DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration

OFFICIAL DOCKET FILE

~~Idm-E~~ NO. 21-54

~~DMEA~~ NO. 6227

Application
- [ ] Denied
- [ ] Withdrawn

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

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

Folder No. 1:

Left Side

- [ ] Royalty Audits
- [x] Certification of Discovery 1/20/64
- [ ] Closing Letter
- [x] Cost Audits 11-20-63
- [ ] Termination Notice or Agreement
- [ ] Recision Notice
- [ ] Assignment of Contract
- [x] Contract Amendments June 27, 1962
- [ ] Contract with all exhibits and annexes
- [x] Owner's Consent to Lien and Subordination Agreement
- [x] Application and attachments Amended application, 3 maps 5/7/62

Right Side

- [x] Project summary (final)
- [x] Work Completed analysis (final)
- [x] All other material filed in chronological order including the following reports if checked:
- [ ] Field Team Semi-Annual Report for Certified Project
- [x] Final Field Team Report (Tab) 1-15-64
- [x] Operator's Final Report (Tab) Recd. 11-14-64
- [ ] Interim Field Team Reports
- [✓] Operator's monthly reports and all attachments 7-31-64
- [x] ~~Onsite Exam~~ Report (Tab) Recommendations Field Off. memo May 8, 1962
- [ ] Settlement Sheets
- [ ] Drill Logs

Additional Folders:

Left Side

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

Right Side

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

Folders No. 2 : Maps (Use pocket folder or envelope)

Folders No. _____: Settlement Sheets

Folders No. _____: Drill Logs

Folders No. _____: Royalty material

17863

MME Form 52
Jan. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

FOR GOVERNMENT USE ONLY
Operator Loren B. Smith
Docket No. OME –
Contract No. 6577 ~~M-23-090~~ –
Contract Date 2264 July 31, 1960

LIEN AND SUBORDINATION AGREEMENTS[1]

To the United States of America:

That certain land in the County of Gunnison, State of Colorado, described as follows:[2] ~~Springfield, Springfield No. 1, Patent No. 3588, Compromise No. 1 Compromise No. 2, Goldfield, Goldfield No. 1, Goldfield No. 2, Goldfield No. 3, Goldfield No. 4, Patent No. 13233; Carbonate Prince, Patent No. 4431; Lode Locations: Harvard, Princeton, Yale, Columbia, Book 200, Pages 204-206~~ 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 Loren B. Smith[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.)

~~Said premises are subject to a lien held by the United States of America to secure repayment of OME-6227, Contract No. 2134 in the amount of $12,740.71, and of OME-6577, Contract No. 2264 in the amount of $27,050.00.~~

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 15th day of Oct., 1976.

Dr. R. W. Irish	(Seal)		(Street)
		12P/Nosh Engineer Irish	(City & State)
		VA HOSP.	(Street)
Dr. Ralph E. Irish	(Seal)	PHOENIX - AZ	(City & State)
		2866 So. Ursula St.	(Street)
Florence H. Irish	(Seal)	Denver, CO. 80222	(City & State)
		1519 W. Columbine Ave	(Street)
Vivian E. Duncan	(Seal)	Davenport, Iowa 52804	(City & State)
		721 Franklin St	(Street)
Patsy A. Skeel	(Seal)	Buffalo Iowa 52728	(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)

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

Docket OME-6227

MAR 2 1970

AIRMAIL

Mr. Loren E. Smith
5401 Western Avenue
Boulder Industrial Park
Boulder, Colorado 80302

Re: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine
Gunnison County, Colorado
Contract 2264 (Subject Contract)
and
OME-6227 (Silver-Gold-Lead Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154 (Prior Contract)

Dear Mr. Smith:

Pursuant to Article 6 of the Subject Contract, as amended, and Annex II thereto, and Article 7 of the Prior Contract, as amended, royalties on any mineral production shall be paid to the Government from June 27, 1962 to July 31, 1979, unless the total amount ($27,050.00) contributed by the Government under the Subject Contract, with interest at the rate of 7 3/4 percent per annum, and the total amount ($12,740.71) contributed by the Government under the Prior Contract, with interest at the rate of 6 percentum per annum--is fully repaid prior to July 31, 1979.

Royalty payments should be made in favor of the U. S. Geological Survey and mailed or delivered to the Field Officer, Office of Minerals Exploration, Region III, Room 203, Building 53, Denver Federal Center, Denver, Colorado 80225. Each payment should be

accompanied by two copies of settlement sheets or other suitable sales evidence showing the date of sale, name of the purchaser, the quantity and grade of the production sold, the price per unit, and the gross proceeds and allowable deductions therefrom. The purchaser should be notified of the Government's royalty on production and directed to pay the royalty, computed as provided in the contract, directly to the Government.

We direct your attention to a "Special Agreement Concerning Land" of Annex I of the Subject Contract which provides:

> "In the event the Operator or any successor in interest thereof (whether wholly owned or otherwise), at any time during the period expiring ten years* from the date of this contract acquires any interest, title, or equity (exclusive of agreements granting the rights to explore purchase, or acquire leases) in or with respect to any land, including minerals therein, any part of which is situate within 1500 feet of any part of any of the land described in this contract at the contract date, it is agreed that such land shall thereupon become subject to the provisions of this contract, and the parties hereto shall promptly execute amendments to this contract listing such land as land included under Article 2 of this contract."

* Extended to eleven years by Amendment No. 1, dated December 23, 1968.

Attention is specifically invited to the provisions of Article 2(c) of the contract referring to the preservation of the Government's royalty rights. Two true copies of any instrument transferring, surrendering, or encumbering any of said rights shall be furnished the Field Officer.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

cc: Dr. J. P. Irish
P. O. Box 115
Nucla, Colorado 81424

Director's Reading file
Mineral Resources file
Branch of Budget and Finance
Assoc. Sol. --Room 6554
Docket OME - 6577
Docket OME -6227
OME Reading File
OME Region III
Mr. Kirkemo
Mr. Emerick
130 (2)

HKirkemo/CLMartin:bsl:jfg 2-19-70

OFFICIAL FILE COPY

Date	Surname	Code
1/6	Murphy	500
1/20	[illegible]	800
	[illegible]	130
1/20	[illegible]	110
		100
1/21	[illegible]	220
		500

MME Form 7
(10-58)

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

ning Company
0 Mile High Center
adway
, Colorado

Re: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Geddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154

Gentlemen:

Pursuant to Article 7 of the contract, as amended, referred to above, the Government hereby certifies that mineral or metal production may be possible as a result of the exploration work.

Therefore, royalties shall be paid to the Government as provided in the contract on all production from the land described in the contract from June 27, 1962, to June 27, 1973, or until the sum of $12,740.71 is fully repaid with interest, at the rate of 6 percent per annum whichever occurs first.

Royalty payments should be made in favor of the Office of Minerals Exploration, and should be mailed or delivered to the Field Officer, Office of Minerals Exploration, Region III, Federal Center, Denver 2, Colorado. Each payment should be accompanied by two copies of settlement sheets or other suitable sales evidence showing the name of the purchaser, the quantity and grade of the production sold, the price per unit, and the gross proceeds and allowable deductions therefrom. The purchaser should be notified of the Government's royalty on production and directed to pay the royalty, computed as provided in the contract, directly to the Government.

The Field Officer should be promptly notified upon the commencement of any production and upon any extended cessation thereof. Production unsold or unused six months after extraction from the ground should be reported promptly to the Field Officer.

43683

Attention is specifically invited to the provisions of Article 2(c) of the contract referring to the preservation of the Government's royalty rights. Two true copies of any instrument transferring, surrendering, or encumbering any of said rights shall be furnished to the Field Officer.

Dated this 20th day of January, 1964.

THE UNITED STATES OF AMERICA

By George Fumich, Jr.
Director, Office of Minerals Exploration

FMMurphy/ama 12-30-63

cc:
Docket
Director's Reading File
CA & A Division
Region III
Review Committee
F. E. Johnson
Dr. J. P. Irish
P. O. Box 115
Nucla, Colorado

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
1/6	Murphy	500
1/30	Talbert	800
	Lindy	120
1/28	Fumich	110
	Fumich	100
		220
		500

JAN 21 1964

Dr. J. P. Irish
P. O. Box 115
Nucla, Colorado

Re: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154

Dear Dr. Irish:

Enclosed is a copy of a certification of possible production which was issued pursuant to the terms of the subject contract. This relates to the Lien or Subordination Agreements signed by you on May 24, 1962, and July 4, 1962.

The Government's prior lien on the land and upon any production therefrom will continue in existence for the length of time mentioned in the enclosed copy of certification to the Operator. You are obligated during that period to commit no act and to assert no claim in conflict with the Government's rights under the agreement, and to give advance notice of the Government's rights to any transferee or lessee of any part of your interest in the land or the production therefrom.

Sincerely yours,

George Fumich, Jr.

Acting Director

Enclosure

FMMurphy/ama 12-30-63

cc:
Director's Reading File
Docket
Region III

43683

OFFICE OF MINERALS EXPLORATION
CONTRACT ADMINISTRATION AND AUDIT DIVISION

REPORT OF REVIEW

I have reviewed the Monthly Reports of:

Gaddis Mining Company
Suite 1500, 1700 Broadway
Denver 2, Colorado

pertaining to Exploration Contract 14-23-090-2154, OME No. 6227, including Amendments Nos. 1 and 2, for August 1962 to September 1963, inclusive, covering a silver-gold-lead-zinc-copper project at the Forest Hill Mine, Gunnison County, Colorado.

My review included an examination of the Monthly Vouchers (MME Forms 60) and supporting documents, comparison of the claimed costs with the contract and pertinent schedules, confirmation of work performed by reference to reports and correspondence, and a determination of the reasonableness and propriety of the costs.

This review was made in lieu of a final audit of the Operator's accounts and records for the reasons given in the attached schedule.

The findings of this review are stated in the following summary and the attached schedule:

Total cost billed by Operator		$25,276.68
Exceptions:		
Prior to this review	$ 24.00	
Herewith	-0-	24.00
Acceptable cost claimed by Operator		$25,252.68
Acceptable costs not claimed, to offset exceptions		24.00
Total acceptable cost		25,276.68
Acceptable cost not claimed	$228.74	
Less: Offset above	24.00	204.74
Total acceptable cost, if claimed		$25,481.42

The contract calls for a 50 percent contribution of the allowable costs by the Government. Therefore, if the project is otherwise accepted as having met the terms of the contract, payments as follows are valid and proper:

Payable on audited claim	$12,638.34
Paid to date	11,626.33
Balance due Operator	$ 1,012.01
Additional payable, if claimed	$ 102.37

November 20, 1963

E. D. Talbert, OME Auditor

Reasons for Report of Review in lieu of a final audit:

(a) a major portion ($20,654.92) of the acceptable costs covered work performed at unit rates under independent contract;
(b) a large portion ($4,160.00) of the balance of the acceptable costs was under a contract provision for contribution by the Government on the basis of fixed unit costs for work performed;
(c) the Monthly Reports were supported by documentary evidence of the acceptable actual costs under the contract; and
(d) the administrative cost to the Government of an audit would be excessive in relation to the estimated amount of possible further exceptions.

Exceptions prior to this review:

(a) In final MMK Forms 60 and 61 Operator claimed $1,871.55 for 327 feet of RXWL drilling, whereas correct amount @ $5.65/ft. is $1,847.55; difference ..... $ 24.00

Acceptable cost not claimed:

(a) The Operator claimed an aggregate of $1,188.93 for 100 hrs. of cementing and 30½ sacks of cement, whereas actual costs invoiced by the drilling contractor aggregate $1,327.17 for 110 3/4 hrs. of cementing and 33¼ sacks of cement; difference ..... $ 138.24
(b) The Operator claimed a total of $300.00 for 100 wooden core boxes, whereas actual costs invoiced by the supplier total $326.00 for 106 boxes; difference 26.00
(c) The Operator claimed $276.00 for 184 assay determinations, whereas priced assay reports document 173 determinations at an aggregate cost of $340.50; difference 64.50
$ 228.74

Acceptable cost, if claimed:

Cat. (1) Bulldozing, 25 hrs. @ $12.00 $ 300.00

	Drilling (7 holes) -	
	Mobilization & demobilization	$ 475.00
	Overburden, 313 ft. @ $5.50	1,721.50
	NXWL, 1040 ft. @ $6.10	6,344.00
	BXWL, 1808 ft. @ $5.65	10,215.20
	AX, 39 ft. @ $5.65	220.35
	Reaming & casing, 22 ft. @ $2.35	51.70
	Cementing, 110 3/4 hrs. @ $11.983 (av.)	1,327.17
	Sub-total	$20,654.92*
Cat. (3)	Wooden core boxes, 106 ea.	326.00
Cat. (7)	Assay determinations, 173 ea.	340.50
Incidental Allowance, 3200 ft. @ $1.30		4,160.00
	Total	$25,481.42

* Actual cost as invoiced by independent contractors:

(a) Troublesome Valley Ranch, Kremmling, Colo. -
Bulldozing access roads and 7 drill sites,
25½ hrs. @ $12.00 $ 306.00

(b) E. J. Longyear Company, Minneapolis 2, Minn. -
Drilling (8 holes),

Mobilization, 1962	237.50
Demobilization, 1962	237.50
Mobilization, 1963	237.50
Demobilization, 1963	237.50
Overburden, 367 ft. @ $5.50	2,018.50
NXWL, 1118 ft. @ $6.10	6,819.80
BXWL, 2021 ft. @ $5.65	11,418.65
AX, 39 ft. @ $5.65	220.35
Reaming, 18 ft. @ $2.35	42.30
Casing, 10 ft. @ $2.35	23.50
Cementing, 110 3/4 hrs. @ $10.50	1,162.88
Cement: Lumnite, 15 sacks @ $6.65	99.75
Portland, 8.75 sacks @ $2.00	17.51
Cal-Seal, 9.5 sacks @ $4.95	47.03
Drill Mud: 159 sacks @ $3.56	566.04
47 sacks @ $2.95	138.65
C.M.C., 1 sack	23.25
Quebracho, 1 sack	9.19
Total	$23,863.40

Government's Copy

EXPLORATION CONTRACT
GADDIS MINING COMPANY
OME-6227

AMENDMENT NO. 2

It is agreed this 1st day of August, 1963, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government," and Gaddis Mining Company, hereinafter referred to as the "Operator," that Exploration Contract No. 2154 (OME-6227) dated June 27, 1962, as amended, is further amended, effective June 1, 1963, as follows:

Work under the contract, which was suspended from December 11, 1962, until not later than June 1, 1963, by Amendment No. 1 to the contract, is further suspended until not later than August 15, 1963.

This amendment shall not be construed to increase the amount of any item designated as a maximum, the fixed unit cost of any item of work, the estimated total cost of the project, or the aggregate total amount which the Government may be required to contribute.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By Hugh M. Connors
Acting Field Officer, OME, Region III

GADDIS MINING COMPANY

By Leon E. Smith

Title Agent

Selfridge
Johnson
Finch

Government's Copy

EXPLORATION CONTRACT
GADDIS MINING COMPANY
OME-6227

AMENDMENT NO. 1

It is agreed this 1st day of January, 1963, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government," and Gaddis Mining Company, hereinafter referred to as the "Operator," that Contract No. 2154, (OME-6227), dated June 27, 1962, is amended, effective June 27, 1962, as follows:

1. In Exhibit A of the contract, under the sub-heading "Description of the Work," the first sentence of the second paragraph is deleted and the following is substituted:

"It is estimated that seven inclined diamond drill holes (with incidental necessary overburden drilling) will be required for the purpose of the project."

2. On page 2 of Exhibit A the first paragraph is deleted and the following is substituted:

"The sixth and seventh holes shall be drilled as may appear advisable in the light of the results of the prior five holes. The total combined footage of the seven holes shall not exceed 3,200 feet."

3. (a) Work under the contract shall be suspended during the period beginning December 11, 1962, and ending not later than June 1, 1963.

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

4. The date fixed by Article 1 of the contract for completion of the work is extended from six to fifteen months from the date of the contract.

5. The maximum period for royalty payments and for the lien to secure the payment thereof provided for in the contract is extended from ten (10) to eleven (11) years.

6. This amendment shall not be construed to increase the amount of any other item designated as a maximum, the fixed unit cost of any item of work, the estimated total cost of the project, or the aggregate total amount which the Government may be required to contribute.

7. The first paragraph of Article 16 is deleted and the following is substituted in lieu thereof as Article 12, Nondiscrimination:

Finished
McPhillamy
Talbert
Selfridge
Johnson

"Article 12, Nondiscrimination. The provisions relating to Nondiscrimination are attached hereto as Exhibit C and by reference thereto made a part of this contract."

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
Director, Office of Minerals Exploration

GADDIS MINING COMPANY

By _____

Title _____

EXHIBIT C

The provisions governing performance of work under Government contracts, as set out in Section 301 of the Executive Order 10925, dated March 6, 1961 (a copy of which is attached hereto as Exhibit D and by reference hereby incorporated and made a part of this Contract), shall be applicable to this Contract.

In compliance with the Rules and Regulations (41 CFR, Section 60-1.3(a)) issued under Executive Order 10925 of March 6, 1961, the Operator is hereby bound and agrees to include in each subcontract which it shall make with a subcontractor or supplier paragraphs (1) through (7) of Section 301 of said Executive Order, unless exempted pursuant to the rules, regulations, and relevant orders of the President's Committee on Equal Employment Opportunity.

The Operator shall require each of its subcontractors (first tier) to include in every subcontract with each of its subcontractors (second tier) the following clause: The (here identify the second-tier subcontractor by name) shall incorporate by reference in each subcontract or purchase order with a subcontractor or supplier paragraphs (1) through (6) of Section 301 of Executive Order 10925 of March 6, 1961, unless exempted pursuant to the rules, regulations, and relevant orders of the President's Committee on Equal Employment Opportunity.

EXHIBIT D

NONDISCRIMINATION IN EMPLOYMENT

(Section 301, Executive Order 10925, March 6, 1961, 26 FR 1977)

"In connection with the performance of work under 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 said labor union or workers' representative of the contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

"(4) The contractor will comply with all provisions of Executive Order No. 10925 of March 6, 1961, and of the rules, regulations, and relevant orders of the President's Committee on Equal Employment Opportunity created thereby.

"(5) The contractor will furnish all information and reports required by Executive Order No. 10925 of March 6, 1961, and by the rules, regulations, and orders of the said Committee, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Committee 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 the said rules, regulations, or orders, this contract may be cancelled 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. 10925 of March 6, 1961, and such other sanctions may be imposed and remedies invoked as provided in the said Executive order or by rule, regulation, or order of the President's Committee on Equal Employment Opportunity, or as otherwise provided by law.

"(7) The contractor will include the provisions of the foregoing paragraphs (1) through (6) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the President's Committee on Equal Employment Opportunity issued pursuant to section 303 of Executive Order No. 10925 of March 6, 1961, 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."

Case-216

MME Form 50
Feb. 1959

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Government's Copy

JUL 23 1962
O.M.E.

EXPLORATION CONTRACT
(Long Form)

Docket No.	Commodity	Contract No.	County	State
OME-6227	Silver-Gold-Lead-Zinc-Copper	14-23-090-2154	Gunnison	Colorado

It is agreed JUN 27 1962 (Date) between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and

Gaddis Mining Company, a Colorado corporation,

whose mailing address is Suite 1500, 1700 Broadway, Denver 2, Colorado, 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 AUG 1 1962 (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 $30,920.00. The Government will contribute 50 percent of the allowable costs as they are incurred, in a total sum not in excess of $15,460.00 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 computed annually at the rate of 6 percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

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

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

Interest of Lessor

(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:

Lien or Subordination Agreement, dated May 24, 1962, signed by Dr. J. P. Irish and Amended
Lien or Subordination Agreement, Dated July 4, 1962, signed by Dr. J. P. Irish

(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.--(a) 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 five copies of monthly reports in three sections as follows:

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

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

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

(Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) Final report.--Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five 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 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.--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. This 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 retain his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

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

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

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the [redacted] 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)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator 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 by the Operator 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 by the Operator 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 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.

(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.

See Article 16

~~ARTICLE 12. Nondiscrimination.--In connection with the performance of work under this contract, the Operator agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision 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 Operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the Government setting forth the provisions of the nondiscrimination clause.~~

~~The Operator further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.~~

ARTICLE 13. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, Office of Minerals Exploration, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, Office of Minerals Exploration, 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, Office of Minerals Exploration, a written appeal addressed to the Secretary. 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, Office of Minerals Exploration," as used herein includes his duly authorized representative.

ARTICLE 14. Eight-Hour Law of 1912--Overtime compensation.--This contract, to the extent that it is of a character specified in the Eight-Hour Law of 1912, as amended (40 U. S. Code 324—326) and is not covered by the Walsh-Healey Public Contracts Act (41 U. S. Code 35—45), is subject to the following provisions and exceptions of said Eight-Hour Law of 1912, as amended, and to all other provisions and exceptions of said Law:

No laborer or mechanic doing any part of the work contemplated by this contract, in the employ of the Operator or any independent contractor contracting for any part of said work contemplated, shall be required or permitted to work more than eight hours in any one calendar day upon such work, except upon the condition that compensation is paid to such laborer or mechanic in accordance with the provisions of this clause. The wages of every laborer and mechanic employed by the Operator or any independent contractor engaged in the performance of this contract shall be computed on a basic day rate of eight hours per day; and work in excess of eight hours per day is permitted only upon the condition that every such laborer and mechanic shall be compensated for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay. For each violation of the requirements of this clause a penalty of five dollars shall be imposed for each laborer or mechanic for every calendar day in which such employee is required or permitted to labor more than eight hours upon said work without receiving compensation computed in accordance with this clause, and all penalties thus imposed shall be withheld for the use and benefit of the Government.

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 provisions.--The provisions governing performance of work under Government contracts, as set out in Section 301 of Executive Order 10925, dated March 6, 1961 (a copy of which is attached hereto as Exhibit B and by reference hereby incorporated and made a part of this contract), shall be applicable to this contract, and shall be included in all contracts executed by the Operator for the performance of work contemplated by this contract, and for that purpose the term "contract" shall be deemed to refer to this instrument and to contracts awarded by the Operator and the term "contractor" shall be deemed to refer to the Operator and to contractors awarded contracts by the Operator.

SPECIAL AGREEMENT CONCERNING LAND

In the event the Operator or any subsidiary thereof (whether wholly owned or otherwise), at any time during the period expiring ten years from the date of this contract acquires any interest, title, or equity (exclusive of agreements granting the rights to explore, purchase, or acquire leases) in or with respect to any land, including minerals therein, any part of which is situate within 1500 feet of any part of any of the land described in this contract at the contract date, it is agreed that such land shall thereupon become subject to the provisions of this contract, and the parties hereto shall promptly execute amendments to this contract listing such land as land included in this contract.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By George Turnich
Director, Office of Minerals Exploration

GADDIS MINING COMPANY
(Operator)

By [illegible]

Title President

I, Loren E. Smith, certify that I am the
(Name)

_____ secretary of the corporation named

as Operator herein; that W. H. Geddis, who
(Name)

signed this contract on behalf of the Operator, was then President
(Title)

of said corporation; that said contract was duly signed for and in behalf

of said corporation by authority of its governing body, and is within

the scope of its corporate powers.

Loren E. Smith

[CORPORATE SEAL]

EXPLORATION CONTRACT
GADDIS MINING COMPANY
OME-6227

ANNEX I

The land referred to in Article 2 of the contract, consists of ten patented and four unpatented mining claims, with all rights pertaining thereto, in sections 10, 11, 14, and 15, Township 13 S., Range 83 W., 6th P.M. in the Tin Cup mining district of Gunnison County, Colorado. The claims are held by the Operator under a Mining Lease With Option to Purchase, dated July 21, 1961, given by Dr. J. P. Irish, and recorded in Book 336, Page 566 in the office of the County Clerk and Recorder of Gunnison County, Colorado, and an amendment to said lease and option, dated May 4, 1962. The individual claims are as follows:

Patented Claims

Name	U. S. Patent No.
Springfield	9508
Springfield No. 1	9508
Compromise No. 1	13235
Compromise No. 2	13235
Goldfield	13235
Goldfield No. 1	13235
Goldfield No. 2	13235
Goldfield No. 3	13235
Goldfield No. 4	13235
Carbonate Prince	4451

Unpatented Claims

Name	Recording Data
Harvard	Recorded in Book 260, page 205
Yale	Recorded in Book 260, page 205
Princeton	Recorded in Book 260, page 206
Springfield Extension	Recorded in Book 319, page 25

The foregoing unpatented claims are recorded in the office of the County Clerk and Recorder of Gunnison County, Colorado.

All claims are shown in blue color on the attached Figure 1 entitled, "Proposed Tunnel, Gaddis Mining Company, Forest Hill Mine, Gunnison Co., Colorado."

MME Form 52
June, 1961

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 OR SUBORDINATION AGREEMENT 1/

To the United States of America:

That certain land in the County of Gunnison, State of Colorado, described as follows: 2/ Springfield, Springfield No.1 U.S. Patent No. 9508, Compromise No. 1, Compromise No. 2, Goldfield, Goldfield No. 1, Goldfield No. 2, Goldfield No. 3, Goldfield No. 4, U. S. Patent No.13235, Carbonate Prince , U. S. Patent No. 4451. Lode Locations: Harvard, Princeton, Yale - Book 260, Pages 205-206 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

GADDIS MINING COMPANY 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

4

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 24th day of May, 19 62.

APPLICANT SHOULD NOT SIGN

		x Dr. J. P. Drish, P.O. Box 115 (Street)
	(Seal)	Nucla, Colorado (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)

INT.-DUP. SEC., WASH., D.C.
95181

MME Form 52
June, 1961

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

AMENDED
/LIEN OR SUBORDINATION AGREEMENT 1/

To the United States of America:

That certain land in the County of Gunnison, State of Colorado,

described as follows: 2/ Springfield, Springfield No. 1 U. S. Patent No. 9508, Compromise No. 1, Compromise No. 2, Goldfield, Goldfield No. 1, Goldfield No. 2, Goldfield No. 3, Goldfield No. 4, U. S. Patent No. 13235, Carbonate Prince, U. S. Patent No. 4451. Lode Locations; Springfield Extension, Recorded in Book 319, page 25; Harvard, Princeton, Yale - Book 260, Pages 205-206

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

_____ 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

4. Agrees that the work to be done under said Contract, together with that already done by the Operator, shall be considered as full and complete, completion of and compliance with the requirements of Paragraph I (a), (b), and (c) of the Mining Lease and Option to Purchase, dated July 21, 1961, as amended May 4, 1962, between the undersigned and the Operator.

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.

5. ~~xx~~ 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

6. ~~xx~~ 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.

7. ~~xx~~ Added provisions None (State "None" or "See Annex No._____".)

Dated this 4th day of July, 19 62.

P. O. Box 115, Nucla (Street)
Colorado (City & State)

X Pat J. Irish (Seal)

(Street)
(City & State)

(Seal)

(Street)
(City & State)

(Seal)

(Street)
(City & State)

(Seal)

(Street)
(City & State)

(Seal)

(Street)
(City & State)

(Seal)

APPLICANT SHOULD NOT SIGN

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)

INT.-DUP. SEC., WASH., D.C.
95181

EXPLORATION CONTRACT
GADDIS MINING COMPANY
OME-6227

EXHIBIT A

The purpose of the project is to explore the Forest Hill Mine property for ores of silver, gold, lead, zinc, and copper by diamond core drilling from the surface to intersect the Springfield vein.

General Conditions

The Government will not participate in the cost of any work done at a distance of less than one hundred feet from any property not covered by this Contract.

The Operator shall provide all technical and supervisory services necessary to complete the project in a satisfactory manner.

All drill hole locations, directions, inclinations and depths shall be subject to prior Government approval.

Description of the Work

A bulldozer of not less than D-7 size or its equivalent shall be used to prepare access roads and drill sites. The Government will contribute to the cost of not to exceed 25 hours of such bulldozing.

It is estimated that six inclined diamond drill holes (with incidental necessary overburden drilling) will be required for the purpose of the project. Five of such holes are described in the following table of "Drill Hole Data" and are further indicated on the attached Figure 2 entitled "Proposed Diamond Drilling, Gaddis Mining Company, Forest Hill Mine, Gunnison County, Colorado."

DRILL HOLE DATA

Hole No.	Estimated Depth	Angle	Bearing	Coordinates	
1	370'	-65°	N73W	302N	434E
2	490'	-65°	N81W	381N	651E
3	530'	-65°	N78W	172N	600E
4	480'	-65°	S89W	830N	694E
5	500'	-65°	N88W	613N	641E

The sixth hole shall be drilled as may appear advisable in the light of the results of the prior five holes. The total combined footage of the six holes shall not exceed 3200 feet.

Diamond drilling shall be done with NX size wireline coring bits (core diameter of 1-9/16 inches) or BX size standard coring bits giving approximately the same size core diameter. Where necessary to complete a hole BX size wireline bits (1-1/8 inch core diameter or AX size standard bits giving approximately the same size of core may be used.

Drill cores from significantly mineralized areas shall be split and one fraction assayed for silver, gold, lead, zinc, or copper as may appear desirable. The remaining fraction of each core shall be properly identified, boxed and stored so as to be available for inspection by the Government. With prior Government approval, the Operator may later dispose of such stored cores.

Proper provision shall be made for recovery of diamond drill sludges in significantly mineralized areas. If the core recovery is in excess of 60 percent, the sludge samples may be discarded. If core recovery is less than 60 percent the sludge samples shall be split, with one fraction set aside for the Government and the remaining fraction assayed in the manner indicated above, in addition to the core segments recovered.

The Government will contribute to the cost of not to exceed 200 assay determinations. No drill hole sample shall represent a space interval of more than five feet.

All holes shall be logged geologically and copies of the logs of completed holes, together with maps showing hole locations and sections, shall be furnished with the monthly report to the Government.

Estimated Costs of the Project

Actual Costs

Category (1) Independent Contracts

Bulldozing, 25 hours at $12 per hour	$300.00

Diamond Drilling

Mobilization and demobilization	$ 476.00	
Overburden drilling, 60 feet at $5.50 per ft.	330.00	
NX wireline or BX standard drilling 3140 feet at $6.10 per ft.	19,154.00	
BX wireline or AX standard, at $5.65 per ft.		
Reaming and casing, all sizes 2000 feet at $2.35 per foot	4,700.00	
Cementing and redrilling (cost of cement included) 100 hrs. at $12 per hr.	1,200.00	
		$26,160.00

Category (3) Operating Materials and Supplies

None except:

100 wooden core boxes at $3 each	300.00

Category (7) Miscellaneous

None except:

Assaying, 200 determinations at $1.50 each	300.00

Fixed Unit Costs

Incidental allowance for each foot of drilling completed, 3200 feet at $1.30 per ft.	4,160.00
Total Estimated Cost of Project	$30,920.00
Government Participation, 50%	$15,460.00

Presidential Documents

Title 3—THE PRESIDENT

Executive Order 10925

ESTABLISHING THE PRESIDENT'S COMMITTEE ON EQUAL EMPLOYMENT OPPORTUNITY

WHEREAS discrimination because of race, creed, color, or national origin is contrary to the Constitutional principles and policies of the United States; and

WHEREAS it is the plain and positive obligation of the United States Government to promote and ensure equal opportunity for all qualified persons, without regard to race, creed, color, or national origin, employed or seeking employment with the Federal Government and on government contracts; and

WHEREAS it is the policy of the executive branch of the Government to encourage by positive measures equal opportunity for all qualified persons within the Government; and

WHEREAS it is in the general interest and welfare of the United States to promote its economy, security, and national defense through the most efficient and effective utilization of all available manpower; and

WHEREAS a review and analysis of existing Executive orders, practices, and government agency procedures relating to government employment and compliance with existing non-discrimination contract provisions reveal an urgent need for expansion and strengthening of efforts to promote full equality of employment opportunity; and

WHEREAS a single governmental committee should be charged with responsibility for accomplishing these objectives:

NOW, THEREFORE, by virtue of the authority vested in me as President of the United States by the Constitution and statutes of the United States, it is ordered as follows:

PART I—ESTABLISHMENT OF THE PRESIDENT'S COMMITTEE ON EQUAL EMPLOYMENT OPPORTUNITY

SECTION 101. There is hereby established the President's Committee on Equal Employment Opportunity.

SEC. 102. The Committee shall be composed as follows:

(a) The Vice President of the United States, who is hereby designated Chairman of the Committee and who shall preside at meetings of the Committee.

(b) The Secretary of Labor, who is hereby designated Vice Chairman of the Committee and who shall act as Chairman in the absence of the Chairman. The Vice Chairman shall have general supervision and direction of the work of the Committee and of the execution and implementation of the policies and purposes of this order.

(c) The Chairman of the Atomic Energy Commission, the Secretary of Commerce, the Attorney General, the Secretary of Defense, the Secretaries of the Army, Navy and Air Force, the Administrator of General Services, the Chairman of the Civil Service Commission, and the Administrator of the National Aeronautics and Space Administration. Each such member may designate an alternate to represent him in his absence.

(d) Such other members as the President may from time to time appoint.

(e) An Executive Vice Chairman, designated by the President, who shall be *ex officio* a member of the Committee. The Executive Vice Chairman shall assist the Chairman, the Vice Chairman and the Committee. Between meetings of the Committee he shall be primarily responsible for carrying out the functions of the Committee and may act for the Committee pursuant to its rules, delegations, and other directives. Final action in individual cases or classes of cases may be taken and final orders may be entered on behalf of the Committee by the Executive Vice Chairman when the Committee so authorizes.

SEC. 103. The Committee shall meet upon the call of the Chairman and at such other times as may be provided by its rules and regulations. It shall (a) consider and adopt rules and regulations to govern its proceedings; (b) provide generally for the procedures and policies to implement this order; (c) consider reports as to progress under this order; (d) consider and act, where necessary or appropriate, upon matters which may be presented to it by any of its members; and (e) make such reports to the President as he may require or the Committee shall deem appropriate. Such reports shall be made at least once annually and shall include specific references to the actions taken and results achieved by each department and agency. The Chairman may appoint sub-committees to make special studies on a continuing basis.

PART II—NONDISCRIMINATION IN GOVERNMENT EMPLOYMENT

SECTION 201. The President's Committee on Equal Employment Opportunity established by this order is directed immediately to scrutinize and study employment practices of the Government of the United States, and to consider and recommend additional affirmative steps which should be taken by executive departments and agencies to realize more fully the national policy of nondiscrimination within the executive branch of the Government.

SEC. 202. All executive departments and agencies are directed to initiate forthwith studies of current government employment practices within their responsibility. The studies shall be in such form as the Committee may prescribe and shall include statistics on current employment patterns, a review of current procedures, and the recommendation of positive measures for the elimination of any discrimination, direct or indirect, which now exists. Reports and recommendations shall be submitted to the Executive Vice Chairman of the Committee no later than sixty days from the effective date of this order, and the Committee, after considering such reports and recommedations, shall report to the President on the current situation and recommend positive measures to accomplish the objectives of this order.

SEC. 203. The policy expressed in Executive Order No. 10590 of January 18, 1955 (20 F.R. 409), with respect to the exclusion and prohibition of discrimination against any employee or applicant for employment in the Federal Government because of race, color, religion, or national origin is hereby reaffirmed.

SEC. 204. The President's Committee on Government Employment Policy, established by Executive Order No. 10590 of January 18, 1955 (20 F.R. 409), as amended by Executive Order No. 10722 of August 5, 1957 (22 F.R. 6287), is hereby abolished, and the powers, functions, and duties of that Committee are hereby transferred to, and henceforth shall be vested in, and exercised by, the President's Committee on Equal Employment Opportunity in addition to the powers conferred by this order.

PART III—OBLIGATIONS OF GOVERNMENT CONTRACTORS AND SUBCONTRACTORS

SUBPART A—CONTRACTORS' AGREEMENTS

SECTION 301. Except in contracts exempted in accordance with section 303 of this order, all government contracting agencies shall include in every government contract hereafter entered into the following provisions:

"In connection with the performance of work under 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 said labor union or workers' representative of the contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

"(4) The contractor will comply with all provisions of Executive Order No. 10925 of March 6, 1961, and of the rules, regulations, and relevant orders of the President's Committee on Equal Employment Opportunity created thereby.

"(5) The contractor will furnish all information and reports required by Executive Order No. 10925 of March 6, 1961, and by the rules, regulations, and orders of the said Committee, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Committee for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

"(6) In the event of the contractor's non-compliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled 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. 10925 of March 6, 1961, and such other sanctions may be imposed and remedies invoked as provided in the said Executive order or by rule, regulation, or order of the President's Committee on Equal Employment Opportunity, or as otherwise provided by law.

"(7) The contractor will include the provisions of the foregoing paragraphs (1) through (6) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the President's Committee on Equal Employment Opportunity issued pursuant to section 303 of Executive Order No. 10925 of March 6, 1961, 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 non-compliance: *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."

SEC. 302. (a) Each contractor having a contract containing the provisions prescribed in section 301 shall file, and shall cause each of its subcontractors to file, Compliance Reports with the contracting agency, which will be subject to review by the Committee upon its request. Compliance Reports shall be filed within such times and shall contain such information as to the practices, policies, programs, and employment statistics of the contractor and each subcontractor, and shall be in such form, as the Committee may prescribe.

(b) Bidders or prospective contractors or subcontractors may be required to state whether they have participated in any previous contract subject to the provisions of this order, and in that event to submit, on behalf of themselves and their proposed subcontractors, Compliance Reports prior to or as an initial part of their bid or negotiation of a contract.

(c) Whenever the contractor or subcontractor has a collective bargaining agreement or other contract or understanding with a labor union or other representative of workers, the Compliance Report shall include such information as to the labor union's or other representative's practices and policies affecting compliance as the Committee may prescribe: *Provided,* that to the extent such information is within the exclusive possession of a labor union or other workers' representative and the labor union or representative shall refuse to furnish such information to the contractor, the contractor shall so certify to the contracting agency as part of its Compliance Report and shall set forth what efforts he has made to obtain such information.

(d) The Committee may direct that any bidder or prospective contractor or subcontractor shall submit, as part of his Compliance Report, a statement in writing, signed by an authorized officer or agent of any labor union or other workers' representative with which the bidder or prospective contractor deals, together with supporting information, to the effect that the said labor union's or representative's practices and policies do not discriminate on the grounds of race, color, creed, or national origin, and that the labor union or representative either will affirmatively cooperate, within the limits of his legal and contractual authority, in the implementation of the policy and provisions of this order or that it consents and agrees that recruitment, employment, and the terms and conditions of employment under the proposed contract shall be in accordance with the purposes and provisions of the order. In the event that the union or representative shall refuse to execute such a statement, the Compliance Report shall so certify and set forth what efforts have been made to secure such a statement.

SEC. 303. The Committee may, when it deems that special circumstances in the national interest so require, exempt a contracting agency from the requirement of including the provisions of section 301 of this order in any specific contract, subcontract, or purchase order. The Committee may, by rule or regulation, also exempt certain classes of contracts, subcontracts, or purchase orders (a) where work is to be or has been performed outside the United States and no recruitment of workers within the limits of the United States is involved; (b) for standard commercial supplies or raw materials; or (c) involving less than specified amounts of money or specified numbers of workers.

SUBPART B—LABOR UNIONS AND REPRESENTATIVES OF WORKERS

SEC. 304. The Committee shall use its best efforts, directly and through contracting agencies, contractors, state and local officials and public and private agencies, and all other available instrumentalities, to cause any labor union, recruiting agency or other representative of workers who is or may be engaged in work under government contracts to cooperate with, and to comply in the implementation of, the purposes of this order.

SEC. 305. The Committee may, to effectuate the purposes of section 304 of this order, hold hearings, public or private, with respect to the practices and policies of any such labor organization. It shall from time to time submit special reports to the President concerning discriminatory practices and policies of any such labor organization, and may recommend remedial action if, in its judgment, such action is necessary or appropriate. It may also notify any Federal, state, or local agency of its conclusions and recommendations with respect to any such labor organization which in its judgment has failed to cooperate with the Committee, contracting agencies, contractors, or subcontractors in carrying out the purposes of this order.

SUBPART C—POWERS AND DUTIES OF THE PRESIDENT'S COMMITTEE ON EQUAL EMPLOYMENT OPPORTUNITY AND OF CONTRACTING AGENCIES

SEC. 306. The Committee shall adopt such rules and regulations and issue such orders as it deems necessary and appropriate to achieve the purposes of this order, including the purposes of Part II hereof relating to discrimination in government employment.

SEC. 307. Each contracting agency shall be primarily responsible for obtaining compliance with the rules, regulations, and orders of the Committee with respect to contracts entered into by such agency or its contractors, or affecting its own employment practices. All contracting agencies shall comply with the Committee's rules in discharging their primary responsibility for securing compliance with the provisions of contracts and otherwise with the terms of this Executive order and of the rules, regulations, and orders of the Committee pursuant hereto. They are directed to cooperate with the Committee, and to furnish the Committee such information and assistance as it may require in the performance of its functions under this order. They are further directed to appoint or designate, from among the agency's personnel, compliance officers. It shall be the duty of such officers to seek compliance with the objectives of this order by conference, conciliation, mediation, or persuasion.

SEC. 308. The Committee is authorized to delegate to any officer, agency, or employee in the executive branch of the

Government any function of the Committee under this order, except the authority to promulgate rules and regulations of a general nature.

SEC. 309. (a) The Committee may itself investigate the employment practices of any government contractor or subcontractor, or initiate such investigation by the appropriate contracting agency or through the Secretary of Labor, to determine whether or not the contractual provisions specified in section 301 of this order have been violated. Such investigation shall be conducted in accordance with the procedures established by the Commitee, and the investigating agency shall report to the Committee any action taken or recommended.

(b) The Committee may receive and cause to be investigated complaints by employees or prospective employees of a government contractor or subcontractor which allege discrimination contrary to the contractual provisions specified in section 301 of this Order. The appropriate contracting agency or the Secretary of Labor, as the case may be, shall report to the Committee what action has been taken or is recommended with regard to such complaints.

SEC. 310. (a) The Committee, or any agency or officer of the United States designated by rule, regulation, or order of the Committee, may hold such hearings, public or private, as the Committee may deem advisable for compliance, enforcement, or educational purposes.

(b) The Committee may hold, or cause to be held, hearings in accordance with subsection (a) of this section prior to imposing, ordering, or recommending the imposition of penalties and sanctions under this order, except that no order for debarment of any contractor from further government contracts shall be made without a hearing.

SEC. 311. The Committee shall encourage the furtherance of an educational program by employer, labor, civic, educational, religious, and other nongovernmental groups in order to eliminate or reduce the basic causes of discrimination in employment on the ground of race, creed, color, or national origin.

SUBPART D—SANCTIONS AND PENALTIES

SEC. 312. In accordance with such rules, regulations or orders as the Committee may issue or adopt, the Committee or the appropriate contracting agency may:

(a) Publish, or cause to be published, the names of contractors or unions which it has concluded have complied or have failed to comply with the provisions of this order or of the rules, regulations, and orders of the Committee.

(b) Recommend to the Department of Justice that, in cases where there is substantial or material violation or the threat of substantial or material violation of the contractual provisions set forth in section 301 of this order, appropriate proceedings be brought to enforce those provisions, including the enjoining, within the limitations of applicable law, of organizations, individuals or groups who prevent directly or indirectly, or seek to prevent directly or indirectly, compliance with the aforesaid provisions.

(c) Recommend to the Department of Justice that criminal proceedings be brought for the furnishing of false information to any contracting agency or to the Committee as the case may be.

(d) Terminate, or cause to be terminated, any contract, or any portion or portions thereof, for failure of the contractor or subcontractor to comply with the nondiscrimination provisions of the contract. Contracts may be terminated absolutely or continuance of contracts may be conditioned upon a program for future compliance approved by the contracting agency.

(e) Provide that any contracting agency shall refrain from entering into further contracts, or extensions or other modifications of existing contracts, with any non-complying contractor, until such contractor has satisfied the Committee that he has established and will carry out personnel and employment policies in compliance with the provisions of this order.

(f) Under rules and regulations prescribed by the committee, each contracting agency shall make reasonable efforts within a reasonable time limitation to secure compliance with the contract provisions of this order by methods of conference, conciliation, mediation, and persuasion before proceedings shall be instituted under paragraph (b) of this section, or before a contract shall be terminated in whole or in part under paragraph (d) of this section for failure of a contractor or subcontractor to comply with the contract provisions of this order.

SEC. 313. Any contracting agency taking any action authorized by this section, whether on its own motion, or as directed by the Committee, or under the Committee's rules and regulations, shall promptly notify the Committee of such action or reasons for not acting. Where the Committee itself makes a determination under this section, it shall promptly notify the appropriate contracting agency of the action recommended. The agency shall take such action and shall report the results thereof to the Committee within such time as the Committee shall provide.

SEC. 314. If the Committee shall so direct, contracting agencies shall not enter into contracts with any bidder or prospective contractor unless the bidder or prospective contractor has satisfactorily complied with the provisions of this order or submits a program for compliance acceptable to the Committee or, if the Committee so authorizes, to the contracting agency.

SEC. 315. Whenever a contracting agency terminates a contract, or whenever a contractor has been debarred from further government contracts, because of noncompliance with the contractor provisions with regard to nondiscrimination, the Committee, or the contracting agency involved, shall promptly notify the Comptroller General of the United States.

SUBPART E—CERTIFICATES OF MERIT

SEC. 316. The Committee may provide for issuance of a United States Government Certificate of Merit to employers or employee organizations which are or may hereafter be engaged in work under government contracts, if the Committee is satisfied that the personnel and employment practices of the employer, or that the personnel, training, apprenticeship, membership, grievance and representation, upgrading and other practices and policies of the employee organization, conform to the purposes and provisions of this order.

SEC. 317. Any Certificate of Merit may at any time be suspended or revoked by the Committee if the holder thereof, in the judgment of the Committee, has failed to comply with the provisions of this order.

SEC. 318. The Committee may provide for the exemption of any employer or employee organization from any requirement for furnishing information as to compliance if such employer or employee organization has been awarded a Certificate of Merit which has not been suspended or revoked.

PART IV—MISCELLANEOUS

SECTION 401. Each contracting agency (except the Department of Justice) shall defray such necessary expenses of the Committee as may be authorized by law, including section 214 of the Act of May 3, 1945, 59 Stat. 134 (31 U.S.C. 691): *Provided*, that no agency shall supply more than fifty per cent of the funds necessary to carry out the purposes of this order. The Department of Labor shall provide necessary space and facilities for the Committee. In the case of the Department of Justice, the contribution shall be limited to furnishing legal services.

SEC. 402. This order shall become effective thirty days after its execution. The General Services Administration shall take appropriate action to revise the standard Government contract forms to accord with the provisions of this order and of the rules and regulations of the Committee.

SEC. 403. Executive Order No. 10479 of August 13, 1953 (18 F.R. 4899), together with Executive Orders Nos. 10482 of August 15, 1953 (18 F.R. 4944), and 10733 of October 10, 1957 (22 F.R. 8135), amending that order, and Executive Order No. 10557 of September 3, 1954 (19 F.R. 5655), are hereby revoked, and the Government Contract Committee established by Executive Order No. 10479 is abolished. All records and property of or in the custody of the said Committee are hereby transferred to the President's Committee on Equal Employment Opportunity, which shall wind up the outstanding affairs of the Government Contract Committee.

JOHN F. KENNEDY

THE WHITE HOUSE,
March 6, 1961.

[F.R. Doc. 61-2093; Filed, Mar. 7, 1961; 10:06 a.m.] 90048

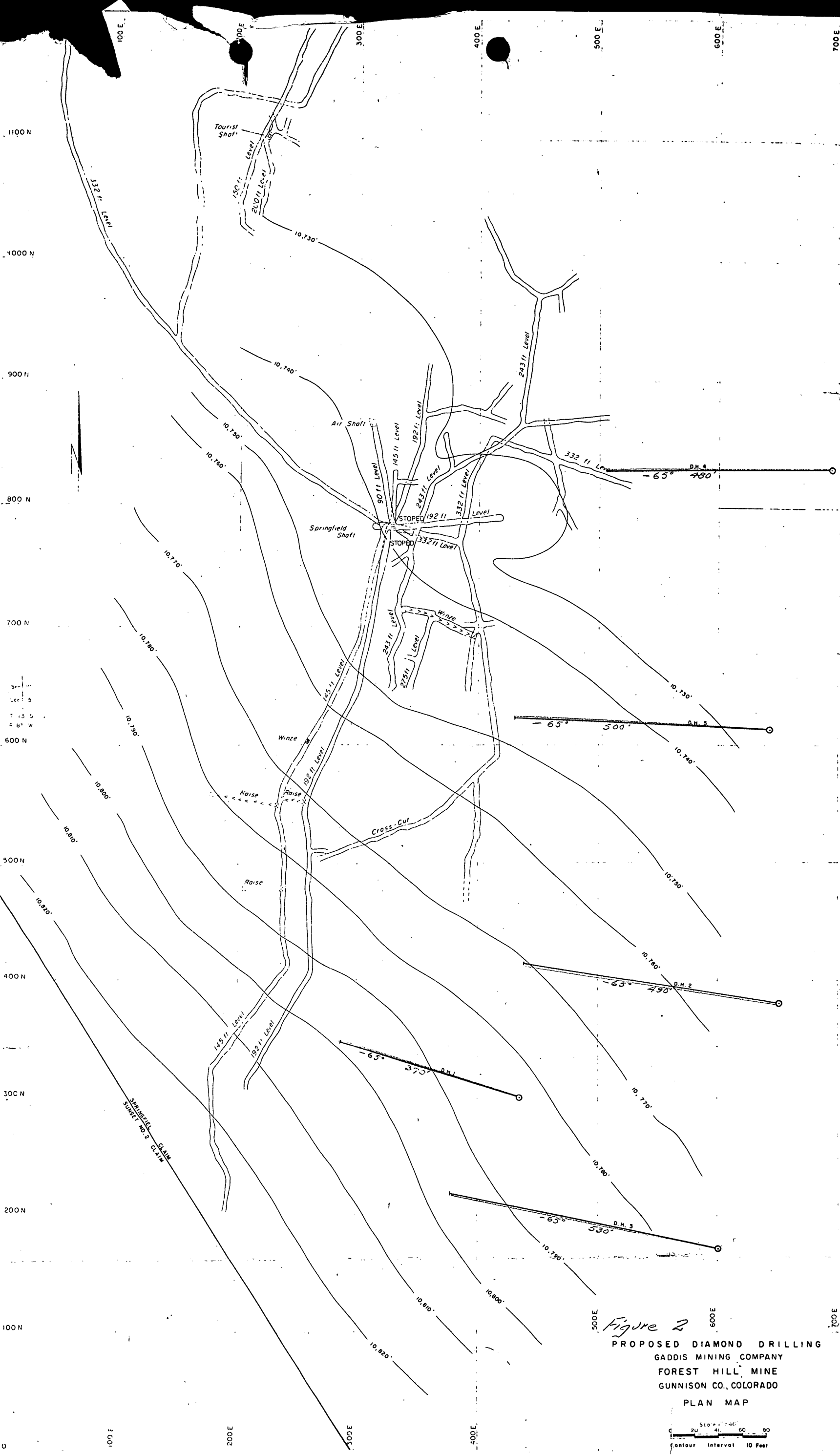

Figure 2

PROPOSED DIAMOND DRILLING
GADDIS MINING COMPANY
FOREST HILL MINE
GUNNISON CO., COLORADO
PLAN MAP

MINING COMPANY

Telephone MAIN 3-5211
DEPARTMENT OF THE INT.

