DMEA Form 9
Rev. 6/57

UNITED STATES
DEPARTMENT OF THE INTERIOR
Defense Minerals Exploration Administration
GEOLOGICAL SURVEY

OFFICIAL DOCKET FILE

Idm-E NO._____

OME ~~DMEA~~ NO. 6502

Application
- [x] Denied
- [ ] Withdrawn

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

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

Folder No. 1:

Left Side

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

Right Side

- [ ] Project summary (final)
- [ ] Work Completed analysis (final)

All other material filed in chronological order including the following reports if checked:

- [ ] Field Team Semi-Annual Report for Certified Project
- [ ] Final Field Team Report (Tab)
- [ ] Operator's Final Report (Tab)
- [ ] Interim Field Team Reports
- [ ] Operator's monthly reports and all attachments
- [x] On-site Exam Report (Tab) May 1966
- [ ] 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._____: Maps (Use pocket folder or envelope)

Folders No._____: Settlement Sheets

Folders No._____: Drill Logs

Folders No._____: Royalty material

17963

32-36 Development Company

G. A. BUDER III
620 Scott St.
Wichita Falls, Texas

THEODORE A. BUDER
Post Office Box 431
Lake City, Colorado

October 12, 1965

OME 6502

Hugh Connors
Office of Mineral Exploration
Bureau of Mines
Denver Federal Center
Lakewood, Colorado

Dear Mr. Connors:

Enclosed herewith please find a copy of the assays for diamond drill hole # NC-12 and the accompying geologic section showing the same hole in relation to others previously drilled and presented on the same section with our OME Application.

Thank you for your attention.

Sincerely Yours,
Ted Buder

OFFICIAL COPY
O. M. E.
RECEIVED
OCT 15 1965

INITIALS	CODE
	120
HK	120

Telephone 363-3302

Hand Sample Serial 9778-9787

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
LILY M. HOTTINGER, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

Mine 32-36 Development Company
Box 431
Lake City, Colorado

OME 6502

RESULTS PER TON OF 2000 POUNDS

Oct. 7, 1965

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	~~COPPER~~ Per Cent	Per Cent	Per Cent
							DD it VEIN Width Inter- val % Rec.		Bi	Cd	MoS_2
NG-10A	0.005	0.5	Trace	0.226		0.1					
NG-10B	0.005	0.2	None	0.100		Trace					
NG-10C	0.015	0.4	1.0	0.088		1.4			None	None	None
NG-10D	0.010	1.7	7.4	0.113		12.55			None	0.08	None
NG-10E	0.005	0.6	Trace	0.088		0.4					
NG-10F	0.005	0.3	None	0.050		0.3					
NG-12A	0.010	1.9	0.7	0.982		Trace	3.2' 191.8-195 100				0.055
NG-12B	0.035	15.4	0.8	8.24		1.6	6.5' 195-201.5 100				0.022
NG-12C	0.015	4.8	1.2	1.89		2.5	0.8' 201.5-202.3 100				0.063
NG-12D	0.010	1.7	0.6	0.730		1.2	1.3' 202.3-204.2 68				

Remarks

Charges $ 136.50

Glen P. Williams

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

GEOLOGICAL SURVEY
FEDERAL CENTER, DENVER, COLORADO

September 14, 1965

Memorandum

To: Chief, OME

From: Acting Field Officer, Region III

Subject: Application for OME aid (Silver-Gold)
32-36 Development Company
Nellie G. Claim
Hinsdale County, Colorado

Attached is the subject application amounting to $33,500.

One copy is retained in our file.

Hugh M. Connors

Hugh M. Connors

HMC-9/14/65

cc file
chron

OFFICIAL
COPY
O. M.
RECE
SEP 16
INITIALS | CO. E

MME Form 40
July 1962

UNITED STATES
DEPARTMENT OF THE INTERIOR
OFFICE OF MINERALS EXPLORATION

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

OFFICIAL COPY
O. M. E.
RECEIVED
SEP 16 1965
INITIALS

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.)*

32-36 Development ~~Corporation~~ Company
P. O. Box 431
Lake City, Colorado

APPLICANT DO NOT USE THIS BLOCK

DOCKET NUMBER: 6502

DATE RECEIVED: 9-16-65

REGION: III

DIVISION CODE:

BUSINESS ORGANIZATION *(Check one)*

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

STATE IN WHICH FIRM IS ORGANIZED: Unorganized

LIST CORPORATE OFFICERS OR PARTNERS HERE, IF APPLICABLE

NAME	ADDRESS	TITLE
Theodore A. Buder	P.O.Box 431, Lake City, Colorado	Partner
G. A. Buder III	620 Scott Street, Wichita Falls, Texas	Partner

MINERAL(S) FOR WHICH YOU WISH TO EXPLORE: silver, gold, copper

ESTIMATED COST OF PROJECT: $ 33,400.00

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

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.

September 13, 1965
DATED

Theodore A. Buder, by Elmer V. Reinhardt (Geologist)
BY (Signature)

Partner
TITLE

See letter from Theodore A. Buder to Elmer V. Reinhardt authorizing him to sign Buder's name by Reinhardt. (See Exhibit 4)

A willfully 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.11879

APPLICATION FOR A LOAN

from

THE OFFICE OF MINERALS EXPLORATION

by

32-36 DEVELOPMENT COMPANY

SEP 16 1985

FINANCIAL ELIGIBILITY

Refer to 1-(a)

Exhibit 1 is a copy of a request for a loan by me, Theodore A. Buder, to Mr. Spencer of The Gunnison Bank and Trust Company of Gunnison, Colorado, for a loan of $40,000.00 to do diamond drilling and attendant dozer work on The Conalan, Nellie G., Sterling and Dolphin Claims, Hinsdale County, Colorado. Attached to the request is a denial of the loan signed by C. S. Spencer, Vice-President of the Bank.

Exhibit 2 is a copy of a request for a loan similar to the one described above addressed to Mr. Harry C. Lane, President of The City National Bank, Wichita Falls, Texas. Attached thereto is a denial of the loan signed by John W. Wooten, Assistant Cashier of The City National Bank of Wichita Falls.

Refer to 1-(b)

The applicant is a partnership known as 32-36 Development Company consisting of Theodore A. Buder now residing as (P. O. Box 431) Lake City, Colorado and his brother, G. A. Buder III of Wichita Falls, Texas. All funds to perform the exploratory work done to the present have been supplied by the Buder Brothers.

Refer to 1-(c)

We, the Buder Brothers, propose that, if the loan is granted, all current accounts for the preceding month be paid by us prior to the tenth of each month and that, after rendering an accounting to The Office of Minerals Exploration, we be re-imbursed by O.M.E. for 75% of each month's expenditures.

Applicant's Right in Land

Refer to 2-(a)

Exhibit 3 is a true copy of a lease from James M. Wells of Lake City, Colorado to the 32-36 Development Company on The Nellie G., Dolphin, Sterling and Conalan Claims, Hinsdale County, Colorado.

In addition the following unpatented claims have been staked by the Buder Brothers adjacent to the leased lands. Their names and the book and page numbers where they are recorded in The Hinsdale County Court House, Lake City, Colorado are listed below:

Name of Claim	Book No.	Page No.
Sunday No. 1	54	526
Sunday No. 2	54	527
Sunday No. 3	54	528
Sunday No. 4	54	529
Sterling Extension No. 1	54	522
Sterling Extension No. 2	54	523
Dolphin Extension No. 1	54	524
Dolphin Extension No. 2	54	525
Conalan Extension	54	521
Sunday Extension No. 1	54	530
Sunday Extension No. 2	54	531
Midnight No. 1	54	532
Hawkeye No. 1	54	533
Sleeper No. 1	54	534

There are no liens or mortgages against the property except the purchase options shown in the lease.

see inset on Exhibit 5

Refer to 2-(b)

The claims are located in unsurveyed lands in Hinsdale County, Colorado and cannot be described with reference to Township, Range and Section. All the claims are situated near the western boundary of Hinsdale County close to the head of Cottonwood Creek and only 3-1/2 miles east of the old mining town of Eureka in San Juan County. Access to Eureka and Silverton, the nearest towns, is impossible except by the construction of a costly road which would reach an elevation of 13,000 feet. The existing road from Lake City is in good condition up the Lake Fork of the Gunnison River to the confluence of Cottonwood Creek. From that point to the mine, a distance of about six miles, the road is newly dozed, steep and rough. Before extensive mining can be conducted, the road will have to be improved.

SE¼ Twp. 42 N, R. 6 W.

Exhibit 5 is a map entitled Davey's Map of Hinsdale County showing the drainage, Lake City and the patented claims. The patented claims on which a loan is being requested are outlined in red. The unpatented claims have been drafted on a small map attached to Davey's map as a portion of Exhibit 5.

Refer to 2-(c)

The owner of the four patented claims was unwilling to sign the subordination agreements. His letter of refusal is attached hereto. (See Exhibit 6)

Physical Description

Refer to 3-(a)

A shaft 12 feet deep, now filled with water, has been sunk on the vein on The Nellie G. Claim. The vein strikes a few degrees north of east and dips about 75° to the north and the vein, at the collar of the shaft, is six feet to seven feet wide. It displays generous amounts of galena, sphalerite and chalcopyrite in a matrix of quartz.

