $13.90/hour 695.00

325 cardboard core boxes @ $1.00/each 325.00

Cement, drill mud, additives, etc.
70 sacks @ $8.40/sack 588.00

$36,471.00

Category (2) Personal Services

None except:

Subcategory (a) Supervision and Technical Services
1 - Supervisor - geologist - engineer
2 months @ $900.00/month $ 1,800.00

Category (7) Miscellaneous

None except:

Payroll Taxes, F.I.C.A. Insurance, etc. 309.00

Assaying for gold and silver,
140 samples @ $3.00/sample 420.00

$ 729.00

Total Estimated Cost of Project $39,000.00

Government Participation @ 75% $29,250.00

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.'"

UNITED STATES DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY

OME-6763
(Gold, Silver)

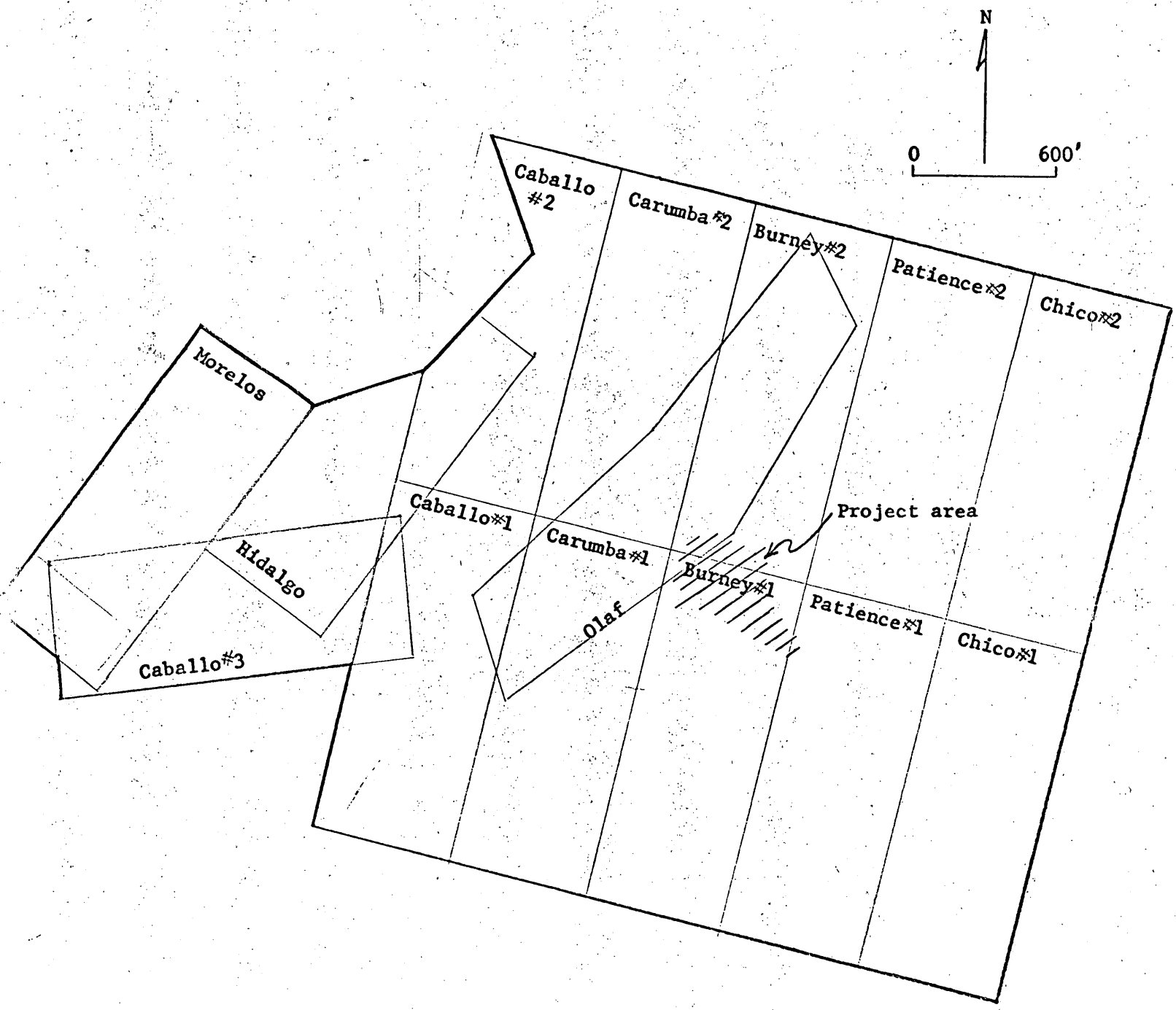

Figure 1. Claim map, Los Compadres silver property, Esmeralda County, Nevada

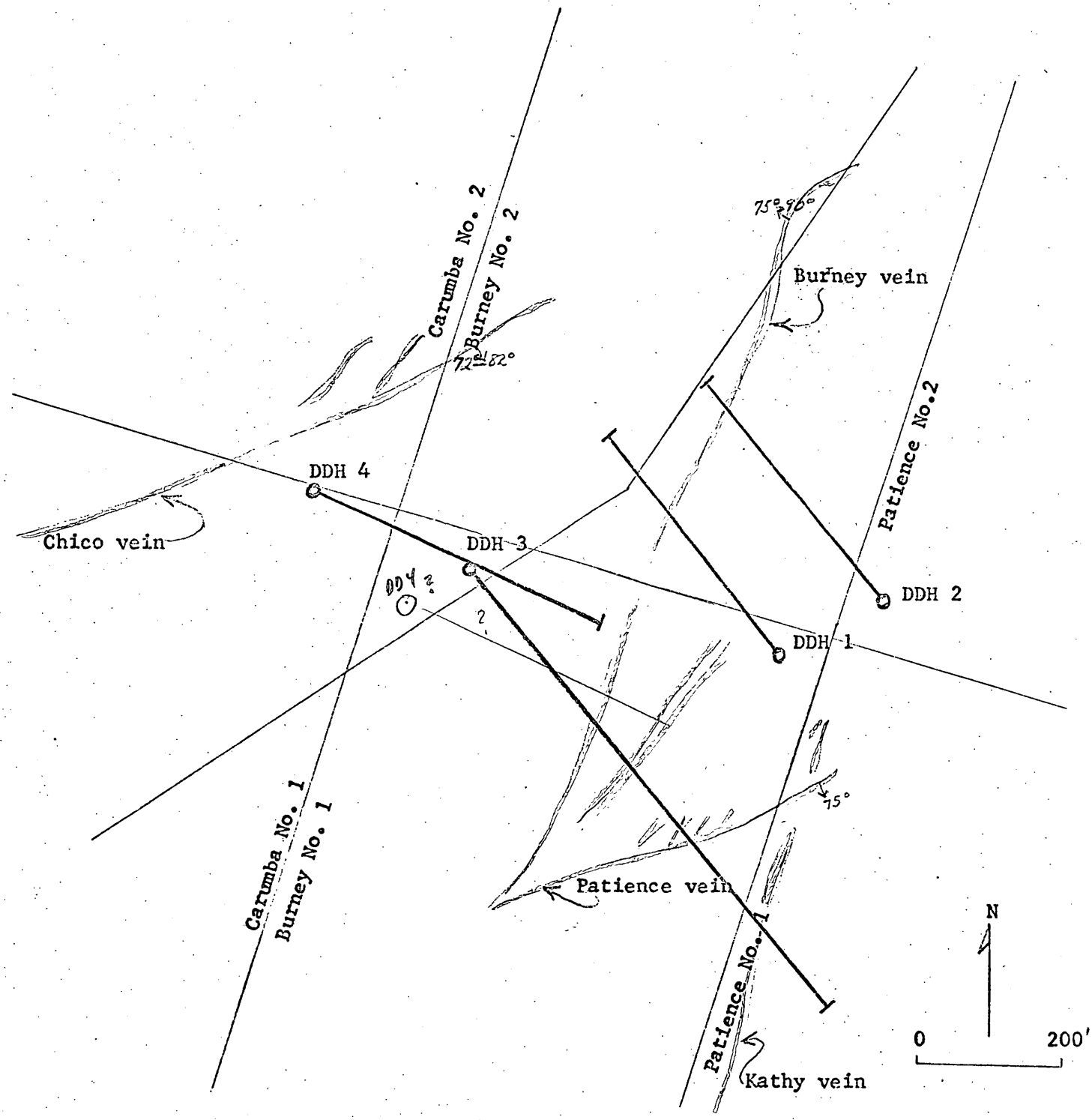

Figure 2. Proposed exploration, Los Compadres silver property, Esmeralda County, Nevada

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

November 25, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 29 1968
INITIALS | CODE

Memorandum

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

From: Field Officer
Region II

Subject: New Application (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada

Enclosed is one copy of an application for financial assistance in a project similar to the one approved under OME-6317 (Silver), Contract 2184, which was rescinded August 26, 1964, without any work done because the Operator could not furnish his share of the costs. This new proposal is to drill six holes (instead of four) to test four veins (instead of three). The Applicant is a different individual who states that he has sufficient financing to complete the work.

Our review of the application indicates that another field examination would add little to present information. We have discussed the proposal with Arthur S. Radtke of the U. S. Geological Survey, who mapped the area and these particular veins for Callahan Mining Corporation. He considers that the veins are likely to contain ore bodies in the primary zone below leached outcrops, particularly below those that contain more than 1.5 oz. silver per ton. The analogy with the Nivloc and the 16 to 1 veins is reasonable and could also be extended to include veins in the Tonopah district. The probability of a discovery appears to be best in the Chico and Burney veins (Holes A, B, C, and F), and perhaps the Patience vein (Holes D and E). The Kathy vein which is narrow, mainly quartz, and is less leached, intersects the Patience and may not extend to the depth of the proposed holes.

We have also discussed the application with the Applicant who considers six holes to be a minimum test of the four veins but indicates that Holes A, B, D, and F (Fig. 2) should have highest priority, and would be agreeable to a two-stage project. He points out that Holes D and E cannot be drilled from the hanging wall side of the Patience because of topography.

Costs are considerably higher than in the former contract but reflect realistically the increases since 1963. The following item, however, should be disallowed:

Incidental allowance 5,000 feet at $0.75/foot	$3,750.00

This item was included only because the former contract allowed it. (The former contract did not itemize reaming, casing, or standby.)

We recommend a two-stage project as follows:

Estimated Costs of the Work

Actual Costs

Stage I

Category (1) Independent Contracts

Mobilization and demobilization

Two drill rigs and personnel	$ 1,490.00	
Drilling Holes A, B, D, and F, est. 3,300 feet	29,510.00	

Depth, feet	Overburden	NQWL	BQWL
0-100	$6.75		
0-500		8.95	8.60
500-1,000		9.45	9.10

(Est.: overburden, 100 feet at $6.75 - $ 675.00
0-500, 1,900 feet at 8.95 - 17,005.00
500-1,000, 1,300 feet at 9.10 - 11,830.00

$29,510.00)

Reaming, est. 200 feet 200 feet at $4.65/foot	930.00	
Cementing, est. 150 hours 150 hours at $15.50/hour	2,325.00	
Standby, moving between holes 50 hours at $13.90/hour	695.00	
Casing lost in hole 200 feet at $4.00/foot	800.00	
Additives, cement, etc. 100 sacks	900.00	
Core boxes 300 boxes at $1.00/box	300.00	$36,950.00

Category (2) Personal Services

Subcategory (a) Supervision and Technical Services

None except:

1 Supervisor, geologist, engineer 2 months at $1,000.00/month	$ 2,000.00	$ 2,000.00

Category (7) Miscellaneous

None except:

Supervisor's field expenses 60 days at $15.00/day	900.00	
F.I.C.A., payroll taxes, insurance, etc. (est. 16%) 2 months at $232.00/month	464.00	
Samples assayed for Au-Ag 130 samples at $3.00/sample	390.00	1,754.00
Total estimated Actual Costs Stage I		$40,704.00

Stage II

Category (1) Independent Contracts

Drilling Holes C and E, est. 1,700 feet Rate schedule for Stage I applies	$15,276.00	

(Est.: overburden, 20 feet at $6.75 - $ 135.00
0-500, 980 feet at 8.95 - 8,771.00
500-1,000, 700 feet at 9.10 - 6,370.00

$15,276.00)

Reaming, est. 100 feet 100 feet at $4.65/foot	465.00	
Cementing, est. 50 hours 50 hours at $15.50/hour	775.00	
Standby, moving between holes 20 hours at $13.90/hour	278.00	
Casing lost in hole 100 feet at $4.00/foot	400.00	
Additives, cement 50 sacks	450.00	
Core boxes 150 boxes at $1.00/box	150.00	$17,794.00

Category (2) Personal Services

Subcategory (a) Supervision and Technical Services

None except:

1 Supervisor, geologist, engineer 1 month at $1,000/month	$ 1,000.00	$ 1,000.000

Category (7) Miscellaneous

None except:

Supervisor's field expenses 30 days at $15.00/day	450.00	
F.I.C.A., payroll taxes, insurance, etc. 1 month	236.00	
Samples assayed for Au-Ag 72 samples at $3.00/sample	216.00	902.00
Total estimated Actual Costs Stage II		$19,696.00

SUMMARY

Total estimated Actual Costs Stage I	$40,704.00
Total estimated Actual Costs Stage II	19,696.00
Total estimated Actual Costs of Project	$60,400.00
Government participation at 75%	$45,300.00

If a contract is approved, Lien and Subordination Agreements should be obtained from Callahan Mining Corporation (see Lease, p. 4). L&S Agreements from the Lessor are signed by both partners except for one copy which is signed only by R. S. Davis. The Dotty Claim, which is included in the Lease but not in the application, is not contiguous or necessary to the project.

R. M. Smith

for H. K. Stager

Enclosure

MME Form 40
Jan. 65

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

OFFICIAL COPY
M. E. 11/29/68
INITIALS

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)

NAME OF APPLICANT *(Full legal name and mailing address as they should appear on contract if one is executed.)*

Wallace McGregor
P. O. Box 6351
Salt Lake City, Utah 84106

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: 6763

DATE RECEIVED: 11/29/68

REGION: II

DIVISION CODE:

BUSINESS ORGANIZATION *(Check one)*

INDIVIDUAL	X
CORPORATION	
PARTNERSHIP	
OTHER *(Specify)*	

STATE IN WHICH FIRM IS ORGANIZED:

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE

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

ESTIMATED COST OF PROJECT: $ 62,974.50

PROPERTY NAME	LOCATION COUNTY	STATE
Los Compadres Silver property	Esmeralda	Nevada

GENERAL INSTRUCTIONS

Before filling out this application, please read the *OME Regulations for Obtaining Federal Assistance in Financing Explorations for Mineral Reserves* (30 CFR Chap. III). To assure prompt action, your application must provide all applicable material and information specified on the back of this application form. Avoid unnecessary correspondence and delays by submitting complete and accurate information. *Please submit two copies of this application and all accompanying papers* except as otherwise noted. Place your name and address on each sheet. Each item of information, maps, and reports required as a part of this application is described on the back of this form. Identify each attached statement by the item number to which it applies. If an item does not apply to your application, show the item number on your statement and after it write "not applicable." Maps or sketches should be used to supplement narrative descriptions of the property location and boundaries in item 2, existing mine workings and geology in item 3, and the proposed exploration work in item 5. When this information is not too complex, all of it may be shown on one map or sketch. All documents and other attachments submitted as a part of this application, except those in item 3(g) which you mark to be returned, become the property of the Government and will not be returned to the applicant. Send true copies, *not originals*, of leases, contracts, and other documents which are an essential part of your business records. *File this application with the Office of Minerals Exploration, Department of the Interior,* ~~Washington, 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.

November 6, 1968
DATED

Wallace McGregor
BY (Signature)

TITLE

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

INFORMATION REQUIRED WITH THIS APPLICATION

1. Financial Eligibility:

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

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

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

2. Applicant's Rights in Land:

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

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

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

3. Physical Description:

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

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

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

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

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

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

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

4. Accessibility of Property:

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

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

5. Exploration Work:

(a) Describe fully the proposed exploration work giving individual footages and sizes of operations *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).]

WALLACE MCGREGOR
P. O. Box 6351
SALT LAKE CITY, UTAH 84106

MINERAL INDUSTRIES RESEARCH

TELEPHONE 801 - 278-5656

November 6, 1968

Mr. H. K. Stager
Field Officer, Region II
Office of Minerals Exploration
U.S.G.S. Building
345 Middlefield Road
Menlo Park, California 94025

Dear Mr. Stager:

Enclosed is my application for financial assistance for exploration on the Los Compadres claim group, Silver Peak mining district, Esmeralda County, Nevada.

The property for which this request is being made is the same as that on which OME Exploration Contract Number 14-23-090-2184 had been agreed to with Dr. Arthur Baker, III and Robert Stanley Davis but on which the exploration was not carried out. OME-6317

As described in the supporting information, the drill program being proposed has been modified from the contract program in order to assure intersection of the mineralized veins below the leached zone and in order to test the Chico vein which was not included as an objective of the earlier proposed exploration.

The application is being submitted in duplicate except for the geologic report by Dr. Baker because I understand that you have copies on file from his application. Dated July 1, 1963 (different ownership)

Five copies each of Lien and Subordination Agreements for Baker-Davis and for Wallace McGregor accompany the application.

I will look forward to your reply and the opportunity to examine the property with you.

Very truly yours,

Wallace McGregor

Wallace McGregor
Geological Engineer

McG:dm
Encls.

RECEIVED
NOV 8 1968
OFFICE OF MINERALS EXPLORATION

Information Accompanying Application for Financial Assistance in Minerals Exploration - Los Compadres Property, Silver Peak Mining District, Esmeralda County, Nevada

1. Financial Eligibility

   (a) Attached are copies of correspondence with Mr. George Caine, Vice President of the First Security Bank of Utah, my bank of account and with Mr. Lohr S. Livingston, Assistant Vice President of the Continental Bank and Trust Company, Salt Lake City.

   (b) Not applicable

   (c) I propose to liquidate a portion of my stockholdings and/or gain the participation of another party or organization to share the cost of the exploration work.

2. Applicant's Rights in Hand

   (a) The property is owned by a partnership comprised of Dr. Arthur Baker, III and Robert Stanley Davis whose address is 2840 Edgewood Drive, Reno, Nevada 89503.

   The mining claims are held by a lease and option agreement dated July 12, 1968 and recorded in Book 4-C pages 366-369, official records of Esmeralda County, Nevada, a copy of which is enclosed.

   (b) Annex I, attached hereto, describes the unpatented mining claims comprising the property. A plot of the claim group is given in Figure 1.

   (c) Five copies each of Lien and Subordination agreements for Wallace McGregor and Baker-Davis are attached.

3. Physical Description

   (a) The enclosed geologic report by Dr. Arthur Baker covers items 3 (a) and 3 (c) through 3 (g). In light of the fact that this application is resubmittal of Exploration Contract No. 14-23-0902184, the report is already on file with the Office of Minerals Exploration.

   (b) I have had no interest in the exploration previously carried out on the property.

4. Accessibility of Property

   (a) I will meet an OME representative and can be reached by mail at P. O. Box 6351, Salt Lake City, Utah or by telephone at 801-278-5656.

   The property is accessible from the community of Silver Peak by driving west eight miles on graded State Highway 47 to the abandoned Nivloc Mine, and thence two miles on improved dirt road to the center of the property.

(b) Silver Peak, Nevada, ten miles from the property, is the closest supply and shipping point.

5. Exploration Work

(a) The proposed exploration program has been modified from that agreed to in Exploration Contract No. 14-23-090-2184 in order to assure intersection of the mineralized veins below the leached zone.

In addition the program differs from the previous contract in that it includes tests of the Chico vein which was not under control of Baker-Davis at the time of their application for financial assistance in 1963.

It is proposed that a series of six diamond drill holes be drilled in accordance with the following specifications:

Drill Site No.	Hole No.	Depth (Feet)	Bearing (Approximate)	Inclination from Horizontal (Approximate)
1	A	750	N 40° W	-60°
2	B	750	N 40° W	-60°
35	C	850	N 40° W	-65°
43	D	950	S 40° E	-35°
56	E	850	S 40° E	-40°
64	F	850	S 65° E	-60°

Figure 2 is a Map of the Drill Hole Locations showing their relationship to the surface traces of the veins. In addition cross-sections of each proposed hole are attached which illustrate the projections of the veins to depth and the objectives of each hole.

It will be noted that it is planned to test the veins at an elevation of not higher than 6550 feet and preferably at an elevation of 6400 feet because it is known from the Callahan Mining Company DDH #5 that leaching persists down to an elevation of 6650 feet.

The depths of the holes may vary from the estimates, however, each shall be drilled deep enough to traverse the following objectives:

Hole A - The possible intersection of the Burney and Chico veins below the leached zones.

Hole B - The Chico vein below the intersection with Burney vein and the leached zone.

Hole C - The Chico vein at the possible intersection with the Burney vein below the leached zones.

Hole D - The Burney vein within the leached zone and the Patience vein below the possible intersection with the Kathy vein and the leached zones.

Hole E - The Burney vein to locate only, and the Kathy and Patience veins below the leached zones.

Hole F - The Burney vein below the leached zone.

(b) Access roads and drill sites have been constructed.

(c) It is proposed to start the work within a month following execution of the contract, availability of drilling rigs permitting. A projected three months are planned for the work based upon the assumptions of two drill rigs each averaging 850 feet of core per month.

6. Experience

Attached is a copy of my resume'. David Stalker of Salt Lake City, a geologist, will supervise the work. His experience has included employment with Anaconda and Bear Creek Mining Company for whom he has supervised drilling in the past. He is presently completing his masters degree in geology at the University of Utah. 4 years 3 years 7

7. Estimate of Costs

Actual Costs

(a) Independent Contracts

1. Mobilization and demobilization two rigs	$ 1,490.00	
2. Overburden drilling (est. 120') @$6.75/ft.	750.00	
3. Diamond coring - (NX) 0-500' (3000'-120') @ $8.95/ft.	25,776.00	
(BX) 500'-1000' (2000') @$9.10/ft.	18,200.00	
4. Reaming (est. 240') @ $4.65/ft.	1,116.00	
5. Cementing (est. 200 hrs.) @$15.50/hr.	3,100.00	
6. Standby - moves between holes, etc. est. 75 hrs. @ $13.90/hr.	1,042.00	
7. Casing lost (est. 300') @ cost (assume $4.00/ft.)	1,200.00	
8. Miscellaneous supplies including core boxes, drill mud, additives, cement, etc. @ 20¢/ft.	1,000.00 +290	$53,674.00

(b) Supervision and Technical Services

Geologist - 3 months @ $1,200/mo. (including payroll expenses) = $1,000.00 actual salary, 200.00 est. payroll expenses		
David Stalker available	$ 3,600.00	
Three months field expenses @$15/day, per diem	1,350.00	4,950.00

(c) Included with (a) item 8

(d) None

(e) None

(f) None

(g) Miscellaneous

200 samples assayed for gold and silver @ $3.00/sample	600.00
Total Actual Costs	$59,224.50

Fixed Unit Costs (ream, case, standby)

Incidental allowance for each foot of drilling out completed - 5,000 feet @ $0.75/ft.* $ 3,750.00 X

SUMMARY

Total actual costs	$59,224.50
Total fixed unit costs	3,750.00
Total estimated cost of the work	$62,974.50

*Includes all costs whatsoever except assaying, which were otherwise allowed under Categories (2) through (7) of OME Exploration Contract No. 14-23-090-2184.

September 10, 1968

Mr. George Caine, Vice President
First Security Bank of Utah
First South and Main
Salt Lake City, Utah

Dear George:

I have negotiated a lease and option on a group of unpatented mining claims covering silver and gold mineralization near Silver Peak, Nevada.

The property was the object of exploration by Callahan Mining Company in 1961 and 1962. The results of work accomplished at that time indicate that the opportunity exists for the discovery of 300,000 to 500,000 tons of ore averaging 0.1 oz. gold and 15.0 oz. silver per ton.

My purpose for writing is to request financial assistance in order to carry out diamond drilling on the property. The program of drilling planned is estimated to cost $59,350.00.

For your information I am enclosing: (1) a copy of the description of the work, (2) an itemized estimate of the project costs and (3) a copy of my current financial statement.

With this information, I would appreciate your consideration of a loan for the amount of $50,000.00 which I would propose to repay over a three year period. My holdings of AJV Corporation and Consolidated Eureka Mining Company stock are offered for collateral.

I will be pleased to discuss the details of the project and the terms of a loan in greater detail.

Very truly yours,

Wallace McGregor

McG:dm
Encls.

Description of the Work

Stage I

Stage I shall consist of drilling Holes A, B, C, D, E, E. The holes shall be drilled in accordance with the following specifications:

Drill Site No.	Hole No.	Depth (Feet)	Bearing (Approximate)	Inclination from Horizontal (Approximate)
1	A	750	N 40° W	-60°
2	B	750	N 40° W	-60°
3	C	850	N 40° W	-65°
4	D	950	S 40° E	-35°
5	E	850	S 40° E	-40°
6	F	850	S 65° E	-60°

The depths of the holes listed above are estimated and may vary; however, the holes shall be drilled deep enough to traverse the following objectives:

Hole A - The possible intersection of the Burney and Chico veins below the contact of the leached zones.

Hole B - The Chico vein below the intersection with Burney vein and contact of the leached zone.

Hole C - The Chico vein at the possible intersection with the Burney vein below the contact of the leached zones.

Hole D - The Burney vein within the leached zone and below the possible intersection of the Kathy and Patience veins below the contact of the leached zones.

Hole E - The Burney vein to locate only, and below the possible intersection of the Kathy and Patience veins below the contact of the leached zones.

Hole F - The Burney vein below the contact of the leached zones.

Los Compadres Project
Silver Peak Mining District
Esmeralda County, Nevada

Estimated Costs of Work

Actual Costs

Category (1) Independent Contracts

5,000 feet of overburden and core drilling	$44,500.00	
Overburden drilling including the setting of casing @ $6.00/ft.		
Core drilling costs per foot of drilling 1/		

	NC size	NX size	BX size
0 to 500 feet	$9.00	$8.00	$7.50
500 to 1,000 ft.		8.75	8.25

200 hours cementing, waiting for cement to set and redrilling @ $15.00/hr.	3,000.00	
50 hours moving between holes, setting up and laying pipe line @ $12.50/hr.	625.00	
Cementing material for drilling	200.00*	
500 cardboard core boxes @ $0.75	375.00	
Mobilization and demobilization of drill equipment and crews	300.00	
Subsistence drill crew @ $5.00/day 4 men 3 months	1,800.00	$50,800.00

Category (2) Subcategory (a) Supervision and Techinical Services

Geologist - 3 months @ $1,200/mo. (including payroll expenses)	$ 3,600.00	
3 months field expenses	600.00	4,200.00

Category (3) Miscellaneous

200 samples assayed for gold and silver @ $3.00/sample		600.00
Total Actual Costs		$55,600.00

*Indicates a maximum

1/ Includes the cost of any necessary reaming and casing.

Fixed Unit Costs

Total Fixed Unit Costs

Incidental allowance for each foot of drilling completed - 5,000 feet @ $0.75/ft.[2/]	$ 3,750.00

SUMMARY

Total Actual Costs	$55,600.00
Total Fixed Unit Costs	3,750.00
Total Estimated Cost of the Work	$59,350.00

2/ Includes all costs whatsoever except assaying, which would otherwise be allowable costs under Categories (2) through (7).

PERSONAL STATEMENT

Wallace McGregor, Independent Geologist
P. O. Box 6351
Salt Lake City, Utah 84106

September 10, 1968

Assets	
Cash in Bank	$ 1,291.24
Accounts Receivable (est.)	20,000.00
Unlisted Securities	
AJV Corporation 160,967 shares (market value)	80,483.50
Consolidated Eureka Mining Co. 5,500 shares (market value)	2,200.00
Automobile and personal property	5,000.00
Total Assets	$109,004.74
Liabilities	
Accounts Due	$ 295.00
Interest Due	186.76
Advance on Geological Contract	19,445.39
Longterm Notes Payable	3,600.00
Notes Convertible to AJV Corporation Stock	17,000.00
Net Worth	68,477.59
Total Liabilities and Net Worth	$109,004.74

First Security Bank of Utah
NATIONAL ASSOCIATION
MAIN AT FIRST SOUTH OFFICE
SALT LAKE CITY, UTAH

October 14, 1968

Mr. Wallace McGregor
P. O. Box 6351
Salt Lake City, Utah 84106

Dear Mr. McGregor:

This will acknowledge receipt of your letter of September 10 in which you request a loan in the amount of $50,000 to carry out a drilling program on mineral property near Silver Peak, Nevada.

You indicated that the loan was to run over a three year period and would be secured by unlisted stocks owned by you.

It is not the policy of this bank to make long-term loans for exploration purposes against collateral of the type offered. We are, therefore, unable to give favorable consideration to your request at this time.

Very truly yours,

George E. Caine
Vice President

GEC:kj

September 10, 1968

Mr. Lohr S. Livingston
Assistant Vice President
Continental Bank and Trust Company
200 South Main
Salt Lake City, Utah

Dear Mr. Livingston:

I have negotiated a lease and option on a group of unpatented mining claims covering silver and gold mineralization near Silver Peak, Nevada.

The property was the object of exploration by Callahan Mining Company in 1961 and 1962. The results of work accomplished at that time indicate that the opportunity exists for the discovery of 300,000 to 500,000 tons of ore averaging 0.1 oz. gold and 15.0 oz. silver per ton.

My purpose for writing is to request financial assistance in order to carry out diamond drilling on the property. The program of drilling planned is estimated to cost $59,350.00.

For your information I am enclosing: (1) a copy of the description of the work, (2) an itemized estimate of the project costs and (3) a copy of my current financial statement.

With this information, I would appreciate your consideration of a loan for the amount of $50,000.00 which I would propose to repay over a three year period. My holdings of AJV Corporation and Consolidated Eureka Mining Company stock are offered for collateral.

I will be pleased to discuss the details of the project and the terms of a loan in greater detail.

Very truly yours,

Wallace McGregor

McG:dm
Encls.

THE CONTINENTAL BANK AND TRUST COMPANY

SALT LAKE CITY, UTAH 84110

September 13, 1968

Mr. Wallace McGregor
Postoffice Box 6351
Salt Lake City, Utah 84106

Dear Mr. McGregor:

We appreciate the opportunity to consider your request for a loan in the amount of $50,000 to be used in exploration work on the mining claims near Silver Peak, Nevada.

We are sorry that we cannot help you with your request. Our Bank policies will not allow us to grant loans for the purpose of mining exploration work. We are returning your papers to you.

Yours truly,

L. S. Livingston
Assistant Vice President

LSL/bep
Enclosures

ANNEX I

The claim group consists of fourteen (14) unpatented lode mining claims, including all rights pertaining thereto, in approximately unsurveyed Sec. 32, T 2 S, R 38 E and Sec. 5, T 3 S, R 38 E, M.D.B.M., Red Mountain (Silver Peak) mining district, Esmeralda County, Nevada.

The claims are recorded in the office of the County Clerk and Recorder of Esmeralda County, Goldfield, Nevada, as follows:

Claims	Book	Page
Morelos	1-9	319
Hidalgo*	"	320
Burney No. 1	"	308
Burney No. 2	"	309
Patience No. 1	"	308
Patience No. 2	"	308
Chico No. 1	"	326
Chico No. 2	"	326
Carumba No. 1	"	325
Carumba No. 2	"	325
Caballo No. 1	"	324
Caballo No. 2	"	324
Caballo No. 3	"	325
Olaf	"	126

In an Agreement of Sale, dated April 11, 1963, Callahan Mining Corporation sold the first thirteen claims listed above to Arthur Bakker, III reserving a royalty of 10 percent of the net profits realized from mining operations on the claims in the event a quitclaim of the claims was later granted.

Under the terms of a Quitclaim Deed, dated April 23, 1963, Callahan Mining Corporation transferred the thirteen claims to Arthur Baker, III.

Under the terms of a Partnership Agreement, dated July 10, 1963, between Arthur Baker, III and Robert Stanley Davis, the above thirteen claims were transferred to the partnership of Baker and Davis.

Under the terms of a Quit Claim Deed, dated May 1, 1967, James Gavin, Harvey Humphrey and Virginia Humphrey, husband and wife, transferred the Olaf claim to Baker and Davis.

The operator has the rights to the fourteen above named unpatented mining claims under the terms of a mining lease and option to purchase agreement, dated July 12, 1968 between Baker and Davis as Grantors and Wallace McGregor as Grantee.

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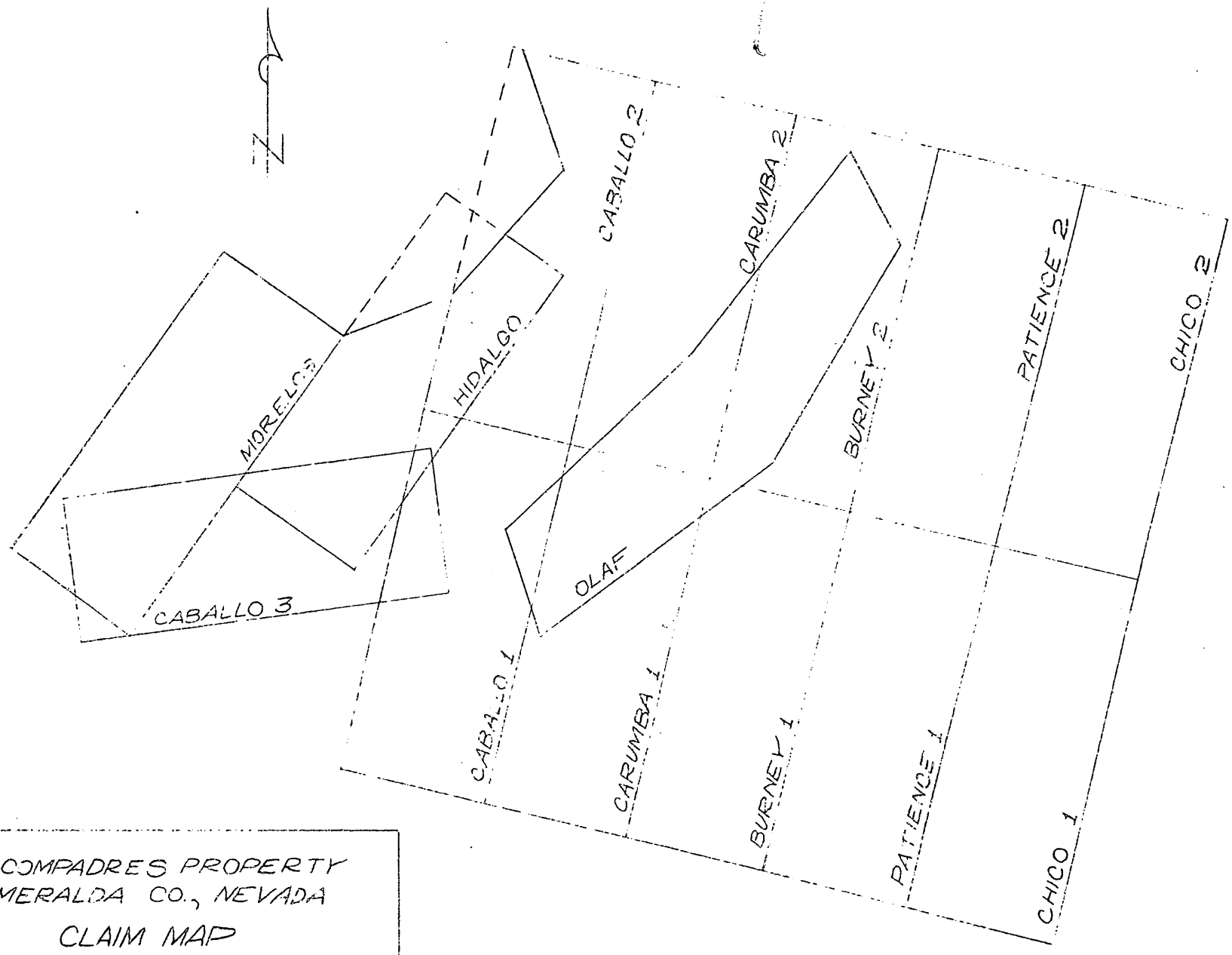
*Excluded from this contract is 300 feet of land on each side of a tunnel crossing the Hidalgo claim into land owned by Mid-Continent Uranium Corporation.



LOS COMPADRES PROPERTY
ESMERALDA CO., NEVADA

CLAIM MAP

SCALE 1" = 600'

FIG. 1

RESUME OF EDUCATIONAL AND BUSINESS EXPERIENCE

Wallace McGregor
Independent Geologist
P.O. Box 6351
Salt Lake City, Utah 84106

Telephone 278-5656

Education:

Colorado School of Mines
Geological Engineering Degree, 1952

Harvard Business School
M.B.A., 1958

Business Experience:

July, 1952 to November, 1954
Geologist for Bear Creek Mining Company in the Northwest District. In charge of Alaskan investigations in 1954.

November, 1954 to April, 1955
Geologist for Minerals Exploration and Research Corp., Golden, Colorado. The firm provided consulting services in uranium and base metals exploration.

April, 1955 to September, 1956
Independent geologist, miner, and mine lessee.

September, 1956 to June, 1958
Harvard Business School - employed during the summer of 1957 as mine geologist for Campbell Chibougamau Mines, Chibougamau, Quebec.

June, 1958 to present
Independent in mining exploration with emphasis on acquisition of mineral properties for own account. Supported by consulting work. Major firms for which I have done work include Texas Gulf Sulphur Company, Diamond Alkali Corporation, Asbestos Corporation, Ltd., Callahan Mining Company, Union Pacific Railroad Company and Cyprus Mines Corp.

Work for Texas Gulf Sulphur Company occupied the major portion of my time during 1965 and 1966 and included supervision of the drilling program on the Company's Trona project, ore reserve valuation, economic feasibility studies and preliminary market inquiries.

I am presently under contract with Cyprus Mines Corporation to organize and carry out exploration in a limited area of Alaska. In addition I am participant in and manager of a joint venture with Humble Oil and Refining Company, Duval Corporation and Asbestos Corporation, Ltd. concerned with grass roots exploration within certain favorable areas of Alaska.