MAY 1962
REGION III
DENVER, COLORADO

May 16, 1962

U. S. Department of Interior
Office of Minerals Exploration
Federal Center
Denver 23, Colorado

Re: OME Application No. 6227
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado

Dear Sirs:

Enclosed herewith is one copy of an "Amendment to Mining Lease with Option to Purchase", whereby Dr. J. P. Irish has extended the term of the mining lease. If any additional information is needed please notify us.

Very truly yours,

GADDIS MINING COMPANY

By Loren E. Smith
Loren E. Smith

LES:rjs
Enclosure

Transmitted by R-III memo May 18, 1962

AMENDMENT TO MINING LEASE WITH OPTION TO PURCHASE

WHEREAS, by Agreement dated July 21, 1961 as entered into by and between DR. J. P. IRISH, as one party, and the GADDIS MINING COMPANY, as the second party, which Agreement was duly recorded on July 28, 1961, in Book 336 at Page 556, of the records of Gunnison County, Colorado, and

WHEREAS, said Mining Lease with Option to Purchase referred to therein described mining claims lying in Tin Cup Mining District, Gunnison County, Colorado, which Agreement is incorporated in this Amendment, and

WHEREAS, the parties wish to extend the time for the performance of said work,

NOW, THEREFORE, in consideration of the sum of Ten Dollars ($10.00) paid by Gaddis Mining Company to Dr. J. P. Irish, it is agreed as follows:

1. All references in said Mining Lease with Option to Purchase to November 30, 1962 are hereby changed to read November 30, 1963.

2. As amended and changed hereby, said Mining Lease with Option to Purchase is in full force and effect pursuant to its terms and provisions.

All the provisions of this Amendment shall be binding upon and inure to the benefit of the parties hereto and their heirs, successors, assigns, administrators and executors.

Dated and executed this 4th day of May, 1962.

Dr. J. P. Irish

Dr. J. P. Irish

ATTEST:

Marion Scott Bain
Asst. Secretary

GADDIS MINING COMPANY

By: Loren E. Smith
Vice President

STATE OF COLORADO)
CITY AND) ss.
COUNTY OF DENVER)

On this 4th day of May, 1962, before me appeared Loren E. Smith, to me personally known, who, being by me duly sworn did say that he is the Vice-President of GADDIS MINING COMPANY, a Colorado corporation, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors and the said Loren E. Smith acknowledged said instrument to be the free act and deed of said corporation.

GIVEN under my hand and seal the day and year first above in this certificate written.

John David Sullivan
Notary Public

My Commission expires:
My Commission expires Aug. 9, 1965.

STATE OF COLORADO)
) ss.
COUNTY OF San Miguel)

The foregoing instrument was executed and acknowledged before me this 14th day of May, 1962, by DR. J. P. IRISH.

WITNESS my hand and official seal.

Notary Public

My Commission expires: My Commission expires March 12, 1963

Gaddis MINING COMPANY

SUITE 1500 MILE HIGH CENTER
DENVER 2, COLORADO
Telephone MAin 3 5204

OFFICIAL FILE COPY
O. M. E
RECEIVED MAY 11 1962

May 7, 1962

U. S. Department of Interior
Office of Minerals Exploration
Federal Center
Denver 23, Colorado

Re: OME Application No. 6227
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado

Dear Sirs:

In reference to the above OME Application No. 6227 and subsequent amendments the attached drilling program is submitted for your review and consideration.

It is hereby proposed that a two phase diamond drilling program be completed on the Forest Hill Mine. It is estimated that the total cost of Phase I and Phase II will be $31,148.00. If only Phase I is completed the cost will be $15,813.00. The proposed holes will be drilled south of the present workings and below the lower level whereby the ore bodies indicated on the old company maps can be extended. All holes will intersect the vein more than 250 feet from the south property line.

The term of the mining lease from Dr. J. P. Irish has been extended in order to give Gaddis Mining Company adequate time to complete any exploration program. Executed copies of the time extension will be forwarded to your office within 10 days.

All other required data was included in the original loan application.

Very truly yours,

GADDIS MINING COMPANY

By Loren E. Smith
Loren E. Smith

LES:rjs
Enclosure

(See Hugh M. Connors, Acting Field Officer, memorandum and recommendations of May 8, 1962, right-hand side)

Gaddis MINING COMPANY
SUITE 1500 MILE HIGH CENTER
DENVER 2, COLORADO
Telephone MAin 3 5204

PROPOSED DIAMOND DRILLING PROGRAM

Re: OME Application 6227
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado

Description of drilling

The proposed diamond drilling program consists of six angle holes totaling 2870 feet drilled from the surface to explore for extensions of the ore bodies indicated on the old company maps. The holes are designed to explore to the south and below the present mine workings. It is proposed that the work be done in two phases, if holes No. 1, 2 and 3 are favorable holes 4, 5 and 6 will be completed. The location and description of the holes are shown on the attached maps and sections. The location of hole No. 6 will be determined after the first 5 holes have been completed. Holes No. 1, 2 and 3 are designed to explore the area south of the present workings and the area between the 332 foot level and the adit level. Holes No. 4 and 5 are designed to explore the down dip projection of the ore body indicated by the stope above the 243 foot level. These two holes will intersect the vein approximately 100 feet below the present workings.

The following table of "Drill Hole Data" gives the hole number, design depth, angle, bearing, collar elevation, coordinates, and bearing and distance of each hole from the southeast corner of the Springfield shaft. The holes are to be drilled in number sequence, and the angle and bearing of the holes may vary slightly depending on the results of the earlier holes.

DRILL HOLE DATA

Hole No.	Design Depth	Angle	Bearing	Collar Elev.	Coordinates	Bearing*	Distance*
1.	370'	-65°	N73W	10,783	302N 434E	S12E	489'
2.	490'	-65°	N81W	10,751	381N 651E	S39E	511'
3.	530'	-65°	N78W	10,777	172N 600E	S24E	664'
4.	480'	-65°	S89W	10,730	830N 694E	N82E	370'
5.	500'	-65°	N88W	10,735	613N 641E	S28E	354'
6.	500'	----	----	----	----	----	----
Total	2870						

* Bearing and Distance from SE corner of the Springfield shaft.

A vertical section of each hole is attached showing the relation between the drill hole, the underground workings and the Springfield vein. The intersections of the drill holes and the Springfield vein are more than 250 feet from the south property line.

Cost Estimate

The total cost of the proposed diamond drilling program will be $31,148.60 if both phases are completed. If only the first phase is completed the cost will be $15,813.00. This cost estimate is based on bids submitted by E. J. Longyear Company, Boyles Bros. and Golden Drilling Company who have made field examinations. E. J. Longyear and Boyles Bros. costs are almost identical if casing and reaming are required the entire lenght of the holes, if casing and reaming are not required E. J. Longyear's bid is the lowest, therefore, E. J. Longyear's bid has been used in the following cost estimate.

I. Diamond Drilling

a.	Mobilization and demobilization	$ 475.00	
b.	Core drilling		
1.	Overburden 10' per hole or 60' at $5.50 per foot	$ 330.00	
2.	NX Wire line and/or BX Standard, $6.10/ft. - 2108 ft. (It is estimated that 75% of each hole will require NX Wire Line or BX Standard)	$12,858.80	
3.	BX Wire line and/or AX standard, $5.65/ft. - 702 ft. (It is estimated that 25% of each hole will require BX Wire line or AX Standard)	3,966.30	
4.	Reaming for casing - all sizes $2.35/ft. - 2810' *	$ 6,603.50	
5.	Cementing $10.50 per hour - 100 hours	$ 1,050.00	
6.	Cost of Cement	$ 100.00	
			$25,383.60

II. Road and Drill site preparation

6 drill sites - 24 hours at $12.00/hr.	$ 288.00	
		$ 288.00

III. Personnel

1 Engineer, 5 months at $600/month	$ 3,000.00	
Perdiem, 5 months at $150/month	$ 750.00	
		$ 3,750.00

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O M E
RECEIVED MAR 19 1962
DATE
3/19 ~~Griswold~~ 500

March 16, 1962

Memorandum

To: George C. Selfridge, Chief,
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6227 (Silver-Lead-Zinc-Copper)
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

This had further reference to Mr. Griswold's memorandum dated March 6, 1962 on the subject docket. I discussed your objections to the original application with the Applicant and he has now presented an exploration program which I believe has merit.

Enclosed are the original and one copy of the Applicant's amended application.

Hugh M. Connors

Hugh M. Connors

Attachments

Gaddis MINING COMPANY
SUITE 1500 MILE HIGH CENTER
DENVER 2, COLORADO
Telephone MAin 3 5204

March 15, 1962

U. S. Department of Interior
Office of Minerals Exploration
Federal Center
Denver 25, Colorado

Re: OME Application 6227
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado

Dear Sirs:

In reference to OME application No. 6227 submitted February 26, 1962 by Gaddis Mining Company, request is hereby made to amend the original application. In lieu of the original program it is proposed that the lower cross-cut tunnel be extended 1600 feet to explore the down dip extension of the Springfield vein and also explore the three parallel veins indicated on the surface between the portal of the lower tunnel and the Springfield shaft (see attached maps). It is further proposed that a maximum of 1250 feet of drifting and 200 feet of raising be completed on the four veins intersected by the cross-cut. This revised exploration program will be done in here-to-fore unexplored areas and has the geologic potential of finding ore in large enough quantities to support a milling operation.

In order to accomplish this revised program the lessor has agreed to amend and extend the present lease and a copy of the amended lease will be forwarded to your office within the next week.

In addition to exploring the down dip extension of the Springfield vein which is described in detail in the proposed exploration program, three other veins will be explored by the cross-cut. Vein No. 1 was cut by the lower tunnel and 400 feet of drifting is reported to have been completed along this vein. These workings are inacessible and the grade and thickness of the mineralization is unknown. The information available on this vein is contained in the report by Henry C. Beeler, Appendix D of the Proposed Exploration Program. In Mr. Beeler's report this vein is referred to as the True Blue on Forest Hill vein and the assay results of samples taken from this vein are shown in the report.

GADDIS MINING COMPANY
Suite 1000
1700 Broadway
Denver 2, Colorado

Veins No. 2 and No. 3 can be traced on the surface by an abundance of vein quartz float and appear to be comparable in size to the Springfield vein. Several shallow shafts have been sunk on these veins but they are now caved.

DESCRIPTION OF PROPOSED EXPLORATION WORK

Rehabilitation of Lower Tunnel

There are no useable buildings on the property and a temporary compressor house will be required. The portal of the tunnel was dozed out in September 1961, but has caved again and will require the installation of 4 sets of timber. There are two small caves in the present tunnel, one at 200 feet and the other at the No. 1 vein which will require cleaning up and the installation of 2 to 4 sets of timber. When the portal was open in September 1961 an examination was made of the tunnel which is in good condition except for the two caves mentioned above. It was impossible to go beyond the first cave because of water but the second cave and the breast of the tunnel were visable. The 529 feet of old tunnel will require the installation of new track and ties. The size of the present tunnel is 5' x 7'.

Cross-Cut Tunnel

The present cross-cut will be extended a maximum of 1600' on a bearing of S83W to intersect the down dip extension of the Springfield Vein, 300 feet south of the shaft. If the vein continues at the same dip as is indicated in the upper workings 1450 feet, rather than 1600 feet, of cross-cut will be required.

Vein No. 1 has been explored by a drift 400 feet north of the tunnel and is reported to contain "mill grade ore" but the condition of this drift and the grade of mineralization is unknown. If the present drift is accessible for sampling no additional work is proposed, if it is inacessible it should be cleaned out or an additional 150 feet of new drift driven to the south along the vein.

Vein No. 2 and No. 3 are traceable on the surface for a distance of 1000 feet by float and are recognizable on the aerial photos. There are no outcrops of these veins and the area is covered with a heavy growth of timber and overburden. It is proposed that a maximum of 250 feet of drifting be driven on each of these veins.

The Springfield vein should be explored by a maximum of 600 feet of drift, 400 feet south of the cross-cut and 200 feet north. The drift to the south will explore the down dip projection of the ore body south of the shaft and the drift to the north will explore the down dip projection of the ore body indicated by the stoping on the 243 foot level near the shaft. It is also proposed that a 200 foot raise be driven on the Springfield vein at the end of the south drift which will explore the area between the cross-cut level and the 332 foot level of the Springfield shaft.

GADDIS MINING COMPANY
Suite 1500
1700 Broadway
Denver 2, Colorado

The proposed underground exploration program is summarized below showing the minimum and maximum amount of work anticipated in each area.

	Minimum	Maximum
Cross-cut	1450'	1600'
Drifting		
Vein No. 1	0'	150'
Vein No. 2	100'	250'
Vein No. 3	100'	250'
Springfield	400'	600'
Raising	150'	200'
Total	2200'	3050'

Sampling

It is anticipated that 100 samples will be required at 5 or 10 foot intervals depending on the continuity of the ore bodies.

Timbering

It is estimated that 300 feet of timbering will be required. The only timber necessary in the cross-cut will be at the portal and at the intersection of the veins.

Supervision and Technical Services

A mining engineer or geoligist will be required full time for supervision, surveying and sampling.

Time required

A total of 30 days will be required to move in, rehabilitate the tunnel and install 529 feet of track. Working two shifts per day at the rate of 4 feet per shift, 381 work days will be required to complete 3050 feet of underground exploration. Total time required for the project will be 18 months. It is anticipated that the work can be carried on year around.

COST ESTIMATE

Request for bids on the proposed exploration program have been made and should be received within the next week. The following cost extimate has been made to give a rough idea of the cost of the proposed program and will be adjusted accordingly when the actual bids are received.

I. Rehabilitation

A. Compressor house 10' x 12'	750.00	750.00
B. Clean out portal and two caves Install 8 sets of timber and 529 feet of track and ties	1,000.00	1,000.00

GADDIS MINING COMPANY
Suite 1500
1700 Broadway
Denver 2, Colorado

II. Cross-cut, drifting and raising:

A. Cross-cut 5' x 7' in clear, maximum 1600' @ $35.00/ft.*	$56,000.00	
B. Drifting 5' x 7' in clear, maximum 1250' @ $35.00/ft.	43,750.00	
C. Raising 4' x 9' timbered manway 200' @ $35.00/ft.	7,000.00	
		106,000.00

* The price of $35.00/ft includes, the cost and installation of track, ties, air line, fan line, and drainage ditch.

Specifications are as follows:

Cross-cut and drift 5' x 7' in clear

Track - 20 lb. 24" gage, (1600' cross-cut + 529' old tunnel + 1250' drift) ---------- 3379 feet

Ties - 2' centers, 40" x 6" x 4" 1625

Air line - 5", iron, (1600' cross-cut + 529' old tunnel) ---------- 2129 feet

Air line - 2", iron, drift ---------- 1250 feet

Fan line - 12", metal, (1600' cross-cut + 529' old tunnel + 1250' drift) ---------- 3379 feet

Drainage ditch 1' x 1'

III. Timbering

300' of timbering, 8" diameter, 5' centers $7.50 per foot	2,250.00	2,250.00

IV. Sampling

100 samples @ $9.00/ sample	900.00	900.00

V. Supervision

1 Engineer or geologist $600/mo. 18 mo.	10,800.00	
Perdiem $100/mo. 18 months	1,800.00	
Transportation $100/mo 18 mo.	1,800.00	
		14,400.00

VI. Miscellaneous - Contingencies	5,000.00	5,000.00
Total Maximum Cost		$130,300.00

GADDIS MINING COMPANY
Suite 1500
1700 Broadway
Denver 2, Colorado

The above cost is based on completion of the maximum program which could be reduced by approximately 1/3 if only the minimum program is completed.

Your consideration of the above exploration program will be appreciated.

Very truly yours,

GADDIS MINING COMPANY

By Loren E. Smith
Loren E. Smith

LES:rjs

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAR. 1 1962

February 27, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: Application for OME Aid (Gold-Silver-Copper-Lead-Zinc)
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Attached are the original and one copy of the subject application for OME aid in the amount of $27,343.00. Two copies of the application are being retained in this office.

The Lien and Subordination Agreements are all with the original application.

On February 23, 1962 I forwarded you two copies of a letter regarding this property from K. W. Du Bois and copies of my reply to that letter.

I note that the Sunset No. 2 and Tourist claims are not included in the application.

Hugh M. Connors

Hugh M. Connors

Attachments

Gaddis

MINING COMPANY

SUITE 1500 MILE HIGH CENTER
DENVER 2, COLORADO

Telephone MAin 3 5204

OFFICIAL FILE COPY
RECEIVED O. M. E
DATE 1 1962

February 26, 1962

U. S. Department of Interior
Office of Minerals Exploration
Federal Center
Denver 25, Colorado

Re: OME Application
Forest Hill Mine
Gunnison County, Colorado

Dear Sirs:

Enclosed herewith for your consideration is an application for Financial Assistance in Minerals Exploration on the Forest Hill Mine, Gunnison County, Colorado. The following enclosures are included with the application:

1. Five copies of Lien or Subordination Agreement
2. Correspondence to and from banking institutions
3. Mining Lease with Option to Purchase
4. Drilling bids by E. J. Longyear Company, Boyles Brothers Drilling Company and Golden Drilling Co.
5. A report entitled "Proposed Exploration Program, Forest Hill Mine, Gunnison County, Colorado.

Very truly yours,

GADDIS MINING COMPANY

By Loren E. Smith
Loren E. Smith

LES:rjs

MME Form 40
Dec. 1958

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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

MAR 1 1962

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.)*

GADDIS MINING COMPANY
Suite 1500
1700 Broadway
Denver 2, Colorado

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER 6227

DATE RECEIVED 3/1/62

REGION 111

DIVISION CODE

BUSINESS ORGANIZATION *(Check one)*

INDIVIDUAL	
CORPORATION	X
PARTNERSHIP	
OTHER *(Specify)*	

STATE IN WHICH FIRM IS ORGANIZED Colorado

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
W. H. Gaddis	Suite 1500, 1700 Broadway, Denver 2, Colorado	President and Treasurer
Loren E. Smith	Suite 1500, 1700 Broadway, Denver 2, Colorado	Vice President and Secretary

MINERAL(S) FOR WHICH YOU WISH TO EXPLORE
Silver, Zinc, Lead, Copper, Gold

ESTIMATED COST OF PROJECT
$ 27,343.00

PROPERTY NAME: Forest Hill Mine
LOCATION COUNTY: Gunnison County
STATE: Colorado

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 four copies of this application and all accompanying papers* except as otherwise noted. Place your name and address on each sheet. Each item of information, maps, and reports required as a part of this application is described on the back of this form. Identify each attached statement by the item number to which it applies. If an item does not apply to your application, show the item number on your statement and after it write "not applicable." Maps or sketches should be used to supplement narrative descriptions of the property location and boundaries in item 2, existing mine workings and geology in item 3, and the proposed exploration work in item 5. When this information is not too complex, all of it may be shown on one map or sketch. All documents and other attachments submitted as a part of this application, except those in item 3(g) which you mark to be returned, become the property of the Government and will not be returned to the applicant. Send true copies, *not originals*, of leases, contracts, and other documents which are an essential part of your business records. *File this application with the Office of Minerals Exploration, Department of the Interior, Washington 25, D. C., or with the nearest OME Field Office.*

CERTIFICATION

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

Feb. 26, 1962
DATED

Loren E. Smith
BY *(Signature)*

Vice President
TITLE

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

INFORMATION REQUIRED WITH THIS APPLICATION

1. Financial Eligibility:

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

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

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

2. Applicant's Rights in Land:

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

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

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

3. Physical Description:

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

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

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

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

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

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

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

4. Accessibility of Property:

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

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

5. Exploration Work:

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

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

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

6. Experience:

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

7. Estimate of Costs:

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

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

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

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

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

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

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

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

INT.-DUP. SEC., WASH., D.C. 50399

Gaddis MINING COMPANY
SUITE 1500 MILE HIGH CENTER
DENVER 2, COLORADO
Telephone MAin 3 5204

OME Application
Forest Hill Mine
Gunnison County, Colorado

The following information is attached hereto and made a part of the application by Gaddis Mining Company for Financial Assistance in Mineral Exploration on the Forest Hill Mine, Gunnison County, Colorado.

1. Financial Eligibility:

   (a) Attached hereto are copies of letters to the Central Bank and Trust Company and the Bank of Denver, requesting a loan in the amount of $13,500.00 to be used to conduct an exploration program on the Forest Hill Mine. A report on the property and the proposed exploration program was also included with the letters to the banks. Attached also are the replies from the above mentioned banks.

   (b) There are no affiliated companies, Gaddis Mining Company is owned by W. H. Gaddis, Loren E. Smith and George J. Wilcox, at Suite 1500, 1700 Broadway, Denver 2, Colorado.

   (c) Gaddis Mining Company's share of the cost of the exploration work will be furnished by income to the company from a mining property in Wyoming. The annual income is approximately $30,000 per year.

2. Applicants Rights in Land:

   (a) Gaddis Mining Company has a lease on the Forest Hill Mine from Dr. J. P. Irish, whose address is Nucla, Colorado, a true copy of the lease is attached and is recorded in Book 340, Page 233 in the

Gaddis MINING COMPANY
SUITE 1500 MILE HIGH CENTER
DENVER 2, COLORADO
Telephone MAin 3 5204

office of the County Clerk and Recorder, Gunnison County, Colorado. Gaddis Mining Company is the owner in a fee of seven adjoining patented mining claims. There are no liens, mortgages or other encumbrances on the land.

(b) The legal description, patent numbers of claims, book and page of recording of unpatented claims, a claim map, and other ownership data is contained in the attached report. The property is located in sections 10 and 15, Township 13 South, Range 83 West. The property has been known as the Forest Hill, True Blue and Goldfield mine.

(c) Five executed copies of Lien and Subordination Agreements are attached.

3. Physical Description:

(a) The attached report contains mine maps and describes the work done at the Forest Hill Mine.

(b) Gaddis Mining Company did the assessment work for the year 1960-1961 which consisted of removing the cave at the portal of the lower tunnel.

(c) The attached report contains all known production records or published data available.

(d) The ore reserve information is contained in the attached report.

(e) The geologic features and information available is contained in the attached report.

(f) The reasons for expecting to find ore are included in the attached report.

(g) Copies of all reports available are included as appendicies in the

Gaddis MINING COMPANY
SUITE 1500 MILE HIGH CENTER
DENVER 2, COLORADO
Telephone MAin 3 5204

attached report.

4. Accessibility of Property:

(a) The accessibility of the property is described in the attached report and Loren E. Smith of Gaddis Mining Company, Suite 1500, 1700 Broadway, Denver 2, Colorado, will be available for property examination.

(b) Information concerning shipping, supply points and distances is contained in the attached report.

5. Exploration Work:

(a) A complete description of the proposed exploration program including maps, sections, hole locations and etc. are contained in the attached report.

(b) The only access road construction consists of clearing timber and leveling between drill sites which can be done with a D-6 or equivalent dozer.

(c) If an OME contract is executed work will be started on or about June 1 depending on snow conditions and completed within 5 months at an average rate of 20 feet of drilling per day.

6. Experience:

Gaddis Mining Company has been actively engaged in mining and exploration work since 1954, and has completed drilling and underground exploration programs at Crooks Gap, Gremont County, Wyoming, Vail Pass, Eagle County, Colorado and Silverton, in San Juan County, Colorado. Mr. Gaddis has been engaged in the mining business since 1951 and has had experience in both exploration and mining. The supervision of the exploration program will be the responsibility of Loren E. Smith, geologist, who has been engaged in exploration and

Gaddis MINING COMPANY
SUITE 1500 MILE HIGH CENTER
DENVER 2, COLORADO
Telephone MAin 3 5204

mining since 1946 and has been employed by Gaddis Mining Company since 1954.

7. Estimate of Costs:

The estimate of costs and explanation of the costs is combined in the attached report.

(a) Independent Contracts

1. Diamond drilling *

Mobilization and demobilization	$ 250.00	
Core drilling		
Overburden 10' per hole or 80' at $8.50/ft.	$ 650.00	
NX Core, 677' at $8.35/ft.	$5,653.00	
BX Core, 676' at $7.85/ft.	$5,374.00	
AX Core, 674' at $7.35/ft.	$4,954.00	
Wire Line, 35' per hole or 280' at $8.35/ft.	$2,338.00	
Cementing, 100 hours at $10.60/hr.	$1,060.00	
Cost of Cement	$ 100.00	
		$20,409.05

2. Road and Drill site preparation 460.00 $ 460.00

(b) Personal Services

1 Engineer, 5 months at $600/mo.	$3,000.00	
1 Engineer's assistant, 2 months at $400/month	$ 800.00	
Perdiem, 7 months at $150/month ?	$1,050.00	
		$ 4,850.00

(c) thru (f) None

(g) Miscellaneous

1. Core Boxes 80 @ $3.00 per box $ 240.00

ELWOOD M. BROOKS CHAIRMAN OF THE BOARD
MAX G. BROOKS PRESIDENT

THE CENTRAL BANK AND TRUST CO.

ESTABLISHED 1892 Central Park DENVER • TABOR 5-3181

February 23, 1962

Gaddis Mining Company
Suite 1500
1700 Broadway
Denver 2, Colorado

Gentlemen:

You have requested a loan in the amount of $13,500 from this bank to be used for exploratory drilling in the Forest Hill Mine located in Gunnison County, Colorado. You have submitted a rather comprehensive exploration program prepared by Mr. Loren E. Smith. I have had the opportunity to peruse this proposal, and I can neither verify nor criticize the recommendations and conclusions presented therein.

As a matter of policy, The Central Bank and Trust Company cannot lend for exploration purposes. The term of repayment, at $1,000 per month commencing 2½ years hence, likewise does not conform to bank policy. We do not wish to condemn this project, but we feel it necessary to make it clear that it does not conform to our normal lending practices.

We hope that you may be successful in obtaining adequate financing elsewhere.

Yours very truly,

THE CENTRAL BANK AND TRUST COMPANY

Marvin F. Owens
Vice President

MFO:dh

GADDIS MINING COMPANY
Suite 1500
1700 Broadway
Denver 2, Colorado

Gaddis MINING COMPANY
SUITE 1500 MILE HIGH CENTER
DENVER 2, COLORADO
Telephone MAin 3 5204

February 13, 1962

Bank of Denver
1534 California Street
Denver 2, Colorado

Attention: Mr. J. O. Bagstad

Dear Mr. Bagstad:

Gaddis Mining Company has leased the Forest Hill Mine in Gunnison County, Colorado and is planning to conduct a diamond drilling program on the property during the summer of 1962. The purpose of this drilling program is to confirm and extend the ore reserves indicated in the old reports on the property. The mine was last operated in 1916 and the underground workings are now inaccessible. The cost of rehabilitating the mine will exceed $100,000.00, therefore the reserves must be confirmed by drilling before an expenditure of this size is warranted.

The estimated cost of the diamond drilling program will be approximately $27,000.00 and Gaddis Mining Company would like to obtain a loan in the amount of $13,500.00 to complete this drilling program. We would like to borrow the money for a term of 4 years to be repayed at the rate of $1,000.00 per month, starting in 2½ years. This would give Gaddis Mining Company an opportunity to repay the loan out of production. Gaddis Mining Company has a twenty year lease on the mine with an option to purchase and owns in fee seven patented mining claims which can be given as security for the loan.

Attached herewith is a report on the property entitled "Proposed Exploration Program, Forest Hill Mine, Gunnison County, Colorado" which contains all of the details concerning the property and the proposed exploration.

Your consideration of this matter would be appreciated.

Yours truly,

GADDIS MINING COMPANY

By Loren E. Smith
Loren E. Smith, Vice President

LES:rjs

COPY

REC'D FEB 21 1962

Bank of Denver

MEMBER
FEDERAL DEPOSIT
INSURANCE CORPORATION

1534 CALIFORNIA STREET, DENVER 2, COLORADO

February 19, 1962

Gaddis Mining Company
Suite 1500, Mile High Center
Denver 2, Colorado

Gentlemen:

We appreciate very much your request for a loan of $13,500.00 for your drilling program. This type of loan would be contrary to our loan policy with respect to terms and collateral. We are, therefore, declining this application.

Very truly yours,

J. O. Bagstad
Vice President

JOB:ms

GADDIS MINING COMPANY
Suite 1500
1700 Broadway
Denver 2, Colorado

Gaddis MINING COMPANY
SUITE 1500 MILE HIGH CENTER
DENVER 2, COLORADO
Telephone MAIn 3 5204

2.	Transportation, 1 pickup, 5 months at $100.00/month	$500.00	
3.	Analysis 56 at $9.00/sample	500.00	
4.	Miscellaneous-Contingencies (insurance, payroll, taxes, etc.)	460.00	
			$ 1,200.00
	Total Costs		$27,343.00

* Attached are three drilling bids submitted by Boyles Brothers Drilling Company, E. J. Longyear Company and Golden Drilling Company. All three companies have examined the property and are aware of the drilling conditions anticipated. The Boyles Brothers and Longyear bids are almost identical assuming the holes will be reamed and eased for the total depth, if not the cost will be reduced accordingly.

Gaddis MINING COMPANY
SUITE 1500 MILE HIGH CENTER
DENVER 2, COLORADO
Telephone MAin 3 5204

February 13, 1962

The Central Bank and Trust Company
15th and Arapahoe Streets
Denver 2, Colorado

Attention: Mr. Marvin F. Owens

Dear Mr. Owens:

Gaddis Mining Company has leased the Forest Hill Mine in Gunnison County, Colorado and is planning to conduct a diamond drilling program on the property during the summer of 1962. The purpose of this drilling program is to confirm and extend the ore reserves indicated in the old reports on the property. The mine was last operated in 1916 and the underground workings are now inaccessible. The cost of rehabilitating the mine will exceed $100,000.00, therefore the reserves must be confirmed by drilling before an expenditure of this size is warranted.

The estimated cost of the diamond drilling program will be approximately $27,000.00 and Gaddis Mining Company would like to obtain a loan in the amount of $13,500.00 to complete this drilling program. We would like to borrow the money for a term of 4 years to be repayed at the rate of $1,000.00 per month, starting in 2½ years. This would give Gaddis Mining Company an opportunity to repay the loan out of production. Gaddis Mining Company has a twenty year lease on the mine with an option to purchase and owns in fee seven patented mining claims which can be given as security for the loan.

Attached herewith is a report on the property entitled "Proposed Exploration Program, Forest Hill Mine, Gunnison County, Colorado" which contains all of the details concerning the property and the proposed exploration.

Your consideration of this matter would be appreciated.

Very truly yours,

GADDIS MINING COMPANY

By Loren E. Smith
Loren E. Smith, Vice President

LES:rjs

COPY

Filed for record the 28 day of May A. D. 1961 at 1:02 o'clock P.M.
Reception No. 269120 By [illegible] Deputy

BOOK 336 PAGE 550

MINING LEASE WITH OPTION TO PURCHASE

THIS AGREEMENT, made this 21 day of May, 1961, by and between DR. J. P. IRISH, of Nucla, Colorado, hereinafter referred to as "IRISH", and GADDIS MINING COMPANY, A Colorado corporation, 1700 Broadway, Denver, Colorado, hereinafter referred to as "GADDIS".

W I T N E S S E T H:

That Irish, for and in consideration of the payments, rents, royalties, covenants, and agreements hereinafter expressed to be paid, kept and performed by Gaddis, has optioned, granted, leased, let and demised and by these presents does option, grant, lease, let and demise unto Gaddis under the provisions and conditions herein contained, for the specific purpose of exploring for, mining, extracting and removing therefrom, mineral ores of every type and character which are on, in or under the following described mining properties and premises, situated in the Tin Cup Mining District, Gunnison County, Colorado, to-wit:

PATENTED LODE MINING CLAIMS

Springfield,	U. S. Patent No. 9508
Springfield No. 1,	U. S. Patent No. 9508
Compromise No. 1,	U. S. Patent No. 13235
Compromise No. 2,	U. S. Patent No. 13235
Goldfield,	U. S. Patent No. 13235
Goldfield No. 1,	U. S. Patent No. 13235
Goldfield No. 3,	U. S. Patent No. 13235
Goldfield No. 4,	U. S. Patent No. 13235
Sunset No. 2,	U. S. Patent No. 9508
Carbonate Prince,	U. S. Patent No. 4451
Tourist,	U. S. Patent No. 9508
Goldfield No. 2,	U. S. Patent No. 13235

LODE CLAIMS HELD BY LOCATION AND POSSESSORY RIGHTS

Harvard,	Recorded in Book 260, Page 205
Yale,	Recorded in Book 260, Page 205
Princeton,	Recorded in Book 260, Page 206
Columbia,	Recorded in Book 260, Page 206
Springfield Extension	Recorded in Book 319, Page 25

MILL SITES HELD BY LOCATION AND POSSESSORY RIGHTS

Paymaster,	Recorded in Book 319, Page 30
Springfield,	Recorded in Book 319, Page 28
Compromise,	Recorded in Book 319, Page 26

GADDIS MINING COMPANY
Suite 1500
1700 Broadway
Denver 2, Colorado

All of the foregoing property being of record in the Office of the County Recorder at Gunnison, Colorado; together with the right to construct buildings, mills, make excavations, open shafts, tunnels, roads, and improvements of every type and character, and the right to cut and use timber necessary in the operations hereunder, and which are or may become convenient or necessary in the mining, exploration, and removal of any mineral ores, all of which are hereinafter referred to as the "premises".

NOW THEREFORE, it is hereby contracted and agreed by and between the parties as follows:

I. Irish grants unto Gaddis the right to enter upon said premises during the period beginning July [illegible], 1961 and ending November [illegible], 1962 for the purpose of conducting the following exploration program and any other exploration, development, or mining work deemed advisable by Gaddis.

(a) Gaddis agrees to clean out the portal of the lower tunnel for examination of the tunnel and the drift off of the tunnel.

(b) Gaddis agrees to drill not less than three (3) drill holes so as to intersect the Springfield vein below the second (150 foot) level of the Springfield Mine.

(c) Gaddis agrees to drill one hole not less than one hundred feet (100') from the surface at a place designated by Irish.

II. If, and in the event the work required in Paragraph I. (a), (b), and (c) is not completed within the period specified, this Mining Lease with Option to Purchase is null and void, and of no further force and effect, and there upon, all rights and obligations of the parties hereto shall cease and terminate.

III. Upon completion of said work on or before November [illegible], 1962 as agreed in Paragraph I. above, then, and in that event, Gaddis shall have the right to Lease with Option to Purchase all of the above described premises under the terms and conditions, covenants, provisions, and agreements hereinafter expressed.

GADDIS MINING COMPANY
Suite 1500
1700 Broadway
Denver 2, Colorado

TO HAVE AND TO HOLD, the above described premises, unto Gaddis, for a term of TEN years, (10 years), from the date hereof, and as long thereafter as mining and development operations are conducted thereon, and upon the same terms and conditions herein contained, unless sooner forfeited or terminated through the violation of any of the covenants and conditions herein contained; provided further that said term shall terminate at such time that Gaddis exercises its option to purchase the mining properties, and pays the purchase price, all as hereinafter provided.

Gaddis, in consideration of the premises, has covenanted, contracted and agreed and by these presents does covenant, contract and agree to and with Irish as follows:

1. Upon executing the agreement, Gaddis agrees to pay Irish the sum of TEN AND NO/100 DOLLARS, ($10.00), and other good and valuable considerations, the receipt of which is hereby acknowledged, (it being expressly agreed by the parties hereto that said payment is not only the consideration for the granting of the option to purchase as hereinafter provided, but is also the consideration for the entering into of this agreement); and in addition, Gaddis agrees to pay Irish a royalty of TWELVE AND ONE HALF PERCENT, (12½%), of the ore produced, saved and marketed from the premises and then, in the event Gaddis exercises its option to purchase, as hereinafter set forth, said royalty payments shall be credited toward the payment to Irish of the purchase price hereinafter provided, such royalty of TWELVE AND ONE HALF PERCENT, (12½%), to be computed as follows:

   (a) Where the mineral ores are shipped to a mill or smelter not owned by Gaddis, the royalty shall be paid on the net mill or smelter return, less actual costs of transportation.

   (b) Where the mineral ores are treated by a mill or smelter owned by Gaddis, the royalty shall be paid on the gross return received from such milled or smelted ore, less milling, smelting and transportation costs.

GADDIS MINING COMPANY
Suite 1500
1700 Broadway
Denver 2, Colorado

2. All royalties shall be paid directly to Irish by the purchaser of said ores, concentrates and minerals, and Gaddis shall issue to said purchaser a written order to do so.

3. Gaddis agrees to enter upon said leased premises on or before August 1, 1961, and work the same in a workman-like manner and in a manner necessary to good and economical mining, with due regard to the development and preservation of said mine or mining premises as a workable mining property.

4. Gaddis agrees to comply with all State and Federal laws and regulations pertaining to and in accordance with good and safe mining practices; to keep all new drifts, shafts, tunnels, winzes and cross-cuts clear of loose rock and rubbish unless prevented by extraordinary mining casualty, and agrees to stow no waste in drifts, shafts, tunnels, winzes and cross-cuts.

5. Gaddis agrees to work, mine and develop said premises steadily and continuously during the period of said lease, it being further agreed that if exploration determines an ore body or bodies, which could not be mined and treated by a mill on or near said property, at a profit at the present price of metals, that then and in that event, the above work requirements shall be suspended until such time as the price of metals makes it possible to mine and mill the ores at a profit; it being further agreed that Gaddis will pay to Irish, in absence of production, a minimum annual royalty of FIVE HUNDRED AND NO/100 DOLLARS, ($500.00), per year, due July 1, 1962, and payable the 1st day of July each year as long thereafter as this lease is in effect.

GADDIS MINING COMPANY
Suite 1500
1700 Broadway
Denver 2, Colorado

6. Gaddis agrees to allow Irish, or his agents, at reasonable time to enter upon said premises and descend in all mine workings for the purpose of inspection, surveying or taking samples therefrom, but all to be without interference with mining operations; and to render to Irish assistance in making such inspections or examinations.

7. Gaddis agrees to indemnify and hold Irish harmless from all claims for death of and injuries to third parties, and damage to and loss of personal property of any kind or character and by whomsoever suffered, and which is occasioned by or in connection with any work or operations performed or undertaken hereunder by Gaddis, its agents or employees.

8. Gaddis agrees to promptly pay all bills for labor and materials incurred in Gaddis' operations hereunder, and to indemnify and save Irish harmless from all claims and liabilities of every kind and nature which may or might be incurred by reason of Gaddis' operations hereunder.

9. Gaddis agrees to carry adequate Workmen's Compensation Insurance and Public and Property Damage Insurance; to pay all Social Security taxes and all old age benefits, and to post in not less than three (3) prominent places on the properties, warnings to all persons against trespassing thereon, and to show that all properties are leased to and under control of Gaddis and not Irish.

10. Gaddis shall do all assessment work on all of the unpatented lode claims and mill sites above described, and file affidavits of labor performed in the name of Irish, as required by the mining laws of the United States Government and the State of Colorado, all of which shall be completed on or before July 15 of each and every year during the term of said lease. In the event Gaddis does not complete the annual assessment work required for the above described unpatented lode claims and mill sites by July 15th of each year, and gives Irish notice thereof, this lease will become null and void and of no further force and effect.

GADDIS MINING COMPANY
Suite 1500
1700 Broadway
Denver 2, Colorado

11. Gaddis agrees to pay all property taxes as same shall become due. Gaddis agrees to pay all taxes levied upon the minerals produced, saved and marketed from the premises, but Gaddis shall have the right to recover from Irish that part of such taxes attributable to the royalty payable to Irish, it being understood that this provision shall not apply to any income taxes payable by Irish.

12. Gaddis agrees to furnish Irish all drill logs and assays, and upon his request, all information and data concerning the operation conducted by Gaddis.

13. Gaddis agrees to keep accurate books of account, showing the amount of minerals extracted from the properties, the amount of the minerals sold and the amount of money received from the sale of said minerals and, if so applicable, all cost of operation of any mill or smelter operated by Gaddis; and Irish shall, at reasonable time, have the right to inspect and examine said books of account.

14. In the event Gaddis defaults in the provisions hereof, Irish shall notify Gaddis in writing, by registered mail, of such default, and Gaddis shall have sixty (60) days from the receipt of said notice, in which to cure such default. If Gaddis does not cure such default within said sixty (60) day period, then Irish may cancel this Mining Lease and Option to Purchase upon further written notice of such cancellation to Gaddis, and thereupon it shall be lawful for Irish to enter upon and take possession of the premises, provided however, that Gaddis shall have the right upon termination or cancellation hereof, however the same is effected, to remove or begin to remove from the leased premises within sixty (60) days from such termination, all property owned by it and located thereon; provided however, that Gaddis may not remove any rails or timbering from shafts, tunnels or drifts, and provided further that Gaddis shall not remove any underground structure that would endanger any shaft, tunnel or drift, and provided further that all surface openings shall be left in a safe condition for the protection of [illegible] and livestock.

GADDIS MINING COMPANY
Suite 1300
1700 Broadway
Denver 2, Colorado

15. Gaddis shall be excused from the performance of the work provisions of this lease by reason of but not limited to labor strikes, war, fire, floods, explosions, riots, acts of God, extraordinary mining casualties, lack of market and lack of milling or smelting facilities, severe weather conditions or any other cause, whether similar or dissimilar to the causes mentioned, and so long as they are beyond the control of Gaddis. Performance of the provisions of this agreement shall be excused only as long as any of the above Force Majeure causes continue to exist.

16. In the event Gaddis desires to make application to the United States Government or any of its agencies to cause said premises to be drilled or explored at the total or partial expense of the United States Government or any of its agencies, Irish agrees to execute consents or agreements for drilling or exploration as may be requested by Gaddis, but Irish's royalty as provided herein, is separate and distinct from any royalty that may be payable to the United States Government for the repayment of any such loan or grant.

17. Gaddis shall have the right to terminate this Mining Lease and Option Agreement at any time by delivering a release or quitclaim deed to Irish for all the premises, and thereupon, all rights and obligations of both parties shall cease and terminate.

18. All notices provided for herein, to be served upon Gaddis shall be in writing by registered mail, directed to GADDIS MINING COMPANY, SUITE 1500, 1700 BROADWAY, DENVER, COLORADO. All notices provided for herein, to be served upon Irish, shall be in writing by registered mail, and directed to DR. J. P. IRISH, BOX 115, NUCLA, COLORADO; or at such other addresses as Gaddis and Irish may in writing hereinafter designate.

GADDIS MINING COMPANY
Suite 1500
1700 Broadway
Denver 2, Colorado

19. In case Irish owns a lesser interest in each claim than the entire and undivided fee simple title therein, then the royalties herein provided for shall be paid Irish only in the proportion that his interest in any such claim bears to the whole and undivided fee simple title therein.

20. Irish hereby grants to Gaddis the exclusive right and option to purchase the premises, which right and option may be exercised at any time that this Mining Lease with Option to Purchase, or any extension thereof, is in force and effect, said purchase to be upon the following terms and provisions, to-wit:

(a) Irish agrees to convey to Gaddis all of the premises subject to this Mining Lease with Option to Purchase, at such time as Irish has received the sum of THREE HUNDRED THOUSAND AND NO/100 DOLLARS, ($300,000.00), from royalties and or any other pre-payments made to Irish.

(b) Upon the payment to Irish of the total sum of THREE HUNDRED THOUSAND AND NO/100 DOLLARS, ($300,000.00), under the provisions of (a) above, Irish shall convey the premises to Gaddis by good and sufficient deeds, free and clear of all liens and encumbrances, except any placed on the premises by Gaddis, including any loans made by the United States Government. Upon said purchase price being paid and said deeds delivered, this Mining Lease with Option to Purchase Agreement shall cease and terminate.

All of the provisions and agreements herein contained shall be deemed to be covenants running with the land and shall be binding upon and insure to the benefit of the parties hereto and their heirs, successors, assigns, administrators and executors.

GADDIS MINING COMPANY
Suite 1500
1700 Broadway
Denver 2, Colorado

Dated and executed the day and year first above set forth.

DR. J. P. IRISH

M. H. Gaddis President
GADDIS MINING COMPANY

Book 335 Page 574

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

On this 18th day of July, 1961, before me appeared W. H. Gaddis, to me personally known, who, being by me duly sworn did say that he is the President of GADDIS MINING COMPANY, a Colorado corporation, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors and the said W. H. Gaddis acknowledged said instrument to be the free act and deed of said corporation.

GIVEN under my hand and seal the day and year first above in this certificate written.

Marion Scott Pain
Notary Public

My Commission expires:
May 6, 1964

STATE OF COLORADO)
) ss.
COUNTY OF Gunnison)

The foregoing instrument was executed and acknowledged before me this 21st day of July, 1961, by DR. J. P. IRISH.

WITNESS my hand and official seal.

Mary L. Darragh Pine
Notary Public

My Commission expires: My Commission expires Nov. 5, 1962

GADDIS MINING COMPANY
Suite 1500
1700 Broadway
Denver 2, Colorado

INDEXED VR AND ABSTRACTED
8-3-61 M.S.

219920

Mining Lease with
Option to Purchase

Dr. J. P. Trout
to
Gaddis Mining Co.

STATE OF COLORADO.
County of Gunnison. } ss.

I hereby certify that this instrument was filed for record in my office at 1:02 o'clock P.M. July 28, 1961 and is recorded in Book 33 Page 560

Ethel A. Swan
County Clerk and Recorder.

By _____

Fee $ 11.25

Gaddis Mining C.
1500 Mile High Center
Denver 2, Colo.

AUG 7 1961

RECEIVED JAN 23 1962

1 .....

2

BID AND SCHEDULE OF UNIT PRICES

DIAMOND DRILLING PROGRAM

FOREST HILL MINE

GUNNISON COUNTY COLORADO

GADDIS MINING COMPANY

MOBILIZATION AND DEMOBILIZATION OF MEN AND EQUIPMENT $250.00 Lump Sum

OVERBURDEN PER FOOT $8.50

	NX	BX	AX	
0 to 500 FEET (1180 feet ±)	$8.35	$7.85	$ 7.35	PRICE PER FOOT
WIRE LINE OR SPECIAL EQUIPMENT (320 feet ±)		$8.35	$ 7.85	PRICE PER FOOT

DAILY RATE - MEN & EQUIPMENT PER 8 HOUR SHIFT IN VEIN ZONE $ 135.00

CEMENTING TIME PER HOUR $10.60 PLUS COST OF CEMENT OR CEMENT SUBSTITUTE.

Boyles Bros. Drilling Company

BY G. E. Lensch

G. E. Lensch District Manager

GADDIS MINING COMPANY
Suite 1500
1700 Broadway
Denver 2, Colorado

FEB 15 1962
REC'D

Longyear
E. J. LONGYEAR COMPANY
General Offices, 76 South 8th St.
Minneapolis 2, Minnesota, U. S. A.
TELEPHONE: FEDERAL 9-7091 • CABLE LONGCO

February 14, 1962

Gaddis Mining Company
1500 Mile High Center
Denver 2, Colorado

Attention Mr. L. E. Smith

PROPOSED DIAMOND CORE DRILLING PROGRAM - YOUR FOREST HILL MINE PROPERTY, SECTIONS 10 & 15, T13S, R83W, GUNNISON COUNTY, COLORADO

Gentlemen:

1. In response to your invitation to bid, dated January 15, 1962, we are pleased to submit this proposal to cover the subject project.

2. This proposal is based on the understanding that the following general conditions will prevail on this program:

a) Minimum program - approximately 1180 ft. of NX, BX, or AX size core drilling, either with wire line or conventional drilling tools, in holes not expected to exceed 500 ft. in depth and not flatter than a minus 55 degrees, measured from the horizontal.

b) The formation to be penetrated consists of a maximum of 25 ft. of overburden composed of top soil, clay, and decomposed bedrock; and the ledge rock will consist of Pre-Cambrian granite some of which has been altered and may contain dikes of hard, fine-grained rhyolite porphyry. It is further anticipated that the vein zones may be silicified, and that the drilling fluid may be lost at the intersection of the vein due to the vuggy nature of the material present.

c) Water for drilling purposes can be obtained from a spring at a distance not more than 1,000 ft. from any proposed drill site.

d) Tractor service for building and maintenance of necessary roads and leveling of drill sites, plus moving drilling equipment from hole to hole, if required, will be provided by the Gaddis Mining Company at no charge to the Longyear Company.

e) Core boxes, marker blocks, and sample sacks will be furnished by the Gaddis Mining Company.

f) It is understood that Gaddis Mining Company reserves the right to terminate the drilling program after completion of a minimum of two holes, if satisfactory core recovery is not obtained. In this regard, it is understood that a minimum of 80 percent core recovery in the vein material will be satisfactory. It is also

understood that you may elect to drill through the vein material on a hourly or day rate basis instead of the quoted price per foot basis.

g) We understand that the living quarters for the crew can be obtained at Taylor Park Trading Post, approximately 13 miles from the drilling area, or a field camp can be established on the property if desired.

3. For this program we propose to furnish one Longyear diamond drill of suitable design and capacity, together with NX, BX, and AX size wire line and standard coring tools, plus all other necessary accessory tools normally used on a drilling program of this type. We further propose to operate the drill on a minimum of one shift per day, six days per week schedule, and would expect to complete all the planned drilling by October 15, 1962.

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.

We will also assume and pay any and all Old Age Benefit, Unemployment and Social Security taxes and contributions imposed by federal or state authorities.

Certificates showing the coverage referred to will be furnished upon request.

5. Based upon the conditions as outlined above, and on other data set forth in the specifications which accompanied your letter of January 15, 1962, we are pleased to quote as follows:

a) Mobilization and demobilization of personnel and drilling equipment.....$475.00 Lump Sum

b) Overburden drilling in vertical or angle holes with minimum inclination of 55°, measured from the horizontal -
0 to 50 feet in depth.....$ 5.50 per ft.

c) Diamond core drilling in vertical or angle holes as specified above -

	NX Wire Line &/or BX Std. Recovering Core Approx. 1-9/16"	BX Wire Line &/or AX Std. Recovering Core Approx. 1-1/8"
Lodge to 500 feet in depth.....	$6.10 per ft.	$5.65 per ft.

d) Day rate charge for personnel and equipment when drilling in vein material, if requested by you and necessitated because of difficulty encountered with poor core recovery....$115.00 per 8-hour day, with 2-man crew.

e) Reaming for casing, if required — all sizes.....$ 2.35 per ft.

GADDIS MINING COMPANY
Suite 1500
1700 Broadway
Denver 2, Colorado

f) Cementing, waiting for cement to set, and drilling out cement, drill hole inclination tests, and performing other non-drilling but necessary type of operations requested by you..$10.50 per hour, plus cost of cement or substitutes

g) Delays for your convenience or for which you are responsible.....$ 9.75 per hour

6. Cores will be turned over to your representative at the drill sites in containers furnished by you.

7. Statements covering the work performed will be prepared as promptly as possible after the first of each month, and payment will be due within twenty days from receipt of invoice.

8. We appreciate the opportunity to quote on this work. If awarded the contract, we would be prepared to commence the work June 1, 1962 - weather and ground conditions permitting.

Sincerely,

E. J. LONGYEAR COMPANY

Vice President - Contract Drilling

M.J.Gleason:JRM:bal

ACCEPTED:

GADDIS MINING COMPANY

By:_____

Date:_____

GADDIS MINING COMPANY
Suite 1500
1700 Broadway
Denver 2, Colorado

REC'D FEB 14 1962

BID AND SCHEDULE OF UNIT PRICES

DIAMOND DRILLING PROGRAM

FOREST HILL MINE

GUNNISON COUNTY COLORADO

GADDIS MINING COMPANY

MOBILIZATION AND DEMOBILIZATION OF MEN AND EQUIPMENT 450.00

OVERBURDEN PER FOOT 6.00

	NX	BX	AX	
0 to 500 FEET (1180 feet ±)	11.50	16.00	8.00	PRICE PER FOOT
WIRE LINE OR SPECIAL EQUIPMENT (320 feet ±)				PRICE PER FOOT

DAILY RATE - MEN & EQUIPMENT PER 8 HOUR SHIFT IN VEIN ZONE 96.00

CEMENTING TIME PER HOUR 12.00 PLUS COST OF CEMENT OR CEMENT SUBSTITUTE.