About 600 feet east of the shaft described above, a second shaft has been sunk on or near the vein. On the dump, there is a large amount of pyrite in which there are contained seams and blebs of some other, dark-colored mineral.

A tunnel, now caved at the portal, was driven to cut the vein at about 150 feet of depth. Whether the objective was reached is unknown. Dozing is in progress at present to re-open the tunnel.

These three openings constitute all of the known mine-workings on the property and their use in future exploration is not contemplated.

Diamond drilling is being conducted on the claims at present and two rigs are in active operation, one making EX core and the other AX core. One drill is the property of the applicant and is being operated by him. The other is operating under contract with R. L. Kuchler of Sapinero, Colorado.

To the present, six holes have been drilled which have revealed the following information:

1. The holes were collared in pyroxene-andesite and continued in this formation for distances of 40 to 80 feet on the bearing and inclination of the holes. Thereafter, they were in thinly laminated black andesite interbedded with tuff to the bottoms of the holes except NG-3 and NG-6 which entered the Burns Latite at depths of 193 feet and 210 feet, respectively.

2. At a depth of 40 feet to 60 feet below the surface, the dip of the vein changes from 75° to the north to about 80° to the south. The vein is pinched at the curve and carries no ore of mineable grade. Below the curve, there is little lead and zinc but the gold, silver and copper values rise to a marked extent and the vein widens. Holes Nos. NG-3 and NG-6 contained values as follows:

Hole No.	From	To	Au. Oz.	Ag. Oz.	Cu. %
NG-3	160.5	165.8	0.188	8.57	2.64

NG-6 - The core showed solid sulfides of iron and copper which have not yet been assayed from 240.6 to 248.6 feet of depth. As the hole cuts the vein at a high angle, the width of the ore is nearly as great as the length of the sulfide-bearing core. The core has the same appearance as the pyritic section of the core in NG-3 which assayed:

Au.	Ag.	Cu.	Pb.	Zn.
0.48	19.45	5.47	0.8	0.1

and it is expected that the assay of the sulfide-section of the core of NG-6 will produce a similar assay.

Exhibit 7 consists of two maps. One is a plan showing the location of the drill holes in relation to each other and the second, a section through the portion of the vein which has been most thoroughly drilled showing the inclinations and lengths of holes NG-1, NG-2, NG-3 and NG-6 together with assay data on all holes. Note that NG-3 alone had cut ore-grade material at the time the map was made. Since that time NG-6 has cut the vein proving the presence of wider ore and, it is believed, richer ore than the material cut by Hole No. NG-3.

Refer to 3-(b)

Stated under heading 3-(a).

Refer to 3-(c)

It is believed that there has been no production from the property. The work was done during the last two decades of the 19th century at which time the operators were in search of high values in gold and silver. As the material exposed at the surface is a lead-zinc ore, it is assumed that none was shipped.

Refer to 3-(d)

Reserves cannot be calculated on the basis of two holes in ore. This may be a "flash in the pan" or it may be the start of proving a substantial reserve. It is to prove or disprove a reserve

that the applicant desires to perform extensive drilling and a loan with which to do it.

Refer to 3-(e)

Stated under heading 3-(a).

Refer to 3-(f)

The applicant expects to find gold-silver-copper-ore because he now has two holes in ore-grade material lending weight to the view that additional holes will prove the existence of a large body of ore.

Exhibit 8 is a list of the assays from Union Assay Office, P. O. Box 1528, Salt Lake City, Utah of all samples taken to the present on the property. The locations of most of the samples is marked on the certificates and include the core-samples of Hole NG-3.

Refer to 3-(g)

No engineering or geologic reports have been written on the property.

Accessibility of Property

Refer to 4-(a)

The O.M.E. representative who may examine the property should contact Theodore A. Buder at The Lone Pine Motel, Lake City, Colorado. His telephone number in Lake City is 8352. If there is no answer, a message can be left for him with the owners of The Lone Pine Motel whose telephone number is 8661.

Refer to 4-(b)

The nearest shipping point for ore is Montrose, about 100 miles from the property and the nearest smelter for concentrates is The International Smelter at Tooele, Utah, about 400 miles from the mine.

The nearest supply-point is Grand Junction, about 160 miles from the mine.

Exploration Work

Refer to 5-(a)

Exhibit 9 is a longitudinal Section on the vein showing the intersections with the vein of the 6 holes now drilled and the intersections of 33 holes that the applicant desires to drill. These holes will explore the vein over a strike length of 3000 feet and to a maximum depth of 300 feet below the surface or to an elevation of 12,100 feet above sea-level. The holes will be inclined at angles of 30° to 45° and will aggregate approximately 6640 feet of drilling. If this phase of the drilling is successful, a second phase to prove the ore to a depth of 500 to 600 feet below the surface or to about 11,800 feet above sea-level, consisting of about six 900 foot holes would be required. Thereafter, three deep holes (1400 feet) to prove the ore to a depth of 1000 feet below the surface should be drilled. The purpose of

this would be to justify the cost of driving a 3000 foot cross-cut tunnel from 11,000 feet of elevation in Cottonwood Canyon to the vein. The vein strikes nearly parallel to the canyon making a low-level drift on the vein impossible. The alternative to the cross-cut would be to sink a shaft from 12,300 feet of elevation. This would not be practical because of the severe weather conditions and the difficulty of access. A loan to cover 75% of the cost of the first phase of drilling, or 6640 feet, is being requested at this time.

Refer to 5-(b)

A dozer will have to be hired to make roads to the drill sites and to prepare the sites. Further, a triangulation network will have to be surveyed from an elevation-marker on Handies Peak to the drill sites and claim-corners to tie them in accurately on the map. In addition, core-boxes will have to be purchased and assays of cores will have to be made. There will, therefore, be four items of expense for which the loan is requested:

1. Drilling; 2. Dozing; 3. Core-boxes; and 4. Assaying.

Refer to 5-(c)

Should it be possible to grant the loan prior to November 15, 1965, drilling would be started immediately upon the signing of the contract. Because of the severe winter-weather at 12,300 feet of elevation it is probable that little or no drilling could be done after November 15th until June 1st of the following year.

Refer to 6

Theodore Buder who will have charge of the property is a graduate of Holy Cross, has an Engineering Degree from The Missouri School of Mines and has done graduate work at Stanford. He has worked for several of the large mining companies in their exploration departments including St. Joseph Lead and Union Carbide. For the former, Mr. Buder was drilling for lead-ores in Missouri and for the latter, copper-ores in Puerto Rico.

Estimate of Costs

Refer to 7-(a)

Bids to perform the drilling are enclosed from Boyles Brothers, R. L. Kuchler and Smith Drilling Company as Exhibit 10.

Smith Drilling's bid is considerably lower than the others at $4.20 per foot from 0 to 300 feet and $5.40 from 300 to 600 feet.

Under the terms of this bid the cost of drilling will be:

3 holes at 350 feet 8 inches			
3 (holes) x 300 feet x $4.20	=	$3,780.00	
3 (holes) x 50-2/3 x #5.40	=	820.80	
			$ 4,600.80
6 holes at 270 feet			
6 (holes) x 270 (feet) x $4.20			6,804.00
9 holes at 200 feet			
9 (holes) x 200 (feet) x $4.20			7,560.00

16 holes at 148 feet	
16 (holes) x 148 (feet) x $4.20	9,945.60
Drilling Cost	$28,910.40
Move in and out	450.00
Estimated casing, cementing and reaming	1,089.60
	$30,450.00
Dozer rental D-7 @ $18.00 per hr. Extimated time 100 hours	1,800.00
Surveying 6 days at an estimated cost of $100.00 per day	600.00
Assaying 2 samples per hole at $6.50 per sample. Sixty-six samples at $6.50 ea.	449.00
Total Contract Cost	$33,299.00

Refer to 7-(b)

Surveying has been included under contracts. Theodore Buder will perform all the other personal services.

Refer to 7-(c)

Core boxes estimated at $201.00.

Refer to 7-(d)

All operating equipment will be supplied by the contractors.

Refer to 7-(e)

There will be no rehabilitation.

Refer to 7-(f)

There is a log cabin on the property which will serve as a shelter for the drillers during severe storms. No other buildings will be required at this time.

Refer to 7-(g)

All employees will be on the contractors' payroll. The applicant will not be responsible for the payment of Social Security, State Compensation, Unemployment Insurance, etc.

Recapitulation of Costs

Contractors' fees	$33,299.00
Supplies	201.00
	$33,500.00

Suggestion

As the cores obtained at present indicate that the one metal of greatest value in the ore is silver, it is requested that The Office of Minerals Exploration grant to the 32-36 Development Company a loan to cover 75% of an estimated cost of $33,500.00 or $25,125.00 to drill The Nellie G. Vein, Hinsdale County, Colorado with 33 holes which will thoroughly test the quality of the vein to a depth of 300 feet below the surface.

32-36 Development Company

G. A. BUDER III
620 Scott St.
Wichita Falls, Texas

THEODORE A. BUDER
Post Office Box 431
Lake City, Colorado

August 17, 1964

Mr. Spencer
Gunnison Bank & Trust Co.
200 W. Tomichi Avenue
Gunnison, Colorado

Dear Mr. Spencer:

Our company has an account with your bank and is now planning an expansion in its exploration program. This shall require substantial expenditures for which we would like to obtain credit.