Business References:

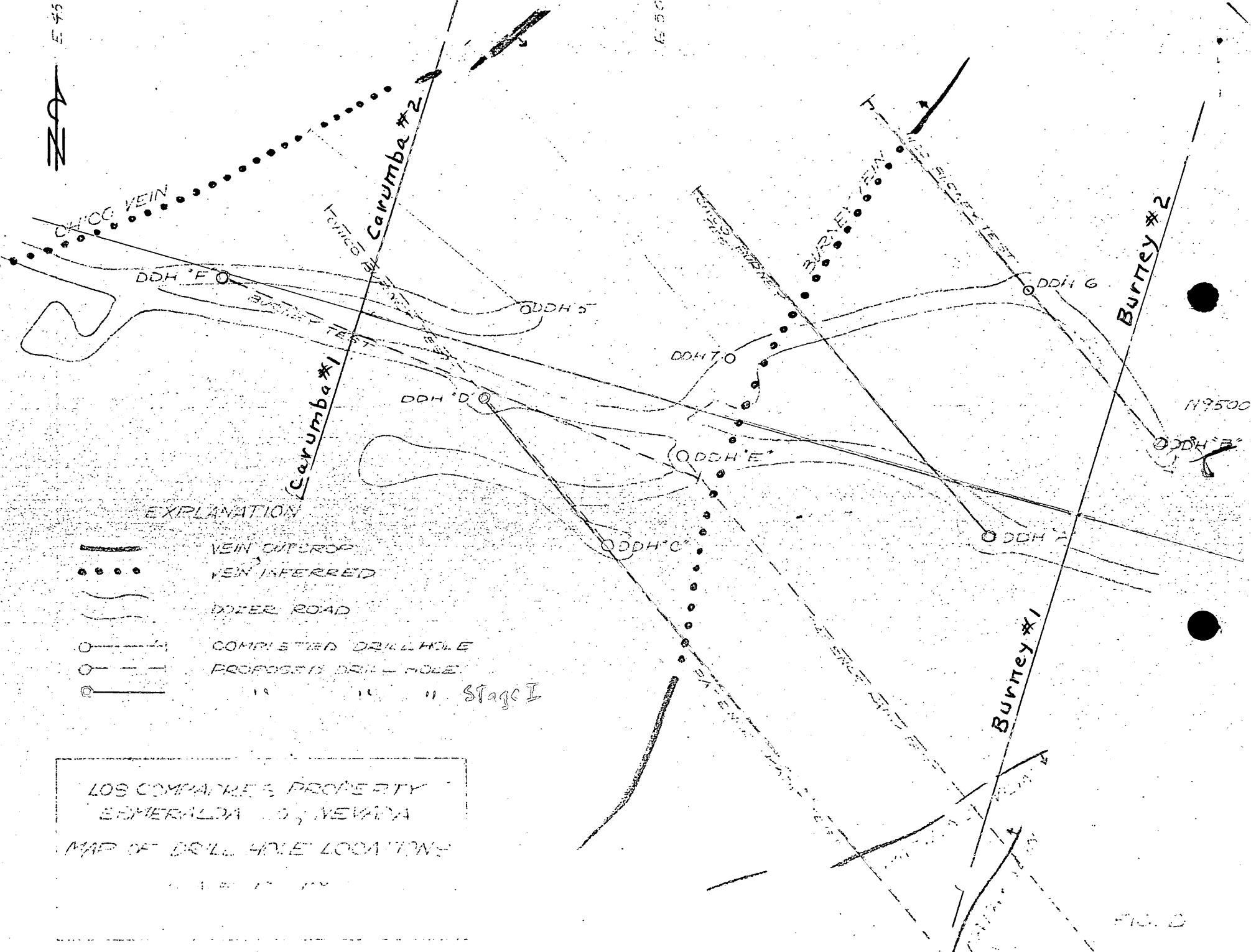
Mr. Charles Goddard III
Manager of Exploration
Cyprus Mines Corporation
523 West 6th Street
Los Angeles, California 90014

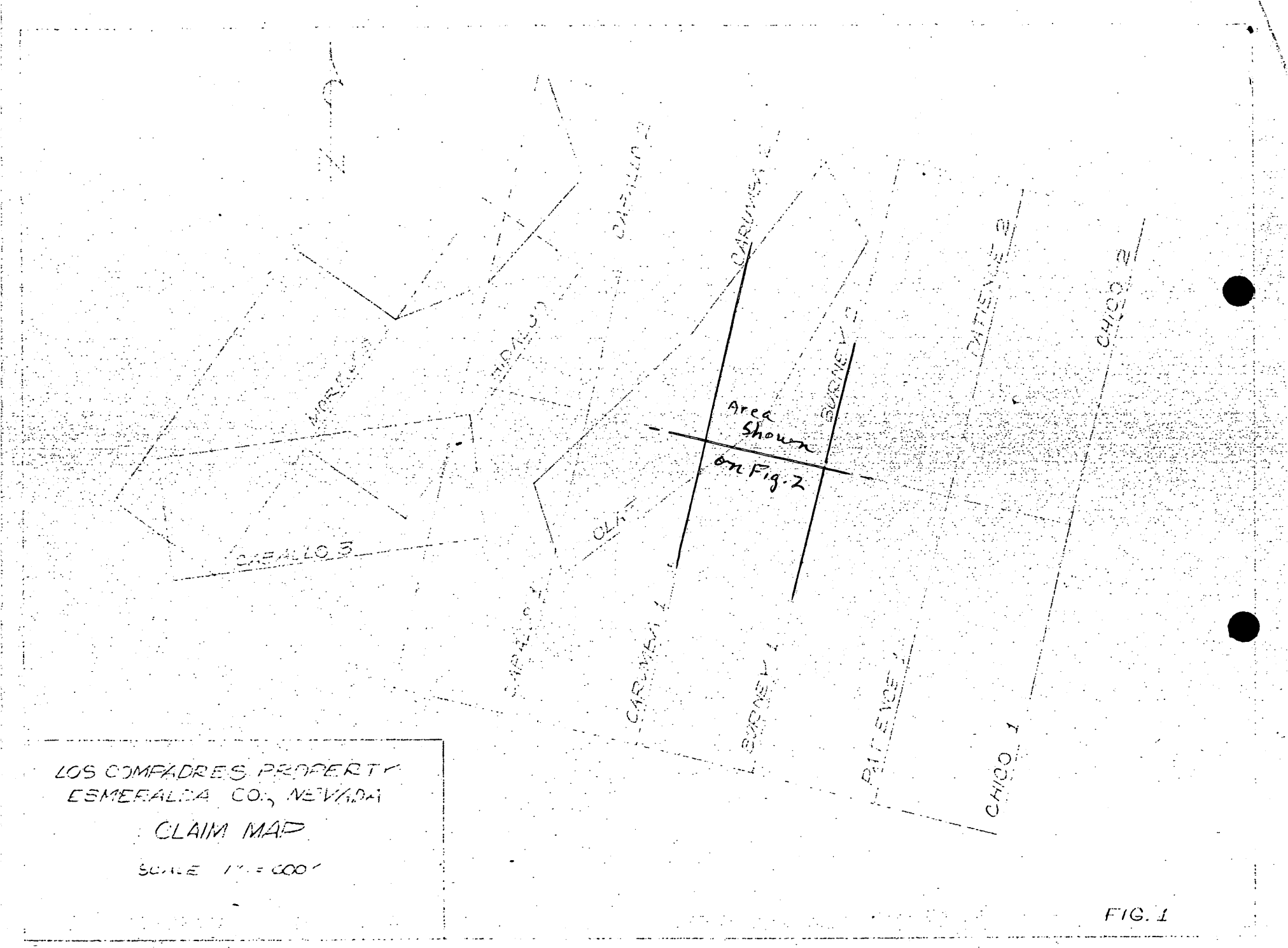
Mr. Stuwart Merwin
Manager of Mines
Union Pacific Railroad Company
5480 Ferguson Drive
Los Angeles, Californis 90022

Mr. James H. Bright
Western District Geologist
Noranda Exploration, Inc.
P.O. Box 7176
Reno, Nevada 89502

Mr. James Ogg
Trona Project Manager
Texas Gulf Sulphur Company
200 Uinta Drive
Green River, Wyoming

Dr. Robert Carpenter
President
International Mineral Engineers, Inc.
Eaker Building
Golden, Colorado 80401


N
CHICO VEIN
Carumba #2
Carumba #1
DDH "F"
DDH 5
DDH 7
DDH "D"
DDH "E"
DDH "C"
BURNEY VEIN
DDH 6
Burney #2
N 9500
DDH "B"
DDH "A"
Burney #1
EXPLANATION
VEIN OUTCROP
VEIN INFERRED
DOZER ROAD
COMPLETED DRILL HOLE
PROPOSED DRILL HOLE
" " " Stage I
LOS COMPADRES PROPERTY
EMMERALDA CO., NEVADA
MAP OF DRILL HOLE LOCATIONS


CAPELLO 3
CAPELLO 2
CAPELLO 1
CARUMBA 2
CARUMBA 1
SURNEY 2
SURNEY 1
PATTERSON 2
PATTERSON 1
CHICO 2
CHICO 1
Area Shown on Fig. 2
LOS COMPADRES PROPERTY
ESMERALDA CO., NEVADA
CLAIM MAP
SCALE 1" = 600'
FIG. 1

Drilling Cost Comparison
Las Compadres Project Silver Peak District Nev.

	1	2	3	4	5	6
	SPRAGUE & HENWOOD, INC.		LONGYEAR CO.		BOYLES BROTHERS DRILLING CO.	
	UNIT COST	AMOUNT	UNIT COST	AMOUNT	UNIT COST	AMOUNT
MOBILIZATION & DEMOBILIZATION 2 RIGS.		$12500	$745	$1490	$304	$600
OVERBURDEN DRILLING (EST. 120')	@ $10/ft.	1200	@ $6.25/ft.	750	—	—
DIAMOND CORING						
(NX) 0-500' ($3000'-120')	@ $8.60/ft	24768	@ $8.95/ft	25776		
(NX) 0-500' (3000')					@ 9.90	29700
(BX) 500-1000' (2000')	@ $8.85/ft	17700	@ $9.10/ft	18200	@ 9.60	19200
REAMING (EST. 240 ft)	@ $5.20/ft	1248	@ $4.65	1116	—	?
CEMENTING (EST. 200 hr)	@ $28.00/hr	5600	@ $15.50/hr	3100	@ $15.00	3000
STANDBY - MOVE BETWEEN HOLES ETC. EST. 75/hr	@ $22.00/hr	1650	@ $13.90/hr	1042	@ $12.50/hr (?)	937
CASING lost (EST. 300 ft)	@ $4.00/ft	1200	assume $4/ft @ cost	1200	Assume $3 @ 75% cost	900
MISCELLANEOUS SUPPLIES including CORE BOXES, DRILL MUD, ADDITIVES CEMENT, ETC.	@ $.20/ft	1000	@ $.20/ft	1000	@ $.20	1000
TOTAL		$55616		$53674		$55337

SPRAGUE & HENWOOD, Inc.

Contract Division
REGIONAL OFFICE

2151 North Redwood Road (P.O. Box 2556)
Salt Lake City 10, Utah DAvis 8-4271

DIAMOND DRILLING • MINERAL EXPLORATION • SOIL SAMPLING • PRESSURE GROUTING

SINCE 1883

EXECUTIVE OFFICES & PLANT
SCRANTON, PENNSYLVANIA

September 11, 1968

Mr. Wallace McGregor
P. O. Box 6351
Salt Lake City, Utah 84106

Dear Mr. McGregor:

In accordance with your request, we herewith submit our proposal for core drilling six angle holes, approximately 5,000' total footage, depths not to exceed 950 feet near Silver Peak, Nevada.

Proposal

Item 1.	Mobilization and demobilization from Salt Lake City, Utah base, crews and equipment	Lump Sum	$1,250.00
Item 2.	Core Drilling - Per Foot	NX W/L	BX W/L
	0 - 500' depth	8.60	8.25
	500 - 1000' depth	9.20	8.85
Item 3.	Overburden drilling, to casing depth (estimated 120')	Per Foot	10.00
Item 4.	Reaming to advance casing - All Sizes (estimated 240')	Per Foot	5.20
Item 5.	Cementing and drilling out cement (estimated 60 hours)	Per Hour	28.00
Item 6.	Delays, standby, hole surveys, moving between sites, regaining circulation (estimated 120 hours)	Per Hour	22.00
Item 7.	Casing lost or left in place (estimated 300')	Per Foot	4.00
Item 8.	Miscellaneous supplies - core boxes, drilling mud, additives, cement, etc. (estimated overrun 20¢/ft. drilled)		

continued page 2

E. J. LONGYEAR COMPANY
308 EAST PIMA STREET
PHOENIX, ARIZONA 85004
PHONE 258-6543
GEN. OFFICE - MINNEAPOLIS, MINN.

October 3, 1968

Mr. Wallace McGregor
Post Office Box 6351
Salt Lake City, Utah 84106

SUBJECT: PROPOSAL COVERING YOUR PLANNED CORE DRILLING PROGRAM, SIXTEEN TO ONE AREA, NEAR SILVER PEAK, NEVADA

Gentlemen:

1. In response to your recent invitation and after examining the area you wish drilled, we are pleased to submit our proposal as outlined below.

2. Our understanding of your planned program is as follows:

The minimum drilling will be 5,000 linear feet in a series of angle holes of which none are expected to be flatter than minus 35 degrees as measured from the horizontal. The maximum depth of any one hole is not expected to exceed 1,000 linear feet.

Rock types exposed in the area are of volcanic origin and are hard and siliceous.

Water for drilling purposes is available from a small stream in the canyon floor and will not require pumping more than 500 feet to any proposed drill site.

It is understood that you will prepare and maintain the necessary access roads and will construct the proper drill sites including mud pits where required.

3. We propose to furnish one Longyear drilling machine of suitable capacity together with all the required accessory equipment including service vehicle.

We would expect to operate the program on a one or two shift basis operating eight hours per day, six days per week.

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

5. Based upon conditions which we expect to prevail on this work, we are pleased to quote as follows:

a) Mobilization and demobilization of personnel and drilling equipment.....$745.00 lump sum/rig

b) Overburden drilling - Alluvial material or eroded, soft ledge rock -

	4-1/2" Diameter
0 to 100 feet in depth.....	$6.25 per foot

c) Diamond core drilling - Angle holes -

	NQ WL	BQ WL
0 to 500 feet in depth.....	$8.95/ft.	$8.60/ft.
500 to 1,000 feet in depth.....	$9.45/ft.	$9.10/ft.

d) Reaming for casing, if required and where applicable - All sizes and depths involved.....$4.65 per foot

NOTE: The core drilling and reaming prices listed under paragraph c and d above are based on diamond bit expense expected to average $1.50 per foot. In the event the drilling results should produce diamond bit expense in excess of the $1.50 per foot allowance, 50% of such excess will be invoiced to you.

The basis for determining bit cost will be as follows:

Diamond loss will be computed at $12.50 per carat, plus setting charges for the size and type of bit used divided by the footage drilled.

e) Time spent by crews performing cementing operations, installing or pulling casing or performing other necessary hole stabilizing or hole plugging activity will be invoiced at.....$15.50 per hour for each 2-man drill crew.

f) Cement, drill mud, additives or other hole stabilizing or hole plugging material consumed will be invoiced at our jobsite cost, plus a 10% handling charge.

g) Standby time or delays for your convenience or for which you are responsible will be invoiced at.....$13.90 per hour for each 2-man drill crew.

h) Casing lost or left in drill holes at your request will be invoiced at our replacement cost, jobsite basis.

i) Core boxes, cardboard type, capacity ten feet of core in either NX or BX size.....$1.00 each

6. Cores and/or samples obtained from the drilling will be turned over to your representative at the drill sites in containers furnished by you or by the Longyear Company as outlined above.

7. It is understood and agreed that if awarded this work and prior to the mobilizing operations, you will make acceptable financial arrangements with the Longyear Company for payment for work performed. Such arrangements can be either in prepayment funds or other acceptable information on financial ability that would permit billing on an open account basis.

8. Invoices covering work performed will be prepared twice monthly, promptly after the fifteenth and the end of each month. Payment will be due within twenty days after your receipt of invoice.

9. We appreciate the opportunity to make our drilling service available to you. If awarded this work, we estimate approximately two weeks, possibly more, would be required for the mobilizing operation.

Sincerely,

E. J. LONGYEAR COMPANY

J. R. Miller

Manager, Southwestern Zone
Contract Drilling Division

J.R.Miller:jag

ACCEPTED:

Company_____

By_____

Date_____

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

600 Industrial Way
SPARKS, NEVADA
Phone: 358-5188

General Offices and Plant
1624 Pioneer Road P. O. Box 58
SALT LAKE CITY, UTAH 84110
Phone [redacted]487-3671

BRANCH OFFICES
ARIZONA (PHOENIX)
CALIFORNIA (AUBURN)
COLORADO (GOLDEN)
NEVADA (SPARKS)
WASHINGTON (SPOKANE)
CHILE (SANTIAGO)
CABLE: BOYLESBROS
MEXICO, D.F.
PERU (LIMA)
CABLE: BOYLESCOP

September 23,1968

Mr. Wallace McGregor
P.O. Box 6351
Salt Lake City, Utah 84106

Dear Mr. McGregor:

In reply to your letter requesting prices for core drilling six holes for a total of 5,000 feet on your property near Silver Peak, Nevada, I respectfully offer the following:

1. Mobilization- $300.00

2. Drilling rates:

	NC	NX	BX
0 to 500 feet	$9.90	$8.90	$8.60
500 to 1000 feet		9.90	9.60

3. Cementing, if necessary, $15.00 an hour plus cost of cement.

4. Drilling mud and additives to be charged at list price f o b the job or customer may furnish to our specifications, if he so desires.

5. Casing lost in hole or left at customers request to be charged at 75% of list price.

6. Core boxes can be supplied at $1.00 per box.

7. Roads and drill sites to be furnished at no cost to Boyles Bros.

Thank you for the opportunity of bidding on this work.

Yours truly,

Joe Fetterhoff

Joe Fetterhoff
District Manager

JF:sc

Mr. Wallace McGregor
Salt Lake City, Utah 84106

September 11, 1968
Proposal continued

Sprague and Henwood, Inc. would provide two #142 skid mount core drills, four 2-man drill crews and full time foreman. Also, we would provide water hauling truck, auxiliary vehicles, and all accessory tools and bits commensurate with good drilling practices.

Customer to provide water source, drillsite and access road preparation and maintenance.

Mobilization on site will depend upon availability of qualified crews.

Very truly yours,

SPRAGUE AND HENWOOD, INC.

Vincent D. Nourse
Manager, Western Branch

VDN:rp

Supplement 2 (a) 6
Baker & Davis
162 Sneden St.
Bishop, Calif.

OPTION AGREEMENT

THIS AGREEMENT, made and entered into this 5th day of Nov, 1963, by and between JAMES GAVIN and HARVEY HUMPHREY and VIRGINIA HUMPHREY husband and wife, all of Silver Peak, Nevada, parties of the first part, hereinafter referred to as the Optionors, and ARTHUR BAKER III and ROBERT STANLEY DAVIS, co-partners transacting business under the firm name and style of BAKER AND DAVIS, parties of the second part, hereinafter referred to as the Optionees,

WITNESSETH:

WHEREAS, the Optionors are the owners of that certain unpatented mining claim in the Silver Peak (Red Mountain) Mining District, County of Esmeralda, State of Nevada, known as the "Olaf Claim", notice of location of which is recorded in Book 1-P, page 126, Records of Esmeralda County, Nevada; and

WHEREAS, it is the desire, intent and purpose of the parties that the Optionors grant unto the Optionees the exclusive right, option and privilege of purchasing said Olaf Mining Claim;

NOW, THEREFORE, in consideration of the premises and the mutual covenants, promises and agreements hereinafter contained and set forth, it is agreed by and between the parties hereto as follows:

1. The Optionors hereby grant unto the Optionees the exclusive right, option and privilege to purchase that certain unpatented mining claim in the Silver Peak (Red Mountain) Mining District, County of Esmeralda, State of Nevada, described as follows:

> OLAF Claim, Notice of Location of which is of record in Book 1-P, page 126, Records of Esmeralda County, Nevada.

Supplement 2 (a) 6
Baker & Davis
162 Sneden St.
Bishop, Calif.

2. As consideration for said option, the Optionees have agreed to assign and do hereby assign unto the Optionors, their heirs and assigns, all of the right, title and interest of the Optionees in and to all payments which may hereafter be made to them or which may hereafter become due, owing and payable to them under and pursuant to the provisions of paragraphs 8(b) and 8(c) of that certain Easement Agreement entered into on the 15th day of May, 1963, by and between ARTHUR BAKER III, as First Party, and MID-CONTINENT URANIUM CORP., a Colorado corporation, as Second Party, a copy of which Easement Agreement is annexed hereto, marked Exhibit "A", and incorporated by reference herein as if set forth at length. This assignment is final and absolute, and shall not be affected by the performance or non-performance of any of the other terms and conditions hereof.

3. The purchase price to be paid by Optionees to Optionors for the unpatented mining claim hereinbefore described, in the event of exercise of this option to purchase, shall be and is the sum of SEVEN THOUSAND FIVE HUNDRED DOLLARS ($7,500.00), payable as follows:

(a) The sum of TWO THOUSAND FIVE HUNDRED DOLLARS ($2,500.00) on or before the 1st day of November, 1964;

(b) The sum of TWO THOUSAND FIVE HUNDRED DOLLARS ($2,500.00) on or before the 1st day of November, 1965; and

(c) The sum of TWO THOUSAND FIVE HUNDRED DOLLARS ($2,500.00) on or before the 1st day of November, 1966.

Upon failure of the Optionees to pay any installment of the purchase price of SEVEN THOUSAND FIVE HUNDRED DOLLARS ($7,500.00) aforesaid

in the manner and on the dates provided, this option to sell said mining claim shall become null, void, and of no further force or effect, and the Optionors shall be under no further obligation to transfer and sell unto Optionees the said mining claim. All payments made by Optionees prior to default shall remain the property of the Optionors, and the assignment of payments due under the easement, all of which is described in paragraph 2 above, shall likewise remain the property of the Optionors.

Should Optionees pay the annual installments of the purchase price aforesaid on the dates herein provided for each payment, then and in that event, contemporaneously with the making of the final payment of TWO THOUSAND FIVE HUNDRED DOLLARS ($2,500.00) on or before the 1st day of November, 1966, Optionees shall have the right to demand and receive from Optionors a quitclaim deed covering the mining claim which is the subject hereof.

4. The Optionors hereby warrant that the mining claim which is the subject of this agreement is a valid and subsisting mining claim pursuant to State and Federal law.

5. The Optionees shall be entitled to possession of the mining claim which is the subject hereof during the term and continuance in effect of this agreement with the right to remove ores and materials therefrom, provided, however, that title shall be retained in the Optionors until the payment of the purchase price in the amount of SEVEN THOUSAND FIVE HUNDRED DOLLARS ($7,500.00) is fully made in the manner hereinbefore provided. During their possession of said mining claim, the Optionees shall perform annual labor thereon in such manner as may comply with State and Federal laws, rules and regulations and shall further pay all taxes which may be levied upon said claim for any period following the 1st day of November, 1963, and during the continuance

Supplement 2 (a) 6
Baker & Davis
162 Sneden St.
Bishop, Calif.

in effect of this agreement.

6. This agreement shall inure to the benefit of and be binding upon the parties hereto, their heirs, executors, administrators and assigns.

IN WITNESS WHEREOF, the parties have hereunto set their hands and executed this agreement in quadruplicate the day and year first above written.

OPTIONORS: James W. Gavin
James Gavin

Harvey Humphrey
Harvey Humphrey

Virginia Humphrey
Virginia Humphrey

OPTIONEES: Art Baker III
Arthur Baker III

Robert Stanley Davis
Robert Stanley Davis

STATE OF NEVADA)
) ss.
COUNTY OF Nye)

On this 5th day of November, 1963, before me, the undersigned, a Notary Public in and for said County and State, personally appeared JAMES GAVIN, HARVEY HUMPHREY and VIRGINIA HUMPHREY, known to me to be the persons whose names are subscribed to the within instrument, and they acknowledged to me that they, and each of them, executed the same freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office on the day and year in this certificate first above written.

Paula A. Douglas
Notary Public

My Commission expires: 5-28-67

Supplement 2 (a) 6
Baker &Davis
162 Sneden St.
Bishop, Calif.

STATE OF ~~NEVADA~~ Utah)
) ss.
COUNTY OF San Juan)

On this 18 day of November, 1963, before me, the undersigned a Notary Public in and for said County and State, personally appeared ARTHUR BAKER III and ROBERT STANLEY DAVIS, known to me to be the persons whose names are subscribed to the within instrument, and they acknowledged to me they executed the same freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office on the day and year in this certificate first above written.

George M. White
Notary Public

My Commission expires:
Feb 3 1964

OPTION AGREEMENT

Supplement 2 (a) 6
Baker & Davis
162 Sneden St.
Bishop, Calif.

THIS AGREEMENT, made and entered into this 3 day of Nov, 1963, by and between JAMES GAVIN and HARVEY HUMPHREY and VIRGINIA HUMPHREY husband and wife, all of Silver Peak, Nevada, parties of the first part, hereinafter referred to as the Optionors, and ARTHUR BAKER III and ROBERT STANLEY DAVIS, co-partners transacting business under the firm name and style of BAKER AND DAVIS, parties of the second part, hereinafter referred to as the Optionees,

WITNESSETH:

WHEREAS, the Optionors are the owners of that certain unpatented mining claim in the Silver Peak (Red Mountain) Mining District, County of Esmeralda, State of Nevada, known as the "Olaf Claim", notice of location of which is recorded in Book 1-P, page 126, Records of Esmeralda County, Nevada; and

WHEREAS, it is the desire, intent and purpose of the parties that the Optionors grant unto the Optionees the exclusive right, option and privilege of purchasing said Olaf Mining Claim;

NOW, THEREFORE, in consideration of the premises and the mutual covenants, promises and agreements hereinafter contained and set forth, it is agreed by and between the parties hereto as follows:

1. The Optionors hereby grant unto the Optionees the exclusive right, option and privilege to purchase that certain unpatented mining claim in the Silver Peak (Red Mountain) Mining District, County of Esmeralda, State of Nevada, described as follows:

> OLAF Claim, Notice of Location of which is of record in Book 1-P, page 126, Records of Esmeralda County, Nevada.

Supplement (a) 6
Baker & Davis
162 Sneden St.
Bishop, Calif.

2. As consideration for said option, the Optionees have agreed to assign and do hereby assign unto the Optionors, their heirs and assigns, all of their right, title and interest in the Optionees in and to all payments which may hereafter be made to them or which may hereafter become due, owing and payable to them under and pursuant to the provisions of paragraphs 6(b) and 6(d) of that certain Easement Agreement entered into on the 16th day of May, 1963, by and between ARTHUR BAKER III, as First Party, and MID-CONTINENT URANIUM CORP., a Colorado corporation, as Second Party, a copy of which Easement Agreement is annexed hereto, marked Exhibit "A", and incorporated by reference herein as if set forth at length. This assignment is final and absolute, and shall not be affected by the performance or non-performance of any of the other terms and conditions hereof.

3. The purchase price to be paid by Optionees to Optionors for the unpatented mining claim hereinbefore described, in the event of exercise of this option to purchase, shall be and is the sum of SEVEN THOUSAND FIVE HUNDRED DOLLARS ($7,500.00), payable as follows:

(a) The sum of TWO THOUSAND FIVE HUNDRED DOLLARS ($2,500.00) on or before the 1st day of November, 1964;

(b) The sum of TWO THOUSAND FIVE HUNDRED DOLLARS ($2,500.00) on or before the 1st day of November, 1965; and

(c) The sum of TWO THOUSAND FIVE HUNDRED DOLLARS ($2,500.00) on or before the 1st day of November, 1966

Upon failure of the Optionees to pay any installment of the purchase price of SEVEN THOUSAND FIVE HUNDRED DOLLARS ($7,500.00) aforesaid

in the manner and on the dates provided, this option to sell said mining claim shall become null, void, and of no further force or effect, and the Optionors shall be under no further obligation to transfer and sell unto Optionees the said mining claim. All payments made by Optionees prior to default shall remain the property of the Optionors, and the assignment of payments due under the easement, all of which is described in paragraph 2 above, shall likewise remain the property of the Optionors.

Should Optionees pay the annual installments of the purchase price aforesaid on the dates herein provided for each payment, then and in that event, contemporaneously with the making of the final payment of TWO THOUSAND FIVE HUNDRED DOLLARS ($2,500.00) on or before the 1st day of November, 1966, Optionees shall have the right to demand and receive from Optionors a quitclaim deed covering the mining claim which is the subject hereof.

4. The Optionors hereby warrant that the mining claim which is the subject of this agreement is a valid and subsisting mining claim pursuant to State and Federal law.

5. The Optionees shall be entitled to possession of the mining claim which is the subject hereof during the term and continuance in effect of this agreement with the right to remove ores and materials therefrom, provided, however, that title shall be retained in the Optionors until the payment of the purchase price in the amount of SEVEN THOUSAND FIVE HUNDRED DOLLARS ($7,500.00) is fully made in the manner hereinbefore provided. During their possession of said mining claim, the Optionees shall perform annual labor thereon in such manner as may comply with State and Federal laws, rules and regulations and shall further pay all taxes which may be levied upon said claim for any period following the 1st day of November, 1965, and during the continuance

Supplement 2 (a) 6
Baker & Davis
162 Sneden St.
Bishop, Calif.

in effect of this agreement.

6. This agreement shall inure to the benefit of and be binding upon the parties hereto, their heirs, executors, administrators and assigns.

IN WITNESS WHEREOF, the parties have hereunto set their hands and executed this agreement in quadruplicate the day and year first above written.

OPTIONORS: James W. Gavin
James Gavin

Harvey Humphrey
Harvey Humphrey

Virginia Humphrey
Virginia Humphrey

OPTIONEES: Arthur Baker III
Arthur Baker III

Robert Stanley Davis
Robert Stanley Davis

STATE OF NEVADA)
) ss.
COUNTY OF Inyo)

On this 5th day of November, 1963, before me, the undersigned, a Notary Public in and for said County and State, personally appeared JAMES GAVIN, HARVEY HUMPHREY and VIRGINIA HUMPHREY, known to me to be the persons whose names are subscribed to the within instrument, and they acknowledged to me that they, and each of them, executed the same freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office on the day and year in this certificate first above written.

Paula A. Douglas
Notary Public

My Commission expires: 5-28-67

Supplement 2 (a) 6
Baker & Davis
162 Sneden St.
Bishop, Calif.

STATE OF ~~NEVADA~~ Utah)
) ss.
COUNTY OF [illegible])

On this 18 day of November, 1963, before me, the undersigned a Notary Public in and for said County and State, personally appeared ARTHUR BAKER III and ROBERT STANLEY DAVIS, known to me to be the persons whose names are subscribed to the within instrument, and they acknowledged to me they executed the same freely and voluntarily and for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office on the day and year in this certificate first above written.

[illegible]
Notary Public

My Commission expires:
Jul 3 1964

Supplement 2 (a) 5
Ba[illegible] & Davis
162 [illegible]neden St.
Bishop, Calif.

PARTNERSHIP AGREEMENT

THIS AGREEMENT, Made and entered into this 10 th day of July, 1963, by and between ARTHUR BAKER III, party of the First Part, and ROBERT STANLEY DAVIS, party of the Second Part,

W I T N E S S E T H:

WHEREAS, First Party is the owner, subject to the provisions and conditions of an Agreement of Sale dated the 11th day of April, 1963, between CALLAHAN MINING CORPORATION, an Arizona corporation, as party of the First Part, and ARTHUR BAKER III, as party of the Second Part, those certain unpatented mining claims in the Silver Peak (Red Mountain) Mining District, County of Esmeralda, State of Nevada, described as follows:

MORELOS Mining Claim, notice of location of which is recorded in Book 1-P, at page 319, Records of Esmeralda County, Nevada;

HIDALGO Mining Claim, notice of location of which is recorded in Book 1-P, at page 320, Records of Esmeralda County, Nevada;

DOTTY Mining Claim, notice of location of which is recorded in Book 1-O, at page 590, Records of Esmeralda County, Nevada;

BURNEY NO. 1 Mining Claim, notice of location of which is recorded in Book 1-P, at page 308, Records of Esmeralda, County, Nevada;

BURNEY NO. 2 Mining Claim, notice of location of which is recorded in Book 1-P, at page 309, Records of Esmeralda County, Nevada;

PATIENCE NO. 1 Mining Claim, notice of location of which is recorded in Book 1-P, at page 308, Records of Esmeralda County, Nevada;

PATIENCE NO. 2 Mining Claim, notice of location of which is recorded in Book 1-P, at page 308, Records of Esmeralda County, Nevada;

CHICO NO. 1 Mining Claim, notice of location of which is recorded in Book 1-P, at page 326, Records of Esmeralda County, Nevada;

CHICO NO. 2 Mining Claim, notice of location of which is recorded in Book 1-P, at page 326, Records of Esmeralda County, Nevada;

CARUMBA NO. 1 Mining Claim, notice of location of which is recorded in Book 1-P, at page 325, Records of Esmeralda County, Nevada;

CARUMBA NO. 2 Mining Claim, notice of location of which is recorded in Book 1-P, at page 325, Records of Esmeralda County, Nevada;

CABALLO NO. 1 Mining Claim, notice of location of which is recorded in Book 1-P, at page 324, Records of Esmeralda County, Nevada;

CABALLO NO. 2 Mining Claim, notice of location of which is recorded in Book 1-P, at page 324, Records of Esmeralda County, Nevada; and

CABALLO NO. 3 Mining Claim, notice of location of which is recorded in Book 1-P, at page 325, Records of Esmeralda County, Nevada; and

WHEREAS, it is the desire, intent and purpose of the parties by this agreement to associate themselves together as co-partners in the conduct and operation of a mining business for exploration and mining of said unpatented mining claims and other properties which may hereafter be acquired;

NOW, THEREFORE, in consideration of the premises and the agreements hereinafter contained, it is agreed by and between the parties hereto as follows:

1. Name and Business. The parties do hereby form a mining partnership under the firm name and style of "BAKER AND DAVIS" to conduct a mining business in the County of Esmeralda, State of Nevada, or at such other places as may hereafter be agreed upon.

2. Term. The partnership shall commence as of the date of execution of this agreement, and shall continue until terminated by mutual agreement of the parties or as hereinafter provided.

3. Capital. The capital of the partnership shall be contributed one-half (1/2) by First Party and one-half (1/2) by Second Party and separate capital accounts shall

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162 Sneden St.
Bishop, Calif.

be maintained by each party. As a further contribution to the capital of the partnership, First Party hereby agrees to transfer unto the partnership all and singular the unpatented mining claims herein referred to, subject, however, to the provisions and conditions of an Agreement of Sale between CALLAHAN MINING CORPORATION as First Party, and ARTHUR BAKER III, the said First Party herein named, dated the 11th day of April, 1963, which Agreement was recorded on the 1st day of May, 1963, in Book 4-B of Official Records at page 309, in the office of the County Recorder of Esmeralda County, Nevada.

Neither of the partners shall withdraw any part of their capital account without the consent of the other partner. If the capital account of a partner becomes impaired, his share of subsequent partnership profits shall be first credited to his capital account until that account has been restored.

4. Profit and Loss. The net profits of the partnership shall be divided one-half (1/2) to First Party, and one-half (1/2) to Second Party, and the net losses shall be borne one-half (1/2) by First Party and one-half (1/2) by Second Party. Separate income accounts shall be maintained by each of the partners, and partnership profits and losses shall be charged or credited to the separate income accounts, unless a partner has no credit balance in his income account, in which event losses shall be charged to his capital account.

5. Salaries and Drawings. The partners shall receive such salaries as may from time to time be mutually agreed upon, and each partner may from time to time withdraw the credit balance in his income account,

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Bishop, Calif.

provided, however, that no withdrawals shall be made by either partner unless a like withdrawal is made by the other, and provided further that no withdrawals will be made which will impair the capital of the partnership or make difficult the continued profitable operation of the partnership business. No additional share of profits shall inure to either partner by reason of his capital or income account being in excess of the capital or income account of the other.

6. Interest. No interest shall be paid on the initial contributions to the capital of the partnership or any subsequent contributions to capital.

7. Management, Duties, and Restrictions. Each party shall be active in the management of the partnership business and each shall have equal rights in such management. Each partner shall devote such time to the conduct of the partnership as may be necessary and proper for the successful operation and conduct thereof. Neither partner shall, without the consent of the other partner, endorse any note, or act as an accommodation party, or otherwise become surety, for any person in any manner that may, directly or indirectly, affect the partnership business.

Without the consent of the other partner, neither partner shall, on behalf of the partnership, borrow or lend money, or make, deliver, or accept any commercial paper, or execute any mortgage, bond or lease, or purchase or contract to purchase, or sell or contract to sell, any property for or of the partnership other than the type of property bought and sold in the regular course of business of the partnership. Neither shall, except with the consent of the other partner, assign, mortgage, or sell his share

in the partnership or in its capital assets or property, or enter into any agreement as a result of which any person shall become interested with him in the partnership, or do any act detrimental to the best interests of the partnership or which would make it difficult or impossible to carry on the ordinary business of the partnership.

8. Banking. All funds of the partnership shall be deposited in the partnership name in such checking account or accounts as shall be designated and agreed upon by the partners. All withdrawals therefrom shall be made pursuant to authorization of the partners, it being stipulated that the partners may authorize one or both of them, or any third person or persons, to sign checks against any such account.

9. Books. The partnership books shall be maintained at the principal office of the partnership, and each partner shall at all times have access thereto. The books shall be kept on such annual or fiscal year basis as shall from time to time be agreed upon. Audits shall be made at the request of either partner, provided, however, that no more than two audits shall be made during any accounting year at the expense of the partnership unless agreed upon by the partners.

10. Voluntary Termination. The partnership may be dissolved at any time by agreement of the partners, in which event the partners shall proceed with reasonable promptness to liquidate the business of the partnership. The partnership name may be sold with the other assets of the business. The assets of the partnership business shall be used and distributed in the following order:

(a) To pay or provide for the payment of all partnership liabilities and liquidating expenses and obligations;

(b) To equalize the income accounts of the partners;

(c) To discharge the balance of the income accounts of the partners;

(d) To equalize the capital accounts of the partners; and

(e) To discharge the balance of the capital accounts of the partners.

11. Retirement. Either partner shall have the right to retire from the partnership at the end of any accounting period. Written notice of intention to retire shall be served upon the other partner at the office of the partnership at least sixty (60) days before the end of the accounting period. The retirement of either partner need have no effect upon the continuance of the partnership business. The remaining partner shall have the right either to purchase the retiring partner's interest in the partnership business or to terminate and liquidate the partnership business. If the remaining partner elects to purchase the interest of the retiring partner, he shall serve notice in writing of such election upon the retiring partner at the office of the partnership within thirty (30) days after receipt of the notice of intention to retire.

(a) If the remaining partner elects to purchase the interest of the retiring partner in the partnership, the purchase price and method of payment shall be the same as stated in Paragraph 12 with reference to the purchase of a decedent's interest in the partnership;

(b) If the remaining partner does not elect to purchase the interest of the retiring partner in the partnership, the partners shall proceed with reasonable promptness to liquidate the business of the partnership. The procedure as to liquidation and distribution of the assets of the partnership business shall be the same as stated in Paragraph 10 with reference to voluntary termination.

12. Death. Upon the death of either partner, the surviving partner may continue the partnership business with the heirs, executors, administrators, or distributees of the deceased partner, or may purchase the interest of the deceased partner in the partnership, or may terminate and liquidate the partnership business at the option and election of the surviving partner. If the surviving partner elects to purchase the deceased partner's interest he shall serve notice in writing of such election within three (3) months after the death of the deceased partner, upon the executor, administrator, or successor in interest of the deceased partner, or, if at the time of such election no legal representative has been appointed and no successor has been validly and legally named, upon the known heirs of the deceased partner at the last known address of such person or persons.

(a) If the surviving partner elects to purchase the interest of the deceased partner in the partnership, the purchase price shall be equal to the decedent's capital and income accounts as shown on the partnership books as of the end of the prior accounting period, increased by his share of partnership profits or decreased by his share of partnership losses for the period from the

beginning of the accounting period in which his death occurred until the end of the calendar month in which his death occurred, and decreased by withdrawals during such period. No allowance shall be made for good will, trade name, or other intangible assets, except as those assets have been reflected on the partnership books immediately prior to the decedent's death; but the surviving partner shall be entitled to use the trade name of the partnership. The purchase price, at the election of the surviving partner, may be paid in equal quarterly payments commencing three (3) months after the death of the deceased partner, and continuing for a period not exceeding five (5) years, plus interest on deferred payments at the rate of five per cent (5%) per annum.

(b) If the surviving partner does not elect to purchase the interest of the decedent in the partnership, and does not elect to continue the partnership business with the successors in interest of the deceased partner, he shall proceed with reasonable promptness to liquidate the business of the partnership. The surviving partner and the estate or successor in interest of the deceased partner shall share equally in the profits and losses of the business during the period of liquidation, except that the decedent's estate shall not be liable for losses in excess of the decedent's interest in the partnership at the time of his death. No compensation will be paid to the surviving partner for his services in liquidation. Except as herein otherwise stated, the procedure as to liquidation and distribution of the assets of the partnership business shall be the same as stated in Paragraph 10 with reference to voluntary termination.

13. Legal Proceedings. Should either of the partners at any time during continuance of the partnership institute legal proceedings for an accounting, for a declaration of rights, or otherwise, against the other partner, then and in that event the prevailing party in any such action shall be entitled to receive from the other his Court costs and attorneys' fees reasonably incurred in such litigation, and no portion of such expenses of litigation shall become a charge against the partnership business.

IN WITNESS WHEREOF, the parties have executed this agreement in duplicate the day and year first above written.

Arthur Baker, III
FIRST PARTY.

Robert Stanley Davis
SECOND PARTY.

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Baker & Davis
162 Sneden St.
Bishop, Calif.

STATE OF CALIFORNIA)
) ss.
COUNTY OF INYO)

On this 8th day of July, 1963, before me, the undersigned, a Notary Public in and for said County and State, personally appeared ARTHUR BAKER III, known to me to be the person whose name is subscribed to the within and foregoing instrument, and acknowledged to me that he executed the same.

WITNESS my hand and official seal.

Bonnie L. Troy

Notary Public in and for said County and State.

My commission expires November 1, 1963
BONNIE L. TROY

STATE OF UTAH)
) ss.
COUNTY OF San Juan)

On this 10th day of July, 1963, before me, the undersigned, a Notary Public in and for said County and State, personally appeared ROBERT STANLEY DAVIS, known to me to be the person whose name is subscribed to the within and foregoing instrument, and acknowledged to me that he executed the same.

WITNESS my hand and official seal.

George M. White

Notary Public in and for said County and State.

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Bishop, Calif.

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Bishop, Calif.