GOLDEN DRILLING COMPANY

BY [illegible]

GADDIS MINING COMPANY
Suite 1500
1700 Broadway
Denver 2, Colorado

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VA. 22092

June 21, 1979

In Reply Refer To:
Mail Stop 953

Memorandum

To: Branch of Financial Reports

From: Chief, Office of Minerals Exploration

Subject: Recording of realized losses on OME contracts

Write-off of realized losses on the contracts listed is hereby authorized, effective July 31, 1979.

Contract	Docket	Operator	Write-off
2154	6227	Gaddis Mining Company	$12,740.71
2264	6577	Loren E. Smith	$27,049.69

Harold Kirkemo

Harold Kirkemo

One Hundred Years of Earth Science in the Public Service

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

June 21, 1979

Mr. Loren E. Smith
1844 Valley View Road
Boulder, Colorado 80301

Re: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine
Gunnison County, Colorado
Contract 2264 (Subject Contract)
and
OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154 (Prior Contract)

Dear Mr. Smith:

By the terms of the Certification of Possible Production dated March 2, 1970, all minerals mined or produced on the properties described in the two contracts, as amended, cited above, are subject to the Government's royalty from June 27, 1962, to July 31, 1979.

As the period during which the properties will be subject to royalty expires on July 31, 1979, the Government thereafter will retain no claims or liens against the property subject to the contracts or any production therefrom. We, therefore, will close our books and records for these contracts on that date.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

June 21, 1979

Ms. Patsy A. Skeel
721 Franklin Street
Buffalo, Iowa 52728

Re: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine
Gunnison County, Colorado
Contract 2264 (Subject Contract)
and
OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154 (Prior Contract)

Dear Ms. Skeel:

Enclosed is a self-explanatory letter dated June 21, 1979, to Mr. Loren E. Smith. This relates to the Lien and Subordination Agreements signed by you on October 25, 1976.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

June 21, 1979

Dr. R. W. Irish
VA Hospital
Saginaw, Michigan 48605

Re: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine
Gunnison County, Colorado
Contract 2264 (Subject Contract)
and
OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154 (Prior Contract)

Dear Dr. Irish:

Enclosed is a self-explanatory letter dated June 21, 1979, to Mr. Loren E. Smith. This relates to the Lien and Subordination Agreements signed by you on October 25, 1976.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To;
Mail Stop 953

June 21, 1979

Mr. John R. Aitken
Attorney at Law
First National Bldg.
Davenport, Iowa 52801

Re: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine
Gunnison County, Colorado
Contract 2264 (Subject Contract)
and
OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154 (Prior Contract)

Dear Mr. Aitken:

Enclosed is a self-explanatory letter dated June 21, 1979, to Mr. Loren E. Smith. This relates to the Lien and Subordination Agreements signed by you on October 25, 1976.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

June 21, 1979

Dr. Ralph E. Irish
VA Hospital
Phoenix, Arizona 85012

Re: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine
Gunnison County, Colorado
Contract 2264 (Subject Contract)
and
OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154 (Prior Contract)

Dear Dr. Irish:

Enclosed is a self-explanatory letter dated June 21, 1979, to Mr. Loren E. Smith. This relates to the Lien and Subordination Agreements signed by you on October 25, 1976.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

June 21, 1979

Ms. Florence H. Irish
2866 So. Ursula Street
Denver, Colorado 80232

Re: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine
Gunnison County, Colorado
Contract 2264 (Subject Contract)
and
OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154 (Prior Contract)

Dear Ms. Irish:

Enclosed is a self-explanatory letter dated June 21, 1979, to Mr. Loren E. Smith. This relates to the Lien and Subordination Agreements signed by you on October 25, 1976.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

In Reply Refer To:
Mail Stop 953

June 21, 1979

Ms. Vivian E. Duncan
1519 W. Columbia Avenue
Davenport, Iowa 52804

Re: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine
Gunnison County, Colorado
Contract 2264 (Subject Contract)
and
OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154 (Prior Contract)

Dear Ms. Duncan:

Enclosed is a self-explanatory letter dated June 21, 1979, to Mr. Loren E. Smith. This relates to the Lien and Subordination Agreements signed by you on October 25, 1976.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

November 18, 1976

Mr. John R. Aitken
Attorney at Law
First National Bldg.
Davenport, Iowa 52801

Dear Mr. Aitken:

Re: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine
Gunnison County, Colorado
Contract 2264 (Subject Contract)
and
OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154 (Prior Contract)

Dear Mr. Aitken:

This is in reply to your letter of November 12, 1976, inquiring about responsibilities for the lien and obligations for payment of royalty on production from the Forest Hill mine as a consequence of the referenced OME contracts.

The lien and the obligation for repayment of outstanding balance and accrued interest terminate on July 31, 1979. The outstanding debt is cancelled as of that date, and there is no further obligation for payment of royalty on production.

The property may be sold, leased, or optioned by the heirs any time prior to July 31, 1979. In order to protect the Government's interest in the property resulting from the OME contracts, responsibility for the lien and payment of royalty remains with the heirs unless it is clearly transferred to the new owners in the document of sale, lease, or option. Absence of such transfer in the lease between "Irish" and Loren E. Smith prompted us to request signatures on the Lien and Subordination Agreements form sent to Dr. Irish with our letter dated October 4, 1976. In the event the new owner fails to pay royalty on production, the

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

Government would look to the original Operator, Loren E. Smith, for any royalties due. Copies of documents pertinent to your inquiry are enclosed.

We would appreciate signatures on the Lien and Subordination Agreements form sent to Dr. Irish on October 4, 1976, and return to this office of four signed copies.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploraiton

Enclosures

cc:
DRF
MR Rdg.
OME Rdg.
OME Files
Mr. Kirkemo
Region III

HKirkemo/gpw

11/16/76 Rec'd

MAX H. CHRISTIE
ATTORNEY AT LAW
FIRST NATIONAL BLDG.
DAVENPORT, IOWA
52801

MAX H. CHRISTIE
JOHN R. AITKEN

November 12, 1976

Mr. Harold Kirkemo
Office of Minerals Exploration
United States Department of Interior
Reston, Virginia 22092

Dear Mr. Kirkemo:

I am writing you in regards to your letter of October 4, 1976 which was addressed to Dr. R. W. Irish. I represent Vivian Duncan who is an heir of the J. P. Irish estate.

Since I am unfamiliar with this particular area of the law, I would like to ask you several questions. First, you stated that it is necessary for the government to have a lien on the land until the period of obligation for royalty terminates or July 31, 1979. Is it only the lien which terminates or is it the debt also? If the debt remains, is there a payment schedule? Secondly, if the lien is upon the production of minerals and the land, are the heirs prohibited from selling any parcel of land? If the heirs can sell, I assume the purchaser takes subject to your lien, correct? If you could answer these questions and give me an overview of the present situation as it effects the heirs, it would be greatly appreciated.

I am sorry that the lease did not make reference to the OME contracts. Until your letter, my client and I were unaware that they existed.

Thank you very much for your assistance in this matter.

Very truly yours,

John R. Aitken

John R. Aitken
Attorney at Law

JRA/kr

enclosure

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

October 4, 1976

Mr. Loren E. Smith
1844 Valley View Road
Boulder, Colorado 80301

Re: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine
Gunnision County, Colorado
Contract 2264 (Subject Contract)
and
OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154 (Prior Contract)

Dear Mr. Smith:

Thank you for the copies of the new lease on the subject property.

The enclosed copy of our letter of October 4, 1976, to Dr. R. W. Irish is self explanatory.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosure

CC:
DRF
MR Rdg.
OME Rdg.
OME Files
Mr. Kirkemo
Region III

HKirkemo/gpw

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

October 4, 1976

Dr. R. W. Irish
Veterans Administration Hospital
Knoxville, Iowa 50138

Re: OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine
Gunnison County, Colorado
Contract 2264 (Subject Contract)
and
OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154 (Prior Contract)

Dear Dr. Irish:

We recently received a copy of the Mining Lease with Option to Purchase dated April 1, 1976, between parties referred to as "Irish" and Loren E. Smith, concerning certain mining claims in the Tin Cup Mining District, Gunnison County, Colorado. These claims were included in two minerals exploration contracts between the U.S. Government and Mr. Loren E. Smith (OME-6227, Contract 2154 and OME-6577, Contract 2264). Enclosed is a copy of our letter dated March 2, 1970, to Mr. Smith regarding royalty payments to the Government on production from this property, and preservation of the Government's royalty rights.

The lease mentioned above does not specifically refer to the Government's interest in the property. However, Mr. Smith in a letter to us dated September 14, 1976, acknowledges that the Government has a lien on the property.

In lieu of a specific reference in the lease to the OME contracts, a new Lien and Subordination Agreements signed by you and others as present owners and heirs of the late Dr. J. P. Irish, who signed the original Agreements on September 1, 1966, would meet the legal requirement for maintaining the Government's lien on the land until the period of obligation for royalty terminates July 31, 1979.

AMERICAN REVOLUTION BICENTENNIAL 1776-1976

Please sign each copy of the Lien and Subordination Agreements, send the forms to the other parties for signing and entry of address, retain one copy for your files, and return four signed copies to this office. We have inserted the names of persons whose signatures we request. We appreciate your attention to this matter.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Enclosures

Copy to: Loren E. Smith

CC:
DRF
MR Rdg.
OME Rdg.
OME Files
Mr. Kirkemo
Region III

HKirkemo/gpw

HK 11/26/75

United States Department of the Interior

GEOLOGICAL SURVEY
RESTON, VIRGINIA 22092

IN REPLY REFER TO: Office of Minerals Exploration

November 7, 1975

Re: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
and
OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine
Gunnison County, Colorado
Contract 2264

Mr. Loren E. Smith
1844 ~~Valley View Road~~ 55th St.
Boulder, Colorado 80303

Dear Mr. Smith:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return ~~xxxx~~ three copies to this office with copies of any pertinent documents.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT
OR PROJECT UNDER ROYALTY AGREEMENT

1. Since January 3, 1975, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes ☑ No ☐

Lease expired by its own terms (Ten years)

2. Since January 3, 1975, has there been any production from the land subject to the contract? Yes ☐ No ☐

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

Purchaser *(name and address)*	Quantity	Value

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity *(tons)*	Estimated Grade	Location
Ore			
Concentrates			
Other			

3. Since workings *(see* , has any production been transported through *of contract)*? Yes ☐ No ☐

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name [illegible]	*Title* Lessee
Address 1844 55th St Butte Mt	*Date* 11/10/77

United States Department of the Interior

GEOLOGICAL SURVEY
~~WASHINGTON, D.C. 20242~~
RESTON, VIRGINIA 22092

IN REPLY REFER TO: Office of Minerals Exploration

November 27, 1974

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 10 1975

INITIALS	CODE
HK	

Re: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154

and

OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine
Gunnison County, Colorado
Contract 2264

Mr. Loren E. Smith
1844 Valley View Road
Boulder, Colorado 80303

Dear Mr. Smith:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return ~~two~~ three copies to this office with copies of any pertinent documents.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo, Chief
Office of Minerals Exploration

Copy to Reg. III 1/10/75

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since April 25, 1974, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes ☐ No ☐

2. Since April 25, 1974, has there been any production from the land subject to the contract? Yes ☐ No ☐

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

Purchaser *(name and address)*	Quantity	Value

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity *(tons)*	Estimated Grade	Location
Ore			
Concentrates			
Other			

3. Since workings *(see* , has any production been transported through *of contract)*? Yes ☐ No ☐

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name	*Title*
Leon E Ohmart	Agent
Address	*Date*
18411 Valley View Rd Butte Cal	1/3/75

United States Department of the Interior

GEOLOGICAL SURVEY
~~WASHINGTON, D.C. 20242~~
Reston, Virginia 22092

IN REPLY REFER TO: Office of Minerals Exploration

November 30, 1973

Re: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154
and
OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine
Gunnison County, Colorado
Contract 2264

Mr. Loren E. Smith
1844 Valley View Road
Boulder, Colorado 80303

Dear Mr. Smith:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return ~~two~~ three copies to this office with copies of any pertinent documents.

Sincerely yours,

Harold Kirkemo, Chief
Office of Minerals Exploration

Rec'd 4/29/74
Copy to Region III

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since March 9, 1973, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes ☐ No ☑

2. Since March 9, 1973, has there been any production from the land subject to the contract? Yes ☐ No ☑

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

Purchaser *(name and address)*	Quantity	Value

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity *(tons)*	Estimated Grade	Location
Ore			
Concentrates			
Other			

3. Since workings *(see* has any production been transported through *of contract)*? Yes ☐ No ☑

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name [illegible]	*Title*
Address 1904 Valley View Rd Butte Mt	*Date* 4/25/75

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

O. M. 20

IN REPLY REFER TO: Office of Minerals Exploration

November 21, 1972

MAR 15 1973

INITIALS	CODE
	120

AIRMAIL

Re: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154
and
OME-6577 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine
Gunnison County, Colorado
Contract 2264

Mr. Loren E. Smith
~~3401 Western Avenue~~
Boulder, Colorado 80302
(1844 Valley View Rd.)

Dear Mr. Smith:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return ~~two~~ three copies to this office with copies of any pertinent documents.

This has reference to MME Form 63, Request for Information on Certified Project, which was mailed to you on September 8, 1972, but not completed and returned. Please complete and return three copies at your earliest convenience.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT
OR PROJECT UNDER ROYALTY AGREEMENT

1. Since April 15, 1971, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes ☐ No ☑

Referring to the SPECIAL AGREEMENT CONCERNING LAND in Annex I of Contract 2264 (OME-6577), has any land within 1500 feet of any part of the land described in this contract been acquired? Yes ☐ No ☑

2. Since April 15, 1971, has there been any production from the land subject to the contract? Yes ☐ No ☑

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

Purchaser *(name and address)*	Quantity	Value

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity *(tons)*	Estimated Grade	Location
Ore			
Concentrates			
Other			

3. Since , has any production been transported through workings *(see of contract)*? Yes ☐ No ☑

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name Loren E Smith	*Title* Lessee
Address 1844 Valley View Rd Boulder Colo 80303	*Date* 3/9/73

United States Department of the Interior

GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

IN REPLY REFER TO: Office of Minerals Exploration

file

April 12, 1971

Mr. Loren E. Smith

5401 Western Avenue

Boulder, Colorado 80302

Re: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154
and
OME-6377 (Copper-Silver-Gold)
Loren E. Smith
Forest Hill Mine
Gunnison County, Colorado
Contract 2204

Dear Mr. Smith:

After the completion of the approved exploration work under the contracts identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

Form MME 63
(May 1970)

REQUEST FOR INFORMATION ON CERTIFIED PROJECT OR PROJECT UNDER ROYALTY AGREEMENT

1. Since July 3, 1969, has there been a change in ownership, lease, or sublease? *If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before.* Yes ☐ No ☑

Referring to the SPECIAL AGREEMENT CONCERNING LAND in Annex I of Contract 2264 (OMR-6577), has any land within 1500 feet of any part of the land described in this contract been acquired? Yes ☐ No ☑

2. Since July 3, 1969, has there been any production from the land subject to the contract? Yes ☐ No ☑

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

Purchaser *(name and address)*	Quantity	Value

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity *(tons)*	Estimated Grade	Location
Ore			
Concentrates			
Other			

3. Since workings *(see* , has any production been transported through *of contract)*? Yes ☐ No ☑

If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name	*Title*
Loren E. Smith	Lessee
Address 5401 Wesden Ave. Bell, Calif.	*Date* 4-15-71

See further MME Form 63 to Operator in OME-6577, Contract 2264

Covering two contracts

IN REPLY REFER TO:
Office of Minerals Exploration

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

June 27, 1969

Mr. Loren E. Smith
5401 Western Avenue
Boulder, Colorado 80302

OFFICIAL COPY O. M. E. RECEIVED JUL 7 1969	
INITIALS	CODE
gla	130
JHK	120
	220

Re: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154

Dear Mr. Smith:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

This inquiry relates to the Mining Lease with Option to Purchase dated March 25, 1963, between Dr. J. P. Irish and you.

Sincerely yours,

Harold Kirkemo

Harold Kirkemo
Chief, Office of
Minerals Exploration

MME Form 63
Revised 7-65

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since July 23, 1968, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☑

2. Since July 23, 1968, has there been any production from the land subject to the contract? Yes ☐ No ☑

   A. If so and it was shipped, give quantity, value, and name and address of purchaser.

	Quantity	Value

   B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity	Estimated Grade	Location
Ore	Tons		
Concentrates	Tons		
Other	Tons		

3. Since through workings (see of contract)? Yes ☐ No ☑

   If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name [illegible] Title

Address 5401 Western Ave. Date July 3 69

Boulder, Colo

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
WASHINGTON 25, D. C.

March 31, 1964

Memorandum

To: Director

From: W. R. Griswold

Subject: OME-6227 (Silver-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado

Concerning your inquiry, "Any future here," about the only comment I can make is to say, "I have seen sicker cats than this get well."

Ore reserves and grade (as given) are probably not as deluxe as stated, but they could stand substantial revision downward and still be okay.

In its original application the Gaddis Co. requested an underground program about as follows:

Crosscutting - 1600 ft.
Drifting on the Springfield, No. 1, No. 2, and No. 3 veins - 1250 ft.
Raising - 200 ft.
Estimated cost was $130,300.00

Our reaction was expressed in the Selfridge memo of March 20, 1962, to Connors (copy attached). Finally we agreed upon a program to diamond drill the Springfield vein.

Concerning the other three veins on the property, the Applicant said, "Vein No. 1 has been explored by a drift 400 ft. north of the tunnel and is reported to contain 'mill grade ore'.

"Veins No. 2 and 3 are traceable on the surface for a distance of 1000 ft. by float and are recognizable on the aerial fotos. There are no outcrops of these veins and the area is covered by a heavy growth of timber and overburden."

Connors, in his final report says, "The Operator does not believe that the total indicated ore reserves would be sufficient to allow

a reasonable profit after amortization for development and building a mill. He believes, and I concur, that additional exploration and development of some other nearby veins will be required to justify building a mill. There are several veins which would be intersected by the continuation of an adit which has been started at the foot of the mountain. The dump material from one of these veins where a small amount of drifting had been done by early explorers indicates that further exploration of this vein is warranted. The Operator is planning further exploration of this vein either with or without Government aid."

It would be my suggestion that we instruct Connors to advise this Operator that if it can raise funds for a good underground program we would be willing to give it serious consideration.

W. R. Griswold, Chief
Division of Minerals

Enclosure

PROJECT SUMMARY REPORT

By: W. R. Griswold March 25, 1964

1. OME-6227 (Gold-Silver-Copper-Lead-Zinc)
Contract 2154

Property: Forest Hill Mine
Gunnison County, Colorado

Operator: Gaddis Mining Company
Suite 1500 Mile High Center
Denver 2, Colorado

Operator's Property Rights: Lease and Option dated July 21, 1961. Amendment of same dated May 4, 1962. Lien or Subordination Agreements dated May 24 and July 4, 1962.

2. Contract dated June 27, 1962

Work Authorized:

Bulldozing, 25 hours @ $12.00	$300.00
Assays, 200 @ $1.50	300.00
Diamond drilling, 3200' @ $9.475 (inclusive of all charges)	30,320.00
Total Estimated Cost of the Project	$30,920.00
Government participation @ 50%	$15.460.00

Amendments:

No. 1, dated January 1, 1963. Recess work from 12/11/62 to 6/1/63. Extends completion from six to fifteen months. Extends royalty period to eleven years from contract date.

No. 2, dated August 1, 1963. Extends recess from 6/1/63 to 8/15/63.

Work Completed:

Bulldozing, 25 hrs. @ 12.00	$300.00
Assays, 173	340.50
Diamond drilling (inclusive of all charges) 3200' @ $7.76	24,840.92
Total Cost of the Project	$25,481.42
Government Participation @ 50%	$12,740.71

Work completed September 1963

Final Reports:

Operator's Final Report dated November 14, 1963
Field final report dated January 17, 1964

3. Report of Review dated November 20, 1963

4. Certification dated ~~November 20, 1963~~ January 20, 1964

Ore estimate; indicated and inferred 140,500 tons, 0.07 oz. Au., 10.4 oz. Ag., 6.8% Pb., 11.7% Zn., 0.7% Cu.

5. Comments:

The project work was done in an efficient manner and was surprisingly successful. Probably the estimated tonnage and grade are a shade on the high side, yet the results were better than expected. shade?

The Operator is now justified in driving a crosscut tunnel from the bottom of the hill to explore this vein more fully, along with other parallel veins known to be ore-bearing. It would seem that an opportunity exists to create a moderate-sized mining operation. ?

W. R. Griswold, Chief
Division of Minerals

WRGriswold/mm
cc: Director's Reading File
F. E. Johnson
Docket

MME Form 17
Mar. 59

OFFICE OF MINERALS EXPLORATION

WORK COMPLETED ANALYSIS

___ Certified 1-20-64 After final audit or review report is received, prepare in duplicate. File original in official docket. Send copy to Code 210.

Operator: Gaddis Mining Co

Actual Cost: ✓

State: Colo.

Agreed Unit Cost: ✓

Final Report of Audit:

Commodity: Ag, Pb, Zn.

Docket No.: OME 6227

Final Report of Review: 11-20-63

Contract No.: 2154

Type of Work (Use these categories only)	Authorized by Contract and Amendments		Completed and Paid for		Net cost after sale of Gov't. Property
	Units	Cost 1/	Units	Cost 1/	
Drifting & Crosscutting					
Raising					
Shafts					
~~Winzes~~ Assaying	200	300	173	340.50	
Drilling (Specify) Diamond	3200'	30,320	3200'	24,840.92	
Bulldozing ~~Surface Excavation~~	25 hrs	300	25	300.	
Underground Excavation					
Roads and Trails					
Operating Equipment Purchased					
Surface Rehabilitation & Repairs					
Underground Rehabilitation					
New Building, Improvements, etc.					
Other (Specify)					
Totals				25,481.42 2/	

Government share 12,740.71

1/ Round off to dollars.
2/ Net cost total must agree with final report of audit or review.

Prepared by W R Yeaman Date 3/25/64

41725

IN REPLY REFER TO:
Office of Minerals Exploration

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

December 21, 1967

Mr. Loren E. Smith
437 Highland
Boulder, Colorado 80302

Re: OME-6227 (Silver-Gold-Lead Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154

OFFICIAL COPY
O. M. E.
RECEIVED
JAN 2 1968

INITIALS	CODE
gla	130
~~Jef~~	~~110~~
	130
	220

Dear Mr. Smith:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

This inquiry relates to the Mining Lease With Option To Purchase dated March 25, 1965, between Dr. J. P. Irish and you.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

Copy to R-III

MME Form 63
Revised 7-65

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since **September 5, 1966** has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☑

2. Since **September 5, 1966** has there been any production from the land subject to the contract? Yes ☐ No ☑

   A. If so and it was shipped, give quantity, value, and name and address of purchaser.

	Quantity	Value

   B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity	Estimated Grade	Location
Ore	Tons		
Concentrates	Tons		
Other	Tons		

3. Since , has any production been transported through workings (see of contract)? Yes ☐ No ☑

   If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name Leon E. Dodd Title

Address 5401 Vestal Ave. Boulder Colo. Date Dec 27 1967

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

August 17, 1966

Mr. Loren E. Smith
437 Highland
Boulder, Colorado

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 14 1966

INITIALS	CODE
9/14 m	120 m
JG	110
HK	120 K
	220

Re: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154

Dear Mr. Smith:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

This inquiry relates to the Mining Lease With Option To Purchase dated March 25, 1965, between Dr. J. P. Irish and you.

Sincerely yours,

Frank E. Johnson

Frank E. Johnson
Chief, Office of
Minerals Exploration

MME Form 63
Revised 7-65

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since **March 1965**, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☑

2. Since **March 1965**, has there been any production from the land subject to the contract? Yes ☐ No ☑

   A. If so and it was shipped, give quantity, value, and name and address of purchaser.

	Quantity	Value

   B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity	Estimated Grade	Location
Ore	Tons		
Concentrates	Tons		
Other	Tons		

3. Since , has any production been transported through workings (see of contract)? Yes ☐ No ☐

   If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name Leon E. Smith Title

Address 4337 Highland Date Sept 5, 1966
Boulder Colo

Gaddis

MINING COMPANY

SUITE 1500 MILE HIGH CENTER
DENVER 2, COLORADO
Telephone MAin 3-5204

OFFICIAL COPY
O. M. E.
RECEIVED
MAY 7 1965
INITIALS | CODE
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May 4, 1965

United States Department of the Interior
Office of Minerals Exploration
Washington 25, D.C.

Attention: Mr. George C. Selfridge, Chief
Division of Exploration Operations

Re: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154

Dear Sir:

This letter is in reference to your "Request for Information on Certified Project and Project Under Royalty Agreement".

There has been a change in ownership on the above subject properties. The Mining Lease with Option to Purchase dated July 21, 1961, between Dr. J. P. Irish and Gaddis Mining Company is no longer in full force and effect because of lack of compliance with the terms of the agreement. The property was released by Gaddis Mining Company to Dr. J. P. Irish and subsequently leased to Loren E. Smith; true photocopies of the release and lease from Dr. J. P. Irish are enclosed. Both the release and lease from Dr. J. P. Irish contain a statement as to the lien held by the United States of America to secure repayment of the loan made by the Office of Minerals Exploration.

While the OME 6227 was being conducted, Gaddis Mining Company acquired adjoining claims in the area and subsequently sold these claims to Loren E. Smith; true photocopies of Quit Claim Deeds are attached and contain a reservation whereby these properties are subject to the lien held by the United States of America.

Mr. W. H. Gaddis, major stockholder and financial backer of Gaddis Mining Company, died on July 31, 1964, therefore, Gaddis Mining Company is unable to continue in the mining business.

If additional information is needed, please let us know.

Very truly yours

GADDIS MINING COMPANY

Elnore Reed
Assistant Secretary

LES:EP

Encls.

Cy of ltr to R-III & 63 5/10/65

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
WASHINGTON 25, D. C.

February 8, 1965

Re: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154

Gaddis Mining Company
Suite 1500
1700 Broadway
Denver 2, Colorado

To Smith
map frame

Gentlemen:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

Sincerely yours,

George C. Selfridge

George C. Selfridge, Chief
Division of Exploration Operations

OME-6227
2154

MME Form 63
Revised 3-62

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since September 1963, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes [X] No [ ]

Is the Mining Lease with Option to Purchase of July 21, 1961, as amended, between Dr. J. P. Irish and Gaddis Mining Company still in full force and effect? If not, please give details. [ ] [X]

2. Since September 1963, has there been any production from the land subject to the contract? Yes [ ] No [X]

A. If so and it was shipped, give quantity, value, and name and address of purchaser.

	Quantity	Value

B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity	Estimated Grade	Location
Ore	Tons		
Concentrates	Tons		
Other	Tons		

3. Since , has any production been transported through workings (see of contract)? Yes [ ] No [ ]

A. If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by: GADDIS MINING COMPANY

Name Elaine Peer Title Assistant Secretary

Address Suite 2111, 1700 Broadway Denver, Colorado 80202 Date May 4, 1965

4511

Filed for record the 1 day of Apr. A. D. 1965 at 12:45 o'clock M. Celia V. Geems RECORDER
Reception No. 262748 By DEPUTY

BOOK 379 PAGE 492

MINING LEASE WITH OPTION TO PURCHASE

THIS AGREEMENT, made this 25th day of March, 1965, by and between DR. J. P. IRISH, of Nucla, Colorado, hereinafter referred to as "IRISH", and LOREN E. SMITH, of 437 Highland, Boulder, Colorado, hereinafter referred to as "SMITH".

W I T N E S S E T H:

That Irish, for and in consideration of the payments, rents, royalties, covenants, and agreements hereinafter expressed to be paid, kept and performed by Smith, has optioned, granted, leased, let and demised and by these presents does option, grant, lease, let and demise unto Smith under the provisions and conditions herein contained, for the specific purpose of exploring for, mining, extracting and removing therefrom, mineral ores of every type and character which are on, in or under the following described mining properties and premises, situated in the Tin Cup Mining District, Gunnison County, Colorado, to-wit:

PATENTED LODE MINING CLAIMS

Springfield	U. S. Patent No. 9508
Springfield No. 1	U. S. Patent No. 9508
Compromise No. 1	U. S. Patent No. 13235
Compromise No. 2	U. S. Patent No. 13235
Goldfield	U. S. Patent No. 13235
Goldfield No. 1	U. S. Patent No. 13235
Goldfield No. 3	U. S. Patent No. 13235
Goldfield No. 4	U. S. Patent No. 13235
Carbonate Prince	U. S. Patent No. 4451
Goldfield No. 2	U. S. Patent No. 13235

LODE CLAIMS HELD BY LOCATION AND POSSESSORY RIGHTS

Harvard	Recorded in Book 260, Page 205
Yale	Recorded in Book 260, Page 205
Princeton	Recorded in Book 260, Page 206
Columbia	Recorded in Book 260, Page 206
Springfield Extension	Recorded in Book 319, Page 25

MILL SITES HELD BY LOCATION AND POSSESSORY RIGHTS

Paymaster	Recorded in Book 319, Page 30
Springfield	Recorded in Book 319, Page 28
Compromise	Recorded in Book 319, Page 26

All of the foregoing property being of record in the Office of the County recorder at Gunnison, Colorado; together with the right to construct buildings, mills, make excavations, open shafts, tunnels, roads, and improvements of every type and character, and the right to cut and use timber necessary in the operations hereunder, and which are or may become convenient or necessary in the mining, exploration, and removal of any mineral ores, all of which are hereinafter referred to as the "premises".

TO HAVE AND TO HOLD, the above described premises, unto Smith, for a

term of ten years (10), from the date hereof, and as long thereafter as mining and development operations are conducted thereon, and upon the same terms and conditions herein contained, unless sooner forfeited or terminated through the violation of any of the covenants and conditions herein contained; provided further that said term shall terminate at such time that Smith exercises its option to purchase the mining properties, and pays the purchase price, all as hereinafter provided.

Smith, in consideration of the premises, has covenanted, contracted and agreed and by these presents does covenant, contract and agree to and with Irish as follows:

1. Upon executing the agreement, Smith agrees to pay Irish the sum of Ten and no/100 Dollars ($10.00), and other good and valuable considerations, the receipt of which is hereby acknowledged, (it being expressly agreed by the parties hereto that said payment is not only the consideration for the granting of the option to purchase as hereinafter provided, but is also the consideration for the entering into of this agreement); and in addition, Smith agrees to pay Irish a royalty of Ten Percent (10%) of the ore produced, saved and marketed from the premises and then, in the event Smith exercises its option to purchase, as hereinafter set forth, said royalty payments shall be credited toward the payment to Irish of the purchase price hereinafter provided, such royalty of Ten Percent (10%) to be computed as follows:

   (a) Where the mineral ores are shipped to a mill or smelter not owned by Smith, the royalty shall be paid on the net mill or smelter return, less actual costs of transportation.

   (b) Where the mineral ores are treated by a mill or smelter owned by Smith, the royalty shall be paid on the gross return received from such milled or smelted ore, less milling, smelting and transportation costs.

2. All royalties shall be paid directly to Irish by the purchaser of said ores, concentrates and minerals, and Smith shall issue to said purchaser a written order to do so.

3. Smith agrees to enter upon said leased premises on or before

August 1st 1965, and work the same in a workmanlike manner and in a manner necessary to good and economical mining, with due regard to the development and preservation of said mine or mining premises as a workable mining property.

4. Smith agrees to comply with all State and Federal laws and regulations pertaining to and in accordance with good and safe mining practices; to keep all new drifts, shafts, tunnels, winzes and crosscuts clear of loose rock and rubbish unless prevented by extraordinary mining casualty, and agrees to stow no waste in drifts, shafts, tunnels, winzes and crosscuts.

5. Smith agrees to work, mine and develop said premises steadily and continuously during the period of said lease, it being further agreed that if exploration determines an ore body or bodies, which could not be mined and treated by a mill on or near said property, at a profit at the present price of metals, that then and in that event, the above work requirements shall be suspended until such time as the price of metals makes it possible to mine and mill the ores at a profit; it being further agreed that Smith will pay to Irish, in absence of production, a minimum royalty of One Hundred Dollars ($100.00) per month, starting April 1st 1965 and payable the 1st day of each month and as long thereafter as this lease is in effect.

6. Smith agrees to allow Irish, or his agents, at reasonable time to enter upon said premises and descend in all mine workings for the purpose of inspection, surveying or taking samples therefrom, but all to be without interference with mining operations; and to render to Irish assistance in making such inspections or examinations.

7. Smith agrees to indemnify and hold Irish harmless from all claims for death of and injuries to third parties, and damage to and loss of personal property of any kind or character and by whomsoever suffered, and which is occasioned by or in connection with any work or operations performed or undertaken hereunder by Smith, its agents or employees.

8. Smith agrees to promptly pay all bills for labor and materials

incurred in Smith's operations hereunder, and to indemnify and save Irish harmless from all claims and liabilities of every kind and nature which may or might be incurred by reason of Smith's operations hereunder.

9. Smith agrees to carry adequate Workmen's Compensation Insurance and Public and Property Damage Insurance; to pay all Social Security taxes and all old age benefits, and to post in not less than three (3) prominent places on the properties, warnings to all persons against trespassing thereon, and to show that all properties are leased to and under control of Smith and not Irish.

10. Smith shall do all assessment work on all of the unpatented lode claims and mill sites above described, and file affidavits of labor performed in the name of Irish, as required by the mining laws of the United States Government and the State of Colorado, all of which shall be completed on or before July 15 of each and every year during the term of said lease. In the event Smith does not complete the annual assessment work required for the above described unpatented lode claims and mill sites by July 15 of each year, and gives Irish notice thereof, this lease will become null and void and of no further force and effect.

11. Smith agrees to pay all property taxes as same shall become due. Smith agrees to pay all taxes levied upon the minerals produced, saved and marketed from the premises, but Smith shall have the right to recover from Irish that part of such taxes attributable to the royalty payable to Irish, it being understood that this provision shall not apply to any income taxes payable by Irish.

12. Smith agrees to furnish Irish all drill logs and assays, and upon his request, all information and data concerning the operation conducted by Smith.

13. Smith agrees to keep accurate books of account, showing the amount of minerals extracted from the properties, the amount of the minerals sold and the amount of money received from the sale of said minerals and, if so applicable, all cost of operation of any mill or smelter operated by Smith; and Irish shall, at reasonable time, have the right to inspect and examine said books of account.

14. In the event Smith defaults in the provisions hereof, Irish shall notify Smith in writing, by registered mail, of such default, and Smith shall have sixty (60) days from the receipt of said notice, in which to cure such default. If Smith does not cure such default within said sixty (60) day period, then Irish may cancel this Mining Lease with Option to Purchase upon further written notice of such cancellation to Smith, and thereupon it shall be lawful for Irish to enter upon and take possession of the premises, provided however, that Smith shall have the right upon termination or cancellation hereof, however the same is effected, to remove or begin to remove from the leased premises within sixty (60) days from such termination, all property owned by it and located thereon; provided however, that Smith may not remove any rails or timbering from shafts, tunnels or drifts, and provided further that Smith shall not remove any underground structure that would endanger any shaft, tunnel or drift, and provided further that all surface openings shall be left in a safe condition for the protection of human life and livestock.

15. Smith shall be excused from the performance of the work provisions of this lease by reason of but not limited to labor strikes, war, fire, floods, explosions, riots, acts of God, extraordinary mining casualties, lack of market and lack of milling or smelting facilities, severe weather conditions or any other cause, whether similar or dissimilar to the causes mentioned, and so long as they are beyond the control of Smith. Performance of the provisions of this agreement shall be excused only as long as any of the above Force Majeure causes continue to exist.

16. The said premises are subject to a lien held by the United States of America to secure repayment of a loan made by the Department of the Interior, Office of Minerals Exploration, OME 6227, (Silver-Gold-Lead-Zinc-Copper) Contract No. 2154 in the amount of $12,740.71, to be repaid from royalties as described in Contract No. 2154.

17. In the event Smith desires to make application to the United States Government or any of its agencies to cause said premises

to be drilled or explored at the total or partial expense of the United States Government or any of its agencies, Irish agrees to execute consents or agreements for drilling or exploration as may be requested by Smith, but Irish's royalty as provided herein, is separate and distinct from any royalty that may be payable to the United States Government for the repayment of any such loan or grant.

18. Smith shall have the right to terminate this Mining Lease With Option to Purchase agreement at any time by delivering a release or quit claim deed to Irish for all the premises, and thereupon, all rights and obligations of both parties shall cease and terminate.

19. All notices provided for herein, to be served upon Smith shall be in writing by registered mail, directed to LOREN E. SMITH, 437 Highland, Boulder, Colorado. All notices provided for herein, to be served upon Irish, shall be in writing by registered mail, and directed to DR. J. P. IRISH, Box 115, Nucla, Colorado; or at such other addresses as Smith and Irish may in writing hereinafter designate.

20. In case Irish owns a lesser interest in each claim than the entire and undivided fee simple title therein, then the royalties herein provided for shall be paid Irish only in the proportion that his interest in any such claim bears to the whole and undivided fee simple title therein.

21. Irish hereby grants to Smith the exclusive right and option to purchase the premises, which right and option may be exercised at any time that this Mining Lease with Option to Purchase, or any extension thereof, is in force and effect, said purchase to be upon the following terms and provisions, to-wit:

    (a) Irish agrees to convey unto Smith all of the premises subject to this Mining Lease with Option to Purchase, at such time as Irish has received the sum of THREE HUNDRED THOUSAND AND NO/100 DOLLARS ($300,000.00), from royalties and or any other prepayments made to Irish.

(b) Upon the payment to Irish of the total sum of THREE HUNDRED THOUSAND AND NO/100 DOLLARS ($300,000.00), under the provisions of (a) above, Irish shall convey the premises to Smith by good and sufficient deeds, free and clear of all liens and encumbrances, except any placed on the premises by Smith, including any loans made by the United States Government. Upon said purchase price being paid and said deeds delivered, this Mining Lease with Option to Purchase agreement shall cease and terminate.

All of the provisions and agreements herein contained shall be deemed to be covenants running with the land and shall be binding upon and insure to the benefit of the parties hereto and their heirs, successors, assigns, administrators and executors.

Dated and executed the day and year first above set forth.

Dr. J. P. Irish

Dr. J. P. Irish

Loren E. Smith

Loren E. Smith

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

Before me, the undersigned, a Notary Public, within and for said County and State, on this 26th day of March, 1965, personally appeared LOREN E. SMITH, to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires: March 11, 1967

Elnore Peel

Notary Public

STATE OF COLORADO)
) ss.
COUNTY OF Montrose)

Before me, the undersigned, a Notary Public, within and for said County and State, on this 25 day of March, 1965, personally appeared DR. J. P. IRISH, to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My commission expires:
Aug 6, 1967

Mabel H. Hill

Notary Public

Filed for record the 1 day of Apr. A. D. 19 65, at 12:20 o'clock P M. Celia V. Owens RECORDER
Reception No. 262745 By ..... DEPUTY

BOOK 379 PAGE 488

RELEASE OF MINING LEASE

KNOW ALL MEN BY THESE PRESENTS:

That GADDIS MINING COMPANY, a Colorado corporation, does hereby release, relinquish and surrender to the lessor DR. J. P. IRISH, of Nucla, Colorado, his heirs, assigns and legal representatives, all right, title and interest, in and to a certain Mining Lease With Option to Purchase, made and entered into by and between Dr. J. P. Irish, of Nucla, Colorado, as Lessor, and Gaddis Mining Company, a Colorado corporation, 1700 Broadway, Denver, Colorado, as Lessee, dated the 21st day of July, 1961, covering the following described mining properties and premises, situated in the Tin Cup Mining District, Gunnison County, Colorado, to-wit:

PATENTED LODE MINING CLAIMS

Springfield	U. S. Patent No. 9508
Springfield No. 1	U. S. Patent No. 9508
Compromise No. 1	U. S. Patent No. 13235
Compromise No. 2	U. S. Patent No. 13235
Goldfield	U. S. Patent No. 13235
Goldfield No. 1	U. S. Patent No. 13235
Goldfield No. 3	U. S. Patent No. 13235
Goldfield No. 4	U. S. Patent No. 13235
Sunset No. 2	U. S. Patent No. 9508
Carbonate Prince	U. S. Patent No. 4451
Tourist	U. S. Patent No. 9508
Goldfield No. 2	U. S. Patent No. 13235

LODE CLAIMS HELD BY LOCATION AND POSSESSORY RIGHTS

Harvard	Recorded in Book 260, Page 205
Yale	Recorded in Book 260, Page 205
Princeton	Recorded in Book 260, Page 206
Columbia	Recorded in Book 260, Page 206
Springfield Extension	Recorded in Book 319, Page 25

MILL SITES HELD BY LOCATION AND POSSESSORY RIGHTS

Paymaster	Recorded in Book 319, Page 30
Springfield	Recorded in Book 319, Page 28
Compromise	Recorded in Book 319, Page 26

said Mining Lease With Option to Purchase being recorded in the office of the Register of Deeds in and for said County, in Book 336, Page 566-574.

Filed for record the [illegible] day of Apr. A.D. 19 65 at 12:17 o'clock P.M. RECORDER
Reception No. 262741 By Celia V. Adams DEPUTY

BOOK 379 PAGE 487

QUIT CLAIM DEED

KNOW ALL MEN BY THESE PRESENTS:

That the GADDIS MINING COMPANY (formerly Gaddis Mining Company of Guatemala), a Colorado corporation, 1700 Broadway, Denver, Colorado, hereinafter referred to as "Grantor" for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby sell and quit claim unto LOREN E. SMITH of 437 Highland, Boulder, Colorado, all of the Grantors right, title and interest, in and to the following claims located in Gunnison County, Colorado, to-wit:

Claim Name	Mineral Survey Number
Taylor River No. 3	13359
Taylor River No. 4	13359
Taylor River No. 5	13359
Taylor River No. 6	13359
Taylor River No. 7	13359

This Quit Claim Deed is made without warranty of title, either express or implied.

The Grantor herein hereby expressly excepts, reserves and retains a Five Percent (5%) royalty of the net mint, mill or smelter returns on all ores and other minerals produced, saved and marketed therefrom, deducting the actual cost of transportation and treatment.

The interest hereby conveyed is subject to a lien held by the United States of America to secure repayment of a loan made by Office of Mineral Exploration, OME 6227, (Silver-Gold-Lead-Zinc-Copper) Contract No. 2154 in the amount of $12,740.71, this loan to be repaid from royalties as described in the contract.

EXECUTED, this 17th day of February, 1965.

ATTEST: GADDIS MINING COMPANY

Charles J. Wilcox, Secretary — George J. Wilcox, Vice President

STATE OF COLORADO)
CITY &) ss.
COUNTY OF DENVER)

Before me the undersigned, a Notary Public, within and for said County and State, on this 17th day of February, 1965, personally appeared George J. Wilcox, Vice President

to me personally known to be the identical persons who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

Commission: My Commission expires March 11, 1967 — Notary Public

Filed for record the 1 day of Apr A. D. 1965 at 12:15 o'clock A. M. Celia V. Brown RECORDER
Reception No. 26[illegible]33

BOOK 379 PAGE 486

QUIT CLAIM DEED

KNOW ALL MEN BY THESE PRESENTS:

That the GADDIS MINING COMPANY (formerly Gaddis Mining Company of Guatemala), a Colorado corporation, 1700 Broadway, Denver, Colorado, hereinafter referred to as "Grantor" for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby sell and quit claim unto LOREN E. SMITH of 437 Highland, Boulder, Colorado, all of the Grantors right, title and interest, in and to the following claims located in Gunnison County, Colorado, to-wit:

Compromise #3-Lode Mining Claim Survey 13215-Tincup Mining District as described in Treasurer's Deed #208221-Book 282, Page 219; Spring Lode Mining Claim Survey 13215-Tincup Mining District and Little Anna Lode Mining Claim Survey 13328-Tincup Mining District as described in Treasurer's Deed #208211, Book 282, Page 218.

Compromise #4, U. S. Survey No. 13215 and Sunset No. 1, U. S. Survey No. 13235; both lode mining claims situated in Tincup Mining District.

This Quit Claim Deed is made without warranty of title either express or implied.

The Grantor herein hereby expressly excepts, reserves and retains a Five Percent (5%) royalty of the net mint, mill or smelter returns on all ores and other minerals produced, saved and marketed therefrom, deducting the actual cost of transportation and treatment.

The interest hereby conveyed is subject to a lien held by the United States of America to secure repayment of a loan made by Office of Minerals Exploration, OME 6227, (Silver-Gold-Lead-Zinc-Copper) Contract No. 2154 in the amount of $12,740.71, this loan to be repaid from royalties as described in the Contract.

EXECUTED, this 17th day of February, 1965.

ATTEST:

GADDIS MINING COMPANY

Shirley J. Wilcox, Secretary

George J. Wilcox, Vice President

GADDIS MINING COMPANY COLORADO

STATE OF COLORADO)
CITY &) ss.
COUNTY OF DENVER)

Before me the undersigned, a Notary Public, within and for said County and State, on this 17th day of February, 1965, personally appeared George J. Wilcox, Vice President

to me personally known to be the identical persons who executed the within and foregoing instrument and acknowledged to me that ~~they~~ he executed the same as ~~their~~ his free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

Commission:
My Commission expires March 11, 1967

Elaine Pecoff
Notary Public

NOTARY PUBLIC COLORADO

The above described mining properties and premises are subject to a lien held by the United States of America to secure repayment of a loan made by the Department of the Interior, Office of Minerals Exploration, OMX 6227, (Silver-Gold-Lead-Zinc-Copper) Contract No. 2154 in the amount of $12,740.71, to be repaid from royalties as described in Contract No. 2154.

WITNESS the following signatures of the officers of aforesaid corporation, this 17th day of February, 1965.

ATTEST:

GADDIS MINING COMPANY

Shirley L. Wilcox, Secretary

George J. Wilcox, Vice President

STATE OF COLORADO)
CITY &) ss.
COUNTY OF DENVER)

Before me, the undersigned, a Notary Public in and for said County and State, on this 17th day of February, 1965, personally appeared George J. Wilcox, Vice President known to me to be the persons and officers whose names are subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said Gaddis Mining Company, a corporation, and that they executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

Commission: My Commission expires March 11, 1967

Notary Public

OME-6227- Contract 215-4

Gaddis Mining Company

Suite 1500-1700 Broadway

Denver 2, Colorado

Contract date - June 27, 1962

Certification " Jan. 20, 1964

Royalty period to June 27, 1973

Govt Contribution $12,740.71 @ 6%

Dr. J. P. Irish executed a Lien or Subordination Agreement May 24, 1962 and another on July 4, 1962.

[illegible]

6227

INSTRUCTIONS TO DELIVERING EMPLOYEE

☐ Deliver *ONLY* to addressee

☐ Show address where delivered

(Additional charges required for these services)

RECEIPT

Received the numbered article described on other side.

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

Gaddis Mining Co.

SIGNATURE OF ADDRESSEE'S AGENT, IF ANY

Elmore Lee

DATE DELIVERED	SHOW WHERE DELIVERED *(only if requested)*
4/19/65	

C55—16—71548-5—F GPO

POST OFFICE DEPARTMENT
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

POSTMARK OF DELIVERING OFFICE

INSTRUCTIONS: Fill in items below and complete instructions on other side, if applicable. Moisten gummed ends, attach and hold firmly to back of article. Print on front of article RETURN RECEIPT REQUESTED.

RETURN TO

REGISTERED NO.	NAME OF SENDER
598215	OFFICE OF MINERALS EXPLORATION
CERTIFIED NO.	STREET AND NO. OR P. O. BOX
	DEPT. OF THE INTERIOR
INSURED NO.	CITY, STATE, AND ZIP CODE
	WASHINGTON, D. C. 20240

POD Form 3811 Sep. 1963

C55—16—71548-6—F

3-1100

IN REPLY REFER TO:
Office of Minerals Exploration

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON, D.C. 20242

June 27, 1968

Mr. Loren E. Smith
5401 Western Avenue
Boulder, Colorado 80302

Re: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154

OFFICIAL COPY
O. M. E.
RECEIVED
JUL 26 19
INITIALS | CODE
gla | 130
~~110~~
220

Dear Mr. Smith:

After the completion of the approved exploration work under the contract identified above, we asked to be informed about changes in the status of the property and production from it during the period of royalty obligation.

To assist you to furnish this information and to assure the accuracy of our records, please answer the questions on the back of this letter and return two copies to this office with copies of any pertinent documents.

This inquiry relates to the Mining Lease with Option to Purchase dated March 25, 1965, between Dr. J. P. Irish and you.

Sincerely yours,

Frank E. Johnson
Chief, Office of
Minerals Exploration

Copy to Region III

MME Form 63
Revised 7-65

REQUEST FOR INFORMATION ON CERTIFIED PROJECT AND PROJECT UNDER ROYALTY AGREEMENT

1. Since December 1967, has there been a change in ownership, lease, or sublease? If yes, please state details of the transaction below and provide a true or signed copy of the pertinent documents, unless they have been provided before. Yes ☐ No ☑

2. Since December 1967, has there been any production from the land subject to the contract? Yes ☐ No ☑

   A. If so and it was shipped, give quantity, value, and name and address of purchaser.

	Quantity	Value

   B. If stockpiled awaiting sale, state quantity, grade, and location.

Type	Quantity		Estimated Grade	Location
Ore		Tons		
Concentrates		Tons		
Other		Tons		

3. Since , has any production been transported through workings (see of contract)? Yes ☐ No ☑

   If so, state quantity, value, and disposition of material.

Disposition of Material	Quantity	Value

Submitted by:

Name Lorin C. Smith Title lessee

Address 5401 Western Ave Date July 23, 68

Boulder Colo

Standard Form No. 1034
7 GAO 5000
1034-108

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

Use continuation sheet(s) if necessary

VOUCHER NO. _____

U. S. Dept of the Interior - Office of the Secretary - Accounting Unit
(Department, bureau, or establishment)

Voucher prepared at Washington, D.C. 20240 1/14/64
(Give place and date)

Payee's Account No. _____ Discount Terms _____

TO Gaddis Mining Company
(Payee)

Suite 1500 - 1700 Broadway, Denver 2, Colorado
(Address)

PAID BY

Contract No. Date Req. No. Date Invoice Rec'd.
Shipped from to Weight Govt. B/L No.

No. and Date of Order	Date of Delivery or Service	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary)	Quantity	UNIT PRICE Cost	UNIT PRICE Per	AMOUNT *
2154 Reg. III		Balance due inaccordance with audit review.				12.01
			TOTAL			12.01

PAYMENT:

- COMPLETE ☐
- PARTIAL ☐
- FINAL ☐
- PROGRESS ☐
- ADVANCE ☐

(PAYEE MUST **NOT** USE THIS SPACE)

DIFFERENCES _____

Amount verified; correct for 12.01

(Signature or initials) _____

† Approved for _____ =$ _____

By _____

Title _____

Exchange rate _____ =$1.00

Pursuant to authority vested in me, I certify that this voucher is correct and proper for payment.