We wish to spend an additional $40,000.00 on the next phase of the program which will consist of:

(1) 5,500 feet of diamond drilling at approximately $6.5 per foot;	$35,750
(2) Heavy equipment work on opening a portal, and road building and maintenance;	1,900
(3) Surveying; and	2,000
(4) Assays	350

This work will be devoted to the mineral exploration of some patented and unpatented claims which we hold in The Westernmost Portion of Hinsdale County and on which we began our exploration activities in July 1964.

If you require additional information, please contact me. Thanking yourin advance for your attention, I remain

Sincerely Yours,

Theodore A. Buder

Theodore A. Buder

EXHIBIT - 1

THE GUNNISON BANK
AND TRUST CO.

Clinton S. Spencer
Vice President

Gunnison, Colorado - 81230

August 18, 1965

Theodore A. Buder,
32-36 Development Company,
Post Office Box 431,
Lake City, Colorado.

Dear Ted:

In answer to your letter of August 17th, requesting a loan from our bank in the amount of $40,000.00 for further exploration on your mining program, I regret to inform you that, due to our loan limit per individual, we would not be able to handle this loan. Also, the terms and collateral would not meet with the requirements of our bank loan policy. none mentioned

I would like to express our gratitude for the business you have given us in the past, and certainly hope that we may continue to be of service to you and your company.

Sincerely,

CSS:bb

C. S. Spencer,
Vice President.

[illegible]-36 Development Company

[illegible]
[illegible]
[illegible]

THEODORE A. [illegible]
Post Office Box [illegible]
Lake City, Florida

August 23, 1[illegible]

Mr. [illegible] de Lone
[illegible] National Bank
Wisdom Falls, Idaho

Dear Mr. Lone:

We are now planning an expansion in our [illegible] City, Colorado and exploration program for which we are presently seeking capital.

We wish to spend an additional $[illegible] on the next phase of the program which will consist of:

[illegible] equipment and supplies, [illegible]	$35,750
[illegible] equipment work on opening a [illegible], and [illegible] building and maintenance	1,[illegible]
Surveying and Assay	2,[illegible] 35[illegible]

Funds were will be devoted to the mineral exploration of [illegible] potential and unexplored claims which we hold in the western most portion of Mineral County and on which we began our exploration activities in [illegible], 1[illegible].

Kindly respond at your earliest convenience relative to the Bank's requirements in considering a commitment on the above loans.

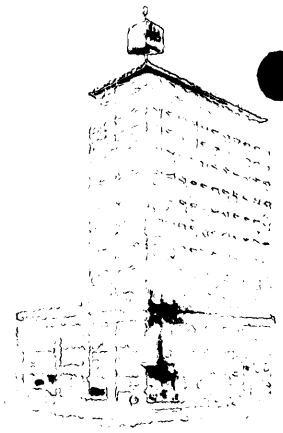
Thanking you in advance for your attention, I remain,

Sincerely yours,

[illegible]

T. A. Butler, III

EXHIBIT - 8



CHAIRMAN OF THE BOARD

PRESIDENT

CITY NATIONAL BANK

WICHITA FALLS, TEXAS

EXECUTIVE VICE PRESIDENTS

VICE PRESIDENTS

ASST. VICE PRESIDENTS

ASST. CASHIERS

CREDIT DEPARTMENT

JOHN W. WOOTEN ASST. CASHIER AND CREDIT MANAGER

THIS INFORMATION IS GIVEN IN ANSWER TO A REQUEST AND IS STRICTLY CONFIDENTIAL. IT IS MERELY AN EXPRESSION OF OPINION, DERIVED FROM SOURCES DEEMED RELIABLE, AND IS SUBJECT TO CHANGE WITHOUT NOTICE. THIS BANK OR ITS OFFICERS ARE NOT TO BE CONSIDERED IN ANY WAY RESPONSIBLE FOR SUCH INFORMATION. THIS LETTER MUST NOT BE REPRODUCED, USED IN ADVERTISEMENT OR FOR PROMOTIONAL PURPOSES.

August 24, 1965

Mr. G. A. Buder, III
P. O. Box 431
Lake City, Colorado

Dear Mr. Buder:

At the request of Mr. Harry C. Lane, it is my pleasure to reply to your letter of August 23rd regarding your request for a $40,000 loan.

Due to the current loan demand in our immediate area and the fact that your operation will be in Colorado, we regret that your loan in the amount of $40,000 must be declined at this time.

We are very pleased that you considered our lending institution and if our current situation changes, we would certainly reconsider your request at a later date.

Respectfully yours,

not terms out of state

John W. Wooten
Assistant Cashier

JWW:mkm

MINING LEASE [illegible]

THIS AGREEMENT, made this 19th day of June, A. D. 1970 by and between [illegible], of [illegible], party of the first part, hereinafter called "Lessor", and [illegible], a copartnership, consisting of [illegible] and [illegible], Hinsdale County, Colorado, party of the second part, hereinafter called "Lessee".

W I T N E S S E T H:

WHEREAS, the Lessor is the owner of and in possession of the Sterling Group of lode mining claims, situate in the [illegible] Mining District, County of Hinsdale, and State of Colorado, to-wit:

[illegible] Lode Mining Claim, U. S. Survey No. 6837,

[illegible] Lode Mining Claim, U. S. Survey No. 6837,

Condor Lode Mining Claim, U. S. Survey No. 6837, and

Sterling Lode Mining Claim, U. S. Survey No. 6837;

and,

WHEREAS, the Lessor is desirous of leasing to the Lessee the said lode mining claims and granting it an option to purchase the same under the terms and conditions hereinafter set forth;

WHEREAS, the Lessee is desirous of taking possession of said lode mining claims and mining and extracting ores therefrom under the terms and conditions herein contained.

NOW THEREFORE, in consideration of the foregoing, of the rental payments agreed to be paid by the Lessee to the Lessor, and of the mutual covenants herein contained, THE PARTIES AGREE:

1. The Lessor hereby grants, leases and lets exclusively to the Lessee the lode mining claims and appurtenances situate thereon for mining, milling and all other purposes necessary and incidental to the Lessee's [illegible] the Lessee shall have and hold the said property for a term of five years and for so long thereafter as minerals in commercial quantities are mined, extracted and sold from said property; subject, however, to termination by forfeiture, cancellation or surrender within such time as provided herein.

2. As a consideration to the Lessor, for the granting of this lease, the Lessee agrees to pay Lessor as follows:

(a) There shall be paid to the Lessor upon all ores and minerals mined, removed and sold from the leased premises a ten per cent royalty based on [illegible] of [illegible] (10%) of smelter returns. The returns shall be construed to mean the gross receipts from the sale of ores, including all premiums or bonuses, after deducting the transportation, custom mill, smelter, sampler and assaying charges as shown on the smelter sheets or mill receipts. All royalty payments [illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

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[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

32-36 Development Company

G. A. BUDER III
620 Scott St.
Wichita Falls, Texas

THEODORE A. BUDER
Post Office Box 431
Lake City, Colorado

September 7, 1965

E. V. Reinhardt
100 Mesa Ave.
Grand Junction,
Colorado

Dear Mr. Reinhardt:

Inasmuch as several days of delay would be caused by you sending the completed OME Application to me for signing and returning, it would be appreciated if you could sign my name "by E. V. Reinhardt" in order to facilitate matters.

Having read the rough draft on September 5, I am satisfied that we fully concur on the contents of the Application.

Thank you for your help and cooperation.

Best Personal Regards,
Theodore A. Buder
Theodore A. Buder

EXHIBIT-4

EXHIBIT

James M. Wells
Lake City,
Colorado
September 10, 1965

Theodore A. Buder
32-36 Development Co.
P. O. Box 431
Lake City, Colorado

Dear Ted:

Since the time you requested my signature on the LIEN OR SUBORDINATION AGREEMENT required for your OME Application, I have had time to take the matter up with an attorney. It is his opinion that that the consumation of this agreement could possibly place my interest in jeapordy. I regret to inform you, therefore, that I must refuse to sign the Agreement although I wish to continue my cooperation with your organization to the utmost of my capability.

I hope that this will cause no real detriment to your loan application as I wish to see you continue your exploration progress.