DEED TO MINING CLAIM
(Quitclaim)

THIS INDENTURE, Made the 23rd day of April, 1963, between CALLAHAN MINING CORPORATION, an Arizona corporation, party of the First Part, and ARTHUR BAKER III, party of the Second Part,

W I T N E S S E T H:

That said party of the First Part, for and in consideration of the sum of One Dollar ($1.00) and other valuable consideration, to it paid by the said party of the Second Part, the receipt whereof is hereby acknowledged, has remised, released, and forever quitclaimed, and by these presents does remise, release, and forever quitclaim unto the said party of the Second Part, and to his heirs, executors, administrators, and assigns, those certain unpatented mining claims in the Silver Peak (Red Mountain) Mining District, in the County of Esmeralda, State of Nevada, described as follows:

MORELOS Mining Claim, notice of location of which is recorded in Book 1-P, at page 319, Records of Esmeralda County, Nevada;

HIDALGO Mining Claim, notice of location of which is recorded in Book 1-P, at page 320, Records of Esmeralda County, Nevada;

DOTTY Mining Claim, notice of location of which is recorded in Book 1-O, at page 590, Records of Esmeralda County, Nevada;

BURNEY NO. 1 Mining Claim, notice of location of which is recorded in Book 1-P, at page 308, Records of Esmeralda County, Nevada;

BURNEY NO. 2 Mining Claim, notice of location of which is recorded in Book 1-P, at page 309, Records of Esmeralda County, Nevada;

PATIENCE NO. 1 Mining Claim, notice of location of which is recorded in Book 1-P, at page 308, Records of Esmeralda County, Nevada;

PATIENCE NO. 2 Mining Claim, notice of location of which is recorded in Book 1-P, at page 308, Records of Esmeralda County, Nevada;

CHICO NO. 1 Mining Claim, notice of location of which is recorded in Book 1-P, at page 326, Records of Esmeralda County, Nevada;

CHICO NO. 2 Mining Claim, notice of location of which is recorded in Book 1-P, at page 326, Records of Esmeralda County, Nevada;

CARUMBA NO. 1 Mining Claim, notice of location of which is recorded in Book 1-P, at page 325, Records of Esmeralda County, Nevada;

CARUMBA NO. 2 Mining Claim, notice of location of which is recorded in Book 1-P, at page 325, Records of Esmeralda County, Nevada;

CABALLO NO. 1 Mining Claim, notice of location of which is recorded in Book 1-P, at page 324, Records of Esmeralda County, Nevada;

CABALLO NO. 2 Mining Claim, notice of location of which is recorded in Book 1-P, at page 324, Records of Esmeralda County, Nevada;

CABALLO NO. 3 Mining Claim, notice of location of which is recorded in Book 1-P, at page 325, Records of Esmeralda County, Nevada;

together with all the Dips, Spurs and Angles, and also all the minerals, metals, ores, gold and silver bearing quartz, rock and earth and all other minerals therein; and all the rights, privileges and franchises thereto incident, appendant and appurtenant, or therewith usually had and enjoyed; and also all and singular the tenements, hereditaments and appurtenances thereunto belonging, or in any wise appertaining, the rents, issues and profits thereof; and also the estate, right, title, interest, property possession, claim and demand whatsoever, as well in law as in equity, of the said party of the First Part, of, in, or to the said premises, and every part and parcel thereto with the

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Bishop, Calif.

appurtenances.

IN WITNESS WHEREOF, the said party of the First Part has caused this instrument to be executed the day and year first above written.

CALLAHAN MINING CORPORATION

ATTEST:

By Adrienne J. Manian
Asst. Secretary

By E. Arthur Salo
Vice-President
First Party.

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

On this 23rd day of April, 1963, before me, the undersigned, a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared E. Arthur Salo and Adrienne J. Manian, known to me to be the Vice-President and Asst. Secretary, respectively, of CALLAHAN MINING CORPORATION, the corporation described in and that executed the within and foregoing instrument, and also known to me to be the persons who executed it on behalf of the corporation therein named, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the said County and State the day and year in this certificate first above written.

William P. Lohden

Notary Public in and for said County and State.

My commission expires:

WILLIAM P. LOHDEN
Notary Public, State of New York
No. 24-2393383
Qualified in Kings County
Commission Expires March 30, 1965

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Baker & Davis
162 Sneden St.
Bishop, Calif.

AGREEMENT OF SALE

THIS AGREEMENT, Made and entered into this 11th day of April, 1963, by and between CALLAHAN MINING CORPORATION, an Arizona corporation, party of the first part, hereinafter referred to as the Seller, and ARTHUR BAKER III, party of the second part, hereinafter referred to as the Purchaser,

W I T N E S S E T H:

WHEREAS, the Seller is the owner, subject to the paramount title of the United States of America, of fourteen (14) unpatented mining claims in the Silver Peak (Red Mountain) Mining District, County of Esmeralda, State of Nevada, described as follows:

MORELOS Mining Claim, notice of location of which is recorded in Book 1-P, at page 319, Records of Esmeralda County, Nevada;

HIDALGO Mining Claim, notice of location of which is recorded in Book 1-P, at page 320, Records of Esmeralda County, Nevada;

DOTTY Mining Claim, notice of location of which is recorded in Book 1-O, at page 590, Records of Esmeralda County, Nevada;

BURNEY NO. 1 Mining Claim, notice of location of which is recorded in Book 1-P, at page 308, Records of Esmeralda County, Nevada;

BURNEY NO. 2 Mining Claim, notice of location of which is recorded in Book 1-P, at page 309, Records of Esmeralda County, Nevada;

PATIENCE NO. 1 Mining Claim, notice of location of which is recorded in Book 1-P, at page 308, Records of Esmeralda County, Nevada;

PATIENCE NO. 2 Mining Claim, notice of location of which is recorded in Book 1-P, at page 308, Records of Esmeralda County, Nevada;

CHICO NO. 1 Mining Claim, notice of location of which is recorded in Book 1-P, at page 326, Records of Esmeralda County, Nevada;

CHICO NO. 2 Mining Claim, notice of location of which is recorded in Book 1-P, at page 326, Records of Esmeralda County, Nevada;

CARUMBA NO. 1 Mining Claim, notice of location of which is recorded in Book 1-P, at page 325, Records of Esmeralda County, Nevada;

CARUMBA NO. 2 Mining Claim, notice of location of which is recorded in Book 1-P, at page 325, Records of Esmeralda County, Nevada;

CABALLO NO. 1 Mining Claim, notice of location of which is recorded in Book 1-P, at page 324, Records of Esmeralda County, Nevada;

CABALLO NO. 2 Mining Claim, notice of location of which is recorded in Book 1-P, at page 324, Records of Esmeralda County, Nevada; and

CABALLO NO. 3 Mining Claim, notice of location of which is recorded in Book 1-P, at page 325, Records of Esmeralda County, Nevada; and

WHEREAS, it is the desire, intent and purpose of the parties that the Seller quitclaim and sell to the Purchaser the said mining claims;

NOW, THEREFORE, in consideration of the premises and the covenants, conditions and agreements hereinafter contained and set forth, it is agreed between the parties hereto as follows:

1. Sale. The Seller agrees upon execution of this agreement to execute and deliver to Purchaser a quitclaim deed covering all and singular the unpatented mining claims hereinbefore described, and, in consideration therefor, the Purchaser, for himself, his heirs, executors, administrators, and assigns, agrees to pay unto Seller, its successors, or assigns, an amount equal to ten per cent (10%) of the net profits realized from the conduct of mining operations on the said mining claims, or any of them, and/or a sum equal to ten per cent (10%) of the net profit realized from the lease or sale of any or all of said mining claims.

It is understood, stipulated and agreed that net profits shall be determined by deducting from the gross receipts realized by Purchaser from the sale of materials from any of the said mining claims, and/or from bonuses or royalties, either advance, minimum or production, realized from the lease of any of said mining claims, and/or the gross amount received from the sale of said mining claims, or any of them, all expenses incurred by the Purchaser, from the date hereof to the date of any such sale of materials, the receipt of any such bonuses or royalties, and/or the sale of said claims, or any of them, which are fairly allocable, in accordance with generally accepted accounting principles, to the development, holding, working, leasing or selling of said mining claims (or a proportionate part of such expenses in the event of the sale of less than all such claims).

2. Financing. Should Purchaser desire to obtain financing (on one or more occasions) from any source for the purpose of exploring, developing, holding, operating, selling or otherwise dealing with said mining claims or materials produced therefrom, and receive a bona fide offer of financing acceptable to him, then and in that event, he, the said Purchaser, shall give notice to Seller of the terms of said offer of financing so acceptable to him, and the Seller shall have the first right and privilege at any time within a period of twenty (20) days following the date of communication of said notice, to furnish the whole or a part of such financing on the same terms and subject to the same conditions contained in such offer from such third party or parties so acceptable to the Purchaser.

3. Abandonment. Should the Purchaser desire to abandon (or fail to perform necessary assessment work by the due date on) the said mining claims or any of them, he shall, in such event, notify Seller of his intention so to act or fail to act at least 30 days prior thereto,

and upon request by the Seller, within a period of thirty (30) days following the date of such notice, will furnish unto Seller a quitclaim deed covering all and singular said mining claims or such thereof as he, the Purchaser, shall desire so to abandon or to fail to perform assessment work on.

4. Option to Purchase or Lease. Should the Purchaser at any time following the execution of this agreement, desire to sell (or lease on one or more occasions) the mining claims which are the subject hereof, or any of them, and receive a bona fide offer of purchase or lease acceptable to him, he, the Purchaser, shall notify the Seller of the terms and conditions of such offer to purchase or lease so acceptable to him, and the Seller shall have the first right and privilege, at any time within a period of 20 days following the communication of such notice, to purchase or lease the said mining claims, or such thereof as Purchaser may desire to sell or lease at the same price and on the same terms and subject to the same conditions contained in such bona fide offer of purchase or lease so acceptable to the Purchaser herein named.

5. Records. The Seller, through its duly authorized agents and representatives, shall have the right and privilege of examining the Purchaser's records pertaining to said mining claims at reasonable and proper times, to ascertain that the terms and conditions of this agreement are being faithfully kept and performed.

6. Term. This agreement, unless sooner terminated, by mutual consent of the parties, or otherwise, shall continue in full force and effect until the sale or abandonment of the respective claims.

7. Transfers to a Corporation. The transfer of any of the mining claims which are the subject hereof to a corporation which is wholly owned by the Purchaser in exchange for stock of such corporation shall not be deemed to involve a sale of such claims, or a financing for the purposes of Section 2 hereof; but such corporation shall be deemed to be a successor and assign of the Purchaser for all purposes hereunder. Any other transfer of such claims to a corporation in which the Purchaser retains an interest of any character shall not be deemed a sale of such claims, but shall be deemed a financing arrangement for the purposes of Section 2 hereof.

8. Notices. Notices, demands and communications desired to be given by the Seller to the Purchaser or by the Purchaser to the Seller, shall be deemed served and given when addressed by one of such parties to the other party by registered or certified airmail deposited in any United States Post Office, with postage fully prepaid, and the date which appears on the sender's certified mail or registry receipt shall be conclusive evidence as to the date upon which such notice was given.

Such notices, demands and communications intended to be given by the Purchaser to the Seller shall be addressed to it as follows:

Callahan Mining Corporation
100 Park Avenue
New York 17, New York,

or such other address as Seller may hereafter designate.

Notices, demands and communications intended to be given by the Seller to the Purchaser shall be addressed to him as follows:

Arthur Baker III
162 Sneden Street
Bishop, California,

or such other address as Purchaser may hereafter designate.

9. Inurement. This agreement shall inure to the benefit of and be binding upon the parties hereto, their heirs, executors, administrators, successors, and assigns.

IN WITNESS WHEREOF, the parties have executed this agreement in duplicate the day and year first above written.

CALLAHAN MINING CORPORATION

ATTEST:

By [signature] By [signature]

Assistant Secretary Vice President SELLER.

[signature]

Arthur Baker III PURCHASER.

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Baker & Davis
162 Sneden St.
Bishop, Calif.

STATE OF CALIFORNIA)
) ss.
COUNTY OF INYO)

On this 19th day of April, 1963, before me, the undersigned, a Notary Public in and for said County and State, personally appeared ARTHUR BAKER III, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

WITNESS my hand and official seal.

Bonnie L. Troy
Notary Public in and for said County and State. My commission expires November 1, 1963
BONNIE L. TROY

* * * * * *

STATE OF NEW YORK)
)
COUNTY OF NEW YORK)

On this 14th day of April, 1963, before me, the undersigned, a Notary Public in and for said County and State, residing therein, duly commissioned and sworn, personally appeared E. Arthur Salo, and Adrienne I. Manian, known to me to be the Vice President and Assistant Secretary, respectively, of CALLAHAN MINING CORPORATION, the corporation described in and that executed the within and foregoing instrument, and also known to me to be the persons who executed it on behalf of the corporation therein named, and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal in the said County and State the day and year in this certificate first above written.

Lois Forsch
Notary Public in and for said County and State.

LOIS FORSCH
NOTARY PUBLIC, State of New York
No. 31-6360325
Qualified in New York County
Commission Expires March 30, 1964

My commission expires: March 30, 1964

OFFICIAL COPY
M. E.
RECEIVED
JUL 29 1968
INITIALS CODE

MINING LEASE AND OPTION TO PURCHASE

THIS AGREEMENT made and entered into this 17th day of July, 1968, by and between BAKER & DAVIS, a partnership comprised of ARTHUR BAKER III and ROBERT STANLEY DAVIS, whose address is 2840 Edgewood Drive, Reno, Nevada 89503, hereinafter referred to as "Lessor", and WALLACE McGREGOR, of Salt Lake City, Utah, whose business address is P.O. Box 6351, Salt Lake City, Utah 84110, hereinafter called "Lessee";

W I T N E S S E T H:

In consideration of the covenants and agreements hereinafter contained, the parties hereto agree as follows:

1. Lessor, in consideration of the rents and royalties to be paid and the covenants to be observed and performed by Lessee as hereinafter set forth, does hereby grant and lease to Lessee all those certain fifteen (15) unpatented lode mining claims which are hereinafter described in this paragraph, with the exclusive right and privilege of mining, extracting and removing any and all minerals from said premises and with the right to construct all works, improvements, buildings, plants, structures, roads, spur tracks and power lines upon said premises and to make such other use of said premises including, as hereinafter provided for, the dumping of waste and stockpiling of ore thereon as may be necessary and convenient in the mining and disposing of minerals, TO HAVE AND TO HOLD unto Lessee for a term of twenty (20) years with the option to the Lessee to purchase said properties for the price hereinafter set forth at any time during the life of this lease (subject to the Lessee's right to terminate this Agreement as hereinafter provided). The property referred to in this lease and option to purchase consists of fifteen (15) unpatented lode mining claims including all rights pertaining thereto in approximately unsurveyed Section 32, Township 2 South, Range 38 East, and Section 5, Township 3 South, Range 38 East M.D.B. & M.,

Red Mountain (Silver Peak) Mining District, Esmeralda County, Nevada. The unpatented lode mining claims are recorded in the office of the County Recorder of Esmeralda County, Goldfield, Nevada:

CLAIM	BOOK	PAGE
Morelos	1-P	319
Hidalgo	"	320
Burney No. 1	"	308
Burney No. 2	"	309
Patience No. 1	"	308
Patience No. 2	"	308
Chico No. 1	"	326
Chico No. 2	"	326
Carumba No. 1	"	325
Carumba No. 2	"	325
Caballo No. 1	"	324
Caballo No. 2	"	324
Caballo No. 3	"	325
Olaf	"	126
Dotty	1-O	590

2. Lessor hereby grants to Lessee the option to purchase the above-described mining properties; said option to remain in force during the life of this lease. Said option may be exercised by giving written notice to that effect to Lessor, and paying to the parties hereinafter specified a total purchase price of FOUR HUNDRED THOUSAND DOLLARS ($400,000.00). The First FIFTEEN THOUSAND DOLLARS ($15,000.00) of such purchase price shall be paid to Lessor. Ninety percent (90%) of any payment on the balance of such purchase price shall be paid to Lessor and ten percent (10%) to Callahan Mining Corporation, 277 Park Avenue, New York, New York.

3. Lessee shall pay, in the manner hereinafter specified, an actual royalty of five percent (5%) of net smelter returns from the sale of any minerals removed from said properties. Net smelter returns shall be defined as the amount received by Lessee from any smelter, mint or reduction works, less all costs and charges of transportation and handling from the subject properties to the smelter, mint or reduction works. The full amount of such royalty shall be paid to Lessor until such time as it shall have received a total of Fifteen Thousand Dollars ($15,000.00), after which time

ninety percent (90%) of such royalty shall be paid to Lessor and ten percent (10%) to Callahan Mining Corporation at its above address. Any royalties which may be paid by Lessee pursuant to the terms of this paragraph shall be a credit towards the total purchase price of said properties in the event the purchase-option is exercised by the Lessee.

4. It is understood and agreed by the parties hereto that the Lessee shall apply for a loan from the Office of Mineral Exploration, United States Geological Survey, Department of Interior, and that during the period this application is pending and until it is either approved or rejected, that a minimum royalty payment of Two Hundred Dollars ($200.00) per month shall be payable by Lessee as hereinafter provided. It is further understood that after said loan from the Office of Mineral Exploration, United States Geological Survey, Department of Interior is either approved or rejected, and during all other periods during the life of this lease, that Lessee shall pay, as hereinafter specified, a minimum monthly royalty of Four Hundred Dollars ($400.00) per month, which royalty payments shall be a credit towards the total purchase price of said properties in the event the purchase-option is exercised by the Lessee. Until such time as Lessor shall have received a total of Fifteen Thousand Dollars ($15,000.00) from minimum or actual royalties payable hereunder, the full minimum royalty shall be payable to Lessor, after which time ninety percent (90%) of the minimum royalties payable shall be paid to Lessor and ten percent (10%) to Callahan Mining Corporation at its above address.

5. Lessee agrees to promptly make an application to the Office of Mineral Exploration, United States Geological Survey, Department of Interior, for financial assistance. In view of Lessee's obligation to apply to the Office of Mineral Exploration, United States Geological Survey, Department of Interior for financial assistance, Lessor hereby agrees that Lessee shall have

the right, during the continuance of this lease, to enter into an exploration contract with the United States of America through its office of Minerals Exploration concerning the search, including related development work, for mineral deposits in the subject premises and other lands. Any such contract may provide for the payment to the United States of America of a royalty as required by applicable Federal legislation or regulations and the creation of a lien covering the full mineral and surface title in the subject premises to secure the payment of said royalty. Lessor and Callahan Mining Corporation hereby subordinate all of their right, title and interest in the subject premises to a lien in favor of the United States of America, securing the right of the United States of America to receive any royalty payments required by any such exploration contract, and Lessor and Callahan Mining Corporation agree to execute any further documents or assurances evidencing said lien or the manner of enforcement thereof as may be requested by Lessee.

6. (a) Lessee shall, at Lessee's own cost and expense, furnish all labor, materials, and supplies as Lessee may deem necessary for the proper development of the leased premises and in the mining and removing of ore from said premises.

(b) Lessee agrees to do and perform the annual assessment work necessary to retain title to said unpatented lode mining claims for the annual assessment year ending September 1, 1968.

(c) Lessee agrees to perform the annual assessment work for said mining claims for each assessment year after the assessment year terminating on the 1st day of September 1968 during which he is in possession of said claims for a period of six (6) months or more, and cause the affidavits of annual work to be recorded not less than ninety (90) days prior to the end of each assessment year.

7. Lessee shall pay and satisfy all claims for materials, supplies and labor in connection with its mining operations upon

the premises and shall keep said premises free from all liens and encumbrances, except as may result from the acts of others than Lessee, its agents, employees, contractors and subcontractors. Lessee also agrees to pay all costs of hauling, transporting, and handling all ore and waste during the mining operations carried on by Lessee, his agents, employees, contractors and subcontractors.

8. Lessee shall pay all net proceeds of mines taxes, all severance taxes, operations and property taxes and assessments that may be levied or assessed, beginning with the calendar month in which this agreement is executed.

9. Lessee shall work and operate the leased premises in a reasonable, skillful and workmanlike manner and shall remove the ore therefrom in accordance with recognized mining practice, but without any restrictions upon the methods employed. Lessee may disturb so much of the surface as may be necessary and proper in carrying out said mining operations.

(a) Lessee further agrees that no area of said leased premises shall be occupied by a waste dump or ore stockpiling dump until it is determined that such dumpor dumps will not be located upon ore bodies or areas of prospective ore bodies unless it is established that mining of such ore bodies as may exist beneath said dumps will not be impaired or made more expensive to mine because of the location of said dump or dumps.

10. If Lessee stockpiles, subject to the provisions of 9(a), upon the leased premises, ore or other mineral products mined therefrom, Lessee shall not be required to pay royalties thereon until such ore or other mineral products have actually been shipped from the leased premises.

(a) Any ore stockpiled by Lessee shall be shipped and treated and royalty paid not later than six months following the termination of this agreement upon any ground or by either

party.

11. Lessee, in the use, operation and development of the leased premises, shall comply with all applicable Federal and State laws, including, but not limited to, all laws pertaining to mining, liability, workmen's compensation and workmen's old age and unemployment insurance, state and/or Federal water and/or air anti-pollution acts and Federal or State acts pertaining to restoration of surface of mined areas.

12. Lessor or its duly authorized agents shall, at all reasonable times, have free access to the leased premises and to all works thereon for the purpose of checking the tonnages of ore mined and extracted by Lessee and for the purpose of determining whether Lessee is complying with the terms of this agreement. Lessee shall not be liable for any damage or injury suffered by Lessor or its agents while upon the leased premises.

13. Lessor hereby warrants that it has good and valid title as against any party claiming any interest by, through or under the Lessor and that the claims covered by this agreement have been validly located and maintained under the mining laws of the United States. Lessor further warrants that it will, at its own expense, defend the right and title of the Lessee in and to the same under this agreement against all persons claiming mining right by, through or under the Lessor, and that it will indemnify and hold harmless Lessee from any and all expenses incurred by Lessee by reason of any dispute, controversy, litigation or curative title work required as to the right and title of any party claiming mining right by, through or under the Lessor. In the event Lessor fails to conduct the defense of any title disputes, Lessee may, in its own behalf, undertake such defense. Lessee may, at its option, deduct from any rents or royalties payable to Lessor hereunder any expenses incurred by it in undertaking any defense or incurred by it by reason of dispute, controversy, litigation or curative title work involving anyone claim-

ing by, through or under Lessors who challenges the right of Lessee to mine said claims.

14. In the event of any forfeiture or termination of this agreement, Lessee shall have the right to enter and remove from the leased premises all of its property, except foundations, underground tracks and mine timbers in place; provided, however, all machinery, equipment, materials, building structures, surface tracks and improvements made or installed by Lessee may only be removed by Lessee at any time during a period of six (6) months following such termination or for such extension thereof as Lessor may grant.

15. Upon termination of the lease and upon request by Lessor, Lessee shall furnish Lessor with copies of any drill logs and survey plats made by it and all drill holes put down by Lessee shall be plainly marked thereon for location and identification purposes. Lessee shall, in a proper and reasonable manner, mark all drill holes and plug the same.

Lessee also agrees to furnish to Lessor copies of all maps, plats and factual data that Lessee may have obtained as a result of any geophysical, geochemical or geological surveys at the time of surrender of the premises to Lessor.

16. Lessee agrees to and shall post and thereafter keep posted in conspicuous places on Lessor's mining properties written notice as may be necessary to adequately notify all persons who may come in or upon the properties that the same are being worked by Lessee under this agreement.

17. Lessee, not being in default, may at any time upon thirty (30) days written notice to Lessor cancel and terminate this lease. Upon such cancellation and termination of the lease, Lessee shall be under no further obligation of whatsoever kind or nature to Lessor or to Callahan Mining Corporation, except (a) for the making of payments that have already accrued at the date of such cancellation and termination, and (b) payment of royalty

which may become due upon ores treated subsequent to the date of cancellation.

18. In the event that Lessee shall, at any time, be in default of the terms and provisions hereof, excepting the payment of royalty, Lessor shall give notice in writing thereof specifying the alleged items of default and Lessee shall thereafter have a period of sixty (60) days within which to correct the specified items in default, failing in which Lessor may declare this lease terminated and may enter in and upon the demised premises without hindrance or restraint from Lessee. Lessee may, without notice, terminate this agreement at any time that Lessor is more than thirty (30) days in default of the payment of any royalty payment.

19. In the event of cancellation, termination or valid forfeiture of this lease, Lessee shall surrender to Lessor peaceable possession of the demised premises and at the request of Lessor shall deliver to Lessor a written relinquishment hereof.

20. Lessee shall give written notice to the Lessor of any assignment, and such assignment shall not become effective until Lessor agrees thereto, provided, however, that consent to assignment shall not be unreasonably withheld. Any assignment to be effective shall provide that the assignee shall assume all burdens and covenants of this lease agreement.

21. Any and all notices in connection with this Mining Lease and Option to Purchase shall be made in writing directed to:

Arthur Baker III
2840 Edgewood Drive
Reno, Nevada

Wallace McGregor
P.O. Box 6351
Salt Lake City, Utah 84110

By notice in writing, either party may change his address for the direction of any notices hereunder to be made.

22. This agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties

hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Mining Lease and Option to Purchase to be executed the day and year first above written.

BAKER & DAVIS

By _____

By _____

L E S S O R

_____

L E S S E E

Callahan Mining Corporation hereby consents to the terms of the above Mining Lease and Option to Purchase.

CALLAHAN MINING CORPORATION

By _____, Pres.

STATE OF NEVADA)
: SS.
COUNTY OF WASHOE)

On this 12th day of July, 1968, personally appeared before me, a Notary Public, Arthur Baker III, who acknowledged that he executed the above instrument.

JOHN C. GONZALES
Notary Public — State of Nevada
Washoe County
My Commission Expires June 23, 1969

_____
Notary Public
Residing at Reno, Nevada

STATE OF Utah)
: SS.
COUNTY OF Grand)

On this 12th day of July, 1968, personally appeared before me, a Notary Public, Robert Stanley Davis, who

acknowledged to me that he executed the above instrument.

Notary Public
Residing at Provo, Utah

My Commission Expires:
6-13-71

STATE OF Utah)
: SS.
COUNTY OF Salt Lake)

On this 20 day of May, 1968, personally appeared before me, a Notary Public, Wallace McGregor, who duly acknowledged to me that he executed the above instrument.

Notary Public
Residing at Salt Lake City, Utah

File No. 37942
Filed for record at request
Wallace McGregor
Sept. 18 1968
at 10 minutes past 10 a.m.
in and recorded in Book 4-C
of Off. Rec. page 366-369
Esmeralda County, Nevada
Records.
Ora Roper
County Recorder
Deputy

COUNTY RECORDER SEAL ESMERALDA COUNTY, NEVADA

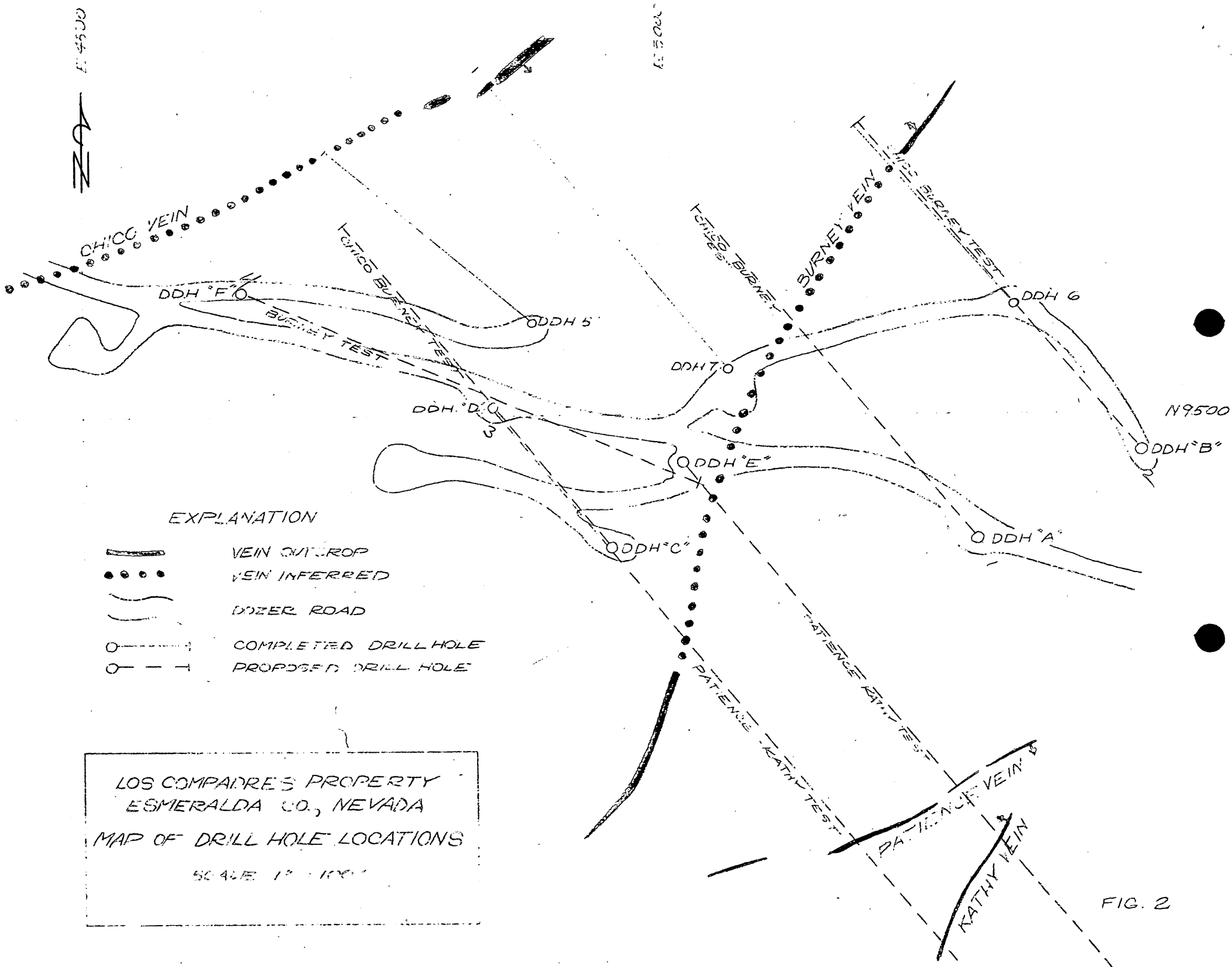
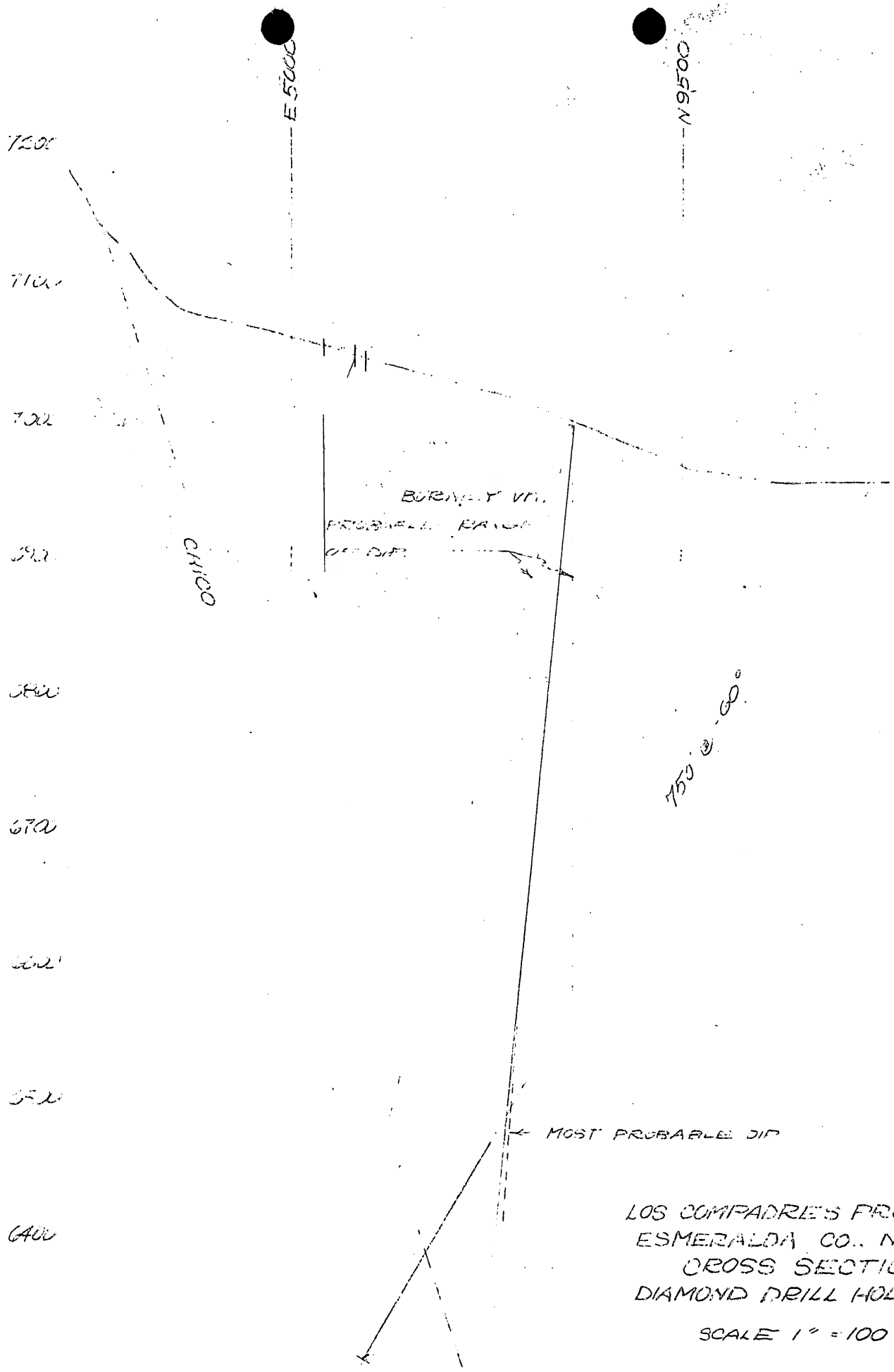
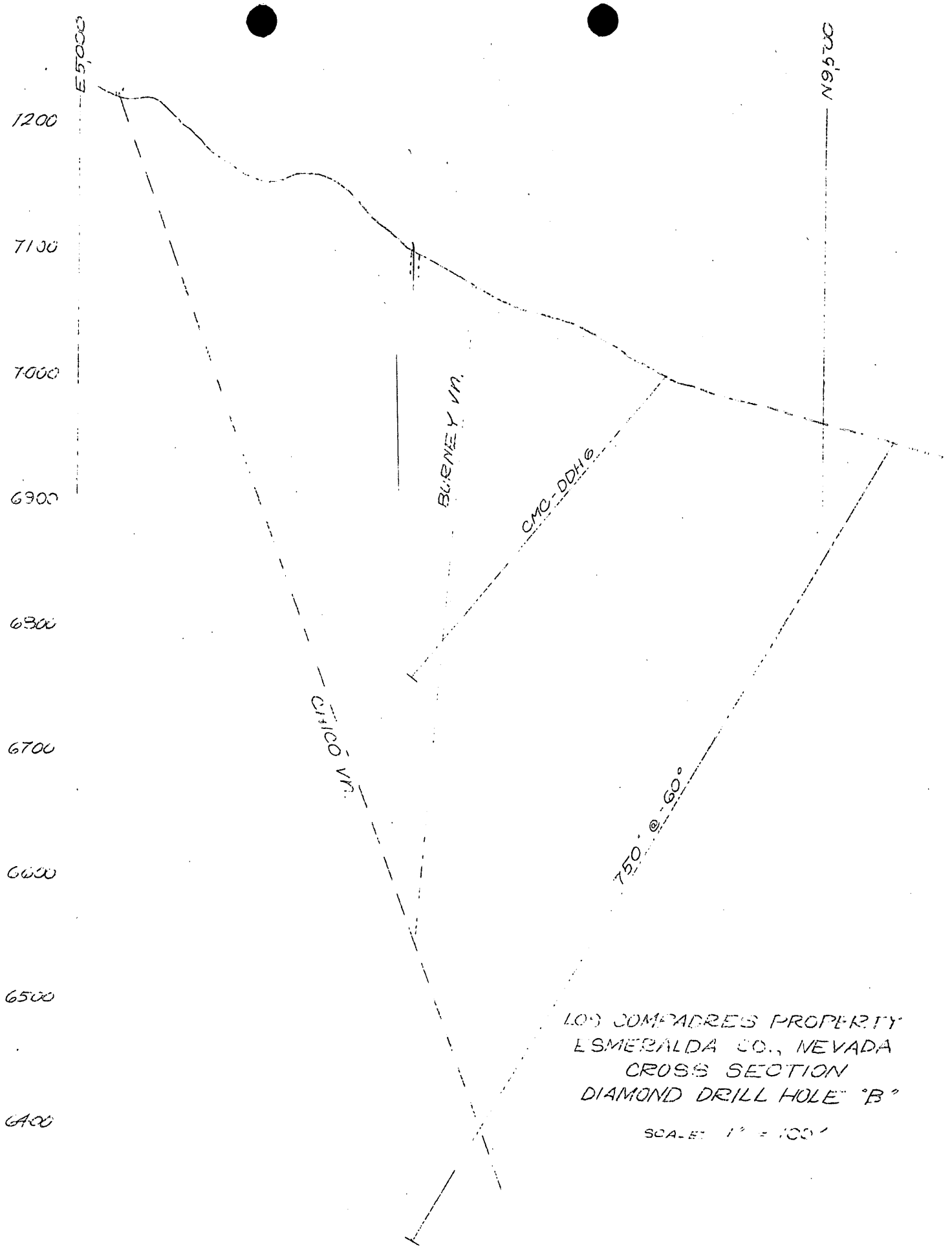

N
CHICO VEIN
DDH "F"
CHICO BURNEY TEST
BURNEY TEST
DDH 5
DDH "D"
CHICO BURNEY
BURNEY VEIN
DDH 7
DDH "E"
DDH "C"
BURNEY TEST
DDH 6
N9500
DDH "B"
DDH "A"
PATIENCE KATHY TEST
PATIENCE KATHY TEST
PATIENCE VEIN
KATHY VEIN
EXPLANATION
VEIN OUTCROP
VEIN INFERRED
DOZER ROAD
COMPLETED DRILL HOLE
PROPOSED DRILL HOLE
LOS COMPADRES PROPERTY
ESMERALDA CO., NEVADA
MAP OF DRILL HOLE LOCATIONS

FIG. 2



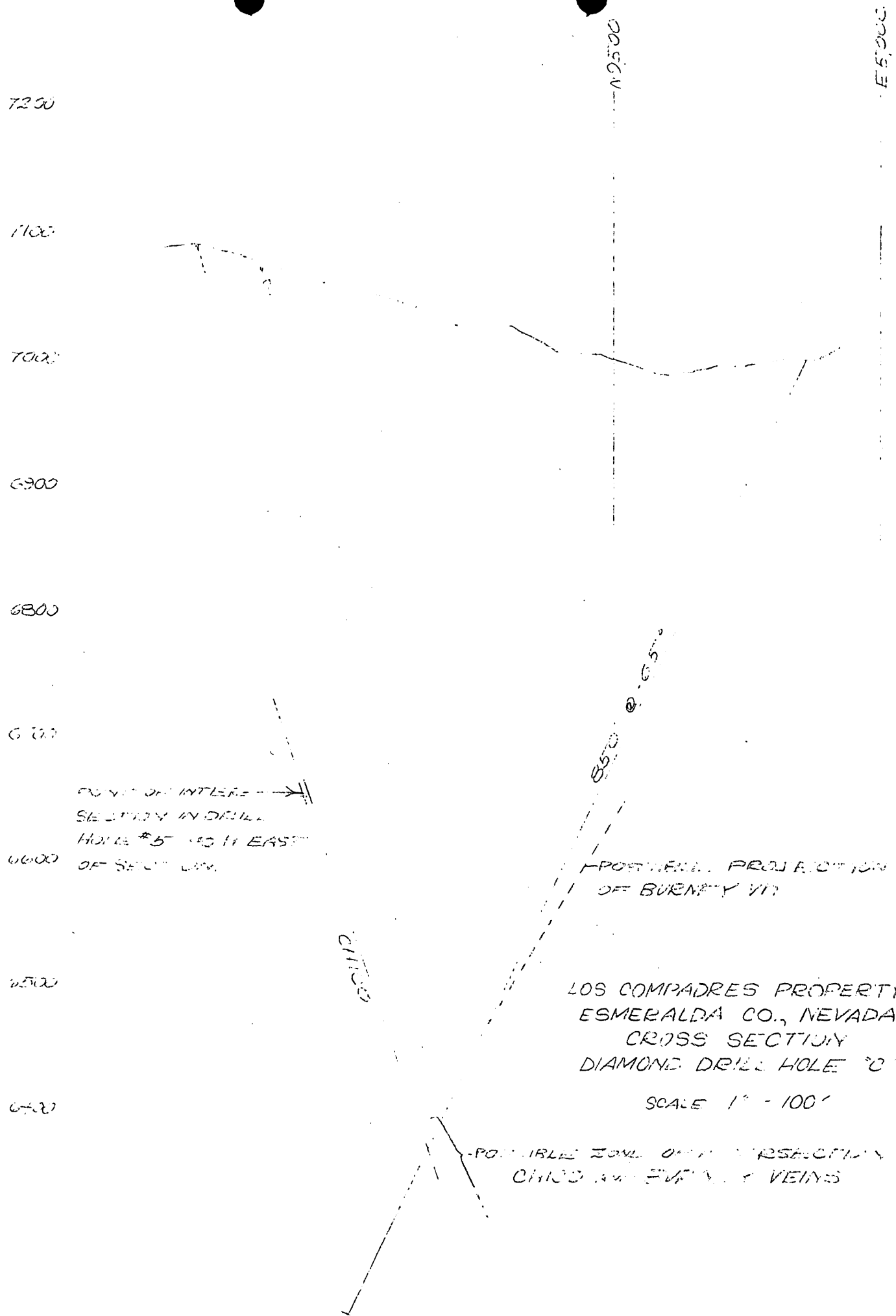
LOS COMPADRES PROPERTY
ESMERALDA CO., NEVADA
CROSS SECTION
DIAMOND DRILL HOLE "A"