† _____
(Authorized Certifying Officer) (Date)

THE REVERSE OF THIS FORM MUST BE EXECUTED WHEN PURCHASES ARE MADE OR SERVICES SECURED WITHOUT WRITTEN AGREEMENT IN ANY FORM

ACCOUNTING CLASSIFICATION (Appropriation Symbol must be shown; other classification optional)

Paid by
Check No. _____ on Treasurer of the United States
Check No. _____ on _____
(Name of Bank)
Cash, $ _____, on _____, 19____ Payee _____

Per _____

Title _____

* When used in foreign countries, insert name of currency of country in which used.

† If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign on the line below "Approved for $ _____", and over his official title.

CC: Minerals Exploration

METHOD OF OR ABSENCE OF ADVERTISING

METHOD OF ADVERTISING

1. Advertising in newspapers Yes ☐ No ☐.
2. (*a*) Advertising by circular letters sent to ..... dealers.
   (*b*) And by notices posted in public places Yes ☐ No ☐.

   (If notices were not posted in addition to advertising by circular letters sent to dealers, explanation of such omission must be made below.)

ABSENCE OF ADVERTISING

3. Without advertising, under an exigency of the service which existed prior to the order and would not admit of the delay incident to advertising.
4. Without advertising in accordance with .....
5. Without advertising, it being impracticable to secure competition because of .....

.....

.....

.....

.....

(Here state in detail the nature of the exigency or circumstances under which the securing of competition was impracticable under 3 and 4)

NOTE.—The above form "Method of or Absence of Advertising" is to be used when purchases are made or services secured under proper authority without written agreement in any form. In case of a written agreement (formal contract, proposal, and acceptance, or less formal agreement) Standard Form No. 1036 should be used for abstracting the method of or absence of advertising and award of contract. (See 7 GAO 4500 and 5000.)

U.S. GOVERNMENT PRINTING OFFICE : 1961 O—584441

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Building 20 - Federal Center
Denver, Colorado 80225

OFFICIAL FILE COPY
O. M. E
RECEIVED JAN 17 1964

DATE	INITIALS	CODE
		150
January 15, 1964		
	Leo Murphy	500

1 cy 130

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Department of the Interior
Washington, D. C. 20240

From: Acting Field Officer, OME, Region III

Subject: OME-6227 (Gold-Silver-Copper-Lead-Zinc)
Contract 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Attached are the original and one copy of our Final Engineering Report on the subject contract.

Hugh M. Connors

Hugh M. Connors

Attachment

Wrote Certification
Dec. 20, 1963
FMM.

UNITED STATES
DEPARTMENT OF THE INTERIOR
STEWART L. UDALL, SECRETARY

OFFICE OF MINERALS EXPLORATION
REGION III

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O. M. E
RECEIVED JAN 17 1964
DATE | INITIALS | CODE

OME-6227

CONTRACT NO. 2154

GADDIS MINING COMPANY

FOREST HILL MINE

GUNNISON COUNTY, COLORADO

Gold-Silver-Copper-Lead-Zinc

FINAL
FIELD REPT.

Final Engineering Report

By

Hugh M. Connors, Acting Field Officer

January 1964

OME-6227
Contract No. 2154

GADDIS MINING COMPANY
Forest Hill Mine
Gunnison County, Colorado

INTRODUCTION, SUMMARY, AND CONCLUSIONS

The Gaddis Mining Company explored the Springfield Vein of the Forest Hill mine for gold, silver, copper, lead, and zinc by diamond drilling eight holes. This exploration was carried out with Government aid under Docket OME-6227 and Contract 2154. Work under the contract was started August 1, 1962 and completed September 19, 1963.

The project resulted in finding additional ore reserves and confirmed the assays taken by the early explorers of the Springfield Vein.

The Operator does not believe that the total indicated ore reserves would be sufficient to allow a reasonable profit after amortization for development and building a mill. He believes, and I concur, that additional exploration and development of some other nearby veins will be required to justify building a mill. There are several veins which would be intersected by the continuation of an adit which has been started at the foot of the mountain. The dump material from one of these veins where a small amount of drifting had been done by early explorers indicates that further exploration of this vein is warranted. The Operator is planning further exploration of this vein either with or without Government aid.

It is recommended that this project be certified.

THE PROJECT

The work consisted of diamond drilling eight holes, seven of which were specified in the contract. The eighth hole was drilled at the Operator's expense.

Work Performed With Costs

Bulldozing, 25 hours at $12.00	$ 300.00
Mobilization & Demobilization	475.00
Drilling Overburden 313 ft. at $5.50	1,721.50
NXWL 1040 ft. at $6.10	6,344.00
BXWL 1808 ft. at $5.65	10,215.20
AX 39 ft. at $5.65	220.35
Reaming and casing 22 ft. at $2.35	51.70
Cementing, 110 3/4 hrs. at $11.983 (av)	1,327.17
Wooden core boxes 106	326.00
Assay determinations 173	340.50
Incidental Allowance 3200 ft. at $1.30	4,160.00
Total	$ 25,481.42

Findings

?

All of the core holes encountered mineralization in the Springfield Vein and six of the holes showed mineralization of sufficient width and grade to be classed as ore. The cores showed that the thickness of the Springfield Vein varied from 0.5 to 9.7 feet. The drilling program substantiated the assays shown on an early day map. Based on the drilling results and the old assay map, the Operator estimates

Ounce?

the ore reserves in the Springfield Vein are 140,500 tons with an indicated average assay of 0.07 oz. gold and 10.4 oz. silver per ton. Base Metal Content averaged 6.8% lead, 11.7% zinc, and 0.69% copper. The Operator's estimate of ore reserves appears to be reasonable.

It is entirely possible that production of ore from this property will occur before the royalty period expires and I recommend that the project be certified.

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado
80225

OFFICIAL FILE COPY
O. M. E
RECEIVED NOV 14 1963

DATE		CODE
11/14		800
	Murphy	500

November 12, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Contract No. 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado
OPERATOR'S FINAL REPORT

Attached are the original and two copies of the Operator's Final Report on the subject contract.

I recommend that the Operator's Final Report be accepted.

Hugh M. Connors

Hugh M. Connors

Attachments

FINAL REPORT
on
FOREST HILL MINE
Gunnison, County, Colorado

OME EXPLORATION PROJECT
Docket No. 6227
Contract No. OME 2154

GADDIS MINING COMPANY

OFFICIAL FILE COPY
O. M. E
RECEIVED NOV 14 1963

DATE	INITIALS	CODE

OPERATOR'S
FINAL REPT.

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EXPLORATION COSTS	2
RESULTS OF DRILLING	2
CONCLUSION	3

TABLE OF ILLUSTRATIONS

Table of Sample Analysis

Figure 1 Plan Map of Forest Hill Mine Area

Figure 2 Geologic and Assay Cross-Section of Workings on Springfield Vein

Figure 3 Geologic Cross-Section showing Results of Core Drilling at Forest Hill Property

Final Report
Docket No. OME 6227 (Silver-Gold-Lead-Zinc-Copper)
Contract No. 14-23-090-2154
Forest Hill Properties
Gunnison County, Colorado
By
Ralph L. McDonald

INTRODUCTION

This report covers work performed on the Forest Hill Mining Property, Gunnison County, Colorado, as approved under Docket 6227 (Silver-Gold-Lead-Zinc-Copper) Contract No. 2154. The work was done during the period of August 1, 1962, to December 8, 1962, and August 15, 1963, to September 19, 1963. The exploration program at Forest Hill consisted of diamond core drilling, building access roads and drill sites, description and analysis of rocks penetrated by the drill, and assaying of mineralized zones encountered.

BULLDOZING

Bulldozing of access roads and drill sites commenced August 1, 1962, and continued intermittently until the completion of the drill site for Core Hole No. 7 on November 20, 1962. A total of 25-1/2 hours of bulldozing time was required to complete the access roads and drill sites for the seven holes covered by O. M. E. Contract No. 2154. The contract allowed 25 hours at $12.00 per hour or a total cost of $300.00.

DRILLING

Drilling at Forest Hill began on August 2, 1962, and was recessed on December 8, 1962. Drilling began again on August 15, 1963, and the drilling program was completed on September 17, 1963. The diamond core drilling was done by E. J. Longyear Company under a separate contract. Seven 65° angle core holes with a total footage of 3200 feet were drilled under O. M. E. Contract No. 2154 (See Figure #1).

Subsequent to the drilling under O. M. E. Contract 2154, an additional 45 feet was drilled on Core Hole No. 7, and Core Hole No. 8 was drilled to a depth of 315 feet. (See Figure #1) The 3200 feet of drilling consisted of 313 feet of overburden drilling with a 4-1/2" rock bit at $5.50 per foot for a total expenditure of $1,721.50, 1040 feet of NX wireline diamond coring at $6.10 a foot for a total expenditure of $6,344.00, 1808 feet of BX wireline diamond coring at $5.65 per foot for a total expenditure of $10,239,20, 39 feet of AX coring at $5.65 per foot for a total expenditure of $220.35, and 22 feet of reaming at $2.35 per foot for a total expenditure of $51.70. The total drilling costs were $18,576.75.

Cementing of the drill holes for caving and lost circulation on the first three core holes required 103 hours cementing and 32 sacks of cement. The balance of the core holes were drilled with mud, which was not covered by the contract. The contract allowed 100 hours cementing time for which $1,188.93 was charged.

CHEMICAL ANALYSIS

A total of 184 chemical assays were run on core and sludge from the seven diamond core holes drilled under O. M. E. Contract 2154 at a cost of $352.40. The contract allows $1.50 per assay, or $276.00 for the 184 assays.

OTHER CHARGES

Storage for the diamond core required 100 core boxes at a cost of $3.00 per box or an expenditure of $300.00. A fixed unit charge of $1.30 per foot of drilling was allowed to cover the cost of supervision, transportation, etc. This charge amounted to $4,160.00 for the 3200 feet of drilling.

RESULTS OF DRILLING

All of the core holes drilled at the Forest Hill property encountered mineralization in the Springfield Vein (See Figure 1-3 and Lithologic Logs).

Six of the eight core holes encountered mineralization of sufficient thickness and grade to be minable (See assay table and lithologic logs). The thickness of the Springfield Vein where penetrated by the core holes varies from 0.5 to 9.7 feet thick. The attached table summarizes the mineralization encountered in the holes and the assay values of the samples taken.

The drilling program at Forest Hill substantiates the assays and appraisals of the Springfield Vein given by early geologists and engineers. These appraisals were based on mapping and sampling the vein in the workings (See Figure 2). The old workings are no longer accessible for inspection due to water encroachment.

Based on the drilling program and the samples taken in the old workings by the early geologists and engineers, it is estimated that the reserves in the Springfield Vein are 140,500 tons. The average assay of the vein is indicated to be 0.07 oz. gold per ton, 10.4 oz. silver per ton, 6.8% lead, 11.7% zinc, and 0.69% copper. The reserves are shown to be in ore shoots along a vein that pinches and swells throughout its known length.

The gross value of the metal contained in the ore in the Springfield Vein is $60.92 per ton, based on $1.26 per oz. of silver, $35.00 per oz. of gold, 10.5¢ per pound of lead, 11.5¢ per pound of zinc, and 30¢ per pound of copper. The employment of efficient methods in mining of the ore will necessitate a 25% dilution of ore with waste material. This dilution will decrease the net value of the ore down to $45.69 per ton. The net return from the smelter will be about 65% of the value of the metal contained in the ore or concentrate (deduction for mill losses, transportation costs, smelter losses and smelter charges). The net value of the ore at the smelter is $29.70 per ton.

CONCLUSION

The diamond drilling program on the Springfield Vein confirmed the assays of the Springfield Vein taken in the old workings by early geologists and developed additional reserves. The reserves indicated by the drilling program and the old workings are large enough to amortize the cost of developing the mine and constructing a mill, but the tonnage indicated is not sufficient to amortize mill and development costs and return a reasonable profit to the investor. It is indicated that additional exploration on other nearby veins will be required to develop sufficient ore reserves to justify building a mill and putting the mine into operation at the present time.

TABLE OF SAMPLE ANALYSIS

Sample No.	Hole No.	Interval	Thickness	Au	Ag	Pb	Zn	Cu	Type
#301	1	353.0-358.0	5.0'	0.001	0.02	0.7	None	NA*	Core
#302	1	358.0-358.7	0.7'	0.01	1.33	1.1	0.8	0.19	Core
#303	1	358.7-360.7	2.0'	0.26	7.4	15.8	8.7	0.14	Core
#304	1	360.7-363.1	2.4'	0.01	1.23	0.85	0.2	0.09	Core
#305	1	363.1-368.1	5.0'	0.002	0.08	0.5	None	NA	Core
#306	1	358.0-361.0	3.0'	0.07	None	2.0	1.3	NA	Sludge
#307	1	361.0-364.0	3.0'	0.01	None	0.75	None	NA	Sludge
#308	2	501.6-502.2	0.6'	0.02	0.8	1.08	1.3	0.2	Core
#309	2	502.2-506.7	4.5'	0.001	0.1	0.04	None	0.02	Core
#310	2	506.7-509.6	2.9'	0.004	0.3	0.3	0.6	0.04	Core
#311	2	509.6-513.6	4.0'	0.002	0.28	0.06	0.03	0.01	Core
#312	2	513.6-513.9	0.3'	0.03	1.4	4.3	5.6	9.13	Core
#313	3	401.6-403.1	1.5'	0.01	1.1	0.25	9.2	0.14	Core
#314	3	510.0-511.0	1.0'	0.001	0.4	0.2	0.4	0.26	Core
#315	2	502.0-505.0	3.0'	0.01	1.5	0.4	1.1	NA	Sludge
#316	2	505.0-508.0	3.0'	0.02	0.6	0.2	0.6	NA	Sludge
#317	2	508.0-511.0	3.0'	0.002	0.6	0.23	0.8	NA	Sludge
#318	2	511.0-514.0	3.0'	0.002	0.44	0.44	0.7	NA	Sludge
#318A	4	415.2-416.7	1.5'	0.064	5.2	8.0	7.4	1.6	Core
#319	4	416.7-420.2	3.5'	0.008	0.2	0.23	0.12	0.03	Core
#320	4	420.2-423.7	3.5'	0.001	0.15				Core
#321	4	423.7-428.7	5.0'	0.014	0.15	0.14	None	0.12	Core
#322	4	428.7-433.7	5.0'	0.001	None				Core
#323	4	433.7-438.7	5.0'	0.001	None				Core
#324	4	438.7-442.4	3.7'	0.002	0.18	0.02	None	0.03	Core
#325	4	442.4-443.4	1.0'	0.05	7.0	2.2	22.8	0.7	Core
#326	4	443.4-448.4	5.0'	0.01	0.5	0.03	None	0.03	Core
#327	4	448.4-453.4	5.0'	0.03	0.15				Core
#328	4	453.4-456.1	1.7'	0.005	0.15				Core
#329	4	455.1-458.4	3.3'	0.001	0.04				Core
#330	4	413.2-415.2	2.0'	0.002	0.24	0.7	0.23	0.04	Core
#331	5	386.2-387.5	1.3'	0.15	12.35	1.5	13.8	1.97	Core
#332	5	447.5-449.5	2.0'	0.02	3.6	4.9	4.7	0.33	Core
#333	5	449.5-451.8	2.3'	0.05	10.4	5.45	5.3	0.44	Core
#334	5	451.8-455.5	3.7'	0.002	0.14	0.12	0.55	0.006	Core
#335	5	455.5-457.2	1.7'	0.09	11.3	11.3	11.1	0.18	Core
#336	5	457.2-459.2	2.0'	0.02	0.02	0.03	0.04	0.02	Core
#337	6	142.0-143.4	1.4'	0.005	0.15	0.37	0.24	0.08	Core
#338	6	267.4-269.0	1.6'	0.005	6.1	10.5	4.6	0.35	Core
#339	7	287.9-288.4	0.5'	0.1	6.15	7.3	9.7	0.2	Core
#340	8	286.0-287.0	1.0'	0.025	1.88	25.5	2.9	1.7	Core

41

114.0

*NA-no assay.

174 determinations applicable to 9 holes

GADDIS MINING COMPANY
FOREST HILL PROJECT
Gunnison County, Colorado

Core Hole No. 1

0 - 40.0	Granite alluvium (drilled with $4\frac{1}{2}$" rock bit to 44')
40.0 - 47.0	Granite, grey, course, porphyrite, highly weathered a few 45° fractures, fractures coated with limonite
47.0 - 66.5	Granite, grey, course, porphyritic, highly weathered, granite composed of feldspar, quartz and biotite, abundant fracturing parallel to core, 45°, 35° and 15° to core, abundant limonite on fractures and as a halo on quartz crystals
66.5 - 83.5	Granite, grey, course, porphyritic, slightly-moderately weathered, a few 15° and parallel fractures, limonite on fractures.
83.5 - 98.0	Granite, grey course, porphyritic, highly weathered, intensely fractured with 35° and parallel fractures, abundant limonite staining on fractures and disseminated
98.0 - 98.7	Gouge grey, limonite stained
98.7 - 105.0	Granite, grey, course, porphyrite, fairly highly weathered, abundant 65° and 15° fractures, fractures coated with limonite

Weathered
Unweathered

105.0 - 112.0	Granite, greenish grey, course, porphyritic, several 45° fractures, coated with limonite and pyrite, sparse disseminated pyrite
112.0 - 112.6	Gouge, grey, sparse disseminated pyrite
112.6 - 161.5	Granite, greenish grey, course, porphyritic, unaltered - slightly altered, sparse 45° fractures 112.6-130.0, sparse 25° fractures 130.0-145.0, sparse 35° fractures 145.0 - 161.5 sparse pyrite and limonite on fractures, trace disseminated pyrite
161.5 - 184.0	Granite, greenish grey, course, porphyritic, slightly altered, fairly abundant 25° & 35° fractures 161.5 - 166.0 fairly abundant 35° & 45° fractures coated with sparse - abundant pyrite, hematite and limonite, trace sparse disseminated pyrite
184.0 - 205.0	Granite greenish grey, course, porphyritic, slightly altered highly fractured with 35°, 45° and a few 15° fractures, abundant hematite, sparse clay and trace abundant pyrite on fractures, sparse abundant disseminated pyrite

205.0 - 210.0	Granite, greenish grey, course, porphyritic, unaltered sparse 25° and 45° fractures, trace pyrite and clay on fractures
210.0 - 228.0	Granite, greenish grey, course, porphyritic, slightly-fairly highly altered, very abundant 35° and 45° fractures, fractures mineralized with abundant pyrite, abundant disseminated pyrite, mineralization fairly heavy 220.0 - 221.0
228.0 - 239.0	Granite, greenish grey, course, porphyritic, unaltered, a few 35° fractures, sparse - abundant pyrite and sparse hematite on fracture, trace disseminated pyrite
239.0 - 268.5	Granite, greenish grey, course, porphyritic, slightly highly altered, highly fractured with 35° fractures, abundant pyrite on fractures and disseminated, trace Bornite at 2460', gouge at 240, 243.5 and 246.0
268.5 - 276.0	Granite, greenish grey, course, porphyritic, unaltered, a few 35° fractures trace pyrite on fractures
276.0 - 315.7	Granite, greenish grey, course, porphyritic, slightly highly altered, highly fractured with 35° and parallel fractures, fractures have abundant pyrite, trace hematite, sparse - abundant disseminated pyrite
315.7 - 319.0	Granite, greenish grey, course, porphyritic, unaltered, sparse 35° fractures, clay on fractures
319.0 - 335.8	Granite, greenish grey, course, porphyritic, slightly moderately altered, abundant 35° fractures with some parallel fractures 333.0-335.8, sparse pyrite, hematite and limonite on fractures trace disseminated pyrite
335.8 - 349.9	Granite, greenish grey, course, unaltered, sparse 35° fractures, abundant clay trace pyrite a hematite on fractures
349.9 - 355.2	Granite, greenish grey, course, porphyritic, slightly altered abundant 35° fractures, fractures coated with abundant clay trace abundant pyrite, trace disseminated pyrite
355.2 - 358.0	Granite, Grey, course, porphyritic, sli-moderately altered, abundant 35° fractures, abundant pyrite on fractures & disseminated, trace galena on fracture
358.0 - 358.7	Vein of vugular quartz with well developed crystals, abundant pyrite trace spahlerite and galena
358.7 - 360.0	Vein, very high in argentiferous galena, sphalerite, & vugular quartz, pyrite abundant.
360.0 - 360.7	Vein, fairly high in argentiferous galena, sphalerite and pyrite
360.7 - 361.5	Vein of quartz, pyrite, trace galena & sphalerite

361.5 - 362.7	Granite, Grey, course, porphyritic, highly altered, abundant disseminated pyrite, trace galena and sphalerite
362.7 - 375.1	Granite, grey, course, porphyritic, highly altered, granite has abundant hornblende, highly fractured with 35° fractures, sparse - abundant pyrite on fractures and disseminated, trace sphalerite on fractures 1/4" veins of pyrite, quartz and sphalerite at 370.3-371.2 and 372.2-373.7. Veins are 15° to core.
375.1 - 379.8	Granite greenish grey, course, porphyritic, unaltered-slightly altered, contains hornblende, a few 35° fractures, trace pyrite on fractures.
379.8 - 385.0	Granite, grey, course, porphyritic, slightly altered, abundant 35° fractures, sparse abundant pyrite on fractures.

GADDIS MINING COMPANY
FOREST HILL PROJECT
Gunnison County, Colorado

Core Hole No. 2

0 - 39.0	Unconsolidated granite alluvium (Drilled to 41' with $4\frac{1}{2}$" rock bit.
39.0 - 65.0	Granite, grey, course, porphyritic, highly weathered, composed of feldspar, quartz, and biotite, highly fractured with 45° fractures 39.0'-44.5', and 35° & 15° fractures 44.5'-65.0', fractures coated with limonite, sparse-abundant disseminated limonite occurring as halos to quartz crystals.
65.0 - 75.0	Granite grey, course, porphyritic, moderately weathered, a 35° fractures at 66.5' and 72', sparse-abundant limonite and clay on fractures
75.0 - 89.5	Granite grey, course, porphyritic, moderately-highly weathered, highly fractured with 45° fractures 70.0-81.5 and 35° fractures 81.5-89.5', abundant limonite on fractures and disseminated.
89.5 - 96.0	Granite grey, course, porphrytic, moderately weathered, sparse 35° fracturing, fractures coated with limonite.
96.0 - 122.0	Granite grey, course, porphyritic, highly weathered and altered, highly fractured with 25° and 35° fractures 96.0'-114.0' and 90° and 15° fractures 114.0'-122.0', abundant limonite on fractures and disseminated.
122.0 - 147.9	Granite grey, course, porphyritic, sli-moderately weathered, sparse fracturing with 35° fractures throughout and parallel and 90° fractures 128.0-144.5, sparse limonite on fractures.
147.9 - 170.5	Granite greenish grey, course, porphyritic, unaltered, sparse 35° and 15° fractures 147.5-154.0 and 45° & 35° fractures 154.0-170.5, sparse pyrite along fractures and trace disseminated pyrite, sparse hematite on fractures.
170.5 - 186.7	Granite greenish grey, course, porphyritic, slightly altered, abundant 35° and 45° fractures, sparse pyrite and epidote on fractures and sparse disseminated pyrite
186.7 - 187.1	Gouge, grey sparse pyrite mineralization
187.1 - 194.0	Granite grey, course, porphyritic, highly altered, abundant 35° fractures, abundant pyrite on fractures and disseminated.
194.0 - 230.0	Granite greenish grey, course, porphyritic, unaltered-slightly altered, a few 35° fractures, one 15° fracture at 214.5-215.0, trace pyrite and hematite, trace disseminated pyrite in upper part.
230.0 - 246.0	Granite greenish grey, course, porphyritic, slightly altered, fairly abundant 35° fractures, fractures coated with abundant crystals of epidote?, sparse pyrite, trace hematite.

246.0 - 257.0 Granite greenish grey, course, porphyritic, unaltered, a few 15° and 35° fractures, abundant clay and trace of pyrite on fractures.

257.0 - 259.0 Granite grey, course, porphyritic, highly altered, highly fractured, with 15° and 35° fractures, abundant pyrite, trace epidote?, and trace sphalerite on fractures, sparse disseminated pyrite.

259.0 - 277.0 Granite greenish grey, course, porphyritic, unaltered-slightly altered, several 35° fractures, sparse-fairly abundant pyrite on fractures, trace hematite and epidote? on fractures ½" vein of epidote? at 266.3'.

277.0 - 306.5 Granite grey, course, porphyritic, moderately-highly altered, moderately-very highly fractured with predominantly 35° and some 15° fractures, abundant to very abundant pyrite and clay on fractures, trace hematite on fractures, sparse to very abundant disseminated pyrite .2' gouge at 298.1.

306.5 - 311.0 Granite greenish grey, course, porphyritic, unaltered, no fracturing or mineralization.

311.0 - 314.0 Granite greenish grey, course, porphyritic, slightly altered, abundant 35° fracturing, fractures coated with clay and trace pyrite.

314.0 - 316.0 Granite greenish grey, course, porphyritic, unaltered, no fracturing.

316.0 - 348.5 Granite, greenish grey, coarse, porphyritic, unaltered-slightly altered, sparse fracturing with 35° fractures predominate and some 15° and 45° fractures, fractures coated with abundant clay and sparse-abundant pyrite and epidote?, trace hematite on fractures trace galena on fracture 314-317.

348.5 - 368.0 Granite greenish grey-grey, course, porphyritic, slightly altered, moderately-highly fractured with 35° fractures and a few 15° fractures, fractures have abundant clay, sparse-abundant epidote?, and trace-sparse pyrite, trace disseminated pyrite.

368.0 - 403.0 Granite greenish grey, course, porphyritic, unaltered-slightly altered, a few 35° and 15° fractures, sparse-abundant epidote?, trace pyrite on fractures, trace disseminated pyrite 374-377.

403.0 - 412.0 Granite greenish grey, course, porphyritic, unaltered-slightly altered, abundant 35° fractures, abundant epidote? and trace pyrite on fractures.

412.0 - 422.0 Granite greenish grey, course, porphyritic, unaltered, sparse 35° fractures, sparse epidote? and clay on fractures.

422.0 - 426.8 Granite greenish grey, course, porphyritic, slightly altered, moderately-highly fractured with predominantly 35° and some 15° fractures, abundant pyrite, sparse clay and trace epidote on fractures, trace disseminated.

426.8 - 436.5 Granite, greenish grey-grey, course,porphyritic, unaltered, sparse 35° and 15° fractures, abundant clay and epidote on fractures, trace sphalerite on fractures.

436.5 - 450.0 Granite greenish grey-grey, course, porphyritic, slightly moderately altered, abundant pyrite and clay on fractures, trace disseminated pyrite, trace hematite and sphalerite 443-450 1/4" vein sphalerite at 448.9, trace galena on fracture at 449.7.

450.0 - 457.0 Granite greenish grey, course, porphyritic, unaltered, a few 35° fractures, abundant clay, sparse pyrite and trace hematite and sphalerite on fractures.

457.0 - 463.0 Granite greenish grey, course, porphyritic, slightly altered, abundant 35° fractures, abundant clay, sparse pyrite and trace hematite and sphalerite on fractures.

463.0 - 463.3 Vein of quartz and pyrite with trace sphalerite.

463.3 - 501.8 Granite greenish grey-grey, course, porphyritic, moderately-highly altered, moderately-highly fractured with 35° fractures, sparse-abundant pyrite and clay and trace sphalerite on fractures, sparse-abundant disseminated pyrite, 0.2' vein of quartz, pyrite, and sphalerite, with trace of argentiferous galena at 495.3.

501.8 - 502.1 Vein of quartz (30%), pyrite and argentiferous galena, much of the galena has been ground away.

502.1 - 506.7 Granite greenish grey-grey, course, porphyritic, partially altered, abundant disseminated pyrite, trace disseminated sphalerite, a few 35° and 15° fractures coated with pyrite, sphalerite, trace chalcopyrite, 1/4" vein of quartz and pyrite with trace galena.

506.7 - 507.1 Vein of quartz (40%) pyrite, argentiferous galena and sphalerite, part of galena and sphalerite ground away.

507.1 - 508.8 Granite greenish grey, course, porphyritic, slightly altered, abundant disseminated pyrite trace-sparse disseminated sphalerite.

508.8 - 509.0 Vein of quartz (30%), argentiferous galena, pyrite and sphalerite, much of galena and sphalerite ground away.

509.0 - 509.2 Granite grey, course, porphyritic, highly altered, abundant disseminated pyrite, trace disseminated sphalerite.

509.2 - 509.6 Vein of quartz (50%), argentiferous galena, pyrite and sphalerite, much of galena and sphalerite washed away.

509.6 - 513.6 Granite, grey, course, porphyritic, highly altered, abundant disseminated pyrite, 1/2" vein of sphalerite at 510.6 and 1/4" vein of sphalerite at 511.7 1/2" vein of pyrite and quartz at 513.0.

513.6 - 513.9 Vein of argentiferous galena, pyrite, sphalerite and quartz (15%).

513.9 - 515.0 Granite, grey, course, porphyritic, slightly-moderately altered, abundant 35° fractures, sparse disseminated pyrite, trace disseminated sphalerite.

515.0 - 529.0 Granite greenish grey, course, porphyritic, slightly altered, a few 35° fractures, abundant pyrite and trace sphalerite on fractures, 0.1' vein of quartz and pyrite at 520.5'.

GADDIS MINING COMPANY
FOREST HILL PROJECT
Gunnison County, Colorado

Core Hole No. 3

0 - 42.0	Granite alluvium (Drilled to 45' with 4½" rock bit)
42.0 - 49.0	Granite, grey, course, porphyritic, highly weathered, composed of feldspar, quartz and biotite, highly fractured with 15° and 35° fractures coated with limonite.
49.0 - 99.5	Granite greenish grey-grey, course, porphyritic, moderately weathered, sparse to moderately abundant 35° and 45° fractures, sparse-abundant limonite on fractures & disseminated.
99.5 - 114.8	Granite greenish grey -grey, course, porphyritic, moderately-highly weathered, abundant 35° fractures, abundant limonite on fractures and disseminated.
114.8 - 115.6	Gouge dark grey
115.6 - 161.5	Granite greenish grey, course, porphyritic, unaltered, a few 35° and 15° fractures, trace-abundant pyrite on fractures, trace disseminated pyrite, sparse-abundant hematite 142.5-161.5.
161.5 - 170.0	Granite, greenish grey, course, porphyritic, partially altered, abundant 35° fractures, fractures coated with abundant pyrite and clay, trace disseminated pyrite, ⅛' vein of quartz and pyrite at 163.0'.
170.0 - 206.0	Granite, greenish grey, course, unaltered-slightly altered, a few 35° fractures, abundant clay, a trace-sparse pyrite on fractures.
206.0 - 222.5	Granite greenish grey, course, porphyritic, slightly altered, abundant 35° and 15° fractures, abundant clay and trace pyrite on fractures.
222.5 - 254.0	Granite greenish grey, course, porphyritic, unaltered, a few 35° fractures, abundant clay and sparse pyrite on fractures, trace hematite on fractures 233.5-254.0.
254.0 - 270.5	Granite greenish grey, course, porphyritic, slightly-highly altered, moderately-highly fractured with 35° fractures, abundant pyrite and clay on fractures, trace hematite on fractures, sparse disseminated pyrite 261.5-270.5, o.2' gouge at 255.0-255.2, o.3' gouge 258.0'-258.3', 1/8" vein of pyrite and quartz at 270.1.
270.5 - 296.0	Granite greenish grey, course, porphyritic, unaltered-slightly altered, a few 35° fractures, abundant clay and sparse-abundant pyrite on fractures.
296.0 - 353.5	Granite greenish grey, course, porphyritic, slightly-highly altered, highly-very highly fractured with 35° and 15° fractures, abundant clay and sparse abundant pyrite on fractures o.4' gouge 301.6-302.0, trace hematite on fractures 302.0'-307.0', trace disseminated pyrite.

353.5 - 389.5	Granite greenish grey, course, porphyritic, unaltered, a few 35° fractures, fractures have sparse clay, trace pyrite and hematite, o.4' gouge 376.8'-377.2'.
389.5- 401.6	Granite greenish grey, course, porphyritic, slightly highly altered, moderately- highly fractured with 50° and 25° fractures, abundant clay, sparse very abundant pyrite and trace hematite on fractures, abundant disseminated pyrite 398.0'-401.6'.
401.6 - 403.1	Vein of quartz, pyrite and sphalerite
403.1 - 406.0	Granite, greenish grey course, porphyritic, highly altered, highly fractured, very abundant pyrite on fractures and disseminated.
406.0 - 422.0	Granite greenish grey, course, porphyritic, unaltered-slightly altered, a few 55° fractures, sparse clay and trace pyrite on fractures.
422.0 - 439.0	Granite greenish grey, course, porphyritic, partially-highly altered, abundant 45° and 55° fractures, sparse-abundant clay and pyrite on fractures, highly fracutred 434.6-439.0', very abundant pyrite on fractures and disseminated 434.6'-439.0'.
439.0 - 463.0	Granite greenish grey, course, porphyritic, unaltered-slightly altered, a few 45° and 25° fractures, sparse-abundant pyrite on fractures, trace disseminated pyrite.
463.0 - 499.4	Granite, grey, course, porphyritic, slightly-highly altered, moderately-highly fractured with 45° and 25° fractures, sparse pyrite and clay on fractures, pyrite abundant on fractures 486.0-499.4.
499.4 - 499.9	Gouge grey, abundant disseminated pyrite, trace galena
499.9 - 510.0	Granite, grey, course, porphyritic, slightly altered abundant 45° and 25° fractures, abundant clay and sparse pyrite on fractures.
510.0 - 511.0	Gouge grey, abundant disseminated pyrite, trace galena.
511.0 - 512.9	Granite, grey, course, porphyritic, highly altered, abundant fracturing, abundant pyrite on fractures, sparse disseminated pyrite.
512.9 - 514.0	Gouge grey, abundant disseminated pyrite.
514.0 - 541.0	Granite, grey, course, porphyritic, slightly altered, abundant 45° and 25° fractures, abundant clay and sparse pyrite in fractures, 517.0-541.0 pyrite abundant in fractures.
543.0 - 624.0	Granite greenish grey, course, porphyritic, unaltered-slightly altered, a few 40° fractures, trace pyrite on fractures, trace hematite on fracture 571.0'-575.0', trace disseminated pyrite, sparse-abundant epidote? & sparse pyrite on fractures 608.5'-624.0'.
624.0 - 665.0	~~XXXXXXXXXX~~ Granite greenish grey, course, porphyritic, slightly altered, sparse-abundant 40'-45' fractures, trace-sparse pyrite on fractures.

ADDIS MINING COMPANY
FOREST HILL PROJECT
GUNNISON COUNTY, COLORADO

Core Hole No. 4

0-44.0'	Granite alluvium (Drilled to 46.0' with 4½" rock bit)
44.0-51.7'	Ryolite grey, weathered, a few 35° & 45° fractures, fractures coated with limonite.
51.7-52.9'	Gouge grey, iron stain in places.
52.9-58.8'	Granite grey, course, porphyritic, highly weathered, composed of feldspar, quartz, and biotite, a few 30° fractures, abundant limonite on fractures and disseminated.
58.8-63.0	Gouge grey
63.0-67.2	Granite, Grey, course, porphyritic, highly altered, highly fractured, abundant limonite on fractures & disseminated.
67.2-68.1	Gouge grey, trace pyrite
68.1-68.5	Ryolite, grey, highly weathered.
68.5-68.8	Gouge grey, abundant disseminated pyrite
68.8-70.6	Ryolite porphyry, grey, abundant pyrite
70.6-72.3	Gouge grey-greenish grey
72.3-73.4	Granite grey-brown, course, porphyritic, highly weathered, highly fractured, very abundant limonite on fractures and disseminated.
73.4-88.3	Granite greenish grey-grey, course, porphyritic, unaltered-slightly altered, a few 45° fractures, sparse limonite on fractures, trace pyrite.
88.3-89.0	Gouge greenish grey
89.0-93.8	Granite, greenish grey, course, porphyritic, unaltered-slightly altered, a few 65° fractures.
93.8-94.6	Gouge grey, sparse disseminated pyrite.
94.6-114.0	Granite, grey, course, porphyritic, slightly altered, a few-abundant 65° fractures, trace disseminated pyrite, grey gouge 112.0-112.2
114.0-146.0	Granite, greenish grey; course, porphyritic, unaltered-slightly altered, a few 35° fractures, trace-very abundant pyrite on fractures, trace hematite on fractures, trase hematite on fractures, trace sparse disseminated pyrite 132.0-146.0
146.0-159.1	Granite, grey, course, porphyritic, slightly highly altered, abundant 55° & 35° fractures, fractures coated with abundant pyrite, abundant disseminated pyrite, trace chalcopyrite, 1/4" pyrite vein, grey gouge abundant pyrite 149.6'-150.0', 1/4" pyrite vein at 151.1, 1" pyrite vein, trace galena at 158.71

Core Hole No. 4

Page Two:

159.2 - 160.1 Gouge grey, sparse disseminated pyrite.

160.1 - 176.0 Granite, greenish grey, course, porphyritic, unaltered-slightly altered, a few 35° & 55° fractures, fractures coated with sparse-abundant pyrite, trace-sparse disseminated pyrite, trace galena at 166.5.

176.0 - 182.8 Granite, grey, course, porphyritic, highly altered, abundant 35° fracturing, abundant pyrite on fractures & disseminated 1/4" pyrite vein at 176.4' & 1" pyrite vein at 177.7'

182.8 - 185.0 Chlorite schist

185.0 - 211.0 Granite, greenish grey, course, porphyritic, unaltered-slightly altered, a few 35° and 55° fractures, trace sparse pyrite on fractures and disseminated, 1" grey gouge at 192.0' & 193.9', grey gouge 207.6'-207.9' & 209.4'-209.6.

211.0 - 248.0 Granite, grey, course, porphyritic, slightly altered, abundant 55° fractures, sparse-abundant pyrite on fractures and disseminated grey gouge 217.1'-218.0', 218.8'-219.5', 220.0'-220.3', trace argentiferous galena at 223.4', 235.4-236.0 grey gouge trace disseminated pyrite, 242.4-242.6 grey gouge, sparse disseminated pyrite.

248.0-- 261.5 Granite greenish grey, course, porphyritic, slightly altered, a few- sparse 35° & 45° fractures, trace-fairly abundant pyrite on fractures & disseminated.

261.5 - 271.0 Gouge grey, abundant pyrite mineralization (poor recovery).

271.0 - 333.0 Granite greenish grey, course, porphyritic, slightly altered, sparse- abundant 35° & 65° fractures, trace-sparse pyrite on fractures, ½" pyrite vein 284.5, 2" gouge at 319.1 & 1" gouge at 320.3.

333.0 - 346.0 Granite, greenish grey, course, porphyritic, slightly highly altered, abundant 75° and 15° fractures, very abundant pyrite on fractures, sparse-abundant disseminated pyrite, 1" gouge at 339.8', grey gouge at 342.3-342.8.

346.0 - 358.8 Granite, greenish grey, course, porphyritic, slightly altered, a few-fairly abundant 35° & 65° fractures, trace fairly abundant pyrite on fractures, trace-sparse disseminated pyrite, grey gouge 351.9-352.0.

358.8 - 360.0 Gouge, grey sparse disseminated pyrite.

360.0 - 366.2 Granite, greenish grey, course, porphyritic, slightly altered, fairly abundant 35° & 65° fractures sparse-abundant pyrite on fractures & disseminated, grey gouge trace pyrite 363.0-363.4, grey gouge sparse pyrite, trace galena 364.7-365.9.

366.2 - 368.0 Gouge grey, sparse disseminated pyrite, trace galena.

368.0 - 383.5 Granite, greenish grey, course, porphyritic, slightly altered, abundant 35° fractures, sparse pyrite and olivine on fractures, trace disseminated pyrite, trace galena on fractures 375-376 pyrite more abundant 381.0-383.5, trace galena 381.0-383.5.

383.5 - 384.5 Gouge grey, abundant disseminated pyrite

Core Hole No. 4

Page Three:

385.5 - 400.00	Granite greenish grey, course, porphyritic, slightly altered, abundant 35° fractures, fractures coated with clay, sparse pyrite and olivine, 1" gouge at 394.5.
400.0 - 401.0	Gouge grey, contains fragments of granite, sparse-abundant disseminated pyrite.
401.0 - 402.6	Granite, greenish grey, course porphyritic, slightly altered, abundant 35° fractures, sparse-abundant pyrite on fractures.
402.6 - 405.7	Gouge grey, trace-sparse disseminated pyrite.
405.7 - 411.0	Granite greenish grey, course, porphyritic, slightly altered, abundant 35° fracturing, sparse-abundant pyrite on fractures and disseminated, grey gouge with abundant pyrite at 407.8- 408.2, 408.7- 409.0, 409.4- 409.9.
411.0 - 415.2	Granite greenish grey, course, porphyritic, slightly altered, a few 35° and 65° fractures, abundant pyrite on fractures, sparse disseminated pyrite.
415.2 - 415.4	Vein of argentiferous galena, sphalerite and quartz. (25% quartz).
415.4 - 416.0	Granite, greenish grey, course, porphyritic, slightly altered, sparse 35° and 65° fracturing, sparse-abundant pyrite on fractures and disseminated,
416.0 - 416.7	Vein of argentiferous galena, sphalerite and quartz. (15% quartz).
416.7 - 418.4	Granite, grey, course, porphyritic, highly altered, highly fractured, abundant pyrite and trace chalco-pyrite on fractures and disseminated.
418.4 - 422.0	Gouge, grey, contains fragments of granite, sparse-abundant, disseminated pyrite, trace galena.
422.0 - 423.0	Granite, grey, course, porphyritic, highly altered, highly fractured, abundant pyrite on fractures and disseminated.
423.0 - 423.7	Gouge, grey, sparse disseminated pyrite.
423.7 - 442.4	Vein of pyrite and quartz (pyrite 80%- 95%).
442.4 - 443.4	Vein of argentiferous galena, sphalerite, pyrite and quartz.
443.4 - 445.2	Vein of pyrite and quartz (quartz 90%).
445.2 - 445.5	Gouge grey, sparse disseminated pyrite.
445.5 - 450.4	Vein of pyrite and quartz (quartz 80% - 90%) ½" vein of galena and sphalerite at 449.3.
450.5 - 451.8	Gouge grey, abundant disseminated pyrite, trace galena.
451.8 - 453.3	Vein of pyrite and quartz (70% - 75% quartz).

Core Hole No. 4

Page Four:

453.3 - 454.4	Gouge, grey, sparse disseminated pyrite.
454.4 - 455.1	Granite, grey, course, porphyritic, highly altered, highly fractured, sparse pyrite on fractures and disseminated.
455.1 - 458.4	Vein of pyrite and quartz (85% - 90% quartz).
458.4 - 463.0	Granite grey, course, porphyritic, highly altered, a few 35° fractures, abundant pyrite on fractures and disseminated.
463.0 - 472.0	Granite, greenish grey, course, porphyritic, unaltered-slightly altered, a few 35° fractures, sparse-abundant pyrite on fractures, trace disseminated pyrite.

GADDIS MINING COMPANY
FOREST HILL PROJECT
GUNNISON COUNTY, COLORADO

Core Hole No. 5

0-46.0	Granite alluvium drilled with a 4½" rock bit.
46.0 -52.3	Granite, grey, course, porphyritic, highly weathered, several 35° and 45° fractures coated with limonite.
52.3 -53.0	Gouge, greenish grey.
53.0 -54.0	Chlorite schist.
54.0 -67.0	Granite, greenish grey, course, porphyritic, slightly weathered, fairly abundant 35° fractures, fractures coated with limonite, sparse disseminated limonite.
67.0 -69.0	Chlorite on hornblende schist.
69.0 -90.0	Granite, greenish grey, course, porphyritic, slightly weathered, abundant 35° fractures, fractures coated with limonite, sparse disseminated limonite, trace pyrite at 83'.
90.0 -99.0	Granite grey, course, porphyritic, highly weathered, highly fractured, abundant limonite on fractures and disseminated.
99.0 -101.6	Ryolite porphyry, light grey, weathered, abundant limonite staining.
101.6-106.0	Granite, greenish grey, course, porphyritic, slightly weathered, a few 45° fractures, trace pyrite.
106.0-115.0	Granite grey, course, porphyritic, highly weathered, highly fractured, abundant limonite on fractures and disseminated.
115.0-119.5	Ryolite porphyry, grey, abundant disseminated pyrite sparse limonite, granite inclusion at 116.7.
119.5-135.0	Granite greenish grey, course, porphyritic, a few 35° fractures, trace-sparse pyrite and sparse limonite on fractures.
135.0-135.4	Gouge grey, abundant disseminated pyrite.
135.4-136.0	Ryolite porphyry, grey, abundant disseminated pyrite.
136.0-136.2	Gouge grey, sparse disseminated pyrite.
136.2-137.2	Ryolite porphyry, light grey, altered, sparse disseminated pyrite.
137.2-142.0	Granite grey, course, porphritic, highly altered, highly fractured sparse-abundant pyrite on fractures and disseminated.
142.0-151.6	Granite greenish grey, course, porphyritic, slightly altered, a few 35° fractures, sparse pyrite on fractures.

Core Hole No. 5

Page Three:

292.0 -312.0 Granite greenish grey, course, porphyritic, slightly altered, a few 35° fractures, sparse-abundant pyrite disseminated and on fractures, fractures 292.6-293.1 have very abundant pyrite and abundant sphalerite, sparse galena and sphalerite on fractures at 297.8, sphalerite abundant on fractures at 300.3' and 300.7'.

312.0 -313.8 Gouge grey, sparse-abundant pyrite.

313.8 -320.1 Granite grey, course, porphyritic, very highly altered, soft, highly fractured, sparse-abundant pyrite.

320.1 -321.0 Gouge, greenish grey, contains fragments of granite.

321.0 -321.4 Granite as before.

321.4 -321.9 Gouge grey.

321.9 -322.4 Granite as before.

322.9 -331.6 Granite grey, course, porphyritic, highly altered, several 35° and 15° fractures, abundant pyrite and sparse sphalerite on fractures, trace disseminated pyrite.

331.6 -332.6 Gouge Grey

332.6 -335.1 Granite grey, course, porphyritic, slightly-highly altered, a few 35° fractures, abundant limonite, trace pyrite on fractures.

335.1 -337.5 Ryolite porphyry, grey, slightly altered, several 35° fractures, sparse sphalerite on fractures.

337.5 -353.5 Granite grey, course, porphyritic, highly-very highly altered and fractured, abundant limonite on fractures, trace disseminated pyrite.

353.5 -354.1 Gouge grey.

354.1 -357.0 Granite as before.

357.0 -357.2 Gouge grey.

357.2 -367.0 Granite grey, course porphyritic, highly altered and fractured, abundant limonite, sparse pyrite fractures, trace disseminated pyrite, fractures predominantly 35°.

367.0 -367.4 Gouge grey, sparse pyrite.

367.4 -376.4 Granite grey, course, porphyritic, soft, highly altered, abundant 35° fractures, sparse-abundant pyrite on fractures.

376.4 -378.0 Gouge grey, iron stained, trace galena, trace sphalerite.

Core Hole No. 5

Page Four:

378.0-378.6 Granite as before.

378.6-380.0 Gouge grey-purple, abundant pyrite.

380.0-386.0 Chlorite schist, sparse pyrite, and purple mineral.

386.0-386.2 Granite grey, very highly altered and fractured.

386.2-387.5 Vein of galena and sphalerite (sample 331 386.2-387.5).

387.5-392.0 Granite grey, course, porphyritic, highly altered, abundant 35° fractures, sparse-abundant pyrite.on fractures and disseminated.

392.0-437.0 Granite greenish grey, course, porphyritic, unaltered-slightly altered, a few 35° fractures, trace-sparse pyrite on fractures and disseminated.

437.0-444.2 Granite grey, course, porphyritic, highly altered and fractured, sparse-abundant pyrite on fractures and disseminated.

444.2-444.5 Gouge light grey, abundant pyrite.

444.5-445.0 Granite as before.

445.0-445.5 Gouge grey, abundant pyrite.

445.5-447.5 Granite grey, course, porphyritic, highly altered, a few 35° fractures, abundant pyrite disseminated and on fractures.

447.5-449.5 Vein of sphalerite, argentiferous galena, pyrite, qyartz and highly altered granite, sphalerite and galena 15-25% of core (predominantly sphalerite).

449.5-451.8 Vein of sphalerite, argentiferous galena, pyrite, and quartz, sulphides 70% - 90% of core.

451.8-455.5 Granite grey, course, very highly altered, abundant disseminated pyrite and sphalerite, 1/8" vein sphalerite at 453.3' and 1/4" vein of sphalerite at 453.7'.

455.5-457.1 Vein of sphalerite, argentiferous galena, pyrite and very highly altered granite, sulphides 10% - 50% of core.

451.1-459.1 Granite grey, course, porphyritic, highly altered and fractured, abundant pyrite and sphalerite disseminated and on fractures.

459.1-476.0 Granite grey-greenish grey, course, porphyritic, slightly-highly altered, abundant 35° fracturing, sparse-abundant pyrite on fracturs and disseminated.

FOREST HILL PROJECT
Gunnison County, Colorado
Core Hole No. 6

0 - 40.0'	Alluvium drilled with 4-1/2" Rockbit to 45' and set 45' surface casing.
40.0 - 64.0	Granite, light grey, course, porphyritic, highly weathered, sparse-abundant 25° fractures, abundant limonite on fractures and disseminated.
64.0 - 77.0	Ryolite porphyry, light grey, highly weathered, soft, abundant iron stains on a few fractures.

Weathered
Unweathered

77.0 - 91.0	Ryolite porphyry, grey, abundant disseminated pyrite.
91.0 - 92.0	Gouge, grey
92.0 - 95.0	Granite, grey, porphyritic, highly altered, soft sparse-abundant disseminated pyrite.
95.0 - 102.9	Ryolite porphyry, grey, soft in places, highly altered in places, abundant disseminated pyrite 1/4" pyrite vein at 102.9.
102.9 - 110.0	Granite, grey, soft, highly altered, trace-disseminated pyrite.
110.0 - 112.0	Ryolite porphyry, grey, sparse disseminated pyrite 1/8" pyrite vein at 111.6'.
112.0 - 118.0	Granite, grey, course, porphyritic, very highly altered, very abundant disseminated pyrite, 1/4" pyrite vein at 114.1 and 1/8" vein of pyrite at 115.7.
118.0 - 120.0	Ryolite porphyry, grey.
120.0 - 125.7	Granite, grey, course, porphyritic, highly altered, sparse disseminated pyrite.
125.7 - 130.8	Granite, greenish-grey, course, porphyritic, slightly altered, abundant 45° fractures.
130.8 - 132.6	Ryolite porphyry, grey, soft 1/8" pyrite vein at 131.5.
132.6 - 139.0	Granite, grey, porphyritic, soft, highly altered, abundant disseminated pyrite.
139.0 - 141.0	Granite, greenish grey, porphyritic, slightly altered-unaltered, sparse pyrite on fractures and disseminated.