Sincerely Yours,

Jim Wells

Telephone 363-3302

and Sample Serial 3146-3149

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
LILY M. HOTTINGER, Secretary
P. O. Box 1528
Salt Lake City 10, Utah

Mine 32-36 Development Co.
Box 431
Lake City, Colorado

RESULTS PER TON OF 2000 POUNDS

August 6, 1965

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Per Cent	Per Cent
		Diamond Drill Hole NG-1									
							Width in Drill Hole	% Recovery			
NG-1A	0.005	None	None	0.07		Trace	5.5	100			
NG-1B	0.010	0.3	None	0.06		None	0.9	100			
NG-1C	0.005	0.1	None	0.09		Trace	0.8	100			
NG-1D	0.007	None	None	0.02		Trace	0.6	33			

Remarks

Charges $ 35.00 @ 1 Inch

Glen P. Williams

Telephone 363-3302

Hand Sample Serial 2536-2545

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
LILY M. HOTTINGER, Secretary
P. O. Box 1528
Salt Lake City, Utah 84110

Mine 32-36 Development Co.
Box 431
Lake City, Colorado

RESULTS PER TON OF 2000 POUNDS

August 2, 1965

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Per Cent	Per Cent
		Diamond Drill Hole			NG-2		Width in Hole	% Recovery			
NG-2X	Trace	None	None	0.025		0.1	Random Sample				
NG-2Y	Trace	0.1	None	0.025		0.2	Random Sample				
NG-2A	Trace	None	None	0.025		Trace	1.4	93			
NG-2B	0.010	0.3	0.3	0.088		1.7	1.4	80			
NG-2C	0.005	0.5	0.6	0.113		3.5	0.9	100			
NG-2D	0.005	None	None	0.050		0.1	0.8	94			
NG-2E	0.007	1.5	None	0.088		Trace	0.9	22			
NG-2F	Trace	0.1	None	0.088		Trace	0.4	100			
NG-2G	0.005	0.2	None	0.100		0.2	0.5	100			
NG-2H	None	None	None	0.037		0.1	0.6	100			

Remarks

Charges $ 87.50

W. C. Wanlass

Telephone 363-3302

and Sample Serial 3595-3600

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
LILY M. HOTTINGER, Secretary
P. O. Box 1528
Salt Lake City 10, Utah

Mine 32-36 Development Co.
Box 431
Lake City, Colorado

RESULTS PER TON OF 2000 POUNDS

August 10, 1965

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Per Cent	Per Cent
		Diamond Drill	Hole NG-3				Width in Hole	% Recovery			
NG-3A	0.010	0.4	Trace	0.516		Trace	0.7	100			
NG-3B	0.010	0.2	Trace	0.163		Trace	1.4	100			
NG-3C	0.005	0.6	0.6	0.226		0.2	1.8	100			
NG-3D	0.010	0.2	0.5	0.201		0.1	2.1	100			
NG-3E	0.010	1.9	0.5	0.907		2.0	3.9	84			
NG-3F	0.480	19.45	0.8	5.475		0.1	1.4	100			

Remarks

Charges $ 52.50

W. C. Wanlass

Telephone 363-3302

Land Sample Serial 3602

ASSAY REPORT

UNION ASSAY-OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
LILY M. HOTTINGER, Secretary
P. O. Box 1528
Salt Lake City 10, Utah

Mine 32-36 Development Co.
Box 431
Lake City, Colorado

RESULTS PER TON OF 2000 POUNDS

August 10, 1965

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Per Cent	~~XXXXX~~
			Diamond Drill Hole NG-4 (Composite)							Bi	Pt Group ozs per ton
Comp. NG-3A to NG-3F										0.016	None

Remarks

Charges $ 12.00

W. C. Wanlass

Telephone 363-3302

Hand Sample Serial 4393-95

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

W. C. WANLASS, President
L. G. HALL, Vice President
G. P. WILLIAMS, Treasurer
LILY M. HOTTINGER, Secretary
P. O. Box 1528
Salt Lake City 10, Utah

Mine 32-36 Development Co.
Box 431
Lake City, Colorado

RESULTS PER TON OF 2000 POUNDS

August 17, 1965

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Per Cent	Per Cent
			Diamond Drill Hole NG-4				width in Hole	% Recovery			
NG-4A	Trace	None	0.6	0.100		0.3	0.5	100			
NG-4B	0.010	0.7	0.9	0.390		1.7	1.0	100			
NG-4C	0.005	0.8	3.6	0.252		4.1	0.8	100			

Remarks

Charges $ 26.25

W. C. Wanlass

Telephone EMpire 3-3302 Hand Sample Serial 16817-16825

ASSAY REPORT

UNION ASSAY OFFICE, Inc.

J. V. SADLER, President
W. C. WANLASS, Vice-Pres. & Treas.
LILY M. HOTTINGER, Secretary
P. O. Box 1528
Salt Lake City 10, Utah

Mine Theodore A. Euder
P.O. Box 431
Lake City, Colorado

RESULTS PER TON OF 2000 POUNDS June 19, 1964

NUMBER	GOLD Ozs. per Ton	SILVER Ozs. per Ton	LEAD Wet on Ore	COPPER Per Cent	INSOL. Per Cent	ZINC Per Cent	SULPHUR Per Cent	IRON Per Cent	LIME Per Cent	Per Cent	Per Cent
S-14 [illegible]	.015	3.6	5.9	2.35		11.80				No	
H-1	0.240	4.65	1.2	0.025		1.3					
H-2	0.370	5.2	None	0.012		2.0					
H-3	0.315	2.9	3.0	0.050		0.3					
H-4	0.210	5.9	0.8	0.088		7.35					
Dump Samples from 12' shaft near River S-1A	.70 0.020	3.74 2.9	33.60 10.5	7.00 0.957		48.00 16.05	93.04	9	74.56	0.011	
S-1B	.87 0.025	5.[illegible] 3.9	3.90 2.8	34.00 4.97	?	13.60 4.55	62.40			0.031	
S-1C	1.05 0.030	[illegible] 4.0	14.08 4.4	7.95 1.13		45.[illegible] 15.3	68.24			0.018	
Surface wall rock S-1D	0.010	0.2	None	0.100		1.0				0.004	
Pyrite Sample from surface S-2	0.020	4.3	None	0.100		0.2				0.020	

Remarks

Charges $. 88.00

W. C. Wanlass

EXHIBIT - 8

OFFICIAL
COPY
O. M. E.
RECEIVED
SEP 16 1965
INITIALS CODE

Telephone 864-7412

Smith Drilling
P. O. Box 417
NUCLA, COLORADO

September 10, 1965

Theodore Buder
Box 431
Lake City, Colorado

I would like to submit the following bid on the drilling at Lake City, Colorado.

Core Drilling:	A-X	B-X	N-X
0 - 300	$ 4.20 per ft.	$ 5.00 per ft.	$ 7.00 per ft.
300 - 600	$ 5.40 per ft.	$ 6.40 per ft.	$ 8.20 per ft.
Reaming:	$ 3.80 per ft.	$ 4.20 per ft.	$ 5.00 per ft.

Cementing: $ 16.50 per hour plus cement.

Lost casing: 75% current list price.

Reducing hole size and running casing A-X and B-X - $0.18 per ft.

Stand-by time: $ 12.00 per hour.

Moving in and out: $ 450.00

Jack R. Smith

August 20, 1965

T. A. Buder
72-36 Development Co.
P. O. Box 431
Lake City, Colorado

Dear Mr. Buder:

After inspecting the area that you wish diamond drilled, I have decided to make a bid of $6.50 per foot for AX core from 0 to 300 feet. From 300 to 500 feet I would charge $7.00 per foot, also for AX core.

I will be able to commence drilling within a week if you decide to materialize this project.

Sincerely Yours,

R. L. Kuchler
Sapinero,
Colorado

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

Boyles Bros.
DRILLING COMPANY
CONTRACTORS - ENGINEERS - GEOLOGISTS
2960 W. 7th Avenue
DENVER 4, COLORADO
Phones: Alpine 5-9244
Alpine 5-0855

General Offices and Plant
1624 Pioneer Road P. O. Box 58
SALT LAKE CITY 10, UTAH
HUnter 7-7595

BRANCH OFFICES
PHOENIX
RENO
SPOKANE
DENVER
SACRAMENTO
ST. LOUIS

August 12, 1965

Mr. Ted Tudor
Box 431,
Lake City, Colorado

Dear Mr. Tudor:

As requested I am quoting the following rates and conditions to apply to our drilling you may have near Lake City, Colorado.

1. Mobilization of our rig & equipment, [illegible].00

2. Drilling:

	EX	BX	NX
0 to 300 feet, per foot,	[illegible].40	[illegible].00	[illegible].00
300 to 600 feet, per foot,		[illegible].40	[illegible].00

3. Casing, all sizes, per linear foot, [illegible].00

4. Cementing, [illegible] sacks of cement or mud, per hour, [illegible].00

5. Overburden [illegible] to hold 10 feet of core, each, [illegible]

6. Hauling water, if required, would be charged for at our cost of truck rental of [illegible].00 per month, [illegible] cents per mile. We would require you the drill helper as driver. Should this interfere with operations and require a driver, the wages of a second driver would be to your account.

Roads and drill sites to be repaired and rehabilitated at no cost to us.

Due to our commitments I doubt we expect to be available for this project until late September. These prices are subject to a physical inspection of the property.

Thank you for calling on us. We will advise you of our availability as soon as possible.

Very truly yours,

BOYLES BROS. DRILLING COMPANY

George E. Lensch

George E. Lensch, District Manager

GEL/eg

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
6 22	Kirkemo	120
4	Johnson	110
6/23	Kilbyand	220
6/23	Inst	
		110
		220

JUN 23 1966

32-36 Development Company
P. O. Box 431
Lake City, Colorado

Re: OME-6502 (Silver-Gold)
32-36 Development Company
Nellie G. Claim
Hinsdale County, Colorado

Gentlemen:

Careful study of your application for exploration assistance in exploring the subject property and of other information available to us indicates that the probability of disclosing significant ore reserves on the property is not sufficiently promising to justify Government participation in the proposed exploration. Accordingly, we regret to inform you that your application for exploration assistance is denied without prejudice to the property.