SCALE 1" = 100'



LOS COMPADRES PROPERTY
ESMERALDA CO., NEVADA
CROSS SECTION
DIAMOND DRILL HOLE "B"

SCALE: 1" = 100'


7250
7100
7000
6900
6800
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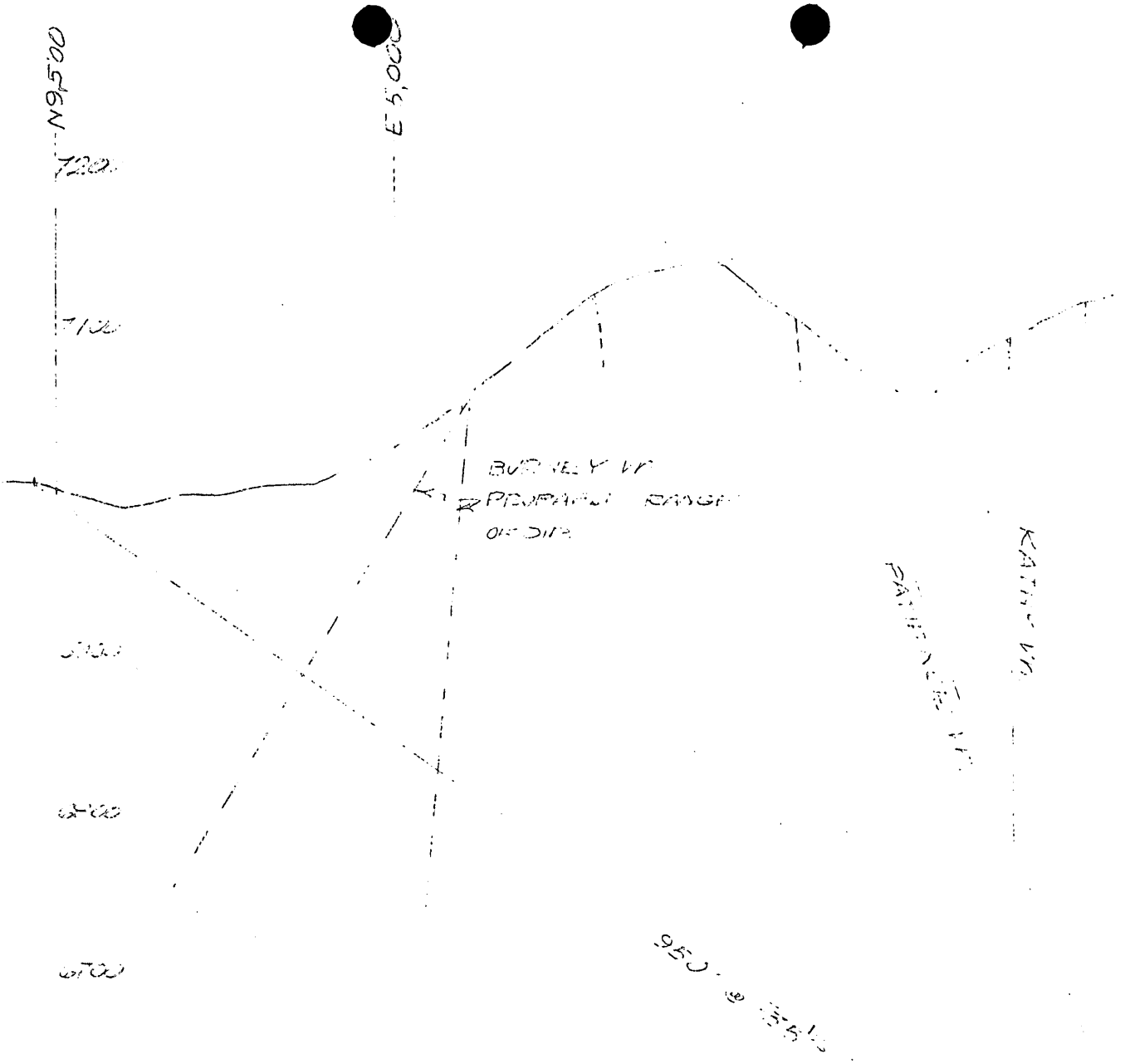
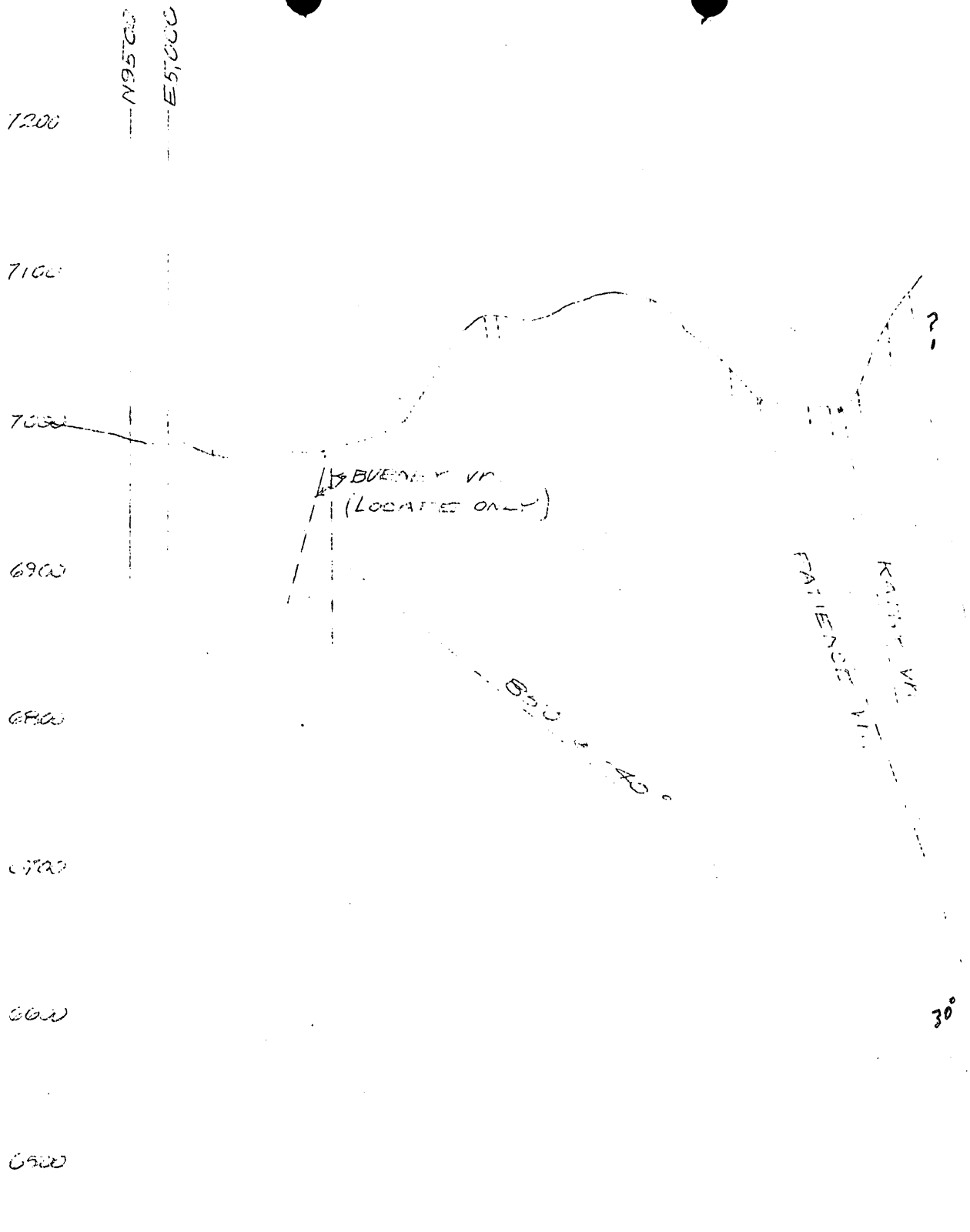
850
POSSIBLE ZONE OF INTERSECTION
CROSS AND EVALUATE VEINS
LOS COMPADRES PROPERTY
ESMERALDA CO., NEVADA
CROSS SECTION
DIAMOND DRILL HOLE "C"
SCALE 1" = 100'



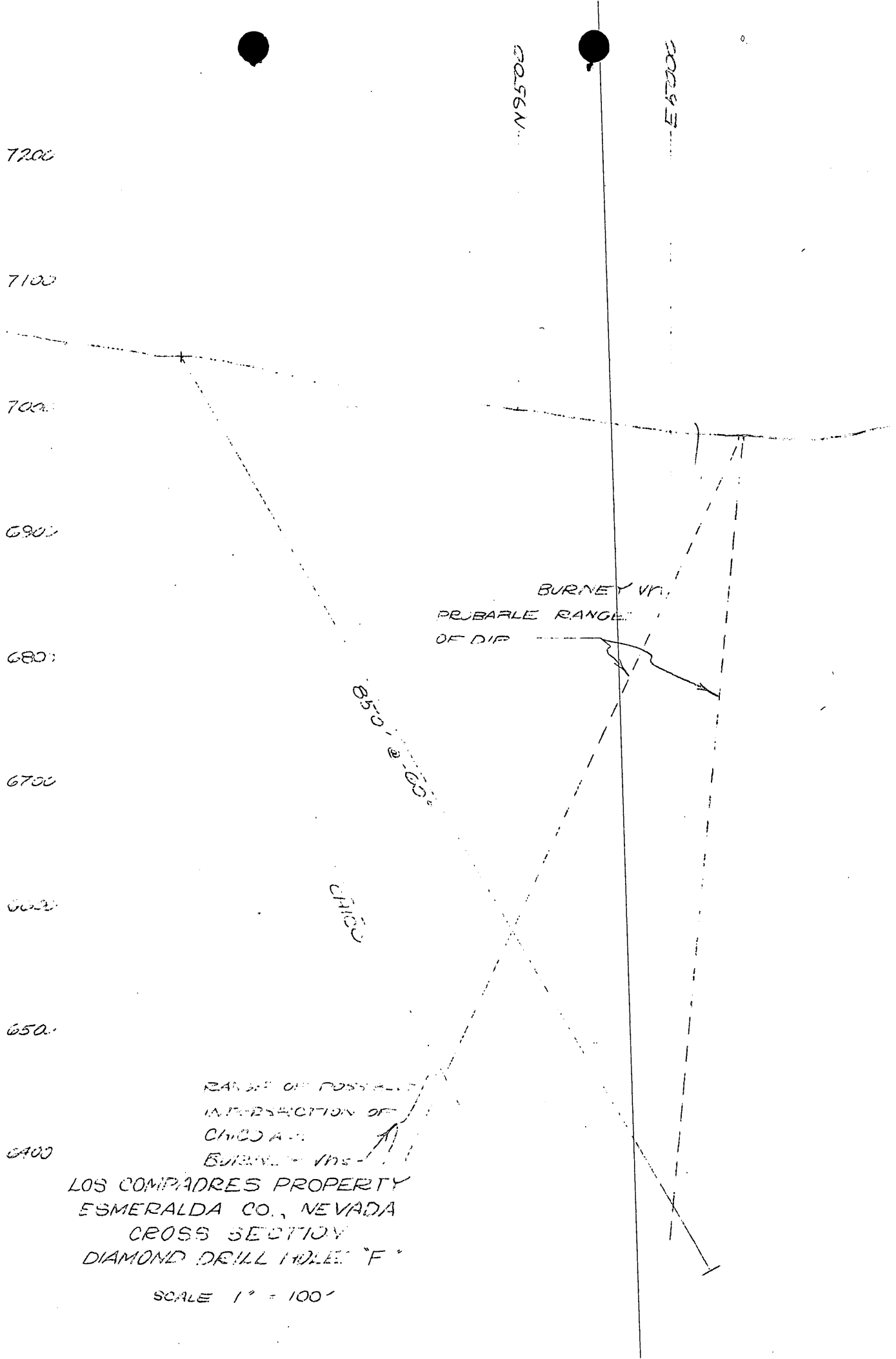
LOS COMPADRES PROPERTY
ESMERALDA CO., NEVADA
CROSS SECTION
DIAMOND DRILL HOLE "D"

SCALE 1" = 100'



LOS COMPADRES PROPERTY
ESMERALDA CO., NEVADA
CROSS SECTION
DIAMOND DRILL HOLE "E"

SCALE 1" = 100'


N9500
E4700
7200
7100
7000
6900
6800
6700
6600
6500
6400
BURNEY VN.
PROBABLE RANGE
OF DIP
850' @ -60°
CHICO
RANGE OF POSSIBLE
INTERSECTION OF
CHICO AND
BURNEY VNS.
LOS COMPADRES PROPERTY
ESMERALDA CO., NEVADA
CROSS SECTION
DIAMOND DRILL HOLE "F"
SCALE 1" = 100'

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/24/71		120
	Emerick	120
		130
		220

Mr. R. S. Davis
Box 22
La Sal, Utah 84530

Re: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Dear Mr. Davis:

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 17, 1968, by you and Mr. Arthur Baker, III, under the Office of Minerals Exploration program.

Sincerely yours,

Harold Kirkemo
qz

Harold Kirkemo
Chief, Office of
Minerals Exploration

Enclosure

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
OME Region II
Mr. Emerick
130

BSLong/1 2/24/71

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/24/71		120
	Emerick	120
		220

Mr. Arthur Baker, III
2840 Edgewood Drive
Reno, Nevada 89503

Re: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Dear Mr. Baker:

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 17, 1968, by you and Mr. R. S. Davis, under the Office of Minerals Exploration program.

Sincerely yours,

Harold Kirkemo
Harold Kirkemo
Chief, Office of
Minerals Exploration

Enclosure

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

BSLong/1 2/24/71

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/24/71		120
	Emerick	120
		130
		220

FED

Callahan Mining Corporation
277 Park Avenue
New York, New York 10017

Re: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Gentlemen:

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 dated December 10, 1968, signed by E. Arthur Salo, vice president of your company, under the Office of Minerals Exploration program.

Sincerely yours,

Harold Kirkemo
Harold Kirkemo
Chief, Office of
Minerals Exploration

Enclosure

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
OME Region II
Mr. Emerick

BSLong/1 2/24/71

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/23/71	Emerick	120E
		120
2/23	GLA	220
		120M

February 23, 1971

Memorandum

To: Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Enclosed is a copy of the Field Officer's letter of February 16, 1971, forwarding a copy of the Report of Review issued in January 1971 to the subject Operator. Also enclosed is a copy of the report for your files.

Harold Kirkemo
glA

Harold Kirkemo

Enclosures

cc: Director's Reading File
Mineral Resources
OME docket
OME Reading File
OME Region II
Mr. Emerick

GLAult/a 2-23-71

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

February 19, 1971

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 22 1971

INITIALS	CODE
[illegible]	130
[illegible]	140
WE	120
HK	120

Memorandum

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

From: Field Officer
Region II

Subject: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

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

R. M. Smith
for H. K. Stager

Enclosure

FINAL FIELD REPORT - OME EXPLORATION PROJECT

By R. M. Smith, Geologist, Region II

February 19, 1971

1. OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278
See also OME-6317 (Silver), Contract 2184 (rescinded)

Operator: Wallace McGregor
P.O. Box 297
Eureka, Nevada 89316

Property: The land consists of 14 unpatented lode mining claims in unsurveyed sec. 32, T. 2 S., R. 38 E., and sec. 5, T. 3 S., R. 38 E., MDB&M, Red Mountain (Silver Peak) mining district, Esmeralda County, Nevada, recorded in the office of the County Clerk and Recorder of Esmeralda County, Goldfield, Nevada, as follows:

Claims	Book	Page
Morelos	1-P	319
Hidalgo[1/]	1-P	320
Burney No. 1	1-P	308
Burney No. 2	1-P	309
Patience No. 1	1-P	308
Patience No. 2	1-P	308
Chico No. 1	1-P	326
Chico No. 2	1-P	326
Carumba No. 1	1-P	325
Carumba No. 2	1-P	325
Caballo No. 1	1-P	324
Caballo No. 2	1-P	324
Caballo No. 3	1-P	325
Olaf	1-P	126

[1/] Excluded from this contract is 300 feet of land on each side of a tunnel crossing the Hidalgo claim into land owned by Mid-Continent Uranium Corporation.

Ownership: The Operator is in possession of the 14 claims under the terms of a Mining Lease and Option to Purchase, dated July 12, 1968, from Baker and Davis, the owners of the claims. The lease was terminated effective August 3, 1970.

Lien and Subordination Agreements executed by Baker and Davis, and Callahan Mining Corporation (a royalty owner) are attached to the contract.

2. Purpose of Project: To explore by diamond drilling from prepared surface sites for gold- and silver-bearing ore bodies below the leached zone of the Burney, Chico, Kathy, and Patience veins which outcrop on the Los Compadres Silver Property in andesitic country rock.

3. Contract: Dated April 9, 1969
Original term - 6 months
Amended term - 18 months
Estimated cost of project - $39,000.00
Government participation (75 percent) - $29,250.00

Amendments: No. 1 - October 21, 1969 - Extended term to 12 months.

No. 2 - June 2, 1970 - Extended term to 18 months.
Extended royalty period to 11 years.

4. Project Work: Started April 5, 1969. Completed July 3, 1970.

Actual Cost Items	Authorized Amounts	Accepted Costs	Unexpended Balances
Mobilization and demobilization, drill rigs	$ 1,490	$ 700	$ 790
Diamond core and overburden drilling	29,520	26,739	2,781
Reaming and casing	790	539	251
Cementing	2,263	674	1,589
Lost casing	800	868	(68)
Moving between holes	695	959	(264)
Core boxes	325	277	48
Cement, drill mud	588	437	151
Supervision	1,800	1,620	180
Payroll taxes	309	232	77
Assaying for gold and silver	420	6	414
Total Cost of Project	$39,000	$33,051	$5,949
Government's Participation at 75%	$29,250	$24,788 1/	$4,462

1/ Reimbursement claimed and paid.

4. Project Work (Continued):

The Government retained no equity in any of the equipment or supplies used. The work explored the favorable area adequately and efficiently.

Hole No.	Total Depth
LC 1	748
LC 2	764.5
LC 3	865
LC 4	701
Total footage drilled	3,078.5

5. Reports:

Operator's Final Report - Received November 16, 1970, acceptable.

Final Cost Review - January 1971

Royalty Review - None

6. Project Results:

Discoveries - None

Ore Reserves - None

Future Production - Unlikely from area explored.

Future Exploration - Unwarranted unless new geological data are obtained.

Assay Results - The only significantly mineralized intercept was in hole LC 1. Two samples assayed as follows:

Depth Feet	Au oz/ton	Ag oz/ton	Pb %	Zn %
691'2" - 691'4"	0.005	2.0	6.6	7.9
691'4" - 691'11½"	0.005	1.8	0.5	0.8

Certification - None

Production - None

Royalties - None

7. Geologic Summary:

In the Red Mountain district, which is 5 miles long and a mile wide, two mines, the Nivlock and Mohawk, have been productive. The Nivlock near the east end of the district produced 350,000 tons of ore averaging about 13 ounces of silver per ton, and the Mohawk near the west end produced 30,000 tons averaging 23 ounces. Near the center of the district the Sixteen-to-one vein has recently been explored by drilling, crosscutting, and drifting, and 874,000 tons averaging about 12 ounces of silver per ton is indicated. Four other veins of the Los Compadres group are about half a mile southeast of the Sixteen-to-one. These veins, the Chico, Burney, Patience, and Kathy, were explored by the OME project.

The oldest rocks exposed in the district are limestones and dolomites of Paleozoic age which are overlain by conglomerates, sandstones, and shales of Tertiary age (Esmeralda Formation) about 300 feet thick, which in turn is covered by rhyolite, andesite, latite, and basalt flows, breccias, and intrusives more than 1,000 feet thick.

All the rock formations are cut and displaced along three sets of anastamosing, steeply dipping, normal faults. The oldest set strikes NW. and is nearly vertical; one later set dips NW., the other SE. Displacements along individual faults are as much as 300 feet.

Veins up to 50 feet thick of calcite-siderite cut by 2- to 4-inch quartz stringers occupy parts of the fault fissures of the two later sets, and narrow quartz stringers occupy fracture zones near the veins. The volcanic wall rocks are silicified near the veins in irregular patches from a few feet to 1,000 feet across, and the andesite breccia (only?) is chloritized for not more than 100 feet along one wall or the other of every (carbonate-bearing) vein more than 2 or 3 feet wide. The veins pinch near the surface due to removal of carbonate by weathering.

Silver minerals, argentite or its oxidation (secondary enrichment) products, and a very little gold occur almost exclusively in the quartz. Galena and sphalerite occur in pods in the Nivlock vein.

The ore bodies correspond to wider portions of the veins below the zone of oxidation and leaching. In the Nivlock mine, each of three ore shoots was mined 700 feet along the strike, 5 to 12 feet wide, and extending between depths of 300 and 1,300 feet in a vein 3,650 feet long and as wide as 80 feet. In the Mohawk mine two ore shoots 500 feet apart were mined 200 and 300 feet along the strike, 6 to 50 feet wide, between depths of 50 and 400 feet. The Sixteen-to-one vein is traceable 800 feet on the surface, is 4 to 13 feet wide, and is explored by drill holes to a depth of 950 feet. Between 350 and 750 feet deep silver may average "9 to 12" ounces per ton. At 950 feet ore minerals are galena and sphalerite with no silver. The Los Compadres veins are of less than commercial width and grade where intercepted by the four holes drilled under the OME contract.

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

February 16, 1971

Mr. Wallace McGregor
P.O. Box 297
Eureka, Nevada 89316

Re: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Dear Mr. McGregor:

Enclosed for your files is a copy of a Report of Review dated January 1971 by the Office of Survey and Review, U. S. Department of the Interior, Washington, D. C., relating to the OME contract referenced above.

The statements and figures in the report agree with those in the Field Office.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosure

cc: OME, Wash., D.C. (2)
Dir. RF
ACG RF
MP RF
Docket

RMSmith:mkh

OFFICIAL FILE COPY

February 11, 1971 2/11/71 120

Emerick 120

AIRMAIL

~~130~~

Memorandum

220

To: Field Officer, Region II

120M

From: Chief, Office of Minerals Exploration

Subject: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Enclosed are the Field Office's and Operator's copies of a Report of Review issued in January 1971 on the subject contract.

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

Harold Kirkemo

Harold Kirkemo

Enclosures

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

WLEmerick/bsl 2/11/71

OME-6763
Wallace McGregor

Corrections made on draft copies of Audit Review. 1/27/71

Sam

A final review has been made of the contract files of the Office of Minerals Exploration (OME) pertaining to the mineral exploration Contract 2278 with Wallace McGregor, an individual (Operator), and an examination was made of the related disbursement records in the Branch of Budget and Finance, Administrative Division, Geological Survey. The review was made during January 1971 at Washington, D.C. ¶ The contract was awarded April 9, 1969, for $39,000, the total estimated cost of the project, with OME participation on a 75-percent basis or not in excess of $29,250.

¶ The Operator was to explore by diamond drilling from prepared surface sites for gold and silver-bearing ore bodies occurring below the leached zone of the Burney, Chico, Kathy, and Patience veins which outcrop on the Los Compadres silver property in andesitic country rock. ¶ Repayment of disbursed Federal funds plus simple interest at $8\frac{1}{4}$ percent was to be made on the basis of established royalties on all the minerals and metals produced from the land during the exploration operations, and for a period of eleven years from the date of the contract should a certification of possible production be issued by OME, or until the total net amount contributed by the Government is fully repaid with interest at $8\frac{1}{4}$ percent, whichever occurs first.

Work on the contract was to begin on or before May 1, 1969, and was to be completed within six months from the date of the contract or by October 9, 1969. Two amendments were written that extended the contract period. Amendment 1 extended the contract period until April 9, 1970, and amendment 2 further extended the contract period until October 9, 1970. The maximum period for royalty payments was extended from 10 to 11 years from the date of the contract.

Work under the project was completed July 3, 1970, and did not result in a discovery of minable ore. The OME Field Officer, Region II, recommended that a Certificate of Possible Production not be issued.

The units of work authorized and approved under Contract 2278 are summarized on Exhibit I. We believe that the claimed and accepted costs of $33,051, and the OME participation on a 75-percent basis of $24,788 were proper under the terms of the contract.

Regional Director

EXHIBIT I

Summary of Contract ~~Terms~~ Items, Accepted Costs, and Unexpended Balances

~~Fixed Unit Cost~~ Actual Items	Authorized Amounts	Accepted Costs	Unexpended Balances
Mobilization & Demobilization, Drill Rigs	$ 1,490	$ 700	$ 790
Diamond Core and Overburden Drilling	29,520	26,739	2,781
Reaming and Casing	790	539	251
Cementing	2,263	674	1,589
Lost Casing	800	868	(68)
Moving Between Holes	695	959	(264)
Core Boxes	325	277	48
Cement, Drill Mud	588	437	151
Supervision	1,800	1,620	180
Payroll Taxes	309	232	77
Assaying for Gold & Silver	420	6	414
Total Cost of Project	$39,000	$33,051	$5,949
Government's Participation at 75%	$29,250	$24,788 1/	$4,462

~~1/ The Government retains no equity in any of the equipment or materials used.~~

1/ Reimbursement claimed and paid.

Standard Form No. 1047
7 GAO 5000
1047-104

PUBLIC VOUCHER FOR REFUNDS

13862

Vo

6ME-6763

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

Location: Washington, D. C. 20242

Appropriation or Fund: 14X6875 (08)

To
Address
Wallace McGregor
P.O. Box 297
Eureka, Nevada 89316

SPECIAL
PAID BY M. E.
NOV 8 1970
INITIALS CODE
gla

Amount withheld
~~Deposit~~ from the above-named ~~depositor~~ on October 5, 1970

for pending submission of final report in connection with contract 2278

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

Amount of deposit Sch. #12700 - Apr.1 - Sept.5 Vo. $ 200.00

Applied as explained in "Remarks" below

Balance authorized to be refunded $ 200.00

Remarks:

Acceptable final report has been submitted per memo from Chief, Office of Minerals Exploration, 11/18/70.

(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

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
11/18/70	Emerick	120
		120
11/18	Cal	220
		120M

NOV 18 1970

Memorandum

To: Chief, Branch of Budget and Finance

From: Chief, Office of Minerals Exploration

Subject: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

As the Operator under the subject contract has now submitted an acceptable final report, the $200.00 withheld from the April 1 - September 5, 1970 voucher may now be paid to the Operator.

Harold Kirkemo (gla)
Harold Kirkemo

cc: Director's Reading File
Mineral Resources File
OME Docket
OME Reading File
OME Region II
Mr. Emerick

WLEmerick/bsl 11/18/70

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

November 16, 1970

OFFICIAL COPY
O. M. E.
RECEIVED
NOV 18 1970

INITIALS	CODE
[illegible]	30
[illegible]	20
HK	20
[illegible]	~~120~~

Memorandum

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

From: Field Officer
Region II

Subject: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Enclosed are three copies of the Operator's Final Report on the subject project. Logs of the four holes drilled were included in the monthly reports. I recommend that the report be accepted.

Inasmuch as no significant mineralization was found by the work a Certificate of Possible Production is not justified and is not recommended. The $200 withheld from the last voucher, pending submission of a final report, can now be paid. A final cost review should be requested.

H. K. Stager

H. K. Stager

Enclosures

RECEIVED
NOV 16 1970
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

TELETYPE ☐ TELEGRAM ☐ MAIL ☐

Hal Stagen - OME AT

SUBJECT OME 0763 DATE 11/11/70

Dear Hal

Enclosed is the final report on the Las Compadres project.

I have discussed the results with Art Bapen and do not see a potential worthy of further investigation.

Thank you for your consideration and patience on the project — It has been a pleasure working with you. — Sincerely Wally McGregor

USE REVERSE SIDE FOR YOUR ANSWER

Rediform® 4S 461

PLEASE REPLY TO → SIGNED

OPERATOR'S FINAL REPORT

1. OME No. 6763 (Silver-Gold)
   Contract No. 2278
   Name of Operator Wallace McGregor

2. Summary of Project

   Work was started on the Project on April 25th 1969 but progress on the first hole was slow because of difficulty in casing off the alluvium. After finally casing to 49 feet, the hole was completed to 748 feet on June 11, 1969.

   The drill rig was then removed from the Project inorder to meet a previous commitment to drill~~ing~~ in Alaska and was not returned until October 26th.

   Hole # LC 2 was completed on December 17, 1969 to a depth of 764.5 feet. Hole # LC 3 was completed on March 3, 1970 to a depth of 865 feet and Hole # LC 4 was completed on July 3, 1970 to a depth of 701 feet. The effective date of completion of the Project was July 3, 1970.

   A total of 3078.5 feet of diamond drilling was completed at a total cost of $33,262.15. Of this amount, $2,062.65 was for 1.8 months of supervision and $6.00 was for assaying on two samples.

3. While the exploration objectives were met, the findings were discouraging in that only minor mineralization was found in association with the quartz-calcite vein stuctures intersected. In Hole #LC 1 a sulfide zone was intersected at 691 feet 2 inches to 691 feet 4 inches which assayed .005 oz/ton Au, 2.00 oz/ton Ag, 6.6% Pb and 7.9% Zn. A section of adjacent vein quartz from 691 feet 4 inches to 691 feet 11.5 inches assayed .005 oz/ton Au, 1.8 oz/ton Ag, 0.5% Pb and 0.8 % Zn. These were the only intersections worthy of assay.

   A possible explanation of the lack of precious and base metal values is the fact that at the depth where the structures were intersected, the wall rock consisted of fine-grained to porphyritic andesite rather then the andesite breccia which is the wall rock at the surface and at the 16 to 1 Mine. It was noted in this regard that at the 16 to 1 Mine, the vein did not carry economic mineralization where the vein was enclosed in non-andesite or rhyolitic breccia. Based upon a construction of the subsurface from drill hole data the possible exposure of the veins to andesite breccia wall rock is too limited to constitute a worthwhile target for further drilling.

4. Drill progress was extremely slow necessitating two six month extensions of the OME contract. The circumstances causing the delays beyond the difficulty in collaring the first hole was the removal of the drill from the project after the completion of the first hole for a period of over four months. Following that time an independent driller was hired who, though competent and reliable, took leaves from the job to fulfill other commitments.

   With the completion of Hole LC 4, the property owner was notified of the termination of the lease effective August 3, 1970.

Wallace McGregor
Operator

Operator's Final Report

OPERATOR'S FINAL REPORT

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   Contract No. 2278
   Name of Operator Wallace McGregor

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Wallace McGregor

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Wallace McGregor
Operator

M 9-1648
MARCH 1968

HK 9/25/70

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

OPERATOR'S MONTHLY VOUCHER For Month of April 1 - Sept. 5, 1970

Docket No. OME- 6763
Contract 14-08-0001 2278
Contract Amount $ 39,000.00
Gov't. Participation % 75 $ 29,250.00

Operator's Name: Wallace McGregor
Address: P. O. Box 297
Eureka, Nevada 89316

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
Mobilization and Demobilization	½	$ 350.00	1	$ 700.00	1/2	$ 350,00	1	$ 700,00
Drilling								
Non-core	95	641.25	168	1,130.00	95	641,25	168	1130,00
BXWL 96-500	405	3,483.00	1832	15,703.60	405	3483,00	1832	15703,60
BXWL 501-701	201	1,829.10	1068.5	9,905.35	201	1829,10	1068,5	9905,35
Reaming & Casing	10	46.50	116.0	539.40	10	46,50	116	539,40
Cementing & mud mix	17½hrs	271.25	43.5	674.25	17 1/2	271,25	43,5	674,25
Lost Casing	0	0	217.0	868.00	0	0	217	868,00
Moving between holes	23½hrs	326.65	69.0	959.10	23 1/2	326,65	69	959,10
Core Boxes	51	51.00	277.0	277.00	51	51,00	277	277,00
Cement, etc.	5sks.	42.00	52	436.80	5	42,00	52	436,80
Supervision	7 days	210.00	1.799	1,800.00	0.234	210,00	1.800	1620,00
Payroll Taxes	0	0		262.65	0	0	1,566	231,75
Assaying	0	0		6.00	0	0	2	6,00
~~Less~~						~~(200,00)~~ HK		~~(200,00)~~ HK
TOTALS		$ 7,250.75		$ 33,262.15		$ ~~7050,75~~ 7250.75		$ ~~32,851,25~~ 33051.25

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 6 1970
INITIALS | CODE
bel | 120
HK | 120
| 120

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

Date 9/12/70 *Payee Wallace McGregor

Per _____ Title Operator

*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 for R. M. Smith OME Field Officer Date 9/21/70

5,438.06 (L3)14X0804
200.00 14X6875(68)

Approved for: $ 5,238.06
(SUBJECT TO AUDIT)

Signature MD

Date 5 OCT 1970 Vou. No. 12700
(SEE OTHER SIDE)

US 1342

RECEIVED
U.S. GEOLOGICAL SURVEY
25 SEP 70 14 29
DIR. FINANCE

I/ Recommend that $200.00 be withheld pending receipt of Operator's Final Report.

12700

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: Wallace McGregor
P.O. Box 297
Eureka, Nevada 89316

Amount Claimed:	Differences (Explained Below)	Amount Approved
7,250.75	200.00	7,250.75 5,438.06 Gov. Part. Less 200.00 5,238.06
Bu. Voucher No.	Payee's Invoice No.	Period
	Docket #6763 Contract #2278	April 1 - Sept. 5, 1970

EXPLANATION

Withholding $200.00 pending submission 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.

Branch of Budget and Finance

WALLACE MC GREGOR
P. O. BOX 297
EUREKA, NEVADA 89316

MINERAL INDUSTRIES RESEARCH

TELEPHONE 702-237-5228

September 15, 1970

Mr. H. K. Stager, Field Officer
OME Region II
U. S. Department of the Interior
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Re: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Dear Hal:

Enclosed is the accounting information on the LC # 4 including copies of the Operator's Monthly Voucher, Statement of Charges from the AJV Corporation, Drill Hole Summary and Daily Report sheets.

In addition, a log of the hole is enclosed.

The results are disappointing. We cut the structure in the interval from 519' to 545' with included horsts of andesite. The quartz-calcite vein material was slightly mineralized though not to any economic extent.

I got together with Art Baker on a review of the core and we feel that a possible explanation of the vein not being mineralized is that the wall rock is a porphyritic andesite rather than the andesite breccia that outcrops in the area and which is the wall rock at the 16 to 1.

We will have assays run on three samples but for academic purposes only.

Thank you for your help on the project. It was a drawn out affair, but I appreciated your understanding of the problems of personnel I was confronted with.

Sincerely,

Wallace McGregor

RECEIVED
SEP 21 1970
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

McG:dm
Encls.

A J V CORPORATION
P. O. Box 6351
Salt Lake City, Utah 84106

Date This Report: September 5, 1970 Date Hole Completed: July 3, 1970

DRILL HOLE SUMMARY

Contract: Location: Los Compadres Hole No. 16 A4

FOOTAGE DRILLED: (If Structure or Fishtail Drilling Please Note Under Special Operations.)

Overburden: From: To: Total: Angle of Hole: -65°

Ledge:

NX From: To: Total: BXWL From: 0' To: 701' Total: 701'

NXWL From: To: Total: AX From: To: Total:

BX From: To: Total: EX From: To: Total:

REAMING:

BXWL Size Hole to NX Size Hole: Size Hole to: Size Hole

From: 0 To: 10' Total: 10' From: To: Total:

GROUTING AND CEMENTING OPERATIONS: (This includes washing out the hole, cementing the hole, washing out pumps, waiting for cement to set, and drilling out cement.)

Date: 5/30/70 No. of Hours: 3 Date: 6/2/70 No. of Hours: 4½

Date: 6/4/70 No. of Hours: 2 Date: 6/5/70 No. of Hours: 4

Date: 6/5/70 No. of Hours: 2

(Note if supplied by Client or EJL)
Amount of Cement Used: (No. of Bags) 2 bags cement 5 bags mud Type of Cement Used:

DRILL HOLE SURVEYS: By EJL:

HAULING CORE:

Date: No. of Hours: Date: No. of Hours:

Date: No. of Hours: Date: No. of Hours:

TOOLS LEFT IN DRILL HOLE: (Note whether or not this was done at the request of the Client.)

Pipe, Rods and Casing: Size: Length: ; Size: Length: ; Size: Length:

Bits, Shells, Core Barrels: Size: Length: ; Size: Length:

LENGTH OF WATERLINE: **HAULING WATER:** Total Hours:

CORE BOXES: (No. and length of core boxes used if they were furnished by the Longyear Company.)

Size: NX Capacity: 10' No. 51 ; Size: Capacity: No.:

DELAYS: Date: Hours: ; Date: Hours: ; Date: Hours:

TRACTOR SERVICE: Date: Hours: ; Date: Hours: ; Date: Hours:

Other Special Operations, if any:

INSTRUCTIONS: Fill out in triplicate. Submit one copy to the Client. Drill hole summaries should be filled out on completion of each hole and at the end of each month for holes in progress at that time.

Client Representative's Signature Foreman:

September 8, 1970

TO: Wallace McGregor
Box 297
Eureka, Nevada 89316

FROM: AJV Corporation
Box 297
Eureka, Nevada 89316

Re: Los Compadres Drill Contract
For Period April 1, 1970 - September 8, 1970
DD No. LC #4

Set-up time 23½ hours		@ 13.90/hr.	$ 326.65
Drilling			
0 - 95 no core		@ 6.75/ft.	641.25
96 - 500 BXWL		@ 8.60/ft.	3,483.00
501 - 701 BXWL		@ 9.10/ft.	1,829.10
Reaming & Casing	10 ft.	@ 4.65/ft.	46.50
Cementing	17½ hrs.	@ 15.50/hr.	271.25
Core Boxes	51	@ 1.00/bx.	51.00
Cement & Mud	5 sks.	@ 8.40/sk.	42.00
Supervision (LC #3 2/28 thru 3/1, 3/21 thru 3/22, 4/11/70) 6 days		@100.00/day	600.00
LC #4 - 9/5/70		@100.00/day	100.00
Demobilization			350.00
			$7,740.75

Location: Los Compadres property
Silver P[illegible], Nevada

D. D. Hole No.: LC4

Elev: 7009'
Coord: N 9,470
E 4,720

Bearing: S 62° E
Angle: - 68°
Depth: 701'
Hor: 263'
Vert: 647'

Drilled: July, 1970

Logged by: A. Baker III
8/30/70

Objective: Test Burney Vein, assuming a westward dip

Results: Vein at 520'; little silver mineralization

From	To	Interval	%Rec.	Description
0	95	95	00	No core
95	115	20	95	Andesite breccia, about 50% fragments that are bleached whit, less than 2# diameter mostly, but one about 8" dia. Locally moderate to abundant hematite cubes up to 2 mm, most of which are in the gray-green groundmass
115	125	10	75	Gray-green andesite, much biotite up to 4mm. Hard - silicified. Many open cracks up to 1/4", partly dipping 20-30° to core axis, others random flatter dips; lined with brown xline mn-fe; some with fine quartz grains lining.
125	130	5	20	Split; assays: oz. Au, oz. Ag Only fragments, mostly less than 1.5". Rock like above. Several pieces with up to 1/2" veinlets vuggy quartz xls, some with platy voids after barite. Minor fe stain and xline mn-fe films. No recognizable Ag or other metals. First few pieces of next run are 1" pieces vein material with no rock -- cave from this run?
130	135	5	80	Buff silicified rock, some wispy fe stain. Many voids up to 1/2" lined with up to 3 mm quartz xls with blady relicts after barite, some xline fe-mn. Voids irregular to angular.
135	137	2	50	Silicified, recognizable andesite breccia. Voids like above.
137	150	13	9	Two runs, 4' and 9'. Bleached and lightly fe-stained andesite breccia.
150	168	18	65	Andesite breccia, mostly frags under 1/2", a couple up to 2". Fairly abundant hematite after pyrite, mostly in concentrations 1/2" diameter, but mostly gone to smears limonite. Several fracture with films quartz and fe-mn, dipping 10° to axis.
168	181	13	80	Andesite breccia, liek above but with unoxidized pyrite. Upper half white-bleached, argillized; lower half gray-green chloritized. Pyrite is coarser and more abundant in the chloritized part
181	184	3	95	Alternating 8-12" bands fine gray-green andesite, and gray-green andesite full of feldspar phenx up to 6mm. All with abundant pyrite dissem.
184	187	3	100	Gray-green andesite breccia, many fragments up to 1.5" of bleached rock. At top contact, a 1/4" calcite veinlet dips 35° to core axis.