141.0 - 142.0	Granite, grey, course, porphyritic, highly altered, soft, abundant pyrite.
142.0 - 143.4	Vein of pyrite and quartz with trace of galena and sphalerite, pyrite (20% - 30%).
143.4 - 149.0	Granite, grey, very highly altered, soft, abundant disseminated pyrite.
149.0 - 153.8	Granite, greenish grey, course, porphyritic, slightly altered, a few 35° fractures, trace disseminated pyrite.
153.8 - 156.0	Granite, grey, highly altered, soft, trace pyrite.
156.0 - 180.0	Granite, greenish grey, course, porphyritic, slightly altered, unaltered, trace-abundant pyrite on fractures and disseminated, sparse-abundant 35° fractures, 1/4" vein at 174.0.
180.0 - 227.0	Granite, greenish grey-pink, course, porphyritic, unaltered, sparse 35° fractures, trace disseminated pyrite, trace-abundant pyrite on fractures, 1/4" veins of pyrite at 226.0' and 226.5, granite altered near veins.
227.0 - 240.0	Granite, greenish grey-grey, course, porphyritic, slightly altered-highly altered, sparse, abundant 45° fractures, abundant pyrite disseminated and on fractures.
240.0 - 267.4	Granite greenish grey-pink, course, porphyritic, unaltered-slightly altered, a few 35° fractures, sparse pyrite on fractures and disseminated 240.0 - 250.0, pyrite abundant 250.0 - 267.4, abundant pyrite, galena, and sphalerite on fractures at 258.3'.
267.4 - 269.0	Vein of pyrite, galena, sphalerite and quartz (badly broken).
269.0 - 282.0	Granite, grey-greenish grey, course, porphyritic, slightly altered, sparse-abundant disseminated pyrite, no fracturing-sparse 35° fracturing.
282.0 - 284.0	Granite, greenish-grey, course, porphyritic, slightly altered, abundant 35° fractures coated with abundant pyrite, sparse, sphalerite, trace galena, abundant disseminated pyrite, sparse disseminated sphalerite, 1/4" vein of sphalerite and galena at 283.2'.
284.0 - 290.0	Granite, grey, course, porphyritic, soft, highly altered, abundant pyrite disseminated and as large pods.
290.0 - 293.0	Ryolite, light grey, soft, highly altered, abundant disseminated pyrite.

293.0 - 299.8	Granite, grey, course, porphyritic, soft, highly altered, abundant disseminated pyrite, sparse disseminated sphalerite, 1/8" sphalerite vein at 294.2, 1" vein of sphalerite pyrite and galena at 295.9', 0.3' vein of pyrite, sphalerite and galena at 298.5' - 298.8' (badly ground).
299.0 - 312.0	Granite, greenish grey, course, porphyritic, slightly altered, abundant 35° and 45° fractures, sparse disseminated pyrite.
312.0 - 361.0	Granite, greenish grey, course, porphyritic, unaltered-slightly altered, a few 45° fractures, trace disseminated pyrite, trace of epidote on fractures 322.0' - 326.0'.
361.0 - 366.0	Granite, greenish grey, course, porphyritic, slightly altered, fairly abundant 35° fractures, sparse-abundant pyrite on fractures, sparse epidote on fractures.
366.0 - 369.0	Granite, greenish grey-grey, course, porphyritic, highly altered and fractured, soft.
369.0 - 384.0	Granite, greenish grey, course, porphyritic, slightly altered, a few 45° fractures, sparse-abundant pyrite on fractures, sparse epidote on fractures.

FOREST HILL PROJECT
Gunnison County, Colorado
Core Hole No. 7

0 - 49.0	Alluvium drilled with 4-1/2" rickbit, set 49' surface casing.
49.0 - 65.0	Granite, grey-buff, course, porphyritic, highly weathered, soft, sparse-abundant 35° fractures coated with limonite and hematite.
65.0 - 111.0	Granite grey-greenish grey, course, porphyritic, slightly weathered, a few 30° fractures, limonite and hematie on fractures, sparse disseminated limonite.
111.0 - 116.6	Granite, grey-buff, course, porphyritic, highly weathered, highly fractured and broken, abundant limonite on fractures and disseminated.

Weathered
Unweathered

116.6 - 120.0	Granite, greenish grey, course, porphyritic, slightly altered, trace disseminated pyrite, highly broken.
120.0 - 128.5	Granite, grey, course, porphyritic, highly altered and broken, trace disseminated pyrite.
128.5 - 130.0	Ryolite porphyry, grey, soft, highly altered, trace disseminated pyrite.
130.0 - 134.0	Granite, grey, course, porphyritic, soft, highly altered and broken, sparse-abundant disseminated pyrite.
134.0 - 149.0	Granite, grey, course, porphyritic, slightly altered, a few 35° fractures, trace pyrite.
149.0 - 162.0	Granite, greenish grey, course, porphyritic, slightly altered, a few 45° fractures.
162.0 - 164.0	Granite, grey, course, porphyritic, highly altered and broken, soft.
164.0 - 164.4	Chlorite schist
164.4 - 170.0	Granite, grey, course, porphyritic, highly altered and broken.
170.0 - 180.0	Granite, grey-greenish grey, course, porphyritic, slightly altered, a few 45° fractures, trace pyrite.

180.0 - 203.0	Granite, greenish grey, course, porphyritic, unaltered-slightly altered, no fracturing - few 35° fractures.
203.0 - 224.0	Granite, greenish grey-grey, course, porphyritic, slightly-highly altered, sparse-abundant 35° fractures, trace disseminated pyrite, 1/4" veins of sphalerite and pyrite at 203.2' and 203.4'.
224.0 - 236.0	Granite, greenish grey-pink, course, porphyritic, unaltered-slightly altered, a few 35° fractures, sparse pyrite on fractures and disseminated.
236.0 - 249.0	Granite, grey, course, porphyritic, highly altered and fractured, sparse-abundant disseminated pyrite 1/8" pyrite vein at 238.7'.
249.0 - 262.0	Granite, greenish grey, course, porphyritic, unaltered, a few 45° fractures.
262.0 - 275.0	Granite, grey, course, porphyritic, highly altered and broken, trace disseminated pyrite, 1/8" vein of pyrite at 266.5 and 1/8" vein of pyrite and sphalerite at 273.3'.
275.0 - 286.0	Granite, greenish grey, course, porphyritic, unaltered-slightly altered, a few 45° fractures.
286.0 - 287.7	Granite, grey, highly altered and soft.
287.7 - 287.9	Gouge, grey
287.9 - 288.4	Vein 0.5' of galena, sphalerite and pyrite.
288.4 - 290.0	Ryolite porphyry, grey, slightly altered.
290.0 - 293.7	Granite, greenish grey, course, porphyritic, slightly altered, a few 45° fractures, abundant pyrite on fractures, and abundant disseminated pyrite, 1/8" pyrite vein at 292.4' and 293.4'.
293.7 - 315.0	Granite, grey, course, very highly altered, soft, sparse, disseminated pyrite.
315.0 - 319.0	Granite, greenish grey, course, porphyritic, slightly altered, a few 45° fractures.

GADDIS MINING COMPANY
FOREST HILL PROJECT
Gunnison County, Colorado
Core Hole No. 8

0 - 54.0	Alluvium, drilled with 4-1/2" Rockbit and set 54' surface casing.
54.0 - 61.5	Granite, grey-greenish grey, course, porphyritic, highly-slightly weathered, abundant 35° fractures, fractures limonite stained.
Weathered / Unweathered	
61.5 - 105.0	Granite, greenish grey, course, porphyritic, slightly altered-unaltered, a few 35° fractures, sparse-abundant pyrite on fractures and disseminated.
105.0 - 108.0	Granite, grey, course, porphyritic, slightly altered, abundant 35° and 45° fracturing, abundant epidote, trace of pyrite on fractures.
108.0 - 127.5	Granite, greenish grey, course, porphyritic, unaltered-slightly altered, little or no fracturing.
127.5 - 149.0	Granite, greenish grey, course, porphyritic, unaltered, a few 45° fractures, sparse limonite on fractures.
149.0 - 159.0	Granite, grey, course, porphyritic, very highly altered, and broken, soft, abundant disseminated pyrite.
159.0 - 183.0	Granite, greenish grey, course, porphyritic, slightly altered, fairly abundant 45° fractures, trace pyrite.
183.0 - 183.5	Gouge, grey
183.5 - 184.7	Granite, grey, soft, highly altered and broken.
184.7 - 215.0	Granite, greenish grey, course, porphyritic,slightly altered-unaltered, a few 45° fractures, trace pyrite on fractures and disseminated.
215.0 - 226.5	Granite, greenish grey, course, porphyritic, slightly altered, abundant 45° fracturing, sparse pyrite on fractures and disseminated.
226.5 - 250.5	Granite, grey, course, porphyritic, highly altered and broken, soft, sparse disseminated pyrite 1/4" pyrite vein at 232.6.
250.5 - 272.5	Granite, grey, course, porphyritic, slightly - highly altered, sparse-abundant 15° and 35° fractures, sparse pyrite on fractures and disseminated.

Core Hole No. 8
Page Two

272.5 - 284.0	Granite, grey, course, porphyritic, highly altered and broken, soft, sparse disseminated pyrite.
284.0 - 286.0	Ryolite porphyry, grey, soft, altered.
286.0 - 287.0	Vein of quartz, pyrite, galena and sphalerite.
287.0 - 289.0	Ryolite porphyry, grey, soft, highly altered, trace pyrite.
289.0 - 295.0	Granite, grey, course, porphyritic, highly altered and broken, soft, sparse disseminated pyrite, 1/4" vein of pyrite at 293.1'.
295.0 - 300.0	Ryolite porphyry, grey, highly altered,
300.0 - 300.6	Gouge, dark grey
300.6 - 302.0	Ryolite porphyry, grey, highly altered.
302.0 - 308.5	Granite, grey, course, porphyritic, highly broken and altered, sparse disseminated pyrite.
308.5 - 315.0	Granite, greenish grey, course, porphyritic, slightly-highly altered, a few 45° fractures, sparse pyrite on fractures and disseminated.

Core Hole No. 5

Page Two:

151.6 -174.9 Granite, grey, course, porphyritic, very highly altered, soft lightly fractured with 35° fractures, sparse-abundant pyrite on fractures and disseminated, dark grey gouge 170.0 -173.0.

174.9 -177.8 Gouge greenish grey.

177.8 -180.0 Granite, greenish grey, course, porphyritic, very highly altered, soft trace disseminated pyrite.

180.0 -181.5 Gouge greenish grey.

181.5 -181.9 Granite, greenish grey, course, porphyritic, very highly altered, soft trace disseminated pyrite.

181.9 -182.4 Gouge, greenish grey.

182.4 -184.5 Granite, greenish grey, course, porphyritic, slightly altered, abundant disseminated pyrite.

184.5 -186.6 Chlorite schist, trace pyrite.

186.5 -187.2 Granite greenish grey, course, porphyritic, highly altered, abundant disseminated pyrite.

187.2 -190.0 Gouge dark greenish grey.

190.0 -192.0 Granite grey, course, porphyritic, slightly-highly altered, highly fractured.

192.0 -196.1 Chlorite schist.

196.1 -213.0 Granite greenish grey, course porphyritic, slightly-highly altered, highly fractured, trace pyrite.

213.0 -229.0 Granite greenish grey, course porphyritic, slightly altered, abundant 35° fractures, trace-abundant disseminated pyrite, and pyrite on fractures.

229.0 -251.0 Granite greenish grey, course porphyritic, slightly altered, abundant epidote, and pyrite on fractures, trace galena on fractures 233.0-237.0' 245.0' and 247.0'.

251.0 -278.6 Granite greenish grey, course, porphyritic, slightly altered, a few 25° fractures, trace pyrite disseminated and on fractures, 1/16" vein sphalerite with trace galena at 267.6', 15° fracture 269.3'-270.0' coated with galena and sphalerite.

278.6 -279.0 Gouge grey, trace pyrite.

279.0 -292.0 Granite greenish grey, course, porphyritic sparse-abundant 35° fractures, abundant pyrite disseminated and on fracture.

Gaddis

MINING COMPANY

SUITE 1800 MILE HIGH CENTER
DENVER 2, COLORADO
Telephone MAIn 8-6804

~~Mr. Murphy~~ 500

December 10, 1963

United States Department of the Interior
Office of Minerals Exploration
Building 20- Federal Center
Denver 23, Colorado

Re: Docket No. OME 6227 (Silver-Gold-Lead-Zinc-Copper) Proposed Contract No. 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Attention: Mr. Hugh M. Connors

Gentlemen:

Recently received the audit [illegible] OME Contract No. 2154 that indicates that [illegible]ld claim an additional payment of $102.37 on the contract. Claim is [illegible] same for the payment of $ [illegible].37 as per Office of Minerals Exploration [illegible]ct and Audit Division, statement of November 20, 1963.

Yours very truly,

GADDIS MINING COMPANY

By _____
Ralph L. McDonald

RLMc:sve

Wrote - Continuation 12/20/63.
Lead and zinc values plus silver indicates commercial possibility of production
F. Murphy

OFFICIAL FILE COPY

Date	Surname	Code
12/17		220
/		500

DEC 17 1963

Memorandum

To: Chief, Fiscal Section
Division of Management Operations
Office of the Secretary

From: Chief, Contract Administration and Audit Division E D Talbert

Subject: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154

Enclosed are the original and two thermofax copies of a December 10 letter from the subject Operator requesting payment of the $102.37 additional amount payable, as set forth in the November 20, 1963, Report of Review.

Please make the requested payment and return the two thermofax copies of the letter, after noting pertinent vouchering information, to OME.

Enclosures

EDTalbert/mm
12/17/63
cc: Director's Reading File
CA&A Division
Region III
Docket

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver, Colorado 80225

OFFICIAL FILE COPY
O M E
RECEIVED DEC 17 1963

DATE	INITIALS	CODE
12/17		800
		500

December 11, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington, D. C. 20240

From: Acting Field Officer, OME, Region III

Subject: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Contract No. 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Enclosed are the original and one copy of the Operator's request for a refund of $102.37 which is in accordance with the Report of Review dated November 20, 1963.

Will you please request the payment of this amount to the Operator.

Hugh M. Connors

Hugh M. Connors

Enclosures

MINING COMPANY

SUITE 1500 MILE HIGH CENTER
DENVER 2, COLORADO

Telephone MAin 3-5204

December 10, 1963

OME
DEPARTMENT OF THE INTERIOR
DEC 1 1963
REGION III
DENVER, COLORADO

United States Department of the Interior
Office of Minerals Exploration
Building 20- Federal Center
Denver 23, Colorado

Re: Docket No. OME 6227 (Silver-Gold-Lead-Zinc-Copper) Proposed Contract No. 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Attention: Mr. Hugh M. Connors

Gentlemen:

We recently received the audit of OME Contract No. 2154 that indicates that we should claim an additional payment of $102.37 on the contract. Claim is hereby made for the payment of $102.37 as per Office of Minerals Exploration Contract and Audit Division, statement of November 20, 1963.

Yours very truly,

GADDIS MINING COMPANY

By Ralph L. McDonald
Ralph L. McDonald

RLMc:sva

Building 20 - Federal Center
Denver, Colorado
80225

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 1 1963

DATE	INITIALS	CODE
12/2	[illegible]	500
12/3	[illegible]	500
November 27, 1963		

Gaddis Mining Company
Suite 1500 Mile High Center
1700 Broadway
Denver 2, Colorado

Re: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Contract No. 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Gentlemen:

Enclosed is a copy of the Report of Review on the subject contract dated November 20, 1963.

Sincerely yours,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

Enclosure
cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Contract Corres. Contract 2154
Chron
HMC/lm

Building 20 - Federal Center
Denver 25, Colorado
80225

November 27, 1963

Memorandum

To: Fiscal Section, Division of Administrative Services
Office of the Secretary, Department of the Interior
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Contract No. 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Attached is the original Report of Review dated November 20, 1963 on the subject property.

Original signed by

Hugh M. Connors

Attachment
cc Chief, Division of Field Operations, OME
E. D. Talbert, Acting Chief
Contract Administration and Audit Division
Contract Corres. 2154
Chron
HMC/lm

ME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
	Selfridge	120
11/20	[illegible]	220
11/21	Murphy	500

NOV 20 1963

Memorandum

To: Acting Field Officer, Region III

From: E. D. Talbert, Chief (Signed) E. D. Talbert
Contract Administration and Audit Division

Subject: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154

As requested by your November 12 memorandum, a Report of Review covering the subject contract has been prepared. The original and two copies are enclosed.

If you concur in the facts stated in this Report of Review, please make the distribution authorized by section 4 of OME Circular 2 dated February 17, 1960. As evidence of your concurrence, a copy of your letter transmitting the Operator's copy of the Report of Review should be furnished to this Division. If for any reason you do not concur, the original and both copies should be returned with your comments to this Division.

In connection with your concurrence attention is called in particular to the findings regarding cementing, core boxes, and assay determinations. The Operator claimed costs for 100 hours of cementing and 30½ sacks of cement and you have indicated acceptance of 100 hours of cementing and 32 sacks of cement, but the drilling contractor invoiced 110 3/4 hours of cementing and 33¼ sacks of cement for the holes under the contract. The Operator claimed and you approved only 100 core boxes at $3.00 each, whereas the supplier's invoices cover 90 boxes at $3.00 each and 16 at $3.50 each.

The Operator claimed $276.00 for 184 assay determinations at $1.50 each determination, its final narrative report lists only 174 determinations applicable to the seven contract holes, and your memorandum indicates acceptance of 184 "chemical assays". A tabulation of the assayer's priced reports, however, results in a total of 173 determinations, aggregating $340.50 in actual costs, applicable to the seven contract holes.

Enclosures

cc: Docket
Director's Reading File
CA & A Division
Fiscal Section
Mr. Talbert

EDTalbert/ama
11-20-63

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado
80225

OFFICIAL FILE COPY
O. M. E.
RECEIVED NOV 15 1963

DATE	INITIALS	CODE
11/19	WJ	800
		500

November 12, 1963

Memorandum

To: E. D. Talbert, Acting Chief
Division of Contract Administration and Audit
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Contract No. 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

The work on the subject contract was completed September 19, 1963.

The number of units of work completed by the Operator and accepted by the field was as follows:

Bulldozing	-	25 hours
Mobilization & Demobilization	-	1 job
Overburden Drilling	-	313 feet
NX-WL Drilling	-	1040 feet
BX-WL Drilling	-	1808 feet
AX-Std. Drilling	-	39 feet
Reaming	-	22 feet
Cementing & Redrilling	-	100 hours
Cement	-	32 sacks
Core boxes	-	100
Chemical Assays	-	184
Incidental Allowance	-	3200 feet of drilling

An acceptable Final Engineering and Geological Report has been received from the Operator.

A Report of Review, in lieu of a final on-site audit, is in order and requested.

Hugh M. Connors

OME

MME. FORM 60
SEPT. 1959

OCT 31 1963
REGION III
DENVER, COLORADO

Murphy

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of August & September, 1963 Docket No. OME 6227

Operator's Name GADDIS MINING COMPANY Contract No. 14-23-090-2138

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
~~Raising~~ reaming	ft.	22		51.70			
~~Sinking~~ mobilization				475.00			
~~Winzes~~ overburden	ft.	20	313	1721.50			
Other Underground							
Drilling, Core-Diamond NXWL	ft.	256	1040	6344.00			
~~Raise~~ BXWL	ft.	327	1808	10,230.20			10215.20
Drilling, Non-core-Diamond							
AX ~~Raise~~	ft.		39	220.35			
cementing ~~Chutes~~	hrs.		100	1188.93			
cement ~~Raise~~	sacks		30½				
Miscellaneous Dozing	hr		25	300.00			
Core Boxes	box	10	100	300.00			
~~Rock~~ fixed units	ft.	673	3200	4160.00			
Stripping							
Trenching							
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work		20	184	276.00			
TOTAL TO DATE *(per MME Form 60)*				25,276.68			25,252.68

REMARKS

(Continue on back)

REMARKS Withhold $500.00 pending receipt of Final Report.

(Continue on back)

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

Date October 28, 1963 Operator GADDIS MINING COMPANY

Per Loren E. Smith Title Agent ~~President~~

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

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

Signature Hugh M. Connor

Title Acting Field Officer
Government Representative

Date 10-31-63

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

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

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

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

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

INT.DUP.,D.C.59- 61577

OME

MME-FORM 60
SEPT. 1959

DEPARTMENT OF THE INTERIOR

OCT 31 1963
REGION III
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. OME 6227
Contract No. 14-23-090-2154
Contract Amount $ 30,920.00
Gov't. Participation % 50 $ 15,460.00
Mineral(s) Gold, Lead, Zinc, Silver

OPERATOR'S MONTHLY VOUCHER

For Month of Aug. & Sept., 1963

Operator's Name GADDIS MINING COMPANY
Address Suite 1500, 1700 Broadway, Denver 2, Colorado

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing	-----	300.00	300.00			
~~Drill~~ cementing	-----	1,188.93	1,188.93			
~~Demobilization~~ mobilization	-----	475.00	475.00			
~~Drill~~ overburden	$495.00	1,226.50	1,721.50	495.00		
NXWL	1561.60	4,782.40	6,344.00	1,561.60		
BXW	1871.55	8,367.65	10239.20	1847.55		10,215.20
(2) ~~[illegible]~~ AX	-----	220.35	220.35			
Supervision & Technical						
Outside Consultants						
~~Core~~ Reaming	51.70	-------	51.70	51.70		
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
Core Boxes	30.00	270.00	300.00	30.00		
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work	30.00	246.00	276.00	30.00		
Payroll Taxes						
Employee's Liability Ins.						
Fixed Unit Cost	874.90	3285.10	4160.00	874.90		
TOTALS	4,914.75	20,361.93	25,276.68	4890.75	20,361.93	25,252.68

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

Date Oct. 28, 1963 Payee GADDIS MINING COMPANY

Per Loren E. Smith Title Agent ~~President~~

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

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

(INSTRUCTIONS ON REVERSE)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of: 2,445.37
500.00 To Surplus
$ 1,945.37 To Operator

Signature B+B
(Authorized Certifying Officer)

Date 11/5/63 Vou. No. 652-1

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2154

Signature Hugh M. Connors Title _____ Date _____

Approved by OME Executive Officer or Alternate:

Signature Hugh M. Connors Title Acting Field Officer Date 10-31-63

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

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

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

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

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

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

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

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

Except for amounts claimed under "fixed unit costs" provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence consisting of: (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, itemized deductions, and net earnings; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as depreciation of Operator-owned equipment, unemployment taxes, and employee's liability insurance. The certification may be stated thus, "Certified True Copy (or Transcript)", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

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

gust & September, 1963

Docket No. OME 6227 (Silver-Gold-Lead-Zinc)

Contract No. 14-23-090-2154

Forest Hill Properties

Gunnison County, Colorado

By

Ralph McDonald

INTRODUCTION

This report covers work done at the Forest Hill mining property, Gunnison County, Colorado under O.M.E. Docket 6227 (Silver-Gold-Lead-Zinc-Copper) Contract No. 2154 for the period August 15, 1963 to September 19, 1963.

DRILLING

A total of 718 feet was drilled during the period August 15, 1963 to September 19, 1963. Of this footage, 673 feet is covered by O.M.E. Contract 2154. Core hole No. 6 was completed September 8, 1963 at a total depth of 384 feet. The hole was drilled to a depth of 45 feet with a 4½" rock bit, from 45 feet to 180 feet with NX wireline diamond bit and from 180 feet to 384 feet with BX wireline diamond bit core recovery for Core Hole No. 6 was about 82%.

Core Hole No. 7 was completed September 19, 1963 at a total depth of 319 feet. The hole was drilled to 45 feet with a 4½" rock bit, from 45 feet to 166 feet with NX wire line diamond bit, and from 166 feet to 319 feet with BX wire line diamond bit. Core recovery, for the hole was about 89%.

Subsequent to the fulfillment of the O.M.E. contract a 315 feet diamond core hole was drilled on the Springfield Vein.

CHEMICAL ANALYSIS

A total of 20 chemical assays were made on cores from Core Hole No. 6 and Core No. 7 at a cost of $38.00. The contract allows $1.50 per assay or $30.00 for the 20 assays.

RESULTS OF CORE DRILLING

The base of the oxidized zone in Core Hole No. 6 was encountered at 77.0 feet. A 1.4 feet stray vein of quartz and pyrite with a trace of galena and sphalerite was encountered at 142.0 feet to 143.4 feet and the Springfield Vein was encountered at 267.4 feet to 269.0 feet. The Springfield Vein was 1.6 feet thick and was composed of pyrite, galena, sphalerite and quartz. Assays of these two veins were given later in the report.

Core Hole No. 7 encountered the base of the oxidized zone at 116.6 feet. The Springfield was encountered at 287.9 feet to 288.4 feet. The vein was 0.5 feet thick and composed of galena, sphalerite, pyrite and quartz. Assays of the vein are given later.

Core Hole 8, which was drilled subsequent to the completion of OME Contract 2154 encountered the base of the oxidized zone at 61.5 feet. The Springfield Vein was encountered by the hole in the interval 286.0 feet to 287.0 feet. The vein which was 1.0 feet thick was composed of quartz, galena, pyrite and sphalerite.

Chemical assays of core samples from core holes No. 6, No. 7 and No. 8 are as follows:

Sample No.	Hole No.	Interval	Thickness	Au	Ag	Pb	Zn	Cu
#337	6	142.0-143.4	1.4	0.005	0.15	0.37	0.24	0.08
#338	6	267.4-269.0	1.6	0.005	6.1	10.5	4.6	0.35
#339	7	287.9-288.4	0.5	0.1	6.15	7.3	9.7	0.2
#340	8	286.0-287.0	1.0	0.025	1.88	25.5	2.9	1.7

This concludes the drilling for OME Contract 2154. A final report summarizing the results of the exploration program will be forthcoming in the near future.

VOUCHER NO. 9-9 CHECK NO. 1566

NAME Donald E. Steffen

ADDRESS

CITY & STATE

MONTH OF September 1963

CORRECT C. E. EXAMINED

APPROVED 9-23-63

			CREDIT		
Statement					
DEBIT					
20-1300-42	56	00	235	56	00

STATEMENT

To:
Gaddis Mining Company
Suite 1500, 1700 Broadway
Denver 2, Colorado

From:
Donald E. Steffen
330 Scranton Street
Aurora 8, Colorado

DATE	ITEM	DEBIT	CREDIT	BALANCE Pay Last Amount in This Column
9/16/63	16 Core Boxes @ $3.50 each	56.00		$56.00
	TOTAL AMOUNT DUE			$56.00

Approved by
Rec'd: SEP 19 1963 DATE
Purch: Lee Lyst 23
Acct:
Payment:
Charge to: Forest Hill

ROOT & SIMPSON, INC.
METALLURGICAL CHEMISTS AND ASSAYERS
PHONE CHERRY 3223 DENVER 1, COLO.
ADDRESS P. O. BOX 2069

ESTABLISHED 1902

CARL H. ROSS
PRESIDENT AND TREASURER

Oct. 12, 1963

Assayed for: Gaddis Mining Co.

Lot No.	Oz. Gold per ton	Oz. Silver per ton	Lead Per cent	Copper Per cent	Zinc Per cent
340	0.025	1.88	25.5	1.7	2.9
341	0.16	7.3	5.2	6.1	15.6
342	0.11	14.6			
343	0.05	13.0	9.7	0.95	12.6
344	0.05	25.7			
345	0.005	0.54			
346	0.005	25.35	60.4	0.08	3.2
347	0.01	12.7	74.0	0.04	8.9
348	0.04	25.7	42.5	0.6	1.2

Charges: $ 67.50

Signed Root & Simpson, Inc

TEL. CHERRY 4-3323

ROOT & SIMPSON, Inc.
METALLURGICAL CHEMISTS AND ASSAYERS
DENVER 1, COLORADO

P. O. BOX 2069

SPECIMEN ASSAY

ASSAYED FOR: Gaddis Mining Co.

MARKS: 337, 338, 339

GOLD OZS. PER TON	SILVER OZS. PER TON	WET LEAD PER CENT	COPPER PER CENT	ZINC PER CENT	IRON PER CENT	U_3O_8 PER CENT	PER CENT	PER CENT
0.005	0.15	0.37	0.08	0.24	#337			
0.005	6.1	10.5	0.35	4.6	#338			
0.1	6.15	7.3	0.2	9.7	#339			

DATE 9/21/63 CHARGES: 28.50

9.50 each

Root & Simpson, Inc.

INVOICE

E. J. LONGYEAR COMPANY

Diamond Core Drilling

Foundation Testing and Grouting Contractors

76 SOUTH 8TH STREET
MINNEAPOLIS 2, MINNESOTA

September 30, 1963

Gaddis Mining Company
1500 Mile High Center
Denver 2, Colorado
Attn: Mr. L. E. Smith

INVOICE NO. 96321

FORM 408

Exploratory drilling carried out during September, 1963 at your Forest Hill Mine Property sections 10 & 15, T13S, R83W Gunnison County Colorado as per terms of our Agreement dated February 14, 1962.

Total footage drilled during September, 1963 893 feet.

Hole No.		From	To	Footage	Rate	Amount
6	NXWL Diamond Drilling	125.0	180.0	55.0	6.10	335.50
6	BXWL Diamond Drilling	180.0	384.0	204.0	5.65	1152.60
7	Overburden Drilling	0.0	45.0	45.0	5.50	247.50
7	NXWL Diamond Drilling	45.0	166.0	121.0	6.10	738.10
7	BXWL Diamond Drilling	166.0	319.0	153.0	5.65	864.45
8	Overburden Drilling	0.0	54.0	54.0	5.50	297.00
8	NXWL Diamond Drilling	54.0	132.0	78.0	6.10	475.80
8	BXWL Diamond Drilling	132.0	315.0	183.0	5.65	1033.95
				893.0		5,144.90
	Reaming for Casing					
7	NX Hole to NX Casing	45.0	49.0	4.0		
8	NX Hole to NX Casing	54.0	60.0	6.0		
				10.0	2.35	23.50
	Supplies Used					
	47 Sacks Drill Mud @		2.95		138.65	
	1 Sack C. M. C. @		23.25		23.25	
	1 Sack Quebracho @		9.19		9.19	171.09
	Demobilization of Personnel and Equipment					237.50
						5,576.99

APPROVED BY
Rec'd: OCT 18 1963
Purch Oct 21 63
Acct'g
Pay'd
Charge Forest Hill

INVOICE

E. J. LONGYEAR COMPANY

Diamond Core Drilling

Foundation Testing and Grouting Contractors

76 SOUTH 8TH STREET
MINNEAPOLIS 2, MINNESOTA

August 31, 1963

Gaddis Mining Company
1500 Mile High Center
Denver 2, Colorado
Attn: Mr. L. E. Smith

INVOICE NO. 86324

FORM 408

Exploratory drilling carried out during August 1963 your Forest Hill mine property sections 10 & 15, T13S, R83W Gunnison County Colorado per terms of our agreement dated February 14, 1962.

Total Footage drilled during August, 1963 125 feet.

Hole No.		From	To	Footage	Rate	Amount
6	Overburden Drilling	0.0	45.0	45.0	5.50	247.50
6	NXWL Diamond Core Drilling	45.0	125.0	80.0	6.10	488.00
				125.0		735.50
	Reaming For Casing					
6		0.0	18.0	18.0	2.35	42.30
	Mobilization of personnel & Equipment					237.50
						1015.30

APPROVED BY DATE
Rec'd SEP 20 1963
Purch. Oct 23 63
Acct.
Revs.
Charge to Fort Hill

Building 20 - Federal Center
Denver 25, Colorado

80225

OFFICIAL FILE COPY
RECEIVED
DATE
11/4 800
11/4 Murphy 500

October 29, 1963

Mr. Loren E. Smith
Caddie Mining Company
Suite 1500 Mile High Center
1700 Broadway
Denver 2, Colorado

Re: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Contract No. 2154
Caddie Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Dear Mr. Smith:

Attached are the MME Form 60 and MME Form 61 for your August and September 1963 vouchers.

Please sign your name on all copies and return them to this office as the Fiscal Section will not pay unless the forms are signed.

Sincerely yours,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

Attachments

cc Chief, Division of Field Operations, OME
Contract 2154
Chron
HMC/lm

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E.
RECEIVED OCT 2 1963

DATE	INITIALS	CODE
10/2		800
		120
		500

September 27, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Contract 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

I have just returned from the Forest Hill mine. All authorized OME drilling has been completed and the Operator is about to finish the last hole which he is drilling on his own account.

The Operator is contemplating the submission of a new application for OME aid in the exploration of the No. 2 vein. The Operator believes there is insufficient ore in the Springfield vein to amortize a mill. The only adit I found on the No. 2 vein was caved but the mineralization on the dump is far better than anything I found on the dump at the Forest Hill shaft which is on the Springfield vein. The Operator has tried to bulldoze a cut to expose the No. 2 vein but the overburden is so thick he could not reach bedrock with a dozer.

If the Operator submits an application to drive the lower adit to the No. 2 vein and drift on that vein, I would recommend it, provided the Applicant would rehabilitate the lower adit at his own expense. The work might consist of approximately 300 feet of crosscutting to reach the No. 2 vein from the present breast of the lower tunnel.

Hugh M. Connors

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED AUG 16 1963

DATE	INITIALS	CODE
8/5		800
		500

August 13, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Contract No. 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Attached are the Government's, Audit's, and Fiscal Section's copies of the executed Amendment No. 2 to the subject contract.

Hugh M. Connors

Hugh M. Connors

Attachments

FOR THE FILE COPY

RECEIVED

DATE

Building 20 - Federal Center
Denver 25, Colorado

8/9 Stamped 800 500

August 6, 1963

Mr. Loren E. Smith
Gaddis Mining Company
Suite 1500 Mile High Center
1700 Broadway
Denver 2, Colorado

Re: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Contract No. 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Dear Mr. Smith:

Attached are the Government's, Operator's, Field Office's, Audit's, and Fiscal Section's copies of Amendment No. 2 to the subject contract signed by the Acting Field Officer, OME, Region III for the Government.

If the proposed Amendment is satisfactory to you, please sign all five copies, retain the Operator's copy, and return the remaining executed copies to this office.

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

Sincerely yours,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

Attachments
cc: Chief, Division of Field Operations, OME
Contract Corres. 2154
Chron
HMC/lm

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
WASHINGTON 25, D. C.

OME
DEPARTMENT OF THE INTERIOR
AUG 5 1963
REGION III
DENVER, COLORADO

AUG 2 1963

OFFICIAL FILE COPY
O. M. E
RECEIVED AUG 8 1963

DATE	INITIALS	CODE
8/8	[illegible]	800
	[illegible]	500

AIRMAIL

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154

Enclosed is a new set of proposed Amendment No. 2, prepared for your signature, to replace the set mailed to you yesterday.

Please return the Government's copy of the amendment inadvertently signed by the Director and destroy all copies.

George C. Selfridge

Enclosure

Returned 8-5-63
Amc

Government's Copy

EXPLORATION CONTRACT
GADDIS MINING COMPANY
OME-6227

AMENDMENT NO. 2

It is agreed this 1st day of August, 1963, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government," and Gaddis Mining Company, hereinafter referred to as the "Operator," that Exploration Contract No. 2154 (OME-6227) dated June 27, 1962, as amended, is further amended, effective June 1, 1963, as follows:

Work under the contract, which was suspended from December 11, 1962, until not later than June 1, 1963, by Amendment No. 1 to the contract, is further suspended until not later than August 15, 1963.

This amendment shall not be construed to increase the amount of any item designated as a maximum, the fixed unit cost of any item of work, the estimated total cost of the project, or the aggregate total amount which the Government may be required to contribute.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By George Turnichel
Acting Field Officer, OME
Region III

GADDIS MINING COMPANY

By _____

Title _____

Long
App'd. Sol. Off.
Drumel
Talbot
Selfridge
Johnson

ME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
	[illegible]	500
8/2	Talbot	800
	GCL	130
8/2	Johnson	110
	[illegible]	100
8/6/63	QB	220
		500

AUG 2 1963

AIRMAIL

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154

Enclosed is a new set of proposed Amendment No. 2, prepared for your signature, to replace the set mailed to you yesterday.

Please return the Government's copy of the amendment inadvertently signed by the Director and destroy all copies.

Enclosure

MMerrithew/mm
8/2/63
cc: Director's Reading File
Review Committee
Docket

43683

E Form 7
10-58)

OFFICIAL FILE COPY

Date	Surname	Code
	[illegible]	500
8/1	Talbot	800
	[illegible]	130
8/1	[illegible]	110
4	[illegible]	100
		220
		500

AUG 1 1963

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154

With reference to your memorandum of July 19, 1963, enclosed are the original and four copies of a proposed Amendment No. 2 to the subject contract, prepared for your signature. An extra copy of the proposed amendment is also enclosed for your use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by you and an authorized representative of the Operator. The Operator should retain its copy, and the remaining copies should be distributed in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

Enclosures

George C. Seifridge (gfa)

MMerrithew/mm
7/31/63
cc: Director's Reading File
Review Committee
Docket

43683

EXPLORATION CONTRACT
GADDIS MINING COMPANY
OME-6227

AMENDMENT NO. 2

It is agreed this _____ day of _____, 1963, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government," and Gaddis Mining Company, hereinafter referred to as the "Operator," that Exploration Contract No. 2154 (OME-6227) dated June 27, 1962, as amended, is further amended, effective June 1, 1963, as follows:

Work under the contract, suspended from December 11, 1962, until not later than June 1, 1963, by Amendment No. 1 to the contract, dated January 1, 1963, is further suspended until not later than August 15, 1963.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
~~Director, Office of Minerals Exploration~~

By _____
Acting Field Officer
OME Region III

GADDIS MINING COMPANY

By _____

Title _____

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED JUL 22 1963

DATE	INITIALS	CODE
July 19, 1963	HMC	800
"	Griswold	500

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Contract No. 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Attached are the original and one copy of a letter from the Gaddis Mining Company dated July 15, 1963, stating that they can resume diamond drilling on or before August 15, 1963.

I believe the Operator is sincere in trying to complete this contract and I recommend that you write an amendment to allow him to commence work on or before August 15, 1963.

Hugh M. Connors

Hugh M. Connors

Gaddis

MINING COMPANY

SUITE 1500 MILE HIGH CENTER
DENVER 2, COLORADO

Telephone MAin 3-5204

July 15, 1963

OME
DEPARTMENT OF THE INTERIOR
JUL 16 1963
REGION III
DENVER, COLORADO

United States Department of the Interior
Office of Minerals Exploration
Building 20-Federal Center
Denver 25, Colorado

Re: Docket No. OME 6237
(Silver-Gold-Lead-Zinc-Copper)
Contract No. 2154 Gaddis
Mining Company (Forest Hill Mine)
Gunnison County, Colorado

ATTENTION: Mr. Hugh M. Connors:

Dear Mr. Connors:

In reference to OME Contract No. 2154 (Silver, Gold, Lead, Zinc, Copper) request is hereby made for an extension of the recess in the diamond core drilling program at the Forest Hill Mine until August 15, 1963. Since only two core holes remain to be drilled, there will be no difficulty in completing the contract.

Because of the small remaining portion of the drilling contract, Longyear Drilling Company has been reluctant to start the drilling until their work program on larger contracts for this season has firmed up. They are now finalizing their scheduling and will have a diamond core drill and crew at the Forest Hill Mine before August 15, 1963.

We are sorry for the delay in making this request but we wanted to obtain a firm commencement date from Longyear before determining the length of the extension required.

Yours very truly,

GADDIS MINING COMPANY

By Ralph L. McDonald
Ralph L. McDonald

RLMc:sva

Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED JUL 15 1963

DATE	INITIALS	CODE
7/15		800
"		500

July 12, 1963

Mr. Loren E. Smith
Gaddis Mining Company
Suite 1500 Mile High Center
1700 Broadway
Denver 2, Colorado

Re: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Contract No. 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Dear Mr. Smith:

It is my understanding that work has not been resumed in accordance with Amendment No. 1 of the captioned contract and that you have been delayed because the drillers were not available. I also understand that the drillers will be available in about a week and that you plan to resume work at that time.

If the forgoing is true, will you please request an amendment to the contract stating the cause of the delay and the date on or before which drilling will be started because as it now stands, the contract is in default.

Sincerely yours,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

cc Chief, Division of Field Operations, OME
Contract Corres 2154
Chron
HMC/lm

Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL
RECEIVED
DATE
1/24

24

800
500

January 21, 1963

AIRMAIL

Memorandum

To: Fiscal Section, Division of Administrative Services
Office of the Secretary, Department of the Interior
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Contract No. 2154
Caddie Mining Company
(Pocket Hill Mine)
Gunnison County, Colorado
Progress Report for November and December 1962

Enclosed are the original and two copies of the Operator's Progress Report for November and December 1962. The report consists of MME Form 60 and MME Form 61, a Narrative Section, two geological cross sections showing diamond drill holes No. 4 and No. 5, and invoices for work accomplished during November and December 1962.

Holes No. 6 and No. 7 under this contract will not be started until next summer and it is recommended that you WITHHOLD $500.00 from this voucher to protect the Government in the event that diamond drilling is not started next summer.

I consider that the Operator has complied with the intent of the contract and the work for which payment is recommended is acceptable to the Government.

Subject to your verification of the arithmetical accuracy of the report, it is recommended that the Operator be reimbursed $1,711.63 which is 50 percent of the total amount shown on MME Form 60, less the $500.00 withheld.

Original signed by

Hugh M. Connors

Attachments
cc Chief, Division of Field Operations, OME
Vouchers, Contract No. 2154
Chron
NMC/lm

November & December, 1962

Docket No. OME 6227 (Silver-Gold-Lead-Zinc)

Contract No. 14-23-050-2154

Forest Hill Properties

Gunnison County, Colorado

By

Ralph McDonald

INTRODUCTION

This report covers work performed at the Forest Hill Mining Properties, Gunnison County, Colorado under OME Docet 6227 (Silver-Gold-Lead-Zinc-Copper) Contract No. 2154, for the period of November 1, 1962 to December 13, 1962.

BULLDOZING

During the period two hours of bulldozing was required to make the roads and location for Core Hole No. 7. The total bulldozer work to date is 23½ hours. The contract calls for a total of 25 hours of bulldozer work, therefore only one and one-half hours are submitted on the voucher.

DRILLING

A total of 573 feet was drilled during the period November 1, 1962 to December 13, 1962. Core Hole No. 4 was completed November 3, 1962 at a total depth of 472 feet. The hole was drilled to a depth of 46 feet with a 4½" rock bit, from 46 feet to 190 feet with NX wire line diamond bit, and from 190 feet to 472 feet with BX wire line diamond bit.

Core recovery for Core Hole No 4 averaged 82.4%, the poorest recovery to date. The poor recovery undoubtedly is due to extense fracturing and alteration of the rock drilled. Had this hole been drilled

[illegible]ter for the drilling fluid as was done in holes 1-[illegible], the recovery [illegible] have been considerably less. The use of bentonitic mud for the [illegible]ing fluid completely eliminated the need for cementing in this hole.

Core Hole No. 5 was completed December [illegible], at a total depth of 47[illegible] feet. It was drilled to 40 feet with a 4½" rock bit, from 40 feet to [illegible] feet with an hard rock diamond bit, and from [illegible] feet to [illegible] feet with a series diamond core bit.

Core recovery for core hole No. 5 averaged 7[illegible].9%, with an average recovery of 81.2% in the vein. Bentonitic mud was used as the drilling fluid for this hole with no cementing required.

CHEMICAL ANALYSIS

A total of 62 chemical assays were made on core samples from core hole No. 4 and core hole No. 5 at a cost of $185.[illegible]. The contract prices [illegible] per assay or $[illegible] for the 62 assays.

RESULTS OF CORE DRILLING

The base of the oxidized zone in core hole No. 4 was encountered at 62.4 feet. A number of rhyolite porphyry dikes and a few zones of colorite schist were encountered by the hole. No dikes or metamorphic rocks were encountered in the previous holes. The rhyolite dikes probably extend on to the north into and are related to the rhyolite porphyry stock that lies some distance north of the drill site.

The Springfield Vein was encountered at 415.2 feet in the core hole and extended to 455.4 feet for a total thickness of 43.2 feet. Unfortunately, all but two of these feet was composed of pyrite and quartz vein or gouge that carried gold, silver, copper and lead in quantities to small to be ore grade. The Springfield Vein consisted of: 415.[illegible]'-415.4' vein of argentiferous galena, sphalerite (75%) and quartz (25%), 415.4'-415.[illegible]' granite, highly altered with abundant pyrite; 415.9'-421.7' vein of argentiferous

[illegible]phalerite ([illegible]%) and quartz (13%), 416.7'-418.4' highly altered [illegible] with abundant pyrite and trace chalcopyrite; 418.4'-422.0' Gouge [illegible] abundant pyrite and sparse galena; 422.0'-423.7' highly altered granite with sparse-abundant pyrite; 423.7'-442.4' vein of quartz (65%-95%) [illegible] pyrite (5%-35%) with a trace of chalcopyrite; 442.4'-443.4' vein of [illegible] argentiferous galena, sphalerite, pyrite and quartz; 443.4'-445.2' vein [illegible] of quartz (90%) and pyrite (10%) with trace 445.2'-445.5' gouge with sparse [illegible] 445.5'-[illegible].4' vein quartz (65%-95% and pyrite [illegible]) with trace [illegible] and 9" vein of argentiferous galena and sphalerite at 449.3'; [illegible] of chalc[illegible] [illegible].8' gouge with abundant pyrite with trace of chalcopyrite and gal-[illegible] 450.6'-[illegible] vein of quartz (70%-75%) and pyrite ([illegible]-30%) with trace [illegible] pyrite; [illegible]'-454.4' gouge with sparse pyrite, 454.4'-455.1' highly [illegible] granite with sparse pyrite; 455.1'-[illegible].4' vein of quartz ([illegible]-95%) [illegible] pyrite ([illegible]) with trace chalcopyrite.

Core recovery for the hole averaged [illegible], which is the poorest recovery to date. The recovery in the Springfield vein was [illegible] which was the best core recovery for the ore zone in any of the holes.

The base of the oxidized or weathered zone was encountered at [illegible] feet. Four felsic porphyry dikes, one of which had gneiss inclusions, were found in this hole. Also two thin zones of chlorite schist (metamorphic rocks) were penetrated in Core Hole No. 5.

A 1.5 feet vein of sphalerite, galena, pyrite, and quartz was encountered in the interval 368.2 feet to 369.5 feet. This vein was sampled and is being assayed for gold, silver, lead, zinc, and copper.

The Springfield vein was encountered at 447.5 feet and extended to 457.1 feet for a gross thickness of 9.6 feet. The vein consisted of: 447.5 feet to 449.5 feet (2.0') vein of sphalerite, argentiferous galena, pyrite,

quartz, and highly altered granite (sulphides are 15%-20% of core occurring as granules and nodules over 1" in diameter in a matrix of quartz and granite), 440.5 to 451.0' (10.5) vein of sphalerite, argentiferous galena, pyrite and quartz (sulphides are 70% to 90% of core with quartz occurring as inclusions in sulphides and in stringers); 451.0 feet to 455.5 feet (4.5') granite with abundant disseminated pyrite and sphalerite and 1/8" vein of sphalerite and 455.0 feet and 1/4" vein of sphalerite at [illegible] feet, 455.0 feet to 457.1 feet a vein of sphalerite, argentiferous galena, pyrite, quartz, and highly altered granite (sulphides compose [illegible] to 60% of core occurring as granules, nodules up to 1" in diameter and stringers in nodules up to [illegible] in diameter and stringers in a matrix of quartz and highly altered granite).

Assays of the samples and core [illegible] 4 and core [illegible] are as follows:

[illegible]	Feet [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Dump	[illegible]	?	[illegible]	[illegible]	[illegible]	[illegible]	0.16
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.6
[illegible]	1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.03
[illegible]	4	[illegible]	[illegible]	[illegible]	[illegible]			
[illegible]	4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.12
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	None			
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	None			
[illegible]	4	[illegible]	[illegible]	[illegible]	0.13	0.52	None	0.03
[illegible]	4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	4	[illegible]	[illegible]	[illegible]				
[illegible]	4	[illegible]	[illegible]	[illegible]				
[illegible]	4	[illegible]	[illegible]	[illegible]				
[illegible]	4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.04
[illegible]	5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.33
[illegible]	5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	5	[illegible]	[illegible]	0.002	0.14	0.12	[illegible]	0.006
[illegible]	5	[illegible]	[illegible]	0.05	11.3	11.3	11.1	0.16
[illegible]	5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.02

Operations at Forest Hill are suspended until Spring at the request of the drilling contractor since severe winter conditions have made drilling on a continuing basis almost impossible, the recess in drilling was granted to the contractor.

Two diamond drill holes remain to be drilled on DML contract [illegible]. These will be drilled as soon as the Forest Hill area is accessible in the [illegible] of [illegible].

OME
DEPARTMENT OF THE INTERIOR

MME FORM 60
SEPT. 1959

JAN 17 1963
REGION III
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. OME 6227
Contract No. 14-23-090-2154
Contract Amount $30,920.00
Gov't. Participation % 50 $15,460.00
Mineral(s) Silver-Gold-Lead-Zinc & Copper

OPERATOR'S MONTHLY VOUCHER

For Month of November & December 1962

Operator's Name GADDIS MINING COMPANY
Address Suite 1500, 1700 Broadway, Denver 2, Colorado

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing	18.00	282.00	300.00	18.00	282.00	300.00
Drifting Dementing	-----	1,188.93	1,188.93	—	1,188.93	1,188.93
Crosscutting Mobilization	237.50	237.50	475.00	237.50	237.50	475.00
Drilling Overburden	253.00	973.50	1,226.50	253.00	973.50	1,226.50
NXWL	939.40	3,843.00	4,782.40	939.40	3,843.00	4,782.40
BXWL	1,887.10	6,480.55	8,367.65	1,887.10	6,480.55	8,367.65
(2) Personal Services: AX	220.35		220.35	220.35		220.35
Supervision & Technical						
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
Core Boxes	---	270.00	270.00	—	270.00	270.00
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work	123.00	123.00	246.00	123.00	123.00	246.00
Payroll Taxes						
Employee's Liability Ins.						
Fixed Unit Cost	744.90	2,540.20	3,285.10	744.90	2,540.20	3,285.10
TOTALS	4,423.25	15,938.68	20,361.93	4,423.25	15,938.68	20,361.93

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

Date 12-31-62 *Payee GADDIS MINING COMPANY
Loren E. Smith
Per _____ Title _____

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

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

(INSTRUCTIONS ON REVERSE)

Pursuant to authority vested in me, I certify that this account is correct and proper for payment in the amount of: 2,211.63 To Surveyor
− 500.00
$ 1,711.63 To Contractor

Signature Bob B
(Authorized Certifying Officer)

Date 1/23/63 Vou. No. 3789

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2154

Signature Hugh M. Connors Title Acting Field Officer Date 1-21-63

Approved by OME Executive Officer or Alternate:

Signature Hugh M. Connors Title Acting Field Officer Date 1-21-63

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

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

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

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

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

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

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

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

Except for amounts claimed under "fixed unit costs" provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence consisting of: (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, itemized deductions, and net earnings; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as depreciation of Operator-owned equipment, unemployment taxes, and employee's liability insurance. The certification may be stated thus, "Certified True Copy (or Transcript)", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

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

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of November & December, 1962 Docket No. OMR 6227

Operator's Name GADDIS MINING COMPANY Contract No. 14-23-090-2134

Suite 1500, 1700 Broadway, Denver 2, Colorado

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond				475.63			
Rotary	ft	46	223	1,229.50			
Drilling, Non-core-Diamond							
Rotary							
Churn	ft	154	784	4,782.40			
Percussion	ft	334	1481	8,397.63			
Miscellaneous AK	ft	39	39	229.39			
Cementings	hrs	—	100	1,188.93			
Roads and Trail Cement	Sacks	—	30¼				
Stripping Dozing	hr.	1½	25	300.00			
Trenching Core Boxes	Box		90	270.00			
Test Pitting Fixed Units	ft	573	2527	3,285.10			
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work		82	164	246.00			
TOTAL TO DATE *(per MME Form 60)*				20,391.93			

REMARKS

(Continue on back)

REMARKS

(Continue on back)

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

Date December 31, 1962 Operator GADDIS MINING COMPANY

Per _____ Title _____

Loren E. Smith

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

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

Signature Hugh M. Fonnors

Title Acting Field Officer
Government Representative

Date 1-21-63

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

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

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

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

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

ROOT & SIMPSON, Inc.