Sincerely yours,

FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

cc: Director's Reading File
Division File
Economic Geology File
OME Docket
OME Region III
OME Reading File 130
Mr. Kirkemo 120M

HKirkemo/gla 6-22-66

232-63

MME Form 7
(2/63)

OFFICIAL FILE COPY

Date	Surname	Code
6/21		120
	HH	110
		220

June 21, 1966

Memorandum

To: The File

From: Harold Kirkemo

Subject: OME-6502 (Silver-Gold)
32-36 Development Company
Nellie G. Claim
Hinsdale County, Colorado

Justification for Denial of Application

The Applicant proposes to explore a prospect situated at an elevation of about 12,400 feet in the San Juan region, Colorado. A program consisting of 33 diamond drill holes totalling 6,640 feet is planned at an estimated cost of $33,500. The holes would explore a silver-bearing structure, the Nellie G. vein, in theSilverton volcanic series along a strike length of 2,900 feet and to a depth of 300 feet. A pattern of holes is planned to intersect the vein at vertical intervals of 50 and 100 feet, and along strike at 100 and 200-foot intervals.

Seven holes already drilled in two rows 140 feet apart intersected the vein to a maximum depth of 220 feet. One hole in each row cut well mineralized material, but holes drilled above and/or below the ore intercepts did not indicate vertical continuity of ore-grade material. In one row, a drill hole cut at a depth of 130 feet about 1¼ feet of vein material which assayed 19.45 ounces silver per ton and 5.47 percent copper. Drill hole intercepts of the vein at 90 feet below and 45 and 90 feet, respectively, above this point disclosed sparse mineralization. One hole cut about a foot of material assaying 6 ounces silver per ton and 0.9 percent copper.

A drill hole in the second row cut at a depth of 170 feet about 6½ feet of vein material assaying 15.4 ounces silver per ton and 8.24 percent copper. A sample from the vein in a shallow shaft above this point assayed about 5 percent copper. Two drill holes cut the vein at depths of 60 and 95 feet, respectively; the former cut 2 feet of material which assayed 4.6 ounces silver per ton and 0.9 percent copper.

Small ore shoots in the Nellie G. vein are indicated by the drilling already completed, but the possibility is not good for discovering ore bodies of sufficient size and grade to warrant OME participation in an exploration program. The Field Officer points out that the property is

not easily accessible, that mining costs in the district are about $40.00 per ton, and that the combined value of base metals indicated by assays of samples from drill core and the surface is nearly three times the value of the silver and gold.

I concur with the Field Officer's recommendation to deny the application without prejudice to the property.

Harold Kirkemo

Harold Kirkemo

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

HKirkemo/gla 6-21-66

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

May 19, 1966

OFFICIAL COPY
M. E.
RECEIVED
MAY 23 1966
INITIALS | CODE
130
HK

Memorandum

To: Chief, OME

From: Field Officer, Region III

Subject: Report of examination: OME-6502(Silver, Gold)
Nellie G., Dolphin
Sterling and Conalan Claims
Hinsdale County, Colorado
Leased by the 32-36 Development Company

Transmitted herewith is an original and two copies of a report of examination by J. William Hasler, Geologist, on the above captioned subject.

The average assays from some 51 samples taken on the Nellie G. vein are as follows;

Au oz. ton	Ag oz. ton	Cu %	Pb %	Zn %
0.044	2.34	0.804	0.939	1.87

Combined base metal values (Cu, Pb, Zn) total $14.01 per ton, and silver and gold values total $4.55 per ton, consequently the base metal values are nearly three times that of combined silver and gold making the ore not eligible for silver or gold participation under the OME regulations.

It is the opinion of the examining geologist that the chances of discovering significant quantities of silver and gold are not good, and it is therefore recommended that the application be denied without prejudice.

J. William Hasler

cc: Original and 2 copies of report to Chief, OME
OME chron
Hasler chron
OME-6502

UNITED STATES

DEPARTMENT OF THE INTERIOR

STEWART L. UDALL, SECRETARY

U. S. GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION

REPORT OF EXAMINATION

REGION III

OME-6502(Silver, Gold)

NELLIE G., DOLPHIN

STERLING AND CONALAN CLAIMS

HINSDALE COUNTY, COLORADO

LEASED BY THE

32-36 DEVELOPMENT COMPANY

By

J. William Hasler, Geologist

May 1966

ON-SITE REPORT

Contents

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Introduction and summary	1
The property	2
Geology	3
Proposed exploration	6
Conclusions and recommendations	7

Figures

Figure 1.----------At end of report

Figure 2.----------At end of report

Introduction and summary

The 32-36 Development Company, Lake City, Colorado applied to the Office of Minerals Exploration for financial assistance to explore the Nellie G., Dolphin, Sterling, and Conalan claims, Hinsdale County, Colorado, for silver and gold at a total estimated cost of $33,500.00.

The application was referred to the field and an examination of the property was made on October 29 and 30, 1965. Some additional data was requested of the applicant at the time of the field examination, but was never received. The vein being explored was essentially in the prospect stage even though some underground exploration had been done on it many years prior to the present work. Assays resulting from samples taken from diamond drilling currently being drilled are generally low and it is not believed that a significant reserve of silver and gold is likely to be discovered as a result of the proposed exploration work. The grade of the mineralization is not sufficient to be ore grade under the present high cost of the operation due to the remoteness of the area and the relative accessibility due to poor roads at higher elevations. It is therefore recommended that the application be denied without prejudice.

The property

The Nellie G., Dolphin, Sterling, and Conalan claims are located in unsurveyed lands in Hinsdale County, Colorado. All of the claims are situated near the western boundary of Hinsdale County close to the head of Cottonwood Creek and only 3-1/2 miles east of the old town of Eureka, in San Juan County, Colorado, at an elevation of approximately 12,400 feet above sea level. Access to Eureka and Silverton, Colorado, the nearest towns is impassible except by construction of a costly road that would reach an elevation of 13,000 feet above sea level. The existing road from Lake City, Colorado is in good condition up the Lake Fork of the Gunnison River to the confluence of Cottonwood Creek. From that point to the mine, a distance of about 6 miles the road is newly dozed, steep and rough, and will require major improvement before extensive mining can be conducted.

The four patented claims: the Nellie G., Dolphin, Sterling and Conalan are under lease to the 32-36 Development Company from Mr. James M. Welk of Hinsdale County, Colorado. The lessee is unwilling to sign the lien and subordination agreements required by the Government should a contract be executed.

Geology

The Nellie G. vein is a prominent vein in the area and cuts rocks belonging to the Silverton Volcanic group and has been prospected along a strike distance of some 3,000 feet. The vein strikes a few degrees north of east and dips about 75 degrees to the north. At a depth of from 40 to 60 feet below the surface the vein changes dip from 75 degrees to the north to about 80 degrees to the south. The vein pinches at the curve and contains no ore of mineable grade, however, below the curve some lead and zinc and the gold, silver and copper values rise to a marked degree as the vein widens as shown in figures 1 and 2.

The holes were collared in a pyroxene andesite and remained in it from 40 to 80 feet, then penetrated a thinly laminated black andesite and interbedded tuff. In holes NG-3 and NG-6 quartz latite of the Burns formation was penetrated at depths of 193 and 210 feet respectively. A 12 foot shaft has been sunk on the vein on the Nellie G. claim. The vein at this point is from six to seven feet in width and contains galena, sphalerite and chalcopyrite in a gangue of quartz. About 600 feet east of the shaft described above, a second shaft has been sunk on or near the vein. On the dump at this shaft there are large amounts of pyrite. Some underground crosscutting was completed but was poorly planned and yielded little work on the vein proper.

At the time of the field examination several holes had been drilled and the following assays were obtained from samples taken from the dumps, drill holes as well as other samples cut on the vein at various points.