From	To	Interval	%Rec.	Description
187	210	23	100	Gray-green andesite, partly fine-grained, partly with abundant phenx; latter appears to be indistinct fragments partly absorbed by the fine-grained phase. Fairly abundant pyrite.
210	225	15	3	Notation with core: "Drilled without core barrel" Fragments, one with 1/4" quartz veinlet. Save?
225	239	14	20	Andesite with phenocrysts. Partly light-colored from oxidation.
239	249	10	100	Andesite, abundant phenx. Pervasively silicified, with many small voids lined with quartz, some with mn stain, some with fe-mn xline. Quite abundant pyrite.
249	286	37	100	Light gray-white andesite breccia, lightly oxidized. Very abundant fragments up to 1", some up to 3". Fairly abundant hem after pyrite, local small patches with pyrte remain unoxidized.
286	327	41	100	Andesite breccia, bleached white, argillized and silicified (porous). In part with light greenish chlorite cast. Very little pyrite. 290-295' Vuggy with small quartz xls and pyrite; incipient vein? @310' 1/2" calcite-barite vein @ 20° to core axis
327	411	84	95	Volcanic conglomerate (unsilicified equivalent of andesite breccia?) Fragments like andesite breccia, in coarse sand matrix. Above 370', a few layers up to 1' thick of fine ss with bedding at 90° to core axis (possibl boulders?) 385-405' mostly silt, some coarse ss.
411	425	14	40	Coarse volcanic ss, reddish-brown (oxidised, probabl Somewhat silicified. At top, 1" zone gougy and vuggy. Several fractures with fe stain, some mn stain.
425	439	14	100	Gray andesite breccia (= volcanic cgl, silicified?). Silicified, compared to 327-411' interval. Fine dissem pyrite. Couple 1' zones oxidized.
439	476	37	90	Andesite breccia, hard, oxidized (bleached, lighly fe-flooded). Fairly abundant fractures with fe films, random dips.
476	509	33	90	Andesite, mostly porphyritic (or siltstone, with many white frags up to 6 mm), gray-green. Fairly abundant pyrite dissem. @480' 1' gouge, about 90° to core axis 498' 1" vuggy calcite stringer at 80° to core axi
509	519	10	40	Andesite like above, but with much gouge in zones attitude not determinable.
519	520	1	30	Last part of 5' run. Fragments of andesite and of vein quartz, some with mn stain.

From	To	Interval	%Rec.	Description
520	525	5	70	Split 519-525': oz. Au, oz. Ag. 520-525 one run. First 2' quartz-calcite vein with some andesite, vuggy, some fe stain. Last part calcite-quartz. Fineal 4" andesite. Local fe stain in vein material, no recognizable Ag or other metallic minerals.
525	527	2	90	Andesite with stringers quartz-calcite, some fe stn.
527	534	7	85	Split 525-534': oz.Au, oz.Ag. Quartz and calcite veining, local fe stain, no regognizable Ag or other metallic minerals.
534	540	6	80	About 50% andesite, 50% white calcite-quartz veins up to 6" thick, locally slightly amethystine, locally with sparse galena and honey-colored sphalerite; random dips.
540	545	5	65	Split 534-545': oz.Au, oz.Ag. Same as above.
545	549	4	25	Andesite with calcite-quartz veining like above. Has one shear @35° to core axis.
549	575	26	60	Andesite breccia, very light gray, bleached and silicified.
575	620	45	95	Andesite, fine greenish-gray. Many veinlets up to 1/4", random dips. Some quartz-calcite veinlets 1/4" to 1", dip 30-50° to core axis; some have traces of galena. Lower 8' gougy.
620	622	2	80	Greenish gouge. Shears 10-20° to core axis.
622	671	49	100	Gray to purple fine andesite (?) basalt(?) silt(?). Many irregular fine calcite veinlets.
671	675	4	100	Dark purplish siltstone(?); some coarse ss at top and bottom. Grades down into:
675	701	26	100	Andesite breccia, light gray -- equivalent of volcanic cgl. Fragments up to 4", some of fine-banded tuff suggesting "jumbled rhyolite" of 16-1 area.

End of hole

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

July 10, 1970

JUL 13 1970
130
120M
HK 120

Memorandum

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

From: Field Officer
Region II

Subject: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Enclosed are the Government's and Budget and Finance's copies of Amendment No. 2, executed by the Operator. The remaining copies have been distributed in the usual manner.

H. K. Stager

Enclosures

OFFICIAL COPY
O. G. E.
RECEIVED
JUL 13 1970

INITIALS	CODE
	130
	120 M
	120

NORTHWEST, ALASKA.

Teletype ☐ Telegram ☐ Mail ☐

To Hal Stagen At ONE

Subject ONE 6763 - Contract 2278 Date 7/7/70

Dear Hal

Enclosed are the signed copies of Amendment No 2 for the two completed contract. I received a letter a week ago that the 4th hole was down to 500 ft. That was on June 22. Hopefully we are about to complete the hole shortly. Thank you for your help further on getting the extension of time.

I have asked Art Baker to check with the drilling co to go over the core.

PLEASE REPLY TO →

Signed Sincerely Kathy

RECEIVED
JUL 10 1970
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

USE REVERSE SIDE FOR YOUR ANSWER

Rediform 4S 461

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 8 1970
EXPLORATION CORE
HK

July 6, 1970

Memorandum

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

From: Field Officer
Region II

Subject: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Interim Inspection

An interim inspection of the subject project was made on July 1, 1970, by the Field Officer accompanied by Mr. Robert Shannon, the driller on the project.

Since the last inspection on April 11 (report dated April 14, 1970), Hole No. 4 had been started and drilled to a depth of 670 feet. This hole was started on May 23 and was expected to be completed to a depth of 700 feet on July 2, 1970. Core recovery has been very good but except for about 20 feet of barren quartz vein material from 520 to 540 feet, the cores are unmineralized. The rock at 670 feet is an unaltered andesite breccia and the Burney vein, that was projected to be intersected at about 650 feet, probably flattened in depth and is represented by the quartz interval at 520 feet. Except for minor amounts of pyrite, no sulfide minerals have been noted in the cores.

Hole No. 4 is the last hole planned for the project and, because of the unfavorable results of drilling, the Operator will probably give up his Lease and Option to Purchase.

Certification will not be recommended.

H. K. Stager

FORM 9-1648
MARCH 1968

OFFICIAL COPY O. M. E. RECEIVED JUN 10 1970 ORIGINAL COPY

HIL 6/4/70

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

OPERATOR'S MONTHLY VOUCHER

For Month of Jan 1 - March 31, 1970

Docket No. OME- 6763
Contract 14-08-0001 2278
Contract Amount $ 39,000.00
Gov't. Participation % 75 $ 29,250.00

Operator's Name Wallace McGregor
Address P. O. Box 297
Eureka, Nevada 89316

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
Mobilization and Demobilization	0	$ 0	½	$ 350.00	0	$ 0	1/2	$ 350.00
Drilling								
Non-core	55	371.25	73'	488.75	55	371,25	73	488,75
BX WL 0-500'	445	3,827.00	1427'	12,220.60	445	3827,00	1427	12 220,60
BX WL 500-865'	365	3,321.50	887.5'	8,076.25	365	3321,50	887,5	8 076,25
Reaming & Casing	55'	255.75	106	492.90	55	255,75	106	492,90
Cementing	14 hr.	217.00	26hr	403.00	14	217,00	26	403,00
Lost casing*	209'	836.00	217'	868.00	209	836,00	217	868,00
Moving between holes	16 hr.	222.40	45.5hr	632.45	16	222,40	45,5	632,45
Core boxes	80	80.00	226	226.00	80	80,00	226	226,00
Cement	2 sks	16.80	47sks.	394.80	2	16,80	47	394,80
Supervision	6 days	180.00	1.766	1,590.00	~~6~~ HIL 0	~~180.00~~ HIL 0	~~1.766~~ HIL 1.566 mo.	~~1,590.00~~ HIL 1410.00
								231.75
Payroll taxes	-	30.90		262.65	—	~~30,90~~ 0	~~16 1/2%~~	~~262,65~~
Assaying	0	0		6.00	0	0.	2	6.00
						9147.70		25,800.50
TOTALS		$ 9,360.60		$ 26,011.40		$ ~~9358.60~~ HIL		$ ~~26,011.40~~ HIL

*78' in LC #2
121' in LC #3

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

Date 4/28/70 *Payee Wallace McGregor

Per _____ Title Operator

*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 for R. M. Smith OME Field Officer 5/27/70 Date

(63) 14X0804
Approved for: 6,860.78
(SUBJECT TO AUDIT)

Signature MO

Date 9 1970 Vou. No. 07321

(SEE OTHER SIDE)

FOR OPERATOR'S USE	FOR GOVERNMENT USE
REMARKS	REMARKS
RECEIVED U.S. GEOLOGICAL SURVEY JUN 5 9 21 AM '70 BUDGET & FINANCE BRANCH	1) Disallowed. Unsupported claim. May be reclaimed. ~~Withheld $200 on pending resumption of work~~. HR 6/8/70 Work resumed mid-May

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: Wallace McGregor
P. O. Box 297
Eureka, Nevada 89316

Amount Claimed:	Differences (Explained Below)	Amount Approved
9,358.60	210.90	9,147.70 6,860.78 Gov. Part.
Bu. Voucher No.	Payee's Invoice No.	Period
	Docket #6763 Contract #2278	Jan.1 - March 31, 1970

EXPLANATION

Disallowed $180.00 - Supervision and $30.90 Payroll taxes Total 210.90.

Supporting documents not received for the above.

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

SUPPLEMENTARY REPO

A J V CORPORATION
P. O. Box 6351
Salt Lake City, Utah 84106

Date This Report January 10, 1970 Date Hole Completed: January 2, 1970

DRILL HOLE SUMMARY

Contract Los Compadres Location Silver, Peak, Nevada Hole No. LC # 2

FOOTAGE DRILLED: (If Structure or Fishtail Drilling Please Note Under Special Operations.)

Overburden: From ..... To ..... Total ..... Angle of Hole .....

Ledge:

NX From ..... To ..... Total ..... BXWL From ..... To ..... Total .....

NXWL From ..... To ..... Total ..... AX From ..... To ..... Total .....

BX From ..... To ..... Total ..... EX From ..... To ..... Total .....

REAMING:

..... Size Hole to ..... Size Hole ..... Size Hole to ..... Size Hole

From ..... To ..... Total ..... From ..... To ..... Total .....

GROUTING AND CEMENTING OPERATIONS: (This includes washing out the hole, cementing the hole, washing out pumps, waiting for cement to set, and drilling out cement.)

Date ..... No. of Hours ..... Date ..... No. of Hours .....

Date ..... No. of Hours ..... Date ..... No. of Hours .....

(Note if supplied by Client or EJL)
Amount of Cement Used: (No. of Bags) ..... Type of Cement Used: .....

DRILL HOLE SURVEYS: By EJL:

Date ..... No. of Hours .....

Date ..... No. of Hours .....

HAULING CORE:

Date ..... No. of Hours .....

Date ..... No. of Hours .....

TOOLS LEFT IN DRILL HOLE: (Note whether or not this was done at the request of the Client.)

Pipe, Rods and Casing: Size BX Length 2 ; Size ..... Length ..... ; Size ..... Length .....

Bits, Shells, Core Barrels: Size BX Casing Shoe Length ..... ; Size ..... Length .....
Bit # Q5660

LENGTH OF WATERLINE: ..... **HAULING WATER:** Total Hours .....

CORE BOXES: (No. and length of core boxes used if they were furnished by the Longyear Company.)

Size ..... Capacity ..... No. ..... ; Size ..... Capacity ..... No. .....

DELAYS: Date ..... Hours ..... ; Date ..... Hours ..... ; Date ..... Hours .....

TRACTOR SERVICE: Date ..... Hours ..... ; Date ..... Hours ..... ; Date ..... Hours .....

Other Special Operations, if any:

.....

.....

INSTRUCTIONS: Fill out in triplicate. Submit one copy to the Client. Drill hole summaries should be filled out on completion of each hole and at the end of each month for holes in progress at that time.

William W. Wilson ..... Foreman .....
Client Representative's Signature

A J V CORPORATION
P. O. Box 6351
Salt Lake City, Utah 84106

Date This Report April 1, 1970 Date Hole Completed:

DRILL HOLE SUMMARY

Contract Los Compadres Location Silver Peak, Nevada Hole No. LC # 3

FOOTAGE DRILLED: (If Structure or Fishtail Drilling Please Note Under Special Operations.)

Overburden: From 0 To 55 Total 55' Angle of Hole -35°

Ledge:

NX From To Total BXWL From 55.0 To 865.0' Total 810.0'

NXWL From To Total AX From To Total

BX From To Total EX From To Total

REAMING:

BX Size Hole to BX Casing Size Hole Size Hole to Size Hole

From 0 To 55 Total 55.0 From To Total

GROUTING AND CEMENTING OPERATIONS: (This includes washing out the hole, cementing the hole, washing out pumps, waiting for cement to set, and drilling out cement.)

Date 1/17/70 No. of Hours 6 Date 1/18/70 No. of Hours 8

Date No. of Hours Date No. of Hours

(Note if supplied by Client or EJL)
Amount of Cement Used: (No. of Bags) 2 Type of Cement Used: casting plaster

DRILL HOLE SURVEYS: By EJL:

HAULING CORE:

Date No. of Hours Date No. of Hours

Date No. of Hours Date No. of Hours

TOOLS LEFT IN DRILL HOLE: (Note whether or not this was done at the request of the Client.)

Unable to pull out
Pipe, Rods and Casing: Size BX Length 55; Size Length; Size Length

Bits, Shells, Core Barrels: Size BX Casing Shoe Length; Size Length
Bit # Q5661

LENGTH OF WATERLINE: **HAULING WATER:** Total Hours

CORE BOXES: (No. and length of core boxes used if they were furnished by the Longyear Company.)

Size BX Capacity 10' No. 80; Size Capacity No.

Tear-down set up time
DELAYS: Date 1/2/70 Hours 8; Date 1/3/70 Hours 8; Date Hours

TRACTOR SERVICE: Date Hours; Date Hours; Date Hours

Other Special Operations, if any:

INSTRUCTIONS: Fill out in triplicate. Submit one copy to the Client, Drill hole summaries should be filled out on completion of each hole and at the end of each month for holes in progress at that time.

Client Representative's Signature Foreman

WALLACE MC GREGOR
P. O. BOX 297
EUREKA, NEVADA 89316

MINERAL INDUSTRIES RESEARCH

TELEPHONE 702-237-5228

5/6/70

Mr. H. K. Stager
U.S.G.S.
Office of Mineral Exploration
345 Middlefield Road
Menlo Park, Calif. 94025

RECEIVED
MAY - 8 1970
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

Dear Hal.

I got swamped after our meeting at Silver Peak and have to apology for the delay in getting the enclosed vouchers and supporting information to you.

Robert Shannon the driller called on April 19 to say that he was having trouble on the hole that he was drilling in Oregon and would be late getting here. I called last week and he promised this week but no word — I am going to have to do some arm twisting

Sincerely
Wallace McGregor

Only copy

D.D. HOLE # LC # 3 PROJECT Los Compadres, Silver Peak, Nevada PAGE 1 OF 8

Loc. Los Compadres Claims BEARING S40°E INCL. -36° T.DEPTH 865.0

N 9,437 ft. COLLAR ELEV. 6,992' BOT.ELEV. 6,470'

E 4,887 ft. CORE SIZE BXWL DRILLED BY AJV Corporation- Robert Shannon

DATE START 1/2/70 COMPL. 3/29/70 LOGGED BY Wallace McGregor

SAMPLE NUMBER	FOOTAGE DRILLED FROM	TO	INT.	% REC	CORE DESCRIPTION
	67.6	79.5			Andesite breccia particle size, generally 1/8 to 3/4 diameter, gray-green color. Bleached from weathering iron stained in fractures.
	79.5	135.0			Andesite breccia as above - chloritized below. 115 Fractures coated with dark brown sooty mineral. @ 119.4 - qtz. vein 3/8" wide @ 60° vuggy. Minor brown staining. @ 130.3 - qtz vein 1/4" wide @ 45° druzy qtz. @ 130.5 - qtz vein 1/4" wide @ 45° druzy open spaced. iron stained. @ 134.5 - 6" of narrow qtz. veins @ 60° to 80° - 20% of core.
	135.0	140.8	0.9		Qtz. calcite vein - vuggy vugs coated with dark brown secondary mineral. Core recovery poor - 20%.
	140.8	145.0	1.2		As above. Broken - andesite porphyry pieces with qtz. Core recovery less than 20%
	145.0	148.0	1.5		As above
	148.0	150.0	2.5		Qtz. cemented breccia - vuggy - bleached. Some breccia pieces are chloritized. Brown coating persist - core badly broken.
	150.0	160.0			As above
	160.0	165.0			No core
	165.0	169.0			Andesite breccia bleached and oxidized with iron staining indicating disseminated pyrite color generally gray to white, particle sizes vary from less than 1/4" to greater than 2". Core is badly broken.
	169.0	170.0			Fine grained andesite porphyry. Highly altered bleached light tan colored.
	170.0	262.6			Andesite breccia particles are bleached. Matrix tan colored. Oxidized fractures are iron stained and contain some coatings of light to dark brown secondary minerals. Bleaching of particles generally obscure rock type. In less altered zone particles include andesite porphyry. Fine grain andesite. Rhyolite por. & Tuff.

D.D. HOLE # LC # 3 PROJECT Los Compadres, Silver Peak, Nevada PAGE 2 OF 8

Loc. _____ BEARING _____ INCL. _____ T.DEPTH _____

_____ COLLAR ELEV. _____ BOT.ELEV. _____

_____ CORE SIZE _____ DRILLED BY _____

DATE START _____ COMPL. _____ LOGGED BY _____

SAMPLE NUMBER	FOOTAGE DRILLED FROM	TO	INT.	% REC	CORE DESCRIPTION
					@ 190.6 - qtz. vein 1/4" to 1/2" wide. Open space as brown mineral coating. @ 195.0 to 199.0 - fractures are irregular and coated with dark brown sooty mineral.
	262.6	280.0			Andesite breccia intensely bleached, irregular fractures in zone are coated with dark brown sooty mineral. Broken zone containing qtz. with heavy coating of dark brown sooty secondary mineral also some limonite on drusy qtz. Estimated at less than 1/2" wide angle is at 35°. @ 264.8 - is fractured at 70°. Coated with dark brown sooty mineral. Width less than 1/4". @ 279.9 - Qtz. calcite vein approximately 1/2" wide at 55°. Contains coating of dark brown mineral.
	280.0	289.0			Andesite breccia as above. Iron stained from surface waters.
	239.0	302.8			Andesite breccia, chloritized, containing tuffaceous bands. Matrix fine grained.
	302.8	303.5			Bleached to gray colored.
	303.5	307.1			Bleached andesite breccia particle size varies up to approximately 1 inch. Core shows etching on fractures and between particles. Somewhat vuggy with vugs and fractures coated with sooty brown mineral. Some cementing of particles by qtz. and calcite but not pervassive. Could be mineralized.
	307.1	325.0			Andesite breccia. Iron stained and chloritized fractures are linonite and dark brown mineral coated were not oxidized, dissiminated pyrite 1%, andesite particles vary from purple to green colored.
	325.0	342.8			Same pyritized andesite breccia, chloritized as above. @ 338.4 is qtz. vein .2" wide, vuggy minor brown mipor. brown mineral coating on druzes.
	342.8	357.6			Andesite breccia less chloritized than section above also pyrite content less than 1%. Minor calcite veins at 70° to 90°.

D.D. HOLE # LC # 3 PROJECT Los Compadres, Silver Peak, Nevada PAGE 3 OF 8

Loc. _____ BEARING _____ INCL. _____ T.DEPTH _____

_____ COLLAR ELEV. _____ BOT.ELEV. _____

_____ CORE SIZE _____ DRILLED BY _____

DATE START _____ COMPL. _____ LOGGED BY _____

SAMPLE NUMBER	FOOTAGE DRILLED FROM	TO	INT.	% REC	CORE DESCRIPTION
					@ 356.2 - qtz. vein @ 70° vuggy linonite filling vugs.
	357.6	366.6			Andesite breccia contains rhyolite pieces. Minor pyrite Spotty chloritized alteration. Vuggy qtz. contains coatings of dark brown mineral.
	366.6	371.0			Andesite breccia as above, iron stained from oxidation.
	371.0	372.0			Moderate silicification of breccia. Fractures are leache showing some dark brown sooty minerals.
	372.0	375.0			Andesite breccia as described in Section 371.0-372.0.
	375.0	377.3			Andesite chloritized.
	377.3	383.2			Andesite breccia chloritized, broken, vuggy some iron staining. @ 380.3 - 381.0 is bleached, probable fault zone with clay from 380.0 to 381.0.
	383.2	392.2			Andesite breccia, purple colored with matrix generally chloritized. Particle size varies from less than 1/4" to blocks approximately 1" long.
	392.2	395.1			Andesite breccia, broken vuggy appearing.
	395.1	406.3			Andesite porphyry, gray colored. @ 399.6 - 1/4" qtz. vein at 70°.
	406.3	413.2			Andesite breccia, chloritized, green and purple color.
	413.2	428.4			Andesite porphyry, light gray colored brecciated in plac and recemented with fine grained matrix. Bottom most 3½' chloritized. @ 418.4 - 1/8" qtz. vein at 45°. @ 418.5 - Druzy qtz. vein 1/2" to 2" wide at 70°. @ 423.0 - Qtz calcite vein 1½" wide impart cements pieces of andesite. Angle to core est. at approx. 70°
	428.4	430.8			Andesite breccia, bleached fractures etched with minor dark brown mineral coating. @ 430.0 - 1/2" druzy qtz. vein.

HOLE # LC # 3 PROJECT Los Compadres, Silver Peak, Nevada PAGE 4 OF 8

BEARING _____ INCL. _____ T.DEPTH _____

COLLAR ELEV. _____ BOT.ELEV. _____

CORE SIZE _____ DRILLED BY _____

START _____ COMPL. _____ LOGGED BY _____

SAMPLE NUMBER	FOOTAGE DRILLED FROM	TO	INT.	% REC	CORE DESCRIPTION
	430.8 Dropped Box	446.5(?)			Andesite breccia, fine breccia particles chloritized. @ 430.8 - qtz. stringers for .3 of a foot approximately 35° qtz. @ 435.8 - qtz. calcite vein .3' wide at approximately 70° @ 436.3 - qtz. vein 1/4" wide @ 60°.
	446.5 (?)	505.0			Andesite breccia particles varied colored from green ~~to purple. Paricles include rhyolite fine grained andesi~~ Andesite porhyry tuff and chert. Generally chloritized lightly disseminated with pyrite not greater than 1%. @ 459.7 - Qtz. vein 1/2" wide at 60°. Qtz. veins at 470, 472.6, 474.1, 479.0, 478.8, 480.8, 483.5, 486.0, 487.0, 500.6, 502.2. Veins vary in width from 1/8" to 1/2" and at an angle to core axis of from 60° to 85°.
	505.0	536.7			Andesite breccia generally fine grained particles cemented with fine grained matrix, particles sizes vary up to blocks of 1" to 2" in diameter intensely chloritize Qtz. veins at 505.2, 507.8, 514.0, 514.9, 515.9. Veins are less than 1/4" in width. No mineralization. Cut core at 60° to 90°. Below 522.0 particle size increases and chloritized decreases resulting in a mottled gray and white color. Minor disseminated pyrite continues.
	536.7	543.5			Andesite breccia, iron stained, bleached and argillized.
	543.5	553.0			Intense bleaching, rock type probably andesite breccia with some silification as cementing of particles. Pyrite content less than 1%.
	553.0	564.4			Andesite breccia, intensely bleached. Core is vuggy with some lining of vugs by qtz druses. Pyrite as disseminations. Approxiately 1%. Generall associated with chloritite.
	564.4	567.8			Silification approximately as above filling voids and cementing within matrix not as qtz. veining. Andesite breccia belaching moderate vugginess appears caused by open spaces after chloritization. Minor disseminated pyrite.
	567.8	570.7			Andesite breccia, fine grained alteration chloritization. Extremely fine grained pyrite as disseminations. Approx. 1%. Also eyes of qtz.

D.D. HOLE # LC # 3 PROJECT Los Compadres, Silver Peak, Nevada PAGE 5 OF 8

Loc. _____ BEARING _____ INCL. _____ T.DEPTH _____

_____ COLLAR ELEV. _____ BOT.ELEV. _____

_____ CORE SIZE _____ DRILLED BY _____

DATE START _____ COMPL. _____ LOGGED BY _____

SAMPLE NUMBER	FOOTAGE DRILLED FROM	TO	INT.	% REC	CORE DESCRIPTION
	570.7	582.2			Andesite breccia silicified with minor disseminated pyrite. Also moderately bleached.
	582.2	624.0			Andesite breccia appears to be dynamic later. Particles all fine grained, andesite intensely chloritized. @ 583.0 - 1/4" qtz. vein at 50°. @ 585.8 to 586.4 - irregular qtz. veins in shattered zones. ~~Generally at 70° to core.~~
					@ 586.8 - qtz. vein 1/4" wide at 70°. @ 589.0 - " " " " 65°. @ 593.3 - " " 3/4" " " 60°. @ 595.0 - 1" wide qtz vein at 80°. @ 596.2 - 1/2" qtz vein at 45°. @ 609.8 - Mineralized fracture containing pyrite at 50° less than 1/8" wide. ~~@ 621.0 - 1¼" qtz. vein at 60°.~~
					@ 623.0 - 4" qtz calcite vein vuggy, mineralized, secondary (?) sulfide approxately 1/4" wide. Mineral is dark black with iridescence surfaces. Some associated pyrite either galena or sphalerite definitely identified. @ 623.7 - irregular qtz calcite vein 1/2"-3/4" wide at approxiately 35°.
	From 605.0	632.3			Fined grained andesite green colored chlorite. Fractures irregular cemented with qtz. Minor pyrite as disseminati and minor fracture filling.
	632.3	643.8			Andesite breccia, chloritized finely disseminated pyrite as disseminations.
					@ 637.3 - qtz. vein 1/4" wide at 50°. Possible coating of seconary silver mineral. Minor occurrence. @ 638.7 - 1/8" qtz. vein at 45°. @ 639.8 - 1/2" qtz. vein at 30°. @ 641.0 - qtz. calcite vein 2" wide yellow calcite plates coating qtz. druses within vugs at 50° to core. @ 642.0 - silicified zone vuggy not as qtz. vein ~~approximately 3" wide.~~
	643.8	648.1			Andesite breccia minor iron staining.

D.D. HOLE # LC # 3 PROJECT Los Compadres, Silver Peak, Nevada PAGE 6 OF 8

Loc. _____ BEARING _____ INCL. _____ T.DEPTH _____

_____ COLLAR ELEV. _____ BOT.ELEV. _____

_____ CORE SIZE _____ DRILLED BY _____

DATE START _____ COMPL. _____ LOGGED BY _____

SAMPLE NUMBER	FOOTAGE DRILLED FROM	TO	INT.	% REC	CORE DESCRIPTION
					@ 644.8 - is qtz. vein 1/4" wide at 45°. Some coatings of secondary black mineral. @ 646.2 - Qtz. calcite vein at 70°. Brown coatings in vugs. @ 648.0 - qtz. calcite vein shattered. Some secondary oxide coatings.
	648.1	676.7			Andesite breccia, chloritized and bleached. Generally silicification of the matrix. @ 652.7 - drusy quartz vein less than 1/8" at 45°. @ 655.5 - drusy quartz vein 1/8" at 60°. @ 666.2 - 666.5 - qtz veins 1/8" at 45°. @ Interval 667.0 - 671.3 fractures are etched and contain minor secondary dark brown mineral coatings.
	676.7	683.0			1 ft. core recovered from interval 678.0 to 683.0. Andesite breccia intensely bleached iron stained. @ 676.9 - qtz. vein 1/4" at 35°.
	683.0	695.5			Andesite breccia, gray colored particle size up to 2" diameter. Generall 1/4" to 1/2" particles include tuff and chert as well as andesite.
	695.5	695.9			Qtz. calcite veins at 45° to 70°. Vuggy with qtz druses filling open spaces. Contains secondarydark brown to black sooty mineral. Quartz calcite totals 60° of core 40° is andesite breccia.
	695.9	696.8			Andesite breccia as above.
	696.8	699.1			Quartz calcite vein, some vugginess, minor secondary minerals as dark brown sooty coatings less than 1%.
	699.1	702.4			Andesite breccia as above.
	702.4	706.7			Qtz calcite vein material, sulfide mineral speratic, includes sphalerite and galena less than 1% of total.
	706.7	736.3			Andesite breccia, gray colored described as above. @ 718.4 - 2" wide qtz calcite vein at approximately 70° banded with brown sooty coating along fractures.

D.D. HOLE # LC # 3 PROJECT Los Compadres, Silver Peak, Nevada PAGE 7 OF 8

LOC. _____ BEARING _____ INCL. _____ T.DEPTH _____

COLLAR ELEV. _____ BOT.ELEV. _____

CORE SIZE _____ DRILLED BY _____

DATE START _____ COMPL. _____ LOGGED BY _____

SAMPLE NUMBER	FOOTAGE DRILLED FROM	TO	INT.	% REC	CORE DESCRIPTION
					@ 727.1 - 3" qtz vein at 45°. @ 731.7 - qtz vein 1" wide at 60°.
	736.3	739.5			Qtz. calcite vein predominently calcite. Section 737.4 to 738.0 vuggy with secondary mineral. Structure at 40°.
	739.5	777.7			Andesite breccia, gray colored particle size varies up ~~to 2" diameter minor pyrite.~~ @ 755.2 - irregular qtz. calcite cemented zone 2" wide. Some vugginess. No mineralization.
	777.7	779.2			Qtz. calcite vein, vuggy with minor pyrite, sphalerite and galena less than 1%. @ 779.2 - 1" zone of finely disseminated sulfides in vuggy qtz. abundant, sooty black secondary appearing ~~mineral.~~
	779.2	782.4			Andesite breccia intensely bleached chlorite.
	782.4	788.0			Broken zone with gouge. Bleached
	788.0	803.0			Andesite breccia. Gray colored
	803.0	806.0	(?)		Bleached and iron oxide stained. 50% core Recovery
	806.0	813.0			Andesite breccia as above @ 812 (approx) 3/8" quartz vein at 70°. Druzy
	813.0	828.0			Core recovery less than 10% - andesite breccia somewhat bleached with iron stain
	828.0	831.0			as above @ 829 - 1/4" quartz vein subparallel to core
	831.0	832.0			Gouge zone
	832.0	838.0			Bleached zone. Argillized, some iron staining
	838.0	843.0	(approx.)		Quartz interbanded with silicified andesite breccia. minor sulfide is slight dissemination of sphalerite and galena. Less than 1%.

D.D. HOLE # LC # 3 PROJECT Los Compadres, Silver Peak, Nevada PAGE 8 OF 8

Loc. _____ BEARING _____ INCL. _____ T.DEPTH _____

_____ COLLAR ELEV _____ BOT.ELEV. _____

_____ CORE SIZE _____ DRILLED BY _____

DATE START _____ COMPL. _____ LOGGED BY _____

SAMPLE NUMBER	FOOTAGE DRILLED FROM	TO	INT.	% REC	CORE DESCRIPTION
	843.0	845.8			Andesite breccia - gray colored
	845.8	847.0			Quartz-calcite vein at 45°. Some druziness in the qtz. Trace galena
	847.0	847.3			Andesite breccia
	847.3	847.5			Quartz-calcite vein at 45°
	847.5	847.8			Andesite breccia
	847.8	848.0			Quartz-calcite vein @ 45°. No mineralization
	848.0	859.0			Andesite breccia @ 848.2 - quartz vein 1/4" @ 40° @ 848.5 - quartz vein 1/8" @ 45°
	859.0	861.0			Silic andesite breccia. Bleached. Some chloritization
	861.0	865.0	End of Hole		Core recovery 10%. Pieces of andesite breccia. Gray colored. Some quartz fragments

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

June 8, 1970

O. M. E.
RECEIVED
JUN 9 1970

INITIALS	CODE
HK	100
Cal	120m
ME	100 E

Mr. Wallace McGregor
P.O. Box 297
Eureka, Nevada 89316

Re: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Dear Mr. McGregor:

Enclosed are the original and three copies of proposed Amendment No. 2 (one page), to the subject contract, signed for the Government. If it is satisfactory to you, all four copies should be signed by you, and the Government's copy, Budget and Finance's copy, and Field Office's copy returned to this office. The Operator's copy should be retained for your files.

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

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosures

cc: OME, Wash., D.C.
Dir. RF
ACG RF
MP RF
Docket

RMSmith:mkh

WALLACE MC GREGOR
P. O. BOX 297
EUREKA, NEVADA 89316

MINERAL INDUSTRIES RESEARCH

TELEPHONE 702-237-5228

5/6/70

Mr. H. K. Stager
U.S.G.S.
Office of Mineral Exploration
345 Middlefield Road
Menlo Park, Calif. 94025

RECEIVED
MAY - 8 1970
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

Dear Hal:

I got swamped after our meeting at Silver Peak and have to apology for the delay in getting the enclosed vouchers and supporting information to you.

Robert Simmons the driller called on April 19 to say that he was having trouble on the hole that he was drilling in Oregon and would be late getting here. I called last week and he promised this week but no word — I am going to have to do some arm twisting.

Sincerely
Wally McGregor

Only copy

D.D. HOLE # LC # 3 PROJECT Los Compadres, Silver Peak, Nevada PAGE 1 OF 8

Loc. Los Compadres Claims BEARING S40°E INCL. -36° T.DEPTH 865.0

N 9,437 ft. COLLAR ELEV. 6,992' BOT.ELEV. 6,470'

E 4,887 ft. CORE SIZE BXWL DRILLED BY AJV Corporation- Robert Shannon

DATE START 1/2/70 COMPL. 3/29/70 LOGGED BY Wallace McGregor

SAMPLE NUMBER	FOOTAGE DRILLED FROM	TO	INT.	% REC	CORE DESCRIPTION
	67.6	79.5			Andesite breccia particle size, generally 1/8 to 3/4 diameter, gray-green color. Bleached from weathering iron stained in fractures.
	79.5	135.0			Andesite breccia as above - chloritized below. 115 Fractures coated with dark brown sooty mineral. @ 119.4 - qtz. vein 3/8" wide @ 60° vuggy. Minor brown staining. @ 130.3 - qtz vein 1/4" wide @ 45° druzy qtz. @ 130.5 - qtz vein 1/4" wide @ 45° druzy open spaced. iron stained. @ 134.5 - 6" of narrow qtz. veins @ 60° to 80° - 20% of core.
	135.0	140.8	0.9		Qtz. calcite vein - vuggy vugs coated with dark brown secondary mineral. Core recovery poor - 20%.
	140.8	145.0	1.2		As above. Broken - andesite porphyry pieces with qtz. Core recovery less than 20%
	145.0	148.0	1.5		As above
	148.0	150.0	2.5		Qtz. cemented breccia - vuggy - bleached. Some breccia pieces are chloritized. Brown coating persist - core badly broken.
	150.0	160.0			As above
	160.0	165.0			No core
	165.0	169.0			Andesite breccia bleached and oxidized with iron staining indicating disseminated pyrite color generally gray to white, particle sizes vary from less than 1/4" to greater than 2". Core is badly broken.
	169.0	170.0			Fine grained andesite porphyry. Highly altered bleached light tan colored.
	170.0	262.6			Andesite breccia particles are bleached. Matrix tan colored. Oxidized fractures are iron stained and contain some coatings of light to dark brown secondary minerals. Bleaching of particles generally obscure rock type. In less altered zone particles include andesite porphyry. Fine grain andesite. Rhyolite por. & Tuff.

D.D. HOLE LC #

D.D. HOLE # LC # 3 PROJECT Los Comoadres, Silver Peak, Nevada PAGE 2 OF 8

LOC. _____ BEARING _____ INCL. _____ T.DEPTH _____

_____ COLLAR ELEV _____ BOT.ELEV. _____

_____ CORE SIZE _____ DRILLED BY _____

DATE START _____ COMPL. _____ LOGGED BY _____

SAMPLE NUMBER	FOOTAGE DRILLED FROM	TO	INT.	% REC	CORE DESCRIPTION
					@ 190.6 - qtz. vein 1/4" to 1/2" wide. Open space as brown mineral coating. @ 195.0 to 199.0 - fractures are irregular and coated with dark brown sooty mineral.
	262.6	280.0			Andesite breccia intensely bleached, irregular fractures in zone are coated with dark brown sooty mineral. Broken zone containing qtz. with heavy coating of dark brown sooty secondary mineral also some limonite on drusy qtz. Estimated at less than 1/2" wide angle is at 35°. @ 264.8 - is fractured at 70°. Coated with dark brown sooty mineral. Width less than 1/4". @ 279.9 - Qtz. calcite vein approximately 1/2" wide at 55°. Contains coating of dark brown mineral.
	280.0	289.0			Andesite breccia as above. Iron stained from surface waters.
	239.0	302.8			Andesite breccia, chloritized, containing tuffaceous bands. Matrix fine grained.
	302.8	303.5			Bleached to gray colored.
	303.5	307.1			Bleached andesite breccia particle size varies up to approximately 1 inch. Core shows etching on fractures and between particles. Somewhat vuggy with vugs and fractures coated with sooty brown mineral. Some cementing of particles by qtz. and calcite but not pervassive. Could be mineralized.
	307.1	325.0			Andesite breccia. Iron stained and chloritized fractures are linonite and dark brown mineral coated were not oxidized, dissiminated pyrite 1%, andesite particles vary from purple to green colored.
	325.0	342.8			Same pyritized andesite breccia, chloritized as above. @ 338.4 is qtz. vein .2" wide, vuggy minor brown mipor... brown mineral coating on druzes.
	342.8	357.6			Andesite breccia less chloritized than section above also pyrite content less than 1%. Minor calcite veins at 70° to 90°.

D.D. HOLE # LC # 3 PROJECT Los Compadres, Silver Peak, Nevada PAGE 3 OF 8

LOC. _____ BEARING _____ INCL. _____ T.DEPTH _____

_____ COLLAR ELEV. _____ BOT.ELEV. _____

_____ CORE SIZE _____ DRILLED BY _____

DATE START _____ COMPL. _____ LOGGED BY _____

SAMPLE NUMBER	FOOTAGE DRILLED FROM	TO	INT.	% REC	CORE DESCRIPTION
					@ 356.2 - qtz. vein @ 70° vuggy linonite filling vugs.
	357.6	366.6			Andesite breccia contains rhyolite pieces. Minor pyrite Spotty chloritized alteration. Vuggy qtz. contains coatings of dark brown mineral.
	366.6	371.0			Andesite breccia as above, iron stained from oxidation.
	371.0	372.0			Moderate silicification of breccia. Fractures are leache showing some dark brown sooty minerals.
	372.0	375.0			Andesite breccia as described in Section 371.0-372.0.
	375.0	377.3			Andesite chloritized.
	377.3	383.2			Andesite breccia chloritized, broken, vuggy some iron staining.
					@ 380.3 - 381.0 is bleached, probable fault zone with clay from 380.0 to 381.0.
	383.2	392.2			Andesite breccia, purple colored with matrix generally chloritized. Particle size varies from less than 1/4" to blocks approximately 1' long.
	392.2	395.1			Andesite breccia, broken vuggy appearing.
	395.1	406.3			Andesite porphyry, gray colored.
					@ 399.6 - 1/4" qtz. vein at 70°.
	406.3	413.2			Andesite breccia, chloritized, green and purple color.
	413.2	428.4			Andesite porphyry, light gray colored brecciated in place and recemented with fine grained matrix. Bottom most 3½' chloritized.
					@ 418.4 - 1/8" qtz. vein at 45°.
					@ 418.5 - Druzy qtz. vein 1/2" to 2" wide at 70°.
					@ 423.0 - Qtz calcite vein 1½" wide impart cements pieces of andesite. Angle to core est. at approx. 70°.
	428.4	430.8			Andesite breccia, bleached fractures etched with minor dark brown mineral coating.
					@ 430.0 - 1/2" druzy qtz. vein.