TEL. SHERMAN 4-5555 METALLURGICAL CHEMISTS AND ASSAYERS P. O. BOX 3069

DENVER 1, COLORADO

SPECIMEN ASSAY

ASSAYED FOR	MARKS
Gaddis Mining Co.	Rock

GOLD OZS. PER TON	SILVER OZS. PER TON	WET LEAD PER CENT	COPPER PER CENT	ZINC PER CENT	IRON PER CENT	MGO PER CENT	PER CENT	PER CENT
	319	0.23	0.03	0.12				
	324	0.02	0.03	None				
	326	0.03	0.03	None				

DATE 11/10/62 CHARGES $ 18.00

Root & Simpson, Inc.

ROOT & SIMPSON, INC.
METALLURGICAL CHEMISTS AND ASSAYERS
PHONE SHERMAN 5-5555 DENVER 1, COLO.
ADDRESS P. O. BOX 3069

ESTABLISHED 1908

CARL H. ROOT
PRESIDENT AND TREASURER

Nov. 7, 1962

Assayed for: Gaddis Mining Co.

Lot No.	Oz Gold per ton	Oz. Silver per ton	Lead %	Copper %	Zinc %
317	0.06	9.5	0.07	1.16	4.8
318	0.064	5.2	8.0	2.6	7.4
321	0.014	0.15	0.14	0.12	None
325	0.05	7.0	2.2	0.7	22.8
319	0.008	0.2			
320	0.001	0.15			
322	0.001	None			
323	0.001	None			
324	~~0.002~~	0.18			
326	0.01	0.5			
327	0.03	0.15			
328	0.005	0.15			
329	0.001	0.04			

Total Charges: $ 71.00

Signed _____

ROOT & SIMPSON, INC.
METALLURGICAL CHEMISTS AND ASSAYERS
PHONE CHERRY 5333 DENVER 1, COLO.
ADDRESS P. O. BOX 2000

ESTABLISHED 1903

CARL H. ROOT
PRESIDENT AND TREASURER

Dec. 12, 1962

Assayed for: Gaddis Mining Co.

Lot No.	Oz. Gold	Oz. Silver	% Lead	% Copper	% Zinc
330	0.002	0.24	0.7	0.04	0.23
331	0.15	12.35	1.5	1.97	13.8 ✓
332	0.02	3.6	4.9	0.33	4.7 ✓
333	0.05	10.4	5.45	0.44	5.3 ✓
334	0.002	0.14	0.12	0.006	0.35
335	0.09	11.1	[illegible]	0.18	11.1 ✓
336	0.02	0.22	0.03	0.02	0.04

Charges $ 63.00
Preparation 1.00
$ 65.00

Signed [illegible]

STATEMENT

TROUBLESOME VALLEY RANCH

KREMMLING, COLORADO

November 30, 62

Gaddis Mining Company

Suite 1500, 1700 Broadway

Denver, Colorado

Dozer work @ $ [illegible]

11-27-62 2 hrs at $12.[illegible]

per bill sale #6 -

roads & location $[illegible]

[illegible] $[illegible]

INVOICE

E. J. LONGYEAR COMPANY

Diamond Core Drilling

Foundation Testing and Grouting Contractors

76 SOUTH 5TH STREET

MINNEAPOLIS 2, MINNESOTA

December 21, 1962

Gaddis Mining Company
1500 Mile High Center
Denver 2, Colorado

INVOICE NO. 126205

FORM 498

Exploratory drilling during the months of November and December, 1962 carried out on your Forest Hill Mine Property, Gunnison County, Colorado as per the terms of our Agreement dated February 14, 1962 and signed August 8, 1962, Addendum No. 1 dated August 23, 1962.

Total footage drilled in the months of November and December, 1962 573.0 feet.

Hole No.		From	To	Footage	Rate	Amount
4	BXWL Diamond Drilling	375.0	472.0	97.0	5.65	548.05
5	Overburden Drilling	0.0	46.0	46.0	5.50	253.00
5	NXWL Diamond Drilling	46.0	200.0	154.0	6.10	939.40
5	BXWL Diamond Drilling	200.0	437.0	237.0	5.65	1,339.05
5	AX Diamond Drilling	437.0	476.0	39.0	5.65	220.35
						3,299.85
	Supplies Used					
	5 Sacks, Portland Cement @			2.00	10.00	
	81 Sacks, Drill Mud @			3.56	288.36	298.36
	Demobilization Personnel and Drill Equipment					237.50
						$ 3,835.71

APPROVED BY DATE

DEC 21 1962

Pch
Acct
Pay'm't
Charge to

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED JAN 21 1963

DATE	INITIALS	CODE
		500

January 17, 1963

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Contract No. 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Enclosed are the Government's, Fiscal Section's, and Audit's executed copies of Amendment No. 1 to the subject contract.

Hugh M. Connors

Hugh M. Connors

Attachments

Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY O. M. E RECEIVED JAN 9 1963		
DATE	INITIALS	CODE
1/9	[illegible]	800
	[illegible]	500
1/9	Murphy	500

January 7, 1963

Mr. Loren E. Smith
Caddis Mining Company
Suite 1500 Mile High Center
1700 Broadway
Denver 2, Colorado

Re: OMR-6227 (Silver-Gold-Lead-Zinc-Copper)
Contract No. 2154
Caddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Dear Mr. Smith:

Attached are the Government's, Operator's, Fiscal Section's, Audit's, and Field Office's copies of Amendment No. 1 to the subject contract signed by the Director for the Government.

If the proposed Amendment is satisfactory to you, please sign all five copies, retain the Operator's copy and return the remaining executed copies to this office.

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

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

Enclosures
cc Chief, Division of Field Operations, OME
Contract Corres 2154
CHron

HMC/lm

OFFICIAL FILE COPY

Date	Surname	Code
12/20	Friend	500
12-21	McPhilbney	140
12/21	Fahlitt	800
	GCL	130
1/2	Johnson	110
1	Ferris	100
1/3	CAC	220
		500

JAN 2 - 1963

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado
Contract 2154

In accordance with your memorandum of November 30, our memorandum of December 6, and your December 12 memorandum transmitting the Operator's request for a recess, we are enclosing the original and four copies of a proposed Amendment No. 1 (two pages) to the subject contract, signed by the Director for the Government. An extra copy of the amendment is enclosed for your use.

If the proposed amendment is satisfactory to you and the Operator, all five copies should be signed by the Operator. Thereafter, please distribute the copies in the usual manner.

If any part of the proposed amendment does not have your approval or that of the Operator and cannot be altered within your delegated authority, the original and all copies are to be returned to this office together with the proposed changes for consideration.

George C. Selfridge

(RL)

Enclosures

GLAult/a
12-20-62
cc to: Director's Reading File
Review Committee
Docket

43683

MME FORM 6 REFERENCE SLIP
REV. 2-5 OFFICE OF MINERALS EXPLORATION

TO:	DATE	INITIALS
1. ~~Mr. McPhillamey, Rm. 6352~~		
2. ~~Mr. Talbert, Rm. 4448~~	12/21	
3. 130 - 110 - 100 - 220 - 500		
4. SOLICITOR		
5. DEC 21 1962		
FROM: W. R. Griswold	12/20	

INTERIOR DEPT.

FOR: Check items for action desired

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

REMARKS:

Amendment No. 1 rewritten to incorporate Operator's request for recess period; completion date also extended.

FROM SOLICITOR
DEC 21 1962
FOR SIGNATURE

~~PLEASE HAND CARRY~~

INT.-DUP. SEC., WASH., D.C. M56300-59

EXPLORATION CONTRACT
GARDIS MINING COMPANY
GMX-6227

AMENDMENT NO. 1

It is agreed this _____ day of _____, 1962, between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter referred to as the "Government," and Gardis Mining Company, hereinafter referred to as the "Operator," that Contract No. 2154, (GMX-6227), dated June 27, 1962, is amended, effective June 27, 1962, as follows:

1. In Exhibit A of the contract, under the sub-heading "Description of the Work," the first sentence of the second paragraph is deleted and the following is substituted:

"It is estimated that seven inclined diamond drill holes (with incidental necessary overburden drilling) will be required for the purpose of the project."

2. On page 2 of Exhibit A the first paragraph is deleted and the following is substituted:

"The sixth and seventh holes shall be drilled as may appear advisable in the light of the results of the prior five holes. The total combined footage of the seven holes shall not exceed 3,200 feet."

3. (a) Work under the contract shall be suspended during the period beginning December 11, 1962, and ending not later than June 1, 1963.

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

4. The date fixed by Article 1 of the contract for completion of the work is extended from six to fifteen months from the date of the contract.

5. The maximum period for royalty payments and for the lien to secure the payment thereof provided for in the contract is extended from ten (10) to eleven (11) years.

6. This amendment shall not be construed to increase the amount of any other item designated as a maximum, the fixed unit cost of any item of work, the estimated total cost of the project, or the aggregate total amount which the Government may be required to contribute.

7. The first paragraph of Article 16 is deleted and the following is substituted in lieu thereof as Article 12, Nondiscrimination:

ORIGINAL FILE COPY
O. M. E
RECEIVED DEC 27 1962

DATE		
12/27		410
		120
"	Received	500

Building 20 - Federal Center
Denver 25, Colorado

December 20, 1962

AIRMAIL

Memorandum

To: Fiscal Section, Division of Administrative Services
Office of the Secretary, Department of the Interior
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Contract No. 2154
Geddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado
Progress Report for October 1962

Enclosed are the original and two copies of the Operator's Progress Report for October 1962. The report consists of MME Form 60 and MME Form 61, a Narrative Section, a geological cross section of diamond drill hole No. 3, and invoices for work accomplished during October 1962.

The drilling invoice shows for the month of October only and shows the end of hole No. 3 and part of hole No. 4. Holes No. 4 and 5 are now completed and the core from both holes was inspected by me on December 20, 1962. The Operator will submit another voucher to us upon receipt of his drilling bill from the Longyear Company. Holes No. 6 and 7 will be started next summer.

I consider that the Operator has complied with the intent of the contract and the work for which payment is recommended is acceptable to the Government.

Subject to your verification of the arithmetical accuracy of the report, it is recommended that the Operator be reimbursed $3,246.17 which is 50 percent of the total amount shown on MME Form 60.

Original signed by

Hugh M. Connors

Attachments

cc Chief, Division of Field Operations, OME
Vouchers, Contract No. 2154
Chron
HMC/lm

OME
DEPARTMENT OF THE INTERIOR
DEC 1 1962
REGION 11

November 26, 1962

United States Department of the Interior
Office of Minerals Exploration
Building 20 - Federal Center
Denver 25, Colorado

Re: Docket No. OME 6227 (Silver-Gold-Lead-Zinc-Copper) Proposed Contract No.2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Attention: Mr. Hugh M. Connors

Gentlemen:

Enclosed herewith are four completed copies of Form MME-60, "Operator's Monthly Voucher", Form MME-61, "Operator's Progress Report," and the "Narrative Report" for exploration during the month of October, 1962 on the Forest Hill Mine, Gunnison County, Colorado, under Contract No. 2154.

Yours very truly,

GADDIS MINING COMPANY

By Loren E. Smith rjs
Loren E. Smith

LES:rjs
Enclosures

Chemical analysis of the core and sludge samples from Core Hole No. 2 and Core Hole No. 3 are as follows:

Sample No.	Hole No.	Interval	Thickness	Au	Ag	Pb	Zn	Cu	Type
#308	2	501.6-502.2	0.6'	0.02	0.8	0.8	1.3	0.2	Core
#309	2	502.2-506.7	4.5'	0.001	0.1	0.04	None	0.02	Core
#310	2	506.7-509.6	2.9'	0.004	0.3	0.3	0.6	0.04	Core
#311	2	509.6-513.6	4.0'	0.002	0.28	0.06	0.03	0.01	Core
#312	2	513.6-513.9	0.3'	0.03	1.4	4.3	5.6	0.13	Core
#313	3	401.6-403.1	1.5'	0.01	1.1	0.25	9.2	0.14	Core
#314	3	510.0-511.0	1.0'	0.001	0.4	0.2	0.4	0.26	Core
#315	2	502 -505	3'	0.01	1.5	0.4	1.1	NR	Sludge
#316	2	505 -508	3'	0.02	0.6	0.2	0.6	NR	Sludge
#317	2	508 -511	3'	0.002	0.6	0.23	0.8	NR	Sludge
#318	2	511 -514	3'	0.002	0.44	0.44	0.7	NR	Sludge

Core Hole No. 4 was at a depth of 375 feet on October 31, 1962. It was drilled to 46 feet with a 4½ inch rock bit, from 46 feet to 190 feet with NX wire line diamond core, and from 190 feet to 375 feet with BX wire line diamond core.

The drilling fluid for this hole was changed from water to bentonitic mud in an attempt to alleviate the severe caving and loss of water circulation.

CHEMICAL ANALYSIS

A total of 51 chemical assays were made on core samples and sludge samples from Core Hole No. 2 and No. 3 at a cost of $98.50. The contract allows $1.50 per assay or $76.50 for the 51 assays.

RESULTS OF CORE DRILLING

The base of the oxidized zone in Core Hole No. 3 was encountered at 114.8 feet. The core in the interval from 114.7 feet to total consisted mostly of greenish grey to grey, course, porphyritic, unaltered to highly altered granite that was fractured to varying degrees. The fractures were mineralized with pyrite, limonite, hematite and small amounts of sphalerite. Pyrite is generally disseminated throughout the granite in the zones of intense fracturing.

A vein of sphalerite, pyrite and quartz was encountered in the interval 401.6'-403.1', and two mineralized gouge zones that represent the Springfield Vein were encountered at 510.0'-511.0' and 512.4'-513.0' (see enclosed cross-section c-c'). The foregoing vein may be of ore grade but the gouge zones representing the Springfield Vein are not heavily enough mineralized to be ore grade. right

October, 1962

Docket No. OMX 6227 (Silver-Gold-Lead-Zinc)

Contract No. 14-23-090-2154

Forest Hill Properties

Gunnison County, Colorado

By

Ralph McDonald

INTRODUCTION

This report covers work performed at the Forest Hill mining properties, Gunnison County, Colorado under OMX Docket 6227 (Silver-Gold-Lead-Zinc) Contract No. 2154, for the period of October 1, 1962 to October 31, 1962.

BULLDOZING

During the month four and one-half hours of bulldozing was required to make the roads and location for Core Hole No. 6. The total bulldozer work to date is 23½ hours.

DRILLING

A total of 841 feet was drilled during the month of October, 1962. Core Hole No. 3 was completed October 14, 1962 at a total depth of 665 feet. The hole was drilled to 44 feet with a 4½" rock bit from 44 feet to 170 feet with NX wire line diamond core and from 170 feet to 665 feet with BX wire line diamond core.

Core recovery for Core Hole No. 3 averaged 86.6%, which is somewhat less than in previous holes.

Very severe caving and loss of water circulation required a total of 49 hours cement time and 14 bags of cement.

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of October, 1962 Docket No. 6827

Operator's Name Gaddis Mining Company Contract No. 14-23-090-2154

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond							
Mobilization Rotary				237.50			
Drilling, Non-core-Diamond							
Overburden Rotary	ft.	46	167	973.50			
EXHL Chuck	Ft.	144	630	3,843.60			
BXHL Percussion	ft.	651	1147	6,480.55			
Miscellaneous Cementing	hrs.	34¼	100	1,188.93			
and cement	sacks	12	30¼				
Roads and Trails Dozing	hrs.	4½	23½	282.00			
Stripping Core boxes	box	15	90	270.00			
Trenching Fixed Units	ft.	341	1054	2,540.20			
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work		51	82	123.00			
TOTAL TO DATE *(per MME Form 60)*				$15,038.68			

REMARKS

(Continue on back)

REMARKS

(Continue on back)

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

Date 11-23-62 Operator Gaddis Mining Company

Per Loren E. Smith Title Vice - President

Loren E. Smith

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

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

Signature

Title
Government Representative

Date

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

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

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

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

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

AVT 12/7/62
ARGriswold/

EXPLORATION CONTRACT
GADDIS MINING COMPANY
OME-6227

AMENDMENT NO. 1

t is agreed this _____ day of _____,
een the United States of America, acting through the
nt of the Interior, Office of Minerals Exploration,
fter referred to as the "Government," and Gaddis Mining
ny, hereinafter referred to as the "Operator," that Contract
No. 2154, (OME-6227), dated June 27, 1962, is amended, effective
June 27, 1962, as follows:

1. Under Exhibit A of the contract, sub-heading "Description of the Work," the first sentence of the second paragraph is deleted and the following is substituted:

"It is estimated that seven inclined diamond drill holes (with incidental necessary overburden drilling) will be required for the purpose of the project."

2. On page 2 of Exhibit A the first paragraph is deleted and the following is substituted:

"The sixth and seventh holes shall be drilled as may appear advisable in the light of the results of the prior five holes. The total combined footage of the seven holes shall not exceed 3,200 feet."

This amendment shall not be construed to increase the ~~amount of any item designated as maximum, the~~ fixed unit cost of

any item of work, the estimated total cost of the project, or the aggregate total amount which the Government may be required to contribute.

Executed in quintuplicate the day and year first above written.

THE UNITED STATES OF AMERICA

By _____
Director, Office of Minerals Exploration

GADDIS MINING COMPANY

By _____

Title _____

AME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
12/6	on leave	500
12/6	Talbot	800
	GL	130
12/6	Johnson	110
11	Stanski	100
12/5	cac	220
		500

DEC 6 1962

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado

Concerning your November 30 memorandum covering the drilling of a hole No. 7 on the subject property, this is a borderline case; hence, to be on the safe side, we shall prepare an amendment.

George C. Selfridge (gla)

WRGriswold/mm
12-6-62
cc: Director's Reading File
Review Committee
Docket

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY

RECEIVED	DEC 3	1962
DATE 12/3		800
		~~120~~
	Griswold	500

November 30, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Contract No. 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Enclosed are the original and one copy of the Operator's request for diamond drill hole No. 7 on the subject contract together with a map showing all of the drill hole locations and a copy of my work approval to drill hole No. 7.

Will you please advise if a work approval in this case is satisfactory, or is an Amendment necessary where neither the footage nor the money specified in the contract will be exceeded.

Hugh M. Connors

Hugh M. Connors

Attachments

Building 20 - Federal Center
Denver 25, Colorado

November 30, 1962

Mr. Loren E. Smith
Gaddis Mining Company
Suite 1500
1700 Broadway
Denver 2, Colorado

Re: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Contract No. 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Dear Mr. Smith:

This will confirm our agreement concerning the location and drilling of diamond drill hole No. 7.

This constitutes Government approval for the diamond drilling of hole No. 7 to a depth 325 feet.

The co-ordinates of the collar of this hole are 510 N. and 400 E.

This work approval shall not be construed to increase the fixed unit cost of any item of work, the estimated total cost of the project, or the aggregate total amount which the Government may be required to contribute.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

HMC/lm
cc Chief, Division of Field Operations, OME (2)
Contract Corres 2154
Chron

Gaddis MINING COMPANY

SUITE 1500 MILE HIGH CENTER
DENVER 2, COLORADO

Telephone MAin 3 5204

November 29, 1962

United States Department of the Interior
Office of Minerals Exploration
Building 20 - Federal Center
Denver 25, Colorado

Re: Docket No. OME 6237 (Silver-Gold-Lead-Zinc-Copper) Proposed Contract No. 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Attention: Mr. Hugh M. Connors

Dear Mr. Connors:

In reference to OME Contract No. 2154 (Silver, Gold, Lead, Zinc & Copper) request is hereby made for approval to drill an additional core hole to a depth of 325 feet (see core hole No. 7 on the attached map). The proposed core hole is required to ascertain if the Springfield Vein, which is split up into several thin veins in Core Hole No. 2 at a depth of 437 feet below the Springfield shaft collar converge at shallow depths to form a single vein that is of sufficient thickness and ore grade to be minable.

Core holes one through six will require 2830 feet of drilling to complete and an expenditure of about $23,354.00. The Forest Hill OME Contract No. 2154 allowed a maximum footage of 3200 feet and a maximum expenditure of $30,920.00. At the completion of the six holes in the original proposal 370 feet of core drilling and $6,500.00 of the contract will remain.

The proposed Core Hole No. 7 will require 325 feet of diamond core drilling and an expenditure of about $2,600.00. With the completion of Core Hole No. 7, $3,900.00 and 45 feet of diamond core drilling allowed in OME Contract No. 2154 will not have been expended.

Yours very truly,

GADDIS MINING COMPANY

By Ralph L. McDonald
Ralph L. McDonald

RLM:rjs
Enclosures

OFFICIAL FILE COPY
O. M. E
RECEIVED NOV 16 1962

DATE	INITIALS	CODE
11/16	800	
	120	
11/16	140	
11/16	100	
	800	

Building 20 - Federal Center
Denver 25, Colorado

November 13, 1962

Mr. Loren E. Smith
Gaddis Mining Company
Suite 1500
1700 Broadway
Denver 2, Colorado

Re: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Contract No. 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Dear Mr. Smith:

This is to confirm our agreement concerning the location of diamond drill hole No. 6.

This constitutes Government approval for the diamond drilling of hole No. 6 to an estimated depth of 360 feet. The co-ordinates of the collar of this hole are 989 N and 585 E.which is a point 331 feet N, 50° E.of the shaft. The bearing of the hole is to be 87° W.with an inclination -65°.

This work approval shall not be construed to increase the fixed unit cost of any item of work, the estimated total cost of the project, or the aggregate total amount which the Government may be required to contribute.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

cc Chief, Division of Field Operations, OME (2)

Building 20 - Federal Center
Denver 25, Colorado

November 5, 1962

AIRMAIL

Memorandum

To: Fiscal Section, Division of Administrative Services
Office of the Secretary, Department of the Interior
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Contract No. 2154
Geddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado
Progress Report for September 1962

Enclosed are the original and two copies of the Operator's Progress Report for September 1962. The report consists of MME Form 60 and MME Form 61, a Narrative Section, a geological cross section of diamond drill hole No. 2, and invoices for work accomplished during September 1962.

The drilling invoice was for the month of September only and shows drilling on diamond drill hole Nos. 1, 2, and 3, which holes were completed on my inspection of the property on October 3, 1962.

I consider that the Operator has complied with the intent of the contract and the work for which payment is recommended is acceptable to the Government.

Subject to your verification of the arithmetical accuracy of the report, it is recommended that the Operator be reimbursed $2,880.29 which is 50 percent of the total amount shown on MME Form 60.

Original signed by

Hugh M. Connors

Attachments

MME FORM 60
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. OME 6227
Contract No. 14-23-090-2194
Contract Amount $ 30,920.00
Gov't. Participation % 50 $15,460.00
Mineral(s) Silver, Gold, Lead, Zinc

OPERATOR'S MONTHLY VOUCHER

For Month of September, 1962

Operator's Name GADDIS MINING COMPANY
Address Suite 1500, 1700 Broadway, Denver, Colorado

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing		228.00	228.00		228.00	228.00
Drifting Cementing	441.93	333.00	774.93	441.93	333.00	774.93
Crosscutting Mobilization		237.50	237.50		237.50	237.50
Drilling Overburden	478.50	242.00	720.50	478.50	242.00	720.50
NX WL	1,366.40	1,598.20	2,964.60	1,366.40	1,598.20	2,964.60
BX WL	2,491.65	310.75	2,802.40	2,491.65	310.75	2,802.40
(2) Personal Services:						
Supervision & Technical						
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
Core Boxes		225.00	225.00		225.00	225.00
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work	4.50	42.00	46.50	4.50	42.00	46.50
Payroll Taxes						
Employee's Liability Ins.						
Fixed Unit Cost	977.60	469.30	1,446.90	977.60	469.30	1,446.90
TOTALS	$5,760.58	$3,685.75	$9,446.33	5,760.58	3,685.75	9,446.33

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

Date 10-24-62 *Payee GADDIS MINING COMPANY

Per Loren E. Smith Title Loren E. Smith Vice President

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

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

(INSTRUCTIONS ON REVERSE)

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

$ 2,880.29

Signature BHB
(Authorized Certifying Officer)

Date 11/9/62 Vou. No.

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2154

Signature _____ Title _____ Date _____

Approved by OME Executive Officer or Alternate:

Signature Hugh M. Thomas Title Acting Field Officer Date Nov. 5, 1962

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

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

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

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

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

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

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

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

Except for amounts claimed under "fixed unit costs" provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence consisting of: (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, itemized deductions, and net earnings; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as depreciation of Operator-owned equipment, unemployment taxes, and employee's liability insurance. The certification may be stated thus, "Certified True Copy (or Transcript)", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

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

MME FORM 61
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

OPERATOR'S PROGRESS REPORT For Month of September, 1962 Docket No. OME 6227

Operator's Name GADDIS MINING COMPANY Contract No. 14-23-090- 2154

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond							
Mobilization Rotary				237.50			
Drilling, Non-core-Diamond							
Overburden Rotary	ft.	87	121	720.50			
NX WL Churn	ft.	224	486	2,964.60			
BX WL Percussion	ft.	441	496	2,802.40			
Miscellaneous Cementing	Hrs.	28	65 3/4	774.93			
& Cement	Sacks	9 3/4	16 1/4				
Roads and Trails Dozing	Hrs.		19	228.00			
Stripping Core Boxes	Box		75	225.00			
Trenching Fixed Units	Ft.	752	1113	1,446.90			
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work	4	4	31	46.50			
TOTAL TO DATE (per MME Form 60)				$9,446.33			

13' BHB

REMARKS

(Continue on back)

REMARKS

(Continue on back)

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

Date 10-24-62 Operator GADDIS MINING COMPANY

Per Loren E. Smith Title Vice-President

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

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

Signature Hugh M. Connors

Title Acting Field Officer
Government Representative

Date Nov. 5, 1962

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

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

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

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

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

September, 1962

Docket No. OME 6227 (Silver-Gold-Lead-Zinc)

Contract No. 14-23-090-2154

Forest Hill Properties

Gunnison County, Colorado

By

Ralph McDonald

INTRODUCTION

This report covers work performed at the Forest Hill mining properties, Gunnison County, Colorado under OME Docket 6227 (Silver-Gold-Lead-Zinc) Contract No. 2154, for the period of September 1, 1962 to September 30, 1962.

BULLDOZING

No additional bulldozer work was performed during the month of September. The total bulldozer work to date is 15 hours.

DRILLING

A total of 752 feet was drilled during the month of September, 1962. Core Hole No. 1 was completed on September 3, 1962, at a total depth of 385 feet.

Core Hole No. 2 was completed September 27, 1962 at a total depth of 529 feet (see figure 4 of ammended OME loan application and the enclosed cross-section B-B'). The hole was drilled to 42 feet with a 4½" rock bit, from 42 feet to 175 feet with an NX wire line diamond bit, and from 175 feet to 529 feet with a BX wire line diamond bit.

Core Hole No. 3 was at a depth of 199 feet on September 30, 1962 and was completed October 14, 1962. It was drilled to 44 feet with a 4½" rock bit, from 44 feet to 170 feet with NX wire line diamond core bit, and from 170 feet to 199 feet with a BX wire line diamond core bit.

Fairly severe caving and loss of water circulation required a total of 32.75 hours of cement time and 7¼ bags of cement on Core Hole No.1 and 29 hours of cement time and 9 bags of cement were required for Core Hole No. 2. To a depth of 199 feet, four hours of cement time and 1 bag of cement were required for Core Hole No. 3.

Core recovery for Core Hole No. 2 averaged 88.8% with an average of 88.2% in the Springfield vein. The overall core recovery was slightly less than in Core Hole No. 1 whereas the recovery in the Springfield vein is considerably higher than Core Hole No. 1.

CHEMICAL ANALYSIS

A total of three chemical assays were made for copper on three core samples from Hole No. 1 at a cost of $6.00. The contract allows $1.50 per assay or $4.50 for the three assays.

RESULTS OF CORE DRILLING

The base of the oxidized or weathered zone was encountered at 147.9 feet in Core Hole No. 2. The core in the interval 147.9 feet to total depth excepting vein material, consisted of greenish grey to grey, course, porphyritic, unaltered to highly altered granite that was slightly to highly fractured. The fractures are mineralized with pyrite, clay, limonite, hematite and small amounts of sphalerite. In zones of intense fracturing pyrite is generally disseminated throughout the granite.

The Springfield vein was encountered at 501.8 feet in Core Hole No. 2. Instead of being a continuous vein as in Core Hole No. 1, it had broken up into five thin moderate to high grade veins seperated by 0.1 ft. to 4.6 ft. of altered granite. The Springfield vein zone consisted of: 501.8'-502.1' vein of quartz (30%) pyrite, and argentiferous galena (a large amount of galena ground away); 502.1'-506.7' granite, greenish grey, course, porphyratic, partially

altered, abundant disseminated pyrite and trace of disseminated sphalerite, 1/4" vein of quartz and pyrite with a trace of galena at 502.9, a few fractures coated with abundant pyrite, sparse sphalerite and a trace of chalcopyrite; 506.7'-507.1' vein of quartz (40%) pyrite, and argentiferous galena (part of galena ground away); 507.1'-508.8' granite greenish grey, course, porphyritic, partially altered, abundant disseminated pyrite and sparse disseminated sphalerite (sphalerite more abundant 508.0-508.8); 508.8' - 509.0' vein of quartz (30%), argentiferous galena, pyrite and trace of sphalerite (part of galena washed or ground away); 509.0' - 509.2' granite, grey, course, porphyritic, altered, abundant disseminated pyrite and trace disseminated sphalerite; 509.2'-509.6' vein of quartz (50%), argentiferous galena, pyrite, and trace sphalerite (part of galena washed or ground away); 509.6'-513.6' granite, grey, course, porphyritic, partially altered, abundant disseminated pyrite, trace of disseminated sphalerite, a 1/2" sphalerite vein at 510.6', a 1/4" sphalerite vein at 511.7', and 1/2" pyrite vein at 513.0'; 513.6' - 513.9' vein of quartz (15%) argentiferous galena, and pyrite.

The results of the assays for the Springfield vein in Core Hole No. 2 have not been obtained as of this date, so they will be reported in the following months report. Samples No. 302, No. 303 and No. 304 from Hole No.1 were assayed for copper with the following results.

Sample No.	Interval	Thickness	Copper %
302	358.0 - 358.7	0.7'	0.15
303	358.7 - 360.7	2.0'	0.14
304	360.7 - 363.1	2.4'	0.35

OCT 8 1962

ROOT & SIMPSON, Inc.

TEL. [illegible] METALLURGICAL CHEMISTS AND ASSAYERS P. O. BOX [illegible]

[illegible], COLORADO

SPECIMEN ASSAY

ASSAYED FOR: [illegible]

ADDRESS: [illegible]

GOLD OZS. PER TON	SILVER OZS. PER TON	TOT. LEAD PER CENT	[illegible] PER CENT	[illegible] PER CENT	[illegible] PER CENT	[illegible] PER CENT	[illegible] PER CENT	[illegible] PER CENT
		302	0.19					
		303	0.14					
		304	0.06					

DATE 10/5/62 SIGNED: [illegible]

Root & Simpson, Inc.

ME FORM 60
SEPT. 1959

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. OLB 6227
Contract No. 14-23-090-2154

OPERATOR'S MONTHLY VOUCHER

For Month of October, 1962

Contract Amount $ 30,920.00
Gov't. Participation % 50 $ 15,460.00
Mineral(s) Silver, Gold, Lead, Zinc

Operator's Name Gaddis Mining Company
Address Suite 1500, 1700 Broadway, Denver, Colorado

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing				54.00	228.00	282.00
Drifting	54.00	228.00	282.00	414.00	774.93	1,188.93
Cementing	414.00	774.93	1,188.93		237.50	237.50
Crosscutting Mobilization		237.50	237.50	253.00	720.50	973.50
Drilling Overburden	253.00	720.50	973.50	878.40	2,964.60	3,843.00
NXWL	878.40	2,964.60	3,843.00	3,678.15	2,802.40	6,480.55
UXWL	3678.15	2,802.40	6,480.55			
(2) Personal Services:						
Supervision & Technical						
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
Core Boxes	45.00	225.00	270.00	45.00	225.00	270.00
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work						
Payroll Taxes	76.50	46.50	123.00	76.50	46.50	123.00
Employee's Liability Ins.						
Fixed Unit Cost	1093.30	1,446.90	2,540.20	1,093.30	1,446.90	2,540.20
TOTALS	$6492.35	$9,446.33	$15,938.68	6,492.35	9,446.33	15,938.68

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

Date 11-28-62 *Payee Gaddis Mining Company

Per Loren E. Smith Title Vice-President

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

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

(INSTRUCTIONS ON REVERSE)

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

$ 3,246.17

Signature BHB
(Authorized Certifying Officer)

Date 12/26/62 Vou. No. 3301

(SEE OTHER SIDE)

Certification by Government Representative:

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

Signature _____ Title _____ Date _____

Approved by OME Executive Officer or Alternate:

Signature _____ Title _____ Date _____

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

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

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

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

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

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

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

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

Except for amounts claimed under "fixed unit costs" provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence consisting of: (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, itemized deductions, and net earnings; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as depreciation of Operator-owned equipment, unemployment taxes, and employee's liability insurance. The certification may be stated thus, "Certified True Copy (or Transcript)", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

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

INT.DUP.,D.C.59- 61579

TROUBLESOME VALLEY RANCH
KREMMLING, COLORADO

October 31, 62

Gaddis Mining Company
Suite 1500, 1700 Broadway
Denver Colorado

Dozer work @ $12.00/hour

11-20-62 Dozer work 4½ hrs
$54.00

Due $54.00

ROOT & SIMPSON, INC.
METALLURGICAL CHEMISTS AND ASSAYERS
PHONE CHERRY 5525 DENVER 1, COLO.
ADDRESS P. O. BOX 5060

ESTABLISHED 1906

CARL H. ROOT
PRESIDENT AND TREASURER

Oct. 27, 1962

Assayed for: Gaddis Mining Co.

Lot No.	Oz. Gold	Oz. Silver	% Lead	% Copper	% Zinc
308	0.02	0.8	0.8	0.2	1.3
309	0.001	0.1	0.04	0.02	None
310	0.004	0.3	0.3	0.04	0.6
311	0.002	0.28	0.06	0.01	0.03
312	0.03	1.4	4.3	0.13	5.6
313	0.01	1.1	0.25	0.14	9.2
314	0.001	0.4	0.2	0.26	0.4
315	0.01	1.5	0.4		2.1
316	0.02	0.6	0.2		0.65
317	0.002	0.6	0.23		0.8
318	0.002	0.44	0.44		0.7

Charges: $ 93.00
Preparation 5.50
Total $ 98.50

Signed _____

INVOICE

E. J. LONGYEAR COMPANY

Diamond Core Drilling

Foundation Testing and Grouting Contractors

76 SOUTH 8TH STREET

MINNEAPOLIS 2, MINNESOTA

October 31, 1962

Saddle Mining Company
1500 Mile High Center
Denver 2, Colorado

INVOICE NO. 116204

FORM 408

Exploratory drilling during the month of October, 1962 carried out on your Forest Hill Mine Property, Gunnison County, Colorado as per the terms of our Agreement dated February 14, 1962 and signed August 8, 1962, Addendum No. 1 dated August, 23, 1962.

Total footage drilled during the month of October, 1962 841.0 feet.

Hole No.		From	To	Footage	Rate	Amount
3	BXML Diamond Drilling	199.0	665.0	466.0	5.65	2,632.90
4	Overburden Drilling	0.0	46.0	46.0	5.50	253.00
4	NXML Diamond Drilling	46.0	190.0	144.0	6.10	878.40
4	BXML Diamond Drilling	190.0	375.0	185.0	5.65	1,045.25
						4,809.55
	Cementing					
3	October 3	3 Hours				
3	October 4	4 Hours				
3	October 5	5 Hours				
3	October 8	21 Hours				
3	October 9	3 Hours				
3	October 10	9 Hours				
		45 Hours		@	10.50	472.50
	Supplies Used					
	6 Sacks, Lumnite Cement		@	6.65	39.90	
	5 1/2 Sacks, Cal-seal Cement		@	4.95	27.23	
	1/2 Sacks, Portland Cement		@	2.00	1.00	
	78 Sacks, Drill Mud		@	3.56	277.68	345.81
						$ 5,627.86

TERMS: PAYMENT OF THIS INVOICE IS DUE WITHIN 30 DAYS

STATEMENT

TO:
Gaddis Mining Company
Suite 1500, 1700 Broadway
Denver 2, Colorado

FROM:
Donald E. Steffen
330 Scranton St.
Aurora 8, Colorado

DATE	ITEM	DEBIT	CREDIT	BALANCE Pay Last Amount In This Column
10-22-62	15 Core Boxes at $3.00 per box	$45.00		$45.00
	Total Amount Due			$45.00

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E.
RECEIVED DEC 17 1962
DATE | INITIALS | CODE
12/17 | | 900
| | 120
| | 500

December 12, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6237 (Silver-Gold-Lead-Zinc-Copper)
Contract No. 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Enclosed are the original and one copy of the Operator's request for a recess until June 1, 1962.

The Forest Hill Mine is so isolated in the winter months that it would be almost impossible to keep drilling crews on the job. I recommend that an Amendment be prepared to allow for the recess until June 1, 1963.

Hugh M. Connors

Hugh M. Connors

Attachments

Gaddis MINING COMPANY
SUITE 1500 MILE HIGH CENTER
DENVER 2, COLORADO
Telephone MAin 3 5204

December 11, 1962

OME
DEPARTMENT OF THE INTERIOR
DEC 12 1962
REGION III
DENVER, COLORADO

United States Department of the Interior
Office of Minerals Exploration
Building 20 - Federal Center
Denver 25, Colorado

Re: Docket No. OME 62~~3~~7 (Silver-Gold-Lead-Zinc-Copper) Proposed Contract No. 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

ATTENTION: Mr. Hugh M. Connors

Dear Mr. Connors:

In reference to OME Contract No. 2154 (Silver, Gold, Lead, Zinc and Copper) request is hereby made for a recess in the diamond core drilling program at the Forest Hill Mine until June 1, 1963.

Due to sub zero temperatures and heavy snow, the drilling contractor has been unable to drill on a continuing basis and has therefore requested that suspend drilling until weather conditions are more favorable. Since conditions have become so difficult we agreed, with your approval, to suspend the balance of the drilling until next spring or early summer when the Forest Hill area is accessible again.

Core holes No. 6 and No. 7 will remain to be drilled this coming year on OME contract No. 2154.

Very truly yours,

GADDIS MINING COMPANY

By Ralph L. McDonald
Ralph L. McDonald

RLM:rjs

INVOICE

E. J. LONGYEAR COMPANY

Diamond Core Drilling

Foundation Testing and Grouting Contractors

76 SOUTH 8TH STREET

MINNEAPOLIS 2, MINNESOTA

September 30, 1962

APPROVED BY DATE OCT 9 1962

Rec'd

Purch

Acct'd

Payd'

Charge

Gudbie Mining Company
1500 Mile High Center
Denver 2, Colorado

INVOICE NO. 36225

FORM 400

Exploratory drilling during the month of September, 1962 carried out on your Pocket Bill Mine Property, Gunnison County, Colorado as per the terms of our Agreement dated February 14, 1962 and signed August 8, 1962, and Addendum No. I dated August 23, 1962.

Total footage drilled during the month of September, 1962 - 752.0 feet.

Hole No.		From	To	Footage	Rate	Amount
1	NXW, Diamond Drilling	361.0	385.0	24.0	5.65	$ 136.60
2	Overburden Drilling	[illegible]	42.0	42.0	5.50	231.00
2	NXW, Diamond Drilling	[illegible]	175.0	133.0	6.10	811.30
2	NXW, Diamond Drilling	175.0	529.0	354.0	5.65	2,000.10
3	Overburden Drilling	[illegible]	45.0	45.0	5.50	247.50
3	NXW, Diamond Drilling	45.0	136.0	91.0	6.10	555.10
3	NXW, Diamond Drilling	136.0	199.0	63.0	5.65	355.95
						4,336.65

Labor Hours

1	September 1	1 Hours		
1	September 2	2 Hours		
2	September 13	4 Hours		
2	September 14	3 Hours		
2	September 15	3 Hours		
2	September 17	6 Hours		
2	September 19	1 Hour		
2	September 20	1 Hour		
2	September 21	3 Hours		
2	September 22	3 Hours		
2	September 23	3 Hours		
2	September 24	5 Hours		
3	September 28	1 Hour		
		28 Hours	@	14.50 399.00

Supplies Used

36 Bags, Portland Cement	@	6.85	[illegible]
24 Sacks, Bentonite Gravel	@	2.00	[illegible]
3 Sacks, Bentonite Gravel	@	4.95	14.85 [illegible]

[illegible]

4 cys 60 & 61

OFFICIAL FILE COPY
O. M. E
RECEIVED OCT 19 1962

DATE	INITIALS	COPY
10/19	[illegible]	110
		500

Building 20 - Federal Center
Denver 25, Colorado

October 10, 1962

AIRMAIL

Memorandum

To: Fiscal Section, Division of Administrative Services
Office of the Secretary, Department of the Interior
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Contract No. 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado
Progress Report for August 1962

Enclosed are the original and two copies of the Operator's Progress Report for August 1962. The report consists of MME Form 60 and MME Form 61, a Narrative Section, map, and invoices for the work accomplished during August 1962.

The drilling invoice was for the month of August only, but hole No. 1 was completed upon my arrival at the property on September 4, 1962.

I consider that the Operator has complied with the intent of the contract and the work for which payment is recommended is acceptable to the Government.

Subject to your verification of the arithmetical accuracy of the report, it is recommended that the Operator be reimbursed $1,842.87 which is 50 percent of the total amount shown on MME Form 60.

Original signed by

Hugh M. Connors

Attachments

October 8, 1962

OME
DEPARTMENT OF THE INTERIOR
OCT 10 1962
REGION III
DENVER, COLORADO

United States Department of the Interior
Office of Minerals Exploration
Building 20 - Federal Center
Denver 25, Colorado

Re: Docket No. OME 6227 (Silver-Gold-Lead-Zinc-Copper) Proposed Contract No. 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Attention: Mr. Hugh M. Connors:

Gentlemen:

Enclosed herewith are five completed copies of Form MME-60, "Operator's Monthly Voucher", Form MME-61, "Operator's Progress Report", and the "Narrative Report" for exploration during the month of August, 1962 on the Forest Hill Mine, Gunnison County, Colorado, under Contract No. 2154.

Very truly yours,

GADDIS MINING COMPANY

By Loren E. Smith
Loren E. Smith

LES:rjs
Enclosures

OME
DEPARTMENT OF THE INTERIOR

MME FORM 60
SEPT. 1959

OCT 10 1962
REGION III
DENVER, COLORADO

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Docket No. ~~OME 6227~~
Contract No.
14-23-090- ~~2154~~

OPERATOR'S MONTHLY VOUCHER

For Month of ~~August, 1962~~

Contract Amount $ ~~30,920.00~~
Gov't. Participation % ~~50~~ $ ~~15,460.00~~
Mineral(s) ~~Gold, Lead, Zinc~~

Operator's Name ~~GADDIS MINING COMPANY~~
Address ~~Suite 1500, 1700 Broadway, Denver 2, Colorado~~

COST CATEGORIES	FOR OPERATOR'S USE			FOR GOVERNMENT APPROVAL ONLY		
	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE	MONTHLY TOTAL	PREVIOUSLY REPORTED	TOTALS TO DATE
Fixed Unit Costs and						
(1) Independent Contracts:						
Bulldozing	~~228.00~~		~~228.00~~			
Drifting ~~Cementing~~	~~333.00~~		~~333.00~~			
Crosscutting ~~Mobilization~~	~~237.50~~		~~237.50~~			
Drilling ~~Overburden~~	~~242.00~~		~~242.00~~			
~~MX OL~~	~~1,598.20~~		~~1,598.20~~			
~~BX WL~~	~~310.75~~		~~310.75~~			
(2) Personal Services:						
Supervision & Technical						
Outside Consultants						
Labor						
(3) Operating Mat'l. & Supplies:						
Timber						
Explosives						
Pipe						
Rail						
~~Core Boxes~~	~~225.00~~		~~225.00~~			
(4) Operating Equipment:						
Rental						
Purchase						
Depreciation						
(5) Initial Rehab. & Repairs:						
Buildings, Fixtures, etc.						
Operating Equipment						
(6) New Buildings, Fixtures, etc.						
(7) Miscellaneous:						
Repairs to Equipment						
Analytical Work	~~42.00~~		~~42.00~~			
Payroll Taxes						
Employee's Liability Ins.						
~~Fixed Unit Cost~~	~~469.30~~		~~469.30~~			
TOTALS	~~3,685.75~~		~~3,685.75~~	3,685.75	–	3,685.75

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

Date ~~October 5, 1962~~ *Payee ~~GADDIS MINING COMPANY~~

Per ~~Loren E. Smith~~ Title ~~Vice-President~~

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

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

(INSTRUCTIONS ON REVERSE)

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

$ 1,842.87

Signature
(Authorized Certifying Officer)

Date 10/16/62 Vou. No. 2002

(SEE OTHER SIDE)

Certification by Government Representative:

I certify that to the best of my knowledge and belief the contractor submitting this voucher is operating an exploration project in accordance with the terms of Contract No. 2154

Signature _____ Title _____ Date _____

Approved by OME Executive Officer or Alternate:

Signature Hugh M. Tongson Title Acting Field Officer Date 10-10-62

OPERATOR'S MONTHLY REPORT

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

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

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

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

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

PREPARATION OF OPERATOR'S MONTHLY VOUCHER, MME FORM 60

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

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

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

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

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

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

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

Except for amounts claimed under "fixed unit costs" provisions of the contract, all costs claimed in this voucher must be supported by documentary evidence consisting of: (a) certified copies or transcripts of payrolls which list each employee, wage rate, period of employment, gross earnings, itemized deductions, and net earnings; (b) original or certified copies of invoices, statements of accounts, or purchase orders which indicate items of materials or services, quantities, unit prices, total charges, and payment terms; and (c) certified memoranda of the Operator for such items as depreciation of Operator-owned equipment, unemployment taxes, and employee's liability insurance. The certification may be stated thus, "Certified True Copy (or Transcript)", followed by the signature of the Operator or his agent. One copy of each document should accompany the original of this voucher.

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

OME

DEPARTMENT OF THE INTERIOR

MME FORM 61
SEPT. 1959

OCT 10 1962

UNITED STATES
DEPARTMENT OF THE INTERIOR

REGION III OFFICE OF MINERALS EXPLORATION

DENVER, COLORADO

OPERATOR'S PROGRESS REPORT

For Month of August, 1962 Docket No. OME 6227

Operator's Name GADDIS MINING COMPANY Contract No. 14-23-090- 2154

OPERATION	UNITS	FOR OPERATOR'S USE: UNITS THIS MONTH	UNITS TO DATE	COSTS TO DATE	FOR GOVERNMENT USE: APPROVED UNITS THIS MONTH	APPROVED UNITS TO DATE	APPROVED COSTS TO DATE
Drifting							
Crosscutting							
Raising							
Shafts							
Winzes							
Other Underground							
Drilling, Core-Diamond							
Mobilization				237.50			
Drilling, Non-core-Diamond							
Overburden Rotary	44	44	44	242.00			
NX WL Core	262	262	262	1596.20			
BX WL Percussion	55	55	55	310.75			
Miscellaneous Cementing	27 3/4	27 3/4	27 3/4	333.00			
and Cement	6 ½	6 ½	6 ½				
Roads and Trails Dozing	19	19	19	228.00			
Stripping Core Boxes	75	75	75	225.00			
Trenching Fixed Units	361	361	361	469.30			
Test Pitting							
Other Surface Work							
Initial Rehabilitation and Repairs							
Rehabilitation of Mine Workings							
New Buildings, Fixtures, etc.							
Operating Equipment Purchases							
Analytical Work 28 samples @ $1.50				42.00			
TOTAL TO DATE *(per MME Form 60)*				3885.75			

REMARKS

(Continue on back)

REMARKS

(Continue on back)

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

Date October 5, 1962 Operator GADDIS MINING COMPANY

Per Loren E. Smith Title Vice-President

Loren E. Smith

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

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

Signature Hugh M. Connors

Title Acting Field Officer

Government Representative

Date 10-10-62

(INSTRUCTIONS ON REVERSE)

REMARKS *(Cont.)*

REMARKS *(Cont.)*

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

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

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

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

INT.DUP.,D.C.59- 61577

August, 1962

Docket No. OME 6227 (Silver-Gold-Lead-Zinc)

Contract No. 14-23-090-2154

Forest Hill Properties

Gunnison County, Colorado

By

Ralph McDonald

INTRODUCTION

This report covers work performed at the Forest Hill mining properties, Gunnison County, Colorado as approved under OME Docket 6227 (Silver-Gold-Lead-Zinc) Contract No. 2154, for period July 27, 1962 thru August 31, 1962.

BULLDOZING

The drill sites and access roads for core holes No. 1 thru No. 5 have been completed. This required 19 hours of bulldozer work at $12.00 per hour. The drill site and access road for drill hole No. 6 will be made when its location has been determined.

DRILLING

A total of 361 feet was drilled in Core Hole No. 1 (see Figure 4 of ammended OME loan application and the enclosed cross section A-A') during the month of August. The hole was drilled to 44 feet with a 4½ inch rock bit, from 44 feet to 251 feet with NX wire line core, and from 251 feet to 361 feet with BX wire line core.

Severe caving and lost circulation problems required 27 3/4 hours cementing time and the use of 6½ sacks of lumnite cement to the depth of 361 feet.

Core recovery for the hole averaged 89.4% but through the Springfield Vein the recovery was only 59%.

ANALYSIS

A total of 28 chemical assays run on five core samples and two mudge samples at cost of $52.50. The contract allows $150 per assay or $42.00 for the 28 assays made.

RESULTS OF CORE DRILLING

The base of the oxidized or weathered zone was encountered at 106 feet. The core from 106 feet to 358 feet consisted of a greenish grey, course, porphyritic unweathered granite, that has sparse to very intense fracturing (see enclosed cross-section A-A'). The fractures intersect the core at angles of 35°, 45° and 15° and in some cases are parallel to the core. These fractures are usually mineralized with, pyrite, limonite, hematite and some sphalerite. In the areas of intense fracturing pyrite is generally disseminated in the granite and the feldspars show various stages of alteration.

A concentration of pyrite, hematite with minor amounts of sphalerite on fractures and disseminated through granite was encountered in the interval of 163 feet to 171 feet. A number of small veinlets of quartz and pyrite with traces of sphalerite and bornite occur in the interval 242 feet to 247 feet. The two foregoing intervals were not sampled because the mineralization did not contain valuable minerals in ore grade quantity.

The Springfield Vein was cut between 353.0 and 361.2 feet. The vein contained quartz and pyrite with traces of sphalerite and galena in the interval 353.0 to 358.7 feet; in the interval 358.7 to 360.0 feet it was composed of argentiferrous galena, and sphalerite with smaller amounts of pyrite and quartz, in the interval 360.0 feet to 360.7 feet it contained quartz, argentiferrous galena, pyrite, and sphalerite, in the interval 360.7 to 361.2 feet it consisted of quartz and pyrite with traces of galena and sphalerite.