Kind of sample	Width of vein	Au oz./ton	Ag oz./ton	Cu %	Pb %	Zn %
NG-4A	0.5	Tr.	----	0.1 p	0.6	0.3
Ng-4B 132.4 - 133.4	1.0	0.01	0.7	0.39	0.9	1.7
NG-4C 133.4 - 134.2'	0.8	0.005	0.8	0.252	3.6	4.1
NG-5 74.5 - 75.0'	0.5	0.02	2.7	2.9	0.6	1.8
NG-5 75.8' - 77.7'	1.9	0.03	4.6	0.9	0.6	3.4
NG-5 77.7' - 79.9'	2.2	0.015	2.1	1.4	0.5	2.0
NG-5 79.9 - 80.4'	0.5	0.015	2.1	0.1	0.5	2.0
NG-5 80.4' - 81.5'	1.1	Tr.	0.3	.02	0.3	0.3
NG-12 191.8 - 195'	3.2	0.01	1.9	.982	0.7	Tr.
NG-12 195 - 201.5'	6.5	0.035	15.4	8.240	0.8	1.6
NG-12 201.5 - 202.3'	0.8	0.015	4.8	1.89	1.2	2.5
NG-12 202.3 - 204.2'	1.3	0.01	1.7	.73	0.6	1.2
Shaft 1A	Dump Samples	0.02	2.9	.957	10.5	16.05
Shaft 1B		0.025	3.9	4.97	2.8	4.55
Shaft 1C		0.03	4.0	1.13	4.4	15.30
NG-6A 240.7 - 241.3'	0.6	0.01	2.6	0.7	0.2	1.5
NG-6B 241.3 - 245.5'	4.2	0.01	3.3	1.2	0.4	0.3
NG-6C 245.5' - 247.7'	2.2	0.01	2.1	1.2	0.3	0.6
NG-6D 247.7 - 248.8'	1.1	0.01	6.0	0.9	0.7	0.6
NG-6E 248.8' - 251.0'	2.2	0.005	0.6	0.1	0.5	0.3
NG-6F 251.0 - 252.1'	1.1	Tr.	0.2	Tr	0.3	0.2
NG-6G 252.1 - 255.2'	3.1	Tr.	0.3	Tr	0.3	0.2
NG-1A 68.8 - 74.3'	5.5	.005	---	.07	---	Tr
NG-1B 74.3' - 75.2'	0.9	.010	0.3	.06	---	Tr
NG-1C 75.2' - 76.0'	4.4	.005	0.1	.09	---	---
NG-1D 76.7 - 77.3'	0.6	.007	---	.02	---	Tr
NG-2A 105.2 - 106.6'	1.4	Tr	---	.025	---	Tr
NG-2B 106.6' - 108.0'	1.4	.01	.3	.088	.03	1.7
NG-2C 110.7' - 111.6'	0.9	.005	.5	.113	.06	3.5
NG-2D 111.6' - 112.4'	0.8	.005	---	.050	---	0.1
NG-2E 112.4 - 113.3'	0.9	.007	1.5	.088	---	Tr
NG-2F 113.3' - 113.7'	0.4	Tr	0.1	.088	---	Tr
NG-2G 113.7 - 114.2'	0.5	.005	0.2	.100	---	0.2
NG-2H 119.4 - 120.0'	0.6	---	---	.037	---	---

Kind of sample	Drill hole interval	Width of vein	Au oz./ton	Ag oz./ton	Cu %	Pb %	Zn %
NG-3A	154.5 - 155.2'	0.7	.01	0.4	.516	Tr	Tr
NG-3B	155.2 - 156.6'	1.4	.01	0.2	.163	Tr	Tr
NG-3C	156.6 - 158.4'	1.8	.005	0.6	.226	0.6	0.2
NG-3D	158.4 - 160.5'	2.1	.01	0.2	.201	0.5	0.1
NG-3E	160.5' - 164.4'	3.9	.01	1.9	.907	0.5	2.0
NG-3F	164.4' - 165.8'	1.4	.480	19.45	5.47	0.8	0.1
NG-3G	160.5 - 165.8'	5.3	.188	8.57	2.64	0.6	1.3
NG-10A			.005	.05	0.226	Tr	0.1
NG-10B			.005	.02	0.100	Tr	Tr
NG-10C		No vein	.015	0.4	0.088	1.0	1.4
NG-10D		widths	.010	1.7	0.113	7.4	12.55
NG-10E		noted	.005	0.6	0.088	Tr	0.4
NG-10F			.005	0.3	0.050	---	0.3
H-1			.240	4.85	0.025	1.2	1.3
H-2		No vein	.370	5.2	0.012	---	2.0
H-3		widths	.315	2.9	0.050	3.0	0.3
H-4		noted	.210	5.9	0.088	0.8	7.35

Average assays from some 51 samples taken from the Nellie G vein are as follows: 0.044 2.34 0.804 0.939 1.87

Estimated value per ton of ore at current prices totals $18.56

Proposed exploration

The applicant proposes to explore the "Nellie G" vein over a strike length of 3,000 feet and to a maximum depth of 300 feet below the surface with a total estimated footage of 6,640 feet of diamond drilling. If the initial drilling proves encouraging he proposes intersecting the vein at depths of 500 - 600 feet below the surface. The stage would consist of six holes aggregating 5,400 feet of diamond drilling. Thereafter, three deep holes (1,400 feet) to test the vein to a depth of 1,000 feet below the surface. The purpose of the drilling program is mainly to ascertain whether or not values are good enough to justify a 3,000 foot crosscut to the vein at an elevation of 11,000 feet above sea level in Cottonwood Canyon. The vein crops out at an elevation of approximately 12,300 feet above sea level. The total estimated cost of the project is $22,500.00.

?

Conclusions and recommendations

The applicant proposes to explore the Nellie G vein with some 33 diamond drill holes totalling 6,640 feet at a total estimated cost of $33,500.00. The vein would be explored for a strike length of nearly 3,000 feet and to a depth of 300 feet below the outcrop. A field examination and a careful study of the proposed exploration yielded the following results: The vein is not of a simple nature and although it has a width of as much as 7 feet and may average 5 feet in width the values obtained from the vein would hardly constitute ore grade material under present or even future operating circumstances. Total value per ton at current prices amounts to $18.56, and costs of mining at a nearby property in the San Juan Mountains are $40.00 per ~~foot~~ ?/ton during the early stages of mine operation under much more accessible circumstances (Quotation from the Standard Metals Company, near Silverton, Colorado).

Average assays from some 51 samples taken on the Nellie G vein are as follows:

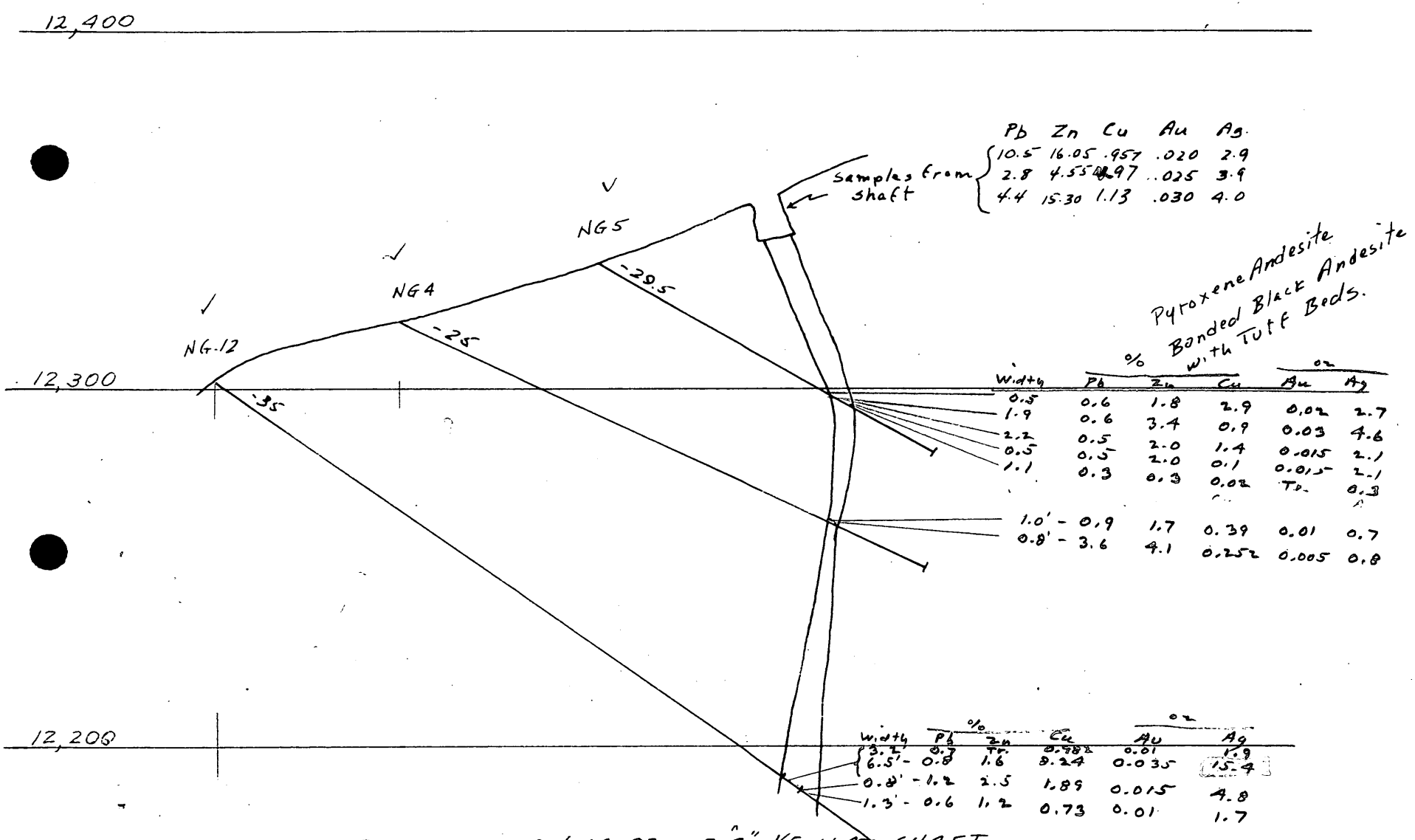
Au oz.ton	Ag oz. ton	Cu %	Pb %	Zn %
0.044	2.34	0.804	0.939	1.87

Combined base metals values (Cu, Pb, Zn) total $14.01 per ton, and silver and gold values total $4.55 per ton, consequently the base metal values are nearly three times that of combined silver and gold making the ore not eligible for silver or gold participation under the OME regulations.