D.D. HOLE # LC # 3 PROJECT Los Compadres, Silver Peak, Nevada PAGE 4 OF 8

Loc. _____ BEARING _____ INCL. _____ T.DEPTH _____

_____ COLLAR ELEV. _____ BOT.ELEV. _____

_____ CORE SIZE _____ DRILLED BY _____

DATE START _____ COMPL. _____ LOGGED BY _____

SAMPLE NUMBER	FOOTAGE DRILLED FROM	TO	INT.	% REC	CORE DESCRIPTION
	430.8	446.5(?)			Andesite breccia, fine breccia particles chloritized. @ 430.8 - qtz. stringers for .3 of a foot approximately 35° qtz. @ 435.8 - qtz. calcite vein .3' wide at approximately 70° @ 436.3 - qtz. vein 1/4" wide @ 60°.
	Dropped Box				
	446.5 (?)	505.0			Andesite breccia particles varied colored from green ~~to purple. Paricles include rhyolite fine grained andes~~ Andesite porhyry tuff and chert. Generally chloritized lightly disseminated with pyrite not greater than 1%. @ 459.7 - Qtz. vein 1/2" wide at 60°. Qtz. veins at 470, 472.6, 474.1, 479.0, 478.8, 480.8, 483.5, 486.0, 487.0, 500.6, 502.2. Veins vary in width from 1/8" to 1/2" and at an angle to core axis of from 60° to 85°.
	505.0	536.7			Andesite breccia generally fine grained particles cemented with fine grained matrix, particles sizes vary up to blocks of 1" to 2" in diameter intensely chloritiz Qtz. veins at 505.2, 507.8, 514.0, 514.9, 515.9. Veins are less than 1/4" in width. No mineralization. Cut core at 60° to 90°. Below 522.0 particle size increases and chloritized decreases resulting in a mottled gray and white color. Minor disseminated pyrite continues.
	536.7	543.5			Andesite breccia, iron stained, bleached and argillized.
	543.5	553.0			Intense bleaching, rock type probably andesite breccia with some silification as cementing of particles. Pyrit content less than 1%.
	553.0	564.4			Andesite breccia, intensely bleached. Core is vuggy with some lining of vugs by qtz druses. Pyrite as disseminations. Approxiately 1%. Generall associated with chloritite.
	564.4	567.8			Silification approximately as above filling voids and cementing within matrix not as qtz. veining. Andesite breccia belaching moderate vugginess appears caused by open spaces after chloritization. Minor disseminated pyrite.
	567.8	570.7			Andesite breccia, fine grained alteration chloritization Extremely fine grained pyrite as disseminations. Approx 1%. Also eyes of qtz.

D.D. HOLE # LC # 3 PROJECT Los Compadres, Silver Peak, Nevada PAGE 5 OF 8

LOC. _____ BEARING _____ INCL. _____ T.DEPTH _____

_____ COLLAR ELEV. _____ BOT.ELEV. _____

_____ CORE SIZE _____ DRILLED BY _____

DATE START _____ COMPL. _____ LOGGED BY _____

SAMPLE NUMBER	FOOTAGE DRILLED FROM	TO	INT.	% REC	CORE DESCRIPTION
	570.7	582.2			Andesite breccia silicified with minor disseminated pyrite. Also moderately bleached.
	582.2	624.0			Andesite breccia appears to be dynamic later. Particles all fine grained, andesite intensely chloritized. @ 583.0 - 1/4" qtz. vein at 50°. @ 585.8 to 586.4 - irregular qtz. veins in shattered ~~zones. Generally at 70° to core.~~ @ 586.8 - qtz. vein 1/4" wide at 70°. @ 589.0 - " " " " " 65°. @ 593.3 - " " 3/4" " " 60°. @ 595.0 - 1" wide qtz vein at 80°. @ 596.2 - 1/2" qtz vein at 45°. @ 609.8 - Mineralized fracture containing pyrite at 50° less than 1/8" wide. ~~@ 621.0 - 1/4" qtz. vein at 60°.~~ @ 623.0 - 4" qtz calcite vein vuggy, mineralized, secondary (?) sulfide approxately 1/4" wide. Mineral is dark black with iridescence surfaces. Some associated pyrite either galena or sphalerite definitely identified. @ 623.7 - irregular qtz calcite vein 1/2"-3/4" wide at approxiately 35°.
	From 605.0	632.3			Fined grained andesite green colored chlorite. Fracture irregular cemented with qtz. Minor pyrite as disseminat and minor fracture filling.
	632.3	643.8			Andesite breccia, chloritized finely disseminated pyrite as disseminations.
					@ 637.3 - qtz. vein 1/4" wide at 50°. Possible coating of seconary silver mineral. Minor occurrence. @ 638.7 - 1/8" qtz. vein at 45°. @ 639.8 - 1/2" qtz. vein at 30°. @ 641.0 - qtz. calcite vein 2" wide yellow calcite plates coating qtz. druses within vugs at 50° to core. @ 642.0 - silicified zone vuggy not as qtz. vein ~~approximately 3" wide.~~
	643.8	648.1			Andesite breccia minor iron staining.

D.D. HOLE # LC # 3 PROJECT Los Compadres, Silver Peak, Nevada PAGE 6 OF 8

Loc. _____ BEARING _____ INCL. _____ T.DEPTH _____

_____ COLLAR ELEV _____ BOT.ELEV. _____

_____ CORE SIZE _____ DRILLED BY _____

DATE START _____ COMPL. _____ LOGGED BY _____

SAMPLE NUMBER	FOOTAGE DRILLED FROM	TO	INT.	% REC	CORE DESCRIPTION
					@ 644.8 - is qtz. vein 1/4" wide at 45°. Some coatings of secondary black mineral. @ 646.2 - Qtz. calcite vein at 70°. Brown coatings in vugs. @ 648.0 - Qtz. calcite vein shattered. Some secondary oxide coatings.
	648.1	676.7			Andesite breccia, chloritized and bleached. Generally silicification of the matrix. @ 652.7 - drusy quartz vein less than 1/8" at 45°. @ 655.5 - drusy quartz vein 1/8" at 60°. @ 666.2 - 666.5 - qtz veins 1/8" at 45°. @ Interval 667.0 - 671.3 fractures are etched and contain minor secondary dark brown mineral coatings.
	676.7	683.0			1 ft. core recovered from interval 678.0 to 683.0. Andesite breccia intensely bleached iron stained. @ 676.9 - qtz. vein 1/4" at 35°.
	683.0	695.5			Andesite breccia, gray colored particle size up to 2" diameter. Generall 1/4" to 1/2" particles include tuff and chert as well as andesite.
	695.5	695.9			Qtz. calcite veins at 45° to 70°. Vuggy with qtz druses filling open spaces. Contains secondary dark brown to black sooty mineral. Quartz calcite totals 60° of core 40° is andesite breccia.
	695.9	696.8			Andesite breccia as above.
	696.8	699.1			Quartz calcite vein, some vugginess, minor secondary minerals as dark brown sooty coatings less than 1%.
	699.1	702.4			Andesite breccia as above.
	702.4	706.7			Qtz calcite vein material, sulfide mineral speratic, includes sphalerite and galena less than 1% of total.
	706.7	736.3			Andesite breccia, gray colored described as above. @ 718.4 - 2" wide qtz calcite vein at approximately 70° banded with brown sooty coating along fractures.

D.D. HOLE # LC #

D.D. HOLE # LC # 3 PROJECT Los Compadres, Silver Peak, Nevada PAGE 7 OF 8

LOC. _____ BEARING _____ INCL. _____ T.DEPTH _____

_____ COLLAR ELEV. _____ BOT.ELEV. _____

_____ CORE SIZE _____ DRILLED BY _____

DATE START _____ COMPL. _____ LOGGED BY _____

SAMPLE NUMBER	FOOTAGE DRILLED FROM	TO	INT.	% REC	CORE DESCRIPTION
					@ 727.1 - 3" qtz vein at 45°. @ 731.7 - qtz vein 1" wide at 60°.
	736.3	739.5			Qtz. calcite vein predominently calcite. Section 737.4 to 738.0 vuggy with secondary mineral. Structure at 40°.
	739.5	777.7			Andesite breccia, gray colored particle size varies up ~~to 2" diameter minor pyrite.~~ @ 755.2 - irregular qtz. calcite cemented zone 2" wide. Some vugginess. No mineralization.
	777.7	779.2			Qtz. calcite vein, vuggy with minor pyrite, sphalerite and galena less than 1%. @ 779.2 - 1" zone of finely disseminated sulfides in vuggy qtz. abundant, sooty black secondary appearing ~~mineral.~~
	779.2	782.4			Andesite breccia intensely bleached chlorite.
	782.4	788.0			Broken zone with gouge. Bleached
	788.0	803.0			Andesite breccia. Gray colored
	803.0	806.0	(?)		Bleached and iron oxide stained. 50% core recovery
	806.0	813.0			Andesite breccia as above @ 812 (approx) 3/8" quartz vein at 70°. Druzy
	813.0	828.0			Core recovery less than 10% - andesite breccia somewhat bleached with iron stain
	828.0	831.0			as above @ 829 - 1/4" quartz vein subparallel to core
	831.0	832.0			Gouge zone
	832.0	838.0			Bleached zone. Argillized, some iron staining
	838.0	843.0	(approx.)		Quartz interbanded with silicified andesite breccia. minor sulfide is slight dissemination of sphalerite and galena. Less than 1%.

D.D. HOLE # LC # 3 PROJECT Los Compadres, Silver Peak, Nevada PAGE 8 OF 8

Loc. _____ BEARING _____ INCL. _____ T.DEPTH _____

_____ COLLAR ELEV _____ BOT.ELEV. _____

_____ CORE SIZE _____ DRILLED BY _____

DATE START _____ COMPL. _____ LOGGED BY _____

SAMPLE NUMBER	FOOTAGE DRILLED FROM	TO	INT.	% REC	CORE DESCRIPTION
	843.0	845.8			Andesite breccia - gray colored
	845.8	847.0			Quartz-calcite vein at 45°. Some druziness in the qtz. Trace galena
	847.0	847.3			Andesite breccia
	847.3	847.5			Quartz-calcite vein at 45°
	847.5	847.8			Andesite breccia
	847.8	848.0			Quartz-calcite vein @ 45°. No mineralization
	848.0	859.0			Andesite breccia @ 848.2 - quartz vein 1/4" @ 40° @ 848.5 - quartz vein 1/8" @ 45°
	859.0	861.0			Silic andesite breccia. Bleached. Some chloritization
	861.0	865.0	End of Hole		Core recovery 10%. Pieces of andesite breccia. Gray colored. Some quartz fragments

D.D. HOLE # LC #

Form 7
63)

OFFICIAL FILE COPY

Date	Surname	Code
5/26/70	Peterson	120
5/26/70	Kirkemo	120
6/1	Kilgaard	
6/2	Cole	220
		120M

JUN 2 1970

AIRMAIL

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Enclosed are the original and three copies of proposed Amendment No. 2 (one page), to the subject contract, signed for the Government. An extra copy of the amendment is also enclosed for field use.

If the proposed amendment is satisfactory to you and the Operator, all four copies should be signed by the Operator and distributed in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator, the original and all copies are to be returned to this office together with the proposed changes for consideration.

Harold Kirkemo (gla)

Harold Kirkemo

Enclosures

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

BSLong/1 5/26/70

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

June 1, 1970

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 3 1970

INITIALS	CODE
gla	130
gla	120 M
	120
	(Peterson)

Memorandum

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

From: Field Officer
Region II

Subject: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Enclosed are copies of our letter to the Operator of May 8, 1970, a copy of the Operator's letter of May 6, and a copy (8 pages) of the detailed geologic log of Hole No. LC-3.

I plan to make an interim inspection of the drilling project about mid-June but we have not received any definite word from the Operator, to date, that Hole No. LC-4 has been started. I recommend that $200 be withheld from the Jan. 1-March 31 voucher pending confirmation of the resumption of drilling.

H. K. Stager

Enclosures

Northway, Alaska 99764

Teletype ☐ Telegram ☐ Mail ☐ Mailed from Tok, Ak, (Alaska) 99780

To Mr. R. M. Smith At

Subject Dear Mr Smith Date 5/20/70

Your letter of May 8 the 19th was forwarded to me at Northway — I am unfortunately away from my records on the hot Coast and may not be able to supply specific information for some time.

If the supervision costs are the problem I would suggest deleting the amount until I can get my records for verification of when I made trips to Silver Bell. Please let me know if that is satisfactory

PLEASE REPLY TO →

Signed Sincerely Wallace McPherson

Rediform 4S 461

USE REVERSE SIDE FOR YOUR ANSWER

ANSWER

To

Date

Signed

RECEIVED

MAY 26 1970

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

Redi-form
45 461

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

May 8, 1970

OFFICIAL COPY
O. E. E.
RECEIVED
MAY 11 1970

INITIALS	CODE
	120
bal	120
HK	120
	120

Mr. Wallace McGregor
P.O. Box 297
Eureka, Nevada 89316

Re: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Dear Mr. McGregor:

Enclosed is your original voucher for January 1-March 31, 1970, and attachments, which are incomplete and hence cannot be approved. Please check the instructions on the voucher form for the supporting evidence required.

We can confirm that the cost figures on the voucher check with those on the unsigned statements, but we cannot confirm the costs claimed for supervision. Certified supporting documents are needed.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosures

cc: OME, Wash., D.C.
Dir. RF
ACG RF
MP RF
Docket

RMSmith:mkh

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

TO:	DATE	INITIALS
1. Assoc. Sol. MR, Room 6542, Int. (Through Room 6042)		
2. Mr. Peterson, Rm. 4457, Interior		
3.	89.	
4.	3123	
5.		
FROM: Chief, OME		

INTERIOR DEPT. 27
APR 21 1970
SOLICITOR

FOR: Check items for action desired

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

REMARKS:

OME-6763 Wallace McGregor
(Proposed Amendment No. 2
for typing)

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

To Legal 4/20

DRAFT 4/17/70
ECPeterson/bsl

~~120~~ HK

120M

EXPLORATION CONTRACT
WALLACE McGREGOR
OME-6763

AMENDMENT NO. 2

It is agreed this _____ day of _____, 1970, between the United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Wallace McGregor, an individual, hereinafter called the "Operator," that Exploration Contract 2278 (OME-6763), dated April 9, 1969, as amended, is further amended, effective the date of the contract as follows:

1. The time fixed by Article 1(a) of the contract, as amended by Amendment No. 1 for completion of the work is further extended from twelve (12) to eighteen (18) months from the date of the contract, or to October 9, 1970.

2. The maximum period for royalty payments and for the lien to secure the payment thereof, provided for in Article 7 of the contract, is extended from ten (10) to eleven (11) years from the date of the contract.

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

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

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

WALLACE McGREGOR

By_____

Title_____

Title _____ SERIAL NO. 20789

ROUTE TO: _____ WORKLOAD CODE _____

ROUTE TO: _____ DATE RECEIVED _____

ATTORNEY: _____ REFERENCE NO. _____

SYNOPSIS:

RELATED MATTERS BY SERIAL NUMBER

ATE COMPLETED 6-30-90

PLETED ☐ SELF-GENERATED ☐ NOT A MATTER ☐

ONAL ACTION REQUIRED ROUTE TO: _____

INTERIOR--Office of the Solicitor

ROUTING SLIP

MASTER RECORD (6)

☆ GPO: 1969—356-902

OME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
4/17/70	Kitbemo	120
		120
		220
		120M

April 17, 1979

Memorandum

To: The File

From: Edward C. Peterson

Subject: OME-6763 (Silver-Gold
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Justification for Amendment No. 2

Progress on this project has been slowed considerably due to delays in the past caused by the driller who has not worked continuously because of personal reasons and prior contract commitments. As a result the exploration was not completed by the contract expiration date of April 9, 1970, the time fixed by Amendment No. 1. The Operator has requested an additional extension of time to complete the remaining work.

Although no significant ore grade mater ial was discovered as a result of the work completed to date, it is concluded that there is enough indication of mineralization to warrant drilling the one remaining hole.

Under these circumstances, I concur with the Field Officer's recommendation to extend the contract an additional six months. This will ensure ample time for the Operator to complete the hole including the necessary logging and assaying.

Edward C. Peterson

Edward C. Peterson

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

ECPeterson/bsl 4/17/70

United States Department of the Interior

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

April 14, 1970

Memorandum

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

From: Field Officer
Region II

Subject: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

OFFICE CHIEF O. M. E. RECEIVED APR 16 1970
INITIALS CODE

Interim Inspection

An interim inspection of the subject project was made on April 11, 1970, by the Field Officer accompanied by Mr. Wallace McGregor, the Operator.

Since the last inspection on January 13 (report dated January 20, 1970), Hole No. 3 was drilled and completed to a total depth of 865 feet. This hole tested the Burney and Patience veins but did not intersect significant mineralization in either vein. Inspection of the drill cores, at the drill site, revealed only sparse amounts of galena, sphalerite, pyrite, and manganese oxides in the thin quartz and calcite veins and veinlets at the target intervals.

The three completed holes indicate that the Burney vein is the most favorable structure on the property and, at the time of the inspection, it was decided to change the location and inclination of Hole No. 4 to yield a better test of this vein. The site for this last hole was shifted about 200 feet to the southeast and its planned inclination was changed from -60° to about -75°, to yield an intersection on the Burney vein at about 700 feet below the surface. The bearing of the hole will remain as planned. Drilling on Hole No. 4 is planned to start on April 20.

Inasmuch as the time for completion of the work under this contract expired on April 9, 1970, an extension of time will be required and has been requested by the Operator (letter attached). A six months' extension of time, until October 9, 1970, is recommended to allow ample time for completion of Hole No. 4, logging, assaying, etc.

H. K. Stager

Enclosure

WALLACE MC GREGOR
P. O. BOX 297
EUREKA, NEVADA 89316

MINERAL INDUSTRIES RESEARCH

TELEPHONE 702-237-5228

April 4, 1970

OFFICIAL COPY
O. M. E.
RECEIVED
APR 16 1970
INITIALS | CODE
130
120 M
HK 120
120 P

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

Re: OME 6763
Wallace McGregor
Los Compadres Silver Peak Property
Contract 2278

Dear Mr. Stager:

This letter is written to request an extension of the Contract 2278 covering the drilling on the Los Compadres Silver Property at Silver Peak, Nevada.

The delay in completing the program stems from the fact that the driller on the project has not worked continuously because of personal reasons relating to his family and prior contract commitments.

The third hole has been completed to a depth of 865'. The results of the drilling to date indicate that the location of the last hole should be changed in order to maximize the benefit of the program.

I'd like to discuss my ideas with you on this - perhaps with a meeting at the property the end of the week.

Sincerely,

Wallace McGregor

McG:dm

RECEIVED
APR - 8 1970
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

United States Department of the Interior

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

January 20, 1970

Memorandum

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

From: Field Officer
Region II

Subject: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

OFFICIAL
COPY
O. M. E.
RECEIVED
JAN 23 1970

Interim Inspection

An interim inspection of the subject project was made on January 13, 1970, by the Field Officer. There was no one at the property at the time of the inspection and the drill rig was idle.

Hole No. 2 was completed on December 17, 1969, at a depth of 774.5 feet but did not intersect any significant mineralization in the target area. The drill rig was moved to the site of Hole No. 3 during December and drilling was scheduled to start on this hole on January 2. A telephone conversation with the Operator revealed that the driller was probably in Tonopah for supplies at the time of the inspection and that Hole No. 3 was at a depth of about 60 feet after setting about 50 feet of casing through the overburden. This hole is scheduled to test the Burney and Patience veins with a total depth of about 950 feet.

The results of drilling in Holes Nos. 1 and 2 have been unfavorable and if Hole No. 3 does not indicate significant mineralization in the target areas, the Operator will probably request termination of the contract. Time for completion of the work expires on April 9, 1970.

H. K. Stager

1648
968

OFFICIAL COPY O. & R. JAN 19 19

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

OPERATOR'S MONTHLY VOUCHER

For Month of July-December, 1969

Docket No. OME- 6763
Contract 14-08-0001 2278
Contract Amount $ 39,000.00
Gov't. Participation % 75 $ 29,250.00

Operator's Name Wallace McGregor
Address P.O. Box 297
Eureka, Nevada 89316

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
Mobilization and demobilization	0	$ 0	1/2	$ 350.00	0	$ 0	1/2	$ 350.00
Drilling								
Non-core	10'	67.50	18'	117.50	10'	67.50	18'	117.50
BX WL 0-500'	490'	4,214.00	982'	8,393.60	490'	4,214.00	982'	8,393.60
BX WL 500-1,000'	274.5'	2,497.95	522.5'	4,754.75	274.5'	2,497.95	522.5'	4,754.75
Reaming and casing	10'	46.50	51'	237.15	10'	46.50	51'	237.15
Cementing	0	0	12 hrs	186.00	0	0	12 hrs	186.00
Lost casing	0	0	8'	32.00	0	0	8'	32.00
Moving between holes	17.5 hrs	243.25	29.5	410.05	17.5 hrs	243.25	29.5	410.05
Core boxes	77	77.00	146	146.00	77	77.00	146.	146.00
Cement, etc.	0	0	45 sks	378.00	0	0	45 sks	378.00
Supervision	2 days	60.00	1.566 mos.	1,410.00	2 days	60.00	1.566 Mos.	1,410.00
Payroll taxes	0	0	--	231.75	0	0	--	231.75
Assaying	2	6.00	2	6.00	2	6.00	2	6.00
Core boxes - typo error on June invoice, 27' should have read 37 boxes at $1.00/box	37	37.00	(included in above totals)		37	37.00		
TOTALS		$ 7,249.20		$ 16,652.80		$ 7,249.20		$ 16,652.80

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

Date 1/7/70 *Payee Wallace McGregor

Title Operator

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

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

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit.

Signature H B Stagner OME Field Officer Date 1-9-70

(63) 14X0804

Approved for: $ 5436.90 (SUBJECT TO AUDIT)

Signature mo 04282

Date JAN 15 1970 Vou. No.

(SEE OTHER SIDE)

FOR OPERATOR'S USE

ARKS

FOR GOVERNMENT USE

REMARKS

008047

RECEIVED
U.S. GEOLOGICAL SURVEY
JAN 13 10 40 AM '70
BUDGET&FINANCE

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

WALLACE MC GREGOR
P. O. BOX 297
EUREKA, NEVADA 89316

MINERAL INDUSTRIES RESEARCH

TELEPHONE 702-237-5228

December 30, 1969

Mr. H. K. Stager, Field Officer
OME, Region II
United States Department of the Interior
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Re: OME 6763
Wallace McGregor
Los Compadres Silver Property
Contract 2278

Dear Mr. Stager:

Enclosed are an original and three copies of Form 9-1648 for the period November-December and substantiating material including copies of the drill daily reports, AJV Corporation Drill Hole Summary, core log for hole number LC # 2, Hole LC # 2 Summary and cross section showing an interpretation of the structure based upon the results of CMC-DDH6 and LC # 2.

The hole was drilled beyond the 750 feet objective because of the lack of mineralization. If the Burney vein dips westerly at a greater angle than assumed and if its dip controls the structure below the intersection with the Chico, a much greater depth for the hole would be required. Another possibility exists which is illustrated in the cross section. The andesite which was intersected in both the Callahan Hole #6 and the LC # 2 may be lithologically unfavorable for vein formation. The unit is shattered and impart recemented with fine pyrite as well as calcite. It may be that the vein structure was dissipated by the tendency of the andesite to shatter along many irregular fractures. On the other hand, the gouge zones encountered may be an indication that the vein structure was tight in the andesite and therefore unmineralized.

It is also interesting to note that a zone of vuggy quartz and calcite in the andesite breccia occurred at the contact with the andesite with the same circumstances being true in the Callahan hole. I don't think it is coincidence and if not, the two can be related as in the cross section. It doesn't take much of a deflection in the dip of the Chico to explain the drill hole results if this is true.

Drilling the Burney vein from the opposite direction, as will be the case in LC # 3, will be a big help to evaluate the average dip of the

December 30, 1969 Wallace McGregor

Burney which remains an open question todate. I hope that the intersection is made within the andesite breccia so that one of the variables is eliminated.

Sincerely,

Wallace McGregor

McG:dm
Encls.

S T A T E M E N T

TO: Wallace McGregor
P. O. Box 297
Eureka, Nevada 89316

FROM: AJV Corporation
Core Test Division
P. O. Box 297
Eureka, Nevada 89316

Re: Los Compadres drilling contract
for period October 30, 1969 -
December 17, 1969
D.D.H. No. LC #2

Set up time 17½ hrs.		@	$13.90/hr.	$ 243.25
0 - 10.0 ft.	no core	@	6.75/ft.	67.50
10 - 500.0	BXWL	@	8.60	4,214.00
500 - 774.5	BXWL	@	9.10	2,497.95
Casing 10.0 ft.		@	4.65/ft.	46.50
Core boxes	77 boxes	@	1.00/box	77.00
				$7,146.20

ok WMcG.

Telephone 363-3302

Hand Sample Serial 21569-21570

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
GERALDINE A. WANLASS, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

Mine Wallace McGregor
P.O. Box 6351
Salt Lake City, Utah 84106

RESULTS PER TON OF 2000 POUNDS

June 25, 1969

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Per Cent	Per Cent
5436 (691.0'-691.3')	0.005	2.0	6.6			7.9					
5437 (691.3'-692.0')	0.005	1.8	0.5			0.8					

Los Compadres
DD. Hole # L.C. #1

Remarks

Charges $ 14.00

W. C. Wanlass

00778

[illegible]

[illegible]

Wallace McGregor
P.O. Box 6351
Salt Lake City, Utah 84106

[illegible]	[illegible] Below)	[illegible] Approved
4,203.05	43.00	4,160.05 3,120.04 Govt. Part.
[illegible]	Invoice No.	[illegible]
	Docket #6763 Contract #2278	June, 1969

[illegible]

	Disallowed
Invoice does not show number of Core Boxes purchased .	37.00
Invoice not received for Assaying.	6.00
	43.00

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

Branch of Budget and Finance

LC # 2 HOLE SUMMARY

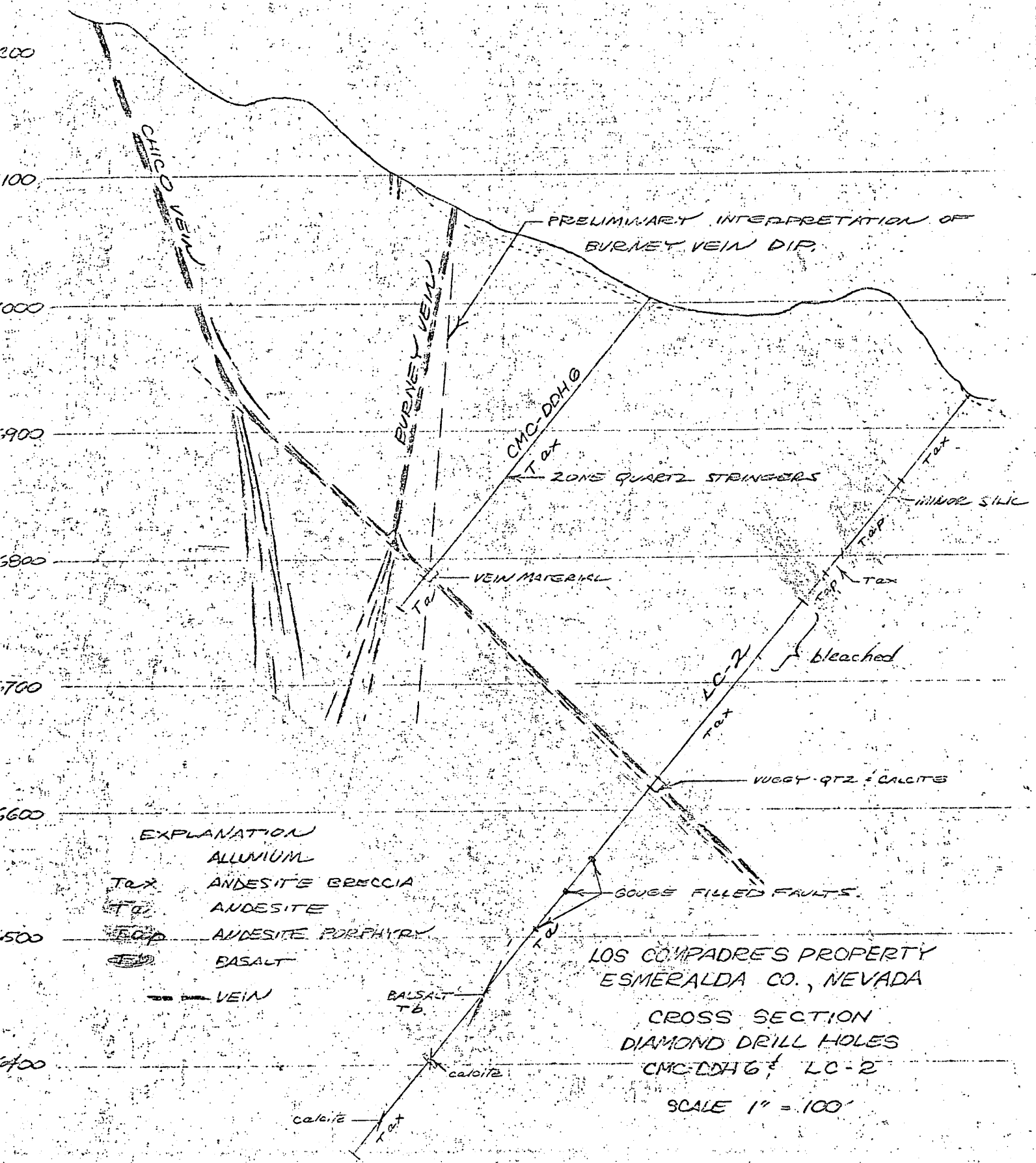
Significant mineralization was not encountered in DDH-LC # 2. Vuggy calcite and quartz stringers were intersected in the interval 389.9 feet to 399.6 feet, however, with the exception of minor disseminated pyrite in the wall rock, the zone was not mineralized.

Drilling was continued 24.5 feet beyond the proposed depth of 750 feet to a total depth of 774.5 feet in order to test the possibility of a substantial steepening of the Chico Vein or flattening of the Burney Vein to the northwest. It is believed that these possibilities were reasonably tested.

The drill hole information from holes LC # 1 and # 2 together with the Callahan results rather, suggest a deflection of the structures along the contact between the andesite breccia and the andesite and the probability that the andesite is less favorable for ore deposition than the breccia.

It is believed significant that vein type material is found at the interface between the andesite and andesite breccia in both the Callahan hole 6 and LC # 2. The cross section of the two holes shows an interpretation of the structure in which it appears probable that the andesite is a less favorable host rock for ore deposition.

DDH-LC # 3 now in progress should help to test this interpretation in that it may intersect the Burney Vein within the andesite breccia and should establish the strength of the vein in the oxidized zone and establish its dips over a depth of 200 feet.


200
100
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CHICO VEIN
BURNEY VEIN
PRELIMINARY INTERPRETATION OF BURNEY VEIN DIP.
CMC-DDH 6
Tax
ZONE QUARTZ STRINGERS
MINOR SILIC
Tap
VEIN MATERIAL
Tal
bleached
LC-2
VUGGY QTZ & CALCITE
GOUGE FILLED FAULTS.
Td
BASALT
Tb.
calcite
EXPLANATION
ALLUVIUM
Tax ANDESITE BRECCIA
Tal ANDESITE
Tap ANDESITE PORPHYRY
Tb BASALT
VEIN
LOS COMPADRES PROPERTY
ESMERALDA CO., NEVADA
CROSS SECTION
DIAMOND DRILL HOLES
CMC-DDH 6 & LC-2
SCALE 1" = 100'
WMcG 12/26/69

D.D. HOLE # LC 2 PROJECT Los Compadres PAGE 1 OF 5

LOC. Los Compadres Claim Group BEARING N 40° W INCL. -50° T.DEPTH 774.5

Silver Peak Mining District, Nev. COLLAR ELEV. 6925 BOT.ELEV. 6330

Coord. 9,415N 5,470E CORE SIZE BX-WL DRILLED BY Robert Shannon

DATE START October 30, 1969 COMPL. December 17, 1969 LOGGED BY Wallace McGregor

SAMPLE NUMBER	FOOTAGE DRILLED FROM	TO	INT.	% REC	CORE DESCRIPTION
	0.0	5.0	5.0		Alluvium
	5.0	11.2	6.2		Light gray massive andesite breccia. Fragments up to 1½" diameter. Minor Fe staining. Rock is bleached due to weathering. @ 5.2' open fracture @ 50° to core axis ¼" wide. Drusy quartz filled. @ 10.6' fracture @ 50° 1/8" wide. Drusy quartz filled Fe stain.
	11.2	67.5	56.3		Andesite breccia fragments size up to 3" diameter. Some fragments visicular and show flow banding. @ 17.7' to 25.3' Breccia particles less than 3/4". irregular fractures are Fe stained. @ 28.2' 1/8" wide quartz veinlet @ 50°. @ @ 31.3' Fracture @ 25° Fe stained. @ 31.6' Fracture @ 70° Fe stained. @ 32.9' Fracture @ 30° Fe stained. @ 35.4 Fracture @ 25° Fe stained. @ 39.3' Quartz-calcite vein up to ¼" wide @ 25° quartz as drusy vein filling. @ 60.7' Fracture @ 25° ¼" wide quartz-calcite filled. @ 61.2' Fracture @ 35° quqrtz filled irregular less than 1/8" wide. @ 65.1' to 65.3' argillic alteration with crushed zone. Breccia particles bleached.
	67.5	71.5	4.0		Andesite breccia cementing material is gray-green. Breccia particles are generally minus ¼" range. Largest pieces are bleached. Core is vuggy. @69.3' 1/8" wide drusy quartz filled vein @ 40°.
	71.5	79.2	7.7		Fe staining. Particle size of breccia generally greater. Irregular fracturing is Fe stained. @ 77.3' drusy quartz cemented veinlet 1/8" @ 25°.
	79.2	87.8	8.6		Gradational change to andesite porphyry. Andesite breccia contains increasing quantity of porphyry particles and porphyry pieces become larger and more predominate. Porphyry is light gray colored containing white altered phenocrysts of plagioclase.
	87.8	163.7	75.9		Andesite porphyry light gray colored with greenish cast. Contains magnetite as accessory mineral. Plagioclase phenocrysts argillicly altered. Quartz phen. less than 5%. Biotite altered to chlorite.

D.D. HOLE # IC 2 PROJECT Los Compadres PAGE 2 OF 5

LOC. BEARING INCL. T.DEPTH

COLLAR ELEV. BOT.ELEV.

CORE SIZE DRILLED BY

DATE START COMPL. LOGGED BY

SAMPLE NUMBER	FOOTAGE DRILLED FROM	TO	INT.	% REC	CORE DESCRIPTION
	163.7	174.6	10.9		Andesite porphyry to andesite breccia contact @ 45°. Andesite breccia is composed of bleached breccia particles some of which contain fine pyrite. Groundmass is gray chloritic with minor magnetite and fine pyrite. Particle sizes are generally less than ¼" but vary up to 2" in length. @ 168.11' to 69.9' gouge zone. Intense argillation of the breccia.
	174.6	180.9	6.3		Transition zone to andesite porphyry. Dense gray-green groundmass cements porphyry particles. @ 180.0' to 180.5' vein @ 25° cemented with irregular calcite stringers. Disseminated pyrite in wall of vein.
	180.9	185.5	4.6		Andesite porphyry dense gray-green groundmass with altered plagioclase phenocrysts magnetite as assesory mineral. Rock shows fracturing with recementing by gray aphanitic groundmass. @ 183.8' ¼" veinlet cemented with drusy quartz @ 55°. @ 184.1', 184.4', 184.8', 184.10', 185.00' fine calcite cemented fractures @ 40° to 50°.
	185.5	210.7	25.2		Contact of andesite porphyry with andesite breccia containing porphyry particles. Generally breccia particles are fine being less than ¼" although section contains blocks of andesite porphyry as much as 5" along core. Magnetite up to 5%. @ 186.4', 186.8', 188.3' fine fractures up to 1/8" thick @ 45° to 55° cemented with calcite. @ 190.0' ¼" to ½" calcite vein at 15°. Less than 1% pyrite in andesite along calcite vein. @ 192.9' calcite vein 1/8" @ 45°. @ 193.3', 1/4" calcite vein @ 45°. @ 195.0', 195.4' ¼" calcite veins @ 25° to 45°. Andesite breccia from approximately 195.0' down shows increased intensity of chloritization. @ 197.6' Cherty quartz zone ½" wide containing disseminated pyrite cuts core @ 15°. It in turn is cut by calcite veins @ 35°. @ 220.3' quartz vein ¼" wide @ 20° contains pyrite xls. in blebs. Light dissemination of fine pyrite in wall rock. Demirishes to trace within ½ ft.
					@ 210.7' calcite vein @ 45° ¼" wide.

D.D. HOLE # LC 2 PROJECT Los Compadres PAGE 3 OF 5

LOC. _____ BEARING _____ INCL. _____ T.DEPTH _____

_____ COLLAR ELEV. _____ BOT.ELEV. _____

_____ CORE SIZE _____ DRILLED BY _____

DATE START _____ COMPL. _____ LOGGED BY _____

SAMPLE NUMBER	FOOTAGE DRILLED FROM	TO	INT.	% REC	CORE DESCRIPTION
	210.7	265.1	54.4		Breccia is bleached to light gray. Appearance is that of speckled green, blue, purple and white. Fragments within groundmass of light gray-green.
	265.1	317.0	51.9		Breccia bleaching lessens and character of breccia changes to a groundmass of fine fragments cemented with dark green chloretic groundmass. Larger fragments aphanitic. Traces of fine disseminated pyrite throughout.
	317.0	368.0	51.0		Fragments of bleached andesite porphyry increase in size to about ½" ranging up to 2" diameter. @ 327.5 contact with highly chloritized andesite porphyry at 20°. Lower contact at 329' @ 30°. @ 345.5' - 346.7' Groundmass darker gray appearing. @ 349.4' - 350.3' Argillic zone containing finely disseminated pyrite upper contact approximately 40°. Lower contact unknown.
					@ 358.2 - 359.0' Argillic zone similar to zone just described. Contact nondescript.
	368.0	373.0	5.0		Finer fragment section of breccia contains fragments of orthoclase.
	373.0	389.9	16.9		Andesite breccia as described from 317.0' - 368.0'.
	389.9	391.7	1.8		Vein material somewhat vuggy. Contains disseminated pyrite as disseminations in siliceious vein material. No other sulfides identified. Upper contact is irregular.
	391.7	392.0	0.3		Andesite breccia
	392.0	392.3	0.3		Vein material as described above.
	392.3	396.6	4.3		Vuggy andesite breccia. Vugs are calcite filled % of open space varies however. Overall would be less than 5%.
	396.6	397.2	0.6		Andesite breccia
	397.2	398.7	1.5		Bleached zone. Minor pyrite.
	398.7	399.6	0.9		Silicified breccia. Some voids. Drusy quartz and calcite lined.
	399.6	400.3	0.7		Decreasing silification of breccia grading to a dense fine grained chloretic andesite containing 1 to 3% pyrite as disseminations and veins. Veins are random in strike and dip generally filling irregular fractures.

D.D. HOLE # LC 4 PROJECT Los Compadres PAGE 4 OF 5

LOC. _____ BEARING _____ INCL. _____ T.DEPTH _____

_____ COLLAR ELEV. _____ BOT.ELEV. _____

_____ CORE SIZE _____ DRILLED BY _____

DATE START _____ COMPL. _____ LOGGED BY _____

SAMPLE NUMBER	FOOTAGE DRILLED FROM	TO	INT.	% REC	CORE DESCRIPTION
	400.3	428.0	27.7		Fractured fine-grained andesite intensely chloritized containing disseminations and veinlets of pyrite. Fragments are somewhat rotated and are cemented in part by calcite as well as pyrite.
	428.0	435.3	7.3		Breccia containing fine-grained andesite fragments.
	435.3	544.0	108.7		Fractured fine-grained green colored chloritized andesite. ~~Pyrite less than 1% as disseminations and veinlets.~~ Varies up to 3% for several inches. @ 473.10' - 475.6' Gouge zone. @ 505.1 ' - 508.3' Gouge zone. @ 540.8' Grades into porphyritic andesite with same dense green groundmass.
	544.0	544.3	0.3		Gouge zone grades into a purple andesite.
	~~544.3~~	~~556.0~~	~~11.7~~		~~Less altered section of the andesite (rhyolite?).~~ Chlorite fills interstices of the fragments. Pyrite dissemination less than 1%.
	556.0	562.0	6.0		Fragments of purple and green chloritized andesite grade down hole to fine-grained dark green andesite.
	562.0	607.3	45.3		Dark green dense andesite chloritized fractured and recemented with calcite. Pyrite occurs with the calcite ~~filling.~~
	607.3	608.5	1.2		Dense fine-grained basalt dike. Contact is brecciated. Irregular. Approximately 80°.
	608.5	612.6	4.1		Below contact is dense andesite. Green colored somewhat porphyritic.
	612.6	625.0	12.4		Dark fine-grained green colored andesite. Fractured with some rotations of fragments cemented with calcite.
	625.0	646.0	21.0		Light purple variety of andesite.
	646.0	680.5	34.5		Dark dense andesite. Minor calcite veins filling the fractures. Chloritized. @ 678.7' - 678.11' 3" calcite vein @ 35°. Vuggy but showing no mineralization.
	680.5	685.3	4.8		Andesite breccia. Light gray colored fragments vary up ~~to 2" in diameter. Bleached. Fine-grained dense andesite.~~ Green colored. Calcite cementing of fractures along fine plains predominate fracture @ 50°. Also irregular fracture fillings.