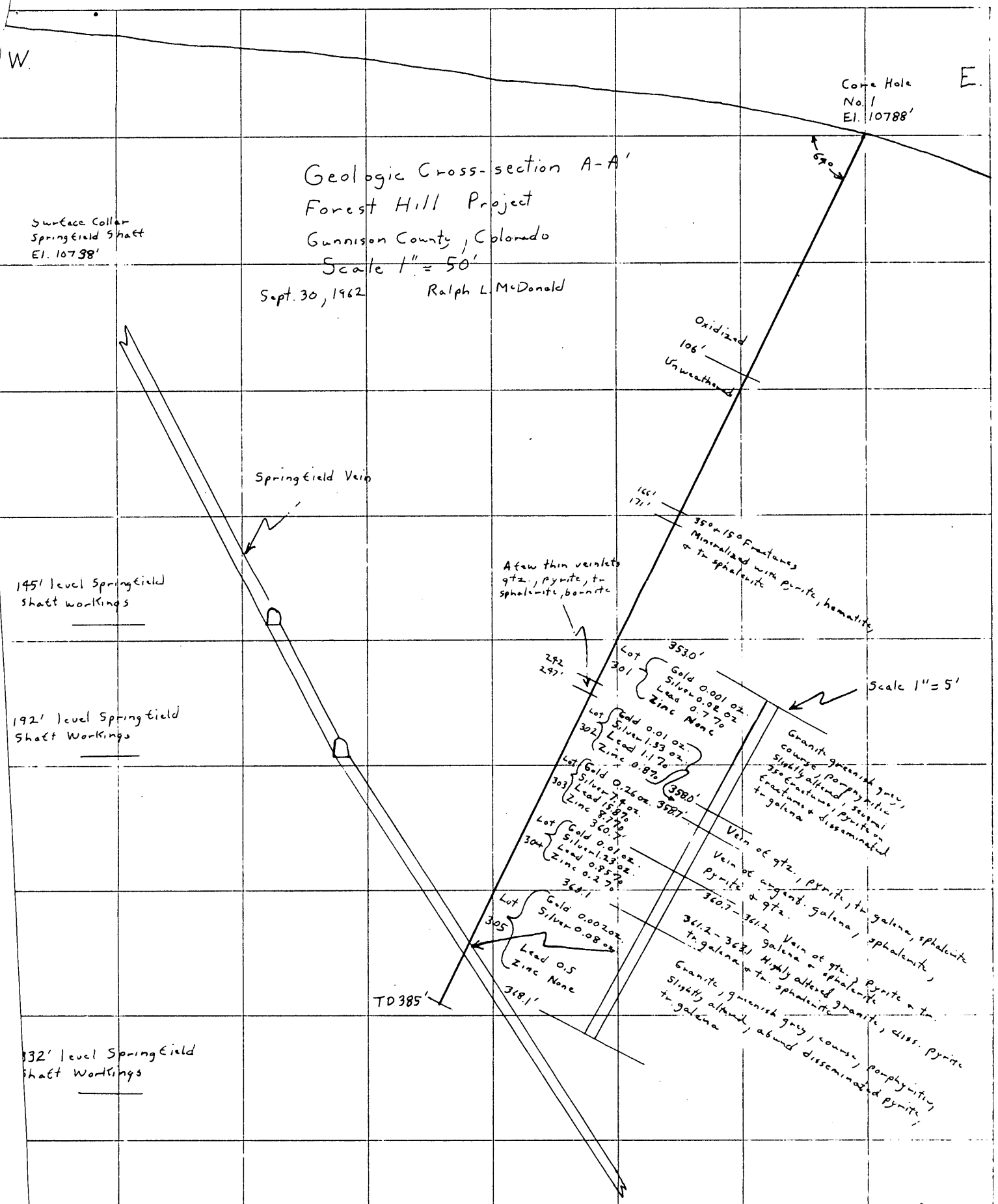
The footwall of the vein in the interval 361.2 to 361.7 feet was composed of highly altered granite with abundant disseminated pyrite and traces of sphalerite and galena.

Chemical Analysis of the Core and Sludge are as follows:

Sample No.	Interval	Thickness	Au	Ag	Pb	Zn	Type
#301	353.0-358.0	5.0'	0.001	0.02	0.7	None	Core
#302	358.0-358.7	0.7'	0.01	1.33	1.1	0.8	Core
#303	358.7-360.7	2.0'	0.26	7.4	15.8	8.7	Core
#304	360.7-363.1	2.4'	0.01	1.23	0.85	0.2	Core
#305	363.1-368.1	5.0'	0.002	0.08	0.5	None	Core
#306	358 -361	3.0'	0.07	None	2.0	1.3	Sludge
#307	361 -364	3.0'	0.01	None	0.75	None	Sludge

The sludge samples are not representatives because of caving and dilution.

Drill Hole No. 1 was completed during the first week of September, but the E. J. Longyear bill included only the work done through August 31, 1962.



K+E ALBANENE 195M TRACING PAPER 68130

STATEMENT

FROM TROUBLESOME VALLEY RANCH

KREMMLING, COLORADO

August 31, 19 62

TO Gaddis Mining Company

ADDRESS Suite 1500, 1700 Broadway

CITY Denver, Colorado

TERMS Dozer work at $12 per hour

7-25-62	Roads + drill site #1	2.5 hrs.	
7-26-62	Roads	4.0 hrs.	
7-31-62	Road + drill site #2	2.5 hrs	
8-1-62	Road + drill site #4	4.0 hrs.	
8-2-62	Road + drill site #3	2.5 hrs	
8-9-62	Road + drill site #5	3.5 hrs	
		19 hrs	
	Total of 19 hrs at $12 per hr		$228.00

ROOT & SIMPSON, INC.
METALLURGICAL CHEMISTS AND ASSAYERS
PHONE CHERRY 3223 DENVER 1, COLO.
ADDRESS P. O. BOX 2069

ESTABLISHED 1902

CARL H. ROSS
PRESIDENT AND TREASURER

Sept. 14, 1962

Assayed for: Gaddis Mining Co.

Lot No.	Oz. Gold	Oz. Silver	% Lead	% Zinc
301	0.001	0.02	0.7	None
302	0.01	1.33	1.1	0.8
303	0.26	7.4	15.8	8.7
304	0.01	1.23	0.85	0.2
305	0.002	0.08	0.5	None
306	0.07	None	2.0	1.3
307	0.01	None	0.75	None

Charges: $ 52.50

Signed Root & Simpson, Inc.

1.90
28) 52.50
28
24
28

STATEMENT

TO:
GADDIS MINING COMPANY
Suite 1500, 1700 Broadway
Denver 2, Colorado

FROM:
Donald E. Steffen
330 Scranton Street
Aurora 8, Colorado

DATE	ITEM	DEBIT	CREDIT	BALANCE Pay Last Amount in This Column
8-31-62	75 Core Boxes at $3.00 per box	$225.00		$225.00
	APPROVED BY: DATE			
	Rec'd: SEP 14 1962			
	Per ok'd: Sep 18-62			
	Acc'd:			
	Payment:			
	Charge to: Exploration			
	DME			
			DUE	$225.00

6-95 (Revis
(April 195

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF MINES

REFERENCE SLIP

Route to:	Name	Room
1.	George Fumich, Jr.	
2.	Director, Office of Minerals Exploration	
3.		
4.		
5.		

For:

..... Action	..... Record of .....
..... Approval	..... Referring to .....
..... Comment	..... Reply for signature of .....
..... Conference	..... Rewriting
..... Consideration	..... See or call me
..... Filing	..... Signature
..... Initials	..... Suggestions
..... Instructions	..... Surname
..... Investigation	XX Your information
..... Mailing	
..... Note and return	
..... Previous correspondence	
..... Recommendation	

Remarks:

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O. M. E
RECEIVED AUG 22 1962

DATE	INITIALS	CODE
8.22		100
8/22	JU	~~110~~
		~~120~~
8/28	Gresuel	~~500~~

6227

From (Name) Robert W. Geehan Date 8/20/62

Division—Office—Address

Ext: Room:

U. S. GOVERNMENT PRINTING OFFICE : 1957—O-416832

BUREAU OF MINES
WASHINGTON, D.C.

AUG 22 8 52 AM '62

THE DENVER POST
August 18, 1962

U.S. Loan Given To Denver Firm

Post Washington Bureau

WASHINGTON—The Office of Minerals Exploration of the Interior Department has extended an exploration loan of $15,400 to the Gaddis Mining Co., 1700 Broadway, Denver.

The loan will enable the company to explore a silver vein in the Taylor Park area of Gunnison County, the announcement said.

This is believed to be the first such loan for silver exploration in Colorado, and may reflect the rising price of the metal, sources here said.

INVOICE

E. J. LONGYEAR COMPANY

Diamond Core Drilling

Foundation Testing and Grouting Contractors

76 SOUTH 8TH STREET

MINNEAPOLIS 2, MINNESOTA

August 31, 1962

Gaddis Mining Company
1500 Mile High Center
Denver 2, Colorado

INVOICE NO. 86250

ORM 408

Exploratory drilling during the month of August, 1962 carried out on your Forest Hill Mine Property, Gunnison County, Colorado as per the terms of our Agreement dated February 14, 1962 and signed August 8, 1962 and Addendum No. 1 dated August 23, 1962.

Total footage drilled during the month of August, 1962 361.0 feet.

Hole No.		From	To	Footage	Rate	Amount
1	Overburden Drilling	0.0	44.0	44.0	5.50	242.00
1	NXWL Diamond Drilling	44.0	306.0	262.0	6.10	1,598.20
1	EXWL Diamond Drilling	306.0	361.0	55.0	5.65	310.75
						2,150.95

Cementing

1	August 10	2 Hours			
1	August 13	2 Hours			
1	August 15	7 Hours			
1	August 16	4 Hours			
1	August 17	3 Hours			
1	August 18	3 Hours			
1	August 19	3 Hours			
1	August 20	3 Hours			
1	August 29	3/4 Hour			
		27 3/4 Hours	@	10.50	291.38

Supplies Used

6 1/2 Sacks, Lumnite Cement	@	6.65	43.23
Mobilization: Personnel and Drill Equipment			237.50
			$ 2,723.06

Gaddis

MINING COMPANY

SUITE 1500 MILE HIGH CENTER
DENVER 2, COLORADO
Telephone MAin 3 5204

OFFICIAL FILE COPY
O. M. E.
RECEIVED AUG 6 1962

DATE	INITIALS	CODE
8/6	[illegible]	800
8/6	[illegible]	500

OME
DEPARTMENT OF THE INTERIOR
AUG 2 1962
REGION III
DENVER, COLORADO

July 31, 1962

United States Department of the Interior
Office of Minerals Exploration
Building 20 - Federal Center
Denver 25, Colorado

Re: Docket No. OME-6227 (Silver-Gold-Lead-Zinc-Copper) Proposed Contract No. 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Attention: Mr. Hugh M. Connors

Gentlemen:

Work was started under the above contract on July 27, 1962, consisting of access road and drill site preparation. The drilling contractor moved onto the property July 27, 1962 and will start drilling on Hole No. 1 about August 1, 1962.

Very truly yours,

GADDIS MINING COMPANY

By Loren E. Smith sjp
Loren E. Smith

LES:rjs

Selfridge

COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED JUL 23 1962

DATE	INITIALS	CODE
7/23	Cae	210
		500

July 20, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Contract No. 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Enclosed are the Government's, Fiscal Section's, and Audit's executed copies of the subject contract.

The date of August 1, 1962 has been inserted on all copies of the contract as being the date on or before which work shall begin.

Hugh M. Connors

Hugh M. Connors

Attachments

Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUL 16 1962

DATE	INITIALS	CODE
7/16	Greenwell	500

July 12, 1962

Gaddis Mining Company
Suite 1500
1700 Broadway
Denver 2, Colorado

Re: Docket No. OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Proposed Contract No. 2154
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Gentlemen:

Enclosed are the Government's, Operator's, Fiscal Section's, Audit's, and Field Office's copies of the proposed subject contract.

Please note that the 6 percent interest in Article 1 (c) of the contract accrues from the dates on which the individual payments are made by the Government and like the principal is repayable from royalty on production.

If the contract meets with your approval, will you please sign and return all copies to this office and the Operator's copy will then be forwarded to you.

Also, please advise the starting date so that we may insert it in Article 1 of the contract.

Yours very truly,
Original signed by
TMR

for
Hugh M. Connors
Acting Field Officer, OME
Region III

Enclosures

TMR/lm
cc Chief, Division of Field Operations, OME
Contract Corres. 2154
Chron

OFFICIAL FILE COPY
O. M. E
RECEIVED JUL 2 1962
DATE | INITIALS
500

Building 20 - Federal Center
Denver 25, Colorado

Mr. Loren E. Smith
Caddis Mining Company
Suite 1500 Mile High Center
Denver 2, Colorado

Re: OME-6227 (Gold-Silver-Lead-Zinc-Copper)
Caddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Dear Mr. Smith:

Enclosed are six copies of an Amended Lien or Subordination Agreement which must be executed by Dr. Irish. The previous Lien or Subordination did not include the Springfield Extension claims; and we must insist that it be included in the contract.

Our Solicitor is not at all satisfied with the mining lease of July 21, 1961, which contained certain conditions under item 1 (a), (b), and (c). The new Amended Lien or Subordination remedies these.

Please have Dr. Irish sign and date the Amended Lien or Subordination Agreements and return them to this office. After the signed copies have been received in this office, I will attach both original and the Amended Lien or Subordination Agreements to the contract and present it to you for signature.

If you have any questions please telephone me.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

Enclosures
HMC/lm
cc Chief, Division of Field Operations, OME
OME-6227
Chron

OME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Date Code
500	Fursman	
800	Talbert	6/26
120	GCS	
110	Johnson	6/26
100	Fussell	6-26
225	Cole	6/27
		500

JUN 27 1962

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6227 (Silver-Gold-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado

Enclosed are the original and four copies of a proposed exploration contract with the Gaddis Mining Company, signed by the Director for the Government. The contract consists of MME Form 50 (Long Form) as revised, Annex I (two pages), Exhibit A (three-pages), and two maps. Also enclosed for your use is an extra copy for the Field Office.

We are also enclosing six copies of an Amended Lien or Subordination Agreement which must be executed by Dr. Irish prior to presenting the contract for signature. The previous Lien or Subordination did not include the Springfield Extension claim; and we must insist that it be included in the contract if owned by Dr. Irish, as stated. It is very likely that the vein, if it continues southerly, would apex in this claim. Furthermore, our Solicitor is not at all satisfied with the Mining Lease of July 21, 1960, which contains certain conditions under item 1 (a), (b), and (c). The new Amended Lien or Subordination remedies this defect. After the signed copies have been received you should type in, under Article 2 (b) of the contract, "and Amended Lien or Subordination Agreement, dated _____ signed by Dr. J. P. Irish." Thereafter, both the original Lien or Subordination (all copies enclosed) and the new one should be attached to the contract. Thereafter, the starting date should be inserted and the contract presented for signature, assuming, of course, that it meets with your approval. Distribution should be made in the usual manner.

The Applicant should be advised that the 6 percent interest in Article 1 (c) of the contract accrues from the dates on which the individual payments are made by the Government and like the principal is repayable from royalty on production.

With reference to your June 20 memorandum, we have provided for this matter by the Special Agreement following Article 16 of the contract.

43683

In your memorandum you speak of "Sunset No. 2 and Springfield claims", but we believe you meant Sunset No. 2 and Tourist.

George C. Selfridge

Enclosures

WRGriswold/hb (6/26/62)
cc to: Docket OME-6227
Director's Reading File
Review Committee
Code 500 (blue)

STANDARD FORM NO. 64

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Gremillo, IME

DATE:

FROM :

SUBJECT:

I have summarized & have also prepared an Amended Lease & Sub Agreement which, if Dr. Irish will sign, should make this Contract OK. It adds the Springfield Extension to those in the first L & S Agreement, and also provides that the IME work will be sufficient compliance with the Gaddis-Irish contract to entitle Gaddis to a lease. If Irish would sign (as by his contract he has already agreed to execute "agreements" to help Gaddis obtain an IME Contract) maybe Gaddis can come up with something else which will take care of him. If he does sign, the Amended L or S Agreement should be shown on p. 1 of the Contract.

The Agreement concerning land has been added & put in the Contract.

Gaddis 6/25/62

IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF THE SOLICITOR
WASHINGTON 25, D. C.

June 22, 1962

Memorandum

To: Director, Office of Minerals Exploration

From: Assistant Solicitor, Branch of Defense Minerals Activities

Subject: Gaddis Mining Company
OME-6227

I have had the subject contract prepared in final form, but call your attention to the following:

1. The Springfield Extension Claim is not covered by the Lien or Subordination Agreement. If you are going to leave this claim in the contract, another Lien or Subordination Agreement must be obtained.

2. The May 4, 1962, Amendment to the July 21, 1961 Lease and Option does not overcome Mr. Griswold's objection of March 6, 1962, that "We never accept a lease which dictates that a certain type of exploration must be done." As it now stands, Gaddis must still fulfill Paragraph I of the July 21, 1961 "Lease"; to date, it has met only the requirements of paragraph I(a). Until Paragraph I is fully complied with, Gaddis has only a license to enter upon the land, not a lease in the legal sense of the word. The mere fact that the May 4, 1962 Amendment gives Gaddis another year (to November 30, 1963) to do the things required by Paragraph I in no way changes things. Until they are performed Gaddis is not a lessee no matter what it is called on paper.

3. A minor matter, but where did you get "Book 336, page 566" referred to in Annex I as the recording data for the July 21, 1961 lease? Gaddis' application says it is recorded in Book 340, page 233. Also, since the report received with the Application is not in the file sent to us, we could not verify the sections 11 and 14 referred to in Annex I. Although they are shown on the Claim Map, they are not referred to in the Application.

All in all, I suggest that you take another look at this before you sign the contract. We were not consulted about this until the file was sent to us for preparation of the contract.

Charles M. Soller

Charles M. Soller

Enclosure

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED JUN 22 1962
500

June 20, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6227 (Silver-Copper-Lead-Zinc)
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Les Smith just telephoned me that Mr. DuBois passed away and the Gaddis Mining Company expects to get title to the Sunset No. 2 and Springfield claims, which Mr. DuBois owned, in about a year.

In the event the Gaddis Mining Company is given an exploration contract, would it be possible to include a provision which would automatically subordinate the Sunset No. 2 and Springfield claims to the Government as soon as the Gaddis Mining Company obtains these two claims?

Hugh M. Connors

Hugh M. Connors

Probably means "Tomorrow"

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED JUN 8 1962

DATE	INITIALS	CODE
6/9	[illegible]	500

June 5, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6227 (Silver-Copper-Lead-Zinc)
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

This responds to your memorandum dated May 29, 1962 concerning the referenced application.

The Bureau of Land Management advises as follows:

Sunset No. 2
Mineral Survey No. 9508
Patent No. 26567
The Amended Location Certificate shows the discovery date as September 12, 1892.

Springfield
Mineral Survey No. 9508
Patent No. 26567
The Amended Location Certificate shows the discovery date was May 26, 1893.

Hugh M. Connors

Hugh M. Connors

DRAFT
5/15/62
WRGriswold/gla

MME Form 50
Feb. 1959

UNITED STATES OF AMERICA
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Copy of draft for Docket

EXPLORATION CONTRACT
(Long Form)

Docket No.	Commodity	Contract No.	County	State
OME-6227	Silver-Gold-Lead-Zinc-Copper	14-23-090-	Gunnison	Colorado

It is agreed _____ (Date), between the United States of America, acting through the Department of the Interior, Office of Minerals Exploration, hereinafter called the "Government," and

Gaddis Mining Company, a Colorado corporation

_____,

whose mailing address is **Suite 1500, 1700 Broadway, Denver 2, Colorado**, 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 $ ~~31,030.00~~ 30,920.00. The Government will contribute 50 percent of the allowable costs as they are incurred, in a total sum not in excess of $ ~~15,515.00~~ 15,460.00 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 computed annually at the rate of _____ percent shall accrue from the dates Federal funds are made available until the period specified for payment of royalty expires, or until the amount of Federal funds contributed is fully repaid with interest.

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

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

Interest of Lessor

(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:

Lien or Subordination Agreement, dated May 24, 1962, signed by Dr. J. P. Irish

(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.--(a) 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 five copies of monthly reports in three sections as follows:

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

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

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

(Forms for reporting under (1) and (2) above will be provided by the Government.)

(c) Final report.--Upon completion of the work or termination of the Government's obligation to contribute to costs, the Operator shall furnish the Government with five 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 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.--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. This 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 retain his interest in the land), shall pay to the Government a royalty on all minerals and metals mined or produced from the land as follows:

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

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

(c) Payment of royalty.--(1) The Government's royalty shall be five percent of the ~~Operator's~~ 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)), shall be allowed as deductions in arriving at the "gross proceeds" as that term is used herein. No costs of the Operator 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 by the Operator 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 by the Operator 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 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.

(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.

See Article 16.

~~ARTICLE 12. Nondiscrimination.--In connection with the performance of work under this contract, the Operator agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision 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 Operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the Government setting forth the provisions of the nondiscrimination clause.~~

~~The Operator further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.~~

ARTICLE 13. Disputes.--Any dispute arising under this contract which is not disposed of by agreement shall be decided by the Director, Office of Minerals Exploration, who shall reduce his decision to writing and mail or otherwise furnish a copy thereof to the Operator. The decision of the Director, Office of Minerals Exploration, 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, Office of Minerals Exploration, a written appeal addressed to the Secretary. 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, Office of Minerals Exploration," as used herein includes his duly authorized representative.

ARTICLE 14. Eight-Hour Law of 1912--Overtime compensation.--This contract, to the extent that it is of a character specified in the Eight-Hour Law of 1912, as amended (40 U. S. Code 324—326) and is not covered by the Walsh-Healey Public Contracts Act (41 U. S. Code 35—45), is subject to the following provisions and exceptions of said Eight-Hour Law of 1912, as amended, and to all other provisions and exceptions of said Law:

No laborer or mechanic doing any part of the work contemplated by this contract, in the employ of the Operator or any independent contractor contracting for any part of said work contemplated, shall be required or permitted to work more than eight hours in any one calendar day upon such work, except upon the condition that compensation is paid to such laborer or mechanic in accordance with the provisions of this clause. The wages of every laborer and mechanic employed by the Operator or any independent contractor engaged in the performance of this contract shall be computed on a basic day rate of eight hours per day; and work in excess of eight hours per day is permitted only upon the condition that every such laborer and mechanic shall be compensated for all hours worked in excess of eight hours per day at not less than one and one-half times the basic rate of pay. For each violation of the requirements of this clause a penalty of five dollars shall be imposed for each laborer or mechanic for every calendar day in which such employee is required or permitted to labor more than eight hours upon said work without receiving compensation computed in accordance with this clause, and all penalties thus imposed shall be withheld for the use and benefit of the Government.

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 provisions.--

The provisions of Section 301 of Executive Order No. 10925 of March 6, 1961, required to be included in every Government contract are by reference hereby and herein incorporated and made a part of this contract. A copy of said Executive Order is attached to this contract as Exhibit B.

Executed in quintuplicate the day and year first above written.

GADDIS MINING COMPANY

(Operator)

By

Title

THE UNITED STATES OF AMERICA

By ~~Director, Office of Minerals~~ **Exploration**

I, _____ (Name), certify that I am the _____ secretary of the corporation named as Operator herein; that _____ (Name), who signed this contract on behalf of the Operator, was then _____ (Title) of said corporation; that said contract was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

[CORPORATE SEAL]

INT.-DUP. SEC., WASH., D.C. 52374

The provisions governing performance of work under Government contracts, as set out in Section 301 of Executive Order 10925, dated March 6, 1961 (a copy of which is attached hereto as Exhibit B and by reference hereby incorporated and made a part of this contract), shall be applicable to this contract, and shall be included in all contracts executed by the Operator for the performance of work contemplated by this contract, and for that purpose the term "contract" shall be deemed to refer to this instrument and to contracts awarded by the Operator and the term "contractor" shall be deemed to refer to the Operator and to contractors awarded contracts by the Operator.

Executed in quintuplicate the day and year first above written.

DRAFT
5/15/62
WRGriswold/gla

EXPLORATION CONTRACT
GADDIS MINING COMPANY
OME-6227

ANNEX I

The land referred to in Article 2 of the contract, with all rights pertaining thereto, consists of ~~ten patented~~ and four unpatented mining claims ~~located~~ in sections 10, 11, 14, and 15, ~~Township~~ 13 S., ~~Range~~ 83 W., 6th P.M. in the Tin Cup mining district of Gunnison County, Colorado. The claims are held by the Operator under a Mining Lease With Option to Purchase, dated July 21, 1961, given by Dr. J. P. Irish, and recorded in Book ~~304~~ 336, Page ~~233~~ 566 in the office of the County Clerk and Recorder of Gunnison County, Colorado, and an amendment to said lease and option dated May 4, 1962.

The individual claims are as follows:

Patented Claims

Name	U. S. Patent No.
Springfield	9508
Springfield No. 1	9508
Compromise No. 1	13235
Compromise No. 2	13235
Goldfield	13235
Goldfield No. 1	13235
Goldfield No. 2	13235
Goldfield No. 3	13235
Goldfield No. 4	13235
Carbonate Prince	4451

Unpatented Claims

Name	Recording Data
Harvard	Recorded in Book 260, page 205
Yale	Recorded in Book 250, page 205
Princeton	Recorded in Book 260, page 206
Springfield Extension	Recorded in Book 319, page 25

The above unpatented claims are recorded in the office of the County Clerk and Recorder of Gunnison County, Colorado.

All claims are shown in blue color on the attached Figure 1 entitled, "Proposed Tunnel, Gaddis Mining Company, Forest Hill Mine, Gunnison Co., Colorado."

[illegible]

[illegible] A

[illegible] silver, gold, lead, zinc, and [illegible] to intersect the [illegible].

[illegible]

[illegible] at a [illegible] boundaries.

[illegible] services necessary [illegible]

All [illegible] shall be [illegible]

[illegible]

A [illegible]. The dozer [illegible] make. The [illegible] such buildings.

[illegible] incidental [redacted] [illegible] of the [illegible] Hole Data" [illegible] Proposed [illegible] County, Colorado".

Hole No.	Estimated Depth	Angle	Bearing	Coordinates	
1	[illegible]	-65°	N7[illegible]W	[illegible]N	[illegible]E
2	[illegible]	-65	N[illegible]W	[illegible]N	[illegible]E
3	[illegible]	-65	N7[illegible]W	[illegible]N	600E
4	[illegible]	[illegible]	S[illegible]	[illegible]	[illegible]E
5	[illegible]	[illegible]°	N[illegible]W	[illegible]	[illegible]E

The sixth hole shall be drilled as [illegible] in the light of the results of the first five holes. [illegible] of the six holes shall [illegible] t.

Drill core [illegible]

[illegible] drilling bits (core diameter of [illegible] BX [illegible] giving approximately the same size core diameter. Where [illegible] to complete a hole, BX wireline size (1 - 1/8" inch core diameter) may be used or standard AX size giving [illegible] same size core.

All drill core will be carefully [illegible] to be available for inspection by the Government. With [illegible] approval, the operator may later dispose of the stored core.

Drill core [illegible] half and one half reserved [illegible] assayed for silver, gold, [illegible], and other [illegible].

[illegible] [redacted],

If the [illegible] may be discarded. [illegible] mineralized areas [illegible] samples shall be split, one fraction assayed in the [illegible] above, [illegible] fragments recovered.

[illegible] 200 assay determinations [illegible] interval of more than [illegible]

All [illegible]

completed [illegible]

shall be [illegible]

[illegible]

[illegible]

Category [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

26,160.00

Category [illegible]

None [illegible]

[illegible] 300.00

Category [illegible]

None [illegible]

[illegible] 300.00

Fixed Unit Costs

Incidental allowance [illegible] of [illegible] completed, [illegible] ft. [illegible] ft. 4,160.00

[illegible] 30,920.00

[illegible] 15,460.00

Re: OME - 6227

Annex I —

① Photostat of lease shows recording in book 336, pages 566-574, not book 340, page 233.

② Listed claims don't agree with checked (✓) claims on copy of lease ??? — and one red-X'd claim is included.

Exhibit A —

① Page 2 states drilling footage in Stage I may not exceed 1500', but estimated costs on page 4 provide for 1560'.

② Page 3 provides max. of 1600' of drilling in Stage II, but estimated costs on page 5 total 1660'.

Question: Are both Stage I + II drill sites to be doyed under Stage I ??

Talbert
5/16/02

P.S.: Several minor corrections have been made in pencil.

DRAFT
5/15/62
WRGriswold/gla

Revised

EXPLORATION CONTRACT
GADDIS MINING COMPANY
OME-6227

EXHIBIT A

The purpose of the project is to explore for ores of silver, gold, lead, zinc, and copper by diamond core drilling from surface to intersect the Springfield vein. The work under the project is divided into two stages. Stage I work shall be completed as outlined herein, and as much of Stage II shall be done as may be given prior approval by the Government. The work under Stage II shall be contingent upon favorable results having been obtained under Stage I.

General Conditions

The Government will not participate in the cost of any work done at a distance of less than one hundred feet from property boundaries.

The Operator shall provide all technical and supervisory services necessary to complete the project in a satisfactory manner.

All drill hole locations, directions, inclinations and depths shall be subject to prior Government approval.

Description of the Work

Stage I

Three inclined diamond drill holes shall be drilled approximately at locations and directions as shown for holes Nos. 1, 2, and 3 on the attached Figure 2 entitled, "Proposed Diamond Drilling,

Gaddis Mining Company, Forest Hill Mine, Gunnison Co., Colorado." The holes shall be drilled at approximately angles of minus 65 degrees and will vary in depth from an estimated 370 feet to an estimated 530 feet. The total combined footage of the three holes may not exceed 1500 feet.

A bulldozer shall be used to prepare drill sites and access roads. The dozer shall be of not less than D-7 size or equivalent size of other make. The Government will contribute to the cost of not to exceed 25 hours of such bulldozing.

Diamond drilling shall be done with NX wireline size coring bits (core diameter of 1-9/16 inches) or BX standard size coring bits giving approximately the same size core diameter. Where necessary to complete a hole, BX wireline size (1-1/8 inch core diameter) may be used or standard AX size giving the approximate same size of core.

All drill core shall be properly boxed and stored so as to be available for inspection by the Government. ~~Mx~~ With prior Government approval, the Operator may later dispose of such stored core.

Core from drilling in significantly mineralized areas shall be split and one fraction reserved for the Government. The remaining ~~sample~~ shall be assayed for gold, silver, ~~gold~~, lead, zinc, and copper as may ~~appear~~ ~~xxx~~ desirable.

Facilities shall be provided for the retention and sampling of diamond drill sludges and in significantly mineralized areas where the core recovery is less than 60 percent, the sludging shall

be split, one fraction set aside for the Government and the remaining fraction assayed in the manner indicated above, in addition to the core segments recovered.

All holes shall be logged geologically and copies of the logs of completed holes, together with maps showing hole locations and sections, shall be furnished with the monthly report to the Government.

No drill hole sample shall represent a space interval of more than five feet.

The Government will contribute to the cost of not to exceed 100 assay determinations under Stage I. Incidental overburden drilling shall be done as necessary.

Stage II

Three inclined diamond drill holes shall be drilled to supplement the work done under Stage I. The locations, inclinations, directions, and depths of two of such holes are approximately shown on Figure 2 as holes Nos. 4 and 5. The third hole shall be drilled as may appear desirable in the light of results of the prior five holes. It is estimated that each of the three holes will have a length of approximately 500 feet. The total combined footage of the three holes may not exceed 1600 feet. Incidental overburden drilling shall be done as necessary.

All Stage I specifications concerning diamond drill core sizes, core storage, sampling, assaying, and reporting shall apply equally to Stage II.

The Government will contribute to the cost of not to exceed 100 assay determinations under Stage II.

Estimated Costs of the Project

Stage I

Actual Costs

Category (1) Independent Contracts

Bulldozing, 25 hours @ $12.00/hr.	$ 300.00	
Diamond drilling		
Mobilization and demobilization ~~of equipment and personnel~~	475.00	
Overburden ~~and~~ drilling, 60 feet, @ $5.50/ft.	330.00	
NX wireline or BX standard drilling, 1500 feet, @ $6.10/ft.	9,150.00	
BX wireline or AX standard @ $5.65/ft.		
Reaming and casing, 1000 feet, @ $2.35/ft.	2,350.00	
Cementing and redrilling, 50 hours, @ $12.00/hr. (cost of cement included)	600.00	$13,205.00

Category (3) Operating Materials and Supplies

None except:

45 wooden core boxes @ $3.00 each	135.00

Category (7) Miscellaneous

None except:

100 determinations @ $1.50/each 150.00

Fixed Unit Costs

Incidental allowance for each foot of drilling completed, 1500 feet, @ $1.35/ft. 2,025.00

Total Estimated Cost Stage I $15,515.00

Stage II

Actual Costs

Category (1) Independent Contracts

Overburden drilling, 60 feet, @ $5.50/ft. $ 330.00

NX wireline or BX standard drilling, 1600 feet, @ $6.10/ft. 9,760.00

BX wireline or AX standard @ $5.65/ft.

Reaming and Casing, 1,000 feet, @ $2.35/ft. 2,350.00

Cementing and redrilling, 50 hours, @ $12.00/hr. (cost of cement included) 600.00 $13,040.00

Category (3) Operating Materials and Supplies

None except:

55 wooden core boxes @ $3.00 each 165.00

Category (7) Miscellaneous

None except:

Assaying, 100 determinations @ $1.50 each	$ 150.00	

Fixed Unit Costs

Incidental allowance for each foot of drilling completed, 1600 feet, @ $1.35/ft.	2,160.00	
Total Estimated Cost Stage II		$15,515.00

S U M M A R Y

Total Estimated Cost of Stage I	$15,515.00
Total Estimated Cost of Stage II	15,515.00
Total Estimated Cost of Project	$31,030.00
Government Participation at 50%	$15,515.00

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E.
RECEIVED JUN 4 1962

DATE	INITIALS	CODE
6/4	Received	500

May 31, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6227 (Silver-Copper-Lead-Zinc)
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Attached are the original and four copies of the Lien or Subordination Agreement executed and dated by Dr. J. P. Irish.

This is the Consent to Lien you returned to this office with your letter of May 17, 1962 because Dr. Irish had failed to date the agreement.

Hugh M. Connors

Hugh M. Connors

Attachments

Gaddis MINING COMPANY

SUITE 1500 MILE HIGH CENTER
DENVER 2, COLORADO

Telephone MAin 3 5204

OME
DEPARTMENT OF THE INTERIOR
MAY 31 1962
REGION III
DENVER, COLORADO

May 29, 1962

United States Department of the Interior
Office of Minerals Exploration
Building 20 - Federal Center
Denver 25, Colorado

Re: OME - 6227
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado

Attention: Mr. Hugh M. Connors
Acting Field Officer

Dear Mr. Connors:

Enclosed are five (5) copies of the "Lien or Subordination Agreements", executed and dated by Dr. J. P. Irish.

If any further information is needed please contact us.

Very truly yours,

GADDIS MINING COMPANY

By Loren E. Smith
Loren E. Smith

LES:rjs
Enclosures

COPY

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5/28	Griswold	500
5/28	Talbot	800
5/29	Selfridge	130
	on leave	110
"	on leave	100
5/29	cae	220
		500

MAY 29 1962

AIRMAIL

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OMK-6227 (Silver-Lead-Zinc-Copper)
Caddis Mining Company
Forest Hill Mine
Gunnison County, Colorado

Regarding your May 23 memorandum concerning the referenced application, with enclosure, we shall delete the Tourist claim since it is not held by the Applicant. We, of course, understood that the Sunset No. 2 claim was in the hands of others.

We are only awaiting the dated Lien or Subordination Agreements to continue processing this application.

We note that the Sunset No. 2 claim has the same patent number as the Springfield. Therefore, the question of title to the Springfield vein within Sunset No. 2 sidelines would depend upon the respective dates when these two claims were recorded. It would be interesting to have this information if you could obtain it.

George C. Selfridge

WRGriswold/gla
5-28-62
cc to: Director's Reading File
Review Committee
Docket

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 28 1962

DATE	INITIALS	CODE
5/28	Received	500

May 23, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6227 (Silver-Copper-Lead-Zinc)
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Attached is a letter from the subject Applicant dated May 22, 1962.

Mr. Smith told me in a telephone conversation that his company had tried to purchase the Tourist and Sunset No. 2 claims, Patent No. 9508, but that the owner was unreasonable in the price he was asking.

Should you insist that the Applicant must have the right to mine and remove ore from these two claims, I feel that the Applicant could probably make the necessary arrangements.

Hugh M. Connors

Hugh M. Connors

Attachment

Gaddis MINING COMPANY

SUITE 1500 MILE HIGH CENTER
DENVER 2, COLORADO

Telephone MAin 3 5204

OME
DEPARTMENT OF THE INTERIOR
MAY 23 1962
REGION III
DENVER, COLORADO

May 22, 1962

United States Department of the Interior
Office of Minerals Exploration
Building 20 - Federal Center
Denver 25, Colorado

Attention: Mr. Hugh M. Connors
Acting Field Officer

Re: OME-6227
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado

Dear Mr. Connors:

In reference to your letter of May 21, 1962 the Lien or Subordination Agreements have been forwarded to Dr. Irish for the inclusion of the date and when returned will be sent to your office.

In reference to the Tourist and Sunset No. 2 claims, Patent No. 9508, neither of these claims are held by Dr. J. P. Irish or Gaddis Mining Company. They were not included in the OME application and do not interfere with the development of the property. The Springfield vein does not extend to the north onto the Tourist claim but crosses the east side line of the Springfield claim onto the Goldfield No. 4 and onto the Carbonate Prince.

Because of the 45 degree dip to the east of the Springfield vein the reserves developed by the proposed drilling program will be under the Springfield No. 1, Compromise No. 1 and Goldfield No. 4 claims (See Figure 3, Claim Map). There is from 800 feet to 1500 feet of strike length, depending on depth, along the vein in the area of the drilling program. Adequate reserves can be developed in this area to support a mining and milling operation without ownership of the Sunset No. 2 claim.

We will be glad to furnish additional information if needed.

Very truly yours,

Gaddis Mining Company

By Loren E. Smith
Loren E. Smith

LES:rjs

Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E.
RECEIVED MAY 24 1962

DATE	INITIALS	CODE
5/24	[illegible]	500

May 21, 1962

Mr. Loren E. Smith
Gaddis Mining Company
Suite 1500 Mile High Center
Denver 2, Colorado

Re: OME-6227 (Silver-Lead-Zinc-Copper)
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Dear Mr. Smith:

Attached are five copies of the Lien or Subordination Agreement signed by Dr. J. P. Irish, P. O. Box 115, Nucla, Colorado. Will you please have Dr. Irish insert the date of signature on all copies of the agreement and return them to this office.

It is also noted that Tourist claim, Patent No. 9508 is not included in the Lien or Subordination Agreement. Since this claim could be of importance, we must have another Lien or Subordination Agreement for the Tourist claim and attached are six extra copies of Lien or Subordination Agreement for that purpose.

The "Amendment to Mining Lease with Option to Purchase" was received in this office May 18, 1962 and has been forwarded the Washington Office OME.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

Attachments
HMC/lm
cc Chief, Division of Field Operations, OME
OME-6227
Chron

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED MAY 21 1962

DATE		CODE
5/21	Chiarnes	500

May 18, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6227 (Silver-Copper-Lead-Zinc)
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Attached are a copy of the Amendment to Mining Lease with Option to Purchase and a copy of the letter of transmittal dated May 16, 1962.

Hugh M. Connors

Hugh M. Connors

Attachments

See document and Gaddis transmittal letter to Denver office, May 16, 1962 left-hand side

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
5/17	Griswold	500
5/17	Talbot	800
5/17	[illegible]	130
"	Johnson	110
5/17	Fenwick	100
5/17	[illegible]	220
		500

MAY 17 1962

AIRMAIL

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: CMK-6227 (Silver-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado

With reference to your May 8 memorandum covering the referenced amended application, we are sure you are aware that we can take no action until we receive the extended lease mentioned in Mr. Smith's letter to you of May 7. Also please point out to him that the Tourist claim, Patent No. 9508, is not included in the Lien or Subordination Agreement. Since this claim could be of importance, we must have another Lien or Subordination Agreement for such claim.

We are enclosing five copies of the Lien or Subordination Agreement signed by Dr. J. F. Irish, P. O. Box 115, Bucla, Colorado, because it is not dated.

George C. Selfridge

Enclosures

WRGriswold/gla
5-17-62
cc to: Director's Reading File
Review Committee
Docket

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E
RECEIVED MAY 11 1962

DATE		
5/11	Received	500

May 8, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6227 (Silver-Copper-Lead-Zinc)
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

Attached is the amended application on the subject docket. One copy is being retained in this office.

I have personal knowledge of this property and I see nothing to be gained by a field examination at this time.

I recommend that a contract be made along the lines suggested in the amended application.

Hugh M. Connors

Hugh M. Connors

Attachment

Field Officer Recommendations

See Amended Application, inc., Gaddis Mining Company letter May 7, 1962, and 3 maps.

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
4/10	[illegible]	500
4/10	Tallent	800
4/10	[illegible]	130
"	[illegible]	110
4/10	[illegible]	100
4/11	CAC	220
		500

APR 1 0 1962

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6227 (Silver-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado

With reference to the last two paragraphs of Mr. Romslo's April 6 memorandum regarding the referenced application, we are fully in accord with his expressed ideas. Hence, please proceed as he outlined.

Accordingly, the application is referred to Region III for a report and recommendations.

George C. Selfridge

(262)

WRGriswold/gla
4-10-62
cc to: Director's Reading File
Review Committee
Docket

43683

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
4/10	[illegible]	500
4/10	Talbot	800
4/10	[illegible]	130
"	Johnson	110
4/10	[illegible]	100
		220
		500

APR 1 0 1962

Mr. Loren E. Smith
Vice President
Gaddis Mining Company
Suite 1500, 1700 Broadway
Denver 2, Colorado

Re: OME-6227 (Silver-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado

Dear Mr. Smith:

The application for assistance in exploring the subject property has been reviewed by the Division of Minerals of the Office of Minerals Exploration and referred to Mr. H. M. Connors, Acting Field Officer, Office of Minerals Exploration, Region III, Building 20, Denver Federal Center, Denver 25, Colorado.

The Regional Office will notify you in case additional information concerning the application is needed.

Sincerely yours,

George Fumich, Jr.

Director

GLAult/a
4-10-62
cc to: Director's Reading File
Region III (2)
Docket

43683

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION
Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E.
RECEIVED APR 9 1962

DATE	INITIALS	FILE
4/9	Received	560

April 6, 1962

Memorandum

To: George C. Selfridge, Chief
Division of Field Operations, OME
Washington 25, D. C.

From: Acting Field Officer, OME, Region III

Subject: OME-6227 (Silver-Copper-Lead-Zinc)
Gaddis Mining Company
(Forest Hill Mine)
Gunnison County, Colorado

This refers to your memorandum, dated March 20, 1962, concerning the subject docket.

As you suggested, I got in touch with Mr. Loren E. Smith and told him, using your words, the position taken by the OME in this matter. We also discussed the possibilities of obtaining additional information that would indicate the property merits exploration.

Enclosed are the original and one copy of Mr. Smith's letter dated March 4, 1962, presenting additional information and an alternate proposal.

Information furnished by the Applicant and in the Bureau's reports recommending diamond drilling, indicates that little more can be learned about the Springfield vein by trenching and reopening the adits. It also indicates that diamond drilling is the cheapest practical method of determining the property's potentiality.

In lieu of the Applicant's proposals submitted to date, I suggest for consideration a two stage diamond drilling program. Under Stage I, about 1500 feet of drilling would be done in three holes designed to test the vein in the areas described in Mr. Smith's enclosed letter. Stage II work, if warranted, would consist of an additional 1500 feet of drilling at locations subject to Governmental approval. The total allowable cost of the project probably would not exceed $30,000.00.

My suggested program would be acceptable to the Applicant, who will submit, if requested to do so, maps, diamond drilling bids, and detailed cost estimates.

T. M. Romslo

Attachments

Gaddis MINING COMPANY
SUITE 1500 MILE HIGH CENTER
DENVER 2, COLORADO
Telephone MAin 3 5204

March 4, 1962

OME
DEPARTMENT OF THE INTERIOR
APR 5 1962
REGION III
DENVER, COLORADO

U. S. Department of Interior
Office of Minerals Exploration
Federal Center
Denver 23, Colorado

Re: OME Application 6227
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado

Dear Sirs:

In reference to the above OME Application No. 6227 and subsequent amendment, the following information is submitted for your review and consideration.

The original diamond drilling program was submitted because it appeared to be the most feasible method of proving or disproving the existance ore-grade mineralization in quantities that would warrant a full-scale exploration and development program. The program would, in effect, not prove developed ore reserves but would merely reduce the risk involved in driving the lower tunnel for exploration of the Springfield vein at depth. Diamond drilling was chosen as the method of exploration because of the costs of other methods and the physical feature of the property.

An attempt was made to rehabilitate the shaft in 1958 which failed and it is estimated that the cost of rehabilitation of the shaft and unwatering of the mine will exceed $100,000.00. The earlier unsuccessful diamond drilling was done by inexperienced drillers using inadequate equipment, whereas the drilling contractors that bid on the program will guarantee ore recovery.

Trenching was considered as a method of exploration but very little factual information would be obtained because of the thickness of over burden and removal of sulfides by oxidation. The strike and dip of the Springfield vein is known and also the strike of veins No. 1, 2, and 3. Vein No. 1 can be examined in the lower tunnel at very little cost but this vein is not the primary objective. There is less than 100' of back above the tunnel level and most of this is in the oxidized zone. Tunnel No. 1 mentioned in the Beeler report could be opened but there is less than 30 feet of back above the level and it is in the oxidized zone.

MME Form 7
(10-58)

Solfridge · Mar 20, 1962

MAR 30

OFFICIAL FILE COPY

Date	Surname	Code
3/20	Griswold	500
3/20	Talbot	800
3/20	GCS	130
"	Johnson	110
3-21	Jensen	100
3/21	[illegible]	220
		500

Memorandum

To: Acting Field Officer, Region III

From: Chief, Division of Field Operations

Subject: OME-6227 (Silver-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado

We have your March 16 memorandum covering the referenced project, with the enclosed amended application. We agree with you that it may possess a certain degree of merit.

Nevertheless, we cannot make a formal field referral while everything is caved in and inaccessible. The western states are full of old properties of this sort and, in the great majority of cases, a plausible argument could be made for their rehabilitation. If we got into a program of this sort, there would be no end to it.

We suggest that you get in touch with Mr. Loren Smith and tell him that you cannot recommend a $130,000.00 project on a "blue sky" basis, with nothing to look at. By his own account, it would be a small matter to reopen the lower tunnel; four sets of timber at the portal and two small caves further in, plus cleaning up the drift on the No. 1 vein and making it available for examination.

Beeler, in his 1938 report, gives interesting assays on the True Blue and also on the Park vein, though we are not clear as to just where the Park vein samples were taken. Perhaps the Applicant would prefer to clean out the No. 1 tunnel for examination, assuming you feel this would be adequate for your purpose. In any case, you should tell the Applicant very frankly that you cannot "go off half-cocked" and recommend a big project with nothing visible but some mountain scenery. From the information available, it should be no great matter for this company to get things tidied up sufficiently so that there would be something for you to see and to sample, and to enable you to make an intelligent appraisal of the project.

We would, of course, have to have a proper and adequate lease and a better cost breakdown. The round figures of $35.00 per foot for drifting, crosscutting, and raising would require the usual detailed itemization.

WRGriswold/gla
3-20-62
cc to: Director's Reading File
Review Committee
Docket

(See page 2 of this memo added later)

43683

Please do not feel that we are necessarily in favor of a long crosscut project to the exclusion of anything else in case a project appears warranted. Possibly you might feel that the main shaft should be rehabilitated and sunk another 150 feet, with subsequent work of drifting and crosscutting. Likewise, perhaps you might feel that work should be done on or near the surface, in the form of trenches or crosscuts and drifts, as a preliminary phase, or perhaps you might care to consider diamond drilling of the veins on which little information is available.

George C. Selfridge

WRGriswold/gla

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
3/12	Brownell	500
3/13	Silfverberg	120
"	Johnson	110
3-13	Fumich	100
3/13	cal	220
		500

MAR 13 1962

Mr. K. W. Du Bois
1460 Cook Street
Denver 6, Colorado

Re: OME-6227 (Silver-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado

Dear Mr. Du Bois:

We have your March 7 letter referring to the Sunset No. 2 and Tourist lode claims. According to our files, our Denver field office acknowledged your letter under date of February 23. You may be very sure that we never would include mining claims in any exploration project contrary to the desires of the owner of such claims.

With reference to your inquiry, silver is an eligible metal under the OME regulations. We know of no recent "tariff on metals" as you mention. For your further information, we are enclosing a booklet explaining the OME program and also a copy of the regulations.

You may write to this office inquiring as to DMEA projects; however, you can appreciate that we cannot give out much information without the written approval of the operator under a DMEA contract.

Sincerely yours,

George Fumich, Jr.

Director

Enclosures

WRGriswold/gla
3-12-62
cc to: Director's Reading File
Region III (2) w/2 cys Mr. Du Bois' letter
Docket

see amended application 3/15/62 + P-III memo 3/16/62

K.W.D u Bois
1460 Cook St.
Denver 6,Colo.

OFFICIAL FILE COPY
O.M.E.
RECEIVED
DATE MAR 9 1962

Mr.Geo.Fremich,jr.
Director O.M.E.
Dept.of Interior
Washington 25,D.C.

March 7,1962

3/9 Answered 500

Re : Application by Gaddis Mining Co. for loan on the Forest Hill - Springfield mine.

Dear Sir ;

On Feb.6.21,1962 I wrote to the local office of O.M.E. A copy of this letter was forwarded to you by Mr.Hugh Conners,of the Denver office.

As yet I have received no acknowledgement of the receipt of this letter from your office nor any information of any action you may have taken.

Therefor, I am hereby serving notice on you direct that the two lode claims, the Sunset No.2 and Tourist,which I own personally,are not and shall not be included in any loan agreement with the Gaddis Mining Company,Dr.J.P.Irish or any other person or company.

I would appreciate an acknowledgement of this letter and also any action you have taken or plan to take.

May I also ask how this new legislation on silver and tarriff on metals is going to effect the attitude of the O.M.E. in granting loans ?

To what office would I write to inquire into the status of a loan under DMEA. ?

Thank you.

Yours truly,

K.W.Du Bois

K.W.Du Bois

MME Form 7
(10-58)

OFFICIAL FILE COPY

Date	Surname	Code
3/6	Brown	500
3/6	[illegible]	800
3/6	On leave	130
"	Johnson	110
3/6	Fenech	100
3/6	[illegible]	220
		500

MAR 6 1962

Memorandum

To: Acting Field Officer, Region III

From: ACTING Chief, Division of Field Operations

Subject: OME-6227 (Silver-Lead-Zinc-Copper)
Gaddis Mining Company
Forest Hill Mine
Gunnison County, Colorado

Referring to the captioned application, we are inclined to deny it directly from this office, without a field referral. However, possibly you might first care to comment, or perhaps you might wish to arrange an interview with a representative of the applicant company. Hence, we shall leave the matter open until we hear from you.