It is the opinion of the examining geologist that the chances of discovering significant quantities of silver and gold are not good, and it is therefore recommended that the application be denied without prejudice.

DEPARTMENT OF THE INTERIOR
U.S. GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION
DOCKET 6502.

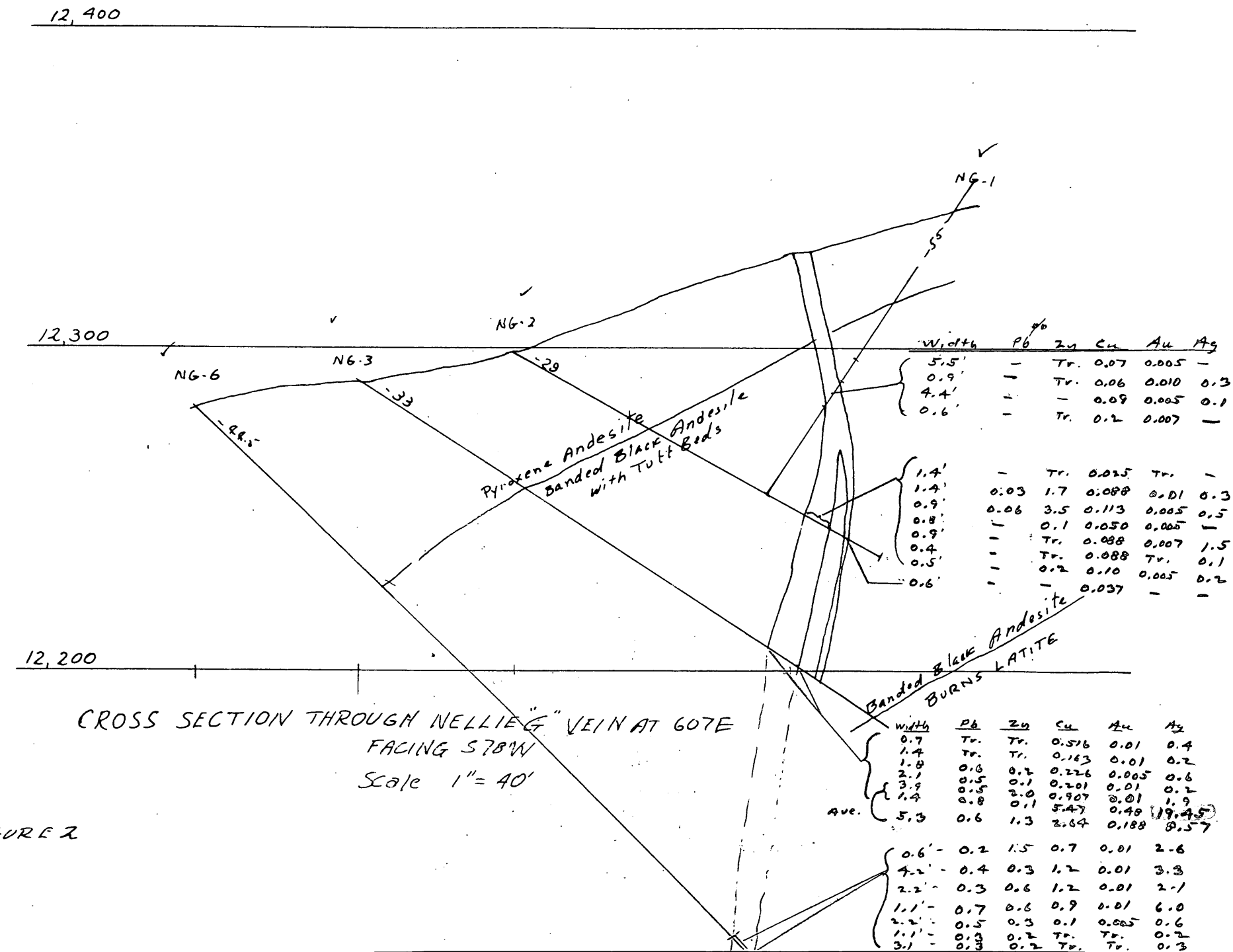


CROSS SECTION OF NELLIE "G" VEIN AT SHAFT
SCALE 1" = 40'

FIGURE 1

DEPARTMENT OF THE INTERIOR
U.S. GEOLOGICAL SURVEY

OFFICE OF MINERALS EXPLORATION
DOCKET 6502.



CROSS SECTION THROUGH NELLIE "G" VEIN AT 607E
FACING S78°W
Scale 1" = 40'

FIGURE 2

MME Form 7
(2/63)

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Date	Surname	Code
9/29/65	Kirkham	120
	Jelinek	120
10/4	J. Gordon	110
		220
		120

OCT 4 1965

Memorandum

To: ~~Acting~~ Field Officer, Region III

From: Chief, Office of Minerals Exploration

Subject: OME-6502 (Silver-Gold)
32-36 Development Company
Nellie G. Claim
Hinsdale County, Colorado

This application is referred to you for review, a field examination, if warranted, and your recommendations. We are not asking the Applicant for additional necessary information at this time because of the lateness of the field season and the probability that a contract, if recommended, could not be undertaken before winter arrives. We suggest that if you decide to examine the property you do so when in the area on other examinations.

The Applicant proposes to drill 33 holes totalling 6,640 feet to explore a vein in the Silverton volcanic series for silver and gold. The holes would test the vein along a strike length of 2,900 feet and to a depth of 300 feet. Six holes have been drilled, and the application is based on the results of these holes. The proposed pattern of holes is more for development than exploration-type drilling.

The assays suggest that the prospect does not qualify for OME assistance because of the low content of silver, gold, and bismuth--the only eligible metals present. The base metal content is also low although Mr. Reinhardt states in his letter of Sept. 25, 1965, that the latest drill hole had intersected 8 feet of chalcopyrite. Whether silver and gold are present in significant quantities with the copper will be known when the assays are received.

If a contract is warranted, the necessity of a guarantee of performance of the contract, either Form 25 Performance Bond or* Form 28 Affidavit Of Individual Surety will be required because the claim owner refused to sign a Lien and Subordination Agreements.

* Form 25 Performance Bond and

23263

A map showing claim boundaries and sites of proposed drill holes would be required also because the maps submitted are not adequate.

Other questions that need answers if a contract is recommended include:

What proportion of the proposed road work is outside the boundaries of the Applicant's property?

What is the justification for surveying expenses in excess of the usual rate of $65 a day plus $15 per diem?

Why limit the number of samples to 2 per hole?

How many and what type--wood or paper--core boxes are needed, and what is the unit price?

(signed) FRANK E. JOHNSON

Frank E. Johnson

HKirkemo/mm
9/29/65
cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
Mr. Selfridge
Mr. Kirkemo

P.S. If you recommend a contract, a financial statement and a true copy of the lease will have to be furnished.

D

MME Form 7
(2/63)

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Date	Surname	Code
9/29/65	Kirkemo	120
	Selforge	120
10/4	Johnson	110
		220
		120

OCT 4 1965

32-36 Development Company
P. O. Box 431
Lake City, Colorado

Re: OME-6502 (Silver-Gold)
32-36 Development Company
Nellie G. Claim
Hinsdale County, Colorado

Gentlemen:

The application for assistance in exploring the subject property has now been reviewed by the Washington Office and referred to Mr. H. M. Conners, Acting Field Officer, Region III, U. S. Geological Survey, Office of Minerals Exploration, Building 20, Federal Center, Denver, Colorado 80225.

The Regional Office will notify you in case additional information concerning the application is needed.

Sincerely yours,

(signed) FRANK E. JOHNSON

Frank E. Johnson
Chief, Office of
Minerals Exploration

HKirkemo/mm
9/29/65
cc: Director's Reading File
Division File
Economic Geology File
OME File
OME Reading File
Region III

23263

ELMER V. REINHARDT
CONSULTING GEOLOGIST
POST OFFICE BOX 1114 - PHONE 242-3232
GRAND JUNCTION, COLORADO 81502

September 25, 1965

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O. M. E.
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Mr. Frank Johnson, Chief,
Office of Minerals Exploration
U. S. Geological Survey
Interior Building
Washington, D. C.

Dear Mr. Johnson,

Following the suggestion of Hugh Connors, I requested Mr. Buder to send you the assay-data on the core of the vein on Hole No. 6 which he did although the results were disappointingly low.

Mr. Buder telephoned me last night (Friday, September 24) to tell me that they have finished another deep hole 140 feet west of the location where Holes Nos. 3 and 6 were drilled which produced 8 feet of nearly pure chalcopyrite core. He assures me that it is not pyrite. He now believes that the ore-body cut by Hole No. 3 is raking west and that hole No. 6 cut the vein just east of the eastern end of the ore-body. This seems reasonable as there is a strong center of mineralization toward the west in the heads of Burns and Minnie Gulches, but little that appears interesting toward the east.

Mr. Buder will mail you the assay-results on the new hole as soon as he receives them. We would appreciate your delaying a final decision on this project until you have received these additional assay-data.