D.D. HOLE # LC 2

D.D. HOLE# LC 2 PROJECT Los Compadres PAGE 5 OF 5

LOC. _____ BEARING _____ INCL. _____ T.DEPTH _____

_____ COLLAR ELEV. _____ BOT.ELEV. _____

_____ CORE SIZE _____ DRILLED BY _____

DATE START _____ COMPL. _____ LOGGED BY _____

SAMPLE NUMBER	FOOTAGE DRILLED FROM	TO	INT.	% REC	CORE DESCRIPTION
	685.3	774.5	89.2		Andesite breccia. Dark gray colored groundmass. Fragments are tuff with flow banding structure and white altered andesite minor. Pyrite or chalcopyrite disseminated in tuff, less than ½ of 1%. Fragments of basalt as breccia particles. @ 700.0' 2" irregular mass of silicious material. Tuff showing flow banding.
					@ 722.3' - 724.2' is fine-grained dark green portion of breccia. @ 730.4' - 730.8' Fractures @ 25° to 35°. @ 730.8' - 774.5' Fragments are predominately tuffaceous. Irregular in form. @ 739.0' - 741.6' Calcite vein coarsley crystalline up to 1" wide. Parallels core. No mineralization.
	End of Hole				

D.D. HOLE#

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

January 6, 1970

Mr. Wallace McGregor
P.O. Box 297
Eureka, Nevada 89316

Re: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

~~120~~
bal 120 M
HK ~~120~~
EP ~~120~~ P

Dear Mr. McGregor:

Your December voucher contained several errors and omissions. I have prepared a new voucher and it is enclosed for your signature and return in the franked envelope.

You will note that the number of core boxes has been changed to agree with the AJV Corporation statement as has the footage drilled. Also note that each voucher must include the total costs to date for each item. The charges for each hole need not be kept separate. If you have any questions please call me.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosures

cc: OME, Wash., D.C.
Dir. RF
ACG RF
MP RF
Docket

HKStager:mkh

United States Department of the Interior

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

October 29, 1969

OFFICIAL
COPY
O. M. E.
RECEIVED
OCT 31 1969
INITIALS CODE
gla 120
Ocl 120
HK 120
CA 120

Memorandum

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

From: Field Officer
Region II

Subject: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Enclosed are the Government's and Budget and Finance's copies of Amendment No. 1, executed by the Operator. The remaining copies have been distributed in the usual manner.

In response to my letter of October 23, 1969, to the Operator, he telephoned yesterday that drilling was resumed on October 26. His home address has been changed to P.O. Box 297, Eureka, Nevada 89316, telephone 702-237-5228.

R. M. Smith
for H. K. Stager

Enclosures

See left side

OFFICIAL
COPY
O. M. E.
RECEIVED
OCT 27 1969
INITIALS | CODE
HSD
gla 120 M
HR TCU
120 P

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

October 23, 1969

Mr. Wallace McGregor
P.O. Box 6351
Salt Lake City, Utah 84106

Re: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Dear Mr. McGregor:

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

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

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

I visited the project area on October 15, 1969, and was concerned to find that drilling had not been resumed. I tried to call you at your Salt Lake City number (278-5656) and was informed that the number had been disconnected and that they had no alternate phone number listed for you. I have also tried numerous times to reach you at the Diamond Mine, in Eureka, Nevada, without success.

I must urge you to make every effort to resume work on the project without further delay. If the drill contractor is unable to supply a drill and crew, I suggest that you engage the services of a different contractor. Almost four months of good drilling weather has been lost since the completion of the first drill hole, ample time to have completed the other

three holes. The OME will be most reluctant to consider any additional extension of time unless drilling is resumed immediately and pursued diligently.

If you have any questions will you please call this office.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosures

cc: OME, Wash., D.C.
Dir. RF
ACG RF
MP RF
Docket

HKStager:mkh

United States Department of the Interior

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

October 20, 1969

Memorandum

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

From: Field Officer
Region II

Subject: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 22 1969
INITIALS | CODE
HK 120

Interim Inspection

An interim inspection of the subject project was made on October 15, 1969, by H. K. Stager, Field Officer. There was no one at the property and no drill or other equipment at the drill sites.

After completion of the first hole (LC-1) on June 11, 1969, the drill was removed from the property but was to be returned in early September. The time for completion of the work expired on October 9 and the Operator, by letter dated October 3, 1969, requested a 6 months' extension of time. The Operator also stated, in a telephone conversation, that the drilling would be resumed by October 13. The Operator's telephone in Salt Lake City, Utah, has been disconnected and I have been unable to reach him by telephone at the Diamond Mine, Eureka, Nevada, where the drill cores from the OME project are stored.

H. K. Stager

OFFICIAL FILE COPY

Date	Surname	Code
10/16/69	Peterson	120
	Kirkemo	120
10/16	Kirkemo	
10/20	D. Peterson	
10/20	James	
		220
		120M

OCT 21 1969

AIRMAIL

Memorandum

To: Field Officer, Region II

From: Chief, Office of Minerals Exploration

Subject: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

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

If the proposed amendment is satisfactory to you and the Operator, all four copies should be signed by the Operator and distributed in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator, the original and all copies are to be returned to this office together with the proposed changes for consideration.

Harold Kirkemo (gfa)
Harold Kirkemo

Enclosures

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

BSLong/1 10/16/69

MME FORM 6

REFERENCE SLIP

REV. 2-69 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. Assoc. Sol. MR, Rm. 6554, Int. (Through Room 6042)		
2. Mr. Peterson, Rm. 4457, Interior		
3.		
4.		
5.		

FROM: Chief, OME

FOR: Check items for action desired

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

REMARKS:

SOLICITOR

OME-6763 Wallace McGregor

(Proposed Amendment No. 1)

1969

INTERIOR DEPT.

20810.3123

M50943

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

120

120

120M

DRAFT 10/9/69
ECPeterson/bsl

to legal 10/10/69

EXPLORATION CONTRACT
WALLACE McGREGOR
OME-6763

AMENDMENT NO. 1

It is agreed this _____ day of _____, 1969, between The United States of America, acting through the Department of the Interior, U. S. Geological Survey, hereinafter called the "Government," and Wallace McGregor, an individual, hereinafter called the "Operator," that Exploration Contract 2278 (OME-6763), dated April 9, 1969, is amended effective the date of the contract as follows:

The time fixed by Article 1(a) of the contract for completion of the work is extended from six (6) months to twelve (12) months from the date of the contract, or to April 9, 1970.

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

Executed in quadruplicate the day and year first above written.

THE UNITED STATES OF AMERICA

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

WALLACE McGREGOR

By_____

Title_____

United States Department of the Interior

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

October 6, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 7 1969
INITIALS | CODE
HK 120

Memorandum

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

From: Field Officer
Region II

Subject: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Enclosed is a request, from the Operator of the subject project, for an extension of time for completion of the work. I recommend that an amendment to the contract be approved to provide for an additional 6 months time.

H. K. Stager

Enclosure

WALLACE MCGREGOR
P. O. Box 6351
SALT LAKE CITY, UTAH 84106

MINERAL INDUSTRIES RESEARCH

TELEPHONE 801 - 278-5656

October 3, 1969

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

Re: OME 6763

Dear Mr. Stager:

This letter is written to request a six month extension of Exploration Contract No. 2278 in order to complete the drilling on the Los Compadres claims at Silver Peak, Nevada.

The delay in completion of the drilling was caused by the need to move the drill to Alaska during the summer to fulfill a prior commitment. The work there took much longer than expected, however, the drill is on the way to Silver Peak at the present and drilling should start about mid-October.

Sincerely,

Wallace McGregor

McG:dm

RECEIVED
OCT - 6 1969
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

FORM 9-1648
MARCH 1968

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

OFFICIAL COPY
AUG 6 1969
RECEIVED

INITIALS | CODE

OK-wte 7/24/69

OPERATOR'S MONTHLY VOUCHER

For Month of June

Docket No. OME- 6763
Contract 14-08-0001 2278
Contract Amount $3,900.00
Gov't. Participation % 75 $29,250.00

Operator's Name Wallace McGregor
Address P. O. Box 6351
Salt Lake City, Utah 84106

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
Mobilization		$	Job	$ 350.00		$	1/2	$ 350.00
Drilling BX WL					166	1376.00		
334-748	414ft.	3,632.80	748'	6,486.40	248	2256.80	748	6486.40
Reaming & Casing			41'	190.65			41	190.65
Cementing			12 hrs	186.00			12	186.00
Lost Casing			8'	32.00			8	32.00
Moving			12hrs.	166.80			12	166.80
Core Boxes	37	37.00	69	69.00	0	— *	32	32.00
Cement Etc.			45Sks.	378.00			45	378.00
Supervision	½ mo.	450.00	1½Mo.	1,350.00	1/2	450.00	1 1/2	1350.00
Payroll Taxes		77.25		231.75	1/2	77.25	1 1/2	231.75
Assaying	2 spls.	6.00	2 spls.	6.00	0	— *	0	—
TOTALS		$4,203.85		$ 9,446.60		$4160.05		$ 9403.60

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

Date 6/23/69 *Payee Wallace McGregor Operator

Per _____ Title _____

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

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

(INSTRUCTIONS ON REVERSE)

Approved as noted, subject to field examination and audit.

Signature R. M. Smith for OME Field Officer 7/22/69 Date

(63)14X0804

Approved for: $ 3,120.04
(SUBJECT TO AUDIT)

Signature mo

Date _____ Vou. No. 00778

* (SEE OTHER SIDE)

FOR OPERATOR'S USE

REMARKS

0568

U.S. GEOLOGICAL SURVEY
RECEIVED
JUL 28 8 01 AM '69
BUDGET

FOR GOVERNMENT USE

REMARKS

*Disallow:

Core boxes $37.00
numbers not indicated
on invoice

Assaying 6.00
no invoice

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: Wallace McGregor
P.O. Box 6351
Salt Lake City, Utah 84106

Amount Claimed:	Differences (Explained Below)	Amount Approved
4,203.05	43.00	4,160.05 3,120.04 Govt. Part.
Bu. Voucher No.	**Payee's Invoice No.**	**Period**
	Docket #6763 Contract #2278	June, 1969

EXPLANATION

	Disallowed
Invoice does not show number of Core Boxes purchased .	37.00
Invoice not received for Assaying.	6.00
	43.00

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

Branch of Budget and Finance

STATEMENT

TO: Wallace McGregor
P.O. Box 6351
Salt Lake City, Utah

FROM: AJV Corporation
Core Test Division
P.O. Box 297
Eureka, Nevada 89316

Re: Los Compadres Drilling Contract
for period 6-1 thru 6-15-69
D.D. Hole No. LC #1

Drilling BXWL 334' to 500' @8.60/ft	1,376.00
BXWL 501 to 748' @9.10/ft	2,256.80
Casing left in Hole, NX-8 @4.00/ft	32.00
Core Boxes 27' @$1.00/box	37.00
Total Due	$ 3,701.80

I certify that this is the correct statement
Wallace McGregor

A J V CORPORATION
P. O. Box 6351
Salt Lake City, Utah 84106

Date This Report: June 18, 1969 Date Hole Completed: June 11, 1969

DRILL HOLE SUMMARY

Contract: Gas Company Location: Silver Peak Hole No. LC-1

FOOTAGE DRILLED: (If Structure or Fishtail Drilling Please Note Under Special Operations.)

Overburden: From ..... To ..... Total ..... Angle of Hole 60°

Ledge:

NX	From	To	Total	BXWL	From 334	To 748	Total 414
NXWL	From	To	Total	AX	From	To	Total
BX	From	To	Total	EX	From	To	Total

REAMING:

Size Hole to ..... Size Hole ..... Size Hole to ..... Size Hole

From ..... To ..... Total ..... From ..... To ..... Total .....

GROUTING AND CEMENTING OPERATIONS: (This includes washing out the hole, cementing the hole, washing out pumps, waiting for cement to set, and drilling out cement.)

Date ..... No. of Hours ..... Date ..... No. of Hours .....

Date ..... No. of Hours ..... Date ..... No. of Hours .....

(Note if supplied by Client or EJL)
Amount of Cement Used: (No. of Bags) ..... Type of Cement Used: .....

DRILL HOLE SURVEYS: By EJL:

HAULING CORE:

Date ..... No. of Hours ..... Date ..... No. of Hours .....

Date ..... No. of Hours ..... Date ..... No. of Hours .....

TOOLS LEFT IN DRILL HOLE: (Note whether or not this was done at the request of the Client.)

Pipe, Rods and Casing: Size BX casing Length 49'; Size NX Length 8'; Size ..... Length .....

Bits, Shells, Core Barrels: Size Carbide Bit casing shoe Length ..... ; Size ..... Length .....

LENGTH OF WATERLINE: ..... **HAULING WATER:** Total Hours .....

CORE BOXES: (No. and length of core boxes used if they were furnished by the Longyear Company.)

Size BXNL Capacity 10' No. 37; Size ..... Capacity ..... No. .....

DELAYS: Date ..... Hours ..... ; Date ..... Hours ..... ; Date ..... Hours .....

TRACTOR SERVICE: Date ..... Hours ..... ; Date ..... Hours ..... ; Date ..... Hours .....

Other Special Operations, if any: Four 10' Joints of Casing And Four 2' Joints Carbide Bit And Adapter Left in Hole At Clients Request.
8' OF NX CASING CEMENTED IN HOLE AT COLLAR.

INSTRUCTIONS: Fill out in triplicate. Submit one copy to the Client, Drill hole summaries should be filled out on completion of each hol and at the end of each month for holes in progress at that time.

David H. Stalker ..... Foreman Ralph Leach .....
Client Representative's Signature

FORM 9-1648
MARCH 1968

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

OK-WRE
7/24/69

OFFICIAL COPY
O. M. E.
RECEIVED
AUG 6 1969
INITIALS CODE

OPERATOR'S MONTHLY VOUCHER

For Month of May, 1969

Docket No. OME- 6763
Contract 14-08-0001 2278
Contract Amount $39,000.00
Gov't. Participation %75 $29,250.00

Operator's Name Wallace McGregor
Address P. O. Box 6351
Salt Lake City, Utah 84106

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
Mobilization	Job	$ 350.00	Job	$ 350.00	1/2	$ 350.00	1/2	$ 350.00
Drilling Hole # 1								
N.C. - 0 - 8	8'	50.00	8'	50.00	8	50.00	8	50.00
BXWL 8-334	326'	2,803.60	326'	2,803.60	326	2,803.60	326	2,803.60
Reaming & Cashing	41'	190.65	41'	190.65	41	190.65	41	190.65
Cementing	12 hrs.	186.00	12hr.	186.00	12	186.00	12	186.00
Lost Casing	8'	32.00	8'	32.00	8	32.00	8	32.00
Moving	12hrs.	166.00	12hr.	166.80	12	166.80	12	166.80
Core Boxes	32	32.00	32	32.00	32	32.00	32	32.00
Cement Etc.	45sks.	378.00	45sks.	378.00	45	378.00	45	378.00
Supervision	1 mo.	900.00	1mo.	900.00	1	900.00	1	900.00
Payroll Taxes Etc.	---	154.50	---	154.50	1	154.50	1	154.50
TOTALS		$5,243.55		$5,243.55		$5,243.55		$ 5,243.55

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

Date 6/23/69 *Payee Wallace McGregor

Per _____ Title G Foreman

*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 R. M. Smith for OME Field Officer Date 7/22/69

(63) 14X0804

Approved for: $ 3,932.66
(SUBJECT TO AUDIT)

Signature JMO

Date AUG 4 1969 Vou. No. 00778

(SEE OTHER SIDE)

FOR OPERATOR'S USE

REMARKS

056883

U.S. GEOLOGICAL SURVEY
RECEIVED
JUL 28 8 01 AM '69
BUDGET & FINANCE

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.

S T A T E M E N T

TO: Wallace McGregor
P.O Box 6351
Salt Lake City, Utah

FROM: A J V Corporation
Core Test Division
P.O. Box 297
Eureka, Nevada 89316

Re: Los Compadres drilling contract
for period 4-25 thru 5-30-69
D.D.H. No. LC #1

Quantity		Amount
	Mobilization of Personnel & drilling equipment	745.00
	Set up time, 12 hrs at $13.90 per hr.	166.80
	4½" drill hole from 0 to 8 ft at $6.25 per foot	50.00
	Drilling BXWL hole from 8 to 334 ft. at $8.60/ft	2,803.60
	Reaming BX Casing from 8 to 49 ft at $4.65 per foot	190.65
	Cementing time, 12 hrs at $15.50 per hour	186.00
	Casing time, 4 hrs at $15.50 per hour	62.00
	Mud mixing time, 13 hrs at $15.50 per hour	201.50
30	50# bags Mud Gel at $1.41 per bag-$42.30 +10%	46.53
10	100# bags cement-Hy Early type at $1.70 per bag $17.00+10%	18.70
1	50# bag Culhex at $40.16+10%	44.18
3	100# bags Portland Cement at $1.70 per bag 5.10+10%	5.61
1	74# bag Calcium Chloride at 12¢ a lb $8.88+10%	9.77
32	BX Core boxes at $1.00 a box	32.00
	TOTAL DUE	$ 4,562.34

[illegible] that this is the [illegible]
[illegible] Wallace McGregor [illegible]

MONTHLY DRILL REPORT

May, 1969

LOS COMPADRES PROJECT
SILVER PEAK, ESMERALDA COUNTY, NEVADA

HOLE	Footage Drilled ROCKBIT	NX	BXWL	TOTAL	Casing in Hole NX	BXWL
LC #1	8'	3'	323'	334'	8'	49'

GENERALIZED DRILL LOG

0-8	Alluvium
8-30	Andesite breccia
30-48	Alluvium
48-97	Andesite breccia
97-115	Monzonite porphyry (?)-orthoclase may be all secondary-some occurs as veinlets to 1/2" thick
115-122	Basalt
122-153	Andesite breccia
153-184	Andesite porphyry
184-334	Andesite breccia-strong fracturing with gouge zones 321 to 334. Minor fine grained pyrite in gouge zones at 185 and 325.

REMARKS: Drilling started on April 25th but progress has been slow due to the difficulty of casing off the alluvium which has boulders to four feet thick. The hole was cased to 36.5 feet on May 7th but further drilling showed the casing to be setting on a boulder. On May 10th the casing was pulled and the drill moved 15 feet to a setup next to the wall of the canyon so that the hole could be collared in bedrock. Although the second site for LC #1 appeared to be on bedrock the hole was mostly gravel to eight feet. Bedrock was cored from eight to eleven feet and eight feet of NX casing was cemented in on May 14th. The hole went back into alluvium at 30 feet. An attempt to grout the hole from 30 to 40.5 feet with 60 gallons of cement failed to fill the hole and a check the next day showed the cement had been washed away below 30 feet. Special two foot sections of casing were ordered and the casing was then drilled and reamed down to bedrock at 49'.

Since reaching bedrock, progress has been satisfactory and core recovery has been excellent, being more than 95 percent.

Minor fine grained pyrite has been the only mineralization encountered. Widely spaced calcite veinlets occur in all rock types and quartz veinlets are associated with the orthoclase zones in the monzonite porphyry.

MONTHLY DRILL REPORT

June, 1969

Los Compadres Project
Esmeralda County, Nevada

Hole	Footage Drilled Rock Bit	NX	BXWL	Total	Casing in Hole NX	BXWL
LC #1	-	-	414	414	8'	49'

Generalized Drill Log

334-448 Andesite breccia - gouge zones to 1" in fractured interval 334 to 344. Intervals up to 2' are brecciated and cemented with calcite and crushed andesite. Pyrite is weakly disseminated throughout the rock.

448-728 Andesite porphyry - Green aphanitic matrix with white plagioclase phenocrysts. Strong chlorite alteration 500' to 508' and 534. to 587'. Quartz-calcite veinlets at 637' to 654' and 687' to 695'. Argentite, sphalerite, galena and pyrite occur in 4" vein at 691'. Trace amounts of pyrite occur to 728'.

728-748 Andesite breccia- Unaltered except for short intervals. Hole bottomed at 748'.

REMARKS. Drill hole LC #1 was bottomed at a depth of 748' after intersecting the Chico vein at 691'. The Burney vein was not intersected though several barren quartz-calcite veins to 3" were present from 637' to 654'. A previously drilled hole (DDH #7) also intersected minor veining approximately 50 feet east of the Chico vein.

Drill hole LC #1 did not intersect any wide veins and the 4" vein at 691' was the only vein that carried any noteable amounts of sulfides other than pyrite. Very fine grained pyrite is present from 325' to 728' and occurs in weak to trace amounts as disseminated grains but is concentrated in some gouge zones.

Chlorite alteration is very strong in intervals more than 50 feet wide and the original texture of the rock has been destroyed or is indistinct. Calcite is common below 371' as fracture fillings and as cementing material in brecciated zones. Quartz is present in minor amounts as vein material.

Core recovery for the hole was more than 95 percent. Eight feet of NX casing and 49 feet of BXWL casing were left in the hole so that it would be possible to use the hole at a later date in case it is decided to deflect from the hole to intersect the vein above the intersection of LC #1.

WALLACE MCGREGOR
P. O. Box 6351
SALT LAKE CITY, UTAH 84106

MINERAL INDUSTRIES RESEARCH

TELEPHONE 801 - 278-5656

June 24, 1969

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

Dear Mr. Stager:

I apologize for the somewhat late reporting for May but am enclosing the report forms for both May and June covering Hole No. LC # 1.

The core for the hole is stored at the Diamond Mine, Eureka, Nevada and may be examined there at your convenience.

The drill rig has been removed from the project temporarily for the months of July and August because of the need to meet a drilling commitment in Alaska which was contracted for before April.

I will inform you of when the drilling will be undertaken again on the Los Compadres project tentatively in early September.

Sincerely,

Wallace McGregor
by D.M.

Wallace McGregor

McG:dm

RECEIVED
JUN 2 1 1969
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

A J V CORPORATION
P. O. Box 6351
Salt Lake City, Utah 84106

Date This Report: May 31 1969 Date Hole Completed: STILL Going

DRILL HOLE SUMMARY

Contract: Los Compadres Location: Silver Peak Hole No. L.C. #1

FOOTAGE DRILLED: (If Structure or Fishtail Drilling Please Note Under Special Operations.)

Overburden: From 0 To 8 Total 8 Angle of Hole 60°

Ledge:

	From	To	Total		From	To	Total
NX				BXWL			
NXWL				AX			
BXWL	8	334	326	EX			

REAMING:

BXWL Size Hole to BXWL Casing Size Hole ... Size Hole to ... Size Hole

From 8 To 49 Total 41 From ... To ... Total ...

GROUTING AND CEMENTING OPERATIONS: (This includes washing out the hole, cementing the hole, washing out pumps, waiting for cement to set, and drilling out cement.)

Date May 14 1969 No. of Hours 5 Date May 16 1969 No. of Hours 6

Date May 17 1969 No. of Hours 1 Date ... No. of Hours ...

(Note if supplied by Client or ☐)
Amount of Cement Used: (No. of Bags) 10 Bags used in [illegible] Type of Cement Used: Portland

DRILL HOLE SURVEYS: By ☐

HAULING CORE:

Date ... No. of Hours ... Date ... No. of Hours ...

Date ... No. of Hours ... Date ... No. of Hours ...

TOOLS LEFT IN DRILL HOLE: (Note whether or not this was done at the request of the Client.)

Pipe, Rods and Casing: Size ... Length ...; Size ... Length ...; Size ... Length ...

Bits, Shells, Core Barrels: Size ... Length ...; Size ... Length ...

LENGTH OF WATERLINE: ... **HAULING WATER:** Total Hours ...

CORE BOXES: (No. and length of core boxes used if they were furnished by the ☐ Company.)

Size BXWL Capacity 10' No. 32; Size ... Capacity ... No. ...

DELAYS: Date May 10 Hours 12 (Set Up Time); Date May 11 Hours 9; Date ... Hours ...

TRACTOR SERVICE: Date ... Hours ...; Date ... Hours ...; Date ... Hours ...

Other Special Operations, if any: 30 Mud Gel 13 Cement 1 Collyte 1 Calcium Chloride

INSTRUCTIONS: Fill out in triplicate. Submit one copy to the Client, Drill hole summaries should be filled out on completion of each hole and at the end of each month for holes in progress at that time.

David L. Stalker
Client Representative's Signature

Foreman Ralph Leach

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

June 27, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
JUN 30 1969

INITIALS	CODE
	~~130~~
da	120
OHK	120
EL	120

Mr. Wallace McGregor
P.O. Box 6351
Salt Lake City, Utah 84106

Re: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Dear Mr. McGregor:

We received your Operator's Monthly Vouchers, for May and June, on June 26, 1969, but you failed to include the necessary supporting invoices, etc., as noted on the back of Form 9-1648. Please submit this documentary evidence of claimed costs as soon as possible so that I can approve the vouchers and forward them to Washington, D. C., for payment.

If you have any questions please call me, or Mr. R. M. Smith, at this office.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosure

cc: OME, Wash., D.C.
Dir. RF
ACG RF
MP RF
Docket

HKStager:mkh

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

May 26, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 28 1969
INITIALS | CODE
HX 1/20

Mr. Wallace McGregor
P.O. Box 6351
Salt Lake City, Utah 84106

Re: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Dear Mr. McGregor:

Enclosed is a supply of Form 9-1648, Operator's Monthly Voucher, for your use in reporting costs and progress on the subject project. A sample copy of a completed voucher is also enclosed for your use as a guide. If you have any questions, please call me.

I visited the project on Saturday morning, May 17, and noted that the first hole was at a depth of 40 feet. There was no one at the drilling site and I assume the crew was off for the weekend.

Your proposed relocation of hole "B", because of topography, is satisfactory.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosures

cc: OME, Wash., D.C.
Dir. RF
ACG RF
MP RF
Docket

HKStager:mkh

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

May 26, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 28 1969

INITIALS	CODE

Memorandum

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

From: Field Officer
Region II

Subject: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Interim Inspection

An interim inspection of the subject project was made on May 17, 1969, by H. K. Stager, Field Officer. The drill was shut down and there was no one at the drilling site.

Work on the project started on or about May 1, 1969. The access roads to the four drill sites had been completed, at the time of the inspection, and a drill was set up on Hole No. 1. A core box at the site contained core (volcanic rock) to a marked depth of 40.5 feet. Empty cement sacks and cored cement fragments indicated that circulation difficulties had been encountered at the top of the hole.

H. K. Stager

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

April 22, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
APR 23 1969

INITIALS	CODE
gla	130
[illegible]	120
HK	120
DZ	120

Memorandum

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

From: Field Officer
Region II

Subject: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada
Contract 2278

Enclosed are the Government's copy and Budget and Finance's copy of the subject contract properly executed by the Operator. The remaining copies have been distributed in the usual manner.

H. K. Stager

Enclosures

See left side of docket

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

April 11, 1969

CONTROL
COPY
O. M. E.
RECEIVED
APR 14 1969
INITIALS CODE
130
Gal 120
HK 120
EO 120

Mr. Wallace McGregor
P.O. Box 6351
Salt Lake City, Utah 84106

Re: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada

Dear Mr. McGregor:

Enclosed are the original and three copies of a proposed contract for the subject property. The contract consists of MME Form 50 (7 pages), Annex I (2 pages), two Lien and Subordination Agreements, Exhibit A (4 pages), Exhibit B (1 page), and two maps (Figures 1 and 2). All copies of the contract have been signed for the Government.

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

Please note that the 8¼ percent interest accrues from the dates on which individual payments are made by the Government and like the principal is repayable from royalty on production.

If any part of the proposed contract does not have your approval, the original and all copies should be returned to this office together with the proposed changes for consideration.

If you have any questions, please call me.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

cc: OME, Wash., D.C.
Dir. RF
ACG RF
MP RF
Docket

HKStager:mkh

Enclosures

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
3/27/69	Peterson	120
4/2/69	Kirkemo	120
4/4	Kulsgaard	220
4/4	[illegible]	
4/9	CaC	120
		120M

APR 9 1969

AIRMAIL

Memorandum

To: Field Officer, Region II

From: Acting Chief
Office of Minerals Exploration

Subject: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada

Enclosed are the original and three copies of a proposed contract for the subject property. The contract consists of MME Form 50 (7 pages), Annex I (2 pages), two Lien and Subordination Agreements, Exhibit A (4 pages), Exhibit B (1 page) and two maps (Figures 1 and 2). All copies of the contract have been signed for the Government. You should insert the date for commencement of the work. Also enclosed is an extra copy of the contract for field use.

If the proposed contract is satisfactory to you and the Applicant, all four copies should be signed by the Applicant. Thereafter, please distribute the copies as usual.

Please advise the Applicant that the 8-1/4 percent interest accrues from the dates on which individual payments are made by the Government and like the principal is repayable from royalty on production.

If any part of the proposed contract does not have your approval or that of the Applicant, the original and all copies should be returned to this office together with the proposed changes for consideration.

Harold Kirkemo (gla)
Harold Kirkemo

Enclosures

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

BLong/1 3/27/69

Legal 3/3/69

~~SP 120~~
~~HK 120~~
~~110~~ 72

MME Form 50
July 1965

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

120M

EXPLORATION CONTRACT
(Long Form)

Docket No.	Commodity	Contract No.	County	State
OME-6763	Silver		Esmeralda	Nevada

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

Wallace McGregor, an individual

whose mailing address is **P. O. Box 6351, Salt Lake City, Utah 84106**, 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 $ ~~56,600.00~~ 39,000.00. The Government will contribute ~~50~~ 75 percent of the allowable costs as they are incurred, in a total sum not in excess of $ ~~42,450.00~~ 29,250.00 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

WALLACE McGREGOR
_____
(Operator)

By_____

By_____
Director, U. S. Geological Survey

Title_____

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

_____ secretary of the corporation named as Operator herein; that

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

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

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

corporate powers.

_____

 [CORPORATE SEAL]

EXPLORATION CONTRACT
WALLACE McGREGOR
OME-6763

ANNEX I

The land referred to in Article 2 of the contract consists of fourteen (14) unpatented lode mining claims, including all rights pertaining thereto, in ~~approximately~~ unsurveyed sec. 32, T. 2 S., R. 38 E., and sec. 5, T. 3 S., R. 38 E., MDB&M, Red Mountain (Silver Peak) mining district, Esmeralda County, Nevada.

The claims are recorded in the office of the County Clerk and Recorder of Esmeralda County, Goldfield, Nevada, as follows:

Claims	Book	Page
Morelos	1-P	319
Hidalgo 1/	1-P	320
Burney No. 1	1-P	308
Burney No. 2	1-P	309
Patience No. 1	1-P	308
Patience No. 2	1-P	308
Chico No. 1	1-P	326
Chico No. 2	1-P	326
Carumba No. 1	1-P	325
Carumba No. 2	1-P	325
Caballo No. 1	1-P	324
Caballo No. 2	1-P	324
Caballo No. 3	1-P	325
Olaf	1-P	126

1/ Excluded from this contract is 300 feet of land on each side of a tunnel crossing the Hidalgo claim into land owned by Mid-Continent Uranium Corporation.

In an Agreement of Sale, dated April 11, 1963, Callahan Mining Corporation sold the first thirteen claims listed above to Arthur Baker III reserving a royalty of 10 percent of the net profits realized from mining operations on the claims in the event a quitclaim of the claims was later granted.

Under the terms of a Quitclaim Deed, dated April 23, 1963, Callahan Mining Corporation transferred the thirteen claims to Arthur Baker III.

Under the terms of a Partnership Agreement, dated July 10, 1963, between Arthur Baker III and Robert Stanley Davis, the above thirteen claims were transferred to the partnership of Baker and Davis.

Under the terms of a Quitclaim Deed, dated May 1, 1967, James Gavin, Harvey Humphrey and Virginia Humphrey, husband and wife, transferred the Olaf claim to Baker and Davis.

The Operator is in possession of the fourteen claims under the terms of a Mining Lease and Option to Purchase, dated July 12, 1968, from Baker and Davis.

Lien and Subordination Agreements executed by Baker and Davis, and Callahan Mining Corporation are attached and made a part hereof.

The claims are shown on Figure 1, entitled, "Claim map, Los Compadres silver property, Esmeralda County, Nevada," attached and made part hereof.

EXPLORATION CONTRACT
WALLACE McGREGOR
OME-6763

EXHIBIT A

The purpose of this project is to explore by diamond drilling from prepared surface sites for gold- and silver-bearing ore bodies occurring below the leached zone of the Burney, Chico, Kathy, and Patience veins which outcrop on the Los Compadres silver property in andesitic country rock.

General Provisions

All drill holes shall be completed with standard BX core size or equivalent wire line size.

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 numbers 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 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 gold.

True copies of assay certificates, copies of drill logs, and maps or sketches showing the work completed during the reporting period, the location and width of all samples taken, 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 Operator shall provide such supervision, labor, and technical services as may be required to perform the work in a satisfactory manner.

The Government ~~shll~~ shall not contribute to the costs of incomplete drill holes.

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

Description of the Work

The work shall consist of drilling 4 holes totalling an estimated 3,300 feet, including overburden drilling. The approximate location of the drill holes are shown on Figure 2 entitled, "Proposed exploration, Los Compadres silver property, Esmeralda County, Nevada," attached and made part hereof.

The hole number, approximate bearing, inclination, length, and target of each hole are as follows:

Hole No.	Bearing	Inclination	Total Length, Feet (Including Overburden drilling)	Target
1	N40°W	-60°	750	Burney and Chico vein
2	N40°W	-60°	750	Chico vein
3	S40°E	-35°	950	Burney and Patience vein
4	S65°E	-60°	850	Burney vein

The depths of the proposed holes may vary somewhat from the estimates; however, each hole shall be drilled deep enough to intersect traverse its target. objective.

Estimated Costs of the Project

~~Stage I~~

Actual Costs

Category (1) Independent Contracts

Mobilization and demobilization,

two drill units — $1,490.00

Diamond core and overburden drilling,

3,300 feet — $29,520.00

Depth, feet	Rate/Foot NC	NQWL	BQWL
0-500	$6.75	$8.95	$8.60
500-1,000	-	9.45	9.10

Reaming and casing,

160 feet @ $4.65/foot — ~~744.00~~ 790.00 (rounded)

Cementing,

~~140~~ 146 hours @ $15.50/hour — ~~2,170.00~~ 2,263.00

Casing lost in completed holes,

200 feet @ $4.00/foot — 800.00

Standby time and moving between holes,

~~50~~ hours @ $13.90/hour — 695.00

~~300~~ 325 cardboard core boxes @ $1.00/each — ~~300.00~~ 325.00

Cement, drill mud, additives, etc.

60 sacks @ $8.40/sack — ~~504.00~~ 504.00

~~$36,223.00~~ $36,477.00

$36,223.00

Category (2) Personal Services

None except:

Subcategory (a) Supervision and Technical Services

1 - Supervisor - geologist - engineer

2 months @ $900.00/month	$1,800.00	

Category (7) Miscellaneous

None except:

Payroll Taxes, F.I.C.A. Insurance, etc.	309.00	
Assaying for gold and silver,		
140 samples @ $3.00/sample	420.00	
		$ 729.00

Total Estimated Cost of Project	$ 39,000.00
Government Participation @ 75%	$ 29,250.00

WALLACE MCGREGOR
P. O. Box 6351
SALT LAKE CITY, UTAH 84106

MINERAL INDUSTRIES RESEARCH

TELEPHONE 801 - 278-5656

February 17, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 19 1969
INITIALS | CODE

Mr. Frank E. Johnson, Chief
Office of Minerals Exploration
U. S. Geological Survey
Washington, D. C. 20242

Re: O.M.E.-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada

Dear Mr. Johnson:

The program of four holes suggested in your letter of February 7, 1969 is acceptable. I will look forward to receiving a copy of the contract covering the work sometime before April 1.

Sincerely,

Wallace McGregor

McG:dm

cc: Mr. Harold Stager

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
2/6/69	Peterson	120
	Kishenovo	120
		110
2/7	cal	220
		120M

FEB 7 1969

AIRMAIL

Mr. Wallace McGregor
P. O. Box 6351
Salt Lake City, Utah 84106

Re: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada

Dear Mr. McGregor:

This is in response to your inquiry of January 31 to Mr. Harold Stager concerning the present status of the cited application for financial assistance.

The application has been reviewed and we have prepared a draft of a contract in which the proposed work would consist of diamond drilling four holes to test the Chico, Burney, Patience, and Kathy veins (your proposed holes A, B, D, and F). The total estimated cost of the proposed project is $39,000.00 with the Government contributing 75 percent to the allowable costs or a maximum of $29,250.00.

Unfortunately, at this time funds for contracting purposes are limited to current contracts. Therefore, we will be unable to execute a contract until after April 1, when additional funds are expected to become available.

If such a program is acceptable to you under these conditions, please advise us, and we will be glad to prepare a contract and forward it to you for review and signature sometime before April 1.

Sincerely yours,

FRANK E. JOHNSON (gfa)

Frank E. Johnson
Chief, Office of
Minerals Exploration

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

ECPeterson/bsl 2/6/69

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

That certain land in the County of Esmeralda, State of Nevada, described ~~as follows:~~[2] in a mining lease and option to purchase dated July 12, 1968; and recorded in Book 4-C pages 366-369 official records of said county.

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

Wallace McGregor[3]

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

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

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

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

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

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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 6 day of November, 1968.

Wallace McGregor	(Seal)	PO Box 6351 (Street) Salt Lake City, Utah 84106 (City & State)
		(Street)
	(Seal)	(City & State)
		(Street)
	(Seal)	(City & State)
		(Street)
	(Seal)	(City & State)
		(Street)
	(Seal)	(City & State)
		(Street)
	(Seal)	(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)

MME Form 52
Jan. 1959

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

Dated this 6 day of November, 19 68.

Wallace McGregor (Seal)	P.O. Box 6351 (Street) Salt Lake City Utah (City & State) 84126	
_____ (Seal)	_____ (Street) _____ (City & State)	
_____ (Seal)	_____ (Street) _____ (City & State)	
_____ (Seal)	_____ (Street) _____ (City & State)	
_____ (Seal)	_____ (Street) _____ (City & State)	
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Dated this 6 day of November, 1968.

Wallace McGregor (Seal)	PO Box 6351	(Street)
	Salt Lake City, Utah 84106	(City & State)
		(Street)
(Seal)		(City & State)
		(Street)
(Seal)		(City & State)
		(Street)
(Seal)		(City & State)
		(Street)
(Seal)		(City & State)
		(Street)
(Seal)		(City & State)

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Dated this 6 day of November, 1968.

Wallace W. Jeppson	(Seal)	P.O. Box 6351 (Street) Salt Lake City Utah 84106 (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)
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(Corporate Seal)

MME Form 52
Jan. 1959

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OFFICE OF MINERALS EXPLORATION

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

Dated this 6 day of November, 1968.

Walter M. Gibson	(Seal)	PO Box 6351 (Street) Salt Lake City Utah 84106 (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)
	(Seal)	(Street) (City & State)

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_____
(Corporate Seal)

UNITED STATES
DEPARTMENT OF THE INTERIOR

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

February 3, 1969

OFFICIAL COPY
O. M. E.
RECEIVED
FEB 5 1969

INITIALS	CODE
	~~120~~
Ogl	120
	~~140~~
	~~120~~

Memorandum

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

From: Field Officer
Region II

Subject: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada

Enclosed is a letter from the Applicant requesting information concerning the status of the proposed contract. Will you please reply to Mr. McGregor.

H. K. Stager

Enclosure

WALLACE MCGREGOR
P. O. BOX 6351
SALT LAKE CITY, UTAH 84106

MINERAL INDUSTRIES RESEARCH

TELEPHONE 801 - 278-5656

January 31, 1969

Mr. H. K. Stager, Field Officer
OME, Region II
U. S. Department of the Interior
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Re: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada

Dear Mr. Stager:

This letter is to inquire whether everything is in order on my application for financial assistance and what progress is being made to complete the proposed contract.

Sincerely yours,

Wallace McGregor

McG:dm

RECEIVED
FEB 3 1969
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

WALLACE MCGREGOR
P. O. BOX 6351
SALT LAKE CITY, UTAH 84106

MINERAL INDUSTRIES RESEARCH

TELEPHONE 801 - 278-5656

December 18, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
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120
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Mr. R. M. Smith
OME, Region II
U. S. Geological Survey
Office of Minerals Exploration
345 Middlefield Road
Menlo Park, California 94025

Re: OME 6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada

Dear Mr. Smith:

Thank you for your letter of December 16 informing me of progress on the exploration contract.

I had anticipated the need for Lien of Subordination Agreement by Callahan Mining Company and had had the Company complete the forms.

Enclosed are five copies of MME Form 52 signed by the Company.

Sincerely yours,

Wallace McGregor

Wallace McGregor

McG:dm
Encls.

RECEIVED
DEC 23 1968
OFFICE OF MINERALS EXPLORATION
U.S. GEOLOGICAL SURVEY
MENLO PARK, CALIF.

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

December 16, 1968

OFFICIAL COPY
O. M. E.
RECEIVED
DEC 17 1968
INITIALS | CODE

Mr. Wallace McGregor
P. O. Box 6351
Salt Lake City, Utah 84106

Re: OME-6763 (Silver-Gold)
Wallace McGregor
Los Compadres Silver Property
Esmeralda County, Nevada

Dear Mr. McGregor:

Your application for financial assistance in exploring the referenced property by a drilling project similar to the one contemplated under OME-6317, Contract 2184, has been reviewed by our Washington, D. C., office. We are informed that a proposed contract is in preparation and will be sent to you for your approval and signature when Federal funds are again available--hopefully in January 1969.

To complete the proposed contract, Lien and Subordination Agreements signed by Callahan Mining Corporation are required. Accordingly, all six copies of the enclosed MME Form 52 should be filled out and signed by an officer of the Company and five copies returned to this office. The remaining copy is for Callahan's files.