Our objections are as follows:

1. Lease period too short; lease expires November 30, 1962, with no renewal privilege, unless a certain number of holes are drilled, of a certain type. We never accept a lease which dictates that a certain type of exploration must be done. Neither do we give approval for diamond drilling which is essentially for the purpose of confirming the existence of previously developed ore reserves. For all practical purposes, the lease is of no value after the November 30, 1962, date.

2. Available length of vein is insufficient. It is obvious from the plan map and the Applicant's own statement (page 10 of report) that the vein breaks up and disappears immediately north of the shaft. Hence, we only have an available vein length of about 500 feet, going southerly. The Applicant (page 15) indicates an ore shoot pitch of 45 degrees to the south. In essence, even if an exploration project was moderately successful, we could not hope to expose enough ore to warrant an adequate milling operation.

3. We are not overly enthusiastic about the proposed diamond drilling. One attempt to diamond drill this property was a failure (page 8) and the Applicant anticipates trouble for its own proposed drilling (page 18). In any event, any diamond drilling program, even to warrant consideration, would have to penetrate new and previously unexplored areas.

We do believe that the property may have some color of merit and perhaps something more logical can be worked out. The lower tunnel, which could cut several veins, might be interesting.

(s/ W. R. Griswold)

WRGriswold/gla 3-2-62
Rewritten: 3-6-62
cc to: Director's Reading File
Review Committee
Docket

43683

March 1, 1962

Gaddis Mining Company
Suite 1500
1700 Broadway
Denver 2, Colorado

Subject: OME - 6227

Gentlemen:

Your application for exploration assistance, dated February 26, 1962 submitted to our office at Denver, Colorado has been assigned Docket Number OME-6227.

Please identify all future correspondence relating to your application by this docket number

Sincerely yours

Allen S. Dakan, Chief
Division of Administrative
Management

Copy to: Region III

Goddis had a contract in WYO - not in Colorado.

Building 20 - Federal Center
Denver 25, Colorado

OFFICIAL FILE COPY
O. M. E.
RECEIVED FEB 28 1962
DATE
2/26 D 280
~~120~~

February 23, 1962

Mr. K. W. Du Bois
1460 Cook Street
Denver 6, Colorado

Re: Application for OME Aid
Geddis Mining Company
FOREST HILL-SPRINGFIELD property
Tin Cup Mining District
Gunnison County, Colorado

Dear Mr. Du Bois:

This will acknowledge receipt of your letter dated February 21, 1962 regarding an application for an OME loan on the captioned property.

This is to advise that to date we have not received, in this office, an OME application on the Forest Hill-Springfield property. It is entirely possible that the subject application has been made to the Washington Office OME of which I have no knowledge.

Yours very truly,

Original signed by

Hugh M. Connors
Acting Field Officer, OME
Region III

HMC/lm
cc Chief, Division of Field Operations, OME
with 2 copies of K. W. Du Bois letter dated 2/21/62
File
Chron

(2)

OME
DEPARTMENT OF THE INTER
FEB 2 1962
REGION III
DENVER, COLORADO

K.W.DU BOIS
[redacted]60 Cook St.
Denver 6,Colo.

Office of Mineral Exploration
Federal Center
Denver,Colo.

Feb,21,1962

Mr.Hugh M.Connors

In Re :

Application for O.M.E. loan on the FOREST HILL-SPRINGFIELD property,Tin Cup mining district,Gunnison County Colorado,by the Gaddis Mining Co.Denver,Colo.

Dear Sir;

On July 21,1961 a Lease With Option To Purchase was issued by Dr.J.P.Irish of Nucla,Colo.the owner of above property to the Gaddis Mining Co.of 1700 Broadway,Denver.Colo.

In this document two claims,the Sunset,No.2.patent No.9508 and Tourist,patent No.9508 were included without my knowledge or concent,as the verbal agreement between Dr Irish and myself and Mr.Gaddis,president of the Gaddis Mining Co. was not fulfilled.

I hold title to these claims by a deed issued to me June 27,1960 and recorded in Book 336,Page 146 at Gunnison Colorado.

No effort has been made to compile with our orginall agreement nor has a satisfactory offer to acquire these claims been made.

On Aug.30,1961 a letter was sent to both Dr.Irish and the Gaddis Mining Co. to ordering them to remove these two claims from said lease.

In veiw of the above I am hereby serving notice on you that these claims, Sunset No.2 and Tourist,are not and shall not be included in any loan ageement made with the Gaddis Mining Co.Dr.Irish or anyone other than myself.

I thank you for your close attention to this matter and would like to have your acknowledgement of this notice as well as any further information you have.

I hope to have another visit with you soon as I enjoyed and appreciated our last one.

Yours truly,

K.W.Du Bois

K.W.Du Bois

Fr.7 4537

cc to Gaddis & Irsih

Diamond drilling can very readily be done on veins No. 2 and No. 3 but the amount of drilling necessary to adequately explore each of these veins would be approximately the same as that proposed on the Springfield vein and would thereby tripple the cost of the program.

Based on the information contained in the old reports and the reports written by Stephen R. Wilson and Scott Hazen who have examined the property, we feel that some type of explanation is warranted. The geologic and economic conditions are such that ore deposits of commercial size and grade might be found.

In order to adequately explore the Springfield vein solely by diamond drilling a program of approximately 4000 feet at a cost of $45,000 ? would be required. A program of this size is not warranted when the Springfield, the No. 2 and No. 3 veins can all be explored by a lower tunnel. This property is a classic example of the problem of whether to drill or do underground exploration and can possibly be solved by a combination of both.

In an effort to overcome the objectional features of the original application and the amendment it is proposed that a two phase exploration program be conducted on the property consisting of both diamond drilling and underground exploration. Phase I to consist of three holes, two to be drilled below the 332 foot level and one south of the present workings. If the results of Phase I are favorable Phase II will consist of extending the lower tunnel with limited drifting on the Springfield vein, No. 2 vein and No. 3 vein.

Because of the dip of the Springfield vein, on the tunnel level, there will be approximately 1000 feet of vein to explore south of the shaft which is not in conflict with the Sunset No. 2 claim. Dr. J. P. Irish, lessor of the claims, has agreed to amend the lease with Gaddis Mining Company to meet any conditions necessary to qualify for an OME loan.

The estimated cost of the proposed Two Phase program is as follows:

Phase I	Diamond Drilling	1500'	$ 18,000.00 ?
Phase II	Underground Exploration	2000'	110,000.00
	Total		$128,000.00

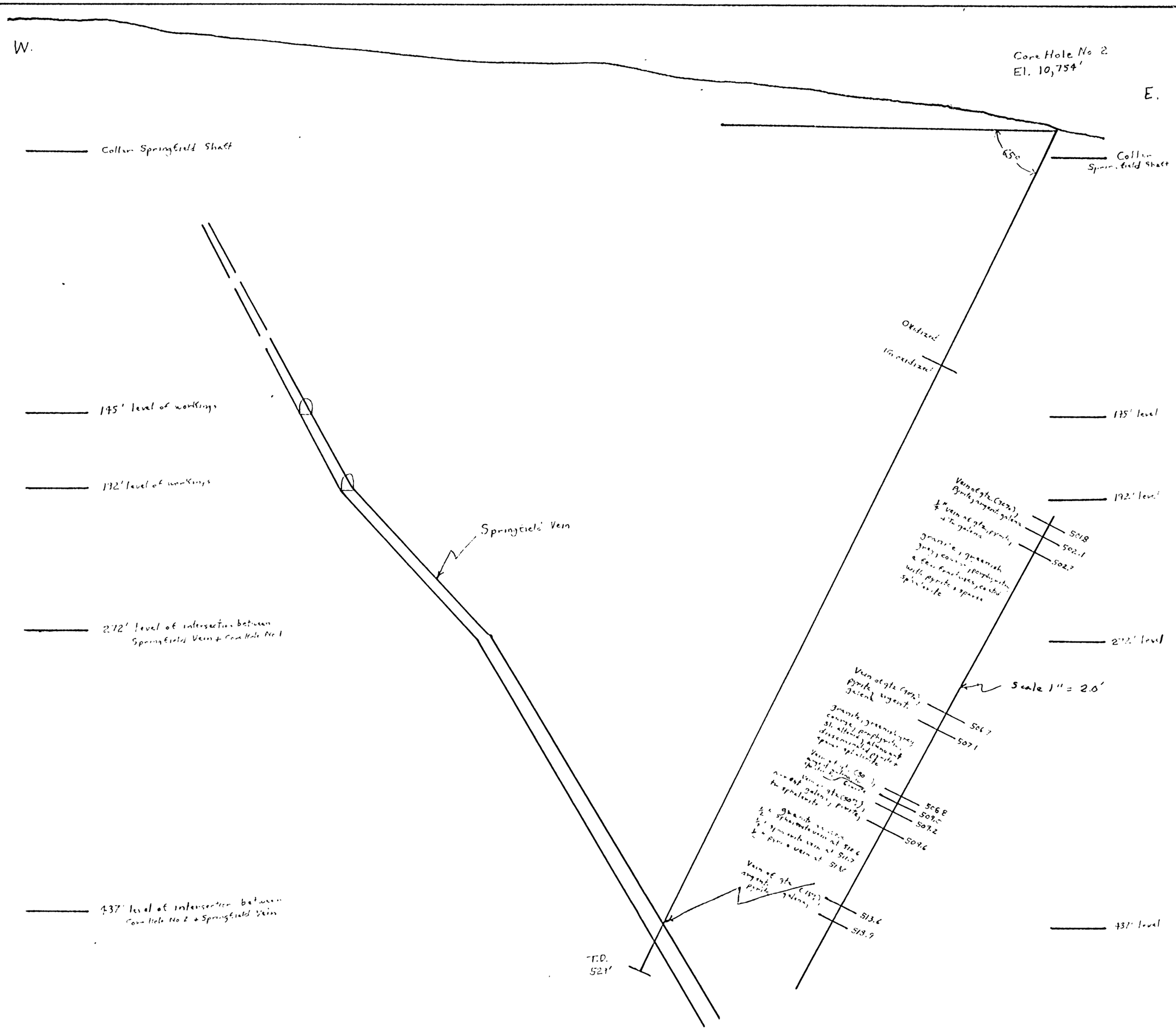
If the proposed program or any modification of the program meets with your approval, bids and actual cost figures will be submitted.

Yours very truly,

GADDIS MINING COMPANY

By Loren E. Smith
Loren E. Smith

LES:rjs



Forest Hill Project

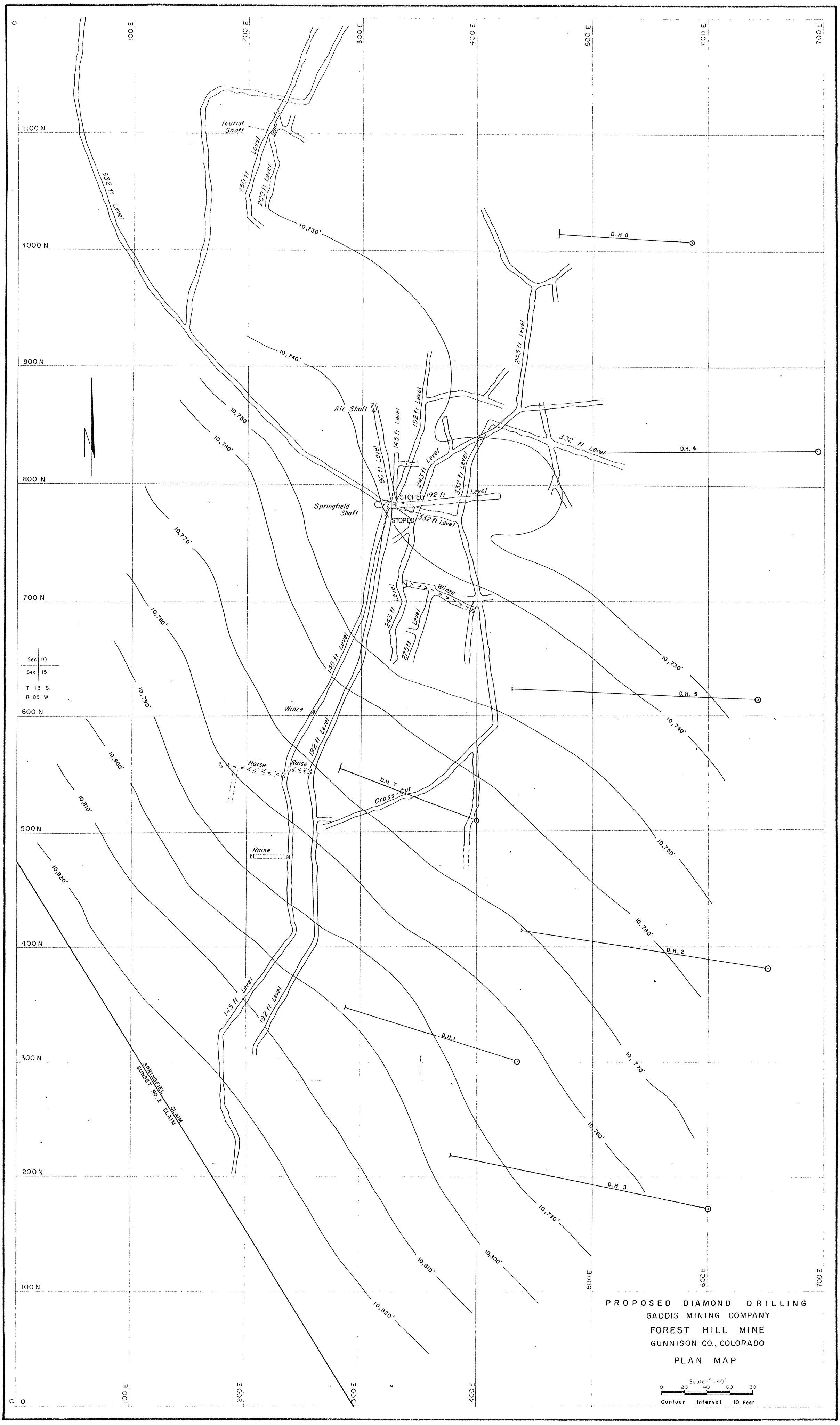
Gunnison County, Colorado

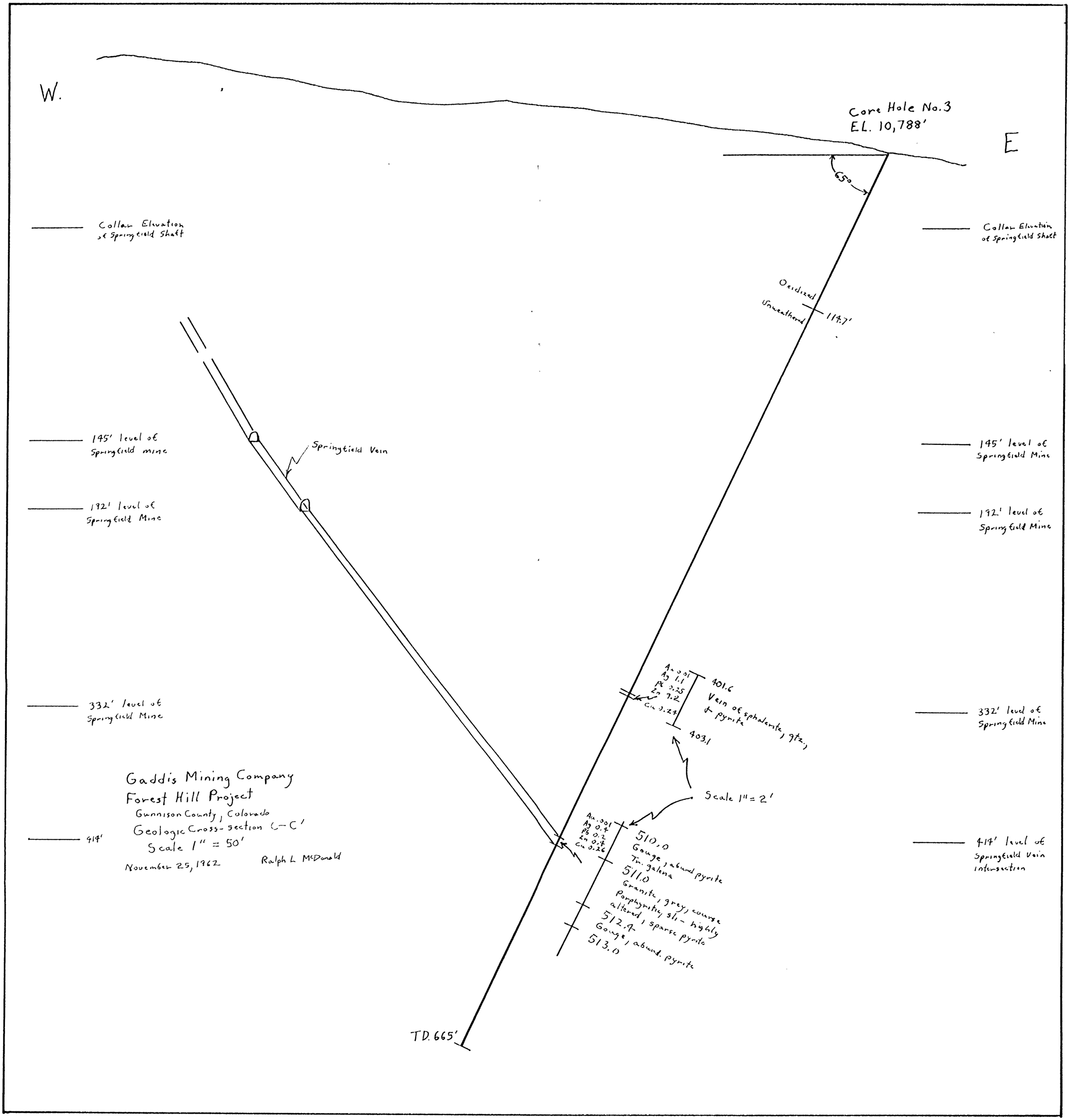
Geolgic Cross-Section B-B'

Scale 1" = 50'

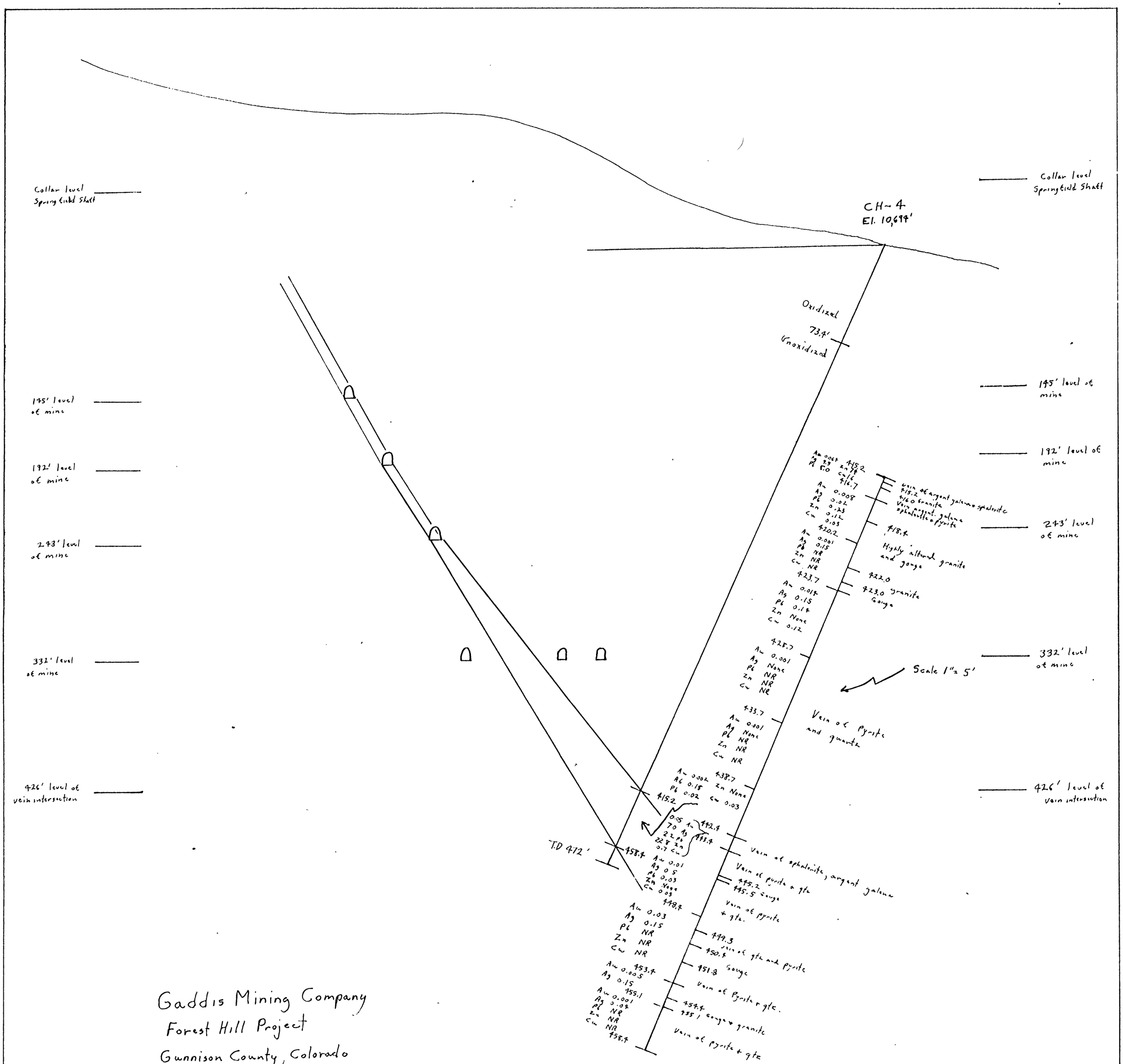
Oct. 16, 1962 R.L McDonald

FIGURE 4


PROPOSED DIAMOND DRILLING
GADDIS MINING COMPANY
FOREST HILL MINE
GUNNISON CO., COLORADO
PLAN MAP
Scale 1" = 40'
0 20 40 60 80
Contour Interval 10 Feet
Sec 10
Sec 15
T 13 S.
R 83 W.
Tourist Shaft
Air Shaft
Springfield Shaft
Winze
Raise
Cross-Cut
332 ft Level
150 ft Level
200 ft Level
90 ft Level
145 ft Level
192 ft Level
243 ft Level
275 ft Level
STOPED
D.H. 1
D.H. 2
D.H. 3
D.H. 4
D.H. 5
D.H. 6
D.H. 7
SPRINGFIEL CLAIM
SUNSET NO. 2 CLAIM
10,730'
10,740'
10,750'
10,760'
10,770'
10,780'
10,790'
10,800'
10,810'
10,820'
0
100 E
200 E
300 E
400 E
500 E
600 E
700 E
100 N
200 N
300 N
400 N
500 N
600 N
700 N
800 N
900 N
1000 N
1100 N



Gaddis Mining Company
Forest Hill Project
Gunnison County, Colorado
Geologic Cross-section C–C'
Scale 1" = 50'
November 25, 1962
Ralph L. McDonald



Gaddis Mining Company

Forest Hill Project

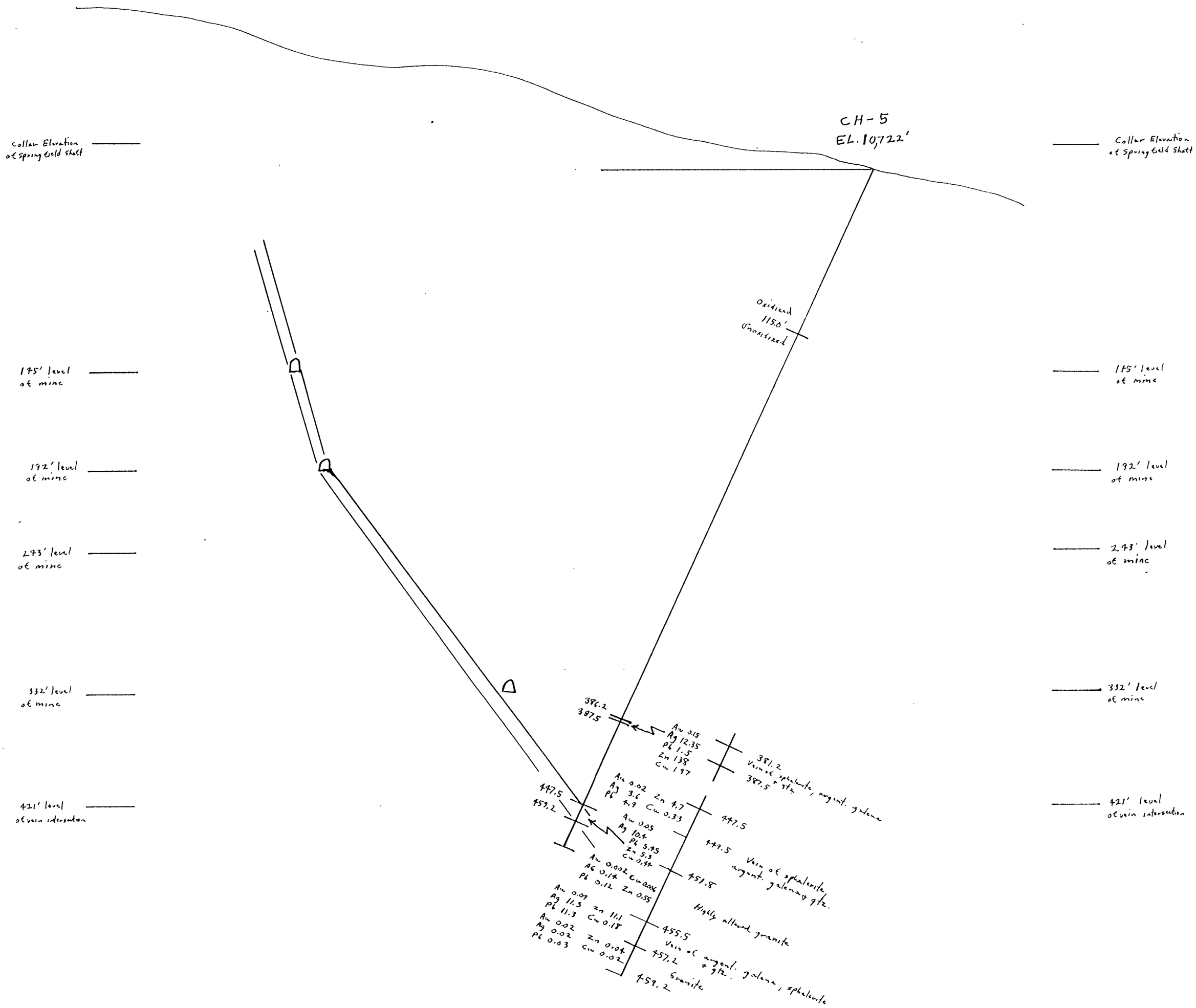
Gunnison County, Colorado

Geologic Cross-section D – D'

Scale 1" = 50'

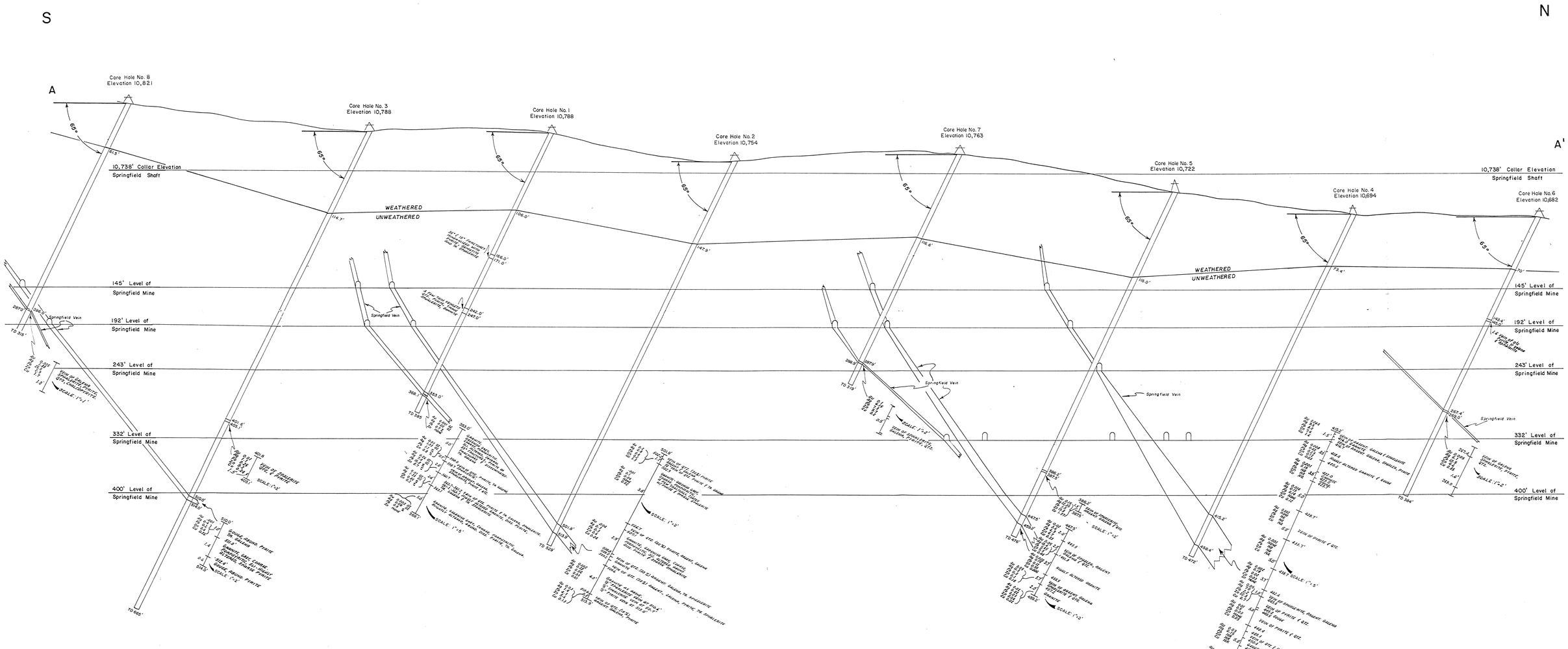
December, 1962

Ralph L. McDonald



Gaddis Mining Company
Forest Hill Project
Gunnison County, Colorado
Geologic Cross-section E – E'
Scale 1" = 50'

December 1962 Ralph L. McDonald



GADDIS MINING COMPANY

FOREST HILL PROJECT

GUNNISON COUNTY, COLORADO

GEOLOGIC CROSS – SECTION A – A'

Scale 1" = 40'

Geology By Ralph L. McDonald

FIGURE: 3

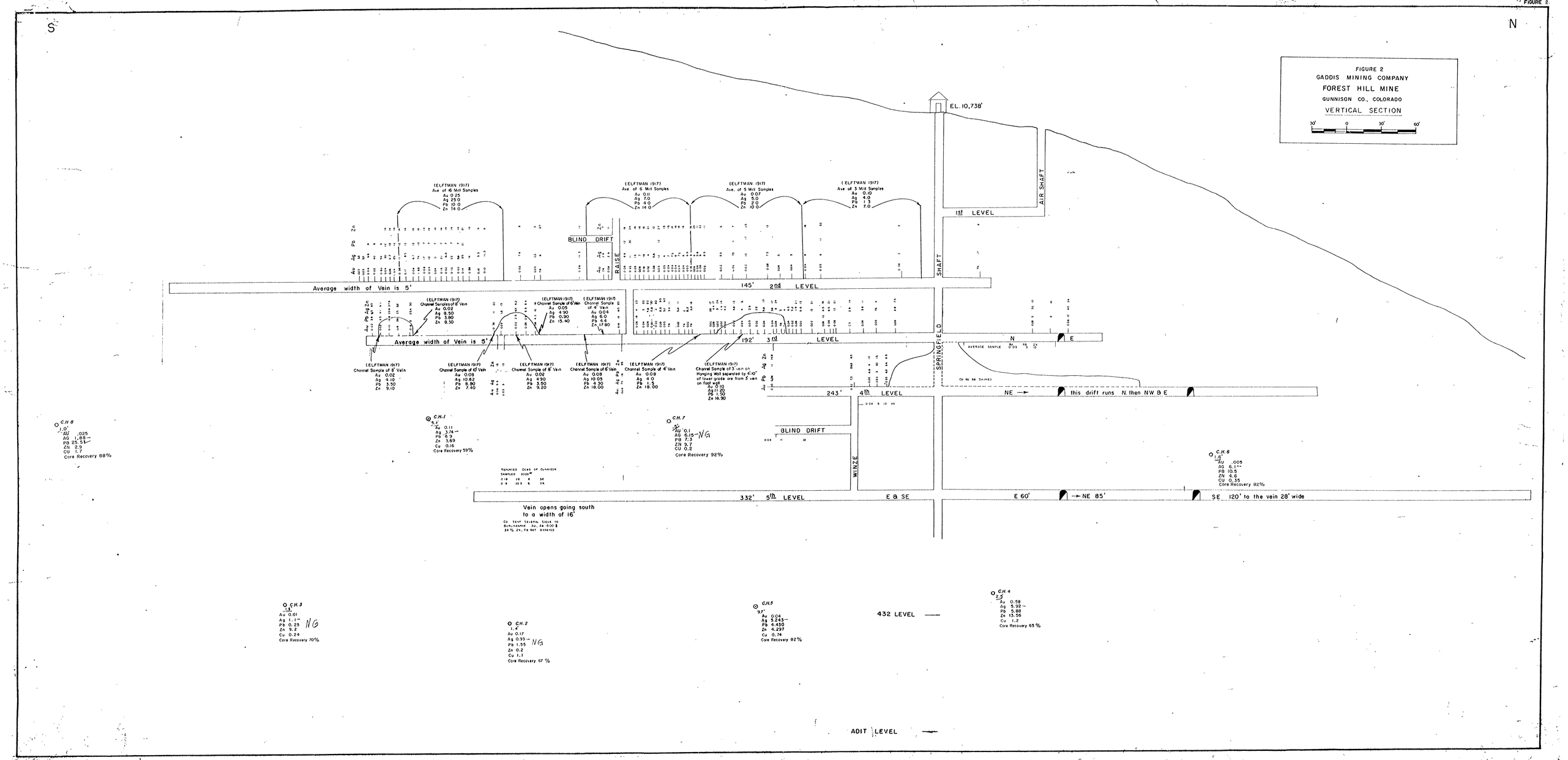
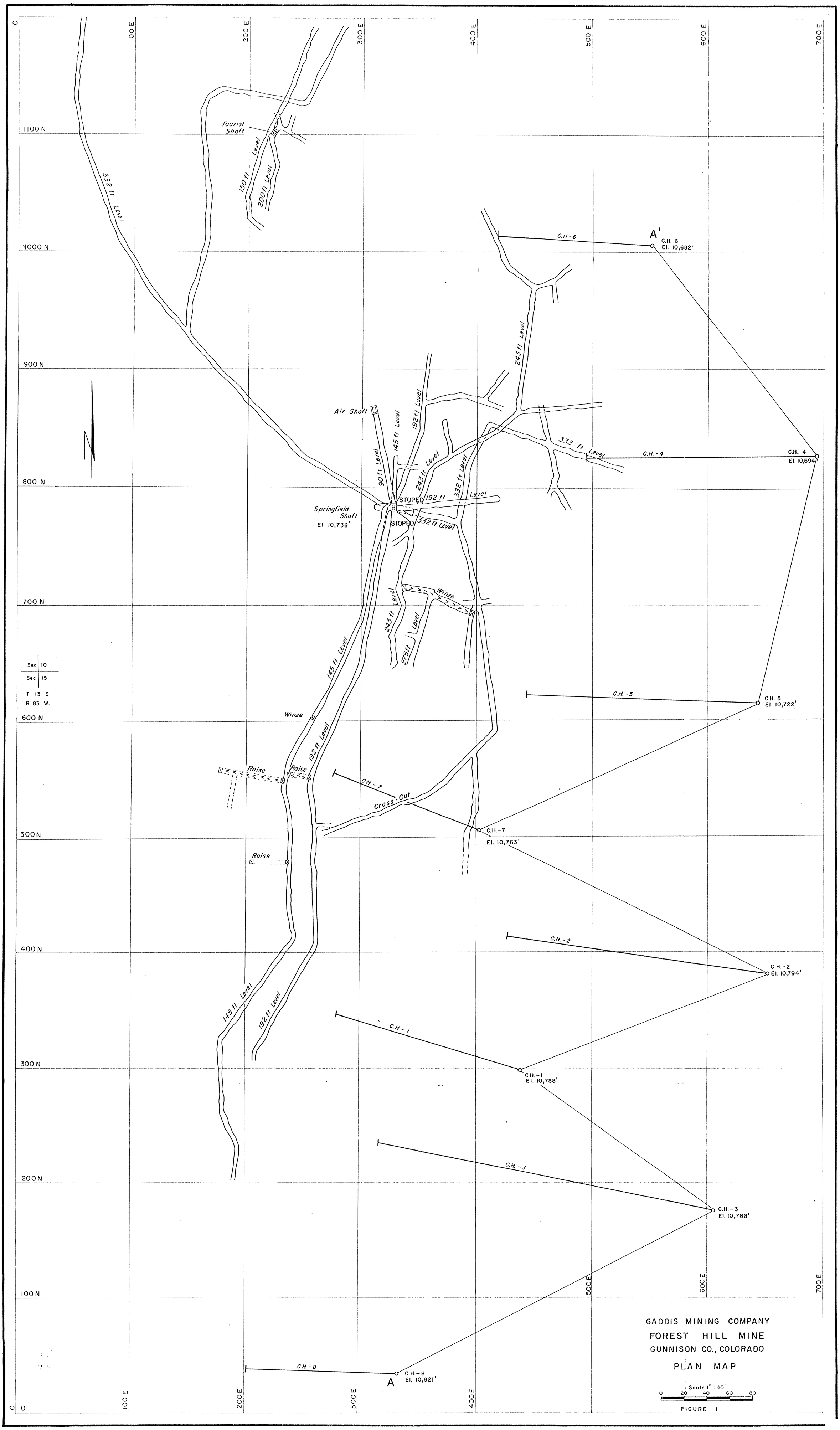
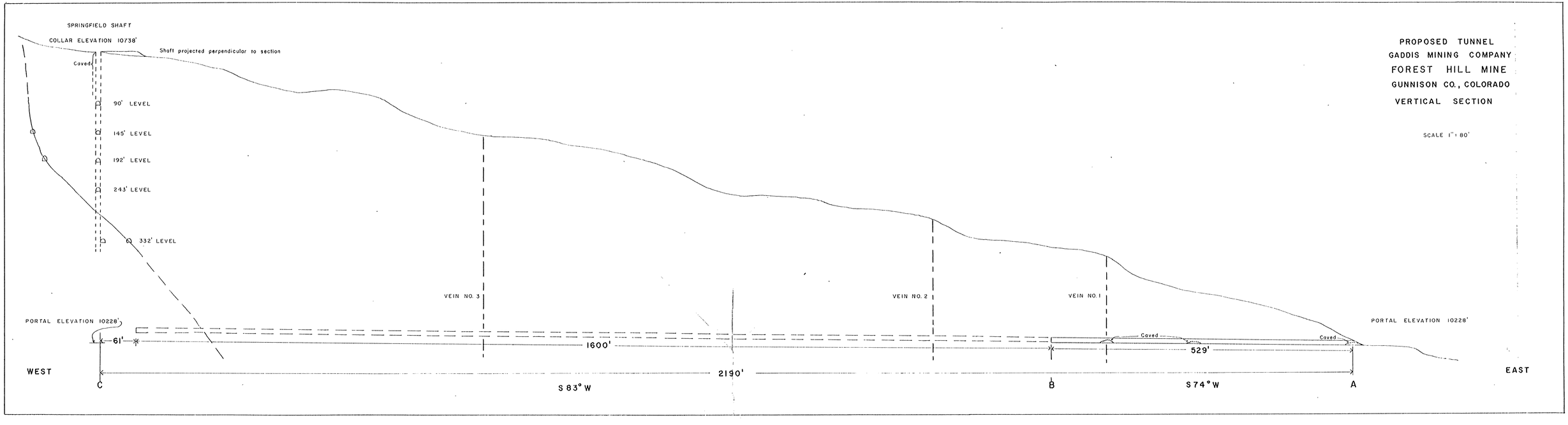
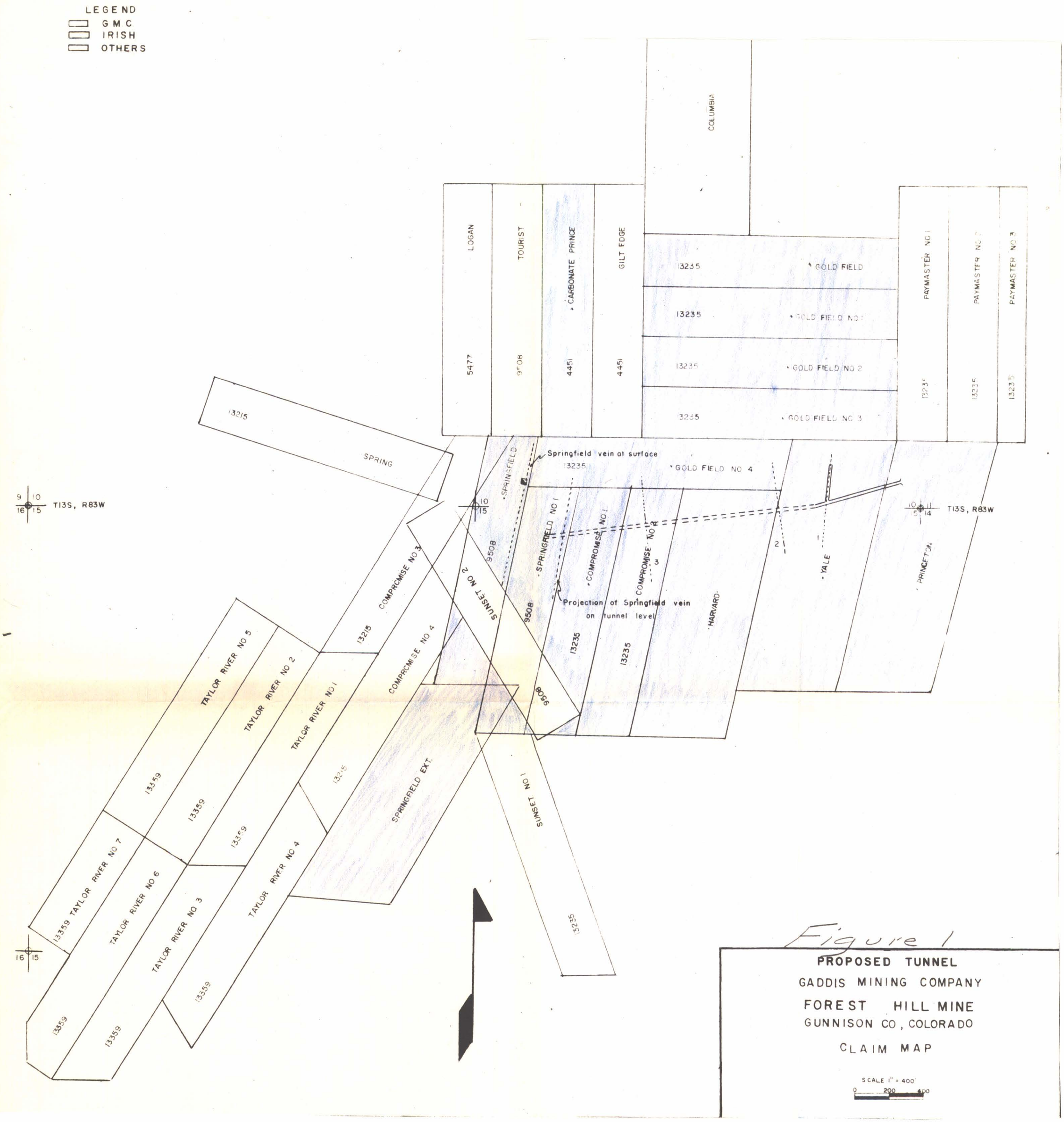


FIGURE 2
GADDIS MINING COMPANY
FOREST HILL MINE
GUNNISON CO., COLORADO
VERTICAL SECTION
30' 0 30' 60'
S
N
EL. 10,738'
AIR SHAFT
1st LEVEL
SHAFT
BLIND DRIFT
RAISE
(ELFTMAN 1917)
Ave of 16 Mill Samples
Au 0.25
Ag 25.0
Pb 10.0
Zn 14.0
(ELFTMAN 1917)
Ave of 6 Mill Samples
Au 0.11
Ag 7.0
Pb 4.0
Zn 14.0
(ELFTMAN 1917)
Ave. of 5 Mill Samples
Au 0.07
Ag 5.0
Pb 2.0
Zn 10.0
(ELFTMAN 1917)
Ave of 3 Mill Samples
Au 0.10
Ag 4.0
Pb 1.3
Zn 7.0
Au Ag Pb Zn
145' 2nd LEVEL
Average width of Vein is 5'
(ELFTMAN 1917)
Channel Samples of 8' Vein
Au 0.02
Ag 8.50
Pb 3.80
Zn 8.30
(ELFTMAN 1917)
Channel Sample of 6' Vein
Au 0.05
Ag 4.90
Pb 0.90
Zn 15.40
(ELFTMAN 1917)
Channel Sample of 4' Vein
Au 0.04
Ag 6.0
Pb 4.4
Zn 17.80
Average width of Vein is 5'
192' 3rd LEVEL
SPRINGFIELD
N
E
AVERAGE SAMPLE
Au Ag Pb Zn
0.03 3 13
(ELFTMAN 1917)
Channel Sample of 8' Vein
Au 0.02
Ag 4.10
Pb 3.50
Zn 9.10
(ELFTMAN 1917)
Channel Sample of 10' Vein
Au 0.08
Ag 10.62
Pb 8.80
Zn 7.40
(ELFTMAN 1917)
Channel Sample of 8' Vein
Au 0.02
Ag 4.90
Pb 3.50
Zn 9.20
(ELFTMAN 1917)
Channel Sample of 6' Vein
Au 0.08
Ag 10.05
Pb 4.30
Zn 18.00
(ELFTMAN 1917)
Channel Sample of 4' Vein
Au 0.08
Ag 4.0
Pb 1.5
Zn 18.00
(ELFTMAN 1917)
Channel Sample of 3' vein on Hanging Wall separated by 4'-10" of lower grade ore from 5' vein on footwall
Au 0.10
Ag 11.20
Pb 1.50
Zn 14.90
CU Au AG SAMPLES
243' 4th LEVEL
NE
this drift runs N. then NW & E
BLIND DRIFT
WINZE
C.H. 8
1.0'
AU .025
AG 1.88
PB 25.51
ZN 2.9
CU 1.7
Core Recovery 88%
C.H. 1
5.4'
Au 0.11
Ag 3.74
Pb 6.9
Zn 3.69
Cu 0.16
Core Recovery 59%
C.H. 7
AU 0.1
AG 6.15 NG
PB 7.3
ZN 9.7
CU 0.2
Core Recovery 92%
C.H. 6
1.6'
AU .005
AG 6.1
PB 10.5
ZN 4.6
CU 0.35
Core Recovery 82%
REPORTED DCRS OF GUNNISON
SAMPLED 5000
0.18 28 4 34
0.4 20.5 4 34
332' 5th LEVEL
E & SE
E 60'
NE 85'
SE 120' to the vein 28' wide
Vein opens going south to a width of 16'
CO. SENT SEVERAL SACKS TO BURLINGAME Au, Ag 9.00 & 34% ZN, PB NOT ASSAYED
C.H. 3
1.3'
Au 0.01
Ag 1.1
Pb 0.25
Zn 9.2
Cu 0.24
Core Recovery 70%
NG
C.H. 2
1.4'
Au 0.17
Ag 0.93
Pb 1.55
Zn 0.2
Cu 1.1
Core Recovery 67 %
NG
C.H. 5
9.7'
Au 0.04
Ag 5.243
Pb 4.430
Zn 4.297
Cu 0.74
Core Recovery 82%
432 LEVEL
C.H. 4
2.3'
Au 0.58
Ag 5.92
Pb 5.88
Zn 13.56
Cu 1.2
Core Recovery 65 %
ADIT LEVEL


0
100 E
200 E
300 E
400 E
500 E
600 E
700 E
1100 N
1000 N
900 N
800 N
700 N
600 N
500 N
400 N
300 N
200 N
100 N
0
Tourist Shaft
150 ft Level
200 ft Level
332 ft Level
C.H.-6
A'
C.H. 6
El. 10,682'
243 ft Level
Air Shaft
145 ft Level
192 ft Level
90 ft Level
243 ft Level
332 ft Level
332 ft Level
C.H.-4
C.H. 4
El. 10,694'
STOPED
192 ft Level
Springfield Shaft
El 10,738'
STOPED
332 ft. Level
Winze
243 ft Level
275 ft Level
145 ft Level
C.H.-5
C.H. 5
El. 10,722'
Sec 10
Sec 15
T 13 S
R 83 W.
Winze
192 ft Level
Raise
Raise
C.H.-7
Cross-Cut
C.H.-7
El. 10,763'
Raise
C.H.-2
C.H.-2
El. 10,794'
145 ft Level
192 ft Level
C.H.-1
C.H.-1
El. 10,788'
C.H.-3
C.H.-3
El. 10,788'
C.H.-8
C.H.-8
El. 10,821'
A
GADDIS MINING COMPANY
FOREST HILL MINE
GUNNISON CO., COLORADO
PLAN MAP
Scale 1" = 40'
0 20 40 60 80
FIGURE 1


PROPOSED TUNNEL
GADDIS MINING COMPANY
FOREST HILL MINE
GUNNISON CO., COLORADO
VERTICAL SECTION
SCALE 1" = 80'
SPRINGFIELD SHAFT
COLLAR ELEVATION 10738'
Shaft projected perpendicular to section
Caved
90' LEVEL
145' LEVEL
192' LEVEL
243' LEVEL
332' LEVEL
VEIN NO. 3
VEIN NO. 2
VEIN NO. 1
PORTAL ELEVATION 10228'
PORTAL ELEVATION 10228'
Caved
Caved
61'
1600'
529'
2190'
WEST
EAST
C
B
A
S 83° W
S 74° W


LEGEND
GMC
IRISH
OTHERS
COLUMBIA
LOGAN
5477
TOURIST
9508
CARBONATE PRINCE
4451
GILT EDGE
4451
13235
GOLD FIELD
GOLD FIELD NO 1
GOLD FIELD NO 2
GOLD FIELD NO 3
GOLD FIELD NO 4
PAYMASTER NO 1
PAYMASTER NO 2
PAYMASTER NO 3
13215
SPRING
Springfield vein at surface
SPRINGFIELD
SPRINGFIELD NO 1
COMPROMISE NO 1
COMPROMISE NO 2
COMPROMISE NO 3
Projection of Springfield vein on tunnel level
HARVARD
YALE
PRINCETON
T13S, R83W
COMPROMISE NO 3
COMPROMISE NO 4
SUNSET NO 2
SUNSET NO 1
SPRINGFIELD EXT.
TAYLOR RIVER NO 1
TAYLOR RIVER NO 2
TAYLOR RIVER NO 3
TAYLOR RIVER NO 4
TAYLOR RIVER NO 5
TAYLOR RIVER NO 6
TAYLOR RIVER NO 7
13359
Figure 1
PROPOSED TUNNEL
GADDIS MINING COMPANY
FOREST HILL MINE
GUNNISON CO, COLORADO
CLAIM MAP
SCALE 1" = 400'
0 200 400