Yours very truly,

E. V. Reinhardt

E. V. Reinhardt

cc - Theodore A Buder
cc - Mr. Hugh Connors

EVR:gw

32-36 Development Company

G. A. BUDER III
620 Scott St.
Wichita Falls, Texas

THEODORE A. BUDER
Post Office Box 431
Lake City, Colorado

September 20, 1965

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

Dear Mr. Johnson:

In reference to Docket Number OME - 6502, I would like to point out one item on the application for correction. My employment in Southeast Missouri and in Puerto Rico was with American Metal Climax, Inc. instead of with St. Joseph Lead and Union Carbide.

Thank you for your attention.

Sincerely Yours,

Theodore A. Buder

Theodore A. Buder

cc: Hugh Connors
Office of Minerals Exploration
Bureau of Mines,
Denver Federal Center
Lakewood, Colorado

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Bill, 9-16-65

Send this to W.O. when we get the docket number

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O. M. E.
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SEP 22 1965
INITIALS CODE
120

OME-650R

Assay Office and Laboratory of W. H. SMITH
115 EAST FIFTH STREET
BOX 612 TELEPHONE 359 Leadville, Colo., Sep. 13 1965

I Hereby Certify that Sample Assayed for 32-26 Development Co.
gave the following results per ton:

DDH # NG-6 (Being sent to Union Assay for Check)

NUMBER	Ounces GOLD	Ounces SILVER	Per Cent LEAD	Per Cent ZINC	Per Cent COPPER	Per Cent IRON	Per Cent MANG.	Per Cent SILICA	Per Cent SULPHUR	Per Cent LIME
						HOLE DEPTH		WIDTH	On hole	% Recov.
NG-6A	0.01	2.6	0.3	1.5	0.7	240.7-	241.3	0.6	Ft.	100
NG-6B	0.015	3.3	0.4	0.3	1.2	241.3-	245.5	4.2	"	100
NG-6C	0.01	2.1	0.3	0.6	1.2	245.5-	247.7	2.2	"	100
NG-6D	0.01	6.0	0.7	0.6	0.9	247.7-	248.8	1.1	"	100
NG-6E	0.005	0.6	0.5	0.3	0.1	248.8-	251.0	2.2	"	100
NG-6F	Trace	0.2	0.3	0.2	Trace	251.0-	252.1	1.1	"	100
NG-6G	Trace	0.3	0.3	0.2	Trace	252.1-	255.2	3.1	"	100

Charge 45.50

W. H. Smith Assayer

Chief, OME

Assay Office and Laboratory of W. H. SMITH

115 EAST FIFTH STREET

BOX 612 TELEPHONE 359 Leadville, Colo., Sep. 13 1965

I Hereby Certify that Sample Assayed for 32-26 Development Co.

gave the following results per ton: DDH # NG-6 (Being sent to Union Assay for Check)

NUMBER	Ounces GOLD	Ounces SILVER	Per Cent LEAD	Per Cent ZINC	Per Cent COPPER	Per Cent IRON	Per Cent MANG.	Per Cent SILICA	Per Cent SULPHUR	Per Cent LIME
						HOLE DEPTH		WIDTH	in hole	% Recov.
NG-6A	0.01	2.6	0.3	1.5	0.7	240.7-	241.3	0.6	ft.	100
NG-6B	0.015	3.3	0.4	0.3	1.2	241.3-	245.5	4.2	"	100
NG-6C	0.01	2.1	0.3	0.6	1.2	245.5-	247.7	2.2	"	100
NG-6D	0.01	6.0	0.7	0.6	0.9	247.7-	248.8	1.1	"	100
NG-6E	0.005	0.6	0.5	0.3	0.1	248.8-	251.0	2.2	"	100
NG-6F	Trace	0.2	0.3	0.2	Trace	251.0-	252.1	1.1	"	100
NG-6G	Trace	0.3	0.3	0.2	Trace	252.1-	255.2	3.1	"	100

Charges $45.50

Assayer

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COPY
O. M. E.
RECEIVED
SEP 20 1965

INITIALS	CODE
	120
	120

September 16, 1965

32-36 Development Company
P. O. Box 431
Lake City, Colorado

Subject: OME-6502

Gentlemen:

Your application for exploration assistance, dated September 13, 1965, submitted to our office at Denver, Colorado, has been assigned Docket Number OME - 6502.

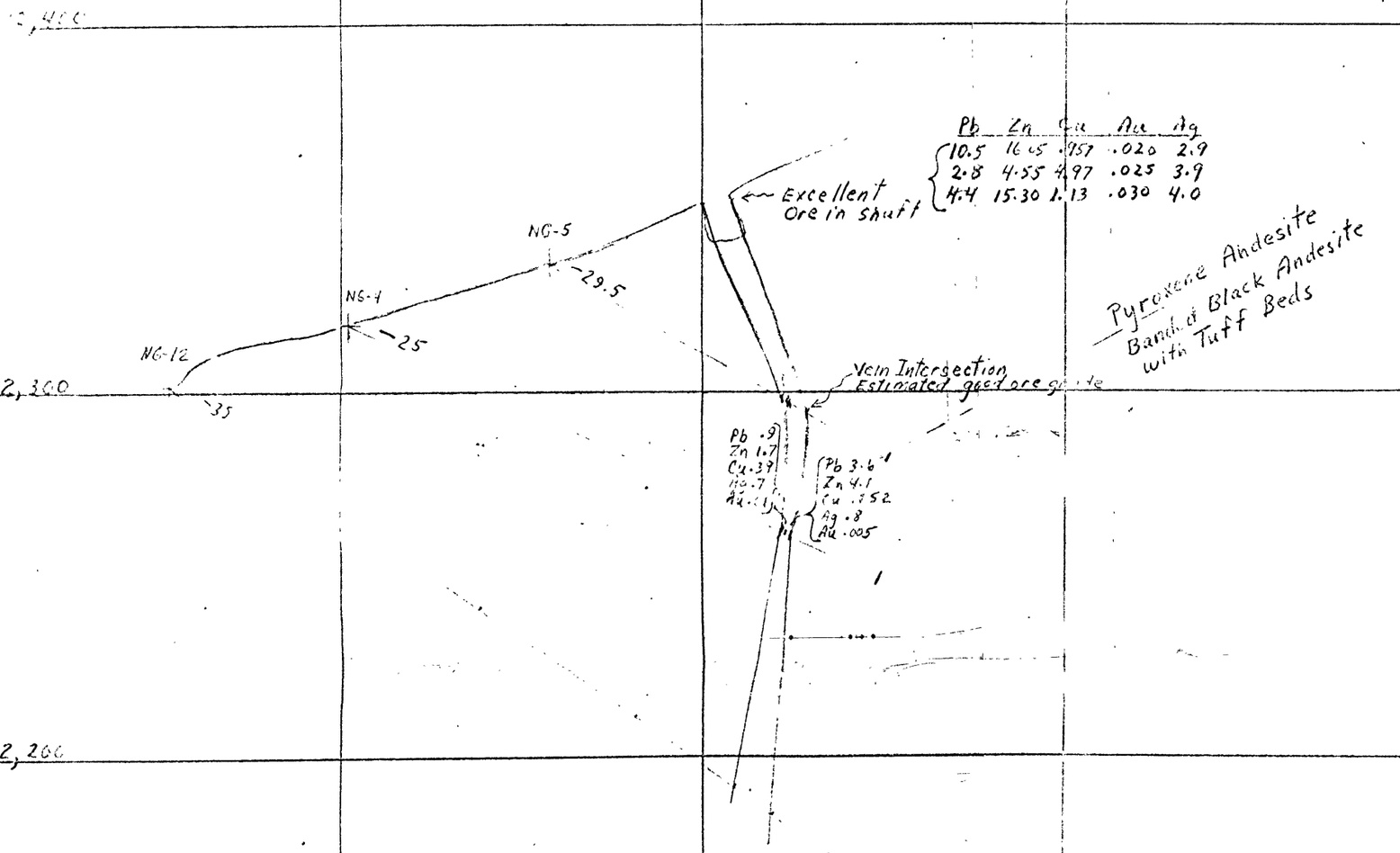
Please identify all future correspondence relating to your application by this docket number.

Sincerely yours,

Frank E. Johnson
Chief, Office of
Minerals Exploration

Copy to Region III

CME 6502



Hole No.	Interval	Pb	Zn	Cu	Au	Ag
NG-4	132.4-133.4	0.9	1.7	.39	.01	0.7
	133.4-134.2	3.6	4.1	.252	.005	0.8
NG-5	74.5-75.0	0.6	1.8	2.9	.02	2.7
	75.8-77.7	0.6	3.4	0.9	.03	4.6
	77.7-79.9	0.5	2.0	1.4	.015	2.1
	79.9-80.4	0.5	2.0	0.1	.015	2.1
	80.4-81.5	0.3	0.3	0.2	Tr	0.3
NG-12	191.8-195	0.7	Tr	0.982	0.01	1.9
	195.0-201.5	0.8	1.6	8.24	0.035	15.4
	201.5-202.3	1.2	2.5	1.89	0.015	4.8
	202.3-204.2	0.6	1.2	.73	0.01	1.7