Sincerely yours,

H. K. Stager
Field Officer
OME, Region II

Enclosures

cc: Chief, OME, Wash., D.C.
Dir. RF
ACG RF
MP RF
Docket

RMSmith:mkh

November 29, 1968

Mr. Wallace McGregor
P. O. Box 6351
Salt Lake City, Utah 84106

Subject: OME - 6763

Dear Mr. McGregor:

Your application for exploration assistance, dated November 6, 1968, submitted to our office at Menlo Park, California, has been assigned Docket No. OME-6763.

Please identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Frank E. Johnson
Chief, Office of
Minerals Exploration

Copy to Region II

LOS COMADRES PROPERTY

Red Mountain District
Esmeralda County, Nevada

Arthur Baker III

February 20, 1964

TABLE OF CONTENTS

SUMMARY AND CONCLUSIONS	Page 1
INTRODUCTION	4
WESTERN GEOLOGY	7
LCS COMPADRES GEOLOGY	14
ORE POTENTIAL	17
PROPOSED WORK	19

LIST OF ILLUSTRATIONS

Drawing No. LCB 1,	Los Compadres Property, Topography and Geology, Scale 1" = 200'	In pocket
Drawing No. LCE 1,	Section Thru CMC DDH No. 5 Scale 1" = 100'	Facing page 5
Drawing No. LCE 2,	Section Thru CMC DDH No. 6 Scale 1" = 100'	"
Drawing No. LCE 3,	Section Thru CMC DDH No. 7	"

SUMMARY AND CONCLUSIONS

The Los Compadres silver property, consisting of fifteen unpatented mining claims owned by the partnership of Baker and Davis, is in the Red Mountain Mining District in the Silver Peak Mountains, Esmeralda County, Nevada. The district has a production record of several million ounces of silver and a little gold, principally from the Nivloc Mine at the east end of the district. The Los Compadres property has had no production and very little exploration.

The district is an arctuate zone five miles long by one mile wide, lying mostly within Tertiary volcanics and sediments, but with mineralization persisting down into Paleozoic basement rocks at least at the east end. The rocks at the eastern and western ends of the district are a fairly straightforward series of volcanic flows, but at the center of the district, in the vicinity of the Los Compadres and Sixteen-to-One properties, there is an intensely faulted area of intrusive rocks and andesite breccias, interpreted to be a volcanic pile that served as the vent area for some of the younger flows of the region.

The veins of the district are predominantly calcite and siderite with lesser quartz, and occur either within or adjacent to fairly extensive zones of silicified country rock; alongside each vein is a zone of chloritized wall rock. The veins range in length from a few hundred feet up to 3,650', and three of them have been explored to depths of 600', 1,000' and 1,300'. Vein widths at depth are from 20' to 80', but at the outcrops all veins are much narrower than this because of leaching of the carbonate filling.

Silver values have been leached from the outcrops and near-surface parts of all veins, leaving values of about 2 oz. Ag per ton in the upper parts. The leached zone is about 300' deep on veins in the Eastern half of the district, and about 50' in the western half. Below the leached zone, average ore grade has ranged from 11 oz. Ag to 20 oz. Ag (recovered grade) in the productive mines, and apparently is between 15 and 20 oz. Ag in the Sixteen-to-One Mine, which is currently being developed.

Orebodies on the explored veins have been 300' to 700' long, with about the same vertical length. Ore widths, which seldom include the entire widths of the veins, range from about 5' to 12'; the Sixteen-to-One Vein apparently will average about 12'.

The four veins of the Los Compadres property form a crude M pattern in horizontal plan, with clusters of minor veins and stringers in the acute angles of the intersections. Total length of the major veins is about 3,300'. The veins have been partly tested with three drill holes, one of which did not reach the vein that was its target. The other two holes reached the veins in the leached zone, and the assay results were similar to those at the outcrop.

By analogy with the better-explored veins of the district, the Los Compadres veins have a potential of about 400,000 tons of ore with a grade between 15 and 20 oz. Ag and some gold. The intersections of the major veins offer possibilities for larger and higher-grade orebodies. Several other properties in the district are being actively explored by other parties, and there is a good chance that in the district as a whole something more than one million tons of ore will be developed.

Baker and Davis have made application to the U. S. Office of Minerals Exploration for a loan to help finance the drilling of seven diamond drill holes to test the Los Compadres veins below the leached zone. The OME loan, if granted, will cover half the estimated $56,720 cost of the project, and will be repaid by a royalty on production. If the loan is granted, about $28,000 in private capital will be required for the remaining cost of the project; if this initial drilling is successful, about $50,000 more of private capital will be required for further drilling, before underground work.

INTRODUCTION

The Los Compadres silver property consists of fifteen unpatented mining claims in the Red Mountain (Silver Peak) Mining District, Esmeralda County, Nevada. Fourteen of the claims form a contiguous group, while the fifteenth claim, the Dotty, lies west of this group, separated from it by unpatented claims under other ownership (see Drawing No. ICB 1 for claim layout). Following is a list of the claims, with recordation data:

Name	Book	Page
Olaf	1-P	126
Morelos	1-P	319
Hidalgo	1-P	320
Dotty	1-O	590
Burney No. 1	1-P	308
Burney No. 2	1-P	309
Patience No. 1	1-P	308
Patience No. 2	1-P	308
Chico No. 1	1-P	326
Chico No. 2	1-P	326
Carumba No. 1	1-P	325
Carumba No. 2	1-P	325
Caballo No. 1	1-P	324
Caballo No. 2	1-P	324
Caballo No. 3	1-P	325

The Olaf claim, which lies in the middle of the main claim group, is held by the partnership of Baker and Davis under an option agreement. The

remaining fourteen claims are owned by the partnership. Callahan Mining Corporation, the original owner, has the right to provide any financing the property requires, on the same terms as any bona fide offer from any other party. Surface rights to some of the claims have been leased to Mid-Continent Uranium Corporation, along with an easement for a tunnel across the Hidalgo claim to reach the Sixteen-to-One Vein, and in addition, Mid-Continent holds a mining lease on the part of the Hidalgo claim extending 300' on each side of the tunnel center line.

The property is in Section 32, T 2 S, R 38 E, MDBM, ten miles west of the village of Silver Peak. It is reached from Silver Peak by 8 miles of graded State Highway 47 as far as the abandoned Mivloc Mine, and thence by two miles of good dirt road to the center of the property. At the present time a stream through the middle of the property carries several hundred feet of water per minute, but this flow can be expected to diminish markedly, as its source is an underground reservoir tapped by the new Mid-Continent tunnel. The elevation of the property is about 7,000'. A 200 tpd cyanide mill in Silver Peak, built in the 1950's, is currently idle. The nearest supply point is Tonopah, 60 miles northeast, and the nearest rail point is Mina, 60 miles north.

The mineralization of the district has been known for at least thirty years. The principal mine, the Mivloc, was operated in the late 1930's, and produced about 350,000 tons of ore averaging 0.05 oz. Au, 11 oz. Ag (recovered grade). Two other mines, the Mohawk (Argentite) and the Sanger, have also been operated, with much smaller production at

higher grade. The veins of the Los Compadres property were cursorily explored in the early days by shallow pits and adits that encountered no ore, and the vein of the adjacent Sixteen-to-One property was explored somewhat more extensively, with several shafts that were sunk to a maximum depth of 100', also without finding ore-grade material.

In 1961 Callahan Mining Corporation acquired the Sixteen-to-One claim group and the isolated Olaf claim, and located in addition the fourteen claims now comprising the bulk of the Los Compadres property. During 1961 Callahan mapped the entire Red Mountain district on an aerial photo base to a scale of 1" =2,000', and drilled four holes into the Sixteen-to-One Vein. In 1962 Callahan drilled one more hole into the Sixteen-to-One Vein, and three holes on the present Los Compadres property. The present writer was in direct charge of the 1961 work, and associated to some extent with the 1962 work. Early in 1963 Callahan abandoned its efforts in the district, returning the Sixteen-to-One and Olaf Properties to their owners, and quitclaim deeding the remaining claims to Arthur Baker III, retaining the right mentioned above.

DISTRICT GEOLOGY

The Red Mountain District is an arctuate mineralized zone five miles long by a mile wide in the southeastern part of the Silver Peak Mountains. The mountain range is made up of Tertiary volcanics and sediments lying on an essentially flat basement of folded and intruded Paleozoic limestones and shales. At the eastern end of the district, which is at the edge of the range, the basement rocks lie at shallow depth, and formed the host rocks for the orebodies of the Mivloc Mine, but elsewhere in the district only the Tertiary rocks are exposed.

The oldest of the Tertiary rocks is the Miocene-Pliocene Esmeralda formation, a series of continental sediments ranging from shales to conglomerates. The formation is reported to reach a thickness of 2,000', but it was gently folded and eroded before deposition of the overlying volcanics, so its thickness at any given place is not predictable; at the Mivloc Mine it is only about 300' thick.

Three groups of volcanic rocks overlie the Esmeralda formation: in order of decreasing age, a series of rhyolites and tuffs, a group of andesites, basalts and andesite breccias, and a series of andesite flows. The youngest series, the andesite flows, make up most of the mountain range, and the western half of the district lies partly in these rocks. The oldest volcanics, the rhyolites, are restricted to an area several miles in diameter in the southeastern part of the mountains, and outcrop in the eastern half of the district; they probably underlie all of the district at depth. Both the andesites and the rhyolites are predominantly if not exclusively extrusive rocks.

The rocks of intermediate age, the andesites, basalts and andesite breccias, outcrop only in an area of about two square miles in and around the middle of the district. They are markedly different from the other two groups in that they are predominantly breccias and are at least partly intrusive. Most of the rock fragments in the breccias are of andesite little different from the andesite matrix, but fragments of other rocks are also found: rhyolites, Esmeralda formation sediments and basement rocks. The fragments range in size from the smallest recognizable to 150' in diameter -- the latter being two masses of Esmeralda conglomerate and sandstone near the center of the map area of Drawing No. LCB 1. Although in places the breccias clearly intrude other rocks, and locally grade into non-breccia andesite, in other places they are crudely stratified and in general look more like mudflows than igneous rocks. The andesites associated with the breccias occur as small dikes and plugs and as somewhat larger masses, up to a few hundred feet in diameter, of unknown relations. The few basalt masses lie near the center of the breccia area; they appear to be intrusive, and are themselves intruded by andesites.

It seems likely that this group of rocks is the remains of a volcanic pile that may have been the feeder for the youngest volcanics of the mountain range. Under this interpretation, the intermediate-age andesites and basalts and some of the breccias are the volcanic necks through which the lavas flowed, and probably some are sills and dikes making off from those necks. The breccias that look more like mudflows are probably just that: mudflows near the edge of the pile.

There are three main sets of faults in the district: a group

striking N 20° to 30° E, a group striking about N 65° E, and a less numerous group striking about N 80° W. All of the faults dip steeply. There is no evidence of thrust faulting anywhere in the district. Measured displacements are as much as 300', but in general the lack of marker horizons prohibits measurement of displacement. The west-striking faults are generally cut and offset by faults of both northeast-striking groups, but faults of all three groups offset the youngest andesite flows, so there has been relatively recent movement on all three groups.

The most prominent structural feature, on a regional scale, is an intensely faulted area half a mile square near the center of the intermediate-age volcanic pile. In this area, several northeaster faults and two or three westers traced in (on Callahan's regional mapping) from the surrounding less-disturbed country split and intersect to form a maze of lesser faults. The map of Drawing No. LCB 1, accompanying the present report, covers much of this faulted area, but no attempt was made in this mapping to differentiate between fault and other contacts; probably 90% of the contacts shown are either intrusive or fault contacts.

The west-northwest arctuate shape of the Red Mountain District suggests that it is localized by a zone of weakness along a pre-Tertiary major fault of the west-striking system; it is stipulated to be pre-Tertiary because no such strong zone cuts the Tertiary rocks. The same zone may well have localized the volcanism that produced the intermediate-age volcanic pile, as well as the intensely faulted area.

All the veins of the district strike northeasterly, transverse to the trend of the district as a whole; all of them are localized in faults of one or the other of the northeast-striking groups. Near the center of the district, the Sixteen-to-One Vein and the four veins of the Los

Compadres group form a cluster of fairly closely-spaced veins (see Drawing No. LCB 1). Elsewhere in the district, the major veins are more widely spaced, with only a single vein at any one locality showing any great promise: a mile and a half east of the Los Compadres is the Nivloc Vein, which has made most of the district's production, and two miles west of the Los Compadres are the Mohawk, Sanger and Silver Queen Veins, spaced out over a mile length of the district. Between these major veins are fairly numerous stringers and veins, many of them obviously too small to be of interest, but some of them possibly indicative of economic mineralization.

In the eastern half of the district there are areas up to several hundred feet in diameter of intensive silicification of the country rocks -- the silicified rocks are bleachedand hardened, and contain small vuggy quartz stringers, but for the most part retain their original textures. The silicified zones are irregular in shape, but in general are elongated in a northeasterly direction, indicating that the northeaster faults had at least some influence on their localization. All of the veins lie either within or alongside silicified areas, but some silicified areas do not contain known veins. In the western part of the district silicification apparently is less extensive than in the eastern part, being restricted to relatively small areas adjacent to the veins.

All veins are accompanied by zones of chloritization of the wall rock along one side or the other of the vein, but seldom along both sides. The chloritization has produced a soft dark rock that retains its original textures and structures. The width of chloritization ranges from afew feet to as much as 75', and apparently is more or less related to the amount of carbonates in the veins: veins with little or no carbonates

have a narrow chloritized zone, while those with abundant carbonates have wide cones.

In all of the veins that have been opened at depth, the predominant minerals are coarse-grained carbonates, either calcite or siderite or both; these two commonly make up as much as 75% of the volume of vein material. The only other abundant mineral is fine-grained white quartz, which is at least in part later than the carbonates, as it forms stringers and lenses a few inches wide interweaving through the carbonates. Thin plates of barite are intergrown in the carbonates. There is very little pyrite in the unoxidized veins, and very little limonite in the oxidized parts. Small amounts of manganese oxides are found in all of the veins, and in the Mohawk Vein manganese is abundant. The Mohawk ore also is reported to carry several percent zinc, but otherwise there are no base metals in the ores, aside from small pods of galena and sphalerite reported from the Nivloc Mine and a similar pod intercepted by the deepest hole on the Sixteen-to-One Vein.

Silver in the ore-grade material is predominantly in argentite, which occurs as linings of vugs and disseminated through fine stringers of quartz. Native silver has also been seen in cores from the Sixteen-to-One, and probably is fairly abundant in some of the richer ore. Nearly all of the silver values are contained in the quartz parts of the veins; the carbonates rarely carry more than one or two ounces of silver. No gold has been recognized in the ores, but assays show values ranging from a trace to nearly one-half ounce of gold; the Sixteen-to-One ores probably average somewhat under 0.1 oz. Au per ton, like the Nivloc ore, while the Mohawk is said to carry no gold at all.

All of the major veins are at least several hundred feet long. The Nivloc was explored underground for a length of 3,600', and the Mohawk for a length of 1,500', while the veins of the Sixteen-to-One - Los Compadres group have exposed surface lengths of 500' to 1,000'. The maximum depth of exploration is 1,300' on the Nivloc Vein; the Mohawk has been opened to 600' and the Sixteen-to-One has been drilled to 950'. At depths beyond two to three hundred feet below the surface the explored veins have widths of from 20' to 80', but all of the veins are much narrower near and at the surface. This narrowing toward the surface is interpreted to be a result of squeezing in of the walls as the carbonate vein filling is leached out.

The outcrops of all veins carry very low silver values. Extensive sampling of the outcrops and shallow workings on the Sixteen-to-One Vein gives an average for the vein of 2.6 oz. Ag, with the highest assay 5.8 oz. Ag, and scattered outcrop sampling of the other veins of the district gives similar results. These low values result from the leaching of most of the silver out of the upper parts of the veins. In general, the leached zone extends to a depth of about 300' below the surface in the eastern part of the district, but in the western part it is much shallower -- the Mohawk and Sanger Mines had ore to within 50' of the surface. Gold values in the leached zone are about the same as they are in ore-grade material at greater depth. No metallic minerals have been identified in the leached zone.

Beneath the leached zone, the ore occurs in bodies several hundred feet long and extending several hundred feet in depth. The three ore shoots of the Nivloc Mine were each about 700' long on the 400' Level and shortened to about 200' on the 900' Level, while the two orebodies

of the Mohawk Mine were somewhat smaller. Ore widths on the Sixteen-to-One Vein range from 4' to a maximum of 13', and apparently ore widths in the older mines were similar; in all of the major veins the ore is restricted to only part of the width of the vein, although lesser hanging or foot wall veins may be ore throughout their full widths.

The Nivloc ore averaged 11 Oz. Ag, and the Mohawk ore 20 oz. Ag (both recovered grades). Undoubtedly, the grade of ore taken in both mines was strongly influenced by milling conditions: the Nivloc Mine had a mill on the property, and was able to handle relatively low grades profitably, while the Mohawk ore all had to be trucked 30 miles over difficult roads to the mill, so the ore was held to high grades. The Sixteen-to-One ore, on the basis of the limited exploration, will probably average between 15 and 20 oz. Ag per ton, with one or two dollars in gold values.

From this description it is apparent that the veins of the Red Mountain District are typical Tertiary epithermal precious-metal veins, similar to those of a number of nearby districts in western Nevada. The structural setting of the central part of the district, in an intensely faulted volcanic pile, is very similar to that of Tonopah. The district is perhaps unusual in the extreme vertical range of exposed mineralization -- 3,500' from the bottom of the Nivloc Mine to the outcrops of the Mohawk. The leaching of the outcrops suggests that there must be some secondary enrichment of silver at depth, but how much of the value in the known ore is primary and how much is secondary is impossible to estimate.

LOS COMPADRES GEOLOGY

The Los Compadres property lies near the middle of the intermediate-age volcanic pile, and nearly all of the rocks exposed are andesites, basalts and andesite breccias of the pile. There are a few small fault blocks of the older rhyolites near the middle of the property (see Drawing No. LCB 1), and more extensive exposures of rhyolites and younger andesites around the edges of the property. All of the veins outcrop in andesite breccias.

The property also covers much of the intensely faulted part of the volcanic pile, and the numerous faults are undoubtedly responsible for the cluster of veins. Other than this localization, however, the faults do not affect the mineralization: evidently the mineralization was later than all or almost all of the fault movement, so that except for one possible case, there is no displacement of veins by post-ore faults.

The four veins, Chico, Burney, Patience, and Kathy, lie alternately along N 65° E and N 20° E faults, with the veins' ends more or less intersecting to form a crude M pattern. In the acute angles of the intersections there are clusters of minor veins. Outside of the M, there are scattered small veins but no large veins until the Sixteen-to-one Vein is reached half a mile northwest, and the Nivloc Vein a mile and a half east.

The two westernmost veins, the Chico and Burney, are each about 1,000' long in surface exposures, with widths ranging from 2' to 8'. The Patience Vein, next to the east, is only exposed for a length of

500', with widths of 2' to 6'. The Kathy Vein, the easternmost of the group, is exposed for a length of about 600'; it is unlike the other veins in that the outcrops indicate that it is predominently quartz and has rather narrow widths -- 2' to 3' in most places. The other veins, like those of the rest of the district, are predominantly carbonates, with perhaps 25% quartz. Since the Kathy Vein is mostly quartz, it will presumably continue to be rather narrow at depth, but the other veins can be expected to widen to 20' or more at depth, where the carbonates have not been leached out.

Like the other veins of the district, the Los Compadres veins have low silver values at the surface: eleven chip samples (see Drawing No. LCB 1) average 0.06 oz. Au, 2.3 oz Ag, and the highest grade sample assays 0.15 oz. Au, 8.6 oz. Ag. By analogy with the better-explored veins, these low assays are indicative of ore-grade material below.

The only exploration at depth on the Los Compadres Veins is the three holes drilled by Callahan in 1952 (see Drawing No. LCB 1 for locations, and Nos. LCB 1, 2 and 3 for cross sections). None of the holes gave good results. Hole No. 6 was aimed for the Burney Vein, but because of an error in transcribing the dip of the vein, it did not reach the vein -- the vein was thought to dip eastward, so the hole was stopped when it had gone a little beyond vertically below the outcrop, but the vein instead dips westward, as can be seen in outcrops on the south side of the canyon, so it is fairly certain that it lies somewhere ahead of the end of the hole. Holes Nos. 5 and 7 were aimed for the Chico Vein, and both reached the vein in the leached zone, at depths of 350' and 200' respectively below the adjacent canyon bottom.

The vein material encountered in both holes was highly leached and vuggy, giving poor core recovery, as compared to little-leached solid vein filling in the Sixteen-to-One ore holes, and the veins were narrower. The values of about 2 oz. Ag in No. 5 hole are about the same as those in the outcrops, but No. 7 hole had somewhat better values -- an average of 4 oz. Ag across the entire vein, with one short segment assaying 8.6 oz. Ag, suggesting that this hole was not far above the ore zone.

ORE POTENTIAL

Since the Los Compadres veins are essentially unexplored, their potential can be estimated only by analogy with the other, better-explored veins of the district.

On this basis, a fair guess is that the group of veins will contain four orebodies averaging 350' long by 400' deep by 9' wide -- making a total of about 400,000 tons of ore. The three intersections of major veins offer a possibility of greater tonnages in larger orebodies, since vein intersections are frequently better mineralized than single veins. The grade of ore should lie between 15 and 20 oz. Ag per ton, on the same basis, though again, the vein intersections offer a possibility of higher grades.

The possibility of appreciably larger tonnages on the property -- into the millions of tons -- depends upon radical changes in the mineralization with depth. There is nothing now visible to indicate that such changes are likely, but the intense faulting and the heterogeneous rock types of the volcanic pile provide a good structural setting for such changes.

At the present time, two other parties are exploring several other properties in the Red Mountain District, both of them reportedly with the intention of turning their properties to better-financed companies when exploration has demonstrated the possibility of making mines. In this situation, it is likely that the Los Compadres property will end up as part of a single district-wide operation, with several mines providing feed for one mill. The best-explored new property so far is the Sixteen-to-One, where drilling and partial drifting

indicate an orebody 300' long and open at both ends, with an average width of 12' and average grade about $22 per ton in silver and minor gold. The Mohawk, Sanger, and Silver Queen Mines are now being reexamined and explored to some extent, and according to reliable sources, the results are encouraging. Thus, there is a good chance that the district overall can be made to produce well over one million tons of ore.

PROPOSED WORK

Baker and Davis have made application to the U. S. Office of Minerals Exploration for a loan to help finance a drilling program to test the Los Compadres veins. The application calls for a program of seven holes (proposed holes A through G, Drawing N. LCB 1) totalling 5,200' of drilling at an estimated cost of $56,720. There has been no official word as to the progress of the application, but unofficial indications are that the loan will be approved; if so, the drilling will probably be scheduled for the summer of 1964. The program is designed to test the Burney, Patience and Kathy Veins at depths of several hundred feet below the surface, well below the leached zone. Two of the holes are aimed to test a vein intersection.

If the OME program is carried out, it will either confirm or disprove the presence of ore in the Los Compadres veins. If ore is shown to be present, further drilling will be called for, to gain an idea of the amount of ore before undertaking underground work.

Since the OME loan, if it is obtained, will cover half the cost of the proposed program, the remaining cost in private capital will amount to about $28,000; a payment due on the Olaf claim in November will increase this cost by $2,500 if interest in the property continues to this date.

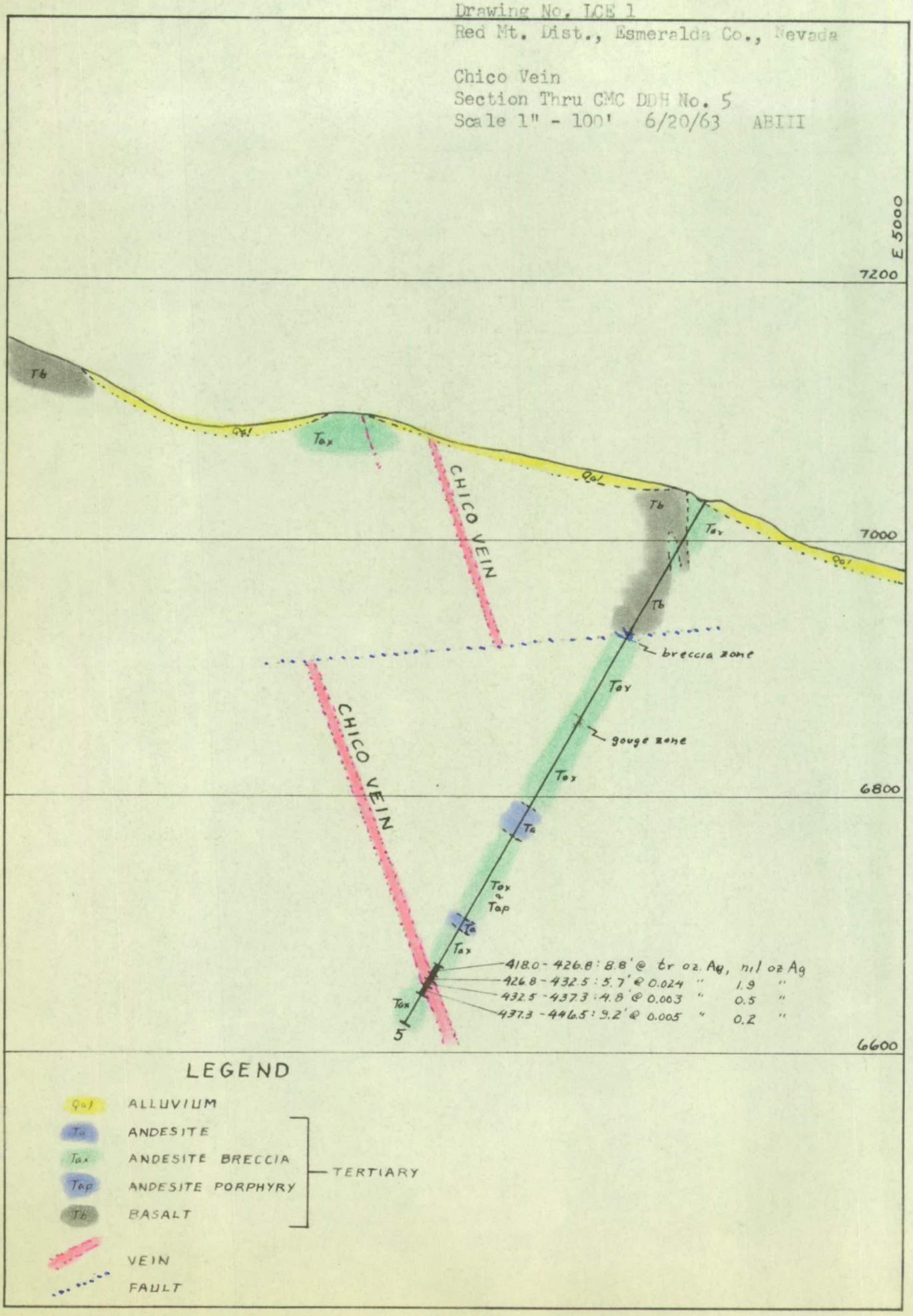
Arthur Baker III

Arthur Baker III

February 20, 1964

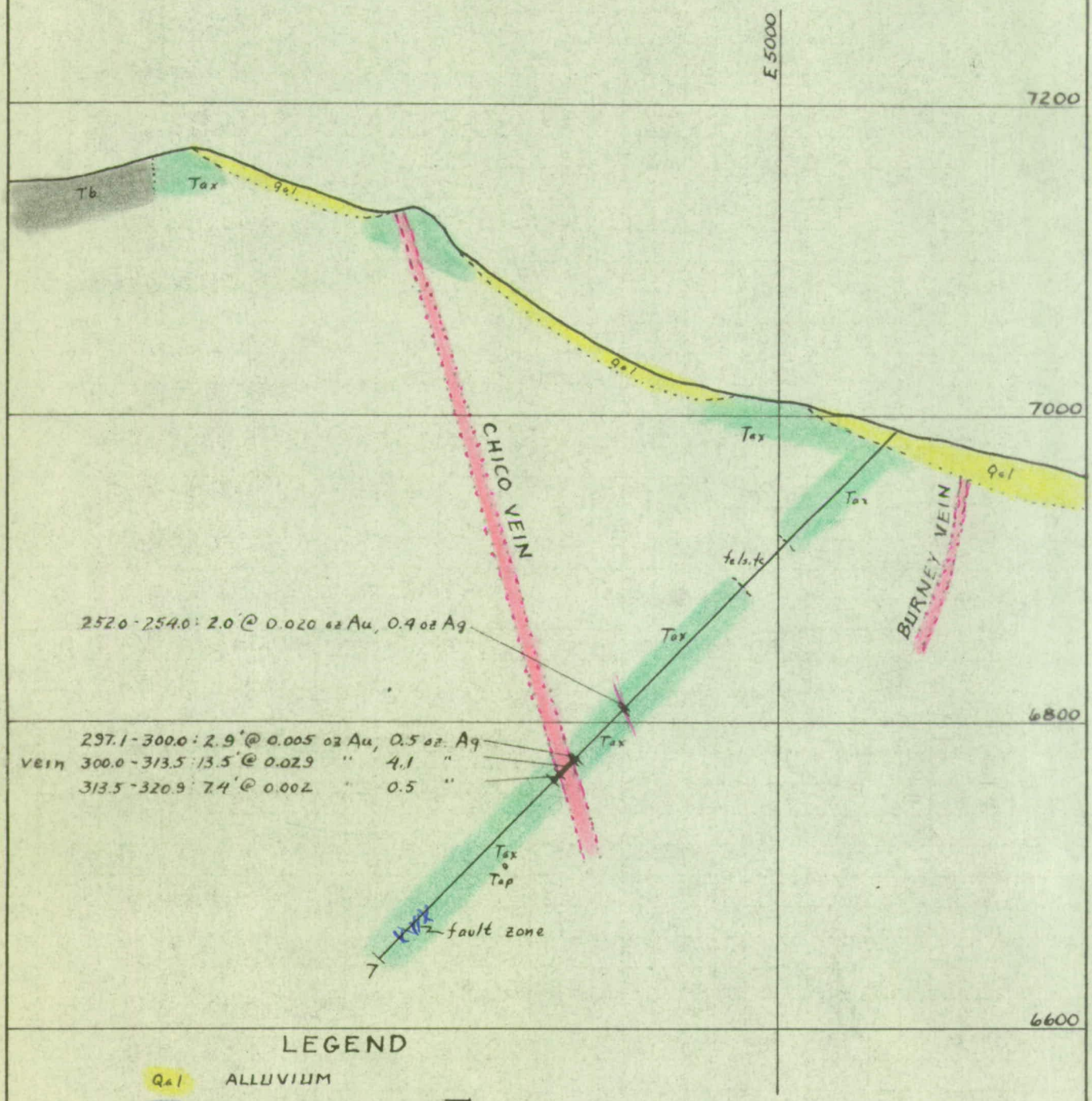
Baker & Davis
Drawing No. LCE 1
Red Mt. Dist., Esmeralda Co., Nevada

Chico Vein
Section Thru CMC DDH No. 5
Scale 1" - 100' 6/20/63 ABIII



Baker & Davis
Drawing No. LCE 3
Red Mt. Dist., Esmeralda Co., Nevada

Chico Vein
Section Thru CMC DDH No. 7
Scale 1" - 100' 6/20/63 ABIII

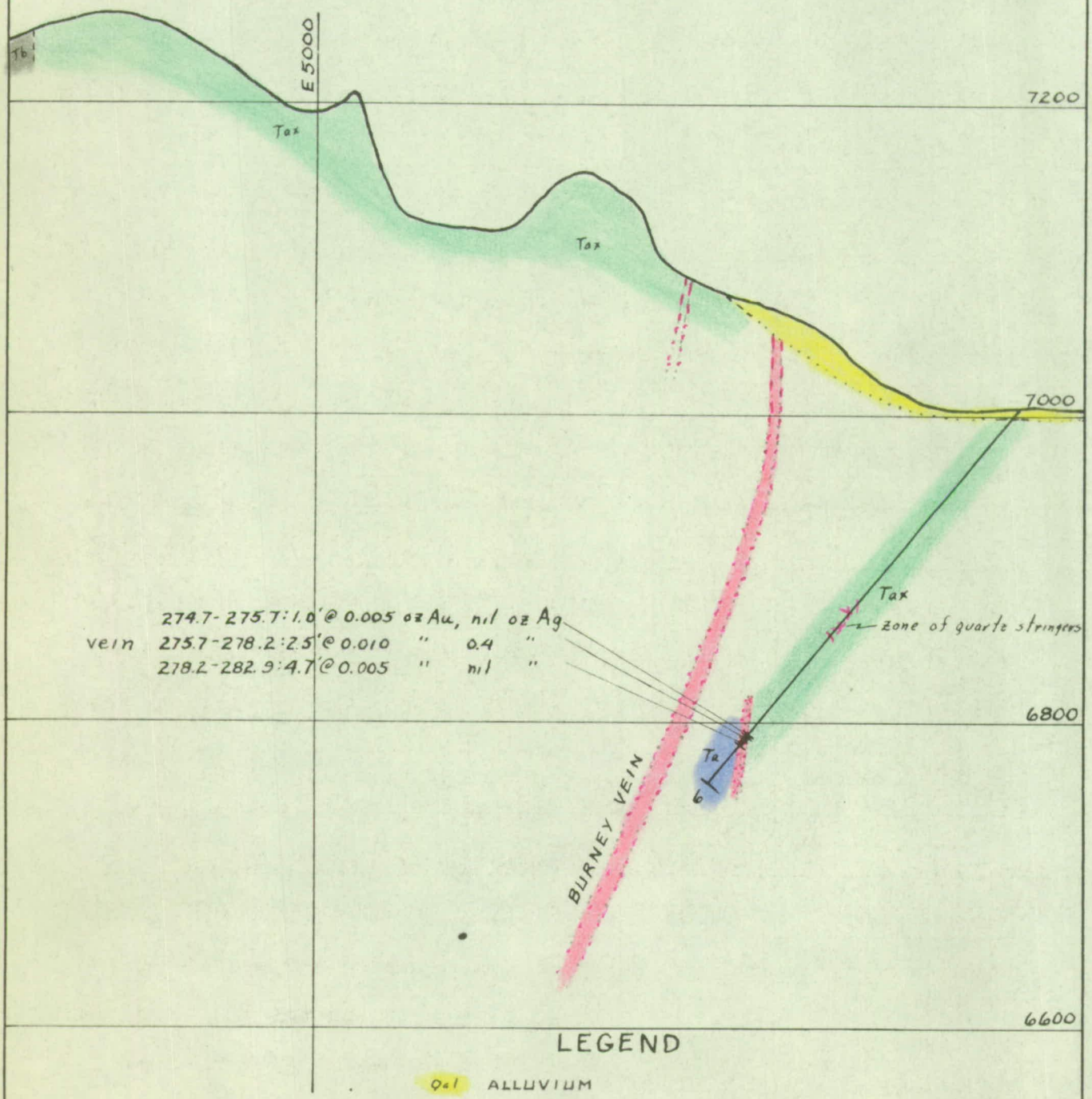


LEGEND

Qal	ALLUVIUM	
Ta	ANDESITE	TERTIARY
Tax	ANDESITE BRECCIA	TERTIARY
Top	ANDESITE PORPHYRY	TERTIARY
Tb	BASALT	TERTIARY
	VEIN	
	FAULT	

Baker & Davis
Drawxing No. LCE 2
Red Mt. Dist., Esmeralda Co., Nevada

Burney Vein
Section Thru CMC DDH No. 6
Scale 1" - 100' 6/20/63 ABIII

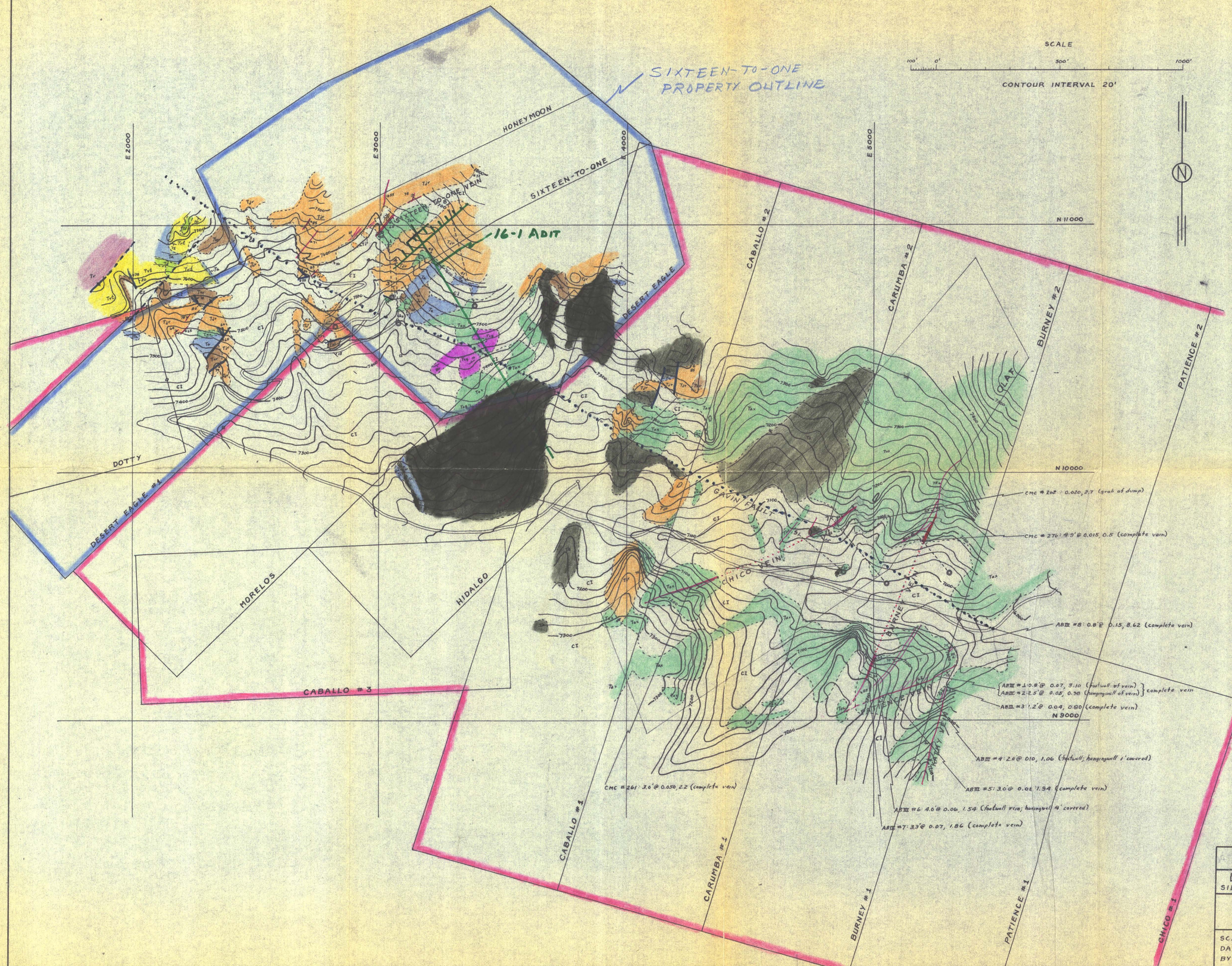


LEGEND

- Qal ALLUVIUM
- Ta ANDESITE
- Tax ANDESITE BRECCIA
- Tap ANDESITE PORPHYRY
- Tb BASALT

} TERTIARY

- VEIN
- FAULT



LEGEND

- CI COVERED INTERVAL
- Ta ANDESITE
- Tax ANDESITE BRECCIA
- BASALT
- Tr RHYOLITE
- Td DACITE
- Trt RHYOLITE TUFF
- Tnr NODULAR RHYOLITE
- Tjr JUMBLED RHYOLITE
- Tcg CONGLOMERATE

(TERTIARY)

- CONTACT
- FAULT
- VEIN
- FOUND CLAIM MONUMENT
- ROAD
- DIAMOND DRILL HOLE
- PROPOSED ROAD
- PROPOSED DRILL HOLE

SAMPLE DATA IN THIS ORDER: SAMPLED BY (CMC = CALLAHAN MINING CORP., ABIII = ARTHUR BAKER III); SAMPLE NUMBER; WIDTH OF VEIN SAMPLED; OUNCES GOLD; OUNCES SILVER; PART OF VEIN SAMPLED

CLAIMS SKETCHED FROM AERIAL PHOTO PLOTTING, TIED TO FOUND AND PLANE-TABLED CORNERS.

BASED ON 1961 PLANE TABLE MAPPING BY CALLAHAN MINING CORPORATION

BAKER & DAVIS

LOS COMPADRES PROPERTY
SILVER PEAK, ESMERALDA CO., NEVADA

GEOLOGY AND TOPOGRAPHY

SCALE: 1" = 200'
DATE: 6/21/63
BY: ABIII

DRAWING NO. LCB 1